



Winning
**Hearts &
Homes**

Dunelm Group plc
Sustainability Report 2026



Winning Hearts & Homes



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corporate.dunelm.com

Visit our corporate website to view our Annual Report and Accounts 2026 and for further information about how we approach sustainability in our business



1. Beatrice Striped table lamp. Gimble: 45% recycled steel and 25% recycled plastic. Lampshade: 20% recycled polyester.
2. Elsie Scallop Stripe Cocktail Chair. Frame: 35% FSC-certified timber. Fabric: 20% recycled polyester.



A home for our People

Learn more about our People strategy
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A home for our People

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How to use this Sustainability Report



Where you see QR codes, scan to watch videos online



More information on our sustainable products

About us

Strong foundations

Building on our strong foundations and guided by our core principles, we want to play an even bigger role for customers across the UK and Ireland and create long-term value for our stakeholders.

Our vision

To build the UK and Ireland's most trusted and valued brand for homewares and furniture

Our purpose

To help create the joy of truly feeling at home, now and for generations to come

Our shared values

Our four key values remain at the heart of our business

Our values evolved from key business principles developed more than 20 years ago, and reflect the attitudes and behaviours we encourage at Dunelm.



Stronger together



Long-term thinking



Keep listening & learning



Act like owners

Being Good & Circular

We manage sustainable growth through a good & circular approach, looking after all of our homes:

Our **home the Planet**
Our **home in Communities**
A **home for our People**

Learn more about our Good and Circular approach across our value chain on page 11

Driving sustainable growth

We are committed to achieving long-term growth, with sustainability embedded across our business.

Guided by our Good & Circular approach, we encourage sustainable thinking across our operations, from the products we design and source, to the way we support our colleagues and communities. In doing so, we aim to create positive impact while building a stronger business for the future.



1. Set of three Mango Wood Candle Holders made with 80% certified responsibly sourced timber.
2. Kaspar Velvet Tub Chair. Frame: 65% FSC-certified timber.

Performance highlights 2026

Our home the Planet

Scope 1 carbon reduction against FY19 baseline

-31%

FY25: -26%

More Responsibly Sourced own-brand cotton

78%

(Replaces previous metric)

Our home in Communities

Delivering Joy gifts donated in Winter campaign

c.200k

FY25: c.270k

Charity contributions to Age UK and other causes

£1.1m

FY25: £1.2m

A home for our People

Employee net promoter score¹

-12pts

FY25: +7pts

Ethnic diversity of role-model leaders²

7.4%

FY25: 6.5%

1. Score based on responses to the question 'How likely are you to recommend Dunelm as a place to work' from our colleague survey which we conduct bi-annually (score does not include Republic of Ireland).
2. 'Role-model leaders' are defined as 'Heads of' and above and include regional and store coaches. Does not include colleagues in the Republic of Ireland.

Our business model

How we create long-term value

Putting customers at the heart of every decision, we combine our unique strengths, strategic focus and responsible business practices to drive sustainable growth.



Our approach to sustainability

Helping every home thrive

Our Good & Circular approach is built around four key areas, guiding our efforts to reduce environmental impact, support colleagues and communities, and build a resilient business for the future.



Our home the Planet

We are mindful that the Planet provides the resources we use to create our products.

 **Read more**
on page 12



Our home in Communities

We have a home in Communities where our stores and sites operate.

 **Read more**
on page 30



A home for our People

We create a home for the People working in our business.

 **Read more**
on page 36



Protecting our Business

Strong governance, risk management, and conduct policies protect stakeholders and preserve value.

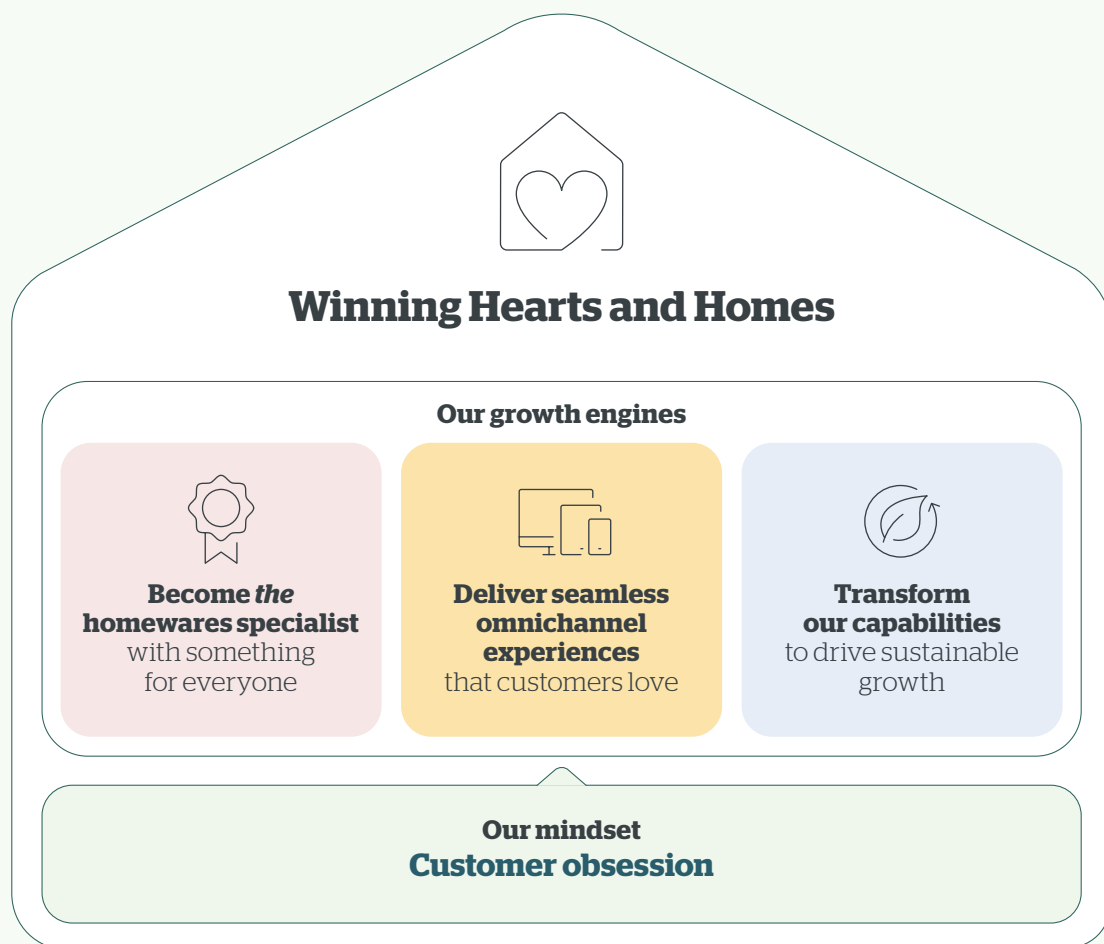
 **Read more**
on page 43



Our strategy

Good & Circular in our strategy

Our strategy is centred on one simple ambition; to win more customers' hearts and homes.



Key



Our home the Planet



Our home in Communities



A home for our People



Protecting our Business

Being Good & Circular is essential to achieving our ambition.

**Become *the* homewares specialist**

Link to Good & Circular

- Making better products that last longer through our focus on circular design and product longevity
- Responsible sourcing of lower impact materials including cotton, polyester and timber
- Promoting product reuse and recycling through schemes like textile takeback

**Deliver seamless omnichannel experiences**

Link to Good & Circular

- Increasing low or no carbon transport across our store and home delivery fleet
- Continued focus on energy efficiency and decarbonisation of our stores
- Engaging in our communities through charitable initiatives like our Delivering Joy campaign

**Transform our capabilities**

Link to Good & Circular

- Increasing supply-chain engagement on responsible sourcing and ethical audits
- Building our data capabilities to better track our impacts and actions
- Creating a supportive and safe environment for our colleagues across the business



Sustainability governance

Measuring our impact

We track our environmental and social impact through key metrics and targets, helping us measure progress where it matters most.

Key



Target met or on track.



Not on track, significant improvement required.



Broadly on track, improvement required.



Replaced an expired target.



Our home the Planet



Metric	Outcome	Status
Scope 1 – Reduce absolute carbon emissions by 50% against an FY19 baseline by FY30	-31%	●
Scope 2 – Purchase 100% renewable electricity every year	100%	●
Scope 3 – Reduce absolute carbon emissions in our target boundary by 50% against an FY19 baseline by FY30	32%	●
Maximise packaging recyclability & mitigate pEPR Costs ¹	78%	↻
90% of own-brand polyester to be recycled by FY30	64%	●
100% of own-brand cotton to be More Responsibly Sourced by FY30	78%	↻
Year-on-year improvement in the % of our own-brand timber with full FSC Chain of Custody	60%	↻
Maintain high levels of response rate (85%+) from key Tier 1 suppliers for Higg FEM	88%	●

➔ [Read more about our performance and the implementation of new targets on page 27](#)

Our home in Communities



Metric	Outcome	Status
Year-on-year increase in Group and colleague fundraising and Group cash charity contributions	£1.1m	●
% of own-brand products for which we offer an easy-to-use take-back service	60%	●

➔ [Read more about our performance on page 35](#)

A home for our People



Metric	Outcome	Status
8% of role-model leaders from an ethnic minority background by FY26 ²	7.4%	●
Year-on-year increase in Colleague NPS	-12pts	●

➔ [Read more about our performance on page 42](#)

Protecting our Business



Metric	Outcome	Status	Metric	Outcome	Status
<30 reportable incidents under RIDDOR ³	25	●	95% of Tier1 factory base with audits <2yrs old	99%	●
90% of low- or medium-risk audits	89%	●			

➔ [Read more about our performance on page 51](#)

1. Percentage of overall household packaging which is rated as 'Green' under the Packaging Extended Producer Responsibility – Recyclability Assessment Methodology.
 2. 'Role-model leaders' are defined as 'Heads of' and above and include regional and store coaches. Does not include colleagues in the Republic of Ireland.
 3. Reporting of Injuries, Diseases and Dangerous Occurrences Regulations.

CEO's letter

“

Put simply, being good and circular is not a nice-to-have; it is a business imperative that will help create a bigger, better and bolder Dunelm for future generations.

Clo Moriarty
CEO



Winning Hearts & Homes responsibly

Embedding sustainability in our strategy

This is my first Sustainability Report as CEO of Dunelm and, having spent many years in retail, I've seen first-hand how important this agenda is, both for our industry and for the role businesses play in society.

Retail touches millions of lives every day. We serve customers in communities across the country, provide employment opportunities at scale, and have a direct connection to the products people bring into their homes. That gives us both an opportunity and a responsibility to make a positive difference.

For me, sustainability is not something that sits separate to our business strategy. It is an essential part of how we build a stronger business for the long term. Customers need to trust the quality, longevity and responsible sourcing of our products. Communities expect us to play a positive role wherever we operate. And our colleagues deserve an environment where they can thrive, develop and do their best work. These priorities are interconnected, and our approach must reflect that.

As we developed our new growth strategy, Winning Hearts & Homes, it was important that these principles remained firmly embedded in our thinking. Our Good & Circular framework

continues to provide the foundation for how we deliver our purpose and values in practice, bringing together our focus on Planet, Communities, People and Protecting our Business. If we are to achieve our ambitions for growth, we must do so responsibly, balancing the needs of all our stakeholders while strengthening the resilience of the business for the future.

Put simply, being good and circular is not a nice-to-have; it is a business imperative that will help us create a bigger, better and bolder Dunelm for future generations. As such, we will continue to build sustainability into everything we do.

Listening and learning from stakeholders

One of the highlights of my first year as CEO has been the opportunity to spend time listening. I've met colleagues, customers, suppliers and partners from across our business, and sustainability has regularly featured in those conversations. I've also engaged with organisations across the industry to better understand the role Dunelm can play in driving positive change and where we have opportunities to go further.

Highlights

Planet

Reduction in overall Scope 1 emissions intensity from FY19 baseline:

-58%

Communities

Milestone reached in fundraising for Age UK, our national charity partner:

£2million

People

Days pledged by colleagues in our store support initiative:

c.1,000 days



1. Novie Arched Adjustable Arc Floor Lamp made with 95% recycled steel and 5% recycled polyester.

CEO's letter continued

“

We know that meaningful progress requires collaboration across our value chain, the development of new capabilities and a willingness to learn and adapt as expectations, technologies and regulations evolve.

Responsible sourcing

Own-brand cotton More Responsibly Sourced:

c.78%

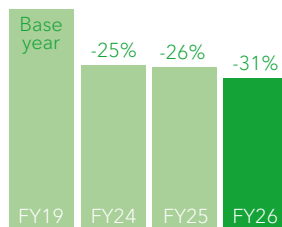
What has been particularly encouraging is the alignment between what our stakeholders care about and what matters most to Dunelm. Customers increasingly want products that are made responsibly, built to last and represent good value. Colleagues want to work for a business that acts with integrity and contributes positively to society. Suppliers want to partner with organisations that are committed to long-term, sustainable relationships.

Our plans are rooted in a mindset of customer obsession. As we help customers create homes they love, we are also thinking about the full lifecycle of the products they buy from us. That means using better materials, particularly in some of our most commonly used raw materials such as cotton and timber. It means designing products with durability and longevity in mind, helping customers get more use and enjoyment from the products they purchase. And it means continuing to develop services like our takeback schemes, that enable products to be repaired, reused, recycled or responsibly disposed of when they are no longer needed.

Reduction in overall Scope 1 emissions

-31%

from FY19 baseline



Alongside this customer-focused work, we have continued to make progress across our wider sustainability agenda during the year. We have further reduced emissions from our operations, strengthened engagement with suppliers, and increased transparency across our supply chain.

We have also continued to support local communities through initiatives such as Delivering Joy and our national partnership with Age UK which passed an amazing £2m fundraising milestone. And we have maintained our focus on colleague engagement, wellbeing and culture, recognising that our people remain one of our greatest strengths.

Building a bigger, better and bolder Dunelm

At the same time, we remain realistic about the challenges ahead. Sustainability remains a complex and evolving agenda, and there are no simple solutions to many of the issues we face.

As a growing business, we recognise the challenge of reducing emissions while continuing to expand. We know that meaningful progress requires collaboration across our value chain, the development of new capabilities and a willingness to learn and adapt as expectations, technologies and regulations evolve.

We therefore approach this work with both ambition and humility. We are proud of the progress we are making, but equally conscious that there is more to do.



The connection between sustainable growth and strong business performance is becoming ever clearer. Customers expect responsible business practices, and the businesses that succeed over the long term will be those that earn trust, adapt to change and create value for all their stakeholders. At Dunelm, we are committed to continuing that journey. We will keep learning, collaborating and evolving, while staying focused on our purpose of helping create the joy of truly feeling at home.

I would like to thank our colleagues, customers, suppliers and partners for the role they play in that journey, and I look forward to our progress together in the years ahead to build a bigger, better and bolder Dunelm for the long term.

