

NEXT Reporting Principles & Criteria

Corporate Responsibility Reporting for the 52 weeks ended 27 January 2024

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1. Introduction

This document sets out the principles, criteria and supporting methodologies for collecting and calculating the data relating to NEXT plc (NEXT) corporate responsibility activities reported in our Corporate Responsibility Report (CR Report) for the reporting period of the 52 weeks ended 27 January 2024.

It is important to NEXT that our data is reliable, transparent and meaningful to the reader; this can only be achieved if reported data is traceable and supported by evidence.

2. Scope of Reporting

Organisational Boundary & Operational Control

This document covers the corporate responsibility activities of NEXT and supports the preparation and reporting of the indicators as set out in our CR Report. NEXT is defined as the legal entity NEXT plc and its subsidiaries, including minority, majority and wholly owned. For FY24 Reiss and FatFace are excluded as we have not completed a full year post acquisition, they will be included in the next reporting cycle.

Emissions from acquired subsidiaries are consolidated into our reporting when reliable and accurate data is evidenced, for which NEXT endeavours to report in the first full reporting period post-acquisition. Emissions from subsidiaries disposed of during the period are included up to the month of disposal.

NEXT adopts an Operational Control approach in reporting emissions in its joint ventures, associates and investments. Operational Control is considered to be where NEXT has the full authority to introduce and implement its operating policies. Under this approach, NEXT reports 100% of the emissions generated from these activities. Emissions for activities beyond NEXT control are not consolidated.

Emissions from activities in performing services for Total Platform clients are considered to be NEXT activities and are captured in scope of NEXT's Operational Control.

To determine the organisational boundary of the Greenhouse Gas (GHG) inventory, a site will be considered under our control when energy supplied to the premises occupied by NEXT is metered and billed based on the actual amount we consume, for example:

- Where we have a contract directly with the electricity and natural gas suppliers or;
- Where electricity and natural gas is paid by the landlord and re-charged to us based on the actual amount we have consumed (i.e. metered amount).

Where we pay a fixed fee for energy as part of our rental payments (i.e. regardless of the amount actually consumed) or when no recharge is made by the landlord then the site is not considered under our control.

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To determine the organisational boundary of our Waste, a site will be considered under our control if the site occupied by NEXT is directly contracting with a waste provider to manage its waste.

Restatement Policy

Restatements for previously reported data are considered necessary where there is a change of greater than 5%. Where restatements are made for specific indicators, these will be clearly outlined.

3. Carbon calculation methodology

We adopt the conventional approach in calculating our carbon emissions through the collection of primary, secondary, or tertiary data in their source units (e.g. kilowatt-hours (kWh), litres (L), kilograms (kg), kilometres (km) etc.). The consumption figures relating to each energy source are converted into carbon emissions by applying the relevant carbon conversion factor. We have calculated our carbon footprint with respect to the internationally recognised standards provided by the Greenhouse Gas Protocol, published by the World Business Council for Sustainable Development and the World Resources Institute.

Emission Factors

Factors are updated annually using the most recent factors published by the UK Department for Energy Security and Net Zero (DESNZ) and the UK Department for Environment, Food and Rural Affairs (DEFRA); 2023 is the most recent accessible update.

Where source data units cannot directly be converted into carbon emissions, an appropriate metric from an appropriate and reliable third-party source is used to translate the source data into a convertible unit. For example, 'Bus - No. of journeys' can be translated into km through an 'average bus journey distance' metric as published by the Department for Transport. The translated km is then converted into carbon emissions.

Scope 2 emissions

Under the Location based method, we use country specific electricity grid-average GHG emission factors. For UK premises, these are taken from the most recent factors published by DESNZ and DEFRA. For international premises, the most recent factors published by the International Energy Agency are used; 2023 is the most recent accessible update.

