

NEXT Sustainability Accounting Standards Board (SASB) Disclosure

Year Ended 27 January 2024

This document sets out how NEXT currently complies with the SASB metrics and our progress towards full compliance. The disclosures do not include all Group companies except where expressly indicated otherwise.

The SASB Apparel metrics cover four broad areas:

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

We are over half way through our plan to benchmark our suppliers against the standards within the Zero Discharge of Hazardous Chemicals (ZDHC) requirements. By the end of 2023 almost 600 (covering around 83% of our orders) of our textile wet processors were engaged and signed up to the ZDHC Gateway. Our Chemical Policy is available [here](#).

For Labour and Raw Materials, our main efforts were around improving our data collation and analysis of our internal metrics. While our compliance in these areas is good, we continue to work on disclosure which is covered in more detail within our Corporate Responsibility Report at nextplc.co.uk/corporate-responsibility. Our labour policies are available to our suppliers via our Supplier Communication platform and we also host key policies on our corporate website.

We are in the process of significantly improving our ability to measure our suppliers' environmental performance across energy use, chemicals, waste and water use and discharge, where the main impact is at Tier 3 in our supply chain.

Within our supply chain we have over 4,000 fabric and yarn suppliers at our Tier 3 level and, whilst our membership of the Sustainable Apparel Coalition (SAC) will assist, to fully document our impact within such a wide ranging supply chain remains an onerous task.

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SASB Accounting Metrics (Apparel)

Topic	Code	Accounting metric		Further details -page
Management of Chemicals in Products	CG-AA-250a.1	Discussion of processes to maintain compliance with restricted substances regulations	ARA ¹ page 107	3
	CG-AA-250a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products		3
Environmental Impacts in the Supply Chain	CG-AA-430a.1	Percentage of: (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreements		4
	CG-AA-430a.2	Percentage of: (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment		4
Labour Conditions in the Supply Chain	CG-AA-430b.1	Percentage of: (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to labour code of conduct (3) percentage of total audits conducted by a third-party auditor	(1) 74% (2) 5% (3) 100% ²	5
	CG-AA-430b.2	Priority non-conformance rate and associated corrective action rate for suppliers' labour code of conduct audits	ARA pages 104 to 105	6
	CG-AA-430b.3	Description of the greatest (1) Labour (2) Environmental, health, and safety risks in the supply chain	ARA (1) page 109 (2) pages 81, 95 and 97	6
Raw Materials Sourcing	CG-AA-440a.3	(1) List of priority raw materials; for each priority raw material: (2) environmental or social factor(s) most likely to threaten sourcing, (3) discussion on business risks or opportunities associated with environmental or social factors and (4) management strategy for addressing business risks and opportunities	ARA pages 97 and 105	7
	CG-AA-440a.4	(1) Amount of priority raw materials purchased, by material, and (2) amount of each priority raw material that is certified to a third-party environmental or social standard, by standard	Cotton: 78% Better Cotton Timber: 60% certified and responsible, of which 48% FSC certified	10

¹ Annual Report and Accounts 2024 available [here](#).

² NEXT employs its own Code of Practice team to carry out audits to determine whether our suppliers' facilities comply with our Code of Practice Principle Standards. To help provide independent oversight of the team, they report to our Legal & Compliance Director and regular updates of their work are provided to the NEXT plc Audit Committee. For the purposes of the SASB metrics we consider it is appropriate to classify their audits as equivalent to those conducted by third-party auditors.

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Management of Chemicals in Products

CG-AA-250a.1

Discussion of processes to maintain compliance with restricted substances regulations

We include information on our commitment to managing chemicals in our supply chain within our Corporate Responsibility Report (<https://www.nextplc.co.uk/corporate-responsibility>). Policies are in place regarding the use of chemicals and restricted substances by our suppliers.

Many products contain chemicals in one form or another, most of them harmless. To make sure our products do not contain chemicals which could be harmful to our customers, the workers who make our products or the environment, we require our suppliers to adhere to our Restricted Substance Standards (RSS) which are part of our Chemical Policy. The RSS bans or limits harmful chemicals used in the manufacture of our products and forms part of our technical requirements for the products manufactured by our suppliers. We also have a thorough due diligence programme in place to support compliance with our RSS. If products fail our requirements, they are removed from sale and may be recalled from customers.

