

NEXT

MODERN SLAVERY
TRANSPARENCY STATEMENT
2023-24

INTRODUCTION

It continues to be a priority for NEXT to ensure that we trade ethically, source responsibly and work to prevent modern slavery and human trafficking throughout our organisation and in our supply chain. We take any allegation of human rights abuse in all its forms seriously and will not tolerate human rights abuse against individuals within NEXT’s own organisation or our supply chain.

Modern slavery can take many different forms and is a complex issue. NEXT has taken steps to identify areas where there are risks of modern slavery occurring within our business and supply chain and we are working to eliminate that possibility.

During the year we encountered issues relating to child labour, freedom of movement and migrant labour. You can read more about these on page 7.

This is our 7th statement made under the Modern Slavery Act 2015 and constitutes our Group modern slavery statement for the 2023/24 financial year. It highlights the key activities we have undertaken during the year and aims to provide useful information to understand our commitment as a responsible retailer to reduce those modern slavery risks that could be connected to our business.

This statement has been prepared on behalf of NEXT plc and its following group companies: Lipsy Limited, Next Distribution Limited, Next Holdings Limited, Next Retail Limited and Next Beauty Limited and is approved by the Board of NEXT plc.



Amanda James
Group Finance Director, NEXT plc
14 March 2024



KEY ACTIVITIES IN 2023/24



Supply Chain Transparency

- Updated Tier 1 and Tier 2 factory listing published on nextplc.co.uk/corporate-responsibility/our-suppliers and the Open Supply Hub, a public platform for supply chain data.
- Updated our Tier 3 sites listing published on nextplc.co.uk/corporate-responsibility/our-suppliers.
- **2,416** Code of Practice (COP) audits performed in the year across **39** countries.



Active Management and Remediation

- Worked with **5** factories to successfully remediate modern slavery issues. A further **10** sites are being supported through an agreed remediation process.
- Disengaged **13** factories where remediation on issues relating to modern slavery had not been achieved; to an acceptable level; or within acceptable time frames; or the factory did not demonstrate willingness to improve. **10** of these cases were in relation to wage retention.
- Carried out COP audits at **4** waste recycling sites used in the UK to recycle our waste packaging.



Training & Awareness

- **1,200** new NEXT UK employees completed our bespoke online Modern Slavery training during the year. This course explains what modern slavery is, why it's relevant to NEXT, our company policy along with employees' responsibilities and what it means for them. The course is also completed by our employees globally.
- Online portal for third parties continues to grow with over **800** users registered. We have dedicated sections for freight forwarders, branded component suppliers, third party brands, Home brands and Lipsy third party suppliers.



Collaboration

- Maintained support of Unseen – the UK modern slavery and exploitation helpline.
- Carried out in-person supplier presentations in Poland, Morocco, Tunisia, India, Bangladesh and Turkey.
- Continued to support the FAB-L project focused on supporting fashion workers in Leicester.
- Worked with our Total Platform partner brands JoJo Maman Bébé and Reiss to launch the Code of Practice audit approach with their supply base.



OUR BUSINESS & COMMITMENT

Our Business

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

The Group is primarily comprised of:



NEXT Online

- Over **7.6** million active customers globally
- Websites serving over **70** countries



NEXT Retail

- Around **500** stores in the UK and Eire
- **7,640k** sqft trading space



NEXT Finance

- Provides **£1.5bn** of customer credit for NEXT customers to purchase products online and in our stores



NEXT International Retail

- Around **185** franchised stores
- Operates in **30** countries



Lipsy

- Designs and sells Lipsy and other branded fashion products
- Trades through NEXT Online, from **55** NEXT stores and through wholesale and franchise channels



NEXT Distribution

- **9** UK warehouses, **7** UK depots and **3** international hubs
- NEXT owned distribution fleet



NEXT Sourcing

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



NEXT Employees

- Around **44,000** employees globally

Continuous improvement lies at the heart of our business. We aim to conduct our business in an ethical manner and to develop positive relationships with our suppliers to raise standards of working conditions in the factories where our products are made.

Our Product Supply Chain



We source from **39** countries.



We have **662** active Tier 1* product suppliers for NEXT and Lipsy.



Our COP team comprises **52** NEXT employees.



