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OUR APPROACH TO CORPORATE RESPONSIBILITY TO JANUARY 2019

The document has been prepared as an additional report providing further information about our approach to Corporate Responsibility. It should be read in conjunction with our main Corporate Responsibility Report to January 2019, available at nextplc.co.uk



HUMAN RIGHTS AND MODERN SLAVERY

1. Our salient human rights issues explained

Salient Issue identified	Why it is important to NEXT	Our key activities
Forced Labour & Modern Slavery	Instances of forced labour or modern slavery in our supply chain can take place in all countries, including the UK. With bonded labour comes a negative impact on all other labour rights and risks are higher if migrant workers are employed.	<ul style="list-style-type: none"> As a British Retailer Consortium (BRC) member, we have helped develop and signed up to the following new collaborations in 2018: <ul style="list-style-type: none"> New Retailer Protocol for Handling Reported Cases of Modern Slavery Apparel and General Merchandise Public/Private Protocol to tackle labour exploitation in the UK supply chain Developed our own: <ul style="list-style-type: none"> Bespoke online training for relevant NEXT employees New guidance booklet issued to over 150 third party brands
Fair Living Wages	All workers in our supply chain should be entitled to fair wages. Retention of wages and the non payment of social security can both negatively impact fair wages to workers.	<ul style="list-style-type: none"> Engage with ACT (Action, Collaboration, Transformation) During 2018 ACT members have focused on Cambodia by engaging with stakeholders such as industry bodies and the Cambodian government in important areas, for example, living wage and collective bargaining
Discrimination	Women represent the majority of workers in our supplier chain. In many countries the risk of discrimination against women is greater in relation to equal opportunities, age or marital status. This can lead to harassment of workers, and also impact upon a range of other human rights. It can be difficult to identify in Code of Practice (COP) audits as it is less tangible than some of our other salient human rights issues.	<ul style="list-style-type: none"> Carry out worker interviews as part of our COP audit process Attended Ethical Trading Initiative (ETI) Gender Learning Event series which focused on practical solutions and making progress towards gender equality in supply chains
Freedom of Association (FoA)	In a number of countries we source from, including Cambodia, China, India and Turkey, the freedom to join an independent trade union is restricted either by law or not recognised by management attitudes and practices. This restricts the ability for workers to have a voice within their place of work and to contribute to the improvement of working conditions and practices.	<ul style="list-style-type: none"> Participate in ETI consultation workshops for the development of resources to approach FoA issues From these workshops we have developed an approach for managing FoA issues if they arise in our supply chain
Health & Safety	Health and safety is a concern in all of our sourcing countries and across our own business operations. Fire and industrial accidents continue to be a risk within our extended supply chain, impacted by the quality and management of appropriate building design and structure, fire prevention, machinery, chemicals and abrasives.	<ul style="list-style-type: none"> Chemical management training undertaken by COP team members Health & Safety risk awareness training delivered for new members of COP team

HUMAN RIGHTS AND MODERN SLAVERY CONTINUED

1. Our salient human rights issues explained continued

Salient Issue identified	Why it is important to NEXT	Our key activities
Child Labour	It is estimated that approximately 218 million children are currently working in the world, with more than 152 million in child labour and half engaged in hazardous work ¹ . Each year our COP auditing team uncovers a small number of instances of persons too young to work within factories making our products.	<ul style="list-style-type: none"> • Reviewing our child labour policy and guidance for suppliers • Identified 8 cases of child labour during the year, (11 children in total) • Continue to implement our incident response procedures whereby we engage a relevant NGO², such as LESN³ to consult with and support the child and their family. They will continue to monitor the situation until the child reaches legal working age to ensure they remain in education
Access to Clean Water	We source products from parts of the world which encounter frequent periods of water scarcity. Where this occurs, there is an increased risk that communities may not have access to clean, safe water which can be linked to poor health. Our extended supply chain includes operations such as laundries, mills, dye houses, and tanneries; these facilities carry a particularly high risk of water contamination where untreated effluent can be discharged into rivers used by local communities. People negatively impacted can include both supply chain workers as well as communities located close to sites manufacturing NEXT products.	<ul style="list-style-type: none"> • During our COP audit we verify that clean drinking water is available for workers • During 2018 NEXT joined ZDHC (Zero Discharge of Hazardous Chemicals) providing opportunities to work with our wet processors to prevent wastewater contamination. The first step towards the prevention of wastewater contamination is for facilities to avoid the use of restricted chemical substances by using chemical formulations that conform to the ZDHC MRSL⁴. Facilities should then ensure wastewater is treated prior to discharge in a way that either removes the chemical physically or by chemical reaction or biological degradation
Privacy & Data Security	Our operations are highly reliant on our IT systems and there is a growing risk of cyber crime and therefore the need for us to protect our customers, employees and business data from the risk of data loss, and in particular personal data. The General Data Protection Regulations (GDPR) came into effect from May 2018, and further increased awareness and responsibilities for ensuring personal data is secure.	<ul style="list-style-type: none"> • We are committed to ensuring we protect our customers and employees' privacy and dedicate significant resource to the development, maintenance and security of our systems • Systems vulnerability and penetration testing is carried out regularly to ensure data is protected from corruption or unauthorised access or use • We have extensive employee training and awareness programmes in place with regards to GDPR and information security

