

NEXT

CORPORATE
RESPONSIBILITY REPORT
TO JANUARY 2022



INTRODUCTION

Our purpose is to provide our customers with beautifully designed, excellent quality products, with these products being well made, functional, safe and responsibly sourced in a way which respects the environment, people and animals within our supply chain

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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 29 January 2022. The main focus is on our business in the United Kingdom (UK) and Eire which accounted for around 86% of our turnover in the year.

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 beautifully designed, excellent quality clothing, footwear, accessories, homeware and beauty products.

NEXT Online

- Over 8 million active customers globally
- Websites serving over 70 countries

NEXT Retail

- Around 480 stores in the UK and Eire
- 744,000m² trading space

NEXT Finance

- Provides £1.4bn of customer credit for NEXT customers to purchase products online and in our stores

NEXT International Retail

- 199 franchised stores
- Operates in 35 countries

Lipsy

- Designs and sells Lipsy and other branded fashion products
- Trades through NEXT Online, from 21 NEXT stores and through wholesale and franchise channels
- Victoria's Secret trades through NEXT Online and 26 stand-alone stores with 36,000m² trading space

NEXT Distribution

- 8 UK warehouses, 7 UK distribution centres and 2 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 44,000 employees globally

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

WELCOME TO OUR 2022 CORPORATE RESPONSIBILITY REPORT



Welcome

As an international fashion, homeware and beauty business, what we do and how we do it has an impact on the people and the world around us. Our stakeholder relationships are key to our success and inform our decision making on Environmental, Social and Governance (ESG) matters, now a widely recognised term for what we have always valued – doing the right thing.

We have made good progress on setting our near term and longer term aspirations but we realise there is still more to do.

The principles underpinning our aim to do business responsibly are unchanged; we seek always to:

- Deliver value to our customers
- Act in an ethical manner
- Recognise, respect and protect human rights
- Develop positive relationships with our suppliers and business partners
- Recruit and retain high integrity employees
- Take responsibility for our impact on the environment
- Provide support through donations to charities and community organisations

Global issues such as responsible sourcing, human rights and climate change remain key areas of focus. Within this report you can read about:

- Progress towards our 2025 Responsible Sourcing Strategy, which aims to source 100% of our main raw materials through known, responsible or certified routes by 2025
- The activities of our internal Code of Practice team, who continue to work with our suppliers worldwide to enhance labour standards – more critical than ever during the COVID pandemic

- The approval of our Scope 1, 2 and 3 targets by the Science Based Target Initiative (SBTi), with our Scope 1 and 2 target achieving a 1.5°C reduction in line with the SBTi pathway
- The 45% reduction achieved against our 2016/17 baseline for Scope 1 and 2 carbon emissions and the 12% reduction achieved against our 2019/20 baseline for Scope 3 carbon emissions

During the year we continued to increase resources on our wellbeing website. We ran face-to-face chat sessions with our mental health first aiders and held a winter wellness festival to support a wide range of wellbeing events and activities across the business.

In the year ahead, we will continue to make progress towards embedding ESG into our day to day business decisions.

This report contains significant data which has been assured by PwC, and their independent assurance report can be found on [page 38](#).

Amanda James
Group Finance Director
29 April 2022

Note: The directors of NEXT are solely responsible for the preparation and presentation of this report. We have established objective reporting criteria for preparing and presenting the non-financial information, and the reported performance measures are in accordance with the reporting criteria.

AT A GLANCE

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. We are rated AA (Leader) within MSCI ESG Ratings analysis and achieved A- in our CDP Climate response and B in our CDP Forest and Water Security responses

Our Suppliers

Trading ethically and acting responsibly is a fundamental cornerstone of our business – we want our products to be made by workers who are treated fairly and whose safety, human rights and wellbeing are respected.

- 91% of NEXT branded factories were rated excellent, good or fair under our rating system
- 76% of audits were on-site visits; 24% were virtual visits
- 46 employees in our NEXT in-house global COP team
- Around 2.9 million workers in our Tier 1 supply chain
- Supported 21 factories to successfully remediate critical issues found during our COP audits
- Tier 1 and 2 factory site listing and Tier 3 supplier list [updated](#)

Our Customers and Products

Our purpose is to offer beautifully designed, excellent quality products that are well made, functional, safe and responsibly sourced.

- Customers in over 70 countries
- Over 8 million active Online customers globally
- Received over 200,000 customer experience responses
- 42% of NEXT brand textile and timber products sourced to meet our 2025 Responsibly Sourced criteria
- Assisted customers to donate their unwanted furniture to the British Heart Foundation to raise over £1.5 million since our partnership started in 2016

Community

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

- Around 325 registered charities supported
- Charitable donations of £2.9 million³
- Over 308 tonnes of furniture diverted to charity for reuse
- Over £781,000 raised for charities from the sale of our reusable carrier bags in England, Scotland and Wales



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.

- Sixth year of Modern Slavery Transparency Statement reporting
- Around 700 new employees successfully completed our bespoke online training
- Over 4,400 employees trained to date
- Worked with 11 factories to successfully remediate modern slavery issues

Our People

Our employees are integral to achieving our business objectives. We believe an engaged workforce is vital to achieving our aims and supporting their health and wellbeing is a priority. We strive to create a diverse workplace in which everyone is treated with dignity and respect.

- NEXT employs over 44,000 people globally
- 40% of NEXT plc Board directors are female
- Employee-led networks celebrate the diversity of cultural backgrounds and wellbeing across NEXT
- Around 9,700 employees (circa. 25%) held options or awards over 5.9 million NEXT plc shares at the end of 2021/22

Environment

NEXT is working to reduce the impact of our operations on the environment and the natural resources we use. We are creating more sustainable ways of doing business whilst continuing to reduce our operational carbon footprint and delivering better resource efficiency.

- 45% ¹ reduction achieved against our target of 55% absolute Scope 1 and 2 carbon reduction by 2030
- 12% reduction achieved against our Scope 3 carbon reduction target to reduce emissions by 40% by 2030
- NEXT global carbon footprint is 3,109,947 tonnes CO₂e
- SBTi targets approved, with Scope 1 and 2 target achieving 1.5°C reduction in line with the SBTi pathway
- 97% diversion of waste from landfill achieved
- RE100¹ signatory. 100% of electricity purchased for our UK and Eire operations is REGO² backed renewable electricity
- EV100 signatory. To transition our car and van fleet to 100% electric vehicles by 2030 wherever realistically possible

1 See page 30 for more details
2 Renewable Energy Guarantees of Origin
3 Financial and product donations

RESPONSIBLE SOURCING STRATEGY

Our Responsible Sourcing Strategy sets out our ambition to source 100% of the main raw materials we use through known, responsible or certified routes by 2025

Overview

Our six main raw materials are cotton, polyester, man-made cellulosics (such as viscose), wool, timber and leather. We recognise these raw materials, which make up around 80% of our material footprint, come from the world's natural resources and can have wide-ranging environmental and social risks associated with their production and extraction, contributing to issues such as deforestation, water stress and climate change. We are committed to responsible sourcing and providing trusted provenance and traceability back to source. Our aim by 2025, is to only use responsibly sourced materials from more sustainable sources with proven positive environmental and social impacts. Our approach and key focus areas are:

Responsible Sourcing – 2025 Responsible Sourcing Strategy provides clear guidance for our product teams and suppliers for sourcing and traceability

Chemical Management – As a signatory to the Zero Discharge of Hazardous Chemicals (ZDHC) programme, we commit to reach zero hazardous discharge from textile and leather supply chains. Our Chemical Policy also sets out our own standards for the use of chemicals in the manufacture of our products

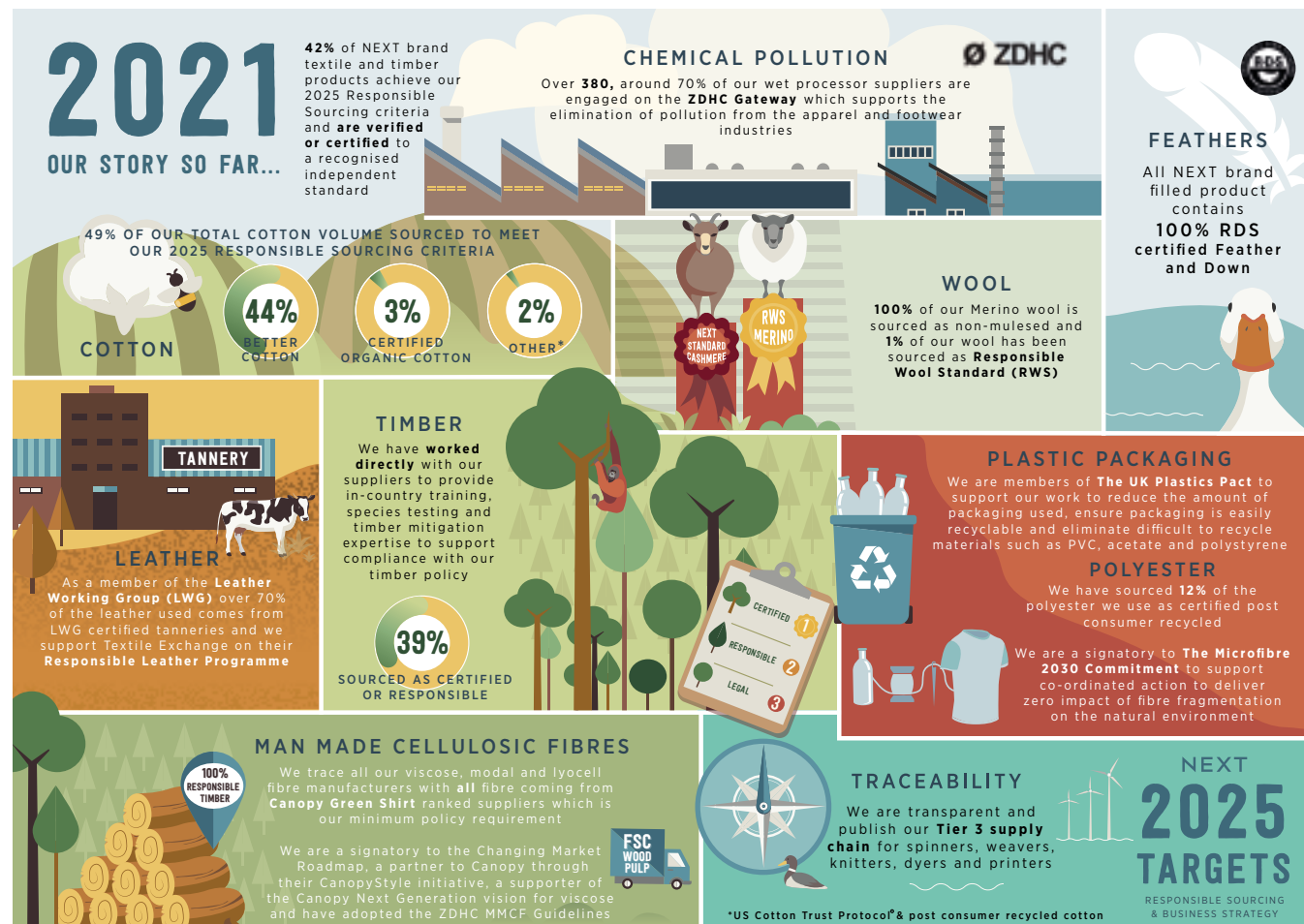
Animal Welfare and Biodiversity – We respect the health and welfare of animals and work to reduce our overall impact on biodiversity and natural ecosystems in our supply chain

Energy and Greenhouse Gas Emissions – Our priority is to reduce the carbon intensity of our activities by minimising the direct impact of our business operations on the environment

Resources and Waste – We are working to reduce our use of natural resources as land and fossil fuels are finite resources. To reduce the environmental impact of our business operations we support the transition to a more circular economy through products which limit waste and pollution and keep materials in use for longer

Water Use and Conservation – Demand for water exceeds supply in many parts of the world. Responsible water management is vital to ensure there is sufficient safe, clean water for local communities to use

Further details on our strategy can be found within [Our Customers and Product](#) section



SUSTAINABLE DEVELOPMENT GOALS AND OTHER METRICS

We are committed to the aims of the United Nations Sustainable Development Goals (SDGs) launched in 2015 which cover a broad range of social and economic development issues. The initiative aims 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

Through our business activities, we impact directly or indirectly on all SDGs. There are a total of 17 global goals; NEXT has aligned our reporting against the nine SDGs that are most relevant to our business operations and products. We focus on those goals where we can make the biggest difference to the environment and society. 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 through our own direct actions and through collaboration with others.

We summarise on the next page the key activities we are undertaking in relation to them.

The Task Force on Climate-Related Financial Disclosures (TCFD)

We are committed to minimising our environmental impacts by reducing both the carbon intensity of our activities and the natural resources we use.

During the year, we refined our assessment of the risks and opportunities posed by climate change and how they might impact our business. We considered the transitional and physical risks and opportunities presented by rising temperatures, climate-related policy and emerging technologies, and agreed a methodology for assessing and quantifying financial impacts.

For our assessment we used the following time horizons:

- Short term: from 2022 to 2025
- Medium term: from 2025 to 2030
- Long term: from 2030 to 2040

The risks identified during our analysis are more likely to present themselves in the medium to long term, and having assessed and modelled the risks, we believe there is no immediate material financial risk or threat to our business model.

Even though there is uncertainty around the time horizon over which climate risks will materialise, stakeholder expectations and regulatory attention could develop at pace, impacting the rate at which the business may need to cut carbon emissions. We recognise that we will need to keep abreast of future climate change legislation as well as consumer preferences. The retail sector is faster paced than many and there are likely to be changes in the way retailers do business in the next few years. However, we have a strong track record of evolving at pace and we are confident that we can react accordingly.

We have undertaken climate scenario analysis to understand and explore how potential climate risks and opportunities could evolve and impact our business over the medium to longer term.

The TCFD specifically recommends that organisations consider a set of scenarios, including a '2°C or lower scenario' in line with the 2015 Paris Agreement. This low carbon scenario is centred on 'transition' risks and looks at the rapid changes, such as policy, technology, market and reputational risks, that will be needed to cut emissions in line with the Paris Agreement. The scenario analysis should also consider 'physical' risks, such as temperature rise, sea level rise, and changes to the frequency and severity of extreme weather events, including droughts and storms. This is most relevant to our supply chain, the majority of which is based in Asia.

We examined three climate scenarios against two timeframes for the purposes of our analysis. The climate scenarios selected were late transition, early transition and hothouse world and the time frames selected were to 2030 and 2040, to align with our long term planning horizons and the British Retail Consortium commitment to net zero by 2040.

For more information, our TCFD reporting can be found [here](#)

Sustainability Accounting Standards Board (SASB)

During the year we have developed our approach following the initial gap analysis against the SASB metrics for Apparel, Accessories and Footwear, which we completed in 2020 across the four areas:

1. The Management of Chemicals in Products (Chemicals)
2. Environmental Impacts in the Supply Chain (Environment)
3. Labour Conditions in the Supply Chain (Labour)
4. Raw Materials Sourcing (Raw Materials)

For Chemicals, Labour and Raw Materials we are well on our way to full compliance with around 85% of the compliance metrics met. With regard to Chemicals, during the year we have continued to expand the number of Tier 3 wet processors being benchmarked against the standards within the Zero Discharge of Hazardous Chemicals programme with over 70% being included. We have also updated our Chemical Policy and Restricted Substance Standards and placed them in the public domain.