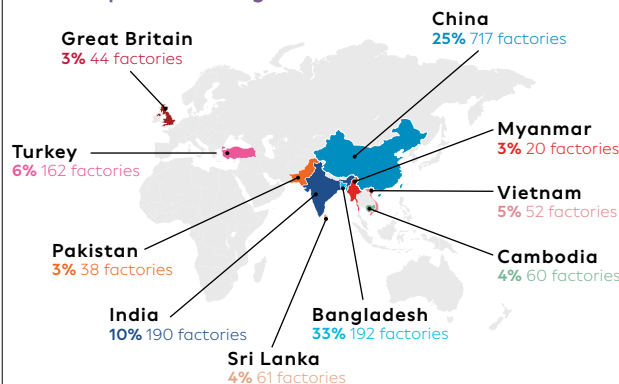
Our in-house COP team carried out **2,416** audits in the year.



There are around **1.2m** workers in our Tier 1* product supply chain. (Based on sites audited during the year).

*For details of our supply chain tiers, please refer to 'Our Customer and Products' section of our Corporate Responsibility Report at nextplc.co.uk/corporate-responsibility/our-suppliers.

Our top 10 sourcing countries are:



The figures represent the percentage of the value of business and the number of factories per region.

Our Commitment

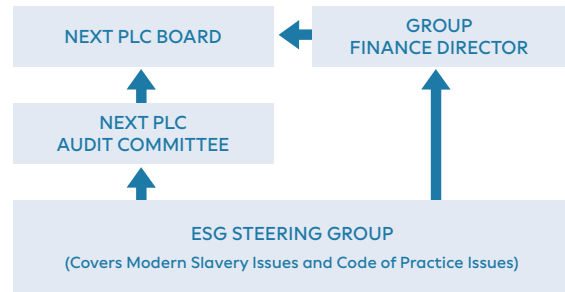
NEXT is committed to finding and preventing modern slavery and human trafficking throughout our business and supply chain and to understanding the modern slavery risks that may be present.

We do this by:

- Finding effective methods to work to eliminate slavery and human trafficking practices in our supply chain. We are working towards full transparency of our supply chain.
- Ensuring our policies and procedures are reviewed regularly and that we have development and training processes in place to enable our internal teams to have appropriate awareness and understanding of the issues and our responsibilities.
- Ensuring new suppliers understand our requirements before they commence working with us, and that existing suppliers comply with those requirements.
- Ensuring the people who provide the products and services we buy and use are treated fairly, and that their fundamental human rights are protected and respected.

GOVERNANCE FRAMEWORK & POLICIES

Our Governance Framework



A robust governance structure and clear risk management and internal controls framework, both of which are embedded throughout the business, are core to our approach. Our ESG Steering Group is responsible for prioritising actions and helping to monitor emerging ESG risks. Updates on ESG activities were provided during the year to the Audit Committee which has ESG as a standing agenda item at each of its meetings.

On a day to day basis, significant issues seen by the COP team as part of their work are discussed with the executive directors where appropriate.

As part of the NEXT risk management process, detailed risk registers are maintained by 20 distinct operational and functional areas, where local business risks are identified, assessed and managed, which include risks relating to human rights, modern slavery and bribery. Specific corporate responsibility risks are recorded, considered and managed as part of this process. In addition, the impact of corporate responsibility risk factors is included, where appropriate, in the NEXT plc directors' assessment and review of NEXT's principal risks. NEXT's principal risks are detailed in the Strategic Report section of our latest Annual Report at nextplc.co.uk

Due Diligence

Our COP auditing process is a vital due diligence tool as it delivers assurance that our suppliers and their factories understand their responsibility to comply with our ethical standards. Details of our Principle Standards and Auditing Standards are available at www.nextplc.co.uk/corporate-responsibility/code-of-practice. We also invest time and resources to support effective communication and work collaboratively with our suppliers to prevent issues arising or help resolve issues we have identified. We use the UN Guiding Principle Reporting Framework to help us build a more detailed picture and better understand the salient human rights issues across our business (i.e. those human rights that stand out because they are at risk of the most severe negative impact through the Company's activities or business relationships).

Policies

NEXT has clear policies and monitoring processes in place combined with robust supply chain management. We review and update these policies and practices regularly as we learn from our experiences.

They are designed to ensure that people are treated with dignity and respect and include internationally recognised human rights principles and indicators encompassed in the Universal Declaration of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work.



