

A decorative floral pattern is located on the left side of the cover. It consists of various stylized flowers in white, dark blue, and light blue. The flowers have different petal shapes and arrangements, some with solid colors and others with outlines. The pattern is dense and extends from the top to the bottom of the left edge.

NEXT

Next Corporate Responsibility
Report to January 2006

2006

Welcome to our 2006 Corporate Responsibility (CR) Report. This is the third report we have published on our website. The contents of the report have been verified by independent assurance providers, The Reassurance Network (TRN). You can find a copy of their report on page 34.

We have asked TRN to review our report to provide assurance to readers on the accuracy and coverage of its contents. We have welcomed the independent challenge provided by TRN and feel the assurance process contributes to the overall value of the report to our stakeholders and also stimulates improvements to internal management and reporting systems.

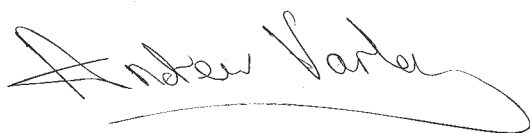
As Group Board Director with direct responsibility for CR I chair the Corporate Responsibility (CR) forum. At Next we see CR as a key element of how we conduct our business as we believe it makes good business sense. It helps us attract customers to shop with Next, form stronger relationships with our suppliers, recruit and retain the best people to work for us and deliver value to our customers and shareholders.

The CR forum brings together directors and senior managers from throughout the business who manage CR as part of their daily role and undertake regular reviews with our CR Manager to run our business in a way which is responsive to the needs, interests and concerns of our stakeholders.

Over the last year we have worked closely with the Ethical Trading Initiative in revising our supplier Code of Practice and updating it so it is in line with their Base Code. I am pleased to say we have now finalised this and a new Code of Practice will be forwarded to all our suppliers later this year.

Considerable time and effort is also being given to improve our waste management and I am hopeful of a significant improvement during 2006.

I hope you find the review useful and would be pleased to hear any comments you may have about our approach to CR or how we can continue to constructively update and improve our report.



Andrew J Varley
Group Property Director

This is our third Corporate Responsibility Report and covers the year ended 31 January 2006.

We collect information for our main business activity, which is retailing and accounts for 95.2% of our turnover, and Ventura which accounts for 4.8% of our turnover.

The report has been created for, and is aimed at people who are interested in how we manage our social, environmental and ethical performance as a responsible company and how we respond to our stakeholders both outside and inside our business.

We manage CR within five sections:

- our suppliers
- our customers and product
- our people and health & safety
- community
- environment

Each section is divided into four headings to make it easier to find information:

- context: sets the scene for the section
- data: the facts and figures
- successes: what we have achieved during the year
- opportunities: what we are targeting at Next Plc

We welcome your feedback.

Please send us your views by writing to Next Group PLC, CR Manager,
Legislation and Environment Dept, Desford Road, Enderby, Leicester, LE19 4AT



About Next

Next clothes and home products are designed to offer style, quality and value for money for our customers.

Our principle activities are retailing, home shopping and customer services management. Our operations include:

Next Retail - by January 2006 we had:

- 444 stores in the UK and Ireland and one in Denmark
- 96 Next branded franchise stores in 17 countries: Bahrain, Cyprus, Czech Republic, Gibraltar, Hungary, Iceland, Indonesia, Japan, Kuwait, Lebanon, Malta, Oman, Qatar , Turkey, Saudi Arabia, Slovak Republic and United Arab Emirates

Next Directory - is our mail order and internet shopping service. Orders can be delivered direct to customers homes or to a store of their choice for collection.

Next Directory had 2.1 million active customers by January 2006, up 10.5% from the previous year.

Next Distribution – our warehousing and distribution arm

Ventura - provides customer service management services to companies wishing to outsource their customer administration and liaison.

Its call centre in Pune, India opened in 2005 and handles business on behalf of Next Directory and two other clients.

Next Sourcing (NSL) – a sourcing company working exclusively to design, source, buy and merchandise Next branded product. It employs 1,200 people in China, Hong Kong, Sri Lanka, Turkey, India, and Romania. NSL also owns and operates a garment factory in Sri Lanka which manufactures exclusively for Next and employs a further 2,200 people.

Key Facts and Figures

Key facts and figures for the year ended January 2006:

Economic

- Group turnover £3,106m
- Group profit before tax £449.1m
- Earnings per share 127p
- Dividends 44p
- Total trading space 4,320,000 square feet

Please see our Annual Report and Accounts for further financial information.

FTSE4Good

- Listed in the FTSE4 Good Index. The index is designed to measure performance of companies that meet prescribed standards of corporate responsibility and to facilitate investment in those companies.

Our Suppliers

- 1,360 factories based in 46 countries manufactured products for Next
- 550 factories audited in 29 countries against our Code of Practice
- 19 members in our global Code of Practice team

Our Customers

- An average of 289,000 transactions per day in Next Retail stores in the UK, Ireland and Denmark
- 2.1 million active Next Directory customers

Our People

- Employed 11,873 full time employees and 32,108 part time employees in the UK and Ireland as at year end
- 76% of women who took maternity leave returned to work for Next
- 4,590 staff active members of Next Pension Schemes

Community

- Donated £594,867 to charity and community organisations as well as sponsorship of sports and fashion organisations.
- Fundraising events raised an additional £289,000

Environment

- 102 stores recycled cardboard and plastic
- 14,948 tonnes of cardboard and plastic recycled
- 15.8 million hangers returned by stores for re-use - saving an estimated 354 tonnes of new plastic being manufactured into new hangers
- 2.8% decrease in CO2 emissions per 1000 parcels delivered/collected



Context

Next Code of Practice (COP) is a set of ethical trading standards which form an integral part of our business. Through our COP Next seeks to ensure all products bearing the Next Trade Mark or sold by Next are safe, produced in a clean and safe environment, and in accordance with all applicable legislation. The COP stipulates the minimum standards for our suppliers in relation to workers rights and conditions of work, health, safety, welfare and environmental issues.

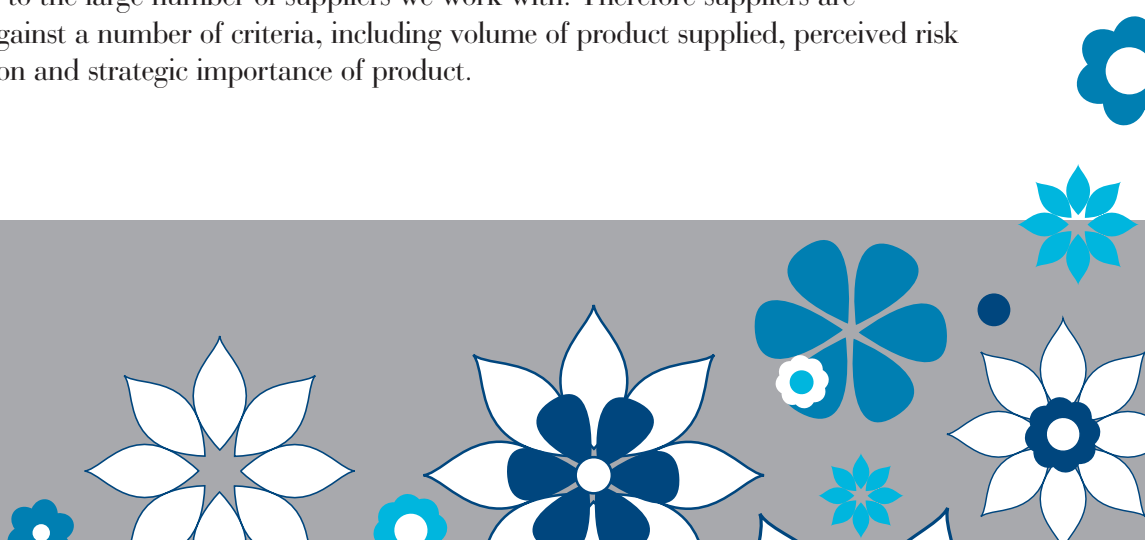
Next COP was introduced in 1998 and we are currently working with the Ethical Trading Initiative (ETI) on our 4th revision due for issue during 2006. The key aim of this revision is to align our Code with the ETI Base Code.

