



Environmental Audit Committee

Oral evidence: Sustainability of the fashion sector: follow-up, HC 722

Wednesday 1 May 2024

Ordered by the House of Commons to be published on 1 May 2024.

[Watch the meeting](#)

Members present: Philip Dunne (Chair); Sir Christopher Chope; Barry Gardiner; Chris Grayling; Jerome Mayhew; Anna McMorrin; John McNally; Claudia Webbe

Questions 1 - 144

Witnesses

[I](#): Professor Dilys Williams, Founder and Director, Centre for Sustainable Fashion, University of the Arts London; Keith James, Head of Policy and Insights, WRAP; and Femke den Hartog, CSR Policy Adviser, Europe, INretail.

[II](#): Marcus Hartmann, Head of Public Affairs, H&M; Joe Metcalfe, Founder and CEO, Thrift+; Lorna Fallon, Trading Director, Oxfam; and Andrew Reaney, Responsible Sourcing, Group Product Operations and Wholesale Director, boohoo Group plc.

Written evidence from witnesses:

[Centre for Sustainable Fashion, and Social Purpose Lab, University of the Arts London](#)

Examination of witnesses

Witnesses: Professor Dilys Williams, Keith James and Femke den Hartog.

Q1 Chair: Good afternoon. Welcome to the Environmental Audit Committee for our one-off oral evidence session today into the fashion industry and its impact on the environment. This is a follow up to sessions that our predecessor Committee in the last Parliament held in our seminal inquiry on fast fashion; it is the most-downloaded report of any Select Committee ever. We achieved considerable public interest in raising awareness of this problem among the public at large. Our Committee in this Parliament has had two short inquiries looking at what has happened since. This is the third. We are very pleased to have two panels of participants join us today.

I will start by thanking our first panel for coming. I am losing my eyesight so I can't read the names in front of us as well as I used to, but we have Professor Dilys Williams. Thank you very much for joining us, Dilys. Could you introduce yourself and your role relevant to this Committee?

Professor Williams: Absolutely. Good afternoon, everybody. Thank you very much for the invitation. I am the director at the Centre for Sustainable Fashion, University of the Arts London, and I am also a professor of fashion design for sustainability. I am glad to be able to come here and welcome the chance to respond to the inquiry.

Chair: Thank you very much. On your left is Femke den Hartog from INretail. Could you explain what your role is?

Femke den Hartog: Thank you very much for having me here. I am delighted to be here, because it is very important that we, as the fashion industry, share our good practices and our knowledge. My name is Femke den Hartog. I work for the trade association for fashion, furniture and footwear retail in the Netherlands. We represent all the retailers on the high street and also SMEs. For more than 10 years I have been active in the field of CSR and European policy affairs.

Chair: Thank you very much for making the effort to come and join us from the Netherlands. We are particularly pleased that Keith James has been able to join us from WRAP. Keith, I think you are a late call-up as a result of illness of one of your colleagues, but welcome.

Keith James: Thank you very much. Good afternoon everyone. I am Keith James, head of policy and insights at WRAP, the Waste and Resources Action Programme. In my role we have done a lot of work on textiles policy, working closely with DEFRA. WRAP also runs Textiles 2030, a public-private partnership aiming to tackle the environmental impacts of textiles. I am sure we will say more about that as the session goes on.

Q2 Chair: Thank you. Dilys, I will start with you. Could you give us a scene setter for what has happened since our original inquiry in 2019? We



HOUSE OF COMMONS

published before this Parliament, but what has been happening during the course of this Parliament to improve—we hope—the textiles impact on the environment?

Professor Williams: Yes, I can. We look at fashion from across the whole spectrum, from SMEs to big businesses. The “Fixing Fashion” report made 17 different recommendations. None of them have been taken forward. A lot of them have been looked at in isolation but not in the whole.

There are two sides to the story here. One is that there is some great work around looking at symptoms—WRAP is a great example of some of that—and there are some little pilot projects around looking at waste, but we need to think about the causes of the fashion footprint. The UK is the fourth highest emitter per person of fashion in the G20, and it is not just people with low incomes. There is this myth that low-priced fashion is for people with low incomes. If you look at the footprint of fashion across the different income sectors, it is actually the middle to high-income earners. I would encourage you to look at the Hot or Cool report for that.

We have also seen a massive increase in volume of fashion. If we are talking about fashion footprint, it relates directly to volume. While we do not have figures around the total production of fashion, which we do need—if the Government was able to mandate that businesses need to say what their production volumes are, we could have a national database—we do know that it has gone up very much and we know that fast fashion has now become instant fashion. I am sure most people in the room know about Shein and how they have gone from sales of \$1.5 billion five years ago to \$50 billion. They have a model that is about overstimulation of the market. They are using a value chain that is about stimulation and looking at apparent disposability, so this idea of not cherishing the labour or the environmental footprint. This does not factor in the true cost.

We need to look at true cost, and we also need to look at what we have already got and the symptoms. I could go on and go through all 17, but that sets the scene of the fact that we have an imperative now that is far clearer.

Q3 **Chair:** It certainly does. Presumably the figures you just quoted are the global sales of Shein, rather than in the UK.

Professor Williams: Yes, but they have been encouraged by the UK Government. Jeremy Hunt gave a platform and they are about to be launched on the London Stock Exchange. From a UK perspective, it is something that is absolutely pertinent, not only to this idea that we are actually importing waste, not just exporting it through waste colonialism to places like Ghana, but also it is undermining the UK fashion system.

The UK is mainly SMEs and the jewel in our crown is the creativity of our SMEs. I am from University of the Arts London, so I am going to say that,



because a lot of our graduates really do have that soft power that the UK has around creativity, but over 99% of our businesses are SMEs. A lot of them are very responsible and know their supply chains, and a lot of these legislative ideas are very much geared at the mass market, which is very important, but we haven't seen anything around the true value and contribution of SMEs in this country.

Q4 Chair: Did the pandemic play a significant role in increasing the use of instant clothing?

Professor Williams: The pandemic certainly had a role in increasing the use of plastic, not only from the perspective of fashion but from the perspective of other elements our lives. As far as fashion production is concerned, a lot of businesses actually cancelled their orders so a lot of the production stayed in those countries and was not paid for, and the garment workers were not paid. That situation is still ongoing.

Q5 Chair: Purchasing from home went up—

Professor Williams: I don't have figures on that. I can come back to you with figures.

Q6 Chair: Keith, do you have any data on that?

Keith James: In 2019, UK households bought about 1.5 million tonnes of textiles. As you would expect, it went down during covid, so in 2021 it was 1.2 million tonnes. It is now back up to about 1.4 million tonnes a year. So there has been a change. We did see that during lockdown people were keeping their clothing for longer. We don't have any further figures at the moment but, for example, by 2021 people were keeping jeans for an extra year and T-shirts for an extra nine months or so. People were responding to the pandemic by keeping hold of clothing longer. Obviously, if we are going to reduce the environmental impact of clothing, durability is going to be a key element.

Q7 Chair: Thank you. Femke, could you give us a little international context? Do you have a view about how the UK performs compared with European economies in managing the environmental footprint of the fashion sector?

Femke den Hartog: It is important to say first that the world of fashion is very international. If you go to any high street in Europe, you will see the same brands, which shows you how international fashion retail is. In Europe there has been a lot of regulation. The European Parliament has adopted a few Bills in the last few months: the CSDDD, the codesign directive, the right to repair, but also the CSRD, which is already implemented, are all regulations that force fashion companies to report on what they are doing in terms of their footprint. So they are getting insight into their footprint, and they also have to steer their footprint lower. That is just a general remark.

Because big fashion companies are so internationally active and they are also active on the UK market, they are not keen on doing something different for another market. I understand that H&M will be here for the



HOUSE OF COMMONS

next session. For them, it is most interesting if everything is the same in every country. That also affects the UK. That is a very positive movement. Another movement is the extended producer responsibility, which makes producers responsible for what they put on the market. In the Netherlands it is already in legislation, which means that we have to track and trace all the garments that have been put on the market.

In general, I think there is a big transition going on. The challenge is so big that it is so important that companies are working together, because it is very hard to do that on your own as a company.

Q8 **Chair:** Is that a Dutch requirement or an EU requirement for traceability?

Femke den Hartog: It will be a European requirement in 2030. Together with the French, we are a trailblazer, so we have already implemented it in the Netherlands.

Q9 **Chair:** Thank you. One of the things that we recommended in our original report was that textiles should form part of the categories of waste that were regulated by DEFRA. The previous Secretary of State decided that there wasn't capacity within DEFRA to introduce textile recycling regulations or textile waste regulations. What has the fashion industry been doing over the last five years, in the absence of a Government requirement, to improve its performance?

Professor Williams: We work with large and small businesses and I would say there is a real will for change. We work with sustainability departments and design departments across the board, in lots of different companies. Unfortunately, the licence to do harm means that there is no competitive advantage to being more responsible. The ecodesign initiative and legislation around that, which is going through the EU, is of great interest to a lot of fashion companies—fashion companies have designers, product developers and purchasers, and all of them are thinking about this—but at the moment they do not have any incentive to behave that way and the way the system is geared up means that there is no infrastructure for them to behave in that way.

We are seeing amazing new models of resale and repair and rental, but at the moment—it is this two-way story—they are completely outsized by this increase in volume of things that are almost waste as they come in. All of the good initiatives are completely outweighed by the fact that there is a race to the bottom and those businesses are now in competition with these instant fashion companies, so the good will is not able to be taken forward.

Q10 **Chair:** And the consumer demand pull to change behaviour is overtaken by price, effectively.

Professor Williams: Yes. There is a bit of a values-action gap. There are findings during and after the pandemic, and because of the cost of living crisis, that people are really interested in sustainability. They do care. The awareness is really high. However, because of the overstimulation,



people are still—there is the excitement of newness, which is actually a social and cultural thing as well as a technical thing.

- Q11 **Chair:** I don't want to eat too much into my colleague's next set of questions on price. Keith, before we move on to Jerome Mayhew, have you seen a greater sense of responsibility among producers and retailers on disposal at the waste end of the value chain? What happens to stock that they are unable to sell? Are they getting better at recycling and reusing?

Keith James: In terms of WRAP's activities, we run the Textiles 2030 voluntary agreement. We have 60% of the market participating in that. They have signed up to collective targets to cut carbon and water, and they have signed up to actions to drive circularity as well, thinking about design and stock recyclability. SCAP, the sustainable clothing action plan, our previous voluntary agreement, ran from 2012 to 2020. That had 45% of the market. So we have more of the market engaged in this issue now willing to take part in trials and pilots, but there is still a lot more to do and we are only going to hit those targets if we do something that reduces levels of consumption.

- Q12 **Jerome Mayhew:** Dilys, just before I go on to other questions, you use the phrase "overstimulated market" or "overstimulation". It is not a phrase I am familiar with. Can you just explain what you mean? How do you define that phrase?

Professor Williams: Mainly digital but also in stores, the turnaround of stock is very quick. We have gone from having a collection that would be in a store for a few months to a collection being in the store for even just a few days, sometimes. Online customers are given this push model: "Come and get this new thing." Some of the new businesses—I think Temu—offer you a discount and all of their items are under £10. There is the idea that it is actually low risk because you are not spending very much money, and people are encouraged to buy a lot of things. Quite often, if they don't want them, the company will say, "Don't bother sending it back," because it actually costs them more to take it back. This overstimulation is the constant idea of newness—being offered something on your phone and told that you have got 10 hours or two hours.

- Q13 **Jerome Mayhew:** Marketing is stimulating demand—that is its *raison d'être*. That is not new. I am interested in what is new about this. Is it just the timeframe?

Professor Williams: It is the timeframe, the volume of purchases and the amount of purchases that people are just throwing away without even wearing them. We also know that, over a certain amount of consumption, it is not good from a labour perspective, in terms of what people are being paid, from an environmental perspective or from a mental health perspective.

- Q14 **Jerome Mayhew:** None of those is an inevitable consequence of fast fashion, but they happen to be in the way that their business models are



currently set up.

Professor Williams: The environmental impact is and so is the social. The underpaying of labour and the use of slave labour is part of the model. The model only works on exploitation and extraction; otherwise, they wouldn't be able to sell things for that price.

Q15 **Jerome Mayhew:** Femke, what trends in consumer behaviour have we seen over the last five years? Are we buying more? Are we retreating to better quality—"buy good, buy once"? That is terrible English, but you know what I mean. What have you seen in the data?

Femke den Hartog: There is not one consumer. You have different kinds of consumer groups and they are behaving in a different way. There is a group of consumers who are very responsible and very demanding in terms of transparency, but there is also a really large group who like to buy on price, and I think that is still the largest group. The development of companies like Shein and Temu is very interesting for consumers, and especially young consumers. That is a new way of consuming. That is definitely a trend.

Q16 **Jerome Mayhew:** We have had high inflation since Russia invaded Ukraine. It has led to cost of living pressures, which we are all very familiar with. I would have thought that where money is more scarce that would lead to a change in consumer behaviour, where you go for durability—you are about clothing, as opposed to wearing it, not bothering to wash it and throwing it away. There is some support from Mintel that I have read about; they say that there has been a move towards better-quality, more durable clothing. Have you noticed that in the data?

Femke den Hartog: For a certain group, definitely, there is a demand for more quality, sustainability, transparency and so on, for sure. I think that has more to do with global developments such as global warming and so on. On the other side, you see that, also because of inflation, the consumer likes to buy more for a lower price.

