

A woman with long dark hair tied back, wearing a dark ribbed sweater over a white collared shirt and light-colored pants, sits cross-legged. She is looking towards the camera with a slight smile. The background is a neutral, warm-toned studio backdrop.

# NEXT

CORPORATE  
RESPONSIBILITY REPORT  
TO JANUARY 2024

# INTRODUCTION

Our purpose is to provide our customers with beautifully designed, excellent quality products that are well made, safe and responsibly sourced

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## About this Report

This report details our continuing social, ethical and environmental related activities carried out during the 52 weeks ended 27 January 2024. NEXT's business in the United Kingdom (UK) and Eire accounted for 84% of our turnover in the year, although this report also refers to our global operations wherever relevant.



## About NEXT

NEXT Group is a UK based retailer offering beautifully designed, excellent quality clothing, footwear, accessories, homeware and beauty products. NEXT Group employs approximately 44,000 people. The business has evolved at pace in recent years as it has further developed its licensing, Total Platform e-commerce and distribution relationships, and acquired a select number of fashion and homeware brands.

NEXT Group consists of several different business divisions:

### NEXT Retail

- 464 stores in the UK and Eire

### NEXT International Retail

- 184 franchised stores
- Operates in 34 countries

### NEXT Online

- More than 8.4 million active customers globally
- Websites serving over 60 countries

### NEXT Finance

- £1.5bn of customer credit balances for NEXT customers to purchase products online and in our stores

## Total Platform (TP) and Investments

- TP is a service allowing third-party retailers to make use of NEXT's online software and infrastructure
- NEXT has an equity stake in many companies trading on TP
- TP includes businesses such as Joules, Reiss, JoJo Maman Bébé, Victoria's Secret UK, GAP UK, and FatFace

## NEXT Distribution

- 9 UK warehouses, 7 UK distribution centres and 3 international hubs
- NEXT owned distribution fleet

## NEXT Sourcing

- Designs and sources NEXT branded products
- Global sourcing locations including a Hong Kong Head Office and manufacturing site in Sri Lanka

## Wholly-owned Brands and Licences

- Wholly-owned brands include Lipsy, Love & Roses, and Friends Like These
- External licences owned by others where NEXT delivers sourcing and manufacturing of certain product ranges
- Wholly-owned licences where NEXT has acquired Intellectual Property of other companies (e.g. MADE.com)

# WELCOME TO OUR 2024 CORPORATE RESPONSIBILITY REPORT

## Welcome

As an international fashion, homeware and beauty business, what we do and how we do it has an impact on the people and the world around us. Our stakeholder relationships are key to our success and this report summarises what we're doing to make our impact a positive one for our people, our suppliers, our communities and the environment.

The principles underpinning our aim to do business responsibly are unchanged. We seek always to:



- Deliver value to our customers
- Act in an ethical manner
- Recognise, respect and protect human rights
- Develop positive relationships with our suppliers and business partners
- Recruit and retain high integrity employees
- Take responsibility for our impact on the environment
- Provide support to our communities through donations to charities and community organisations

Global issues, such as responsible sourcing, human rights and climate change remain key areas of focus. Behind the scenes, a great deal of work is underway to set solid foundations for a realistic and achievable transition plan to reach net zero. Within this report you can read about:

- Progress on our Responsible Sourcing Approach, which aims to source 100% of our key raw materials through known, responsible or certified routes
- The activities of our Code of Practice team, who continue to work with our suppliers worldwide to meet appropriate labour standards
- The progress we have made towards our Science Based Target Initiative (SBTi) approved carbon emission targets for Scope 1, 2 and 3
- The range of commitments and initiatives we are working on to improve the wellbeing of our people
- Our progress on waste, packaging and recycling throughout the business.

We continue to implement the United Nations Guiding Principles on Business and Human Rights and align our work with the United Nations Sustainable Development Goals (SDGs) that are most relevant to our business operations and products.

Pricewaterhouse Coopers LLP (PwC) have performed Independent Limited Assurance on selected metrics for the 52 weeks ended 27 January 2024. Details of the balances which have been assured are included on page 13, and their independent assurance report can be found on page 53.

## Responsibility statement

The Directors of NEXT plc confirm that we are solely responsible for the preparation of the Corporate Responsibility Report for the 52 weeks ended 27 January 2024, including this Directors' Statement, and for reporting the selected ESG performance metrics (together the "Subject Matter Information") in accordance with the reporting criteria available online via [this link](#).

We confirm, to the best of our knowledge and belief, that we have:

- Designed, implemented and maintained internal controls and processes over information relevant to the measurement, evaluation and preparation of Subject Matter Information that is free from material misstatement, whether due to fraud or error
- Established objective reporting criteria for preparing and presenting the Subject Matter Information, including clear definition of the entity's organisational boundaries, and applied them consistently
- Presented information, including the reporting criteria, in a manner that provides relevant, complete, reliable, unbiased/neutral, comparable and understandable information
- Reported the Subject Matter Information in accordance with the reporting criteria.

A handwritten signature in black ink, appearing to read "Amanda James".

**Amanda James**  
Group Finance Director  
19 April 2024

# OVERVIEW AND GOALS AT A GLANCE

## Protecting Workers in Our Supply Chain

The safety, human rights and wellbeing of the workers in our supply chain is important to us and must be protected.

Our global Code of Practice (COP) team is responsible for educating, supporting and auditing our suppliers. These audits are rated and, wherever possible, we support suppliers in successfully remediating critical issues, so that we can contribute to improving working standards in our industry.

Human rights abuse and modern slavery are complex issues that can take many forms. We use the UN Guiding Principles Reporting Framework to help us identify, prioritise and manage the risks within our supply chain.

## Responsible Sourcing and Circularity

Our goal is to design, manufacture and sell products that are responsibly sourced, as well as manufactured in a way that makes them long lasting and that minimises waste and pollution.

We have a clear Responsible Sourcing Approach to source 100% of main raw materials through known, responsible or certified routes for NEXT own brand products. We have made significant progress since we launched our Responsible Sourcing targets in 2018, which were originally set to be achieved by 2025. We have already met our target for Feathers and expect to meet our targets for Cotton, Leather and Timber by 2025. Polyester and Wool have been challenging to make progress on due to fibre availability in the market. Nonetheless, progress has been made and we have a clear roadmap to accelerate in the next few years. After careful consideration we have revised our target deadline to be 2028 for Man-made Cellulosic Fibres (MMCFs) and 2030 for Polyester and Wool.

Supporting circularity is a growing focus. We know that we can have a significant positive environmental impact by diverting products away from landfill, particularly our larger Home products. We partner with a variety of charities to ensure that items are reused, while also raising funds to support their causes.



## Tackling Climate Change

We want to minimise any negative environmental impact caused by our activities by as much as possible. We continue to review opportunities to reduce the impact of our operations while continuing to minimise our carbon footprint.

We set ambitious targets to reduce our absolute Scope 1 and 2 carbon emissions by 55% from a baseline year of 2016/17. We are progressing well against this 2030 target.

Our targets have been approved by the SBTi. Our Scope 1 and 2 targets are also in line with the Paris Agreement, meaning they are consistent with the reductions required to keep global warming to 1.5°C.

## Making NEXT a Great Place to Work

Our success is due to the hard work of our 44,000 employees. We, in turn, must support their health, safety, wellbeing, development and dignity, and we encourage a diverse workforce where everyone is treated with respect.

Our Wellbeing Programme is embedded across NEXT and particularly focuses on mental health. We have supported the creation of several employee-led networks, which celebrate the diversity of our people.

## Supporting Our Communities

We partner with charities that make a difference.

From strategic collaborations such as cause-related marketing under our 'Together with NEXT' brand, to employee volunteering, fundraising, and product donations, our business supports and creates value for over 225 charities.

# SUSTAINABLE DEVELOPMENT GOALS AND OTHER METRICS

## Double Materiality Assessment

We are currently undertaking a Double Materiality Assessment as part of our journey towards ensuring compliance with incoming regulations such as the EU Corporate Sustainability Reporting Directive (CSRD). This will also support the development of a Net Zero Transition Plan.

## FTSE4Good

NEXT is listed in the FTSE4Good Index. The index is designed to measure the performance of companies demonstrating strong environmental, social and governance (ESG) practices. We are rated AA (Leader) within MSCI ESG Ratings analysis and achieved B in our CDP Climate response, B- in our CDP Water Security response and C in our CDP Forest response.

## NEXT's Alignment to SDGs

Our business activities directly or indirectly impact all 17 of the UN's Sustainable Development Goals (SDGs). We have aligned our reporting against the nine SDGs that are most relevant to our business operations and products. We:

- Recognise our role and responsibility by adopting the UN Guiding Principles on Human Rights
- Take into account our impact across our whole supply chain and focus on areas where we can make the biggest difference

We have a role to play in contributing to these SDGs through our own direct actions as well as through collaborations with others. We've summarised our key activities on the next page.

## Task Force on Climate-Related Financial Disclosures (TCFD)

We are committed to minimising our environmental impact by reducing both the carbon intensity of our activities and our use of natural resources.

During our initial review, we considered the risks and opportunities posed by climate change and how they might impact our business. We looked at the transitional and physical risks and opportunities presented by rising

temperatures, climate-related policy and emerging technologies, and agreed a methodology for assessing and quantifying financial impacts.

We used the following time horizons for our assessment:

- Short term: present day to 2025
- Medium term: from 2025 to 2030
- Long term: from 2030 to 2040

The risks identified in our analysis are more likely to present themselves in the medium to long term, and in the short term we believe there is no material financial risk to our business model.

However, we are aware that stakeholder expectations and regulatory attention could develop at pace, impacting the rate at which the business may need to cut carbon emissions. We recognise that we will need to keep abreast of future climate change legislation, as well as consumer preferences. The retail sector is faster paced than many, and there are also likely to be changes in the way retailers do business over the next few years. We have a strong track record of evolving at pace and are confident that we can react accordingly.

Our climate scenario analysis helps us explore how potential climate risks and opportunities could evolve and impact our business over the medium to longer term. The TCFD recommends that organisations consider various scenarios, including a '2°C or lower scenario', which is centred on 'transition' risks, including changes in policy, technology, market and reputational risks, needed to cut emissions in line with the Paris Agreement. They should also consider 'physical' risks, such as temperature and sea level rise, and changes to the frequency and severity of extreme weather events, including droughts and storms. This is most relevant to our supply chain, the majority of which is based in Asia.

We analysed three climate scenarios against two timeframes for our analysis: late transition, early transition and hothouse world to 2030 and 2040, to align with our long-term planning horizons and the British Retail Consortium commitment to net zero by 2040.

Our TCFD reporting can be found on pages 93 to 99 of our Annual Report.

## Sustainability Accounting Standards Board (SASB)

We have developed our approach following our initial gap analysis against the SASB metrics for Apparel, Accessories and Footwear. We completed this analysis in 2020 across the four areas:

1. Management of Chemicals in Products (Chemicals)
2. Environmental Impacts in the Supply Chain (Environment)
3. Labour Conditions in the Supply Chain (Labour)
4. Raw Materials Sourcing (Raw Materials)

For Chemicals, Labour and Raw Materials we are making good progress towards full compliance. Having developed a programme to prioritise our suppliers, last year was the second of our three year plan to benchmark our suppliers against the standards within the Zero Discharge of Hazardous Chemicals (ZDHC) requirements.

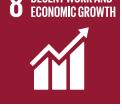
For Labour and Raw Materials, our main efforts were around continuing to engage our supply chain partners, as we progress conformity with the SASB standards. Our policies are available to suppliers via our Supplier Communication platform, and we host key policies on our corporate website at [nextplc.co.uk](http://nextplc.co.uk).

We have been improving our ability to measure our suppliers' environmental performance across energy use, chemicals, waste, water use and discharge, where the main impact is at Tier 3 in our supply chain, including over 4,000 fabric and yarn suppliers. Our membership of the Sustainable Apparel Coalition (SAC) is helping us with documenting our impact within such a wide-ranging supply chain, which remains a significant task.

For more detail, please see the Responsible Sourcing and Tackling Climate Change chapters on pages 12-23.

Our SASB Report is available [here](#).

# SUSTAINABLE DEVELOPMENT GOALS AND OTHER METRICS FOCUS AREAS

NEXT's SDG Key Focus Areas		Further information see pages	Further information see pages
	1 NO POVERTY	<ul style="list-style-type: none"> <li>Our Code Of Practice team works to ensure that workers in our global supply chains are paid correctly by their employers</li> <li>Providing employees with financial wellbeing support in areas such as managing debt and financial planning</li> </ul>	6 to 11 25-27
	3 GOOD HEALTH AND WELL-BEING	<ul style="list-style-type: none"> <li>Implementing the United Nations Guiding Principles on Business and Human Rights to ensure workers in our supply chain have safe working conditions</li> <li>Providing health and wellbeing support to our employees and recognising the importance of specific areas, such as positive mental wellbeing</li> <li>Implementing chemical management programmes in line with our Chemical Policy with product related suppliers for the use of clean chemicals in the supply chain. As a signatory to ZDHC, we will work collaboratively with others to develop this further</li> </ul>	8 24-25, 50 22
	5 GENDER EQUALITY	<ul style="list-style-type: none"> <li>At NEXT, 70% of employees and 41% of our Board directors are female</li> <li>Within our supply chain, gender equality is a fundamental human right. We are working with partners in Bangladesh, Morocco, India and Turkey to support women in our supply chain</li> </ul>	26 11
	6 CLEAN WATER AND SANITATION	<ul style="list-style-type: none"> <li>We map our supply chain water use to enable us to identify at-risk locations and how we can work with suppliers to improve water efficiency</li> <li>NEXT strives to ensure that workers in our global product supply chains have access to clean water and sanitation</li> <li>NEXT's Chemical Policy supports the implementation of chemical management programmes with suppliers for the use of clean chemicals in the supply chain to manage effluent in order to prevent contamination of waterways</li> </ul>	16, 22 38 22
	8 DECENT WORK AND ECONOMIC GROWTH	<ul style="list-style-type: none"> <li>NEXT is a member of the Ethical Trading Initiative (ETI), International Accord and ACT (Action, Collaboration and Transformation). These programmes help to address identified human rights and modern slavery impacts within our supply chain</li> <li>We are continuing to support the fight against modern slavery by implementing the UNGP on Business and Human Rights</li> <li>We are looking for opportunities to help disadvantaged members of society into employment</li> </ul>	9, 41-47 8 27
	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	<ul style="list-style-type: none"> <li>We use a large variety of raw materials. Through our Responsible Sourcing Approach, we are working to ensure these materials are sourced and produced sustainably and responsibly</li> <li>We are providing customers with solutions to recycle difficult to recycle products, such as mattresses and furniture</li> <li>NEXT works to reduce our direct carbon emissions across the business. Our target of diverting at least 95% of our waste from landfill by 2020 is already being achieved with 96% being diverted for recycling, reuse or energy recovery</li> </ul>	17-23 23 12, 15-16, 49
	13 CLIMATE ACTION	<ul style="list-style-type: none"> <li>Our Scope 1, 2 and 3 targets have been approved by the Science Based Target Initiative (SBTi)</li> <li>We have performed an assessment of the risks and opportunities posed by climate change and published these in our TCFD report</li> <li>We are a founding signatory to and member of the British Retail Consortium Climate Action Group and participate in industry discussions</li> <li>We are a signatory to Textiles 2030, a UK textile sector collaboration aimed at making science-based progress on circularity and climate action</li> </ul>	12 4 14 19
	15 LIFE ON LAND	<ul style="list-style-type: none"> <li>NEXT is committed to the protection of natural resources and will source all land based raw materials responsibly</li> </ul>	17-23, 48
	17 PARTNERSHIPS FOR THE GOALS	<ul style="list-style-type: none"> <li>Partnerships and collaborations support our responsible business activities</li> </ul>	Throughout this report



# PROTECTING WORKERS IN OUR SUPPLY CHAIN

## Highlights

- 31 factories were assessed in our new building safety project in Turkey
- Gender empowerment programmes established in Morocco, Turkey and Bangladesh
- Worker grievance app, TIMBY, extended to factory communities in Pakistan, India, and Myanmar
- Engaged our top 35 NEXT suppliers and top 20 Lipsy suppliers in one-to-one listening, ethical compliance and supplier relationship-building sessions
- Continued to onboard our Total Platform partners into our Code of Practice (COP) approach

## Aligned SDGs



## Our Commitment

We will not tolerate any instance of modern slavery in our business or in our supply chain. NEXT products should be made by workers who are treated honestly and fairly for the work they undertake and whose human rights and wellbeing are respected.

## Our Approach

Our approach to protecting workers in our supply chain, when we first started operating, was focused on NEXT own brand products. As the business has evolved to include wholly-owned brands, licensed and Total Platform Partners, we are reviewing our approach across these areas and aligning minimum requirements where appropriate. This section focuses on the progress we have made to date across NEXT own brand and licensed products, Lipsy, JoJo Maman Bébé, and Reiss.

We want to help our suppliers to resolve issues, but we will not continue to work with them indefinitely if there is no clear willingness on their part to improve.

Our priorities are to:

- Develop and improve workers' conditions, including safety and human rights
- Communicate and support the achievement of compliance with our ethical standards by all our suppliers
- Support our suppliers to achieve continuous improvement through partnership
- Implement sustainable programmes and initiatives with suppliers to improve their capacity and ability to deliver within our ethical requirements
- Continue to develop opportunities to work in collaboration with other brands and retailers, governments, trade unions and NGOs

To support our suppliers and provide assurance that our workers are being treated fairly, we have an in-house COP team of ethical auditors. The COP team comprises 52 employees who are based in our key sourcing locations around the world. Our ethical trading programme is based on the Ethical Trading Initiative (ETI) Base Code and International Labour Organization Conventions.

The COP team supports the protection of workers in our supply chain by:

- Ensuring our COP Principle Standards are up-to-date. These standards set out the minimum requirements for our suppliers in relation to worker safety, human rights, employment and working conditions
- Inducting, training and supporting our suppliers to make sure they understand our expectations. Working with suppliers to raise their standards rather than terminating the relationship delivers a better outcome for workers and the supply chain as a whole
- Ensuring our suppliers are aware of our Auditing Standards to help them fulfil their obligations. Compliance with the standards is a contractual condition of business for all product suppliers

- Auditing our suppliers' compliance with our standards. In 2023/34, 93% of our audits were unannounced. Our audit plan is risk-based, taking into account geographic location, ethical reputation, the type of manufacturing process and the factory's most recent audit rating
- Drawing up Corrective Action Plans (CAPs) where we find areas for improvement during an audit. The plan is agreed with the supplier and factory management and follow-up reviews monitor progress
- Running training initiatives for our employees, suppliers, business partners and service providers to develop knowledge and awareness
- Holding supplier conferences and regular meetings with individual suppliers to share best practice and build relationships

We work with suppliers and external experts to resolve issues within our supply chain and raise standards. In addition, we ensure that all the information our suppliers need to understand our policies and requirements is available via our Online Supplier Portal.

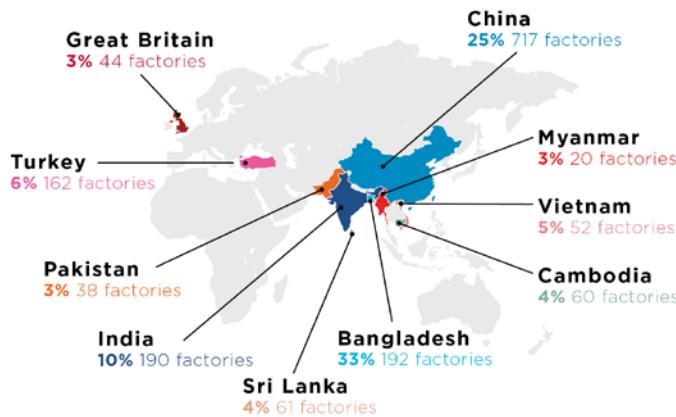




# PROTECTING WORKERS IN OUR SUPPLY CHAIN CONTINUED

## Our Supply Chain

From raw material sources to final products, our supply chain comprises five tiers and is diverse and dynamic. In 2023 we sourced NEXT brand products from 39 countries. Our top ten sourcing countries are as follows:



The figures represent the percentage of the value of our business and the number of factories per country.

It is vitally important to us that workers in our supply chain are protected. Workers must:

- Not be forced into work
- Have good, safe working conditions
- Not be discriminated against by their employers
- Receive a fair salary for the work they do

We believe that the violation of human rights anywhere in our operations is unacceptable, and we deal firmly with any infringements identified in our supply chain.

## COP Audit Ratings

During 2023/24, the COP team carried out 2,416 audits. This year for the first time including key supplier sites of our Total Platform partners JoJo Maman Bébé and Reiss, of which 99.7% were on-site visits and 0.3% were virtual audits.

In total, 93% of our audits were unannounced and 7% announced. During these audits, we identified 28 cases of modern slavery-related risks. Of these, five cases have been successfully remediated, 13 factories have been disengaged and the remainder are working on an in-progress CAP. Timeframes for corrective action vary by factory. To read more about our approach to supplier auditing, see page 40.



Graphic shows breakdown of audits by category rating along with a definition for each category



# PROTECTING WORKERS IN OUR SUPPLY CHAIN CONTINUED

## United Nations Guiding Principles

NEXT takes any allegation of any forms of human rights abuse seriously. We are committed to ensuring that people are treated with dignity and respect. We uphold all internationally recognised human rights principles encompassed in the Universal Declaration of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

Following the UN Guiding Principles (UNGPs) on Business and Human Rights helps us to recognise and manage the risk of harm associated with unsatisfactory working conditions, discrimination, modern slavery, human trafficking and forced or bonded labour, particularly in relation to the most vulnerable and exploited groups, such as women and children.

## UNGP Reporting Framework Index

This report aims to align with the UNGP Reporting Framework. The Reporting Index is designed to identify how and where the framework disclosures are addressed.