For Labour and Raw Materials, we have continued to review and improve our existing policies and internal metrics to align more closely to the SASB requirements. While our compliance in these areas is good, we continue to work on disclosure against the SASB standards. Our policies are available to our suppliers via our Supplier Communication platform, and we host key policies on our corporate website at nextplc.co.uk

For Environment, during the year we became a member of the Sustainable Apparel Coalition which will allow us to improve how we measure our suppliers' environmental performance across energy use, chemicals, water use and discharge and waste. Our main focus is at Tier 3, where the largest environmental impact is typically found in our supply chain, to capture more detailed information to identify areas and opportunities for improvement. Find out more [here](#)

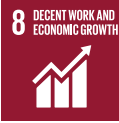




To find out more please see [Our Customers and Products](#) and [Environment](#) sections.

SUSTAINABLE DEVELOPMENT GOALS FOCUS AREAS

NEXT's SDG Key Focus Areas

		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 Provide employees with financial wellbeing support in areas such as managing debt and financial planning 	14-18 25-28
	<ul style="list-style-type: none"> Implement the UN Guiding Principles (UNGP) on Business and Human Rights to ensure workers in our supply chain have safe working conditions Provide health and wellbeing support to our employees and recognise the importance of specific areas such as positive mental wellbeing Implement chemical management programmes in line with our Chemical Policy with product related suppliers for the use of clean chemicals in the supply chain. As a signatory to ZDHC we will work collaboratively with others to develop this further 	14-18 25-28 19-24
	<ul style="list-style-type: none"> At NEXT, 69% of employees and 40% 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 support including childcare, Turkish language lessons, empowerment training and social support 	25-28 14-18
	<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 NEXT strives to ensure that workers in our global product supply chains have access to clean water and sanitation NEXT Chemical Policy supports the implementation of chemical management programmes with suppliers for the use of clean chemicals in the supply chain to manage effluent in order to prevent contamination of waterways 	19-24 14-18 19-24

NEXT's SDG Key Focus Areas

		Further information see pages
	<ul style="list-style-type: none"> NEXT is a member of the Ethical Trading Initiative (ETI), International Accord and ACT (Action, Collaboration and Transformation). These programmes help to address identified human rights and modern slavery impacts within our supply chain Continue to support the fight against modern slavery by implementing the UNGP on Business and Human Rights Look for opportunities to help disadvantaged members of society into employment 	14-18 14-18 25-28
	<ul style="list-style-type: none"> We use a large variety of raw materials. Through our 2025 Responsible Sourcing Strategy we are working 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 NEXT works to reduce our direct carbon emissions across the business. Our target of diverting at least 95% of our waste from landfill by 2020 is already being achieved with 97% being diverted for recycling or reuse 	19-24 19-24 29-34
	<ul style="list-style-type: none"> Please see detailed table in Environment A 	33
	<ul style="list-style-type: none"> NEXT is committed to the protection of natural resources and will source all land based raw materials responsibly 	19-24
	<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 most important to our business and 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 • Monitoring 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

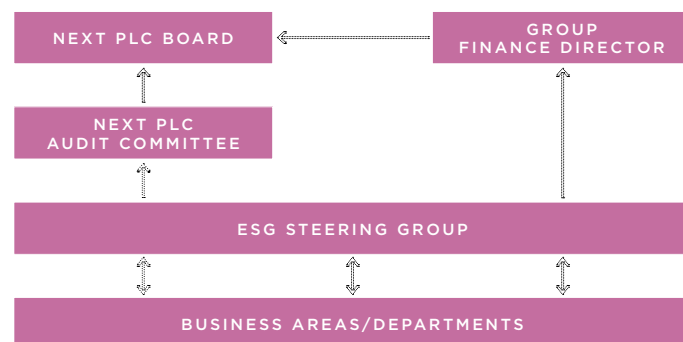
Governance and Risk Management

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

As part of the NEXT risk management process, detailed risk registers are maintained by 20 distinct operational and functional areas, where local business risks are identified, assessed and managed. Specific corporate responsibility risks are recorded, considered and managed as part of this process. In addition, the impact of corporate responsibility risk factors is 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.

STAKEHOLDERS, GOVERNANCE AND MATERIALITY CONTINUED

Our Governance Framework

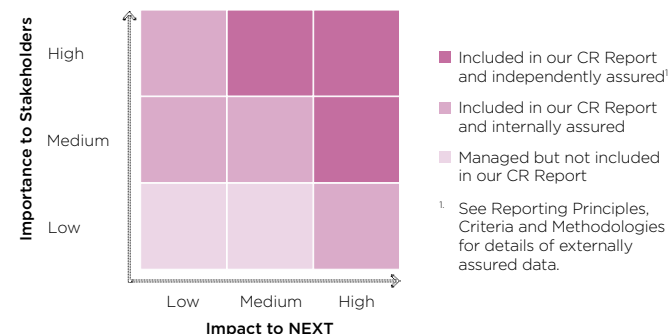


Understanding Materiality

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



ESG Governance Framework

Our governance structure around ESG-related activities is relatively simple. This allows emerging issues and matters for decision to be escalated quickly. The Board has delegated oversight of ESG activities to the Audit Committee. It decided that this was appropriate given the increasing focus on the potential risks and financial impacts associated with climate change in particular. ESG is a standing agenda item at each Audit Committee meeting. The Committee's remit includes:

- Monitoring progress against climate-related goals and targets
- Keeping under review the Company's ESG risks and opportunities
- Keeping under review the materiality of climate-related risk and its impact on the financial statements
- Monitoring adherence to externally applicable sustainability codes and principles

There are wider governance arrangements in place to support the Audit Committee, and ultimately the Board, in discharging their responsibilities. An ESG Steering Group has been established which meets quarterly to oversee the delivery of our action plan and improvement roadmap, ESG targets and emerging ESG risks.

The Steering Group is chaired by the Company Secretary & Central Finance Director. It is cross-functional; members include senior management from the Central Finance and Product teams as well as the Head of Supplier Ethical Compliance and the Head of Product Legislation & Sustainable Development.

The Group Finance Director, Amanda James, is the executive sponsor of ESG activities and directs the activities of the Steering Group. She meets regularly with the key members of the Steering Group, receives various updates throughout the year and is present at Audit Committee and Board meetings to discuss ESG matters that arise. The Audit Committee receives reports from the ESG Steering Group at each of their meetings. The Committee subsequently updates the Board and makes recommendations as appropriate.

Our Corporate Responsibility reporting provides detailed information on where and how NEXT focuses to meet our environmental and social responsibilities.

In the year ahead our focus is to further build our data, place policies in the public domain and continue to embed ESG into our day to day business decisions.

Legal Compliance

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

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 page 38.

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

PwC's assurance report for the assured data in the Streamlined Energy and Carbon Reporting (SECR) table on page 90 within the Annual Report can be found [here](#)

Reporting Principles, Criteria and Methodology

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

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

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



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

Highlights

- Sixth year of Modern Slavery Transparency Statement reporting
- Around 700 new employees successfully completed our bespoke online training
- To date over 4,400 employees globally have completed the bespoke online training
- Worked with 11 factories to successfully remediate modern slavery issues

Aligned SDGs



Our Approach

Respect for human rights is a cornerstone of how NEXT operates as a responsible business.

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. NEXT takes seriously any allegation of human rights abuse in all its forms. The violation of human rights anywhere in our operations is unacceptable and we deal firmly with any infringements identified in our supply chain.

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)

Country Risk Analysis of Our Sourcing Countries

Our country risk tool allows us to assess the human rights and modern slavery risks present in our supply chain. It reflects our identified salient human rights risks with a variety of data capturing factors such as geographical location, vulnerability of impacted groups, frequency of issues and level of mitigation already in place. Using this output, we have determined an agreed approach and overall risk rating for each sourcing location to identify where we should focus our resources to best effect.

During the year we have:

- Reviewed the data to ensure it remains relevant to and reflective of each country
- Used the tool to prioritise our efforts and identify future projects and other developments which will strengthen our mechanisms to address risks in our supply chains
- Identified appropriate collaborations with NGOs, Brands or projects and strengthen existing approaches such as the Worker Voice Project (see page 12)
- Used the review process to consider all sourcing countries where we know risks can exist such as unauthorised subcontracting

Find out more about our salient risks, why they are important to NEXT and key activities undertaken [here](#)

See a copy of the NEXT [Human Rights and Modern Slavery Policy](#) and our latest [Modern Slavery Transparency Statement](#), which provides more detail on 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 Code of Practice (COP) team
2. Maintaining a presence where possible in higher risk countries to protect and strengthen our supply chain against salient risks
3. 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
4. We are committed to building knowledge and awareness and have developed a range of training and awareness initiatives for our employees, suppliers, business partners and service providers
5. Our ESG Steering Group, comprising relevant senior management, meets regularly and co-ordinates actions across the business in relation to human rights and wider responsibility actions. We have representatives from our product teams in the group to broaden our perspective and increase internal collaboration. We have also incorporated incident reporting management and additional reporting to support the group's objectives
6. 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
7. Collaboration is vital to achieving change. Our in-country COP teams have direct links with on the ground NGOs and trade unions which help to broaden our understanding of root causes and sustainable solutions



HUMAN RIGHTS AND MODERN SLAVERY CONTINUED

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](#)

Our key indicators for potential human rights and modern slavery risks are:

- Wage retention
- Child labour
- Discrimination
- Restricting freedom of movement
- Employment fee being charged
- Unauthorised deductions from workers' pay
- Forced labour
- Unregistered workers

Within these indicators, we have identified a number of particularly vulnerable groups including migrant labour, young workers and female workers in South India fabric mills.

Active Management and Remediation

- Worked with 11 factories to successfully remediate modern slavery issues
- Disengaged eight factories where remediation on modern slavery issues had not been achieved to an acceptable level

Case Study: Collaboration and education – response to Vietnamese Government orders

In July 2021, the Government of Vietnam introduced measures that allowed workers to eat, work and sleep in factories to reduce the spread of COVID. This was in response to the effects of the pandemic on factory production, business operations and the daily lives of workers. Under these measures, factory owners were required to meet strict criteria on COVID testing, the provision of adequate meals and accommodation, and ensuring fire safety.

Better Work Vietnam, a collaboration between the United Nations International Labour Organization (ILO) and the International Finance Corporation (IFC), which aims to improve working conditions in the garment industry, collated Government guidance and documents as a reference for participating factories.

Our Vietnam-based COP team ensured that the guidance was circulated to our relevant suppliers and factories. We also contacted active factories to establish whether they were implementing the measures and, if so, to ensure that they understood the requirements. Finally, we carried out virtual tours and checks of those sites to verify that the standards were being followed appropriately.

What we have been working on during the year

Training and Awareness

- Around 700 new employees successfully completed our updated bespoke online training course during the year
- To date over 4,400 employees globally have completed the course including refresher training every two years
- Continued to induct suppliers and third-party brands onto our bespoke portal providing information on our approach to supply chain risks and guidance on best practice. To date we communicate with over 750 suppliers and brands

Collaboration

- We continue to be an official partner of the charity Unseen, who operate the UK National Modern Slavery and Exploitation Helpline – www.modernslaveryhelpline.org. This collaborative approach is essential in helping to mitigate risks and manage emerging threats. Since starting in 2016, Unseen has taken over 37,000 calls and online reports, indicating more than 24,000 potential victims of modern slavery. During 2021/22, it has taken 6,000 calls, over 2,000 web reports and 50 submissions via an app, indicating more than 3,000 potential victims. The Helpline's collaborative approach supports businesses to better understand the nature and scale of the issue by working to use the information it receives to inform collective action. None of the reports to Unseen related to NEXT in 2021/22
- We have maintained membership of the Leicester, Leicestershire and Rutland Modern Slavery Action Group, a multi-agency partnership working to reduce the prevalence of modern slavery and human trafficking in the region
- Despite the difficulties caused by the pandemic, we have continued to work with our partners to develop programmes in support of human rights and to understand the complex issues around modern slavery to ensure all those working for NEXT and our supply chain are treated with dignity and respect. We are committed to building knowledge and awareness and have developed a range of training initiatives for our employees, suppliers, business partners and service providers to promote human rights
- Our plan for 2021/22 was to hold in-person supplier presentations globally for product suppliers, labour agency providers and other service providers. Whilst this was not possible due to the pandemic we have continued to hold one-to-one inductions for new suppliers, virtually or in person if possible. We have also held strategic review meetings with some of our larger suppliers including NEXT Sourcing, focusing on specific topics such as unauthorised subcontracting and the importance of supply chain transparency



HUMAN RIGHTS AND MODERN SLAVERY CONTINUED

Focus on UK Manufacturing

NEXT is an active participant in the workstreams of the Apparel and General Merchandise Public Private Protocol (AGM PPP) and we remain committed to collaborative approaches. The AGM PPP has developed a framework for an inclusive protocol which creates a co-ordinated approach to realise the potential of the UK Apparel and General Merchandise (UK AGM) industry. Participating members work together to improve employment and working conditions and eradicate slavery and exploitation in the UK AGM supply chain by:

- Raising awareness to prevent exploitation of workers
- Protecting vulnerable and exploited workers
- Disrupting exploitative practices and bringing criminals to justice
- Protecting the rights of all workers and promoting decent work, ensuring the inclusion of worker and community voice

The AGM PPP brings together manufacturers, retailers, workers, government and others such as community groups and associations. During the year the initiative has focused on the development of guiding principles to support its future work.

Concerns About Forced Labour

We continue to closely monitor developments in relation to allegations of forced labour in the Xinjiang Autonomous Region (XUAR) of Western China. Our Cotton Sourcing Policy bans the use of cotton from the XUAR.

We do not work with any supplier in or directly source products from the XUAR at Tier 1 (product factory), Tier 2 (subcontractor to a Tier 1) or Tier 3 (fabric/yarn suppliers and spinners). Our work to ensure that products made or sourced for NEXT are free from forced labour is undertaken by our COP team and covers Tier 1 and 2 suppliers.

Gaining traceability of our full supply chain is a key area of focus given we do not directly source raw materials. We are working closely with our suppliers and industry stakeholders

to understand and implement the most effective and accurate ways to trace our supply chain to Tier 5 (raw materials).

We also work collaboratively with relevant NGOs and multi-stakeholder initiatives such as the Ethical Trading Initiative and the British Retail Consortium to share knowledge of challenges and solutions. Through our engagement with such organisations, we have been able to contribute to joint initiatives such as the development of much needed due diligence guidance for businesses. The new guidance, to help ensure British organisations are not complicit in, nor profiting from, the human rights violations in XUAR is due to be published by the Foreign, Commonwealth and Development Office during 2022.

We continue to map the raw material sources of our suppliers to gain confidence that the materials used in our products are sourced responsibly and in line with our 2025 Responsible Sourcing Strategy.

