

next

CORPORATE
RESPONSIBILITY REPORT
TO JANUARY 2019



INTRODUCTION

Contents	Page
INTRODUCTION	1
About This Report	1
About NEXT	1
Director Welcome	2
OVERVIEW, GOALS AND GOVERNANCE	3
At a Glance	3
Responsible Sourcing	4
Sustainable Development Goals	5
Stakeholder Engagement	7
Governance, Risk and Materiality	8
 HUMAN RIGHTS AND MODERN SLAVERY	9
 OUR SUPPLIERS	12
 OUR CUSTOMERS AND PRODUCTS	16
 OUR PEOPLE	21
 ENVIRONMENT	24
 COMMUNITY	28
Independent Limited Assurance from PwC	30

About this Report

This report covers the continuing social, ethical and environmental related activities undertaken by NEXT (including all of the Next plc group of companies) during the financial year ending 26 January 2019. The main focus is on our business in the United Kingdom (UK) and Eire which accounted for around 85% of our turnover in the year.

Where we state 2019, we are referring to our financial year ending 26 January 2019 and where we state 2018 we refer to our financial year ending 27 January 2018.

This report is published on our website at nextplc.co.uk and is available to employees on our intranet.



About NEXT

NEXT is a UK based retailer offering exciting, beautifully designed, excellent quality clothing, footwear, accessories and homeware.

NEXT Online*

- Over 5 million active customers globally
- Websites serving over 70 countries

NEXT Retail

- Around 510 stores in the UK and Eire
- 744,000m² trading space

NEXT Finance

- Provides £1.2bn of customer credit for NEXT customers to purchase products online and in our stores

NEXT International Retail

- Around 200 franchised stores
- 6 wholly owned NEXT stores in Europe
- Operates in 35 countries

* Formerly known as NEXT Directory

Lipsy

- Designs and sells Lipsy and other branded fashion products
- Trades through NEXT Online, from around 50 NEXT stores and through wholesale and franchise channels

NEXT Distribution

- 8 UK warehouses, 7 UK distribution centres and 3 international hubs
- NEXT owned distribution fleet

NEXT Sourcing

- Designs and sources NEXT branded products
- Global sourcing locations including a Hong Kong Head Office

NEXT Employees

- Around 40,000 employees globally

Further details of our Business Model, Strategy and Objectives are located [here](#)

WELCOME TO OUR 2019 CORPORATE RESPONSIBILITY REPORT



Welcome

For NEXT, our corporate responsibilities as a global business in the retail sector touch on some big issues which are significant to how we do business and to how we operate 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 seek to:

- Act in an ethical manner
- Recognise, respect and improve human rights
- Develop positive relationships with our suppliers
- Take care of our employees
- Be responsible for our impact on the environment
- Deliver value to our customers
- Deliver 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.

Our corporate responsibility focus this year has been to promote good labour standards in our supply chain. This is managed through our specialised NEXT Code of Practice team. Having our own team is key to allowing NEXT to establish direct relationships and build trust with our suppliers. It also provides the business with accurate metrics of supplier performance and delivers a direct understanding of issues at source and the drivers of non-compliance. As a business we seek to avoid infringing the human rights of others and work to address any adverse human rights impacts we identify and continue to implement the United Nations Guiding Principles on Business and Human Rights.

We are evolving as a business and I am pleased to share in this report new areas of focus such as how we:

- Support the wellbeing of our employees through our Wellbeing Charter
- Are building sustainability into product sourcing through the implementation of our new 2025 Responsible Business Strategy to ensure our key raw materials will be responsibly sourced
- Have developed and launched our new Scope 1 and 2 carbon reduction target to 2030

We are continuing to embed the United Nation's Sustainable Development Goals (SDGs) within our business. We have chosen to focus on 9 of the SDGs that are most material to our business operations and the products we sell. These are also where we have the greatest opportunity to address our impacts, including innovation to reduce our use of finite natural resources.

We are pleased with what we have achieved so far and in the year ahead, we will continue to focus on considering how to reduce the impact of packaging and to gain a greater understanding of where and how we source our products. In addition, there are other issues which remain on our Corporate Responsibility agenda such as climate change, waste and resource use.

This report contains significant data which has been assured by PwC, and their independent assurance report can be found on pages 30 and 31.

We hope you find this report useful and interesting and we welcome your feedback on our Corporate Responsibility Report. See page 8 for how to contact us.

Amanda James
Group Finance Director
1 May 2019

AT A GLANCE

NEXT is committed to the principles of responsible business by addressing key business related social, ethical and environmental matters in a way that aims to bring value to all our stakeholders.

NEXT is listed in the FTSE4Good Index. The index is designed to measure the performance of companies demonstrating strong environmental, social and governance (ESG) practices.

Our Suppliers

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 global product supply chain and service suppliers' global operations.

- 98% of all factories manufacturing NEXT product were audited during the year
- 96% of NEXT branded products (by value) delivered from compliant factories
- 47 employees in our NEXT in-house global COP team
- Around 1.4 million workers in our Tier 1 supply chain
- Supported 49 factories to successfully remediate critical issues found during our COP audits
- Tier 1 factory site listing updated on our corporate website during the year
- Enhanced portal system launched in 2018 to improve capture of Tier 2 supplier details

Our Customers and Products

Our commitment is to offer exciting, beautifully designed, excellent quality products that are well made, functional, safe and responsibly sourced and which provide outstanding value to meet or exceed our customers' expectations.

- Customers in over 70 countries
- Over 5 million active global Online customers
- Received over 300,000 customer experience responses
- New 2025 Responsible Sourcing Strategy launched
- Joined ZDHC¹ in 2018, a leading responsible chemical management programme
- Assisted customers to donate their unwanted furniture to the British Heart Foundation to raise over £1 million since our partnership started in 2016

1 Zero Discharge of Hazardous Chemicals
2 Our first targets were introduced in 2007
3 See page 25 for more details
4 Financial and product donations
5 Renewable Energy Guarantees of Origin



Human Rights and Modern Slavery

- Respect for human rights is a fundamental part of how NEXT operates as a responsible business. Any instance of forced labour is unacceptable.
- Third Modern Slavery Transparency Statement published
- Continued commitment to respect internationally recognised human rights
- Over 300 new employees successfully completed online training
- Issued guidance materials to our third party branded product suppliers
- Worked with 21 factories to successfully remediate modern slavery issues

Our People

Our workforce is integral to achieving our business objectives. We believe an engaged workforce is vital to achieving our aims and we recognise that helping to support their health and wellbeing is a priority. We strive to create a workplace in which everyone is treated with dignity and respect.

- NEXT employs over 40,000 people globally
- 44% of NEXT plc Board directors and 47% of our senior leadership team are female
- Around 19,000 employees participated in Company pension schemes
- Around 9,600 employees held options or awards over 6.6 million NEXT plc shares
- New Mental Wellbeing programme launched in 2018

Environment

As a responsible business, reducing emissions is the right thing for us to do. We are working to create more sustainable ways of doing business whilst continuing to reduce our operational carbon footprint and delivering better resource efficiency.

- New 50% absolute Scope 1 & 2 carbon reduction target by 2030 launched
- 95% diversion of waste from landfill achieved
- NEXT carbon footprint is 160,368 tonnes CO₂e
- Electricity consumption reduced by 21% since 2007²
- NEXT became an RE100³ member during the year. 100% of electricity purchased for our UK and EIRE operations is REGO⁵ backed renewable electricity

Community

Our approach is to make an impact by working with a wide range of charities and organisations

- Over 400 registered charities supported
- Charitable donations over £3.7 million⁴
- Over 430 tonnes of furniture diverted to charity for reuse to create value
- Over £977,000 raised for charities from the sale of our reusable carrier bags in England, Scotland and Wales

RESPONSIBLE SOURCING STRATEGY

We have recently launched our Responsible Sourcing Strategy which sets out our ambition to source 100% of the main raw materials we use through known, responsible or certified routes by 2025.

Overview

The raw materials used in our products come from the world's natural resources and we are committed to responsible sourcing.

We believe it is important that the raw materials used in our products are sourced in a way that respects the people, animals and environment in our supply chain.

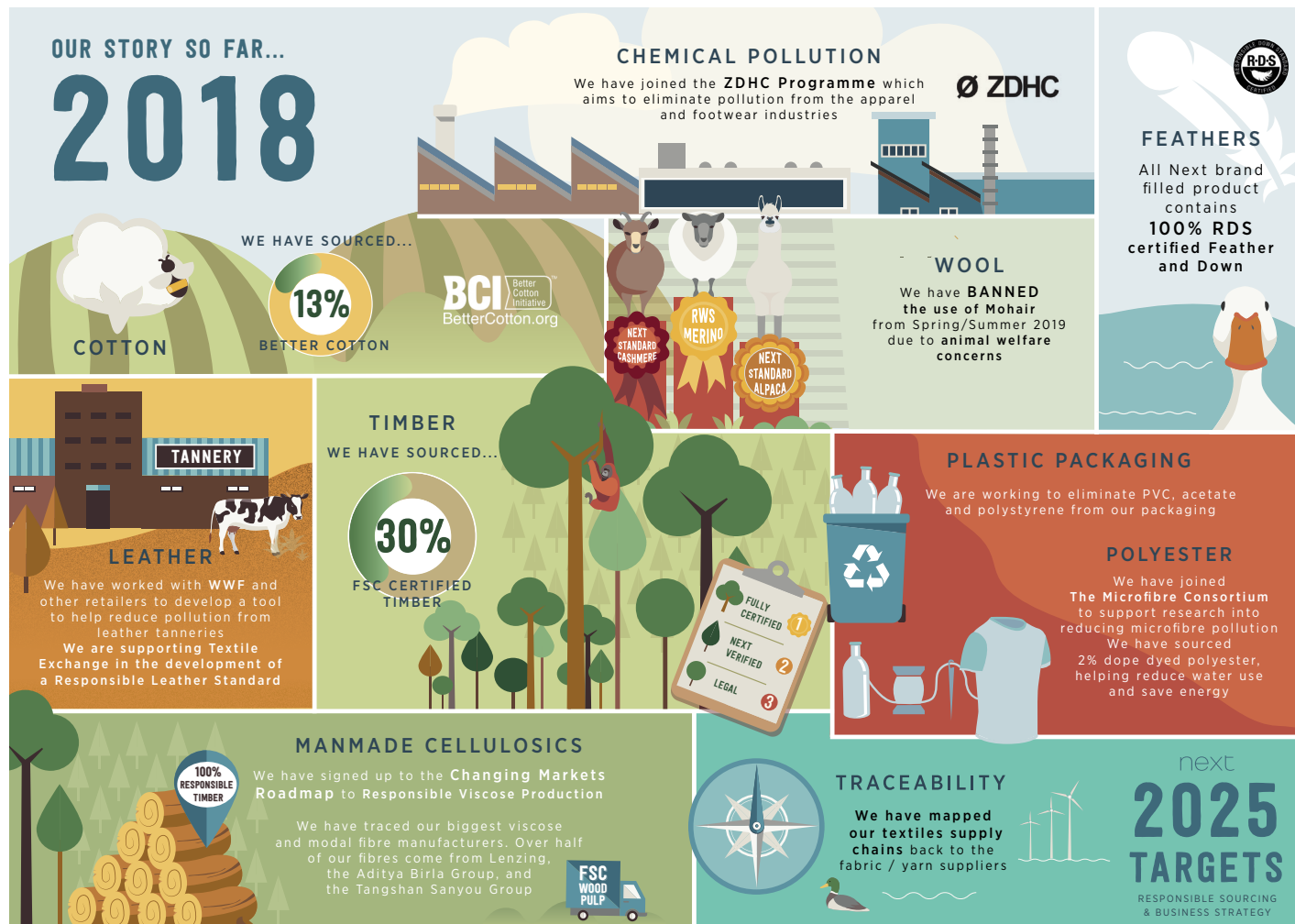
During 2018 we sourced over 200 million NEXT branded products from over 40 countries.