¹ United Nations data www.un.org – June 2018

² Non Governmental Organisation

³ LESN – see page 6 for more information

⁴ Manufacturing Restricted Substance List

HUMAN RIGHTS AND MODERN SLAVERY CONTINUED

2. UN Guiding Principles Reporting Framework Index

Our CR Report and Our Approach Report aim to align with the UN Guiding Principles Reporting Framework. The Reporting Index is designed to identify how and where the framework disclosures are addressed. The table below shows where you can find the relevant information as we have referenced the page numbers and policies to demonstrate our alignment.

For full details on the framework, please visit www.ungpreporting.org

Section of the framework	Page location in our CR Report
PART A: GOVERNANCE OF RESPECT FOR HUMAN RIGHTS	
A1 POLICY COMMITMENT	9–11
A1.1	9–11
A1.2	9–11, 12–15, Our Approach 1
A1.3	9
A2 EMBEDDING RESPECT FOR HUMAN RIGHTS	2, 3, 7, 9–11, Our Approach 1
A2.1	9–11
A2.2	8, 9–11
A2.3	12
A2.4	2, 12
A2.5	9–11
PART B: DEFENDING THE FOCUS OF REPORTING	
B1 STATEMENT OF SALIENT ISSUES	9
B2 DETERMINATION OF SALIENT ISSUES	9–11, Our Approach 1
B3 CHOICE OF FOCAL GEOGRAPHIES	Not Applicable
B4 ADDITIONAL SEVERE IMPACTS	6, 16–19, Our Approach 4, 5, 6, 7
PART C: MANAGEMENT OF SALIENT HUMAN RIGHTS ISSUES	
C1 SPECIFIC POLICIES	9–11, Our Approach 3 Modern Slavery Transparency Statement
C1.1	12–15

Section of the framework	Page location in our CR Report
PART C: MANAGEMENT OF SALIENT HUMAN RIGHTS ISSUES	
C2 STAKEHOLDER ENGAGEMENT	9–11, 12–15, Our Approach 3, 4, 5, 6, 7
C2.1	9–11
C2.2	15, Our Approach 6
C2.3	12, 15, Our Approach 1
C3 ASSESSING IMPACTS	9–11
C3.1	None Identified
C3.2	15, Our Approach 1
C4 INTEGRATING FINDINGS AND TAKING ACTION	12
C4.1	12, 15
C4.2	2, 8, 12
C4.3	12–15, Our Approach 1, 3
C5 TRACKING PERFORMANCE	12–15, Our Approach 3
C5.1	15, Our Approach
C6 REMEDIATION	12–15, Our Approach 3
C6.1	Our Approach 3, Whistleblowing Policy
C6.2	12–15, Our Approach 3
C6.3	12–15, Our Approach 3
C6.4	12–15, Our Approach 1
C6.5	Our Approach 1

OUR SUPPLIERS

3. Our Auditing Approach

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

The COP audit provides a picture of how well a supplier and its factory are complying with our requirements. The audit day typically involves the following:

- Opening meeting with key participants in the audit day e.g. management, worker representatives, business owner
- Site tour
- Documentation review
- Worker interviews – we speak to workers confidentially, both individually and in groups, and include a cross-section of ages, job roles, gender and length of service. Our team speak the workers' language wherever possible and we also engage translators. We know this is critical to building a relationship of trust between the auditor and the workers
- Closing meeting – the auditor provides verbal feedback on any action points that have been identified and agrees the Corrective Action Plan (CAP)



A CAP report summarising all findings, agreed actions and remediation timescales is provided to the factory for them to implement. The NEXT team then works with the supplier and factory to implement these. This helps build the relationship between NEXT and its supplier, and helps convey to the supplier that NEXT is here to support progress over the longer-term.

