

“Next’s response”, 18 January 2022

Thank you for the invitation to respond to questions about wage payments to garments workers in Karnataka. We have provided information in relation to your specific questions below.

Steps Next has taken to:

1) identify which of our suppliers in Karnataka have been paying workers below the legal minimum;

Our directly employed ethical teams are based in our key sourcing countries, including India. In September 2020 when notified of the ruling on the deferral payment order by Karnataka High Court, our local teams initiated discussion with suppliers regarding payment of the revised Variable Dearness Allowance (VDA). All of our active factories in Karnataka are paying the applicable minimum wages (inclusive of VDA payments for 2020 & 2021) and our teams have seen evidence to support this.

2) ensure affected workers are paid back wages;

Our directly employed local teams have followed up with our suppliers to ensure that all back wages (including the VDA increase of 2020 and 2021) have been paid to the workers and our teams have seen evidence to support this.

We continue to work with one factory which now has an action plan in place to ensure that all arrears are settled within an agreed timeframe.

3) ensure workers are paid the increased minimum wage going forward

Next is committed to ensuring that our standards are maintained by suppliers at all times. We have communicated to our supply base in Karnataka that any new revisions in minimum wages shall be paid in line with official rulings. We also carry out due diligence to ensure that any new factory in the region wishing to work with us meets the requirement of paying the VDA effective April 2020 (inclusive of all back wages). We then follow up with unannounced audits of all factories to ensure compliance is maintained over time.

Thank you again for contacting Next.