Clo Moriarty
Chief Executive Officer



1. Metal Marble Bowl made with 70% recycled aluminium.

2. Organic Twist Ceramic Bud Vase made with 50% recycled post consumer ceramics.

Our value chain

Being good and circular across the value chain

Our value chain extends from raw materials and product design through to our stores, digital platforms, and into our customers' homes. We work closely with our suppliers, logistics partners, local communities and colleagues to ensure we are making continuous improvements across the chain. By managing our impacts at every stage, we can continue building a responsible and more circular business.

Upstream

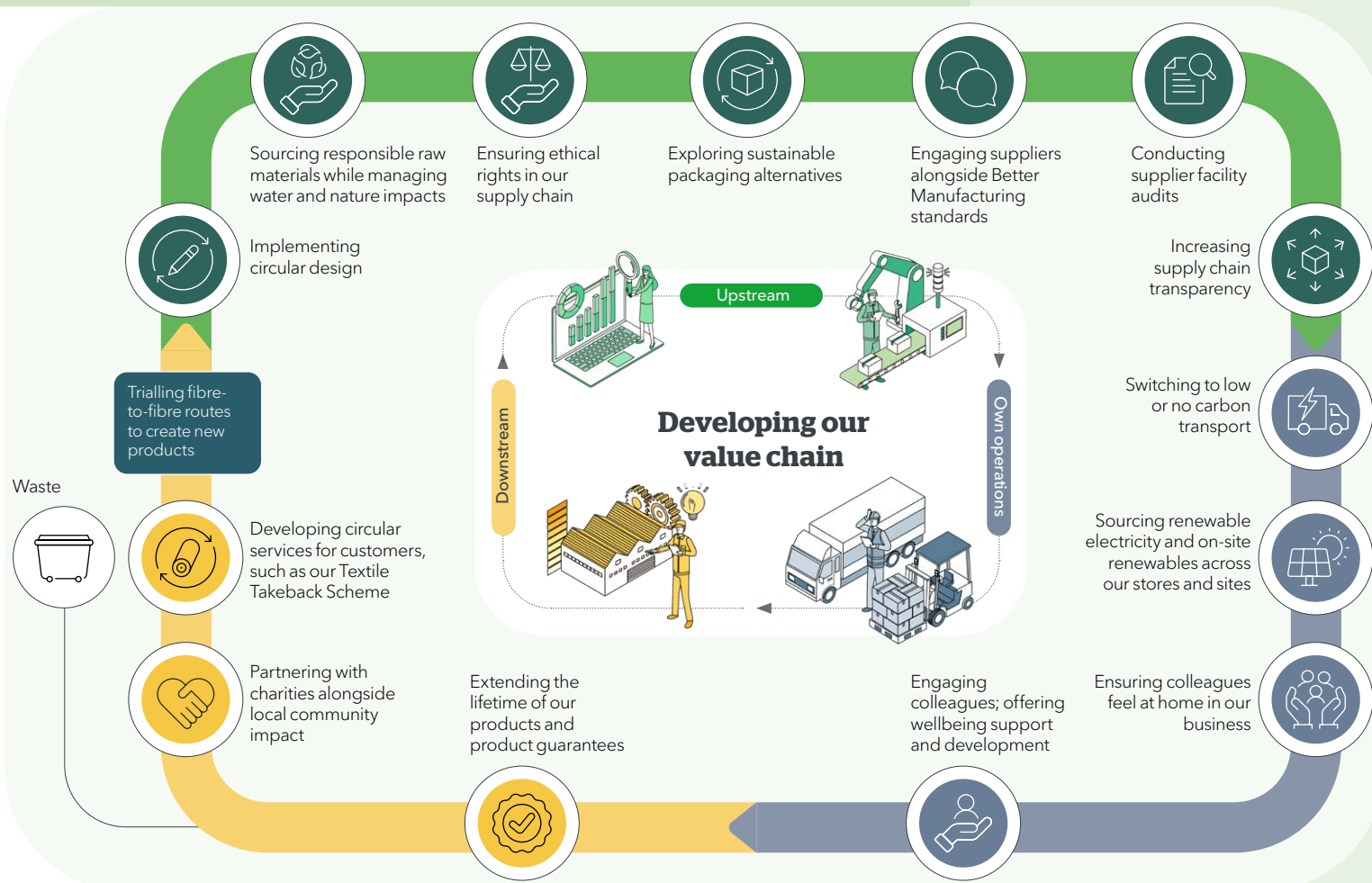
Product is at the heart of our business. Guided by our Good & Circular approach, we collaborate closely with our global supply chain to source lower-impact materials, improve transparency, and lower the carbon and water footprint of our manufacturing processes.

Own operations

We leverage our systems, capabilities, and c.12,000 brilliant colleagues to modernise our operations. We drive continuous cost and energy efficiencies across our digital channels and physical store estate, keeping the low-cost retail engine focused on sustainable growth.

Downstream

As The Home of Homes, we look beyond the purchase journey to ensure our products have an extended lifespan. We support a circular economy by providing customer education, care guidance, and convenient collection services to keep products and materials in use for longer.



Our home the

Planet



We are committed to protecting our planet, by mitigating environmental impacts in our business and supply chains. This supports us in reducing our carbon emissions through responsible operations, and by focusing on the product lifecycle.

In this section

13	Carbon reduction
14	Responsible operations
18	Raw material sourcing
21	Product lifecycle
25	Better Manufacturing
27	Planet metrics

FY26 highlights

-31%

Reduction in
Scope 1 emissions
compared to
FY19 baseline

78%

More Responsibly
Sourced own-brand
cotton



1. Alpine Spindle Chair Boucle Olive. Frame: 83% Certified responsibly sourced timber.



Carbon reduction

-20%

reduction in Scope 3 emissions intensity in FY26 compared to our FY19 baseline

“

Reducing the impact of our products, operations and supply chain is essential to our journey to reduce emissions.



Our approach

Reducing our carbon emissions remains central to our sustainability strategy and commitment to look after our home, the Planet. Reducing the impact of our products, operations and supply chain is essential to this journey.

As a homewares retailer, the largest proportion of our emissions occurs beyond our direct operations, with 99% generated across our value chain. This includes the sourcing of raw materials, product manufacturing, and the transportation of products to our stores and customers' homes.

Our approach therefore focuses on reducing emissions both within our own operations and across our value chain. This includes improving energy efficiency, decarbonising our stores and vehicle fleets, developing products and services that support a circular economy, sourcing raw materials with lower environmental impacts, and engaging suppliers through our Better Manufacturing programme.

Our commitments

Our long-standing commitments include, reducing absolute greenhouse gas (GHG) emissions by 50% by FY30 against a FY19 baseline, and achieving net zero by FY40. These targets have been validated by the Science Based Targets initiative (SBTi) and align with the Paris Agreement goal of limiting warming to 1.5°C, as well as the UK's commitment in the Climate Change Act 2008 (2050 Target Amendment) Order 2019. We also continue to support the British Retail Consortium's Climate Action Roadmap and are signatories to the UK Textiles Pact, coordinated by WRAP.

FY26 performance

We have reduced our Scope 1 carbon emissions by 31% compared to our FY19 baseline, despite significant growth in the business over the same period. Compared to baseline this was a further 6ppts reduction on FY25, driven by continued investment in lower-carbon operations and a reduced reliance on natural gas.

We continue to report zero Scope 2 emissions using the market-based approach through the purchase of 100% renewable electricity and continue to install solar PVs across our stores and sites. On a location-based basis, Scope 2 emissions were 37% lower in FY26 compared to our FY19 baseline.

Most of our reported emissions are generated through the manufacturing and use of our products. By the end of FY26, we had achieved a 20% reduction in Scope 3 emissions intensity compared to our FY19 baseline. While our absolute Scope 3 emissions remain above our FY19 baseline, we continue to improve the quality of our emissions data, processes and controls to increase the quality of our reporting. Prior to FY26, Scope 3 emissions from purchased goods and services were calculated using an entirely spend-based approach. Improved product data and enhanced internal capability have enabled us to integrate hybrid, materials-based product carbon footprints (PCF) into our reporting this year, for this category. As a result of these improvements, alongside other refinements, we now report a 32% increase in absolute Scope 3 emissions relative to FY19, which is notably lower than the previously reported 66% increase.

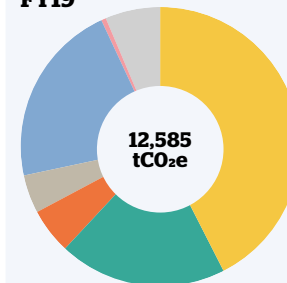
➔ **For more information on our Planet metrics**
see page 27

Absolute Scope 1 tCO₂e FY26

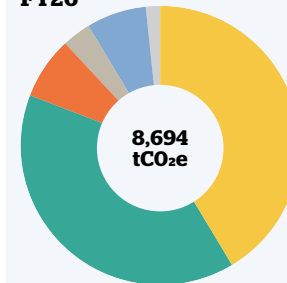
-31%

reduction in Scope 1 emissions compared to our FY19 baseline

FY19



FY26



Absolute Scope 1 tCO ₂ e	FY19	FY26
Store deliveries	5,349	3,619
Home deliveries	2,464	3,413
Made-to-Measure	669	646
Company cars	564	269
Natural gas	2,694	618
Oil	66	–
Refrigerants	779	130
Total	12,585	8,694

Responsible operations

100%

renewable electricity sourced

-37%

reduction in Scope 2 emissions compared to our FY19 baseline

Stores and sites

Our approach

Our own operations – which include our stores and sites – account for only a small proportion of our overall carbon footprint. However, as these are within our direct control, they present a significant opportunity to reduce emissions through improved energy efficiency and the transition to renewable energy sources, such as on-site energy generation. These actions form an important part of our efforts towards reducing Scope 1 and 2 emissions by 50% by FY30 and achieving net zero by FY40.

We have established decarbonisation plans and internal targets to support reductions in operational emissions and help inform our progress towards our longer-term climate ambitions. In FY26, we added two stores to our estate and incorporated them into our decarbonisation plans. As most of our stores and sites are leased, we continue to engage closely with landlords to identify opportunities to accelerate emissions reductions where possible.

On-site renewables and energy efficiency

Alongside maintaining 100% renewable electricity procurement, we continue to improve energy efficiency across our operations through investment in building infrastructure and on-site renewable generation.

Our Building Management System monitors and manages energy use across our estate with weekly consumption figures shared with Regional Store Coaches, enabling them to identify trends, investigate any potential anomalies in our consumption, and support energy-efficiency improvements.

During FY26, we further expanded our on-site renewable energy generation. Solar photovoltaic (PV) systems were installed at three additional sites, increasing our on-site renewable electricity generation capacity.

On site solar energy generation now covers 2.5% of the electricity consumption required across Dunelm sites.

Gas and refrigerant gases

Reducing emissions associated with heating our stores and sites remains an important part of our decarbonisation programme. We are replacing gas-fired heating systems with electric alternatives run on purchased renewable energy. Gas heating is no longer installed in new stores, and existing systems are removed during store refurbishments or refits where possible.

We also continue to prioritise the use of refrigerant gases with a low global warming potential (GWP). To minimise emissions from refrigerant leaks our systems are regularly serviced and maintained.



Responsible operations continued**Operational waste**

We remain committed to minimising operational waste and applying the principles of the waste hierarchy across Dunelm, prioritising waste prevention, maximising recycling, and using landfill only as a last resort. By the end of FY26, we exceeded both of our operational waste targets, diverting 99% of waste from landfill against a target of 95%, and recycling 83% of operational waste against a target of 80%.

To support continued progress, we raise awareness among colleagues about the importance of waste segregation and limiting contamination, while working closely with our waste management partners to identify opportunities to improve resource efficiency and increase circularity.

99%

waste diverted from landfill
against a target of 95%

83%

of operational waste recycled
against a target of 80%

Alongside colleague engagement and training, we conduct quarterly waste audits in stores. These audits help us to identify opportunities for improvement, share best practice, and maintain a consistent approach to waste management across our store estate. In 2025, we conducted over 650 audits across our stores, achieving an average score of 91%. In 2026, we updated the audit process to reflect recent changes in waste legislation and to include the management of personally identifiable information (PII) documentation and glass recycling.

In FY26, we also continued to refine our in-house portable appliance (PA) testing programme at our Stoke DC. Since bringing this capability in-house in FY24, we have gained greater control over the assessment of returned electrical products, helping to increase product recovery, improve recycling rates, and reduce Waste Electrical and Electronic Equipment (WEEE). Managing this process internally has also improved visibility of product outcomes, enabling more items to be returned to sale and supporting us to identify additional circularity opportunities such as the reuse of display products.

FY27 focus

- **Continue to install solar PV panels at our stores and sites where viable.**
- **Maintain our commitment to purchase 100% renewable electricity.**
- **Raise awareness among colleagues on the importance of responsible waste management and continue conducting store waste audits.**



Responsible operations continued

Packaging

Packaging plays an important role in protecting products and supporting their safe movement through our supply chain. Our approach focuses on maintaining product protection while reducing environmental impacts through improved recyclability and the increased use of certified materials.

FY26 performance

During FY26, we continued to improve our understanding of the packaging used for our products. This supports compliance with regulations such as UK Packaging Extended Producer Responsibility (pEPR), while helping us to identify opportunities to improve packaging performance and reduce its associated environmental footprint. We aim to both maximise our packaging recyclability and to mitigate pEPR-related costs.

In FY26, we continued to measure and report on our packaging in line with pEPR requirements, including applying the Recyclability Assessment Methodology (RAM) which aims to provide a consistent way of assessing how easily packaging can be collected, sorted and recycled in the UK. For FY26, 78% of our household packaging achieved a 'green' rating, meaning it is widely recyclable through UK household kerbside collections.

Rating	Green	Amber	Red
% of household packaging	78%	3%	19%

Paper and cardboard account for 81% of our packaging and are widely recyclable.

Material	Percentage of total household packaging waste
Aluminium	0%
Fibre-based composite	0%
Glass	2%
Paper and card	81%
Plastic	15%
Steel	0%
Wood	1%
Other	1%

As most of the packaging we use is paper and cardboard, we continue to require suppliers to source these materials from Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) certified sources. By the end of FY26, 97% of suppliers met this requirement, reflecting the sustained supplier engagement and knowledge exchange carried out over the last five years. FSC and PEFC requirements are now embedded in our supplier onboarding process.

Packaging data capability

With the introduction of pEPR regulations, access to accurate packaging data is becoming increasingly important.

During FY26, we have significantly strengthened our internal packaging capabilities to ensure continued compliance with packaging EPR requirements; we have improved the availability and accuracy of packaging data by working with suppliers and implemented a new dedicated data management system.

This internal system enables suppliers to input detailed packaging information during the product creation process, providing a more comprehensive and accurate view of the packaging used across our product ranges to support assessment against pEPR requirements. Managing this process internally enables us to maintain greater oversight of data quality, strengthen collaboration with suppliers, and improve our ability to validate, analyse and report packaging information.

Supplier engagement

Alongside strengthening our internal capabilities, we continue to enhance our packaging data and design through supplier engagement and education.

Our approach focuses on helping suppliers to understand the forthcoming regulatory changes whilst providing clear guidance through our Packaging Manual. This sets out our expectations, including restrictions on non-recyclable finishes such as lamination, and incorporates the pEPR-aligned RAM rating to support informed material selection.