We work closely with our suppliers to help reduce the impact of their manufacturing processes on the environment. This work is underpinned by our Responsible Sourcing Approach and the ZDHC Roadmap to Zero programme, to which we are a signatory. We have engaged with almost 600 (covering around 83% of our orders) of our wet processor suppliers to support the elimination of pollution from wastewater in their operations via the ZDHC Gateway.

To manage chemicals safely across our supply chain, we work in partnership with industry experts on solutions to identify and manage chemicals of concern more effectively. We are committed to eliminate the use of chemicals which may have a negative environmental impact across our supply chain. To support this we have a Chemical policy for NEXT brand products, which is available [here](#).

Our work focuses on the United Nations Sustainable Development Goals (SDGs) that are most material to our business operations and products. There are 17 SDGs and we align our work and reporting against the nine SDGs that are most relevant to our business operations and products. One of these nine SDGs is Responsible Consumption and Production (SDG 12) and we are working to ensure our product materials are sourced and produced sustainably and responsibly.

CG-AA-250a.2

Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products

NEXT has the following four key standards which our suppliers are expected to meet on an ongoing basis and which are detailed in our Chemical Policy:

1. **Restricted Substance Standards (RSS)** - outlines the maximum limits for restricted chemicals or substances allowed in our finished products. The RSS is made up of the Restricted Substance List and Manufacturers' Restricted Substance List which are explained below.
2. **Restricted Substance List (RSL)** - lists the chemicals or groups of chemicals covered by the RSS, whether banned or restricted along with the relevant Chemical Abstracts Service and/or EU (European Chemical) numbers.
3. **Manufacturing Restricted Substance List (MRSL)** - NEXT adopts the full ZDHC MRSL which lists the individual chemical substances which are banned from intentional use in formulations or preparations used in the manufacturing process.

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4. **ZDHC Wastewater Guidelines** - has limits for 'conventional parameters' such as pH, temperature, biological oxygen demand, chemical oxygen demand and total suspended solids among others, and a non-detection requirement also for all MRSL chemicals.

The Chemical Policy and its four standards apply to all our products. They form part of the NEXT technical requirements which cover all products manufactured and all materials and components used in NEXT products and are part of our contractual agreement with our suppliers. Where required, specific additional testing over and above these requirements may take place for certain markets.

When we became a member of SAC we requested our largest suppliers adopt and complete the Higg FEM (now Worldly) to assist us in assessing our supplier facilities against these standards. We are prioritising onboarding our Tier 3 suppliers who produce fabric and undertake wet processes such as dyehouses and printing, as this is the level of our supply chain where the most chemicals are used.

During 2023, we worked to onboard 485 Tier 1 sites and 585 Tier 3 sites within the top 90% of suppliers to NEXT (Tier 1 and 3) by business volume. We report annually to SAC the results of our supply chain engagement. We have achieved Foundational membership and are working towards the Progressive level membership.

Environmental Impacts in the Supply Chain

CG-AA-430a.1

Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreements

Water demand already exceeds supply in many parts of the world and it is anticipated many more areas will experience this issue in the future. For NEXT, our direct operations are not major consumers of water, however, we have installed automated reading meters in around 244 stores. During the year ended January 2024, we directly used 345,032m³ (2023: 295,837m³) in our UK and Eire operations. In addition, the third-party café concessions operating within our stores used a further 95,235m³ (2023: 89,898m³) of water, totalling 440,267m³ (2023: 385,735m³). In our extended supply chain, operations such as laundries, mills and tanneries use large quantities of water so responsible water management is vital to ensure there is sufficiently safe, clean water for the local communities to use.

Currently our Code of Practice (COP) audit teams focus on all of our Tier 1 and 2 suppliers to ensure they are meeting the requirements of our COP Principle Standards. This is measured through our COP Auditing Standards which provide detailed information to help our suppliers fulfil their obligations to workers and NEXT and is a contractual condition of doing business with us. These standards cover wastewater management and if a supplier is found by our auditors to be non-compliant in relation to wastewater discharge management, this will form part of the Corrective Action Plan we ask the supplier to put in place.

Since NEXT became a member of the SAC, we have started to assess our Tier 3 suppliers against these standards. Our main focus is at our Tier 3 level e.g. dye houses, printing etc., as this is the level of our supply chain with the greatest wastewater discharge. Auditing and reporting against these standards for Tier 3 is being developed where possible and appropriate to do so. We are engaging our key suppliers across all Tiers within the Higg FEM programme.

