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CORPORATE
RESPONSIBILITY REPORT
TO JANUARY 2021



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 30 January 2021. The main focus is on our business in the United Kingdom (UK) and Eire which accounted for around 85% of our turnover in the year.

Where we state 2021, we are referring to our financial year ending 30 January 2021 and where we state 2020 we refer to our financial year ending 25 January 2020.

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 and homeware.

NEXT Online

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

NEXT Retail

- Around 500 stores in the UK and Eire
- 784,000m² trading space

NEXT Finance

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

NEXT International Retail

- 190 franchised stores
- Operates in 36 countries

Lipsy

- Designs and sells Lipsy and other branded fashion and beauty products
- Trades through NEXT Online, from 42 NEXT stores and through wholesale and franchise channels
- Victoria's Secret trades through NEXT Online and 26 standalone 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 40,000 employees globally

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

WELCOME TO OUR 2021 CORPORATE RESPONSIBILITY REPORT



Welcome

As an international fashion and homeware business, what we do and how we do it has an impact on the people and the world around us. During the year, we increased our efforts on corporate responsibility. Our stakeholder relationships underpin 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:

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

Global issues such as responsible sourcing, human rights and climate change remain centre stage. Within this report you can read about:

- The establishment of our ESG Steering Group to oversee the delivery of our ESG roadmap and targets
- 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 continued to work with our suppliers worldwide to enhance labour standards – more critical than ever during the COVID pandemic

- The target we have set for our indirect (Scope 3) carbon emissions, and
- The 50% reduction achieved against our 2016/17 baseline for Scope 1 and 2 carbon reduction emissions

Closer to home, the safety and wellbeing of our colleagues is always our top priority and the COVID pandemic has reinforced how important it is that we look after each other. We were mindful of the increased need to support and communicate with our employees through these challenging times. We invested heavily in making workplaces COVID-safe, developed a wellbeing website focusing on support for employees working from home and in isolation, launched a free digital GP service and hosted a Mental Health Awareness Week event to discuss the challenges employees face and how the business was responding to wellbeing needs.

In the year ahead, we are looking to increase the quality and availability of the data around our operations to better tell our ESG story. We will continue to make progress towards embedding ESG into our day to day business decisions and complying with the disclosures set out in the Task Force on Climate-related Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB).

This report contains significant data which has been assured by PwC, and their independent assurance report can be found on page 36.

Amanda James
Group Finance Director
30 April 2021

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

Our Suppliers

Trading ethically and doing business 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.

- 89% of NEXT branded products delivered from factories rated excellent, good or fair under our rating system
- 82% of audits were on-site visits; 18% were virtual visits
- 46 employees in our NEXT in-house global Code of Practice team
- Around 1.5 million workers in our Tier 1 supply chain
- Supported 24 factories to successfully remediate critical issues found during our COP audits
- Tier 1 and 2 factory site listing updated on our corporate website during the year
- Tier 3 supplier list published on our corporate website for the first time

Our Customers and Products

Our commitment 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
- 39% of cotton (by weight) bought as Better Cotton through the BCI¹
- Assisted customers to donate their unwanted furniture to the British Heart Foundation to raise over £1.4 million since our partnership started in 2016



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. Our activities this year included:

- Fifth Modern Slavery Transparency Statement published
- Over 5,000 employees trained to date
- Worked with 14 factories to successfully remediate modern slavery issues

Our People

Our workforce is integral to achieving our business objectives. We believe an engaged workforce is vital to achieving our aims and 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 40,000 people globally
- 40% of NEXT plc Board directors are female
- Unity, an employee-led network celebrating the diversity of cultural backgrounds across NEXT, was launched in the year
- Around 9,600 employees held options or awards over 6.4 million NEXT plc shares at the end of the year

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.

- 50% reduction achieved against our target of 55% absolute Scope 1 and 2 carbon reduction by 2030
- 97% diversion of waste from landfill achieved
- New Scope 3 carbon reduction target to reduce emissions by 40% by 2030
- NEXT carbon footprint is 148,044 tonnes CO₂e (Scope 1, 2 and selected Scope 3)
- Electricity consumption reduced by 48% since 2007²
- RE100³ signatory. 100% of electricity purchased for our UK and Eire operations is REGO⁴ backed renewable electricity

Community

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



- Around 200 registered charities supported
- Charitable donations over £2 million⁵
- Over 180 tonnes of furniture diverted to charity for reuse to create value
- Over £351,000 raised for charities from the sale of our reusable carrier bags in England, Scotland and Wales

1 Better Cotton Initiative
2 Our first targets were introduced in 2007
3 See page 30 for more details
4 Renewable Energy Guarantees of Origin
5 Financial and product donations

OUR RESPONSE TO COVID

Our commitment is very clear, we will always treat people in our business and our supply chain fairly

The COVID pandemic presented significant challenges to our business and our stakeholders. The welfare of our employees, customers and suppliers were at the centre of our decision-making against a backdrop of rapidly changing risks and regulations.

 Our People	 Suppliers	next Business Wide
<ul style="list-style-type: none"> Paused our UK warehouse and distribution networks following feedback from our employees to adapt our processes and operations to working safely in a COVID world Repurposed 6.8m square feet of warehousing to achieve rigorous social distancing and retrained more than 4,000 employees on new ways of working Before re-opening we consulted with employees and our recognised union, USDAW, to ensure employees felt safe to return to work Worked with our Primary Authority (Wakefield Council) to ensure NEXT stores meet industry leading levels of COVID security Trained all employees across the business on NEXT COVID rule requirements when working Developed internal track and trace system to monitor all suspected and actual cases of COVID Launched a dedicated employee website, Life at NEXT, to support access to mental health and wellbeing information and resources <p>Find out more here</p>	<ul style="list-style-type: none"> We are signatories to the International Labour Organisation (ILO) Call to Action which aims to support manufacturers through the economic disruption caused by COVID and protect garment workers' income, health and employment. In addition, we are active members of the associated country specific groups Worked collaboratively with NGOs, communities, partners and other brands and retailers to provide support for workers Wrote to our product suppliers at the end of March 2020, committing to honour and pay our suppliers in full, on normal payment terms, for orders due to leave suppliers factories up to 10 April 2020. Orders due to leave after this date, where no longer required, were cancelled and compensation payments made for raw materials that suppliers had acquired Maintained regular contact with suppliers and their factories Maintained COP audits where possible and introduced virtual audits where necessary Communicated guidelines to our suppliers to manage the risk of COVID infections and to ensure workers are operating in safe conditions In cases of redundancy/ layoffs checked to ensure workers received what was owed to them as well as ensuring workers' human rights, freedom of association and wellbeing was respected <p>Find out more here</p>	<ul style="list-style-type: none"> Make our workplace and stores as safe as possible for our employees and customers Provided frequent updates on health, safety and working arrangements including setting up an employee hub to share a range of COVID-related information and support videos Carried out a range of surveys and engagement, all aimed at understanding how our employees were being affected by the new working practices and how we could support them Support employees through the COVID pandemic with clear access to information and communications Topped-up the Government's scheme to ensure all furloughed employees received 80% of their contracted monthly pay to help limit uncertain financial hardship Ensured stores fully compliant with all Government COVID secure requirements Donated products to BITC's National Business Response Network to support charities and organisations with urgent resources for the communities that need them the most

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

The raw materials used in our products come from the world's natural resources. We are committed to responsible sourcing and providing trusted provenance and traceability back to source. Our aim is to only use responsibly sourced materials and we are committed to enhancing the lives of the people who make our products, ensuring good working conditions and respecting the environment across our full supply chain.

Our main raw materials are cotton, polyester, man-made cellulosics (such as viscose), wool, timber and leather. We recognise these materials can have wide-ranging environmental and social risks associated with their production and extraction.

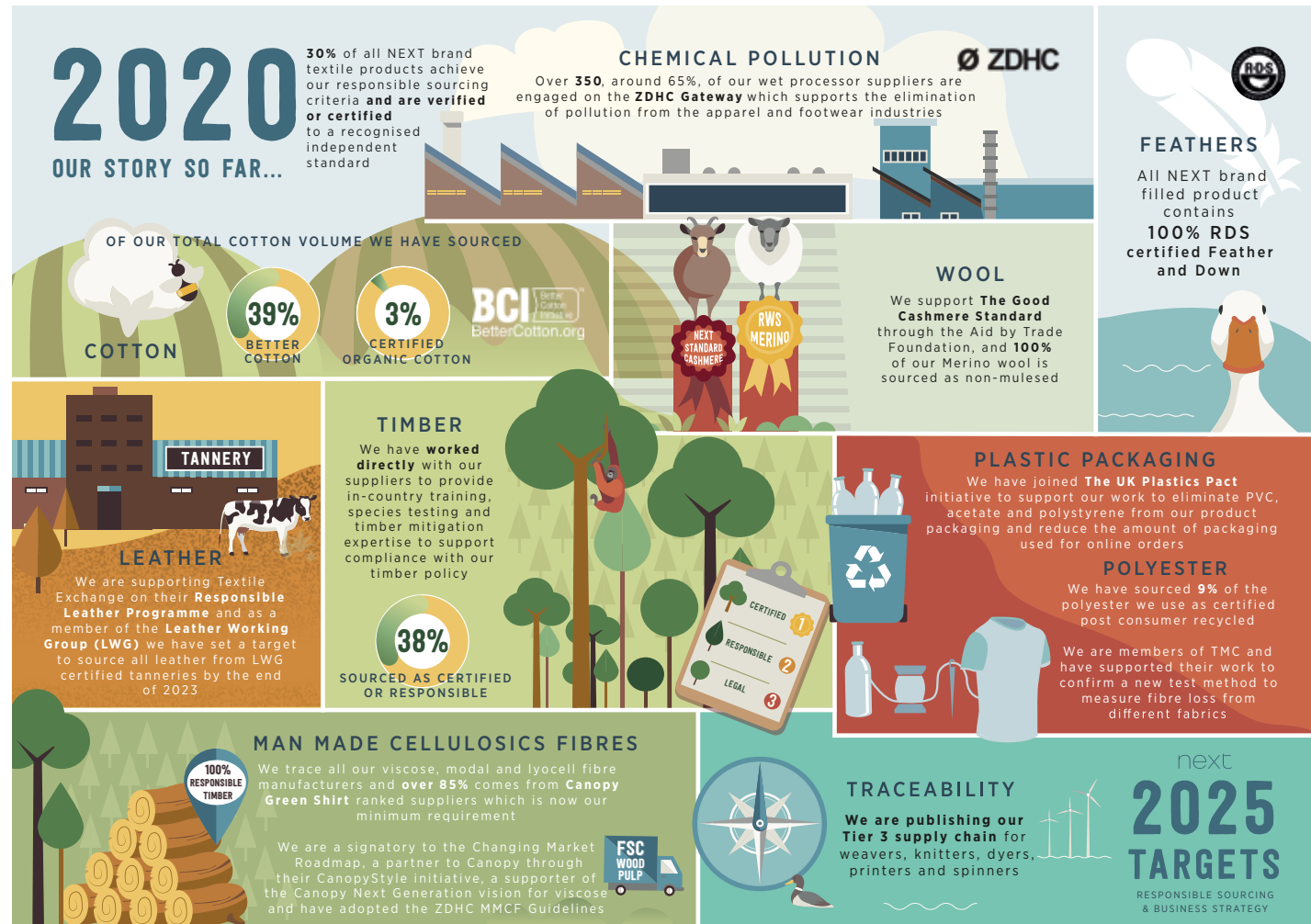
To help our product teams source to our 2025 Responsible Sourcing Strategy, we developed clear guidance for them to use when developing their ranges. The guidance is available on our supplier communication platform to ensure our suppliers understand our requirements. During the year we have continued to:

- Work with our suppliers to trace their supply routes. This visibility enables us to source products to support the replenishment of raw materials, respect the human rights of workers involved in their manufacture and protect natural habitats
- Train our product teams and work with our suppliers to help reduce the impact of manufacturing processes on the environment and on the health of those working and living in communities around our production sites
- Work with trusted schemes and certification providers to increase transparency in how our products have been sourced and manufactured. This will enable us to give our customers increased confidence in the products we sell

Environment and Resource Use

We are working to minimise the direct impact of our business operations on the environment. Our priority is to reduce the carbon intensity of our activities and the natural resources we use, as land and fossil fuels are finite resources.

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



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 initiatives aim to tackle the biggest global challenges and form a shared global agenda for environmental improvement, social empowerment and greater equality

NEXT's Alignment to SDGs

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 9 SDGs that are most material 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.

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

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 2020, we undertook a climate-related risk and opportunities assessment using the TCFD framework across four competency areas: Governance; Strategy; Risk Management; Metrics and Targets.

The aim of this was to develop a deeper understanding of the key risks and opportunities posed to NEXT by climate change and how they may impact our business in the future. We expect to report full disclosure against each TCFD recommendation in the 2021/22 annual report.

We undertook analysis to develop our understanding of the physical and transition risks relevant to our business and their associated financial impacts and identified five areas which required further investigation and analysis to confirm their materiality position:

- Distribution (Transition risk)
- Aviation (Transition risk)
- Crop failure (Physical risk)
- Flooding in key sourcing locations (Physical risk)
- Resource efficiency (Opportunity)

Our initial assessment concluded that no single event would have a material adverse financial impact on the business. Initial indications are that the key climate-related risk is around regulation and the speed with which it is implemented, together with the rate at which we may need to cut carbon emissions by stakeholders.

During 2021, we will complete the final step in the TCFD review process and undertake scenario analysis of business resilience under a range of climate scenarios to determine the potential financial impacts on our current business model and develop our management response to the scenario findings.

We recognise that risks and opportunities can arise from the physical impacts of climate change (more frequent or extreme weather events) and also from regulatory, technological or market trends as society transitions to a low carbon economy. The use of climate scenario analysis will help us to test the resilience of our business. This will be kept under review and we will continue to identify transitional and physical risks and opportunities.

Sustainability Accounting Standards Board (SASB)

During the year, we carried out a full gap analysis against the SASB metrics for Apparel, Accessories and Footwear. We already have a number of policies, procedures and controls in place to reduce our environmental and social impact but we have also identified some areas for development which will support our journey towards compliance with the SASB Apparel reporting requirements. These cover 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 80% of the compliance metrics met. With regard to Chemicals, our key actions are to benchmark all our suppliers against the standards within the Zero Discharge of Hazardous Chemicals initiative, update our Chemical policies and place them in the public domain.

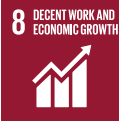




For Labour and Raw Materials, our main efforts will be around improving our existing policies and internal metrics to align more closely to the SASB requirements. While our compliance in these areas is good, we have more to do on disclosure. We have a plan in place to improve the accessibility of our policies and procedures to bridge this gap between compliance and disclosure, in order that we can improve our level of disclosure by January 2022.

For Environment, the level of disclosure required by SASB is extremely detailed and specific with information required from further along our supply chain. We do not yet capture the level of data required. Once we become a member of the Sustainable Apparel Coalition (currently underway) we will start to improve our compliance metrics. By next year end we expect our compliance and disclosure in this area to start to match that in other areas. 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 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, 68% 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 childcare, Turkish language lessons, vocational 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 implements 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 currently a member of the Ethical Trading Initiative (ETI), Bangladesh Accord and ACT (Action, Collaboration and Transformation). These programmes help to address identified human rights and modern slavery impacts within our supply chain Continue to support the fight against modern slavery by implementing the UN Guiding Principles 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 current 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 29-33
	<ul style="list-style-type: none"> Please see detailed table in Environment ^(A) 	30
	<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 each business area and used to identify, evaluate, manage, measure and monitor risks. Specific corporate responsibility risks are therefore recorded, considered and managed as part of this process. In addition, the impact of corporate responsibility risk factors 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

Environmental, Social and Governance (ESG)

The Group Finance Director has responsibility for ESG matters, including climate and environmental, human rights and modern slavery. During the year we established an ESG Steering Group, chaired by our Company Secretary, which is responsible for overseeing the delivery of our improvement roadmap, setting our ESG targets and identifying emerging ESG risks. Updates on ESG activities were provided during the year to the Audit Committee which has added ESG as a standing agenda item at each of its meetings.

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.

The ESG Steering Group members include senior employees from central finance, product, the Head of Corporate Responsibility and Sustainable Development as well as the Head of Supplier Ethical Compliance who provides monthly updates to the Product teams reporting on the performance of our global supply chain as measured against our Code of Practice [Principle Standards](#) (as detailed in [Our Suppliers](#)).

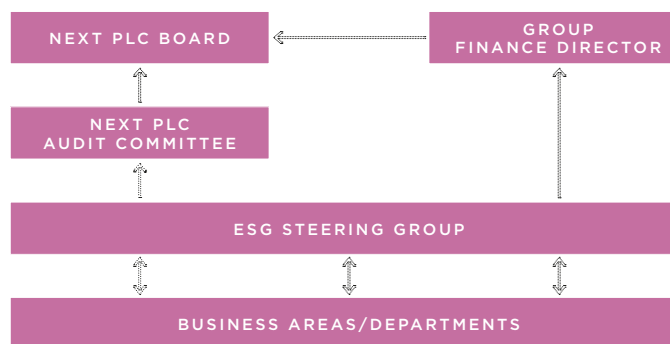
Legal Compliance

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

Further Information

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

Our Governance Framework

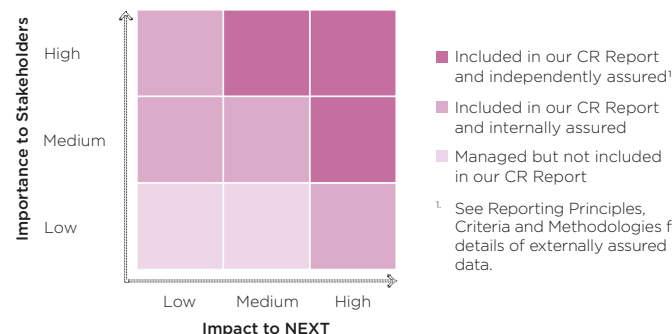


Understanding Materiality

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

This threshold is determined by understanding:

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



Assurance of Report Content

PwC has been commissioned to provide independent assurance in accordance with the ISAE 3000 (Revised) and ISAE 3410 Assurance Standards. A copy of their report is on page 36.

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

Reporting Principles, Criteria and Methodology

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

Contact Us

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

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Legislation and Sustainable Development
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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

- Fifth Modern Slavery Transparency Statement published
- Completed risk review of top 10 sourcing countries
- To date over 5,000 employees globally have completed the bespoke online training
- Worked with 14 factories to successfully remediate modern slavery issues

Aligned SDGs



Our Approach

Respect for human rights is a fundamental part of how NEXT operates as a responsible business throughout our organisation and in our supply chain.

We are committed to ensuring people are treated with dignity and respect by upholding all internationally recognised human rights principles encompassed in the Universal Declaration of Human Rights and the International Labour Organisation’s Declaration on Fundamental Principles and Rights at Work. NEXT takes seriously any allegation of human rights abuse in all its forms and will not tolerate human rights abuse anywhere in our operations.

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)

During 2020, we undertook a country risk analysis of our [top 10 sourcing countries](#) to assess the human rights and modern slavery risks present in our supply chain. Taking each of our salient risks in turn, and using the in-depth knowledge of our regional COP teams, we gathered 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 agreed an overall risk rating for each sourcing location to identify where we should focus our resource to best effect.