We use a large variety of raw materials in our products and are committed to building full transparency to trace the raw materials we use back to source.

The main raw materials used in our products are cotton, wool, manmade cellulosic (such as viscose), polyester, timber and leather. We recognise these materials can have wide ranging environmental and social risks associated with their production and extraction.

As part of our new strategy, we are training our product teams and we will work with our suppliers to help reduce the impact of manufacturing processes on the environment and on the health of those working and living in communities around our production sites.

Further details on our strategy can be found [here](#).



SUSTAINABLE DEVELOPMENT GOALS



NEXT and the United Nations Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) launched in 2015 are a framework of international priority areas which cover a broad range of social and economic development issues. They are set through to 2030 and the initiatives aim to tackle the biggest global challenges and form a shared global agenda for environmental improvement, social empowerment and greater equality.

NEXT's alignment to SDGs

There are a total of 17 global goals; NEXT has aligned our reporting against the 9 SDGs that are most material to our business operations and the products we sell. These are the goals where we have the greatest opportunity to contribute and to build upon the work we have been doing for some years as we:

- Recognise our role and responsibility by adopting the UN Guiding Principles on Human Rights
- Take into account our impacts across our whole supply chain and focus on areas where our impacts are greatest

NEXT has a role to play in reaching these SDGs and communicating our performance against them through our own direct actions and through collaboration with others.

We summarise on the next page the key activities that NEXT is undertaking in relation to the 9 SDGs.

In March 2018 NEXT became a member of the British Retail Consortium (BRC) "Better Retail, Better World" initiative. Using the SDGs as a framework, clear, transparent and measurable goals have been developed to drive action in the British retail industry. The initiative provides opportunities for collaboration with other leading UK based retailers to contribute positively to addressing social, economic and environmental issues, including modern slavery and decent work, sustainable economic growth, inequalities, climate change and responsible consumption and production.

Environment and Resource Use

NEXT has a responsibility to work to reduce the direct impact of its business operations on the natural environment. Our priority is to minimise our impact by reducing the carbon intensity of our activities and the natural resources we use, as land and fossil fuels are finite resources.

The Task Force on Climate-Related Financial Disclosures





During 2018 NEXT undertook a gap analysis review to compare our current approach to the Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD) and the eleven recommended climate-related disclosures across four competency areas: Governance; Strategy; Risk Management; Metrics and Targets

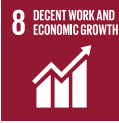




TCFD is a voluntary framework with climate risk guidelines to support business to assess and report on how climate-related opportunities and risks may directly impact their business in the future.

We will use the findings from this assessment to inform our approach to identify climate-related risks and opportunities that may impact on our business in the future and aim to align our reporting with the requirements of the TCFD over time.

To find out more please see [Our Customers and Products](#) and [Environment](#) sections.

SUSTAINABLE DEVELOPMENT GOALS CONTINUED

NEXT's SDG Key Focus Areas		
SDG	What NEXT are doing	Further information see pages
	<ul style="list-style-type: none"> Our COP team works to ensure that workers in our global supply chains are paid correctly by their employers 	12-15
	<ul style="list-style-type: none"> Provide employees with financial wellbeing support in areas such as managing debt and financial planning 	21-23
	<ul style="list-style-type: none"> Implement the UN Guiding Principles (UNGP) on Business and Human Rights to work to ensure our workers have safe working conditions 	12-15
	<ul style="list-style-type: none"> Provide health and wellbeing support to our employees and recognise the importance of specific areas such as positive mental wellbeing 	21-23
	<ul style="list-style-type: none"> Implement chemical management programmes with product related suppliers for the use of clean chemicals in the supply chain. By joining ZDHC in 2018 we will work collaboratively with others to develop this further 	16-20
	<ul style="list-style-type: none"> At NEXT, 67% of employees and 44% of our Board directors are female Within our supply chain gender equality is a fundamental human right. For example, NEXT supports KADAV, a non-government organisation (NGO) based in Istanbul, Turkey, which works with predominantly Syrian women to provide them with access to childcare, Turkish language lessons, vocational training and social support 	21-23 12-15
	<ul style="list-style-type: none"> As a retailer, the majority of our water use is in our supply chain so by mapping our supply chain this serves to identify at-risk locations and those suppliers we can work with to improve water efficiency 	16-20
	<ul style="list-style-type: none"> NEXT strives to ensure that workers in our global product supply chains have access to clean water and sanitation 	12-15
	<ul style="list-style-type: none"> NEXT implement chemical management programmes with suppliers for the use of clean chemicals in the supply chain to manage effluent in order to prevent contamination 	16-20

NEXT's SDG Key Focus Areas		
SDG	What NEXT are doing	Further information see pages
	<ul style="list-style-type: none"> NEXT is currently a member of the Ethical Trading Initiative (ETI), Bangladesh Accord and ACT (Action, Collaboration and Transformation). These programmes help to address identified human rights and modern slavery impacts within our supply chain 	12-15
	<ul style="list-style-type: none"> Continue to support the fight against modern slavery by implementing the UN Guiding Principles on Business and Human Rights 	12-15
	<ul style="list-style-type: none"> Look for opportunities to help disadvantaged members of society into employment 	21-23
	<ul style="list-style-type: none"> We use a large variety of raw materials. Through the recent launch of our new 2025 Responsible Sourcing Strategy we will work to ensure these materials are sourced and produced sustainably and responsibly Provide customers with solutions to recycle difficult to recycle products such as mattresses and furniture 	16-20 16-20
	<ul style="list-style-type: none"> We have recently launched our new carbon emissions targets to reduce our Scope 1 & 2 carbon emissions by 50% by 2030 	24-27
	<ul style="list-style-type: none"> NEXT works to reduce our direct carbon emissions across the business. Our current target of diverting at least 95% of our waste from landfill by 2020 is already being achieved 	24-27
	<ul style="list-style-type: none"> NEXT is committed to minimising our environmental impact by reducing the carbon intensity of our activities 	24-27
	<ul style="list-style-type: none"> NEXT is committed to the protection of natural resources and will source all land based raw materials responsibly 	16-20
	<ul style="list-style-type: none"> Underpins all of our responsible business activities 	CR Report

STAKEHOLDERS, GOVERNANCE AND MATERIALITY

A wide range of social, ethical and environmental issues can have an impact on the NEXT business. 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

Stakeholder engagement is important to NEXT, both formally through meetings and informally.

Our teams play an important role in managing our stakeholder engagement in a proactive, respectful and professional manner. NEXT must also ensure that new and emerging issues, risks and requirements are carefully considered, assessed and appropriately acted upon.

Our key stakeholders and our engagement activities are summarised in the table opposite.



Key Stakeholders	How we engage
Suppliers*	<ul style="list-style-type: none"> • Visits and meetings both at NEXT offices and their factories • NEXT COP supplier audits • Training workshops • Conferences
Customers*	<ul style="list-style-type: none"> • Customer feedback via online messaging • Communication with NEXT Customer Contact Centres • Direct customer contact and market research activities • Social media • Monitor customer returns
Workforce*	<ul style="list-style-type: none"> • Workforce communication forums • Workforce engagement surveys • Training and development
Environment*	<ul style="list-style-type: none"> • Visits and meetings with NGOs • Representation on trade association working groups • Participation in surveys
Community*	<ul style="list-style-type: none"> • Develop and agree longer term support with a range of charities to assist their ongoing work • Respond to requests for assistance

* Indicates stakeholder groups potentially affected by human rights risks.

Key Stakeholders	How we engage
Shareholders	<ul style="list-style-type: none"> • Meetings and investor roadshows • Respond to queries and requests for information • Ethical investment surveys; sustainability benchmarks and indices
Government	<ul style="list-style-type: none"> • Responses to Parliamentary Committees inquiries such as the Environmental Audit Committee • Meetings and dialogue with trade associations

STAKEHOLDERS, GOVERNANCE AND MATERIALITY CONTINUED

Governance and Risk Management

A robust governance structure, clear risk management and internal controls framework, are embedded throughout the business and are core to our Corporate Responsibility approach.

The Group Finance Director has responsibility for all corporate responsibility matters, including human rights and modern slavery. She receives regular updates from the Head of Corporate Responsibility and Sustainable Development. Regular updates are also provided to the Audit Committee. In addition, the Head of Supplier Ethical Compliance provides monthly updates to the Product teams and at least annually to the Audit Committee, reporting on the performance of our global supply chain as measured against our Code of Practice [Principle Standards](#) (as detailed in 'Our Suppliers').

As part of the NEXT risk management process, detailed risk registers are maintained by each business area and used to identify, evaluate, manage, measure and monitor risks. Specific corporate responsibility risks are therefore recorded, considered and managed as part of this process. In addition, the impact of corporate responsibility risk factors are also included, where appropriate, in the NEXT plc directors' assessment and review of NEXT's principal risks. NEXT's principal risks are detailed in the Strategic Report section of our latest Annual Report.

