

NEXT Timber Sourcing Policy

Aims

NEXT* is committed to the responsible sourcing of timber products. We aim to reduce our impact and to increase social and environmental benefits by using only responsibly sourced timber and paper.

Our target is to **work with our supply chain to deliver 100% of our products from 'Responsible' or 'Certified Responsible' Sources by 2025. NEXT aims to contribute to zero net deforestation and forest degradation through our sourcing decisions.** As a minimum, we risk assess all timber products to verify that the material used was harvested, traded and transported in compliance with the applicable legislation in the country of origin in line with the EU Timber Regulation (995/2010) and UK Timber regulation (UKTR) and UK FLEGT.

NEXT will annually record and measure progress towards achieving this vision and report results publicly.

This Timber Sourcing Policy applies to NEXT, all suppliers, manufacturers, agents and sourcing operations engaged in supplying NEXT, henceforth referred to as **suppliers**.

Objective

The objectives of this Policy are to:

- Embed NEXT approach to Corporate Responsibility into our timber sourcing practices
- Set out NEXT sourcing requirements for suppliers and other stakeholders, to help them understand the minimum legal requirements and NEXT policy goals for responsible sourcing
- Clearly communicate how we categorise our timber

Scope

Our Timber Sourcing Policy applies to the following types of product which contain wood or materials derived from wood, including (but not limited to) solid wood, board materials, pulp and paper. These products are henceforth referred to as **timber products**.

The requirements of this Policy **do** apply to the following types of timber product:

- All items for which NEXT is classed as the 'Operator' under the EU Timber Regulation (995/2010) and the UKTR and UK FLEGT
- All NEXT own-brand products
- Wood composites (e.g. chipboard, particleboard, plywood and mdf) used principally in furniture and store fittings
- NEXT store fixtures and fittings
- Goods not for resale (e.g. till rolls, office stationary etc.)
- NEXT printed materials (e.g. leaflets, flyers, journals, brochures, etc.)

The requirements of this Policy **do not** apply to the following types of timber products:

- Recycled material reclaimed from items that have completed their useful life e.g. Old furniture, old buildings, broken pallets
- NEXT own brand packaging and packaging sold with product
- Wood used in manmade cellulosic fabrics (MMCF) e.g. viscose, lyocell, etc. (See Protecting Forests through Fabric Choices Policy)
- Non-timber forest products (e.g. cork, coir, coconut, grasses such as bamboo, cane, rattan, jute, willow cuttings)

* including all of the Next plc group of companies

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NOTE: The exclusions above do not apply if NEXT is classed as the 'Operator' under the UKTR and UK FLEGT and EU Timber Regulation (995/2010).

Overarching Requirements

We aim to:

- Create and implement an internal **Continual Improvement Action Plan**, outlining the steps required to move products through our categories from **Legal** to **Responsible** and **Responsible** to **Certified Responsible**
- **Review and update the NEXT Timber Sourcing Policy** regularly and make it available on the NEXT plc website: <https://www.nextplc.co.uk/>
- **Measure and report** on our policy compliance and improvement at least annually. Our annual Corporate Responsibility reports can be found on the NEXT plc website: <https://www.nextplc.co.uk/corporate-responsibility>

NEXT Timber Policy Requirements

Each timber product and the material used to manufacture them are assessed to determine their timber policy category:

- **Legal** - NEXT verified
- **Responsible** – NEXT verified
- **Certified Responsible** - through a recognised Scheme

The category **Legal** is our minimum requirement and any product containing timber which does not meet this minimum threshold will not be sourced by NEXT.

By 2025 we aim to only source products which are assessed as **Responsible** or **Certified Responsible**, making **Responsible** our minimum requirement.

Illustrative diagram



The table below defines our **Legal**, **Responsible** and **Certified Responsible** categories for timber products.

Timber Policy Category	Category Requirements
Legal Timber	Our minimum requirement is that all timber products sourced by NEXT only contain material that is assessed or risk mitigated to be at low risk of containing illegal timber prior to purchase. To categorise timber products as Legal we verify that the following requirements are met: - Only source timber material that has been produced, processed and traded in compliance with applicable legislation of the country where the trees were harvested - Adhere to all relevant national and international legislation relating to forest management and timber trade, including but not limited to requirements of the UK Timber regulation (UKTR) and UK FLEGT, EU Timber Regulation (995/2010), FLEGT licensing system, CITES convention and any relevant EU & UN sanctions on timber exports - Not to source timber material harvested from or traded through countries or areas with prevalence of armed conflicts, for which conflict timber¹ is a concern - Implement a due diligence procedure, in line with the requirements of the UKTR and UK FLEGT and EU Timber Regulation (EUTR) - Ensure that all timber material subject to this Standard is at 'low risk' of having been illegally harvested, transported and traded
Responsible Timber	In addition to our minimum Legal timber requirement we seek to ensure we do not source timber derived from the following controversial sources: - Timber harvested in violation of traditional and civil rights - Timber harvested in forests in which high conservation values (HCV) are threatened by management activities - Timber harvested in forests being converted from natural and semi natural forest to plantations or non-forest use - Timber from forests in which genetically modified (GM) trees are planted This category is aligned with the Forest Stewardship Council® (FSC) Controlled Wood definition. To categorise timber products as Responsible we verify that the following requirements are met: - Identify the country of harvest for timber materials used and identify risks relating to traditional and civil rights abuses, HCV threats, conversion and GM use, using FSC® Controlled Wood National Risk Assessments (CW NRAs)² - Mitigate risks identified by working with suppliers and making changes to our supply chains

