

NEXT

MODERN SLAVERY
TRANSPARENCY STATEMENT
2022-23

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 seriously any allegation of human rights abuse in all its forms 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 8.

This is now our 6th statement made under the Modern Slavery Act 2015 and constitutes our Group modern slavery statement for the 2022/23 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
16 March 2023



KEY ACTIVITIES IN 2022/23



Supply Chain Transparency

- Updated Tier 1 and Tier 2 factory listing published on nextplc.co.uk/corporate-responsibility/our-suppliers.
- Updated our Tier 3 sites listing published on nextplc.co.uk/corporate-responsibility/our-suppliers.
- **2,039** Code of Practice (COP) audits performed in the year across **42** countries.



Active Management and Remediation

- Worked with **13** factories to successfully remediate modern slavery issues. An additional **4** sites are being supported through an agreed remediation process.
- Disengaged **7** factories where remediation on issues relating to modern slavery had not been achieved to an acceptable level. Those **7** cases were in relation to wage retention.



Training & Awareness

- Nearly **600** 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 completed by our employees globally.
- Online portal for third parties continues to grow with over **760** active brands registered. We have dedicated sections for freight forwarders, branded component suppliers, our third party suppliers, Home brands and Lipsy third party suppliers.



Collaboration

- Maintained support of Unseen – the UK modern slavery and exploitation helpline.
- Worked alongside Slave Free Alliance and a select number of retailers to deliver a bespoke Modern Slavery session for UK furniture suppliers.
- Continued to support a project focused on supporting fashion workers in Leicester.



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 **6** million active customers globally
- Websites serving over **70** countries



NEXT Retail

- Around **500** stores in the UK and Eire
- **7,768k** sqft trading space



NEXT Finance

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



NEXT International Retail

- Around **199** franchised stores
- Operates in **35** countries



Lipsy

- Designs and sells Lipsy and other branded fashion products
- Trades through NEXT Online, from **21** NEXT stores and through wholesale and franchise channels



NEXT Distribution

- **9** UK warehouses, **7** UK distribution centres and **1** international hub
- 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 **42** countries.



We have **647** active Tier 1* product suppliers.



Our COP team comprises **48** NEXT employees.



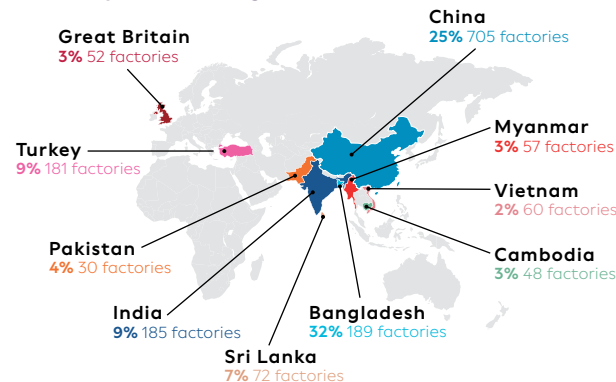
Our in-house COP team carried out **2,039** audits in the year.



There are around **1.8m** workers in our Tier 1* product supply chain.

* For details of our supply chain tiers, please refer to the '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 our business volume 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 Standard and Auditing Standards are available at 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 UNGP 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 above)
- 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 Policy
- Child Labour Policy
- Agency Labour Policy
- Homeworker Policy
- Laundry Management Policy
- Syrian Refugee Remediation Programme
- Wage Retention Polic
- Shared Premises Policy

During the year we have further developed our Migrant Labour Toolkit to reflect changes we identified in the supply chain such as previously unseen nationalities now travelling into Eastern Europe.

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 highest e.g. India, China
- Specific goods or services not for resale e.g. logistics service providers, cleaning services

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 (including fair wages)
- 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 once again possible in person after a pause due to the pandemic. To date we have carried out sessions in India and Turkey, 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. In-person events are planned for Bangladesh

and North Africa during the first half of 2023.

Unauthorised subcontracting We have identified **30** 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 have seen an increase of **20%** in unauthorised subcontracting cases during the year which could be due to the reduction in in-person visits over the last 2 years, in turn causing complacency or risk-taking in the supply chain. As our COP teams started to increase the physical audits, they were 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 platform has more potential regarding the variety of content and how we communicate it to suppliers, which we will be developing during the year. The primary benefit of the platform is the instant delivery of information straight to the brands, ensuring that all third-party brands sold via NEXT are privy to information needed to understand our expectations in relation to ethical standards.



RISK ASSESSMENT & DUE DILIGENCE

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 2020/21, 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 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 2025 Responsible Sourcing Strategy.

Due Diligence & Action Taken

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

- COP audits
- Whistleblowing
- Employee or third party communications

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.

During 2022/23 **93%** of audits were on-site visits and **7%** were virtual. In total **32%** of our audits were announced and **68%** unannounced, which reflects the fact that all of our virtual audits have to be announced and our teams were still faced with travel restrictions in some regions during the year. During these audits we identified **24** cases of modern slavery related risks. Of these **24** cases, **17** have been successfully remediated or have an agreed plan to remediate and **7** factories have been disengaged. Our priority is to support factories to resolve issues, but we will not continue to work with them indefinitely if there is no willingness to improve.



RISK ASSESSMENT & DUE DILIGENCE

Focus on child labour

During the year we identified **2** cases of child labour (**26** children in total) and both of these cases were remediated.

