

# NEXT Beauty Limited: 09252560

## Section 172 Statement

This section describes how the directors have had regard to the matters set out in section 172(1) (a) to (f) of Companies Act 2006 in exercising their duty to promote the success of the Company for the benefit of its member.

**References to Group refer to the wider NEXT plc Group structure (hereafter the “Group” or “NEXT”).**

The Company is a wholly-owned subsidiary of Lipsy Limited. Its purpose is the retailing of beauty products. Therefore the Company considers that, indirectly, its key stakeholders reflect those of NEXT plc. The relationships of direct relevance and importance to the long-term success of the Company are as follows:

## Relationship and engagement with stakeholders

### *Employees*

Both of our directors joined NEXT as employees over 25 years ago, prior to being promoted to the directors. This gives them extensive knowledge of the business as well as an acute insight into the mood, culture and views of their colleagues. Both of our directors have a high degree of personal oversight and engagement in the business.

The directors also engages in the following ways:

- Annual Business Review Meetings.
- Discussing the output of employee engagement surveys and agreeing follow up actions.
- Presentations on performance and strategy from the Chief Executive and the Group Finance Director following the announcements of our Group trading results. Where possible, the directors present to the business in person, but a video link is sent to all employees.
- Visits to warehouses.
- Online performance, development and feedback tools.

Engagement with our employees has always been vital to the success of our business. We continued to engage with our workforce about their health and safety.

### *Business Review Meetings*

This was our second year of Business Review Meetings, which replaced our annual Recruit, Reward and Retain (RRR) workforce forums. Dame Dianne Thompson, one of our NEXT plc non-executive directors, attended the meetings along with the Chief Executive, our HR Director and workforce representatives for each division of the business. These meetings offer our employees the chance to voice their opinions on the issues that are important to them. Following discussion on the key issues in different parts of the business, actions were agreed and feedback was reviewed by the directors.

Our Business Review Meetings were supplemented by Your Team Voice meetings which take place regularly throughout the year. Each business function and area has a nominated Your Team Voice representative, and employees are able to submit questions to Business Review Meetings via Your Team Voice meetings. One purpose of Your Team Voice meetings is to agree initiatives coming out of the Business Review Meetings.

### *Employee engagement surveys*

In the year, we undertook our third Group wide employee engagement survey, 'Your Voice Counts', which spanned the majority of our business. The survey was sent to almost 42,000 Group employees and response rates were improved from the year before. The survey was conducted anonymously using a third-party tool. The overall engagement score for the whole NEXT Group was slightly higher than our score in the previous year.

Employees believe that our main strengths as a Group are: recognition for performance and organisational fit, highlighting equality and health. Areas identified for improvement included transparency on career paths for development and progression.

The directors considered results of the survey as well as the initiatives planned to address the matters raised.

### *Continuous performance management and feedback*

Our online performance and development tool provides a forum for positive and constructive feedback by individuals, peers and managers.

Our HR Director attended a meeting to brief the directors on employee-related matters, including workforce demographics, engagement activities, the results of employee engagement survey, staff retention rates, diversity, whistleblowing, disciplinary and grievance procedures, learning and development activity, pay and reward including gender pay gap and HR initiatives.

The directors consider that, taken together, these arrangements deliver an effective means of ensuring the directors stays alert to the views of the workforce.

With regard to health, safety and wellbeing, during the year the NEXT plc Audit Committee received an update from the Group Health and Safety Manager on safety performance, safety risk management and mental health wellbeing initiatives.

### *Customers*

Our customers are the reason we exist. It is essential to our future that we can consistently and continuously design and offer attractive, stylish products of high quality to new and existing customers at an accessible price. In doing so, we build our brand value and customer loyalty.

As a retail business, the sentiment of customers can be seen in the Company's underlying sales performance figures, which the directors reviews regularly.

### *Suppliers*

Throughout the year the directors approved major contract renegotiations and strategy with key suppliers, notably with the Group's lender for the revolving credit facility, providers of freight forwarding services and certain landlords. We balanced the benefits of maintaining strong partnerships with key suppliers alongside the need to obtain value for money for our investors and excellent quality and service for our customers.