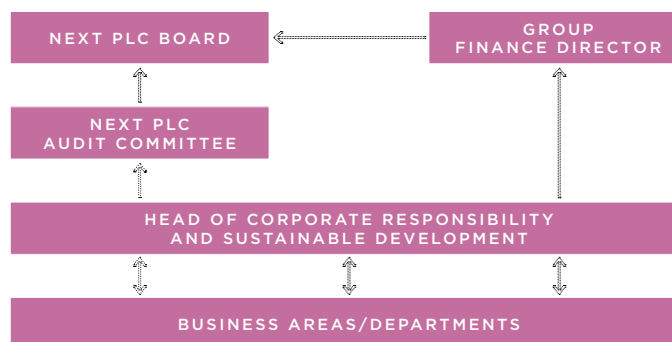
Legal Compliance

During the year we had no environmental or health and safety prosecutions and no work-related fatalities.

Further information

For further information on certain areas of this report you will find a direct link to additional details in a section called Our Approach. Alternatively, the information can be found on our corporate website, nextplc.co.uk

Our Governance Framework

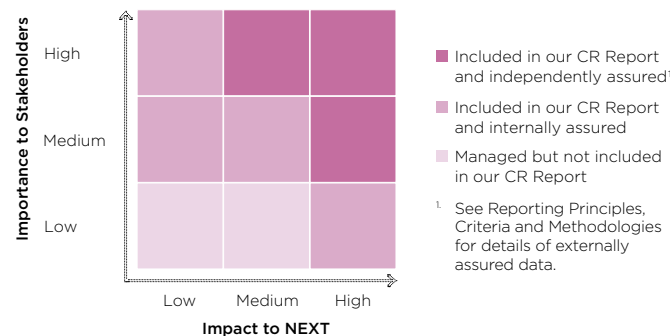


Understanding Materiality

NEXT has determined materiality as the threshold at which environmental, social, economic and governance related issues become sufficiently important that they should be included within this report.

This threshold is determined by understanding:

- How important these issues are to our key stakeholders
- The impact of these issues on our business



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 on pages 30 and 31.

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

Reporting Principles, Criteria and Methodology

For further information on this please refer to: nextplc.co.uk/corporate-responsibility

Contact Us

We welcome your comments and feedback on our corporate responsibility performance. Contact us via our corporate website at nextplc.co.uk/contact-us or in writing to:

Joanne Poynor

Head of Corporate Responsibility

NEXT plc

Legislation and Sustainable Development

Desford Road

Enderby

Leicester

LE19 4AT



HUMAN RIGHTS AND MODERN SLAVERY

Respect for human rights is a fundamental part of how NEXT operates as a responsible business. Any instance of force labour is unacceptable.

Highlights

- Third Modern Slavery Transparency Statement published
- Continued commitment to respect internationally recognised human rights
- Over 300 new employees successfully completed online training
- Issued guidance materials to our third party branded product suppliers
- Worked with 21 factories to successfully remediate modern slavery issues

Aligned SDGs



Our Approach

It is a priority for NEXT to ensure we trade ethically, source responsibly and work to prevent modern slavery and human rights issues throughout our organisation and in our supply chain.

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 Labour Organisation's Declaration on Fundamental Principles and Rights at Work.

Our approach is to implement the **United Nations Guiding Principles on Business and Human Rights (UNGPs)** and this influences our work on all aspects of the supply chain. It helps us 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.

A company's "salient" human rights issues are the human rights that are at risk of the most severe negative impact through its activities or business relationships.

(UNGP Reporting Framework)

Using the UNGP Reporting Framework we combine the knowledge and experience we gain from working with our global supply chain and business partners, together with learnings from affected stakeholders and NGOs, to look at our business through a "salience lens". This has helped us to assess the greatest risks to people:

- Forced labour and modern slavery
- Fair living wages
- Discrimination
- Freedom of association
- Health and Safety
- Child labour
- Access to clean water
- Privacy and data security

We have assessed why we believe these are salient issues, who the potentially affected stakeholders are and what actions we should take.

Find out more [here](#)

To see a copy of the NEXT [Human Rights and Modern Slavery Policy](#) and our latest [Modern Slavery Transparency Statement](#), which provides more detail of our modern slavery risks, activities and plans.

Our Key Considerations

1. Human rights issues evolve over time, therefore our approach to tackling them must also evolve, including development of relevant skills in our own COP team.
2. We recognise the importance of regularly reviewing our COP processes and procedures to ensure we integrate indicators for new or emerging issues within our COP audits and provide training where needed.
3. Our Modern Slavery Steering Group, comprising relevant senior management, meets regularly and co-ordinates actions across the business. We have introduced representatives from our product teams to the group to broaden our perspective and increase internal collaboration.
4. Where human rights issues occur in our supply chain, we recognise the value in identifying them and being transparent about how we have tackled them - including what worked and what didn't.
5. Collaboration is vital to achieving change. Our in-country COP teams have direct links with on the ground NGOs and trade unions which helps to broaden our understanding of root causes and sustainable solutions.

During 2019 we will carry out a review of our salient human rights risks in partnership with SHIFT who are one of our NGO partners. This review will ensure our work and approach remains relevant.

UN Guiding Principles Reporting Framework Index

This report aims to align with the UN Guiding Principles Reporting Framework. The Reporting Index is designed to identify how and where the framework disclosures are addressed.

Find out more [here](#)



HUMAN RIGHTS AND MODERN SLAVERY CONTINUED

What we have been working on during the year Training and Awareness

- Over 300 new employees successfully completed our bespoke online training course. To date over 3,000 employees globally have completed the course
- Developed and issued a new guidance booklet and communications to over 150 third party brands whose product is sold through NEXT Online
- Completed a third party branded business ethical risk assessment, which informed our decisions on prioritising next steps with this part of our supply chain

Collaboration

- NEXT signed up to the new Retailer Protocol for Handling Reported Cases of Modern Slavery and the Apparel and General Merchandise Public/Private Protocol to tackle labour exploitation in the UK supply chain
- NEXT became an official partner of Unseen – the UK national modern slavery helpline

Active management and remediation

- Developed new internal incident management reporting
- Worked with 21 factories to successfully remediate modern slavery risks
- Disengaged 15 factories where remediation had not been achieved to an acceptable level

Case study: Partnering with Unseen – the UK national modern slavery helpline

Unseen's approach is working towards a world without slavery and they are:



**modern
slavery
helpline**

- **Supporting survivors and potential victims of slavery** – men, women and children
- **Informing stakeholders** – by providing training and raising awareness including with business and through secondary schools
- **Influencing systemic changes** – by working with the UK and international governments

As a partner, NEXT is helping to fund the confidential and independent helpline run by Unseen which operates with fully trained specialist staff, provides a translation service and supports calls from both the UK and internationally.

In its first year the helpline has received over 7,000 contacts indicating 7,100 potential victims from 99 nationalities including British.

Case study: – Migrant Labour in the UAE

Through auditing and regular visits by our COP team, migrant labour issues were uncovered in one of our suppliers in the UAE. One of the specific issues identified was workers from Nepal facing recruitment fees back in their home country.

Steps NEXT has taken with the factory to mitigate this issue include the supplier agreeing to:

- Implement a contract with the recruitment agency in Nepal stipulating no recruitment fees are to be charged to the employees. If fees are found to have been charged the contract with the agency will be terminated
- Undertake presentations to prospective employees in their home country to inform them of workplace and living conditions, payment terms and that no recruitment fees are to be charged
- Ensure that employees found to have paid a fee are reimbursed over their employment contract term

From this work we recognised the need to raise wider awareness and understanding, and subsequently NEXT held a supplier conference in UAE to outline our approach to this issue and offer support and guidance to our suppliers.



HUMAN RIGHTS AND MODERN SLAVERY CONTINUED

Migrant labour

The employment of migrant labour is growing in global supply chains as workers seek better opportunities to provide for their families and futures. Migrant workers are found in some areas of our supply chain, where local labour availability is declining and the employment of migrant labour has become necessary.

Poor recruitment practices for migrant workers can often leave them vulnerable to unsafe and unacceptable employment conditions. Migrant workers may be contracted for a fixed period and are reliant on the guaranteed income to provide for their families back home. Payment of a fee to a recruitment agent in order to secure a job may also be a risk.

NEXT is committed to monitoring and improving the recruitment practices and employment conditions of migrant labour in our supply chains. We recognise these are challenging issues so require our suppliers to meet the requirements of our Migrant Worker Policy. We commit to:

- Communicate our position on migrant workers to those who supply us and to our own teams
- Work with our suppliers and factories for the sustainable improvement of migrant recruitment practices and employment conditions for migrant workers in our supply chain

The Policy follows the Employer Pays Principle and outlines the responsibilities of suppliers and factories for ensuring that migrant workers are treated with due respect to their basic human rights, and in accordance with NEXT's Principle Standards and applicable local laws.

Effectiveness of Communication

We recognise modern slavery is both complex and multi-layered and has a wide range of cultural dimensions that need to be considered. We communicate with our suppliers in a number of ways: face to face, conferences, emails, policies and via our Supplier Portal. However, we recognise the importance of understanding how well our information is being received and, more importantly, that our policies and expectations are clearly understood and acted upon.

To help inform our future work we have recently collaborated with the University of Leeds.

Case study: University of Leeds Research Project 'Pulling a Thread'

- To understand the complexity and challenges of implementing policies across our supply chains to support compliance with the Modern Slavery Act, during 2018 we commenced work with the University of Leeds on the British Academy/DfID*-funded 'Pulling a Thread' project
- This project focusses on exploring some of the business, cultural and geographical challenges associated with the eradication of modern slavery for multi-national businesses with extended global supply chains
- The work is currently ongoing and, with the University's research team managing this independent research in India and Vietnam, we anticipate key learnings will be developed. This will be not just for ourselves, but for other clothing retailers and brands and potentially for other industries beyond the fashion industry
- The objective of this research will be to improve visibility of how UK legislation is understood by our overseas supply chain and how we may adapt our approach in the future to ensure we communicate effectively with our suppliers in this complex area

* Department for International Development

"Without the support of NEXT, exploration of the extended supply chain would have been slow and difficult, so we are grateful that NEXT worked with us to develop our understanding of this complex challenge"

Hinrich Voss
University of Leeds Research Team Lead

Looking ahead

- Review our salient human rights risks in partnership with SHIFT
- Carry out supplier face to face presentations globally – covering NEXT and Lippy product related suppliers, agency labour providers and other higher risk goods and service providers
- Launch new supplier portal to aid online communications with our third party branded suppliers
- Refresh our online employee training content
- Consider findings from the 'Pulling a Thread' research project



OUR SUPPLIERS

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 global supply chain and service suppliers' global operations.