Next became an active and committed member of the ETI in 2002. The ETI is an alliance of companies, non-governmental organisations (NGO's) and trade unions (TU's) working together to promote and improve the implementation of corporate codes of practice which cover supply chain working conditions. The ultimate goal of this alliance is to ensure that the working conditions and rights of workers producing for the UK market meet or exceed international labour standards.

Next makes every effort to work with suppliers in order to reach the standards set out in the Next COP. One example of how we achieve this is by producing and issuing the Next COP in different languages including English, French, Turkish, Arabic, Portuguese, Singalese, Vietnamese, Tamil, Hindi and Kannada to help suppliers understand our standards and requirements. The Next COP team carries out audits of suppliers factories to assess how they comply with these standards and requirements.

An audit is the assessment method we use to check whether factories comply with our COP. A Next COP auditor attends the suppliers' factory to review their employment records, talk to factory managers, interview workers as well as visually assessing working conditions and health and safety standards. This usually takes between 1 – 2 days depending on the size of the factory and the number of employees.

Any areas of concern are discussed with the supplier and a corrective action plan with timescales for completion is agreed. The audit team monitors the supplier's progress and offers support to help the supplier work towards the implementation and completion of the action plan to bring the factory up to the required standard of operation to comply to our COP. It is not possible for us to audit every factory each year due to the large number of suppliers we work with. Therefore suppliers are prioritised for audit against a number of criteria, including volume of product supplied, perceived risk of geographical location and strategic importance of product.



We believe the best way of maintaining the integrity of COP audits for suppliers who manufacture for Next is to manage the process in-house with our own team of auditors who are located in the UK, Hong Kong, Turkey, Sri Lanka and India and cover our global supply base. Through the audit process and the support offered by our team we are able to work closely and directly with our suppliers to help them achieve the improvements needed to meet our requirements.

Data

No of countries product produced in - 46

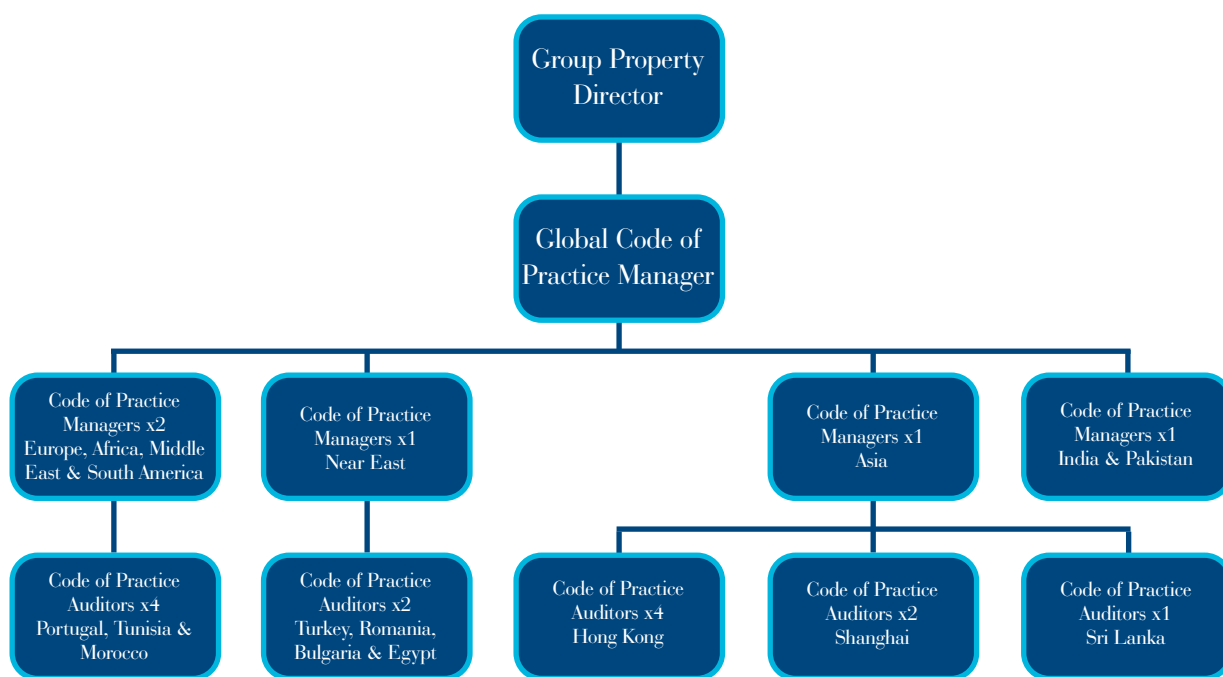
No of factories product produced in - 1360

No of audits carried out - 550 factories operating in 29 countries of which 58% were first audits or surveillance audits (our priority is first time audits) and 42% were follow-up audits (to monitor the implementation of corrective actions)

No of workers involved in producing Next product in the audited factories - 309,852

No of auditors in global COP team - 19

Structure tree showing reporting lines & country/region



Successes

Next has revised our COP to align it to the ETI Base Code with a key aim of improving supplier communication by making it an easily understood document that is in parallel with other retailers who are also members of the ETI. Now this is complete the principles of our code will be published on the Next website where interested parties will be able to read and understand our commitments to the workers who produce Next products.

Next has recognised the importance of talking to the workers as well as the management with worker interviews forming an integral part of the audit process. When worker interviews are undertaken they are conducted in local language during the audit with the use of translators where required.

In addition to the auditing and monitoring programme managed by the COP team, the team identified a training requirement within our supply base to improve their knowledge and experience. During 2005 we developed and facilitated some practical training sessions for our suppliers to help raise awareness and improve their understanding of COP issues which will continue to be expanded in 2006.

Our regional teams have been active in various projects, 'best practice' initiatives and training sessions during 2005.

Asia

First Aid Training - Next worked with the Red Cross from Guangzhou in China and hosted a training course for 40 people from 11 factories in the region focusing on first aid and medical programmes within factories. It is a requirement of our COP that all factories have personnel trained by recognised bodies eg the Red Cross.

Code of Practice Supplier Training - Next hosted a COP training conference in Sri Lanka for our supply base with 108 people from 58 factories attending. The training illustrated methodologies to achieve compliance and the sharing of 'best practice' experiences and solutions.

India

Balloons – Disability Initiative - Next joined with other retailers during 2005 to work on providing equal employment opportunities to people in the garment export industry in Northern India in both manufacturing and office based roles. Balloon have the facilities to train disabled people, enabling them to fulfil equal roles as able bodied workers and Next are working with Balloon with the aim of sensitizing the factories that work with us to employ people with disabilities. Work will continue on this project during 2006.

