

### OUR COMMITMENT

Our employees are integral to achieving our business objectives and we aim to attract, retain and develop the best talent at every level throughout NEXT. We are committed to creating an environment where all individuals feel welcomed, respected and supported. This commitment is demonstrated in a number of ways, including:

- **Open and transparent pay and reward structures**

We endeavour to ensure salary differentials between individuals in the business are fair and justifiable. Most roles within the business have an associated salary grid with differentials within the same role being determined by competency. Differences in salary between individuals in the same role must be justified by levels of performance in that role.

- **Developing our flexible working opportunities**

We have introduced clear and practical 'Working From Home Principles' which allow business areas and their team members to take advantage of the flexibility that home working affords. This is considered the right thing to do when a team member can be more productive working from home.

In certain areas of our business it can be harder to attract females so, for example, in our IT Department we have increased part-time working opportunities and offer different shift patterns. Our 'Back to IT' recruitment campaign, aimed at those who are returning to work after a career break, has resulted in a modest increase in the number of females working in our IT Department.

- **Support for working parents and carers**

Our purpose built, high specification childcare nursery, 'NEXT Steps', located adjacent to our head office, continues to support our employees with their pre-school childcare arrangements. The nursery achieved an 'Outstanding' Ofsted rating from its most recent inspection and currently has over 200 children registered to attend.

We provide guidance and support for those employees who plan to take maternity, paternity or adoption leave. This includes offering virtual group classes and workshops prior to taking leave and after returning to work, line manager coaching and pregnancy yoga.

- **Training and development opportunities**

The majority of our managerial appointments are internal promotions and we aim to invest in our staff to help them achieve their full potential. We have developed specific departmental training programmes, which provide our staff with the core skills to fulfil their roles. Examples include the Product Department Buying Academy, customer experience training for our call centre colleagues, and a NEXT Learning portal for our store staff. Several business areas also operate mentoring schemes.

- **People, policies and practices**

We continually review and update our policies and practices in order to achieve our aim of attracting, retaining and developing the best talent.

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## GENDER PAY REPORT 2022 (CONTINUED)

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### UNDERSTANDING THE GENDER PAY GAP

#### WHAT DOES THE GENDER PAY GAP MEASURE?

The gender pay gap is a measure of the difference in average pay of men and women, regardless of the nature of their work.

This is expressed as a percentage of men's earnings, e.g. women earn x% less than men. A negative percentage indicates that women earn more than men. The gender pay gap does not measure equal pay, which relates to the amount that men and women are paid for the same or similar jobs.

#### HOW ARE THE MEDIAN AND MEAN PAY AND BONUS GAPS CALCULATED?

The mean pay gap is a comparison of the average pay for a woman and the average pay for a man.

The median pay gap is a comparison of the hourly rate of pay for the woman in the middle of the line if all our female employees stood next to each other in order of lowest hourly rate of pay to highest, and the hourly rate of pay for the man in the middle of the line if all our male employees did the same.

Mean and median calculations are also carried out when comparing bonus pay over a twelve month period. The proportion of men and women awarded any bonus pay over that period is reported.

#### HOW ARE THE PAY QUANTILES CALCULATED?

We also report the percentage of men and women in each pay quartile. Quartiles are calculated by listing the rates of pay for each employee across the business from lowest to highest, before allocating that list into four equal sized groups of men and women and calculating the percentage of men and women in each of these groups.

The median and mean pay gap and quartile pay bandings are based on data from April 2022 only.

The bonus gap calculations required by the UK regulations are based on the bonus payments made in the 12 months to 5 April 2022 and are not full time equivalent adjusted.

## GENDER PAY REPORT 2022 (CONTINUED)

### PAY GAP & PAY QUANTILES – NEXT RETAIL LIMITED

#### DETAILS BEHIND THE GENDER PAY NUMBERS AT NEXT RETAIL LIMITED

We have found no inconsistencies with the pay for men and women doing equivalent jobs across our business and we are confident that the men and women who work for us are being paid equally for equivalent jobs. If we look across our entire Next Retail Limited workforce, the details behind our gender pay numbers are:

- 75% of our employees are women, with approximately 81% of these women working in our stores which is broadly consistent with the demographics in the Retail sector. Looking just at this group of employees, the mean gender pay gap was 1.0% (2021: 3.1%\*).
- As with many retail organisations, when we look across the NEXT workforce our gender pay gap is strongly influenced by the fact that such a high percentage of our colleagues in stores are women. Therefore, overall we have a significantly larger proportion of women than men in our lower paid roles.
- Although our overall mean gender pay gap is 31.2% (2021: 24.2%\*), the mean hourly pay gap within each quartile (detailed in the table below and closer to a like for like comparison of roles), shows a much narrower pay gap than the overall pay gap, both mean and median hourly pay gaps with women in the lower quartile being paid more than men, and women and men earn the same in the lower middle and upper middle quartile.
- Our figures in 2022 include our store staff which have a significant proportion of our lower paid female employees. Due to furlough, these employees were excluded from our figures in 2021 which has impacted the movement in our reported numbers.
- 45% of male employees compared to 19% of female employees work in our head office. Head office pay rates are typically higher than our stores due to the more technical nature of the roles. The majority of our head office employees fall within the upper quartile in the table below.
- In the wider NEXT group, we have good female representation in our most senior roles and on the NEXT plc Board. For the reporting period women made up 50% of our NEXT plc executive directors, 40% of our total Board, and 43% of our senior leadership team. In relation to our senior management and their direct reports, NEXT was ranked second in the FTSE Women Leaders Review: Achieving Gender Balance (February 2023) and has consistently met the Board gender diversity target set.