Our key indicators for potential human rights and modern slavery risks include:

- Wage retention
- Child labour
- Discrimination
- Restricting freedom of movement
- Employment fee being charged
- Unauthorised deductions from workers' pay
- Forced labour
- Unregistered workers

## Country Risk Analysis

Our internally developed country risk analysis heat map helps us to assess any human rights and modern slavery risks in our supply chain. This combines our identified salient human rights risks with other factors such as geographical location, vulnerability of impacted groups, frequency of issues and level of mitigation already in place. We use these factors to produce an overall risk rating for each sourcing location and to help identify future projects to reduce risks in our supply chains. We also use this analysis to assess if we need to collaborate with relevant organisations to bring about meaningful improvements. During the year we developed specific country risk analysis for Egypt and Ethiopia, as our product teams were exploring possible new sourcing routes.

## Training and Awareness

Our Code of Practice team holds regular training sessions for our employees;

- In 2023, 1,200 new employees completed our modern slavery e-learning course and 1,121 NEXT UK employees completed the modern slavery e-learning refresher course
- In total, 5,321 NEXT UK employees have completed the modern slavery training, along with 855 Next Sourcing employees
- We hold regular training sessions for our product team members to explain what the Code of Practice department does and why it is important to NEXT

## Capacity building and supplier engagement

Supporting our suppliers to raise awareness and improve their management, technical, HR and financial skills is foundational to help improve working conditions and opportunities for their workforce who manufacture our products. Together with local factory representatives, our COP team deploy a variety of programmes to build supplier capacity and resilience, including sustainability activities, addressing worker grievances and improving worker-management dialogue.

In Pakistan we have had a programme ongoing since 2018 with a small number of factories who demonstrate a positive attitude towards transparency and open communication. Instead of carrying out formal COP audits, we visit the supplier each month to monitor progress against six agreed initiatives including worker management dialogue, grievance mechanism processes, capacity-building training programmes, environmental and sustainability activities.

During 2023 we held a series of supplier engagement conferences, training and in-country presentations in India, China, Turkey, Poland, Bangladesh, Tunisia, and Morocco. This year, a new financial due diligence tool we developed for our COP and product teams to use in supplier discussions has been instrumental in helping to identify areas where we can support suppliers.



# PROTECTING WORKERS IN OUR SUPPLY CHAIN CONTINUED

## Grievance Mechanisms and Worker Voice

Our approach to grievance mechanisms is in line with the UNGPs. Since 2021 we have been expanding the implementation of an effective worker voice mechanism using an app called TIMBY (This Is My Back Yard), which provides an accessible channel for workers to raise concerns or grievances. Cases are categorised into six areas covering wages, harassment, discrimination and forced labour, working hours, health and safety and 'other'. There is an agreed formal process to ensure a consistent approach to the management of cases.

An initial successful TIMBY trial was extended through the year with two factories in Pakistan, 16 factories in South India (with our partner SAVE) and in three factories in Myanmar with plans to extend to Turkey and UAE in early 2024. To date, 101 grievances have been raised and 99 of these resolved, with remediation managed by the factory and COP team, and occasionally with local NGO partners. The two remaining cases are currently in remediation.



## Collaboration

Collaboration across the garment manufacturing industry is important to help improve working conditions throughout our supply chain. We work with the following organisations to tackle challenges in our global supply base, share knowledge and best practice, while helping to find solutions:



To read more about each of our partners listed above, and many others that we work with, see pages 41-47.

Some of our partner collaborations from 2023:

- A new local Bangladesh-based partner, Phulki, is working with us to pilot a gender programme in three factories. This aims to address a number of issues including training and upskilling female leadership to help promote a more gender-inclusive workplace culture, and improve employee safety through a functional grievance mechanism
- In Turkey we agreed a new partnership with MUDEM - a Refugee Support Centre - to establish a grievance project. We will start piloting the work with five factories in early 2024
- We continued to engage our suppliers face-to-face throughout the year including in-country presentations in Morocco, Tunisia, and Poland, as well as with our Total Platform partners through sessions in India, China, Turkey and Bangladesh for Reiss, Joules, and MADE.com. We also held one-to-one strategic review meetings with our top 35 NEXT suppliers and top 20 Lipsy suppliers: an opportunity to hear directly from our suppliers, understand their perspectives and agree on collaborative approaches to common issues

## Supporting children and young people

- Our supply chain touches some of the world's more vulnerable communities, including migrant workers and their families, who may work from home or in one of our partner factories. Supporting their children to receive schooling and education is a key method to build resilience in these communities and help avoid child labour. For example, as part of our Morocco gender empowerment programme, from November 2023 we have begun literacy and children's support sessions.
- We continue to work with AIDER, our NGO partner in Gurgaon, Northern India. We have now reached more than 9,500 workers through our worker helpline and community visits since the project first began.
- AIDER provides support in the local community, holding in-person interactive sessions for workers and their families, including mentoring and counselling for vulnerable individuals. They have been working to link homeworkers to government medical schemes like Ayushman Bharat Digital Health Account (ABHA Card). Helping workers to access healthcare services further supports their overall well-being and that of their families. Approximately 180 cards have been issued to date.
- Further AIDER partnership successes for 2023 include 52 enrolments in pre-school; 50 students receiving general tuition; 65 students receiving sewing skills tuition and 94 students placed on computer courses. A ten-month programme of workshops, training, dance and yoga classes has been given to students, including self-defence, nutrition and health. Personal items such as clothing, shoes and feminine hygiene kits have also been distributed to over 2,024 young people.



# PROTECTING WORKERS IN OUR SUPPLY CHAIN CONTINUED

## Situation in Myanmar

In 2021, a military regime took charge in Myanmar. This regime has since been accused of human rights violations.

We have considered not sourcing from Myanmar and while it could send a clear signal that government policies and practices are unacceptable, it can also do huge damage to local communities and workers, depriving them of investment and wages. For now, we have limited our orders to a small number of factories with which we have a longstanding, meaningful business relationship and continue to closely monitor the situation.

Our own directly employed team based in Myanmar works with our suppliers and factories to ensure compliance with our standards on workers' human rights, safety and working conditions. The team carries out regular, unannounced audits on all of these factories to ensure workers human rights are respected. Further details, including how we are continuing to remediate an instance of child labour discovered through a 2022 audit, can be found in our Modern Slavery Statement.

## Concerns About Forced Labour

We continue to closely monitor developments in relation to allegations of forced labour in the Xinjiang Uyghur Autonomous Region (XUAR) of Western China. Our Cotton Sourcing Policy bans the use of cotton from the XUAR.

We do not work with any supplier based in the XUAR or directly source products from the region at Tier 1 (product factory), Tier 2 (subcontractor to a Tier 1) or Tier 3 (fabric/yarn suppliers and spinners). Our work to ensure that products made or sourced for NEXT are free from forced labour is undertaken by our COP team and covers Tier 1 and 2 suppliers.

Traceability of our full supply chain is a key area of focus given that we do not directly source raw materials. We are working closely with our suppliers and industry stakeholders to identify the most effective and accurate ways to trace raw materials through our supply chain – see page 19. To monitor compliance with our Cotton policy and its implementation through our supply chain, we increased the number of tests during 2023 through our regular testing programme with Oritain; see page 20 for more information.



## Policies and Tools Available to Our Suppliers

Our [Online Supplier Portal](#) has a number of policies and tools available to support our suppliers and help them to address any issues. Policies and guidance available on our supplier portal include:

- Code of Practice Principle Standards and Auditing Standards
- Modern Slavery Guidance Booklet – provides information on how to spot the signs of potential modern slavery risks
- Migrant Labour Policy – follows the Employer Pays Principle and outlines the responsibilities of suppliers and factories for ensuring that migrant workers are treated with due respect and in accordance with NEXT's Principle Standards and applicable local laws. In 2023 we updated these migrant labour guidelines for suppliers
- Child Labour Policy – confirms requirements when managing a child labour issue, as well as detailing the remediation process and specific actions for involving specialist stakeholders to support the child and their family until the child reaches the legal working age
- Wage Retention Policy – confirms workers' wages must be paid in full and on time, and that wages cannot be withheld for any reason
- Shared Premises Policy – provides guidance on premises that may present a risk if they involve shared occupancy and states our expectations for how our suppliers should manage these risks
- Critical Issues Assessment and Site Tour Checklist – enables suppliers and factories to check for any critical issues prior to an audit taking place, allowing the COP team to offer guidance and support
- Financial Due Diligence – we have developed a tool for our internal teams to use in discussion with suppliers to flag potential issues of financial challenge in the supply chain

## Supplier Payments

NEXT is a voluntary signatory to the Prompt Payment Code and, as such, uploads the relevant supplier data on to the government portal.



# PROTECTING WORKERS IN OUR SUPPLY CHAIN CONTINUED

## Gender empowerment in our supply chain

In many of our top sourcing countries, women make up the majority of the workforce. Recognising and addressing the specific challenges women face in their working life is part of our approach to developing and improving workers' conditions, including health and safety, and human rights.

For example, Bangladesh's ready-made garments (RMG) sector is a crucial driving force of the economy, but women are significantly under-represented in management. To help address this, we partner with Phulki, a local not-for-profit development organisation working with people in poverty and inequality to help realise human potential. From late 2023, three of our Bangladeshi factories piloted training programmes to raise awareness of and mitigate workplace harassment issues, establish sustainable grievance mechanisms and introduce leadership and supervisory skills training programmes for women. The programme aims to equip potential female mid-management leaders with the necessary skills and knowledge to succeed in leadership and supervisory roles. Participants learn how to effectively communicate, resolve conflicts, build and motivate teams and make informed decisions. It also aims to promote diversity and inclusivity within the RMG sector and foster a more gender-inclusive workplace culture.

In Morocco, in a first for NEXT, we are working with a new NGO partner, BCC, to establish guidelines and activities for an innovative gender empowerment programme in three factories, together with a programme of on-site assessments and engagement with worker representatives. First to start is a series of literacy and support sessions for workers' children.

In Tamil Nadu, India, we launched the fourth phase of our work with NGO partner SAVE (Social Awareness and Voluntary Education), along with other retailers, to maintain six migrant resource centres in the region. The programme provides community-based training for women, men and young people who want to work in textile and spinning mills and includes computer training and financial literacy. Awareness programmes emphasising children's rights, labour law and the importance of remaining in school have also been run. Subsidised feminine hygiene products are offered, as well as sessions on menstrual health and hygiene, and general health and wellbeing. The number of people engaged and who joined training sessions since Phase One inception in 2018 has been over 55,000.

Key achievements of Phase Four include:

- Total outreach from January 2023 to January 2024 was 18,509 people
- Sessions for 2,375 individuals in reproductive health and hygiene awareness
- Trained 2,373 members on financial literacy and helped them connect with their local banking system
- Labour rights awareness sessions for 3,158 individuals

## Buildings safety project, Turkey

Ensuring the workers in our supply chain have safe, healthy working environments is fundamentally important to us. We established a Shared Premises Policy in 2021 for our suppliers and factory owner partners which sets out our expectations and standards for building safety, due diligence and compliance with local regulations.

Following the tragic earthquake in Turkey in 2023, even though none of our factories were affected, we took the opportunity to further enhance our work by initiating a new building safety assessment process in partnership with a local independent engineering company.

31 factories were assessed in the region and out of these, seven were identified as 'high risk', so remediation plans were developed together with suppliers and factory owners to address the identified concerns. This will continue to be monitored by our Turkey team.

## Looking Ahead:

- Continue to roll out our Gender Empowerment Programme in Morocco, Bangladesh and Turkey
- Continue to extend grievance mechanisms in our top ten sourcing countries
- Work towards ensuring Total Platform partners are enrolled into our COP approach
- Hold in-country supplier sessions in the Far East and Europe



# TACKLING CLIMATE CHANGE

## Highlights

- Our energy efficiency optimisation programme has saved £4.1m and over 10 million kWh of electricity
- LED programmes rolled out across 418 of 464 stores and aim to have the balance of stores' lighting replaced by the end of March 2024
- Renewable energy coverage across 97% of our estate

## Aligned SDGs



## Our Commitment

We are committed to minimising our environmental impact by reducing the carbon intensity of our activities and the natural resources we use.

## Our Approach

The complex global challenges of climate change and natural resource scarcity impact all businesses and their supply chains and we take our responsibilities in this area seriously.

We take a whole value chain approach to climate risk and mitigation and are committed to reducing the carbon intensity of our activities and the natural resources we use.

As a signatory to sector initiatives such as the Sustainable Apparel Coalition, Textile Exchange and ZDHC, we work with our supply chain partners to understand the impact of their operations and implement sustainable sourcing decisions, aiming to reduce the environmental impacts of the products we sell. You can read more about what we are doing in our Responsible Sourcing section.

We focus on improving the operational energy efficiency of our sites and offices; identifying opportunities to minimise waste and increase the amount of it diverted for recycling; increasing the efficiency of our owned delivery fleet; and identifying opportunities to further reduce our use of packaging and improve its sustainability.

Our carbon reporting boundary incorporates our own operations, plus those of businesses where we have the majority stakeholding. Full details can be found in our reporting criteria.

## Targets and Progress

### Reduce Scope 1 and 2 absolute carbon emissions by 55% by 2030 against a 2016/17 baseline

- Progress – achieved 46%<sup>④</sup> Scope 1 and 2 carbon emission reduction against a 2016/17 baseline (47% in 2022/23)

### Reduce Scope 3 carbon emissions by 40% by 2030 against a 2019/20 baseline per £1m sales

- Progress – achieved 28% reduction (29% in 2022/23)

### Divert at least 95% of operational waste from landfill

- Progress – achieved 96% reduction (95% in 2022/23)

Our Scope 1, 2 and 3 carbon reduction targets have been set in alignment with the Science Based Target Initiative (SBTi) approach and methodology. Our Scope 1 and 2 target is consistent with efforts to limit the global average temperature increase to 1.5°C above pre-industrial levels and is in line with the SBTi pathway.

## Global Carbon Footprint

Due to the nature of our business, most of our carbon footprint falls outside of our direct control and is reported under our Scope 3 emissions. Our Scope 3 total emissions disclosure (CO<sub>2</sub>e) covers the complete lifecycle of all the products we sell, including branded items sold through LABEL and Total Platform. This extends from the production of raw materials, through to manufacturing, transport, customer use and care, and eventual end of life treatment.

This year we have seen an increase in Scope 1 emissions, largely due to an increase in use of our own delivery fleet instead of third party distribution. However, we have increased our use of more efficient, double-decker trailers on our own distribution vehicles. These allow us to move larger volumes of stock between depots and consequently rely less on third party distributors. Third party distribution has reduced as a result but is a much smaller proportion of our Scope 3 footprint, so has minimal impact on the overall figure.

Within our Scope 1 emissions, we also saw an increase in the use of refrigerant gases (used for HVAC – heating, ventilation and air-conditioning) in our store portfolio which was largely due to six air-conditioning failures that required significant refrigerant gas input. We are working to install more energy-efficient air-conditioning units across our store estate, aiming to mitigate the risk of a similar issue in future.

Our Scope 3 increases have been predominantly driven by an increase in air freight distribution; a rise in business travel (post-COVID 19); and purchased goods for new acquisitions such as Joules and Reiss. Purchased goods remain our biggest category of impact. You can read more on our continued focus on uptake of more responsible materials, as well as our work in our supply chain in our Responsible Sourcing chapter.

The chart below shows a breakdown of our Scope 3 emissions sources.



Purchased goods and services	61%
Use of sold products	25%
Upstream transportation and distribution	6%
Downstream transportation and distribution	3%
Other	5%



# TACKLING CLIMATE CHANGE CONTINUED

## NEXT Group Global CO<sub>2</sub>e Emissions

NEXT Group CO <sub>2</sub> e Emissions	2024 Tonnes	2023 Tonnes	% Change
Scope 1	<b>44,001</b> <sup>(A)</sup>	43,404 <sup>(RS1)</sup>	1
Scope 2 – Location Based	<b>43,373</b> <sup>(A)</sup>	43,323	0
Scope 3 – Assured Subtotal	<b>74,459</b> <sup>(A)</sup>	72,730	2
Total – Assured	<b>161,833</b>	159,457	2
Scope 3* – Non-assured Subtotal	<b>2,200,930</b>	2,047,006	8
<b>Total Carbon</b>	<b>2,362,763</b>	2,206,463 <sup>(RS1)</sup>	7
<b>Scope 1</b>			
Gas heating (stores, offices, warehouses)	<b>7,502</b>	7,810	-4
NEXT owned distribution vehicles	<b>33,219</b>	32,054	4
NEXT owned cars	<b>1,675</b>	1,690 <sup>(RS1)</sup>	-1
Machinery (LPG)	<b>54</b>	61	-12
Building (diesel oil, refrigerant gases)	<b>1,552</b>	1,789	-13
Scope 2 – NEXT Group Energy Consumption	<b>43,373</b>	43,323	0
<b>Scope 3 – Assured Subtotal</b>			
Waste generated in operations	<b>1,519</b>	1,489	2
Business travel	<b>13,072</b>	5,428	141
Downstream transportation and distribution	<b>59,868</b>	65,813	-9
<b>Scope 3* – Non-assured Subtotal</b>			
Purchased goods and services	<b>1,394,622</b>	1,316,108	6
Use of sold products	<b>574,636</b>	559,223	3
Upstream transportation and distribution	<b>135,475</b>	81,087	67
Employee commuting	<b>26,252</b>	20,933	25
Fuel and energy activities	<b>24,031</b>	26,811	-10
End of life treatment of sold products	<b>25,182</b>	19,268	31
Capital goods	<b>20,732</b>	23,576	-12

Note: The methodology used to calculate our emissions is set out in our Reporting Principles and Criteria that can be found on our corporate website via [this link](#). Carbon emissions in 2022/23, and the baseline, excluded Joules. In 2023/24, Joules is included, as well as Reiss product that has travelled through our warehouse as a result of being a TP client. See our Reporting Principles and Criteria via [this link](#) for further details.

\*Scope 3 – Non-assured Subtotal: emissions embedded in all the products we sell, including branded items, and extends from the production of raw materials, manufacture, transport, customer use and care and end of life. We have excluded franchises from our reporting boundary at present due to challenges in obtaining accurate and reliable data.

(A) – This data was subject to external independent limited assurance by PricewaterhouseCoopers LLP (PwC). For the results of that assurance, see PwC's assurance report on page 53 and NEXT's 2024 Reporting Principles and Criteria which can be found [here](#).

(RS1) – Restated from prior year due to the incorrect application of the conversion factor used to convert the raw data into tCO<sub>2</sub>e resulting in an understatement of the balance in the prior year. This changed the emissions for NEXT owned cars from 1,450 to 1,690 which is above our 5% materiality threshold for restatement. This category of Scope 1 emissions sits across multiple data lines in the table, causing multiple numbers to be restated.

The methodology used to calculate our emissions aligns with our global direct carbon footprint and is measured in alignment with the GHG Protocol Corporate Accounting and Reporting Standard and RE100 reporting parameters. We adopt the conventional approach in calculating our carbon emissions through the collection of primary, secondary, or tertiary data in their source units (e.g. kilowatt-hours (kWh), litres (L), kilograms (kg), kilometres (km) etc.). The consumption figures relating to each energy source are converted into carbon. Please see our Reporting Criteria [link](#) for further details.

### Scope 2 Emissions Market Based and Location Based

In addition to the location-based figure required by UK legislation (and most GHG benchmarks), we also calculate a market-based figure that reflects our purchase of renewable energy. This lower market-based figure can be shown in voluntary reporting if certified renewables are purchased. As members of RE100, our approach is informed by the RE100 quality criteria and GHG Protocol guidance. RE100 requires claims to use of renewable electricity to be based on generation occurring in the same market for renewable electricity that use is claimed in, this includes the single market in Europe. The revised RE guidance published in December 2022 provided an updated list of countries that make up the single market.

Although the UK has been excluded from the list, the RE guidance provided grandfathering provisions for contracts with operational commencement dates before 1 January 2024, allowing for the UK to continue to be recognised within the single market in Europe. The operational commencement dates of our contracts occurred prior to 1 January 2024, therefore we have applied the grandfathering provisions when calculating our market based emissions.

## NEXT Group Global Scope 1 and 2 CO<sub>2</sub>e Emissions

	2024 Tonnes	2023 Tonnes
Scope 1	<b>44,001</b> <sup>(A)</sup>	43,404 <sup>(RS1)</sup>
Scope 2 – Location Based	<b>43,373</b> <sup>(A)</sup>	43,323
<b>Total Scope 1 and 2 – Location Based</b>	<b>87,374</b> <sup>(A)</sup>	86,727
Intensity Metric – Location Based tonnes of CO <sub>2</sub> e/ total sales (£m)	<b>15</b> <sup>(A)</sup>	16
Scope 2 – Market Based	<b>3,184</b> <sup>(A)</sup>	5,638
<b>Total Scope 1 and 2 – Market Based</b>	<b>47,185</b> <sup>(A)</sup>	49,042
Intensity Metric – Market Based tonnes of CO <sub>2</sub> e/total sales (£m)	<b>8</b> <sup>(A)</sup>	9

## NEXT Group Global Energy Usage

	2024	2023	% Change
Electricity usage kWh	<b>200,167,830</b> <sup>(A)</sup>	209,139,917	-4
Gas usage kWh	<b>41,009,976</b> <sup>(A)</sup>	42,784,844	-4
Total kWh	<b>241,177,806</b>	251,924,761	-4
<b>Total Energy Consumption kWh</b>	<b>393,529,771</b> <sup>(A)</sup>	400,076,707	-2
<b>Total Electricity and Gas Tonnes CO<sub>2</sub>e</b>	<b>50,875</b>	46,863	9



# TACKLING CLIMATE CHANGE CONTINUED

## External Benchmarks, Collaborations and Memberships

We participate in the CDP Climate change external benchmark annually. For our submission in 2023/24, we achieved a B Grade. We also achieved a B- Grade for our Water Security submission and a C Grade for our Forests submission. Our submissions cover NEXT brand only. Our latest submissions can be found [here](#).

## Sustainable Apparel Coalition (SAC)

When we became a member of SAC in 2021, we requested that our largest suppliers adopt and complete the Higg Facility Environment Module (Higg FEM) to help measure our supply chain's impact. We are prioritising onboarding our Tier 3 suppliers who produce fabric and operate wet processes, such as dyehouses and printing facilities. During 2023, our second reporting year to SAC, we onboarded 485 Tier 1 sites and 585 Tier 3 sites within the top 90% of suppliers to NEXT (Tier 1 and 3) by business volume.