See [Our Customers and Products](#) for more information.

Policies and Tools Available to Our Suppliers

To support our suppliers we have a number of policies and tools available to help address issues we identify.

Policies and guidance are available on our [supplier portal](#) including:

- Code of Practice Principle Standards and Auditing Standards
- Modern Slavery Guidance Booklet – provides information on how to spot the signs of potential modern slavery risks
- Migrant Labour Policy – updated during 2021/22, it 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
- Child Labour Policy – updated during 2021/22, it confirms requirements when managing a child labour issue as well as detailing the remediation process and specific actions to involve specialist stakeholders to support the child and their family until the child reaches the legal working age

- Wage Retention Policy – confirms workers' wages must be paid in full and on time, and that wages cannot be withheld for any reason
- Shared Premises Policy – new for 2021/22, it provides guidance on premises which may present a risk if they are of shared occupancy and states our expectations for how our suppliers should manage these risks

In addition, our COP team, located in our key sourcing locations, are on hand to support with supplier meetings and presentations in order to raise awareness of our requirements and support suppliers to understand their responsibilities.





HUMAN RIGHTS AND MODERN SLAVERY CONTINUED

Case Study: Focus on Migrant Workers

The employment of migrant labour is becoming increasingly important in the global supply chain as workers seek better opportunities to provide for their families and futures. Migrant workers are commonly found in our supply chain, where local labour availability is declining and the employment of migrant labour has become necessary. In some regions migrant workers form the majority of the workforce.

Poor recruitment practices for migrant workers can often leave this workforce vulnerable to unsafe and unacceptable employment conditions. Migrant workers will often be contracted for a fixed period and are reliant on the guaranteed income to provide for their families back home. Such workers have sometimes been found to have paid a fee to a recruitment agent in order to secure a job.

With this in mind, during the year we reviewed and updated our Migrant Labour Policy and communicated this to suppliers. We also have tools available to support suppliers, including a poster for suppliers and factories which summarises the migrant worker's recruitment journey and how to support them at each stage which can be found on our [supplier portal](#).

Grievance Mechanisms and Worker Voice

Effective grievance mechanisms are key to remedying human rights infringements. We will never obstruct access to remedy and are open to collaborating in initiatives which provide access to remedy. We recognise this is a challenging area and one where we continue to learn. Our approach is in line with the UNGPs, as well as considering elements of the grievance redressal process such as who is raising the issue and the nature of the issue. This has helped to guide our approach to deliver the appropriate remedy for individuals to ensure:

- The importance of creating a targeted, strategic and multi-pronged approach to support suppliers in implementing freedom of association and collective bargaining

Case Study: North India Worker Voice Helpline

Working with Aider, our NGO partner in Gurgaon just outside New Delhi, the worker helpline and help desk support has been running for over a year and so far it has reached more than 5,000 workers through the helpline and visits within the community.

During the year we received a number of grievances from workers in the NEXT direct supply chain as well as those working in other factories in the area. The majority of the reported grievances related to wages and benefits, health and safety systems, severance payments and treatment of employees.

For NEXT direct supply chain factories our COP team, in collaboration with Aider, have worked to address the grievances and to reach a resolution. For those grievances not related to our direct supply chain, the Aider team works on the ground and communicates with local industry associations and factory management to provide access to remedy for vulnerable workers.

The NEXT COP team has been working with the factories on providing behavioural and soft skills training for the supervisors and floor managers to promote a healthy working atmosphere, which in turn can help to reduce the number of grievances and increase productivity. In addition, the Aider team works in the community to raise awareness of the helpline and provide training to workers and their families; workers can also come to the Aider Centre to discuss professional and personal issues with Aider providing counselling and legal support where required.

Plans are to expand the helpline further to other factories located in the neighbouring district of Faridabad. Aider is also in discussions with the local industry association AEPC (Apparel Export & Promotion Council) and other civil society stakeholders to encourage collaboration in addressing those grievances which are not just limited to one particular organisation but are endemic to the entire sector.

The findings from these worker voice projects will help ensure our approach to this challenging area is robust and meaningful.

- The provision of grievance mechanisms is tailored to take account of the particular circumstances of the people it seeks to support. There is no one mechanism which is appropriate for all workers in every location

Through our top ten sourcing countries risk analysis, we identified a need to implement an effective worker voice mechanism to receive and address workers' grievances in Sri Lanka. During the year we have reviewed proposals including:

1. Operation of an NGO worker helpline, where raised grievances would be managed by the NGO and the remediation managed jointly by the NGO and the NEXT COP team in country.
2. Collaboration with other brands to use an app for workers to raise grievances. The brands would receive the grievance and directly manage the remediation with the identified factory

Our next steps are to finalise the most appropriate approach and begin a trial in 2022 with a number of factories to understand usage by their workers, review progress and identify any necessary improvements.

During 2021/22, we continued to support two worker voice programmes in India, working with partner NGOs, SAVE (Social Awareness and Voluntary Education) and Aider.



HUMAN RIGHTS AND MODERN SLAVERY CONTINUED

Case Study: Improving Working Conditions for Women in Fabric Mills in Tamil Nadu, South India – Phase 2 Update

Working with NGO partner SAVE (Social Awareness and Voluntary Education) and two other retailers, five resource centres have been maintained in the region. The focus is to ensure human rights are respected in our supply chain and the workers are provided with access to remedy in the event that a breach of their rights is identified. The project has provided support to around 21,000 people:

At a community level – providing information for potential new workers who plan to start a career in a spinning mill and/or garment factory as well as assisting in addressing grievances, providing computer training and financial literacy skills. In addition, a school awareness programme supports both teachers and students with training on children's rights, labour law and the value of remaining in education as well as an Adolescent Parliament Group which focuses on promoting communication and leadership skills amongst young women.

The centres actively engage with young people leaving school to encourage them to return to complete their education rather than seek employment, and address other common challenges such as child and labour rights. The centres provide a place for young people to discuss concerns, receive financial literacy training, access health awareness training and provide female hygiene products at a subsidised cost. The project also supported community members and migrant workers in Tirupur, gaining access to COVID vaccinations.

At a mill level – training was provided to create better worker-management relationships as well as focused behavioural training for management teams. For the workers, awareness sessions are run to improve life skills and employment rights' awareness and the development of an effective grievance mechanism process including the election of worker committees.

At a recruitment agency level – support and training to develop an ethical recruitment practice and terms of reference for employment agreed between mills and agents.

The TIMBY app (This Is My Back Yard) provides a channel for workers to raise concerns or grievances. It has been rolled out across three spinning mills, six communities and nine Tier 1 factories in our supply chain, reaching 4,000 workers across the five locations.

We review all cases raised via the app, with SAVE being responsible for managing the reported grievances relating to NEXT, and confirming they are being managed or passed on to the appropriate authority. Cases are categorised into six areas covering: wages; harassment; discrimination and forced labour; working hours; health and safety; and other. We have developed a formal process to ensure a consistent approach to the management of cases.

The remediation of grievances that were raised but were not directly connected to the programme was challenging. However, during the year we have been able to find a positive solution when industry associations TASMA (Tamil Nadu Spinning Mills Association) and TEA (Tirupur Exporters Association) agreed to take up the issues relating directly to their members' facilities to address and resolve the concerns raised.

The project is set to continue into 2022 and is planning to develop its focus areas, including:

- Promoting reproductive health, WASH and nutritional health for young women and their community
- Promoting fair recruitment practices and prevention of trafficking through agent engagement
- Supporting Inter-State migrant workers through the Migrant Resource Centre being set up in Tirupur
- Encouraging new mills to join the project and focus on the setting up of Internal Complaints and Works Committees as per legal requirements



Looking ahead – we will:

- Explore due diligence approaches with our third-party Brands
- Review learnings from the Worker Voice projects to establish how to benefit future work
- Register NEXT Brand suppliers on our bespoke online portal
- Carry out in country supplier presentations



OUR SUPPLIERS

Trading ethically and acting responsibly is a fundamental cornerstone of our business. We want our products to be made by workers who are treated fairly and whose safety, human rights and wellbeing are respected

Highlights

- 76% of audits were on-site visits; 24% were virtual visits
- 91% of NEXT branded factories were rated as excellent, good or fair under our rating system
- 46 employees in our NEXT in-house global COP team
- Around 2.9 million workers in our Tier 1 supply chain
- Supported 21 factories to successfully remediate critical issues found during our COP audits
- Tier 1 & 2 factory site listing and Tier 3 supplier list updated on nextplc.co.uk

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
- Infringement of workers' rights

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. Compliance with the Standards is a contractual condition of business for all product suppliers.

We are committed to ensuring NEXT products are 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.

To ensure our suppliers have access to and understand our policies and requirements, all the information they need is available via our [Online Supplier Portal](https://nextplc.co.uk)

Our latest Principle Standards and Auditing Standards can be found [here](https://nextplc.co.uk)

Supplier Payments

NEXT has been a voluntary signatory to the Prompt Payment Code since 2012. NEXT has calculated and uploaded relevant supplier data onto the HMRC government portal under the 'Duty to report on payment practices and performance' legislation under Section 3 of the Small Business, Enterprise and Employment Act 2015.

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 as unauthorised subcontracting is a major non-compliance indicator within our COP.

During the year we continued to communicate to our suppliers the importance of supply chain transparency. Through our Online system, suppliers provide information about additional aspects of their extended Tier 2 supply chain covering around 25 processes, including laundries, printers, component and packaging suppliers, particularly where the NEXT brand is applied. This improved visibility of our supply chain has resulted in our COP team undertaking over 200 audits at Tier 2 sites during the year.

In support of supply chain transparency, we publish our Tier 1 and 2 list of manufacturing sites plus our Tier 3 supplier listing and aim to update the listings twice a year. The latest listing can be found at nextplc.co.uk and is also available on the [Open Apparel Registry](https://openapparelregistry.com)

Where are NEXT Products Made?

Performance Data

	2022	2021
NEXT global COP team members	46	46
Countries where products are manufactured	41	40
Suppliers worked with ¹	672	609
Factory sites used (Tier 1)	1,745	1,664
Factory sites audited (Tier 1 & 2)	1,867	1,378
Total audits completed (Tier 1 & 2)	2,117	1,492
% factories audited and achieved a Cat 1-3 rating	91	89
Factories disengaged for non-compliance with our Code	20	22

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



OUR SUPPLIERS CONTINUED

Our Approach to Audits

Our approach is to conduct our audits on an unannounced basis apart from the initial introduction audits we undertake with a new supplier.

During 2021/22, the COP team carried out 2,117 audits, of which 37% were unannounced. Due to pandemic, the team has continued to experience travel restrictions and local lockdowns restricting access to factories, as well as factory closures. Despite this, and with the inclusion of virtual audits, we were able to audit more than 1,800 Tier 1 factories and over 200 Tier 2 factories. Of the audits conducted, 89% related to Tier 1 suppliers and 11% related to Tier 2 suppliers.

We carried out 24% of our audits virtually in 2021/22, with a commitment to follow-up with an in-person audit when possible. The remaining 76% of audits were either initial visits to assess potential new suppliers or full audits due during the year or re-visits to ensure agreed improvements were being actioned to the agreed timescales.

Find out more [here](#)

Our Dedicated NEXT COP Team

- **46** people based in **11** 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. This was an area of focus due to the continuing pandemic which meant that communication with suppliers and their factories was vital

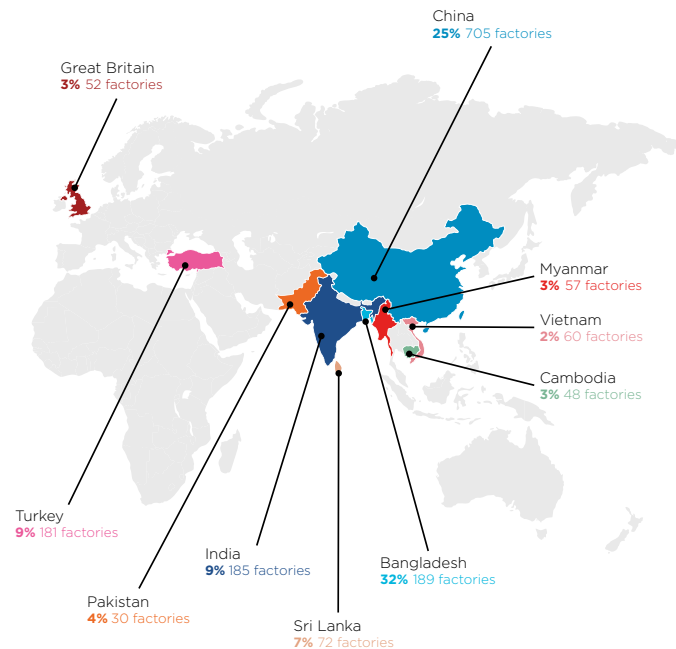
A breakdown of audits by category rating is shown below along with a definition for each category (by contracted units)





OUR SUPPLIERS CONTINUED

We sourced NEXT brand products from 41 countries during 2021/22, with 10 countries producing 97% of our products (by contracted units). These countries are:



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

Our Auditing Approach

Trading ethically and doing business responsibly is a fundamental cornerstone of our business approach as we want our products to be made by workers who are treated fairly and whose safety, human rights and wellbeing are respected.

Our COP strategy is built on investing time and resources in our new and existing suppliers to induct, train and collaboratively support them to help them raise standards where necessary.

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

Our audit plan prioritises the human rights of workers in our supply chain and is risk based, taking into account geographical location, ethical reputation, the type of manufacturing process and the factory's most recent audit rating. Where we find areas for improvement during an audit, we create a Corrective Action Plan (CAP) which is agreed with the supplier and factory management. Follow up reviews are undertaken to monitor progress against the CAP.

In the year, 91% of the factories making NEXT branded products were rated as compliant by achieving a Cat 1-3 rating.

The auditing process is a vital due diligence tool and more details can be found [here](#)

During the year, we found 42 Cat 6 (critical) human rights, modern slavery or social issues in 41 factories. With our COP teams' support, 21 factories (11 relating to modern slavery) have been able to successfully remediate to resolve the issues uncovered.

Unfortunately, during the year we had to disengage with 20 factories (eight relating to modern slavery) that refused to satisfactorily rectify their critical non-compliance with our Code. This reflects the work we carry out with our suppliers to support them through the remediation process wherever possible, as we work with suppliers to raise their standards rather than terminating the relationship, which has the potential to deliver a better outcome for workers and the supply chain as a whole.

Our aim is always to support factories to resolve issues, but we will not continue to work with them indefinitely if there is no willingness to improve standards to meet our requirements.

Case Study: ACT Purchasing Practices and Ringfencing Labour Costs

It is important to NEXT that the cost of labour is both understood and secured within the product cost price (the amount NEXT pays for an item) by our Product teams. This approach supports our commitment to responsible purchasing practices as ACT (Action, Collaboration, Transformation) members.

During 2021/22, our employees and suppliers across key sourcing countries including Bangladesh, Cambodia, Turkey and Myanmar completed a Purchasing Practices survey. Results were compiled per member brand, as well as an aggregated report across all brands sharing all the findings. Our next step in 2022 is to review these findings to identify areas for improvement and implementation.

