

FAO Tom Tugendhat MP
Chair
Foreign Affairs Committee
House of Commons
London
SW1A 0AA

By email: fac@parliament.uk

9 February 2021

Dear Mr Tugendhat

Foreign Affairs Committee - Next Response

Many thanks for your letter of 28 January 2021. Set out below is our response to the questions you raised:

- 1. What is the nature and extent of your company's operations in Xinjiang?**
NEXT has no direct operations, own NEXT brand suppliers or factories in Xinjiang. In addition, there are no products sourced by NEXT directly from Xinjiang or the XUAR (Xinjiang Uyghur Autonomous Region) at Tier 1 (garment/product factory), Tier 2 (subcontractor to a Tier 1 supplier) or Tier 3 (fabric/yarn suppliers/mills/spinners) of our supply chain.
- 2. What specific raw materials arriving in UK markets are sourced from Xinjiang?**
NEXT does not directly source any unprocessed raw materials from Xinjiang and our Cotton Sourcing Policy, updated in September 2020, now bans the use of cotton from that region. However, as approximately 85% of all Chinese cotton comes from the Xinjiang region, it is likely there is some Xinjiang cotton in NEXT products, but this will change (and decrease) in line with NEXT's Sourcing Policy requirements.
- 3. Are any of your products assembled in factories deemed to be at risk of using forced labour?**
Forced labour is an inherent risk in many of the countries we source from so NEXT undertakes a continuous process of risk analysis and regularly reviews and adapts our sourcing policies and supply chain audit approach in light of such risks. The key priority for NEXT is to ensure it trades ethically, sources responsibly and works to assure the safety and human rights of workers within its global product supply chain. As part of our approach, we require all of our suppliers, including all our suppliers who use cotton which originates from China, to be contractually bound to follow our [Next Code of Practice Principle Standards](#). These Standards specifically require that our suppliers do not use forced labour.
- 4. Which Chinese companies are involved in your supply chains?**
NEXT publishes its Tier 1 and 2 Supplier and Factory listings on the NEXT Corporate website and updates these on a regular basis - they can be found at:
[MANUFACTURING SITES - Produced July 2020 Albania Bangladesh](#)
[TIER 2 MANUFACTURING SITES - Produced July 2020](#)

As part of our 2025 Responsible Sourcing Strategy, we are planning to publish our Tier 3 (raw material) suppliers by the end April 2021.

5. How do you ensure that companies at every stage of your supply chain meet their contractual obligations regarding anti-slavery and anti-human trafficking laws?

Our work to ensure that products made or sourced in China (and all other countries we operate in) are produced in compliance with all applicable laws relating to slavery, servitude, forced or compulsory labour or human trafficking is undertaken by our own global Code of Practice (COP) auditing team and the auditing programme we have in place across our Tier 1 and 2 suppliers.

Our Code of Practice team, located in our key sourcing locations, are a vital due diligence tool. We seek to conduct all audits on an unannounced basis as this means we are more likely to see a true picture of how a factory operates. We also support suppliers to improve whilst maintaining the business relationship. We will work with their factories, wherever we can, to bring them up to our standards rather than walk away and terminate the relationship if issues arise. This delivers a better outcome for the workers and where we find areas for improvement we create a Corrective Action Plan which we agree with the supplier and factory management, and conduct regular re-audits to verify improvements. Our priority is always to support factories in resolving issues, but we will not continue to work with them indefinitely if there is no willingness on their part to address the issues and improve.

To support our suppliers we also 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 can not be withheld for any reason

6. What is Next's approach to assessing and scrutinising its supply chains to ensure that materials are ethically sourced?

NEXT Responsible Sourcing Strategy outlines our approach to ensure the materials we use are sourced through known, responsible or certified routes by 2025. Whilst we do not source raw materials directly, we are

- Working with our suppliers to ensure we can trace their routes as this enables us to source products in ways which support the replenishment of raw materials, respect the human rights of workers involved in their manufacture and protect natural habitats.
- Training our product teams and working with our suppliers to help reduce the impact of manufacturing processes on the environment and on the health of those working and living in the communities around the production sites we use.

There is more information around our specific initiatives within our current Corporate Responsibility Report on our corporate website - [Corporate Responsibility Report To January 2020](#)

7. Where materials from unethical sources are identified, how does your company respond and what steps are taken to mitigate the risk of future occurrences?

Suppliers must source in line with our Product Policies, Technical Manuals and COP Standards and requirements as outlined in the contractual Terms and Conditions of Purchase.

If a product is found to be non-compliant with our requirements we reserve the right to refuse the products and will work with the supplier to remediate the issue. If this remediation is not successful we would ultimately disengage from the factory and/or supplier. Our focus is on remediation and collaboration with suppliers and their factories to help suppliers to source in line with our Standards.

8. What is your information gathering process for your Modern Slavery statements, and how do you verify this information?

We gather information from a wide range of sources, a key one being our Code of Practice team who are located in our key sourcing locations. We have specific KPIs with summarised information provided from the outcomes of their COP audits and we look in detail at each of the issues that the team identifies.

What is your process for action on the findings of your Modern Slavery statements?

Our NEXT Environmental Social and Governance Steering Group develops and coordinates actions across the business on a number of salient risk areas including Modern Slavery. Internally gathered information, which is verified by our Internal Audit team is presented to the NEXT Audit Committee. Our overall risk framework is discussed and agreed by the Audit Committee and the Main Board on a regular basis where the Board annually reviews the effectiveness of the risk framework with any significant matters being reported. Actions and activities are agreed as future targets via the ESG Steering Group and undertaken by our COP team working directly with our suppliers.

Yours sincerely



Seonna Anderson
Central Finance Director and Company Secretary



Foreign Affairs Committee

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From the Chair
Tom Tugendhat MP

Seonna Anderson
Central Finance Director & Company Secretary
Next
Letter by email: Seonna.Anderson@next.co.uk

28 January 2021

Dear Ms Anderson,

We are writing to you following recent reports that parts of UK companies' supply chains include materials and/or labour sourced from the Xinjiang Uyghur Autonomous Region of China. As part of the Foreign Affairs and Business, Energy and Industrial Strategy Committees' inquiries into the Xinjiang detention camps, we are reaching out to a number of businesses to establish a clearer understanding of commercial activity in the region, and what private companies perceive their ethical responsibilities to be in this area.

We would be grateful if you could address the following questions:

1. What is the nature and extent of your company's operations in Xinjiang?
2. What specific raw materials arriving in UK markets are sourced from Xinjiang?
3. Are any of your products assembled in factories deemed to be at risk of using forced labour?
4. Which Chinese companies are involved in your supply chains?
5. How do you ensure that companies at every stage of your supply chain meet their contractual obligations regarding anti-slavery and anti-human trafficking laws?
6. What is Next's approach to assessing and scrutinising its supply chains to ensure that materials are ethically sourced?
7. Where materials from unethical sources are identified, how does your company respond and what steps are taken to mitigate the risk of future occurrences?
8. What is your information-gathering process for your Modern Slavery statements, and how do you verify this information? What is your process for acting on the findings of your Modern Slavery statements?

It would be helpful to have a response to this letter by 11 February 2021. We intend to place your response in the public domain.

Best wishes,

TOM TUGENDHAT MP
CHAIR, FOREIGN AFFAIRS COMMITTEE



**NUSRAT GHANI MP
BUSINESS, ENERGY AND INDUSTRIAL STRATEGY COMMITTEE**



**DARREN JONES MP
CHAIR, BUSINESS, ENERGY AND INDUSTRIAL STRATEGY COMMITTEE**