Our suppliers are also completing the Facility Social and Labour Module (FSLM). This allows NEXT to have visibility of supply chain management of social issues further down our supply chain, which will allow the business to identify key areas of concern within our manufacturing suppliers.

We will report the results of our supply chain engagement annually to SAC.

Since 2019, we have completed the Higg Index Brand and Retail Module (BRM) to review our own actions and impact regarding social and environmental matters across all areas of our business. We then review hotspots and areas of continuous improvement to continue to develop our own business practices, including where we are meeting expectations and where we can strengthen internal policies and processes.

## British Retail Consortium (BRC)

NEXT participates in industry discussions as part of the BRC. These cover GHG data, renewable energy, low carbon logistics, sourcing sustainably and helping employees and customers live low carbon lifestyles to collectively deliver on the industry's net zero ambition. As a founding signatory, we work with other retailers, Government and other stakeholders.

## Energy Efficiency

Our priority is to improve our energy efficiency as this reduces both carbon emissions and costs. We actively track and review energy performance; electricity consumption data is passed through half-hourly modem meters and automated meter readers (AMRs) installed in our sites to ensure they are operating efficiently. Gas is used predominantly for heating and has been removed from all stores where it is no longer needed. During the year we have:

- Completed the fitting of additional solar PV panels at our warehousing sites.
- Continued to invest in high efficiency LED lighting which is now in 90% of our retail stores. This reduces our lighting energy consumption by around 75% in comparison to the lighting replaced. These LED lighting solutions are fitted in new stores as standard. At the end of 2023/24 we had refitted 418 out of 464 NEXT stores, and aim to have the balance of stores' lighting replaced by the end of March 2024.
- Solar panel installation is complete at our Elmsall 3 warehouse. The renewable electricity generated across all our sites in the year was 5.1m kWh.
- Undertaken strategic energy reviews, working closely with our energy provider and other parties to actively identify opportunities for further energy efficiencies.

## Energy Optimisation in Stores

In 2023 we continued to roll out our retail energy optimisation programme to drive efficiencies in the heating and cooling systems in our stores to reduce the amount of electricity we use. Over 431 stores have had this work completed and a Buildings Management System installed. It is estimated that this programme has saved £4.1m. We are also extending the opportunity to be part of this efficiency programme to our Total Platform partners Victoria's Secret and Joules for their retail spaces in 2024.



NEXT is a signatory to RE100, a global initiative led by The Climate Group in partnership with CDP (Carbon Disclosure Project) and we have set a 100% renewable electricity target for our global operations by 2030. The electricity we purchase directly for our UK and Eire operations is 100% renewable, backed by the Renewable Energy Guarantees of Origin (REGOs) scheme and Guarantees of Origin (GOs) scheme, and accounts for 97% of our global usage. The outstanding 3% is mostly from our manufacturing operations in Sri Lanka. Our RE100 target covers NEXT brand, Lipsy and Joules.



# TACKLING CLIMATE CHANGE CONTINUED

## Distribution Efficiency

We have nine UK warehouses, seven UK depots and three international hubs. Our distribution network serves our retail stores and online customer deliveries for both NEXT and third-party branded products. We endeavour to use our vehicles as efficiently as possible by focusing on optimisation of delivery schedules and driver training.

To learn more about our distribution efficiency, please see page 49 in Our Approach appendix.



We are a signatory to EV100, a global initiative led by The Climate Group in partnership with CDP (Carbon Disclosure Project). As a strategy to help deliver our carbon reduction targets, we will electrify our owned company car and van fleet of 1,000 vehicles by 2030 where realistically possible. We are also installing electric charging points across all NEXT employee sites and all customer sites where our stores have sole use of the car parks. We run a car sharing scheme for our Leicester-based employees. At January 2024, we have 858 Company Cars in our UK fleet (2023: 731), of which 212 (25%) are fully electric (2023: 63, 8.6%). We have 360 charging points across our network (2023: 242), with 69 at Head Office.

Our EV100 commitment covers NEXT, Lipsy and Joules.

## NEXT Group Global Waste and Recycling

Waste and Recycling	2024 Tonnes	2023 Tonnes	% Change
Total waste	<b>35,108 <small>(A)</small></b>	34,013	3
Materials diverted for recycling and energy recovery	<b>33,561 <small>(A)</small></b>	32,297	4
General waste sent to landfill	<b>1,547</b>	1,716	-10
<b>% diverted from landfill</b>	<b>96% <small>(A)</small></b>	95%	1

During 2023/24, we diverted 96% of the waste materials we created to recycling, reuse or energy recovery. This year, the figures have been updated to reflect global waste data. We remain committed to reducing the amount of waste we generate from within our operations, even when we grow as a business, and to reuse or recycle more of the waste we do produce.

Within our retail stores, our employees play a vital role in separating and segregating recyclable materials for return to our in-house recycling centre. We work closely with our waste contractor and packaging suppliers, identifying opportunities for circularity. This includes using plastic transit packaging as a feedstock for our Online delivery bags and creating new boxes from the cardboard collected from our stores and warehouses.

To read more about our in-house recycling centre, see page 49.





# TACKLING CLIMATE CHANGE CONTINUED

## Water Use

Our main water stewardship actions are in our extended supply chain, given that raw material sourcing and operations, such as laundries, mills and tanneries, use large quantities of water and its responsible management is vital to ensure there is sufficient safe, clean water for local communities. We work directly with our suppliers through the ZDHC programme. To find out more see page 22 of our Responsible Sourcing section.

For NEXT, our direct operation is not a major consumer of water, however, we have expanded the installation of Automatic Meter Reading (AMR) technology to 244 stores. These AMR systems help us investigate out of hours water usage, particularly in our retail stores, to identify and resolve any leaks to help reduce unnecessary water consumption.

During 2023/24 we directly used 345,032m<sup>3</sup> of water in our UK and Eire operations (2022/23: 295,837m<sup>3</sup>). In addition, the third-party café concessions operating within our stores used a further 95,235m<sup>3</sup> of water (2022/23: 89,898m<sup>3</sup>), totalling 440,267m<sup>3</sup> (2022/23: 385,735m<sup>3</sup>). The increase in water consumption in 2023/24 compared to 2022/23 is due to an overestimation invoiced by the water companies in the current year, leakages that occurred in the current year, and credits that were received in 2022/23.

## Packaging

While packaging has its own carbon and resource impact, it is essential to protect products from damage during transit to our customers. Unless the right balance is found, reducing too much of it can result in spoiled and wasted products.

For our NEXT products, by 2025 we aim to eliminate avoidable plastics in product packaging and to investigate opportunities to reduce packaging throughout our operations. The targets we are using are aligned with the WRAP UK Plastics Pact and the Ellen MacArthur Foundation. Our 2025 targets are:

- to reduce the use of virgin plastics by 50%
- to reduce overall packaging (relative to sales) by 25%
- 100% of packaging to be reusable or recyclable
- 100% of plastic packaging to contain at least 30% recycled content

Introduction	Overview and Goals	Protecting Workers in our Supply Chain	<b>Tackling Climate Change</b>	Responsible Sourcing and Circularity	Making NEXT a Great Place to Work	Supporting Our Communities	Stakeholders, Governance and Materiality	Appendices
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We are signatories to the WRAP UK Plastics Pact initiative and the On-Pack Recycling Label (OPRL) Scheme. These collaborations support our work to reduce the amount of waste produced by ourselves and our customers.

Our ultimate goal is to achieve a circular system where we use less plastic, and any that is used gets reused or recycled. Our aims are to:

- Eliminate unnecessary or problematic packaging without compromising quality
- Increase the recyclability of packaging by working towards all packaging being reusable or widely recyclable
- Reduce our environmental impact by working to eliminate more damaging materials, such as PVC, acetate and polystyrene, which are harder to recycle
- Include labels on NEXT customer-facing packaging, offering clear recycling information to help customers

All of our online shipping plastic packaging and carrier bags, excluding handles, contain a minimum of 30% recycled content. To read more about our approach to plastic carrier bags, see pages 49-50 and the case study on our work with the Microfibre Consortium.

During the year, we:

- Collected 1,758 tonnes of flexible film through collection bins in 450 stores, warehouses and Head Office, for recycling and reuse
- Collected 591 tonnes of hangers from stores for recycling and in collaboration with our hanger supplier, the material was reused to make new ones. In 2023/24, we reused 143 tonnes of hangers within the supply chain and 448 tonnes were granulated to be remade into new hangers
- Removed the plastic bag outer from NEXT bedding ranges sold instore, saving 139 tonnes of plastic from going to landfill

## Funding The Microfibre Consortium

NEXT has donated some of the proceeds from the 2023 sale of its carrier bags to The Microfibre Consortium (TMC), a not-for-profit organisation focused on the global issue of microplastics and fibre fragmentation from the textile and apparel industry. Funds went to significantly upgrade their microfibre data portal, allowing for more detailed and efficient analysis and assessments along with better reporting back to signatory members to help support product changes.

## Looking Ahead:

- Continue to expand our use of solar and renewable energy
- Continue our work to reduce our impact through our packaging and our products
- Continue uptake of EVs within company car fleet





# RESPONSIBLE SOURCING AND CIRCULARITY

## Highlights

- In 2023 NEXT became one of the first major brands to be Brand Certified by Textile Exchange, which manages the traceable chain of custody of our certified materials, so that we can confidently label them as coming from certified sources
- NEXT was awarded 'Aspirational Level' in Zero Discharge of Hazardous Chemicals (ZDHC)'s Roadmap to Zero programme, the highest category of success, for our progress onboarding wet processors into the ZDHC programme
- We source all viscose, modal and lyocell Man-made Cellulosic Fibres (MMCFs) from Canopy 'Green Shirt' rated producers as a minimum

## Aligned SDGs



## Our Commitment

We are committed to responsible sourcing and ensuring traceability.

## Our Approach

Our key raw materials for NEXT own brand products are cotton, polyester, MMCFs (such as viscose), wool, timber and leather. We recognise these come from the world's natural resources, with a wide range of associated environmental and social risks in their production and extraction, contributing to issues such as deforestation, water stress and climate change.

When we set out our Responsible Sourcing Approach in 2018, the focus was on NEXT own brand products. As the business has evolved to include wholly owned brands, licensed and Total Platform Partners, we are reviewing our approach across these entities and aligning minimum requirements where appropriate.

We will also be addressing how we report on progress in the future. This section focuses on the progress we have made to date across our NEXT own brand products.

Our products must be:

- Sourced in line with our Responsible Sourcing Approach
- Free from harmful substances
- Excellent quality
- Safe, functional and fit for their intended purpose

Our key focus areas are:

- Responsible Sourcing – we provide clear sourcing guidance for our Product teams as well as suppliers and third party brands

- Supply Chain and Traceability – we are working to increase the level of supply chain transparency, which will give us more visibility of our supply chain emissions, water use and impact on biodiversity and natural ecosystems. This includes avoiding deforestation and improving soil health through cotton farming practices.
- Chemical Management – we are a signatory to the Zero Discharge of Hazardous Chemicals (ZDHC) programme, and commit to reaching zero hazardous discharge from our textile and leather supply chains. Our Chemicals Policy also sets out our own standards for the use of chemicals in the making of our products
- Animal Welfare – we work to source products with minimal impact on animals

To read more about how we ensure our products are safe and comply with relevant legislation, see page 48.





# RESPONSIBLE SOURCING AND CIRCULARITY CONTINUED

## Targets and Progress

We have made significant progress since we launched our Responsible Sourcing Approach in 2018, originally set to be achieved by 2025. We have met our Feathers target and are currently on track to meet Cotton and Timber by 2025.

When reviewing our progress this year, we recognised that for MMCFs, Polyester and Wool, it will take longer than our original timeframe to meet our ambitious sourcing targets. In view of this, we are moving to a new timeline that remains ambitious but realistic in light of current quality and availability challenges, particularly for Polyester and Wool.

We continue to share progress to support these targets and our Responsible Sourcing Approach and work with our suppliers to help reduce the impact of manufacturing on the environment and local communities around their sites.

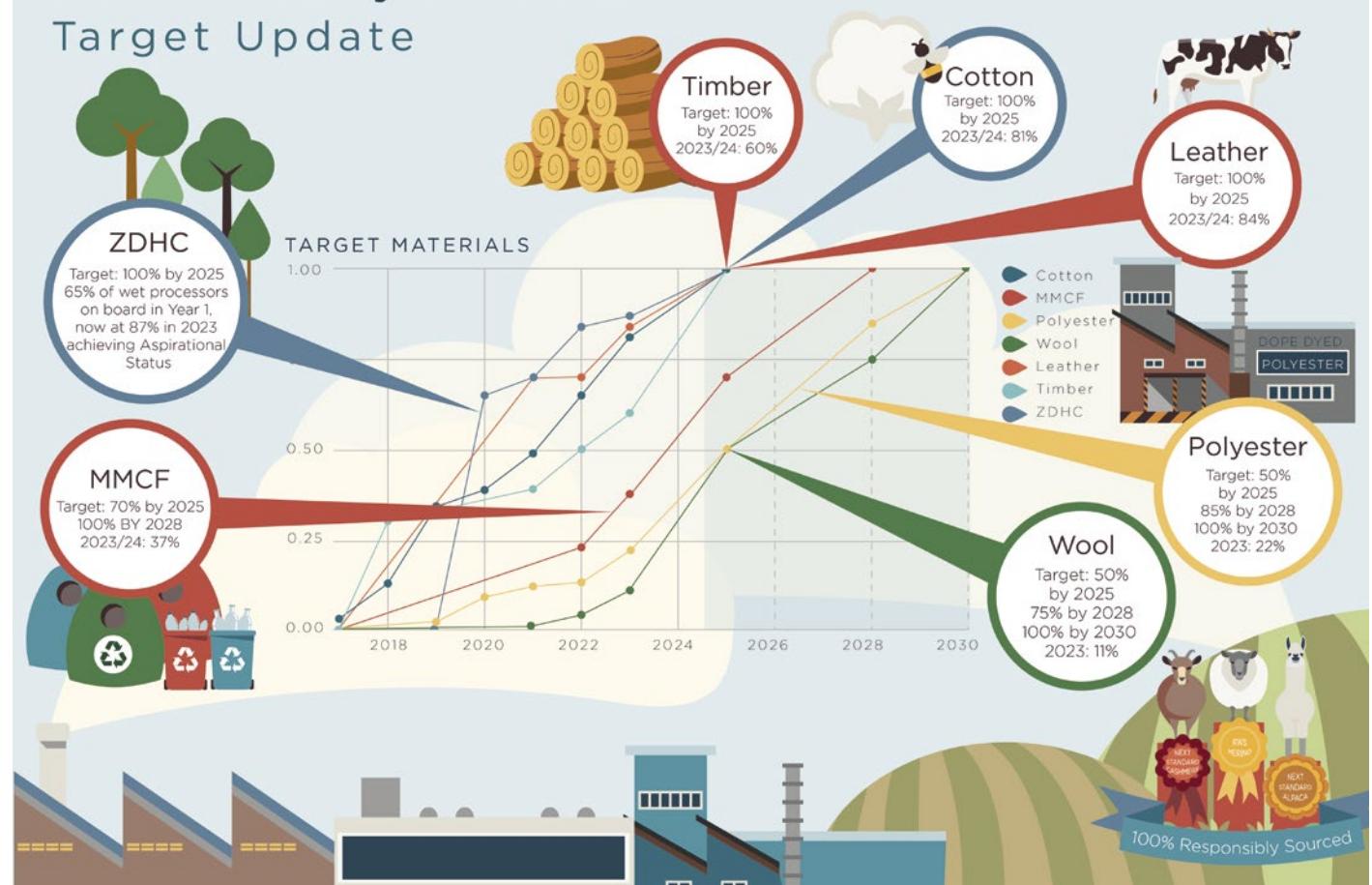
We have a suite of policies that detail our approach and provide clear guidance for our Product teams when developing their ranges: products must meet these requirements in order to be identified as using responsibly sourced materials, either on product labelling or in marketing. To see a list of our Responsible Sourcing policies, see page 48.

During 2023/24, 59% (2022/23: 54%) of NEXT brand textile products and footwear met our Responsible Sourcing criteria in relation to cotton, polyester, MMCFs, wool and leather.

## To accelerate our progress, we have:

- Launched an interactive Responsible Sourcing Progress dashboard, which gives Product teams the ability to see their progress against targets. This enables teams to understand the impact of their sourcing decisions without waiting for a formal report
- Developed roadmaps with commercial teams to identify further opportunities
- Continued to work closely with our suppliers to understand their challenges and support their move towards using lower impact fibres

## The Journey so far... Target Update





# RESPONSIBLE SOURCING AND CIRCULARITY CONTINUED

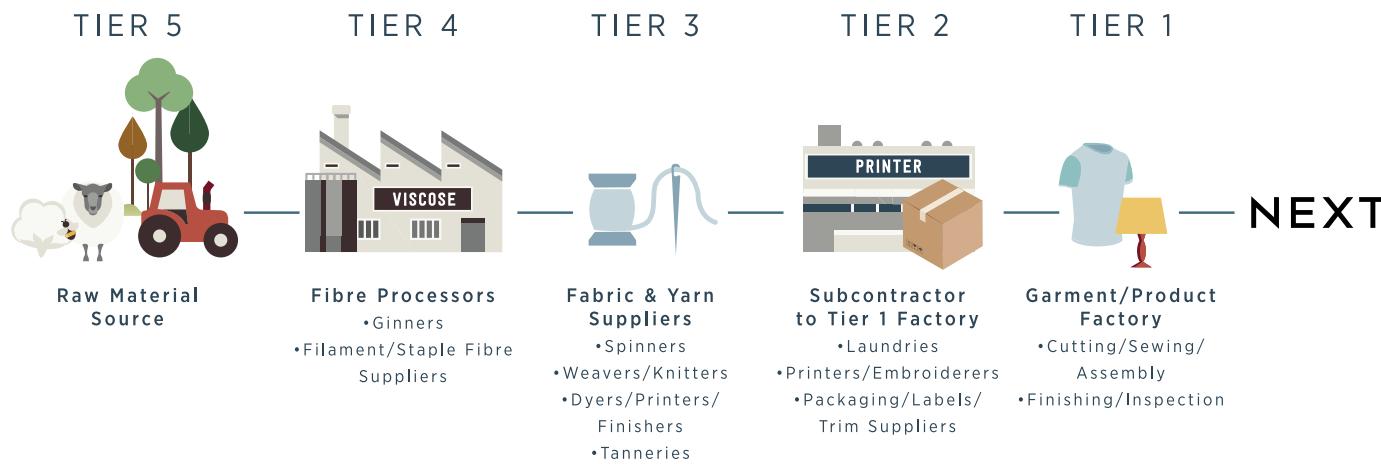
## Our Supply Chain and Traceability

The graphic below sets out our diverse and global supply chain, which comprises five tiers from raw materials to final products.

We do not source raw materials directly, and the complexity of global supply chains means that traceability to Tier 5 can be challenging, but we are committed to increase our visibility of suppliers and raw materials. We have published a list of our suppliers to Tier 3 on our corporate website, and we are continuing work to extend this to include Tiers 4 and 5.

In order to avoid sourcing from areas that do not meet our standards:

- We clearly set out sourcing requirements, approved fibre producers and any region or country bans in our fibre policies
- We have management systems that capture information from our suppliers to support traceability of materials
- We are reviewing the best approach to capture supply chain traceability
- We are members of Sustainable Apparel Coalition (SAC) and use the Worldly platform, which helps us gain visibility of our supply chain's impact. For more information on this please see page 14



## Collaborations and Memberships

Collaboration within industry and between peers is crucial to develop responsible sourcing approaches in complex global retail supply chains and we are members of several leading initiatives, including:



Textile  
Exchange



Mc



Textiles  
2030



ZDHC



Member of  
LEATHER  
WORKING  
GROUP



WRAP  
CLIMATE  
ACTION  
ROADMAP



Sustainable  
Apparel  
Coalition

Some examples of our collaborative work include:

- A signatory to WRAP's Textiles 2030 initiative, collaborating on carbon, water and circular textile targets. Together with peer organisations we are supporting the development of solutions which will help minimise the impact clothing and home textiles have on the environment. For example, we are members of the Textiles 2030 Durability group, helping to research methods of monitoring and benchmarking materials durability across industry. To read more on our work within Textiles 2030, see the case study on the right.

- We are working with Reverse Resources, helping to collect and reuse textile waste in Bangladesh. This waste is being collected by five of our final product manufacturers and is sold to fibre producers to make into new yarns for the apparel industry, helping to strengthen the market for recycled fibres. In 2023 these suppliers collected nine tonnes of material, with 99% going to fibre to fibre mechanical recycling. We are looking to replicate the programme with key suppliers in India.
- We are members of the Circular Fashion Innovation Network to help support the move to a more circular industry.

## Textiles 2030



NEXT is a founding signatory partner to WRAP's Textiles 2030, a voluntary UK textile sector agreement.

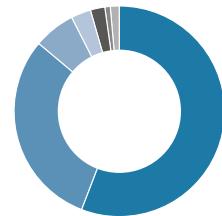
Signatories collaborate on sustainability targets and by 2030 we aim to reduce our combined greenhouse gas emissions by 50%, in line with the UN trajectory to reduce climate change. The Textiles 2030 footprint calculator allows signatories to measure progress in a consistent manner and show progress against carbon targets per tonne of clothing sales at both individual and combined signatories levels. We use the tool to calculate embodied emissions over the whole product lifecycle.



# RESPONSIBLE SOURCING AND CIRCULARITY CONTINUED

## Our Raw Materials

During 2023/24, the composition of our total textile fibre footprint (by weight) was as follows:



### Cotton

Our most significant raw material is cotton, both in terms of the volume we use and the associated environmental and social issues linked with its production; conventional cotton farming uses large amounts of water and pesticides. We define responsible sources of cotton as those which have been cultivated to meet at least one of the following principles:

- Lower water use
- Reduced use of pesticides and synthetic fertilisers
- Improved social conditions for farmers
- Supporting the economic sustainability of farmers
- Improved visibility of its country of origin

Our policies state our banned regions for cotton sourcing, which are Uzbekistan, Turkmenistan and the Xinjiang region of China due to forced labour in farming in these areas.

