

House of Commons
London
SW1 0AA

By email to: darren.jones.mp@parliament.uk

Dear Mr Jones,

First Sir Brian Leveson report to the board of boohoo group plc

Following our previous update on the appointment of Sir Brian Leveson PC to provide independent oversight of our Agenda for Change programme, we are writing to inform you that Sir Brian presented his first Report to the Board on Tuesday January 12th.

As you will be aware, the boohoo Group has committed to full transparency as we implement our Agenda for Change programme. Therefore, Sir Brian's report will be published in full on our website which can be found at www.boohooplc.com.

In his report, Sir Brian Leveson PC delivers the full scope of the programme and provides an update on the implementation of the recommendations set out in Alison Levitt QC's Independent Report. These fall into the six key elements below:

- Improving corporate governance
- Redefining purchasing practices
- Raising supply chain standards
- Supporting Leicester workers and their rights
- Backing suppliers
- Showing best practice in action

As the boohoo Group has incorporated these key elements into our Agenda for Change programme, Sir Brian's report also details the current progress of the programme and what is required for future success. This includes the work of KPMG and the team of legal, independent inquiry and enforcement specialists.

We remain fully committed to our Agenda for Change and the positive impact it has made and will continue to do so.

Kind regards,

John Lyttle CEO

boohoo group plc

Report to the Board: January 2021

The Rt. Hon. Sir Brian Leveson

1. On 26 November 2020, boohoo group plc ('boohoo' or 'the Group') publicly announced that I had been appointed to provide independent oversight of the Group's Agenda for Change Programme. It brings together elements internal to boohoo but, in addition, the work of transformation consultants, KPMG, along with external enquiry and enforcement experts, ethical auditors and lawyers. To demonstrate the transparency of this approach to change, it was announced that I would report directly to the Board of boohoo and that my reports would be made public. This is the first such report. It will trace the background, the initiation of independent investigation and the steps that are being taken to implement the change to which the Board are committed.

Executive Summary

2. Starting with the appointment of a new Chief Executive, but much accelerated since the publication of the review by Alison Levitt QC, boohoo has been seeking to address the criticisms of practices in its supply chain. It is now developing and progressing the Group's Agenda for Change Programme which is specifically designed to deliver long lasting and meaningful change to the Group's supply chain and its business practices.
3. The Levitt Review praised the entrepreneurial spirit, job and revenue creating achievements of a business that has 'democratised fashion' and found no evidence of the company or its officers having committed any criminal offence. It went on, however, to accuse the Group of:
 - a. inadequate monitoring of its Leicester supply chain caused by weak corporate governance;
 - b. being aware of serious issues regarding the treatment of factory workers in Leicester but failing to act quickly enough;
 - c. failing to appreciate the extent of endemic sub-contracting to which it was exposed;
 - d. treating factory workers as being 'largely invisible' because they were not employed by boohoo.
4. Having admitted that it had done 'too little, too late' and committing to implement the recommendations of the Review, boohoo focused on six key areas identified the Levitt Review - improving corporate governance, redefining purchasing practices, raising supply chain standards, supporting Leicester workers and their rights, backing suppliers and showing best practice in action.
5. Incorporating these key elements into its evolving Agenda for Change Programme sponsored by the Chief Executive, John Lyttle and led as programme director by the Chief Information Officer, Jo Graham, boohoo not only aims to instil best practice at its Leicester suppliers, but extends that ambition to reappraising its entire business model across the UK and elsewhere, focused on setting a new industry-wide standard for ethical supply chains.