One case of child labour was identified by our on the ground team in Myanmar during the year, where 25 children were found to have been employed at one factory. Our COP team instructed a local NGO to carry out a detailed on-site assessment which was done in the initial weeks of the case and included interviews with some of the children and their families, as well as with factory management. This helped us to identify root causes and understand possible steps for remediation. Regular communication was maintained with our internal teams and our supplier. Following the initial assessment, a second NGO worked with all stakeholders to develop and agree an action plan to ensure that the children were removed from employment and that they and their families are supported on a monthly basis until the children reach legal working age. Support includes the provision of financial support equivalent to the wages they would have earned in employment. Prior to the new school year commencing, skills training workshops were arranged, with free transportation to and from the training centre. Our local COP team continues to monitor the factory on an unannounced basis and our NGO partner works with us to ensure progress on the remediation plan.

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 on the ground COP team identified **9** factories in south India where the majority of migrant female employees were living in company-provided accommodation. During our COP audits of these sites, all were found to have serious non-conformities to our auditing standards in relation to restriction of freedom of movement. In total **1,405** migrant female workers were found to be living in the hostels of these factories. They were not allowed to leave the accommodation on their own and needed to obtain prior permission before going out. In addition our team identified issues with the accommodation which also needed to be addressed, such as sufficient bedding and storage areas.

Our approach is not to walk away from these serious issues, but to work with our suppliers and factories to agree a remediation plan. One to one meetings were held with factory management and our suppliers for all 9 cases. Our in-country team worked closely with factory management, taking time to understand their concerns around cultural issues related to female employees' safety and agreeing next steps collectively. We developed hostel guidelines and worked to agree the implementation of new systems in their hostel facilities. Factory management have invested in their sites to make them a better working and living space. All 9 sites continue to be monitored by our in-country team, including unannounced visits to ensure that improvements are maintained.

The 1,405 migrant female workers involved in these cases have had previous restrictions on their freedom of movement lifted and the conditions in the residential accommodation have been improved.



RISK ASSESSMENT & DUE DILIGENCE

Focus on migrant labour

Working alongside one of our longstanding suppliers to the Home department, we collaborated to ensure that migrant workers who were travelling from Sri Lanka to work in a factory in Romania were treated in line with our migrant labour policy. Migrant workers can be vulnerable to exploitation so we focused on areas of risk such as recruitment fees, travel fees and terms and conditions of employment. With our COP team members on the ground in Sri Lanka and Romania, we were able to engage directly with the workers and the employer at all stages. Actions included the following:

- The employer travelled from Romania to meet with the workers in Sri Lanka, carry out skills tests and ensure they were given information about the factory and country they would be working in.
- Our regional team in Sri Lanka reviewed the agency’s recruitment process and interviewed the workers; through this work we identified that the Sri Lankan workers had paid a fee to a recruitment agency in order to secure a job which also included travel fees. The employer reimbursed the full fees to all affected workers.
- The regional teams in Sri Lanka and Romania checked employment documentation to ensure they met local legal requirements and were accurately translated into the native language of the workers.
- We worked with our supplier to ensure the employer-provided accommodation where the workers will be living (with all rent and utilities covered by the Employer) met our requirements.

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.
- Continue to engage with relevant stakeholders on the development of due diligence guidance for businesses.
- Develop systems enhancements to increase supply chain transparency and reporting.



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:

- Carried out supplier presentations in Turkey, India and UK with top suppliers across our product divisions.
- Enrolled more third party suppliers onto our bespoke platform, with more than 760 now granted access.

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 are 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. During 2022/23, Unseen took over **7,300** incoming helpline calls, over **2,300** web reports and **160** submissions via an app, indicating more than **3,000** potential victims of modern slavery. One of the reports to Unseen related to NEXT during the year:

We received notification from the Unseen Business Portal (of which NEXT is a member) that the Modern Slavery helpline had received a report suggesting that a group of potential exploiters had been trafficking a number of potential victims to a UK town and that employment had been arranged for them with a supplier known to NEXT. There were a number of other retailers who were also contacted as members of the Unseen Business Portal and Unseen facilitated a collaborative approach to ensure consistency in addressing the case. Joint calls were held between the brands, Unseen and the supplier.

Following investigations internally by the supplier and externally by a credible expert body, no evidence was found to support the allegations and the supplier was able to provide reassurance to brands via a collective call, which included a joint discussion on lessons learned. Additionally, the UK COP team carried out unannounced audits at the supplier's sites to ensure there were no critical non-conformities in relation to the NEXT auditing standards. This approach highlights the value of membership of a platform like the Unseen Business Portal, where brands can work together on supply chain issues in a way that streamlines the process for both brands and the supplier, avoiding repetition of information and the risk of miscommunication.

TRAINING & COLLABORATION

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 & outreach worker and a community engagement support worker.

Over and above the widely reported issues of low/under-payment and poor health and safety conditions, reports came back to the FAB-L team indicating many workers in the factories did not have access to basic welfare and benefits advice. The aim of the FAB-L project is to make a positive impact on the lives of workers 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

During the year, FAB-L has continued to reach out to people through community events, carried out multiple factory visits and worked with individuals to resolve individual issues in relation to their work or home life, which has helped to build trust in the local community between the FAB-L staff and workers in the area. We will continue to support the project in the year ahead, working alongside other participating brands. Plans include a Fashion Workers Club, social activities and language classes.

Looking Forward

Over the coming year we intend to:

- Initiate work with waste recyclers in our UK supply chain in line with our COP approach.
- Continue supplier communication activities, including face to face presentations in our key sourcing countries.
- Review risks in existing key sourcing countries and carry out risk assessments for potential new territories.