During the year we demonstrated a labour costing tool to senior internal stakeholders, to gain feedback and explore the feasibility of using the tool within our supply chain. We plan to develop a pilot study on the effective application of the tool with some of our suppliers in 2022.



OUR SUPPLIERS CONTINUED

Case Study: UK Apparel Manufacturing

In conjunction with the Fashion Workers' Advice Bureau Leicester (FAB-L), and Highfields Community Centre in Leicester, NEXT and a number of brands have collaborated to fund a project aimed at increasing access to worker voice in the Leicester garment sector. Initially a two year project, two community engagement support workers have been recruited and the project commenced in November 2021.

Activities so far include:

- Induction meeting with the two case workers
- Introduction of case workers to factories; building relationships with workers in the community
- Mapping of available services and existing support offered to workers
- Defining process for workers to raise issues and for caseworkers to manage issues

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 that we cannot solve alone. 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.

Find out more [here](#)

Supplier Empowerment Programme (SEP)

Whilst audits continue to be our main tool to monitor adherence to our COP Standards, we recognise that for trusted key suppliers there can be an alternative approach which can help to provide a better picture of a factory's overall performance and approach to ethical matters.

Initially we developed a SEP pilot with an established supplier who demonstrates a positive attitude towards transparency and open communication. Building on the success of the pilot we have developed phase 2 of the programme with the same supplier to focus on improving systems further – as detailed in the case study – Extending our SEP – Phase 2



Case Study: Extending our SEP – Phase 2

The success of our initial SEP in partnership with one of our key suppliers in Pakistan and implementation partner WWF, has developed to phase 2 in the areas for continued focus:

- Worker and management dialogue including promotion to support the career progression for women in leadership, internal promotions, listening to workers (via employee surveys) and implementation of care initiatives for workers
- Robust grievance mechanism process
- Supplier capacity-building training programme
- Environment and sustainability areas such as chemical management systems, carbon and water footprinting and waste reduction and recycling

During 2021/22, we engaged a second key supplier in Pakistan and again working with WWF have completed the baseline research and data collection for the programme focus areas including: supplier training; worker management dialogue; fire and building safety; wages and working hours; hiring practices and environmental aspects such as chemicals management and effluent control. The SEP will commence in early 2022.

The aim of the SEP is that instead of carrying out formal COP audits, we visit the supplier each month to monitor progress against six agreed initiatives.

We hope to expand the programme beyond the two current suppliers, but recognise the challenges of doing so. Identifying suitable suppliers and factories to partner with and ensuring business commitment whilst considering the situation in country are all important factors in deciding whether further expansion is appropriate.



OUR SUPPLIERS CONTINUED

Case Study: Focus on Subcontracting in Turkey and Portugal

We recognise that an auditing approach may not always be the most effective way of understanding complex issues such as unauthorised subcontracting, so we were keen to explore different approaches for this challenging issue.

With the aim to develop trust with suppliers and being transparent about the value of working collaboratively, we identified one supplier with significant volumes of business in Turkey. Our COP team worked with them to map subcontractor sites used by one of their Tier 1 factories, to build a pool of sites that the Tier 1 factories could use as they meet our COP Standards.

To date, our team has visited 11 sites with the supplier's own ethical trade expert. We worked together to identify areas for improvement and discussed these with each of the sites. Some sites were not able to meet our requirements and so were not proposed for NEXT production.

During the year, we saw an increase in cases of unauthorised subcontracting, with 25 cases in 2021/22 compared to nine in 2020/21. The pandemic has been one factor affecting the number of cases – with a reduction in the usual number of on-site audits over the last two years, plus pressures on the supply chain in general. It has been challenging to maintain the same level of close engagement with suppliers and factories, but having our own on-the-ground COP teams has enabled us to take steps to focus on these relationships and visit our suppliers whenever possible.

A similar initiative is being undertaken in Portugal, where the focus remains on further strengthening the relationship with our suppliers and encouraging transparency from them. During 2021/22, our COP team has been working to map the full Tier 2 supply chain who manufacture for our Tier 1 factories in Portugal and this work will continue into 2022. To date we have visited seven subcontractor sites and are working to support them to meet our COP Standards.

Case Study: Continuing to Support the ETI in a Social Dialogue/Gender Programme in Bangladesh

During 2021/22, we continued the ETI's Social Dialogue and Gender Sensitive Workplace programmes in six factories which work with male and female workers, supervisors and management. 460 employees across the six factories received training. The purpose of the programmes are:

Social Dialogue – to improve workplace social dialogue and communication through the development of freely elected worker representative councils, encouraging and enhancing internal communications between the workers' council and factory management and capacity development for managers, supervisors and workers

Gender Sensitive – to empower female workers through increased knowledge and awareness of their rights, building capacity within the factories and with the workers to recognise and address gender-based violence and creating gender sensitivity across sectors within the factories

The programme has now ended, but the ETI are considering alternative strategies to continue the programmes in Bangladesh to build on the learnings generated.

Communication is Key

NEXT aims to work closely with our suppliers to ensure they understand our requirements and develop their businesses and factories to be compliant. Our approach is to meet new suppliers as soon as possible to explain our requirements and share information via our Supplier Portal to support their on-boarding process and ongoing relationship with NEXT. We also hold regular meetings with individual suppliers and use supplier conferences to share information and provide the opportunity for suppliers to ask questions. Internal communication with our product teams is vital to the success and effectiveness of managing the ethical standards we expect from our suppliers.

We remain committed to supplier communication and during the year we held strategic review meetings with some of our larger suppliers including NEXT Sourcing. The meetings covered topics including compliance performance, challenges faced by suppliers, remediation success and identifying opportunities for collaborative work.

We will continue these meetings in 2022 and expand them beyond our top 20 suppliers.

Find out more [here](#)

Looking ahead – we will:

- Carry out online supplier presentations focusing on our Tier 2 non-product suppliers and rework providers in the UK and overseas and expand our one-to-one supplier meetings
- Continue to capture detailed Tier 2 third-party information to increase supply chain transparency
- Take learnings from our worker voice projects to develop our approach to grievance mechanisms for workers within our supply chain
- Undertake audits we were unable to complete in 2021/22





OUR CUSTOMERS AND PRODUCTS

Our commitment is to offer 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 8 million active globally Online customers
- 42% of product meets our responsible sourcing criteria
- 49% of cotton meets our responsible sourcing criteria
- Assisted customers to donate their unwanted furniture to British Heart Foundation to raise over £1.5 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 in line with our Responsible Sourcing Strategy
- 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 in-store or online
- Support our customers to donate difficult to recycle unwanted products

Product Safety and Legislation Compliance

- Our product safety and performance standards are based on a range of legislation and compliance requirements to satisfy and exceed 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
- 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 to follow as part of their contractual obligations

NEXT also works with the third-party brands we sell via LABEL to ensure all products are safe for their intended 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 as a minimum. Alongside ethical standards, we have set a minimum level of environmental and animal welfare standards we expect the brands to meet. We will be working with the brands to build on these minimum requirements over time.

Find out more [here](#)

Customer Engagement and Experience

NEXT endeavours to provide a high quality service to our customers; 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 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.

- We received around 12 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 94% 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 200,000 responses during the year providing ongoing feedback which helps us to improve our in-store experience and level of customer service
- We also conduct customer interviews and online surveys, accompanied store visits and run customer discussion groups
- We continue to work with AccessAble to support our approach to offering the right accessibility needs for customers and employees both in NEXT stores and through our online contact centres. Detailed, independently assessed accessibility guides are published on both AccessAble's and our website for all our stores across the UK and Ireland.



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. We are committed to responsible and sustainable business principles and practices including responsible sourcing.

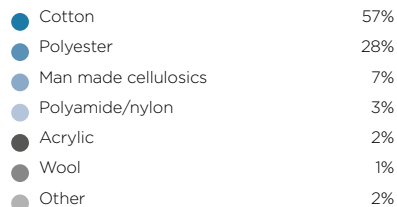
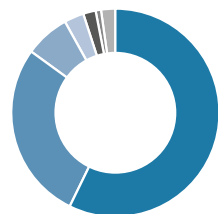
We are making progress, and during 2021/22 we sourced **42%** of NEXT brand textile, leather and timber products to meet our 2025 requirements across our main raw materials of cotton, polyester, man-made cellulosics (such as viscose), timber, leather and wool.

To support our 2025 Responsible Sourcing Strategy, we have a range of policies which detail our responsible sourcing approach and have developed clear guidance for our Product teams to use when developing their ranges. Products must meet the requirements of our 2025 Responsible Sourcing Manual in order to be promoted as being responsibly sourced, either on a product label or in online copy.



OUR CUSTOMERS AND PRODUCTS CONTINUED

During 2021/22, our total textile fibre footprint was 70,000 metric tonnes.



Find out more [here](#)

Collaborations and Memberships

To support our responsible sourcing journey, we are members of several leading initiatives, where we recognise the benefit of collaborating with others to develop and adopt more sustainable ways of working. These include:



Traceability

The complexity of supply chains means traceability can be challenging but we are committed to building full transparency to trace the suppliers and raw materials we use. We publish our Tier 3 supplier list, are working to gain visibility across Tier 4 and 5, and aim to deliver this by 2025.

Our integrated management systems support the capture of supply chain information from our suppliers to support our aim to work through traceable routes. Through our fibre policies, we detail our sourcing requirements, approved fibre producers and region or country bans.

In order to avoid sourcing from areas which do not meet our policy requirements, we are investing in direct known entity sourcing, exploring traceability tools and testing technologies to enable more precise traceability of raw materials. Over time, our approach will support detailed visibility of the raw materials in our products in line with our 2025 strategy.

Forensic Cotton Traceability Pilot with Oritain



In order to avoid sourcing cotton from areas which do not meet our policy requirements we have completed two small-scale pilot programmes with forensic traceability partner, Oritain, in conjunction with Cotton USA. The aim was to review a number of products from our key suppliers to gain a snapshot of what cotton was present in finished products, as well as understand how Oritain's technology could support our responsible sourcing approach moving forward. We focused on two aspects:

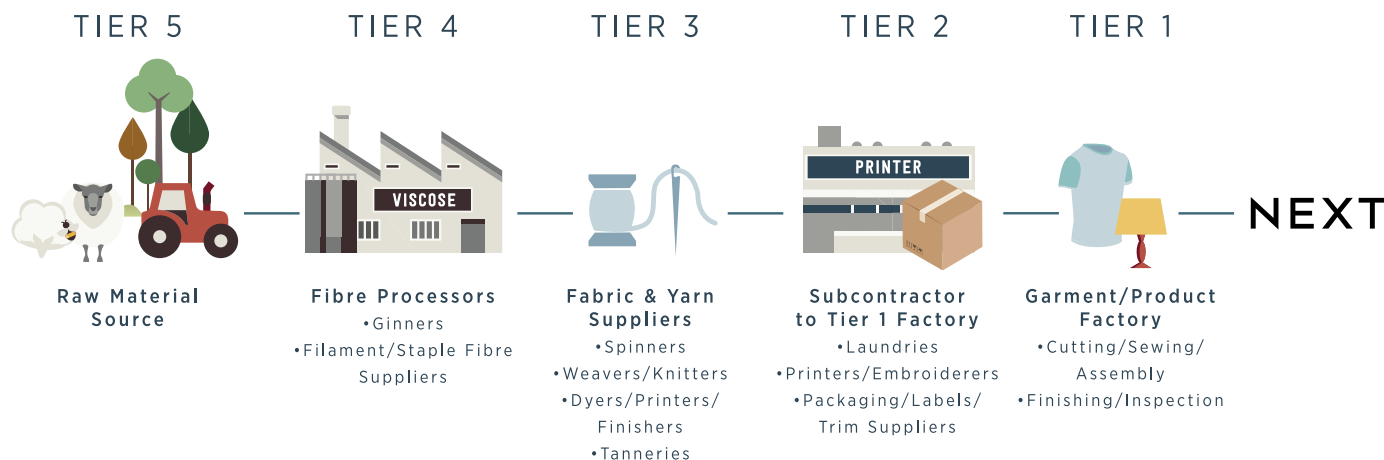
- Testing for the presence of unwanted cotton origins in compliance to our Cotton Policy
- Verifying US cotton products as a preferred origin as part of a trial being undertaken with US Cotton Protocol Trust

The findings have been encouraging, but did identify a small number of inconsistencies with our policy. Suppliers have been advised of the pilot findings and our technologists have worked with the suppliers to ensure they are sourcing in compliance with our policy. Our next step is to integrate the partnership with Oritain into our risk management due diligence programme, using the pilot results to inform where to focus testing.

We recognise the value Oritain can offer to support our ability to adapt to changing regulatory landscapes and challenges with transparent sourcing through the use of intrinsic product testing.

Cotton

Cotton is NEXT's most significant raw material, both in terms of volume used and the associated environmental and social issues linked with its production. Conventional cotton farming uses large amounts of water and pesticides. Our policy bans the use of cotton from Uzbekistan, Turkmenistan and the Xinjiang region of China due to the forced labour situation in farming and at harvest and we monitor the work undertaken by the Responsible Sourcing Network campaign and others around this issue to support the ethical sourcing of cotton.





OUR CUSTOMERS AND PRODUCTS CONTINUED

NEXT generation

Products sourced to meet the requirements of our 2025 Responsible Sourcing Strategy must be sourced through responsible routes and are verified or certified to a recognised independent standard. Products meeting these requirements can carry NEXT Generation labelling, giving customers an insight into the environmental and social credentials of our products.

In 2021/22, 42% of all NEXT brand textile products have been sourced to meet our 2025 Responsible Sourcing Strategy criteria, and products started to carry NEXT Generation labelling, which is only allowed on products containing 50% or more of a 2025 approved raw material.

For NEXT, responsibly sourced materials are those that are purposely produced in a more ethical or responsible way. We are Textile Exchange members and use their Preferred Fibre and Material Exchange Index to support our 2025 Responsible Sourcing Strategy, which includes sourcing materials that are certified and verified by third-party standards as shown in the table below:

Organic Cotton and Processing	Organic Cotton	Recycled Fibres and processing
GOTS	OCS	GRS
		
Recycled Fibres	Responsible Wool	Responsible Feather and Down
RCS	RWS	RDS
		

Using these standards ensures there is traceability from raw material to the product we sell to our customers.

In addition, our other responsibly sourced materials include:

- Cotton sourced as Better Cotton:



- US Cotton sourced through the US Cotton Trust Protocol



- Responsible viscose, modal and lyocell including:



- Branded recycled fibres including:



Measuring our Scope 3 impact has identified that around 70% of a products' environmental footprint comes from the production phase – fibre and raw material production through to spinning, dyeing, weaving, knitting and sewing – before it reaches the customer. The remaining part comes from a combination of transport, laundry and what happens to the product at the end of its life.

As part of our Responsible Sourcing Strategy we recognise that using responsibly sourced, ethically produced materials and designing products for a longer life form part of our priorities in reducing our environmental footprint.



