

CORPORATE RESPONSIBILITY REPORT 2017

FOCUS UPDATES

Our RSS have been updated to be in line with any changes that have come into force from new legislation during 2016. They are also continually developed in anticipation of emerging legislation and other information concerning new potentially hazardous chemicals, not yet captured by legislation. We keep ourselves updated with the latest information about hazardous chemicals and continually review information from pressure groups, authorities and scientific reports. Our suppliers are kept up to date with these developments, so changes in legislation can be implemented quickly.

In 2015 we launched NEXT's Chemical Management Standards programme aimed at suppliers further back in our supply chain e.g. fabric mills and wet processing such as dyeing, printing, finishing, laundering of textiles and tanning and dyeing of leather. The issue of pollution from global manufacturing sites in developing industrial nations is one NEXT takes seriously, and during 2016, through this programme our aim is to help educate suppliers to be able to reduce and eliminate the discharge of hazardous chemicals from their production processes into the environment wherever possible.

The main principles of our Chemical Management Standards are:

- Clean Chemistry: the use of cleaner chemicals will ultimately lead to cleaner production, cleaner effluent and cleaner emissions
- Transparency: encourage chemical manufacturers to provide full disclosure of chemicals being used on NEXT products
- Traceability: encourage manufacturers to maintain a chemical inventory of all chemicals used
- Trust: with these principles of clean chemistry in place trust is built with suppliers within our supply chain

In 2017 we will require our suppliers to undertake our on-line training programme to develop their knowledge further and ensure they understand our requirements in relation to chemical management within their operations.

As part of our ongoing due diligence programme, we select products each month for testing in accordance with the requirements of our RSS, and test the products via two independent laboratories. Our suppliers are advised of the results, and if the products fail our requirements, they are withdrawn from sale and may be recalled from customers.

REACH Update: In line with REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals), we have a programme in place to register all relevant chemicals NEXT imports into the EU in finished products where we import over 1 tonne per year per chemical, before the REACH deadline of 2018.

FOCUS 9: RECYCLING UNWANTED PRODUCTS

Mattress recycling for customers:

Mattresses are a difficult waste stream to manage with most old mattresses going to landfill. We now offer a solution where customers can request we remove and recycle their old mattress when their new mattress is being delivered. During 2016, working with our specialist provider The Furniture Recycling Group (TFRG) we have been able to recycle over 4,000 mattresses diverting over 150 tonnes from landfill.

Sofa recycling for customers:

As part of our target to divert waste from landfill, and to support our customers we identified sofas as a challenging waste stream for customers. During 2016, we began a trial in some of our Home stores in partnership with British Heart Foundation (BHF) to help customers donate their old sofa when purchasing a new one from NEXT. BHF have been able to arrange over 900 collections from customers and are able to use the donated sofas and furniture to raise funds for their cause. The trial was rolled out to all NEXT Home stores in 2017.

FOCUS 10: HEALTH, SAFETY AND WELLBEING

Sensible risk management: Safety is managed in accordance with the following principles:

- People who come into contact with NEXT will be properly protected

against hazards

- There must be a balance between the benefits and risks with a focus on reducing real risks
- Solutions to support innovation and new ways of working will be developed to ensure acceptable safety standards are maintained
- Those who create risks must manage them responsibly
- Individuals must understand that as well as the right to protection, they also must take personal responsibility for their own safety
- Some risks cannot be completely removed and rely on the good sense and compliance of employees to ensure their continued safety
- Records and paperwork will only be created where necessary
- During the year we have focused on the following safety initiatives across the business:
 - Safety awareness training for our Area Managers
 - Improved how we display tall furniture in our stores
 - Reduced the number of single steps in our stores to prevent trip incidents
 - Encouraged customers to use the handrail on escalators to prevent stumbling incidents
 - Reduced the weight of Directory parcels which can be collected by customers

Within our Warehouses and Regional Service Centres we have also specifically focused on:

- Improved how we move and handle heavy furniture, making better use of mechanical handling aids
- Implemented lane departure software in our newly acquired delivery fleet

Corporate Safety Objectives: Safety programmes and objectives for each division of the business are agreed and set every three years and are reviewed regularly at divisional safety meetings by each Divisional Director and twice a year by our Chief Executive.