4. Partnering for Change





During 2018, we continued our collaborative work to improve the human rights of workers in our supply chain. The risks to vulnerable groups such as displaced people, migrant workers or refugees seeking refuge from conflict and looking for work is still increasing. We have continued to work within this area by providing support, and where possible, offering remediation.

By maintaining good direct relationships and collaborating with shared information and resources with other retailers, brands, trade unions and NGOs we can work together in partnership to deliver real benefits to workers.







Some examples of our collaborative work are:

Organisations	Background and Benefits	Activities in 2018
 <p>on fire and building safety in Bangladesh</p>	The Accord performs independent factory inspections in Bangladesh focusing on three key areas; fire risk, electrical installations and structural condition of buildings	NEXT has worked with 134 factories and at the end of the year 96% of the remediation actions had been satisfactorily completed with the support of our in-country COP team
 <p>Asian Cooperation Transformation</p>	<p>ACT is the first initiative on living wages in the garment sector that provides both a means of negotiating better working conditions as well as productivity improvements. ACT is currently underway in Cambodia.</p> <p>ACT members commit to supporting productivity improvements and reviewing their own internal buying practices and their potential impact on workers.</p>	<p>ACT aims to develop mechanisms which link purchasing practices and support suppliers to provide their workers with a living wage and working conditions that meet the retailers and brands requirements.</p> <p>ACT members have agreed the following principles:</p> <ul style="list-style-type: none"> • Agreement that a living wage should be reached through collective bargaining between employers, workers and their representatives at a national industry level • Workers must be free to exercise their right to organise and bargain collectively in accordance with International Labour Organisation (ILO) Conventions • All participants to assume their respective responsibilities in achieving freedom of association; collective bargaining and living wages

OUR SUPPLIERS CONTINUED

Organisations	Background and Benefits	Activities in 2018
 <p>AIDER</p>	<p>The crèche is run by AIDER, and currently supports around 60 children of homeworkers in the region of Badarpur, India. In addition, up to 85 students can attend the computer centre at the crèche, where they can study for a certificate in basic computer and typing skills and a further 40–50 students can now attend a new tuition centre focusing on academic skills.</p>	<p>We continue to work with the NGO AIDER in India to support and protect vulnerable homeworkers with a programme which aims to improve transparency in this part of our supply chain via:</p> <ul style="list-style-type: none"> • The introduction of simple passbooks and docketts allows homeworkers to track the work they have done and have greater visibility of the wages they receive • An ID card allows workers to qualify as an artisan and allows potential employers to recognise their skills and abilities • Community support through funding of a crèche to support homeworkers and their families. The facility also provides access to computer training and regular consultations/clinics with healthcare professionals
 <p>British Retail Consortium (BRC)</p>	<p>Brands' ethical experts work collaboratively on the welfare and treatment of workers in the retail supply chain to develop and agree ways of working.</p>	<p>Our participation in the BRC Ethical Labour Working Group has supported the development of two key protocols this year:</p> <ol style="list-style-type: none"> 1. The Retailer Protocol for Handling Reported Cases of Modern Slavery, which establishes principles of good practice for retailers responding to reported cases of forced labour, human trafficking and other forms of modern slavery in the UK supply chain. 2. The General Merchandise Public/Private Protocol which aims to tackle labour exploitation in the UK supply chain. It recognises the intent of the Labour Market Enforcement Bodies (LMEB) and Apparel and General Merchandise (AGM) brands to work together and share information with the overarching aim to protect vulnerable and exploited workers.
 <p>ETI</p>	<p>The ETI is an alliance of companies, NGOs and trade unions, working collaboratively to ensure working conditions and rights of workers producing for the UK market meet or exceed international labour standards. NEXT continues to be a committed member of the ETI which we joined in 2002. The ETI is one of the principle ethical communities NEXT regularly engages with multiple stakeholders through meetings and working groups focusing on specific issues.</p>	<p>During the year we have worked with and contributed to the ETI on:</p> <ul style="list-style-type: none"> • Innovation Fund project in relation to the leather footwear industry in India. • Freedom of Association resources • Modern Slavery Working Group • India Platform – a tripartite group to facilitate discussions and action around some of the supply chain issues in India
 <p>Fast Forward (FF)</p>	<p>The FF Programme is an industry initiative focusing on human rights risks in the supply chain, with retailers working collaboratively together to tackle labour exploitation, with the aim to improve and build a sustainable UK manufacturing base. FF aims to measure and improve labour standards, increase supplier transparency and protect vulnerable workers in the UK.</p>	<p>15 UK manufacturing sites used by NEXT have received a independent FF audit during the year.</p>