Our 2025 target is to source 100% of our cotton from responsible sources which we define as Better Cotton, recycled, certified organic, certified organic in conversion or US cotton through the US Cotton Protocol Trust. During 2021/22, we sourced **49%** of our cotton through these routes.

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

Better Cotton – NEXT has been a member of the Better Cotton since 2016. In 2021/22, we sourced 44% of our cotton as Better Cotton and through this sourcing we helped to:

- Save an estimated 13.3 billion litres of water
- Avoid the use of an estimated 8,500kg of pesticides
- An estimated additional 5.8 million EUR of farmer profitability was generated as a result of NEXT sourcing Better Cotton in 2021/22
- **US Cotton** – We have sourced US Cotton for several years and are signatories to the US Cotton Trust Protocol (USCTP), which allows us to accurately trace the US cotton we use through to the finished product, and in 2022 will allow us to measure the reduced environmental impact of this cotton. During the year we sourced 1% of our cotton in this way and are working to increase the amount of cotton sourced as USCTP as it offers known identity traceable cotton.

During 2021/22, we also sourced 4% as certified organic, certified organic in conversion or post consumer recycled.

We will continue to investigate new sources of cotton where the source is known from the farm through to the finished product as well as learning more about regenerative cotton growing and how we may source this in the future.

Find out more [here](#)



OUR CUSTOMERS AND PRODUCTS CONTINUED



Timber

Forests play a critical role in limiting climate change by absorbing carbon and supporting biodiversity. 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. In 2021/22, **39%** was sourced as certified or responsible in line with our Timber Policy.

We are focused on ensuring our products never contribute to illegal harvesting or deforestation. 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 UK Timber Regulations (UKTR) and 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.

During the year we have worked directly with our suppliers to provide in-country training and timber mitigation expertise as well as undertaking species testing to support compliance with our Timber Policy. Find out more [here](#)

Polyester

Polyester is a synthetic material which is widely used due to its durability, versatility and quick drying properties, but like other synthetic fibres it provides challenges to the environment. Polyester is one of our core materials, in 2021/22 we used around 19,600 tonnes, approximately 28% of our total textile fibre mix. We are working to convert the polyester we use to more responsible alternatives and recognise recycled polyester from certified routes, by either Global Recycled Standard (GRS) or Recycled Content Standard (RCS). During 2021/22, 12% of the polyester we used to make our

products was from recycled sources and we are working to increase this year on year.

Microfibres

We recognise that understanding microfibre pollution, its sources and effects is an ongoing challenge for the textile industry.

We are a signatory to The Microfibre Consortium (TMC) new Microfibre 2030 Commitment and Roadmap as we believe collaboration, coordinated research and meaningful, science-based action to minimise microfibre pollution across textile product lifecycles is required, by developing good, robust solutions to:

- Implement new testing methodology
- Develop aligned industry tools to create solutions
- Understand how recycled fibres may influence fibre fragmentation
- Understand how to minimise microfibre leakage during production

The goal of the commitment is to gather sufficient data and knowledge to create joint minimum requirements and develop a detailed strategy to minimise microfibre pollution.

Through our UKAS accredited in-house laboratory we have supported the development of the new testing methodology to assess fibre shedding from different materials. NEXT is supporting this work as a participating laboratory and during the year has broadened its testing to provide results as part of the overall validation process. The testing methodology is used to develop a better understanding of fibre fragmentation and allow TMC and its members to work collaboratively towards robust industry-based solutions.

Man-made Cellulosic Fibres

Wood is the main raw material used to make man-made cellulosic fibres (MMCF) such as viscose, lyocell and modal. The wood is pulped and then undergoes a chemical process to transform it into fibres. Our MMCF policy states, from 2021, we will only source from MMCF producers who are Canopy Green Shirt ranked and who have already adopted or have pledged to adopt closed loop production systems by 2023-25. MMCF fibres are one of our top three raw materials



OUR CUSTOMERS AND PRODUCTS CONTINUED

accounting for 7% of the fibres we source, and in 2021/22 we sourced around 4,800 tonnes, with 23% meeting our 2025 Responsible Sourcing Strategy requirements.

To ensure these wood-based fabrics are responsibly sourced, [NEXT is committed to ensuring the wood comes from responsibly managed forests](#) and is working with [Canopy](#) through their [CanopyStyle Initiative](#) to improve the sustainable sourcing of these fabrics and improve the transparency of our MMCF supply chains.

It is really important to NEXT that it is produced responsibly and legally and doesn't come from ancient or endangered forests or endangered species habitats.

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](#).

In addition we are a supporter of Canopy's [Next Generation Vision for Viscose](#) which supports the investment in, creation and purchase of products made from low-impact alternative fibres such as waste textiles. This move to circular alternatives such as waste textiles will support the end of sourcing from ancient and endangered forests.

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.

Leather Working Group (LWG)

NEXT joined the LWG in 2020 to support more sustainable leather manufacturing. The LWG is an international multi-stakeholder organisation working to promote environmental best practice within leather manufacturing and related industries.

As part of our 2025 strategy, we are committed to only sourcing leather from finished leather tanneries that have an LWG environmental audit and by the end of 2022 our suppliers will only source from finished leather tanneries

with an LWG medal rating as detailed in our Leather Policy. During 2021/22, 73% of finished leather tanneries used by NEXT were LWG rated. We are also using LWG traceability scores to help inform our sourcing decisions. We do not source leather from cattle raised in the Brazilian Amazon Biome.

LWG have also aligned with ZDHC (Zero Discharge of Hazardous Chemicals) and from 2022 onwards we will start implementing our ZDHC programme across the leather tanneries we use. By collaborating with LWG we can support and contribute to the ongoing work as well as use the LWG environmental audit protocol to assess our leather supply chain and ensure tanneries operate in a way that is safer for people and the environment.

Find out more [here](#)

Chemical Management

It is a key [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. To do this we have ensured our [Chemical Policy](#) covers all production stages and sets out substances banned from intentional use in any facilities that process materials for NEXT brand products.

The policy details four key standards our suppliers must adhere to:

- Restricted Substances Standard (RSS)
- Restricted Substances List (RSL)
- Manufacturing Restricted Substances List (ZDHC MRSL)
- ZDHC Wastewater Guidelines (ZDHC WWG)

The Chemical Policy 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 and corrective action

plans are put in place to ensure the non-conformant chemical is either removed or substituted at the supplier's facility.

NEXT joined the ZDHC Roadmap to Zero programme in 2018 and during 2021/22 we expanded and communicated our guidelines on implementing the ZDHC programme beyond our key external Tier 3 wet processors to cover more than 70% (by units ordered) of our Tier 3 dyers, printers and laundries.

ZDHC Chemical Management



NEXT joined ZDHC Roadmap to Zero programme in 2018 and has committed to adopting and implementing all relevant ZDHC guidelines, platforms and solutions (including the ZDHC MRSL, Wastewater guidelines and Chemical Management System (CMS) framework) into NEXT practices.

Our technical teams work with our supply chain partners to implement the requirement that our direct and indirect suppliers, manufacturers and processors of fully or semi-finished products or raw materials must adopt and implement all ZDHC requirements as outlined above (including the ZDHC MRSL).

NEXT has committed to building capacity in our supply chains year on year and to track and report our progress across the guidelines, platforms and solutions being used.

By December 2021, over 380, around 70% of our textile wet processors were signed up to the ZDHC Gateway, the platform used to share key information, with over 60% producing ClearStream Wastewater reports and over 50% producing InCheck Chemical Inventory reports. During 2022 we will continue to roll out the programme across our main wet processors and begin to engage our main Tier 3 finished leather tanneries.

Find out more [here](#)

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, all feathers and down used for filled](#)



OUR CUSTOMERS AND PRODUCTS CONTINUED

products must be sourced as Responsible Down Standard (RDS) and all merino wool must be from non-mulesed sources. 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. We operate a fixed cut-off date of testing which means raw materials tested after 1998 are not allowed in our products. We source around 600 tonnes of wool, and during 2021/22 we were able to source 1% as certified to the Responsible Wool Standard (RWS). We are exploring opportunities to increase the amount we source as RWS or recycled.

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 £1.5 million since we started to work with them in 2016.

Find out more [here](#)

Moving towards Circularity

The circular economy is an economic system aimed at designing out waste and maximising the reuse of resources along the whole supply chain.

As part of our Responsible Sourcing Strategy we recognise we must work to reduce the environmental impact of our business activities. This will be achieved by supporting the transition to a more circular economy by designing, producing and selling products which limit pollution and waste and help to keep materials in use for longer. Examples of our activities include:

- Working to reduce the packaging we use, both in-store and online, and starting to reuse customers' returned packaging as feedstock to create new packaging

- Signatory to Textiles 2030, collaborating on carbon, water and circular textile targets to support the development of solutions which help to limit the impact clothing and home textiles have on climate change
- Through our Responsible Sourcing Strategy working to reduce impact and help drive efficiency with our Tier 3 suppliers as well as our commitment to source our key raw materials responsibly by 2025
- During 2021/22, we joined the Circular Fashion Partnership in partnership with Reverse Resources, a new initiative to capture and reuse textile waste in Bangladesh. It brings brands and retailers, manufacturers and recyclers together to find circular processes that help to reduce textile waste, typically the small pieces of fabric from the cutting room in a factory. This waste is currently exported or downcycled, but through the initiative it is given a value which is helping to generate economic benefits in Bangladesh by accelerating the fibre recycling market. The materials are being used to create recycled cotton or being used as an alternative feedstock to timber for man-made cellulosic fibres
- Developing takeback schemes to ensure valuable resources are kept in circulation, including a mattress recycling programme and help for customers to donate unwanted furniture for reuse. We recognise there is much more to do and that collaboration across the industry is vital.

During 2022, we will bring our existing work together to start to develop our circularity framework for NEXT. To support this we became one of the founding signatories of WRAP's [Textile 2030](#) initiative. Signatories have committed to a collaborative approach to accelerate progress towards a circular economy for textiles as well as working to reduce the climate impact of the industry. 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 and longevity
- Responsibly sourced materials
- Safe processing to protect workers and the environment

The framework will provide a practical tool to support our Product teams and help to set future product category specific circular economy plans. We will report our progress in future reports.

Looking ahead – we will:

- Monitor progress of our 2025 Responsible Sourcing Strategy to increase the number of products meeting our Responsible Sourcing requirements
- Continue to map our supply chain back to raw material to improve traceability
- Develop our circularity framework for NEXT
- Continue to onboard our dyers, printers and laundries and start to onboard our finished leather tanneries on the ZDHC Gateway Platform and monitor how they are using ZDHCs guidelines, platforms and solutions





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 diverse workplace in which everyone is treated with dignity and respect

Highlights

- NEXT employs over 44,000 people globally
- 40% of NEXT plc Board directors are female
- Employee-led networks celebrate the diversity of cultural backgrounds and wellbeing across NEXT
- Signatory to BITC's Race at Work Charter
- Around 9,700 employees held options or awards in over 5.9 million NEXT plc shares

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:

- Safe, 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, safety and wellbeing
- Equality, diversity and inclusion
- Training and development
- Reward, fair pay and employee share ownership

Find out more [here](#)

Equality, Diversity and Inclusion

NEXT is an equal opportunities employer and we offer career opportunities without discrimination. Job vacancies are filled by the candidates who have the most relevant skills and competencies to succeed. We 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.

We believe that having a diverse and inclusive working environment is vital to supporting the health and wellbeing of our employees. Full consideration is given to applications 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.

We are signatories to the Disability Confident Scheme which supports employers to make the most of the talents that disabled people can bring to the workplace and during 2021/22 we achieved Level 2: Disability Confident Employer status.

Project SEARCH is a programme to provide a year-long work experience for young adults with learning difficulties which we support within NEXT UK Distribution sites. During 2021, despite challenges from the pandemic, we have introduced a new group of students. This programme is supporting students to build skills and experience in NEXT whilst continuing to study their school curriculum to give the students the skills they need to obtain paid employment. Now in its eighth year, the programme is aimed at 17-24 year olds. Through the programme we have been able to support 70% of these young people into permanent roles with NEXT, compared to the national average of 6%.



Our Commitment



To ensure we attract, retain and develop the very best people to build a diverse and talented team recognising that every individual's unique background, experience and ability collaborates and contributes to our future success.

We want to create an inclusive and inspiring environment where individuals feel valued and respected and where people can belong, thrive, achieve their full potential and be their very best; whoever they are.

We Create

an inclusive environment where everyone is welcomed and valued and feel they belong.

We Recognise

that diversity of talent makes us more innovative, more competitive and more creative.

We Promote

a team culture that's open and transparent and where we treat everyone fairly and with respect.

We Encourage

a workspace where everyone can feel supported to be themselves whoever they are, so they can succeed and thrive to do the best work of their lives.

We Ensure

everyone is aware of and empowered to fulfil their personal responsibility to question discriminatory or inappropriate behaviours.

We Uphold

a commitment of zero tolerance towards unacceptable behaviour, harassment, discrimination, bullying or victimisation.



OUR PEOPLE CONTINUED

The gender mix of the Group's employees at the end of the financial year is set out in the table below.

	2022		2021	
	Male	Female	Male	Female
Directors of NEXT plc	6	4	6	4
Operational directors and other senior managers ¹	25	16	33	13
Total employees	13,851	30,775	12,976	27,891

1. At January 2022, senior managers comprised 17 males and 14 females and their direct reports consisted of 77 male employees and 99 female employees.

Although we do not set specific targets for diversity, women currently represent 40% of our Board and the table above shows the gender mix of the Group's employees at the end of the financial year. In relation to our senior management and their direct reports, NEXT was ranked first in the 2022 FTSE Women Leaders Review: Achieving gender balance.

Our annual Gender Pay Report can be found at nextplc.co.uk

NEXT Pension Arrangements

As at January 2022, active members of the 2013 NEXT Group Pension Plan stood at:

Number of Employees	Final Salary Section*		Money Purchase Section*	
	2022	2021	2022	2021
NEXT UK Pension Scheme	636	690	3,761	4,072

* 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 2022, 15,235 (2021: 13,722) employees were also participating in the Group's auto enrolment defined contribution scheme.

Rewards and Benefits

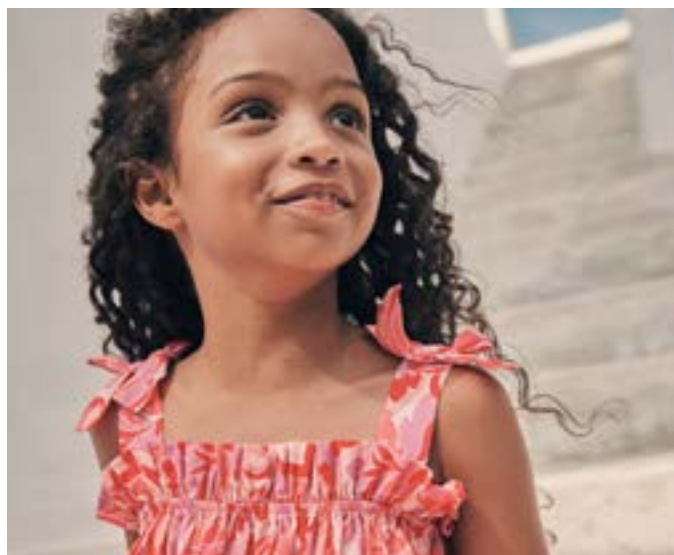
We believe in rewarding all employees with fair and competitive salaries, along with the opportunity to gain additional pay in the form of a bonus depending on the Company (or in some cases store or individual) performance.

