



CORPORATE RESPONSIBILITY REPORT TO JANUARY 2016

# CONTENTS

**WELCOME** 

Page 3

ABOUT OUR REPORT

Page 4

**OUR SUPPLIERS** 

Page 7

OUR CUSTOMERS
AND PRODUCTS

Page 12

**OUR PEOPLE** 

Page 14

**ENVIRONMENT** 

Page 19

**COMMUNITY** 

Page 24

INDEPENDENT ASSURANCE FROM PWC

Page 26

Next is a UK based retailer offering exciting, beautifully designed, excellent quality clothing, footwear, accessories and home products, which are distributed through three main channels:

	540 stores in the UK & Eire (2014: 539)
Retail	711,000m² trading space (2014: 683,000m²)
	256,000 transactions per day (2014: 282,000)
	4.6 million active customers (2014: 4.0 million)
Directory	104,000 transactions per day (2014: 86,000)
	Dispatched product to 72 countries incl UK (2014: 72)
	181 franchised stores in 35 countries
International	13 Next overseas stores in 4 countries
Other parts of t	he Group are:
Lipsy	Our younger female fashion brand with 39 Stores in the UK, online, wholesale and concessions
Distribution	13 UK warehouses and owned distribution vehicles
Next Sourcing (NS)	Designs, sources and buys Next brand products operating from 12 overseas offices









### Highlights

- Next continues to be listed in the FTSE4Good Index.
   The index is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance practices
- Next successfully achieved re-certification of the Carbon Trust Standard in 2015 for measuring, managing and reducing its carbon emissions
- Our Suppliers
  - > 88% of factories audited in 2015 (2014: 89%)
  - 92% of Next products are produced in factories with an acceptable audit rating of 1-3
  - We carried out 2,074 audits during the year (2014: 1,945)
  - ➤ Since 2012, the total number of factories sites used has reduced by 7% and the total number of audits has increased by 26%
- Our Customers and Products
  - > We dispatch products to 72 countries including the UK
  - ➤ 4.6 million active global Directory customers (2014: 4.0 million)
  - Over 30,000 product lines sold across Retail and Directory
  - ➤ We undertake 12,500 customer experience visits each year in our stores
- Our People
  - ➤ We employed 50,721 people as at January 2016
  - > Over 18,000 employees participating in Company pension schemes
  - > 44% of Next plc directors are female
- Environment
  - $\triangleright$  Next carbon footprint 191,127 tonnes CO<sub>2</sub>e (-3% on 2014)
  - ➤ Next carbon footprint reduced by 33% since 2007
  - ➤ Electricity consumption reduced by 36% since 2007
  - > 91% waste diverted from landfill
- Community
  - ➤ Donations made with a value of over £5 million in 2015
  - > Over 350 registered charities supported during the year
  - £717,000 raised for charities from the carrier bag charge in England, Scotland and Wales

# WELCOME

#### Welcome to our 2016 Corporate Responsibility Report

At Next, we recognise that our corporate responsibility programme touches on some big issues which are significant to how we do business.

We are attentive to our corporate responsibilities as a global business in the retail sector and also as an employer and supply chain manager. We aim to ensure that the measures we employ to manage our operations are aligned to our business aims and we operate by:

- · Acting in an ethical manner
- Developing positive relationships with our suppliers
- Taking care of our employees
- Being responsible for our impact on the environment
- Delivering value to our customers
- Delivering support through charitable donations

Our approach to corporate responsibility is to address key business-related social, ethical and environmental impacts in a way that aims to bring value to all our stakeholders.

Next faces similar corporate responsibility challenges to other major retailers. Our focus is on continuous improvement and one of our strengths is our ability to be adaptable. We recognise corporate responsibility is an evolving subject area with new issues emerging on an ongoing basis. Over the last 12 months we have recognised the increasing importance of a number of key focus areas such as human rights and of course the introduction of the Modern Slavery Act 2015. There is an update on our work in this area in "Our Suppliers" section of the report and, in line with our regulatory responsibilities, we will be reporting more fully on this in 2017.

In addition to evolving areas there are issues which remain on our agenda such as climate change, waste and resource use, and we continue to limit the environmental impact of our business.

Labour rights in our supply chain is not a new area but it has a significant potential impact and one which is managed internally through a specialised team under our Next Code of Practice programme. We believe having our own team delivers important benefits which allow us to establish direct relationships and build trust with our suppliers; provides the business with accurate metrics of supplier performance; and delivers a direct understanding of issues at source and the drivers of non-compliance.

The report contains significant data which has been assured by PwC, and their independent assurance report can be found on pages 26 and 27.

We hope that you find this report useful and interesting. We welcome your feedback on our Responsibility Report. See page 6 for how to contact us.

Amanda James

Group Finance Director

28 July 2016

# ABOUT OUR REPORT

This report covers our social, ethical and environmental performance for our financial year February 2015 to January 2016

Where we state 2015 we are referring to our financial year ending January 2016

#### Scope of the Report

This report focuses primarily on the continuing activities undertaken by the Next group in the United Kingdom and Ireland which accounted for over 90% of our turnover in 2015.

This report is published on our website at: <a href="https://www.nextplc.co.uk">www.nextplc.co.uk</a> and is also available to employees on our intranet.

### How we decide what to report

As a retail business we supply and deliver products to millions of customers. A wide range of social, ethical and environmental issues can have an impact on the Next business, and through feedback from our different stakeholders, including our internal teams whose role is to recognise emerging issues; we identify and work to address these key challenges.

This report covers the issues we recognise as being the most important to our business and are of principal concern to our stakeholders. Stakeholder engagement is important to us, both formally through meetings and informally through requests for information and monitoring emerging issues. The table shows the key impact areas across our stakeholder groups and how they inform our approach to Corporate Responsibility.



