Impact area: Environment

We aim to play our part in the low-carbon transition

Climate action

Our materiality assessment revealed that climate change is a key priority for our stakeholders. By the end of FY24, we plan to formally commit to setting science based targets via the Science Based Targets initiative ('SBTi').

We began measuring our Scope 1 and 2 emissions (including electricity and gas) and elements of our Scope 3 emissions (including water, waste, commuting and business travel) in February 2021. This year, we have extended our Scope 3 boundary and included EMEA and APAC alongside the UK and North America.

We set an FY23 target to reduce emissions by 12.6% per FTE from our FY20 baseline and have achieved a 14% decrease partly as a result of our post-Covid-19 hybrid working model. Our focus over the coming year will be to support our brands to set science-aligned carbon reduction targets and deliver against them.

While reducing our carbon emissions is our priority, we also budget for offsetting our residual emissions. We are developing a longer term offsetting strategy, where we invest any funds in early-stage carbon removal technologies. We are in the process of identifying a provider that is aligned with our values to support our efforts.

Understanding the scale of our emissions

As a business, our emissions come from our direct business operations (offices, homeworking, and business travel) and indirect emissions such as purchased goods and services, production, media, and data processing.

Aligned with our ambition to set robust carbon reduction targets in line with the SBTi reduction trajectory, in FY23 we expanded our carbon reporting to include all our brands in EMEA and APAC, alongside the UK and North America. We also extended our Scope 3 reporting to include emissions associated with purchased goods including IT equipment, furniture, building works, and purchased services including off-site data centres and capital goods. Purchased goods and services account for the largest proportion of the footprint each year at 83%.

Included within current reporting boundary

Since 1 February 2021

Scope 1

Company facilities including purchased gas

Company owned vehicles

Scope 2

Purchased electricity

Scope 3

Energy transmission and distribution

Waste

Water

Business travel

Commuting

Working from home

Since 1 February 2022

Scope 3

Purchased goods and services

Not currently measured

Scope 3

Production

Media planning and buying

Emissions resulting from the growth of our clients

Understanding the scale of our emissions continued
We calculated data with the expanded scope for FY22 and FY23. In an effort to align data for all reporting years, we have taken an average from these years and applied this to FY20 and FY21.

For ease of comparison, we have used an average based on FY22 and FY23 data to estimate the emissions for the expanded scope of reporting for FY20-FY22.

- Since the baseline year of FY20, emissions associated with measured activities as a whole have increased by 56% but reduced by 14% when normalised per full-time employee.
- Business travel has increased compared to FY22 but decreased by 35% compared to pre-pandemic levels in FY20.
- As part of the extension of our carbon footprinting work, in FY23, we gathered emissions data from our operations in EMEA and APAC.
- We continue to explore reporting an expanded scope of emissions data, including production and media.

Targets
With the inclusion of our new reporting areas under Scope 3, we have reset our baseline to reflect this. Our targets will follow the same methodology, aiming for medium and long-term reduction targets from our baseline. On our path to net zero by 2050, by FY30 we will aim to reduce our tCO_2e per FTE emissions by 34%. This target will be reviewed annually. Given our tCO_2 per FTE in FY23 was 10.4t, we are confident we will meet our target in FY24 which is 10.1t.

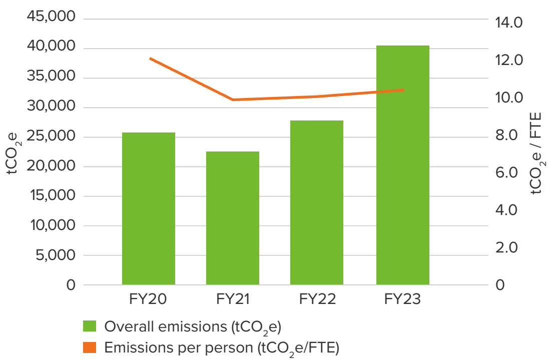
Tonnes of CO_2 per FTE for FY23 (tCO_2e/FTE):
10.4t

Tonnes of CO_2 per FTE target for FY24 (tCO_2e/FTE):
10.1t

Changing the way we work
Fuelled by the shift to increased home working, the consolidation of our offices in the UK and US began in 2021. By the end of FY22, we had reduced the number of offices from 47 to 41. This year, we have 39 offices. 57% of our staff are allocated to our two largest offices (London and New York Head Offices).

In FY22, we asked our employees to complete a commuter survey to help us better understand our work from home emissions. The insight from that helped us to refine our understanding of our Scope 3 emissions.