OUR SUPPLIERS CONTINUED

Organisations	Background and Benefits	Activities in 2018
<p>Better Factories Cambodia (BFC)</p> 	<p>NEXT joined the BFC Transportation Working Group programme in 2017. Through the programme, since 2017, BFC has assessed over 555 factories and supported 163 factories with specific training and an advisory service. For factories which manufacture for NEXT, once the initial assessment has been carried out, the NEXT COP team undertake any follow up audits to ensure corrective actions are completed.</p>	<p>During the year NEXT supported progress with the trade unions and their responsibilities to workers to ensure a competitive, safe and integrated industry. Continued collaboration between BFC and the government to ensure strong enforcement against factories continually showing low compliance rates (such as putting on hold or suspending export licences).</p>
<p>KADAV</p> 	<p>KADAV is a women's solidarity NGO in Turkey which supports community work in areas such as gender-based violence, migrant women and female labour rights. Syrian refugees continue to migrate to Turkey, one of our key sourcing markets. Many have travelled to garment production hubs such as Istanbul where they seek employment in order to support their families.</p>	<p>NEXT work with KADAV, based in Istanbul, Turkey, supporting their training centre which assists people with vocational training and social aid. Syrian women can access day care for pre-school children, learn the basics of the Turkish language and attend training workshops on skills to enable self-employment and gain access to social workers, textile machines, trainers and translators. KADAV have provided specific training sessions on both child marriage and child labour issues to raise awareness and knowledge. This year they also produced and distributed posters on child labour risks.</p>
<p>LESN</p> 	<p>NEXT continues to partner with the Chinese NGO LESN, who provide training and support where cases of underage workers are identified. Their focus is on supporting identified underage workers, as well as aiming to prevent occurrence through raising awareness and training.</p>	<p>Where underage workers are identified, as part of the remediation process, LESN work with the supplier to ensure that there is sufficient support for the child and their family, that there is a return to education for the child, and ongoing monitoring is in place to ensure that the child stays in education.</p>
<p>Shift</p> 	<p>Shift (a not for profit organisation) based in Boston, USA, provide support and expertise to help us understand how human rights and modern slavery can impact our business and how we can work to further develop our approach and embed the UN Guiding Principles into our organisation.</p> <p>NEXT values the Business Learning Programme sessions working with Shift and other global brands, providing valuable understanding of emerging human rights risks and possible solutions in a global context.</p>	<p>Our work has ranged from an understanding of the value of human rights through the adoption of the UNGPs, to using the measure of salient risk as the core ethical approach with our supply chains.</p> <p>Shift has provided guidance on specific areas of development throughout our business.</p>
<p>United Work</p> 	<p>United Work are an independent organisation based in Turkey who support Syrian refugees registered with the Turkish Ministry of Internal Affairs to find long term employment.</p>	<p>To date, United Work have assisted over 50 individuals to find employment in Turkish factories where NEXT product is made.</p>
<p>Unseen</p> 	<p>Unseen is a UK based charity providing the UK-wide Modern Slavery Helpline. Through sponsoring the hotline we gain insight of potential modern slavery risks and how forced labour situations are being reported. This collaborative approach is important to help us mitigate risks and manage emerging threats. During 2018 Unseen has taken 7,400 calls indicating 7,100 potential victims.</p>	<p>During 2018 NEXT became an official partner of Unseen.</p>

OUR CUSTOMERS AND PRODUCTS

5. Product Safety and Legislation Compliance

Working closely with our buyers, designers and suppliers, our team of specialist technologists is responsible for ensuring:

- All products sold by NEXT are safe and comply with relevant legislation
- Our suppliers meet the required safety and performance standards detailed in our product specific technical manuals
- We work with and use the expertise of independent safety specialists to ensure the products we sell achieve the required standards

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 and requirements.

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

Our product safety standards have been developed to comply with relevant consumer legislation and compliance requirements. Technologists in our Product teams work closely with our suppliers to provide expert guidance so the right materials are chosen to manufacture high quality, durable products in factories with robust product safety processes. Our technologists from UK Head Office and our global sourcing offices visit our suppliers to monitor production. Products are inspected upon receipt into our UK warehouse to ensure they meets our specifications.

The safety of children is an issue that is of very high importance for many retailers and suppliers. Through BSI (British Standards Institute) and CEN (European Committee for Standardisation), NEXT is an active participant in the

working groups responsible for developing standards to ensure the safety of children's clothing. Our Childrenswear division focuses on safety throughout all stages of development and production; starting at the design stage with a risk assessment to ensure all products achieve the standards we require.