CG-AA-430a.2

Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment

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We became a member of the SAC in June 2021, and have developed our programme to request our largest suppliers adopt and complete the Higg FEM annually. This allows us to assess our supplier facilities with a standardised measurement of sustainability.

Within our supply chain we have over 4,000 fabric suppliers and factories of varying sizes at Tier 3 alone. Even with the benefit of our membership of SAC, to bring onboard all of these suppliers is a significant task, particularly with their geographical spread.

Labour Conditions in the Supply Chain

CG-AA-430b.1

Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to labour code of conduct, (3) percentage of total audits conducted by a third-party auditor

It is a priority for NEXT to ensure we trade ethically, source responsibly and work to prevent modern slavery and human rights issues throughout our organisation and in our supply chain. NEXT takes seriously any allegation of human rights abuse in all its forms and will not tolerate human rights abuse anywhere in our operations.

Our drive to support ethical trading in our supply chain includes:

- Working with our suppliers to ensure they understand our requirements and COP Principle Standards.
- Holding regular meetings with individual suppliers to share information and develop relationships.
- Our in-house global COP team, which comprises 52 employees that administer our COP programme based on the Ethical Trading Initiative Base Code and International Labour Organisation Conventions.

Compliance with our COP Principle Standards is monitored through audits by our COP team which generally take place unannounced. Our COP Auditing Standards provide detailed information to help our suppliers fulfil their obligations. Our audit plan prioritises the human rights of workers in our supply chain and is risk-based, taking into account geographic location, ethical reputation, the type of manufacturing process and the factory's most recent audit rating. Where we find areas for improvement during an audit, we create a Corrective Action Plan which is agreed with the supplier and factory management. Follow up reviews are undertaken to monitor progress under the Corrective Action Plan.

Before an audit takes place at the onboarding stage, we explain our requirements, the audit process and our category 1 to 6 rating system. Our priority is to encourage honesty and transparency with factory management. This approach has helped to uncover many important issues by the factory management showing us their accurate records, rather than what they think we want to see.

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.

During the year ended January 2024, we audited 74% of our Tier 1 factories (2023: 71%) and 5% of our Tier 2 factories. The COP team carried out over 2,400 audits, including key supplier sites of our Total Platform partners JoJo Maman Bébé and Reiss. Of the audits conducted, 88% related to Tier 1 suppliers and 12% related to Tier 2 suppliers. A breakdown of audits by rating and frequency of audits is provided in the illustration below.



CG-AA-430b.2

Priority non-conformance rate and associated corrective action rate for suppliers' labour code of conduct audits

During the year, we found 114 factories with Category 6 (critical) human rights, modern slavery or social issues. With our COP team's support, 27 factories (5 relating to modern slavery) have been able to successfully remediate to resolve the 114 issues uncovered and 42 factories are working on a remediation plan. Unfortunately, during the year we had to disengage with 44 factories (13 relating to modern slavery) that refused to satisfactorily rectify their critical non-compliance with our Code.

We disclose the breakdown of audits undertaken at Tier 1 and 2 by percentage for each Category rating above.

CG-AA-430b.3

Description of the greatest (1) labour and (2) environmental, health, and safety risks in the supply chain

Our salient human rights risks remain largely unchanged from last year. We have assessed our salient human rights risks which are detailed below, and considered who they could affect and what actions we should take in relation to them:

- Freedom of association and collective bargaining
- Health and safety, including mental health
- Children's rights
- Modern slavery, including wage retention
- Wage levels, including fair wages
- Harassment and discrimination
- Water, sanitation and health

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- Working hours
- Privacy and data security

NEXT's Human Rights and Modern Slavery Policy and our latest Modern Slavery Transparency Statement provides more detail of our modern slavery risks, activities and plans.

We are committed to building knowledge and awareness and have developed a range of training and awareness initiatives for our employees, suppliers, business partners and service providers. Our ESG Steering Group, comprising relevant senior management with product teams attending by invitation, meets regularly and co-ordinates actions across the business.

Where human rights issues occur in our supply chain, we recognise the value in identifying them and being transparent about how we have tackled them, including what worked and what didn't. Collaboration is vital to achieving change. Our in-country COP teams have direct links with on the ground NGOs and trade unions which help to broaden our understanding of root causes and sustainable solutions.