**Target:** source 100% of our cotton from responsible sources by 2025, which we define as Better Cotton, certified recycled, certified organic, certified organic in conversion or US cotton through the US Cotton Protocol Trust. During 2023/24, we sourced 81% (2022/23: 67%) of our cotton through these routes.

**Better Cotton** – We have been a member of Better Cotton since 2016. In 2023/24, we sourced 78%\* (2022/23: 65%) of our cotton as Better Cotton.

**US Cotton Trust Protocol** – We are members of the US Cotton Trust Protocol (USCTP). This helps us to trace the cotton we source from the US all the way to the finished product, and to access robust environmental metrics aligned with climate science. It enables us to assure responsible sourcing in a way our customers can trust with on-product labelling, clearly identifying the origin of the cotton.

All of the cotton used in our Spring Summer 2024 Womenswear denim programmes (Essential, Pull on sculpt, Jersey leggings) will be sourced through USCTP.

**Recycled Cotton** – All recycled cotton in NEXT products in 2023 was post consumer verified using RCS Textile Exchange certification.

**Organic Cotton farming** – We are committed to a four-year programme with Arvind, one of our suppliers in India, working with 1500 farmers with a total of 1800 hectares, to convert them from conventional to organic cotton farming. Since the farmers started the programme, many of them have already seen positive differences to the water-holding capacity and biodiversity health of their soils. The farmers themselves have reported a rise in income due to the cost savings on agrochemicals and the receipt of an additional organic premium as they switched to organic practices.

**Managing our Cotton Risk** – We carry out due diligence testing across a selection of our products using geochemical profiling. This enables us to verify the absence of cotton originating from risk areas and, where possible, leverage the testing to verify the declared country of origin.

Where non-compliance with our policy is identified, we work with Oritain and our suppliers to rectify this and ensure they are sourcing in compliance with our policy. This gives us the opportunity to engage further down the supply chain, beyond the Tier 1 final product manufacturers with whom we contract.

The cotton supply chain is long and there are many opportunities for cotton to be mixed with that of unwanted origin. We have identified higher risks in certain production locations and product types and focus our testing to maximise our understanding of risk.

### Polyester

Polyester is a synthetic material that is widely used because of its durability, versatility and quick drying properties. However, like other synthetic fibres, it poses challenges to the environment.

In 2023/24, polyester made up approximately 30% (2022/23: 31%) of our total textile fibre mix. We are working to move from conventional polyester to more responsible polyester alternatives and only accept and recognise post-consumer recycled polyester certified to the Global Recycled Standard (GRS) or Recycled Content Standard (RCS) or certain verified branded fibres.

**Target:** 100% of the polyester we use to make our products to be from recycled sources by 2030. During 2023/24 we achieved 22%.

We are members of the Textile Exchange Recycled Polyester Round Table to collaborate with others to drive improvements for recycled polyester.

### Man-made Cellulosic Fibres

Wood is the main raw material used to make these fibres, such as viscose, lyocell and modal. The wood is pulped and then undergoes a chemical process to transform it into fibres.

All of the MMCF fibres we buy meet our minimum MMCF Policy requirements of Canopy Green Shirt rated. A textile producer audited and assessed as being at low risk, or which has taken substantive action to eliminate known risk of sourcing rayon and viscose from ancient and endangered forests, gets Canopy's 'Green Shirt' rating.

**Target:** source 100% of our MMCF fibres from branded sources that move beyond meeting our minimum requirements by having both verification and traceability by 2028. During 2023/24, we sourced 37% (2022/23 23%) of our MMCF fibres through these branded routes.

\* Our calculation method is by product weight, which differs from Better Cotton's calculation in Cotton Lint.



# RESPONSIBLE SOURCING AND CIRCULARITY CONTINUED

## Microfibres

Understanding microfibre pollution, its sources and effects, is an ongoing challenge for the whole textile industry.

We are a signatory to The Microfibre Consortium (TMC) Microfibre 2030 Commitment and Roadmap. Collectively, our goal is to pool data and knowledge to establish minimum requirements across the industry. We continue to work with them and donated proceeds in 2023 from our carrier bag sales, read more on this on page 16.

Through our UKAS (the UK Accreditation Service) accredited in-house laboratory, we are also supporting the development of a new testing methodology to assess fibre shedding from different materials. This is helping to develop a better understanding of fibre fragmentation, enabling TMC and its members to work collaboratively towards robust industry-based solutions.

## Leather

In addition to animal welfare concerns, tanning leather uses significant amounts of water and energy and is a chemically intensive process.

**Target:** 100% of leather from LWG audited tanneries by 2025.

We collaborate with the Leather Working Group (LWG), an international multi-stakeholder organisation that promotes environmental best practice within leather manufacturing. As a member of LWG:

- 84% of the tanneries we use for footwear, clothing, leather accessories and upholstery have undergone an LWG audit
- 91% of the leather we sourced for footwear, clothing and leather accessories (bags, belts and wallets) comes from LWG audited tanneries
- 100% of the leather we sourced for upholstery comes from LWG audited tanneries
- We use LWG's environmental audit protocol to assess our leather supply chain and ensure tanneries operate in a way that is safer for people and the environment
- LWG traceability scores help inform our sourcing decisions. For example, we do not source leather from cattle raised in the Brazilian Amazon Biome where there have been cases of illegal deforestation

- LWG is aligned with ZDHC and, in 2023, we enrolled our main Tier 3 finished leather tanneries into our ZDHC programme

## Timber and Deforestation

Responsibly sourced timber is critical to limiting deforestation. Our Timber Sourcing Policy details our commitment to ensuring compliance with regulations and responsible sourcing.

**Target:** deliver 100% of our timber origin products from responsible or certified responsible sources by 2025. This year we have continued to work with our suppliers to:

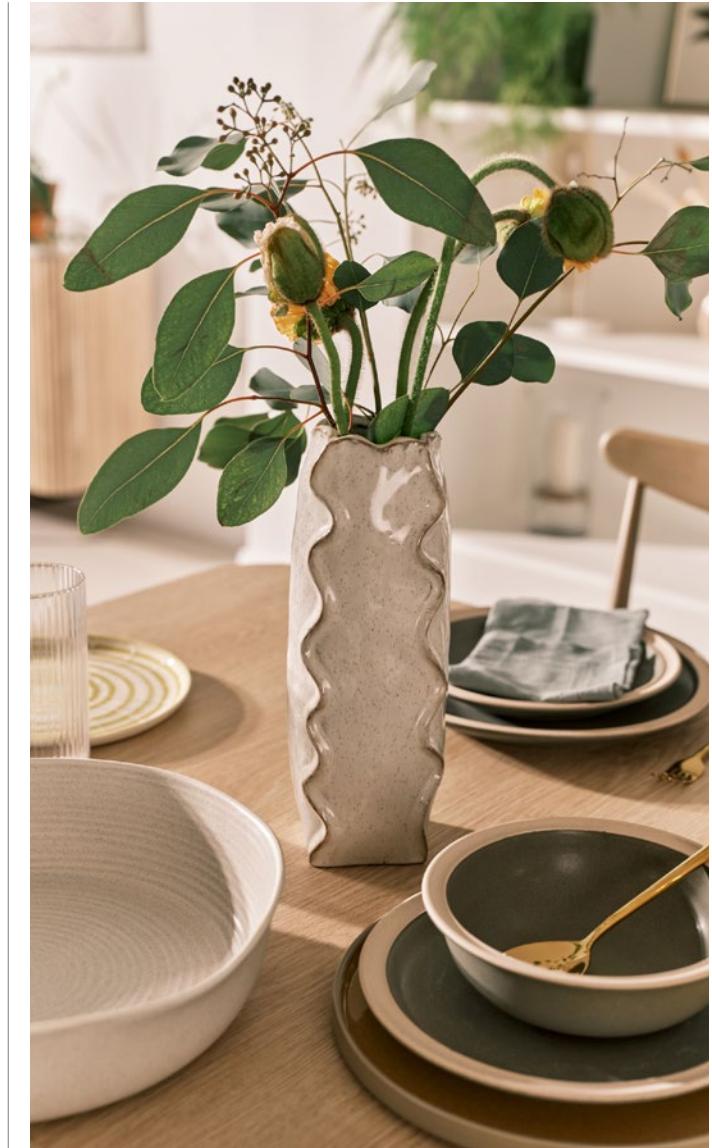
- **Collect** – collecting timber traceability information
- **Risk assess** – risk assessing this information
- **Mitigate** – mitigating risks by working with our third party experts and developing corrective action plans with suppliers
- **Conduct due diligence** – species testing to monitor compliance to our policy

Over the past 12 months this has been a key area of focus, and during this time we have reviewed our data collection and reporting to improve accuracy. This has enabled alignment between how our buying teams procure and how we capture data for reporting, resulting in better visibility of progress. We now measure timber at supplier level, by each unique wood source, and are pleased to report that 60% is certified or responsible. We are on track to meet our 2025 target.

We are monitoring the upcoming EU Deforestation Regulation (EUDR) and have set up an internal EUDR Working Group with stakeholders across the business to develop and implement EUDR compliance policies and processes. We are also working with our longstanding partners to support us in complying with EUDR.

## Metals

As part of expanding beyond our key raw materials, during 2023/24 we incorporated recycled metals into our NEXT jewellery range.





# RESPONSIBLE SOURCING AND CIRCULARITY CONTINUED

## NEXT achieves Textile Exchange Brand Certification

We are Textile Exchange members and use their Preferred Fibre and Material Matrix to support our Responsible Sourcing Approach.

In May 2023 NEXT Retail became one of the few UK brands to achieve Textile Exchange Content Claim Standard (CCS) certification, used to establish the validity of the chain of custody and product claims. We successfully completed the audit with the support of wider teams and our warehouse network, ensuring that we can make accurate certification claims on our products.

Products sourced to meet the requirements of our Responsible Sourcing Approach must be sourced through responsible routes and are certified to a recognised independent standard. Products meeting these requirements and containing 50% or more of an approved raw material can carry NEXT Generation labelling, giving customers visibility of the credentials of our products.



## NEXT generation

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## Water

The majority of our water used is within our supply chain. This year we achieved a B- in our CDP Water response. We conducted a risk assessment for the top 25% of our wet processors (dye houses, laundries) by volume, as our largest consumers of water and chemicals. We used the WWF Water Risk tool for this process, which is primarily used to identify and review current water risks facing supply chains. We are using the results of this to inform and prioritise the assessment of water data captured in the Worldly Facility Environmental Module. In addition, NEXT's Chemical Policy supports the implementation of chemical management programmes with suppliers for the use of clean chemicals

in the supply chain to manage effluent in order to prevent contamination of waterways. See section below on Chemical Management. We aim to reduce the water footprint of new products sold by 30%, in line with our Textiles 2030 commitment, by switching to more responsible fibres and processes aligned to our Responsible Sourcing targets. Read more about our approach to water on page 16.

## Chemical Management

Our products must not contain chemicals that could be harmful to our customers, the workers who make our products, or the environment.

We are a signatory to the ZDHC Roadmap to Zero programme which aims to eliminate harmful chemicals from the fashion industry's global supply chain. We collaborate on promoting industry-wide change in responsible chemical and wastewater management in textile and leather production processes (such as dyeing, printing and laundering textiles, and tanning and dyeing leather).

Our Chemicals Policy covers all stages, from production to disposal, and sets out substances banned from intentional use in any facilities that process materials for NEXT brand products.

Our chemicals policy covers four key standards that our suppliers must adhere to:

- Restricted Substances Standard (RSS)
- Restricted Substances List (RSL)
- Manufacturing Restricted Substances List (ZDHC MRSList)
- ZDHC Wastewater Guidelines (ZDHC WWG)

We have a thorough due diligence programme which checks for compliance with our RSS.

As part of our ZDHC commitments, we build knowledge and capability in our supply chain year on year, and track and report progress across the platforms and solutions being used. Our technical teams work with supply chain partners to ensure that they adopt and implement all relevant ZDHC requirements.

## ZDHC Award

During 2023, following the annual assessment in the ZDHC Brands to Zero Leader Programme, we achieved 'Aspirational Level', the highest category of success, awarded to brands that not only achieve a sufficient total score across all KPIs in the Leadership Programme, but also meet key milestones of the Roadmap to Zero Programme and fulfil selected KPIs determined by ZDHC. The KPIs are focused on assessing the way ZDHC Guidelines, Platforms and Solutions are embedded into a brand's corporate strategy and implemented in their value chain practices.

By 2025, our goal is to have all of our core textile wet processors fully engaged with ZDHC.



As a ZDHC Signatory brand we work with ZDHC to provide training to our suppliers (notably our key fabric mills and wet processors) to educate on best practices in order to help reduce and eliminate the discharge of any hazardous chemicals from production processes into the environment.

If any products fail to meet our standards, we remove them from sale and they may be recalled from customers. Corrective action plans are put in place to ensure any non-conformant chemical is removed or substituted at the supplier's facility.

By December 2023, 591 of our textile wet processors (dyers, printers and laundries) were signed up to the ZDHC Gateway, the platform used to share key information. These suppliers accounted for 87% of products that were sold during the year. In addition, 73% of products we bought were from suppliers producing ClearStream Wastewater reports, 68% were from suppliers producing InCheck Chemical Inventory reports and 71% were from suppliers who had completed Supplier to Zero certification.



# RESPONSIBLE SOURCING AND CIRCULARITY CONTINUED

## Animal Welfare

Our Animal Welfare Policy offers clear guidance regarding any animal-derived materials used in our products. While these make up a very small percentage of the total raw materials we use, we recognise the significance of these products to our consumers, which is why, for example, wool is one of our key raw materials.

We continue to not use real fur, and all feathers and down used for filled products are certified to a third party standard such as the Responsible Down Standard (RDS). In addition, all merino wool is from non-mulesed sources. For our own brand cosmetics and toiletries, we do not support testing on animals and have never carried out any animal testing or commissioned others to do so. Raw materials tested on animals after a cut off date of 1998 are not permitted in our products.

**Target:** 100% of wool sourced certified to the Responsible Wool Standard (RWS) by 2030. During 2023/24, 11% of wool (2022/23: 4%) was RWS sourced and continue to explore opportunities to increase the amount we source as RWS or recycled.

## Moving Towards Circularity

### In Our Supply Chain

As part of our Responsible Sourcing Approach, we recognise we must work to lower the environmental impact of our business activities. Part of our strategy to do this is to work towards a more circular economy; embedding circular principles into our approach, including producing and selling products that minimise pollution and waste, and helping to keep materials in use for longer. For example, we are working to reduce packaging, and to reuse customers' returned packaging to create new packaging or useful materials like liners for our courier bags. We are also collaborating with partners on circularity initiatives in our supply chain. Read about these partnerships on page 19.

## For Our Customers

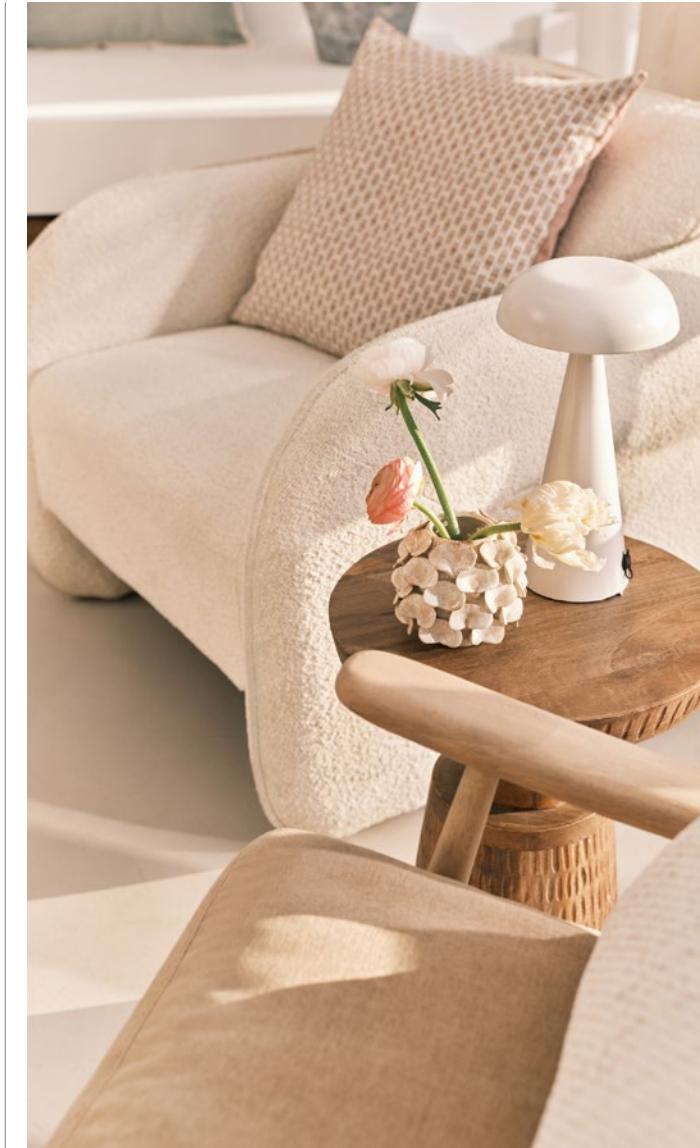
Home products, such as mattresses, sofas and furniture, can be difficult for our customers to manage when they wish to dispose of them. Mattresses are particularly tricky and so we offer a service, together with partners at The Furniture Recycling Group (TFRG), where customers can request we recycle their old mattress when their new one is being delivered. In 2023 we recycled over 2,500 mattresses, diverting over 79 tonnes from landfill. Since 2014, when we first started working together, TFRG has recycled over 30,000 NEXT mattresses.

Another partner is Clearabee, who provide an affordable, convenient and sustainable furniture recycling service for our customers, collecting items from their homes for recycling, whatever their condition.

We also partner with charitable organisations, such as the British Heart Foundation (BHF), to provide local solutions to our customers and help raise funds for the charity. Our customers' donated furniture and home products have helped BHF raise over £1.79 million since we started to work with them in 2016.

### Looking Ahead:

- Collaborate with our TP partners to establish minimum standards and share best practice across Responsible Sourcing topics
- Review opportunities to go beyond our main raw materials
- Continue to engage our product teams, starting with updated training in April 2024
- Increase supplier engagement through both online and in-person formats





# MAKING NEXT A GREAT PLACE TO WORK

## Highlights

- Launch of Digicare+ Workplace to the whole workforce
- Launch of 'Together We Are NEXT' internal brand for our employee-led communities
- Expanded three hour virtual ED&I workshops for newly promoted and new into the business managers, with 1,534 managers participating to date
- New wellbeing programme for our employees at our Sri Lanka manufacturing site

## Aligned SDGs



## Our Commitment

We want to provide an environment where our workforce is:

- Safe, supported and respected
- Treated fairly and taken care of
- Listened to
- Motivated to achieve their full potential

## Our Approach

Our priorities are in the areas of:

- Health, safety and wellbeing
- Equality, diversity and inclusion
- Training and development
- Reward, fair pay and employee share ownership

This section reports on the progress of our Great Place to Work activities at NEXT and Joules only.

## Our Commitment

To ensure we attract, retain and develop the very best people to build a diverse and talented team, recognising that every individual's unique background, experience and ability contributes to our success.



We want to create an inclusive and inspiring environment where individuals feel valued and respected, and where people can belong, thrive, achieve their full potential and be their very best; whoever they are.

### We Create

an inclusive environment where everyone is welcomed, valued and feel they belong.

### We Recognise

that diversity of talent makes us more innovative, more competitive and more creative.

### We Promote

a team culture that's open and transparent and where we treat everyone fairly and with respect.

### We Encourage

a workspace where everyone can feel supported to be themselves whoever they are, so they can succeed and thrive to do the best work of their lives.

### We Ensure

everyone is aware of and empowered to fulfil their personal responsibility to question discriminatory or inappropriate behaviours.

### We Uphold

a commitment of zero tolerance towards unacceptable behaviour, harassment, discrimination, bullying or victimisation.

## Our People

Our 44,000 people are integral to our success. We aim to attract, retain, and develop the very best people to build a diverse and talented team, recognising that every individual's unique background, experience and ability contributes to our success.

In return, we want people who are committed to working together and who support our culture of honesty, respect and encouragement.

## Health, Safety and Employee Wellbeing

We want NEXT to be a safe place for everyone with a culture that enables all our employees to maintain positive mental wellbeing.

## Health and safety

We review our Company safety statement and safety objectives every three years, including safety programmes and objectives for each division of the business. These are reviewed regularly at divisional safety meetings and twice a year by our Executive Safety Meeting.

Our safety objectives were launched in 2022, focusing on three pillars:

- Health, Safety and Wellbeing Engagement and Communication
- Developing our Health and Wellbeing offer for our employees
- Ensuring a Safe Workplace, with a focus on key risks

The three pillars are designed to ensure that we have a culture with effective safety leadership, clear direction from management and well-briefed employees who know how to manage all aspects of our business safely.



# MAKING NEXT A GREAT PLACE TO WORK CONTINUED

## Mental Wellbeing

At NEXT, we firmly believe that if our people are healthy, happy and engaged, their performance will be optimised, benefiting both themselves and our business. Our programme of support, guidance, events, and activities is available across the whole organisation to help provide an environment where workplace psychological safety is carefully considered alongside health and safety risks.

Our Mental Wellbeing Charter, available on our [wellbeing site](#), encourages an environment where mental wellbeing is discussed openly to eliminate stigma, fear and discrimination. The key commitments set out in the Charter include:

- Making sure all employees have easy access to information or services to make helpful decisions about their mental wellbeing
- Treating people fairly and with compassion
- Helping everyone to recognise that for some people, maintaining positive mental wellbeing can be challenging
- Regularly monitoring our performance, assessing progress and taking action to improve the opportunities for supporting positive mental wellbeing

To read more about our Mental Wellbeing Charter, see page 50.