Health, Welfare and Wellbeing: During the year, NEXT spent over £1 million on health and welfare provisions

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across the business providing help and support to our employees when they need it. We have developed activities and opportunities to help employees manage their own health and wellbeing by offering advice and guidance to employees on a wide range of wellbeing subject matters.

FOCUS 11: TRAINING, DEVELOPMENT AND LISTENING TO OUR EMPLOYEES

Our integrated training teams ensure relevant and appropriate training and development is provided by supporting:

- Job role specific training covering the technical, operational and skills training required, ensuring employees are able to perform their job effectively, and their knowledge and skills are up to date
- Individually tailored training to support both an employee's individual needs and specific business requirements
- Training in areas such as health and safety, first aid and manual handling to ensure our employees work in a safe environment

Some examples of our training and development across the business are:

Warehouses and Regional Service Centres: During the year we have engaged with employees to share with them opportunities to progress within NEXT through a number of events such as Career Roadshows which took place in all our sites to raise awareness and provide information about how to progress your career at NEXT Distribution.

Within our Life Long Learning Centres located in our main warehouse sites we have continued to support employees to complete courses in Maths, English, ICT, Skill Swaps and many other creative non-work related activities. Working with the Union of Shop, Distribution and Allied Workers (USDAW) each centre is supported by two Union Learning Representatives. Their role is to work with USDAW, the tutors and our employees and provide course information and a clear point of contact for the learners.

The Engineering Academy was launched in 2013 with four apprentices who

graduated during 2016. In addition we have three more apprentices working within the engineering team within our warehouses who are due to graduate in 2017. We work with AMRC (Advanced Manufacturing Research Centre) which is based at the University of Sheffield and who are specialist providers of Engineering Apprenticeships. With NEXT they jointly support the delivery of the programme, supporting the assessment, functional training and delivery of additional skills required to complete the framework leading to NVQ Level 2 qualifications. Experienced NEXT engineers from within warehousing mentor the apprentices to support them to practically apply their learning in the workplace as well as passing on their skills and knowledge to support high levels of competency and performance.

We continue to support the local community around our warehouses:

- **SESKU:** the relationship with local charity, the South Elmsall, South Kirkby and Upton (SESKU) Academy, continues to grow. A further 26 young people, aged over 18, have attended the Sector Based Work Academy where we are able to provide them with an introduction to the working environment and also helped to support their personal development and strengthen their social attributes with 12 securing positions with us. A further programme is planned for 2017
- **Project Search:** working with Doncaster Council to give young adults with learning difficulties a year long work experience programme within our warehouses with the intention to offer a permanent role within NEXT at the end of the placement. Six students completed the programme with three being offered a permanent position. A new intake started in September 2016 for new students. We believe we are the first logistics company in the UK to offer such placements.
- **Local schools and colleges:** we are working closely with a number of schools and colleges offering a range of support from placements to assisting students to develop their understanding and skills in writing their CV, presentation skills, interview

preparation and undertaking mock interviews to support their transition from school to the workplace. We have attended a number of college careers fairs to help promote opportunities at NEXT.

Retail - service focused: We have continued to focus on our aim of delivering great service to our customers by ensuring our employees receive the training and development they need to develop and progress, and perform their roles effectively.

Directory - Customer Services: Our 6 month programme provides a fast track approach for individuals to gain the skills to become a trainee Team Manager in the NEXT Customer Services team. They work within the team and are supported by a buddy and a mentor. During 2016, four individuals successfully participated in the programme and are now Team Managers.

We also work within the community, developing links with local schools and colleges around Leicestershire to raise awareness of careers opportunities, deliver workshops to support CV writing and help with interview preparation and practice.

Head Office: attracting employees: During 2016 there has been great interest from students applying for trainee roles in our Fashion and Home areas. This has been driven primarily from our established relationships with key universities within the UK and we remain an Employer of Choice for Fashion students.

Encouraging top talent to want to come to NEXT for our Buying and Merchandising schemes has led to us building upon the success of our Open Day format – where we invite interested students into NEXT for the day to learn about the Product Development process. We partner with a 2nd year Fashion and Marketing course to use NEXT as a live project with the winners being offered short-term work placements.

NEXT continues to sponsor and support the Fashion Retail Academy (FRA) in London, which includes sponsoring one of the student awards presented at their end of year show. We have had a number of work experience placements