This guidance helps suppliers prioritise materials that can be widely recycled through UK household kerbside collections, strengthening compliance readiness across our supply chain while creating the basis for future packaging improvements.



FY27 focus

- Maintain compliance with evolving packaging regulations including pEPR and Plastic Packaging Tax.
- Strengthen packaging data, governance and supplier engagement to support future Packaging and Packaging Waste Regulation readiness and reporting requirements.
- Use improved packaging data to increase recyclability, reduce compliance risk and identify opportunities for packaging optimisation.

Responsible operations continued

Transport and distribution

Our approach

Transport and distribution are essential to getting products to our stores and customers' homes, but they also account for a significant proportion of our operational carbon emissions. We are reducing these emissions through improvements to our delivery fleet and by collaborating with third-party providers to accelerate decarbonisation across our supply chain.

Home deliveries

Our Home Delivery Network (HDN) is central to our customer proposition, enabling furniture and larger products to be delivered directly to customers' homes and rooms of choice. The network comprises of five support sites and hubs and over 90 trunking and home delivery vehicles.

We continue to invest in operational efficiencies and lower-carbon technologies such as Bio-CNG vehicles, which are estimated to produce up to 85% lower carbon emissions than fossil-fuel diesel. We first introduced Bio-CNG into our fleet three years ago and we added a further 14 delivery vehicles in FY26, bringing the proportion of the total fleet operating on lower-carbon fuels to 18%.

We also support driver efficiency and safety through training delivered by our RoSPA-qualified assessors at each of our sites and by using telematics data to promote best practice driving behaviours and fuel efficiency.

Store deliveries

Our store delivery fleet plays a key role in ensuring products reach stores at the right time and in the right quantities. We have continued to improve fleet efficiency through initiatives such as introducing double-deck trailers, reducing delivery frequency at each store, and investing in newer, more fuel efficient tractor units. As a result, emissions from our owned store delivery fleet decreased by 10% year-on-year in FY26.

We continue to explore opportunities to further reduce the emissions within this fleet, including assessing the suitability of lower-carbon fuels and technologies such as Bio-CNG and hydrotreated vegetable oil (HVO).

Third-party logistics providers

Many of our products are delivered by final-mile third-party logistics providers. We work closely with these partners to accelerate the transition to lower-emission delivery solutions. We encourage and support the trial and implementation of lower-impact technologies and infrastructure such as energy efficient distribution hubs and zero-emission delivery solutions across our supply chain.

Made-to-Measure

As part of our Made-to-Measure (M2M) offer, we operate a fleet of vans that install bespoke window treatments in customers' homes. In FY26, we introduced five electric vehicles into the fleet as part of a trial to assess their operational suitability. The trial will help us to better understand vehicle performance, charging requirements and overall operational impact, with insights informing future fleet purchasing decisions.

Company cars

Our company car fleet options are governed by a 75g of CO₂/km policy, which has proved effective in increasing the uptake of lower-carbon vehicles. At the end of FY26, 63% of our company car fleet was fully electric.

To support the transition to electric vehicles and reduce business travel emissions, we continue to install electric chargers at our sites where possible and provide eligible company car colleagues with the information and resources needed to make informed vehicle choices.



FY27 focus

- Monitor the performance of our electric M2M fitter vans and assess their operational suitability.
- Continuously assess and evaluate emerging lower-carbon fuels such as Bio-CNG and HVO for use in our delivery fleets.
- Continue to raise awareness of electric company car options in our salary sacrifice scheme.

Raw material sourcing



Our dedicated in-house verification team uphold our standards and work with our suppliers to validate material certifications, improve traceability, and support more responsible material sourcing.



Our approach

The materials we use in our products influence not only their quality and performance, but can also have significant contribution to our carbon, water and nature-related footprint. We focus on understanding and reducing the environmental impacts associated with the raw materials that we source. This includes establishing key policies that are designed to help minimise the adverse effects of material extraction on people, nature and the environment.

We continue to prioritise timber, cotton, polyester and steel as these materials represent some of our most significant carbon, water and nature hotspots. The sourcing and production of these materials can be associated with environmental risks such as deforestation, land use change, biodiversity loss and water stress. Increasing our use of recycled and certified materials, alongside strengthening supply chain transparency and traceability, can help reduce our environmental footprint and improve our understanding and management of value chain impacts.

Our dedicated in-house verification team uphold our standards and work with our suppliers to validate material certifications, improve traceability and support more responsible material sourcing.

Lower-impact timber

Timber is a core material within our furniture and hardgoods ranges and remains one of the most-used materials across Dunelm own-brand products. When sourced responsibly, timber can be a renewable resource that supports long-term carbon storage and a robust, biodiverse and ecologically-functional environment.

We have assessed our nature-related impacts by conducting a State of Nature assessment, helping us to better understand our nature-based hotspots. Alongside cotton, timber is one of our raw materials which is closely linked to significant nature-related risks and impacts. As a result, more responsibly sourced timber is a key part of our responsible raw materials sourcing strategy. Dunelm-branded product suppliers must work towards the high standards as set out in our policies. This includes demonstrating that the timber or paper sources used in our products come from credible third-party certification schemes such as FSC or PEFC.

During FY26, we focused on strengthening the traceability in our timber supply chain by working with our suppliers to increase the uptake of the full Forest Stewardship Council (FSC) Chain of Custody (CoC) certification. Full CoC provides assurance that timber with that certification originates from responsibly managed sources and is traceable throughout the supply chain – from forest to finished product. In addition, we began the process of obtaining our FSC promotional licence in FY26, enabling us to more clearly communicate FSC certified products to customers and support informed purchasing decisions.

Alongside this work, we continue to prepare for the forthcoming EUDR requirements in January 2027. Through engagement with suppliers, we are strengthening traceability and improving data capability and quality across our timber supply chain. This supports ongoing compliance while helping us to better understand our nature-related impacts.

Tracking timber progress

In FY26, we introduced a new metric focused on the percentage of own-brand timber supported by full FSC Chain of Custody certification across the supply chain. Our FY26 performance was 60% full FSC Chain of Custody, establishing a new baseline for future improvement. By replacing our previous metric, we can place greater emphasis on verified traceability and increasing the proportion of verified timber used in our products.

FY27 focus

- Improve raw material data quality and further streamline reporting and verification processes.
- Work with suppliers to increase uptake of full FSC Chain of Custody certification.
- Continue transitioning lower-volume cotton and polyester products to more responsibly sourced alternatives.



1. Arlow Side Table. Frame: certified timber FSC Mix 70%. Top: 20% recycled polyester.

Raw material sourcing continued

Lower-impact cotton

Cotton is a key raw material used throughout our own-brand textile ranges and remains a material of choice for many of our customers due to its breathability, softness and durability. The increasing volume of cotton used across our product ranges year-on-year reinforces the importance of sourcing cotton in a way that minimises the associated environmental, nature and water-related impacts.

Our nature-related assessments have identified cotton as the most water intensive and second most carbon intensive commodity used in our products. As a result, we believe one of our most significant opportunities to influence environmental impacts lies within our cotton supply chain, extending beyond water stewardship to also support those working in our supply chains.

Our cotton strategy focuses on reducing the environmental impacts of cotton sourcing by transitioning to more responsibly sourced materials. In FY26, we sourced 78% of our cotton as more responsibly sourced. This includes BCI cotton sourced under a Mass Balance Chain of Custody (67%) and is produced by certified BCI farmers who meet the requirements of the BCI standard, as well as recycled (10%) and organic cotton (1%). Our recycled and organic cotton sources are certified by independent third-party certification bodies.

All suppliers of Dunelm own-brand cotton products must meet our cotton policy requirements. As a minimum standard, cotton supply chains for own-brand products are mapped from the final assembly factory (Tier 1) to the cotton gin (Tier 5), and are independently reviewed each season. This helps ensure that

cotton is not sourced from prohibited regions or areas where there is an elevated risk of forced labour, modern slavery, or human rights abuses.

Continuing to progress our cotton sourcing

We continued to increase the proportion of more responsibly sourced cotton used in our products throughout FY26 and have now transitioned all core cotton product lines to more responsibly sourced alternatives. As a result, the volume of more responsibly sourced cotton increased by 2% between FY25 and FY26. This progress reflects our continued investment in supplier engagement and supply chain traceability, strengthening our ability to meet our long-term sourcing goals.

We also increased the use of recycled cotton across our ranges. While cotton is the third most-used material at Dunelm, it has a disproportionately high environmental impact, ranking first for water use and second for carbon footprint among the materials used in our products. Increasing the use of recycled cotton helps reduce the carbon, water and nature impacts associated with virgin cotton production. We have increased the volume of recycled cotton across our ranges by 7% between FY25 and FY26.

The transition to a tonnage-based reporting methodology has provided greater visibility of cotton usage across our product ranges, enabling us to prioritise areas where material changes can have the greatest impact. In FY27, we will focus on making similar material switches to lower-volume product ranges, with close collaboration between our SMEs and Commercial Team colleagues to identify suitable opportunities.

Alongside increasing the use of more responsibly sourced cotton, we are continuing to improve traceability across our supply chain. In FY26, we activated Better Cotton Initiative (BCI) Traceability which enables us to trace 'Traceable BCI Cotton' back to its country of origin. In FY27, we will become certified against the Chain of Custody Standard v1.2 and begin sourcing 'Traceable BCI Cotton'.

The adoption of 'Traceable BCI Cotton' will provide greater visibility of cotton origins, enhance assurance over sourcing practices, and help to build customer trust.

Tracking cotton progress

In FY26, 78% of own-brand cotton purchased met our more responsibly sourced cotton criteria and we have now transitioned all of our core cotton product lines to more responsibly sourced alternatives. We completed 100% supply chain mapping to fibre-source level and, during the year, we strengthened due diligence through independent provenance testing, alongside continuing to grow recycled cotton volumes used in our products.



Raw material sourcing continued

Lower-impact polyester

Polyester is the most widely used material across our own-brand products and, as such, is one of the largest contributors to our product carbon footprint. Therefore, increasing the amount of recycled polyester can contribute to lower lifecycle emissions associated with our products while also reducing our reliance on virgin materials.

We are targeting 90% of own-brand polyester to be sourced from recycled materials by FY30, and FY26 marks the first year this metric has been reported externally. By the end of FY26, 64% of the polyester used in our own-brand products was sourced from recycled content. This reflects the progress made in recent years through supplier engagement and strong collaboration between our SMEs and Commercial Team colleagues in switching products to use more recycled polyester. Central to this approach is robust verification of material claims against certifications such as GRS and RCS, alongside ongoing improvements in supply chain traceability and product-level data capability.

During FY26, we continued to increase the use of recycled polyester across our own-brand ranges. Given the widespread use of polyester across multiple product categories, we encouraged cross-category teamwork to share learnings and support the adoption of more recycled polyester. This approach has enabled us to transition 100% of our plain dye polyester bedding ranges to recycled polyester and identify additional opportunities to expand its use across our product portfolio.

Case study

Using recycled polyester and reducing waste

Alongside increasing the use of recycled polyester in our own-brand products, we continue to look for ways to reduce the environmental impact of our products, however small. During FY26, we piloted a reduction in the number of buttons on our Adult Design and Plain Dye bedding ranges. By removing one button from the closure of the duvet cover, while retaining the spare button, we saved approximately 238kg of buttons across the range, without compromising product performance and quality.

238kg
of buttons saved

Lower-impact steel

Steel is used across a range of products at Dunelm, including furniture, decorative accessories, cookware, and window treatments. While steel is valued for its versatile properties, virgin steel production is carbon intensive and is one of the major contributors to global CO₂e emissions (c.10%). As a result, increasing the use of recycled steel in our products may contribute to lower product lifecycle emissions and support our broader efforts to reduce environmental impacts.

A key benefit of steel is its ability to be recycled multiple times without compromising its quality or performance. It is therefore a material well suited to a circular economy, where resources are recovered at the end of a product's life and used to make new products. In FY26, we continued to explore opportunities to increase the share of recycled steel across our product ranges. Building on the progress achieved in categories such as curtain poles and tracks, we ensured that best practice was shared across our Commercial Team colleagues, enabling colleagues to apply these insights to additional product categories.

We also continued to engage suppliers through targeted webinars designed to build understanding of the environmental benefits of recycled steel, the impacts associated with virgin steel production, and the certification pathways available to verify and claim recycled content in products.

By building knowledge and capability across both our internal teams and supplier base, we are strengthening transparency and traceability within our steel supply chains and supporting the increased use of recycled steel across our product portfolio.

Product lifecycle



Our focus has been on strengthening the foundations for circularity by building knowledge across our supply chain.

We are committed to reducing our environmental impact by transitioning from a traditional linear economic model, based on 'take, make and dispose', towards a circular economy. It is important the transition considers the entire lifecycle of our products, and prioritises regenerating nature, eliminating waste, and circulating products and materials.

Product design plays a crucial role in enabling the transition to a circular economy. The decisions made during product development can influence how long a product lasts, if it can be repaired easily, and what happens to its materials at the end of its life.

We introduced our circular design principles into the business a few years ago and focused on educating our Commercial Team colleagues on how to apply them. Throughout FY26, our focus has been on strengthening the foundations for circularity by building knowledge across our supply chain, assessing how our products perform against circular principles, and identifying opportunities to embed these considerations more consistently within product development. In doing so, we can explore business models that can help to maximise the value of our products throughout their lifecycle.

Implementing circular design principles

In FY26, we continued to embed circular design principles into product development by extending training to key suppliers; we delivered an in-person workshop for our UK-based suppliers in October 2025, followed by a virtual webinar for our international suppliers in November 2025. Both sessions provided suppliers with a deeper understanding of circularity and how our circular design principles can be applied in practice.

A key focus of the training was demonstrating how a product's expected lifespan and frequency of use should inform design decisions, including whether durability or recyclability should take precedence. By recognising that circularity can be achieved in different ways, our Commercial Team colleagues and suppliers are better equipped to make more informed and context-specific product design choices.

Designed for recyclability

Recycled

Mono-materiality

Open loop

Closed loop

Safe chemicals

Lower-impact factories

Disassembly/reassembly

Designed for durability

Regenerative

Care & repair

Durability

Versatility

Resell

Rental

Key

Materials

End-of-life

Manufacturing

In use

Next life



Product lifecycle continued



Feedback collected before and after the training showed a 42% increase in suppliers' understanding of circularity and confidence in applying Dunelm's circular design principles. Following the training, suppliers were tasked to develop three products that met one or more of those principles.

To understand how these principles were being applied more broadly across our product portfolio, we completed our first Circular Design Principles Analysis at the start of 2026. We assessed all products within our Spring/Summer 2026 (SS26) regular range and evaluated the extent to which existing products already aligned with our criteria.

The analysis established a circular design baseline for the SS26 product range, providing valuable insights into current performance, identifying areas of strength, and highlighting opportunities for further improvement. These findings will inform future target setting and support the continued integration of circularity into our product development process.

Evolving our approach to circularity

As our circularity journey progresses, we recognise that limited data availability, alongside the lack of universally accepted definitions, standards and verification methods, remain a significant challenge for the industry. Approaches to circular design are evolving at different rates across the sector, making consistent implementation difficult. Greater alignment around industry standards and approaches will be essential to enabling a more consistent transition to a circular economy.