Our Main Shareholder Groups	Next Aims and Approach	How we engage
Suppliers*	We work for positive social, ethical and environmental improvements for the workers in our supply chain	<ul> <li>Visits and meetings both at Head Office and their factories</li> <li>Code Of Practice Supplier audits</li> <li>Training workshops</li> <li>Conferences</li> </ul>
Customers*	We work to ensure we meet or exceed our customers' expectations though the delivery of excellent products and service	<ul> <li>Monitor customer returns</li> <li>Contacts to Customer Services</li> <li>Direct customer contact and market research</li> <li>Social media</li> </ul>
Employees*	We work to provide an environment where our employees are supported and respected, treated fairly and taken care of, listened to and are motivated to achieve their full potential	Employee communication forums     Employee engagement surveys     Training and development
Environment*	We work to actively reduce the impacts of our business on the natural environment	<ul> <li>Visits and meetings with non-governmental organisations</li> <li>Participation in surveys</li> <li>Representation on Trade Association working groups</li> </ul>
Community*	We work to deliver support through our charitable contributions	Respond to immediate requests for assistance     Develop and agree longer term support with identified charities to assist their ongoing work
Shareholder	We work to understand what issues and concerns are important to our shareholders to help us identify future potential issues	<ul><li>Respond to enquiries</li><li>Meetings</li><li>Ethical investment surveys</li></ul>
Government	We work to participate in policy debate to contribute to their development to ensure Next is compliant with legislation in line with their implementation dates	Meetings and dialogue with Trade Associations     Responses to consultations

<sup>\*</sup> identifies our Stakeholder groups potentially affected by human rights risks To read more about human rights

# About our Report...cont

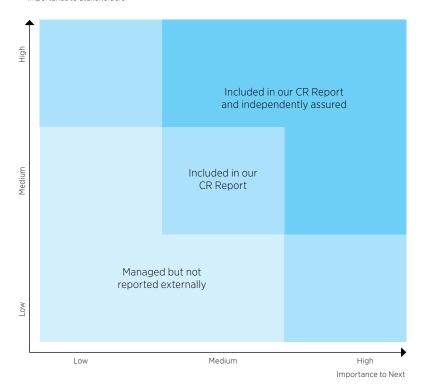


### Materiality

#### How we rate the importance of the impact areas covered within this report

We have undertaken a 'materiality risk analysis' by ranking each issue in terms of their importance to stakeholders and to Next, which we then cover within this report.

Importance to Stakeholders



#### **Focus Updates**

Our report is written to provide information to a wide audience. For further information on areas within each section of the report we have included links to specific focus updates that are outside of the scope of this report but can be found on our corporate website. These are to share with the reader how we are working as a responsible business for those who are interested or require more in-depth information.

## Governance

The Corporate Responsibility Manager, reports to the Group Finance Director, who has responsibility for CR matters including human rights and modern slavery. Regular updates are provided to the Audit Committee. In addition, the Global Code of Practice Manager provides regular monthly updates to the Product teams and seasonally to the Audit Committee reporting on the performance of our global supply chain to our Code of Practice Principle Standards (as detailed in 'Our Suppliers' section).

#### **Legal Compliance**

We had no environmental or health and safety prosecutions in 2015 and no work related fatalities.



#### **Assurance of Report Content**

PwC has been commissioned to provide independent assurance in accordance with the ISAE 3000 (Revised) and ISAE 3410 Assurance Standards. A copy of their report is found on pages 26 and 27.

Where you see this symbol A the data has been assured by PwC.

## Reporting Principles, Criteria and Methodology

For information on this please refer to the website www.nextplc.co.uk/corporate-responsibility

#### Contact us

We welcome your comments and feedback on our corporate responsibility performance either through our website at <a href="www.nextplc.co.uk">www.nextplc.co.uk</a>; by email at <a href="www.nextplc.co.uk/contact-us">www.nextplc.co.uk/contact-us</a> or by writing to:

Corporate Responsibility Manager
Next plc
Legislation and Environment Department
Desford Road
Enderby
Leicester
LE19 4AT

# our suppliers

## **Ethical Trade and Supply Chain Management**

During the year we audited 88% of all factories manufacturing for Next

92% of Next products are produced in factories with the acceptable audit rating of 1-3

Since 2012, the number of factories supplying Next has decreased by 7%

Since 2012, the total audits carried out has increased by 26%

### **Our Approach**

It is a key priority for Next to ensure we trade ethically, source responsibly and work to assure the safety and human rights of the workers within our product and services suppliers' global operations.

#### **Ethical Trading**

#### Our ethical trading programme priorities within our supply chain are to:

- Develop and improve workers' conditions, including safety and human rights
- Communicate and support the achievement of compliance to our ethical standards with all our suppliers
- Support our suppliers to achieve continuous improvement through partnership
- Implement sustainable programmes and initiatives with suppliers to improve their capacity and ability to deliver to our ethical requirements
- Continue to develop opportunities to work in collaboration with other Brands and retailers, Governments, trade unions and non governmental organisations (NGO's), to pursue solutions for some of the more complex and systemic problems within the global supply chain that we cannot resolve alone and to help achieve lasting change

#### **Next Code of Practice Principle Standards**

We recognise that customers, investors and campaign organisations continue to engage with Next as they expect us to manage our suppliers responsibly.

Our <u>Code of Practice Principle Standards</u> ("Principle Standards") is our ethical trading programme which forms an integral part of our business. This was first developed and implemented in 1998, as the Next Code of Practice, so that Next could fulfil its responsibility to uphold international labour standards with its suppliers. We acknowledge that non-compliance by suppliers to our Principle Standards may lead to an increase in our reputational risk.

Next's Principle Standards set out the minimum standards and requirements for our suppliers in relation to workers' safety and human rights, employment and working conditions. Before production can commence we specify the requirements that will provide workers with a safe and healthy environment, in accordance with all relevant local and international laws and legislation. We are committed to taking all reasonable and practical steps to ensure Next product is made by workers who are treated honestly and fairly for the work they do and with respect for their human rights and wellbeing.



# Our Suppliers...cont

#### The Next Principle Standards are:

- · No child labour
- · Freedom of association
- Healthy and safe working conditions
- No forced labour
- Fair wages and benefits
- Equal opportunities
- Employment security
- Respectful treatment of workers
- Reasonable working hours

Our Principle Standards are aligned to the Ethical Trading Initiative (ETI) Base Code and reflects the most relevant international standards with respect to labour practices (International Labour Organisation Conventions<sup>1</sup>)

The International Labour Organisation (ILO) is the United Nations body that sets internationally recognised labour standards to protect the rights of workers globally.

As part of our commitment as a responsible business, our Global Code of Practice Manager provides regular monthly updates to the Product teams and seasonally to the Audit Committee of the Board.



### **Human Rights and Modern Slavery**

#### Our Approach

Any instance of forced labour is unacceptable. Respect for human rights is part of how Next operates as a responsible business – not because we have to, but because it is the right thing to do.

Next recognises its responsibility to respect human rights throughout its operations. We are committed to ensuring people are treated with dignity and respect by upholding all internationally recognised human rights principles encompassed in the Universal Declaration of Human Rights and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work. Our approach is to implement the UN Guiding Principles on Business and Human Rights (Guiding Principles) and to recognise and manage the risk of harm associated with unsatisfactory working conditions, discrimination, modern slavery, human trafficking and forced or bonded labour, particularly to the most vulnerable and exploited, such as women and children. As a business we seek to avoid infringing the human rights of others and work to address any adverse human rights impacts we identify, or with which we are involved.