From this we have developed a gap analysis tool for our COP team to use to highlight the potential pathway for future projects and other developments which will strengthen our mechanisms to address risks in our supply chains.

Taking each of the salient risks in turn, we reviewed the level of mitigation already in place such as our in-country team, frequency of occurrence of risk-related issues, projects or activities. From this we confirmed an overall risk level for each salient issue when considered alongside the mitigating factors to identify where we need to focus our efforts and resources.

Moving forward we will review regularly to ensure:

- We are able to have a positive impact on workers in our supply chain
- The data in the tool is relevant and reflective to each country
- We have the relevant presence in countries to protect and strengthen our supply chain against salient risks
- We identify appropriate collaboration with NGOs, brands and projects or work to strengthen existing approaches
- Use the review process for other sourcing countries, outside the top 10, but where we know risks can exist

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 of our modern slavery risks, activities and plans.

Our Key Considerations

1. Human rights issues evolve over time, therefore our approach to tackling them must also evolve, including development of relevant skills in our Code of Practice (COP) team
2. We recognise the importance of regularly reviewing our COP processes and procedures to ensure we integrate indicators for new or emerging issues within our COP audits and provide training where needed
3. 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
4. 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
5. 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
6. 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 14 factories to successfully remediate modern slavery issues
- Disengaged 4 factories where remediation had not been achieved to an acceptable level

What we have been working on during the year

Training and Awareness

- Over 200 new employees successfully completed our updated bespoke online training course
- To date over 5,000 employees globally have completed the course
- Continued to induct our third-party brands to our on-line portal providing information on our approach to supply chain risks and guidance for the brands on best practice

Collaboration

- We continue to be an official partner of Unseen – the UK national modern slavery helpline. This collaborative approach is essential in helping to mitigate risks and manage emerging threats. During 2020, in total Unseen has taken 6,000 calls, 1,800 web reports and 58 submissions via an app, indicating 3,400 potential victims. One of the reports to Unseen during the year related to NEXT. We were able to carry out appropriate due diligence based on the information received and did not identify any issues that required further action
- 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

Case Study: Focus on UK Manufacturing

During 2020, there was a heightened focus on UK manufacturing highlighting issues around worker exploitation within the UK apparel supply chain. While a number of stakeholders have created initiatives to tackle these issues, these have lacked a coordinated industry approach bringing together manufacturers, retailers, workers, government and others such as community groups and associations. The Apparel and General Merchandise Public Private Protocol (AGM PPP) has developed a framework for an inclusive protocol where participating members will 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

NEXT is an active participant in the workstreams of the AGM PPP and we remain committed to collaborative approaches.

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. During 2020, our Cotton Sourcing Policy was updated to include a ban on the use of cotton from the XUAR. We do not 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.

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



HUMAN RIGHTS AND MODERN SLAVERY CONTINUED

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 – 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 – 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

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

Grievance Mechanisms and Worker Voice

Following a review of our salient human rights risks in 2019, the main findings were:

- The need to strengthen NEXT's grievance mechanism process in our supply chain
- The importance of creating a targeted, strategic and multi-pronged approach to support suppliers in implementing freedom of association and collective bargaining
- The provision of grievance mechanisms has to be 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

With additional support from our partners Shift, we have worked to ensure our approach is in line with the UNGPs as well as helping us to consider 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 response to deliver the appropriate remedy for the individuals.

During 2020, we implemented two worker voice programmes in India, working with partner NGOs, SAVE 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, seven resource centres were established in the region. The focus of the work is to ensure that 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.

At a community level supporting over 8,000 people – the resource centres provide 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 supported 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 focused on promoting communication and leadership skills amongst young women.

The centres also actively engage with young people leaving school and encourage them to return to complete their education rather than seek employment, and address other common challenges such as child and labour rights. In addition, 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.

At a mill level supporting over 950 people – training 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 supporting 60 agents – support and training to develop an ethical recruitment practice and terms of reference for employment agreed between mills and agents.

TIMBY app (This Is My Back Yard) was launched in the region to provide 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 4,500 workers.

We review all cases raised via the app, with SAVE being responsible for managing the reported grievances relating to NEXT with us 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.

Case Study: Worker Voice Helpline in North India

Working with Aider in an area outside of New Delhi, we have set up a worker helpline to support workers across 32 factories supplying NEXT in this region. As well as managing the helpline, Aider is working in the community to raise awareness of the helpline as well as providing local training and education. We have developed an internal grievance management process using the issues which will help to ensure a consistent approach when managing issues raised by individual workers.

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



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 supplier presentations for UK reworkers



OUR SUPPLIERS

Trading ethically and doing business 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

- 82% of audits were on-site visits; 18% were virtual visits
- 89% of NEXT branded products delivered from factories rated as excellent, good or fair under our rating system
- 46 employees in our NEXT in-house global COP team
- Around 1.5 million workers in our Tier 1 supply chain
- Supported 24 factories to successfully remediate critical issues found during our COP audits
- Tier 1 and 2 factory site listing updated on nextplc.co.uk
- Tier 3 supplier list published

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](#)

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

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 such as component and packaging suppliers, particularly where the NEXT brand is applied. This is providing improved visibility of our supply chain and has resulted in our auditing team undertaking over 60 audits at Tier 2 sites.

In support of supply chain transparency, we publish our Tier 1 and 2 list of manufacturing sites and aim to update the listing twice a year. In addition we have published our Tier 3 supplier listing for the first time. The latest listing can be found at nextplc.co.uk

Our Audit Response to COVID

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

During 2020, the COP team carried out almost 1,500 audits. This was a reduction on the previous year due to travel prohibition, restrictions on access and factory closures combined with lockdowns. Despite this, and with the inclusion of virtual audits, we were able to audit more than 900 Tier 1 factories. Of the audits conducted, 96% related to Tier 1 suppliers and 4% related to Tier 2 suppliers.

We carried out 18% of our audits virtually in 2020, with a commitment to follow-up with an in-person audit when possible. The remaining 82% of audits were either initial visits to assess potential new suppliers or re-visits to ensure agreed improvements were being actioned to the agreed timescales. Find out more [here](#)



OUR SUPPLIERS CONTINUED

Performance Data

	2021	2020
NEXT global COP team members	46	46
Countries where products are manufactured	40	41
Suppliers worked with ¹	609	625
Factory sites used (Tier 1)	1,664	1,707
Factory sites audited (Tier 1 & 2)	1,378	1,574
Total audits completed (Tier 1 & 2)	1,492	2,417
% factories who have achieved a Cat 1-3 rating ²	89	81
Factories disengaged for non-compliance with our Code	11	22

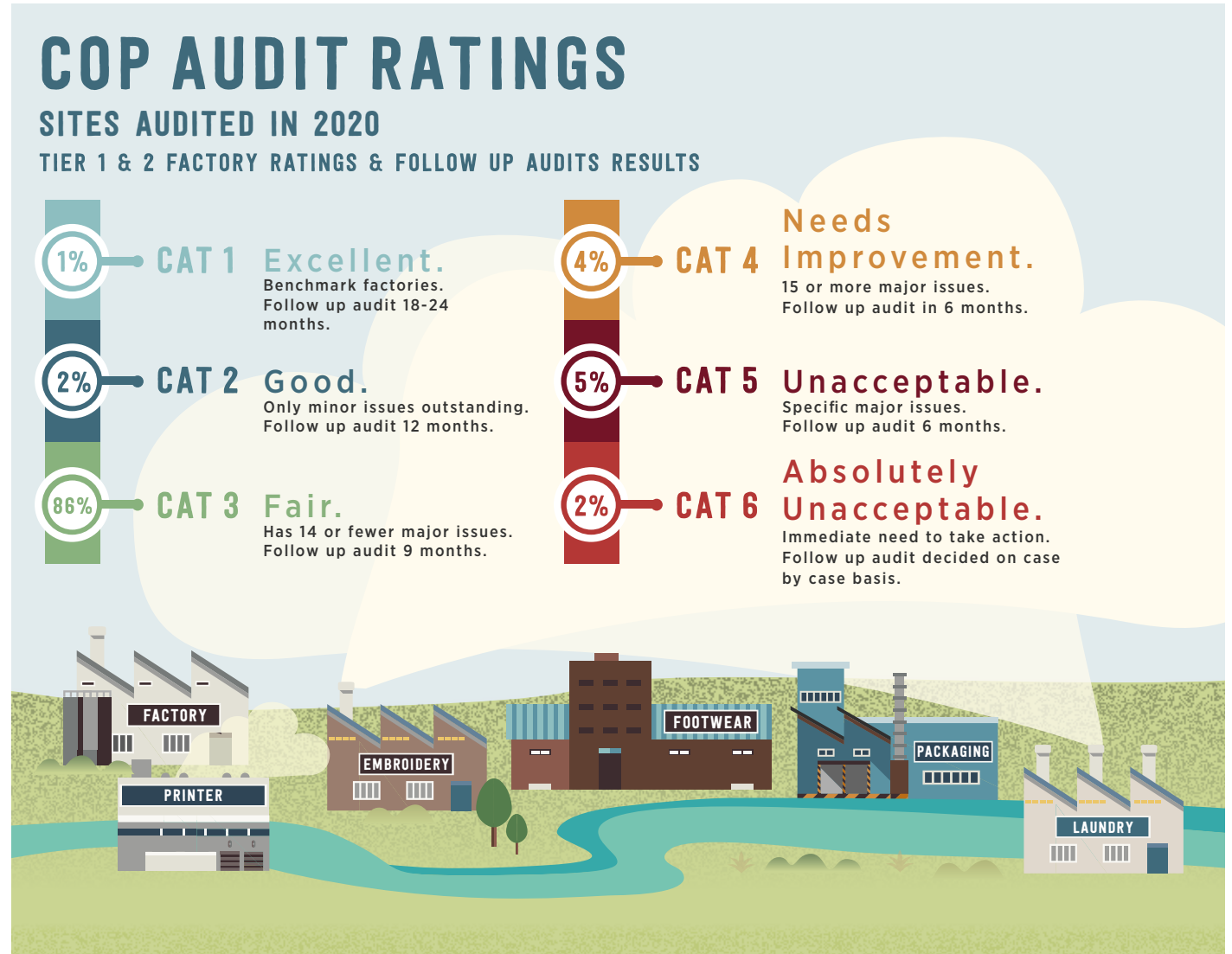
¹ Represents suppliers directly engaged with i.e. not sourced via an agent.