Under the Market based method, the emissions factors are applied using the hierarchy in accordance with Table 6.3 in the GHG Protocol Scope 2 Guidance, as set out below:

- Energy attribute certificates or equivalent instruments (unbundled, bundled with electricity, conveyed in a contract for electricity, or delivered by a utility);
- Contracts for electricity, such as power purchase agreements (PPAs) and contracts from specified sources, where electricity attribute certificates do not exist or are not required for a usage claim;
- Supplier/Utility emission rates, such as standard product offer or a different product (e.g. a renewable energy product or tariff) and that are disclosed (preferably publicly) according to best available information;
- Residual mix (sub-national or national) that uses energy production data and factors out voluntary purchases; and
- Other grid-average emission factors (sub-national or national) – see Location based method above.

Calculation of Market based emissions

As members of RE100, our approach is informed by the RE100 quality criteria and GHG Protocol Guidance. RE100 requires claims relating to use of renewable electricity to be based on generation occurring in the same market for renewable electricity that use is claimed in, this includes the single market in Europe. The revised RE100 guidance published in December 2022 provided an updated list of countries that make up the single market. Although the UK has been excluded from the list, the RE100 guidance provided grandfathering provisions for contracts with operational commencement dates before 1 January 2024, allowing for the UK to continue to be recognised within the single market in Europe. The operational commencement dates of our contracts occurred prior to 1 January 2024, therefore we have applied the grandfathering provisions when calculating our market based emissions.

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Current Contracts by market

- For Ireland - our energy suppliers fulfilling their contractual obligations under the terms of renewable tariffs to back all energy supplied to all of its customers on such tariffs with EAC's (Bundled Energy Attribute Certificates)
- For ROI - all Electricity purchased is renewable
- For England, Scotland and Wales -
 - For Periods February 2023 to March 2023 - our energy suppliers fulfilling their contractual obligations under the terms of renewable tariffs to back all energy supplied to all of its customers on such tariffs with EAC's (Bundled EAC's)
 - For Periods April 2023 to January 2024 - NEXT purchased EAC's from 3rd party brokers based upon usage calculations supplied to us by our energy suppliers (Unbundled EAC's)
- If an end-user has a contract for Unbundled EAC's, that it is using to make claims to use of renewable energy prior to 1 January 2024, the contract can continue to make claims to use of renewable electricity to RE100 until its expiry

4. Assured Datasets

We engage independent auditors to provide limited assurance against the ISAE3000 (revised) and ISAE 3410 standards on the datasets outlined below and included within our CR Report. For the 52 weeks ended January 27 2024, PricewaterhouseCoopers LLP were engaged to provide that assurance.

Assured KPIs - Global

Assured	Unit	Datasets
Scope 1	tonnes CO ₂ e	<ul style="list-style-type: none"> • Gas heating • NEXT owned distribution vehicles • NEXT owned cars • Building (gas oil, diesel and refrigerant gases) • Machinery (LPG)
Scope 2 - Location based	tonnes CO ₂ e	<ul style="list-style-type: none"> • Electricity
Scope 2 - Market based	tonnes CO ₂ e	<ul style="list-style-type: none"> • Electricity
Scope 3 - Assured Subtotal	tonnes CO ₂ e	<ul style="list-style-type: none"> • Waste • Business Travel • Downstream transportation and distribution

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Assured KPIs - Global (continued)

Assured	Unit	Calculation/Datasets
Intensity metric: Location based	tonnes of CO ₂ e/ total sales (£m)	Total Scope 1 and Scope 2 Emissions - Location based' divided by 'Adjusted Total Group sales'
Intensity metric: Market based	tonnes of CO ₂ e/ total sales (£m)	'Total Scope 1 and Scope 2 emissions- Market based' divided by 'Adjusted Total Group sales' ¹
Electricity usage	kWh	Electricity
Gas usage	kWh	Gas heating
Total energy consumption	kWh	Electricity purchased, renewable electricity generated, natural gas, gas oil, diesel, petrol (including plug in hybrid) and LPG
Total Scope 1 and 2 emissions - Location based	tonnes	'Scope 1' and 'Scope 2 - Location based'
Total Scope 1 and 2 emissions - Market based	tonnes	'Scope 1' and 'Scope 2 - Market based'
Scope 1 and 2 carbon emissions reduction against a 2016/17 baseline	%	'Total Scope 1 and 2 emissions - Location based' divided by 'Baseline Scope 1 and 2 emissions - Location based' as a percentage
Total waste	tonnes	Waste
Materials diverted for recycling and energy recovery	tonnes	Waste
% diverted from landfill	%	'Materials diverted for recycling and energy recovery' divided by 'Total Waste'