GOVERNANCE FRAMEWORK & POLICIES

NEXT’s business policies relating to third party relationships and modern slavery are published on our corporate website at nextplc.co.uk/about-next/corporate-governance/policies:

- Human Rights and Modern Slavery
- Whistleblowing for NEXT’s third parties
- Code of Practice Principle Standards and Auditing Standards (see link on page 4)
- Health and Safety
- Anti-bribery

We also have the following employee related policy:

- Whistleblowing for employees

The NEXT COP Principle Standards comprise:

- No forced labour or modern slavery
- Freedom of association and the right to collective bargaining
- Safe and healthy working conditions
- No child labour
- Fair wages and benefits
- Lawful working conditions
- No discrimination practiced
- Employment security
- Respectful treatment of workers

We also have additional policies on our supplier portal system covering specific supply chain issues:

- Migrant Labour
- Child Labour
- Agency Labour
- Homeworker
- Laundry Management
- Syrian Refugee Remediation Programme
- Wage Retention
- Shared Premises

During the year we have revised our auditing standards and communicated these to our suppliers via our supplier portal. We also developed tools for suppliers to use as part of their due diligence processes, including a critical issues assessment, a site tour checklist and worker dialogue questions.



RISK ASSESSMENT & DUE DILIGENCE

Where are our highest risks?

We believe those areas which give rise to the highest modern slavery risk are:

- NEXT’s own branded product supply chain
- NEXT’s suppliers who subcontract manufacturing processes e.g. dyeing and finishing
- Specific country risks where modern slavery is higher e.g. India (restriction of freedom of movement), China (state-imposed forced labour), Myanmar (child labour)
- Specific goods or services not for resale e.g. logistics service providers, cleaning services, employment agencies, waste recycling, warehousing.

Our salient human rights risks are as follows:

- Freedom of association and collective bargaining
- Health and safety (including mental health)
- Children’s rights
- Modern slavery (including wage retention)
- Wage levels
- Harassment and discrimination
- Water, sanitation and health
- Working hours

Further information on our latest salient risks are available in our Corporate Responsibility report at nextplc.co.uk.

Key Activities This Year

Supplier presentations were carried out in-country in Bangladesh, Poland, Morocco, Tunisia, Turkey and India covering topics such as sourcing country challenges, supplier compliance performance and supply chain risk areas. They also provide the opportunity for valuable conversations with our suppliers to understand each others’ focus areas and improve ways of working together. We also held in-person events for suppliers to our Total Platform partners Jojo Maman Bébé, Reiss and Joules to introduce them to the Code of Practice approach. These events took place in Bangladesh, Turkey and India, alongside online meetings and one-to-one sessions where necessary.

In-person supplier events are planned for the Far East and other locations in 2024. Our intention is to carry out in-person supplier events in our top ten sourcing countries on a regular basis.

Unauthorised subcontracting We have identified **27** cases of unauthorised subcontracting (subcontractors who have been engaged without our approval and therefore without us carrying out an audit) in our product supply chain through our auditing work. Where such cases are identified, we work with the supplier and factory to highlight the risks of subcontracting to unauthorised sites. We reserve the right to apply financial penalties and review business levels. The number of identified cases is flat compared to last year, reflecting that the issue is still prevalent in our supply chain. As our COP teams are carrying out the vast majority of audits on an unannounced basis, they are better able to identify unauthorised subcontracting cases and work with suppliers to remediate.

Third-party branded suppliers Our bespoke supplier platform was launched in 2020 as a communication tool with both new and established suppliers. We continue to provide content for our suppliers and have tailored the content for different supplier categories. The platform also allows us to track the suppliers who have accessed the portal in a given time period, as well as the content that they have viewed. The primary benefit of the platform is the instant delivery of information straight to the users, ensuring that third-party brands sold via NEXT are privy to information needed to understand our expectations in relation to ethical standards.

Forced labour We continue to closely monitor developments in relation to allegations of forced labour in the Xinjiang Uyghur Autonomous Region (XUAR) of Western China. Our Cotton Sourcing Policy includes 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 to find 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 Responsible Sourcing Approach.

RISK ASSESSMENT & DUE DILIGENCE

We take allegations of forced labour in our supply chain extremely seriously and take appropriate steps to investigate them. There are significant challenges in investigating issues of this nature.

