

Dunelm Group plc (the 'Company')

Audit and Risk Committee

Terms of reference

1. Membership

- 1.1 The Audit and Risk Committee ('Committee') shall comprise at least three members, all of whom shall be independent Non-Executive Directors. At least one member shall have recent and relevant financial experience, and the Committee as a whole shall have competence relevant to the sector in which the Company operates. The Chair of the Board shall not be a member of the Committee.
- 1.2 Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chair of the Committee. Unless otherwise approved by the Board, appointments shall be for a period of up to three years which may be extended for up to two additional three-year periods, provided members continue to be independent.
- 1.3 Only members of the Committee have the right to attend Committee meetings. However, the CFO, head of internal audit and external audit lead partner will be invited to attend meetings of the Committee on a regular basis, and other individuals may be invited to attend all or part of any meeting, provided that any actual or potential conflicts of interest are managed appropriately.
- 1.4 The Board shall appoint the Committee Chair. In the absence of the Committee Chair and/or an appointed deputy at a Committee meeting, the remaining members present shall elect one of themselves to chair the meeting.

2. Company Secretary

The Company Secretary, or their nominee, shall act as the secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

3. Quorum

The quorum necessary for the transaction of business shall be two members.

4. Frequency of meetings

- 4.1 The Committee shall meet at least three times each financial year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.
- 4.2 Outside of the formal meeting programme, the Committee Chair will maintain a dialogue with key individuals involved in the Company's governance, including the Chair of the Board, the CEO, the CFO, the external audit lead partner and the head of internal audit.

5. Notice of meetings

- 5.1 Meetings of the Committee shall be called by the Company Secretary of the Committee at the request of the Committee Chair or any of its members, or at the request of the external audit lead partner or head of internal audit if they consider it necessary.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed and supporting papers (as appropriate), shall be forwarded to each member of the Committee and any other person required to attend no later than four days before the date of the meeting.

6. Minutes of meetings

- 6.1 The Company Secretary shall minute the proceedings and decisions of all Committee meetings, including recording the names of those present and in attendance.
- 6.2 Draft minutes of Committee meetings shall be circulated to all members of the Committee. Once approved, minutes may be circulated to all members of the Board unless it would be inappropriate to do so.

7. Engagement with shareholders

The Committee Chair should attend the Annual General Meeting ('AGM') to answer any shareholder questions on the Committee's activities. In addition, the Committee Chair should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility (including in relation to the scope of the external audit, where appropriate).

8. Duties

The Committee shall have oversight of the Group as a whole and, unless required otherwise by regulation, carry out the following duties for the Company, its major subsidiary undertakings and the Group as a whole, as appropriate.

8.1 *Financial reporting and narrative reporting*

The Committee shall:

- 8.1.1 Monitor the integrity of the financial statements of the Company, including:
- (i) the annual and half-yearly reports;
 - (ii) interim management statements;
 - (iii) preliminary results announcements; and
 - (iv) any other formal statements relating to its financial performance.
- 8.1.2 Review and report to the Board on significant financial reporting issues and judgements which the financial statements contain having regard to matters communicated to it by the external auditor.

8.1.3 Review and challenge where necessary:

- (i) the application and appropriateness of significant accounting policies and any changes to them;
- (ii) the methods used to account for significant or unusual transactions where different approaches are possible;
- (iii) whether the Company has adopted appropriate accounting policies and made appropriate estimates and judgements, taking into account the external auditor's views on the financial statements;
- (iv) the clarity and completeness of disclosures in the financial statements and the context in which statements are made;
- (v) significant adjustments resulting from the external audit;
- (vi) the appropriateness of adopting the going concern statement (including any material uncertainties as the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements)
- (vii) the assessment of the Company's prospects looking forward over an appropriate period, including the qualifications, assumptions and disclosures underpinning the viability statement; and
- (viii) all material information presented with the financial statements, including the strategic report and the corporate governance statements relating to the audit and to risk management.

8.1.4 The Committee shall, where practicable and subject to any timely market disclosure requirements, review any other statements containing financial information that require Board approval, before submission to the Board.

8.1.5 Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board.

8.2 Fair, balanced and understandable

Where requested by the Board, the Committee shall review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy and whether it informs the Board's statement in the annual report on these matters that is required under the UK Corporate Governance Code ('Code').

8.3 Risk management and internal control frameworks

The Committee shall:

- 8.3.1 On behalf of the Board (which retains overall responsibility for risk management), review and monitor the Company's risk management and internal control framework (covering all material controls, including financial, operational and compliance controls).