Highlights

- 98% of all factories manufacturing NEXT product were audited during the year
- 96% of NEXT branded products (by value) delivered from compliant factories
- 47 employees in our NEXT in-house global COP team
- Around 1.4 million workers in our Tier 1 supply chain
- Supported 49 factories to successfully remediate critical issues found during our COP audit
- Tier 1 factory site listing updated on our corporate website during the year
- Enhanced portal system launched in 2018 to improve capture of Tier 2 supplier details

Aligned SDGs



Our Approach

Our ethical trading priorities are to:

- Develop and improve workers' conditions, including safety and human rights
- Communicate and support the achievement of compliance with our ethical standards by 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 NGOs

NEXT Code of Practice Standards

Our Code of Practice (COP) is based on the Ethical Trading Initiative (ETI) Base Code and includes the most relevant international standards with respect to labour practices (as set out in the International Labour Organisation Conventions).

The COP Principle Standards form the basis of our ethical trading programme, which is an integral part of our business, and set out the minimum standards and requirements for our suppliers in relation to:

- Workers' safety and human rights
- Employment and working conditions

Implementation of and compliance with our Principle Standards is measured through our Auditing Standards which provide detailed information to help our suppliers fulfil their obligations to their workers and NEXT and is a contractual condition of business for all product suppliers.

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 undertake and whose human rights and wellbeing are respected. We work with both suppliers and external experts to address and resolve issues within our supply chain and to raise standards.

During 2018 we undertook a review of our Auditing Standards, which will be launched to our suppliers during 2019.

Our latest Principle Standards and Auditing Standards can be found [here](#)

Transparency

Traceability and visibility of our supply chain is a key priority for NEXT. Suppliers are contractually required to declare to NEXT all Tier 1 and 2 sites where NEXT branded products or components will be manufactured to ensure the facility is audited and meets our requirements.

Unauthorised subcontracting is a major non-compliance indicator within our COP and one of our priorities is to have better traceability of where our products are being made. Suppliers are contractually required to provide details of sub-contractors being used to enable our COP team to audit the facility.

We have delivered new functionality to our online systems during 2018, which allow our suppliers to provide information about additional aspects of their extended Tier 2 supply chain, such as component and packaging suppliers, particularly where the NEXT brand is applied. This will provide improved visibility of our product supply chain, facilitating risk assessment and agreement of action plans.

In support of supply chain transparency we publish our Tier 1 list of manufacturing sites and aim to update the listing twice per year. The latest listing can be found at nextplc.co.uk

Supplier Payments

NEXT has been a voluntary signatory to the Prompt Payment Code since 2012. The new 'Duty to report on payment practices and performance' legislation under Section 3 of the Small Business, Enterprise and Employment Act 2015, came into effect for NEXT during the financial year ending January 2019. NEXT has calculated and uploaded the required KPIs onto the HMRC portal.



OUR SUPPLIERS CONTINUED

Performance Data

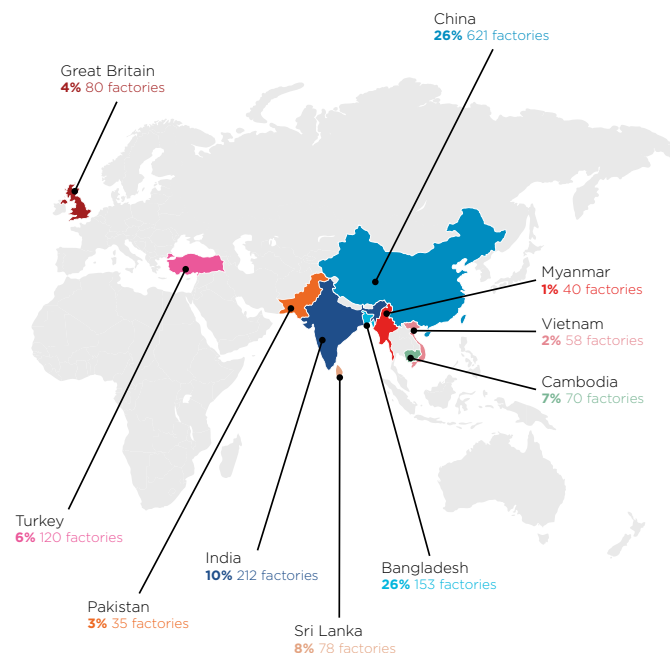
During the year we audited 98% of the factories manufacturing NEXT branded products, with some sites requiring follow up visits to review progress against agreed action plans or support with training. We continue to audit Tier 2 factories and have audited some of our largest Tier 3 fabric and yarn suppliers as we further develop the transparency of our supply chain.

	2019	2018
NEXT global COP team members	47	47
Countries where products are manufactured	43	41
Suppliers worked with ¹	610	550
Factory sites used	1,768	1,764
Factory sites audited	1,736	1,635
Total audits completed	2,073	1,973
% factories audited	98	93
% factories who have achieved a Cat 1-3 rating (by value)	96	93
Factories disengaged for non-compliance with our Code	30	45

¹ Represents suppliers directly engaged with i.e. not sourced via an agent.

Where are NEXT products made?

We sourced our products from over 40 countries during 2018, with 10 countries producing over 90% of our products (by units). These countries are:



The figures represent the percentage of our business volume and the number of factories per country.





OUR SUPPLIERS CONTINUED

Our dedicated NEXT COP Team

Case Study: NEXT Global COP Team

- **47** people based in **12 key sourcing locations**
- **Work directly with new and existing suppliers and their factories** to ensure they understand our requirements
- **On the ground presence** enables quick response if issues occur and allows the building of strong relationships with our suppliers by being able to offer one to one meetings, training and support even before orders are placed by our product teams
- **Focus on problem prevention and on development of trust**

Our Auditing Approach

Our COP strategy is built on investing time and resources in our new and existing suppliers, to support them through effective communication and working collaboratively to ensure they understand our requirements.

Before an audit takes place we explain our requirements, the audit process and Cat 1-6 rating system. Our priority is to encourage honesty and transparency with factory management. This approach has helped to uncover a number of important issues by the factory management showing us their accurate records, rather than what they think we want to see.

The auditing process is a vital due diligence tool:

- Providing assurance that our suppliers understand their responsibility to comply with our ethical standards
- We seek to conduct all audits on an unannounced basis as this means we are more likely to see a true picture of how a factory operates

- We support suppliers to improve whilst maintaining the business relationship. We will work with their factories, wherever we can, to bring them up to our standards rather than walk away and terminate the relationship, as this delivers a better outcome for the workers
- Where we find areas for improvement we create a Corrective Action Plan which we agree with the supplier and factory management, and conduct regular re-audits to verify improvements
- Our priority is to always support factories in resolving issues, but we will not continue to work with them indefinitely if there is no willingness on their part to address the issues and improve

During the year, we found Cat 6 (critical) human rights or modern slavery issues in 79 factories. With our COP team's support, 49 factories have been able to successfully remediate to resolve the issues uncovered. Unfortunately during the year we had to disengage with 30 factories (15 relating to modern slavery) that refused to satisfactorily rectify their critical non-compliance with our Code. This is an encouraging improvement on last year when we disengaged with 45 factories and this reflects the work we complete with our suppliers to support them through the remediation process and ensure that changes are implemented which ultimately benefit their workers.

Find out more [here](#)

Partnering for Change

It is important and valuable to work with others to develop solutions for some of the more complex and systemic problems found within global supply chains. We believe that by maintaining strong direct relationships and undertaking collaborative work (such as 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. This includes our work within communities where we support projects with a particular focus on women and children, as these are often the most vulnerable members of society.

Case Study: Better Work Transportation Group - Part of Better Factories Cambodia

NEXT is supporting the development of an action plan to enable garment and footwear workers to travel safely to and from work. Working with an independent transportation safety consultant, factories and local government, the goals of the programme are:

- To reach more than 26,000 workers and drivers and factory management through online campaigns
- To increase collaboration between stakeholders to address transport safety issues
- To enhance the capacity of nominated factory representatives to promote road safety awareness for commuting workers, as well as delivering effective training to drivers and workers
- To improve road safety knowledge and road user behaviours of workers, drivers, and factory representatives

The pilot programme is due to be completed in May 2019, when an independent institution will be assigned to evaluate the performance and impact of the programme.

Worker health and safety is a priority for NEXT and one area where a collaborative approach can help to drive change. We are a member of the Better Factories programme in Cambodia (BFC), and have joined global brands and other stakeholders to form a BFC Transportation Working Group.

Find out more [here](#)



OUR SUPPLIERS CONTINUED

Communication is Key

NEXT aims to work closely with our suppliers to ensure they understand our requirements and develop their business and factories to be compliant.

Key areas of focus are:

- We aim to have initial conversations with new suppliers as early as possible in the relationship, so they are clear about our requirements and ensure that any new factories they are bringing into our supply chain will meet our COP
- We have a Supplier Portal which provides access to COP information for new suppliers at the start of their on-boarding process. Content includes details about our Principle and Auditing Standards, guidance on Health & Safety as well as modern slavery and migrant labour policies. All documents are translated into key languages to ensure a good understanding of our requirements
- Meetings are regularly held at our global regional offices which allow suppliers to ask questions about our COP, agree on ways to address areas they may be struggling with, or discuss training opportunities. Having this contact (outside of the audit process) allows informal and productive conversations to take place
- Our training programme for new members of our product teams includes coverage of COP and responsible sourcing. This helps to ensure that these matters are considered by our teams when they engage with potential and current suppliers. Annual presentations to our product teams provide updates on our auditing programme, current ethical trade issues and compliance progress
- Supplier performance data is used to aid the product selection process and determine where business is placed. Individual factory non-compliance issues are managed and remediated through joint meetings held with the relevant product team and supplier

This collaborative approach has resulted in the delivery of positive progress and has built closer relationships with suppliers to resolve issues.