Our safety standards are based as a minimum, on the highest legal European standards. If we are not satisfied with a product's safety, or if a product fails to comply with legal requirements, NEXT has an established procedure in place to recall a product as the safety of our customers is our priority. Through the Product Safety Forum, chaired by our Business Risk Manager, any product recalls are reviewed to ensure the corrective actions undertaken are robust.

Our in-house UKAS1/SATRA¹ accredited product testing laboratory, based at Head Office, is used to undertake testing for our Product teams to support their assessment decisions and product reviews to ensure products perform to our requirements.

1. United Kingdom Accreditation Service

6. Responsible Sourcing and Raw Materials Policies Cotton Sourcing

- NEXT does not support the use of cotton from Uzbekistan or Turkmenistan in our textile products
- It is our expectation that our suppliers will not knowingly source cotton from Uzbekistan and they make efforts to communicate our concern for this issue down the supply chain. We will continue this ban until we have seen evidence that progress has been made to end the use of child labour in the Uzbek cotton industry. Turkmenistan has been identified with having issues relating to decent work that are similar issues to Uzbekistan. We understand that cotton is an internationally traded commodity and that raw cotton sources are not always easily identifiable
- Our new 2025 target is to source 100% of our cotton from responsible sources which we define as Better Cotton Initiative, recycled, Certified Organic or Fairtrade Certified cotton

Timber

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

As part of our 2025 Responsible Sourcing Strategy, and in line with our [Timber Sourcing Policy](#) we are committed to working with our suppliers to deliver 100% of our products from Responsible or Certified Responsible sources by 2025

Manmade Cellulosic Fibres and Wood Pulp

- In July 2018, Next committed to the [Roadmap Towards Responsible Viscose and Modal Fibre Manufacturing](#) as set out by the [Changing Markets Foundation](#). This Roadmap aims to minimise the effects of harmful chemicals in the manufacturing process by viscose and modal manufacturers' adopting closed-loop production systems by 2023-25. These systems aim to recycle chemicals used during production and prevent negative impacts on human health and the environment. Through this commitment NEXT will work with its supply chain to improve their viscose and modal manufacturing processes to support the fibre manufacturers in meeting the requirements of the Roadmap as they work towards a closed-loop system which ensures emissions controls and chemical recovery rates are in line with the EU Best Available Technique (BAT) standards
- We have mapped our supply chain to trace our largest viscose and modal fibre manufacturers with over half of our fibres coming from Lenzing, the Aditya Birla Group and the Tangshan Sanyou Group
- NEXT is working with [Canopy](#) through their [CanopyStyle Initiative](#) to ensure these wood-based fabrics are responsibly sourced. We are committed to ensure by end 2020 cellulosic fibres used in our products do not come from ancient and endangered forests, endangered species or illegal sources and respects the rights and wishes of indigenous communities through our [Protecting Forests through Fabric Choices Policy](#)

OUR CUSTOMERS AND PRODUCTS CONTINUED

- We will also work to prioritise sourcing FSC^{*1} timber fibres and support innovative sustainable materials. These provide alternatives to traditional forest products, such as recycled materials, and alternative feedstock such as agricultural residues. These result in the protection of the remaining ancient and endangered forests and the people and animals within them

Chemical Management

- We have developed our [Restricted Substance Standards \(RSS\)](#) requirements from EU legal standards, recommendations by industry experts, pressure group focus and customer feedback. Our RSS requirements have been updated to be in line with changes that have come into force from new legislation during the year
- Our RSS continually developed in anticipation of emerging legislation and other information concerning new potentially hazardous chemicals, not yet captured by legislation
- We keep ourselves updated with the latest information about hazardous chemicals and continually review information from pressure groups, authorities and scientific reports
- Our suppliers are kept up to date with these developments, so changes in legislation can be implemented quickly
- Our Chemical Management Standards programme is aimed at suppliers further back in our supply chain e.g. fabric mills and suppliers carrying out wet processing such as dyeing, printing, finishing, laundering of textiles and tanning and dyeing of leather
- The issue of pollution from global manufacturing sites is one NEXT takes seriously, and during 2018, NEXT has continued to train our suppliers by providing specially designed online Chemical Management training modules developed to help educate suppliers on good practices to reduce and eliminate, wherever possible, the discharge of hazardous chemicals from their production processes into the environment. The training will continue into 2019 as it is offered to more of our supply chain

The main principles of our Chemical Management Standards and training are:

- **Clean Chemistry:** using cleaner chemicals leading to cleaner production, effluent and emissions
- **Transparency:** encourage chemical manufacturers to provide full disclosure of chemicals being used on NEXT products
- **Traceability:** encourage manufacturers to maintain a chemical inventory of all chemicals used
- **Trust:** with these principles of clean chemistry in place trust is built with suppliers within our supply chain
- As part of our ongoing due diligence programme, we select products each month for testing in accordance with the requirements of our RSS, and test the products via two independent laboratories. Our suppliers are advised of the results, and if the products fail our requirements, they are withdrawn from sale and may be recalled from customers
- **REACH Update:** In line with REACH², we registered all relevant chemicals NEXT imports into the EU in finished products where we import over 1 tonne per year per chemical, before the REACH deadline of 31st May 2018

¹ Forest Stewardship Council

² Registration, Evaluation, Authorisation and Restriction of Chemicals

³ Convention on International Trade in Endangered Species of Wild Fauna and Flora

⁴ International Union for Conservation of Nature and Natural Resources

Animal Welfare

- NEXT is committed to sourcing its products responsibly and to continually work towards improving animal welfare in relation to the animal derived components used in our products. Our Animal Welfare Policy states that NEXT will not use:
 - Animal products from animals bred and slaughtered specifically for the purpose of producing non-food products
 - Animal products from endangered or threatened species, as defined by CITES³ or IUCN⁴ red list
 - Animal products from animals caught from the wild, including wild animals culled for population or other control
 - Real fur; NEXT is a Fur Free Alliance listed retailer
 - Feather or down obtained from live plucking or force feeding
 - Hair from angora rabbits or mohair goats
 - Merino wool from sheep that are mulesed
 - Feather or down from ostrich, marabou storks or peacocks

7. Recycling unwanted products

Mattress recycling for customers

- Mattresses are a difficult waste stream to manage with most old mattresses going to landfill. We offer a solution where customers can request we remove and recycle their old mattress when their new mattress is being delivered
- During the year, working with our specialist provider The Furniture Recycling Group (TFRG) we have been able to recycle over 3,600 mattresses diverting over 128 tonnes from landfill
- Since August 2014, working with TFRG we have helped our customers to divert a total of 18,400 mattresses from landfill which, if laid end to end, would stretch for over 28 miles

OUR PEOPLE

8. How we support our employees

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

We are committed to achieving excellence in the areas of health and safety, welfare and the protection of employees within their working environment. As our business continues to develop, by retaining and inspiring effective and committed employees we can continue to deliver excellent quality products and provide a great customer experience.

9. Head Office Child Care Nursery

Our architect designed and purpose built, state of the art Head Office Child Care Nursery called "NEXT Steps" continues to go from strength to strength. This is part of our on-going commitment to supporting our employees with their pre-school childcare arrangements.

The nursery was registered by Ofsted in October 2013, and during November 2017 received an unannounced Ofsted visit and achieved an "Outstanding" rating.

It currently has over 240 children registered to attend. As required, the nursery is run in accordance with all Ofsted Early Years Foundation Stage and safeguarding requirements, and accidents are recorded and reported through standard NEXT procedures.

Sustainability is a key feature of the nursery's design. Features such as photovoltaic cells on the roof, rainwater harvesting, underfloor heating, extensive natural ventilation and point of use water heating have all provided a highly efficient building. A self-contained water treatment plant recycles waste water and feeds it back into the main water network. The nursery is fitted with an intelligent Building

Management System which is split into zones and allows for greater control of the use of resources to ensure efficiency.

10. Health and Safety

Our 2018-2020 safety objectives set out our planned risk improvements, which along with the day to day health and safety objectives help us achieve our goal of becoming a healthier and safer place for everyone – employees, customers, contractors and visitors. Our priorities are to:

- Increase focus and training for site managers
- Avoid unnecessary safety rules and controls by ensuring we get the safety requirements for the business right at the start
- Communications to be clear so safety rules and procedures are easy to understand by all
- Accident reporting to be designed to understand the real cause of the accident and identify how to prevent re-occurrence
- Safety training to be regularly reviewed and improved where required
- Review how we monitor safety management including prevention techniques
- Improve effectiveness of floor walks to identify and rectify any issues found in a timely manner
- Continue to support our health and wellbeing programmes and increase our focus on how we help and manage those suffering from mental ill-health
- Focus on the controls in place for our higher risk activities and hazards

11. Mental Wellbeing Charter

At NEXT we want to have a culture that promotes and enables us all to achieve positive mental wellbeing. 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."

World Health Organisation definition for mental wellbeing

NEXT is an inspiring, exciting and rewarding place to work and we want everyone to feel able to be creative, productive and engaged.