Wage retention is one of our key indicators for potential human rights and modern slavery risks along with:

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

We work closely with our suppliers to ensure they understand our requirements and to develop their business and factories to be compliant with our standards. Our approach is to meet new suppliers as soon as possible to explain our requirements and to share information via our Supplier Portal to support their onboarding process and ongoing relationship with NEXT. We also hold regular meetings with individual suppliers and hold supplier conferences to share information and provide the opportunity for suppliers to ask questions. Internal communication with our product teams is also key to the success and effectiveness of managing the ethical standards we expect from our suppliers.

We also delivered in-person presentations in Bangladesh, Morocco, Tunisia, Turkey, Poland and India, to our larger suppliers including Next Sourcing, to further embed the standards we expect of factories making NEXT products and focused on topics such as unauthorised subcontracting and the importance of supply chain transparency. The Auditing Standards are available via our Supplier Portal to allow suppliers to check their factories' performance before even introducing them to NEXT and also to support their factories in the remediation of any identified issues raised during an audit.

Raw Materials Sourcing

CG-AA-440a.3

(1) List of priority raw materials; for each priority raw material: (2) environmental or social factor(s) most likely to threaten sourcing, (3) discussion on business risks or opportunities associated with environmental or social factors and (4) management strategy for addressing business risks and opportunities

The raw materials used in our products come from the world's natural resources. We are committed to responsible and sustainable business principles and practices including responsible sourcing.

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Our Responsible Sourcing Approach, launched in 2018, sets out our ambition to source 100% of our main raw materials through known, responsible or certified routes. It is also a framework guiding how we work with our suppliers to help to reduce the impact of manufacturing processes on the environment and on the health of those working and living in communities around the sites where our products are made.

The main raw materials used in our products include cotton, timber, man-made cellulose (such as viscose), polyester and leather. We recognise these can have wide-ranging environmental and social risks associated with their production and extraction. To support our Responsible Sourcing Approach, we have a range of policies and commitments which guide our responsible sourcing approach and have developed an internal guide for our Product teams to help them navigate the complexities of sourcing responsibly, which is updated on an annual basis. This provides clear guidance for our teams if they want to promote particular sustainability features to our customers, either on a product label or in online copy, as well as advice on what to ask the suppliers.

We are a signatory to Textiles 2030, a collaborative framework initiative which has replaced the Sustainable Clothing Action Plan commitment, to deliver against industry led collective targets on carbon and water and develop a clear pathway for circularity. Each year we use its assessment tool to calculate the environmental footprint of NEXT brand products sold in the UK market.

The complexity of supply chains means traceability can be challenging but we are committed to building full transparency to trace the raw materials we use back to source where possible.

Cotton

Cotton is NEXT's most significant raw material, both in terms of volume used and the associated environmental and social issues linked with its production as conventional cotton farming uses large amounts of water and pesticides. Our policy bans the use of cotton from Uzbekistan, Turkmenistan and the Xinjiang region in China. We continue to monitor global situations such as those in China to ensure the ethical sourcing of our cotton.

Our target is to source 100% of our cotton from responsible sources which we define as Better Cotton (BC), recycled, certified organic, 'In conversion' Organic, cotton sourced through the US Cotton Trust Protocol (USCTP) and Fairtrade certified cotton by 2025. During the year ended January 2024, we sourced 81% of our cotton to meet our responsible sourcing requirements with 78% (2023: 65%) of our cotton as Better Cotton and the remaining as either certified organic, organic in-conversion, Cotton Sourcing through the USCTP (US Cotton Trust Protocol) or recycled. NEXT is committed to sourcing cotton that is produced through better farming practices. We have defined responsible sources of cotton as those that have been cultivated to meet at least one of the following principles:

- Reducing water use
- Reducing the dependency on pesticides and synthetic fertilisers
- Improving social conditions for farmers
- Supporting the economic sustainability of farmers

Timber

We aim to reduce our impact and to increase social and environmental benefits by using only responsibly sourced wood and paper, and in the year ended January 2024, we sourced 60% (2023: 50%) of our timber based products as responsible and certified.

To develop our due diligence process further, we also have a programme for auditing and species testing to support and assess our suppliers. During the year we have worked directly with our suppliers to provide in-country training and timber mitigation expertise, as well as undertaking species testing to support compliance with our Timber Policy.