Q17 **Jerome Mayhew:** Instant fast fashion, given that you wear it once or twice, is not actually very good value for money, is it? Even as a consumer, it may be less than £10 you are paying, but you are buying it again and again and again.

Professor Williams: It is a false economy.

Q18 **Jerome Mayhew:** You are right. It is very interesting you say it is a false economy. Whose job is it to promulgate that and influence the typically younger, often female, cohort that is perhaps drawn in by a sub-£10, buy-it-and-move-on offer and thinks that is value for money? Is it the Government's job? Is it the sector's job? Is it Textile 2030? Whose job is it?

Professor Williams: I think it is everybody's job. As Femke said, there are the two stories, because over 64% of customers say they really care



HOUSE OF COMMONS

about sustainability, particularly in the younger end of the market, at the same time as that being the market that is buying a lot more.

Q19 **Jerome Mayhew:** What is interesting is that we are told that the youth are our future and they are really interested in the environment and climate change, and yet you are also telling us it is that demographic that is causing this problem because they are the consumer; they are creating the demand.

Professor Williams: That is where there is an amazing opportunity for policy. Policy isn't just about accountability of numbers, waste, infrastructure and so on; it is about a cultural shift. If it becomes more socially acceptable to be buying and wearing second hand, then what we are saying as a country about what we are promoting—if Shein is being promoted, then that seems to be something that is aspirational.

Q20 **Jerome Mayhew:** I have three children, so I am in the thick of this. My fashion changes as often as my hairstyle at the moment, I am afraid. But what they say is—*[Interruption.]*

Professor Williams: You have a good hairdresser here.

Jerome Mayhew: With Vinted and Depop, my children are recycling their clothes in a way I never did. That seems to be very much par for the course for their generation. Is it that we have two communities, one buying and throwing away and the other one recycling and freecycling?

Professor Williams: Absolutely. We need to be able to support and incentivise the resale models and disincentivise the big ones. It is like an X curve. We should also be thinking about localised fashion and looking at different parts of this country and different communities where there are makers and resellers. So it is also a distributed model, but at the same time we need to be able to retire out a broken model. It is a two-way approach.

Keith James: The people who buy clothing most frequently are people who like socialising. They want to look up to date. Actually, they don't want an overflowing wardrobe; they want access to clothes. That group of society are the most interested in alternate business models. You mentioned Vinted and Depop. There is eBay as well. People like selling and buying. They want to extend the life of the clothing, but they want to look up to date, so they want to change frequently. Rental, repair and reuse are all business models that these people are interested in. I mentioned earlier cutting consumption. Actually, it is about selling differently.

Q21 **Jerome Mayhew:** If you look at the business models of those companies, they are seeing very significant growth, aren't they?

Keith James: Yes.

Q22 **Jerome Mayhew:** So it is working; it is just perhaps not working fast enough.



HOUSE OF COMMONS

Professor Williams: Yes, but the overall volume is bigger, so it is 10% of something bigger.

Q23 **Jerome Mayhew:** That leads me nicely, Keith, on to what you have been up to with Textiles 2030. Could you just update the Committee on where you have got to with Textiles 2030?

Keith James: We have a target to halve greenhouse gas emissions associated with UK fashion by 2030, cut water use by a third and then the circularity actions that I spoke about. Our latest update is from 2023 against a 2019 baseline. Carbon emissions have gone down by 2% but water use has gone up by 8% over that four-year period. There are some real challenges and that is why the business models are so important.

Q24 **Jerome Mayhew:** They are very disappointing numbers, I think we would all agree. Textiles 2030 took over from SCAP 2020, which ran from 2012 to 2020 and actually outperformed its targets. The carbon footprint was meant to reduce by 15%; it reduced by 21.6%. Water was meant to reduce by 15%; actually, it reduced by 18%. The waste footprint reduction was meant to be 13.5%, but it was actually 2.1%, so it didn't do as well on that one. It seems that from 2019, the rate of improvement has gone into reverse, and on some issues, particularly water use, you have literally gone into reverse. What is your explanation for that and how are you going to turn it around between now and 2030?

Keith James: Obviously there have been changes in the mix of fibres that people are using. If you think about cotton and polyester, they have very different carbon and water profiles. It is about the type of clothing that is being sold, but the proportion of the market that is represented by Textiles 2030 is higher than SCAP as well. We have new companies we are working with who are trying to tackle issues. We are tackling a bigger share of the problem. Those companies are committed to doing more and working with us to tackle those, but you are right that there are challenges.

Q25 **Jerome Mayhew:** What is worse for the environment, the very heavy use of water in cotton manufacture or microfibers coming from polyester?

Keith James: They are two very different issues that both—

Professor Williams: They are both bad.

Jerome Mayhew: We have to wear something.

Professor Williams: We have got to wear something and there are a lot of amazing clothes that are already in existence. There are a lot of clothes that we can make in the UK, plus inevitably we want to be able to bring things in from different places. It is just about having a better ecodesign system so that we are making better choices about the materials we are using, how things are worn and how they can extend their first life.



Q26 **Jerome Mayhew:** We want to extend the use of the stuff that has already been produced, and we want to buy new stuff and have it for longer, but it has to be made of something. I struggle at the moment: you have natural fibres, which are a very heavy use of water, or you have manmade fibres with all the plastic-related issues that that comes into our water and our food system. We have to make a choice somewhere. Should we be saying, "We recognise that we're going to use more water, but we should be moving more heavily towards natural fibres"?

Professor Williams: Water is different in different parts of the world. Drawing water from a place that has water scarcity and taking away from a local community is very different from growing hemp in Lancashire, where there is plenty of water. It is not as straightforward as asking, "Is it a problem with water or is it a problem with polyester?" Yes, we absolutely have to phase out fossil fuels and we do need to look at ways in which we can go beyond fossil-fuel fabrics, but when it comes to looking at cotton or wool, for example, in this country, there are different things that are appropriate not only to place but to the kind of garment. That goes back to design. If you design something with a material that is appropriate to the use, then a sportswear piece is going to use very different fabric from a dress for a night out.

Jerome Mayhew: I am sure we will come back to this.

Chair: I am conscious that the Minister is on his feet in the Chamber, but Barry Gardiner will now give us an exemplary demonstration of how he can get his questions in within seven minutes.

Q27 **Barry Gardiner:** In 2018, the Government promised to look at extended producer responsibility for textiles. Will that be being brought in in the revision to the waste directive that is due next year?

Keith James: In Europe, yes. There is a strong push now for mandatory EPR across Europe. Netherlands and France are obviously going ahead but Hungary has also gone ahead.

Q28 **Barry Gardiner:** I am more concerned about what is going to happen in the UK, because the Government did promise that it would look at this for the UK by next year. Is it going to happen here?

Keith James: I can't comment on whether it is going to happen, but I can say that we have done the research with industry to design an EPR scheme and look at the costs and benefits, and that is published on WRAP's website. What we identified with industry is that EPR is essential but you also need some other policies to underpin it to make sure the system does change.

Q29 **Barry Gardiner:** Tell us what those other policies are and how we would incorporate them in the recommendations that this Committee will make in its report.

Keith James: There are four complementary policies alongside EPR, including a ban on landfill or incineration of unsorted textile waste. There



is also a need for investment in infrastructure. In the UK we can't cope with the amount of textile waste we have, so we need investment in collection, sorting and reprocessing infrastructure. That could be alongside or part of an EPR scheme.

Q30 Barry Gardiner: In other countries they put a 1p-per-garment tax on, but in France I think the recommendation was that that was not sufficient. They recommended that it should be perhaps 5p or 10p per garment. If it were 5p, that would raise £175 million a year for the recycling and channelling of the waste from textiles. Is that something that you would wish us to recommend in our report?

Keith James: Yes, that is something we have recommended as well. We looked at a 10p-per-garment fee and unsurprisingly came up with a figure roughly double what you just suggested. But yes, absolutely, we think that EPR is essential.

Q31 Barry Gardiner: And there is no indication that a small garment tax of 5p or 10p that was hypothecated to the end-of-life treatment of the garment would in any way put somebody off purchasing that garment in the first place.

Keith James: We don't have any evidence to suggest that.

Professor Williams: We have seen anecdotally, from speaking to businesses, that businesses are starting to say that they would put aside that money just to be able to carry on doing what they are doing. The idea of EPR is to change behaviour, and I think we need a raft of other levels of legislation.

If you look at what is happening in France with incentivising repair and giving money for repair, that is a really good opportunity to look at how keeping something in the system in its better stages can help skills and education around being able to sew and repair garments in schools and local communities. There are a lot of layers that we could put into place that would take us beyond what the EU is doing. France's fast fashion tax Bill is important to that.

Q32 Barry Gardiner: Very good. You mentioned earlier that this whole model is predicated on modern slavery. How do we tackle that?

Professor Williams: How long do you have?

Barry Gardiner: Minutes, according to the Chair.

Professor Williams: We have to make the Modern Slavery Act more accountable to begin with. I know that Philip has done a lot of work on that, not just with fashion. We need to be able to support the businesses that are trying to change. Rather than moving out of a business or moving out of a factory, we have to find ways to support a change in labour practices, trade union strength and so on.

Q33 Barry Gardiner: Ms den Hartog, tell us what is happening in the



HOUSE OF COMMONS

European Union. You outlined very fully what is happening in the Netherlands, but what other good practices could we be adopting?

Femke den Hartog: The regulation about CSRD, and the CSDDD, which is coming—that is the due diligence—

Barry Gardiner: There are people watching who will have no idea what those acronyms are.

Femke den Hartog: I am sorry. I like to mention the corporate sustainability due diligence directive because that forces companies to report on their due diligence and it gives insight into risks. You were asking about modern slavery and I think that it is very special to mention this—

Barry Gardiner: I understand there will be further questions relating to that later on, so if we can perhaps—

Femke den Hartog: Okay. If you look into the risks of a company, you are looking not only at the environmental risks but at the social risks, and I truly believe that they are intertwined. That is a very good start.

We saw this in Germany, because it already has legislation on due diligence. We see that companies, including companies that are not German but are active in the German market, are reporting very well. If you know the facts and figures, you also know where you have to set things in motion to work on those risks.

Q34 **Barry Gardiner:** So you would say that there is evidence that things like the Task Force on Climate-Related Financial Disclosures and the International Sustainability Standards Board are having an impact.

Femke den Hartog: What I see is that for companies, yes, they have.

Q35 **Barry Gardiner:** Very good. This is open to anyone. What other mandatory measures—they could be regulation, they could be financial incentives—do you think would be most effective in reducing the UK fashion industry's environmental footprint?

Keith James: Ecodesign criteria. Durability standards. I mentioned—

Q36 **Barry Gardiner:** I thought this Committee recommended those the last time it wrote a report. What happened?

Professor Williams: They have relied on voluntary industry collaboration and that is not enough. The work Textiles 2030 is doing is fantastic and the work the UNFCCC climate charter is doing is fantastic, but it is not enough because it is voluntary, it is a few people, and they—

Q37 **Barry Gardiner:** So we need mandatory schemes and, if we are talking about ecodesign, are you saying that there should be some form of fiscal incentive for those companies that incorporate greater recycled material in their textiles, perhaps, or make them in such a way that they are



longer-lasting or easier to dispose of?

Professor Williams: We also need to have a cap on volumes or a tax on volumes, and we need to think about appropriate use and appropriate stimulation, because the overstimulation culture is driving—

Q38 **Barry Gardiner:** How do we do that? I am really interested in how you think we can stop that overstimulation.

Professor Williams: The CMA work looking at the green claims of businesses, which has just come out, is fantastic. That could be taken a lot further.

Q39 **Barry Gardiner:** How do we make it not cool? You are in the business of cool. You are in the business of fashion. That is what you are a professor of. How do we get it out there that, “You just look a complete ‘nana because you’re destroying the planet”?

Professor Williams: There are some amazing media pieces and there are a great number of people—we see it in our students—who are thinking, as Femke said, about an alternative way to think about fashion. However, at the moment the overstimulation model—which is something that we all tap into, whether we are buying phones or fashion—is driving us to think that this is low risk and it is fine. Those green claims that are being made—that it is eco—all need to be taken away.

Q40 **Barry Gardiner:** Are there actions the Government could take that would stop that?

Professor Williams: Enforcing the green claims. The French Government did an anti-Black Friday campaign, deciding that as a Government they wanted to create a different social understanding of value, of cherishing what we have. You might take the example of cigarettes or previous examples of Governments creating campaigns, but we should also support the campaigns by the media and support education, including arts education, because our creatives come through that channel. At the moment there is a real disincentive to take an arts degree. I know that is a slightly different conversation, but it is really important because of, as Femke said, the interdependencies between social issues, cultural issues, environmental issues and economic issues. The wellbeing economy, looking at the EU’s wellbeing economy ideas, is also somewhere we can go.

Keith James: Effective product labelling. We know that a third of consumers are open to labelling and they want to know about standards, and in particular about durability, at the point that they are buying something. However, that needs to be underpinned by a legal framework. They need to trust that label. Again, it would not be enough to have a voluntary ecolabel; it has to have a mandatory footing.

Femke den Hartog: In the Netherlands, as a sector, we try to do consumer campaigns about how you can wear things that are long-lasting



and so on. We are only at the beginning of that, but we said as a trade association, “We have to make a change.” We are also looking to the consumer and looking at how, as an industry, we come across that consumer. Our retailers are very good at coming to the consumer. I think there is a beginning, but they are a very important actor in this.