We have an established Mental Health First Aider (MHFA) network of 165 trained colleagues in all divisions who help provide a supportive workplace environment. Employees can find details of our MHFAs on the company wellbeing site, which includes the THRIVE app and a wellness action plan template. The action plan helps employees consider personal ways to keep well at work, understand any triggers for becoming unwell, and detail the support they would like to boost their own wellbeing or aid recovery. Employees are encouraged to use the action plan to open up a dialogue with their managers on mental wellbeing.

## Wellbeing initiatives

- Early in the year we launched a new online Wellbeing page which showcases all our wellbeing support services, useful information and details of MHFAs
- For several years we have been running regular mental health training for managers across the business; this also includes regular training and check-ins with our MHFAs
- We have launched an Open Minds network group for our MHFAs, meeting quarterly, to help support, guide and upskill them in their role. We have also established a chat forum for all the MHFAs on our wellbeing site so we can gauge team capacity and trends, which helps to direct future internal campaigns
- Throughout the year we run campaigns and signpost support services available for our employees, including our Employee Assistance Programme, which offers independent counselling and support for a variety of life challenges and events
- We have established a new local Wellbeing Manager at our manufacturing site in Sri Lanka to support the 3,200 employees who work there. Services we provide include a medical facility, oral health checks and wider assistance for the nearby community including clean water supplies and funding for schools and a library
- 2022's Financial Wellbeing tool and support network roll-out has been successfully taken up by 13,559 colleagues to date

As part of our wider Wellbeing programme, helping us to identify and provide support to people at much earlier stages of ill-health, we have five lifestyle checkpoint machines which move across our different sites. Employees in warehousing, Head Office and our UK call centres have used these to find out information about their current physical and mental health and they have helped several to address potentially life-threatening conditions.

- In early 2023, through our healthcare partnership with Aviva, we launched Dicicare+ Workplace to the whole workforce. This wellbeing service App allows all employees free access to an annual health check, Digital GP, second medical opinion, nutrition consultation and mental health and bereavement support. We have had over 3000 employees sign up for the service since it launched, and, apart from the health check, all services are available to their family members
- Employees at our Head Office in Leicester benefit from access to fitness classes on site, and we partner with Gym Pass to offer all employees discounts on fees for gym plans with gym access nationwide
- We are a Founding Partner of GenM, working to champion menopause awareness, education and support for employees across the business, including six free sessions on menopause education through Dicicare+ Workplace. For two consecutive years, we have won a Driving Menopause Action in the Workplace award from GenM
- We launched a new Family Leave internal website as a one-stop shop for all Family Leave information and support resources for employees, including a partnership with 'Work Baby Life' offering free programmes of virtual group classes and workshops to expectant parents. As part of this, we collaborated with our charity partner Anthony Nolan to raise awareness and drive employee registrations for cord blood stem cell transplants. Read more on page 31



# MAKING NEXT A GREAT PLACE TO WORK CONTINUED

## Financial Wellbeing

When our employees are physically and mentally well, we know they are more engaged, productive, and motivated to contribute their best. We also recognise that concerns about personal finances can have a detrimental impact on physical and mental health. Ensuring that we provide the right kind of support for colleagues around both is part of our approach to building a positive work environment.

## Equality, Diversity and Inclusion

We are an equal opportunities employer and offer career opportunities without discrimination. We treat all employees fairly regardless of gender, sexual orientation, marital status, race, colour, nationality, religion, ethnic or national origin, age, disability or union membership status. We believe that having a diverse and inclusive working environment is vital to supporting the health and wellbeing of our employees. To find out more about our Equality, Diversity and Inclusion Policy, see page 50.

Although we don't set specific targets for diversity, women currently represent 46% of our Board, 50% of our senior leadership and 70% of our total employees. In relation to our senior management and their direct reports, NEXT was ranked third in the 2024 FTSE Women Leaders Review: Achieving Gender Balance. Our annual Gender Pay Report can be found on our website via [this link](#).

During the year, we expanded and updated our mandatory virtual training sessions on equality, diversity and inclusion for all our managers. To date 1,534 have undergone this training. The sessions aim to explore unconscious bias, identify the organisational consequences of unconscious bias, discuss examples of inappropriate behaviour, discrimination and harassment, and provide guidance on how to positively influence the behaviour of others. A further 3,000 Head Office employees have gone through a 30 minute equality, diversity and inclusion e-learning module which is mandatory for all new starters.

## Together We Are NEXT

We have brought together our employee-led communities under a new brand: **Together We Are NEXT**. These include communities of employees championing LGBT+ issues; cultural diversity; diversity in tech and IT, and championing, connecting and celebrating disability and neurodiversity at NEXT. The heads of these communities regularly meet and discuss programmes, issues and opportunities to engage the wider business.

A number of employee-led networks have now been established to enable employees to work collaboratively with NEXT to deliver positive outcomes:

- **Pride@Next:** an LGBT+ network which works to raise awareness of LGBT+ issues at NEXT and helps shape our policies. For example, with input from Pride@Next we have developed a policy to support transgender employees
- **Unity:** created to celebrate the cultural diversity represented at NEXT. This includes working within the business to champion talent and provide more career opportunities for people from under-represented backgrounds
- **Able:** Our most recent network, launched in October 2022, Able is our disability network group which champions, connects and celebrates disability and diversity at NEXT



In 2023 we signed the Armed Forces covenant to demonstrate our support to the Armed Forces community and introduced a new entitlement of up to five days paid leave for any reservist employees wishing to take time off to undertake territorial or reserved forces duties.

## Our Diversity Partners

As we develop our Equality, Diversity and Inclusion agenda, it is important to us that we connect with key not-for-profit organisations to support and guide our employee-led communities and wider business. Collaborating with charity partners lends strategic expertise and credibility to our programmes, and brings wider mutual value for our partners and our employees through engagement in educational talks and fundraising events.

- We continued to work with Business in the Community (BITC), in particular to initiate employee listening circles about Together We Are NEXT, to ensure that we reach and engage the whole business, regardless of workplace location and in 2023 we participated in their Behind the Scenes campaign to support 10,000 Ukrainian refugees who are unemployed and looking to utilise their skills and insights in different businesses and available roles
- We are a signatory to BITC's Race at Work Charter
- We are a Level 2: Disability Confident Employer. The Disability Confident Scheme supports employers to make the most of the talents that disabled people can bring to the workplace
- We continued to partner with Carers UK, having signed up to the Employers for Carers digital platform to provide employees with access to dedicated resources for carers
- We are a member of Stonewall's Global Diversity Champion network
- We continued our five year charity partnership with The Terence Higgins Trust



# MAKING NEXT A GREAT PLACE TO WORK CONTINUED

## Training and Development

We believe that offering relevant learning and development opportunities will help our employees to feel valued, equip them to carry out their roles to the best of their ability and support them in developing their career at NEXT. Our employees are able to access a range of development tools and training through our training teams within each area of the business. These teams support:

- Job role-specific training covering technical, operational and skills training
- Individually tailored training to address both employees' individual needs and specific business requirements
- Health and safety, first aid and manual handling training to ensure our employees work in a safe environment

In January 2023, building on our 'Respect in Retail' customer-facing campaign, a new 'Diffusing Difficult Situations' training was rolled out to all Retail colleagues, with over 17,000 colleagues completing it to date to support them to better manage challenging customer behaviour. This training is completed by all new staff after their first six weeks in role.

Working with external partners, we reviewed our grievance, conduct and disciplinary processes, to help reduce the time and associated costs spent on these. This saw the launch of a new process, Resolution, to better facilitate mediation and early conversations to rebuild relationships. With over 600 store managers trained face to face, and a further 1,500 trained virtually, year on year we have already seen a 40% reduction in the number of grievances in Retail.

## Lifelong Learning

We continue to offer our employees the chance to take a Lifelong Learning course with the Union of Shop, Distribution and Allied Workers (USDAW) including Maths, English, IT and British Sign Language to build skills within the business to support our deaf employees. Our Head Office Learning Hub offers additional training and development support on management and recruitment topics.

## Internships

We offered six week summer internships in 2023 to three interns who came to us through our partnerships with not-for-profits Leonard Cheshire, 10,000 Black Interns and UpReach. The intern who came to us via 10,000 Black Interns has been offered a trainee developer role when they graduate in 2024.

## Apprenticeships

Our apprenticeship programmes continue at pace; we now have 400 apprenticeships in place. We have 34 apprenticeship programmes ranging from warehouse operations and retail roles through to Masters equivalent programmes. 230 people completed their apprenticeships in the last year.

A new career pathway for employees launched in 2023 was the Warehouse to Wheels programme whereby anyone in any role can become a Large Goods Vehicle (LGV) driver through apprenticeships and Government-funded 'bootcamps'. Our in-house LGV Driver Academy has seen 55 new drivers pass through training this year.

## Local Schools and Colleges

Teams in our Distribution division work with schools in the vicinity of our Yorkshire warehouses to help bring alive different career opportunities within our business. Through recruitment workshops, careers fairs and site visits, students get a glimpse of where support and development offers could take their future careers. Our senior HR business partners work directly with local schools as Enterprise Advisors to help attract student interest for full or part-time roles as well as apprenticeships at NEXT.

## Employment Programme with the Prison Service

Now in its sixth successful year, one of our warehouse sites runs a programme in association with a local prison to support a small number of low risk prisoners to gain meaningful work experience as part of their rehabilitation process. NEXT Furniture Manufacturing in Doncaster partners with HMP Lakeside to run a 12 week programme in a bespoke frame assembly production facility for selected offenders to learn the skills and techniques to become skilled frame assemblers. At the end of their sentence, they are offered a full-time contract with NEXT if they have successfully completed their training programme.

## Recruitment

Ensuring we are attracting the best talent to work for us is a priority, and throughout 2023 we continued to drive our early careers initiatives across our main functional areas for Head Office, including new placements for graduates in Finance, building on a similar successful approach in Tech and e-commerce. We want to make sure we are able to benefit from hiring international talent and have consolidated our in-house support for candidates and new hires, including relocation services.





# MAKING NEXT A GREAT PLACE TO WORK CONTINUED

## Employee Engagement

We have a number of engagement activities in place across NEXT Group to collect feedback and ideas from colleagues. This includes employee forums for each business area made up of elected representatives who attend meetings at least twice a year with directors and senior managers. These forums encourage open discussion on business issues, policies and the working environment.

In 2023 we launched our third Group-wide employee engagement survey, Your Voice Counts, which also this year included Lipsy, GAP, NEXT Beauty and Victoria's Secret (Head Office and Retail) employees. Colleagues were invited to give their feedback and suggestions about working life at NEXT Group. We were pleased with significantly improved participation rates, an improved completion rate of 74% (up from 56% in 2022) and a Group engagement score of 7.4 out of 10 (compared to 7.1/10 in 2022). All of the core business area engagement scores increased or remained the same versus prior year.

Priority areas for improvement our employees would like us to focus on included reward, strategy communication and mission. Our top strengths were perceived as performance recognition and organisational fit in terms of equality and health. A key immediate output from the Retail teams' survey feedback has been the equalisation of rate of pay for all four new team members under the age of 23 with colleagues who are 23 and older, effective from November 2023.

## Radio NEXT

One of our new initiatives to connect with and engage our employees was the launch of a new radio station, Radio NEXT, in our South Elmsall warehouse sites in 2023. Broadcasting a four-hour show of music, interviews, shout-outs, competitions and site-related news for both day and night shifts, it has been reaching around 4,000 people.

## Rewards and Benefits

We believe in rewarding all employees with fair and competitive salaries, along with the opportunity to gain additional pay in the form of a bonus depending on the Company's financial (or in some cases, store or individual) performance.

**Employee share schemes:** We operate a Sharesave scheme to encourage employees to own shares in NEXT. All UK employees have the opportunity to save money over three or five years to buy NEXT plc shares at a discounted price. At the end of the savings period, participants can buy the shares at a price fixed at the start of the scheme. We also operate a share option scheme which extends to approximately 2,100 management participants.

**NEXT Steps Nursery:** Our architect-designed, state of the art Head Office childcare nursery, "NEXT Steps", continues to go from strength to strength. This is part of our on-going commitment to supporting our employees with pre-school childcare arrangements. The nursery is currently rated by Ofsted as "Outstanding" and is run in accordance with all Ofsted Early Years Foundation Stage and safeguarding requirements. Any accidents are recorded and reported through standard NEXT procedures.

## Looking Ahead:

- Talent Management:** We aim to attract, retain, and develop talent across all levels within NEXT. We will utilise various methods to attract a diverse pool of candidates, with a particular emphasis on early career opportunities.
- Inclusive Culture:** We are dedicated to fostering an environment where everyone feels valued and respected. We'll actively promote our inclusive culture and ensure our employees feel motivated to contribute to NEXT's success
- Employee Development:** We'll provide ample opportunities for our employees to enhance their skills through on-the-job training, coaching, mentoring programmes, and specialised management and leadership courses
- Employee Wellbeing:** We support the mental health, wellness, and overall wellbeing of our employees. Our environment and practices will be designed to support a happy and healthy workforce, ensuring that employees feel motivated and engaged to help us achieve our business goals





# SUPPORTING OUR COMMUNITIES

## Highlights

- Total NEXT Group charitable contribution – £2,861,266
- Seven new Together with NEXT collaborations
- Total number of charities supported – 225

## Aligned SDGs



## Our Commitment

We want to support causes that make a real difference. We particularly focus on supporting charities and organisations that have an impact in the countries and communities we source from and operate in.

## Our Approach

While we support a broad range of charities in a variety of ways, we aim to develop longer-term, strategic partnerships with a carefully selected number of charity partners where we not only provide financial support, through donations, cause-related marketing, or employee fundraising, but we can work together to develop shared mutual value, leveraging each other's assets and skills.

Our teams support our charity partners through product donations, personal payroll giving or sharing their professional expertise, knowledge and time. We also raise funds through the redistribution of carrier bag levies and other similar government mandated payments. Likewise, our charity partners provide our colleagues with valuable opportunities for education and awareness-raising, meaningful self-development and team-building, through volunteering, creative campaigning and fundraising for causes which they care about.

Our charitable giving policy supports:

- The promotion of health and support of end of life and emergency care services
- Developing education, life and work skills and youth amateur sport
- Environmental protection or improvement
- The reduction of inequality, by supporting the promotion of diversity, inclusion, human rights and the prevention or relief of poverty

Our Charity Committee meets four times a year to oversee the distribution of donations to ensure they meet our charitable giving policy. Each of our business areas is given an annual charity budget and engages with their teams to determine how funds are distributed.

Our Giving at NEXT website supports employees both at work and in their own time to make their own contributions to chosen charities. The website, accessible to both colleagues and the public via <https://giving.go.next/home>, enables our people to volunteer online or physically, get involved with sustainability and wellbeing challenges, run fund-raisers on behalf of their chosen charities and take part in payroll giving.

This section reports on our progress supporting Communities at NEXT only.



## Charitable Donations

To ensure we measure our total community contribution, we calculate the value of our non-financial contributions from products donated by the business. This figure is added to our financial contributions, to arrive at a total sum for the year. Our charity and sponsorship programme is made up of donations to:

- Registered charities – we offered support to around 225 charities during the year
- Commercial support and sponsorship – we offer commercial support and sponsorship to a small number of organisations. We also support local sporting teams of all ages, especially where there is direct employee involvement with the team
- Individual requests/local and national groups and organisations – we are able to help groups and organisations that do not have charitable status through these donations and we take extra care to verify these donations

A summary of our charitable giving is set out below.

NEXT Plc has offered financial support to:	2024 £000	2023 £000
Registered charities	1,173	1,177
Commercial support and sponsorship	0	60
Individual requests, local and national groups and organisations	3	5

This support has been supplemented with the following activities:	2024 £000	2023 £000
Gifts in kind – donations of products	1,488	1,608
Charity link sales	164	298
Employee fundraising/charity events	33	77



# SUPPORTING OUR COMMUNITIES CONTINUED

## Payroll Giving

We offer a scheme that is available to all UK based employees and allows them to make tax-efficient donations to any UK registered charity. During the year, our employees donated around £100,000 to charities of their choice.

## Community Support

As part of our target to divert our waste from landfill, we continue to identify and divert products that otherwise may have been disposed of via landfill, and offer them for reuse to local registered charities and social enterprise organisations. These organisations can reuse and recirculate these products and materials, as well as create value from the products to benefit their mission.

## Carrier Bags

NEXT continues to support and encourage our customers to reduce the use of carrier bags and we offer a reusable carrier bag for customers to purchase, with proceeds raised going to our nominated charities across England, Scotland and Wales. In Northern Ireland, the monies raised are paid directly to the Government who use the proceeds to fund environmental projects.

Customers can return these reusable carrier bags to our stores when worn out. They will be replaced for free, and we will recycle the old ones through our in-house recycling centre. In partnership with one of our suppliers, we are now closing the loop on this material by reusing it in our own online order packaging. Most of our reusable carrier bags are made from over 90% recycled materials. Our special edition bags, such as Christmas and Summer bags, are made from 30% recycled material.

## Our partnership with British Heart Foundation

We partner with British Heart Foundation to support and promote blood donations and their 'Restart a Heart' campaign across the business. We have installed blood pressure monitors in all NEXT retail stores and promote the Restart a Heart RevivR app to our employees so that they can learn CPR in 15 minutes. To date, 152 employees have completed the training.

## Doncaster Refurnish

NEXT has worked in partnership with Doncaster Refurnish to support their work for 16 years. This year, our partnership has been able to divert 378 tonnes of waste from landfill for it to be reused by the charity to create £783,911 of earned income. This income makes possible the delivery of much needed services within our shared community.

## Together With NEXT

Last year, we established a new strategic charitable collaboration venture, Together with NEXT, through one of our designers, Genna Douglas, who has early onset Parkinson's disease. In previous years, Genna worked with Parkinson's UK and well-known designers to curate a range of products for sale where the profit was donated to Parkinson's UK. The project was so successful that Genna now focuses solely on growing our collaborations with charities and designers to create and sell exclusive ranges which both raise awareness of societal issues and much-needed funds for the charities. In 2023 we continued partnering with Parkinson's UK and launched new collaborations with Dementia UK, Andy's Man Club, The Prince's Trust, Rainbows, Terrence Higgins Trust and the Children's Air Ambulance. 100% of profits from these Together with NEXT products go to the charities. In summer 2023 we held a successful Together with NEXT Charity Showcase event in one of our London studios to raise awareness and gain feedback about our partnerships and the exclusive ranges of merchandise.





# SUPPORTING OUR COMMUNITIES CONTINUED

## Our partnership with Anthony Nolan

It is important to us that when we launch strategic partnerships with charities that there are relevant touchpoints with our employees and local communities. For example, in July 2023 we announced a new two-year partnership with Anthony Nolan, the stem-cell transplant charity. Fewer existing patients from ethnic minorities who need a stem cell transplant have a suitable donor already registered: working together with Anthony Nolan we are aiming to address this inequality. Leicester Hospital is a leader in research for Anthony Nolan, and one of the first activities we undertook in partnership with our employee-led community for cultural and ethnic diversity, was to hold donor recruitment events at our Head Office site in Leicester to find more potential stem-cell donors from people from ethnic minorities.



## Our partnership with Andy's Man Club

Supporting a workplace environment where mental wellbeing is discussed openly to eliminate stigma, fear and discrimination is one of our key strategies to help make NEXT a great place to work. As a natural fit with this strategy, we partnered with mental health charity Andy's Man Club to help them on their mission to stop men from taking their own lives.

Our partnership launched on Suicide Prevention Day in September 2023 and collaborating together with designers from Hype, we designed an exclusive range of merchandise including a limited edition t-shirt, water bottle and backpack to raise funds for the charity and share positive messages that #ITSOKTOTALK.



## Our partnership with Dementia UK

Dementia is on the rise in the UK, with around 900,000 currently living with the condition. As we strive to become a more disability-friendly employer and retailer, we launched our new collaboration with Dementia UK internally and externally on World Alzheimer's Day in September 2023 to help raise awareness and funds for the work of the charity. Working with Dementia UK's specialist nurses to produce a product which would appeal to dementia patients, our design teams refined the look and feel of a limited-edition, highly textured and embroidered cushion. The cushion's message, Loved, is a positive reminder of enduring support for those living with dementia and their families, and 100% of the profit from its sale will go to Dementia UK.





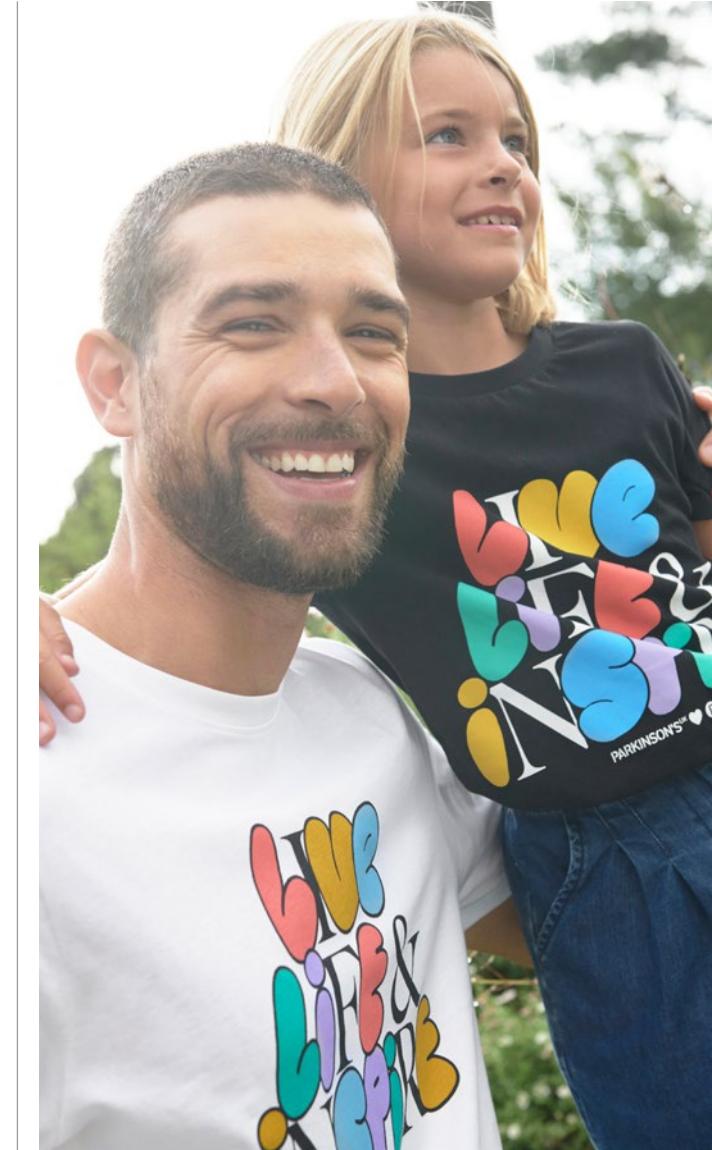
# SUPPORTING OUR COMMUNITIES CONTINUED

## Our partnership with Children's Air Ambulance

As one of the charities our employees care passionately about, we have been supporting the Children's Air Ambulance charity for 18 years through fundraising and donations. In September 2023 we announced a new collaboration to help raise funds and awareness to enable them to continue to provide their high-speed helicopter intensive-care transfer service to critically ill children and babies in the UK to help them get to specialist care. A helicopter shaped rug, and children's t-shirt were designed for online retail and all profits from this collection will go towards more lifesaving transfer missions continuing to provide vital support to the NHS free-of-charge. As part of our employee engagement efforts in the new collaboration, children of NEXT colleagues were invited to visit the Children's Air Ambulance base in Nottinghamshire.