² Restatement of prior year data using revised methodology.

Our Dedicated NEXT Code of Practice (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 allow 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**

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

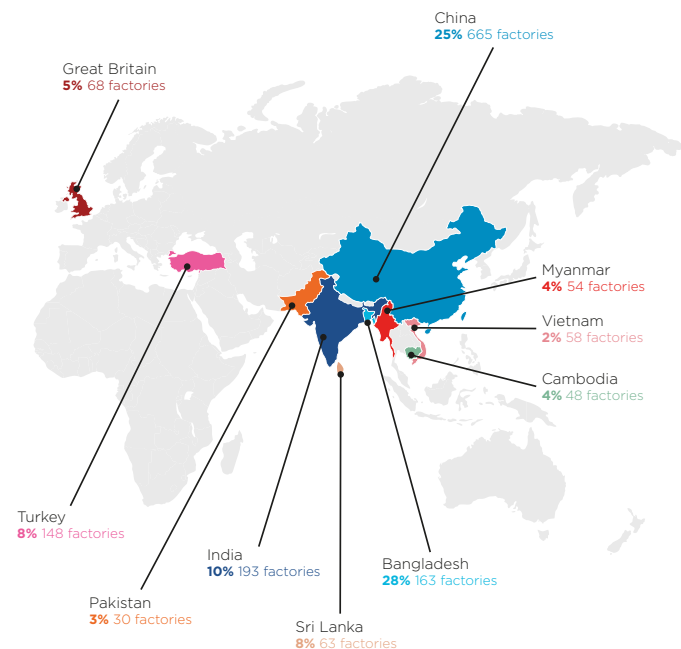




OUR SUPPLIERS CONTINUED

Where are NEXT Products Made?

We sourced our products from 40 countries during 2020, with 10 countries producing 97% of our products (by units). These countries are:



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

Our 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 by 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, 89% of NEXT branded products were delivered from compliant factories which were rated as Cat 1-3.

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

During the year, we found Cat 6 (critical) human rights, modern slavery or social issues in 35 factories. With our COP team's support, 24 factories (14 relating to modern slavery) have been able to successfully remediate to resolve the issues uncovered.

Unfortunately, during the year we had to disengage with 11 factories (4 relating to modern slavery) that refused to satisfactorily rectify their critical non-compliance with our Code. This reflects the work we complete with our suppliers to support them through the remediation process as wherever possible, we work with suppliers to raise their standards rather than terminating the relationship as it 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 2020, we established a test group of buyers to trial a number of different methodologies to analyse previously agreed cost prices to test for accuracy, difficulty and time allowance, based on the time it takes to make an item, labour costs and efficiency rates. From this we have agreed an approach to implement beyond the initial test phase in 2021, with the aim to roll out an agreed approach focusing on our large volume programmes.



OUR SUPPLIERS CONTINUED

Case Study: Water, Sanitation and Health (WASH)

With the focus on health and hygiene due to the pandemic, we have taken steps to enhance the information available for our suppliers and factories. We included a COVID section to our supplier portal to share:

- Coronavirus awareness poster provided by Water Aid
- Hand hygiene protocol document for managers
- Effective hand hygiene poster and stickers to be used at hand wash basins - translated into key languages
- Checklist for managers to use to ensure COVID health and safety measures

As part of the process we identified additional areas to incorporate within our COP auditing standards during 2021.

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 can not 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 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. As an initial step we have developed a Supplier Empowerment Programme (SEP) pilot with an established supplier who demonstrates a positive attitude towards transparency and open communication.

Case Study: Extending our Supplier Empowerment Programme (SEP)

The success of our initial SEP in partnership with one of our key suppliers in Pakistan has encouraged us to continue this work into 2021. The focus areas remain:

- Worker training
- Worker and management dialogue to develop a robust grievance mechanism process
- Chemical management systems

In addition, WWF is also a partner within the programme in Pakistan and completed energy/environmental audits to identify opportunities for improvement for the supplier to work on. These have led to:

- 10% reduction in water consumption
- 10% reduction in electricity and thermal energy consumption

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 have been pleased to see a number of measurable improvements during the year.

This approach is gaining momentum and we have identified two suppliers in Bangladesh and one in Turkey who are interested in working with us in this way during 2021.





OUR SUPPLIERS CONTINUED

Case Study: Joining the ETI in a Social Dialogue/Gender Programme in Bangladesh

We have introduced the ETI's Social Dialogue and Gender Sensitive Workplace programmes in four factories which works with workers, supervisors and management. 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

This project is continuing in 2021 and we will provide an update in future reports.

Communication is Key

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

Internally, we are adapting the Responsible Business training for our product teams to be delivered online to support them as they work more flexibly and we will also investigate how we can take this approach to training with our suppliers too.

Find out more [here](#)

Case Study: Worker Voice in India

Through our [South India Mills Project](#), our partner NGO, SAVE, received a grievance in relation to a factory that NEXT did not source from directly. However, we sourced from another factory within the supplier's group, and felt it was important to understand the issues raised and whether there were improvements that could benefit the group as a whole.

The grievance related to a number of workers who had migrated to Tirapur from other locations in India in order to work. They alleged they were being paid a lower wage than they were promised prior to employment and their freedom of movement was being restricted within the accommodation being provided by the factory.

We worked with the Group supplier, SAVE and the factory management to understand the complex issues and work towards a resolution which included a visit by our in-country COP team.

A proportion of the workers wished to return to their home villages, so this was arranged by the factory and overseen by SAVE. The remaining workers were happy to stay employed by the factory. The following actions were agreed to prevent re-occurrence:

- Greater transparency from the factory to potential workers to ensure they understand their wages, any deductions and benefits being offered prior to employment commencing
- Clear documentation created to enable the factory to gain acknowledgement from workers to confirm their understanding of the employment conditions
- Documenting the process undertaken and the new procedures introduced to be used across the Group

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
- 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 2020





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 Online customers globally
- 39% of cotton bought as Better Cotton through BCI
- Assisted customers to donate their unwanted furniture to British Heart Foundation to raise over £1.4 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
- Our technical team comprises of around 300 global employees, with technologists from Head Office and our global sourcing offices visiting our suppliers to ensure our sourcing and production standards are being met
- All products are inspected upon receipt into our UK warehouses by our quality assurance team, to ensure they meet our requirements
- Suppliers to NEXT have direct access via our online Supplier Portal to our full range of technical manuals and quality, safety, ethical and responsible sourcing standards to follow as part of their contractual obligations

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

Find out more [here](#)

Customer Engagement and Experience

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. Understanding what our customers want is essential in the design and manufacture of our products.

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

- We received around 10 million contacts from our customers during the year via online, post or telephone. Queries and

issues are in relation to our products, operations, policies or the service we provide

- Over 95% of Online customers stated they were happy with their experience of shopping with NEXT
- NEXT Loves to Listen is our online survey and is available to every customer who shops in our stores or collects their Online order from one of our stores. We received over 130,000 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 believe we have robust procedures in place to monitor, evaluate and respond to customer feedback where necessary. For example, our Customer Services team, based in our Customer Contact Centres, works closely with relevant departments and senior management to ensure customers' queries and issues are fed back into the business. Teams use this and other data from the business to review how products or customer experience could be improved.

Supporting Accessibility



AccessAble
Your Accessibility Guide

There are an estimated 14.1 million¹ people living with a disability in the UK. We recognise that everyone's accessibility needs are different, which is why we work with AccessAble. Their trained surveyors visit and review new and re-developed NEXT stores as well as our online contact centres. Detailed, independently assessed accessibility guides are published on both AccessAble's and our websites for all our stores across the UK and Ireland.

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

¹ Source: Family Resources Survey 2018/19 (Department for Work and Pensions)



OUR CUSTOMERS AND PRODUCTS CONTINUED

Responsible Sourcing

The raw materials used in our products come from the world's natural resources and each stage of the supply chain has an environmental and social impact, from sourcing the materials through to customer use and disposal. We are committed to responsible and sustainable business principles and practices including responsible sourcing. Our 2025 Responsible Sourcing Strategy, launched in 2018, sets out our ambition to [source 100% of our main raw materials through known, responsible or certified routes by 2025](#) and work with our suppliers to help to reduce the impact of manufacturing processes on the environment and on the health of those working and living in communities around the sites where our products are made.

The main raw materials used in our products sourced in the highest volumes are cotton, polyester, man-made cellulose (such as viscose), timber, feather and down, leather and wool. We recognise these can have wide-ranging environmental and social risks associated with their production and extraction.

To support our 2025 Responsible Sourcing Strategy, we have a range of policies which support 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.

Find out more [here](#)

Sustainable Clothing Action Plan (SCAP)

NEXT became a signatory of SCAP's 2020 commitment in 2012. Each year we use SCAP's assessment tool to calculate the environmental footprint of NEXT brand products sold. In 2021, we have become a signatory to Textiles 2030 also. See [Our Environment](#) for more information.

Traceability

The complexity of supply chains means traceability can be challenging but we are committed to building full transparency to trace the raw materials and suppliers we use back to source.

Whilst we do not source raw materials directly, we are working with our suppliers to ensure we have traceable routes. This will enable us to source products in ways which support their replenishment, respect human rights and protect natural habitats, as their harvesting and production can have a significant impact on people and cause damage to environments and ecosystems if not managed correctly.