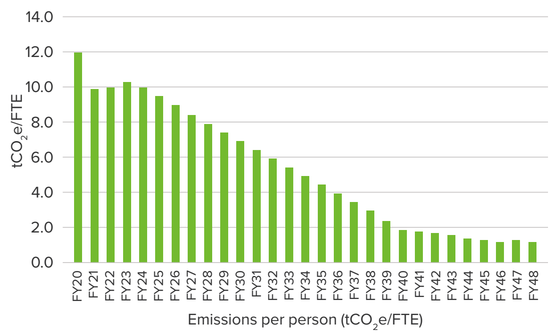
Overall and normalised emissions per year



Overall and normalised emissions per year

	Overall emissions (tCO_2e)	Emissions per person (tCO_2e/FTE)
FY20	26,411	12.1
FY21	22,882	10.0
FY22	28,316	10.1
FY23	**41,287**	**10.4**

Emission reduction targets (tCO_2e/FTE)



ESG report continued

Impact area: Environment continued

Changing the way we work continued

The pandemic dramatically reduced our business travel from 1.8tCO_2e/FTE in FY20 to 1.2tCO_2e/FTE in FY23. We found new ways to work and do business and while the end of travel restrictions has increased our travel related footprint in FY23, we have not seen a return to pre-pandemic levels. We attribute this to changing working patterns and the policy of encouraging our employees to avoid all but essential business journeys. This position is grounded in our carbon reduction commitments, but we also see benefits for productivity, employee empowerment and wellbeing associated with the approach.

We speak to our clients about the need to reduce our emissions by agreeing to travel less often. Finding the balance between meeting client expectations of face-to-face meetings and keeping business travel to a minimum will be an ongoing challenge. We will continue to support our people and brands in measuring, understanding and minimising any travel associated emissions where possible. This approach will be formalised in our Travel and Expenses Policy which will be rolled out in FY24.

- Emissions per person in FY23 is 10.4tCO_2e/FTE tonnes/FTE of which 1.2tCO_2e/FTE is business travel.

Our Environment Policy sets out our environmental commitments and applies to home and office-based working. We provide guidance on saving energy and resources when working at home.

All employees are required to complete 'Sustainability at Next 15' (which includes our Environment Policy) via the Next 15 Academy as a mandatory training module.

We offer our employees 'help-to-buy' electric vehicles through a leasing arrangement with the Octopus Green Car Scheme. To date, we have 21 cars on the road, saving 23.53 tonnes of carbon emissions per annum according to their calculator.

Carbon disclosure

In FY23, we went through the CDP process for the first time. CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. We scored a C for our disclosure on climate change. This is a solid start, but one we intend to improve upon.

At the end of FY24, we will also be required to produce a Task Force on Climate-related Disclosures ('TCFD') report. TCFD is a guiding framework that establishes common principles for how companies and other organisations should provide information on the risks and opportunities associated with climate change. Preparations for that disclosure are underway.

Environmental management

Following the successful implementation of an Environmental Management System ('EMS') certified to ISO 14001 at our London Head Office in October 2022, we are continuing a phased implementation rollout to include other office locations across the Group. Work has already begun at our UK offices in Glasgow, Manchester, Marlow, Richmond and at our 3rd Avenue office in New York, USA. We are working on this project in collaboration with our environmental consultant, Green Element and an EMS lead at each location.

Implementation of the EMS helps us to better understand and manage our environmental impacts. It also involves active communication and engagement with the business, stakeholders and setting objectives at each location in order to reduce our impact. Our carbon footprinting consultant, Green Element has led induction programmes at each location to ensure that those responsible for environmental management are aware of the information required and processes to be followed.

Water and waste

The materiality exercise we conducted in FY23 confirmed that the circular economy and waste was our second most material environmental issue.

We measure waste and water consumption in our buildings and include these as part of our emissions reporting. Based on total office space, we have actual data on water usage for 74% of Next 15's offices. On waste, we have data for 85% of Next 15's offices. We have included water and waste emissions in our Scope 3 total emissions on page 47. Our aim is to move to complete data in the coming years.

Water and waste continued

The consolidation of our office space, combined with home and hybrid working, has reduced the volume of water used by 40% since FY20, though waste generated increased by 33%. Waste has increased due to our growth and increased accuracy of reporting at our new London Head Office. We want to understand what more can be done to manage these impacts. To that end, as part of our quantitative data collection and EMS implementation process, we speak to office managers about opportunities to improve energy, waste, and water efficiency.

Most Next 15 offices implement a range of measures to reduce waste, including:

- office furniture reuse (~95% reused during the refurbishment of our London Head Office);
- encouraging employees to refrain from printing unless essential;
- defaulting printers to double-sided, black and white;
- facility-wide recycling collection points for all standard materials and waste streams; and
- additional recycling schemes provided, for example, printer cartridges, coffee pods, and batteries.

We use a range of measures to use water efficiently, including:

- dual-function flushes in washrooms;
- low-flow and motion sensor taps, toilets and urinals;
- air tap spray heads in kitchens; and
- flow restrictors on showers and taps.

Green 15

We know from our employee surveys and other engagements that our employees care about environmental issues. In September 2022, we set up Green 15, the first Next 15 global green team. The members are drawn from Next 15 and our brands across the UK, EMEA, US and APAC.