#### What we are doing

In 2014, we carried out an initial assessment to identify potential human rights impacts across our business. We believe these impacts could potentially arise in relation to our own employees and operations, our customers, but also in our supply chain and the communities they operate in.

In 2015, the UK government passed the Modern Slavery Act. Next was actively involved in the consultation for this legislation, as well as the development of the guidance and we support its introduction and the duty it places on businesses to disclose publicly the steps they are taking to tackle forced labour and human trafficking.

During 2015, we worked with specific business functions, supported by external third party experts, to conduct further analysis, prioritising our supply chain as this is where we believe salient human rights impacts are most likely to occur.

Towards the end of 2015 we established a Steering Committee of senior business specialists from our Code of Practice, Legal, Governance and Corporate Responsibility who provide updates to the Group Finance Director as the Board Director with overall responsibility for human rights and modern slavery.

#### Moving forward

In 2016, our work will continue to ensure respect for human rights is aligned with the Guiding Principles and we will continue to focus on our supply chain as this is where we recognise many of the issues could potentially reside. We have identified the requirement for a human rights and modern slavery policy which applies to all areas of our business. This policy is currently being developed and will be launched in the coming months.

Next will be publishing its Modern Slavery Statement in 2017 at www.nextplc.co.uk



#### Supporting our Suppliers - Our dedicated Next team

	2015	2014
Next global COP team resource	46	45
Countries where products are manufactured	41	39
Suppliers worked with	662	510
Factory sites used	1,965	1,851
Factory sites audited .	1,732	1,673
Total audits completed .	2,074	1,945
Factories disengaged for non-compliance to our Code	38	12

In the table above, the number of suppliers shows an increase of 30% in 2015 compared to 2014. This is due to the inclusion of Lipsy suppliers in our figures in 2015 for the first time, as they are now included in our global auditing programme. In 2015 the total number of factories used and total audits completed has only increased by 6% as some factories manufacture for both Next and Lipsy.

During the year we audited 88% of all 1st tier factories manufacturing product for Next with some sites requiring follow up visits to review progress against agreed action plans or support with training. We have continued to undertake audits on the 2nd tier factories our suppliers and their factories are using to improve the transparency of our supply chain. Over the last three years our product teams have worked to consolidate the number of factories we source from as this helps to support our COP team's approach to work closely with our suppliers and their factories to achieve our requirements.

Supply Chain	Next define the tiers of its supply chain as:			
Supplier	Next directly contracts with to provide finished products, materials or services			
1st Tier Factory	Main location which manufacturers finished products, materials or services			
2nd Tier Factory	Separate location which manufacturers or processes materials or parts of a product e.g. sub-assembly, embroidery unit or laundry			

# **Supplier Audits**

Our COP team work closely and directly with both our new and existing suppliers and their factories to ensure they understand the requirements of our Auditing Standards, developed to support our overarching Principle Standards and which provide detailed information to help a supplier fulfil its obligations to its workers and Next.

Our aim is to ensure new suppliers understand our requirements before they commence working with Next, and existing suppliers take responsibility for maintaining compliance within all their production locations.

For more information on the Code of Practice Team

# Our Suppliers...cont







#### Auditing - Our due diligence process

Our auditing programme delivers assurance that our suppliers understand their responsibility to comply with our ethical standards. Our factory audits, which are predominantly un-announced, are carried out by our own team of Next auditors, which means we can continue to develop a direct relationship with our suppliers and their factories. We are able to fully explain our requirements, the audit process, the factory rating system and the need for honesty and transparency from the factory management. During the audit process we engage with the factory management, interview workers, review employment records as well as visually assessing working conditions and health and safety standards. At the end of the audit, a closing meeting takes place where the auditor provides verbal feedback on any action points that have been identified. The factory management has the opportunity to discuss the findings and next steps with the auditor and the timescales for completion of each action are agreed. The audit rating is then confirmed with the factory. A written report summarising all findings, agreed actions and timescales is provided to the factory within 2 weeks of the audit and acts as the corrective action plan for them to implement.

92% of Next production is in factories which have achieved an acceptable rating of 1-3; with the remaining 8% being made in factories rated 4-5, which are being closely managed through repeat visits to assess progress against agreed action plans and timescales to resolve their particular issues. In 2015, unfortunately we needed to disengage with 38 factories that failed or refused to satisfactorily rectify their major non-compliance to our Code. Our priority is to support these factories to resolve the issue, but we will not continue to work with them indefinitely if there is no willingness to improve.

The factory audit ratings are also used as an internal metric with our Product teams to ensure future contractual decisions are based on current and accurate information.

Whilst we recognise the auditing process is a vital due diligence tool, our strategy is built on investing time, resources and support through effective communication and working collaboratively with our suppliers. We look to support selected sustainable global programmes involved in achieving compliance 'beyond auditing'.



# Our Suppliers...cont

#### **Focus 1: Communication**

#### **Supplier Communication**

Next recognises the importance of working closely with our suppliers and their factories to help them develop their business to be compliant with our requirements, understand the value and benefits of working ethically and benefit from the implementation of sustainable improvements.

Find out more about how we communicate with our suppliers

#### **Internal Communication**

Our Product teams are vital to the success and effectiveness of managing the ethical standards within our suppliers. An integral part of Buying School, attended by all new product team members when they join Next, is our ethical training programme, which along with other presentations continues to raise awareness and understanding of ethical issues, current risks and reinforce the impact buying decisions can have on suppliers.

Find out more about how we communicate internally

### Focus 2: The Importance of Partnership and Collaboration

Next understands the importance and value of working with others to pursue solutions for some of the more complex and systemic problems found within global supply chains. We recognise we are unable to solve these issues alone and over the last three years we have gained real first-hand experience of delivering benefits by working in partnership with other organisations.

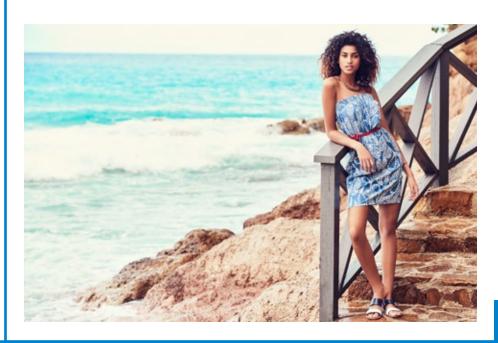
During 2015, we continued our collaborative work to improve the human rights of workers in our supply chain. We recognise the risks to vulnerable groups are increasing in many of the countries we source from. The displacement of people seeking refuge from conflict and looking for work is increasing with refugees and migrant workers potentially entering our supply chain. We have been working to manage the risks associated with this group of workers by providing support and where possible offering remediation and help to resolve issues. By maintaining strong direct relationships and undertaking collaborative work through sharing information and resources with other retailers, brands, trade unions and NGOs we are all able to work together in partnership to deliver real benefits to workers in our supply chains.