I am a little afraid for the green claims discussion. It is important that a green claim is no-nonsense—that it is true—but on the other hand I see that companies are really reluctant in communicating because they are so afraid of being accused of green claiming. As an industry, we have to be straight. We have challenges in our industry but we have to be straight on those challenges. Only if we are open and straight about these challenges can we look for a solution. Being accused all the time of green claims makes it really difficult for companies to be open and frank. That is the other part of it.

Barry Gardiner: We have beaten the bell. Thank you very much.

Q41 **Chris Grayling:** The Committee has heard a lot in the past about the issue of recycling—the fact that not enough is being recycled and that there are not enough resources, facilities and technologies to deliver the level of recycling that is needed. What progress has been made and is being made?

Keith James: There is progress, but I think it is fair to say the UK is behind Asia and Europe on this issue. There are lots of small-scale recycling facilities. They tend to be running at a pilot level and they might be tackling a few fabrics, like wool. There is a lot of mechanical recycling, but what is needed is a step change for chemical recycling, and to make that viable they have to produce the amount of product that buyers want to buy. From day one your plant needs to produce 50,000 tonnes a year as a minimum because it has to match up with what the market wants to buy. I am sure the Committee is familiar with the demise of Renewcell, which had a lot of funding. It had a lot of issues but one of those issues was its ability to meet demand. A lot of support is required to make sure the businesses can start, but start at quite a high level.

Q42 **Chris Grayling:** What are those involved in recycling actually trying to recycle the fibres into?

Keith James: Back into fibres that are suitable for use in clothing.

Q43 **Chris Grayling:** Is that potentially part of the problem? For example, with a number of synthetic fuels we are now moving to a situation where waste can be recycled to create fuels, particularly where there are natural fibres involved, and there is not enough feedstock available for potential recycling. Are we looking in the wrong places for the ability to recycle fibres?

Keith James: The technology works already. You can recycle natural fibres into lyocell and other fibres that you can use. You can recycle synthetic fibres back into synthetic fibres again. The technology works,



but it is just not working at scale. I used to run WRAP's textiles programme and when we looked at the advanced recycling market it was three to six years away from commercialisation. I suspect that today it is about three to six years away from commercialisation without an intervention.

Q44 Chris Grayling: Is the industry looking at recycling purely from the point of view of the assumption of members of the public, which is that you just recycle fibres into more fibres for more clothing? Is there enough lateral thinking?

Keith James: In terms of the markets?

Chris Grayling: In terms of what you can recycle en masse.

Keith James: The challenge obviously is that there is a long history of mechanical recycling but there are quite low margins and there is a challenge in terms of product quality. The industry is looking at how you can make high-quality, high-value products. They are looking for new markets. It is genuinely novel to try to chemically recycle the fibres back into fibres. You are breaking it down into constituent parts. You could break it down into commodity chemicals as well, and again it is finding the markets for that.

Q45 Chris Grayling: We will see waste from black bin bags recycled as synthetic fuels in the future. It seems to me that this is a route to solve some of the problems the industry faces. It does not get you away from the issues of slave labour and so forth, but it does help if you have piles of stuff being dumped on the roadside in developing countries because there is nothing you can do with it.

Keith James: The challenge is obviously to make a high-value product but also to tackle the supply. All the challenges associated with the clothing sector from an environmental point of view are to do with the amount of consumption in the raw materials we are using. We have to change the way we use raw materials. We can change that through business models and we can do that by changing the feedstock. We absolutely have to have a recycling model that works alongside the reuse, rental and repair models.

Q46 Chris Grayling: Professor Williams, in your written evidence you warned that improvements in repair and resale could inadvertently lead to overconsumption. What did you mean by that?

Professor Williams: If we are looking at the waste hierarchy, as Keith was just saying, with the complexity of mixed fibres and the labour that has gone into a garment, the last thing we should be doing is breaking it down if we can find ways to extend the value in its first life. It is easier when you look at the models in luxury. We work with Burberry and there are a lot of UK companies, such as shoe companies, that will take back and repair the shoes. You are buying a shoe for life. You are buying the use of a shoe; you are not buying just the product. If we can do that all



HOUSE OF COMMONS

along the way then we will have far greater opportunity to extend the value.

When breaking something down, there is inevitably an energy issue. This idea of recycling being benign is also something we have to be careful of. Yes, there will be a certain amount that you really cannot re-wear, but it is about keeping things as high up the hierarchy as we can, to keep things in their current form or to repair them. I gave the example that in France they have incentivised repair. I think they are giving €15 for somebody to take something back to be repaired.

A lot of the durability issues are to do with social durability. It is that something is not seen as something that you want to wear any more; it is not that the fibre itself is falling apart. This idea about durability is not just about the functionality; it is about the social currency.

Q47 **Chris Grayling:** We have also heard in the past that more research is needed into microfibre shedding. Has there been progress on that?

Professor Williams: In France they are about to pass a Bill—you probably know more about it than I do—to make sure that washing machines can capture the microfibres. Obviously, that does not completely solve it. We do not have that yet in the UK. That would potentially be quite a straightforward best practice for us to look at. It is a huge issue and I am not somebody who knows about the details. I can draw on the details but that is a starting point of something that is happening.

Q48 **Chris Grayling:** Ms den Hartog, are you able to enlighten us a bit more about what is happening on the continent?

Femke den Hartog: The ultimate goal is a circular economy. To your first question, I interpret it as, “Are raw materials being replaced by recycled fibres?” I think that if we were there, that would be great. In the end, that is the ultimate goal. Another goal is to have more durability of clothing. I think they go together. EPR now is not only about recycling; it is also about reuse and not recycling as such, but fibre-to-fibre recycling. There is a big drive on that and I think that in all the member states everyone is very interested in this development.

Q49 **Chris Grayling:** Keith, when do you expect there to be a formal target for microfibre shedding? Will Textiles 2030 be in a position to do that?

Keith James: As Textiles 2030 we are not currently looking at microfibre shedding. We are looking at the issues that we felt we could control and influence. Microfibres was not one of those, unfortunately. We recognise that it is an important issue but we focused on carbon, water and circularity.

Q50 **Chris Grayling:** How concerned should we be that the CMA is investigating the sector for greenwashing?



Keith James: That goes back to one of the points that Femke raised: this concern about being able to say anything about green issues. The opposite is greenhushing, where people are not prepared to talk about the work they are doing for fear of criticism. It is right and proper that the CMA investigates claims, but we should be encouraging companies to talk about what they are doing.

Q51 **Chris Grayling:** Lastly, the Government told our predecessor Committee that it was developing options for a domestic ecolabel scheme. Is anything taking place on that that any of you have come into contact with?

Keith James: We have done some research for DEFRA, which is published on our website, looking at various elements of ecolabelling. We were looking at ecolabelling for durability, recyclability and repairability and how you could best communicate that. I am afraid that I am not aware of next steps to take that forward, but we have done the work to understand what an ecolabel could look like and how it could work.

Femke den Hartog: I would be very careful with domestic labelling because it is very burdensome for companies. Of course there is labelling, but I think the ecodesign directive, where you set a benchmark for the full industry, would be very interesting, rather than developing all kinds of different labels. That would be very confusing for the consumer, in the first instance, but also very burdensome. It would be better for investment to go to the transition instead of to communication about domestic labelling.

Q52 **Anna McMorrin:** I want to turn to working practices. In the inquiry that this Committee did in the previous Parliament on fast fashion it found that people were exploited, as well as environmental degradation and abuses. There were several recommendations made at that time, including that retailers should sign up to global framework agreements and that there should be explicit reference to modern slavery in the Companies Act. There were many recommendations. Professor Williams, in the last five years, what have you seen change within the industry on this matter?

Professor Williams: The report in 2018 created amazing awareness, certainly in this country and, as you know, in Leicester. You probably know what has happened in that situation. Again, we are seeing this two-picture thing. We work with a lot of small businesses in the UK and they are finding it quite difficult to prove their labour practices. At the same time, because they are small chains and small networks, we have great examples of very good practice when it comes to labour, as well as the London living wage for businesses based in London.

However, we are seeing even more of a proliferation of imports, as we have just talked about, from China, where everything is outsourced and outsourced and outsourced. There is very little accountability for the



HOUSE OF COMMONS

subcontracting of subcontracting. We are still in a position where we do not know the numbers.

There are some amazing initiatives looking at labour rights. Labour Behind the Label, for example, is a very important lobbying group that is looking very specifically at labour in the fashion sector. You will see from all of its reports that we are still in a position where people have not been paid for garments that were cancelled during the pandemic. We are still seeing people working under modern slavery conditions.

Q53 Anna McMorrin: In this country?

Professor Williams: In this country and overseas. We need to be able to take forward the Modern Slavery Act and make it more accountable and more visible.

Q54 Anna McMorrin: We will hear in the next session from a representative of boohoo, which has come under a considerable spotlight, not least from a documentary, but we also called it out in our inquiry, particularly for not signing up to ethical trade initiatives, not being unionised, paying off suppliers, as you have just mentioned, and not being aware of supply chain issues and not being accountable for what is happening overseas.

That is boohoo. We have asked it and obviously it denies that. It will have a chance later to come back on this, but it has contradicted some of the challenges put to it in the BBC documentary. However, would you call out any other companies that are still practising unethically in terms of their working practices? What are they doing and what can be improved? Have they improved at all? Where can we start with our recommendations on this?

Professor Williams: It is a systemic problem, so I would not call out one company over another. It goes back to the point that we have seen everything else in our lives go up in price over the last 15 years, and fashion has gone down.

Q55 Anna McMorrin: You would not call out any of the bigger—

Professor Williams: I would not call out one company.

Q56 Anna McMorrin: Not one company, but several.

Professor Williams: You only need to look at the profits of those companies and the income gap between the owners and the lowest-paid to know that that is a model that is completely unethical. But it is a model that is unethical, and those businesses at the moment do not necessarily have an incentive, other than their moral incentive, to do things differently.

Q57 Anna McMorrin: We have asked them to do things like unionise and pay fairly, and they have not done that.

Professor Williams: All of those things—workers' rights, health and safety, minimum wage—should be basics of living and working in the UK.



The fashion sector employs millions of people around the world. They should be fulfilling jobs.

Q58 **Anna McMorrin:** What about the company—I think it was Shein—that had reports of “Help me” being written in labels, perhaps by workers overseas, as a cry for help? Would you comment on that?

Professor Williams: We should not be importing goods when we know that they have been made through modern slavery. They should be stopped before they reach our shores and people in this country are buying them and wearing them. We have a responsibility—

Q59 **Anna McMorrin:** To put pressure. Great.

Ms den Hartog, can I ask you about comparisons across Europe and your experience of how poor working conditions are being addressed?

Femke den Hartog: I am happy that you ask that on Labour Day. In the Netherlands, the agreement on sustainable textiles ran from 2016 to 2020, and we will follow that up with a new initiative. That was a multi-stakeholder dialogue with unions, NGOs and 60% of Dutch businesses. They were obliged to do due diligence on environmental issues but also on social issues. They were involved in projects about collective agreements, collective bargaining, living wage and so on.

I mentioned it before but it is essential to do your due diligence, because the risk of slavery in the value chain is there. You must always be aware of that risk and you have to mitigate those risks. You have to be active on those risks. In the Netherlands we tried to bring companies into these kinds of projects on a voluntary basis, which was very successful.

Now we have legislation, in the due diligence directive. When I talk to European fashion brands, they are happy with the due diligence directive. They say it is so important that the entire industry is going to implement due diligence, because we have to report on very severe risks like modern slavery. Also, you need each other in the production countries. If you are talking, for example, about collective bargaining in a country like Turkey or Bangladesh, then you have a very local situation and you have to cope with that local situation. That goes better if you are doing it with NGOs, unions and a lot of companies.

Q60 **Anna McMorrin:** Would you recommend the introduction of a piece of due diligence legislation as one of our recommendations to Government? Due diligence was one of the recommendations that we made in 2018—I was on the Committee back then—but the Government didn’t introduce it.

Femke den Hartog: Yes, I would recommend it, for two reasons. The fashion industry is very familiar with due diligence. We have a special OECD framework for the fashion and footwear sector, so companies are doing that due diligence already. Now there is the European legislation, which is actually less strict than the OECD framework. A due diligence



obligation in the UK would be very interesting for the industry. It would be good for a level playing field in a very international industry.

Q61 **Anna McMorris:** Are there any other recommendations that you think we should make in this report for the Government?

Femke den Hartog: In the Netherlands, I am very proud of the multi-stakeholder dialogue we have with unions, NGOs and businesses. Companies were very happy that, in the beginning—now it is not the case—our Government was facilitating that. That brought us together. I can remember a moment in 2015 when I was in Bangladesh with our Minister, Dutch unions, the Clean Clothes Campaign and companies. That was such a good visit because we all understood that we had the same goal, which was to make the fashion industry better.

Q62 **Claudia Webbe:** I have a quick follow-on question. What exactly do you think it is that has allowed British brands and retailers to get away for so long with poor working practices in their supply chains, both here and abroad?

Professor Williams: Because there is not really transparency around that. It has been normalised that prices of fashion go down while, in fact, prices of other things go up. People have othered it and think that it is happening elsewhere or that it is not affecting them. I have been working in this area quite a long time, and Gap and Nike were called out many years ago around their labour practices. It has become normalised. People have just ignored it or thought that Government should be doing something about it—and Government should be doing something about it in this country. For some reason it has become normalised.