NEXT aims to:

- Encourage an environment where mental wellbeing is discussed openly and in a way that is non-judgemental, eliminating stigma, fear and discrimination
- Give easy access to information or services which are needed to make helpful decisions about mental wellbeing
- Help everyone to recognise that for some people maintaining positive mental wellbeing can be a challenge
- Put mental wellbeing on a par with physical health
- Ensure that support is provided with respect, dignity and honesty
- Treat people fairly and with care and compassion
- Listen to people, taking into account how they feel; respecting that they may want to maintain confidentiality if they are struggling
- Encourage and enable everyone to take responsibility by making their own wellbeing choices
- Regularly monitor performance, assess progress and take action to improve the opportunities for positive mental wellbeing

OUR PEOPLE CONTINUED

Health, Welfare and Wellbeing

During the year, NEXT spent over £1 million on health, welfare and wellbeing including:

- Menopause awareness and support
- Workshops to support employees affected directly or indirectly by suicide
- Employee Assistance Programme – confidential and freely available service
- Additional pre-emptive training for our Mental Health First Aiders
- Supporting our EU Nationals through the EU Settlement Scheme, by giving guidance to questions and providing workshop with trained staff on hand to help them make their applications using devices provided by the business

12. Training and Development

Some examples of our training and development across the business are:

Project SEARCH

- Working with Doncaster Council to give young adults with learning difficulties a year long work experience programme within our warehouses. Now in its 3rd year, we are currently helping 22 students across three of our warehouse sites. We aim to build skills and experience in NEXT whilst students continue to study their school curriculum. The programme is aimed at 16–24 year olds with severe learning difficulties who otherwise might never get an opportunity for full-time paid employment

Life Long Learning

- Our link with the Union of Shop, Distribution and Allied Workers (USDW) Lifelong Learning continues to grow and develop with a range of courses being offered including Maths, English and IT. Over 345 of our team have participated in courses during the year, and for key courses NEXT has committed to matching the learners' time invested to support their learning ambition

Local schools and colleges

- Working with schools located near our warehouses, we have held recruitment workshops, careers fairs and competitions to highlight careers opportunities. This also included invites to visit our warehouses to understand more about the roles we offer
- Collaborating with The Princes Trust, we trialled a 'Get Hired Day' at one of our warehouses. This initiative is being explored for further NEXT sites as a future talent and recruitment pipeline

Employment programme with the Prison Service

- One of our warehouse sites has introduced an employment programme in association with a local prison. The aim of this new programme is to support a small number of low risk prisoners to gain employment experience whilst still completing their sentence. This initiative aims to support rehabilitation at the end of the prison sentence and provide meaningful employment

Head Office

- NEXT continues to offer graduates positions on our trainee schemes in Buying, Merchandising and Design. Our award-winning 'next walk this way' campaign targets the student population at 20 careers fairs across the UK and through a standalone Instagram page
- NEXT have hosted on-campus mock assessment centres at 8 universities across the UK in 2018 with this number ready to increase in 2019
- NEXT continue to sponsor and support the Fashion Retail Academy with 4 successful work placements being offered positions on our Trainee Buyer scheme
- Within our IT Teams we work with 10 universities to offer graduate position opportunities
- During the year we launched a new leadership programme for top talent in our middle and senior management called 'Inspiring Leaders' at Head Office

Retail

- We continue to evolve our range of training and development for everyone from team members through to store and Area Managers
- In 2018 we have developed a new Area Manager programme that supports our senior managers to be their best. This initiative provides modules tailored for each individual, covering both business and personal skills and competencies

ENVIRONMENT

13. Measuring our Climate Impacts

We aim to make our operations more efficient and work to reduce our impact through, for example, reducing energy consumption and waste.

Our global direct carbon footprint includes emissions from:

- **Properties** – stores and warehouses in the UK and Eire our UK Head Office, our global offices, customer contact centres, NEXT Steps nursery and owned manufacturing facility in Sri Lanka
- **Distribution** – our distribution of products to Retail stores or customers' homes in the UK and Eire in NEXT owned and third-party vehicles; delivery of Online products to our International customers via third-party providers
- **Waste** – from our UK and Eire stores, UK warehouses, UK Head Office, our global offices, customer contact centres and owned manufacturing facility in Sri Lanka
- **Business travel** – by NEXT employees globally including air, rail and road travel

The diagram in our Reporting Principles document details the scope of our direct carbon footprint and our approach for reporting. We measure and report our impacts where we either have direct control or significant influence across Scopes 1, 2 and 3.