Sharesave: We operate a Sharesave scheme to encourage employees to own shares in NEXT. All UK and 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. We also operate a share option scheme which extends to more than 1,700 participants.

At end January 2022, approximately 9,700 employees (circa 25% of our total UK and Eire employees) held options or awards in respect of 5.9m shares in NEXT, being 4.4% of the total shares then in issue.

NEXT Steps - our workplace nursery: Our purpose-built Head Office Child Care Nursery continues to flourish with an "Outstanding" OFSTED rating. It currently has over 200 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](#)



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](#)

Health, Safety and Employee Wellbeing Strategy and Objectives

Our goal is to make NEXT a healthy and safe place for everyone with a culture that enables all our employees to maintain positive mental wellbeing. Our Mental Wellbeing Charter encourages an environment where mental wellbeing is discussed openly, improving how we can identify and help those suffering from mental ill-health, ensuring people are treated fairly and with care and compassion.

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.

Due to our continued focus on COVID security in 2020 and 2021, we temporarily paused the development of new Company safety objectives for 2022-2025. The new objectives have been developed during 2021/22 for the next three years and will be launched in early 2022, focusing on three pillars:

- Health, Safety and Wellbeing Engagement and Communication
- Developing our Health and Wellbeing offer for our employees
- Ensuring a Safe Workplace, with a focus on key risks

Introduction	Overview, Goals and Governance	Human Rights and Modern Slavery	Our Suppliers	Our Customers and Products	Our People	Environment	Community
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OUR PEOPLE CONTINUED

The three pillars are designed to ensure we have a culture which ensures that there is effective safety culture leadership; that our management teams give clear direction and manage health and safety every day and that our employees know what the right thing to do is and engage in everything they do to manage all aspects of our business safely.

Find out more [here](#)

Our Wellbeing Actions

The Wellbeing Programme is embedded across the business and we continue to provide employees with a range of support, events, guidance and activities which is making a difference by improving employees' general wellbeing as well as the way we identify and help those suffering from mental ill-health.

NEXT believes it is important for employees and their managers to work together to improve overall wellbeing and helping them to become more resilient as well as knowing who to reach out to if they need help or feel unable to cope.

Maintaining a regular flow of communication with our employees to keep them safe and well has been more important than ever during the pandemic. During the year we have:

- Continued to update our employee wellbeing hub to provide support, health and wellbeing advice, useful information, hints, tips and monthly initiatives
- Raised awareness of the support services available to employees should they need them. For example, during World Mental Health Day we featured THRIVE, a free NHS-approved app and a free digital GP service, giving all employees free and quick access to an online doctor
- Expanded our Mental Health First Aider employee led network and upskill them through our network group 'Open Minds'
- Continued to support employees with access to financial wellbeing sessions to help manage debt and assist with financial planning
- Offered the seasonal flu jab to all employees
- Agreed discounts on fees for several gyms, personal training sessions, nutrition sessions and wellbeing apps to encourage employees to take care of themselves, be active and healthy

We continue to work with external stakeholders to inform and develop our approach to support employees or the wider community. Examples include raising awareness about the NHS campaign to increase the level of blood donation and those on the organ donation register, or providing support for challenging issues such as domestic abuse, suicide or bereavement.

Case Study: We are on a mission with GenM

We are one of 48 founding partners with GenM to make the menopause a more positive experience for everyone. We have worked with our employees to widen the conversation around menopause and raised awareness of GenM's ongoing groundbreaking research, knowledge and experience to better understand the 48 symptoms, provide better support to all those in menopause and signpost them to products and services that already exist.

Find out more [here](#)

Our Equality, Diversity and Inclusion Actions

In 2021/22 we have continued to develop our approach to diversity and inclusion in the business to ensure we continue to attract, retain and develop the best talent for NEXT as well as create an environment where individuals feel welcomed, respected and supported.

A number of HR supported employee-led networks have now been established within the business to enable employees to work collaboratively with NEXT to deliver positive outcomes:

Pride@Next: an LGBT+ network which works to raise awareness of LGBT+ issues at NEXT and helps shape our policies. For example, with input from Pride@Next we developed a policy to support transgender employees

Unity: a network created with the purpose to champion, connect and celebrate the cultural diversity represented at NEXT. This included working within the business to champion talent and provide more career opportunities for under-represented backgrounds

Diversity in Tech: working to champion the attraction and development of female talent in IT including a Returners Scheme to attract talent back into IT for individuals who may have been out of the industry for a number of years. It also includes a mentoring scheme to support female talent to develop their skills to be our future leaders.

Other initiatives include:

- Continued to work with our partner, Business in the Community (BITC), on the Mentoring Circles programme which offers young people from ethnic minority backgrounds the chance to connect with mentors in their chosen industry and to share their experiences of the workplace and help mentees with their own career progression
- Partnered with an external training provider to create a diversity and inclusion awareness training session for managers. We conducted an extended pilot before rolling out the training in December 2021, with accompanying e-learning sessions for the non-management population
- Partnered with a Race Advisor from BITC to support our journey. During 2021/22, we signed up to BITC's Race at Work Charter and the BRC's Diversity and Inclusion Charter to support and underpin the work of Unity and our wider approach to equality, diversity and inclusion
- Continued support for pregnant employees and those returning from maternity leave at Head Office by partnering with an external organisation to offer a programme of pregnancy yoga alongside maternity coaching. We also launched support for pregnancy loss
- Partnered with Carers UK by signing up to the Employers for Carers digital platform to provide access for our employees to dedicated resources for carers, including e-learning modules on resilience and managing finances
- Membership of Stonewall's Global Diversity Champion network and in 2020 we formed a charity partnership with The Terence Higgins Trust



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	
	2022	2021
Employees in Retail Stores/100,000 hrs worked	0.23	0.22
Customers in Retail Stores/100,000 transactions*	0.003	0.01
Employees in Warehouses/100,000 hrs worked	0.35	0.34
Employees in Regional Service Centres/ 100,000 hrs worked	0.24	0.20

* Transactions include customer parcel collections where the customer collects from a Retail Store.

Our focus remained in maintaining a safe place for our employees to work and our customers to shop, with appropriate COVID safety measures in place.

Retail Stores: Whilst the number of RIDDOR reportable accidents remained low, due to the reduction in hours worked in store during the previous year we have seen a small increase year on year.

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.

During the year we saw our RIDDOR accident rate in Distribution centres increase slightly year on year, but it is still significantly lower when compared to our rate in the last full trading year of 2019.

Ambitions@NEXT - Distribution Apprenticeship Programmes

Our Apprenticeship programme has grown in size and scope, with a dedicated Apprenticeship team who deliver the programme across Distribution. It offers employees great opportunities to gain recognised qualifications at Entry Level 2 and Higher Level 3 and our apprenticeships achieve a 98.5% retention rate. Currently we have over 126 apprentices across 11 programmes including:

- Furniture manufacturing within our own onsite factory
- Engineering and maintenance
- Transport including light goods vehicle drivers
- Operational management and IT
- Business improvement techniques and business administration
- Coaching, Mentoring and Human Resources
- Loss prevention
- Warehouse operatives

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 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

Employee 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 which are captured and considered in our decision making. Employees are kept informed of performance and strategy through regular presentations and updates from members of the Board. NEXT has a number of effective 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.

In 2021/22, we conducted our first company wide engagement survey, where all employees were invited to provide feedback and suggestions on their employment at NEXT. The results, focusing on all matters relating to employee engagement, provided the basis of discussions within the Group's Recruit Reward Retain and Workforce Focus forums attended by workforce representatives, our Chief Executive, a non-executive director and our group HR Director. The meetings allow effective engagement and open discussion on key business issues, policies and the working environment in different parts of the business, with actions agreed on issues raised.

Looking ahead - we will:

- Work with external organisations to offer summer internships to students from disabled, ethnic minority or less advantaged backgrounds
- Enhance our mental wellbeing programme through identification of trends to develop support
- Further develop our workforce engagement
- Continue to identify opportunities to develop safe working conditions for our employees



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

- 45% reduction achieved against absolute Scope 1 and 2 carbon reduction target of 55% reduction by 2030
- 12% reduction achieved against our intensity Scope 3 carbon reduction target of 40% reduction by 2030
- SBTi target approval gained
- 97% diversion of waste from landfill achieved
- NEXT global carbon footprint is 3,109,947 tonnes CO₂e
- RE 100 and EV 100 signatory

Aligned SDGs



Our Approach

Climate change and resource scarcity are widely recognised as complex global challenges affecting businesses and their supply chains and we take our responsibilities in this area seriously. We are committed to minimising our environmental impact by reducing the carbon intensity of our activities and the natural resources we use.

Our impact on the environment, either directly or indirectly, occurs throughout our value chain, so we need to look beyond our own operations and focus on climate risk and mitigation across our whole business including our total value chain.

We are committed to reduce the environmental impact of our business operations and our value chain, by creating more sustainable ways of doing business to conserve energy, save money, protect people and improve resource efficiency. This will be achieved through working with our suppliers and through the development and operation of good business practices to manage resources more efficiently throughout their life cycle.

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, including the introduction of alternative fuels
- 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

As a signatory to initiatives such as the Sustainable Apparel Coalition, Textile Exchange and ZDHC we are working with our supply chain to understand the impact of their production operations and implement the sourcing decisions which will help make a real difference on climate change and you can read more about what we are doing in [Our Customers and Products](#) section.

Global Carbon Footprint

To help us understand the impact of our business we measure our global carbon footprint produced from the activities of NEXT across Scopes 1, 2 and 3.

Due to the nature of our business, we recognise most of our footprint falls outside our direct control and is reported under our Scope 3 emissions, which cover the complete lifecycle of the products we sell, including branded items sold through LABEL online. This extends from the production of raw materials through to the manufacture, transport, how our customers use and care for them and the eventual end of life treatments of the products we sell.

Our global carbon emissions are shown on the table on page 30 and where PwC has provided independent assurance regarding our carbon footprint calculations the data is indicated with an assurance mark. Please refer to their Independent Assurance Report on page 38 of this report.

Find out more [here](#)

Our targets are to:

- Reduce Scope 1 and 2 absolute carbon emissions by 55% by 2030 against a 2016/17 baseline

Progress – achieved 45% ^A reduction

- Reduce Scope 3 carbon emissions by 40% by 2030 against a 2019/20 baseline per £1m sales

Progress – achieved 12% reduction

- Divert more than 95% of operational waste from landfill

Progress – achieved 97% reduction

Our Scope 1, 2 and 3 carbon reduction targets have been set to be in alignment with the Science Based Target Initiative (SBTi) footprint approach and methodology. Our Scope 1 and 2 target is consistent with efforts to limit the global average temperature increase to 1.5°C above pre-industrial levels and in line with the SBTi pathway. We were pleased to gain SBTi approval for our targets in July 2021.





ENVIRONMENT CONTINUED

NEXT Group Global CO₂e Emissions

NEXT Group CO ₂ e Emissions	2022 Tonnes	2021 Tonnes	% Change
Scope 1	42,616 (A)	36,914	15
Scope 2 - Location Based	47,334 (A)	43,656	8
Scope 3 - Assured Subtotal	74,308 (A)	67,474	10
Total - Assured	164,258	148,044	11
Scope 3* - Non-assured Subtotal	2,945,689	-	-
Total Carbon	3,109,947	-	-

Scope 1

Gas heating (stores, offices, warehouses)	10,014	9,047	11
NEXT owned distribution vehicles	29,880	25,618	17
NEXT owned cars	1,490	1,303	14
Building (diesel oil, refrigerant gases)	1,231	946	30

Scope 2 - NEXT Group Energy Consumption

	47,334	43,656	8
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Scope 3 - Assured Subtotal

Waste generated in operations	1,125	737	53
Business travel	1,533	1,446	6
Downstream transportation and distribution	71,585	65,188	9
Water	65	102	-37

Scope 3* - Non-assured Subtotal

Purchased goods and services	1,990,082	-	-
Use of sold products	738,527	-	-
Upstream transportation and distribution	118,298	-	-
Employee commuting	20,336	-	-
Fuel and energy activities	26,319	-	-
End of life treatment of sold products	27,176	-	-
Capital goods	24,951	-	-

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 has been calculated using the revised carbon convention factors published by BEIS in 2021. For International electricity, 2021 IEA Scope 2 factors have been used.

*Scope 3 - Non-assured Subtotal: emissions embedded in all the products we sell, including branded items, and extends from the production of raw materials, manufacture, transport, customer use and care and end of life.

- indicates no prior year data is available. Not measured last year due to significant business interruption from the COVID pandemic, making comparisons not representative.

(A) - This data was subject to external independent limited assurance by PriceWaterhouseCoopers LLP (PwC) for the year ending 29 January 2022. PwC's assurance report is available on our corporate website at nextplc.co.uk

[A] - This data was subject to external independent limited assurance by PriceWaterhouseCoopers LLP (PwC) for the year ending 29 January 2022. For PwC's assurance report see [page 38](#).

Scope 2 Emissions Market Based and Location Based

In addition to the location-based figure required by legislation in the UK and most GHG benchmarks, we also calculate a market-based figure allowing for deductions from the procurement of renewable energy. This lower market-based figure is calculated and can be shown in voluntary reporting if certified renewables are purchased. We purchase our 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.

NEXT Group Operational Global Direct CO₂e Emissions

	2022 Tonnes	2021 Tonnes
Scope 1	42,616 (A)	36,914
Scope 2	47,334 (A)	43,656
Total: Scope 1 and 2 emissions - Location-based	89,950 (A)	80,570
Intensity metric: tonnes of CO₂e per £m of sales - Location-based	19 (A)	22
Total: Scope 2 emissions - Market-based	6,379 (A)	4,836



NEXT is a signatory to 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 REGO scheme, and accounts for 94% of our global usage. We are pleased to be working with the RE100 initiative with the aim of converting our remaining 6% to be 100% renewable which is mostly from our manufacturing operations in Sri Lanka.

CO₂e emissions relating to electricity and gas usage across the NEXT Group

	2022	2021	% Change
Electricity usage kWh	208,842,211 (A)	179,492,824	16
Gas usage kWh	54,675,195 (A)	49,207,109	11
Total kWh	263,517,406	228,699,933	15
Tonnes CO₂e	57,348	52,703	8

External Benchmarks

We participate in the CDP Climate external benchmark annually. For our submission in 2021/22, we achieved an A- Grade, which CDP class as Management-taking coordinated action on climate issues. In addition, we also achieved a B Grade for both our Forests and Water Security benchmark submissions.

Our latest submissions can be found [here](#).



