

## INTRODUCTION

It is 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. Modern slavery is considered as part of a broader human rights agenda within the business.

NEXT has taken steps to identify areas where there are risks of modern slavery occurring within our business and our supply chain and we are working to eliminate that possibility.

This Statement is made under the Modern Slavery Act 2015 Section 54 and constitutes our group modern slavery and human trafficking statement for the 2016/2017 financial year.

## OUR COMMITMENT

NEXT is committed to 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:

- continuing to take steps to find effective methods to eliminate slavery and human trafficking practices. 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 and our suppliers to have an appropriate awareness and understanding of the issues and our responsibilities.
- respecting internationally recognised human rights, 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.
- ensuring new suppliers understand our requirements before they commence working with us, and that existing suppliers comply with those requirements.

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 BUSINESS

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

The Group is primarily comprised of:

- NEXT Retail, a chain of around 540 stores in the UK and Ireland
- NEXT Directory, an online and catalogue shopping business with over 4.5 million active customers and international websites serving over 70 countries
- NEXT International Retail, with around 200 mainly franchised stores across the world.
- NEXT Sourcing, which designs, sources and buys NEXT branded products. It is our Hong Kong based internal sourcing agent which competes for business against other suppliers of NEXT branded products
- Lipsy, which designs and sells Lipsy and other branded fashion products. It trades from 38 stores, online and through wholesale and franchise channels

NEXT employs approximately 45,000 people.

## OUR SUPPLY CHAIN

Over 130 million products are sourced from over 570 third-party suppliers, with products manufactured in around 40 countries. In common with other retailers, NEXT's supply chain is both diverse and dynamic and our challenges in this area include dealing with changing political and economic landscapes. Our key priority of trading ethically and acting responsibly towards the workers in our own and our suppliers' factories is managed through our specialist NEXT Code of Practice (COP) Team.

The COP Team work directly with both new and existing suppliers to ensure they demonstrate compliance with the requirements of our Auditing Standards. These Auditing Standards have been developed to support NEXT's COP Principle Standards, our ethical trading programme which is aligned to the Ethical Trading Initiative (ETI) Base Code. NEXT has been a member of the ETI since 1998.

Our current focus is on the identification of areas of our supply chains where there is greater risk for vulnerable workers and our COP Principle Standards clearly set out the minimum standards and requirements for our product suppliers in relation to workers' safety and human rights, employment and working conditions.

Auditing is an essential tool for identifying potential human rights risks. Around 90% of factories supplying our NEXT branded products were audited during the most recent financial year. Factory audit ratings are used as an internal metric and 94% of those factories audited achieved an acceptable rating of 1-3 out of a range of 1-6. The feedback and results of audits are shared with our suppliers and our priority is to support factories, ensuring they understand the requirements and expectations of them.

We use a large variety of raw materials and our aim is to ensure these materials are sourced and produced sustainably and responsibly. The product supply chains we work with are complex and making improvements in supply chain traceability and transparency is a focus for NEXT. We work closely with our suppliers in different parts of the supply chain to understand where raw materials come from and to identify where we can source more responsibly.

For more information on our supply chain please refer to the Corporate Responsibility Report 2017 available at [www.nextplc.co.uk](http://www.nextplc.co.uk)

## OUR POLICIES

Our internal working practices and business policies are designed to ensure that people are treated with dignity and respect by upholding 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 business policies relating to modern slavery:

- Human Rights and Modern Slavery
- Whistleblowing for Suppliers
- Code of Practice Principle Standards and Auditing Standards
- Health and Safety
- Anti-bribery

These are published on our corporate website at [www.nextplc.co.uk](http://www.nextplc.co.uk)

The NEXT COP Principle Standards:

- No child labour
- Freedom of association and the right to collective bargaining
- Safe and healthy working conditions
- No forced labour
- Fair wages and benefits
- Equal opportunities/no discrimination
- Employment security
- Respectful treatment of workers
- Lawful working conditions

Our Human Rights and Modern Slavery Policy reflects our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to identify, prevent or mitigate human rights' risks, slavery and human trafficking.

## 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 such as sharing information and resources with other retailers, brands, trade unions and non-governmental organisations we are all able to work together in partnership to deliver real benefits to workers in our supply chains. We value the expertise of professional partners such as SHIFT and joined their Business Learning Programme in 2014.

NEXT is also a member of the Ethical Trading Initiative, Bangladesh Accord and ACT (Action, Collaboration and Transformation - an initiative between international brands and retailers, manufacturers, and trade unions to address the issue of living wages in the textile and garment supply chain in Cambodia). NEXT continue to support the fight against modern slavery by implementing the UN Guiding Principles on Business and Human Rights.

### OUR DUE DILIGENCE APPROACH

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.

Our 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.

In addition to auditing, our strategy is built on investing time and resources to support effective communication and working collaboratively with our suppliers to help prevent issues arising or resolving issues we have identified.

During the year, we have used the UN Guiding Principles 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).

We have implemented extensive training and awareness programmes to ensure both internal and external parties clearly understand the issues, our required standards and their obligations and responsibilities.

The NEXT Risk Management and Internal Controls framework is embedded throughout the business. Each business area is responsible for preparing and maintaining operational risk registers, which include risks relating to human rights, modern slavery and bribery. Business area directors review and approve their own operational risk registers at least annually. This forms part of our overall risk framework which is discussed and agreed by the Audit Committee on a regular basis. Any significant matters are communicated to the Board.

### KEY ACTIONS TO DATE

Over the last two years NEXT has:

#### IMPROVED GOVERNANCE POLICIES

We have:



- appointed Amanda James as the executive director with responsibility for human rights
- formed a Human Rights and Modern Slavery Steering Group
- launched the Human Rights and Modern Slavery Policy

#### UNDERTAKEN A SALIENT RISK ANALYSIS

We have:



- built a more detailed picture of the risks in our key supply chains to provide us with a deeper understanding of the human rights issues across our business
- established and maintain a human rights risk register, as part of our corporate risk framework

#### PROVIDED AWARENESS TRAINING

We have:



- carried out training and awareness presentations to suppliers and Tier 1 factories across 10 countries who source the majority of our product. To date 50% of our suppliers and 17% of our Tier 1 factories have attended these presentations, which represent 60% of our business
- provided training to employees. Since its launch in April 2017, 76% of our relevant UK employees have successfully completed the course. We plan to roll out our online training course to relevant overseas employees during 2017

#### IMPROVED COMPLIANCE



- We have commenced updating relevant existing legal contracts with suppliers and business partners

#### ENFORCEMENT



- We work with our suppliers to resolve any issues identified, however we will not work with lower performing factories indefinitely if there is no willingness to change

For more information please refer to the Corporate Responsibility Report 2017 available at [www.nextplc.co.uk](http://www.nextplc.co.uk)

This Statement has been approved by the Board of Next plc.

AMANDA JAMES  
GROUP FINANCE DIRECTOR, NEXT PLC

20 July 2017