

Section 172 statement

The publication of the National Timber Group Section 172 statement is made in accordance with Companies Act 2006 and applies to all subsidiaries in the National Timber group of companies.

As required by section 172, each of our directors acts in the way he considers, in good faith would promote the success of the Group, for the benefit of its members as a whole. The directors have taken into consideration, amongst other matters:

- the likely consequences of any decisions in the long-term;
- the interests of the Group's employees;
- the need to foster the Group's business relationships with suppliers, customers and others;
- the impact of the Group's operations of the community and environment;
- the desirability of the Group maintaining a reputation for high standards of business conduct; and
- the need to act fairly between members of the Group.

The Board acknowledge that every decision it makes will not necessarily result in a positive outcome for all of the Group's stakeholders. By considering the Group's purpose, vision and values, together with its strategic priorities and having a process in place for decision making the Board does however, aim to make sure that its decisions are consistent.

Stakeholder engagement

The Board believe that considering our stakeholders in key business decisions is not only the right thing to do, but is fundamental to our ability to drive value creation. The Board seeks to understand the respective interest of such stakeholder groups through various methods, including direct engagement by Board members; receiving of reports and updates from members of management who engage with such groups; and coverage in our Board papers of relevant stakeholder interests with regards to proposed courses of action. The directors consider the following to be the Group's key stakeholders:

Employees

The strength of our business is built on the hard work and dedication of our employees. The Board recognises that the implementation of an effective people strategy and strong culture underpin the effective delivery of the Group strategy.

Employees are kept informed of performance and strategy through regular presentations and updates from members of the Board. These updates are further supported by newsletters and management briefings. The directors attend key business meetings throughout the year, including weekly trading meetings. An anonymous employee whistleblowing line is also in place, allowing employees to raise any concerns in confidence.

Key focus of the Board includes employee health and well-being, personal development, pay and benefits.

Customers

The profitability of the business is underpinned by providing effective partnerships with customers to understand their needs and requirements. In recognition of this a core principle of the business is to be customer centric, building relationships and engaging at a local and national level, providing a high level of service through the expert knowledge of our employees and ensuring a quality product.

The Board receives regular updates on customer opinion, behavior and feedback, including analysis of the Net Promoter Score. The insight received is used to inform decision making, understand customer needs and views in order to improve our offer and service for them.

Section 172 statement (continued)

Suppliers

The Board recognizes that relationships with suppliers are important to the Group's long-term success and is briefed on supplier feedback and issues on a regular basis. The Board seeks to balance the benefit of maintaining these strong relationships with the need to ensure the desired quality and service for our customers. Engagement with suppliers is primarily through our Group procurement function. Key areas of focus include innovation, product development, health and safety and sustainability.

Communities

The Board supports the initiatives with regards to reducing the adverse impacts on the environment and engages with the communities in which we operate. Key areas of focus include how we can support local causes and issues, create opportunities to recruit and develop local people and help to look after the environment. We partner with local charities at a site level to raise awareness and funds. The key issues and themes across local communities are reported back to the Board.

Government and regulations

We engage with the government and regulators through a range of industry consultations, forums, and meetings to communicate our views to policy makers relevant to our business. Key areas of focus are compliance with laws and regulations, health and safety and product safety. The Board is updated on legal and regulatory developments and takes these into account when considering future actions.

Investors

The Group relies on our shareholders and providers of debt funding as essential sources of capital to further our business objectives. Investor involvement in the decision making process includes representation on the Group Board. The Group has open dialogue with all investors through regular meetings which cover a wide range of topics including financial performance, strategy, outlook and governance.