14. Distribution Efficiency

- With over 50% of our UK Online customers choosing to have their order delivered to a retail store to collect, we are able to maximise efficiencies achieved by our fleet
- Double-deck trailers are used for direct deliveries to our distribution centres around the UK, as well as our stores both in the UK and Eire to maximise efficiency as we can move up to 50% more products and increase fuel efficiency
- Around 85% of Online customers prefer to return their unwanted orders back to a store as it is more convenient for them. We aim to maximise efficiency of returning vehicles from stores to warehouses by carrying returned items as well as back hauling waste materials to our recycling centre, and collecting deliveries from some of our UK suppliers

Driver Training is crucial to the overall efficiency of the fleet and we operate a number of initiatives such as:

- A four seater training vehicle which supports team training and allows the trainers to provide their support more efficiently
- Improving driver style and fuel efficiency with one-to-one training
- Engines fitted with three minute cut off mechanism to save fuel
- Driver performance analysis against planned route, distance and fuel used
- Trial vehicles, trailers, accessories and systems that potentially offer improved efficiencies use of alternative fuels, performance and driver safety and based on the results achieved will invest to improve the fleet in the future

Driving safely is a priority for the business, both for our drivers as well as other road users. In addition to the training and assessments undertaken by our drivers we use equipment to support them whilst driving, such as:

- In-cab cameras linked to the vehicle's telematics provide an alert back at the depot should an incident occur during the journey
- An early warning system for lane departure that can also warn the driver about hazards around their vehicle, read road signs and even apply the vehicle brakes where necessary
- A safety feature to help eliminate the danger of a forward collision, ensuring the NEXT lorry maintains a safe distance from the vehicle in front by scanning the road ahead. If the vehicle in front brakes heavily or another vehicle cuts in front of the NEXT vehicle it will automatically slow down or even stop

15. Waste and Recycling

Our in-house recycling centre located at one of our UK warehouses receives materials for recycling from around 400 of our stores. The materials include cardboard, polythene, returned carrier bags, Online packaging, broken clothes hangers, polystyrene and used gift cards. Once the materials are received they are segregated and baled, before being sent for recycling. Improved procedures within the recycling centre have ensured we have been able to control how these materials are handled when they are received to ensure we maximise the quantity to be recycled.

Clothes hanger recycling: We have reused and recycled the coat hangers on which our product is displayed in our Retail stores for a number of years in collaboration with our hanger supplier. In 2018, 171 tonnes of hangers were able to be re-used within the supply chain and 169 tonnes were granulated to be remade into new hangers.

ENVIRONMENT CONTINUED

16 Product Lifecycle Management

Our unsold or returned stock falls into 3 categories, being items which are:

1. Never sold – Products which are not sold in our stores or Online at full price are discounted in our mid season, Black Friday or end of season sales. Remaining products are then sold through our own discount routes, both online and in our Clearance stores, before being sold to NEXT authorised third party wholesalers who then sell the products within their operations. In addition, we work with charity partners to whom we donate unwanted products either for reuse to help people in need directly or to be sold to generate funds.

2. Returned as faulty – All returns are inspected, the fault categorised and findings fed back to our team of technologists to work with our suppliers to eliminate similar faults occurring on future products. The faulty items, if possible, are either sold through our Clearance operation or donated to charity partners who are able to reuse them within their operations.

3. Online returns – A significant percentage of clothes we send out to our Online customers is returned to us in line with a customer's consumer rights under the Distance Selling Regulations. This is a very normal part of doing business online. Items that are returned are inspected, refurbished and available to be sold. The items are returned for various reasons including being ordered for choice, not liked, incorrect/wrong or a small percentage are returned as faulty product. The faulty products are segregated to be sold through our Clearance operation (as detailed in 2 above).

17. Packaging

We are working to reduce the amount of packaging used on our products and to eliminate the materials which cannot be recycled.

Our carrier bags are classed as reusable bags in line with the Carrier Bag Legislation as we will take back worn out bags from our customers and replace them whilst recycling the worn out bag.

We have explored and rejected using carrier bags and other film packaging made from oxo-degradable materials (which incorporate a chemical additive to initiate degradation by light, heat, mechanical stress and moisture over a period of time) as they are not suitable for recycling with mainstream plastics as they cause contamination and wider environmental impacts are uncertain.

We recognise the most effective way to reduce the environmental impact of carrier bags is to:

- Reduce the consumption by encouraging consumer behaviour change and reuse
- Communicate and support the reuse message in a consistent manner
- Be transparent to show that all charges collected are donated to good causes. Details of the charities supported can be found [here](#)