Looking ahead

- Carry out further supplier face to face presentations globally – covering NEXT and Lipsy product related suppliers, agency labour providers and other higher risk goods and service providers
- Capture detailed Tier 2 third party information using our online portal system to further develop supply chain transparency
- Continue to audit our largest fabric suppliers and wet processors
- Launch revised Auditing Standards to our suppliers
- Identify in-country project to support gender equality
- Continue to work collaboratively with other brands, retailers, governments, trade unions and NGOs





OUR CUSTOMERS AND PRODUCTS

Our commitment is to offer exciting, beautifully designed, excellent quality products that are well made, functional, safe and responsibly sourced and which provide outstanding value to meet or exceed our customers' expectations

Highlights

- Customers in over 70 countries
- Over 5 million active global Online customers
- Received over 300,000 customer experience responses
- New 2025 Responsible Sourcing Strategy launched
- Joined ZDHC in 2018, a leading responsible chemical management programme
- Assisted customers to donate their unwanted furniture to British Heart Foundation to raise over £1 million since our partnership started in 2016

Aligned SDGs



Our Approach

Our priority is to ensure our products are:

- Excellent quality
- Safe, functional and fit for their intended purpose
- Responsibly sourced
- Free from harmful substances
- Fully compliant with appropriate legislation and our own requirements where these go beyond legislation

In addition, we:

- Aim to provide the highest standards of customer experience, regardless of whether our customers shop instore or online
- Support our customers to donate difficult to recycle unwanted products

Product Safety and Legislation Compliance

- 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 technical team comprises over 300 global employees, with technologists from Head Office and our global sourcing offices visiting our suppliers to ensure our sourcing and production standards are being met
- All products are inspected upon receipt into our UK warehouse by our 38 strong quality assurance team to ensure they meet our requirements
- Suppliers to NEXT have direct access via our online Supplier Portal to our full range of technical manuals and quality, safety, ethical and responsible sourcing standards

NEXT has also commenced work with the third-party brands we sell via LABEL to ensure all product offered for sale is safe for the intended end use. We require brands to be able to demonstrate compliance with all applicable legislation and standards through risk assessment, certification and testing as well as being able to show the product has been sourced from factories which are compliant with the ETI Base Code.

Find out more [here](#)

Customer Engagement and Experience

Whether shopping in our stores or online we must be welcoming, safe and accessible to all.

It is important we understand what our customers think of NEXT to ensure we can respond to their needs and opinions.

- We received around 9 million contacts from our customers during the year via online, post or telephone. Queries and issues are in relation to our products, operations, policies or the service we provide
- Over 95% of Online customers stated they were happy with their experience of shopping with NEXT

- Next Loves to Listen is our online survey and is available to every customer who shops in our stores or collects their Online order from one of our stores. We received over 300,000 responses during the year providing ongoing feedback which helps us to improve our in-store experience



- We conduct customer interviews, accompanied store visits and run customer discussion groups

We believe we have robust procedures in place to monitor, evaluate and respond to customer feedback where necessary. For example, our Customer Services team, based in our Customer Contact Centres, works closely with relevant departments and senior management to ensure customers' queries and issues are fed back into the business. Teams use this and other data from the business to review how products or customer experience could be improved.



Supporting Accessibility

With an estimated 13.3 million¹ people living with a disability in the UK, we recognise that everyone's accessibility needs are different, which is why we have partnered with AccessAble. Their trained surveyors have visited and reviewed all NEXT stores and published detailed, independently assessed accessibility guides on both their and our website for each store across the UK and Ireland.

We are using the findings from the surveys to further improve the accessibility of our stores as we refurbish them. More information about AccessAble is available at [accessable.co.uk](https://www.accessable.co.uk)

¹ Source: Family Resources Survey 2017/18 (Department for Work and Pensions).



OUR CUSTOMERS AND PRODUCTS CONTINUED

Responsible Sourcing of Raw Materials

The raw materials used in our products come from the world's natural resources and we are committed to responsible and sustainable business principles and practices including responsible sourcing.

Our 2025 Responsible Sourcing Strategy launched in 2018 sets out our ambition to [source 100% of our main raw materials through known, responsible or certified routes by 2025](#) and work with our suppliers to help to reduce the impact of manufacturing processes on the environment and on the health of those working and living in communities around the sites where our products are made.

The main raw materials used in our products are cotton, wool, manmade cellulosic (such as viscose), polyester, timber and leather. We recognise these can have wide ranging environmental and social risks associated with their production and extraction.

To support our 2025 Responsible Sourcing Strategy, we have a range of policies and commitments which guide our responsible sourcing approach. Find out more [here](#)

Traceability

The complexity of supply chains means traceability can be challenging but we are committed to building full transparency to trace the raw materials we use back to source. Whilst we do not source raw materials directly, we are working with our suppliers to ensure we have traceable routes. This will enable us to source products in ways which support their replenishment, respect human rights and protect natural habitats, as their harvesting and production can have a significant impact on people and cause damage to environments and ecosystems if not managed correctly.

We are making good progress and are focusing on understanding our Tier 3 and 4 suppliers, but recognise it will take longer than our original timeline of 2020. Therefore, in line with our 2025 Responsible Sourcing Strategy, we will work to deliver full transparency by 2025.

Cotton

Cotton is NEXT's most significant raw material both in terms of volume used and the associated environmental and social issues linked with it. Our policy bans the use of cotton from

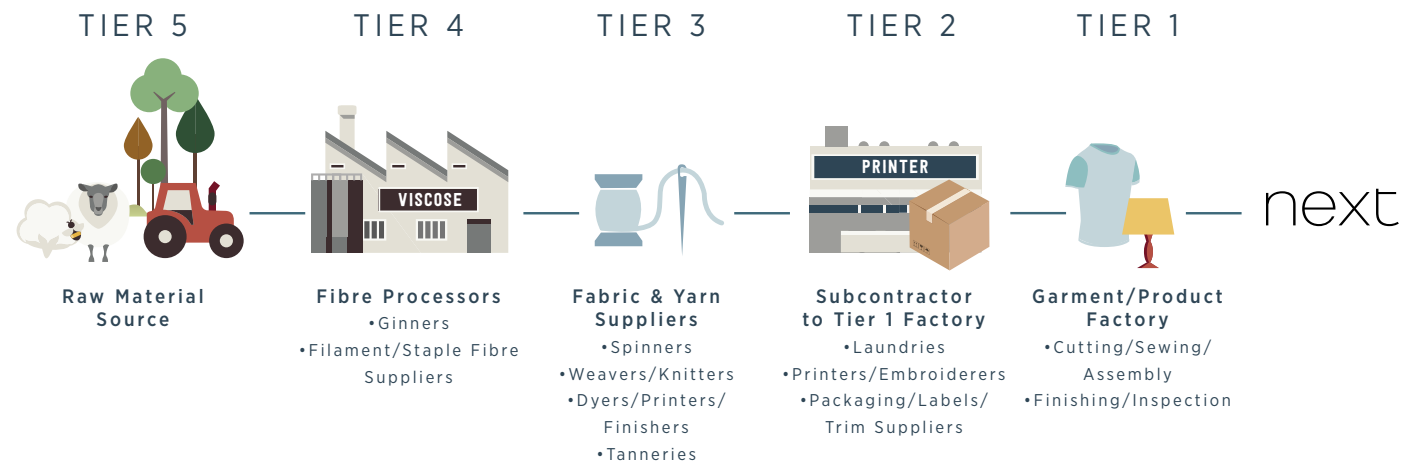
Uzbekistan or Turkmenistan due to the forced labour situation at harvest and we monitor the work undertaken by the Responsible Sourcing Network campaign around this issue.

Our 2025 target is to source 100% of our cotton from responsible sources which we define as Better Cotton, recycled, Certified Organic or Fairtrade Certified cotton.

NEXT is committed to sourcing cotton that is produced through better farming practices. We have defined responsible sources of cotton as those that have been cultivated to meet at least one of the following principles:

- Reducing water use
- Reducing the dependency on pesticides and synthetic fertilisers
- Improving social conditions for farmers
- Supporting the economic sustainability of farmers

Find out more [here](#)





OUR CUSTOMERS AND PRODUCTS CONTINUED



Case Study: How Better Cotton can help to prevent child labour

In January 2016, NEXT became a BCI member and in 2018 we sourced 13% of our cotton as Better Cotton.

Last year, our investment enabled BCI, along with its partners, to reach and train approximately 5,000 farmers. As a result of this investment, Better Cotton was produced on almost 9,000 HA of land (equivalent to around 13,000 football pitches).

Better Cotton is produced in 22 countries around the world, and our sourcing is supporting these farmers. Farmers like Saleem.

When his eldest son, Umar, turned 12, Saleem, considered him old enough to work and saw no choice but for Umar to leave school to work alongside him and his wife to tend their farm near the village of Jhangar Marha in Pakistan.

But just a year later, following Better Cotton Initiative training, his outlook changed completely. Now, he is convinced that education will give all five of his children the best start in life whilst being able to employ others to work on his farm.

Timber

NEXT is committed to the responsible sourcing of timber and products containing timber. We aim to reduce our impact and to increase social and environmental benefits by using only responsibly sourced wood and paper.

[Our vision is to work with our supply chain to deliver 100% of our products from responsible or certified responsible sources by 2025](#) as part of our Responsible Sourcing Strategy.

NEXT aims to contribute to zero net deforestation and forest degradation through our sourcing decisions. As a minimum, we risk assess all timber products to verify that the material used was harvested, traded and transported in compliance with the applicable legislation in the country of origin in line with the EU Timber Regulation (995/2010).

We assess each product against the criteria of our Timber Policy, and evaluate the information provided. Using this information helps us understand where our risks and opportunities lie. To develop our due diligence process further, we also have a programme for auditing and species testing to support and assess our suppliers.

Approximately 30% of the timber we currently source comes from certified sources.

Find out more [here](#)

Microfibres

NEXT is mindful of the environmental issues being raised regarding various plastics which can be found in NEXT products and packaging. Microfibres are being increasingly identified as a major source of ocean pollution; as well as concerns they are entering the food chain through ingestion by aquatic life and could be potential carriers for other harmful chemicals.

[From July 2014, ahead of legislation, we removed plastic microbeads from all NEXT branded products. During 2017, NEXT joined The Microfibre Consortium \(TMC\)](#) as we believe collaboration is required to develop good, robust solutions. During 2018 we supported the development of new testing methodology (through our UKAS accredited in-house laboratory) to assess fibre shedding from different materials.

The second round of validation testing starts in April 2019 and after appraisal and validation of the results the method will be released to TMC members.

NEXT are supporting this work as a participating lab and will be providing testing results as part of the overall validation process. The testing methodology will be finalised and released for use during 2019 and will help develop a better understanding of microfibre shedding and allow TMC to work towards robust industry based solutions.

Manmade Cellulosic Fibres

Wood is the main raw material used to make manmade cellulosic fibres (MMCF) such as viscose, lyocell and modal which are made from the dissolved wood pulp of trees and accounts for 9% of the fibres we source. To ensure these wood-based fabrics are responsibly sourced, [NEXT is committed to ensuring the wood comes from responsibly managed forests](#) and has mapped its largest viscose and modal fibre manufacturers. NEXT is working with [Canopy](#) through their [CanopyStyle](#) to improve the sustainable sourcing of these fabrics by working to prioritise sourcing FSC® (Forest Stewardship Council) certified fibres.