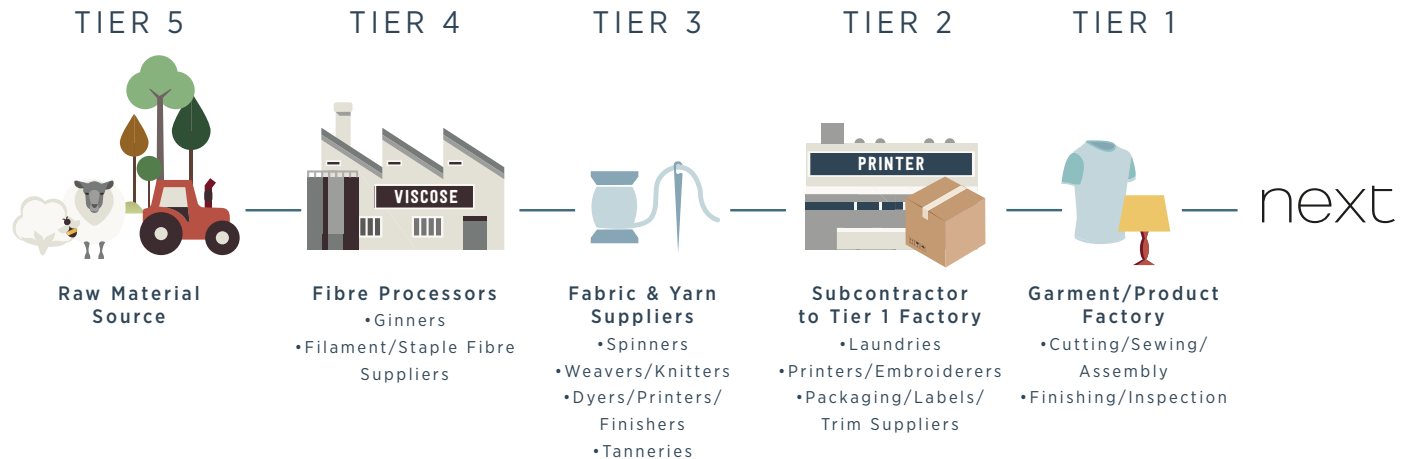
We continue to make progress and as part of our commitment to transparency we have published our [Tier 3](#) suppliers. We are now focusing on understanding our Tier 4 and 5 suppliers, but recognise it will take some time to achieve. In line with our 2025 Responsible Sourcing Strategy, we will work to deliver full transparency by 2025.

Cotton

Cotton is NEXT's most significant raw material, both in terms of volume used and the associated environmental and social issues linked with its production as 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. We monitor the work undertaken by the Responsible Sourcing Network campaign and others around this issue to support the ethical sourcing of cotton.

In order to avoid sourcing from areas which do not meet our policy requirements in the future we are investing in direct sourcing, tools and technologies to enable more precise traceability of raw materials. In due course, our approach will support detailed visibility of where our cotton is grown in line with our 2025 strategy.

Our 2025 target is to source 100% of our cotton from responsible sources which we define as Better Cotton (BCI), recycled, certified organic, certified organic in conversion or Fairtrade certified cotton. During 2020, we sourced 39% of our cotton as Better Cotton and 3% as certified organic.





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 2020, 30% of all NEXT brand products have been sourced to meet our 2025 Responsible Sourcing Strategy criteria, and during 2021 products will start 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 produced in a more ethical or responsible way. We are Textile Exchange members and participate in the Textile Exchange Corporate Fiber and Material Benchmark programme 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	Recycled Fibres	Responsible Wool	Responsible Feather and Down
GOTS	OCS	GRS	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



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

Using responsibly sourced, ethically produced materials and designing products for a longer life form part of our priorities in reducing our environmental footprint.

¹ REPREEVE® Unifi, Inc.

• Responsible viscose, modal and lyocell including:



• Branded recycled and regenerated fibres including:



NEXT is committed to sourcing cotton that is produced through better farming practices. We define 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

NEXT has been a member of the [Better Cotton Initiative](#) (BCI) since 2016. In 2020, we sourced 39% of our cotton as Better Cotton and our investment enabled BCI along with its partners, to help to:

- Train over 26,000 farmers
- Support Better Cotton production on over 51,000 hectares of land
- Save an estimated 7.7 billion litres of water
- Avoid the use of an estimated 5,000kg of pesticides
- An estimated additional 3.5 million EUR of farmer profitability was generated as a result of NEXT sourcing Better Cotton in 2020

We have sourced US Cotton for several years and have become signatories to the new US Cotton Trust Protocol which allows us to accurately trace the US cotton we use through to the finished product and measure the reduced environmental impact of this cotton.

During 2021, 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.

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 2020, 38% of our timber 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. 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.

Find out more [here](#)

Microfibres

We recognise that understanding microfibre pollution, its sources and effects is an ongoing challenge for the textile industry. As a member of The Microfibre Consortium (TMC) we are contributing to the development of practical solutions for the textile industry to minimise fibre fragmentation from textile manufacturing and product life cycle. We believe collaboration is required to develop good, robust solutions to:

- Develop a new testing methodology
- Develop aligned industry tools to create solutions
- Understand how recycled fibres may influence fibre fragmentation

Through our UKAS accredited in-house laboratory we supported the development of new testing methodology to assess fibre shedding from different materials.

NEXT is continuing to support this work as a participating laboratory and during the year has provided testing results as part of the overall validation process. The testing methodology has been released to TMC members and partner laboratories to help develop a better understanding of fibre fragmentation.

Man-made Cellulosic Fibres

Wood is the main raw material used to make man-made cellulosic fibres (MMCF) such as viscose, lyocell and modal which are made from the dissolved wood pulp of trees and accounts for 12% of the fibres we source. To ensure these wood-based fabrics are responsibly sourced, [NEXT is committed to ensuring the wood comes from responsibly managed forests](#) and 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.

During the year, we made further our progress towards achieving greater supply chain transparency by tracing 100% of our MMCF back to fibre producer, with over 96% coming from Canopy Green Shirt ranked suppliers. Our MMCF policy was launched in 2020 and from 2021 we will only source from MMCF producers who are Canopy Green Shirt ranked.

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 line with our MMCF policy, from 2021 we will only source from MMCF producers who have committed to closed loop production practices by 2023-25.



OUR CUSTOMERS AND PRODUCTS CONTINUED

We also 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. This can have negative health implications for workers as well as polluting 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 Responsible Sourcing Strategy, we are committed to only sourcing leather from finished leather tanneries that have an LWG environmental audit and by 2022 our suppliers will only source from finished leather tanneries with an LWG medal rating, as detailed in our Leather Policy. 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.

By collaborating with LWG we can support and contribute to their ongoing work and use the LWG environmental audit protocol to assess our leather supply chain. This helps to ensure tanneries operate in a way that is safer for people and the environment.

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 and all feathers and down used for filled products must be sourced as Responsible Down Standard (RDS). In addition, for our own brand cosmetics and toiletries products [we do not support testing on animals](#) and have never carried out any animal testing or commissioned others to do so. We operate a fixed cut-off date of testing which means raw materials tested after 1998 are not allowed in our products.

Chemical Management

Many products contain chemicals in one form or another, most of them are harmless. [It is important that our products do not contain chemicals which could be harmful to our customers, the workers who make our products or the environment.](#) This is not only important in the countries where our products are made, but also where they are sold and eventually disposed of.

Therefore, NEXT has strict [Restricted Substance Standards \(RSS\)](#) which ban or state the limits for harmful chemicals used in or during the manufacture of our products. The RSS forms part of our technical requirements for the products manufactured by our suppliers. We also have a thorough due diligence programme in place which spot checks for compliance with our RSS. The results are used to raise awareness internally and with our suppliers. If products fail our requirements, they are removed from sale and may be recalled from customers.

NEXT joined the ZDHC (Zero Discharge of Hazardous Chemicals) roadmap to zero programme in 2018. During 2020 we expanded and communicated our guidelines on implementing the ZDHC programme beyond our key external Tier 3 wet processors to cover more than 60% (by units ordered) of our Tier 3 dyers, printers and laundries.

By December 2020 over 350, around 65%, of our wet processors were signed up to the ZDHC Gateway, the platform used by ZDHC to share key information. During 2021, we will continue to roll out the programme to our main wet processors and begin communicating our ZDHC guidelines to our key external Tier 3 leather tanneries.

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 listed above.

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.

Find out more [here](#)

Helping Our Customers to Recycle for Reuse Their Unwanted Products

Home products such as mattresses, sofas and furniture can be difficult 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 £1.4 million since we started to work with them in 2016.

Find out more [here](#)



OUR CUSTOMERS AND PRODUCTS CONTINUED

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 current activities include:

- Working to reduce the packaging we use, both instore and online, and explore how we can take back customers' packaging to reuse in our supply chain
- 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
- 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 2021, we will bring our existing work together to develop our circularity framework. 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.



“Our partnership with NEXT continues to provide much needed furniture items for the British Heart Foundation’s (BHF) Home stores. We are delighted that our partnership with NEXT and their customers has raised over £1.4m to date. This is an incredible contribution to the work of the BHF, which could fund a five year research programme into heart attacks including salaries, equipment and lab materials needed for the project. Not only has the partnership raised much-needed funds to help us beat heartbreak, but you have also helped to divert 375 tonnes of furniture from the waste stream, by enabling BHF to extend the life of your customers pre-loved items.”

Allison Swaine-Hughes
Retail Director, British Heart Foundation

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 40,000 people globally
- 40% of NEXT plc Board directors are female
- Unity, an employee-led network celebrating the diversity of cultural backgrounds across NEXT was launched during the year
- Around 9,600 employees held options or awards in over 6.4 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 and safety, wellbeing and the protection of our workforce in their working environment and we expect our people to manage all aspects of our business safely.