India (continued)

SEWA (Self Employed Womens Association) is an NGO /TU joint venture involved in organising women workers in the informal sector. Next has previously worked with SEWA and during 2005 we have begun planning a project in Bikaner in Rajasthan with them with the aim of training women workers with the skills and technology of making recycled paper. At this stage, the aim of the project is to deliver benefits to the local community. SEWA also has a hand embroidery centre in New Delhi with 150 female workers, offering a better environment to work in, a greater transparency in terms of wages and direct interaction with the factories with the aim of developing business. Next have started to work with SEWA on this project and have started to introduce the centre to some of the factories that work with us with the aim that they will place business with the centre. Our involvement in this project will continue during 2006.

Europe and Africa

Supplier Training - with a focus on our smaller suppliers in this region, we developed and facilitated a number of training seminars focusing on the different experiences and challenges experienced when implementing the requirements of the COP. The seminar included guidance on how to implement corrective actions relating to health and safety and personnel management and the sharing of examples of best practice solutions. 15 suppliers attended during the year.

Brands Group - during 2005 we continued as an active member of a local 'brands' group with other retailers. One focus was each retailer identifying a partner – supplier, who then received training by AKUT (local NGO in Turkey) which included health and safety awareness, fire safety and risk analysis skills.

UK

COP Global Team Review - hosted at our UK head office and attended by teams from all regions where ideas and experiences were exchanged. A global action plan was agreed identifying targets for 2006, some of which are shown in the following Opportunities section.

Employee Training - training for all our employees involved in the procurement of our product was launched during 2005 and will continue to be rolled out across the company, raising awareness of the impact buying decisions can have on our suppliers and our ethical trading requirements.

Supplier Training - a training seminar was facilitated for our 14 UK re-processors to provide an introduction to our COP and its requirements. We provided guidance for sustainable improvements.

ETI Projects

We continue to participate in on-going ETI projects.

Impact Assessment Project - this aims to understand whether the implementation of ethical standards is having a positive or negative effect on individuals or groups such as workers families and local communities, and identifying how positive impacts can be improved and negative impacts can be reduced through the studies carried out in India, China, Vietnam and the UK.

China Project Working Group - during 2005 this project focused on practical working with suppliers to implement elected worker health and safety committee. Our COP Manager based in Hong Kong participates in local meetings and is able to use the shared learning with other suppliers.

Sri Lanka Project Working Group - with other ETI retailers manufacturing in Sri Lanka we initially investigated ways of applying ethical standards by developing rigorous and reliable audit methods for identifying issues, formulating corrective action plans and assessing their impact. As part of this project, during May, we audited our own manufacturing facility in Sri Lanka to the test audit criteria which highlighted areas for improvement in terms of developing documentation, policies and training requirements including:

- revise documentation detailing employee benefits
- increase monitoring of workers hours
- implement additional training within the personnel team focusing on relationship building
- review fire evacuation safety policies and implement additional employee awareness and training

Our COP team in Sri Lanka worked with the management of the factory to establish an action plan to rectify the issues concerned. A follow up audit was undertaken in July and all issues identified on the action plan were successfully completed. We have identified we can potentially use the lessons learnt as a 'best practice' training tool with our other suppliers to show it is possible to affect changes within a short timescale.

During 2006 the project is on going to determine if it is possible to implement and manage the findings via an industry specialised agency that could audit across the industry.

ETI Projects (continued)

Home Worker Group - a home worker is a person carrying out paid work from home. The project aims to understand their role and ways to ensure ethical standards are upheld. Now in its second year the project has two groups, one in the UK which we chair and one local group in New Delhi whose focus is on home workers in the fabric embellishment industry in Northern India. During 2005 both groups have worked in partnership to develop a set of guidelines to apply and implement ethical standards within a home working supply chain. The project will continue during 2006 where consultations will be undertaken with all stakeholders in the supply chain in India on the guidelines that have been developed.

Opportunities

To maintain and continually improve a robust audit programme that efficiently raises risks and work with our suppliers to develop and support their on-going improvement programmes by working towards improvement based initiatives.

Work to resolve country specific long term issues by joining together with other members of the ETI.

Continue to roll out training for our employees across the company to raise awareness of the impact buying decisions can have on our suppliers and our ethical trading requirements.

Identify and participate in new best practice initiatives.

To further invest in the in-house Next COP team based in India, mainland China and the UK.



our customers and product

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Context

Through continued focus we are committed to selling products that offer style, quality and value for money for our customers. We ensure our products are made safely, are fit for purpose and comply with all relevant legislation and are offered for sale to our customers in safe, welcoming and easily accessible surroundings. In addition we ensure our products are sourced responsibly and are closely managed with focus on social and environmental concerns.

Next aim to provide an inclusive high level of service to all our customers through our various methods of shopping, whether through our high street or shopping centre stores, the Next Directory or the internet. The different methods of shopping must be easily accessible for all our customers and we recognise we can provide assistance to our customers with impairments to increase the accessibility of our services. We have created a package of measures in both our retail stores and Next Directory which we believe assist our customers with impairments.

We aim to provide good quality fashion products that are competitively priced for all our customers. Our team of technologists ensure the products we sell are safe and fit for purpose and use the expertise of independent safety specialists for clothing, accessories, footwear, beauty and home products where required. We work closely with our supply chain to ensure the products comply with the law and our safety and performance standards which are detailed in product specific manuals and given to our suppliers.

Through membership of various industry committees and groups such as the British Retail Consortium and British Standards working committees we monitor new legislation and changes to existing legislation and also participate in policy debates. In line with the growing framework of legislation surrounding environmental concerns we are ensuring we comply with the relevant directives in line with their enforcement dates. For instance we have ensured our product complies with the European Directive on the Restriction of the use of certain Hazardous Substances in Electrical and Electronic equipment (RoHS Directive) which came into force on 1st July 2006. We are also working to comply with the new European Directive on Waste Electrical and Electronic Equipment (WEEE) which sets targets for retailers and manufacturers on reuse and recycling. It came into force in the Republic of Ireland on 13th August 2005 and is expected to become law in the UK during 2006/07. The Next stores in the Republic of Ireland have introduced a take-back scheme for electrical waste. In the UK Next is working with other members of the British Retail Consortium to set up a scheme to fund a local authority collection system in line with the anticipated introduction of the legislation.

We have a team of over 100 people working in our Customer Service departments who interact with our retail and Directory customers through telephone calls, letters and email correspondence to resolve issues and enquiries. The information provided from this correspondence is analysed and documented. It is a valuable tool for other internal departments to review and facilitates improvement to a service or product.

Next has a growing overseas franchise operation working with 9 partners across 17 countries. During 2005 16 new stores were opened taking the total to 96. The franchise store concept and format is as a UK store and our franchise partners select product from the ranges Next sells in the UK. During 2005 we identified a requirement to work with our franchise partners to introduce the Next Code of Practice within their operations. This will be rolled out in 2006.

Data

We have:

- an average of 289,000 transactions per day in store v 260,000 transactions per day in 2004
- 2.1 million active Next Directory Customers v 1.9 million active customers in 2004

Our Customer Service contacts were 213,259 v 123,584 contacts in 2004

- 133,678 enquiries v 60,357* in 2004
- 76,003 complaints v 60,760* in 2004
- 2,502 praise v 1807 in 2004
- 755 incidents v 554 in 2004
- 321 suggestions v 106 in 2004

The increase in customer service contacts is due in part to our increased sales, but during 2005 we also developed a dedicated Store Services enquiry line to better manage product related enquiries and help more customers - see the Successes section for more details.