Find out more about our collaborative work

## Focus 3: Supporting Homeworkers in India and Sri Lanka

During 2015, Next continued to develop and extend our programme to support and protect vulnerable homeworkers in New Delhi, India and also within Sri Lanka. Our aim is to improve transparency within this part of the supply chain by working with the main production factory to ensure any operations which are outsourced and completed by homeworkers are declared to Next, and importantly whether the homeworkers are employed by the main factory or by a third party agent. Focusing on protection, improvement and investment the objective is to maximise the earning potential, health and lifestyle of the homeworkers and their families.

Find out more about how we work to support vulnerable homeworkers



# OUR CUSTOMERS AND PRODUCTS

## **Safe and Responsibly Sourced Products**

We dispatch products to 72 countries including the UK

4.6 million active global Directory customers

360,000 average transactions per day across Retail and Directory

Over 30,000 product lines sold across Retail and Directory

We undertake 12,500 customer experience visits each year in our stores



#### **Our Approach**

Our aim is to meet or exceed our customers' expectations of Next as a company and the products we sell by ensuring our products are:

- Excellent quality
- · Safe, functional and fit for their intended purpose
- · Sourced and produced responsibly
- Free from harmful substances
- Fully compliant with all legislation and our own standards and technical requirements where these go beyond legislation

#### **Product Safety and Legislation Compliance**

Working closely with our buyers, designers and suppliers, our team of specialist technologists is responsible for ensuring all products sold by Next are safe and comply with relevant consumer legislation. They are responsible for ensuring our suppliers meet the required safety and performance standards detailed in our product specific technical manuals. Where necessary, we work with and use the expertise of independent safety specialists to ensure the products we sell achieve the required safety and performance standards. Suppliers to Next have direct access via our online supplier portal to our full range of technical manuals and quality, safety, ethical and environmental standards and requirements.

To have visibility and monitor the development of both new legislation and changes to existing legislation at a United Kingdom, European and global level, we work closely with trade associations, British Standards and government departments and contribute to and support legislation development by giving our views and ideas. We are members of different industry committees and groups, such as British Standards Institute Technical Committees and the British Retail Consortium Member Groups, and through these we are able to participate with other stakeholders in policy debates, to contribute to their development, and ensure Next product is compliant with relevant legislation.

## **Responsible Sourcing**

We use a large variety of raw materials in our products and our aim is to ensure these materials are sourced and produced sustainably and responsibly. The increasing complexity of supply chains means traceability can be challenging and we recognise the need to work closely with our suppliers to understand where the principal raw materials used in our products come from. Our principal raw materials are cotton, wool, cashmere, celluloses (such as viscose), leather and timber. Polyester is also a principal raw material for Next, but is not associated with impacts requiring greater traceability such as water and land use. We have started to map our supply chain focussing on these principal raw materials, and plan to complete this by 2020. We will provide updates on our progress in future reports.

# Our Customers and Products...cont

#### **Customer Service**

However our customers choose to shop with Next, we must be welcoming, safe and accessible to all. Maintaining good relationships with our customers, who are demanding better value for money with no compromise on the product choice, quality and service they expect from us, continues to be a key priority for the business. Customers contact us to resolve enquiries and issues in relation to our products, operations, policies or the service we provide and we believe that we have a robust procedure in place to monitor, evaluate and respond to customer feedback, where necessary.

The Customer Services team works closely with relevant internal departments (often including senior management) to ensure the customers enquiries and issues are fed back to the business. Teams can then use the findings alongside other data, such as returns information, to review how a product or service can be improved, or identify possible problems that need further investigation.

We undertake an active programme of market research and direct customer contact to measure what our customers think of Next and to better understand and respond to their needs and opinions. We carry out interviews and gather feedback through customer satisfaction surveys and also carry out accompanied store visits and discussion groups. In addition, we also conduct customer experience visits to our stores on a regular basis. Using all of the resulting information gathered through these different programmes our management teams review, develop and aim to improve our overall service, and we continue to work to achieve our aim of meeting or exceeding our customers' expectations of Next.

#### Focus 4: Product Safety

It is essential all our products are safe to use, have been made in a safe environment and are fit for purpose. Our product safety standards are based on legislation and compliance requirements to satisfy our customers' expectations. Technologists in our Product teams work closely with our suppliers to provide expert guidance to ensure the right materials are chosen to manufacture high quality, durable products in factories with robust product safety processes. Our technologists from Head Office and our global sourcing offices visit our suppliers to monitor production, and all products are inspected upon receipt into our UK warehouse to ensure they meet the requirements of our business.

Find out more about how we work to ensure our products are safe

#### Focus 5: Legislation Compliance - Restricting Hazardous Chemicals

All our products contain chemicals in one form or another. Whilst the majority of chemicals are harmless, it remains a key area of focus that our products do not contain chemicals which could be harmful for our customers, the workers who make our products or the environment, particulary in the countries where our products are made, but also where they are sold and eventually disposed of when the customer no longer wants them. Therefore, Next have strict Restricted Substance Standards (RSS) which state the limits for harmful chemicals used in or during the manufacture of our products. The RSS forms part of our technical requirements for the products manufactured by our suppliers.

Find out more about our <u>Restricted Substance Standards</u>

## Focus 6: Responsible Sourcing of Raw Materials

We source products from 41 countries around the world, and those products are made from a large variety of raw materials. Our aim is to ensure these materials are sourced and produced sustainably and responsibly. Making improvements in supply chain traceability and transparency is a key focus for Next and we are working closely with our suppliers in different parts of the supply chain to understand where the raw materials come from and to identify where we can support improvements in the supply chain.

Find out more about how we are working to source responsibly



# OUR PEOPLE

#### **Our Values and Culture**

We employ over 50,000 employees

Over 18,000 employees participate in Company pension schemes

44% of Next plc directors are female



#### **Our Approach**

To encourage a successful business it is important we are able to create an environment that enables us to attract and retain the right people to work at every level throughout Next, who are committed to working together, and who support our business approach of honesty, respect and encouragement.

#### Our priorities are to work to provide an environment where our employees are:

- · Supported and respected
- · Treated fairly and taken care of
- · Listened to
- Motivated to achieve their full potential

Our employees are key to achieving the business objectives and working at Next means working in an inspiring, fast-paced, exciting and developing environment. Next have established policies for recruitment, diversity and equal opportunities, training and development. Our priority is to provide a working environment in which our employees can develop to achieve their full potential and have opportunities for both professional and personal development. We aim to invest time and resource to support, engage and motivate our employees to feel valued, to be able to develop rewarding careers and want to stay with us. We recruit and promote from within wherever possible.