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	• Products do not contain species listed on CITES Appendix I³ or IUCN Critically Endangered list³ • Products only contain species listed on CITES Appendix II & III or IUCN endangered and vulnerable list if accompanied by applicable CITES licenses and sourced as FSC® certified³ • Timber material used is verified as recycled material, if declared as such by our supplier
Certified Responsible Timber	In addition to our Responsible timber category requirements, NEXT is committed to sourcing an increasing proportion of our timber products as FSC® or PEFC® certified. We recognise that third-party auditing of responsible forest management combined with chain of custody checks throughout the supply chain are key to reducing the risk of sourcing illegal and controversial timber products. To categorise timber products as Certified Responsible we verify that the following requirements are met: • Product carries a valid FSC® or PEFC® certification claim and code on the invoice and/or delivery note⁴ from the NEXT supplier • In addition, a random sample of certified products shall be selected for full UKTR /EUTR due diligence risk assessment to ensure the integrity of the certification claims • Ensure that all products containing tropical hardwood species are sold as FSC® certified • Ensure that all garden furniture products are sold as FSC® certified. • Ensure that all products containing CITES-listed species are sold as FSC® certified (in addition to complying with relevant CITES licensing requirements). Where this is not possible, alternative non CITES-listed species shall be sourced • Ensure that by 2025 all paper products are sold as FSC® or PEFC® certified   Marketing and Labelling: • Promoting the use of certified timber in NEXT products is encouraged through the use of on-product marketing or other methods • All claims and declarations must be made legally, honestly and transparently • The use of FSC® and PEFC® and other third party logos is strictly controlled so the necessary licenses or permissions must be obtained from the relevant certification or licensing body prior to their use

Roles and Responsibilities

Next Product Teams will:

- Ensure that processes are in place to allow assessment against the Next Timber Policy requirements and that information and evidence on the forest sources used in any Timber goods supplied to Next is accessible
- Actively support suppliers who are committed to working towards credible certification
- Identify sources that do not meet our standards and manage action plans to improve or exit these sources

Next Suppliers will:

- Be responsible for understanding and implementing this Policy and be aware that meeting this Policy is a condition of supplying Next
- Establish processes to ensure that wood is sourced in compliance with the Next Timber Policy. All orders placed are conditional on the Timber sourcing meeting our minimum Policy requirements
- Provide appropriate documentary evidence to ensure we have a complete due diligence record for all products we buy, to allow Next to assess compliance with our Timber Policy standard
- Communicate this policy to their suppliers and sub suppliers
- Actively seek timber sources that meet the Next Timber Policy and Policy Vision
- Inform Next of any changes made to the specification of the product (e.g. species, origin, certifications, etc.) This includes changes to the supply chain
- Allow for and consent to laboratory testing, on-site visits or other mitigation measures, where the information does not show compliance with our Policy. Suppliers consent to covering the costs of implementation of such mitigation actions by Next.

NB. Next reserves the right to discontinue any items supplied which do not meet the requirements of this policy. Any action taken would not affect Next contractual rights.

Next Product Legislation Team will:

- Review and update this Policy periodically and keep the Policy requirements up to date
- Engage with external stakeholders on Policy matters
- Report on progress against policy aims
- Provide direction to the business on sustainable wood sourcing matters
- Respond to actual and potential breaches of this Policy including where complaints are received

Next Third Party Timber expertise will:

- Support Next with Knowledge and advice on the responsible and legal sourcing of Timber products
- Conduct desk based risk assessment of selected supply chains
- Provide support and training to Next and Next suppliers

*Man Made Regenerated Cellulosics - Out of Scope of this policy

- Wood is the main raw material used to make regenerated man-made cellulosic fibres such as viscose, modal and lyocell
- Although outside of the scope of this Policy Next extends its approach to responsible timber sourcing to forest products used in textiles
- We require all fabric suppliers to declare the fibre supplier used for Next fabrics and prefer to buy from Viscose fibre suppliers who are engaged with Canopy and who score highly according to the Canopy Hot button report (<http://canopyplanet.org/>)

References

‘Conflict timber is the term is used to describe the harvesting or trade of forest products used to fund parties engaged in armed conflicts resulting in serious violations of human rights, violations of international humanitarian law or violations amounting to crimes under international law’. Source: CPI, Nepcon Sourcing Hub.

² FSC CW NRAs can be found at <https://ic.fsc.org/en/document-center>

³ NEXT shall not source material listed on CITES Appendix I. Decision for Appendix II and III listings and IUCN red listings shall take in to account relevant annotations and affected countries. Detailed information can be found at: www.speciesplus.net and <http://www.iucnredlist.org/>

⁴ According to specific requirements of the certification scheme in question.