

OUR COMMITMENT

Our employees are integral to achieving our business objectives and we aim to attract, retain and develop the best talent at every level throughout NEXT. We are committed to creating an environment where all individuals feel welcomed, respected and supported. This commitment is demonstrated in a number of ways, including:

- **Open and transparent pay and reward structures**

We endeavour to ensure salary differentials between individuals in the business are fair and justifiable. Most roles within the business have an associated salary grid with differentials within the same role being determined by competency. Differences in salary between individuals in the same role must be justified by levels of performance in that role.

- **Developing our flexible working opportunities**

Our Retail store staff have access to an 'online marketplace' where they can swap contracted shifts or take on additional hours, if convenient for them. In certain areas of our business it can be harder to attract females so, for example, in our IT Department we have increased part-time working opportunities and offer different shift patterns. Our 'Back to IT' recruitment campaign, aimed at those who are returning to work after a career break, has resulted in a modest increase in the number of females working in our IT Department.

- **Support for working parents and carers**

Our purpose built, high specification childcare nursery, 'NEXT Steps', located adjacent to our head office, continues to support our employees with their pre-school childcare arrangements. The nursery achieved an 'Outstanding' Ofsted rating from its most recent inspection in 2017 and currently has over 200 children registered to attend.

We provide guidance and support for those employees who plan to take maternity, paternity or adoption leave. This includes offering virtual group classes and workshops prior to taking leave and after returning to work, line manager coaching and pregnancy yoga.

- **Training and development opportunities**

The majority of our managerial appointments are internal promotions and we aim to invest in our staff to help them achieve their full potential. We have developed specific departmental training programmes, which provide our staff with the core skills to fulfil their roles. Examples include the Product Department Buying Academy, customer experience training for our call centre colleagues, and a NEXT Learning portal for our store staff. Several business areas also operate mentoring schemes.

- **People, policies and practices**

We continually review and update our policies and practices in order to achieve our aim of attracting, retaining and developing the best talent.

GENDER PAY REPORT 2021 (CONTINUED)

UNDERSTANDING THE GENDER PAY GAP

WHAT DOES THE GENDER PAY GAP MEASURE?

The gender pay gap is a measure of the difference in average pay of men and women, regardless of the nature of their work.

This is expressed as a percentage of men's earnings, e.g. women earn x% less than men. A negative percentage indicates that women earn more than men.

The gender pay gap does not measure equal pay, which relates to the amount that men and women are paid for the same or similar jobs.

HOW ARE THE MEDIAN AND MEAN PAY AND BONUS GAPS CALCULATED?

The mean pay gap is a comparison of the average pay for a woman and the average pay for a man.

The median pay gap is a comparison of the hourly rate of pay for the woman in the middle of the line if all our female employees stood next to each other in order of lowest hourly rate of pay to highest, and the hourly rate of pay for the man in the middle of the line if all our male employees did the same.

Mean and median calculations are also carried out when comparing bonus pay over a twelve month period. The proportion of men and women awarded any bonus pay over that period is reported.

HOW ARE THE PAY QUANTILES CALCULATED?

We also report the percentage of men and women in each pay quartile. Quartiles are calculated by listing the rates of pay for each employee across the business from lowest to highest, before allocating that list into four equal sized groups of men and women and calculating the percentage of men and women in each of these groups.

The median and mean pay gap and quartile pay bandings are based on data from April 2021 only.

The bonus gap calculations required by the UK regulations are based on the bonus payments made in the 12 months to 5 April 2021 and are not full time equivalent adjusted.

GENDER PAY REPORT 2021 (CONTINUED)

PAY GAP & PAY QUANTILES – NEXT RETAIL LIMITED

DETAILS BEHIND THE GENDER PAY NUMBERS AT NEXT RETAIL LIMITED

As a result of the COVID pandemic and the Government's mandated closure of non-essential retail stores, over 70% of our workforce was on furlough at the 5 April 2021 snapshot reporting date. We topped up the pay of all those paid above the furlough scheme cap to 80% of normal pay, however we are required to exclude these employees from our statutory gender pay gap calculations and when calculating the percentage of men and women in each hourly pay quartile. The statutory gender pay gap for 2021 is therefore not representative of the normal position for NEXT.