Designed to be a unifying, collaborative force for all environmental concerns that supports the Group's environmental targets, Green 15 has three key aims:

- to leverage internal communications, learning academies, newsletters, events and more to help positively engage, influence and drive awareness around our environmental responsibilities;
- to help effectively implement ISO 14001 certified EMS across our office locations; and
- to develop toolkits for both communication and initiatives that can be easily adopted, tailored and rolled out within an office location, brand or region.

The Green 15 team has delivered several employee engagement initiatives designed to start and/or deepen the conversation around environmental impact. In FY23, these have included:

- Clothes Swap Shop in our London HQ (September).
- Charity festive market in London (November).
- Veganuary campaign, including the creation of the Scrumptiously Green! global cookbook and the Plantega live food event in New York (January).

The Green 15 team will develop a calendar of global and national events that can be used for internal engagement campaigns. We are also investigating volunteering opportunities with an environmental theme.

Impact area: Environment continued

Streamlined Energy and Carbon Reporting ('SECR')

Next 15 has reported Scope 1 and 2 (and associated Scope 3) GHG emissions in accordance with the requirements of SECR. This includes emissions for the 12 months to 31 January 2023.

Methodology

Responsibilities of Next 15 and Green Element

Next 15 was responsible for the internal management controls governing the data collection process. Green Element was responsible for data collection, data aggregation, GHG calculations and the emissions statements. Emissions were calculated according to the Greenhouse Gas Protocol Corporate Greenhouse Gas Accounting and Reporting Standard. Data was gathered from exact information where possible, with some information based on pro-rata extrapolation where verifiable data was not available.

Scope and subject matter

The report includes sources of environmental impacts under the operational control of the Next 15 Group in the UK. This includes four UK entities in FY23:

- Next 15 Group Limited;
- Savanta Group Limited;
- Engine Partners UK LLP; and
- Engine People UK Limited.

In accordance with the UK Government's Environmental Reporting Guidelines, these companies meet the mandatory reporting requirements and the figures disclosed below relate only to these Companies. However, the emissions reporting and targets in the previous page cover the entire Next 15 Group.

Our SECR disclosure has increased in scope compared to FY22 to also include Engine which was acquired during FY23. This has resulted in an overall increase in the energy figures reported due to a more energy intensive building being included. We will focus on reducing the emissions from energy through efficiency and continued procurement of a 100% renewable electricity tariff.

GHG sources included in the process:

- Scope 1: natural gas for energy generation (there was no gas usage in either Next 15 or Savanta offices);
- Scope 2: purchased electricity (location-based method); and
- Scope 3: business travel in employee owned or hired vehicles.

Types of GHG included, as applicable: CO_2, NO_2, CH_4. The figures were calculated using DEFRA conversion factors, expressed as tonnes of carbon dioxide equivalent (tCO_2e).

Energy efficiency action

Changes to the way we work have reduced our energy demand. During the reporting period, we have continued to focus on ensuring our offices are using a low baseload of energy during periods of low occupation. In FY23, we conducted an energy audit of our London Head Office. Three of our offices, including our Head Office, have now moved to renewable electricity supply. One has transitioned to green gas. Using market-based reporting this has reduced emissions by $312tCO_2e$ in FY23. We are planning to transition three additional offices to renewable energy in FY24.

Streamlined Energy and Carbon Reporting ('SECR')

Next 15 SECR FY23 mandatory reporting, as follows:

Energy consumption used (kWh)	UK FY22	**UK FY23**
Electricity (kWh)	58,502	**904,424**
Gas (kWh)	20,901	**260,350**
Transport fuel (kWh)	—	**—**
Other energy sources (kWh)	—	**—**
Total	79,403	**1,164,774**

Emissions (tCO_2e*)	UK FY22	**UK FY23**
Scope 1		
Emissions from combustion of gas	3.8	**47.5**
Emissions from combustion of fuel for transport purposes	—	**—**
Scope 2		
Emissions from purchased electricity – location-based**	12.4	**174.9**
Scope 1 and 2		
Total Scope 1 and 2 emissions (location-based method)	16.2	**222.4**
Scope 3		
Emissions from business travel in rental cars or employee vehicles where Company is responsible for purchasing the fuel	—	**—**
Emissions from upstream transport and distribution losses and excavation and transport of fuels (location-based)	5.3	**69.8**
Total location-based tCO_2e	21.5	**292.2**

Intensity ratios	UK FY22	**UK FY23**
Number of full-time employees within financial year ('FTE')	300	**1,073**
Intensity ratio: total gross emissions tCO_2e/FTE (location-based)	0.07	**0.27**

Certification

Calculated as accurate by Green Element Limited and Compare Your Footprint Limited, UK.

* tCO_2e is tonnes of carbon dioxide equivalent gases.

** Location-based electricity (Scope 2) emissions using the average grid fuel mix in the region or country where the electricity was purchased and consumed. For SECR, location-based is mandatory.