We are members of the UK Textiles Pact and actively participate in industry forums, collaborating with brands and retailers to share insights, opportunities and best practice. Through this membership, we contribute to working groups that help shape and advance industry guidance for circular design.

As circularity data collection is still an emerging area, the availability of robust and consistent data remains limited. To strengthen our capabilities, we are integrating circularity metrics into our internal systems and requesting more detailed product information from suppliers, including data on trims, components and finishes, to support more accurate circularity assessments.

FY27 focus

- Review and refine our circular design principles to improve their application across product categories.
- Improve circularity data capture through detailed product composition data and robust internal systems.
- Continue to test and trial ways in which infrastructure can develop to manage home textile waste streams while identifying circular opportunities.



1. Chenille Throw made with 100% recycled polyester.

Product lifecycle continued

Circularity across
the product lifecycle

Circularity extends beyond product design, but the choices made during this phase are integral to enabling more circular outcomes. By embedding circular design principles from the outset, we can create products that remain in use for longer and retain material value beyond their initial use. Alongside services such as takeback, we can reduce waste and support the transition towards a more circular economy.

Materials and manufacturing

The materials used to create a product and the way it is manufactured also play an important role in determining how many circular design principles it can meet. By increasing the use of lower-impact materials and working with suppliers to reduce the environmental impacts associated with manufacturing, our responsible sourcing criteria and Better Manufacturing programme help support the delivery of more circular products.

Product in use

Extending the life of products is an important part of our circularity approach. We offer guarantees ranging from two to 25 years across almost 29,000 products, helping customers use our products with confidence for longer.

To support product longevity, we provide care and maintenance guidance on our website, enabling customers to better look after products in their home. In addition, for selected products, replacement components and spare parts are available to facilitate repairs and extend product lifespans, reducing the need for replacement.

c.29,000

**products feature guarantees
ranging from two to 25 years**



Case study

Applying circular design
principles across different stages
of the product lifecycle

The Foxley Ditsy duvet cover & pillowcase set demonstrates how multiple circular design principles can be met by a single product. By weight, it contains more than 50% recycled materials, reducing its reliance on virgin materials. The product is also OEKO-TEX® Made In Green certified, meaning it has been produced in facilities that have been independently verified for safe chemical standards.

The reversible design also enables customers to refresh the look of their bedroom, providing greater versatility and extend the product's appeal – which may encourage customers to keep it in use for longer.

The bedding set also meets our 5-year guarantee and has been tested to a minimum of 100 washes at 40 degrees to ensure it meets our extended quality and performance requirements.

50+%
**recycled materials
by weight**



Product lifecycle continued

Promoting circularity

Circular design principles and circular business models work hand in hand to enable a circular economy. Decisions made during product design shape how products can be repaired, reused or resold, and how effectively their materials can be recovered at end-of-life. Designing for durability, repairability, and recyclability helps maximise product value, extend product lifespans, and reduce waste.

Circular business models

We offer customers a range of easy-to-use takeback and recovery options across 60% of our own-brand products and continue to explore, test and develop additional circular business models. One of our most established and popular initiatives is our in-store textile takeback scheme, which collects c.115 tonnes of unwanted textiles each month. Customers can bring clean, bagged home textiles as well as clothing, shoes and accessories to participating stores, and contributions are reused or repurposed.

Case study

Applying circular design principles across different stages of the product lifecycle

The mini bobble bath mat demonstrates how products can be designed with recyclability in mind. By weight, the product contains 50%+ recycled content reducing its impact and reliance on virgin materials.

The bath mat is also made using 100% polyester, applying the mono-materiality circular design principle. This reduces the material complexity and eliminates the need to separate different fibres at end-of-life, enabling efficient sorting and material recovery processes.

In FY26, we focused on improving the operational effectiveness of the scheme by increasing capacity and capability to manage collected textiles. We evaluated enhancements to our bailing infrastructure to improve efficiency and support future growth, while also planning trails to improve storage solutions in FY27 to help protect textile quality and maximise opportunities for reuse and recycling.

While recycling infrastructure for clothing continues to mature, suitable downstream solutions for many home textile categories remain less developed. This can make it more challenging to retain material value and keep resources in circulation. To help address this, we are working collaboratively with industry partners and specialist organisations to support the development of downstream solutions that better suit home textiles. For example, quilts and pillows can be particularly difficult to process due to their mixed materials and filled construction, with reuse and recycling routes less established than those available for clothing. Through partnerships with organisations developing automated sorting and pre-processing facilities in the UK, we are exploring how infrastructure can evolve to better accommodate home textile product categories.

In FY26, we sent 120kg of quilts and duvets collected from our textile takeback scheme to Kapdaa, who has developed an automated sorting line using AI-enabled near-infrared (NIR) technology. The trial explored the potential of this technology to recover materials from complex home textile products, helping to advance innovation in textile sorting and recycling. The quilts and pillows were automatically sorted using sensors that identified outer casing and fill materials, while mechanical pre-processing units removed non-recyclable trims such as zips and labels.

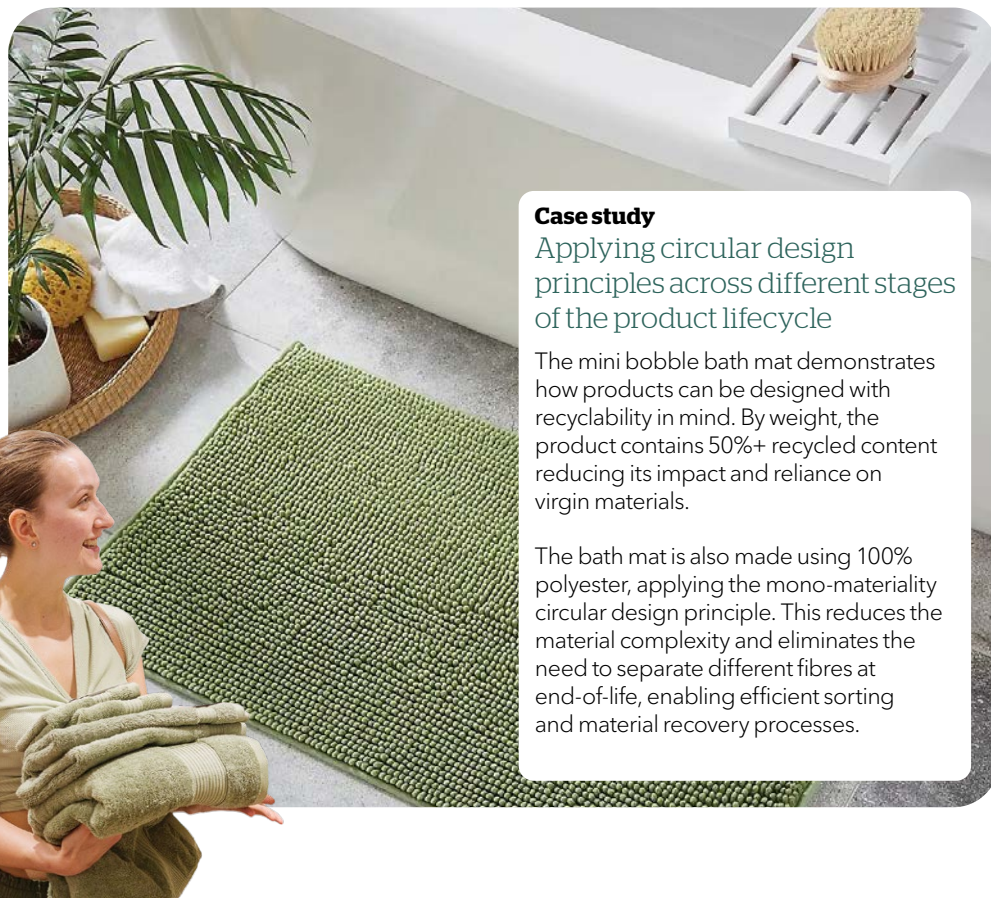
c.115 tonnes
of unwanted textiles collected
each month

The resulting feedstock was then mechanically shredded into reusable fibre streams. Further NIR analysis was carried out to verify the fibre composition and suitability for circular re-manufacturing. The trial provided valuable insights into how emerging technologies can improve material recovery, preserve material value and support circular solutions for home textiles.

In line with the waste hierarchy, reuse and resale remain our preferred end-of-life outcomes where possible. Through our partnership with the British Heart Foundation, customers can donate mattresses, furniture, and other bulky household items, provided they are clean and have a fire safety label attached. Donations are given another life while supporting the charity. For products not suitable for resale, we partnered with AnyJunk in FY26 to provide a responsible collection route for sofas, mattresses and other household items including DIY and renovation waste. Dunelm customers receive a £10 discount on collections, and we intend to develop this partnership further, using data insights to identify additional opportunities for circularity.

Read more about our various takeback schemes and their community impact on page 33

We also offer takeback for all like-for-like electrical items purchased with us, working in partnership with the Recycle Your Electricals Scheme, which we promote online, in store and via our Facebook community groups.



Better Manufacturing

88%

FEM completion rate for 2025

“

Our Better Manufacturing programme is our framework for driving environmental improvements within the factories that make our products.



1

The sourcing and manufacture of our products accounts for the largest proportion of our greenhouse gas emissions, representing c.60% of our Scope 3 emissions. Our Better Manufacturing programme provides the framework for driving environmental improvements across the factories that make our products. This helps to build a more resilient and responsible supply chain, while supporting our efforts to better understand, manage and reduce supply-chain emissions over time.

Central to the framework is the Higg Facility Environmental Module (FEM), which enables suppliers to assess, track and improve performance across key environmental areas, including energy, water, waste and carbon emissions. The assessment helps suppliers identify emission hotspots and opportunities for improvement, while increasing transparency and improving environmental data quality across our supply chain.

FY26 performance

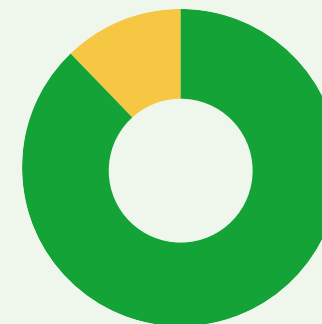
We set a target for 85% of key Tier 1 factories (final product assembly facilities) to have completed the Higg FEM by the end of FY26. Throughout the year, we continued to strengthen supplier engagement, incorporating feedback and lessons learned from our post-disclosure survey following last year's reporting cycle. We also worked more closely with selected strategic suppliers to further develop decarbonisation roadmaps and identify practical opportunities for implementation.

By the end of FY26, our FEM 2025 completion rate had reached 88%, exceeding our target and representing an improvement on FY25 performance. While the number of facilities in scope reduced year-on-year, supplier participation continued to increase, reflecting growing maturity in the programme and a strong shared commitment to transparency and environmental improvement.

Supplier engagement

In FY26, we enhanced our supplier engagement approach in response to feedback gathered from our previous post-disclosure survey. One of the most significant improvements we made was providing suppliers with access to the collaboration suite on the Worldly platform.

Status of key Tier 1 suppliers' adoption of Higg FEM 2025



● Higg FEM completed 88%
● Not completed Higg FEM 12%



1. Jase Tonal Chenille Quilted Back Armchair:
Frame: 100% FSC-certified timber.

Better Manufacturing continued

This enables our suppliers to view facilities within their own supply chains that are in scope for Higg assessments and monitor completion progress in real time, helping to ensure assessments are completed on schedule.

We also introduced clearer communications ahead of the disclosure cycle, outlining key requirements, expectations and milestones, alongside regular updates through our supplier newsletter.

Building supplier capability remained a primary focus throughout FY26, particularly across our Tier 0, 1 and 2 suppliers. A key objective was to reinforce that Higg FEM and Facility Data Management (FDM) are not simply compliance requirements, but valuable mechanisms for understanding their environmental impact, identifying efficiencies, and supporting decarbonisation.

In collaboration with Worldly, we hosted two webinars specifically tailored to our Tier 1 and 2 suppliers. These sessions focused on the importance of robust environmental data and the benefits of completing the Higg assessments. For our Tier 1 suppliers, the training explored how assessment insights can be used to identify and implement emissions reduction opportunities at facility level. For Tier 2 suppliers, the sessions outlined the Dunelm specific requirements, the business benefits of completing the Higg FDM, and shared best practices for managing facility assessments and maintaining compliance.

Decarbonisation roadmaps

Supporting suppliers to develop and implement decarbonisation roadmaps contributes towards efforts to understand, manage and reduce supply-chain emissions over time.

Environmental data reported through the Higg FEM is fundamental to developing these roadmaps and tracking annual progress. While each roadmap is tailored to the individual supplier, they are typically structured around the same framework:

- Defining organisational boundaries and establishing emissions baselines using primary data gathered from Higg FEM assessments.
- Implementing emissions reduction initiatives, such as transitioning to renewable energy, improving energy efficiency, or optimising manufacturing processes to reduce direct fuel consumption.
- Establishing a cadence for tracking progress, via by Higg FEM disclosures, supporting transparency and accountability in our decarbonisation journey.

In FY25, we launched a pilot decarbonisation programme with five selected suppliers based on their emissions profile, focusing on their Tier 1 emissions roadmaps.

Over the course of FY26, working directly with suppliers has deepened our understanding of the practical challenges and opportunities associated with decarbonisation, while supporting suppliers to identify and evaluate emissions reduction opportunities such as energy efficiency improvements and renewable energy adoption.

By moving beyond compliance-focused discussions towards a more collaborative, action-oriented dialogue, suppliers have gained a clearer understanding of the long-term value of emissions reduction. This programme has also

strengthened our ability to accurately monitor collective progress, share best practice across the supply chain, and identify opportunities that may contribute to future emissions reductions.

FY27 focus

- Continue to support suppliers to monitor their facility level environmental progress and use the data to improve facilities.
- Focus on improving data quality with our suppliers.
- Expand and rollout our decarbonisation programme to support our furniture suppliers and engage with suppliers with the highest emissions.

“

Dunelm's approach to collecting primary supply chain data shows what's possible when a brand and its suppliers mutually invest in relationships, not just reporting.

Adele Stafford
CRO at Worldly



Metrics

Key



Target met or on track

Broadly on track,
improvement requiredNot on track, significant
improvement requiredReplaced an expired
target

Target

Scope 1 – Reduce absolute carbon emissions by 50% against FY19 baseline by FY30

Scope		Why this measure is important	Assessment of progress	Overall current status
Carbon emissions from assets and activities under Dunelm's direct control, principally heating fuels, fleet fuels and refrigerant gases.	Performance in FY26 -31% vs FY19 baseline	Reducing operational emissions supports Dunelm's climate commitments, lowers exposure to energy and carbon costs, and contributes to long-term business resilience. Operational emissions are areas where Dunelm has direct influence through efficiency and decarbonisation initiatives.	Performance improved from -26% in FY25 to -31% in FY26, driven by continued decarbonisation of stores and sites, including replacement of gas heating and ongoing efficiency improvements.	Performance remains on track towards the FY30 target, demonstrating continued progress despite business growth and estate expansion.