\* These 2021 figures included furloughed employees.

PAY	Lower Quartile	Lower Middle Quartile	Upper Middle Quartile	Upper Quartile	Total NEXT Retail Limited	UK National ♦
Men	24%	14%	18%	45%	<b>25%</b>	-
Women	76%	86%	82%	55%	<b>75%</b>	-
Median Gender Pay Gap	-11.0%	0.0%	0.4%	21.9%	<b>8.1%</b>	14.9%
Mean Gender Pay Gap	<b>-1.6%</b>	<b>0.0%</b>	<b>0.3%</b>	<b>18.7%</b>	<b>31.2%</b>	13.9%

♦ Source: Office of National Statistics October 2022.

## GENDER PAY REPORT 2022 (CONTINUED)

### BONUS PAY – NEXT RETAIL LIMITED DETAILS

#### PROPORTION OF MEN AND WOMEN WHO RECEIVED BONUS PAY

All employees are eligible to participate in bonus arrangements and we operate several bonus schemes which are designed to be relevant for the specific area of the business to which they relate.

Percentage of <b>MEN</b> who received a bonus	<b>69%</b>
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Percentage of <b>WOMEN</b> who received a bonus	<b>89%</b>
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We are confident that men and women have an equal opportunity to participate and earn a bonus.

#### DETAILS BEHIND THE BONUS PAY GAP NUMBERS AT NEXT RETAIL LIMITED

Our bonus pay gap is strongly influenced by the balance of men and women across job roles. We have a significantly larger proportion of women than men who work in our stores. In our stores we have a larger number and proportion of women than men who do not work full-time hours and are in our lower paid roles. Also, some bonus and incentive pay structures are closely linked to seniority.

Other factors behind our gender bonus numbers:

- The regulations require the gender bonus gap to be calculated using the actual value of bonus payments made in the 12 months to 5 April 2022 for each person rather than calculating a bonus pay per hour worked. They are not therefore full-time equivalent adjusted.
- We have a much higher proportion of women working part-time versus men, and therefore receiving pro-rated bonuses and longer-term incentive awards. We estimate that around 62% of our workforce worked an average of 30 hours or less each week.
- If we calculate the mean bonus gap within each quartile (detailed in the table below) to get closer to a like for like comparison of roles, this shows a narrower bonus gap than the overall pay gap for three out of four quartile bandings. In fact, within the lower and lower middle quartiles, women earn on average 4.9% and 1.9% more bonus than men. The median bonus gap for the lower and lower middle quartile also shows that women earn on average 4.7% and 2.6% more bonus than men.

BONUS	Lower Quartile	Lower Middle Quartile	Upper Middle Quartile	Upper Quartile	Total NEXT Retail Limited
Men	19%	16%	15%	28%	<b>19%</b>
Women	81%	84%	85%	72%	<b>81%</b>
Median Gender Pay Gap	-4.7%	-2.6%	4.6%	41.5%	<b>25.1%</b>
Mean Gender Pay Gap	-4.9%	-1.9%	3.4%	56.9%	<b>72.2%</b>

## STATUTORY DISCLOSURES

### 1. Next Retail Limited

Next Retail Limited employs the majority of our workforce in the UK and primarily covers those employees based in our retail stores, call centre and head office locations.

	Mean		Median	
	2022	2021	2022	2021
Gender Pay Gap	31.2%	19.2%	8.1%	26.9%
Gender Bonus Gap	72.2%	63.3%	25.1%	59.0%

### 2. Next Distribution Limited

Next Distribution Limited employs staff who work in our UK warehouses and logistics operations.

	Mean		Median	
	2022	2021	2022	2021
Gender Pay Gap	8.9%	4.1%	4.0%	0.8%
Gender Bonus Gap	6.9%	9.1%	0.5%	15.7%

### 3. Lipsy Limited

Lipsy Limited employs staff who work in a fashion and beauty business mainly from our London offices.

	Mean	Median
	2022	2022
Gender Pay Gap	44.0%	26.8%
Gender Bonus Gap	71.6%	42.8%

#### Pay Quartiles

	Lower Quartile	Lower Middle Quartile	Upper Middle Quartile	Upper Quartile
Men	24%	14%	18%	45%
Women	76%	86%	82%	55%

#### Pay Quartiles

	Lower Quartile	Lower Middle Quartile	Upper Middle Quartile	Upper Quartile
Men	55%	51%	56%	69%
Women	45%	49%	44%	31%

#### Pay Quartiles

	Lower Quartile	Lower Middle Quartile	Upper Middle Quartile	Upper Quartile
Men	7%	4%	12%	11%
Women	93%	96%	88%	89%

#### Proportion of Employees Receiving a Bonus

MEN	69%
WOMEN	89%

#### Proportion of Employees Receiving a Bonus

MEN	83%
WOMEN	86%

#### Proportion of Employees Receiving a Bonus

MEN	11%
WOMEN	4%

I confirm this information is accurate.



**Amanda James**

Group Finance Director, Next plc

31 March 2023