Due Diligence & Action Taken

Concerns regarding modern slavery generally originate from one of the following sources:

- COP audits
- Whistleblowing (with third party platforms, such as 'This is My Back Yard' (TIMBY))
- Employee or third party communications

During the year we received grievances via TIMBY operating in Myanmar, India and Pakistan:

- Myanmar - **2** cases received, both remediated
- India - **5** cases received, **4** remediated and **1** case currently in remediation
- Pakistan - **94** cases received, **93** remediated and **1** case currently in remediation

If our employees are visiting a factory as part of their role and identify something of concern, they can contact our COP team directly. On the occasions when this has happened we have been able to put an appropriate response or action plan in place. This reflects the positive engagement of our employees and their awareness of modern slavery issues which supports the work of the COP team.

During the year we have reviewed any such concerns and agreed actions accordingly. We

continue to produce internal incident reporting which provides clear visibility of where risks arise, both geographically and by category. Incidents and associated reporting are reviewed by the ESG Steering Group where actions are agreed and progress tracked. Whistleblowing incidents are reported to the Audit Committee of NEXT plc.

Focus on child labour

During the year we identified **1** instance of child labour involving **1** child, and this case was remediated.

The child was identified during a Code of Practice audit carried out by our team in Cambodia, where the legal working age is 15. The child was aged 14 years 7 months and working in the sewing section of a factory. The factory management was positive to engage in remediation and worked with Better Factories Cambodia (BFC) on appropriate corrective action including paying living compensation to the child, ensuring their enrolment in vocational school and committing to hiring them back once they had reached legal working age. The remediation was monitored by our Far East COP team and was successfully completed in the second half of 2023.

Follow up from last year:

We identified one case where **25** children were employed at a factory in Myanmar. The factory was positive to remediate the case and our COP team and selected third party partner, Impactt, have continued to work with the factory over the past year. Of those children:

- **9** reached legal working age and are exploring employment opportunities
- **10** have returned to education and continue to receive living compensation
- **6** attended vocational training and chose not to return to formal education. They continue to receive the living compensation until they reach legal working age.

We continue to engage with our suppliers on child labour risks and encourage them to use the tools available to them via our supplier portal to carry out appropriate due diligence prior to introducing a new site to NEXT and as a means of continuous monitoring with existing sites.

RISK ASSESSMENT & DUE DILIGENCE

Focus on restriction of freedom of movement

One of the indicators of modern slavery is restriction of freedom of movement, where individuals have limited opportunities to move freely.

During the year our team identified restrictions on the use of bathroom facilities in 4 factories in Egypt. Practices observed by our team included the use of a system of toilet passes for the production line workers, or a limit to the number of times or length of time that a worker could use the toilets each day, which meant that there was an unreasonable restriction on an individual's movement around site.

One to one meetings were held with factory management in each case to understand their perspective and agree a plan to remediate the situation in an appropriate way. Our COP team worked closely with factory management and our suppliers, taking time to understand their concerns and agreeing next steps collectively. Our approach is not to walk away from these serious issues, but to work with our suppliers and factories to agree a remediation plan. These sites will continue to be monitored by our regional COP team, including unannounced visits to ensure that improvements are maintained.

Focus on migrant labour

During the year we carried out an in-person supplier event in Poland for our furniture suppliers. One area of focus was the potential risks associated with migrant workers who travel to Poland to work in factories manufacturing NEXT products. We outlined our expectations on how migrant workers should be treated and provided clarification on how this relates to our auditing standards.

Case Study

Freedom of Movement in India - Through our worker voice platform TIMBY we received one grievance during the year from a female migrant worker who was employed in a spinning mill in Tirupur. It outlined that she wanted to return to her home village. However, mill management was not allowing her to leave. We identified that the mill in question was not part of the NEXT supply chain therefore we assigned the grievance to our implementation partner SAVE, who worked with the mill and worker in question to reach a resolution which saw the individual returned to her home village.

Case Study

Freedom of Movement India - During a Code of Practice audit at one of our factories, our local team identified restriction of movement in company-provided female hostels where the following practices were found:

- Female workers were not permitted to leave the facility until they obtain the permission from the production manager and HR manager a day in advance
- The hostel warden would wake up the hostel residents at 4.30am each working day
- If any hostel residents were ill they were not allowed to stay in their rooms to recover but were asked to go to the factory to rest in the factory medical room.