Target

Scope 2 – Purchase 100% renewable electricity every year

Scope		Why this measure is important	Assessment of progress	Overall current status
Purchased electricity used across stores, distribution centres, manufacturing and support sites.	Performance in FY26 100% renewable electricity procured	Renewable electricity reduces market-based Scope 2 emissions and supports Dunelm's commitment to lower-carbon operations while helping manage future climate-related risks.	Dunelm has maintained its commitment to renewable electricity purchasing, building on previous years' performance while continuing to improve energy efficiency across the estate.	Target achieved in FY26 and maintained as an ongoing annual commitment.

Target

Scope 3 – Reduce absolute carbon emissions in our target boundary by 50% against FY19 baseline by FY30

Scope		Why this measure is important	Assessment of progress	Overall current status
Emissions across Dunelm's value chain within our science-based target boundary, including purchased goods, manufacturing, logistics and product-related emissions.	Performance in FY26 32% vs FY19 baseline	Scope 3 represents the majority of Dunelm's carbon footprint. Reducing these emissions supports climate goals while encouraging lower-impact products, stronger supplier engagement and greater supply-chain resilience.	Dunelm continues to improve product-level emissions data, strengthen supplier engagement and implement responsible sourcing programmes. We will continue using this data to refine our understanding of Scope 3 reduction pathways and potential reduction outcomes over the near and longer term.	Progress has been made in improving the data and methods for reporting. Continued improvements in this area will require collaboration across the supply chain to deliver data improvements and support further product-level decarbonisation efforts.

Metrics continued

Key



Target met or on track

Broadly on track,
improvement requiredNot on track, significant
improvement requiredReplaced an expired
target

Target

Maximise packaging recyclability & mitigate pEPR costs

Scope		Why this measure is important	Assessment of progress	Overall current status
Household packaging assessed under the Packaging Extended Producer Responsibility (pEPR) Recyclability Assessment Methodology, measured as the percentage rated 'Green'.	Performance in FY26 78% green-rated packaging	More recyclable packaging reduces waste, supports circularity and helps minimise future pEPR compliance costs through improved packaging design and material selection.	Introduced in FY26 following achievement and expiry of the previous virgin-plastic reduction target. The new measure reflects evolving regulation and improved packaging data capabilities established through EPR reporting requirements.	The new metric establishes a strong baseline and aligns packaging performance more closely with emerging UK regulatory requirements and long-term recyclability objectives.

Target

90% of own-brand polyester to be recycled by FY30

Scope		Why this measure is important	Assessment of progress	Overall current status
Percentage of polyester used in own-brand products that is recycled rather than virgin polyester.	Performance in FY26 64% recycled polyester	Increasing recycled polyester reduces reliance on virgin fossil-based materials and supports lower-impact product development and circular material use.	FY26 performance demonstrates substantial adoption of recycled polyester across the range and builds on Dunelm's broader responsible sourcing strategy and product development approach.	Progress is encouraging and provides a strong foundation towards the FY30 ambition, although further sourcing transformation will be required to reach 90%.

Target

100% of own-brand cotton to be More Responsibly Sourced by FY30

Scope		Why this measure is important	Assessment of progress	Overall current status
Percentage of own-brand cotton purchased that meets Dunelm's responsible sourcing criteria, measured on a bought-tonnage basis.	Performance in FY26 78% More Responsibly Sourced	Cotton is one of Dunelm's most important raw materials. Increasing responsibly sourced cotton can reduce environmental impacts, support better farming practices and strengthen supply-chain resilience.	We have made strong progress in our journey to source cotton more responsibly. We have now transitioned all of our core cotton product lines to more responsibly sourced alternatives. This metric replaces the previous cotton target, which measured performance using sales value (% of sales). The new tonnage-based approach provides a more direct assessment of sourcing performance and material impact.	Performance is strong, with over three-quarters of cotton already sourced through recognised responsible pathways, supporting progress towards full adoption by FY30.

Metrics continued

Key



Target met or on track

Broadly on track,
improvement requiredNot on track, significant
improvement requiredReplaced an expired
target

Target

Year-on-year improvement in % of own-brand timber with full FSC Chain of Custody

Scope		Why this measure is important	Assessment of progress	Overall current status
Percentage of own-brand timber supported by full FSC Chain of Custody certification across the supply chain.	Performance in FY26 60% full FSC chain of custody	Responsible timber sourcing supports forest protection, traceability and customer confidence while reducing exposure to regulatory and sourcing risks.	Introduced in FY26 to focus specifically on full FSC Chain of Custody assurance. The previous target combined responsibly sourced timber and UKTR-related requirements. The revised metric increases emphasis on verified traceability.	 The new measure provides a stronger assurance standard and establishes a clear platform for continued year-on-year improvement.

Target

Maintain high levels of response rate (85%+) from key Tier 1 suppliers for Higg FEM

Scope		Why this measure is important	Assessment of progress	Overall current status
Participation by key Tier 1 suppliers in the Higg Facility Environmental Module (FEM), which captures environmental performance data.	Performance in FY26 88% response rate	Supplier participation improves transparency, helps identify environmental hotspots and supports collaboration on reducing impacts across the supply chain	Performance improved from 84% in FY25 to 88% in FY26, reflecting stronger supplier engagement and the continued development of Dunelm's Better Manufacturing programme.	 The target has been exceeded in FY26, providing a strong data foundation to support future environmental improvements within the supply chain.

Our home in

Communities



With a presence in communities across the UK and Ireland, we are committed to creating social value wherever we operate. Through our stores, support sites, partnerships and colleague-led initiatives, we seek to make a positive contribution.

In this section

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| 34 | Charitable initiatives |
| 35 | Community metrics |

FY26 highlights

£2m

fundraising milestone
reached through Age
UK partnership

c.200k

gifts donated as
part of Delivering
Joy campaign



Dunelm in the Community

1.4m+

members of our community Facebook groups

“

What began in 2020 as a simple idea to help ensure people in local communities had a gift to open at Christmas, has grown into one of our most impactful community initiatives.

Our stores and sites continue to be at the heart of their local communities. Community Champions across each region help bring our community ambitions to life, while our network of Community Facebook Groups, now with more than 1.4 million followers, enables stores to build meaningful connections with customers, champion local causes and celebrate the difference our colleagues make in communities across the UK.

Delivering Joy

What began in 2020 as a simple idea to help ensure people in local communities had a gift to open at Christmas, returned for its sixth year and has grown into one of our most impactful community initiatives.

In FY26, colleagues and customers donated c.200,000 gifts through the initiative, supporting individuals and families who may otherwise have gone without on Christmas Day, collaborating with a range of local causes from homeless shelters to women's refuges. Together, we have now helped deliver over 700,000 gifts since Delivering Joy started, demonstrating the power of collective action to make a difference in local communities.

The impact of Delivering Joy extends beyond the gifts themselves. The campaign reached millions of people through community networks and social media, inspiring acts of generosity and enabling more people to take part than ever before.

Delivering Joy is made possible by our customers and colleagues across the business. Store teams coordinated donations and worked closely with local charities to ensure gifts reached the people who needed them most, while support centre and distribution colleagues contributed hundreds of gifts of their own. In addition to gift donations, our Pausa cafes hosted a number of festive events for local causes.

Building on the success of previous years, we also made plans to repeat our Delivering Joy Summer initiative, which sees colleagues come together to refurbish outdoor community spaces. Each region was given the chance to nominate a community project within its local area, with teams volunteering their time, and Dunelm donating products, to help create welcoming spaces that can be enjoyed for years to come.

Case study

Delivering Joy for Age UK

We strengthened our partnership with Age UK under the Delivering Joy banner, hosting a special Christmas celebration in Birmingham for 80 local service users who may otherwise have spent the festive season alone. The event brought together entertainment, crafting activities and companionship, helping create memorable moments and meaningful social connection.

Expanding our fundraising efforts we introduced a new donation initiative for Age UK alongside the local causes which Delivering Joy supports. Customer donations exceeded £24,000, a significant increase on the previous year.



Watch highlights from our Delivering Joy event in Birmingham



Dunelm in the Community continued**Pausa cafes**

Our Pausa cafes continue to play an important role in supporting both our local communities and charitable partnerships. Through customer donations, hot drink contributions and in-cafe activities, they remain a significant source of fundraising,

We also continue to champion our cafes as welcoming community spaces, offering them free of charge to local groups and organisations. From parent and baby gatherings to knitting clubs, our cafes provide a place for people to come together, build connections and tackle social isolation.

150+

stores in partnership with 'Too Good To Go'

200,000+

surprise bags issued to customers

500+ tonnesof CO₂e avoided in food waste avoided

Recognising the ongoing cost of living pressures facing many families, we have continued to offer our popular Kids Eat Free promotion. Available every day with a £5 cafe spend, the initiative helps customers enjoy affordable family outings while ensuring children can enjoy a meal at no additional cost.

Running for more than two years, our partnership with 'Too Good To Go' continues to help reduce food waste across our in-store Pausa cafes while offering customers great value. The initiative is now operational in more than 150 Dunelm stores, with customers able to purchase 'Surprise Bags' for just £3.20 containing a selection of surplus food items, such as sandwiches, cakes and fruit.

Since launching, we have provided more than 200,000 Surprise Bags to customers, helping to prevent over 500 tonnes of CO₂e from being generated through food waste. By giving good food a second chance, the partnership is helping us reduce waste while making a positive impact for both customers and the environment.

**Case study****Rebuilding Yeovil, Together**

During the year we reopened our Yeovil store following a fire that had destroyed the building 18 months earlier.

While the loss of the store was a significant setback for colleagues, customers and the local community, it also demonstrated the strength of our people and our commitment to maintaining a long-term presence in the towns and communities we serve.

Throughout the closure period, colleagues continued to support customers through a temporary Click & Collect operation and we redeployed our colleagues to work in neighbouring stores wherever possible. As a result, the vast majority of our colleagues remained with Dunelm during the rebuild, reflecting both the resilience of the team and our commitment to supporting colleagues through periods of disruption.

The reopening marked a significant investment in the local area, creating a modern store designed around our customers. The new site incorporated our latest store format, including improved navigation, an expanded Made-to-Measure proposition and a new Pausa cafe, creating additional opportunities for customers to connect, shop and spend time within the store.

The response from the local community highlighted the importance of the store to Yeovil. Customers queued ahead of opening, and many shared their appreciation that Dunelm had remained committed to the town throughout the rebuilding process.

The reopening also provided an opportunity to recognise the people who helped make it possible, including members of the local Fire & Rescue Service who attended the original incident and returned to formally reopen the store alongside colleagues.

Developing circular services for our customers

FY26 highlights

187

locations with in-store textile takeback service

c.115tonnes

of unwanted textiles for reuse or recycling every month

20%

increase in net volume of unwanted textile collected year-on-year

268tonnes

of furniture and mattresses diverted from waste streams

We continue to support our customers with the responsible reuse, repurposing, or responsible disposal of unwanted products, helping to reduce waste and support a more circular local economy.

Our in-store textile takeback service remains popular and is now available in 187 locations, collecting around c.115 tonnes of unwanted textiles for reuse or recycling each month, a 20% increase year-on-year. From FY26, reported volumes are based on actual shipment weights rather than estimated weights.

We also continue to work with the British Heart Foundation (BHF), making it easy to give furniture, mattresses and other bulky household items a second life. Earlier in 2026, the initiative passed a major milestone, raising more than £1 million to support the charity's lifesaving research into heart disease, stroke, vascular dementia and other serious health conditions.

Since launching in 2016, the scheme has helped divert more than 268 tonnes of furniture and mattresses from waste streams, extending the life of valuable products while generating vital funding for research.

For items that are no longer suitable for reuse or donation, we introduced a new partnership with AnyJunk, offering a responsible collection service for sofas, mattresses and other household, DIY and renovation waste. Dunelm customers also receive a £10 discount on every collection.

Together, these initiatives help customers play an active role in a more circular economy by extending product life, reducing waste and ensuring unwanted items are reused, recycled or responsibly managed wherever possible.



Charitable initiatives

FY26 highlights

£2m

raised for Age UK since start of partnership

£30,000+

raised through 'Fundraise Your Age'

6,500+

gifts donated to older people through Delivering Joy

1,350+

older people supported through Age UK advice services

£5m+

in unclaimed benefits identified for older people

Through a combination of our national partnership and locally led initiatives, we continue to strengthen the connections between Dunelm and the communities we serve. Whether supporting Age UK or championing smaller, local causes, colleagues play a central role in helping create lasting positive impact throughout the year.

Supporting older people through our partnership with Age UK

Our partnership with Age UK is helping to tackle loneliness and ensure older people across the UK can access the practical support, advice and connections they need to feel at home in their communities.

In FY26, we reached a major milestone, raising over £2 million for the charity since our partnership began, meaning that we achieved our original fundraising goal a full year ahead of schedule and have now increased our target to £3m. This achievement reflects the generosity of our customers and colleagues, who have supported the partnership through customer donations, fundraising activities, in-store initiatives and product-linked giving.

Over the past two years, customers and colleagues have raised funds through donations and fundraising initiatives, including contributions linked to hot drink sales in our Pausa cafes. Colleague-led fundraising has continued to grow, with activities ranging from skydives and sponsored challenges to in-store events. Our most successful single fundraising initiative, 'Fundraise Your Age', raised more than £30,000 in one week.

The partnership also plays a central role in our annual Delivering Joy campaign. In 2025, more than 6,500 gifts were donated to older people through local Age UK charities, alongside additional fundraising support.

The funds raised through the partnership are helping Age UK deliver vital services and support for older people across the UK; they have been able to expand access to their free Advice Line and Telephone Friendship Service, support more than 1,350 older people with essential advice, identify more than £5 million in unclaimed benefits for individuals, and provide funding that enables local Age UK charities to connect people and strengthen communities.

The impact of the partnership was recognised with a win at the Business Charity Awards, with judges highlighting the strong alignment between the partnership and our purpose of creating communities that feel like home for older people.



Wider charity support

We offer each of our stores a monthly Community Support Fund to use to support causes within their local communities, as well as supporting wider national causes that align with our purpose.

Over the year we continued to support Homewards, the homelessness initiative established by The Royal Foundation of The Prince and Princess of Wales, helping to create safe, welcoming homes for people at risk of or experiencing homelessness. Through the programme's Aberdeen project, we have continued to support the furnishing of additional homes, working alongside other partners to help create comfortable and dignified living environments for residents.

FY27 focus

- Engage new communities as store expansion continues.
- Maximise local presence through our flagship event, Delivering Joy.
- Maintain our national community presence through partnerships.
- Re-engage colleagues with charity volunteering opportunities.

Metrics

Key

Target met or on track

Broadly on track,
improvement requiredNot on track, significant
improvement requiredReplaced an expired
target**Metric****Group and colleague fundraising and Group cash charity contributions**

Scope		Why this measure is important	Assessment of progress	Overall current status
This measure covers monies raised by colleagues in our stores and sites and any additional Group cash contributions that are made at the Executive Team's discretion, targeting a year-on-year increase.	Performance in FY26  representing a small 1.1% decrease vs FY25.	This measure recognises the fundraising efforts of our colleagues across the business through various initiatives, including our national charity partnership.	The outcome for FY26 represented a small decrease on FY25, largely a result of the phasing of charitable events. We are exploring the alignment of a longer term target with our national charity partnership.	 We narrowly missed a year-on-year increase in total fundraising but remain committed to our multiple community and charity initiatives.