Chair: Thank you. I am afraid we are going to have to bring this session to a conclusion. I would like to thank our panellists. Femke den Hartog, thank you particularly for coming all this way, thank you to Professor Dilys Williams, and thank you to Keith James for standing in at short notice. That concludes our first panel.

Examination of witnesses

Witnesses: Marcus Hartmann, Joe Metcalfe, Lorna Fallon and Andrew Reaney.

Q63 **Chair:** Welcome to the second panel in our evidence session today on the fashion sector. Before I welcome our witnesses, I would like to point out that this is a panel primarily for participants in the online and bricks and mortar retail sectors for new product and for reuse product. We have, as a Committee, invited a great many retailers—household names—to attend in person to give evidence today, and I have to confess to being disappointed that 15 companies chose not to come today. They all had their own reasons, but I am going to identify them as a way of thanking those of you who have had the courage to come and sit before this Committee today.



HOUSE OF COMMONS

I am afraid that Matalan, TK Maxx, ASOS, I Saw It First, Shein, Asda, John Lewis, M&S, New Look, Next, Sainsbury's and Tesco all were unable to be represented today. They encouraged us to talk to the British Retail Consortium. We have spoken to them previously in this Parliament, but I would like to put it on the record that I think that it is a pretty poor performance that they are not prepared to stand up to their own corporate responsibilities.

By contrast, I am pleased to welcome Andrew Reaney from boohoo. I think you appeared at our Committee when you had just been appointed to boohoo. boohoo has been subject to substantial criticism by this Committee and others, so I am pleased that you have had the courage to join us today, Andrew. I am aware that you may not be with boohoo for much longer and the reason for your departure may or may not be something you wish to go into. Welcome, Andrew.

Welcome also to Lorna Fallon from Oxfam, one of the larger resellers of used clothing in the country, to Marcus Hartmann from H&M, who has joined us today from Sweden—I am very grateful to you for taking the trouble to come and visit us in Parliament today—and to Joe Metcalfe, the CEO of Thrift+. I am not going to ask you what you all do because I think you will be able to explain that during the course of your evidence.

I am going to start with you, Andrew. boohoo has made to this Committee a large number of pledges about how it would improve its environmental performance. Could you tell us how that is going and what has changed in the period since you last appeared before the Committee?

Andrew Reaney: Thank you, Chair. Good afternoon, everybody. Just for the record, I am indeed leaving my position at boohoo. I am currently working my notice period. Rest assured, the four years that we have done here in boohoo have been challenging but we have put very good processes in place. We have been very open and transparent with the Committee and others, and we will continue to do that. No doubt the team and the person who succeeds me will build on the work that we have done to date.

In the context of the sustainability strategy and journey we are on, we will hopefully get to revisit some of the topics that were discussed with the first panel, because we on the retail side would have similar views but also perhaps can inform the Committee of some of our own findings. I will start with one or two indications of consumer behaviour, because that was referenced a couple of times, and then perhaps I can talk about our sustainability strategy. I am happy for this to be read into the record.

Our stats would tell us that our customer, over the course of the last five years, on average, purchases two and a half times per year from us, and he or she—mainly she—purchases three and a half items of clothing. The average purchase over the course of the year is just less than £200. That has been constant over the course of the last five years.



What has absolutely changed—and it is probably the main topic of conversation here—is the expectation for the consumer in terms of ways to interact with us. I am happy to say that we partner with Joe on Thrift+, as an example, and we have a marketplace of our own. Consumers' expectations today are, yes, that they can buy from our brands—and we operate household-name brands like PLT, Karen Millen and Debenhams, for instance—but we also have a marketplace. About two years ago we launched a marketplace for consumers to resell. Within the first four weeks we had 450,000 downloads. 450,000 individual consumers downloaded the app to give them the ability to resell.

That is probably the single biggest change. Consumers want options to resell. They want options to rent. We have a partnership with British Heart Foundation; I am sure the operating model is similar to Lorna's at Oxfam. That is probably the single biggest change. Consumers are interacting with us in multiple different ways.

Q64 Chair: Thank you. You mentioned resellers. I should have mentioned that we also invited resellers to turn up and Depop, eBay and Vinted all declined to come today.

Mr Hartmann, we have not heard from H&M before at this Committee. Could you give us a sense of the role that environmental sustainability plays in how you treat your products and your customers?

Marcus Hartmann: First, I wish to express my gratitude for the invitation. We are more than happy to come to these events and these hearings to give our view. Transparency is an important part of our sustainability work, to showcase how we do it and how we want to be leading the change towards a more sustainable and circular fashion industry.

We have a long-standing commitment to offer our customers the best combination of fashion, quality, price and sustainability. We have worked on this for a long time. We have been reporting on sustainability for over 20 years, as of this year, and we see that it is a very important part of our offering to our customers.

When it comes to our environmental footprint, we are a global operation. We operate in almost 80 markets across the world. Our main impact is in our supply chain, when it comes to material choices and the production of our garments. We do not own any production but we work together with our suppliers to decrease this, and we have very tough targets for ourselves when it comes to decreasing our emissions. We want to halve our emissions by 2030 and be net zero by 2040. These targets are in line with the Science Based Targets initiative and have been approved by them, and we are progressing towards them.

We heard from the first panel about materials and materials recycling. We have a very strong goal when it comes to materials as well. We want 100% of our materials to be more sustainably sourced or recycled by



HOUSE OF COMMONS

2040, and by 2030 50% is to be recycled. This is a very strong target and a strong commitment from our side.

Q65 **Chair:** That is recycled after use?

Marcus Hartmann: Yes.

Q66 **Chair:** How do you go about doing that? Are you providing facilities for collection in store?

Marcus Hartmann: Yes, we have a takeback scheme worldwide in our stores—it started in 2013, so we have long experience with this. We accept garments and textiles from anyone—not only H&M but anyone. We collect them, we sort them and we see what can be reused. Last year, about 68% went to reuse as garments. If it was a jacket, it kept on being a jacket.

Q67 **Chair:** That is 68% of what you recovered.

Marcus Hartmann: Yes, which is reused.

Q68 **Chair:** You said you had significant targets for recycling. How far have you got along the journey to your targets?

Marcus Hartmann: Sorry, I am trying to find all the numbers; there are a lot of them. Last year, 85% of our source materials were recycled or more sustainably sourced. Out of that 85%, 25% were recycled materials in our garments.

Q69 **Chair:** How strong do you regard your due diligence in undertaking sustainability? In the UK we have just gone through a Competition and Markets Authority inquiry into sourcing. The consequence of that is that two of the brands I mentioned that declined to turn up to this Committee have been essentially instructed by the CMA to cease making claims about sourcing because they could not be verified.

Marcus Hartmann: We are operating in Germany and in Norway, which have due diligence legislation in place that we abide by and report by today. We have a strong due diligence process in our business due to the fact that we are operating in markets that today have due diligence legislation. We are also supportive of the European Union legislation around due diligence as we think, going back to the transparency work, that it is an important part of our sustainability work.

Q70 **Chair:** Do you happen to know—I should but I don't—whether H&M was one of the companies looked into by the CMA in the UK?

Marcus Hartmann: My understanding is that we were not. No, we were not.

Q71 **Chair:** It looks as though you weren't—that is being confirmed from behind you. Is there a problem in other countries of sourcing that you benefit from, where you see other international competitors getting into difficulty with regulators over the claims they are making?



Marcus Hartmann: On the wider scene, we see that due diligence legislation is an important part of pushing the industry in the right direction. We tend to think that we have wanted to lead and we have in some instances led the change. Of course, we are not done by any means and we still have a long way to go, but we have been pushing it. We are seeing that these kinds of legislation promote a whole-industry change. That is why we are supportive of it. We want to create a level playing field, whether you are bricks and mortar or online—no matter where you are based. This is important legislation that we are seeing in these markets.

Q72 **Chair:** We heard in the previous panel about brands like Adidas and Nike, which got into difficulty, but it does not seem to have affected the performance of the brand particularly. Do you see it as a business risk to your brand, in the event that it was found that your due diligence was not accurate?

Marcus Hartmann: I would say that it would be absolutely a risk to our operation if that was the case. However, when we look at our supply chain and the countries where our suppliers are based, we do have production offices in these countries and we are working on the ground to make sure that our due diligence is sound. We work in very close partnership with these suppliers, both to make sure that they have the right processes in place but also to promote workers' rights, the right to collective bargaining and similar. We are working very closely on the ground as well. We are not sitting in our offices here in Europe but we are on the ground in these countries.

Q73 **Chair:** Thank you. I will turn to Mr Metcalfe. Could you explain your business model and the impact that you have on the environment?

Joe Metcalfe: Thank you very much for having me. You mentioned in your introduction eBay, Vinted and Depop. These are peer-to-peer platforms that help individuals to upload and to resell their garments. Thrift+ is a managed marketplace. Only about 25% of the population are willing to take photos of their own items at the weekend and we exist for everyone else—the other 75% of the population. We handle every single item that gets on to our marketplace. We have an operation in Leicestershire with 65 brilliant team members who are physically taking the photos. We sit in the middle of the marketplace.

Our intention, therefore, is to help get items back into circulation. We heard in the previous panel that the best possible way of driving circularity is maintaining items as high up in the hierarchy as possible and getting items out of the first owner's hands and into the second, third, and fourth owner's hands. I am excited and hugely optimistic about the role that second hand can play in competing directly on price, choice and speed with fast fashion and ultra-fast fashion.

Q74 **Chair:** Do you have a centralised model? When an individual wishes to dispose of a garment, they send you a photograph and put it in the post,



presumably, do they?

Joe Metcalfe: Well, even less than that. From our sellers' perspective, they receive a bag from us in the post and they fill it up with their second-hand clothes. We position it as a wardrobe clear-out service. You fill up the bag and then you send it back to us for free. We are handling over 100,000 items a month. We then resell them on our own platform, but also are closely partnered with eBay. We are the biggest seller of second hand on eBay and we are growing very rapidly.

Q75 **Chair:** What proportion of the goods you receive do you sell?

Joe Metcalfe: We have a lot of data. We have now sold over a million items of second-hand clothing over the last seven years, so we have the data that allows us to make decisions on what we can afford to put labour into. Every single item costs us money to handle it. The answer is that about 45% of what we receive is able to be resold. That is typically for pure brand reasons. Our requirements are that it needs to be, in very general terms, Zara and above.

Q76 **Chair:** What happens to the 55% that you cannot sell, or decide not to?

Joe Metcalfe: We have partnerships with local charity shops, including Oxfam, whose shops come to collect from us on a daily or weekly basis, and then we work with a textile exporter called Ward, which resells that product.

Q77 **Chair:** And it is not going to landfill.

Joe Metcalfe: This product is not end of life. We need to recognise that products that are coming out of people's wardrobes are very rarely end of life. These are brands that have life left in them, but we cannot afford to put the labour into them to resell them online. I would happily speak at length about the phrase "textile waste" and the idea of exporting textile waste. That phrase is not particularly helpful, but we can get on to that.

Chair: We are going to come on to that. I am sure someone will want to ask you about that.

Q78 **Claudia Webbe:** Who gets to sell on Thrift+?

Joe Metcalfe: We are a consumer marketplace. Anyone can sign up to order a Thrift+ bag from our website, fill up the bag and send it back to us.

Q79 **Claudia Webbe:** It is different from eBay?

Joe Metcalfe: With eBay you are having to take the photos yourself, whereas with ours you do not do anything except put those items into a bag and send them back to us.

Barry Gardiner: Who gets the money?

Q80 **Chair:** You are selling on eBay. That is where you derive your sales.



Joe Metcalfe: We sell on our own platform and then sync our entire—we have about 300,000 items live at any one time, which we sync across our own website, and we sync directly and automatically—

Q81 **Chair:** Okay. This is not an advertising platform for your business, so we are going to move on, but it is helpful to understand how it works.

Lorna, we have heard that Oxfam receives goods from other participants in the marketplace. Could you give us a sense of the environmental impact? Yours are all physical shops, I believe. Can you give us a sense of the scale of the textiles that you are handling every year and what proportion of those go to waste?

Lorna Fallon: Absolutely. Charity retail still holds a unique role in this space, we believe. It diversifies the offer and comes, of course, with the added benefits of supporting social causes and funding charitable objectives, as well as supporting high streets and communities.

In terms of charity retail's role, in Oxfam alone last year we sold 6 million textile items. That is 6 million items that we kept as high up the waste hierarchy as possible. We use a number of channels to do that, including 540 high street shops and a superstore. We have our own Oxfam online shop, our own platform, and also festival shops as well as pop-up events. It is a multi-channel approach that helps us to keep products in circulation for longer and extend the lifecycle of product.

We also have a recycling centre in the north, our northern recycling centre. That enables us to sort, grade and ensure that we find the correct route to market for products, which enables us to keep our product in circulation for longer.

Q82 **Chair:** Is that for resale, or is that to decide which is the appropriate waste stream for it to go into?

Lorna Fallon: Both. That enables us to choose which avenue, so whether an item will be sold in a shop or online, or it could end up in one of our festival shops—on a field in Glastonbury, for instance. It enables us to be more specific, to give it the best possible chance of resale.

Q83 **Chair:** Can you give us a sense of where Oxfam sits in the scale of charity shops? I think of you as one of the biggest but I am not sure.

Lorna Fallon: We are one of the top three charity retailers.