### Looking Ahead:

- Introduce further collaborations with charities through our "Together with NEXT" programme
- Continue to build relationships with charities to understand their objectives and help them achieve their targets, as well as harnessing their knowledge and resources to support NEXT colleagues where appropriate
- Continue to update and develop our processes within the department to streamline our Charitable Giving and make it as accessible as possible



# STAKEHOLDERS, GOVERNANCE AND MATERIALITY

## Stakeholder Engagement

We have a wide range of key stakeholders and formal and informal engagement with them is important to our business. Our teams play an important role in managing our stakeholder engagement in a proactive, respectful and professional manner. We aim to ensure that new and emerging issues, risks and requirements are carefully considered, assessed and appropriately acted upon.

This section reports on our Stakeholders, Governance and Materiality for NEXT, Lipsy and Joules only.

Our key stakeholders and engagement activities are summarised in the following table:



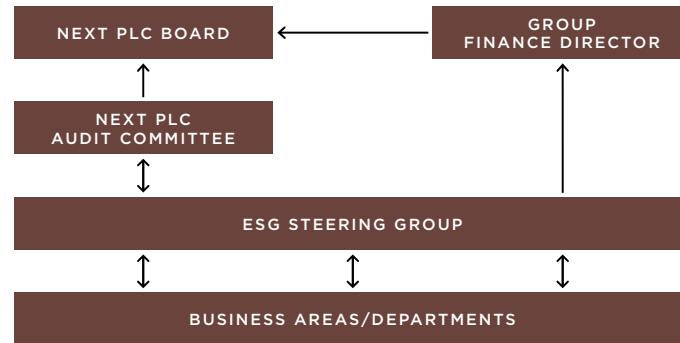
Key Stakeholders	How we engage	Key Stakeholders	How we engage
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Visits and meetings at NEXT offices and their factories</li> <li>NEXT COP supplier audits</li> <li>Training workshops</li> <li>Conferences</li> </ul>	<b>Local, Devolved and National Government and Regulators</b>	<ul style="list-style-type: none"> <li>Responses to Parliamentary Committees' inquiries such as the Environmental Audit Committee</li> <li>Meetings and dialogue with trade associations</li> <li>Local MP meetings</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Customer feedback via online messaging</li> <li>Communication with NEXT Customer Contact Centres</li> <li>Direct customer contact and market research</li> <li>Social media</li> <li>Monitoring customer returns</li> </ul>		
<b>Workforce</b>	<ul style="list-style-type: none"> <li>Workforce communication forums</li> <li>Workforce engagement surveys</li> <li>Training and development</li> </ul>		
<b>Environmental and civil society</b>	<ul style="list-style-type: none"> <li>Visits and meetings with Environmental Non-Governmental Organisations (eNGOs)</li> <li>Representation on trade association working groups</li> <li>Participation in surveys</li> </ul>		
<b>Local communities</b>	<ul style="list-style-type: none"> <li>Support and collaboration with a range of charities to assist their ongoing work</li> <li>Respond to requests for assistance</li> </ul>		
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>Meetings and investor roadshows</li> <li>Respond to queries and requests for information</li> <li>Ethical investment surveys; sustainability benchmarks and indices</li> </ul>		

## Governance and Risk Management

A robust governance structure, clear risk management and internal controls framework are embedded throughout the business and are core to our Corporate Responsibility approach. As part of the NEXT risk management process, detailed risk registers are maintained by 20 distinct operational and functional areas, where local business risks are identified, assessed and managed. Specific corporate responsibility risks are recorded, considered and handled as part of this process. In addition, the impacts of corporate responsibility risk factors are included, where appropriate, in the NEXT plc directors' assessment and review of NEXT's principal risks. NEXT's principal risks are detailed in the Strategic Report section of our latest Annual Report.

# STAKEHOLDERS, GOVERNANCE AND MATERIALITY CONTINUED

## Our Governance Framework



## ESG Governance Framework

Our straightforward governance structure to support ESG-related activities is simple to navigate. This allows emerging issues and matters for decision to be escalated in an efficient manner. The Board has delegated oversight of ESG activities to the Audit Committee which is coherent with the Committee's broader remit given the increasing focus on the potential risks and financial impacts associated with climate change in particular. ESG is a standing agenda item at each Audit Committee meeting. The Committee's remit includes:

- Monitoring progress against climate-related targets and key performance indicators
- Reviewing the Group's ESG risks and opportunities
- Reviewing the materiality of climate-related risk and its impact on the financial statements
- Monitoring adherence to externally applicable sustainability codes and principles

There are wider governance arrangements in place to support the Audit Committee, and ultimately the Board, in undertaking their responsibilities. An ESG Steering Group meets quarterly to oversee the delivery of our action plan and improvement roadmap, ESG targets and emerging ESG risks.

The Steering Group is chaired by the Legal and Compliance Director. It is cross-functional; members include senior management from the Central Finance and Product teams

as well as the Head of Code of Practice and the Head of Product Legislation & Sustainability.

The Group Finance Director, Amanda James, is the executive sponsor of ESG activities and directs the activities of the Steering Group. She meets regularly with key members of the Steering Group, receives updates throughout the year and is present at Audit Committee and Board meetings to discuss ESG matters that arise. The Audit Committee receives reports from the ESG Steering Group at each of their meetings. The Audit Committee Chair subsequently updates the Board and makes appropriate recommendations.

As the Company continues to realise growth opportunities through transactions, our governance structure evolves as we integrate the activities of new companies and partners. The straightforward approach provides flexibility to facilitate this and underpins our approach to ensuring our own high standards are consistently applied across a growing business. This in turn allows effective oversight by the Board, via the Audit Committee, of ESG activities and associated risks and opportunities.

Our Corporate Responsibility reporting provides detailed information on where and how we focus to meet our environmental and social responsibilities. In the year ahead, our focus is to further build our data, place policies in the public domain and continue to embed ESG into our day-to-day business decisions.

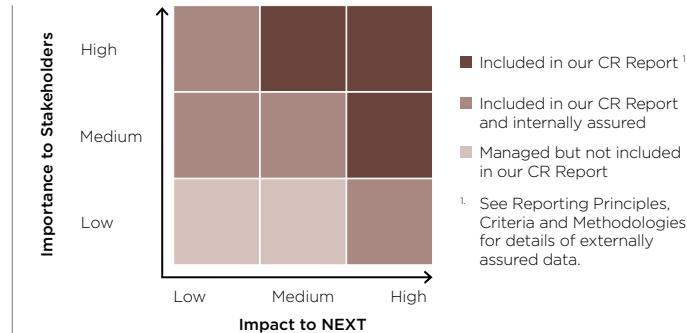
## Understanding Materiality

NEXT has determined materiality as the threshold at which environmental, social, economic and governance related issues become sufficiently important that they should be included within this report.

This threshold is determined by understanding:

- How important these issues are to our key stakeholders
- The impact of these issues on our business

We are currently undertaking a Double Materiality Assessment in order to update our approach as the business has evolved and to ensure compliance with incoming regulation such as CSRD.



## Legal Compliance

During the year we had no environmental or health and safety prosecutions and no work-related fatalities in our direct operations.

## Assurance over selected carbon and waste data

Selected carbon and waste data, indicated by the <sup>A</sup> symbol, was subject to external independent limited assurance by PricewaterhouseCoopers LLP (PwC). For the results of that assurance, see PwC's Assurance Report on page 53 and NEXT's 2024 Reporting Principles and Criteria as referred to below.

## Reporting Principles, Criteria and Methodology

For further information on this please refer to:  
[nextplc.co.uk/corporate-responsibility](http://nextplc.co.uk/corporate-responsibility)

## Further Information

For further information on certain areas of this report you will find a direct link to additional details in the appended section to this report called Our Approach. Alternatively, the information can be found on our corporate website, [nextplc.co.uk](http://nextplc.co.uk)

## Contact Us

We welcome your comments and feedback on our corporate responsibility performance. Contact us via our corporate website accessible via [this link](#).

# APPENDIX 1: OUR APPROACH TO CORPORATE RESPONSIBILITY

## 1. Our Salient Human Rights Issues Explained

Salient Issue identified	Why it is important to NEXT	Our key activities
Freedom of Association (FoA) and Collective Bargaining	In a number of countries we source from the freedom to join an independent trade union is restricted either by law or not recognised by management attitudes and practices. This restricts the ability for workers to have a voice within their place of work and to contribute to the improvement of working conditions and practices.	<ul style="list-style-type: none"> <li>Continued membership of ACT (Action, Collaboration, Transformation) along with 19 other brands and the global trade union IndustriALL</li> <li>ACT developed the Interim Dispute Resolution Mechanism (DRM) in 2020 to support access to remedy for issues relating to wages and Freedom of Association (FoA). The purpose of the Interim DRM is to ensure that disputes over the FOA Guidelines implementation can be heard and resolved in a fair and predictable manner</li> <li>During the year, two new cases were submitted, one of which is already resolved</li> </ul>
Health and Safety (including Mental Health)	Health and safety is a concern in all of our sourcing countries and across our own business operations. Fire and industrial accidents continue to be a risk within our extended supply chain, impacted by the quality and management of appropriate building design and structure, fire prevention, machinery, chemicals and abrasives.	<ul style="list-style-type: none"> <li>Our in-country Code of Practice (COP) teams carry out supplier training before audits to ensure suppliers' factories are aware of our standards on Health and Safety</li> <li>Signatory to the Pakistan Accord from 2023</li> <li>Achieved remediation of 94% in NEXT active lead brand sites (44 sites). 140 NEXT sites have now achieved 100% remediation with support from our in-country COP team, which is confirmed via recognition letters from Accord/RMG Sustainability Council</li> <li>Identified 49 cases of extremely hazardous working conditions through our COP audits. We worked with 30 factories to remediate the issues and disengaged with 19 who were not willing to work with us on improvements.</li> </ul>

## APPENDIX 1: OUR APPROACH TO CORPORATE RESPONSIBILITY CONTINUED

Salient Issue Identified	Why it is important to NEXT	Our key activities
Children's Rights	<p>It is estimated that approximately 160 million children are in child labour with 79 million children, nearly half, engaged in hazardous work. Each year our COP auditing team uncovers a small number of instances of persons too young to work within factories making our products.</p>	<ul style="list-style-type: none"> <li>Identified one case of child labour (one child in total) during the year, aged 14 years 7 months, working in the sewing section of a factory in Cambodia where the legal working age is 15 years old. The factory worked with Better Factories Cambodia (BFC) on appropriate remediation including paying living compensation to the child, ensuring their enrolment in vocational school and committing to hiring them back once they had reached legal working age. The remediation was successfully completed in the second half of 2023 and monitored by our Far East COP team</li> <li>As part of new supplier inductions we carry out training on child labour risks and our approach to managing any cases, including our Child Labour Policy and supplier guidelines</li> <li>Continue to implement our incident response procedures whereby we engage a relevant Non-Governmental Organisation (NGO) to consult and support the child and their family. They will continue to monitor the situation until the child reaches legal working age to ensure they remain in education</li> </ul>
Modern Slavery (including Wage Retention)	<p>Instances of forced labour or modern slavery in our supply chain can take place in all countries, including the UK. Workers must receive all wages they are owed; suppliers are not allowed to retain any wages. With bonded labour comes a negative impact on all other labour rights and risks are higher if migrant workers are employed. Some of our sourcing countries hire migrant workers from overseas and such workers can be vulnerable to exploitation.</p>	<ul style="list-style-type: none"> <li>Over 6,100 NEXT employees globally have completed our bespoke online training course, with around 1,200 new employees completing the training during the year</li> <li>In 2023, we disengaged 13 factories where remediation on issues relating to modern slavery had not been achieved to an acceptable level. Ten cases were in relation to wage retention</li> <li>Worked with five factories to remediate identified modern slavery risks. An additional ten sites are being supported through an agreed remediation process</li> <li>Provided training to suppliers via our in-person supplier presentations in countries such as Morocco, Tunisia, Poland, India, and Turkey</li> </ul>

# APPENDIX 1: OUR APPROACH TO CORPORATE RESPONSIBILITY CONTINUED

Salient Issue Identified	Why it is important to NEXT	Our key activities
Wage Levels	<p>Our Code of Practice teams ensure that workers in our contracted supply chain are being paid in line with a country's legal wage levels.</p>	<ul style="list-style-type: none"> <li>• In Bangladesh, we have worked with factories to resolve wages and benefits payment issues as follows:           <ul style="list-style-type: none"> <li>– Maternity pay delays (12 factories)</li> <li>– Wage payment delays (18 factories)</li> <li>– Severance payment delays (19 factories)</li> <li>– Service benefit payments (83 factories)</li> <li>– Deposits refunded to third party staff such as security guards and cleaners (five factories)</li> <li>– Workers' severance payments (39 factories)</li> <li>– Annual leave provision (102 factories)</li> </ul> </li> <li>• Our on-the-ground COP team offered support and guidance to ensure that the issues were resolved. This was subsequently verified through our COP audit process</li> <li>• In India during 2023 we worked with factories where non-conformities were identified in relation to wage payment, severance payments and social security payments, resolving issues for 603 workers</li> <li>• There has been a lot of activity with ACT this year including the successful roll out of the second round of Purchasing Practices surveys in the first half of the year – the Purchasing Practices Assessment was completed by 136 of our suppliers and the Purchasing Practices Self-Assessment was completed by 56 internal colleagues, a very similar level of participation the last time the surveys were run in 2021. A detailed report comparing ours and other ACT brand members' results to the previous survey results will be produced in early 2024</li> </ul>

## APPENDIX 1: OUR APPROACH TO CORPORATE RESPONSIBILITY CONTINUED

Salient Issue identified	Why it is important to NEXT	Our key activities
Harassment and Discrimination	Women represent the majority of workers in our supply chain. In many countries, the risk of discrimination against women is greater in relation to equal opportunities, age or marital status. This can lead to harassment of workers, and also impact upon a range of other human rights. It can be difficult to identify in COP audits as it is less tangible than some of our other salient human rights issues.	<ul style="list-style-type: none"> <li>Carry out training with suppliers to raise awareness of these issues and to understand root causes. Where issues are identified through our COP audits, we work with suppliers on remediation</li> <li>We identified one case of discrimination in the form of pregnancy testing in a factory in China during 2023. This was a repeat occurrence following an initial audit the previous year. We had worked with the supplier and factory to try and resolve the case via a remediation plan, supported by our regional team and we had hoped to see changes to practices on site. Unfortunately, the factory was not able to implement the necessary improvements and we made the difficult decision to disengage from the site</li> <li>One case of discrimination was identified in Bangladesh where a pregnant worker was forced to resign from their job, therefore denying them of maternity leave and benefits. Our COP team worked with the factory to agree a remediation plan involving the support of an appropriate third party expert organisation. Improvements have been observed through our follow-up COP audits and we will continue to monitor the factory via our on the ground team</li> </ul>
Water, Sanitation and Health	We source products from parts of the world which encounter frequent periods of water scarcity. Where this occurs, there is an increased risk that communities may not have access to clean, safe water which can be linked to poor health. Our extended supply chain includes operations such as laundries, mills, dye houses, and tanneries; these facilities carry a particularly high risk of water contamination where untreated effluent can be discharged into rivers used by local communities. People negatively impacted can include both supply chain workers as well as communities located close to sites manufacturing NEXT products.	<ul style="list-style-type: none"> <li>During our COP audits the team verifies that clean drinking water is available for all workers</li> <li>To read more about our Water and Chemical Management in sourcing, see page 22.</li> </ul>

## APPENDIX 1: OUR APPROACH TO CORPORATE RESPONSIBILITY CONTINUED

Salient Issue Identified	Why it is important to NEXT	Our key activities
Working Hours	We rely on the workforce of our suppliers and factories to meet order requirements. Sometimes this can lead to excessive working hours that can impact the workers' wellbeing.	<ul style="list-style-type: none"> <li>Provided training to suppliers to raise awareness of these issues and understand root causes. Where issues are identified through our COP audits, we work with suppliers on remediation</li> <li>We have established a piece of work focused on analysis of working hours in a select number of factories where we observed during COP audits that employees had worked excessive weekly hours. Through this analysis we aim to identify the root causes of the hours worked. Following the analysis report, we meet the factory management, agree a plan on how to reduce working hours gradually so that changes are sustainable and monitor this on a monthly basis. Currently, we have identified four factories and our on the ground teams are closely monitoring their progress</li> </ul>
Privacy and Data Security	Our operations are highly reliant on data and our IT systems and there is a growing risk of cyber crime and therefore the need for us to protect our systems from security threats, loss of data and unauthorised disclosure. Protecting the personal data of our customers and employees is of paramount importance to NEXT. Customers and employees trust us to process their data in a responsible manner and maintain the security of their data, we take this responsibility very seriously.	<ul style="list-style-type: none"> <li>We are committed to ensuring we protect our customers' and employees' personal data and dedicate significant resource to the maintenance and security of our systems</li> <li>Systems vulnerability and penetration testing is carried out regularly to ensure data is protected from corruption or unauthorised access or use</li> <li>We have extensive employee training and awareness programmes in place with regards to data protection and information security</li> <li>We have dedicated teams continuously monitoring our systems for security threats, overseeing our data protection obligations and providing advice to the business</li> </ul>

## APPENDIX 1: OUR APPROACH TO CORPORATE RESPONSIBILITY CONTINUED

### 2. Our Auditing Approach

Our aim is to ensure new suppliers understand our requirements before they commence working with NEXT and existing suppliers take responsibility for maintaining compliance within all their production locations.

Prior to an audit being carried out, our on the ground teams take a number of steps including:

- Holding one-to-one meetings with suppliers and factories to ensure an understanding of the COP approach
- Provide access to a variety of documents, policies and tools in relation to the COP audit
- Opportunity for questions in advance of the audit

The COP audit provides a picture of how well a supplier and its factories are complying with our requirements. The audit day typically involves the following:

- Opening meeting with key participants in the audit e.g. management, worker representatives, business owner
- Site tour
- Documentation review
- Worker interviews – we speak to workers confidentially, both individually and in groups, both on-site and off-site and include a cross-section of ages, job roles, gender and length of service. Our team speak the workers' language wherever possible and we also engage translators. We know this is critical to building a relationship of trust between the auditor and the workers
- Closing meeting – the auditor provides verbal feedback on any action points that have been identified and agrees the Corrective Action Plan (CAP) which we agree with the supplier and factory management, and conduct regular re-audits to verify improvements

As we continue to bring on board our TP Partner brands, where it is agreed that the Next COP approach is to be embedded, our teams work to ensure that all COP requirements are communicated and implemented within the relevant supply chains.

A CAP report summarising all findings, agreed actions and remediation timescales is provided to the factory for them to implement. The NEXT team then works with the supplier and factory to implement these. This helps build the relationship between NEXT and its supplier, and helps convey to the supplier that NEXT is here to support progress over the longer-term.

