

## Section 172(1) statement

**The Directors are fully aware of their duty to promote the success of the Company for the benefit of its members as a whole in accordance with section 172 of the Companies Act 2006, and in doing so to have regard to the matters set out in section 172(1) (a) – (f) as set out below:**

- (a) the likely consequences of any decision in the long term;**
- (b) the interests of the Company's employees;**
- (c) the need to foster the Company's business relationships with suppliers, customers and others;**
- (d) the impact of the Company's operations on the community and the environment;**
- (e) the desirability of the Company maintaining a reputation for high standards of business conduct; and**
- (f) the need to act fairly as between shareholders of the Company.**

The Directors are conscious of the continued evolution of the governance landscape, and this coupled with the Company's ESG strategy means that taking into account the needs of different stakeholder groups remains an important matter to address.

In order to ensure the needs of all stakeholders are considered, the Directors follow a thorough decision-making process:

- the Directors are provided with Board papers which provide the necessary information and state clearly what is required from the Board. The potential impact of various stakeholder groups will be included in such papers;
- the Directors discuss the papers, making sure there is sufficient information to ensure that actions are within strategy and will take into account section 172 matters. If there is not sufficient information, management will be actioned to provide further input;
- once the Board is satisfied that it has taken into account the section 172 matters it will make a decision and any actions will be documented; and
- Board decisions are communicated to stakeholder groups as required.

Engagement with our stakeholders is detailed on pages 28 and 29 as well as in the corporate governance statement on pages 70 to 78.

The principal long-term risks to the Group are set out on pages 56 to 67, together with the mitigating actions explained on those pages detailing how the Directors consider those risks and the resulting actions taken.

Set out below are examples of how the Board considered certain matters and reached decisions, demonstrating how they had regard for section 172 when discharging their decisions during the year.

## Acquisitions through the year

### Matters discussed

The Board discussed a number of potential acquisition targets as either stand-alone acquisitions or bolt-ons to existing brands. The acquisition of Engine was the largest acquisition made by the Group to date.

### Section 172 considerations

(a) (b) (c) (e) (f)

### How the Board considered section 172

For all potential acquisitions, the Board receives a rationale paper from management setting out the ways in which the target business adds value to Next 15 and how Next 15 can add value to the target business. It considers how it fits into the long-term strategy of the Company, whether it is earnings enhancing and the payback period. Any employee issues will be highlighted and considered.

Following due diligence, which covers commercial, financial, employment, technology and data privacy, legal and ESG, a report is prepared for the Board to consider the findings and approve if the transaction should proceed.

Decisions were made not to pursue certain acquisitions due to the outcome of due diligence which identified that the target business would not fit with our values, culture, ESG standing or level of maturity or financially were not justified.

### Outcomes

- The Company has made a number of acquisitions that add capabilities and services to existing brands.
- The acquisition of Engine added significant growth consultancy services to the Group, accelerating its business transformation ambitions, adding significant scale and adding new capabilities in the counter cyclical public sector and creating an enhanced consumer cluster of UK businesses.
- The acquisition of M&C Saatchi was not successful but lessons were learnt from the process.

See also:

ESG report  
p33

Corporate governance  
p68

## Employee volunteering



**We encourage our employees to embody our 'Make It Better' value by working as a team to give back and do some good.**

FY23 team volunteering opportunities included:

- preparing meals with Food For All, an entirely volunteer-run food relief charity who provide thousands of free meals every day to community groups and local authorities, as well as on the streets for people without accommodation;
- supporting Crisis at Christmas' new warehouse by preparing the space for incoming donations. They open their doors to people who are homeless, offering much needed warmth, healthcare, food and company;
- helping Alford House, a place that promotes the wellbeing, training and recreation of the young people of Lambeth, to clear their very overgrown car park, which at the time could only be partially used;
- cleaning up the area surrounding our Bermondsey Street offices by clearing several large areas of litter and sorting it into the appropriate bins; and
- engaging with and distributing food, drinks and other useful items to some of London's most vulnerable people as part of an opportunity called 'Walk in the Footsteps of the Homeless' run by Soup Kitchen London.

## Consolidation of properties

### Matters discussed

In light of the changes to working patterns and following the acquisition of Engine, the Board approved the consolidation of the London properties to 60 Great Portland Street and the New York properties to 666 3rd Avenue.

### Section 172 considerations

(a) (b) (c) (d) (e)

### How the Board considered section 172

Following the pandemic, remote working has changed the way in which employees work and want to work. As a business, we have been very aware that remote working has advantages and disadvantages, but that a combination of remote working and working in the office seems to be a solution that works for employees and the Company. Since the pandemic, the Group has been consolidating its offices. Taking into account the impact on the environment of excess properties, commuting time of staff, the needs and wants of employees in terms of flexible working, the costs savings that can be made by having fewer offices, analysis was undertaken to understand the cost and impact of moving all London brands into 60 Great Portland Street and the New York brands into 666 Third Avenue.

### Outcomes

- All London brands now share space at 60 Great Portland Street and all New York brands at 666 Third Avenue.
- Other properties have been sublet or surrendered where possible.
- Offices work in a flexible, hot desk style way enabling smaller offices.
- Weekly commuting hours have been reduced.
- Brands have better access to Head Office support staff and are able to collaborate with other brands in the Group more easily.
- We have reduced our environmental footprint associated with our UK properties and provide opportunities for employees to come together.

## Information security awareness

### Matters discussed

Cyber security and protection of our data and information is a principal risk which the Company faces. During the year, the Board and the Audit Committee has had regular updates and input into the actions the Company is taking to have sufficient security protection in place and can take action when needed.

### Section 172 considerations

(a) (b) (c) (d) (e)

### How the Board considered section 172

At each Board meeting, the Directors receive a cyber security report which details the action being taken in this regard as well as any breaches or issues that may have arisen since the last report. This also includes an update on the developments outside of the Company in terms of information security threats and attacks. The Board helps guide management to take appropriate action to protect the Company, its employees, its suppliers and clients as well as shareholders in respect of the security of the information it holds.

### Outcomes

- Regular awareness campaigns and training is in place to educate employees to protect the business from cyber attacks.
- Management have established an 'Information Governance Board' to ensure the Company is continually developing its strategy on information and cyber security and taking appropriate actions where needed.
- The Audit Committee has an update at every meeting on cyber security related issues, including understanding any threats or breaches the Company has had.