The production of MMCF is chemically intensive and NEXT is working to ensure the MMCF it uses comes from producers who are eliminating pollution. In July 2018, NEXT committed to the [Roadmap Towards Responsible Viscose and Modal Fibre Manufacturing](#) as set out by the [Changing Markets Foundation](#).

Find out more [here](#)

Leather

The process of tanning leather requires significant amounts of water and energy and is chemically intensive which can have negative health implications for workers as well as pollute the land and waterways surrounding the tanneries.



OUR CUSTOMERS AND PRODUCTS CONTINUED



WWF Leather Buyers Platform – The World Wildlife Fund (WWF) protects endangered wildlife and environments, tackles climate change and promotes sustainable use of resources. WWF has convened a platform of major European retailers and brands who buy leather from one of India's main production areas to coordinate action to address pollution of the Ganges.

NEXT joined the WWF platform during 2016. We believe that retailers and brands can play a key role in addressing pollution in their supply chains and supporting wider collective action and advocacy to improve practices across the leather sector in key river basins across India, starting with Kanpur.

During the year the platform has focused on developing an auditing protocol, which is aligned with the requirements of the Leather Working Group (LWG) and will support a tannery towards LWG certification.

Animal Welfare

Our Animal Welfare Policy, developed with support from the RSPCA, provides clear guidance regarding the animal derived materials used in the products we sell. Our policy states NEXT will not use any real fur and all feathers and down used for filled products must be sourced as Responsible Down Standard (RDS). In addition, for our own brand cosmetics and toiletries products we do not support testing on animals and have never carried out any animal testing or commissioned others to do so, as we operate a fixed cut-off date of testing which means raw materials tested after 1998 are not allowed in our products.

Chemical Management

All our products contain chemicals in one form or another. Whilst the majority of chemicals are harmless, it remains an area of focus that our products do not contain chemicals which could be harmful to our customers, the workers who make our products or the environment. This is not only important in the countries where our products are made, but also where they are sold and eventually disposed of.

Therefore, NEXT has strict Restricted Substance Standards (RSS) which ban or 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. In addition, we have a thorough due diligence programme in place which spot checks for compliance with our RSS. The results are used to raise awareness internally and with our suppliers. If products fail our requirements they are removed from sale and may be recalled from customers.

NEXT Joins ZDHC

During 2018, NEXT joined the ZDHC (Zero Discharge of Hazardous Chemicals) Roadmap to Zero Programme. The programme aims to deliver widespread implementation of sustainable chemistry, by driving innovations and best practices in textile, apparel and footwear industries to protect consumers, workers and the environment. NEXT, with more than 20 other leading brands in the programme, has committed to working together with their supply chain to promote the industry-wide change in responsible chemical management.

NEXT is committed to adopting ZDHCs tools including the ZDHC MRSL (Manufacturing Restricted Substance List) and ensuring that this commitment is communicated to all relevant employees and supply chain partners.

Find out more [here](#)





OUR CUSTOMERS AND PRODUCTS CONTINUED

Helping our customers to recycle for reuse their unwanted products

Home products such as mattresses, sofas and furniture can be difficult products for our customers to manage when they no longer want them, with many going unnecessarily to landfill. We have identified opportunities to help our customers by partnering with different charitable organisations to provide solutions and help raise funds to support their aims, such as the [British Heart Foundation \(BHF\)](#). Our customers' donated furniture and home products have helped BHF raise over £1 million since we started to work with them in 2016.

Find out more [here](#)

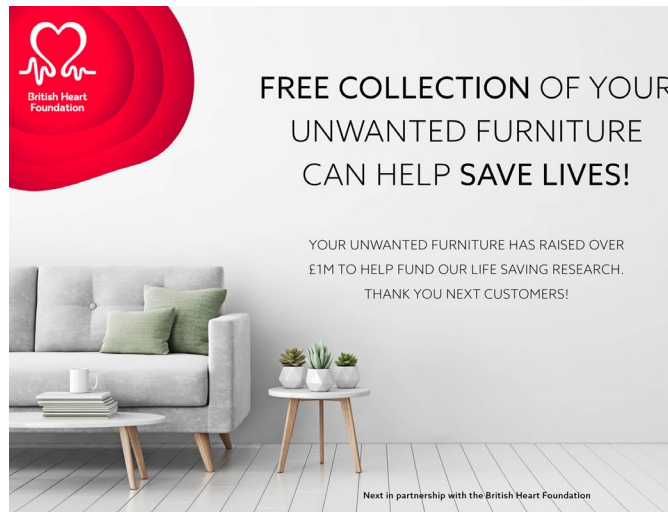
Circular Economy

A circular economy is an economic system aimed at minimising waste and making the most of resources.

We are at the start of our circular economy journey and have focused so far on helping our customers to recycle their unwanted products for reuse. We recognise there is much more to do and that collaboration across the industry will be vital.

During 2019 we will consider the impact our designs and product development can have on the environment and what choices we can make when developing our products, such as:

- Product durability
- Responsibly sourced materials
- Safe processing to protect workers and the environment



"We are delighted that our partnership with NEXT and their customers has raised an incredible £1m worth of furniture for the British Heart Foundation's furniture stores across the UK. This could fund a five-year research programme into heart failure including salaries, equipment and lab materials needed for the project. The partnership to date has diverted over 287 tonnes of furniture from the waste stream, extending the life of reusable furniture."

Karen O'Donoghue
Head of Retail Partnerships, BHF

Looking ahead

- Fully embedding and monitoring progress of our recently launched 2025 Responsible Sourcing Strategy
- Traceability – continue to map our supply chain back to raw material
- Developing our circular economy journey by investigating the way we approach design, material selection and manufacturing and how it impacts the environment
- Supporting our suppliers with chemical training





OUR PEOPLE

Our employees are integral to achieving our business objectives, we believe engaged employees are vital to achieving our aims and we recognise that helping to support their health and wellbeing is a priority. We strive to create a workplace in which everyone is treated with dignity and respect.

Highlights

- NEXT employs over 40,000 people globally
- 44% of NEXT plc Board directors and 47% of our senior leadership team are female
- Around 19,000 employees participated in Company pension schemes
- Around 9,600 employees held options or awards in over 6.6 million NEXT plc shares
- New Mental Wellbeing programme launched in 2018

Aligned SDGs



Our Approach

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

Our priority is to provide an environment where our workforce is:

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

We are committed to achieving excellence in the areas of health and safety, wellbeing and the protection of our workforce in their working environment.

Find out more [here](#)

Diversity and Inclusion

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.

Within three of NEXT's UK distribution sites we are supporting Project SEARCH. This project is supporting 22 students to build skills and experience in NEXT whilst continuing to study their school curriculum with an aim of giving the students the skills they need to obtain paid employment. Now in its fifth year, the programme is aimed at 16 -24 year olds with severe learning difficulties who otherwise might not get an opportunity for full-time paid employment.



Employment positions throughout the Company are filled with the candidates who possess the most appropriate skills and competencies relevant for the particular job role. NEXT's policy is to treat all employees fairly and equally regardless of gender, sexual orientation, marital status, race, colour, nationality, religion, ethnic or national origin, age, disability or union membership status.

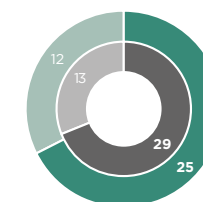
Although we do not set specific targets for diversity, women currently represent 44% of our Board and the charts to the right shows the gender mix of the Group's employees at the end of the financial year.

Please also refer to the latest NEXT Gender Pay Report at nextplc.co.uk

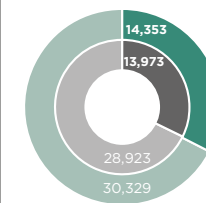
Directors of NEXT plc



Subsidiary directors and other senior managers



Total employees



2019 **2018**
 ● Male ● Male
 ● Female ● Female

NEXT Pension Arrangements

As at January 2019, active members of the 2013 NEXT Group Pension Plan stood at:

Number of Employees	Final Salary Section*		Money Purchase Section*	
	2019	2018	2019	2018
NEXT UK Pension Scheme	814	878	4,841	2,977

* 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. This is provided by The Peoples' Pension/ B&CE.

At January 2019 13,118 (2018: 15,413) employees were participating in the Group's auto enrolment defined contribution scheme.



OUR PEOPLE CONTINUED

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 UK & Eire 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, usually at a 20% discount to the share price at the time of grant. At January 2019, approximately 9,600 employees were participating in our Sharesave scheme holding options or awards in respect of 6.6m shares in NEXT.

NEXT Steps – our workplace nursery: Our purpose built Head Office Child Care Nursery called “NEXT Steps” continues to flourish with an “Outstanding” OFSTED rating. It currently has over 240 children registered to attend. This is part of our on-going commitment to supporting our employees with their pre-school childcare arrangements.

Find out more [here](#)



Health, Safety and Employee Wellbeing Strategy and Objectives

Our goal is to make NEXT a healthier and safer place for everyone. We expect our people to manage all aspects of our business safely.

NEXT reviews its Company safety statement and safety objectives every three years which also includes safety programmes and objectives for each division of the business. These are reviewed regularly at divisional safety meetings by relevant divisional directors and twice a year by our Chief Executive.

Our objectives were revised and updated for 2018–2020 and focus on four priorities:

- Competence – people knowing how to work safely
- Communication – talking about health and safety
- Culture – health and safety is everyone’s responsibility
- Controls – having effective procedures that manage risk

Find out more [here](#)

Employee Wellbeing:

In 2018 we launched a new Mental Wellbeing Charter aimed to improve the way we identify and help those suffering from mental ill health. In 2017 we partnered with experts in the field to help us develop and launch the Charter which was endorsed at Board level.

NEXT Mental Wellbeing Charter

When we talk about mental wellbeing we mean

‘where you are able to achieve your potential, cope with normal day to day pressures, thrive and be productive in all aspects of your life’

Find out more [here](#)



In 2018 we:

- Provided mental health awareness training for all our directors and senior managers across Head Office, Online and our retail stores
- Introduced trained mental health first aiders (Mental Health England First Aid Certificate) across key areas of the business
- Provided personal resilience training to 200 managers in our Warehouses and Distribution Operations
- Provided additional tools and information for employees to access. For example, our Employee Assistance Programme (EAP) is a 24-hour helpline offering employees free access to British Association for Counselling and Psychotherapy certified counsellors, as well as more general advice on wider sources of stress including debt support, how to look after elderly family members, benefits entitlement and even neighbour dispute resolution
- Offered the services of a qualified psychotherapist at our Head Office site

The programme has already helped us identify significantly more people at much earlier stages of mental ill health than would previously been possible. It is now an integral element of our wider Wellbeing strategy which includes a diverse array of activities such as a flu vaccination campaign, stay active challenges, healthy eating campaigns and menus in our restaurants and regular free fresh fruit drops around Head Office.