The auditing process is a vital due diligence tool:

- Providing assurance that our suppliers understand their responsibility to comply with our ethical standards
- We seek to conduct all audits on an unannounced basis as this means we are more likely to see a true picture of how a factory operates
- We support suppliers to improve whilst maintaining the business relationship. We will work with their factories, wherever we can, to bring them up to our standards rather than walk away and terminate the relationship. This delivers a better outcome for the workers
- Where we find areas for improvement, we create a CAP
- Our priority is always to support factories in resolving issues, but we will not continue to work with them indefinitely if there is no willingness on their part to address the issues and improve
- Post-audit, as well as working with the supplier and factory on their CAP, our in-country teams provide support in addressing non-conformities and providing guidance on best practice, as well as maintaining regular communication and follow-up on progress



# APPENDIX 1: OUR APPROACH TO CORPORATE RESPONSIBILITY CONTINUED

## 3. Partnering for Change

Some examples of our collaborative work are:

Organisations	Background and Benefits	Activities in 2023
Accord  ACCORD on fire and building safety in Bangladesh	<p>The RMG Sustainability Council (RSC) performs independent factory inspections in Bangladesh focusing on three key areas; fire risk, electrical installations and structural condition of buildings.</p> <p>We are signatories to the new agreement, called the International Accord for Health and Safety in the Textile and Garment Industry, which commenced in September 2021. In Bangladesh, the agreement is already implemented by the independent national tripartite RSC consisting of brands, unions and industry.</p> <p>Find out more at: <a href="http://internationalaccord.org">internationalaccord.org</a></p>	<ul style="list-style-type: none"> <li>• We continue to engage with Bangladesh Accord and RSC who are doing regular inspections for fire, electrical and building safety in our supply base factories and also conducting Occupation Safety Trainings for all the workers to understand the safety requirements and raise concerns to report against unsafe workplace safety</li> <li>• NEXT has maintained its full support for the Bangladesh Accord as it has transferred its operations into the RMG Sustainability Council (RSC). The RSC, of which NEXT was an initial signatory, now includes representation from brands, unions and RMG manufacturers and has commenced managing the workplace safety programmes at the 1600+ Bangladesh Readymade Garment factories previously covered under the Bangladesh Accord. The RSC's work will include factory inspections, remediation monitoring, safety training and an independent health and safety complaints mechanism available to workers in RMG factories. The agreed goal of the RMG Sustainability Council (RSC) is to eventually cover all RMG exporting garment factories globally</li> <li>• We are a signatory to the Pakistan Accord for 2023 and carried out a number of sessions during the year with our Pakistan suppliers to communicate our position</li> </ul>

# APPENDIX 1: OUR APPROACH TO CORPORATE RESPONSIBILITY CONTINUED

Organisations	Background and Benefits	Activities in 2023
ACT 	<p>ACT is the first initiative on living wages in the garment sector that provides both a means of negotiating better working conditions as well as productivity improvements. ACT members commit to supporting productivity improvements and reviewing their own internal buying practices and their potential impact on workers. 19 member brands alongside IndustriALL, the global trade union, have agreed the following principles:</p> <ul style="list-style-type: none"> <li>• a joint approach where all participants in the global supply chain assume their respective responsibilities in achieving freedom of association, collective bargaining and living wages</li> <li>• agreement on a living wage should be reached through collective bargaining between employers and workers and their representatives, at industry level</li> <li>• workers must be free and able to exercise their right to organise and bargain collectively in accordance with ILO conventions</li> </ul> <p>As part of our membership we have made five purchasing practices commitments:</p> <ul style="list-style-type: none"> <li>• to include wages as itemised costs within a cost price</li> <li>• fair terms of payment</li> <li>• better planning and forecasting</li> <li>• to undertake training on responsible sourcing and buying</li> <li>• to practice responsible exit strategies</li> </ul> <p>Find out more at: <a href="http://actonlivingwages.com">actonlivingwages.com</a></p>	<p>• There has been a big focus on Cambodia as a priority country, with progress made in the negotiations leading towards a Collective Bargaining Agreement. This industry-wide CBA would be the first of its kind in the garment industry, and with the potential to include a wage element in the CBA it would be a real proof of concept for ACT. The Member Council Meeting (MCM) held in Phnom Penh in September 2023 included productive tripartite meetings between Brands, Employers and Unions meaning that negotiations of the CBA have now moved towards the final stages and ACT members could potentially see an agreement signed in the first half of 2024</p> <p>• We attended four quarterly MCM meetings in Amsterdam (Jan 2023), online (June 2023), Phnom Penh (Sept 2023) &amp; London (Dec 2023), with the next meeting taking place in Paris in February 2024, the same week as the OECD forum where the ACT secretariat hope to be able to share the news of the Cambodia CBA being signed with a wider group of industry stakeholders</p>

# APPENDIX 1: OUR APPROACH TO CORPORATE RESPONSIBILITY CONTINUED

Organisations	Background and Benefits	Activities in 2023
AIDER 	The crèche is run by the NGO AIDER, and currently supports children of homeworkers in the region of Badarpur, India. In addition, students can attend the computer centre at the crèche, where they can study for a certificate in basic computer and typing skills as well as attend a tuition centre focusing on academic skills.	<ul style="list-style-type: none"> <li>We work with AIDER to support and protect vulnerable homeworkers and their families with a programme which aims to improve transparency in this part of the supply chain. As well as regular visits to the centre by the COP team based in India, in 2023:</li> <li>Enrollment included: <ul style="list-style-type: none"> <li>Preschool - 52 students</li> <li>Computer courses - 95 students</li> <li>General tuition - 50 students</li> <li>Sewing skills - 65 students</li> <li>34 female students have gained employment in a variety of organisations.</li> <li>A 10 month programme of workshops, training, dance and yoga classes have been provided to students, including self-defence, nutrition and health.</li> </ul> </li> <li>Five medical camps were run: <ul style="list-style-type: none"> <li>Dental x4 (232 beneficiaries)</li> <li>Breast care x4 (100 beneficiaries)</li> <li>Nutritional x5 (468 beneficiaries)</li> <li>Eye/Ear, nose and throat x2 (211 beneficiaries)</li> <li>Skin x1 (35 beneficiaries)</li> </ul> </li> </ul>
Benkacem Consulting (BCC) 	A Moroccan local institution for consulting services that was launched in 2018, it works to support, train and strengthen the capabilities of the private and public institutions as well as civil society organisations. It works on developing capacity-building plans and organising thematic training courses in addition to providing advice and study projects. They specialise in the implementation, supervision and tracking of projects, such as capacity building in the field of social entrepreneurship, enhancing citizen participation and improving the quality of life, in addition to strengthening collective resilience in the face of various societal challenges.	<p>Activities in 2023:</p> <ul style="list-style-type: none"> <li>Partnered with BCC to launch the Gender Empowerment Project for the benefit of the female workers in our supply chain focusing on: illiteracy; providing equal opportunity to progress in their careers within the factory</li> <li>Support for children of workers in the form of tutoring; gender integration within factories; and a grievance mechanism in the form of listening, guiding and psychological support</li> <li>In the second half of the year, a survey to determine the specific needs of the female workers within the factories was launched to adapt the project to their needs</li> <li>The grievance mechanism has received 30 calls since its launch at the end of 2023</li> <li>Literacy courses have been adapted to the workers needs and were launched in December 2023 both virtually and in person</li> </ul>

# APPENDIX 1: OUR APPROACH TO CORPORATE RESPONSIBILITY CONTINUED

Organisations	Background and Benefits	Activities in 2023
British Retail Consortium (BRC) 	<p>Brands' ethical experts work collaboratively on the welfare and treatment of workers in the retail supply chain to develop and agree ways of working.</p> <p>Find out more at: <a href="http://brc.org.uk">brc.org.uk</a></p>	<ul style="list-style-type: none"> <li>Attended meetings of the Ethical Labour Working Group. Main topics of discussion included developments in legislation relating to forced labour and human rights due diligence, best practice on addressing modern slavery, and risks in the shipping and logistics sector, as well as government policy developments and horizon scanning of upcoming issues</li> </ul>
ETI 	<p>The ETI is an alliance of companies, NGOs and trade unions, working collaboratively to ensure working conditions and rights of workers producing for the UK market meet or exceed international labour standards. NEXT continues to be a committed member of the ETI which we joined in 2002. The ETI is one of the principal ethical communities where NEXT regularly engages with multiple stakeholders through meetings and working groups focusing on specific issues.</p> <p>Find out more at <a href="http://ethicaltrade.org">ethicaltrade.org</a></p>	<ul style="list-style-type: none"> <li>During 2023 we have worked with and contributed to the ETI on:</li> <li>Gender risks and associated due diligence</li> <li>Forced labour risks in the global supply chain</li> <li>Apparel and Textiles group meetings</li> <li>Best practice in relation to the ETI Corporate Transparency Framework</li> </ul>
FAB-L 	<p>Fashion Workers Advice Bureau Leicester (FAB-L) is a community outreach project that offers free advice and support for garment, textile and fashion workers in Leicester. The project is led by a senior community engagement and outreach worker and a community engagement support worker.</p> <p>Find out more at: <a href="http://highfieldscentre.ac.uk/fabl/">highfieldscentre.ac.uk/fabl/</a></p>	<p>Activities carried out by the project during its second year include:</p> <ul style="list-style-type: none"> <li>Successfully launched English classes, delivering over 40 sessions for local people</li> <li>Supported 30 workers with work/employment rights issues ranging from unfair dismissal, redundancy and bullying at work. The FAB-L team provided signposting to appropriate resources, referral to unions or access to remediation through FAB-L and member brands. None of these cases related directly to Next's supply chain</li> <li>Providing a safe space for garment workers to drop in and access advice and support or to report any concerns and issues. This is in addition to a FAB-L phone line and WhatsApp service. These drop-in sessions are regularly attended by garment workers, with over 300 people utilising the service</li> <li>Employment support given to more than 50 workers since FAB-L entered its second year. We have supported with CV writing, provided 1 to 1 support and progressed some workers into employment or education/vocational training</li> <li>Over 30 events held in the local community to raise awareness of FAB-L</li> <li>Conducted factory visits to engage with workers directly</li> </ul>

# APPENDIX 1: OUR APPROACH TO CORPORATE RESPONSIBILITY CONTINUED

Organisations	Background and Benefits	Activities in 2023
Impactt 	<p>Impactt supports companies to have a positive approach on human rights in the supply chain, putting workers at the centre of what they do.</p> <p>Find out more at <a href="https://impacttlimited.com">impacttlimited.com</a>.</p>	<ul style="list-style-type: none"> <li>During 2023, Impactt supported our work in relation to an identified child labour case in Myanmar in 2022. More information can be found in our Modern Slavery Statement.</li> </ul>
KADAV 	<p>KADAV is a women's solidarity NGO in Turkey which supports community work in areas such as gender-based violence, migrant women and female labour rights. Syrian refugees continue to migrate to Turkey, one of our key sourcing markets. Many have travelled to garment production hubs such as Istanbul where they seek employment to support their families. Recently, KADAV has supported victims of the 2023 earthquake in Hatay, Turkey.</p>	<ul style="list-style-type: none"> <li>KADAV activities for 2023:</li> <li>Following the earthquake in Turkey in early 2023, a 'Solidarity Bus' was organized as a safe space where individuals could rest, access emergency hygiene materials, discuss and consult with professional team members about their needs</li> <li>Produced underwear, nightwear, tracksuits and baby clothes for women and children in KADAV production workshops in Istanbul. They delivered a total of 1350 products to the earthquake zone</li> <li>Employed a Social Worker to provide psychosocial support to earthquake victims</li> <li>Volunteer trainers provide preschool, primary and secondary school education support to around 700 children</li> </ul>
Phulki 	<p>Phulki is a local NGO that provides training on a range of topics such as health issues and woman rights, as well as vocational training for caregivers and to increase women's financial stability. It has established childcare facilities in the workplace for women that are employed in garment factories in Bangladesh. The organisation combines corporate social responsibility and commercial ventures to benefit society. Any profits are channelled into projects which support disadvantaged communities. Phulki provides diverse consultation and training services.</p> <p>Find out more at <a href="https://phulkibd.org/">https://phulkibd.org/</a></p>	<p>Activities in 2023:</p> <ul style="list-style-type: none"> <li>We began working with PHULKI at the end of 2023, when they conducted a baseline survey in four of our factories to identify the needs and expectations of female workers. This survey was the first step of our Womens' Empowerment Program. Further activities will commence in the first half of 2024 with our local COP team supporting the Phulki teams</li> </ul>

# APPENDIX 1: OUR APPROACH TO CORPORATE RESPONSIBILITY CONTINUED

Organisations	Background and Benefits	Activities in 2023
SAVE (Social Awareness and Social Education)	<p>SAVE is a non-profit societal reconstruction organisation. SAVE carries out developmental programmes towards uplift of socio-economically poor and marginalised communities.</p> 	<ul style="list-style-type: none"> <li>There are six resource centres operating across Tamil Nadu, where new mill workers are employed in significant numbers. These centres support workers as well as surrounding communities by providing them with training prior to their departure for work at the mills, support in addressing their grievances and providing awareness on financial literacy, health and hygiene and labour rights. They also facilitate linking the workers or their families with government-sponsored social welfare schemes. Through these resource centres our centre managers are also focusing on the vulnerable dalit community and extending support for their welfare</li> <li>Three of the centres were set up specifically to support intra- and interstate migrant workers</li> <li>Supported migrant workers' children to enrol in local government schools. COP team has supported these children and the school by helping provide the required infrastructure</li> <li>Organised training sessions in supply chain factories on fair recruitment practices and challenges with migrant workers; life skills training for mid-level management and workers; health camps on breast and cervical cancer, drug and alcohol issues, HIV and also personal counselling for those struggling with addiction</li> <li>Supported the roll out of a grievance redress platform in workers' communities, local industrial zones, and villages to enhance a worker's ability to raise concerns and seek access to remedy (see page 9 for more information)</li> </ul>
United Work	<p>United Work is an independent organisation based in Turkey who support Syrian refugees registered with the Turkish Ministry of Internal Affairs to find long term employment.</p> 	<ul style="list-style-type: none"> <li>Our local COP team in Turkey speak to factories about the work that United Work does and that the organisation can help them with finding new workers</li> <li>During the year, United Work supported 25 people to obtain appropriate work permits</li> </ul>
Unseen	<p>Unseen is a UK-based charity providing the UK-wide Modern Slavery and Exploitation Helpline. Through sponsoring the hotline we gain insight of potential modern slavery risks and how forced labour situations are being reported. This collaborative approach is important to help us mitigate risks and manage emerging threats.</p> <p>Find out more at: <a href="http://unseenuk.org">unseenuk.org</a></p> 	<ul style="list-style-type: none"> <li>We maintained our partnership with Unseen during 2023 and are in discussions about potential collaborative work in the UK supply chain for 2024</li> <li>We continue to monitor potential issues in our supply chain through regular contact with Unseen and the Modern Slavery and Exploitation Helpline, which allows us to carry out proportionate due diligence where appropriate</li> <li>During the year, no cases were raised through the helpline that related to Next suppliers</li> </ul>

# APPENDIX 1: OUR APPROACH TO CORPORATE RESPONSIBILITY CONTINUED

Organisations	Background and Benefits	Activities in 2023
The European Chamber of Commerce in Myanmar	<p>The organisation serves as the voice of European business in Myanmar. Its focus is to advocate member interests and support European businesses in navigating Myanmar's business climate.</p> <p>Find out more at: <a href="http://eurocham-myanmar.org">eurocham-myanmar.org</a></p>	<ul style="list-style-type: none"> <li>We joined EuroCham in December 2022 and have continued to attend regular meetings of the Brands Working Group</li> <li>Joined calls with EuroCham team to discuss their MADE (Multistakeholder Alliance for Decent Employment) programme and explore opportunities for collaboration on grievance mechanisms</li> <li>NEXT representatives attend regular meetings of the Brands Working</li> </ul>
TIMBY (This Is My Back Yard)	 <p>TIMBY (This Is My Back Yard) provides access to a suite of digital tools and training that help teams tackle complex problems such as transparency, compliance and human rights in a secure way. This is done via a reporting app and an investigation dashboard, which can then be utilised to build a narrative around a particular issue. We have worked with TIMBY to roll out an independent grievance mechanism in a number of factories across our global supply base. TIMBY provides us with the platform for factory employees to disclose grievances they may have, independently of any internal procedures. This gives us a deeper insight into the potential issues workers are facing as well as giving workers a voice and an independent avenue to be able to raise their concerns. We review and assess all issues disclosed to us to identify potential root causes and explore the most appropriate steps to take to tackle concerns raised by employees.</p> <p>Find out more at <a href="http://timby.org">timby.org</a></p>	<p>Activities in 2023:</p> <ul style="list-style-type: none"> <li>To date we have successfully rolled out the grievance mechanism in India (16 factories), Pakistan (two factories) and Myanmar (three factories)</li> <li>During 2024 we plan to roll out it out in more of our sourcing locations, with potentially the UAE as the first country</li> <li>Over the past year we have had 101 grievances though the TIMBY platform</li> <li>Myanmar: 2 cases received, both remediated</li> <li>India: 5 cases received, 4 resolved and 1 in remediation (30 further cases received through the platform but not related to NEXT; our partner SAVE has taken these forward to work on remediation)</li> <li>Pakistan: 94 cases received, 93 resolved and 1 currently in remediation</li> </ul>

# APPENDIX 1: OUR APPROACH TO CORPORATE RESPONSIBILITY CONTINUED

## 4. Product Safety and Legislation Compliance

Working closely with our buyers, designers and suppliers, our team of specialist technologists is responsible for ensuring:

- All products sold by NEXT are safe and comply with relevant legislation
- Our suppliers meet the required safety and performance standards detailed in our product specific technical manuals
- We work with and use the expertise of independent safety specialists to ensure the products we sell achieve the required standards

Suppliers to NEXT have direct access via our online supplier portal to our full range of technical manuals and quality, safety, ethical and responsible sourcing standards and requirements.

In order to have visibility and monitor the development of both new legislation and changes to existing legislation at a United Kingdom, European and global level, we work closely with trade associations, British Standards and government departments. We also contribute to and support legislation development by giving our views and ideas. We are members of various industry committees and groups, such as the British Standards Institute Technical Committees and the British Retail Consortium. Through these we are able to participate with other stakeholders in policy debates, to contribute to their development and ensure NEXT product is compliant with relevant legislation.

Our product safety standards have been developed to comply with relevant consumer legislation and compliance requirements. Technologists in our Product teams work closely with our suppliers to provide expert guidance so the right materials are chosen to manufacture high quality, durable products in factories with robust product safety processes. Our technologists from UK Head Office and our global sourcing offices visit our suppliers to monitor production. Products are inspected upon receipt into our UK warehouse to ensure they meet our specifications.

The safety of children is an issue that is of very high importance for many retailers and suppliers. Through BSI (British Standards Institute) and CEN (European Committee for Standardisation), NEXT is an active participant in the

working groups responsible for developing standards to ensure the safety of children's clothing. Our Childrenswear division focuses on safety throughout all stages of development and production; starting at the design stage with a risk assessment to ensure all products achieve the standards we require.

Our safety standards are based as a minimum, on the highest legal British and European standards. If we are not satisfied with a product's safety, or if a product fails to comply with legal requirements, NEXT has an established procedure in place to recall a product as the safety of our customers is our priority. Through the Product Safety Forum, chaired by our Business Risk Manager, any product recalls are reviewed to ensure the corrective actions undertaken are robust.

Our in-house UKAS<sup>1</sup> and SATRA accredited product testing laboratory, based at Head Office, is used to undertake testing for our Product teams to support their assessment decisions and product reviews to ensure products perform to our requirements.

<sup>1</sup> United Kingdom Accreditation Service

## 5. Responsible Sourcing and Raw Materials Policies

We have policies covering our approach to sourcing key materials. To see all our available policies, follow [this link](#).

Our policies covering key materials include:

- Timber Policy
- Cotton Sourcing Policy
- Protecting Forests through Fabric Choices Policy
- Chemical Policy
- Animal Welfare Policy

## 6. Textiles 2030 Working Groups

### Metrics Groups

We continue to be an active member of Textiles 2030 and the Metrics Group and are involved in developing the footprinting tool that allows us and other signatories to calculate carbon, water and waste impacts of the products we create.

- The Metrics Group allows the industry to come together and agree on consistent methodology to measure baselines and improvements and actions taken to reduce impacts.

For example, agreeing which tools and data to use to achieve a credible baseline water footprint data and for generic fibres to allow the differences in water, carbon and waste to be visible when using more responsible versions of fibres

- The Metrics Group also review potential new improvement actions for inclusion in the tool against robust criteria and scrutiny of the group
- The Metrics Group guide the Advisory Board using metrics and measurable data to inform direction and give the agreement on data to measure progress towards targets

### Circularity

We continue to participate in developing the Textiles 2030 Circularity Roadmap and benefit from the tools and resources created to build into our own circular business approach.

### Advisory Group

We are part of the Textiles 2030 Advisory Group and influence the priorities and roadmap of the programme. The benefit of collaboration created within the programme is a shared understanding and learnings from pilots, methods, research and holding the industry to account.

## 7. Measuring our Climate Impacts

We aim to make our operations more efficient and work to reduce our impact through, for example, reducing energy consumption and waste.

Our global direct carbon footprint is measured in alignment with the GHG Protocol Corporate Accounting and Reporting Standard and includes emissions from:

- Properties – stores and warehouses in the UK and Eire, our UK Head Office, our global offices, customer contact centres, NEXT Steps Nursery and owned manufacturing facility in Sri Lanka
- Distribution – (upstream transportation and distribution) our distribution of products to Retail stores or customers' homes in the UK and Eire in NEXT owned and third-party vehicles; delivery of Online products to our International customers via third-party providers

# APPENDIX 1: OUR APPROACH TO CORPORATE RESPONSIBILITY CONTINUED

- Waste – from our UK and Eire stores, UK warehouses, UK Head Office, our global offices, customer contact centres and owned manufacturing facility in Sri Lanka
- Business travel – by NEXT employees globally including air, rail and road travel
- Purchased Goods and Services – emissions associated from cradle to gate (when the finished product leaves the suppliers facility in country of manufacture)
- Downstream transportation and distribution – the transport of imported goods to our UK warehouses from our global suppliers by sea, air, rail or road
- Use of sold products – how our customers launder and care for their products
- Other – including the end of life treatment of sold products, employee commuting and fuel and energy activities

## 8. Distribution Efficiency

- With over 50% of our UK Online customers choosing to have their order delivered to a retail store to collect, we are able to maximise the efficiencies achieved by our fleet
- Double-deck trailers are used for direct deliveries to our distribution centres around the UK, as well as our stores both in the UK and Eire to maximise efficiency as we can move up to 50% more products and increase fuel efficiency
- The majority of Online customers prefer to return their unwanted orders back to a store as it is more convenient for them. We aim to maximise efficiency of returning vehicles from stores to warehouses by carrying returned items as well as back-hauling waste materials to our recycling centre, and collecting deliveries from some of our UK suppliers

**Driver Training** is crucial to the overall efficiency of the fleet and we operate a number of initiatives such as:

- A four-seater training vehicle which supports team training and allows the trainers to provide their support more efficiently
- Improving driver style and fuel efficiency with one-to-one training
- Engines fitted with three minute idle cut off mechanism to save fuel

- Driver performance analysis against the planned route, distance and fuel used
- Trial vehicles, trailers, accessories and systems that potentially offer improved efficiencies; trial use of alternative fuels, performance and driver safety; and based on the results achieved will invest to improve the fleet in the future
- We have brought 55 new drivers into the business through our LGV Driving Academy

**Driving safely** is a priority for the business, both for our drivers as well as other road users. In addition to the training and assessments undertaken by our drivers we use equipment to support them whilst driving, such as:

- In-cab cameras provide an alert back at the depot should an incident occur during the journey
- An early warning system for lane departure that can also warn the driver about hazards around their vehicle, read road signs and even apply the vehicle brakes where necessary
- A safety feature to help eliminate the danger of a forward collision, ensuring the NEXT lorry maintains a safe distance from the vehicle in front by scanning the road ahead. If the vehicle in front brakes heavily or another vehicle cuts in front of the NEXT vehicle, it will automatically slow down or even stop

## 9. Waste and Recycling

**Our in-house recycling centre** located at one of our UK warehouses receives materials for recycling from around 400 of our stores. The materials include cardboard, polythene, returned carrier bags, Online packaging, broken clothes hangers and used gift cards. Once the materials are received they are segregated and baled, before being sent for recycling. Improved procedures within the recycling centre have ensured we have been able to control how these materials are handled when they are received to ensure we maximise the quantity to be recycled.