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Forests are important as they absorb carbon in the atmosphere. We are focused on ensuring our products never contribute to deforestation. As a minimum, we risk assess all timber products to verify that the material used was harvested, traded and transported in compliance with the applicable legislation in the country of origin in line with the UK and EU Timber Regulation (995/2010).

Microfibres

We recognise that understanding microfibre pollution, its sources and effects is an ongoing challenge for the textile industry. As a member of The Microfibre Consortium (TMC), we contribute to the development of practical solutions for the textile industry to minimise fibre fragmentation from textile manufacturing and product life cycle. We are a signatory to the Microfibre 2030 Commitment as we believe collaboration, coordinated research and meaningful, science-based action to eliminate microfibre pollution is required to develop good, robust solutions to:

- Implement new testing methodology
- Develop aligned industry tools to create solutions
- Understand how recycled fibres may influence fibre fragmentation
- Understand how to minimise microfibre leakage during production

Through our UKAS accredited in-house laboratory we have supported the development of a new testing methodology to assess fibre shedding from different materials.

Man-made Cellulosic Fibres

Wood is the main raw material used to make man-made cellulosic fibres (MMCF) such as viscose, lyocell and modal which are made from the dissolved wood pulp of trees and accounts for 6% of the textile fibres we source. To ensure these wood-based fabrics are responsibly sourced, NEXT is committed to ensuring the wood comes from responsibly managed forests and is working with Canopy through their CanopyStyle Initiative to improve the sustainable sourcing of these fabrics and improve the transparency of our MMCF supply chains.

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

NEXT works with Reverse Resources, an initiative helping to collect and reuse textile waste in Bangladesh, typically small pieces of fabric from a factory cutting room. This waste is being collected by 5 of our final product manufacturers and is sold to fibre producers to make into new yarns for the apparel industry within Bangladesh, including recycled cotton or MMCFs, and helps strengthen the market for recycled fibres. We are looking to replicate the programme with key suppliers in India.

Leather

The process of tanning leather requires significant amounts of water and energy and is chemically intensive which can have negative health implications for workers as well as pollute the land and waterways surrounding the tanneries.

NEXT is a member of the Leather Working Group (LWG), a multi-stakeholder organisation that promotes environmental best practice in the leather manufacturing industry. As part of our Responsible Sourcing Approach, we are committed to only sourcing leather from tanneries that have an LWG audit but recognise to

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reach this ambition some tanneries will require help to work towards meeting the requirements of an LWG audit. During the year ended January 2024, 84% (2023: 73%) of the finished leather tanneries used by NEXT for Footwear, Clothing, Leather Accessories and upholstery had undergone an LWG audit. These tanneries accounted for 90% of the leather used for footwear, clothing and leather accessories, and 100% of the leather used for leather upholstery.

CG-AA-440a.4

(1) Amount of priority raw materials purchased, by material, and (2) amount of each priority raw material that is certified to a third-party environmental or social standard, by standard

NEXT sources products whose materials are subject to third party certification or are sourced from known or responsible sources. NEXT discloses and reports on these certifications. The SASB metrics anticipate that these are reported on by weight, by reference to our main raw materials. NEXT currently reports by weight for some materials such as cotton, polyester, Wool and MMCFs. Over the past year we have evolved our timber reporting to increase accuracy so that both central reporting teams and buying teams are able to track progress. We are working on our upholstery reporting and will be sharing updates in future reports. We do not believe that this has a material impact on either our compliance or disclosure metrics.

In 2023 we made significant progress as NEXT became one of the few UK brands to be Brand Certified by Textile Exchange, ensuring that our NEXT Generation products can be credibly labelled meeting the Textile Exchange Standards.

NEXT Retail became brand certified in May 2023 to ensure validity of the chain of custody and on product claims and is certified to all Textile Exchange standards, including the below;



Forward Looking Statements

Certain statements in this document are forward looking statements. These statements may contain the words “anticipate”, “believe”, “intend”, “aim”, “expects”, “will”, or words of similar meaning. By their nature, forward looking statements involve risks, uncertainties or assumptions that could cause actual results or events to differ materially from those expressed or implied by those statements. As such, undue reliance should not be placed on forward looking statements. Except as required by applicable law or regulation, NEXT plc disclaims any obligation or undertaking to update these statements to reflect events occurring after the date these statements were published.