Within our Warehousing and Distribution operations, we have introduced a lifestyle checkpoint machine which provides information relating to an individual’s current health. So far over 2,500 employees have used the machine, which will be moved between our warehouse sites each month. In addition, over 300 people attended on-site financial wellbeing sessions to help manage debt and assist with financial planning.



OUR PEOPLE CONTINUED

Accident Reporting

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.

	RIDDOR accident rate	
	2019	2018
Employees in Retail Stores / 100,000 hrs worked	0.20	0.22
Customers in Retail Stores / 100,000 transactions*	0.01	0.02
Employees in Warehouses / 100,000 hrs worked	0.36	0.43
Employee in Regional Service Centres / 100,000 hrs worked	0.45	0.39

* Transactions include customer parcel collections where the customer collects from a retail store.

During the year, some of our initiatives across the business have included:

Retail Stores: Whilst the number of RIDDOR reportable accidents is low, we work to identify opportunities to further enhance the safety of our stores by:

- Reducing slip and trip hazards to prevent avoidable accidents
- Updating safety training for specific higher risk equipment such as motorised pallet trucks and powered evacuation chairs
- Developing new procedures to secure tall furniture displayed in our stores

Warehouses and Distribution locations: Our warehouses are highly automated and primarily reliant on our team of expert engineers to ensure they run smoothly and safely, whilst our Regional Service Centres are more traditional warehousing operations where the key risks relate to workplace transport, MHE (Material Handling Equipment) movement as well as manual handling. We have seen a small increase in the number of accidents from a very low base of 10 to 14 in

Distribution locations and a small decrease in the number of RIDDOR accidents from 40 to 37 in Warehouse locations.

During the year we:

- Reviewed the way our rapid rise doors and fork lift trucks interact with each other to minimise the risk of inadvertent collisions
- Improved our fork lift truck processes to minimise the risk of pallets falling from height
- Worked with our insurers to implement a rehabilitation process for employees suffering from a work related musculo-skeletal injury. Early feedback indicates good employee take-up, better rehabilitation outcomes and a reduction in rehabilitation time

Training and Development

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. We believe that offering 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.

Our integrated training teams ensure relevant and appropriate training and development is provided by supporting:

- Job role specific training covering the technical, operational and skills training
- Individually tailored training to address both an employee's individual needs and specific business requirements
- Training in areas such as health and safety, first aid and manual handling to ensure our employees work in a safe environment

Find out more [here](#)

Workforce Engagement

It is important that we have an open and honest culture, communicating effectively with our employees and providing opportunities for them to interact, and feedback ideas and views. Employees are kept informed of performance and strategy through regular updates from members of the Board. NEXT has a number of workforce engagement mechanisms in place across the Group. This includes an employee forum made up of elected representatives from Head Office who attend meetings at least twice a year with directors and senior managers. These forums encourage open discussion on business issues, policies and the working environment.

During 2019, we intend to supplement this employee engagement with a number of additional meetings with representatives of our workforce. Each of these meetings will be attended by our Chief Executive, a non-executive director, our HR director and other senior management.

Looking ahead

- Provide Mental Wellbeing training to all managers with staff responsibility in our Head Office, Online operations and stores
- Brief all employees regarding our mental health programme
- Further develop our workforce engagement



ENVIRONMENT

As a responsible business, we are working to create more sustainable ways of doing business whilst continuing to reduce our operational carbon footprint and improving resource efficiency.

Highlights

- New 50% absolute Scope 1 & 2 carbon reduction target by 2030 launched
- 95% diversion of waste from landfill achieved
- NEXT carbon footprint is 160,368 tonnes CO₂e
- Electricity consumption reduced by 21% since 2007*
- RE 100 signatory

* we introduced our first targets in 2007

Aligned SDGs



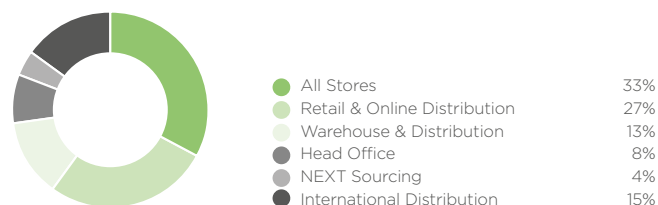
Our Approach

Climate change is widely regarded as one of the greatest global environmental challenges society faces and we take our responsibilities in this area seriously.

NEXT is working to reduce the direct impact of its business operations on the natural environment. Our aim is to work to create more sustainable ways of doing business to conserve energy, save money and improve resource efficiency.

NEXT remains committed to minimising 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 to manage resources more efficiently throughout their lifecycle.

NEXT Group Operational Global Direct CO₂e Footprint



Our Priorities

Our priorities for our key operational activities are to:

- Work with our suppliers to reduce the environmental impacts of the products we sell
- Improve energy efficiency and identify further opportunities to reduce energy use in our buildings
- Work to increase the amount of waste diverted for recycling and identify opportunities to minimise the waste produced
- Increase the efficiency of our owned delivery fleet
- Offer services for customers that make use of their products when they no longer need them
- Identify opportunities to further improve the sustainability of our packaging and reduce its use

Global Carbon Footprint

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.

Find out more [here](#)

PwC provide independent assurance regarding our carbon footprint calculations. Please refer to their Independent Assurance Report on pages 30 to 31.

NEXT Group Operational CO₂e Emissions

Next Group Operational CO ₂ e emissions	2019 Tonnes	2018 Tonnes	% Change
Scope 1 ^(A)	46,911	48,163	-3%
Scope 2 ^(A)	70,693	89,687	-27%
Scope 3 ^(A)	42,764	42,099	2%
Total gross emissions ^(A)	160,368	179,949	-12%

Scope 1 – Direct emissions from NEXT Group operations	2019 Tonnes	2018 Tonnes	% Change
Gas heating (stores, offices, warehouse)	9,332	8,057	14%
NEXT owned distribution vehicles	33,552	35,405	-6%
NEXT owned cars	1,924	2,496 ¹	-30%
Building (diesel oil, refrigerant gases)	2,103	2,204 ¹	-5%
Total: Scope 1 ^(A)	46,911	48,163	-3%

Scope 2 – Indirect emissions from NEXT Group energy consumption ²	2019 Tonnes	2018 Tonnes	% Change
Total: Scope 2 ^(A)	70,693²	89,687 ²	-27%

Scope 3 – Other Indirect emissions from NEXT Group operations	2019 Tonnes	2018 Tonnes	% Change
Waste (stores, offices, warehouse)	735	880	-20%
Business travel	8,151	10,435	-28%
Third party distribution vehicles	10,793	10,138	6%
International Directory Distribution ³	22,982	20,516	11%
Water	103	130	-27%
Total: Scope 3 ^(A)	42,764	42,099	2%

Note: The methodology used to calculate our emissions is based on operational control compliance with WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standards (Revised) and have been calculated using the revised carbon convention factors published by BEIS in June 2018. For International electricity, 2018 IEA Scope 2 factors have been used.

¹ Reallocation only from last years' reported figures

² Calculated using location based methodology

³ Reported separately to Scope 3 emissions in last years' Report, included from 2019 in table



ENVIRONMENT CONTINUED

For 2019, our Scope 2 market method emissions **reduced by 38%** to 7,150 tonnes CO₂e (2018: 11,453 tonnes CO₂e). The market based method allows deductions for the use of renewable energy via certified sources and our supply is backed by the Renewable Energy Guarantees of Origin (REGO), which means a proportion of our suppliers certified renewable energy is ring-fenced for us.

CO₂e emissions relating to assured data in UK & Eire for stores, warehouses and offices

	2019	2018	% Change
Electricity usage kWh	238,963,827	243,829,014	-2%
Gas usage kWh	49,912,544	43,741,449	14%
Total kWh	288,876,371	287,570,463	0%
Total floorspace m ²	1,409,193	1,368,196	+3%
Tonnes CO₂e	80,025	93,288	-14%

Note: * electricity includes the proportion re-charged to concessions operating in NEXT stores

Energy and Waste Targets to 2020

Since 2007, we have measured and reported against environmental targets for NEXT in the UK and Eire. In 2016/17, we set the following five year targets which will be measured in relation to the financial years 2016/17 through to 2020/21 inclusive:

Focus	Five year target	2019 progress
Energy use and emissions from stores, warehouses, distribution centres and offices	Electricity consumption: -10% reduction in kg CO ₂ e/m ² over the five year period	-48%* reduction in kg CO₂e/m² -15% absolute reduction in kg CO₂e/m²
Waste created in stores, warehouses, distribution centres and offices	To divert more than 95% of operational waste from landfill	95% of operational waste diverted from landfill

Note: *a reduction of 33% is attributable to the improvement in the emission factor provided by BEIS.

Introduction of NEXT Carbon Reduction Target to 2030

We recognise that current global emission trends are not aligned with international commitments such as the 2015 Paris agreement whereby 195 countries (including the UK) commit to keep the world's global temperature rise below 2°C. In 2018 the Intergovernmental Panel on Climate Change released a report outlining the need to accelerate decarbonisation and aim to limit the temperature rise to 1.5°C.

Since 2007 NEXT has measured and reported against various environmental targets for our business in the UK and Eire. From 2007 to 2018* the electricity used per unit floor area has reduced from 294 kWh/m² to 178 kWh/m² which is **40% more efficient in terms of electricity** use over 11 years.

We have recently agreed a new target for NEXT focusing on our global Scope 1 and 2 emissions, developed in alignment with the current Science Based Target (SBT) footprint approach.

Our new targets are to:

- **reduce Scope 1 and 2 absolute carbon emissions by 50% by 2030 against a 2016/17 baseline**
- **divert more than 95% of operational waste from landfill**

During 2019, we will review our total Scope 3 emissions and work towards setting a Scope 3 target, which will inform our approach to setting a formal SBT in the future.