Metric**% of own-brand products for which we offer an easy-to-use take-back service**

Scope		Why this measure is important	Assessment of progress	Overall current status
This metric covers own-brand products sold in our stores. Further details are available in our basis of reporting document available on our corporate website.	Performance in FY26  of own brand products for which we offer an easy-to-use take-back service.	This measure supports our commitment to move towards a circular economy and to reduce our impact on the planet, our supply chain and local communities.	We offer a takeback service on 60% of our own brand range through three core initiatives namely Textile Takeback, WEEE Electrical Recycling and Furniture Takeback through the British Heart Foundation and AnyJunk. Our focus has been on optimising existing schemes while exploring and trialling further categories.	 Performance is on track for FY26 and will seek to maintain our takeback offer for customers, whilst continuing to explore potential additional services.

A home for our

People



We create a home for People working in our business. We are focused on building an inclusive environment where all our colleagues can thrive, and they feel safe, engaged and fairly rewarded.

In this section

37	Learning
38	Thriving
40	Belonging
42	People metrics

FY26 highlights

>1,000

days pledged
by colleagues for our
'Back to the Frontline'
store support initiative

88.5%

retention
across our colleague
base in FY26



Learning

>1,600

students enrolled on Dunelm work experience programme

“

I loved this virtual programme, it gave me great insight into retail operations and helped me understand their customer-focused culture. Thank you so much to all the professionals who took the time out of their busy schedules to create this programme.

Our approach

Learning and development play an important role helping our colleagues build rewarding careers at Dunelm. Our approach focuses on developing talent from within and at all levels of the business by supporting early career pathways and strengthening leadership capabilities alongside creating opportunities for career progression. Fostering a culture of continuous learning enables colleagues to learn, develop and thrive at Dunelm.

We continue to target a year-on-year increase in our colleague net promoter score (NPS). Whilst our score remains in the top quartile for the consumer retail sector, we saw a decline in FY26, driven primarily by colleagues' concerns about the tools and systems available to support them in their roles. Addressing these issues is a key priority to improve colleague experience.

We also track other internal metrics, including colleague retention, which was 88.5% for FY26.

Leadership Capability Index

Strong leadership plays a critical role in delivering a positive colleague experience and our strategy. We continued to invest in leadership development in FY26 building the skills and capabilities needed to lead high-performing teams.

To help measure progress, we introduced a new Leadership Capability Index during FY26 to create a consistent way of assessing leadership in the business. The index combines scores from existing colleague survey metrics and covers goal setting, management support, openness and performance. Based on the April 2026 engagement survey, our baseline score was 8.5, establishing a benchmark to help us monitor leadership effectiveness and identify opportunities for improvement.

Case study

Telford Leadership Conference



To support the successful launch of our Winning Hearts & Homes strategy, we brought together around 400 colleagues, including all Store Coaches, for a dedicated leadership conference.

Through a blend of keynote sessions and interactive breakouts, leaders explored our strategic priorities and had a chance to build connections across the business.

Early careers programmes

Our early careers programmes are designed to build leadership and functional capabilities, supporting our long-term growth ambitions. We offer a variety of entry routes into the business, including graduate schemes and apprenticeship opportunities across all areas of the business, broadening our talent pipeline.

We believe everyone should have access to opportunities to be able to develop skills and gain valuable experience, regardless of their background. Our early careers programme is a vital lever in promoting social mobility by helping young people to build confidence and gain exposure to the world of work.

In FY26, we developed a virtual work experience platform, in partnership with Springpod.

The platform provides young people aged 13 onwards with an accessible introduction to careers at Dunelm through a series of interactive modules and practical activities, providing a mix of real-world scenarios, timelines and role-based insights.

Since we launched the programme, more than 1,600 students have enrolled, generating an estimated £727k of social value. We reached a diverse audience of students from a wide range of socio-economic backgrounds including participants eligible for free school meals, first-generation university students and young people who have indicated they have special educational needs. Participants gave the programme a score of 7.5/10 on average, and feedback highlighted the interactivity of the modules and how it supported students to develop not only their employability but also their individual skillsets.

Following the success of this programme, our focus in FY27, is on launching a new programme of internships to create valuable opportunities for university students, while showcasing career opportunities at Dunelm to emerging talent. We will continue developing our early careers offering throughout FY27, expanding opportunities for young people at different stages of their education or employment.

FY27 focus

- **Develop leadership skills and capabilities through programmes and tools designed to support our leadership team and emerging leaders.**
- **Build colleague capability in data and AI.**
- **Strengthen our customer obsession mindset by investing in training for our frontline colleagues.**

Thriving

>1,000

days pledged through 'Back to the Frontline' initiative

“

My role impacts what deliveries stores get on a week-to-week basis so it was good to speak to the store team and get specific feedback on what their experience of stock had been over the past few months. Both positives and negatives were given which I can take away to investigate, build on and improve going forward.

Our approach

Colleague safety is our number one priority at Dunelm. We are also committed to supporting our colleagues through a focus on physical, mental and financial wellbeing. We recognise colleagues for their contributions and provide easy access to support and resources when they are facing challenges. This helps create an environment and culture where colleagues can thrive.

Supporting our store colleagues

In the face of rising retail crime, we continue to invest in measures that help protect our colleagues and customers from violence, abuse and theft. We've enhanced our approach through further investment in training, body-worn cameras, and offender identification technology, helping create a safer environment.

Maintaining a connection with our frontline store colleagues also remains a priority in the business. Throughout our busiest trading period we support our store colleagues and customers through our 'Back to the Frontline' initiative. This enables support colleagues to pledge two working days between Christmas and the end of January, providing valuable support during the busiest weeks of the year.

In FY26, we saw over 1,000 days pledged across 132 stores, compared to over 200 days pledged in FY25. This initiative not only provides valuable support to our stores but allows support colleagues to gain a deeper understanding of the day-to-day operations of our stores and how their roles can further improve the overall experience for our customers.

Read more information on the safety and security of our store colleagues on page 44

Colleague wellbeing

Throughout FY26, we continued to strengthen our wellbeing offering by improving access to support, enhancing awareness of available resources and encouraging colleagues to engage with wellbeing support throughout the year.

A key milestone was the refresh of our Wellbeing Hub, bringing together a wide range of internal and external resources into a single location. The Hub is organised into four wellbeing pillars: financial wellbeing, physical wellbeing, emotional wellbeing and Retail Trust, helping colleagues navigate support easily. We also expanded our Helpful Contacts Hub, providing enhanced signposting to specialist support services including mental health and domestic abuse.

We introduced monthly Retail Trust spotlights through our intranet and used huddles to highlight the range of services available including virtual GP services, counselling, financial aid and wellbeing webinars.

Wellbeing

Colleague safety

8.4/10

Engagement survey score on colleague safety at work

Colleague Support Fund

£49k

provided in financial assistance



Thriving continued**Gender pay gap**

We are committed to equal pay across the business, ensuring that colleagues receive equal pay for equivalent roles, regardless of gender. Our 2026 Gender Pay Gap Report is available on our corporate website. Our gender pay gap predominantly reflects the fact that c.70% of our colleagues are women, of whom 85% work in our stores or other hourly-paid roles. Our gender pay gap has reduced year-on-year, against both 'Median' and 'Mean' metrics. In addition, women representation in the upper quartile of the organisation has increased 2% in the year.

Our gender pay data

2026	%
Median gender pay gap	2.1
Mean gender pay gap	12.9
Median gender bonus gap	72.5
Mean gender bonus gap	50.3
% of men receiving bonus	23.6
% of women receiving bonus	19.0

% of women in each pay quartile

2026	%
Upper quartile	54.4
Upper middle	63.7
Lower middle	72.6
Lower quartile	69.9

Source: Dunelm Gender Pay Gap Report 2026.

Ethnicity pay gap

We do not currently analyse pay data by ethnicity. However, this is something that we continue to review as we build a more accurate profile of our colleague diversity. We continue to track our ethnic minority representation across leadership roles and whilst we narrowly missed our 8% target for FY26, we have made significant progress over the last three years (from 5.5% in FY24 to 7.4% in FY26).

Gender pay equality

We are committed to 'equal pay for equal work' as mandated by UK legislation under the Equality Act 2010, which legally entitles men and women to be paid at the same rate for like work, work rated as equivalent, and work of equal value.

Gender identity

Gender pay regulations mean we must identify our colleagues as men and women. However, we actively support our colleagues of all gender identities, working closely with our Pride colleague network to listen and learn and to uphold our commitment to being a truly inclusive business.

Recognition schemes

We continue to promote peer-to-peer recognition, where colleagues send e-cards to one another whether as a 'just to say' or in recognition of our shared values and behaviours.

Following our first colleague engagement survey within our Ireland stores, we introduced a weekly recognition moment in every huddle and weekly bulletin. In addition, we launched 'Summer of Recognition', creating a celebratory team area in every store. We also introduced a peer recognition QR code scheme making it easier for colleagues to recognise and celebrate the contributions of their peers.

**FY27 focus**

- Maintain awareness of the various levels of support available to colleagues and improve access to services through our Wellbeing Hub.
- Continue to promote peer-to-peer recognition schemes across the business and in our Ireland stores.

Belonging

>37k

comments received from our main colleague engagement survey, with 70% participation

“

Creating a strong sense of belonging is central to our business, helping colleagues feel seen, valued and included... this is underpinned by a culture of continuous listening and learning.

Our approach

We want Dunelm to be a place where all colleagues feel at home. Creating a strong sense of belonging is central to our business, helping colleagues feel seen, valued and included. We aim to embed inclusion in all that we do, particularly within leadership decision-making. This is underpinned by a culture of continuous listening and learning which is central to our approach to colleague engagement.

Engagement survey and leadership action

Our engagement surveys provide an overall understanding of colleague sentiment. The main survey, conducted in April 2026 saw an overall participation rate of 70%. The survey covers a range of questions connected to the overall People strategy, including Belonging. Colleagues can anonymously comment on each question enabling people to speak up confidently and give more honest feedback. Over 37k comments were received and overall, 53% of colleagues were Promoters.

Our check-in survey, held in November 2025, followed up on a number of key themes from the April survey whilst also covering areas such as belonging, colleague expectations and manager openness.

Our Ireland stores carry out a separate engagement survey to focus on bespoke engagement areas. We launched our first dedicated colleague engagement survey in Ireland in FY26. We used the results alongside 14 colleague listening sessions to better understand colleague experiences and feelings. The feedback informed a series of “You Said, We Did” commitments, which were shared with colleagues to demonstrate how their feedback was influencing local change. Overall, our stores in Ireland received an engagement score of 7.0.

A key focus during the year was improving the visibility of the actions taken by the business in response to colleague feedback in the engagement surveys. We introduced a dedicated section of our monthly company-wide huddle to share progress and updates with colleagues. We also provided leaders with additional guidance and practical tools to support post-survey action planning.

This included resources on understanding survey results, identifying key themes, responding to colleague feedback and developing clear action plans in collaboration with teams. Leaders were encouraged to focus on a small number of meaningful actions and keep feedback conversations active throughout the year, helping to ensure colleagues can see how their voices were influencing change across the business.

Case study

National Colleague Voice development



“

It made me feel connected, proud and inspired to be, not only a National Colleague Voice Rep, but part of the Dunelm business for which I feel responsibility for all the colleagues I represent.

Jon Irving

National Colleague Voice Rep for HDN

This year, we invited our National Colleague Voice reps to attend our Leadership Conference, held in Telford, giving them the opportunity to hear our FY27 plans and strategic priorities first-hand, ahead of the wider business cascade.

By bringing our reps into the conversation early, we're helping to strengthen the connection between colleagues and the business, increase visibility of our plans, and improve accountability for delivering clear, consistent messages.

Belonging continued**Connect with Clo**

As part of our commitment to colleague engagement we launched the 'Connect with Clo' initiative in FY26. This scheme is designed to give colleagues a simple way to raise questions, ideas and insights that can genuinely shape change. Colleagues can put their questions to our CEO, Clo, share a great idea, or feedback about our offer.

Every submission is reviewed, acknowledged and grouped into themes to be shared with Clo. We also run a monthly analysis of all contributions to identify key trends. This is shared with leadership teams and internally to colleagues via updates and short videos from Clo.

Connect with Clo sits alongside our existing channels for raising concerns such as our Speak Up whistleblowing service, National Colleague Voice reps, People Partners and line managers. In FY26, we expanded our National Colleague Voice initiative to include our stores in Ireland.

Early Careers Assessment Panels

We are constantly reviewing our recruitment processes to ensure that they are always fair, inclusive and accessible to a broad range of candidates. We maintain measures to eliminate bias in our recruitment processes, including removing names from CVs and reviewing role requirements where appropriate. In FY26, we further diversified our assessment panels by bringing in colleagues from a wide variety of social backgrounds, incorporating them into the decision-making process. This brings a wider range of lived experiences and perspectives into our recruitment decisions.

Reach

We first launched our Reach programme in FY24 and it was made up of colleagues from support analyst or professional levels. Following the success of this initial cohort, we expanded the programme to include senior managers and 'Heads of' roles. For this cohort, the programme focused on topics such as leadership legacy, authenticity, role modelling and unlocking influence. 25 senior managers and 'Heads of' graduated from the programme in FY26. Colleagues appreciated the sense of togetherness it created and committed to supporting each other in their continued further development.

FY27 focus

- **Continue to listen and learn from colleague feedback and use insights to inform our priorities.**
- **Improve the visibility and application of ED&I data across business functions to establish targeted action plans.**
- **Reinvest in our colleague networks to continue to drive engagement, awareness and colleague participation.**

Colleague networks

Our four colleague networks continue to play an important role in creating a sense of belonging at Dunelm while also driving meaningful impact and change across their inclusion themes.

We have over 300 colleagues involved in the networks, which are led by colleague co-chairs and sponsored by a member of the Executive Team.

Our colleague networks in FY26

Colleague network	Our colleague networks have driven impactful initiatives across inclusion themes.
 Pride – c.70 colleagues – Executive Team sponsor – Karen Witts (Chief Financial Officer) – 3 DLT sponsors	– Proudly participated in Stoke Pride for the second time, and sponsored the event for the first time.
 Disability and Neurodiversity – c.100 colleagues – Executive Team sponsor – Faye Atkins (Chief Commercial Officer) – 4 DLT sponsors	– Raised awareness and understanding through Neurodiversity Celebration Week, Disability Pride Month with colleague storytelling. – Improved accessibility and support through our AccessAble and Purpl partnerships and trials of new technology to support colleagues and customers.
 Gender Equity – c.100 colleagues – Executive Team sponsor – Amanda Cox (Chief Operations Officer) – 3 DLT sponsors	– Celebrated International Women's Day with colleague stories on confidence, allyship and lessons learned. – Featured a speaker from The Robin Cancer Trust as part of Testicular Cancer Awareness Week. – Raised awareness through Men's Mental Health Week and Breast Cancer Awareness Month.
 Ethnicity and Race – c.50 colleagues – Executive Team sponsor – John Gahagan (Chief Transformation and Technology Officer) – 2 DLT sponsors	– Recognised South Asian Heritage Month through colleague stories and educational blog posts. – Celebrated Diwali with cultural activities including food and henna at SSC. – Shared educational blogs covering Passover, Eid and raised awareness through Race Equality Week.