The commentary and numbers that are provided on this page include furloughed employees to provide more meaningful information.

We have found no inconsistencies with the pay for men and women doing equivalent jobs across our business and we are confident that the men and women who work for us are being paid equally for equivalent jobs. If we look across our entire Next Retail Limited workforce, including those who were furloughed, the details behind our gender pay numbers are:

- 75% of our employees are women, with approximately 80% of these women working in our stores which is broadly consistent with the demographics in the Retail sector. Looking just at this group of employees, the mean gender pay gap was 3.1% (2020: 1.2%).
- As with many retail organisations, when we look across the NEXT workforce our gender pay gap is strongly influenced by the fact that such a high percentage of our colleagues in stores are women. Therefore, overall we have a significantly larger proportion of women than men in our lower paid roles.
- Although our overall mean gender pay gap is 24.2% (2020: 21.2%), the mean hourly pay gap within each quartile (detailed in the table below and closer to a like for like comparison of roles), shows a much narrower pay gap than the overall pay gap, with women in the lower quartile being paid more than men. The median pay gap for the lower and lower middle quartiles show that women earn the same as men.
- 44% of male employees compared to 20% of female employees work in our head office. Head office pay rates are typically higher than our stores due to the more technical nature of the roles. The majority of our head office employees fall within the upper quartile in the table below.
- In the wider NEXT group, we have good female representation in our most senior roles and on our NEXT plc Board. Women currently make up 50% of our NEXT plc executive directors, 40% of our total Board, and 43% of our senior leadership team. In relation to our senior management and their direct reports, NEXT was ranked first in the FTSE100 Women Leaders Review: Achieving Gender Balance (February 2022) and has consistently met the Board gender diversity target set.

| PAY | Lower Quartile ** | Lower Middle Quartile ** | Upper Middle Quartile ** | Upper Quartile ** | Total NEXT Retail Limited | UK National ♦ |
|-------------------------|-------------------|--------------------------|--------------------------|-------------------|---------------------------|---------------|
| Men | 23% | 14% | 22% | 42% | 25% | - |
| Women | 77% | 86% | 78% | 58% | 75% | - |
| Median Gender Pay Gap • | 0.0% | 0.0% | 0.8% | 16.7% | 8.1% | 15.4% |
| Mean Gender Pay Gap • | -1.3% | 0.0% | 0.6% | 15.0% | 24.2% | 14.9% |

** Quartiles are calculated by listing the rates of pay for each employee across the business from lowest to highest, before allocating that list into four equal sized groups of men and women and calculating the percentage of men and women in each of these groups.

• These figures are expressed as a percentage of men's earnings, e.g. women earn x% less than men. A negative percentage indicates that women earn more than men.

♦ Source: Office of National Statistics October 2021.

GENDER PAY REPORT 2021 (CONTINUED)

BONUS PAY – NEXT RETAIL LIMITED DETAILS

PROPORTION OF MEN AND WOMEN WHO RECEIVED BONUS PAY

All employees are eligible to participate in bonus arrangements and we operate several bonus schemes which are designed to be relevant for the specific area of the business to which they relate.

| | |
|---|------------|
| Percentage of MEN who received a bonus | 92% |
|---|------------|

| | |
|---|------------|
| Percentage of WOMEN who received a bonus | 94% |
|---|------------|

We are confident that men and women have an equal opportunity to participate and earn a bonus.

DETAILS BEHIND THE BONUS PAY GAP NUMBERS AT NEXT RETAIL LIMITED

Our bonus pay gap is strongly influenced by the balance of men and women across job roles. We have a significantly larger proportion of women than men who work in our stores. In our stores we have a larger number and proportion of women than men who do not work full-time hours and are in our lower paid roles. Also, some bonus and incentive pay structures are closely linked to seniority.

