Lipsy Limited: 05728110

Section 172 Statement

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

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 which is a 100% owned subsidiary of NEXT plc. The principal activity of the Company is the retailing of ladies' young fashion brands. Therefore the Company considers that, indirectly, its key stakeholders reflect those of NEXT plc. However the Company has no external debt funding and it therefore considers its relationships with its workforce, customers and suppliers to be of direct relevance and long-term importance to its long term success.

Relationship and engagement with stakeholders

Workforce

The strength of our business is built on the hard work and dedication of all of the Company's people. We also consider the interests of former employees who are members of a Group pension scheme. Our colleagues rely on us to provide stable employment and opportunities to realise their potential in a working environment where they can be at their best. All of our executive directors have a high degree of personal oversight and engagement in the business. The Board also engages in the following ways:

- Reviewing the output of employee engagement surveys and agreeing follow up actions; and
- Online performance, development and feedback tools.

Employee engagement surveys

The Group wide employee engagement survey, 'Your Voice Counts', spans the majority of the Group. Employees believe that our main strengths as a Group are recognition for performance and championing equality and health. Wellbeing remains an area of focus for our people and we encourage our managers to make it an every day part of their role, through promotions and campaigns as well as access to our wellbeing intranet site, which hosts a whole range of support and resources for all colleagues.

Continuous performance management and feedback

Our online performance and development tool provides a forum for positive and constructive feedback by individuals, peers and managers. With a focus on developing great people, senior management attended workshops in 2024 aimed at maximising performance to bring out the best in their teams.

The Board considers that, taken together, these arrangements deliver an effective means of ensuring the Board 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 on safety performance, safety risk management and mental health wellbeing initiatives.

Suppliers

Throughout the year the Board approved major contract renegotiations and strategy with key suppliers, notably with the Group's lenders for the revolving credit facility, providers of warehouse 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.

Customers

As a large retail business, the sentiment of customers can be seen in the Company's underlying sales performance figures, which the Board reviews regularly. The executive directors provide updates to the Board on their perceptions and the market view of consumer sentiment. The interests of customers are considered in key decisions, e.g. relating to: store portfolio changes; selection of product lines including third-party brands; selection and monitoring of suppliers to ensure quality and safety standards are met; freight and logistics arrangements to maximise efficiencies from order to delivery; the availability of customer credit products; and the development of the NEXT Online platform. With the interests of customers in mind, during the year the Board reviewed proposals in respect of capital expenditure on warehouses, major freight forwarding and customer order delivery contracts.

Regulators

The Company 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. The Group's UK tax policy can be found at nextplc.co.uk and was reviewed and approved by the NEXT Board 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 Group's in-house tax team of qualified tax professionals.