

NEXT Distribution Limited: 03045421

Section 172 statement

The Company is a wholly owned subsidiary of Next Holdings Limited; its ultimate parent company is Next Plc. The principal activity of the Company during the period was the warehousing and distribution of clothing and home furnishing products on behalf of the NEXT Group. Therefore the Company considers that, indirectly, its key stakeholders reflect those of Next plc. The Company has no external debt funding and it therefore considers its relationships with its workforce, customers and suppliers to be of direct relevance and long term importance to its long term success.

References to Group refer to the wider NEXT plc Group structure (hereafter the “Group” or “NEXT”).

Relationship and engagement with stakeholder

Workforce

The strength of our business is built on the hard work and dedication of all of the Company's people. We also consider the interests of former employees who are members of a group pension scheme. Our colleagues rely on us to provide stable employment and opportunities to realise their potential in a working environment where they can be at their best.

Each of our directors joined NEXT as employees over 25 years ago, prior to being promoted to the Next plc Board. This gives them extensive knowledge of the business as well as an acute insight into the mood, culture and views of their colleagues. All are based at NEXT Head Office and have a high degree of personal oversight and engagement in the business. The Board also engages in the following ways:

- Annual Recruit, Reward and Retain forums.
- Discussing the output of employee engagement surveys and agreeing follow up actions.
- Presentations on performance and strategy from the Chief Executive and the Group Finance Director following the announcements of our trading results.
- Visits to stores and warehouses.
- Online performance, development and feedback tools.

Engagement with our employees has never been more vital to the success of our business. In another year of uncertainty, we continued to engage with our workforce about their health and safety as COVID restrictions were lifted and workers were encouraged back to their usual work locations.

Recruit, Reward and Retain forums

During the year we held our annual Recruit, Reward and Retain (RRR) workforce forums. These meetings form the workforce advisory panels as referred to in the UK Corporate Governance Code. These meetings offer our employees the chance to voice their opinions on the issues that are important to them. Agreed actions from matters raised in 2021 included:

- Phased return of staff engagement activities and rewards which were paused through our early navigation of the pandemic.
- Internal communications and support for return to work with enhanced safety measures and promotion of vaccination.
- Analysis of engagement surveys and exit interview data to better understand our culture and identify areas for improvement.

The matters raised at the 2020 forums have been addressed, including new training for interviewers to improve candidates' experience of video interviews. Our RRR forums are supplemented by Communication In Action (CIA) meetings which take place regularly throughout the year. Each business function and area has a nominated CIA representative, and employees are able to submit question to RRR forums via CIA meetings. One purpose of CIA meetings is to agree initiatives coming out of the RRR forums.

Suppliers

Throughout the year the Board approved major contract renegotiations and strategy with regard to key suppliers, new warehouse suppliers and providers of freight forwarding services. We balanced the benefits of maintaining strong partnerships with key suppliers alongside the need to obtain value for money for our shareholders and excellent quality and service for our customers.

Regulators

NEXT manages its tax affairs responsibly and proactively to comply with tax legislation. The Company's approach is to seek to build solid and constructive working relationships with all tax authorities. NEXT's UK tax policy can be found at nextplc.co.uk. This policy includes that the Company engages with HMRC constructively, honestly and in a timely and professional manner, and seeks to resolve disputed matters through active and transparent engagement. Engagement with HMRC is led by an in-house tax team of qualified tax professionals.