Q84 **Chair:** Right. And 6 million items—what market share does that give you? You may not be able to answer that. Does anybody know where that sits?

Lorna Fallon: I don't have that statistic right now.

Joe Metcalfe: One thing I would add is that the role that charity shops play in this sector is often overlooked. I said that 25% of us resell some of our items but effectively a nation's worth of clothing is going into, typically, bin bags and being donated to charity shops or into large



donation bins. It is distributed through 10,000-plus charity shops that are powered by 100,000 volunteers sorting through our old clothing. That works due to those volunteers and due to significant tax breaks in the charity retail sector that allow that model to work, but it doesn't work in the private sector.

Q85 Chair: That is very helpful. I will pass on to colleagues, because I know lots of people have questions, but Mr Reaney, boohoo undertook to review the supply chain when you last appeared before us five years ago. You made great play of the new manufacturing facility that was being established in Leicester and, subsequent to our hearing, closed down relationships with a number of domestic UK suppliers that were not meeting the standards that you had set. You subsequently and recently decided to close the manufacturing facility in Leicester. Could you explain why that came about?

Andrew Reaney: Definitely, Chair. I will give some context, if I may. We first published our UK supply chain back in 2020. As you are aware because we discussed it in several hearings, we had gone through the Alison Levitt report, published in full our Agenda for Change programme, KPMG governance and oversight, and Sir Brian Leveson published five independent reports. We had obviously been through quite a lot in terms of our supply chain.

We first published, as I said, the UK supply chain in 2020. We currently refresh and update our publication worldwide every four months. Two thirds of the factories—the suppliers—that were first published with us in 2020 are still published today and are still our UK suppliers, so the UK is still an important manufacturing hub to us. We would absolutely ask that other UK-based retailers not only attend sessions like this, but consider UK manufacturing.

The vision behind Thurmaston at the time, very simply, was that we had gone through a significant acquisition phase where we had bought several British brands out of administration. Ironically, none of those British brands had a UK manufacturing footprint. None of the products that those brands had sold had ever been made in the UK. The vision for Thurmaston Lane was to make what effectively were more complex garments in the Thurmaston factory. We obviously had and still have relations currently with 41 suppliers in the UK, mainly in Leicester. They are still manufacturing for our brands, but the vision, quite simply, was to manufacture what we would call more complex garments—garments that would generally get made overseas, such as woven dresses, buttoning, plackets, fusing; more complex areas.

The truth is that that skill set unfortunately is not in the UK. We tried for two years. We operated, at one point, a two-shift pattern. We spent a lot of time and effort and invested a lot in trying to upskill the workers, but quite frankly we found that we could not make those garments to the right workmanship standard in the UK. That is why we made the genuinely very reluctant decision to close that facility down. It does not in



HOUSE OF COMMONS

any way diminish our commitment to UK manufacturing. As I said, we still deal with 41 suppliers. There are 41 active UK-based businesses that are manufacturing goods for boohoo brands today.

Chair: Thank you, that is a helpful overview. We will come back to some of those issues in a minute.

Q86 Chris Grayling: Mr Reaney, you explained quite well the changes in customer purchasing behaviour in the last five years, the move towards the platform that you created and the move towards resale. What sense do you have that customers are buying new clothes because their old ones are no longer usable? Or are they doing it because they want to follow new trends?

Andrew Reaney: Interesting question. If I may say so—you might say that of course we would say this—we do not like the term “fast fashion”. We use the term “fast fashion” in the context of monetising a trend. Our buyers’ job is to commercialise a trend—if a consumer wants something, to get it in front of them quite quickly. That is the nature of online retail. It is test and repeat. It does not in any way, from our perspective, mean that the products that we sell do not have a long life and are not durable.

We are one of the brands that are involved in the Textiles 2030 durability project with the Leeds Institute of Textiles, as an example. We have a product testing lab ourselves in our office and we do about 30 tests a day. The principle, from our perspective, is that products need to be durable to have the life that the first consumer, second consumer, and ideally a third and fourth consumer want from them.

Q87 Chris Grayling: Mr Hartmann, what is your view? Do you think the driver of customers is the replacement of worn-out goods or to follow fashions?

Marcus Hartmann: As per usual, the answer is in the grey zone. I do not think there is one answer that is correct. I think it is a combination of both. People still want to express who they are through fashion. We see that very clearly. That is why we see it as important for us to build our model on the four pillars of fashion, quality, affordability and sustainability.

Q88 Chris Grayling: Ms Fallon and Mr Metcalfe, do you believe that the development of reselling platforms is a threat to third sector retailers?

Lorna Fallon: It is a double-edged sword. They can encourage people to purchase second-hand, pre-loved clothing, maybe for the first time. That can be a good thing in encouraging positive behaviours and making more sustainable choices. But for charity retailers specifically it means there is more competition for quality stock. Charity shops are no exception. People are still looking for good quality at fair prices.

Joe Metcalfe: A report published yesterday found that 46% of our fashion is still just being thrown straight into the bin, into the general



HOUSE OF COMMONS

waste. Where we operate, I use a slightly flippant comment that supply is unlimited. There are 100 billion items of clothing produced each year and innovation in the models that help get these items back into circulation is a good thing for circularity.

Q89 Chris Grayling: Do you think that the platforms offer a perverse incentive to overconsume? If you know you can pass it on, you buy something because you like the look of it, you wear it a few times, you pass it on, you make some money from it and away you go. Therefore, you end up buying more than you would otherwise have done.

Joe Metcalfe: First, no, but in an important way. We need to understand whether “consume” in that context means production, and we need to find models and ways that we can decouple consumption from production of new goods.

This is actually a really well-trodden path for these peer-to-peer platforms. Both Vinted and Depop have done their own research here. There is a phrase called the displacement rate, which is the likelihood of that item to have displaced purchasing a new good. Vinted research shows that it is about 40%, so 40% of the time, an item that is being purchased on Vinted is preventing the purchase of a new good. With Depop that grows to about 90%, according to their research. Overconsumption would suggest a 0% or negative displacement rate, which is just not what the data shows.

Q90 Chris Grayling: In terms of the approach that you are all taking in different ways, different parts of the market and so forth, in marketing, trying to influence the public and trying to change behaviour in a way that is commercially beneficial, do you think that you are weakening the sustainability element of what is needed? You are trying to get people to buy more and, by definition, if you get people to buy more, you would expect the pipeline of products coming into the market to be bigger. Many of the big retailers in particular use celebrities and influencers to try to drive sales and to drive the attractiveness of new product ranges. Is this really consistent with sustainability?

Andrew Reaney: We had a campaign last year with a lady called Kourtney Kardashian Barker, who has a massive worldwide following. The conversation was meant to be around sustainability and was designed to be around sustainability and the principles of sustainability. We did not position ourselves as the champions or necessarily the retailer with all of the answers. It did provoke some very interesting feedback. I cannot speak for other panellists, but I would imagine it is exactly the same for them. Commercial prerogatives and sustainability prerogatives can and should obviously live hand in glove because ultimately, genuinely, we all need to be sustainable businesses.

If I may give one UK business a plug, I am holding a soap dish. This was probably a top or a blouse or a pair of jeans at one point. There is a business in Nottingham called Upcycle Labs and we happen to have a



HOUSE OF COMMONS

partnership with them, but we are not the only retailer that has a partnership with them. He is effectively taking your old unwanted clothes and converting them into industrial bricks and tiles, generally, but he also does ceramics. I am happy to pass that around.

Now, we are no doubt going to talk about EPR, but that is what we need. I think the first panel covered it as well. We need more scalable, circular solutions so that we can be fully sustainable ourselves as a business. Our job, truthfully, is to sell to consumers—responsibly sell to consumers—but we believe we need more solutions like that.

Marcus Hartmann: I fully agree on the concept that we can both do marketing and remain sustainable. We try to have a lot of conversations with our customers around the circular, customer-facing business models that we have. We try to educate them on how to take care of the garments to prolong their life, and try to inspire them to change them and use them for a longer time.

In some of our stores we have repair services where customers can bring in clothes to have them repaired or remade in different ways. In our store in Regent Street, just a stone's throw away, we have a rental service where they can rent a gown dress instead of buying one. We also have an in-store resale area in Regent Street. We are trying to talk to them about these issues as well, because we know that going forward, we still want to grow as a business, but we want to do it in a sustainable way, and then the circular business models will be increasingly important.

Q91 **John Mc Nally:** My questions are on consumer behaviour and voluntary industry initiatives. My first question is to Andrew and Joe. Could you tell us about the impact that the partnership between boohoo and Thrift+ is having? What have you learned from each other and what prompted the initiative in the first place?

Joe Metcalfe: We are partnered with a couple of the boohoo brands, and we work with another 15 or so high street fashion brands, the likes of FatFace, White Stuff, The White Company, Crew Clothing and Gymshark. In those partnerships, the brands are helping to promote our fashion take-back service to their consumers. That is the way that it works. At checkout or in store, as their customers are checking out, they are asked, "Would you like to add a Thrift+ bag to your basket?" They receive that with their e-commerce purchase, and it allows them to clear out their wardrobe and responsibly send those back to us.

I believe it is an imperative for brands to be doing everything they can to facilitate the circular economy. I believe that the circular economy already exists with charity shops, with Vinted, eBay and Depop, and with Thrift+. On the previous question, we need to recognise that brands are in a pretty difficult position when it comes to sustainability. Their job is to create a brand and, as Andrew said, sell to consumers, and typically to grow, as we just heard. I believe they should be responsible for the inputs into the system and for doing everything they can. I believe it



should be an imperative and regulated and legislated that they are doing everything they can to facilitate the circular economy.

Andrew Reaney: Joe's model is a very important part of the circularity principle that we are trying to help support. I will give you another one or two more examples. Karen Millen is one of our brands, and they partner with another UK business called Hirestreet. That business has about 100 different brands on its platform, and you can hire a Karen Millen dress or top for an occasion. On our most recent call with the team there, they were able to say that the latest set of Karen Millen dresses that our team had made available to them are booked out for the whole summer.

The way the model works is that typically the rental price is 20% of the retail price. Say the retail price of a dress is £100, which is a significant amount of money, but a consumer wants it for an occasion, for instance, so the rental price is £20. That includes ozone cleaning and courier charges as well. The idea is that a consumer can make, not necessarily even a purchase, but they can still utilise the goods. That is one example. There is a proliferation of brands and different models in that space. Typically, they will say that the garment in question has a lifecycle of about 20 rentals, because obviously it is cleaned 20 times, and then it goes onto their pre-loved platform for consumers to buy at a much more discounted price.

That is one example. We also have repair options, like Marcus spoke about. That is the principle from our perspective as a retailer. Consumers' habits are changing. You think of Spotify and Netflix. It is subscription-based model, effectively, for clothing, and it works.

Q92 **John Mc Nally:** I visited a place at Eurocentral that is probably one of the biggest cleaners, which takes recycled clothes, from kilts to dresses to everything else. It was phenomenal to see the model working in the flesh and the people they were employing, and everything they were doing was green. It is good to know that. How did you two get together? Did you lock heads to say, "We need to work together here"? How did it happen?

Joe Metcalfe: We launched our first partnership in this way with Farfetch, an international luxury marketplace. From there we had brands interested in doing the same thing. We have had brands contacting us to launch the—

Q93 **John Mc Nally:** So they contacted you in the first place. That is a recognition that you were doing something right. I think that is a compliment to yourselves and your initiative in the first place.

My second question is to Andrew, Joe, and Lorna. I will go to Lorna first, if that is okay. What is your experience of being a Textiles 2030 signatory? What are you doing or seeing that you would not have done otherwise?



HOUSE OF COMMONS

Lorna Fallon: I think it helps in terms of building relationships with other members and being a driving force of sustainable change. For instance, one of the initiatives—I think we are in week two at the moment, so it is too early to deliver any insights—is our partnership with Marks & Spencer. We have just launched an innovative trial where consumers can request two postal bags, one with rewearable clothing, one with non-rewearable clothing. This is part of a partnership with Innovate UK that is led by the Fashion and Textile Association. There are lots of people involved; it is a great example of collaboration.

That is the first test of a citizen pre-sort, where we are asking members of the public to sort into non-rewearables and rewearables. There is no data yet because it is only in week two, but demand for the bags has been phenomenal. They were oversubscribed within days. We are really looking forward to that. That is a great example of how being a member of Textiles 2030 supports collaboration.

Andrew Reaney: I would agree with Lorna. I think if the industry as a whole is to move to a circular business model and reach our targets, collaboration and innovation are the two key fundamental principles. We set ourselves some stretching targets as well, in terms of what we expect to do by 2030 in line with the Paris accord. We have to get to a 52% reduction in our emissions absolute, relative to our growth by 2030. That is broadly in line with WRAP's commitments anyway. Then we have to look to the next phase to get to net zero. We need to do that together because obviously it is a key point.

One of the points that was discussed in the last session around Textiles 2030 was the results on carbon and water. That was disappointing for all of us. There was an interesting debate about cotton and polyester. Sometimes the perception is that natural fibres are good and synthetic fibres are automatically bad. I think the cotton example is really good because we know cotton is very water intense. One of the benefits of Textiles 2030 is collaborations on initiatives that we can do together.