Note - the data does not include contacts made directly with Next Directory which are immediately resolved, as contacts are not recorded separately as service or non – service related. It only includes escalated queries for Next Directory.

* There was an error in the figure reported last year that has been corrected .

Successes

We have created a package of measures to aid accessibility that are taken into consideration for all new store openings and when existing stores are re-fitted.

These measures include for our retail stores

- accessible service desks which include a low level counter and hearing loop in the majority of our existing stores and all new stores.
- an open door policy which means that our doors are kept open during trading hours to ensure every customer can gain access.
- the minimisation of internal and external steps that cause obstacles for access and where these cannot be overcome all retail staff have received training so they can provide assisted shopping.
- the provision of literature in Braille, audio and large print on request.
- in all new stores accessible fitting rooms and lifts where there is multi floor occupancy.
- clear signage supported by pictograms.
- fire evacuation chairs where access is gained to first floors and above by lift (except where a suitable alternative means of escape is available).

and in Next Directory

- the provision of literature in Braille, audio and large print on request.
- customers can contact us using Typetalk or on our text phone service.
- personal one to one assistance from one of our Customer Relations team.

As we update our website www.next.co.uk we consider the site's accessibility and where possible changes are being made to increase accessibility. For example we have introduced Access Keys that enable customers to press keys to navigate the site instead of using a mouse.

Next believe the key to providing an inclusive high level of service for all is employee training. Training is provided to employees in retail stores and to the Customer Service Departments who support both retail stores and Next Directory.

During 2005 in the Customer Services department, to improve the service offered to our customers, we created a dedicated Store Services team within the call centre to manage product related enquiries. This has increased the number of enquiries we have been able to answer allowing us to listen to our customers more and react to their enquiries.

We have undertaken a review of how easy it is for our customers to care for their clothes purchased at Next, and by working with our fabric suppliers have reduced the requirement for dry cleaning or washing at higher temperatures to clean the clothes which reduces cost, energy consumed and chemicals used and has a beneficial impact on the environment.

- 85% of our clothing is machine washable
- all machine washable product is washable at 40°C
- 90% of all childrenswear is washable and tumble dryable
- Menswear tailored suits have been developed that are washable and tumble dryable for 2006
- 50% of womenswear tailoring is now machine washable.
- Replace a number of chemicals we believe to be a risk to the environment such as phthalates used in motif transfers and printed panels in childrenswear. Phthalates will also be removed from our adult ranges in prints during 2006.

Product risk - following a review we have implemented a formalised method of assessing product in terms of risk to the consumer and recording the information. Product is assessed for all aspects of risk including product safety and compliance with legislation.

Opportunities

To develop and trial a new starter training programme for our retail employees which is to include disability awareness training, and if successful implement into the business.

Review how the information collected by the Customer Service teams is distributed and used within the business and identify areas for improvement.

Work with our franchise partners to understand and implement the Next Code of Practice within their operations.

Franchise Operations Manual to be introduced and embedded with our partners in 2006.

Opportunities (continued)

Investigate opportunities to develop specific ranges across the business of

- 100% organic cotton working with the Organic Cotton Exchange. Organic cotton is grown without the use of artificial fertilisers, pesticides and insecticides.
- Fairtrade certified cotton products. We are working to develop product with the Fairtrade Foundation to their standards to help small-scale farmers in developing countries and the communities they live in.

Continue to investigate and review our strategy on chemicals and dyes used during the production of our clothing to understand their environmental impact and consumer safety.

The garden furniture ranges we sell have been made from wood from sustainable, well managed sources that are certified by the Forest Stewardship Council (FSC) since 2003. During 2006/07 we aim to review our timber policy to work to expand its requirements to all solid wood furniture. For our retail store fittings wherever possible, we use wood from sustainable sources and are working to develop this initiative during 2006/07.



Context

People are a key asset to our business and we aim to attract and retain the best people to work at Next. Next is an equal opportunities employer and will continue to ensure it offers career opportunities without discrimination. We have established policies for the recruitment, training and development of personnel as well as in the areas of health, safety, welfare and protection of the working environment. We have adopted policies aimed at minimising risk in our activities to ensure they do not harm employees, customers or consumers, who are all vital to our success.

Next believes in rewarding all employees with fair and competitive salaries along with the opportunity to earn additional pay in the form of bonuses as well as good development opportunities and working conditions. We monitor our rates of pay and other incentives against local and national job markets and other leading retailers on an annual basis to ensure we maintain competitive salary and benefit levels. We enhance maternity, paternity, adoption and sick pay to levels above statutory entitlements.

Wherever possible we make adjustments to improve the working environment and accommodate staff with disabilities, for example

- provision of a large print staff handbook is available for the visually impaired
- significant adjustments in our retail stores, for example to the working hours or job roles of individuals to aid the rehabilitation of an employee back into the working environment.

Communication, consultation and listening to our employees is important to the business. Next have an employee forum, Communication in Action (CIA), made up of a network of elected representatives (approximately 1 representative per 50 employees) from throughout the business. The CIA representatives attend meetings at least twice a year with senior managers and directors. This forum enables and encourages open discussion on key business issues, policies and the working environment.

In addition, Next has a recognition agreement with the Union of Shop, Distribution and Allied Workers in relation to warehouse and distribution employees.

We operate a Whistleblowing policy, which provides all employees, suppliers and contractors with a structured way of raising concerns or suspicions about any wrongdoing or malpractice. Employees are given an assurance that they will not be disadvantaged in any way if they raise concerns.

Context (continued)

The health and safety of our employees is of paramount importance to Next and we are committed to providing a safe workplace and to promoting the health and welfare of our employees and customers. We set safety programmes with objectives for all divisions of the business every two years. The safety programmes and objectives are reviewed quarterly by each Divisional Director and twice a year by our Chief Executive. The status of the safety programmes for 2004 – 2005 are shown in the data section below, where we have also shown the safety programmes for 2006 – 2007.

Through Ventura, we have opened a call centre in Pune, India. It is owned and managed by Next and employs 700 people.

Data

At 31st January 2006 we had 11,873* full time employees and 32,108* part time employees.

*Note - the figures represent UK and Republic of Ireland employment only and do not include employees on short-term temporary contracts.

Stats @ 31/1/06	Directory	Distribution	H/O	Retail	Group
Female	81%	41%	64%	74%	70%
Male	19%	59%	36%	26%	30%

New jobs - more than 2000 new jobs have been created in the UK due to the success of Next and our expansion into larger stores.

Returning to work after maternity leave - 76% of women who took maternity leave returned to work for Next, this is an increase of 2% on 2004. We are keen to retain the skills and experience of women who take maternity leave and we offer a maternity bonus payable three months after women return to work.

Next UK Pension scheme - the Next Pension Plan has two sections. The Final Salary Section was closed to new members in October 2000 and replaced with a Money Purchase Section. Both sections are governed by a single Trust Deed and managed by Next Pension Trustees Limited.