We are committed to achieving excellence in the areas of health and safety, welfare and protection of employees and their working environment and as our business continues to develop, by retaining and inspiring effective and committed employees we can continue to deliver excellent quality products and excellent service to our customers.

#### **Human Rights**

Next recognises its responsibility to respect human rights throughout its operations. We are committed to ensuring people are treated with dignity and respect by upholding all internationally recognised human rights principles encompassed in the Universal Declaration of Human Rights and the International Labor Organisation's Declaration on Fundamental Principles and Rights at Work. Our approach is to implement the UN Guiding Principles on Business and Human Rights (UN Guiding Principles). As a business we seek to avoid infringing the human rights of others and work to address any adverse human rights impacts we identify, or with which we are involved.

Find out more about our approach to Human Rights

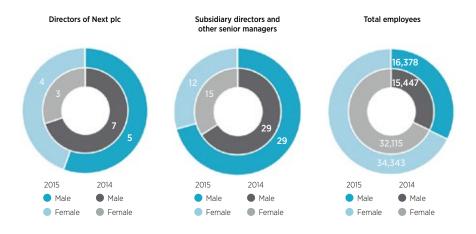


#### **Equal Opportunities and Diversity**

Next is an equal opportunities employer and will continue to ensure it offers career opportunities without discrimination. Full consideration is given to applicants for employment from disabled persons, having regard to their particular aptitudes and abilities. Next continues the employment wherever possible of any person who becomes disabled during their employment with us, and opportunities for training, career development and promotion do not operate to the detriment of disabled employees. The following tables show the average number of employees employed during the year and the gender mix of Next plc employees at the end of the financial year.

Average Number of Employees during each financial year	2015	2014
Next Retail and Directory	47,039	45,864
Next International	152	205
Next Sourcing	3,743	3,642
Other Activities	245	307
	51,179	50,018

Gender Mix: total number of employees as at 30th January 2016



#### **Next Pension Arrangements**

As at January 2016, active members of the 2013 Next Group Pension Plan stood at:

Number of Employees	Final Salary Section*		Money Purchase Section*	
	2015	2014	2015	2014
Next UK Pension Scheme	1,021	1,093	2,888	2,853

<sup>\*</sup>Pensions data relates to Next Plc operations in the UK, excluding Next International and Next Sourcing

Next has implemented the UK's Auto-Enrolment pension scheme (AE). This is provided by The Peoples' Pension/ B&CE and at January 2016 approximately 14,500 employees were making and receiving contributions into their personal pension funds.

# Our People...cont







#### **Rewards and Benefits**

We believe in rewarding all employees with fair and competitive salaries, along with the opportunity to gain additional pay in the form of a bonus depending on the Company (or in some cases store, or individual) performance.

**Sharesave**: Next has operated a Sharesave scheme for many years. All employees have the opportunity to save money over three or five years to buy Next plc shares at a discounted price. At the end of the savings period the participant has the opportunity to buy the shares at a price fixed at the start of the scheme, which is currently at a 20% discount to the share price at the time of grant.

At January 2016 there were around 12,700 employees participating in our Sharesave scheme.

**Payroll Giving**: A scheme that is available to all UK based employees and allows people paid through PAYE to make tax efficient donations to any UK registered charity tax free. During the year our employees donated over £35,000 to charities of their choice.

#### **Next Steps - Our Workplace Nursery**

Our architect designed and purpose built, state of the art Head Office Child Care Nursery called 'Next Steps' continues to grow from strength to strength. This is part of our ongoing commitment to supporting our employees with their pre-school childcare arrangements whilst they are in our employment.

The nursery was registered by Ofsted in October 2013, and achieved an Ofsted 'Outstanding' rating. It has an overall capacity of 200 children, and currently has over 175 children registered to attend.

As required, the nursery is run in accordance with all Ofsted Early Years Foundation Stage and safeguarding requirements and accidents are recorded and reported through standard Next procedures.

Sustainability is a key feature of the nursery's design and features such as photovoltaic cells on the roof, rainwater harvesting, under floor heating, extensive natural ventilation and point of use water heating which have all provided a highly efficient building. A self-contained water treatment plant recycles waste water and feeds it back into the main water network. The nursery is fitted with an intelligent Building Management System which is split into zones and allows for greater control of the use of resources to ensure efficiency.



# Our People...cont



#### **Health and Safety**

**Accident Reporting Requirements:** We report work-related accidents in accordance with the Reporting of Injuries, Diseases and Dangerous Occurrence Regulations (RIDDOR) per 100,000 hours worked for employee accidents, and per 100,000 transactions for customer accidents.

	Total Accident Rate		Total Accident Rate Riddor Accident Rate	
	2015	2014	2015	2014
Employees in Retail Stores / 100,000 🖪 hrs worked	16.49	15.22	0.24	0.20
Customers in Retail Stores / 100,000 🛦 transactions*	2.87	2.80	0.02	0.02
Employees in Warehouses / 100,000 🛦 hrs worked	5.61	6.23	0.47	0.64
Employees in Regional Service Centres / 100,000 hrs worked	3.56	4.05	0.46	0.34

<sup>\*</sup>Currently the transaction data does not include customer parcel collections where the customer collects from a retail store. The data will be included in future years.

**Retail** – During 2015 we have undertaken focused training around the importance of investigating and reporting all accidents, however minor. This is in line with our ethos of learning from every incident or near miss in order to reduce the risk of more serious events, and as a result we have seen an increase in the accident rates reported for both our employees and customers.

**Warehouses/ Regional Service Centres** - From a health and safety perspective, the risks and challenges in the two environments are quite different. Our warehouses have a much higher level of automated equipment in operation than our regional service centres, where the key risks revolve around transport and MHE (Material Handling Equipment) movement as well as manual handling.

**Head Office and Directory**: The number and type of accidents we experience at our Head Office and Directory operations are as would be expected of a low risk office environment. The total number of accidents remains low, under RIDDOR, with two reportable across both operations during the year.

# Our People...cont

# Focus 7: Health, Safety and Wellbeing

Next recognises the importance of health and safety and we remain committed to providing a safe and healthy working environment for our employees, customers and third party contractors.

Our approach is based on our desire to comply with the principles of sensible risk management and embrace the spirit of health and safety legislation, associated codes of practice and other relevant standards. We operate on the principle that good management of health and safety is fundamental in creating a safe and healthy environment, and contributes to improving our business performance.