Find out more [here](#)

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 applicants for employment from disabled persons, having regard to their particular aptitudes and abilities. NEXT continues the employment wherever possible of any person who becomes disabled during their employment with us, and opportunities for training, career development and promotion do not operate to the detriment of disabled employees. In 2019 we signed up to Level 1 of the Disability Confident Scheme which supports employers to make the most of the talents disabled people can bring to the workplace and are working towards Level 2: Disability Confident Employer during 2021.

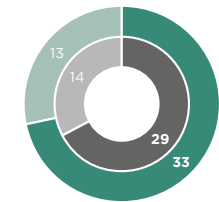
Project SEARCH is a programme to provide work experience for young adults with learning difficulties which we support within four of NEXT's UK Distribution sites. This project is supporting 20 students to build skills and experience in NEXT whilst continuing to study their school curriculum to give the students the skills they need to obtain paid employment. Now in its seventh year, the programme is aimed at 17-24 year olds. Through the programme we have been able to support 66% of young people into permanent roles with NEXT compared to the national average of 6%.



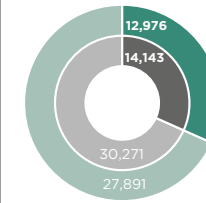
Directors of NEXT plc



Subsidiary directors and other senior managers



Total employees



2021 **2020**
● Male ● Male
● Female ● Female

Although we do not set specific targets for diversity, women currently represent 40% of our Board and the charts above show the gender mix of the Group's employees at the end of the financial year.

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

NEXT Pension Arrangements

As at January 2021, active members of the 2013 NEXT Group Pension Plan stood at:

Number of Employees	Final Salary Section*		Money Purchase Section*	
	2021	2020	2021	2020
NEXT UK Pension Scheme	690	751	4,072	4,418

* 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 2021, 13,722 (2020: 14,390) employees were also participating in the Group's auto enrolment defined contribution scheme.



OUR PEOPLE CONTINUED

Rewards and Benefits

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

Sharesave: NEXT has operated a Sharesave scheme for many years. All UK 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. At January 2021, approximately 9,600 employees (circa 26% of our total UK and Eire employees) were participating in our Sharesave scheme holding options or awards in respect of 6.4m shares in NEXT.

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 230 children registered to attend. This is part of our on-going commitment to supporting our employees with their pre-school childcare arrangements.



During the year we ensured the Nursery remained open throughout all three lockdowns for vulnerable and key workers' children and for all children during the latter two lockdowns. We constructed a large communal meeting hub to help the Nursery employees maintain social distancing during their breaks and allow group training sessions to be held in a socially distanced manner. Once the pandemic subsides and things begin to return to normal the space will be used for its intended purpose for group classes and activities for the children in our care.

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. We expect our people to manage all aspects of our business safely.

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

At the start of 2020, we were ahead of schedule to deliver against our objectives, but due to the focus on COVID security we have temporarily paused the development of new Company safety objectives. The current 2018-2020 objectives are still relevant and focus on four priorities:

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

Find out more [here](#)

NEXT Mental Wellbeing Charter

When we talk about mental wellbeing we mean:

"Where you are able to achieve your potential, cope with normal day to day pressures, thrive and be productive in all aspects of your life."

Find out more [here](#)



In 2020, despite the pandemic, we have continued to develop our approach to diversity and inclusion in the business. We have prioritised disability and race as key areas of focus and have partnered with a Race Advisor from Business in the Community (BITC) to support our journey.

Our next steps during 2021 are to become a signatory to BITC's Race at Work Charter, create a network group with senior level sponsorship and conduct listening groups to understand what works well and where improvements are needed in terms of workplace inclusion. From this and with support from BITC we will be able to plan, support and deliver positive actions into the business.

Other initiatives include:

- In 2019, we created Pride@Next, an employee-led 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
- In 2020, we focused on women returning from maternity leave by trialling certain roles as part-time to work around school drop-off and pick-up times and enhancing support offered to working parents. We continue to look at ways to increase flexibility around maternity and during the year we offered virtual coaching
- We are a member of Stonewall's Global Diversity Champion network and in 2020 formed a charity partnership with The Terence Higgins Trust



OUR PEOPLE CONTINUED

- In early 2021, we launched Unity, an employee-led network focused on celebrating the diversity of cultural backgrounds represented at NEXT. This included working within the business to provide more career opportunities for ethnic minority employees. We continue to work with our partner, BITC, on the Mentoring Circles programme which offers young BAME people 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
- In December 2020, we introduced an in-house COVID testing programme using rapid lateral flow tests with the main aim of reducing the risk of asymptomatic employees inadvertently presenting for work
- Smart working principles in IT - in 2020, the pandemic encouraged us to introduce our Smart Working principles in IT to embrace new ways of working and adopt a more flexible approach to allow the team to blend their time between working remotely and in collaborative spaces in the office

Our face to face diversity and inclusion training is planned to launch by the end of 2021, with an interim digital solution launching in summer 2021.

The Wellbeing Programme is embedded across the business and is making a difference by improving employees' general wellbeing as well as the way we identify and help those suffering from mental ill-health.

We recognised some of our employees faced challenges caused by COVID and the changes we needed to make across the business. The social distancing measures introduced are essential to restrict the spread of COVID, but can make our employees feel isolated and lonely and can increase stress and anxiety.

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.

In 2020, we have:

- Developed a Wellbeing website to support employees working from home with a focus on life in isolation and wellbeing tips available from podcasts, webinars, videos and long read articles
- As part of our Employee Assistance Programme (EAP) provided all employees with free access to the THRIVE app. The app helps employees manage and prevent stress, anxiety and related conditions through games which can be used to aid relaxation before a stressful situation or on a more regular basis to help employees day-to-day life
- Hosted a live instagram Mental Health Awareness Week event to discuss challenges employees face and how the business has responded to the identified wellbeing needs
- Ensured our Mental Health First Aiders were available and accessible to employees working from home
- Worked with our qualified physiotherapist to produce videos to help employees set up their home workspace correctly to limit aches and pains and remind them of the importance of sitting correctly
- 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 employees, with over 5,000 vaccinations issued
- Launched a free digital GP service, giving all employees free and quick access to an online doctor

Other support programmes offered during the year included setting up an 'Embracing the Change' menopause advocates support group and running of Men's Health Week events.

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	
	2021	2020
Employees in Retail Stores/100,000 hrs worked	0.22	0.21
Customers in Retail Stores/100,000 transactions*	0.01	0.01
Employees in Warehouses/100,000 hrs worked	0.34	0.36
Employee in Regional Service Centres/ 100,000 hrs worked	0.22	0.56

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

During the year, our focus has been predominantly related to ensuring COVID secure environments:

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

We have worked closely with our Primary Authority (Wakefield DMC) to repurpose our stores to ensure COVID security for our employees and customers. Measures included screening at till points, distance marking, sanitisation stations, entry and exit management systems and limits to number of customers allowed in store at one time.

We worked with one of our suppliers, Micro-Fresh® who manufacture specialist hygiene products already used by NEXT on products. It was checked for efficacy against COVID which allowed us to use it for various activities such as the treatment of:

- Sofas and mattresses on display in store
- Shopping baskets on offer for customers to use
- Identified touch 'hot spots' in store

The key benefit of using Micro-Fresh® is the residual antiviral effect when applied to surfaces which delivers increased compliance with required sanitising regimens.



OUR PEOPLE CONTINUED

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 MHE (Material Handling Equipment) movement as well as manual handling.

During the year we saw RIDDOR accidents reduce in this part of the business due mainly to the effect social distancing has had on the risk of accidents. With an imposed 2 metre space around each employee whilst they are working, the opportunity for people to collide with others or with equipment has been significantly reduced.

Working with our recognised union, USDAW, and our Primary Authority we initially closed our entire warehouse operations to redesign our processes and ensure we could implement a fully COVID secure environment in which to invite our employees back to work. This included:

- Thermal imaging cameras at entrances to identify any employees with a temperature
- Work stations protected with perspex screening
- One way systems introduced to allow safe navigation around our sites whilst ensuring social distancing at all times

Throughout the year we have carried out COVID compliance audits to ensure all sites operating to our agreed standards.

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
- The continued roll-out of an online tool to facilitate ongoing, meaningful performance and development conversations between managers and teams. The tool also provides a forum for positive and constructive feedback by individuals, peers and managers

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 230 apprentices on courses including:

- Furniture manufacturing within our own onsite factory
- Engineering and maintenance
- Transport including light goods vehicle drivers
- Operational management
- Loss prevention
- Warehouse operatives

Find out more [here](#)

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 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 addition, employees are kept informed of performance and strategy through regular presentations and updates from members of the Board.

We supplemented this employee engagement with meetings of 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:

- Launch our diversity and inclusion training across the business
- Enhance our mental wellbeing programme through identification of trends to develop support programme
- 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

- 50% reduction achieved against absolute Scope 1 and 2 carbon reduction target by 2030
- 97% diversion of waste from landfill achieved
- NEXT carbon footprint is 148,044 tonnes CO₂e (Scope 1, 2 and selected Scope 3)
- Electricity consumption reduced by 48% since 2007*
- New total value chain Scope 3 target set
- RE 100 signatory

* We introduced our first targets in 2007

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.

During the year we have measured our total value chain Scope 3 emissions and set a new target to reduce these emissions by 40% by 2030. We are starting to work with our supply chain to understand 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](#)

We are committed to reduce the environmental impact of our business operations and supply chain, by creating more sustainable ways of doing business to conserve energy, save money, improve resource efficiency and reduce the carbon intensity of our activities and the natural resources we use. This is achieved through the development and operation of good business practices to manage resources more efficiently throughout their life cycle.