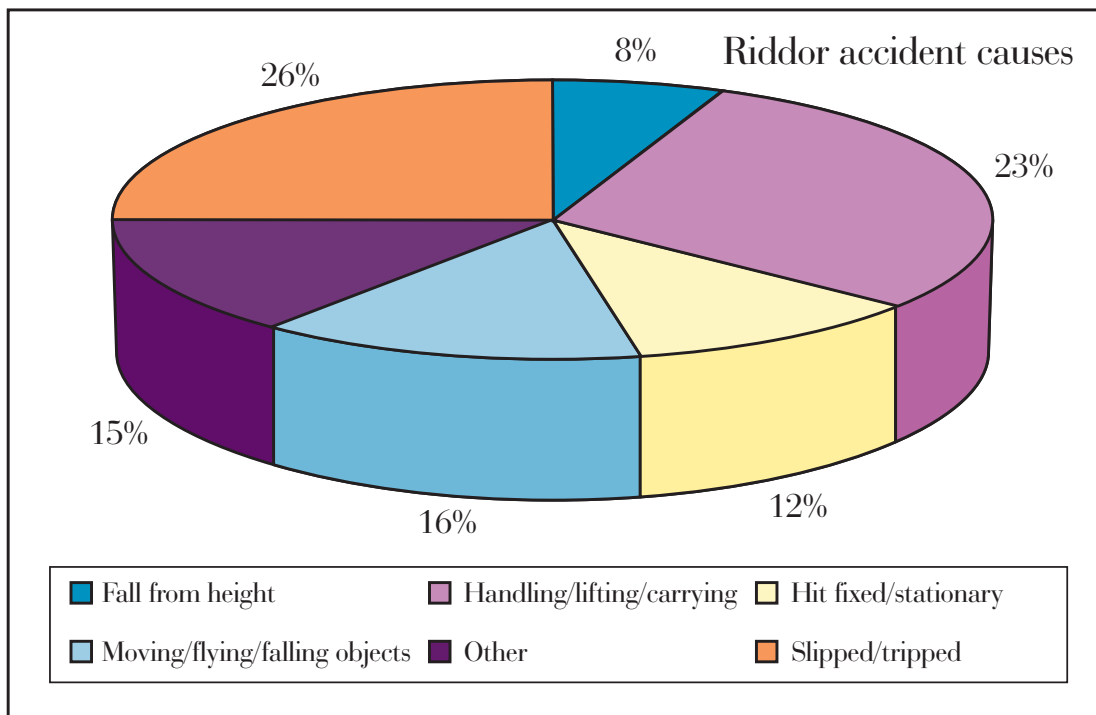
At 31st January 2006, there were 2,578 active members in the Final Salary Section and 2,012 members in the Money Purchase Section.

Data (continued)

Next UK Health and Welfare - in 2005 we spent £675,000 on health and welfare provisions - an increase of over 40 % during the last two years. These include health insurance assessments, occupational health provision and professional counselling support, along with a dedicated Employee Assistance Programme in Next Distribution.

Accidents - we report work - related accidents in accordance with the Reporting Industry Diseases and Dangerous Occurrence Regulations Act (RIDDOR) per 100,000 fte (full time equivalents). The data covers accidents in the UK, Republic of Ireland and Denmark.

Our employee numbers increased from 2004 to 2005 and there was a corresponding increase in accidents. We have placed emphasis on accident and 'near miss' reporting and have noticed an increased awareness among employees of how to reduce the risk of an impact from major accidents.



Our major cause of accidents (26% of the total) is slips, trips and falls. The second highest cause of accidents (23% of the total) is related to the manual handling of stock. Our safety objectives and programmes are targeted at improving performance in these areas.

Successes

We continue to invest in the training and development of our employees, so they are better equipped to manage the needs and challenges of our business. Training teams are integrated into each area of the business to provide direct job specific training. We work to recognise the potential of our employees by supporting career progression and promotion wherever possible.

We continue to provide support and opportunities for both school leavers as well as our current employees. Our Distribution division uses local training providers including Minsthorpe College and Learn Direct. Through an initiative started during 2004 which involved arranging a tour of the Distribution facilities for children due to leave school we have recruited school leavers through this link. 'Skill Boosters' is a training programme developed for our Distribution employees to help with their personal development.

To help our Distribution employees who do not speak English as their first language we have started to offer free, on-site English language lessons. We have identified we need to expand the range of English language courses offered to support our employees and will roll this out during 2006.

During 2005 we introduced a Childcare voucher scheme to allow our Head Office employees more flexibility in their choice of childcare provision as well as allowing them to save money through tax initiatives.

Sharesave - Next has operated an employee sharesave scheme for many years. This is to encourage employees to invest and share in the future success of Next. At 31st January 2006 there were over 10,000 employees participating in the sharesave scheme.

Attracting Employees - in 2005 we continued to attend careers fairs and deliver talks to schools, colleges and universities nationwide to attract students to a career with Next and enable us to recruit the best possible candidates for our business.

A new advertising campaign was launched in September placing particular emphasis on attracting trainee Merchandisers. The campaign was targeted at business students nationwide and as a result we recruited 57 trainees in 2005. We aim to continue with this strategy in 2006.

Successes (continued)

We continued to develop our links with colleges and universities by holding three 'Open Days' at our Head Office in January where students gained an insight into careers with Next. In January we also engaged with students from the London College of Fashion and set a design project with prizes and the possibility of job opportunities at Next - this will be completed during 2006.

In January 2006 our Directory division started to work with the Jobservice Partnership in Leicester to help unemployed people back into the workplace. The recruitment process is currently underway and we will be able to report further on this in next years report. During 2005 we utilised the Maturity Works website to encourage the recruitment of older workers into Directory. However this initiative was not successful so we will not progress with it, but we will continue to explore other opportunities in 2006. We are also keen to encourage mature people to work in our retail stores and one of the ways we achieve this is to use images of our current workforce in job advertisements to show the diversity of our employee population.

In Distribution we have worked with Pathways and Doncaster Learning Partnership to promote warehousing and distribution careers for 14 - 19 year olds, particularly in the area of our new site at Doncaster. We have developed a brochure to promote career prospects and the benefits of working for Next in Distribution as well as spending time in local schools talking to school leavers which has resulted in the offer of full time positions through this initiative.

The Next careers website was further improved during 2005 to include easy access to application forms for retail positions. We aim to continue this development during 2006.

Health and Welfare - in addition to the provisions already outlined, we also operate a number of initiatives to help our employees. For example

- we joined forces with CancerBacup in 2004 and with their help we provide support and information including a multi - lingual helpline for employees, whether they are patients, carers or friends of people suffering from cancer. There were over 130 calls to the helpline during 2005.
- we are actively encouraging employees to stop smoking. To date 40 people have benefited from our stop smoking campaign and 'Resolution' courses run in conjunction with the Local Health Authority.
- In conjunction with Drive and Survive we continue to carry out driver risk assessments and employees are able to attend one to one driver coaching. We also provide specialist courses to employees following driver incidents. During 2005 125 drivers completed individual risk assessments and 40 drivers benefited from specialist one to one coaching sessions.
- in conjunction with Euro NCAP, Next continues to improve safety within the company car fleet by ensuring, for example, all company cars achieve a 3 star safety rating as a minimum.

Successes (continued)

Safety Programmes 2004-2005 - the table below shows the programmes set for 2004 - 2005 and our progress. We rate progress as red (not commenced), amber (under way) or green (completed).

Safety Programmes 2004 - 2005	Progress against programmes			
	Distribution	Retail	Directory	Head Office
1. Divisional safety plans	Green	Green	Green	Green
2. Train managers to manage unsafe acts	Green	Amber	Green	Green
3. Promote key safe behaviours	Green	Amber	Green	Green
4. Safety training needs analysis by division	Green	Green	Green	Green
5. Improve risk awareness and management	Green	Green	Green	Green
6. Improve safety reviews	Green	Green	Green	Green
7. Safety risk priority list	Green	Green	Green	Green
8. Distribution and transport safety	Green	Green	N/A	Green

All programmes have been achieved with the exception of 2 and 3 for our Retail division (coloured amber) which have been trialled during winter 2005 and are now planned for completion during 2006.

