NEXT Distribution Limited: 03045421

Section 172 statement

The Company is a wholly-owned subsidiary of NEXT Holdings Limited, and its ultimate parent company is NEXT plc. The principal activity of the Company during the period was the warehousing and distribution of clothing, home furnishing and beauty products on behalf of the Group. Therefore the Company considers that, indirectly, its key stakeholders reflect those of NEXT plc. The Company has no direct external debt funding and it therefore considers its relationships with its workforce and regulators to be of direct relevance and long-term importance to its long-term success.

References to Group refer to the wider NEXT plc Group structure (hereafter the "Group" or "NEXT").

Relationship and engagement with stakeholders

Workforce

The strength of our business is built on the hard work and dedication of all of our people. 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.

Business Review Meetings

Our Business Review Meetings form the workforce advisory panels as referred to in the UK Corporate Governance Code and focus on specific business outputs such as efficiencies and ideas to improve engagement. 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 Board.

Agreed actions from matters raised in the year included enhanced healthcare and wellbeing benefits and develop AI guidance to improve usage across teams this includes hints and tips to use AI in an efficient manner to avoid wastage. Our Business Review Meetings were complemented 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 can submit questions to Business Review Meetings via Your Team Voice meetings. One purpose of Your Team Voice meetings is to agree initiatives arising from the Business Review Meetings.

Employee engagement surveys

Our Group wide employee engagement survey, 'Your Voice Counts', spans the majority of our business. The survey, conducted anonymously using a third-party tool, was sent to approximately 42,000 employees and the Company's engagement score was marginally higher than the prior year. Employees identified 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, supported by awareness campaigns and access to wellbeing resources on our dedicated intranet site, which are available to all NEXT colleagues. The Board considered the results of the survey as well as the initiatives planned to address the themes 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 presented at a Board meeting during the year to provide an update on employee-related matters, including workforce engagement, culture, diversity and inclusion, talent development and succession planning. This enabled the Board to consider the

views and interests of employees in its discussion and decision making, consistent with the UK Corporate Governance Code requirements.

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 NEXT plc 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 Company's in-house tax team of qualified tax professionals. The Group Chief Financial Officer provides regular updates to the NEXT plc Board on tax matters.