ENVIRONMENT CONTINUED

NEXT Carbon Reduction Target to 2030

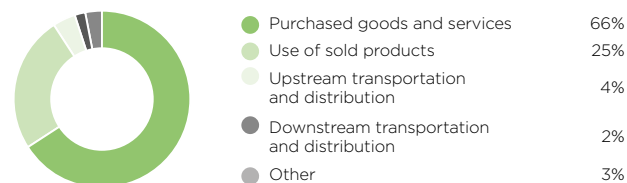
The Intergovernmental Panel on Climate Change (IPCC) outlines the need to accelerate decarbonisation to limit global temperature rise to 1.5°C.

Our impact on the environment, either directly or indirectly, occurs throughout our value chain. The majority of our emissions are embedded within the products we purchase and sell and are within our supply chain.

During the year we have worked with an external consultant to measure our total value chain Scope 3 footprint for 2021/22, in alignment with the GHG Protocol Corporate Accounting and Reporting Standard. We have achieved a 12% reduction against our target through improving the accuracy of our emissions data from our baseline data in 2019/20, by using high quality internal data, an increased number of products meeting our 2025 responsible sourcing requirements and best available public sources on CO₂ emissions using conservative assumptions including updated lifecycle assessment (LCA) data and emission factors.

We have measured our total Scope 3 emissions across our total value chain both upstream (from suppliers) and downstream (from customers) at 3,019,997 tonnes CO₂e.

The diagram below shows where the impact of our Scope 3 emissions are found.



During 2021/22, we joined the Sustainable Apparel Coalition (SAC), a global multi-stakeholder alliance for the consumer goods industry of more than 250 members working together to reduce the environmental impact of apparel, footwear and textiles. Developed by the SAC, the Higg Index was created as a suite of tools for the standardised measurement of value chain sustainability, to identify areas for improvement to help move the apparel industry forward by measuring the carbon

and environmental performance of our suppliers, ourselves and the products we sell.

In line with our commitment to increase transparency and encourage positive changes in our supply chain we have a programme to roll out the Higg Facility Environmental Module (FEM) across our suppliers at our Tier 1 and Tier 3 levels as a minimum (product manufacturing and fabric/yarn suppliers). We will conduct this in a planned onboarding approach over the next three years to meet our target of having at least 90% of our supply chain participating by 2025.

During 2022, our first reporting year to SAC, we are working to onboard the top 45% of suppliers to NEXT (Tier 1 and 3) by business volume and covering over 300 manufacturing sites. We will report annually to SAC the results of our supply chain engagement.

In 2022, we will work to further improve the calculations by starting to use primary data from our key suppliers through the SAC. This will allow us to measure the carbon and environmental footprint of our key suppliers and encourage and support them to decarbonise their operations.

During the year we participated in the BRC's Climate Action Roadmap, a framework to guide the retail industry to net zero by 2040 by supporting decarbonisation actions across five key pathways. These cover GHG data, renewable energy, low carbon logistics, sourcing sustainably and helping employees and customers live low carbon lifestyles to collectively deliver to the industry's net zero ambition. As a founding signatory to the Roadmap we have worked with other retailers, Government and other stakeholders such as the Roadmap Partners. In Pathway 4 - Responsible Sourcing working group we have supported the development of a guide 'Monitor, Measure and Report Supply Chain Scope 3 Emissions'. This guide will help organisations who want to gain better visibility of their supply chain understand where to start. This initiative supports the UK Government's aim for the UK to reach net-zero carbon emissions by 2050 in line with the IPCCs recommendation to limit temperature rise to 1.5°C.

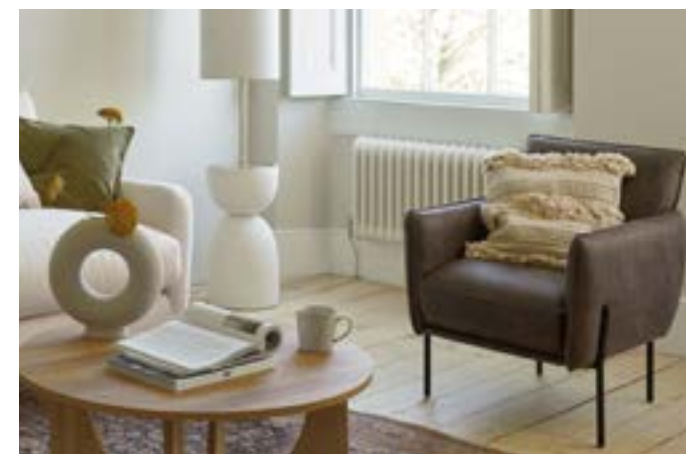
Find out more [here](#)

Energy Efficiency

Our priority is to work to improve energy efficiency as this reduces both our carbon emissions. We actively track and review energy performance via a central data collection facility to ensure our properties are operating efficiently. During the year we have:

- Continued to roll out high efficiency LED lighting installations in existing retail stores which will save an estimated 5,330 MWh electricity and have identified further stores to refit during 2022. LED lighting is fitted as standard in new stores
- Fitted additional solar PV panels within our warehousing sites
- Identified additional self-generation opportunities to be assessed in 2022, including solar PV panels and battery storage
- Undertaken increased monitoring of electricity consumption in our stores leading to identification and resolution of any usage anomalies
- Continued our Energy Forums, working closely with our energy provider and other parties to actively identify opportunities in energy efficiency measures and technology

Find out more [here](#)





ENVIRONMENT CONTINUED

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 to support both our Retail and Online businesses by focusing on efficient delivery schedules and driver training to reduce fuel consumption and emissions.

We continue to investigate alternative fuel options, including electric vehicles, across our van and lorry fleets. Currently we are constrained by the range of electric vehicles which do not yet meet our operational requirements but we expect this to change in the near term, at which point we can start to replace our fleet.



During the year we became a signatory to EV100, a global initiative led by The Climate Group in partnership with CDP (Carbon Disclosure Project). To support the delivery of our carbon reduction targets, we will electrify our owned company car and van fleet of 1,000 vehicles by 2030 where realistically possible. In addition, we will install electric charging points across all NEXT employee sites and all customer sites where our stores have sole use of the car parks. We will report our progress in future reports.

Find out more [here](#)

Waste and Recycling

UK and Eire – Waste and Recycling	2022 Tonnes	2021 Tonnes	% Change
Total	31,292 ^A	21,753	44
Materials diverted for recycling	30,238 ^A	21,136	43
General waste sent to landfill	1,054	616	71
% recycled	97% ^A	97%	0

During 2021/22 we **diverted 97% of the waste materials** we created to recycling or for reuse.

We remain committed to reducing the amount of waste we generate from within our operations even when we grow as a business, and to reuse or recycle more of the waste we do produce.

Within our retail stores our employees play a vital role in separating and segregating recyclable materials for return to our in-house recycling centre. We are working closely with our waste contractor and packaging suppliers, identifying opportunities for circularity. This includes using plastic transit packaging as a feedstock for our online delivery bags and creating new boxes from the cardboard collected from our stores and warehouses.

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, however, we have installed AMR meters in around 280 stores. During the year we directly used 386,752m³ ^A in our UK and Eire operations. In addition, the third-party café concessions operating within our stores used a further 43,671m³ of water, totalling 430,423m³ (2021: 290,963m³).

During the year, we continued to investigate out of hours water usage particularly in our retail stores to identify and resolve any underground leaks to further reduce our overall consumption.

Our main actions are in our extended supply chain as raw material sourcing and 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. We are working directly with our suppliers through the ZDHC programme. To find out more see Our [Customers and Products](#) section.





ENVIRONMENT CONTINUED

Product Life Cycle 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, where 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](#)

SDG 13 – Climate Action

SDG 13 is one of the SDGs we have identified as being most relevant to our business in relation to our commitment to minimise the environmental impact by reducing both the carbon intensity of our activities and the natural resources we use. We have reviewed how NEXT is supporting this SDG through the detailed indicators set out by the United Nations and have asked PwC to undertake a review and assure our work in this area.



NEXT SDG Key Focus Area – SDG 13

	Detailed Indicators for SDG 13	Actions undertaken in the reporting period – year ended 29 January 2022 ^A	Further information see pages*
13.1	Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	<ul style="list-style-type: none"> Our Scope 1, 2 and 3 targets are aligned with the Science Based Target Initiative (SBTi) approach and methodology. Our Scope 1 and 2 target is consistent with achieving a 1.5°C reduction in line with the SBTi pathway and our Scope 3 target is consistent with a 2°C reduction in line with SBTi's requirements at the time of approval. We gained SBTi approval in July 2021 Our Scope 1 and 2 carbon emissions target is to reduce emissions by 55% by 2030 and to date we have achieved a 45% reduction against a 2016/17 baseline Our Scope 3 emissions target is to reduce emissions across our entire value chain by 40% by 2030 per £1m sales against a 2019/20 baseline Our Responsible Sourcing Strategy sets out our ambition to source 100% of the main raw materials used in NEXT brand textile products through known, responsible or certified routes by 2025 We have reported our progress against the Sustainability Accounting Standards Board (SASB) metrics for the Apparel, Accessories and Footwear Industry 	30 30 30 4 & 14-18 5 & SASB Report
13.2	Integrate climate change measures into national planning policies, strategies and planning	<ul style="list-style-type: none"> In September 2021, members of the NEXT ESG Steering Group and Group Finance function performed an assessment of climate-related scenario analysis in preparation for our disclosure requirement for the Taskforce on Climate-related Financial Disclosures (TCFD). We updated our assessment of the risks and opportunities posed by climate change and how they might impact NEXT. Our TCFD report was approved by the board and published in our Annual Report for the year ending 29 January 2022 	5 & 91 Annual Report
13.3	Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaption, impact reduction and early warning	<ul style="list-style-type: none"> NEXT is a signatory and member of four Pathway Working Groups supporting the British Retail Consortium (BRC) Climate Action Roadmap, a framework to guide the retail industry to net-zero by 2040. We have contributed to the Pathway 4 – Sustainable Sourcing working group, which was responsible for developing the Monitor, Measure and Report Supply Chain Scope 3 Emissions Guide, which was launched in February 2022 NEXT is a signatory to Textiles 2030, a UK textile sector collaboration with the purpose of making science-based progress on circularity and climate action launched in April 2021. As a founding signatory Partner, NEXT is a member of the Advisory Board In June 2021, NEXT joined the Sustainable Apparel Coalition (SAC) which has the purpose of supporting the apparel, footwear and textile industry to reduce its environmental and social impacts. NEXT has developed our three year plan, which commits to deployment of the Higg self assessment and verification requirements within our own operations and our suppliers within the 2021-22 Cadence, which was submitted and approved by the SAC in January 2022 	31 & 34 34 31

^A – This data was subject to external independent limited assurance by PriceWaterhouseCoopers LLP (PwC) for the year ending 29 January 2022. For PwC's assurance report see [page 38](#).

* Further information is not subject to assurance by PwC.



ENVIRONMENT CONTINUED

Measuring the Environmental Impact of the Products We Sell and Developing a Circular Approach

We are a signatory to Textiles 2030, a voluntary UK textile sector agreement, which launched in April 2021 and is funded by its signatories and Government. Signatories collaborate on carbon, water and circular textile targets, as well as contribute to national policy discussions with UK Government to help shape future regulatory developments such as Extended Producer Responsibility requirements for textiles. One of the key aims of the voluntary agreement is to collaborate and develop new approaches to support the reduction of greenhouse gas emissions in line with a 1.5°C trajectory, develop a clear pathway for circularity and improve the sustainability of textiles across their entire life cycle.

Within [Textiles 2030](#), the fibre footprint calculator allows each signatory to measure progress in a consistent manner based on their fibre submissions and delivers progress against carbon, water and waste targets per tonne of clothing sales at both an individual and combined signatories' level. We use the tool to calculate the embodied emissions of our products over the whole product lifecycle (from raw material sourcing to product end of life) and use the information to inform our responsible sourcing decisions. It also helps to build visibility of our value chain to fully understand our Scope 3 impacts and support our 2025 Responsible Sourcing Strategy.

Packaging

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

We are signatories to the UK Plastics Pact initiative and their On-Pack Recycling Label (OPRL) Scheme to contribute to their collective ambitions. Our approach is to contribute to the UK Plastics Pact targets of 100% of plastic packaging to be reusable or recyclable by 2025 and our aim is to reduce the amount of packaging we use and ensure any we do use is recycled. These collaborations will support our work, by

2025, to reduce the amount of waste produced, for ourselves and our customers. Our ultimate goal is to achieve a circular system where we use less plastic and any we do use gets reused or recycled. Our approach is to:

- Eliminate unnecessary or problematic packaging without compromising on quality
- Increase the recyclability of packaging by working towards all packaging being reusable or widely recyclable
- Reduce the environmental impact by working to eliminate more damaging materials such as PVC, acetate and polystyrene, which are more difficult to recycle
- Develop plastic packaging with a minimum of 30% post consumer recycled content using feedstock from our own packaging where possible
- Include labels on NEXT customer facing packaging, offering clear recycling information to help customers

During the year we launched a customer packaging collection trial in a selection of our stores to make it easier for customers to return any unwanted packaging for NEXT to recycle for reuse as feedstock for new packaging. The trial was successful and will be extended to all stores by the end of 2022 to increase the amount of packaging we can reuse.

Find out more [here](#)

Looking ahead – we will:

- Monitor progress of our carbon reduction targets to 2030, identifying opportunities to further improve carbon emissions and diversion of waste from landfill
- Continue to identify opportunities to reduce the amount of waste created and simplify the materials used
- Continue to identify opportunities to reduce packaging used and further improve sustainable sourcing of our packaging materials
- Review the SBTi Corporate Net Zero Standard, to understand how our current Scope 3 target will need to move to meet this new framework for corporate net zero target setting





COMMUNITY

Our approach is to make a difference and we believe we are able to make a positive impact by working with a wide range of charities and organisations in the countries and communities we operate in and source from

Highlights

- Around 325 registered charities supported
- Charitable donation of £2.9 million
- Giving at NEXT website created for employees
- 308 tonnes of furniture diverted for reuse to Doncaster Refurnish to create value
- Over £781,000 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 that work to deliver a positive impact in the countries and communities we operate in and source from, by providing donations that are of most benefit. This can be in the form of financial or product donations, expertise, knowledge or time.

Our Charitable Giving Policy supports work across:

- **Health and the alleviation of pain and suffering:** advancement and promotion of health, end of life and emergency care services
- **Reducing inequality:** supporting the promotion of diversity, inclusion and human rights and preventing or relieving poverty
- **Environment:** supporting environmental protection or improvement
- **Education, skills and amateur sport:** advancement of education, life and work skills and the development of youth amateur sport

Engaging our Employees

During the year we have developed our approach to charitable giving by significantly increasing the proportion of charities and causes chosen by our employees through their charity representatives across the business.

Each of our business areas was given a charitable donation fund, and through employee engagement each area decided how the funds should be distributed during the year.

A Charity Committee, representing key parts of the business oversees the distribution of donations to ensure they meet the stated aims of our Charitable Giving Policy.

We have developed the Giving at NEXT website to support employees both at work and in their own time to access donations to help their chosen charities. In 2022, we are launching a new platform to enable employees to volunteer online or physically to support charities and organisations more easily.