Safety Training - we believe that training and safety awareness is critical to good levels of safety performance. We provide safety induction training in our retail stores and warehouses.

During 2005 we continued to focus on our safety training programme. Key activities included the training of managers and supervisors in the principles of safety management. Safety development workshops for Store and Area managers were held focusing on, for example, the principles of accident investigation and prevention.

External Contractors - all contractors who carry out work on behalf of Next are independently assessed for safety management competence.

We are an active member of the British Retail Consortium Safety Action Group and the Institute of Logistics and Transport Safety Group. We also work with the local authorities and fire brigades on health and safety and are in the process of finalising our participation in the Lead Authority Partnership Scheme.

Successes (continued)

Ventura - has a comprehensive Health and Safety programme with a Health and Safety Steering Committee which meets every six months as well as three site specific health and safety committees that meet on a quarterly basis. The Steering Committee is chaired by the Managing Director and consists of employee representatives, the Health and Safety Manager and the chairs of the site specific local committees.

Safety Improvements - we seek to 'design out' hazards where possible. During 2005 we undertook a number of process and equipment reviews and improved safety.

For example:

- 102 independent fire risk assessments were undertaken. These were part of a programme that will see all Next stores independently audited over a three year period.
- a new process was implemented for all our stores which ensures safe storage of stock at peak trading periods.
- 'Working at Height Guidelines' have been issued to all major contractors.
- changes have been made to our Fire Risk assessment processes, which take account of the new Regulatory Reform Order.
- access to Occupational Health providers is now available in our warehouses, head office, stores and Next Directory.
- a major extension has been provided to one of our trailer parks to ease congestion and improve workplace transport safety.
- the introduction of specialist vehicles to move trailers around our transport facilities has reduced the number of upper limb disorders.
- a transport procedures manual has been developed covering all key safety management aspects of our distribution operation.

Opportunities

Continue to attract and retain the best people to work at Next.

Continue to listen, consult and communicate with our employees over issues that affect them, for example, changes to Age Discrimination legislation effective from 1st October 2006.

During January 2006 we commenced with the launch of our Company Safety Programme 2006 - 2008. The table below shows the current status of the programmes. As this is an on-going process Next already has a safety management system which encompasses many of the programmes proposed for 2006 – 2007. As the programmes seek to improve or develop these existing systems we have chosen not to rate any of the programmes as red.

Safety Programmes 2006 - 2008	Progress against programmes			
	Distribution	Retail	Directory	Head Office
1. Active safety support				
2. Safety consultation and communication				
3. Safety Information and resources				
4. Focus on high risk areas				
5. Safety supervision and management				
6. Behavioural safety and developing our safety culture				
7. Safety training and competence				
8. Safety measurement and management information				
9. Emergency preparedness				

To develop an online accident reporting system in our business to improve how we collect the information relating to any incidents and accidents and report to the Health and Safety Executive. It will create an improved management information tool to allow us to use the information to identify the cause of accidents and take further action to prevent them.

We have identified a requirement to develop safety management processes within our manufacturing facility in Sri Lanka with key work currently being undertaken to develop, for example, a safety management system which will be compliant with ILO Safety Management Systems. We will take the learnings from Sri Lanka to develop our call centre in Pune, India.

Context

Next believes it is important to maintain healthy relationships with the communities we operate in by contributing money, goods or the time and expertise of our employees. We focus our resources on projects that support communities and offer sponsorship to a wide variety of organisations and charities. One of the ways charitable organisations can make a huge difference to the lives of the people they help is by forming partnerships with businesses and through fundraising events organised by Next additional monies are raised that help the charities we support.

Our charity and sponsorship programme is made up of three categories:

Charitable support - we gave charitable donations to 13 registered charities comprising of 10 health charities, 2 youth charities and 1 animal welfare charity.

We also support a range of other charities in response to individual requests.

Community support - we are a member of Business in the Community, Leicestershire Cares and The Duke of Edinburgh's Award Scheme.

Commercial support - we sponsor a number of fashion and sports organisations which offers the benefit of supporting them with funds as well as helping to raise awareness of our brand. We also give support to local sporting teams, particularly where there is employee involvement.

Data

Community Support 2005

Charitable support = £ 313,377

Community support = £ 34,397

Commercial support = £ 247,093

Fundraising = £ 289,000

Note: the figures quoted above relate to payments actually made during the reporting period of this report and may differ to figures quoted in the Annual Report. Also the figures relate to the monies actually given to the charities and organisations during the reporting period.

Data (continued)

Product Donation

We make use of damaged stock by donating it to charities for them to either sell in their shops, help individuals, or recycle and make into new product to sell on. The British Red Cross raised over £100,000 in their shops by selling this stock.

Charity Christmas Cards - by donating 25p from each pack we raised £211,521 which was shared equally between British Heart Foundation, Macmillan Cancer Relief and Barnado's. Our Irish stores raised £ 4,219 which was equally divided between Barnado's and the Irish Heart Foundation.

Ventura - raised £58,664 through a series of staff fund-raising efforts. This was shared between national and local charities, including Diabetics UK, The Samaritans, Wakefield Riding for the Disabled and Manorlands Hospice.

Successes

A Next Charity Committee has been created with employees from different areas and levels of seniority within the business. Proposed donations with a value of more than £5,000 are presented to the committee for approval and agreement.

As a major employer in the region, the Ventura team at our Indian call centre in Pune have worked closely with the local community on a number of initiatives to help various groups. For example, organising a day of events and activities for children from HIV affected families. The call centre in Pune is working hard to become the employer of choice in the area and recognises the importance of working closely and positively with the local community to develop and sustain a good business community relationship. For example the team recognise that good communication with the local community is essential and have organised and run a 2 day 'Stress Management' workshop for the Pune traffic police. The workshop aimed to help the police learn how to manage their stressful working conditions. They are also forming relationships with schools and colleges to promote continuous knowledge sharing between business and the community.

Following the Indian Ocean tsunami in December 2004, the Group established a charitable trust to co-ordinate the distribution of over £790,000 of funds raised and donated by the Group and its directors, employees, associated companies and suppliers. The money will assist in a long-term reconstruction project to create new homes to house approximately 1,000 people. The construction of the village at Sirikandura, near Calle, in Southern Sri Lanka is now well advanced with 60 of the 168 houses completed and ready for occupancy. In addition to the houses there will be central social facilities such as shops and a community centre. The village will be completed by the end of September 2006.

Successes (continued)

We allocated a fund of £50,000 to support overseas projects that were linked to our suppliers, for example, £5,000 was donated to P&O Nedlloyd for a project supporting children in Africa called 'Fish River'.

Our main fundraising event in 2005 was the Next Charity Ball with over 1000 people in attendance. It was the first charity ball to be hosted by our Chief Executive Simon Wolfson, and all proceeds were being raised to support our Chairman's charity 'Cure Parkinson's Trust' in association with the Movers and Shakers.

We became the main sponsors of the British Transplant Games in August 2005 when the facilities at Loughborough University were the venue for transplant patients to take part in their own 'Olympics'.

Our support of Breast Cancer Care was extended as Next became the Lingerie sponsor of their annual fashion show by donating additional funding. All the models, who are recovering from breast cancer themselves, were given Next Lingerie to wear during the the fashion show and keep after the event.

Opportunities

Continue to respond to and forge relationships with charities and organisations.

Continue to support the development of Sirikandura in Sri Lanka and support the people in terms of employment potential.