Metrics

Key



Target met or on track

Broadly on track,
improvement requiredNot on track, significant
improvement requiredReplaced an expired
target

Metric

% of role-model leaders from an ethnic minority background

Scope		Why this measure is important	Assessment of progress	Overall current status
Our role-model leaders ¹ are defined as 'Heads of' and above and include our regional and store coaches. We currently have nearly 300 of these roles across the business and we measure the proportion of these colleagues that come from ethnic minority backgrounds.	Performance in FY26 7.4% vs 6.5% in FY25	At Dunelm we strive to be an inclusive business. We believe that having a colleague base that is representative of wider society will ultimately lead to a better proposition for the benefit of all our stakeholders.	We have fallen slightly short of our target, however we have made continued year-on-year improvement from FY24 (5.5%) when we set the target, and further year-on-year progress from FY25 (6.5%). We remain committed to promoting an inclusive workforce and will continue to track both our leadership group and other layers of the business on diversity metrics.	 Whilst we narrowly missed our 3 year target, we will continue to internally track diversity metrics across both our leadership group and other layers of our colleague base.

Metric

Employee net promoter score (eNPS)

Scope		Why this measure is important	Assessment of progress	Overall current status
Colleague engagement score (eNPS) is based on responses to the question 'How likely are you to recommend Dunelm as a place to work' from our May colleague survey.	Performance in FY26 -12pts vs FY25 score, remaining top quartile for the sector	We place great importance on the development and engagement of our committed colleagues. Developing our talent improves retention, enables internal succession, and increases our productivity and business resilience.	Whilst our score remains in the top quartile for the consumer retail sector, we saw a decline in FY26. This was driven primarily by colleagues' concerns about the tools and systems available to support them in their roles.	 Whilst we remain top quartile for the sector, we did not achieve our goal of a year-on-year increase in FY26 and have plans in place to improve the overall colleague experience.

1. 'Role-model leaders' are defined as 'Heads of' and above and include regional and store coaches. Does not include colleagues in the Republic of Ireland.

Protecting our

Business



Our governance frameworks, holistic approach to risk management, and established policies and codes of conduct help safeguard our business, strengthen resilience and support long-term value creation for all stakeholders.

In this section

44	Safety and security
46	Online security and data protection
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49	Business conduct
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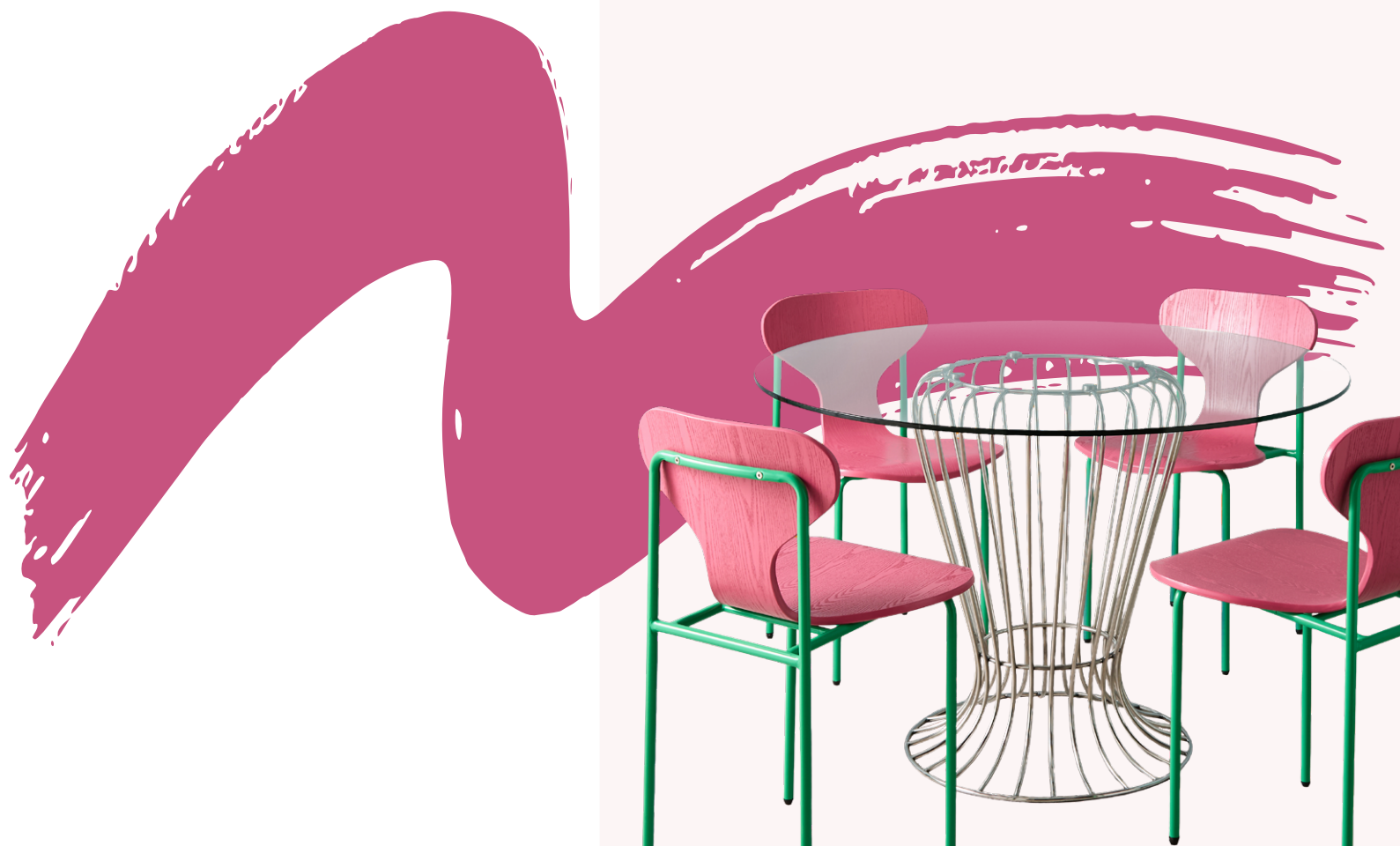
FY26 highlights

99%

of audits were no more
than two years old
(FY25: 99%)

89%

low- or medium-risk
audits
(FY25: 91%)



Safety and security



We relaunched our Health and Safety Policy in November 2025, reinforcing our commitment to maintaining high standards across the business.

The safety of our colleagues, customers, contractors and visitors is of paramount importance to us. Our CEO holds overall responsibility for this area, but it is very much seen as a shared priority across our Group. Colleagues are supported by our dedicated health and safety (H&S) and security teams who focus on four key areas – competence, controls, communication and culture.

Governance

Health and safety is a standing agenda item at every Board meeting. The Board also receives a detailed annual presentation from our Head of H&S. Monthly H&S audit reports, which include accidents, near misses and immediate and ongoing actions to remedy and improve processes, are shared with the Executive Team and at Risk and Resilience Committee meetings.

Regular updates on security incidents and initiatives aimed at reducing them and making our colleagues feel safer are also regularly provided to the Board. Weekly security reports are circulated around the business, and reporting and updates are also discussed at Risk and Resilience Committee meetings.

FY26 performance – H&S

During FY26, we continued to develop our health and safety capability and improve standards across our stores, distribution centres and our Home Delivery Network (HDN).

We strengthened our H&S team with the introduction of a team member focused specifically on our HDN operations, providing greater oversight of transport safety and contributing to a reduction in road traffic incidents over the last six months. We continue to utilise Matrix IQ camera technology and telematics across our fleet, helping to improve incident investigation, monitor driving behaviours and support safer driving standards through regular reviews with colleagues. In FY26, lightfoot telematics were installed in our new Made-to-Measure fleet and the H&S team have monthly meetings with our regional fitters to review reported data and any incidents.

A new warehouse traffic and pedestrian management plan was delivered at our Cannock site in FY26, to improve pedestrian and MHE interaction through a series of new controls. We review all our sites regularly as part of our approach to maintaining standards and continuous improvement.

We relaunched our Health and Safety Policy in November 2025, reinforcing our commitment to maintaining high standards across the business. The policy outlines our 'Four Pillars of Safety', which underpin our procedures, leadership behaviours and the shared responsibility of all colleagues to create and maintain a safe working environment.

Training remained an important area of focus during the year. In collaboration with St John Ambulance, we reviewed our first aid training provision to ensure that the content delivered is up-to-date.

In stores, and in line with the UK Government's ongoing focus on knife sales, our knives are not on display and are stored at the tills. We continued to conduct age-restricted test purchases in FY26 and increased the frequency of testing in high-risk regions across our store estate, splitting them equally between till sales and Click and Collect orders. We recorded a rolling annual pass rate of 89.5% (FY25: 93.4%). This remains a key focus area.

Our H&S team conducted audits of all our sites (including all new stores and major refit projects) to monitor policy adherence and standards, using a mix of regular self-audits, ad hoc regional store audits and full annual H&S audits. The store audit was updated in FY26 and introduced a weighted scoring system to place greater emphasis on higher-risk areas and create a more robust assessment. In FY26, our average audit performance was 93%, with eight stores and support sites attaining 100%. Fewer stores achieved 100% in FY26, which was a reflection of the changes made to the audit in the year.

During FY26, 25 incidents were reported under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR).



Safety and security *continued***FY26 performance – security**

Our approach to security and loss prevention is focused on keeping our colleagues and customers safe whilst protecting our property. We utilise a variety of methods, increasingly utilising data and new technology to assist.

We support the personal security of store colleagues to address aggressive verbal, and sometimes violent, behaviour. Body worn cameras continue to form an important part of our approach and stores are equipped with multiple devices depending on risk profile. The cameras serve as a deterrent and de-escalation tool, supporting store colleagues to manage challenging situations.

We launched our Security Operations Centre (SOC) in January 2026 to provide real-time support and resource to our store and support site colleagues. Our SOC team are available throughout trading hours to support incident management as events occur. The team have access to a range of resources, including live CCTV and alarm systems, and can coordinate additional security resources where needed. They also support incident investigations and prepare evidence and case files to assist police investigations and prosecutions. A key achievement since the launch of the SOC has been increased reporting of theft, violence and abuse incidents to the police.

Following a successful trial in autumn 2025, we started rolling out facial recognition technology across our store estate. The technology is now deployed in 150 stores and has contributed to reductions in theft, violence and abuse incidents. We also continue to fit new HD cameras in store to support with offender identification and trial emerging technology such as scan assist technology at our

self-checkout tills to ensure that customers scan and pay for every item in their basket.

We continued to share colleague safety bulletins, which included guidance on personal safety, and training videos with store colleagues. In addition, monthly colleague safety working groups have proven effective in sharing information and obtaining feedback from store and site colleagues on the working environment and the initiatives we have trialled and introduced. Ongoing concerns can also be raised at our National Colleague Voice (NCV) which are then appropriately investigated and actioned. Store safety is also a dedicated 'Big Topic' at one NCV meeting each year.

During the year, we also continued to build our network to share information and best practice, including engaging with local police and crime commissioners, and building site specific and local crime prevention plans.

**Training**

We continue to focus on training and educating our colleagues on how they can proactively seek to prevent incidents by spotting, identifying and correcting hazards or take pre-emptive action, as appropriate to the circumstances.

All new joiners undertake a mandatory H&S awareness training course on induction. Additional regular mandatory H&S training is determined according to business function and role based on risk assessments. For example, all new store key holders must attend a one-day health and safety course which gives them the competency to carry out their roles with safety at the front of mind, and food safety, allergen and hygiene training is mandatory for all colleagues working in our Pausa cafes. We also continue to review the training and guidance that we make available to colleagues in relation to dealing with conflicts. In addition, colleagues can access H&S and security-related training updates at any time via our online learning and development platform.

Food safety and labelling

Food safety remains a priority for our Pausa cafes. In our Food Standards and Sourcing Manual we set out our food sourcing specifications, including safety, hygiene and labelling requirements. This manual complements the Dunelm Quality Manual which details the required ethical standards and the Dunelm Sustainable Packaging Manual, which outlines acceptable packaging materials and processes. Further information on food handling and storage is also provided in our Health and Safety Policy.

All food sold has relevant legal allergen and calorific information accessible to customers via the QR code which is displayed in all stores. In FY26, we introduced allergen test purchases to further strengthen our focus in this area.

Product safety and responsible marketing

We have a responsibility to market and sell safe products. Our product safety standards are set out in our Quality Manual which is shared with our suppliers. These reflect the General Product Safety Regulations 2005, as set by the UK Government, other specific product-related legislation and our own requirements. If we decide to recall a product from sale as it does not meet the required standards, we communicate this clearly in store and on our customer website, dunelm.com. We contact customers directly where we can and it is appropriate to do so.

We follow an internal policy and procedure on the use of price promotion claims aiming to ensure that these are made fairly, accurately and legally. This includes specific guidelines on substantiating sustainability claims.

FY27 focus

- Enhance CCTV capabilities and strengthen support for stores and sites.
- Explore AI-enabled solutions to reduce stock loss and improve colleague safety.
- Continue working with partners to tackle retail crime and protect colleagues.
- Enrol our HDN drivers in additional safe and fuel-efficient driving training courses.

Online security and data protection



Further strengthening defences remains a top priority, and we have continued to invest in measures to safeguard the business and the data that we hold.

We are committed to safely and securely protecting the personal information of our customers, colleagues and all other partners who we engage with. We conduct our business in accordance with applicable data protection and privacy regulations and require all third parties with whom personal data is shared to do the same. To safeguard sensitive data and prevent unauthorised access, we maintain robust access controls and security measures.

We proactively monitor the threat environment and continuously review our control measures to safeguard against the ever-increasing threat of cyber attacks. Governance and oversight of information security sit with our Tech Board, led by our Chief Technology and Transformation Officer and supported by our Head of Cyber Security. Governance and oversight of data protection are the responsibility of our Group General Counsel and Company Secretary, who is also our Data Protection Officer (DPO). Both are supported by specialist data protection, information security, and legal teams.

Data protection and information security are standing agenda items at our Risk and Resilience Committee and Audit and Risk Committee meetings. All colleagues are required to adhere to our data protection and information security policies and complete mandatory training in these areas. The training focuses on three core objectives: (i) ensuring that colleagues consider and assess the risks when undertaking projects that involve, or could impact on, personal data, (ii) reducing the likelihood of a cyber security incident or non-compliance occurring, and (iii) ensuring colleagues are aware of the defined process in the event an incident occurs. Additional training and procedural guidance is available on our online learning and development platform and on an ad hoc basis from the cyber security and legal teams.

FY26 performance

IT, systems, data and cyber security remain a principal risk for the Group. The volume and sophistication of attacks targeting organisations across all sectors over the past year highlights why this area continues to require significant focus. Throughout FY26, both our Risk and Resilience Committee and Audit and Risk Committee received regular updates on the evolving threat landscape, security monitoring, incident response capabilities, business continuity and resilience activities. More information about how we seek to mitigate our risk in this area can be found in our FY26 Annual Report.