Where possible, we support charities for a number of years with a specified annual donation, as this commitment helps them plan their work with confidence and allows us to become strategic partners.

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 around 325 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

	2022 £000	2021 £000
NEXT Plc has offered financial support to:		
Registered Charities	1,126	543
Commercial support & sponsorship	60	85
Individual requests, local and national groups and organisations	1	2
This support has been supplemented with the following activities:		
Gifts in kind – donations of products	1,482	1,476
Charity link sales	211	110
Employee fundraising/charity events	22	47
Total Support (incl. employee fundraising)	2,902	2,263





COMMUNITY CONTINUED

Payroll Giving

We offer 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 £82,000 to charities of their choice.

Some great examples of the work NEXT and its employees have been involved in during the year include:

Case Study: Our new partnership with the Terence Higgins Trust (THT)

We have partnered with THT to continue our Pride at NEXT commitment to actively shape a positive culture through our activities. This is a new partnership which was launched to coincide with World Aids Day.

We believe that NEXT together with THT can:

- Continue to support people living with HIV
- Provide vital testing services for HIV and other sexually transmitted infections
- End stigma by ensuring that the voices of people affected by HIV are heard
- Support THT in achieving their mission to end HIV transmissions in the UK by 2030

Community Support

Through long term strategic partnerships, we aim to offer support to the most vulnerable people within our communities. 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 can 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 our main warehouses. We have worked in partnership to support their valuable work in the community since 2008. They aim to help the community around Doncaster by creating sustainable employment and training opportunities.

Through NEXT's donation of safe but unsellable or damaged furniture and home accessories, Refurnish has been able to generate over £0.7 million by converting over 4,800 items for reuse and sale. This funding provides much needed services in the community with the additional benefit of diverting 308 tonnes of product we were unable to sell for reuse.

As well as creating full-time employment, Refurnish encourages both volunteering and paid work placements for people of all ages and backgrounds and has focused on providing community support where it is most needed, including assisting emergency relocation for people fleeing domestic violence, as well as providing social engagement project based work for families.

Refurnish is working with Doncaster Children's Trust and St. Leger Homes to help young people leaving the care system and move into independent living, and is providing furniture it has repaired or repurposed to go into their new homes. The young people are encouraged to engage in opportunities to design and make their own items to complete and personalise their new homes.

With recovered timber from NEXT product donations, Refurnish have provided materials and labour to build an outdoor education facility at the Urban Farm in Bentley, Doncaster. The building is used by the community including schools and specialist referral units to learn about the produce grown at the farm.

Case Study – Changing Inside and Out (CIAO)

Supporting people is at the heart of Refurnish and it is clear COVID has been a huge strain on people, especially the young. The CIAO (Change Inside and Out) project enables young people to acknowledge, understand and work with their emotions and to develop key skills to support them to gain employment. The programme provides one-to-one and group support sessions with internal and external therapists, coaches and mentors. During 2022, the programme will be extended to support the wider community to maximise resources and provide more social benefit.

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





COMMUNITY CONTINUED



Carrier Bags

NEXT continues to support and encourage our customers to reduce the 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.

We offer a reusable carrier bag for customers to purchase, with the proceeds raised going to our nominated charities across England, Scotland and Wales which are shown [here](#).

We support both environmental and health charities who focus on care for life-limited children, young people and their families. In Northern Ireland, the monies raised are paid directly to the Government who use the proceeds to fund environmental projects.

Our reusable carrier bags, made from over 90% recycled materials, can be returned to our stores by customers when worn out and replaced for free, and we will ensure they are recycled through our in-house recycling centre. We are working with one of our suppliers to start to reuse this recycled material in our own carrier bags and other packaging. This approach is creating a closed-loop system and will ensure our bags will be made with our own recycled materials.

Find out more [here](#)

NEXT TOGETHER WITH PARKINSON'S^{UK}

Case Study: Our partnership with Parkinson's UK

As part of developing an inclusive and diverse place to work, we partnered with Parkinson's UK to help them raise awareness and improve the lives for everyone affected by Parkinson's.

Our partnership launched on World Parkinson's Day 2021 and has been led by NEXT designer Genna Douglas, who has Parkinson's herself. We designed an exclusive range of T-shirts and tote bags to raise funds for the charity and share positive messages of diversity, inclusion and community.

Our second collaboration has been designed by internationally-renowned artist Alex Echo, who was diagnosed with Parkinson's in 2020. He has created uplifting designs for an exclusive range of homeware and children's T-shirts with 100% of the profits going to Parkinson's UK.



INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF NEXT PLC ON THE INFORMATION DESCRIBED BELOW AND SET OUT IN NEXT'S CORPORATE RESPONSIBILITY REPORT FOR THE YEAR ENDED 29 JANUARY 2022



The Board of Directors of NEXT plc ("NEXT") engaged us to obtain limited assurance on selected carbon, energy, waste and water data (the "Selected information") and its description of the activities undertaken by management to respond to the United Nations' Sustainable Development Goal ("SDG") 13 (the "Selected Statements") as defined below and marked with the symbol **A** on pages 3 and 29 to 33 in NEXT's Corporate Responsibility Report for the year ended 29 January 2022 (the "CR Report"). The Selected Information and Selected Statements subject to assurance is replicated in Appendix 1 to this assurance report.

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

Our limited assurance conclusion

Based on the procedures we have performed, as described under the 'Summary of work performed as the basis for our assurance conclusion' and the evidence we have obtained, nothing has come to our attention that causes us to believe that in all material respects:

- (i) the Selected Information marked with the symbol **A** on pages 3 and 29 to 32 of the CR Report has not been prepared; and
- (ii) the Selected Statements marked with the symbol **A** on page 33 of the Report are not fairly stated:

in accordance with NEXT's Reporting Principles, Criteria and Methodologies 2022 (the "Reporting Criteria").

Selected Information, Selected Statements and Reporting Criteria

The Selected Information and Selected Statements need to be read and understood together with the Reporting Criteria, which NEXT is solely responsible for selecting and applying. The Reporting Criteria used for the reporting of the Selected Information and Selected Statements are as at 29 January 2022 and is available online at: <https://www.nextplc.co.uk/-/media/Files/N/Next-PLC-V2/documents/corporate-responsibility/reporting-principles-2022.pdf>¹

Inherent limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the underlying subject matter and the methods used for determining such information. The precision of different measurement techniques may also vary.

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, evaluation and measurement techniques that can affect comparability between entities and over time.

Specifically, the Sustainable Development Goals are principles based, set at high national and organisational policy levels, allowing for the possibility that different organisations will implement a variety of policies, processes and activities to demonstrate the organisation's alignment with the SDGs. How management determines that they should respond to those remains a matter for their judgement, climate risk exposure, nature of business, geographical locations and commitments to their stakeholders. For that reason, our conclusion does not extend to the adequacy of NEXT's policies, processes or activities to achieve alignment with the SDGs.

Responsibilities of NEXT's directors

As explained in the Directors' Statement on page 2 of the CR Report, the Directors of NEXT are responsible for:

- determining appropriate reporting topics and selecting or establishing suitable criteria for measuring or evaluating the underlying subject matter;
- ensuring that those criteria are relevant and appropriate to NEXT and the intended users of the CR Report;
- the preparation of the Selected Information and Selected Statements in accordance with the Reporting Criteria including designing, implementing and maintaining systems, processes and internal controls over information relevant to

the evaluation or measurement of the Selected Information and Selected Statements, which is free from material misstatement, whether due to fraud or error, against the Reporting Criteria; and

- producing the CR Report, including underlying information and a statement of Directors' responsibility, which provides accurate, balanced reflection of NEXT's performance in this area and discloses, with supporting rationale, matters relevant to the intended users of the CR Report.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected Information and Selected Statements 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.

Professional standards applied

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits or 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.

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 Subject Matter Information or Reporting Criteria when presented on NEXT's website.

INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF NEXT PLC ON THE INFORMATION DESCRIBED BELOW AND SET OUT IN NEXT'S CORPORATE RESPONSIBILITY REPORT FOR THE YEAR ENDED 29 JANUARY 2022 CONTINUED

Our independence and quality control

We have complied with the Institute of Chartered Accountants in England and Wales 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, that are at least as demanding as the applicable provisions of the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards).

We apply International Standard on Quality Control (UK) 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Summary of work performed as the basis for our assurance conclusion

In carrying out our limited assurance engagement we:

- considered the suitability in the circumstances of NEXT's use of the Reporting Criteria, as the basis for preparing the Selected Information and Selected Statements;
- through inquiries with NEXT's management, including the Corporate Responsibility ("CR") team and those with responsibility for CR management and group CR reporting, obtained an understanding of NEXT's control environment, processes and systems relevant to the preparation of the Selected Information and Selected Statements;
- considered the design of the key structures, systems, processes and controls for managing, recording and reporting the Selected Information and Selected Statements. This included virtual walkthroughs with NEXT to understand the key processes and controls for reporting performance data to the CR team, preparing of NEXT's description of activities undertaken in response to Sustainable Development Goal (SDG) 13 targets and to obtaining supporting documentation;

- performed limited substantive testing on a selective basis of the Selected Statements to evaluate the fairness of the disclosures made;
- performed limited substantive testing on a selective basis of the Selected Information at corporate head office and in relation to NEXT's group operations to check that underlying information had been appropriately evaluated or measured, recorded, collated and reported;
- evaluated whether NEXT's methods for developing estimates are appropriate and had been consistently applied;
- re-performed calculations to convert underlying activity data into reporting units;
- performed analytical procedures over the Selected Information by comparing it to that reported in the prior year and made inquiries of management to obtain explanations for significant differences we identified; and
- considered the disclosure and presentation of the Selected Information and Selected Statements.

Our procedures did not include evaluating the suitability or forming a conclusion over design or operating effectiveness of control activities, testing the data on which the estimates are based or separately developing our own estimates against which to evaluate NEXT's estimates.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Other information

The other information comprises all of the information in the CR Report other than the Selected Information and Selected Statements and our assurance report. The directors are responsible for the other information. As explained above, our assurance conclusion does not extend to the other information and, accordingly, we do not express any form of assurance thereon. In connection with our assurance of the Selected Information and Selected Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Selected Information and Selected Statements or our knowledge obtained during the assurance engagement, or otherwise appears to contain a material misstatement of fact. If we identify an apparent material inconsistency or material misstatement of fact, we are required to perform procedures to conclude whether there is a material misstatement of the Selected Information and Selected Statements or a material misstatement of the other information, and to take appropriate actions in the circumstances.

Use and distribution of our report

This report, including our conclusion, has been prepared solely for the Board of Directors of NEXT in accordance with the agreement between us dated 17 November 2021 and the variations to the agreement dated 22 March and 26 April 2022 (together the "agreement"). Our report must not be made available to any other party save as set out in the agreement. To the fullest extent permitted by law, we do not accept or assume responsibility or liability 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

29 April 2022

INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF NEXT PLC ON THE INFORMATION DESCRIBED BELOW AND SET OUT IN NEXT'S CORPORATE RESPONSIBILITY REPORT FOR THE YEAR ENDED 29 JANUARY 2022 CONTINUED

Appendix: Selected Information and Selected Statements subject to limited assurance procedures

The Selected Information and Selected Statements subject to limited assurance procedures as set out in the CR Report is replicated below. The Reporting Criteria used to prepare and report it are as at 29 January 2022 and are available online at <https://www.nextplc.co.uk/-/media/Files/N/Next-PLC-V2/documents/corporate-responsibility/reporting-principles-2022.pdf>.

Selected Information subject to limited assurance procedures

Selected Information (for the year ended 29 January 2022)	Unit	Reported Performance (Selected Information)	Page Reference
Carbon emissions			
Subtotal Scope 3: Other in-direct CO ₂ e emissions from NEXT Group operations, including waste generated in operations, business travel, downstream transportation and distribution and water	tCO ₂ e	74,308	30
Energy			
Gas usage from NEXT Group operations	kWh	54,675,195	30
Electricity usage from NEXT Group operations	kWh	208,842,211	30
Waste and recycling			
Waste generated (stores, offices and warehouses, including Head Office)	Tonnes	31,292	32
Waste recycled (stores, offices and warehouses, including Head Office)	Tonnes	30,238	32
% waste recycled	%	97	32
Water			
Water consumption	m ³	386,752	32

INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF NEXT PLC ON THE INFORMATION DESCRIBED BELOW AND SET OUT IN NEXT'S CORPORATE RESPONSIBILITY REPORT FOR THE YEAR ENDED 29 JANUARY 2022 CONTINUED

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Selected Statements subject to limited assurance procedures

Detailed Indicators for SDG 13	Activities undertaken in the year ended 29 January 2022 (Selected Statements)
13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	<ul style="list-style-type: none"> Our Scope 1, 2 & 3 targets are aligned with the Science Based Target Initiative (SBTi) approach and methodology. Our Scope 1 & 2 target is consistent with achieving a 1.5°C reduction in line with the SBTi pathway. Our Scope 3 target is consistent with achieving a 2°C reduction, in line with SBTi's requirements at the time of approval. We gained SBTi approval in July 2021. Our Scope 1 & 2 carbon emissions target is to reduce emissions by 55% by 2030 and to date we have achieved a 45% reduction against a 2016/17 baseline Our Scope 3 emissions target is to reduce emissions across our entire value chain by 40% by 2030 per £1m sales against a 2019/20 baseline Our Responsible Sourcing Strategy sets out our ambition to source 100% of the main raw materials used in NEXT brand textile products through known, responsible or certified routes by 2025 We have reported our progress against the Sustainability Accounting Standards Board (SASB) metrics for the Apparel, Accessories and Footwear Industry
13.2 Integrate climate change measures into national policies, strategies and planning	<ul style="list-style-type: none"> In September 2021, members of the NEXT ESG Steering Group and Group Finance function performed an assessment of climate-related scenario analysis in preparation for our disclosure requirement for the Taskforce on Climate-related Financial Disclosures (TCFD). We updated our assessment of the risks and opportunities posed by climate change and how they might impact NEXT. Our TCFD report was approved by the board and published in our Annual Report for the year ending 29 January 2022
13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	<ul style="list-style-type: none"> NEXT is a signatory and member of four Pathway Working Groups supporting the British Retail Consortium (BRC) Climate Action Roadmap, a framework to guide the retail industry to netzero by 2040. We have contributed to the Pathway 4 - Sustainable Sourcing working group, which was responsible for developing the Monitor, Measure and Report Supply Chain Scope 3 Emissions Guide, which was launched in February 2022 NEXT is a signatory to Textiles 2030, a UK textile sector collaboration with the purpose of making science-based progress on circularity and climate action launched in April 2021. As a founding signatory Partner, NEXT is a member of the Advisory Board In June 2021, NEXT joined the Sustainable Apparel Coalition (SAC) which has the purpose of supporting the apparel, footwear and textile industry to reduce its environmental and social impacts. NEXT has developed our three year plan, which commits to deployment of the Higg self assessment and verification requirements within our own operations and our suppliers within the 2021-22 Cadence, which was submitted and approved by the SAC in January 2022