Context

Our aim and approach is to work to achieve environmental gains through developing and operating good business practices. This part of the report focuses on our operational practices and the range of environmental issues across the business we need to manage both now and in the future to reduce our impact on the environment.

One of the biggest environmental challenges we all face is climate change. The burning of fossil fuels for energy and transport releases carbon dioxide (CO₂). There is a need to conserve carbon through energy efficiency and the effective management of our resources. In addition the escalation of costs for electricity and gas makes energy an important consideration in terms of operating costs.

The management of waste produced, such as cardboard and polythene, provides continued challenges for us to reduce total waste production and increase the proportion of waste we are able to recycle. Both packaging minimisation and recycling play an important part in preventing unnecessary or avoidable waste being sent to landfill.

Through careful management of energy, combined with the investment into energy efficient technologies there are opportunities for Next to reduce environmental impacts and energy costs as well as reducing costs through packaging minimisation and the recycling of waste materials.

Data

	Year Ending Jan 2005			Year Ending Jan 2006		
Utilities	kwh		Tonnes of CO ₂	kwh		Tonnes of CO ₂
Buildings:-						
Head Office, stores, warehousing, directory						
Electricity Consumption - incl. estimations	221,871,312		95,683	269,405,209		115,833
Gas Consumption - incl. estimations	50,549,613		9,604	51,493,070		9,783
Ventura:-						
Electricity Consumption - incl. estimations	16,765,579		7,209	14,304,332		6,150
Gas Consumption - incl. estimations	6,777,967		1,288	6,167,555		1,172
Fuel:-						
Directory Deliveries	Litres	km	Tonnes of CO ₂	Litres	km	Tonnes of CO ₂
Distribution - Diesel (confirmed figures from dedicated carriers)	3,422,000	13,498,000	9,170	3,757,000	16,127,000	10,069
Distribution - Diesel (confirmed figures from shared carriers)	2,049,000	17,480,000	5,492	2,407,000	20,018,000	6,451
Distribution - Unleaded Petrol (may include an element of diesel) (estimated figures from shared couriers)	921,000	10,107,000	2,127	1,210,000	13,277	2,794
	Litres	km	Tonnes of CO ₂	Litres	km	Tonnes of CO ₂
Mainland Diesel	5,683,727	20,274,702	15,232	6,064,422	21,291,830	16,253
Ireland Diesel	497,774	1,852,902	1,334	717,591	2,619,705	1,923

Note:

- Gas and Electricity consumption for y/e Jan 2005 has been restated based on actual data in replace of estimates
- Assume couriers have a 50:50 split of diesel:ULP
- Use specific figure to calculate Next percentage of the shared carriers used

We report data for our stock distribution (between our warehouses and stores) as well as for our Directory deliveries (between our warehouses, our stores and our customers).

Data is not available for the transport of our products between factories and our warehouses.

Data (continued)

Water

	Year Ending Jan 2005	Year Ending Jan 2006
Buildings (Head Office, Stores, Warehousing, Directory)	247,393 m ³	249,511 m ³
Ventura	27,500 m ³	36,562 m ³

Within Ventura we have seen a 33% increase in the amount of water used. This is due to growth in the business.

Paper Use - Directories

	2004 Books	Pages Printed for 2004 Books	Paper Used in 2004 Books (tonnes)	2005 Books	Pages Printed for 2005 Books	Paper Used in 2005 Books (tonnes)
Next Directories	5,485,000			5,619,000		
Next Brochures	3,010,000			3,557,000		
Total	8,495,000	2,596	27,498	9,176,000	2,720	28,540

We have continued to use lightweight paper to reduce the amount of paper used per book. In 2005 the total pages printed increased by 11.9%, but only 4% more paper was used compared to 2004.

Waste and Recycling

Figures in Tonnes	Total Waste 2004	Total Waste 2005
General Waste		16,987
Cardboard		13,644
Plastic		1,304
Total	29,215	31,935

Figures in Tonnes	Total Recycled 2004	Total Recycled 2005
Cardboard		13,644
Plastic		1,304
Total	11,935	14,948
% Recycled	41%	47%

Data (continued)

Hangers

	Total in 2004	Total in 2005
Hangers returned from stores (millions)	12,000,000	15,800,000
Hangers recycled (millions)	8,000,000	9,600,000
Virgin material saved (tonnes)	328	354

We recycle more than 60% of our hangers which reduces the quantity of new hangers we need to purchase.

Head Office Recycling Activities

Figures in Tonnes	Total in 2004	Total in 2005
Paper	193	224
Cardboard	102	140
Plastic Cups	7	7
Drinks Cans	1	1

Through improved initiatives within our Head Office we are recovering more paper and cardboard from the waste stream to be sent for recycling.

We also recycled 425 toner cartridges.

We received £1,100 for recycling cans and toner cartridges, which we donated to charity.

Successes

Energy

Next monitors electricity use and gas use in all our stores and warehouses. We have installed a building management system in about half (267) of our existing stores, and it is fitted as standard in all new stores. The system allows for increased visibility and understanding of our energy consumption by store and as well as identifying any faults or malfunctions. It also enables opportunities to optimise energy use, residual and night time energy use. There are 307 stores installed with half - hourly modem meters which pass each store's energy consumption information into a data collection facility that we also monitor.

Next continues to develop control systems with manufacturers to reduce energy consumption and software that analyses energy usage in the stores to reduce any possibility of waste.

Following an in - depth study into the use of 'free cooling' in HVAC (Heating and Ventilation Air Conditioning) systems (taking air from outside that is cooler than the indoor air) we have modified the design of the HVAC units we use.

Waste

With our main waste contractor we audited the 212 stores they manage to determine the types of waste produced and potential recycling opportunities including equipment recommendations. 102 stores have been equipped with compactors and balers for cardboard and polythene collection following the audit.

We have also developed space efficient methods of compacting waste that is practical for our high street stores where there is only limited space to dedicate to waste collection.

We conducted a small trial in 2005 to investigate the potential benefits of reverse hauling recyclable waste eg cardboard and polythene to a central distribution centre where it can be centrally compacted and baled. The trial has identified potential merits to the business but requires further investigation which will continue during 2006.

Distribution

Through improved distribution efficiencies such as increasing the number of items per parcel being sent to our Directory customers and increased kilometres per litre of fuel we have reduced our CO2 emissions per 1000 items delivered by 2.8%.

Successes (continued)

Distribution (continued)

During 2005 we have trailed the use of a double decker trailer for delivering stock to our stores with the key objectives of reducing fuel consumption, road traffic and CO2 emissions. Whilst the trial has demonstrated benefits in line with the key objectives, we have identified further potential possibilities and will continue with this initiative in 2006 working with our vehicle engineers to design specialised trailers for the movement of our stock to stores.

Following an initial trial in 2004 in three vehicles, we have developed and installed a fuel monitoring system in our vehicles which facilitates the management of both driver style and fuel economy. Drivers are given additional training to improve their driving style and fuel economy where required with the aim of reducing vehicle emissions. During 2005 we assessed the use of satellite navigation systems but the trial produced no discernable reductions in distance driven so we will not be proceeding with this initiative.

Clothing Hangers

We have continued with the initiative to re-use or recycle clothing hangers within our stores. Re-usable hangers are placed back into stock and hangers that are no longer required or are broken are returned through our recycling scheme to be granulated. During 2005 this initiative allowed us to save an estimated 354 tonnes of new plastic being manufactured into new hangers.