NEXT has joined RE100, a global initiative led by The Climate Group in partnership with CDP (Carbon Disclosure Project) and has set a 100% renewable electricity target for our global operations by 2030. The electricity NEXT purchases directly for our UK and Eire operations is 100% renewable, backed by the Renewable Energy Guarantees of Origin (REGO) scheme, and accounts for 95% of our global usage. We are pleased to be working with the RE100 initiative with the aim of converting our remaining 5% to be 100% renewable. Our manufacturing operations in Sri Lanka represents the majority of the remaining 5%.

“By committing to source 100% renewable electricity for its global operations, NEXT is taking a positive step forward. It's great to see NEXT focusing its strategy in countries like Sri Lanka, where sourcing renewable is still challenging – sending out a clear demand signal that will help shift the market.”

Sam Kimmins
Head of RE100, The Climate Group



ENVIRONMENT CONTINUED



Energy Efficiency

Our priority is to work to improve energy efficiency as this reduces both carbon emissions and costs for our business. During the year we **reduced our electricity consumption by 1% whilst our overall floorspace increased by 3%.**

- We actively track energy performance via a central data collection facility. Consumption data is passed through half-hourly modem meters and automated meter readers (AMR) installed in our properties to ensure our stores are operating efficiently
- Our Head Office, warehouses and 97% of our stores, all have building management systems installed. These manage key functions such as when lighting and air conditioning is activated, directly helping to manage consumption
- LED lighting is fitted as standard in our new stores and the majority of our existing stores
- Solar PV is installed in a small number of stores and in our Head Office nursery. One of our main warehouse sites operates solar PV which provides all the energy needed to run this site, with any excess being exported to the grid. We continue to look for further viable opportunities to install solar PV
- Gas is used predominantly for heating and has been removed from all stores where it is no longer needed, with AMR meters in 144 sites to monitor consumption and ensure accurate billing

Distribution Efficiency

The transport and distribution of products in the UK to NEXT Retail stores and NEXT Online customers accounts for 27% of our CO₂e emissions. Our approach is to use our vehicles as efficiently as possible and optimise our delivery schedule routes, reduce mileage and fuel use, using fewer natural resources. We have achieved a **19% reduction in distance travelled and a 3% reduction in overall fuel consumption** whilst delivering our products to our stores. We are also continuing to investigate alternative fuel options, including electric vehicles.

Find out more [here](#)

Waste and Recycling

UK and Ireland – Waste and Recycling	2019 Tonnes	2018 Tonnes	% Change
Total ^(A)	29,031	29,520	
Materials diverted for recycling	27,632	26,566	
General waste sent to landfill	1,399	2,954	
% recycled	95.0%	90.0%	+5%

During 2019 we **diverted 95% of the waste materials** we created to recycling or reuse.

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

Specifically, within our retail stores our employees play a vital role in effectively separating and segregating recyclable materials for return to our in-house recycling centre.

Find out more [here](#)

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 during 2019 we directly used 242,530m³ ^(A) in our UK and Eire operations. In addition, the third party café concessions operating within our stores used a further 63,072m³ of water, totalling 305,602m³ (2018: 313, 813m³).

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 local communities to use.



ENVIRONMENT CONTINUED

Product Lifecycle Management

As a general rule, NEXT does not destroy unsold or returned clothing. The only exception to this is the rare situation when a product is found to be unsafe. In this situation we believe the only responsible action is to destroy it, usually by sending the product to our 'energy from waste' route. This is the process of generating energy in the form of electricity and/or heat by burning waste.

Find out more [here](#)

Measuring the Environmental impact of the Products We Sell

NEXT has been a signatory of WRAP's¹ Sustainable Clothing Action Plan (SCAP) since 2012. This is a UK collaborative framework and voluntary commitment to deliver industry-led targets to 2020 to improve the sustainability of textiles across its entire life cycle.

The SCAP fibre footprint calculator tool allows each signatory to measure progress in a consistent manner based on their fibre submission and delivers progress against carbon, water and waste targets per tonne of clothing sales at both an individual and combined signatories' level.

Through this initiative we are able to measure the embodied emissions of our products over the whole product life cycle (from raw material sourcing to product end of life) and use the information to inform our responsible sourcing decisions. In addition, it helps to build visibility of our value chain to fully understand our Scope 3 impacts and support our 2025 Responsible Sourcing Strategy.

Find out more [here](#)

¹ Waste Resources Action Plan



Packaging

Packaging is essential to protect products from damage and in some cases reducing packaging may create more damaged and waste products, so it is important the right balance is found.

We are working to reduce the amount of waste produced, for ourselves and our customers, and our approach is to:

- Optimise the amount of packaging used
- Increase the recyclability of packaging by working towards one polymer type for all plastic packaging
- Reduce the environmental impact by working to eliminate more damaging materials such as PVC, acetate and polystyrene which are more difficult to recycle
- Use more sustainable raw materials such as recycled content and sustainably sourced wood
- Label packaging with recycling information to help customers when they are disposing of it

Find out more [here](#)

Looking ahead

- Monitor progress of our new carbon reduction targets to 2030, identifying opportunities to further improve carbon emissions and diversion of waste from landfill
- Work towards setting a Scope 3 emissions target (other indirect emissions such as third party distribution vehicles)
- Continue to identify opportunities to reduce the amount of waste created and simplify the materials used
- Continue to identify opportunities to reduce our packaging and further improve sustainable sourcing of our packaging



COMMUNITY

Our approach is to make a difference and we believe we are able to make an impact by working with a wide range of charities and organisations

Highlights

- Over 400 registered charities supported
- Charitable donation over £3.7 million
- Over 430 tonnes of furniture diverted for reuse to Doncaster Refurnish to create value
- Over £977,000 raised for charities from the sale of our reusable carrier bags in England, Scotland and Wales

Aligned SDGs



Our Approach

We offer support to a wide range of charities and organisations and our priorities are to:

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

Charitable Donations

To ensure we can measure and monitor our overall community investment, we calculate the value of our non-financial contributions from products donated by the business. This figure is added to our financial contributions, to arrive at a 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 400 charities during the year
- **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
- **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

Performance

	2019 £000	2018 £000
NEXT Plc has offered financial support to:		
Registered Charities	1,153	1,065
Commercial support & sponsorship	96	92
Individual requests, local and national groups and organisations	21	13

	2019 £000	2018 £000
This support has been complemented with the following activities:		
Gifts in kind – donations of products	2,136	1,836
Charity link sales	211	372
Employee fundraising	61	52
NEXT charity events	29	221
Total Support (incl. employee fundraising)	3,734	3,651

Payroll Giving

A scheme which is available to all UK based employees and allows people paid through PAYE to make tax efficient donations to any UK registered charity. During the year **our employees donated around £75,000 to charities of their choice.**





COMMUNITY CONTINUED

Community Support

As part of our target to divert our waste from landfill, we continue to identify and divert products which previously may have been disposed of via landfill and offer them for reuse to a group of registered charities and social enterprise organisations. These organisations are able to reuse and recirculate products and materials as well as create value from the products to benefit their aims.

One of our key partners is **Doncaster Refurnish** a social enterprise charity, which is located near to our main warehouses. We have worked in partnership to support their valuable work in the community since 2008. Their aim is to help the community around Doncaster by creating employment and educational opportunities.

Through NEXT's donation of unsellable, damaged furniture and home accessories, Refurnish has been able to generate over £0.7 million to provide much needed services in the community with the additional benefit of diverting 437 tonnes of product we were unable to sell for reuse.

As well as creating full-time employment for over 65 people, Refurnish encourages volunteering and work placements for people of all ages and backgrounds, and during the year has been able to support over 190 training work placements. People with learning difficulties and disabilities and the long term unemployed all benefit from becoming engaged within the project to help them achieve their aspirations, learn new skills and develop new knowledge and confidence.

If you would like to find out more about the work Doncaster Refurnish undertake, please go to: refurnish.co.uk.



"the NEXT Refurnish partnership provides a great deal of public benefit and continues to grow incrementally year on year. We're more than just a furniture reuse project. Thinking sustainably and acting locally, we dissect the waste stream, maximise resources, add value and give more public benefit back to our community."

Andy Simpson
CEO of Refurnish

Carrier bags

NEXT continues to support and encourage our customers to reduce their use of carrier bags by using the most appropriate size of bag for their purchase or placing the purchase in the customer's own bag. During the year, in line with legislation, we introduced a reusable carrier bag for customers to purchase, with the £977,000 raised going to our nominated charities across England, Scotland and Wales. We support both environmental charities and health charities who focus on care for life-limited children, young people and their families. In Northern Ireland, the monies raised are paid to the Government who use the proceeds to fund environmental projects.

Our reusable carrier bags can be returned to our stores by customers when worn out and replaced for free, and we will ensure they are recycled.

Find out more [here](#)

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 ended 26 January 2019 (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 26 January 2019 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"). The Selected Information is summarised below:

Area of Responsibility	Performance data	Page Ref
Environment	• Waste & Recycling (stores, offices and warehouses, including Head Office)	26
	• Water consumption	
	Carbon emissions:	
	• Scope 1: Direct CO ₂ e emissions from NEXT Group operations, including International Directory operations	24
	• Scope 2: In-direct CO ₂ e emissions from NEXT Group energy consumption, including International Directory operations	24
	• Scope 3: Other in-direct CO ₂ e emissions from NEXT Group operations, including International Directory operations	24

We assessed the Selected Information using NEXT's "Reporting Principles, Criteria and Methodologies" online document (the "Reporting Criteria") at www.nextplc.co.uk/corporate-responsibility.

Our assurance does not extend to information in respect of earlier periods or to any other information included in the CR Report.

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)¹ and accordingly maintain a comprehensive system of quality

1. 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.

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 and multi-disciplinary 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 26 January 2019.

Work done

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information. In doing so, we:

- made enquiries of NEXT's management, including the Corporate Responsibility (CR) team and those with responsibility for CR management and group CR reporting;
- evaluated the design of the key structures, systems, processes and controls for managing, recording and reporting the Selected Information. This included visits to the warehousing central offices, distribution central offices and the corporate head office to understand the key processes and controls for reporting performance data to the corporate responsibility team;
- performed limited substantive testing on a selective basis of the Selected Information to check that data had been appropriately measured, recorded, collated and reported;
- re-performed the calculation to convert underlying activity data into carbon dioxide equivalent emissions;

INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF NEXT PLC CONTINUED

- considered the disclosure and presentation of the Selected Information;
- reviewed the Reporting Criteria to ensure assumptions and judgements have been clearly disclosed; and
- communicated findings and recommendations in a report to senior management.

We have not performed any assurance procedures over the gathering and processing of data by third party providers of distribution services.

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.

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 ended 26 January 2019, 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

1 May 2019