Further strengthening defences remains a top priority, and we have continued to invest in measures to safeguard the business and the data that we hold. Assisted by the appointment of a new Head of Cyber Security, in FY26 we re-prioritised the work being undertaken on the technology and processes that support identity management and determined to adopt the standard NIST Cybersecurity framework. This will provide consistent, risk-based oversight of our cyber security posture by way of a structured methodology and assist us in rolling out refreshed policies, processes, guidelines and structured governance mechanisms.

We also continued to invest in systems security more generally and carried out regular security testing. We use a cloud-based hosting infrastructure, which increases failover options and improves resilience, and have comprehensive third-party support in place for relevant technologies. Our security incident response process was tested during the year and disaster recovery plans are in place for all major systems and applications.

We have maintained our focus on ensuring that new suppliers and those undergoing contract renewal are assessed on the robustness of their security and data protection controls, with such assessments forming part of our internal approval processes. Business owners are accountable for ensuring risks relating to personal data are assessed, appropriately recorded and subject to ongoing review.

Colleague awareness of risk continues to be an important aspect of our work. During FY26, we continued to conduct internal 'phishing' tests, with additional training and other sanctions for those colleagues who are repeat offenders. We also reviewed our mandatory data protection and cyber security training modules.

The security of payments made by customers online also remains a priority. Point of sale end-to-end encryption is in place on our payment terminals and relevant software is updated continuously. We do not hold customer card data.

We embrace emerging technologies but maintain our commitment to online and data security, ensuring strong governance to assess specific risks, such as AI. Our AI Hub, which is attended by members of the Tech senior leadership, information security, data management and legal teams, provides a forum to discuss and respond to colleague queries relating to AI and approve requests for new AI tooling/uses within the business.

System robustness and risk awareness remain areas of focus and whilst we have made significant progress in enhancing our controls, we continue to review our approach and discuss opportunities for further improvement.



Responsible supply chains



We abide by clear and effective policies and require our suppliers to commit to the same standards, underlining our commitment to acting ethically and with integrity.

We consider the proof of high ethical standards – in particular human rights – to be the foundation of any commercial supplier relationship. We require our suppliers to provide safe and legal working conditions for the people who work for them and implement controls to identify and eradicate modern slavery and any other form of exploitation such as excessive working hours, child labour and poor safety standards, through compliance audit activity.

We continued to evolve our approach in FY26 by enhancing supply chain transparency, increasing assurance over higher-risk areas and improving the way that emerging risks are identified, escalated and addressed. In addition, and as legally required, we updated our Slavery and Human Trafficking Statement. This was approved by our Board and signed by our CEO and can be found on our corporate website.

Our policies

We abide by clear and effective policies and require our suppliers to commit to the same standards, underlining our commitment to acting ethically and with integrity. This includes reducing the risk of modern slavery within our business and supply chain. Key policies include our Ethical Code of Conduct for Suppliers and Partners, Whistleblowing Policy, Responsible Cotton Policy and Homeworker Policy. Compliance with such policies is monitored through our supplier onboarding processes, ethical audit programme, spot checks, whistleblowing arrangements and non-conformance process.

Where concerns are identified, we seek to ensure they are investigated promptly and addressed through appropriate corrective action, escalation, supplier engagement or, where necessary, responsible disengagement. Our focus is on ensuring that issues are remediated responsibly and that lessons learned are reflected in future risk assessment and monitoring activity.

Assessing and managing risk

Our modern slavery risk assessment was developed through a structured review of the Group's operations and supply chain, drawing on existing operational risk registers, ethical audit programme data, supplier due diligence and observations from subject matter experts. Each risk is assessed by reference to likelihood and impact, both before and after controls, with mitigating actions, owners and review dates recorded to support ongoing monitoring and accountability.

This enables us to focus our activity on the areas of greatest inherent and residual risk, including, but not limited to, lower-tier supply chain transparency, sourcing from higher-risk countries and cotton provenance, homeworking, agency labour, colleague awareness and governance oversight.

We have implemented controls to identify and eradicate modern slavery and any other form of exploitation such as excessive working hours, child labour and poor safety standards, through our requirement for compliance with our Ethical Code of Conduct and our ethical audit programme. The programme currently covers all Tier 1 own-brand suppliers, all warehouses that hold stock of own-brand product and selected Tier 2 sites. We use an independent, expert third-party auditor, Verisio, to assess, grade and monitor the performance of our suppliers against our Ethical Code of Conduct utilising audit grading methodology.



Responsible supply chains continued

All Dunelm Tier 1 stock suppliers must provide, on an ongoing basis, a third-party ethical audit report that is less than two years old (from an APSCA registered auditor and conducted on a semi-announced basis within a minimum three-week window) and a valid building and fire safety report for each site. Failure to provide an audit that meets these requirements (within a grace period) is considered a breach of our policy. The audits are benchmarked and graded. All new sites must be graded low or medium-low risk before being used in connection with our products.

During FY26, we continued to strengthen visibility beyond Tier 1 suppliers through our Tier 2 due diligence programme. Building on the declaration and mapping exercise completed in FY25, we focused on increasing audit coverage of packaging suppliers, processors and component manufacturers. By the end of FY26, 418 sites in scope had submitted an audit report, providing valuable insight into working conditions deeper in the supply chain and helping us to prioritise where additional intervention and support may be required.

We also strengthened our cotton due diligence programme through the introduction of provenance testing, building on the commitments set out in our Responsible Cotton Policy. Working with Eurofins, an independent specialist in fibre origin analysis, we carried out 14 provenance tests across a range of cotton supply chains. These were selected based on a mix of regions, suppliers and business value to provide a representative view of potential risk. The results showed that all tested cotton origins aligned with the country of origin information provided through our cotton mapping documentation, giving additional assurance that the cotton used in these routes is consistent with our sourcing expectations.

Training, awareness and engagement

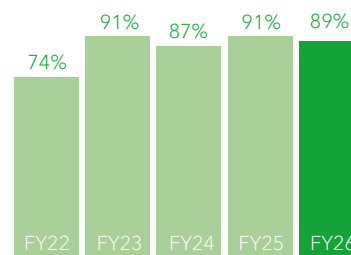
Effective training is an important component of our approach to raising awareness and mitigating risk. We continue to provide mandatory modern slavery training for relevant colleague groups, including commercial, legal, recruitment and procurement teams, alongside management teams across key locations. The training helps colleagues understand what modern slavery is, how it can occur, warning signs to look for and the procedures for reporting concerns.

We also continue to raise awareness of ethical sourcing and human rights across our supplier base. In June 2026, we held a supplier conference, which provided the opportunity to work through responsible sourcing action plans with our key suppliers in detail. In July 2026, following the year end, we held our annual ethical webinar. All suppliers were invited to attend and the key focus areas were the importance of supply chain transparency and Tier 2 ethical due diligence requirements. Suppliers are also provided with access to guidance, resources and direct support from our ethical sourcing team to help strengthen their own approaches to risk identification and management.

To further support colleagues and workers in our supply chain, during FY26 we transitioned our whistleblowing arrangements to SafeCall, a new independent provider offering a 24/7 confidential, multi-language reporting line. Posters promoting the service are displayed across Dunelm sites and at Tier 1 factories, providing a safe and accessible route for concerns to be raised and investigated.



Year-on-year percentage of Tier 1 third-party ethical audits graded low to medium

**FY27 focus**

- **Expand our Tier 2 audit programme and use findings to drive targeted supplier engagement and remediation activities.**
- **Build on our cotton due diligence programme by exploring options to improve provenance testing.**
- **Review opportunities to collaborate on initiatives focused on tackling modern slavery.**
- **Assess the development of a Group Human Rights Policy to support our approach to modern slavery and broader human rights risks.**

Business conduct



Our refreshed Colleague Code of Conduct reinforces our commitment to acting with integrity and helping to create a safe, fair and respectful workplace.

Code of conduct

During FY26, we refreshed our Colleague Code of Conduct, which sets out the standards of behaviour expected of all colleagues. The Code reinforces our commitment to acting with integrity and making decisions with positive intent, helping to create a safe, fair and respectful workplace. It highlights behaviours we expect from colleagues, including raising concerns through our whistleblowing arrangements where something does not feel right. All colleagues are expected to understand and follow the Code, and breaches are treated seriously. A suite of policies sit beneath the Code and complement legal requirements to which we are subject.

'Speak up' programme

We encourage colleagues to raise concerns and operate a policy of non-retaliation; colleagues will not be penalised, prejudiced or otherwise incur reprisals for raising concerns in good faith. Every colleague should feel able to speak to their line manager in the first instance. However, if a colleague or worker wishes to report issues anonymously, they can do so via an independently-run, multi-language reporting line which is available online or by phone 24/7. The service is an important tool in supporting our commitment to increasing transparency and safeguarding our employees and workers in our supply chain.

During the year, we transitioned to a new service provider, SafeCall, and took the opportunity to refresh our posters and re-communicate our policy. In FY26, 40 reports were received (FY25: 62), with each one being investigated as appropriate.

Training

Training is an important part of our learning and development programme. As well as keeping us 'legal' and 'safe', it improves our colleagues' awareness and understanding of risk, their responsibilities and expected behaviours.

Mandatory training must be completed on joining Dunelm and annually thereafter. The Risk and Resilience Committee reviews completion figures.

Training modules that apply to all colleagues include: equality & diversity, health & safety, data protection and cyber security. We also have a series of additional mandatory modules for colleagues in specific business areas. For example, more in-depth face-to-face training continues to be provided to colleagues in our commercial and procurement teams on anti-corruption and anti-bribery and in connection with our credit offer. Colleagues can also access additional training at any time via our online learning and development platform.

All training is regularly reviewed to ensure that it remains appropriate. In FY26, we refreshed our age restricted sales, data protection and cyber security training. We also undertook a full review and rollout of Group-wide training for colleagues in the Republic of Ireland.



Business conduct continued

Anti-corruption, anti-bribery and anti-tax evasion

We have a zero-tolerance approach to bribery, corruption, fraud and tax evasion. We apply our policies on these matters across all our operations and require suppliers to commit to apply the same or equivalent policies. Business risks associated with non-compliance, together with our detailed procedures to comply with the Bribery Act 2010, are set out in our Anti-corruption and Anti-bribery Policy. Any instances of actual or suspected non-compliance with the policy are reported to the Risk and Resilience Committee and the Audit and Risk Committee. During the year we completed a new anti-bribery risk assessment and have reviewed our policy and training.

To manage tax risk, we hold bi-annual tax risk reviews (led by our Group Finance Director) with the key tax owners within the business, for example payroll and supply chain.

We refresh our fraud risk assessment annually and our fraud management working group continues to monitor applicable metrics and report on them to the Risk and Resilience Committee on a monthly basis.

Delegation of authority

We have a formal Delegation of Authority which is reviewed on an annual basis and is supported by a contract approval process managed by our procurement team.

Responsible tax payments

Dunelm is committed to complying with all statutory obligations and full disclosure to tax authorities. In FY26, our total tax contributions were £318.1m (FY25: £303.5m), as outlined in the table opposite.

The Group's tax affairs are managed in a way that is consistent with the Group's commitment to high standards of governance. The Board has established a set of principles that form the basis of the management philosophy and the tax policy of the Group. These principles can be found in full in our Group Tax Strategy which is published on our corporate website and reviewed each year. Our Group Tax Strategy sets out one shared vision within the Group of tax compliance and one view of performance.

Responsible supplier payments

We aim to deal with our suppliers in an open and honest way and require all our suppliers to sign our standard terms and conditions in advance of commencing trade, or otherwise enter into a bespoke agreement. Our twice-yearly payment information remains in the public domain and is summarised below. We consistently paid 99% of our invoices within agreed terms (FY25: 99%)².

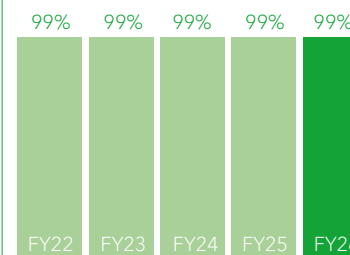
Tax contributions

	FY26 £m	FY25 £m
Net VAT collected	182.9	183.9
Payroll taxes including:		
National Insurance ¹	76.9	64.6
Corporation tax	58.0	54.8
Plastic packaging tax	0.3	0.1
Total tax contributions	318.1	303.5

1. All Dunelm colleagues are based in the United Kingdom, except for c.200 colleagues employed in our Republic of Ireland business and our store in Jersey.

Supplier payment statistics

Invoices paid within agreed terms, %²



2. Does not include our operations in the Republic of Ireland.

FY27 focus

- Launch our refreshed anti-corruption and anti-bribery policy and training, alongside a new conflict of interest policy.
- Launch a new supplier compliance manual.
- Review our fraud risk assessment in light of new corporate criminal offence liability.



We aim to deal with our suppliers in an open and honest way and consistently paid 99% of our invoices within agreed terms.

Metrics

Key



Target met or on track

Broadly on track,
improvement requiredNot on track, significant
improvement requiredReplaced an expired
target

Metric

Reportable accidents under RIDDOR

Scope		Why this measure is important	Assessment of progress	Overall current status
We have a legal obligation to report specified accidents, as per the RIDDOR, which includes those relating to our customers and our colleagues.	Performance in FY26 25 reportable accidents under RIDDOR ¹ in FY26	Our commitment is for colleagues, customers, contractors and visitors to stay safe – this is a Group-wide focus.	We saw a slight year-on-year increase in RIDDORS in FY26. We continue to focus on training and educating our colleagues on how they can proactively seek to prevent incidents and reflect on lessons learnt, acknowledging that as the business grows, we open more sites and employ more people, we are inevitably at risk of more accidents occurring.	 Although there was a slight increase in reportable accidents under RIDDOR in FY26, this continues to track below 30 reportable accidents in the financial year.

Metric

% of low-or-medium risk audits

Scope		Why this measure is important	Assessment of progress	Overall current status
All Tier 1 factories that supply Dunelm own-brand products, including all new suppliers prior to onboarding.	Performance in FY26 89% low or medium risk audits	Measuring the percentage of our Tier 1 factory base with low-to medium risk graded audits is a key control to ensure that our suppliers are providing safe and legal working conditions for the people who work for them.	We continue to evolve our programme of unannounced spot checks and work with our suppliers on maintaining standards. The slight year-on-year reduction in performance in FY26 is a reminder that we cannot be complacent. Nevertheless, it is important to note that all our high-risk graded factories have a plan in place to resolve issues with appropriate timelines and issues tracked through to completion.	 FY26 was just below target and a slight reduction year-on-year. We continue to follow a structured programme that is agreed and confirmed by the Executive Team, as well as allocate dedicated resource to continuous improvement.

Metric

% of Tier 1 factory base with audits not more than two years old

Scope		Why this measure is important	Assessment of progress	Overall current status
All Tier 1 factories that supply Dunelm own-brand products.	Performance in FY26 99% of audits were no more than two years old	Requiring our Tier 1 factory base to have regular audits is a key control to ensure that our suppliers are providing safe and legal working conditions for the people who work for them.	In FY26, 99% of audits were no more than two years old and any falling outside of that have a confirmed booking window where they have committed to provide the audit within a 30-day grace period.	 We have maintained the same percentage year-on-year and continue to track to target.

1. Reporting of Injuries, Diseases and Dangerous Occurrences Regulations.