

GENDER PAY REPORT 2017

1.7%
MEDIAN
GENDER
PAY GAP

47%
OF OUR SENIOR
LEADERSHIP TEAM &
50% OF OUR
BOARD EXECUTIVE
DIRECTORS ARE
FEMALES

96%
OF MEN &
97%
OF WOMEN
RECEIVED A BONUS

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 2017 only.

The bonus gap calculations required by the UK regulations are based on the bonus payments made in the 12 months to 5 April 2017 and are not full time equivalent adjusted.

OUR EMPLOYEES

Our employees are integral to achieving our business objectives and the Company actively takes steps to attract, inspire and retain the right people to work at every level throughout NEXT. For example, our architect designed and purpose built, state of the art Head Office child care nursery called 'NEXT Steps' is part of our on-going commitment to supporting our employees with their pre-school childcare arrangements.

NEXT endeavours to ensure that 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, regardless of gender. Differences in salary between individuals in the same role must be justified by levels of performance in that role.

PAY GAP & PAY QUANTILES - NEXT RETAIL LIMITED

DETAILS BEHIND THE GENDER PAY NUMBERS AT NEXT RETAIL LIMITED

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.

The details behind our gender pay numbers:

- Over 70% of our employees are women, with over 85% of these women working in our stores which is consistent with the demographics in the Retail sector. Looking just at this group of employees, the mean gender pay gap was 1.8%
- 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 and therefore overall we have a significantly larger proportion of women than men in our lower paid roles
- If we calculate the mean hourly pay gap within each quartile detailed in the table below (to get closer to a like for like comparison of roles), this also shows a much narrower pay gap than the overall pay gap. In fact within the lower quartile, women earn on average 1.0% more than males
- 27% of male employees compared to 14% 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
- We have good female representation in our most senior roles and on our Board. Women currently make up 50% of our executive directors, 44% of our total Board, and 47% of our senior leadership team. NEXT was ranked first in the 2017 Hampton-Alexander Review 'FTSE100 for Women on Boards and in Leadership'

PAY	Lower Quartile □	Lower Middle Quartile □	Upper Middle Quartile □	Upper Quartile □	Total NEXT Retail Limited	UK national ♦
Men	31%	20%	20%	40%	28%	-
Women	69%	80%	80%	60%	72%	-
Median Gender Pay Gap ●	-1.2%	-0.3%	-0.2%	12.6%	1.7%	18.4%
Mean Gender Pay Gap ●	-1.0%	-0.3%	0.0%	14.3%	15.5%	17.4%

□ 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 2017

BONUS PAY - NEXT RETAIL LIMITED**PROPORTION OF MEN AND WOMEN EMPLOYEES 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	96%
Percentage of WOMEN who received a bonus	97%

We are confident that males and females have an equal opportunity to participate in 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, therefore we have a larger proportion of women than men in our lower paid roles and some bonus structures are closely linked to seniority.

Other factors behind our gender bonus numbers:

- 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 74% of our workforce worked an average of 30 hours or less each week
- The regulations require the gender bonus gap to be calculated using actual bonus payments made in the 12 months to 5 April 2017 and are not therefore full time equivalent adjusted. We have estimated that restatement of our gender bonus gap based on bonus pay per hour worked, would reduce our mean gender bonus gap to around 28% (shown in the table below*)

BONUS	Lower Quartile	Lower Middle Quartile	Upper Middle Quartile	Upper Quartile	Total NEXT Retail Limited
Men	24%	21%	24%	36%	26%
Women	76%	79%	76%	64%	74%
Median Gender Bonus Gap □	-18.3%	0.7%	1.4%	18.4%	24.4%
Mean Gender Bonus Gap □	-13.0%	0.1%	1.0%	35.5%	47.2%
Mean using bonus pay per hour*					27.9%

□ 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.

STATUTORY DISCLOSURES

Under the gender pay reporting regulations we are required to provide information for the following two statutory entities:

1. Next Retail Limited

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

	Mean	Median
Gender Pay Gap	15.5%	1.7%
Gender Bonus Gap	47.2%	24.4%

Of the 27,800 employees included within our gender pay calculations for Next Retail Limited, 82% of these worked in our stores, and of these 76% were female. The mean gender pay gap for our store employees was 1.8%.

Pay Quartiles

	Lower Quartile	Lower Middle Quartile	Upper Middle Quartile	Upper Quartile
Men	31%	20%	20%	40%
Women	69%	80%	80%	60%

Proportion of Employees Receiving a Bonus

MEN	96%
WOMEN	97%

2. Next Distribution Limited

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

	Mean	Median
Gender Pay Gap	7.9%	5.5%
Gender Bonus Gap	5.5%	0.3%

Of the 5,300 employees included within our gender pay calculations for Next Distribution Limited, 38% were females.

Pay Quartiles

	Lower Quartile	Lower Middle Quartile	Upper Middle Quartile	Upper Quartile
Men	57%	55%	58%	77%
Women	43%	45%	42%	23%

Proportion of Employees Receiving a Bonus

MEN	98%
WOMEN	99%

I confirm this information is accurate.



Amanda James
Group Finance Director, Next plc

March 2018