**Our Strategy** – our safety programme focuses on five priorities:

- Improve involvement in safety at all levels by developing safety leadership, improving safety communication, enabling better safety co-operation and improving safety knowledge
- Improve the way we recognise hazards and reduce risk
- Help people to take personal ownership for safety
- Help people to provide safe equipment, environment and premises
- Create a progression from a dependant to independent to interdependent safety culture

Find out more about how we manage health, safety and wellbeing

## Focus 8: Training and Development

We offer a wide range of training and development opportunities for our employees across the business. We believe that offering the right learning and development opportunities will help to ensure our employees feel supported and equipped to carry out their role to the best of their ability, to manage the needs and challenges of the business.

Our employees are able to access a range of development tools or job specific training appropriate to their needs through the focused and integrated training teams within each area of the business, whether they work at Head Office, in our Retail stores, Directory or our warehouses.

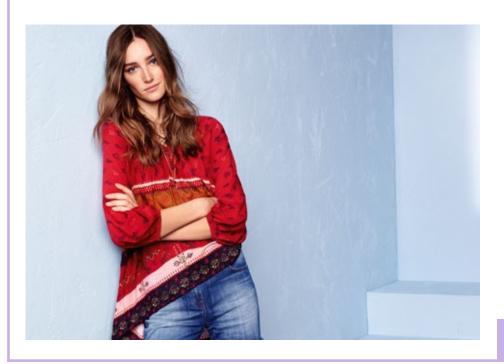
Find out more about how we train and develop our people

## Focus 9: Listening to our Employees

How we communicate with, consult with, involve and listen to our employees is important to the business.

Throughout the business we have democratically elected employee representatives who represent their colleagues' views by sitting on employee forums meeting with senior managers and Board Directors at least twice a year.

Find out more about listening to our employees



# ENVIRONMENT

## How we manage the environmental impacts of Next operations

Next carbon footprint 191,127 tonnes CO<sub>2</sub>e (-3% on 2014)

Next carbon footprint reduced by 33% since 2007

Electricity consumption reduced by 36% since 2007

91% waste diverted from landfill



#### **Our Approach**

Next recognises it has both a responsibility and an obligation to work to reduce the direct impact of its business operations on the natural environment, both now and in the future. Reducing emissions is the right thing for a responsible business to do, and our aim is to work to create more sustainable ways of doing business to conserve energy, save money and help to deliver better resource efficiency. Our priority is to minimise our environmental impacts by reducing both the carbon intensity of our activities and the natural resources we use, through the development and operation of good business practices.

## Our priorities are to:

- Improve energy efficiency and work to reduce energy use in our buildings
- Minimise waste produced and increase the quantity recycled in our business
- · Increase the efficiency of our owned delivery fleet

We recognise that these key operational activities are environmentally significant for Next, and we continue to explore every opportunity to manage the environmental impacts from our direct operations, including greenhouse gas emissions and natural resource usage. In addition, as a business with a global supply chain, we recognise the opportunity of working with our suppliers to help contribute to emissions reductions. We are a signatory to the British Retail Consortium's Climate Change Initiative, 'A Better Retailing Climate'. The voluntary initiative includes commitments to reduce energy and resource use, transport emissions, waste and packaging. We do this by working to improve our own environmental performance, contributing to the broader goals of the UK, as well as helping customers and suppliers to do the same.

#### Our aim for Climate Change

Climate change is widely regarded as one of the greatest global environmental challenges society faces, and we take our responsibilities in this area seriously. Our aim is to make our operations more efficient and work to reduce our impact through, for example, energy consumption and waste. In order to help us understand the impact of our direct business we measure our global carbon footprint produced from the operational activities of Next where we have direct control.

Our global direct carbon footprint includes emissions from:

- Properties stores and warehouses in the UK and Ireland, our global offices, call centres, Head Office Nursery and owned manufacturing facility in Sri Lanka
- Distribution our distribution of NEXT products to retail stores or customers' homes in the UK and Ireland in NEXT owned and third party vehicles
- Waste from our stores, warehouses and Head Office in the UK and Ireland, our global offices, call centres and owned manufacturing facility in Sri Lanka
- Business travel by Next Group employees globally including air, rail and road travel
- Refrigerant losses from air conditioning units in our stores, warehouses and offices
  in the UK and Ireland our global offices, call centres and owned manufacturing
  facility in Sri Lanka

# Environment...cont

The diagram in our <u>Reporting Principles</u> document details the boundary scope of our direct carbon footprint.

Our approach for reporting is undertaken with reference to the internationally recognised standards provided by the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard Revised published by the World Business Council for Sustainable Development and the World Resources Institute (WBCSD/WRI Protocol). We measure and report our impacts where we either have direct control or significant influence across Scopes 1,2 and 3.

We report;

**Scope 1** - Direct emissions (gas, owned distribution vehicles, company cars, refrigerant losses, diesel oil)

**Scope 2** - Indirect emissions from energy consumption (electricity)

**Scope 3** - Other indirect emissions (waste, third party distribution vehicles, business travel)

In addition, we measure the emissions associated with other areas in the business such as inbound freight, from our suppliers to a Next warehouse in the UK, and packaging used on our products. This information is used internally to identify whether business efficiencies can be made. We are also starting to understand the emissions associated with our International Directory operation and aim to report on this in future reports.

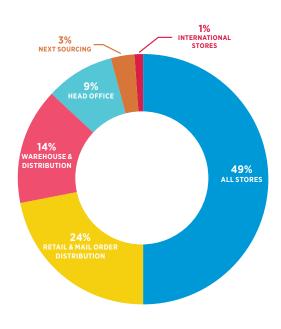
Our global direct carbon footprint is measured in carbon dioxide equivalent or  $\mathrm{CO}_2\mathrm{e}$ . Different greenhouse gases have different effects on the climate, and  $\mathrm{CO}_2\mathrm{e}$  is a way of standardising the global warming effect of these emissions. Emissions have been calculated using revised conversion factors published by the Department for Energy and Climate Change (DECC) and the Department for Environment, Food and Rural Affairs (DEFRA) in June 2015.

PwC undertake independent assurance across 95% of our reported carbon emissions. We value the challenge this process brings to the business and are working towards assuring the remaining emissions with them in the future.

## **Next Group Global Carbon Footprint**

Our global direct carbon footprint, where we have operational control, is 191,127 tonnes of  ${\rm CO}_2{\rm e}$  which is a 3% reduction on the previous year whilst our total floor space across the business has increased by 2%, with our store trading floor space increasing by 4% year on year. Electricity consumption is level year on year, but we have exceeded our target to reduce consumption by achieving an overall reduction of 36% since 2007. We are pleased with this result especially as our overall floor space across the business has increased by 27% during the same period. In addition, the carbon footprint of the business has reduced by 33% since 2007.