For instance, we and several other retailers partner with another UK business, CottonConnect. We are just coming out of the third year of our partnership with CottonConnect in Pakistan to grow cotton. We grow our own cotton in Pakistan through CottonConnect. We are in the second year of a partnership in India with two other fashion retailers in the UK through CottonConnect. The results have been quite startling: an independently validated 18% reduction in water usage, almost a 40% reduction in chemicals and pesticides usage to grow the cotton in the first place, and really hearteningly, a 40% increase in the profit for the farmer, as well as biodiversity improvements.

The point is that there are initiatives there and different retailers are doing different things, but a lot of these initiatives get socialised through WRAP and Textiles 2030. That is the principle. We all have to move in the same direction together to come up with hopefully sustainable solutions.



Q94 **John Mc Nally:** Professor Williams talked about how different countries have different requirements for levels of water, but there is one thing for sure: we only have one planet, and we are not making any more of it. Joe, would you like to comment?

Joe Metcalfe: I think I might strike a slightly different tone, and I may have to buy Keith a coffee afterwards. I think what came out loud and clear from the last panel is that voluntary is not enough and that we are going backwards on some measures. There is a real sense of frustration from those of us that are operating and powering the circular economy already, because we have a tilt towards action and we want to do, and we want support in doing what we already do and understanding the challenges of what we do and allowing the models that already exist to accelerate. My takeaway from the Textiles 2030 so far is that it is incredibly helpful at socialising these initiatives and identifying, but what I heard from the last session is, "We've published this; it's on our website." We just need to turn it into action, and there is a real level of frustration there.

Q95 **John Mc Nally:** Before I ask my last question, I think that has become quite evident from Joe Papineschi, Nicole Bassett and Maud Hardy. They have all said that all of these initiatives are good, but fundamentally they need legislation to make these things work or else they will just fall away. Even from the APPG meeting that we had yesterday on fast fashion, I think the CMA would love to see something introduced that made it compulsory and mandatory for everybody to take up these initiatives and thereby maybe start to halt all this waste that is going everywhere. At the end of the day, we are all responsible for it.

My last question is to you, Marcus. Being headquartered in Sweden, are there any lessons H&M would share about voluntary industry initiatives with us here today?

Marcus Hartmann: It is really clear that to achieve lower emissions and lower impact for the fashion industry, co-operation and collaboration is definitely needed in different ways. We follow the work that is being done in Textiles 2030. We are not members of that particular one, but we are members of several other co-operations and collaborations that we work together with.

For example, we are on the steering committee of the Fashion Industry Charter for Climate Action under the United Nations. We work in close partnership with the World Wide Fund for Nature and their business network. We are a member of the Fashion Pact, which is a CEO-led initiative that unites us to have collective solutions in the fashion industry to tackle climate change and biodiversity issues and protect the oceans. I could go on and list a lot of these things, but we are clearly part of these collaborations and co-operations globally. We do realise that we have an impact, but having that impact, we can also be a part of the solution if we do this together.



John Mc Nally: Thank you very much.

Q96 **Sir Christopher Chope:** For me this has been a fascinating session, because what it has told me is that the United Kingdom is very lucky to have such a vibrant new and used clothing sector, which is innovative, competitive, and successful and is delivering, as we have heard, low prices to consumers, far lower than the current rate of inflation. That has been achieved largely through the industry itself taking responsibility.

Would you advise the Government and Parliament to steer well clear of trying to introduce more mandatory regulation of what you do, which will create bureaucracy, additional cost and rigidities and undermine the efforts that you have been making? Would you, Andrew, particularly, be able to comment on the cost for boohoo of recent regulatory initiatives and whether that has helped your company or hindered it?

Andrew Reaney: We are AIM listed, so we are a plc, and we produce a sustainability report every year. We produced our first one in 2021. We are obviously not as mature a business as Marcus's, but we are on the journey. We have produced our sustainability report, generally housed within our annual report. This year will be the second year of our TCFD report, which looks at areas like risk and audit and governance generally. We are keeping a close eye, obviously, on the UK taxonomy code, which we believe will be published later this year.

The previous panel spoke about the sustainability disclosure regulations, which effectively will put a focus on ensuring that the strategy that we have is valid. We believe that it will be broadly in line with the already in place EU legislation, the CSDDD. There are a lot of acronyms in this space.

It is an interesting topic. When we talk to investors and shareholders, questions around our sustainability strategy always come up. It is not necessarily just a strategy that says, "Right, these are our targets"; it is, "Show us the progress that you are making on the journey."

From our perspective, TCFD is already in place. The likelihood is that we will probably build on that with the next set of regulations. That is understandable because Government, NGOs and, ultimately, consumers—and we are all consumers—all have an interest and obligation to ensure that the products we are buying are from retailers that we trust. From our perspective, we are monitoring the space, and ultimately it will be what it will be.

Q97 **Sir Christopher Chope:** Does anybody else want to say something?

Lorna Fallon: The UN Alliance for Sustainable Fashion states that consumers are buying 60% more clothing than they did 15 years ago. The status quo is bringing with it a high cost to the planet and to people. The fashion industry has a responsibility to address this urgently. At Oxfam, we do not believe that voluntary will resolve this. We feel that there needs to be legislation to hold the fashion industry to account. We



HOUSE OF COMMONS

do not have a precise policy ask, but we do feel that there needs to be better regulation of the industry to bring it up to standard and ensure there is a level playing field. We would ask that charity retailers are considered and are part of that solution.

Marcus Hartmann: We welcome sound and good legislation. We want to create a level playing field for the industry. There are a lot of companies doing a lot of good pushing the agenda on this, but we need the others to join as well.

I fully agree with what Lorna was saying that, voluntarily, this probably will not happen, but we need this to be a level playing field and as harmonised as possible. We are a global company and we operate, as I said, in almost 80 markets. I realise that it is maybe a utopian dream to find harmonised legislation in 79 markets, but let's see what we can do to come as close as possible to that.

As I said in the beginning, transparency and dialogue is a big part of our operations, and we are happy to continue this dialogue with any policymaker or Government that has an interest in pushing sound and good legislation in this area.

Joe Metcalfe: I think we heard an important phrase just then: "level playing field". Actually, there is not a necessity for this to feel like enormous bureaucracy. I think there is a solution that helps support the brilliant companies that are producing clothing and the brilliant brands that we have here to produce them in a responsible way, and intense downward price pressure is not the way to create a healthy fashion economy.

Q98 **Sir Christopher Chope:** Turning to the extended producer responsibility, where you are in that, well down the food chain, isn't that going to be unnecessarily burdensome for you?

Joe Metcalfe: I am not an expert on EPR. I hope I can bring my expertise from what we do at Thrift+ in reselling and handling and processing post-consumer clothing. Again, my opinion here is that brands should be doing everything they possibly can—and should be mandated to do everything they possibly can—to facilitate the circular economy. That does not necessarily mean they have to create it. It does not necessarily mean launching second-hand marketplaces or even launching rental services. It means that the products that they are putting on to the market are made from recycled materials and designed to be recyclable, and—this is one of the really important things for us—that the product data of that item is available to people, whether they are consumers who want to resell, charities that want to resell or B2B resellers like us, in order to make it as effective as possible at getting that item back into circulation.

Andrew Reaney: I have a stat to share with the Committee, which we thought was quite interesting. It plays back the conversation in the first



panel around EPR. Last year we sold approximately 4% of our unit volumes into our customers in France, dispatched from our UK DCs, yet France as a country accounted for over 40% of all of the packaging and labelling, taxes and charges that we paid as a business. It is a significant amount of money. It just plays back to that narrative around the fact that some countries are definitely more advanced in that context. We would welcome an EPR, but the ask would be that the revenue is used to scale up circular solutions, a bit like the example we gave there, because ultimately that is the bit that we think needs the most investment—more investment there, and more investment in R&D to come up with better solutions.

The first panel discussed polyester. The Salvation Army has an operation in the east midlands that takes polyester fibres and breaks it down into pellets. The tonnage is small relative to the size of polyester dumped in the UK. It is called Project Reclaim. The point is that there are initiatives there and things are happening in the industry, but, truthfully, not enough. That is potentially the opportunity through EPR.

Q99 Sir Christopher Chope: What about the costs? You have experience of the costs in France. Are the costs of all their regulations putting up the consumer price in France or not?

Andrew Reaney: It is something that has to be borne as a business. It is just a practical reality for us as an online business. Marcus trades in 80 countries. We dispatch to over 60 countries. It is something that we just have to bake into our business model. Ultimately, it is about sustainability and the circular model.

Joe's point on data is very valid as well. You need to start with your data. A kilogram of virgin polyester emits about 10 kg of CO₂. A kilogram of recycled polyester emits about 27% less, as an example. As businesses, our obligation is to buy products with recycled ingredients within them as a starting point. Over 98% of all of our emissions are our suppliers, freight, and our consumers. There is a big piece of work to be done in terms of consumers and education, and back to the point around those scalable circular solutions, because that will ultimately get us to a place, hopefully, where we will not have the challenge that we have currently on waste.

Q100 Sir Christopher Chope: So you believe that the consumer can be king, or should be king, provided there is sufficient information.

Andrew Reaney: Ultimately, the consumer keeps us all in business, and as I said, we are all consumers. We all have choices to make.

Q101 Barry Gardiner: Mr Reaney and Mr Hartmann, how do your companies reduce microfibre shedding? That is something that was raised previously. We know that 20% to 35% of all the microplastics that are found in the oceans come from clothing and textiles. Other countries have taken a fairly robust approach. Last time, companies were asked to



HOUSE OF COMMONS

do further research; they were asked to work with washing machine manufacturers and so on. What steps have your companies taken to do that?

Andrew Reaney: Again, that was a topic of conversation in the first panel. The challenge here goes back to the earlier point about the perception that natural fibres are good and synthetic fibres are bad.

Barry Gardiner: I understand that there are equal problems.

Andrew Reaney: Exactly.

Barry Gardiner: But I want to focus on this, because microplastics are a huge global problem and it is something that we touched on in this Committee's previous report and in the discussions that we had, certainly with your company but with the industry as a whole. It is important that we get a sense of what progress your companies have made since then.

Andrew Reaney: Our company and lots of others are members of the Microfibre Consortium. The focus of the consortium is to understand exactly what the shedding looks like and the degree to which polyester sheds, and, as you said, ultimately where it goes.

From our perspective—Marcus may have better insights—at this point there is no industry solution to the challenge around polyester. As I said earlier, polyester is still a fibre that is used in most clothing. Generally speaking—not all the time—most clothes tend to be a blend of perhaps a natural fibre and a synthetic fibre. The irony is that sometimes the blend can extend the life and the durability of a product, as opposed to a single-source fibre, for instance in a cotton-only or wool-only garment. It is a challenging area.

Q102 **Barry Gardiner:** You will be aware of the EU's ecodesign for sustainable products regulation.

Andrew Reaney: Yes.

Barry Gardiner: That talks about binding design requirements that will aim to prevent and reduce microfibre shedding. How are you in compliance with that?

Andrew Reaney: There are things that we do in terms of, ideally, where possible, single fibre, because it is easier to break down. Sometimes the single fibre may still be polyester. The nature of some products—your jacket, as an example—means that they are going to be synthetic. There are some product types that by definition will be synthetic, but the ecodesign principle is exactly as you say: a single fibre, fewer trims and accessories wherever possible, and less overconsumption during the manufacture of the process.

Q103 **Barry Gardiner:** You are telling me the what; I am asking you to quantify the way in which those ecodesign principles have actually influenced your manufacturing process, so that there is less of the



HOUSE OF COMMONS

offensive material designed in in the first place. Has it done that, or actually has it not resulted in any significant reduction at the design phase in your own manufacturing processes?

Andrew Reaney: At this point, I can't truthfully say it has resulted in a significant reduction. It is something we are aware of. It is something, obviously, that we try as best we can to adhere to. But as I said, the nature of some product types means that they are going to be, in some instances, 100% synthetic. We are aware of it. We do our best to genuinely to adhere to it. The issue of the plastics is something that unfortunately at this point does not have an industry-wide solution.

Q104 **Barry Gardiner:** I will come to you in a just a second Mr Hartmann. Mr Reaney, perhaps either you or your successor could write to the Committee with the details of exactly what steps you have taken to try to align the design process in the company with the ecodesign for sustainable products regulation.

Andrew Reaney: I would be happy to do that.

Q105 **Barry Gardiner:** Thank you very much. Mr Hartmann, I will ask you exactly the same questions.

Marcus Hartmann: I wanted to chip in to say that you are absolutely right that the ecodesign requirements are a part of the European Union legislation now being discussed. To my understanding—and I might have to go back and check this—their exact formulation is still being worked on. Colleagues and experts are sitting on these working groups together with the European Union to figure out how we can do that in the best way.

Aside from that, maybe one of the lowest hanging fruits is communicating with our customers and educating them on how to take care of garments, not only to prolong their life but to avoid microfibre shedding, depending on how you wash them, how often you wash them and so on.

Q106 **Barry Gardiner:** I was going to come to that. Of course, France is introducing a regulation under which, from next year, all new washing machines will be fitted with a device to filter out microfibre plastic, if not completely then at least partially. Would it be sensible for us to introduce that regulation, burdensome though it might be, in the UK?

Marcus Hartmann: Representing the fashion industry, it would be presumptuous of me to discuss legislation that would affect the electrical industry, but it sounds like a good idea from what you say.

Q107 **Barry Gardiner:** Mr Reaney?

Andrew Reaney: Yes, I agree.

Q108 **Barry Gardiner:** What proportion of your stock goes either to landfill or to incineration? Would you welcome a landfill or incineration ban on stock that could be reused?



