

NEXT Manufacturing Limited: 02570801

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 NEXT Holdings Limited. Its purpose is to manufacture furniture for sale in store and online. 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 stay 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.

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.

Regulators

NEXT manages its tax affairs responsibly and proactively to comply with tax legislation. The Company's approach is to seek to build solid and constructive working relationships with all tax authorities. NEXT's UK tax policy can be found at nextplc.co.uk and was reviewed and approved by the directors during the year. This policy includes that the Company engages with HMRC constructively, honestly and in a timely and professional manner, and seeks to resolve disputed matters through active and transparent engagement. Engagement with HMRC is led by the Company's in-house tax team of qualified tax professionals. The Group Finance Director provides regular updates to the directors on tax matters.