¹ Sales used in the calculations are based on the NEXT Trading Sales and the gross transaction value of sales from our Total Platform, Franchise, Sourcing and other divisions. It does not include sales from Reiss and Fatface as they were newly acquired in the year (the prior year excluded Joules on the same basis)

Scope 1 - Direct Emissions

Scope 1 emissions are direct emissions from company-owned and controlled resources.

Gas Heating	
Definition	Natural gas consumed for heating
Source Unit	Kilowatts per hour (kWh)
Data Collection	<ul style="list-style-type: none"> Actual usage is as recorded by gas providers and taken from gas invoices Usage is estimated for stores where no invoices have been received using averaged actuals for stores of similar square footage.

Building (gas oil, diesel and refrigerant gases)	
Definition	<p>(a) Gas oil and Diesel used predominantly in backup generators to provide emergency power generation or for heating</p> <p>(b) Refrigerant gases used to replace gas lost from air-conditioning units</p>
Source Unit	<p>(a) Litres (L)</p> <p>(b) Kilograms (kg)</p>
Exclusions/ Limitations	<ul style="list-style-type: none"> We report refrigerant gas leakages in the period units are serviced
Data Collection	<p>(a) Monthly usage is as invoiced by third party suppliers/contractors</p> <p>(b) Refrigerant gas leakage as reported by third party contractors or in-house maintenance</p> <p>(c) Estimates are used where reliable data is not available</p>

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NEXT owned distribution vehicles	
Definition	Fuel consumed from the use of NEXT owned vehicles for the delivery of Retail and Online products
Source Unit	Litres (L)
Data Collection	<ul style="list-style-type: none"> Fuel drawn in real-time via our internal management system. This includes third parties who operate NEXT owned vehicles

NEXT owned cars	
Definition	Fuel purchased for the use of NEXT owned vehicles for use by employees for both business and personal mileage
Source Unit	Litres (L), Miles (mi), Cost (£)
Data Collection	<ul style="list-style-type: none"> Fuel purchases provided by fuel card service providers Cash fuel expenses claimed by employees through the expenses system

Machinery (LPG)	
Definition	Fuel purchased for use in garment production by our Sri Lanka manufacturing factory
Source Unit	Kilograms (kg)
Exclusions/ Limitations	<ul style="list-style-type: none"> We report purchased quantities in the period
Data Collection	<ul style="list-style-type: none"> Supplier invoices for purchases in the period

Scope 2 - Electricity

Scope 2 emissions are indirect emissions from the usage of purchased energy from a utility provider and our own generated solar photovoltaics (PV) electricity.

Electricity (Scope 2 - location-based and market-based)	
Definition	Grid and solar PV generated electricity
Source Unit	Kilowatt per hour (kWh)
Exclusions/ Limitations	<ul style="list-style-type: none"> Consumption by concessions operating in NEXT stores is excluded and recharged Where sub-metering is not in place we include emissions within our data collection
Data Collection	<ul style="list-style-type: none"> Monthly usage is as recorded by electricity providers and taken from electricity invoices Usage is estimated for stores where no invoices have been received using averaged actuals for stores of similar square footage Electricity generated through solar PV on NEXT properties is captured via our internal management system and is directly used by NEXT

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Scope 3 - Indirect Emissions

Scope 3 includes all other indirect emissions associated with NEXT's upstream and downstream operations.