Post-audit, the COP team had a meeting with the factory management and the supplier to agree a change to their policy for hostel workers and obtain commitment to provide free movement to all their employees. Our team supported the factory and supplier in understanding the importance of freedom of

movement within the context of the working environment and hostel, as well as helping them to draft and communicate their revised policy on freedom of movement to all hostel residents. Subsequently, COP outlined the requirement for our supplier to carry out appropriate due diligence to ensure that critical non-compliances had been addressed and all elements of restrictions had been removed.

In addition to this specific case, our India team has worked with a number of other factories where similar issues of restriction of movement in accommodation were identified. COP arranged meetings with suppliers and factory management to discuss their concerns, agree next steps and ensure that hostel guidelines were communicated. As part of our monitoring process, the local team has carried out unannounced follow-up visits to ensure the ongoing implementation of standard guidelines and improved practices on site.

Looking Forward

Over the year we plan to focus on the following areas:

- Carry out a review of our Human Rights and Modern Slavery Policy.
- Engage with the recruitment agencies nominated to supply workers into our warehouses to identify areas of improvement in line with recruitment best practice.
- Carry out proportionate due diligence on selected third party brands as an initial step forward in risk assessing brands that we sell on our platform.

TRAINING & COLLABORATION

Training & Awareness

Our Employees & Suppliers

Raising awareness and providing our employees with appropriate training remains a key focus area. Our bespoke online training course is completed by employees globally. Ongoing communication with our suppliers is crucial and our one-to-one supplier presentations have been a vital part of our approach to maintaining close contact with our supply chain partners.

Activities this year include:

- Delivering supplier presentations in Poland, Morocco, Tunisia, India, Bangladesh and Turkey
- Holding one-to-one meetings with NEXT's Top 35 product suppliers (by value)
- Enrolling more third-party suppliers onto our bespoke platform
- Internal COP workshops carried out with over 100 internal employees, focusing on matters like our auditing approach, audit ratings and what they mean, as well as modern slavery risks in the supply chain. We also discuss how COP fits in with the roles and responsibilities of the product teams.

Collaboration

Our business cannot tackle modern slavery alone, so it is important and valuable for NEXT to work with others to develop solutions for some of the more complex and systemic problems found within global supply chains. We believe that by maintaining strong direct relationships and undertaking collaborative work with others we are able to deliver real benefits to workers in our supply chain.

NEXT is a member of the Ethical Trading Initiative, ACT (Action, Collaboration and Transformation) and the Bangladesh Accord. We were also signatories to the new Pakistan Accord for 2023.

For further details of our collaborative work please refer to our latest Corporate Responsibility Report on nextplc.co.uk

We continue to be an official partner of Unseen - the UK National Modern Slavery & Exploitation Helpline. This collaborative approach is essential in helping to mitigate risks and manage emerging threats.

Our membership of the Unseen Business Portal continues to be a valuable tool which allows us to monitor potential modern slavery concerns flagged through the helpline and cross-check to provide early insight to any potential issues relating to NEXT. Proportionate action would be taken where appropriate. This year there were none relating to NEXT.

During the year we have continued to support a community outreach project, Fashion Workers Advice Bureau Leicester (FAB-L), a free advice and support service for garment, textile and fashion workers in Leicester. The project is led by a senior community engagement and outreach worker and a community engagement support worker, alongside additional support staff.

The aim of the FAB-L project is to make a positive impact on the lives of workers in Leicester by offering them free advice and signposting to other support services including:

- Workers' Rights & Employment Law
- Health & Safety
- Benefits Advice & Welfare Advice

- Form Filling & Letter Writing
- Housing & Living Conditions
- Immigration & Legal Advice
- Financial Hardship Support
- Courses & Training
- Domestic Violence & Harassment

Looking Forward

Over the coming year we intend to:

- Work with Unseen to develop and deliver a collaborative supplier event in the UK
- Hold in-person supplier events in our key sourcing countries, including China
- Continue to enhance our in-person training sessions for head office employees
- In-country COP teams to monitor information regarding internal migration in key sourcing countries e.g. India and China and identify opportunities for information-sharing with suppliers and factories.