- 8.3.2 Support the Board in its annual review of the effectiveness of the framework and review and recommend to the Board the related statements and declaration to be included in the annual report.
- 8.3.3 Ensure that a robust assessment is undertaken of the emerging and principal risks the Company is willing to take to achieve its long-term objectives.
- 8.3.4 Review the assurance reports from management on the effectiveness of the risk management and internal control framework and from internal audit, the external auditor and others on the operational effectiveness of matters related to risk and control. The Committee should satisfy itself that the sources of assurance and information it receives are sufficient and objective to enable the Board to satisfy itself that the framework is operating effectively.

8.4 Compliance, speaking up and fraud

The Committee shall:

- 8.4.1 Review the adequacy and security of the Company's arrangements for its employees, contractors and external parties to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.
- 8.4.2 Review the Company's procedures for detecting fraud.
- 8.4.3 Review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance.

8.5 Internal audit

The Committee shall:

- 8.5.1 Approve the appointment and removal of the head of internal audit.
- 8.5.2 Review and approve the role and mandate of internal audit, monitor and review the effectiveness of its work, and annually approve the internal audit charter ensuring it is appropriate for the Company's current needs.
- 8.5.3 Review and approve the annual internal audit plan to ensure it is aligned to the key risks of the business and receive regular reports on work carried out.
- 8.5.4 Ensure internal audit has unrestricted scope, the necessary resources and appropriate access to information to enable it to perform its duties effectively and in accordance with appropriate professional standards for internal auditors. The Committee shall also ensure there is open communication between different functions and that internal audit

evaluates the effectiveness of these functions as part of its internal audit plan.

- 8.5.5 Ensure internal audit has direct access to the Board Chair and to the Committee Chair, providing independence from management and accountability to the Committee.
- 8.5.6 Carry out an annual assessment of the effectiveness of internal audit and as part of this assessment:
- (i) meet with the head of internal audit without the presence of management to discuss the effectiveness of the function;
 - (ii) review and assess the annual internal audit work plan;
 - (iii) receive a report on the results of the internal auditor's work;
 - (iv) determine whether it is satisfied that the quality, experience and expertise of internal audit is appropriate for the business; and
 - (v) review and monitor the actions taken by management to implement the recommendations of internal audit and to support the effective working of internal audit.
- 8.5.7 Monitor and assess the role and effectiveness of internal audit in the overall context of the company's risk management system and the work of compliance, finance and the external auditor.
- 8.5.8 Consider whether an independent, third-party review of internal audit effectiveness and processes is appropriate.

8.6 External audit

(a) Appointment, re-appointment and resignation

The Committee shall:

- 8.6.1 Consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, on the appointment, re-appointment and removal of the Company's external auditor.
- 8.6.2 Ensure that the audit services contract is put out to tender in accordance with the Code, the FRC Audit Committees and the External Audit: Minimum Standard ('Minimum Standard') and any applicable legislation and regulatory requirements.
- 8.6.3 if an external auditor resigns, investigate the issues leading to this and decide whether any action is required.

(b) Remuneration and terms of engagement

- 8.6.4 Oversee the relationship with the external auditor.

In this context the committee shall:

- (i) approve their remuneration, including both fees for audit and non-audit services, and ensure that the level of fees is appropriate to enable an effective and high-quality audit to be conducted;
- (ii) monitor the level of fees paid by the Company to the external auditor compared to the overall fee income of the firm, office and partner and assess these in the context of relevant legal, professional and regulatory requirements, guidance and the FRC's Ethical Standard ('Ethical Standard'); and
- (iii) approve their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit.

(c) Independence and expertise

The Committee shall:

- 8.6.5 Monitor and assess annually the external auditor's independence and objectivity taking into account relevant law, regulation, the Minimum Standard, the Ethical Standard and other professional requirements and the Group's relationship with the auditor as a whole, including any threats to the auditor's independence and the safeguards applied to mitigate those threats including the provision of any non-audit services.
- 8.6.6 Seek assurance from the external auditor to satisfy itself that there are no relationships between the auditor and the Company (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity.
- 8.6.7 Agree with the Board a policy on the employment of former employees of the Company's external auditor, taking into account the Ethical Standard and legal requirements, and monitor the application of this policy.
- 8.6.8 Monitor the auditor's processes for maintaining independence, its compliance with relevant laws, regulations, other professional requirements and the Ethical Standard, including the guidance on the rotation of audit partner and staff.
- 8.6.9 Assess annually the qualifications, expertise and resources, and independence of the external auditor and, taking into account relevant professional and regulatory requirements, assess the effectiveness of the external audit process, which shall include a report from the external auditor on their own internal quality procedures.
- 8.6.10 Seek to ensure coordination of the external audit with the activities of the internal audit function.
- 8.6.11 Evaluate the risks to the quality and effectiveness of the financial reporting process in the light of the external auditor's communications with the Committee.

