

Employees

What measures are you taking with regard to COVID-19 to make sure your employees are safe at work?

Having listened very carefully to colleagues, on Thursday 26 March we announced the temporary closure of our Online business, along with Warehousing and Distribution Operations, in order to adapt our operations to working safely in a coronavirus world.

This enabled us to completely re-organise the way our warehouses work, to enable rigorous social distancing. We have since implemented very extensive additional safety measures and having consulted with colleagues and our recognised union, USDAW, we re-opened Online in a limited way on Tuesday 14 April. Please refer to the videos below for further details.

At the time of opening Online, we worked with Managers and USDAW to agree a selection process to help us decide who could return to work. For example, we only asked individuals who wished to return to come in and we did not ask (or allow) any employee who had symptoms or who was required to self-isolate for any other reasons, those classified by the Government as vulnerable due to health conditions, those living with someone classified by the Government as vulnerable due to health conditions, or those who were unable to travel to work safely.

We limited the volumes by only allowing customers to order the number of items we believed could be picked safely on any given day. At that point we stopped taking orders and converted the website to 'browse only' until the following morning.

We are confident that our colleagues in the warehouses can work safely, with social distancing and sanitation procedures in place and rigorously monitored.

Warehouse videos: Customer Facing YouTube Link

<https://youtu.be/vj4FR8UllbE>

Staff Training YouTube Link

<https://youtu.be/rCpalV7TTg4>

When do you plan to re-open your stores?

We await Government guidance as to when we can re-open. In the meantime, we have plans in place for the re-purposing of our stores ready to re-open in a socially distanced world. Measures include screening of tills, distance marking walkways, sanitisation stations, exit and entry management systems and other measures.

We intend to prioritise the opening of our larger out-of-town stores first for the following reasons:

- We will be better able to adapt the layout of our large stores to ensure that social distancing measures are implemented effectively
- Out-of-town retail parks have large car parks, and outside space available to manage those waiting to get into stores
- Larger stores tend to trade longer hours reducing the numbers of people at any one time
- Large stores have larger and more senior management teams, and are thus better able to supervise social distancing and other safety measures
- Area and regional management teams will be better able to manage and monitor safety measures in a small number of large stores, than a large number of small stores

Suppliers

Did NEXT immediately cancel orders?

NEXT did not invoke an immediate cancellation of all orders at the outset of the UK lockdown.

When did NEXT commence cancelling orders?

Towards the end of March, NEXT announced to its suppliers that it would be cancelling **some** orders (see below).

Is NEXT paying for products that have been produced?

In a letter to its suppliers in late March 2020, NEXT committed to honour and pay them **in full, on normal payment terms**, for orders that were due to leave supplier factories up to and including 10 April 2020.

Why was 10 April selected as the “cut off” date?

The cut off of 10 April 2020 was selected to ensure that suppliers had enough time to complete the vast majority of orders that were already in production.

What if the factories have been closed by a lockdown in the country?

If our supplier’s factory is based in a country which is currently in “lockdown”, NEXT will accept orders with an original ex factory date of 10 April 2020 (or before), up to a week **after** that country’s lockdown is lifted.

What about orders with delivery dates after 10 April?

Contracts that have an ex-factory date after 10 April 2020 will either be:

- Delivered to NEXT on normal payment terms as originally planned
- Delivered to NEXT on normal payment terms, but at a date later than originally planned
- Cancelled with compensation to the supplier from NEXT to help cover the cost of fabric or similar components

What about future orders into Autumn 2020?

- Although there is significant uncertainty at this time, this period will eventually pass and as such, we will continue to place orders for our Autumn and Winter 2020 ranges
- Any contracts placed from 28 March 2020 are based on our revised sales forecasts

What is NEXT undertaking to ensure workers are being treated fairly?

The key priority for NEXT is to ensure we trade ethically. We are therefore taking all reasonable and practical steps (via our global team of directly employed compliance staff) to ensure workers are being paid and treated honestly and fairly for the work they have undertaken for NEXT and that their human rights, freedom of association and wellbeing are being respected. We are also tracking the situation in each country and maintaining regular contact with our suppliers and factories and, when appropriate, providing advice for enhancing safe working conditions in factories.

NEXT is working collaboratively with the ethical organisations, communities and partners that include the ETI, BRC, ACT and the ILO and partnering with other brands to provide support for workers during the pandemic. A link to the ILO Call to Action can be found [here](#)

Shareholders

Are you making use of the Government's furlough scheme?

Yes. We initially furloughed 88% of our staff across the business, the vast majority coming from stores and warehouses that were closed. This figure has now reduced following the reopening of our Online business. Colleagues on furlough continue to be paid 80% of their contractual wages, mainly through the Government's Job Retention Scheme, a measure we believe has been hugely successful in preventing widespread redundancies and hardship.

When will you start paying dividends?

Given the scale of uncertainty caused by the coronavirus, distributions to shareholders will be suspended until such time that we see the situation stabilise and our sales improve. We will not pay a dividend in August 2020 and do not anticipate paying one in January 2021.

What measures has the Board taken to retain cash within the business?

We have taken a number of actions to maintain our cash flow. Please refer to our Q1 trading statement for further information at <https://www.nextplc.co.uk/~ /media/Files/N/Next-PLC-V2/documents/2020/trading%20statement-april20.pdf>

All main board directors have agreed to waive 20% of their salaries and fees during this challenging period. The Annual Bonus for the Executive Directors has been cancelled for the current year so there will be no bonus payable to them in respect of the Company's performance in the 2020/21 financial year.

Corporate Responsibility / ESG

What steps are you taking around environmental, social and governance matters?

We continue to focus on corporate responsibility; in times of crisis it is more important than ever to do business responsibly and deal with our stakeholders in a respectful manner. We published our Corporate Responsibility Report in May 2020; please refer to the Corporate Responsibility section of our website for further information: <https://www.nextplc.co.uk/corporate-responsibility>