Our Priorities

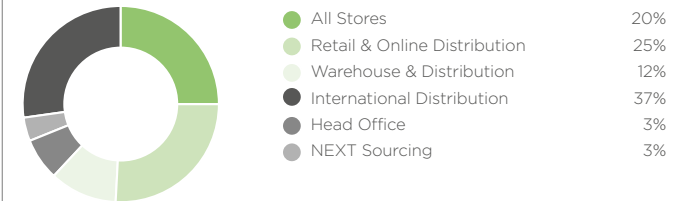
Our priorities for our key operational activities are to:

- 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

Global Carbon Footprint

To help us understand the impact of our direct business we measure our global carbon footprint produced from the operational activities of NEXT where we have direct control.

NEXT Group Operational Global Direct CO₂e Footprint



Find out more [here](#)

PwC provides independent assurance regarding our carbon footprint calculations. Please refer to their Independent Assurance Report on page 36.

Our targets are to:

- Reduce Scope 1 and 2 absolute carbon emissions by 55% by 2030 against a 2016/17 baseline
Progress - achieved 50% reduction (A)
- Divert more than 95% of operational waste from landfill
Progress - achieved 97% reduction
- New Scope 3 carbon reduction target set
Reduce Scope 3 carbon emissions by 40% by 2030 against a 2019/20 baseline per £1m sales
We will report our progress on this in future reports



ENVIRONMENT CONTINUED

NEXT Group Operational CO₂e Emissions

NEXT Group Operational CO ₂ e emissions	2021 Tonnes	2020 Tonnes	% Change
Scope 1 (A)	36,914	45,739	-19
Scope 2 (A)	43,656	60,440	-28
Scope 3 (A)	67,474	65,147	4
Total gross emissions	148,044	171,326	-14

Scope 1 - Direct emissions from NEXT Group operations	2021 Tonnes	2020 Tonnes	% Change
Gas heating (stores, offices, warehouse)	9,047	8,466	7
NEXT owned distribution vehicles	25,618	33,634	-24
NEXT owned cars	1,303	1,939	-33
Building (diesel oil, refrigerant gases)	946	1,700	-44
Total: Scope 1 (A)	36,914	45,739	-19

Scope 2 - Indirect emissions from NEXT Group energy consumption ¹	2021 Tonnes	2020 Tonnes	% Change
Total: Scope 2 (A)	43,656	60,440	-28

Scope 3 - Other indirect emissions from NEXT Group operations	2021 Tonnes	2020 Tonnes	% Change
Waste (stores, offices, warehouse)	737	739	0
Business travel	1,447	7,388	-80
Third-party distribution vehicles	10,456	10,247	2
International Directory Distribution	54,732	46,657	17
Water ²	102	116	-12
Total: Scope 3 (A)	67,474	65,147	4

Note: The methodology used to calculate our emissions is based on operational control compliance with WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standards (Revised) and have been calculated using the revised carbon conversion factors published by BEIS in June 2020. For International electricity, 2020 IEA Scope 2 factors have been used.

1 Calculated using location-based methodology

2 Restatement of water used in prior year using improved methodology

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 CO₂e Emissions

	2021	2020
Scope 1 (A)	36,914	45,739
Scope 2 (A)	43,656	60,440
Total: Scope 1 and 2 emissions - Location-based	80,570	106,179
Intensity metric: tonnes of CO₂e per £m of sales - Location-based (A)	22.22	24.34
Total: Scope 2 emissions - Market-based (A)	4,836	6,909



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 Renewable Energy Guarantees of Origin (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. Our manufacturing operations in Sri Lanka represents the majority of the remaining 6%.

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

	2021	2020	% Change
Electricity usage kWh (A)	179,492,824	225,364,038	-20
Gas usage kWh (A)	49,207,109	46,048,483	7
Total kWh	228,699,933	271,412,521	-16
Tonnes CO₂e	52,703	68,906	-24

External Benchmarks

We participate in the CDP Climate external benchmark annually. For 2020, we achieved an A-Grade, which CDP class as Management - taking coordinated action on climate issues. Our latest submission can be found [here](#).

NEXT Carbon Reduction Target to 2030

In 2018 the Intergovernmental Panel on Climate Change (IPCC) released a report outlining the need to accelerate decarbonisation and limit the temperature rise to 1.5°C.

Our targets have been set to be in alignment with the Science Based Target Initiative (SBTi) footprint approach and methodology and are consistent with achieving a 1.5 degree reduction in line with the SBTi pathway. We are in the process of gaining SBTi approval for our Scope 1, 2 and 3 targets in 2021.

During the year we have:

- Measured our total Scope 3 emissions across our total value chain both upstream (from suppliers) and downstream (from customers) and estimated it at circa. 3.2 million tonnes CO₂e
- Set a new target to reduce Scope 3 emissions by 40% by 2030 per £1m sales against a 2019/20 baseline
- Revised up our existing Scope 1 and 2 target to reduce absolute carbon emissions by 55% by 2030



ENVIRONMENT CONTINUED

Working with external consultant, Verco, we measured our total value chain Scope 3 baseline footprint in alignment with the GHG Protocol Corporate Accounting and Reporting Standard. This confirmed a large proportion of emissions lie within our supply chain and the products we sell.

The calculations for the footprint analysis used were based on a combination of high quality internal data and best available public sources on CO₂ emissions using conservative assumptions. The diagram below shows where the impact of our Scope 3 emissions are found.

Scope 3 emissions breakdown



In 2021, we will work to further improve the calculations by starting to use primary data from our key suppliers. To support this, we are joining the Sustainable Apparel Coalition to encourage and support our key suppliers to decarbonise their operations.

In addition, during the year we supported the creation of the BRC's Climate Action Roadmap. This is a framework to guide the retail industry to net zero by 2040. As a founding signatory to the Roadmap we commit to working with other retailers, suppliers, government and other stakeholders, and to support customers, to collectively deliver to the industry's net zero ambition. The Roadmap has five key pathways covering GHG data, renewable energy, low carbon logistics, sourcing sustainably and helping employees and customers live low carbon lifestyles. Find out more [here](#)

This will support 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.

Energy Efficiency

Our priority is to work to improve energy efficiency as this reduces both carbon emissions and costs for our business. 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 LED lighting installations in existing retail stores which will save an estimated 3,910 MWh electricity and have identified further stores to re-fit during 2021. LED lighting is fitted as standard in new stores
- Increased the amount of solar PV within our warehousing sites by fitting new panels to an extension
- Undertaken increased monitoring of electricity consumption in our stores whilst closed due to COVID, 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 to help reduce our environmental impact and deliver savings for the business

Find out more [here](#)

Distribution Efficiency

The transport and distribution of products in the UK to NEXT Retail stores and NEXT Online customers accounts for 25% of our CO₂e emissions. Our approach is to use our vehicles as efficiently as possible to support both our retail and online businesses, which has been especially important during a year where more customers started to shop with us online and where our stores were mainly only open for click-and-collect and receiving returns from customers.

We are continuing to investigate alternative fuel options, including electric vehicles. During the year we trialled an electric delivery van to understand how it could start to replace our current diesel fleet. The trial demonstrated it was not sufficient for our operational needs as it had a reduced distance offer, carrying capacity and payload than our current diesel vehicles, but this is an area we will continue to investigate.

Find out more [here](#)

Waste and Recycling

UK and Eire - Waste and Recycling	2021 Tonnes	2020 Tonnes	% Change
Total ^(A)	21,753	30,227	-28
Materials diverted for recycling ^(A)	21,136	29,105	-27
General waste sent to landfill	617	1,122	-45
% recycled	97%	96%	1

During 2020 we **diverted 97% of the waste materials** we created to recycling or for reuse.

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

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

Find out more [here](#)



ENVIRONMENT CONTINUED

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 254,264m³ ^(A) in our UK and Eire operations. In addition, the third-party café concessions operating within our stores used a further 36,699m³ of water, totalling 290,963m³ (2020¹: 356,383m³).

During the year, we have 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.

In our extended supply chain, operations such as laundries, mills and tanneries use large quantities of water so responsible water management is vital to ensure there is sufficient safe, clean water for the local communities to use. We are working directly with our suppliers through the ZDHC programme. To find out more see [Our Customers and Products](#) section.

¹ Restatement of water used in prior year.

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. In this situation, we believe the only responsible action is to destroy it, usually by sending the product to our 'energy from waste' route. This is the process of generating energy in the form of electricity and/or heat by burning waste.

Find out more [here](#)

SDG 13 - Take Urgent Action to Combat Climate Change and its Impacts

SDG 13 is one of the SDGs we have identified as being most material to NEXT. As part of our developing work on climate 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's SDG Key Focus Area - SDG 13

	Detailed Indicators for SDG 13	What NEXT are doing ^(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 carbon emissions target is to reduce emissions by 55% by 2030, and to date we have achieved a 50% reduction against a 2016/17 baseline We have set a new target to reduce Scope 3 emissions across our entire value chain by 40% by 2030 per £1m sales against a 2019/20 baseline Our 2025 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 During the year we undertook a gap analysis against the Sustainability Accounting Standards Board (SASB) metrics for the Apparel, Accessories and Footwear Industry 	29 29 5 6
13.2	Integrate climate change measures into national policies, strategies and planning	<ul style="list-style-type: none"> Undertaken TCFD Climate Opportunity and Risk Assessment review of physical, transition and reputational risks and opportunities arising from climate change to determine which require additional consideration 	6
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 to the BRC Climate Action Roadmap, a framework to guide the retail industry to net-zero by 2040 NEXT is a signatory to the WRAP Sustainable Clothing Action Plan (SCAP), a collaborative framework to deliver industry led targets on carbon, water and waste to improve the sustainability of textiles across their entire life cycle. Launching in 2021, NEXT is a signatory to the WRAP Textiles 2030 initiative, a collaborative framework to deliver against industry led collective targets on carbon and water and develop a clear pathway for circularity 	31 33



ENVIRONMENT CONTINUED

Measuring the Environmental Impact of the Products we Sell

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

Launching in April 2021, NEXT is a founding signatory to WRAP's new Textile 2030 initiative. It is a collaborative framework to take forward the work completed under SCAP and deliver against industry-led collective targets for carbon and water and develop a clear pathway for circularity. Within Textiles 2030, the SCAP fibre footprint calculator will continue to allow 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. You can find out more about our commitment as a signatory here.