(d) Non-audit services

The Committee shall:

- 8.6.12 Develop and recommend to the Board the Company's formal policy on the provision of non-audit services by the external auditor, including prior approval of non-audit services by the Committee and specifying the types of non-audit service to be pre- approved, and assessment of whether non-audit services have a direct or material effect on the audited financial statements. The policy should be developed in accordance with the Minimum Standard and kept under review.
- 8.6.13 Ensure that the Company manages its non-audit relationships with audit firms to ensure that it has a fair choice of suitable external auditors at the next tender.

(e) Audit cycle

The Committee shall:

- 8.6.14 Meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and, at least once a year, meet with the external auditor without management being present, to discuss the auditor's remit and any issues arising from the audit.
- 8.6.15 Discuss with the external auditor the factors that could affect audit quality and review and approve the annual audit plan, ensuring it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team.
- 8.6.16 Review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
 - (i) a discussion of any major issues which arose during the audit;
 - (ii) the auditor's explanation of how the risks to audit quality were addressed;
 - (iii) key accounting and audit judgements;
 - (iv) the auditor's view of their interactions with senior management; and
 - (v) levels of errors identified during the audit.
- 8.6.17 Review any representation letter(s) requested by the external auditor before it is (they are) signed by management and consider whether, based on its knowledge, the information provided is complete and appropriate.
- 8.6.18 Review the management letter and management's response to the auditor's findings and recommendations.
- 8.6.19 Document how effective oversight of the external auditor has been achieved throughout the year.

- 8.6.20 Review the effectiveness of the audit process in line with the Minimum Standard, including an assessment of the quality of the audit, the handling of key judgements by the auditor, and the auditor's response to questions from the Committee.

9. Reporting responsibilities

- 9.1 The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities. This report shall include:
- 9.1.1 the significant issues that it considered in relation to the financial statements (required under paragraph 8.1.1) and how these were addressed;
 - 9.1.2 its assessment of the effectiveness of the external audit process (required under paragraph 8.6.20), the approach taken to the appointment or reappointment of the external auditor, length of tenure of audit firm, when a tender was last conducted and advance notice of any retendering plans; and
 - 9.1.3 any other issues on which the Board has requested the Committee's opinion.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3 The Committee shall compile a report on its activities to be included in the Company's annual report. The report should describe the work of the audit committee, including:
- 9.3.1 the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed;
 - 9.3.2 an explanation of how the Committee has assessed the independence and effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, information on the length of tenure of the current audit firm, when a tender was last conducted and advance notice of any retendering plans;
 - 9.3.3 an explanation of how auditor independence and objectivity are safeguarded if the external auditor provides non-audit services, having regard to matters communicated to it by the auditor; and
 - 9.3.4 all other information requirements set out in the Code and the Minimum Standard including the details of activities the Committee has undertaken to meet the requirements of the Minimum Standard and any other issues on which the Board has requested the Committee's opinion.
 - 9.3.5 a description of any material controls which have not operated effectively as at the balance sheet date, the action taken, or proposed, to improve them and any action taken to address previously reported issues.

- 9.4 In compiling the reports referred to in 9.1 and 9.3, the Committee should exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant but should include at least those matters that have informed the Board's assessment of whether the Company is a going concern and the inputs to the Board's viability statement. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts but could provide cross-references to that information.

10. Other matters

The Committee shall:

- 10.1 Have access to sufficient resources in order to carry out its duties, including access to the company secretariat for advice and assistance as required.
- 10.2 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.
- 10.3 Give due consideration to all relevant laws and regulations, the provisions of the Code and associated guidance, the Minimum Standard, the requirements of the FCA's UK Listing Rules, Prospectus Regulation Rules and Disclosure Guidance and Transparency Rules sourcebook and any other applicable rules, as appropriate.
- 10.4 Be responsible for oversight of the coordination of the internal and external auditors.
- 10.5 Oversee any investigation of activities which are within its terms of reference.
- 10.6 Work and liaise as necessary with all other Board committees ensuring interaction between committees and with the Board is reviewed regularly, taking particular account of the impact of risk management and internal controls being delegated to different committees.
- 10.7 Ensure that a periodic evaluation of the Committee's performance is carried out.
- 10.8 At least annually, the Committee shall review its constitution and terms of reference to ensure it is operating effectively and recommend any changes it considers necessary to the Board for approval.

11. Authority

The Committee is authorised to:

- 11.1 Seek any information it requires from any employee of the Company in order to perform its duties.
- 11.2 Obtain, at the Company's expense, independent legal, or other professional advice on any matter if it believes it necessary to do so.
- 11.3 Call any employee to be questioned at a meeting of the Committee as and when required.

- 11.4 Have the right to publish in the Company's annual report, details of any issues that cannot be resolved between the Committee and the Board. If the Board has not accepted the Committee's recommendation on the external auditor appointment, reappointment or removal, the annual report should include a statement explaining the Committee's recommendation and the reasons why the Board has taken a different position.

Approved by the Board on 3 September 2026.