Opportunities

To trial and monitor a new energy efficient lighting scheme that offers a 50% reduction in energy use without affecting in-store ambiance.

Identify opportunities for more energy and environmental efficiencies throughout the business by working with the Carbon Trust and Envirowise.

To map our carbon emissions and identify opportunities for reduction throughout the business.

To continue to work with manufacturers to trial new energy saving technologies, for example, heat transfer between plant, equipment and condensing space using refrigerant systems.

Continue to rollout the equipping of suitable stores with compactors and balers to aid the collection of cardboard and polythene for recycling.

Investigate how we can increase recycling possibilities with our stores that operate with a service contract by approaching and collaborating with the landlords.

Opportunities (continued)

Expand the reverse hauling trial of cardboard and polythene for recycling to a central distribution centre to assess if feasible to be expanded nationally.

Review the recyclable content of waste currently sent to landfill and establish a long term business strategy and timeline to achieve zero waste sent to landfill.

Review product packaging to identify opportunity to minimise the packaging materials used through the business.

independent assurance statement for Next plc 2006 corporate responsibility report

The Next plc 2006 Corporate Responsibility report (the Report) has been prepared by the management of Next plc, who are responsible for the selection of content and for the collection and presentation of information. The Reassurance Network was commissioned by Next to verify the Report in order to assure readers of the accuracy, coverage and balance of content.

Our responsibility in performing the assurance activities is to the management of Next and in accordance with the terms of reference agreed with them. We do not accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance that any third party may place on the Report is entirely at its own risk.

Scope and Methodology

Our assurance activities have been planned and performed to take into account emerging good practice and standards in this area, including the AA1000S assurance standard and the International Federation of Accountants' International Standard for Assurance Engagements (ISAE3000).

In order to form our conclusions we undertook the following activities:

- Interviews with a selection of executives and senior managers to understand the main areas and issues that have received management focus during the reporting period along with corresponding objectives and priorities. We also reviewed the means by which Next planned to achieve its objectives, the degree to which objectives were met and how internal assurance was provided on these matters
- Review of relationships with stakeholders through interviews with key relationship managers and reviews of selected documentation
- Interviews in Hong Kong with Next's ethical audit team to assess its approach, resourcing and effectiveness in monitoring and promoting the Next Code of Practice for Asian suppliers
- Visit to Elmsall Drive warehouse to assess the implementation of a range of internal training and performance improvement programmes and also to review employee and community support initiatives
- Interview with the Human Resources Director of Ventura, the customer contact and service management company owned by Next, which has recently opened a call centre in Pune, India
- Review of the approach and criteria for determining the content of the Report considering its relevance to the business, significance to stakeholders and overall materiality
- Review of a selection of external media reports relating to Next, as a check on the coverage of issues
- Verification of the Report's data, statements and assertions regarding Next's Corporate Responsibility (CR) performance. This included reviews of policies, procedures, guidelines, records, surveys, minutes and other documentation relating to performance management and reporting.

Level of Assurance and Limitations of Our Review

We interviewed 28 people across the range of activities outlined above and applied a level of investigation that was appropriate to the potential significance of the information to Next's business objectives, its stakeholders and the Report's wider readership.

Our review was limited in the following ways:

- Interviews did not include anyone from the wholly-owned Next factory in Sri Lanka, the call centre in India, NSL's international offices' (with exception of Hong Kong) or any of Next's franchise partners.
- Performance data was checked at a top level only. We did not carry out a detailed check in any detail the operational reporting processes or underlying data management systems that generate and handle the basic data.
- We did not attend any stakeholder engagement activities.

Conclusions

Subject to the limitations listed above, we provide the following conclusions on the Report:

- We are satisfied that the scope and content of the Report covers the significant aspects of Next's business activities and issues which are of likely interest to Next's main stakeholders. We are not aware of any issues of potential significance that have not been included in the Report
- The information is sufficiently accurate, up-to-date and free from material misstatement or omission for readers to form a balanced opinion of Next's activities and performance. We are not aware of any invalid or misleading statements in the Report
- We believe that the Report provides appropriate coverage of the significant aspects of Next's operations that have received management attention during the reporting period. We are not aware of any material aspects that have received management attention but which have been excluded from the Report.

Observations and Recommendations

As part of the assurance assignment our activities we have prepared a management report for Next's management, identifying areas of potential improvement which could bring benefits to the business and its stakeholders. An extract of observations and recommendations from this document are summarised below:

- **General.** Next is driving many Corporate Responsibility initiatives and achieving improvement along with business efficiencies and benefits. We feel that the Report could make this clearer for stakeholders to understand and for them to assess performance and progress. In several areas we feel that the Report understates a solid performance. A clearer performance management and monitoring framework could help communicate the picture better, with expression of policies, principles and goals for each area of Corporate Responsibility.
- **Scope of Business Activities.** As Next expands its business the significance of its franchise operations is growing. Next recognises the importance of extending key aspects of Corporate Responsibility into this area of its business and we recommend that progress is presented in the 2007 report. We would also suggest that more coverage should be given of Ventura's business activities.
- **Overseas operations.** We note that a health and safety audit has been undertaken for the first time at the Sri Lanka factory owned by Next. Given that Next is solely responsible for operational control at this facility, we feel that, in future, it would be appropriate to provide a more comprehensive account of significant aspects of Corporate Responsibility performance and progress. Similarly, the Ventura call centre at Pune should be included.
- **Health & Safety.** We have been impressed by the attention given by Next to the management of health and safety, taking account of the risks for employees and customers. However, no company-wide performance target exists against which to report progress. We feel this represents a potential missed opportunity to fully embed the responsibility for driving health and safety improvement.
- **Achievement of Commitments.** A range of achievements has been described in the Report, reflecting the strong progress being made. We feel that the use of more specific metrics would help with the assessment and reporting of these achievements. Given the rapid rate of business expansion, a greater use of efficiency indicators could be useful to enable compare performance over time to be tracked.
- **Suppliers.** Next has a very professional and committed supplier audit programme, focused on monitoring performance against the Code of Practice. A more quantified picture of supplier performance against the Code, in terms of non-compliances and completion of corrective actions would provide a clearer picture of how effectively the Code and the audit programme are achieving performance improvements in the supply chain. We also feel that the Report would benefit from a presentation of Next's longer-term plans for driving ethical improvements through its supplier chain.

- **Customer Complaints.** Next is reviewing its structures and processes for responding to customer complaints and utilising customer feedback for product and service improvement. An account of progress in this area would be a valuable inclusion in the 2007 Report.
- **Vehicle Emissions.** Next has identified and implemented a number of measures to increase its distribution efficiency and the report presents CO2 emissions as a measure of the environmental impact of its distribution network. We feel that it should also quantify NOx emissions, given that this is a major source of local and regional air pollution in the UK with consequent health effects in many urban areas.
- **Waste.** We note and applaud the zero waste target that Next has set itself and the range of initiatives which are being planned to achieve it.
- **Energy.** Next is very active in seeking more energy efficient ways of working and is involved in a range of various research and monitoring initiatives. We feel it would be useful to report next year on key findings, options for operational implementation and any firm plans for the future.
- **Community Investment.** We note the wide range of community investment projects that NEXT continues to invest in, both independently and in association with partners. We recommend that in future, a more comprehensive set of accounts for these investments is presented to accompany the descriptive case studies.

Paul Wenman and Malcolm Guy



THE REASSURANCE NETWORK LTD

July 2006

NEXT

Next Corporate Social Responsibility
Report to January 2006

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