Other factors behind our gender bonus numbers:

- The regulations require the gender bonus gap to be calculated using the actual value of bonus payments made in the 12 months to 5 April 2021 for each person rather than calculating a bonus pay per hour worked. They are not therefore full-time equivalent adjusted. We have recalculated our gender bonus gap based on the bonus pay per hour worked in order to provide a more meaningful calculation. This would reduce our mean gender bonus gap to around 52.6% (shown in the table below*).
- We have a much higher proportion of women working part-time versus men, and therefore receiving pro-rated bonuses and longer-term incentive awards. We estimate that around 70% of our workforce worked an average of 30 hours or less each week.
- If we calculate the mean bonus gap within each quartile (detailed in the table below) to get closer to a like for like comparison of roles, this shows a narrower bonus gap than the overall pay gap for three out of four quartile bandings. In fact, within the lower quartile, women earn on average 3.0% more bonus than men. The median bonus gap for the lower quartile also shows that women earn on average 5.1% more bonus than men.

| BONUS | Lower Quartile ** | Lower Middle Quartile ** | Upper Middle Quartile ** | Upper Quartile ** | Total NEXT Retail Limited |
|-----------------------------------|-------------------|--------------------------|--------------------------|-------------------|---------------------------|
| Men | 14% | 17% | 25% | 40% | 24% |
| Women | 86% | 83% | 75% | 60% | 76% |
| Median Gender Pay Gap ** | -5.1% | 4.8% | 5.9% | 28.5% | 59.0% |
| Mean Gender Pay Gap ** | -3.0% | 2.8% | 3.9% | 27.9% | 63.3% |
| *Mean using bonus pay per hour ** | 3.7% | 2.4% | 2.4% | 16.7% | 52.6% |

** These figures are expressed as a percentage of men's earnings, e.g. women earn x% less than men. A negative percentage indicates that women earn more than men.

GENDER PAY REPORT 2021 (CONTINUED)

STATUTORY DISCLOSURES

As a result of the COVID pandemic and the Government's mandated closure of non-essential retail stores, over 70% of our workforce was on furlough at the 5 April 2021 snapshot reporting date. We topped up the pay of all those paid above the furlough scheme cap to 80% of normal pay, however we are required to exclude these employees from our statutory gender pay gap calculations and when calculating the percentage of men and women in each hourly pay quartile.

The statutory gender pay gap for 2021 is therefore not representative of the normal position for NEXT. Please see page 3 for commentary and numbers which include furloughed employees and are therefore more meaningful.

1. Next Retail Limited

Next Retail Limited employs the majority of our workforce in Great Britain and primarily covers those employees based in our retail stores, call centre and head office locations.

| | Mean | | Median | |
|------------------|-------|-------|--------|-------|
| | 2021 | 2020 | 2021 | 2020 |
| Gender Pay Gap | 19.2% | 20.6% | 26.9% | 28.3% |
| Gender Bonus Gap | 63.3% | 52.3% | 59.0% | 36.7% |

2. Next Distribution Limited

Next Distribution Limited employs staff who work in our UK warehouses and logistics operations.

| | Mean | | Median | |
|------------------|------|-------|--------|-------|
| | 2021 | 2020 | 2021 | 2020 |
| Gender Pay Gap | 4.1% | 13.3% | 0.8% | 9.1% |
| Gender Bonus Gap | 9.1% | 13.7% | 15.7% | 18.0% |

Pay Quartiles

| | Lower Quartile | Lower Middle Quartile | Upper Middle Quartile | Upper Quartile |
|-------|----------------|-----------------------|-----------------------|----------------|
| Men | 25% | 41% | 44% | 56% |
| Women | 75% | 59% | 56% | 44% |

Pay Quartiles

| | Lower Quartile | Lower Middle Quartile | Upper Middle Quartile | Upper Quartile |
|-------|----------------|-----------------------|-----------------------|----------------|
| Men | 56% | 54% | 52% | 64% |
| Women | 44% | 46% | 48% | 36% |

Proportion of Employees Receiving a Bonus

| | | | |
|-----|-----|-------|-----|
| MEN | 92% | WOMEN | 94% |
|-----|-----|-------|-----|

Proportion of Employees Receiving a Bonus

| | | | |
|-----|-----|-------|-----|
| MEN | 86% | WOMEN | 89% |
|-----|-----|-------|-----|

I confirm this information is accurate.



Amanda James

Group Finance Director, Next plc

30 March 2022