

Dear Mr. Dunne,

Thank you for your letter dated July 15 addressed to Ms. Kane and Mr. Kamani.

We take reports of malpractice in our supply chain extremely seriously. We are also wholeheartedly committed to UK manufacturing and the future of Leicester's garment trade.

The conditions at the workplace alleged in *The Sunday Times* were shocking and unacceptable. However, as is now a matter of public knowledge, you should be aware that *The Sunday Times* article contained a number of key factual inaccuracies, in respect of which the paper has already issued an apology and correction.

While our investigations continue, we found no evidence to substantiate the claim that the suppliers were paying £3.50 per hour.

We believe that the people who produce our clothing should be treated fairly, remunerated appropriately, while feeling safe in their place of work. That is why, as you rightly point out, we have taken the decision to launch an independent review of our UK supply chain alongside committing to a £10 million incremental investment to eradicate supply chain malpractice. The objective of the review is to identify areas of risk and non-compliance, take action to strengthen future compliance, and to provide stakeholders with comfort that similar allegations will not recur in the future. Alison Levitt QC will lead the review with boohoo board representation from Brian Small, the Group's Deputy Chairman and Senior Independent Director.

It is our belief that our Leicester suppliers should be able to, at the very minimum, pay their workers the minimum wage when producing garments for boohoo. This is because we only seek to have made in the UK the simplest of garments, meaning they can be made profitably and with suppliers meeting or exceeding all legal requirements. That said, we remain keen and willing to work with local officials to raise standards because we are absolutely committed to eradicating any instance of non-compliance in our supply chain, to ensure the actions of a few do not continue to undermine the excellent work of the majority of our Leicester-based suppliers, who provide good jobs and good working conditions.

Turning to the other issues raised in your letter, *The Sunday Times's* allegations and the wider questions about the Leicester textile industry that its article has provoked should not be conflated with the union situation at our Burnley distribution warehouse. We have repeatedly confirmed with USDAW that we of course recognise the right of our colleagues to join a trade union, something that has been clearly communicated to every one of our team; however, we maintain neutrality on whether they should. In addition to an average hourly rate of pay at our Burnley distribution centre of £9.42 (for 21-24 year olds), which is significantly higher than the statutory minimum wage, currently £8.20, every member of staff has access to a wide range of employee benefits which include shares in the business, the opportunity to receive a bonus, subsidised catering and free fitness tools amongst others.

As I am sure you are aware, Government guidance relating to the pandemic permitted and actively encouraged all online businesses to continue to trade. We have done so while closely following and adhering to the Government's guidance. We have adopted extensive measures to adhere to the social distancing, hygiene and self-isolation rules, notwithstanding this has meant our significantly, but very willingly, adapting operations at our international logistics site in Burnley. We have been in constant dialogue with the local authority, their environmental health officer and Member of Parliament who have all visited, to seek their views on the measures we have taken to ensure that we are doing everything that we can to keep everyone safe. This included paying everyone who was advised to shield for 12 weeks or self-isolate their full pay for the duration of their stay at home.

In addition to the extensive measures taken for our own colleagues, boohoo CEO, John Lyttle, wrote to all suppliers to convey his clear expectations regarding the measures that they needed to implement to protect their employees. We provided access to ample supplies of PPE and hygiene products to any supplier who required them, free of charge. We did not negotiate down prices; we stood by our suppliers; we honoured orders; we continued to pay for orders with our industry leading 14-day payment terms; and, where necessary to assist suppliers, we paid in advance. We did not issue fines to producers for late delivery caused by COVID-19 and completely respected the decisions of those who chose to close or significantly reduce their workforce.

We have been in dialogue with the ETI and were due to meet them in April this year, but this was understandably postponed due to the pandemic. We are seeking clarification from the ETI on some of their terms of membership, but otherwise keen to progress our discussions with them. It is therefore incorrect that we have decided against joining the ETI: on the contrary, our preference would be to become a member. That said, if it is not possible to become a member, to the extent they are not already, we are committed to ensure that our practices are aligned with the ETI's.

The alleged issues concerning the supply chain in Leicester are complex and cannot be solved by individuals, business or Government alone, which is why we remain keen and willing to work in partnership with others and be part of the solution. On Friday 17 July we wrote to the Home Secretary to provide our wholehearted endorsement for the call by the BRC, APPG for Fashion and Textiles and the APPG on Ethics and Sustainability for Government to implement a 'fit to trade' licensing scheme that ensures all garment factories are meeting their legal obligations to their employees.

Whilst we remain committed to supporting UK manufacturing, we will not hesitate to immediately terminate relationships with any supplier who is found not to be acting within both the letter and spirit of our supplier code of conduct. This includes very clear expectations on transparency about second tier suppliers and that all factory owners must pay their employees at least the national minimum wage.

We are committed to Leicester and to the UK textile industry. That is why we are committed to playing our role in ensuring that 'Made in Britain' should be a label of pride for those wearing our clothes and badge of honour for those who make them.

Yours Sincerely

John