#### Next Group Operational Global direct CO<sub>2</sub>e footprint 2015



# Environment...cont



Next Group Operational CO <sub>2</sub> e emissions	2015 Tonnes	2014 Tonnes	% Change
Scope 1	52,021	49,089	6%
Scope 2	121,056	129,491	-7%
Total grossed controlled emissions	173,077	178,580	-3%
Scope 3	18,050	18,349	-2%
Total gross emissions	191,127	196,929	-3%

Scope 1 - Direct emissions from Next Group Operations		2015 Tonnes	2014 Tonnes	% Change
Gas heating (Stores, offices, warehouses)	A	7,176	6,638	8%
Next owned distribution vehicles	A	38,037	36,078	5%
Next owned cars*	A	2,446	2,545	-4%
Buildings (diesel oil, refridgerant gases)	A	3,087	3,164	-2%
Data in scope of external assurance	A	50,746	48,425	5%
Data not in scope of external assurance		1,275	664	92%
Total Scope 1		52,021	49,089	6%

Scope 2 - indirect emissions from Next Group energy consumption	2015 Tonnes	2014 Tonnes	% Change
Electricity (stores, offices, warehouses)	116,135	124,145	-6%
Data in scope of external assurance	116,135	124,145	-6%
Data not in scope of external assurance	4,921	5,346	-8%
Total Scope 2	121,056	129,491	-7%

Scope 3 - Other indirect emissions from Next Group Operations		2015 Tonnes	2014 Tonnes	% Change
Waste (stores, offices, warehouses)	A	867	1,065	-19%
Business travel*	A	6,700	6,180	8%
Third party distribution vehicles	A	7,778	8,244	-6%
Data in scope of external assurance	A	15,345	15,489	-1%
Business travel		2,576	2,740	-6%
Other emissions		129	120	7%
Data not in scope of external assurance		2,705	2,860	-5%
Total Scope 3		18,050	18,349	-3%

Note: \*2014 Scope 1 and 3 have been re-stated as a result of a data reclassification relating to vehicle emissions from Scope 3 to Scope 1



#### **Target Update - Current targets to 2015**

Our targets are measured from a baseline year of 2007 and are in place until the end of this, our 2015 financial year, and relate to our main priority areas as follows:

Focus	Current Target	Progress	Outcome
Energy use and emissions from stores, warehouses, distribution centres and offices	Electricity consumption :- 35% reduction in kg CO <sub>2</sub> e/m <sup>2</sup>	6% decrease compared with last year, and 36% reduction achieved	Target achieved
Fuel emissions from the transportation of products	Retail Distribution :- 10% reduction in litres of fuel used/m <sup>2</sup>	Target achieved in 2012 with 16% reduction	Target achieved
Waste created in stores, warehouses, distribution centres and offices	To send less than 5% of operational waste to landfill (excluding Head Office waste	91% of operational waste from landfill achieved	Target not achieved to continue with this target to 2020

#### Target Update - New targets to 2020

Our focus remains to identify opportunities to operate our business with increased efficiency to minimise our environmental impact overall. We continue to investigate and implement opportunities to reduce electricity consumption, and are working to identify how waste within our operations can be reduced overall whilst identifying additional areas of the business where additional waste streams can be recycled.

Therefore we have set two new targets for the business to be acheived by the end of financial year January 2020, with our starting point being the position we achieved in 2015.

Focus Area	New Target (2016-2020)	Comment
Energy use and emissions from stores, warehouses, distribution centres and offices	Electricity consumption :- 10% reduction in kg CO <sub>2</sub> e/m <sup>2</sup>	We believe this will be challenging for the business as the majority of efficiency initiatives have already been delivered
Waste created in stores, warehouses, distribution centres and offices	To send less than 5% of operational waste to landfill (including Head Office waste)	As we didn't quite achieve our original goal we will continue with this challenging target to 2020

With our own distribution fleet we are always looking for ways to improve the overall efficiency by combining activities and making better use of our vehicles as the business requirements develop and change. As a result it is difficult to set a target that allows us to make comparisons from one year to the next. We will however continue to report on our performance within our carbon footprint.

# Environment...cont

#### **Focus 10: Distribution Efficiency**

The transport and distribution of products to our Retail stores and Directory customers accounts for 24% of our CO<sub>2</sub>e emissions. Our aim is to use our vehicles as efficiently as possible to deliver our products to stores or our customers' homes and help to manage our transport related emissions.

Find out more about <u>how we manage</u> distribution efficiency

#### Focus 11: Water Use

Demand for water already exceeds supply in many parts of the world, including parts of the UK, and it is anticipated many more areas will experience this issue in the future. For Next, our direct operation is not a major consumer of water and our direct water consumption is small, however we recognise it is a natural resource and we have been working to minimise the amount we use. We control our consumption through our facilities, equipment, technologies and by involving employees in efficient use. In our extended supply chain operations such as laundries, mills and tanneries use large quantities of water so responsible water management is vital to ensure there is sufficient safe clean water for the communities to use.

Find out more about our <u>how we manage</u> water use



### Focus 12: Energy Efficiency

CO <sub>2</sub> e emissions relating to assured data in UK & Ireland for stores, warehouses & offices	2015	2014	% Change
Electricity usage kWh	251,269,107	251,229,308	0%
Gas usage kWh	38,902,960	35,887,959	8%
Total kWh	290,172,067	287,117,267	1%
Total Floorspace m <sup>2</sup>	1,322,793	1,291,167	2%
Tonnes CO <sub>2</sub> e	123,311	130,783	-6%
Tonnes CO <sub>2</sub> e per 1000m <sup>2</sup>	93	101	-8%

Improving energy efficiency reduces both costs and carbon emissions for our business. To be able to manage and work to reduce our energy consumption it is vital that we are able to measure our performance across both electricity and gas within our operations. Find out more about how we manage energy efficiency

## Focus 13: Waste and Recycling

Waste and Recycling - Stores and Warehouses		2015 Tonnes	2014 Tonnes	% Change
General Waste sent to landfill	A	2,625	2,374	11%
Materials diverted for recycling	A	26,827	24,131	11%
Materials diverted for energy recovery	A	902	1,245	-28%
Total Tonnes	A	30,354	27,750	9%
Tonnes CO <sub>2</sub> e		827	1,006	-18%
% Diverted from Landfill		91%	91%	0%

We remain committed to working to reduce the amount of waste we generate wherever possible from within our operations as we continue to grow as a business, and to reuse or recycle more of the waste we do produce to divert it from landfill.