## 10. Product Lifecycle Management

Our unsold or returned stock falls into three categories, being items which are:

**1. Never sold** – Products which are not sold in our stores or Online at full price are discounted in our mid-season, Black Friday or end of season sales. Remaining products are then sold through our own discount routes, both online and in our Clearance stores, before being sold to NEXT authorised third party wholesalers who then sell the products within their operations. In addition, we work with charity partners to whom we donate unwanted products either for reuse to help people in need directly or to be sold to generate funds.

**2. Returned as faulty** – All returns are inspected, the fault categorised and findings fed back to our team of technologists to work with our suppliers to eliminate similar faults occurring on future products. The faulty items, if possible, are either sold through our Clearance operation or donated to charity partners who are able to reuse them within their operations.

**3. Online returns** – A significant percentage of clothes we send out to our Online customers is returned to us in line with a customer's consumer rights under the Distance Selling Regulations. This is a very normal part of doing business online. Items that are returned are inspected, refurbished and available to be sold. The items are returned for various reasons including being ordered for choice, not liked, incorrect/wrong or a small percentage are returned as faulty product. The faulty products are segregated to be sold through our Clearance operation (as detailed in 2 above).

## 11. Carrier Bags

We are working to reduce the amount of packaging used on our products and to eliminate the materials which cannot be recycled.

Our carrier bags are classed as reusable bags in line with the Carrier Bag Legislation as we will take back worn out bags from our customers and replace them whilst recycling the worn out bag.

We have explored and rejected using carrier bags and other film packaging made from oxo-degradable materials (which incorporate a chemical additive to initiate degradation by

# APPENDIX 1: OUR APPROACH TO CORPORATE RESPONSIBILITY CONTINUED

light, heat, mechanical stress and moisture over a period of time) as they are not suitable for recycling with mainstream plastics as they cause contamination and wider environmental impacts are uncertain.

We recognise the most effective way to reduce the environmental impact of carrier bags is to:

- Reduce the consumption by encouraging consumer behaviour change and reuse
- Communicate and support the reuse message in a consistent manner
- Be transparent; we list our donations on our corporate website

## 12. Diversity, Inclusion and Equity Policy

Our Diversity, Inclusion and Equality Policy, commits NEXT to:

- Actively supporting diversity and inclusion, to ensure that all our employees are valued, treated with dignity and respect
- Promoting an environment where individual differences and the contributions of everyone is valued
- Not tolerating any form of intimidation, bullying or harassment
- Promoting equality in the workplace
- Ensuring that decisions affecting employment, training, promotion and career development are based on an individual's ability
- Complying with relevant legislation requiring all employees to meet the required standard of behaviour and conduct in terms of how they treat each other, but also people that they have contact with as part of their work with NEXT
- Regularly reviewing the policy and its practical application

## 13. Head Office Child Care Nursery

Our architect-designed and purpose-built, state of the art Head Office Child Care Nursery called NEXT Steps continues to go from strength to strength. This is part of our on-going commitment to supporting our employees with their pre-school childcare arrangements.

The nursery was registered by Ofsted in October 2013, and is currently rated as Ofsted "Outstanding" rating.

The nursery is run in accordance with all Ofsted Early Years Foundation Stage and safeguarding requirements, and accidents are recorded and reported through standard NEXT procedures.

Sustainability is a key feature of the nursery's design. Features such as photovoltaic cells on the roof, rainwater harvesting, underfloor heating, extensive natural ventilation and point of use water heating have all provided a highly efficient building. A self-contained water treatment plant recycles waste water and feeds it back into the main water network. The nursery is fitted with an intelligent Building Management System which is split into zones and allows for greater control of the use of resources to ensure efficiency.

## 14. Health and Safety

We aim to:

- Ensure that nobody's health, safety or wellbeing is compromised to achieve other objectives
- Give our people the support, skills, knowledge and experience to manage their wellbeing and do their jobs safely
- Make our communications clear and consistent so safety rules and procedures are easy to understand by all
- Ensure our managers provide health and safety leadership and empower their people to speak up about any health, safety or wellbeing concerns
- Ensure our training and induction procedures give our people the knowledge and encouragement to enable them to improve their health and wellbeing at work
- Avoid unnecessary safety rules and controls by ensuring we get the safety requirements for the business right at the start
- Look for better and more effective ways of maintaining a healthy and safe place to work and shop, and which supports the wellbeing of our colleagues and customers
- Continue to support our health and wellbeing programmes and increase our focus on how we help and manage those suffering from mental ill-health

## 15. Mental Wellbeing Charter

At NEXT we want to have a culture that promotes and enables us all to achieve positive mental wellbeing. When we talk about mental wellbeing we mean:

*"Where you are able to achieve your potential, cope with normal day to day pressures, thrive and be productive in all aspects of your life."*

World Health Organisation definition for mental wellbeing

NEXT is an inspiring, exciting and rewarding place to work and we want everyone to feel able to be creative, productive and engaged.

NEXT aims to:

- Encourage an environment where mental wellbeing is discussed openly and in a non-judgemental way, eliminating stigma, fear and discrimination
- Give easy access to information or services which are needed to make helpful decisions about mental wellbeing
- Help everyone to recognise that for some people maintaining positive mental wellbeing can be a challenge
- Put mental wellbeing on a par with physical health
- Ensure that support is provided with respect, dignity and honesty
- Treat people fairly and with care and compassion
- Listen to people, taking into account how they feel; respecting that they may want to maintain confidentiality if they are struggling
- Encourage and enable everyone to take responsibility by making their own wellbeing choices
- Regularly monitor performance, assess progress and take action to improve the opportunities for positive mental wellbeing

## APPENDIX 1: OUR APPROACH TO CORPORATE RESPONSIBILITY CONTINUED

### 16. Training and Development

#### Head Office

- NEXT continues to offer graduates positions on our 12-18 month trainee schemes in Buying, Merchandising and Design
- We offer graduate opportunities in IT, Design and Digital Marketing and early careers opportunities within our Finance teams
- NEXT continues to sponsor and support the Fashion Retail Academy
- Our leadership programme for top talent in our middle and senior management called 'Inspiring Leaders' at Head Office continued during 2023

#### Retail

- We continue to evolve our range of training and development for everyone from team members through to store and Area Managers
- In 2023 we continued to support our Area Manager programme that supports our senior managers to be their best. This initiative provides modules tailored for each individual, covering both business and personal skills and competencies



## APPENDIX 2:

### INDICES - UNGP INDEX

#### UN Guiding Principles Reporting Framework Index

Our CR Report and Our Approach Report aim to align with the UN Guiding Principles Reporting Framework. The Reporting Index is designed to identify how and where the framework disclosures are addressed. The table below shows where you can find the relevant information as we have referenced the page numbers and policies to demonstrate our alignment.

For full details on the framework, please visit [www.ungreporting.org](http://www.ungreporting.org)

Section of the framework	Page location in our CR Report	Section of the framework	Page location in our CR Report
<b>PART A: GOVERNANCE OF RESPECT FOR HUMAN RIGHTS</b>			
A1 POLICY COMMITMENT	6-10, 35-39, Human Rights and Modern Slavery Policy, Code of Practice Principle Standards	C2 STAKEHOLDER ENGAGEMENT	6-10, 33, 35-47
A1.1	6, 10, Modern Slavery Transparency Statement	C2.1	6-10, 35-39
A1.2	6-10, 35-39	C2.2	6-10, 17-23, 35-39
A1.3	6, 8, 10, 40, <a href="#">Online Supplier Portal</a>	C2.3	6-10, 35-39
A2 EMBEDDING RESPECT FOR HUMAN RIGHTS	2, 3, 6-10, 33-34, Modern Slavery Transparency statement	C3 ASSESSING IMPACTS	6-10, 40, <a href="#">Modern Slavery Transparency Statement</a>
A2.1	6-10	C3.1	8, 10, 19-22
A2.2	33-34, Modern Slavery Transparency statement	C3.2	35-39
A2.3	6, 8, Modern Slavery Transparency Statement, Code of Practice Principle Standards	C4 INTEGRATING FINDINGS AND TAKING ACTION	6-10, 40
A2.4	6-10, <a href="#">Online Supplier Portal</a>	C4.1	6-10, 40
A2.5	6-10, 36-40, Modern Slavery Transparency Statement	C4.2	6, 10, <a href="#">Modern Slavery Transparency Statement</a>
<b>PART B: DEFINING A FOCUS OF REPORTING</b>			
B1 STATEMENT OF SALIENT ISSUES	35-39	C5 TRACKING PERFORMANCE	6-10, 35-47
B2 DETERMINATION OF SALIENT ISSUES	6-8, 35-39	C5.1	6-10, 35-47
B3 CHOICE OF FOCAL GEOGRAPHIES	Not Applicable	C6 REMEDIATION	6-10, 28, 35-47, <a href="#">Whistleblowing Policy</a>
B4 ADDITIONAL SEVERE IMPACTS	6-11, 35-39	C6.1	6-10, 28, 33, 35-47, <a href="#">Whistleblowing Policy</a>
<b>PART C: MANAGEMENT OF SALIENT HUMAN RIGHTS ISSUES</b>			
C1 SPECIFIC POLICIES	6-10, <a href="#">Online Supplier Portal</a> , Human Rights and Modern Slavery Policy, Code of Practice Principle Standards	C6.2	8-9, 35-47
C1.1	6, 8, 10, 40, <a href="#">Online Supplier Portal</a>	C6.3	8-9, 35-47
		C6.4	6-10, 35-47
		C6.5	6-10, 35-47

# APPENDIX 3: INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF NEXT PLC ON THE SELECTED ESG PERFORMANCE METRICS



## Our limited assurance conclusion

Based on the procedures we have performed, as described under the “Summary of work performed” and the “Key Assurance Matters” sections below, and the evidence we have obtained, nothing has come to our attention that causes us to believe that the information marked with the symbol **(A)** in NEXT plc’s (“NEXT”) Corporate Responsibility Report for the 52 weeks ended 27 January 2024 (the “Report”) and summarised below (together, the ‘Subject Matter Information’), has not been prepared, in all material respects, in accordance with NEXT’s Reporting Criteria (the ‘Reporting Criteria’) as set out on within Section A below.

## What we were engaged to assure

The Subject Matter Information needs to be read and understood together with the Reporting Criteria which NEXT’s Directors are solely responsible for selecting and applying. The Subject Matter Information and the Reporting Criteria are as set out within Section A.

The scope of our work did not extend to information in respect of earlier periods or to any other information included in, or linked from, the Report including any images, audio files or videos.

## Our work

### Professional standards applied

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) ‘Assurance Engagements other than Audits or Reviews of Historical Financial Information’ and, in respect of the greenhouse gas (GHG) emissions, in accordance with International Standard on Assurance Engagements 3410 ‘Assurance engagements on greenhouse gas statements’, issued by the International Auditing and Assurance Standards Board.

## Our independence and quality control

We have complied with the Institute of Chartered Accountants in England and Wales Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, that are at least as demanding as the applicable provisions of the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards).

We apply International Standard on Quality Management (UK) 1 and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Summary of work performed

We performed a limited assurance engagement. Because the level of assurance obtained in a limited assurance engagement can vary, we have provided more detail about the procedures we performed, so that the intended users of the Subject Matter Information can understand the nature, timing and extent of those procedures as context for our conclusion. The procedures performed vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

In performing our assurance procedures, which were based on our professional judgement, we performed the following:

- evaluated the suitability of NEXT’s use of the Reporting Criteria as the basis for preparing the Subject Matter Information including the associated reporting boundaries;
- through inquiries and by performing walkthrough procedures with NEXT’s management responsible for the Subject Matter Information, obtained an understanding of NEXT’s control environment, processes and systems relevant to the preparation of the Subject Matter Information.

Our procedures did not include evaluating the suitability of design or operating effectiveness of control activities;

- evaluated whether NEXT’s methods for developing estimates are appropriate and had been consistently applied, noting that our procedures did not involve testing the data on which the estimates are based or separately developing our own estimates against which to evaluate NEXT’s estimates;
- compared year on year movements and obtained explanations from management for significant differences we identified;
- performed limited substantive testing of the Subject Matter Information, which is aggregated from information submitted by the various NEXT department’s responsible for the various operating sites (i.e. retail stores, warehouses, offices etc.) that reside within the operational boundary. Testing involved agreeing the arithmetical accuracy of calculations, and agreeing data points to or from source information to check that the underlying subject matter had been appropriately evaluated or measured, recorded, collated and reported;
- undertook physical site visits at the NEXT manufacturing facility in Sri Lanka, NEXT head office and the Watford retail store and assessed the completeness of the reported fuel types in the data set and corroborated our understanding of the treatment of waste at each site; we selected these sites based on their inherent risk and materiality to the group and where we have not visited these locations in prior periods; and;
- considered the disclosure and presentation of the Subject Matter Information.

Our assurance procedures specifically did not include procedures on the financial information extracted from the audited accounts of NEXT and used in the calculation of ‘Intensity metric – Location Based (Tonnes CO<sub>2</sub>e/Total Sales (£m))’ and ‘Intensity metric – Market Based (Tonnes CO<sub>2</sub>e/ Total Sales (£m))’.

# APPENDIX 3:

## INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF NEXT PLC ON THE SELECTED ESG PERFORMANCE METRICS CONTINUED

### **Materiality**

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Subject Matter Information is likely to arise. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our procedures in support of our conclusion. We believe that it is important that the intended users of the Subject Matter Information have the information they need to understand the concept and the level of materiality to place our conclusion in context. Based on our professional judgement, we determined materiality for the Subject Matter Information as follows:

Overall materiality	<p>Materiality may differ depending upon the nature of the Subject Matter Information. We apply professional judgement to consider the most appropriate materiality benchmark for each aspect of the Subject Matter Information, having considered how the intended users of the Subject Matter Information may use the information. Based on our professional judgement, we determined materiality for the Subject Matter Information as indicated in the table in Section A by one of the following letters:</p> <ul style="list-style-type: none"> <li>A. This metric is an absolute number. A benchmark materiality of 5% of the total reported KPI figure has been applied.</li> <li>B. This metric measures intensity, which is calculated as a ratio between 2 different numbers. A benchmark of 5% has been applied to each of the numerator and denominator used in the calculation.</li> <li>C. This metric is a percentage. A benchmark materiality of 5% has been applied to each of the numerator and denominator used in the percentage calculation.</li> </ul>
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We also agreed to report to the Directors misstatements ('reportable misstatements') identified during our work at a level below overall materiality, as well as misstatements below that lower level that in our view warranted reporting for qualitative reasons. The Directors are responsible for deciding whether adjustments should be made to the Subject Matter Information in respect of those items.

### **Key assurance matters**

Key Assurance Matters are those areas of our work that in our professional judgement required particular focus and attention, including those which had the greatest effect on the overall assurance strategy, the allocation of resources, and directing the efforts of the engagement team.

We considered the following area to be a Key Assurance Matter and discussed this with NEXT's management.

### **Definition of market boundary**

Nature of the issue	<p>NEXT reports market-based emissions in accordance with the GHG Protocol standards and for this year is also applying the RE100 technical criteria published 12 December 2022. RE100 requires claims of the use of renewable electricity to be based on generation occurring in the same market for renewable electricity that use is claimed in. This includes the single market in Europe and the revised RE100 guidance provided an updated list of countries that make up the single market. The UK has been excluded from this list but the RE100 guidance includes grandfathering provisions for contracts with operational commencement dates before 1 January 2024, allowing for the UK to continue to be recognised within the single market in Europe, where applicable.</p> <p>As the application of the RE100 guidance and specifically the grandfathering provision can have a significant impact on the Scope 2 market-based emissions figure and includes areas of judgement, this gives rise to a risk that energy attribute certificates are inappropriately applied to energy usage leading to inaccurate reporting of the Scope 2 market-based emissions.</p>
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### **Definition of market boundary**

How our work addressed the key assurance matter

We have performed the following:

- Obtained an understanding of the process and methodology followed by NEXT in reporting their market-based emissions under the GHG protocol and RE100 technical guidance.
- Agreed that the certificates had an operational commencement date before 1 January 2024 and therefore meet the RE100 grandfathering rule.
- Agreed that the certificates have been appropriately retired in a country within NEXT's market boundary and reconciled the total number of certificates to the country specific register; and
- Evaluated the appropriateness of the disclosures made in connection with the updated reporting criteria that impact market based Scope 2 emissions in the Report.

Element(s) of the Subject Matter Information most significantly impacted

Scope 2 – Market Based  
Total Scope 1 and 2 – Market Based  
Intensity metric – Market Based

### **Challenges of non-financial information**

The absence of a significant body of established practice upon which to draw to evaluate and measure non-financial information allows for different, but acceptable, evaluation and measurement techniques that can affect comparability between entities, and over time.

Non-financial information is subject to more inherent limitations than financial information, given the characteristics of the underlying subject matter and the methods used for measuring or evaluating it. The precision of different measurement techniques may also vary.

# APPENDIX 3:

## INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF NEXT PLC ON THE SELECTED ESG PERFORMANCE METRICS CONTINUED

### Reporting on Other Information

The other information comprises all of the information in the Report other than the Subject Matter Information and our assurance report. The Directors are responsible for the other information. As explained above, our conclusion does not extend to the other information and, accordingly, we do not express any form of assurance thereon. In connection with our assurance of the Subject Matter Information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the Subject Matter Information or our knowledge obtained during the assurance engagement, or otherwise appears to contain a material misstatement of fact. If we identify an apparent material inconsistency or material misstatement of fact, we are required to perform procedures to conclude whether there is a material misstatement of the Subject Matter Information or a material misstatement of the other information, and to take appropriate actions in the circumstances.

### Responsibilities of the Directors

As explained in the Directors' Statement on page 2 of the Report, the Directors of NEXT are responsible for:

- determining appropriate reporting topics and selecting or establishing suitable Reporting Criteria for measuring or evaluating the underlying subject matter;
- ensuring that those criteria are relevant and appropriate to NEXT and the intended users of the Subject Matter Information in the Report;
- the preparation of the Subject Matter Information in accordance with the Reporting Criteria including designing, implementing and maintaining systems, processes and internal controls over the evaluation or measurement of the underlying subject matter to result in Subject Matter Information that is free from material misstatement, whether due to fraud or error;

- documenting and retaining underlying data and records to support the Subject Matter Information;
- producing the Report that provides a balanced reflection of NEXT's performance in this area and discloses, with supporting rationale, matters relevant to the intended users of the Subject Matter Information in the Report; and
- producing a statement of Directors' responsibility.

### Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Subject Matter Information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Directors of NEXT.

### Use of our report

Our report, including our conclusion, has been prepared solely for the Directors of NEXT in accordance with the agreement between us dated 27 September 2023 and variation letter dated 18 April 2024, (together the "agreement"). To the fullest extent permitted by law, we do not accept or assume responsibility or liability to anyone other than the Board of Directors and NEXT for our work or our report except where terms are expressly agreed between us in writing.

### PricewaterhouseCoopers LLP

Chartered Accountants

Watford

19 April 2024

# APPENDIX 3: INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF NEXT PLC ON THE SELECTED ESG PERFORMANCE METRICS CONTINUED

## Section A – the Subject Matter Information and Reporting Criteria

Subject Matter Information as per the Report				
Performance Indicator	Materiality reference*	2023/24	Unit	Reporting criteria
Scope 1	A.	44,001	Tonnes CO <sub>2</sub> e	NEXT plc's Reporting Criteria – available at <sup>1</sup> : <a href="https://www.nextplc.co.uk/~media/Files/N/Next-PLC-V2/documents/corporate-responsibility/reporting-principles-2024.pdf">https://www.nextplc.co.uk/~media/Files/N/Next-PLC-V2/documents/corporate-responsibility/reporting-principles-2024.pdf</a>
Scope 2 – Location Based	A.	43,373	Tonnes CO <sub>2</sub> e	
Scope 2 – Market Based	A.	3,184	Tonnes CO <sub>2</sub> e	
Total Scope 1 and 2 – Location Based	A.	87,374	Tonnes CO <sub>2</sub> e	
Total Scope 1 and 2 – Market Based	A.	47,185	Tonnes CO <sub>2</sub> e	
Intensity metric – Location Based	B.	15	Tonnes CO <sub>2</sub> e/Total Sales (£m)	
Intensity metric – Market Based	B.	8	Tonnes CO <sub>2</sub> e/Total Sales (£m)	
Scope 3 – Assured Subtotal	A.	74,459	Tonnes CO <sub>2</sub> e	
Scope 1 and 2 carbon emission reduction against a 2016/17 baseline	C.	46	%	
Gas usage	A.	41,009,976	kWh	
Electricity usage	A.	200,167,830	kWh	
Total Energy Consumption	A.	393,529,771	kWh	
Total waste	A.	35,108	Tonnes	
Materials diverted for recycling and energy recovery	A.	33,561	Tonnes	
% diverted from landfill	C.	96	%	

\* The materiality reference refers to our assessment of materiality discussed in the Materiality section of this report.

<sup>1</sup> The maintenance and integrity of NEXT's website is the responsibility of the Directors; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Subject Matter Information or Reporting Criteria when presented on NEXT's website.