Marcus Hartmann: There are two parts to that. First, we work very hard to make sure our stock gets sold. That is the first step. Of course, that is in the stores at first, but then we also work hard to make sure that the things we cannot sell in store are sold and used as clothing. When it comes to whatever might be left when we run out of those options, we do not send it to landfill. We donate it to charity or we find other ways to get rid of it, but we do not send it to landfill.

Barry Gardiner: What about incineration?

Marcus Hartmann: Not when it comes to new goods. About 8% of the garments collected in store goes to incineration as energy recovery. That could be because they are hazardous or because they cannot be used for anything else.

Q109 **Barry Gardiner:** So these are articles of clothing that have been sold but customers have then, at the end of their life or just when they are tired of them, returned them to your store for recycling.

Marcus Hartmann: Yes. But for goods that are not sold, we donate them to someone.

Q110 **Barry Gardiner:** Could you give us an estimate of the percentage of your stock that that happens to?

Marcus Hartmann: I do not have that number readily available. We might need to have a competition discussion, but I will see what I can do and then send it afterwards.

Q111 **Barry Gardiner:** Thank you very much. I appreciate that. Again, Mr Reaney, the same question.

Andrew Reaney: We have made a commitment that we will have no UK waste to landfill by 2025, and we have made very good progress in that space.

Q112 **Barry Gardiner:** Sorry, I don't mean to see a loophole when there is none, but you spoke about your UK waste. Does that mean that it goes—

Andrew Reaney: No, no. I will talk about the UK first, if you will let me.

Barry Gardiner: Okay, fine. You get my drift.

Andrew Reaney: I focused on the UK first because it is quite complex and I wanted to illustrate the challenge. In our world, as I have said already, we have a significant UK manufacturing footprint. A commitment to sending no waste to landfill has to include our upstream suppliers as well. In that instance, we are similar to Marcus. On average, about 6% to 7% of fabric offcuts are not usable. We have a partnership in place that means that those fabric offcuts do get incinerated for waste. That is one area within the UK. I will speak internationally in a second.



HOUSE OF COMMONS

We do not have any physical stores and so we do not have take-back schemes, but we have the resale platforms I have referenced. We have partnerships like the one with Joe and with Hirestreet, and we have a charity partnership, very similar to Oxfam's, with the British Heart Foundation. From our perspective, we have the loop not quite completely closed but we are working to move in that direction.

Q113 **Barry Gardiner:** Just so that I am clear, you have a scheme to donate to charity unsold clothes that you cannot sell, similar to Mr Hartmann?

Andrew Reaney: To charity if they are sellable. If they are not sellable, they end up as soap trays and candlestick holders, which is the other route. The principle is no waste to landfill.

Q114 **Barry Gardiner:** I mean, these are new clothes.

Andrew Reaney: No, they are not new clothes. They are damaged clothes. The nature of the online model unfortunately means sometimes customers will buy something from us, wear it and return it, and it could well be damaged. Something that is irrecoverable and unwearable may end up as—

Barry Gardiner: As a soap dish.

Andrew Reaney: Exactly.

Q115 **Barry Gardiner:** Thank you. Let's revisit the issue about going to landfill in the UK. Does that mean that there may be stock going to landfill outside the UK?

Andrew Reaney: At this point our commitment is to the UK. We have declarations from all our suppliers to say that they do not themselves put any waste into landfill. Our first target is the UK by 2025 and then we will move to international. The truth is that we manufacture in 20-plus countries, and we have 800 suppliers, 90% of which are shared across the high street. That is a more complex and bigger geography, and that is our next target.

Q116 **Barry Gardiner:** So at the moment you cannot give that commitment for the rest of your supply chain.

Andrew Reaney: I couldn't give an absolute commitment.

Q117 **Barry Gardiner:** Tell me what changes have you made in the past five years to your sourcing of materials and your design principles. We touched on design principles a little earlier, but very specifically with reference to microfibres, so can we widen that out?

Andrew Reaney: The same principles apply. Ideally, single fibre, fewer trims—extras, if you like—associated with the product, and the least amount of consumption within the critical path. What do we mean by that? We do not need extra samples; one production sample will do. They are the simple principles in the context of ecodesign, if you want to call it that.



In simple terms, the biggest move we have made—similar to Marcus—is buying more products with sustainable ingredients. That is the biggest advance because, ultimately, it is a big part of our emissions reduction.

Q118 Barry Gardiner: On sourcing more sustainable materials, quantify that, if you will. Explain to me what the switch has meant for you.

Andrew Reaney: Take cotton as a starting point. You can buy standard cotton. We grow our own cotton in Pakistan and India and so we use that example. We use another programme called the Better Cotton Initiative. We sometimes use organic cotton. As an example, there are multiple different types of cotton that have more sustainable characteristics.

Polyester is another fibre we use a lot of, and we strive to use as much recycled polyester as we possibly can. That is generally post-consumer.

Q119 Barry Gardiner: It would be helpful if you could write to us and begin to quantify those changes. What percentage was recycled polyester previously and what percentage is it now, five years on? Could you do that?

Andrew Reaney: Yes.

Q120 Barry Gardiner: Mr Hartmann.

Marcus Hartmann: Again, the overall progression of sustainability sourced or recycled material is that 85% of all material that we use is either recycled or sustainably sourced, and of that, 25% is recycled.

Cotton is the biggest part of the material we source. We have 100% recycled, organic or sustainably sourced cotton in our garments. That breaks down to 13% organic cotton in 2023. It was 14% 2022, so that is a 1% decrease. In 2023 11% was recycled, the same as 2022. Our sustainably sourced cotton, as mentioned before, is from Better Cotton and is 76%, up from 75% in 2022. We have come so far that we see small changes now, but we are working hard on that.

Polyester is the biggest of the synthetics. Our goal is 100% recycled polyester in 2025, which is next year. In 2023, 79% was recycled. Now, that is mainly from PET bottles, which are not the most sustainable choice but, still, it is recycled.

Earlier this year, we announced a joint venture with a capital investment firm called Syre—the Swedish word for oxygen—which is a tech start-up looking into large-scale textile-to-textile polyester recycling. It is now working to set up its first research and development centres in the US.

We are working very hard when it comes to this because, again, going back to where I started, this is where we have a huge impact when it comes to emissions and—

Barry Gardiner: Textile-to-textile recycling really is the philosopher's stone, isn't it?



Marcus Hartmann: That is the philosopher's stone, yes.

Q121 **Barry Gardiner:** Mr Reaney, I want to give you the opportunity to address the Competition and Markets Authority investigation into boohoo for greenwashing, despite the fact that you are a signatory to Textiles 2030 and have a sustainability strategy. How did that come about? What material changes have you made subsequently?

Andrew Reaney: We were pleased to support the investigation. As you know, we were one of three retailers—

Barry Gardiner: Indeed. Don't worry, I don't mean to let the others off the hook.

Andrew Reaney: Look, ultimately, from our perspective, we believe this will build on the green claims code. There is a series of very clear undertakings in place, which we have signed up to. In very simple terms, there are three elements: a supplier certification process to confirm that the goods we buy have those more sustainable ingredients; mandatory reporting—we are currently in our first reporting cycle—and very clear guidance on what can and cannot be said to the consumer.

At this point, we literally list the ingredients in the product. If something has recycled polyester, we call it out as recycled polyester. That is where we are. There is also very clear guidance on marketing and what can and cannot be said to consumers. We think that it is genuinely a good thing from an industry perspective and, as I said, we believe it will build on the green claims code.

Q122 **Barry Gardiner:** To reinforce the Chair's comments at the beginning, it is a shame that ASOS and Asda, the other two companies involved in that CMA investigation, declined to come before the Committee.

Mr Hartmann, we received evidence that the investigation by the CMA into those three companies led to something called "greenhushing" among other retailers. Has that been your observation, or has it even been your practice?

Marcus Hartmann: You can always put labels on certain things in the more popular sense. However, we need to be able to communicate with our customers and have a dialogue with our customers around sustainability in a good way, for them to make choices not only based on fashion, price and quality, but taking sustainability into account. To do that, they need to know how we work, why we do it and how we operate.

Q123 **Barry Gardiner:** What proportion of your market spend is now spent on marketing your products because of their sustainability? How are you changing your marketing practice to engage with your customers in that way and educate them as well as explain to them that these are values that you share with them?

Marcus Hartmann: It depends on how you define marketing. If by "marketing" you mean what we do on billboards and in advertising, I



would say very little of that is around sustainability, unfortunately. However, we do communicate with our customers in other ways: in store, in newsletters to members, and online. This is the part of the Take Care initiative that we have on all our global websites to inform and educate them on how to take care of garments and make them have a longer life.

With that said, I do not want to call it “greenhushing” because that is the buzzword right now. However, we need to make sure that legislation—I will repeat myself, but we are strong advocates of sound and good legislation in this area—

Q124 Barry Gardiner: I take at face value the word that you used when you said that, in terms of your billboard spend and so on, there is not much about sustainability. You then said “unfortunately”. I agree that it is unfortunate. If we are going to educate the public, other companies use sustainability as a marketing strategy, and it is something that lies within your hands. I would urge you, therefore, to do it.

Mr Reaney, will you say something about your marketing strategy and the way you seek to engage with your customers on sustainability issues?

Andrew Reaney: One point the CMA made very clear through the investigation, to its credit, was that it did not want the investigation to diminish in any way any retailer’s ambition in terms of buying more sustainable products. It has tried to give a very clear code, and right now that is exactly what we are following. All we are doing at this point is transmitting the sustainable ingredients at the product level. We obviously have our sustainability report and our annual report, in which we talk about our strategy, but we do not conflate the two. That is where we are today.

Q125 Claudia Webbe: I want to clear up one thing with Mr Reaney. Earlier you explained what the Thurmaston Lane factory did. I declare an interest because I am the Member of Parliament for that particular location. Your own sustainability report of 2022 set out what the Thurmaston Lane store was for and said quite clearly: “In Leicester we have opened Thurmaston Lane, our Manufacturing Centre of Excellence. Thurmaston Lane offers end to end garment production and will set the standard for UK manufacturing.”

Thurmaston Lane came out of the so-called “boohoo scandal”, which was coined by the media, and your response to Alison Levitt KC’s review, but it was intended to set the UK standard. The report goes further, to indicate how many people you would employ: “The facility will be used for supplier learning and development. The site is creating 170 jobs for on-site workers, part of our extended boohoo family.” In other words, it was going to become a centre of excellence to show what a garment factory should look like and should do, and it came out of the so-called “boohoo scandal”, but you presented something different. I am trying to understand the two presentations.



Andrew Reaney: Let me maybe shine some more on this, if I can. It is factually accurate to say that the land in question was purchased before the so-called, media-named “boohoo scandal”. The plan had always been to potentially set up a factory in Leicester. The truth is that, as I said, we operated that factory for two years and at its height we were close to 170 colleagues. I think at one point we had 167 colleagues. Over the course of the two years, approximately half of those colleagues were redeployed to our distribution centres as we went from two shifts to one shift. As I tried to explain, we found that we did not meet the manufacturing standards that we would have liked within that facility, and therefore we made the reluctant decision to close it down. Ultimately, where we got ourselves to was that we are a retailer; we are not a manufacturer.

Q126 **Claudia Webbe:** What impact did the BBC “Panorama” exposé have on the decisions around Thurmaston Lane? That said that your workers at Thurmaston Lane were making garments that essentially were about changing labels to “Made in Britain”.

Andrew Reaney: We absolutely do not believe the “Panorama” programme was a fair reflection of us as a business. It is factually accurate to say that, unfortunately, we had already started the consultancy process before the “Panorama” programme. We had already made the decision, and we were going through the legal consultation process with our employees at that time.

Q127 **Claudia Webbe:** So the garment workers transitioned to your distribution centre.

Andrew Reaney: The point I made was that over the period in which we had the centre operating, some of the garment workers were offered alternate employment options. Approximately half—I will get the exact number for the Committee; perhaps I can share it afterwards, if that is okay—took employment in some of our distribution centres in the UK.

Claudia Webbe: In the UK.

Andrew Reaney: I would like to point out, if I may, that one of the points that we are very strong on is that we are one of the few large UK retailers that manufactures in the UK, and we are proud of that. The vision of Thurmaston Lane unfortunately did not come through. Businesses have to make challenging decisions all the time and that was the decision we made.

Q128 **Claudia Webbe:** I asked you that because it was one of the highlights that came out of the Alison Levitt review in terms of the implementation of the recommendations. You—boohoo—said that you had set up a state-of-the-art factory to show what garment manufacturing in the UK could look like. It was a state-of-the-art building in that respect.

The last time boohoo came to our Committee was in the middle of the Agenda for Change programme, which came out of the implementation of the recommendations in Alison Levitt’s review. Could you give us an



HOUSE OF COMMONS

update on that programme and how it was concluded?

Andrew Reaney: Of course. Just on one point—and I will clarify this exactly with the Committee afterwards—I am pretty sure that we did not make any reference to Thurmaston Lane as part of the Alison Levitt report. I will clarify that afterwards for the Committee.

Q129 **Claudia Webbe:** Well, it was part of all of your promotion and publicity. As I said, I am a Leicester MP. Obviously, it was about demonstrating, “This is what good work looks like for garment workers in Leicester,” only for my constituents to tell me that they were indeed changing labels to “Made in Britain”. That is what they were telling me they were doing for six months in that factory. How did Agenda for Change conclude? What were the outcomes?