Waste	
Definition	<p>(a) General waste sent to landfill: material that has been finally disposed of to landfill or incineration without heat recovery</p> <p>(b) Materials diverted for recycling and energy recovery:</p> <p><u>Recycling</u></p> <ul style="list-style-type: none"> Cardboard, polythene and polystyrene from secondary product packaging and transit packaging and carrier bags Office materials such as paper, cardboard, magazines, cans/bottles Courier packaging, broken hangers and used gift cards <p><u>Energy recovery</u></p> <ul style="list-style-type: none"> Non-recyclable materials diverted for energy recovery
Source Unit	Tonnes
Exclusions/ Limitations	<ul style="list-style-type: none"> End destinations of waste are based on categories reported by third party waste management suppliers Food waste in our Sri Lanka factory sent to a third party animal feed producer is excluded Waste from sites that are managed by building management services is excluded Waste sack collections for Joules retail stores is excluded
Data Collection	<p>The hierarchy of data for waste is as follows:</p> <ul style="list-style-type: none"> Weighbridge data Where weighbridge data is not available, third party data is used Third party data can include estimate calculations

Business Travel	
Definition	Travel by NEXT employees in the course of employment
Source Units	<ul style="list-style-type: none"> Flights: Kilometres (km) (domestic, short haul, long haul >3,700m) and cabin class (economy, premium economy, business, first etc) UK Rail: Number of journeys by cabin class International Rail: Passenger kilometres, number of journeys Public transport (taxi, underground, bus, ferry): Passenger kilometres, number of journeys Private car: Number of journeys Employee owned vehicle: Miles (mi), Kilometres (km), litres (l), cost (£) Hotels: Number of nights per person (UK, Europe, International)
Exclusions/ Limitations	<ul style="list-style-type: none"> NEXT's expenses system requires accurate employee data entry Business travel data for Joules was not available during the first half of the year. The impact of this is estimated to be immaterial.
Data Collection	<ul style="list-style-type: none"> Travel reporting from NEXT's third party Travel Management Companies Expenses claimed by employees through NEXT's expenses system

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Downstream transportation and distribution	
Definition	Fuel consumed from the use of third party vehicles for the delivery of Retail and Online products
Source Unit	Litres (L), Kilometres (km), Miles (mi), Kilograms (kg), Number of parcels, Number of trailers
Exclusions/ Limitations	<ul style="list-style-type: none"> • Routes for International deliveries are updated semi-annually, from NEXT warehouse to the destination country as provided by third party carriers, as this covers the largest proportion of travel and we are unable to reliably calculate emission from the final leg (or first leg of returns) for these routes. It is acknowledged deviations may occur, creating an inherent limitation in the data. The average distance for each route is applied for the full year • Average trailer weights are used, as opposed to the weight of dispatch for each individual trailer • 'Free-flow' customer returns are excluded (when a customer returns using their own courier)
Data Collection	<p>A number of data points are collected from our various third party courier suppliers:</p> <ul style="list-style-type: none"> • Third party reporting of distance travelled or fuel consumed specific to NEXT distribution • Third party reporting of total distance travelled or fuel consumed in their delivery network, multiplied by NEXT proportion of their deliveries • Number of trailers • Average 'gCO2e per parcel' as reported by third party carriers multiplied by NEXT parcel volumes • Average 'litres per parcel' as provided by the third party carriers multiplied by NEXT parcel volumes

5. Normalised KPIs and Baseline KPI

Intensity Metric

Our intensity metric uses our Total Group sales. These are the aggregation of Total sales for all of the Group segments plus revenue from investments, which are reported in proportion to our equity share of our investments. For further detail see our Chief Executive's Review, Appendix 3 at page 72 of our 2024 Annual Report and Accounts.

Total Group sales is adjusted for subsidiaries not included within our scope of reporting as per our Organisational Boundary & Operational Control methodology. Subsidiaries not included are Reiss and FatFace.

Baseline

For Scope 1 and 2, our target is to reduce absolute emissions by 55% against a baseline of 2016/17.

We would consider restating our baseline in accordance with our restatement policy (as above), or as methodology and factors evolve to give us a more accurate picture of our impact.

Footnotes

1. Sales used in the calculations are based on the NEXT Trading Sales and the gross transaction value of sales from our Total Platform, Franchise, Sourcing and other divisions. It does not include sales from Reiss and Fatface as they were newly acquired in the year (the prior year excluded Joules on the same basis)