# COMMUNITY

#### How we work to make a difference

Donations with a value of over £5 million in 2015

Over 350 registered charities supported during 2015

Over 500 tonnes diverted from landfill through our work with a furniture reuse charity

£717,000 raised for charities from the carrier bag charge in England, Scotland and Wales in 2015



#### **Our Approach**

Our aim is to make a difference, so we do not support a single 'Charity of the Year', as we believe we are able to make a greater impact by working with a wider group of charities and organisations.

#### Our priorities are to:

- Offer support to charities and organisations of all sizes with a donation that is of
  most benefit to them whether it be a financial donation, or the offer of products
  that can be used to realise additional funding
- Support individual charities for a number of years with a specified annual donation as this commitment helps them to be able to plan their work with confidence
- Focus our resources on charitable projects that benefit communities across the UK and Ireland working in the areas of children, care for the sick and people with disabilities, healthcare and medical research and community support
- · Work to identify and develop new relationships with charities and organisations

To ensure we can measure and monitor our overall community investment, we calculate the value of our non-financial contributions gained from products donated from within the business. This figure is added to our financial contributions, to arrive at the total sum contributed for the year.

Our charity and sponsorship programme is made up of donations to:

- Registered charities we have offered support to over 350 charities of all sizes during 2015
- Individual requests/local and national groups and organisations we are able to help groups and organisations who do not have charitable status through these donations
- Commercial support and sponsorship we offer commercial support and sponsorship to a small number of organisations. We also support local sporting teams of all ages, especially where there is direct employee involvement with the team

# Community...cont



Next plc has offered financial support to:	2015 £'000	2014 £'000
Registered Charities	1,012	1,003
Individual requests, local and national groups and organisations	63	183
Commercial support & sponsorship	80	75

## This support has been complimented with the following:

Next charity events	64	279
Gifts in kind - donations of products	3,426	1,442
Charity link sales	403	353
Total Support	5,048	3,335
Employee fundraising	43	54
Total Support (incl. employee fundraising)	5,091	3,389

**Next Charity Event** – Next hosts one main charity fundraising event each year. In 2015, we hosted our Charity Golf Day supporting Bowel Cancer UK and in 2016 we plan to hold the Next Charity Ball.

#### **Focus 14: Charitable Partnerships**

As part of the target to divert our waste from being sent to landfill, Next has continued to identify and divert products that previously would have been disposed of via landfill, and offer them for re-use to a group of registered charities and social enterprise organisations who are able to create value from the products to benefit their aims.

Find out more about our <u>charitable partnerships</u>

## Focus 15: Carrier Bag Update

NEXT continues to support and encourage our customers to reduce the use of single-use carrier bags by using the most appropriate size of bag for their purchase or placing the purchase in the customer's own bag. In line with regulatory charging requirements for single-use carrier bags in Wales, Scotland and England, £717,000 was raised from the charge during 2015 and shared between environmental and health charities focusing on care and support for life-limited children, young people and their families – read more on www.nextplc.co.uk.

Find out more about the charities supported by the monies raised



# INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF NEXT PLC

The Board of Directors of Next plc ("Next") engaged us to provide limited assurance on the information described below and set out in Next's Corporate Responsibility Report for the year to January 2016 (the "CR Report").

#### Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information for the year ended 30 January 2016 has not been prepared, in all material respects, in accordance with the Reporting Criteria.

This conclusion is to be read in the context of what we say in the remainder of our report.

#### Selected Information

The scope of our work was limited to assurance over the information marked with the symbol (a) in the CR Report (the "Selected Information"). Our assurance does not extend to information in respect of earlier periods or to any other information included in the CR Report.

The Selected Information is summarised in Appendix 1.

We assessed the Selected Information using Next's "Reporting Principles, Criteria and Methodologies" online document (the "Reporting Criteria") at <a href="https://www.nextplc.co.uk/corporate-responsibility">www.nextplc.co.uk/corporate-responsibility</a>

#### Professional standards applied and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' and, in respect of the greenhouse gas emissions, in accordance with International Standard on Assurance Engagements 3410 'Assurance Engagements on Greenhouse Gas Statements', issued by the International Auditing and Assurance Standards Board.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

#### Our Independence and Quality Control

We applied the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply International Standard on Quality Control (UK & Ireland)1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. Our work was carried out by an independent team with experience in sustainability reporting and assurance.

#### Understanding reporting and measurement methodologies

The Selected Information needs to be read and understood together with the Reporting Criteria, which Next is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time. The Reporting Criteria used for the reporting of the Selected Information are as at January 2016.

#### Next's responsibilities

The Directors of Next are responsible for:

- designing, implementing and maintaining internal controls over information relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- establishing objective Reporting Criteria for preparing the Selected Information;
- measuring and reporting the Selected Information based on the Reporting Criteria; and
- the content of the CR Report.



# INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF NEXT PLC

The Board of Directors of Next plc ("Next") engaged us to provide limited assurance on the information described below and set out in Next's Corporate Responsibility Report for the year to January 2016 (the "CR Report").

#### Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error:
- · forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Directors of Next.

This report, including our conclusions, has been prepared solely for the Board of Directors of Next in accordance with the agreement between us, to assist the Directors in reporting Next's corporate responsibility performance and activities. We permit this report to be disclosed in the CR Report for the year to January 2016, to assist the Directors in responding to their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors and Next for our work or this report except where terms are expressly agreed between us in writing.

#### PricewaterhouseCoopers LLP Chartered Accountants, London 28 July 2016

<sup>1</sup>The maintenance and integrity of Next's website is the responsibility of the Directors; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Selected Information or Reporting Criteria when presented on Next's website.

### Appendix 1

The Selected Information has been summarised below:

Area of responsibility	Performance Data	Page Reference
Our Suppliers	Number of factory sites audited     Number of audits carried out	9
	Total and RIDDOR accident rates for:	
	Retail customers per 100,000 transactions;	17
Our People	Retail employees per 100,000 hours worked;	17
	Regional Service Centres per 100,000 hours worked; and	17
	Warehousing per 100,000 hours worked.	17
	Waste & recycling (head office, stores and warehouses)	23
	Scope 1: Direct emissions from Next Group operations	21
	Gas heating (stores, offices and warehouses);	21
	Next owned distribution vehicles;	21
	Next owned cars; and	21
	Buildings (diesel oil, refrigerant gases).	21
Environment	Scope 2: In-direct emissions from Next Group energy consumption	21
	Electricity consumption (stores, offices and warehouses)	21
	Scope 3: Direct emissions from Next Group operations	21
	Waste (stores, offices and warehouses);	21
	Business travel (air, rail and car travel); and	21
	Third party distribution vehicles (UK directory deliveries).	21
Community	Financial support (excluding employee fundraising)	25



CORPORATE RESPONSIBILITY REPORT TO JANUARY 2016