We use the tool to calculate the embodied emissions of our products over the whole product life-cycle (from raw material sourcing to product end of life) and use the information to inform our responsible sourcing decisions. Also, it helps to build visibility of our value chain to fully understand our Scope 3 impacts and support our 2025 Responsible Sourcing Strategy.

We are working hard to achieve our SCAP targets and in 2020, per tonne of clothing, we reduced our carbon footprint by 25% and water footprint by 43% against our 2012 position.

Find out more [here](#)

¹ Waste Resources Action Plan

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.

During 2020, NEXT joined The UK Plastics Pact initiative and the On-Pack Recycling Label (OPRL) Scheme to contribute to their collective ambitions. These collaborations will support our work, by 2025, to reduce the amount of waste produced, for ourselves and our customers. 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
- Include OPRL labels on NEXT customer facing packaging, offering clear recycling information to help customers

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
- Gain SBTi approval for our Scope 1, 2 and 3 carbon reduction targets to 2030
- Continue to identify opportunities to reduce the amount of waste created and simplify the materials used
- Continue to identify opportunities to reduce our packaging and further improve sustainable sourcing of our packaging materials





COMMUNITY

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

Highlights

- Around 200 registered charities supported
- Charitable donation over £2 million
- Over 180 tonnes of furniture diverted for reuse to Doncaster Refurnish to create value
- Over £351,000 raised for charities from the sale of our reusable carrier bags in England, Scotland and Wales

Aligned SDGs



Our Approach

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

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

Charitable Donations

To ensure we can measure and monitor our overall community investment, we calculate the value of our non-financial contributions from products donated by the business. This figure is added to our financial contributions, to arrive at a total sum contributed for the year. Our charity and sponsorship programme is made up of donations to:

- **Registered charities** – we have offered support to around 200 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

NEXT plc has offered financial support to:	2021 £000	2020 £000
Registered Charities	543	1,069
Commercial support & sponsorship	85	95
Individual requests, local and national groups and organisations	2	8

This support has been supplemented with the following activities:	2021 £000	2020 £000
Gifts in kind – donations of products	1,476	1,963
Charity link sales	111	208
Employee fundraising	47	97
NEXT charity events	0	7
Total Support (incl. employee fundraising)	2,264	3,447

Payroll Giving

A scheme which is available to all UK based employees and allows people paid through PAYE to make tax-efficient donations to any UK registered charity. During the year **our employees donated around £25,000 to charities of their choice.**





COMMUNITY CONTINUED

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 unsellable, damaged furniture and home accessories, Refurnish has been able to generate over £0.4million by converting over 3,700 items for reuse and sale. This funding provides much needed services in the community with the additional benefit of diverting 180 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. COVID has limited the number of training placements available during the year as the charity 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.

As a Business in the Community (BITC) member, we were pleased to be able to support the National Business Response Network (NBRN). It was established as a direct response to the COVID pandemic which increased critical health and social issues in towns and cities across the UK. Through the programme, and the organisation put in place by BITC, we were able to play a small role to support local communities with a variety of clothing, homeware and care essentials that NBRN had identified were urgently needed.

Case Study – Changing Inside and Out

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. Refurnish are supporting five young people through this programme in a COVID safe environment to help them achieve their aspirations, learn new skills, develop new knowledge and confidence and provide guidance to help them through this challenging year.

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

“This has been our toughest and most unpredictable year and the NEXT Refurnish partnership has continued to provide a great deal of public benefit, especially during this year, where on top of the 2020 Doncaster Flood Recovery Programme we have had COVID and all it entails to deal with, helping those most vulnerable at their lowest ebb. We’re more than just a furniture reuse project. Thinking sustainably and acting locally, we dissect the waste stream, maximise resources, add value and give more public benefit back to our community.”

Andy Simpson
CEO of Refurnish

Carrier Bags

NEXT continues to support and encourage our customers to reduce their use of carrier bags by using the most appropriate size of bag for their purchase or placing the purchase in the customer's own bag. During the year, in line with legislation, we introduced a reusable carrier bag for customers to purchase, with the proceeds raised going to our nominated charities across England, Scotland and Wales. 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 to the Government who use the proceeds to fund environmental projects.

Our reusable carrier bags can be returned to our stores by customers when worn out and replaced for free, and we will ensure they are recycled through our in-house recycling centre. We aim to reuse the recycled material in our own bags in the future which will create a closed-loop system.

Find out more [here](#)



INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF NEXT PLC

The Board of Directors of NEXT plc (“NEXT”) engaged us to provide limited assurance on the information described below and set out in NEXT’s Corporate Responsibility Report for the year ended 25 January 2020 (the “CR Report”)



Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that in all material respects for the year ended 30 January 2021: (i) the Selected Information has not been prepared; and (ii) the Selected Statements are not fairly stated, in accordance with the Reporting Criteria.

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

Selected Information

The scope of our work was providing limited assurance over the information marked with the symbol (A) in the CR Report and are included in Appendices 1 and 2 to this assurance report (the “Selected Information” and “Selected Statements”, respectively).

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

Professional standards applied and level of assurance

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

Our Independence and Quality Control

We complied with the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, that are at least as demanding as the applicable provisions of the IESBA Code of Ethics.

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.

Understanding reporting and measurement methodologies

The Selected Information and Selected Statements needs to be read and understood together with the Reporting Criteria (“NEXT’s Reporting Principles, Criteria and Methodologies 2021” document available online at www.nextplc.co.uk/corporate-responsibility/), which NEXT is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time. The Reporting Criteria used for the reporting of the Selected Information and Selected Statements are as at 30 January 2021.

Work done

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

- made enquiries of NEXT’s management, including the Corporate Responsibility (CR) team and those with responsibility for CR management and group CR reporting;
- 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 and to obtain supporting documentation;
- performed limited substantive testing on a selective basis of the Selected Information and Selected Statements to check that the reported information had been appropriately measured, recorded, collated and reported;
- re-performed the calculation to convert underlying activity data into carbon dioxide equivalent emissions;
- considered the disclosure and presentation of the Selected Information and Selected Statements; and
- reviewed the Reporting Criteria to ensure assumptions and judgements have been clearly disclosed.

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

NEXT’s responsibilities

The Directors of NEXT are responsible for:

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

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

INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF NEXT PLC CONTINUED

Our responsibilities

We are responsible for:

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

This report, including our conclusions, has been prepared solely for the Board of Directors of NEXT in accordance with the agreement between us. We permit this report to be disclosed in the CR report for the year ended 30 January 2021, to assist the Directors in responding to their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information and Selected Statements. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors and NEXT for our work or this report except where terms are expressly agreed between us in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
London

30 April 2021

Appendix 1: Selected Information subject to limited assurance procedures

The Selected Information subject to limited assurance procedures is set out below. The Reporting Criteria "NEXT's Reporting Principles, Criteria and Methodologies 2021" document available online at www.nextplc.co.uk/corporate-responsibility has been used to prepare and report the Selected Information.

Performance Indicator	Unit	Reported Performance (Selected Information)	Page Reference
Carbon emissions			
Scope 1: Direct CO ₂ e emissions from NEXT Group operations, including International Directory operations	tCO ₂ e	36,914	30
Scope 2 (location-based): In-direct CO ₂ e emissions from NEXT Group energy consumption, including International Directory operations	tCO ₂ e	43,656	30
Scope 2 (market-based): In-direct CO ₂ e emissions from NEXT Group energy consumption, including International Directory operations	tCO ₂ e	4,836	30
Scope 3: Other in-direct CO ₂ e emissions from NEXT Group operations, including International Directory operations	tCO ₂ e	67,474	30
Scope 1 and 2 carbon emission reduction percentage against a 2016/17 baseline	%	50	29
Scope 1 and 2 emission intensity based on revenue	tCO ₂ e per £m sales	22.22	30
Energy			
Gas usage from NEXT Group operations	kWh	49,207,109	30
Electricity usage from NEXT Group operations	kWh	179,492,824	30
Waste and recycling			
Waste generated (stores, offices and warehouses, including Head Office)	Tonnes	21,753	31
Waste recycled (stores, offices and warehouses, including Head Office)	Tonnes	21,136	31
Water			
Water consumption	m ³	254,264	32

INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF NEXT PLC CONTINUED

Appendix 2: Selected Statements subject to limited assurance procedures

The Selected Statements subject to limited assurance procedures is set out below. The Reporting Criteria "NEXT's Reporting Principles, Criteria and Methodologies 2021" document available online at www.nextplc.co.uk/corporate-responsibility provides further context to the activities set out below.

Detailed Indicators for SDG 13	What NEXT are doing (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 carbon emissions target is to reduce emissions by 55% by 2030. To date a 50% reduction against a 2016/17 baseline has been achieved • We have set a new target to reduce Scope 3 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 • During the year we undertook a gap analysis 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"> • Undertaken TCFD Climate Opportunity and Risk Assessment review of physical, transition and reputational risks and opportunities arising from climate change to determine which require additional consideration
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 to the BRC Climate Action Roadmap, a framework to guide the retail industry to net-zero by 2040 • NEXT is a signatory to the WRAP Sustainable Clothing Action Plan (SCAP), a collaborative framework to deliver industry led targets on carbon, water and waste to improve the sustainability of textiles across their entire life cycle. Launching in 2021, NEXT is a signatory to the WRAP Textiles 2030 initiative, a collaborative framework to deliver against industry led collective targets on carbon and water and develop a clear pathway for circularity