Andrew Reaney: I am happy to share the commentary that we have already shared, but very simply, as we have said already, we published the Alison Levitt report in full. The Alison Levitt report showed some very clear failings—some very clear process failings and some very clear structure failings. We commissioned our Agenda for Change programme, which was an internal programme but had KPMG oversight and governance to ensure the programme was carried the right way. Then, as we said, Sir Brian Leveson did five independent reports charting the progress. All were published in full. The plc board in its entirety signed off on the Agenda for Change in February 2022.

Q130 **Claudia Webbe:** What does that mean? The Alison Levitt review was about the working practices in your supply chain. Give us a flavour of how that improved.

Andrew Reaney: Notwithstanding the fact that the Agenda for Change programme was signed off in February 2022, we have built a very strong compliance function. If I can share some figures with you, last year we had 688 third-party audits and 878 semi-announced and unannounced audits by our own team. We update the publication of our tier one once every four months. We actually publish our audit ratings of all of our sites as examples.

We have a team on the ground in Leicester. I am sure your constituents will be aware of that. Notwithstanding the fact that Thurmaston Lane is no longer operational, our team is on the ground in Leicester a lot. Certainly we share as much information as is relevant with the local authorities and the national minimum wage and gangmasters authorities. We go back to the conversations we have had previously about a single enforcement agency. We have said from the start that we would absolutely support the introduction of a single enforcement agency, because that is what we believe Leicester needs.

If I may, I have one other point to make. All of the narrative around Leicester and the challenges in Leicester unfortunately, from our perspective—practically, from what we see—means that fewer and fewer other businesses are willing to manufacture in Leicester. That is a lost



opportunity economically, from our perspective. We believe that a single enforcement agency is really important. As a responsible retailer and business, we need to make sure that we do everything openly and transparently, and that is one of the reasons we are here today.

Q131 **Claudia Webbe:** How confident are you that your supply chains are able to pay workers properly? You say you have 41 suppliers left in Leicester.

Andrew Reaney: In the UK.

Claudia Webbe: How many in Leicester?

Andrew Reaney: It is in the 30s. I don't have the exact number. I will get you the exact number afterwards.

Claudia Webbe: You have 41 in the UK and 800 globally.

Andrew Reaney: Yes.

Claudia Webbe: So just in terms of Leicester—well, why restrict it to Leicester?—how confident are you that your supply chains are able to pay workers properly and that their rights are protected and, for example, they do not end up with contracts that say that their holiday pay will be paid after 12 months' service, or that their hours can be reduced to 10 hours a week should the work reduce, even if they have been working more than five years? How confident are you that their wages are not delayed because of delays in payments in your supply chain, and that they are not forced to work longer because they are seeking to meet your deadlines?

Andrew Reaney: What you have listed there are, effectively, evidences of modern slavery. What I would say categorically is that no responsible retailer would tolerate modern slavery—nor us, from that perspective. If you have any specifics related to boohoo suppliers or suppliers that manufacture boohoo goods, please share.

Q132 **Claudia Webbe:** I am saying quite clearly that these are what your employment contracts are for your supply chains. This is what the employment contracts say. These are the current, apparently legally compliant, employment contracts that pass through your supply chain. Workers can be told that they must stay and work to meet your deadlines. This contract says that workers will get holiday pay but it will be paid after the first 12 months of service. These are the current employment contracts in the supply chain.

How are you able to drill down to this level of detail with all the compliance you say you have on the ground? Your 2022 sustainability report said that your state-of-the-art Thurmaston Lane factory was also home to your compliance team. All of your compliance team was there in Leicester at the state-of-the-art factory.



Andrew Reaney: I think there are a couple of things in there that I need to address. I do not recognise the examples that you give and I would be really grateful if you could share those with me separately.

You will be aware of the Fast Forward audit protocol and methodology, which goes above standard audit methodology. The principle is that all our factories are Fast Forward audited as a starting point. As I have said already, our team on the ground, notwithstanding the fact that Thurmaston Lane is closed, go in literally daily.

You will also be aware of Highfields and Sharma as examples. Our team meet workers in those community centres as well. Our team are very active on the ground, unseen. Our worker helpline is in place as well. As far as we are concerned, we have very strong mechanisms in place to make sure that what you are talking about does not happen. If you do have specific examples, I would be very happy for you to share them with me.

Q133 **Claudia Webbe:** Thank you. Can I move on and ask Marcus some questions? Obviously boohoo has had various exposures over the years—it is public knowledge in terms of the media focus, if you like, if not the issues that have been around for some time. Leicester is described as an open secret for workers' exploitation for a good number of years now, hence the scandal, hence the Alison Levitt review, hence boohoo's implementation of its own recommendations. But it is not a problem that is restricted to boohoo; it is an industry-wide problem. What is H&M's approach to ensuring appropriate wages and working conditions throughout its value chains—supply chains—and what good practice have you witnessed in the industry?

Marcus Hartmann: Thank you for the question. To start with, it may be stating the obvious, but we are committed to respecting and safeguarding human rights across our entire value chain, as led by the UN guiding principles on business and human rights. This is an absolute. Our standpoint around this is detailed in our human rights policy and strategies focused on the salient right human rights issues. As any company that is operating here in the UK, we publish a modern slavery report every year.

When it comes to the workers in the supply chain, we engage with partners across the world. We have a global framework agreement with trade unions IndustriALL and IF Metall, which is a Swedish trade union, and that facilitates the social dialogue in our supply chain and promotes workplace rights. We have national monitoring committees managing this agreement. We are also part of the action, collaboration, transformation agreement between IndustriALL and global brands, which aims to deliver living wages through responsible purchasing practices and collective bargaining at the industry level. We are members of all these things.

Also, we are a board member of the Sustainable Apparel Coalition, which recently changed name—I forget it, but it was the Sustainable Apparel



HOUSE OF COMMONS

Coalition. In that, we are committed to increasing and harmonising data collection in the factories and collating that input from multiple stakeholders. We are working closely on that level.

Also, as I said before, we have production offices in 15 of the countries where our main suppliers are, working closely with them in those markets to make sure that, having signed our sustainability commitments and our policies, they also abide by them in the best possible way.

Q134 Claudia Webbe: It would be fair to say that Bangladesh is one of your biggest garment buyers. Why are workers upset with H&M in Bangladesh?

Marcus Hartmann: Do you have any concrete examples of that?

Claudia Webbe: H&M have been engaged in a number of strikes. There have been workers' strikes in Bangladesh over the failure to pay the minimum wage set by the Bangladesh Government. Workers complain about being paid way below that demanded by workers themselves, not as a living wage but as a bare minimum wage. It was only after a new poverty wage—not even a minimum wage, but a new poverty wage—was announced that H&M confirmed that they would be willing to increase the price they pay suppliers to cover that.

Marcus Hartmann: Again, one of the reasons that we are working together on these levels with the global trade unions and other corporations are these exact instances, to see that we need to improve this in the supply chain. You are absolutely right that Bangladesh is one of the countries where we supply from, and we also have offices—

Claudia Webbe: This is your biggest supplier.

Marcus Hartmann: It is probably the biggest supplier, yes.

Q135 Claudia Webbe: How many suppliers do you have in the UK?

Marcus Hartmann: To my knowledge, we do not have any suppliers in the UK, but we do—

Claudia Webbe: No suppliers in the UK.

Marcus Hartmann: Not to my knowledge, no. We source mainly from other production countries, some that are near but also in these countries.

Q136 Claudia Webbe: Who is able to hold you to account, if you do not have any suppliers in the UK, on paying a fair wage, the minimum wage or a liveable wage? These are all the things we talk about in the UK.

Marcus Hartmann: That is again why we have the global framework agreement with IndustriALL, which is a global union, and we are part of the ACT, which is a co-operation to discuss these issues. We just signed a prolongation of three years on that. We are working on that level with these different bodies.



Q137 **Claudia Webbe:** I understand—you may be able to confirm this or not—that workers in Bangladesh have been protesting and on strike, and I am told that H&M has filed cases with the police against its own workers, or workers in its supply chain.

Marcus Hartmann: H&M has?

Claudia Webbe: Yes.

Marcus Hartmann: No. We supply from companies. We do not have our own factories, in that sense.

Q138 **Claudia Webbe:** That is part of the problem, isn't it? The brands and the retailers can say, "The workers are not our employees and not our responsibility." That is the heart of the problem with brands and retailers in the UK, or from the UK, when it comes to workers. You can say it is down to your supply chains, in terms of how they are paid and the conditions that they operate under.

Marcus Hartmann: That is the reason that we have this agreement with the global union IndustriALL and others to not shy away from that responsibility, but rather to work with it together with other players and with the unions and to make sure that we do the utmost to come to terms with this.

Q139 **Claudia Webbe:** Andrew, does boohoo yet recognise a union?

Andrew Reaney: We don't—we effectively allow our employees to join a union if they so wish.

Q140 **Claudia Webbe:** Are you aware of your supply chains having union representation?

Andrew Reaney: Within our supply chain, freedom of association is one of the key principles within our code of conduct. Of course, if workers within our supply chain want to join a union we respect that right. In fact, you will probably be aware that we encouraged some of the suppliers that manufacture boohoo goods in Leicester to meet with the unions last year and the year before to see if union representation was something that was relevant to some of the workers in Leicester. We have no issue from that perspective.

Q141 **Claudia Webbe:** Can I ask Thrift+ a question? Workers in Leicester tell me that they are now making garments for suppliers in conditions that are worse and for pay that is worse. They have entered an underground process—I cannot put it any better than that—because, as we have just heard, garment brands have left Leicester. Missguided is now Shein, having collapsed, and boohoo is reduced to just 30 suppliers in Leicester. Workers are still working, but in an underground way, and they tell me that they are working for people that are making garments to sell on places like Thrift+ and eBay. How do you check all of this?

Joe Metcalfe: We don't produce any goods. Our team is in Leicester; it is in Market Harborough, just on the Northamptonshire border. We pay



HOUSE OF COMMONS

the real living wage for our team of about 65 team members in our warehouse. I think it comes back to the point I made earlier that intense price pressure in this market is not healthy for anyone in particular. It is not healthy for those that are making our clothes.

In terms of the wages that we pay here in the UK, I cannot comment on the manufacture of goods. On our marketplace, we only sell goods that are coming from people's wardrobes—post-consumer clothing—so I cannot comment on people who are manufacturing goods, but I can say, from my point of view and from textile exporters that I speak to in a similar area, that it is hard to be competitive in the UK because of the costs. From my point of view on the post-consumer side of things, there needs to be support in order to make these models work more effectively.

I have spoken to two major textile exporters, which, by the way, typically call themselves recyclers but are by default textile exporters, because we cannot afford to sort our own second-hand clothing, except under the charity shop model. With our business model, there was a question of who gets the money when items sell. Our fees are really, really high. We take a high percentage of the sale value, because it costs a lot of money to ask someone in Market Harborough to take photos of your clothes for you.

An interesting point I was hoping to bring up is on the financial incentives there. We have VAT on new goods, effectively a consumption tax, but I am also being charged VAT on the fees that we are charging to our sellers. A really important way that legislation or taxation could be changed here is to recognise what is consumption and what is not. From our point of view, those services that are helping to get items back into circulation and are powering the circular economy, which are not linked to consumption, should be supported by the Government. I think VAT rates could be an important way of doing that.

Chair: That is an interesting idea. Claudia, I am afraid I am going to have to bring this to an end.

Claudia Webbe: The Chair isn't going to allow me to say anything more, but—

Chair: You have had more than twice the amount of time than anybody else has had, and you have done very well.

Claudia Webbe: Yes—I was just going to say thank you.

Q142 **Chair:** Thank you. I am going to finish with a final question to Mr Reaney in relation to some of what Claudia was saying about the BBC allegation about the Thurmaston Lane site being used for mislabelling products made overseas with "Made in the UK" labels. At the time I believe the company described that as an "isolated incident" arising from "human error". Could you elaborate on that? It sounds a convenient excuse, if this was a widespread practice. Could you characterise what happened and



HOUSE OF COMMONS

what investigation you did into it?

Andrew Reaney: It was not a convenient excuse. It was less than 1% of our intake volume, but it did happen, and we acknowledge that it did happen. It was genuinely human error. We do not look to misrepresent the country of origin of our goods. As I have said all along, we manufacture a sizeable percentage of our goods in the UK, but, like Marcus, we manufacture in other countries as well. It was less than 1% of the intake value of our goods. Obviously we have had some challenging conversations internally and we have ensured that that process does not happen again. But it was an error.

Q143 **Chair:** Is this something that was looked into by the CMA, or were they looking more at the veracity of claims about the supply chain and sustainability?

Andrew Reaney: Exactly. That was their focus.

Q144 **Chair:** Did the CMA require or request boohoo to change its claims about sustainability in the same way as Asda and ASOS were, or were you not asked to do that?

Andrew Reaney: We have signed a set of undertakings that are unique to our business model. Obviously each of the three business models were similar but slightly different. The set of undertakings that we have signed are unique to us, as we understand it. There is some overlap, of course, with the other two business models. Our focus is obviously adhering to that. I think I explained earlier that we are in our first reporting cycle now, so we will report to the CMA soon.

Chair: Thank you all very much for joining us this afternoon. I would like to thank Andrew Reaney from boohoo—enjoy where you go to next—and in particular Marcus Hartmann, for coming to join us from Sweden, as well as Lorna Fallon from Oxfam and Joe Metcalfe from Thrift+.