6. Although it remains early days for the Programme, over the last few months but starting before publication of the Levitt Review, boohoo has proceeded with pace to:
 - a. appoint supply chain and compliance audit firms Verisio and Bureau Veritas along with enquiry and enforcement specialists headed by former Deputy Commissioner of the Metropolitan Police Tim Godwin OBE to work together on 'deep dive' independent enquiries into and ethical audits of suppliers and sub-contractors;
 - b. retain consultants KPMG to advise and monitor the implementation of the Agenda for Change;
 - c. commission independent legal advice to ensure all aspects of compliance in law are covered;
 - d. appoint Andrew Reaney as Group Director of Responsible Sourcing and Group Product Operations along with a team concerned with ethical compliance;
 - e. establish an Agenda for Change committee, chaired by Jo Graham and attended by John Lyttle, other senior staff of boohoo, partners from KPMG and by me;
 - f. establish a Supply Chain Compliance Committee, reporting to the plc Board;
 - g. retain me to provide independent oversight in relation to every aspect of the work and to report directly on progress to the Board along with a commitment to publish my reports;
 - h. acquire and progress development of the new boohoo factory in Leicester - to become a centre of excellence for ethical and compliant practices and a hub for community outreach and the boohoo academy.
7. The 'deep dive' audit review of suppliers and sub-contractors in Leicester and globally to ensure all comply with legal obligations and ethical good practice has produced early results with 64 suppliers being removed from the boohoo supplier list; further investigations ongoing and alternative ethical suppliers identified.
8. While boohoo has started to deliver its Agenda for Change Programme at pace, areas identified by the Levitt Review remain work in progress if the Group is to create and establish a critical 'hearts and mind' programme involving everyone in the buying chain. These are to:
 - a. consolidate the approved supplier list and invite suppliers with a track record of ethical and sustainability policies;
 - b. complete the process of auditing all tier one and two UK suppliers and publish the list in full;
 - c. continue pursuing the independent audit programme throughout the rest of the UK and global supply chain;
 - d. establish an electronic audit programme to monitor status and capacity across the supply chain;
 - e. support and work more closely with suppliers and agree KPIs to drive improvement throughout the supplier base;
 - f. establish and fund a Garment and Textiles Community Trust, governed by independent trustees.
9. Further to the ongoing objectives above and as reported in its Programme Set Up Review of 11 December 2020, KPMG makes it clear that boohoo does not shy from identifying areas that need to be addressed and that senior management have engaged strongly with the Programme.
10. With nine different brands, encouraged to differentiate themselves, it is perhaps inevitable that there are differing views among leaders of companies and departments in the Group

as to the meaning to them of the Agenda for Change. A clear explanation of what the programme involves and how it affects the entire business is therefore essential.

11. It is important to set a shared clear vision of the future, reinforcing the ethics and compliance agenda through corporate change and to announce what boohoo will look like after implementation of Agenda for Change. This must be clearly articulated by the Board and cascaded from the top of the Group to the most junior staff. Failure to do so will pose a risk to the progress and ultimate success of the Programme.
12. The Board must also be alert to the pressure on management to devise and implement change. Those driving the change must ensure there is resilience in the team that supports them both to maintain momentum and to manage business as usual. The team is growing but it must be sufficient both to deliver the critical 'hearts and minds' campaign but also to deal with the challenges facing buying decisions alongside necessary ethical compliance so that all of the issues can be addressed.

Background

13. There is a long history of concern about working conditions in garment factories especially in Leicester¹. On 29 March 2017, the House of Lords and House of Commons Joint Committee on Human Rights published a report entitled *Human Rights and Business 2017: Promoting Responsibility and Ensuring Accountability* the findings of which included failure by factory owners in Leicester to pay the minimum wage. In February 2019, the House of Commons Environmental Audit Committee published its report *Fixing Fashion: clothing consumption and sustainability*. This was critical of fast fashion in general as well as boohoo and other retailers.
14. Precipitating urgent action was a report on 30 June 2020 by Labour Behind the Label which alleged 'emerging evidence indicates that conditions in Leicester's factories, primarily producing for boohoo, are putting workers at risk of Covid-19 infections and fatalities' and an article in the Sunday Times for 5 July 2020 to the effect that a reporter had obtained a job of very short duration in a factory not owned by boohoo but packing clothes destined for a boohoo brand and was told that he could expect to be paid as little as £3.50 an hour (to be contrasted with the national living wage of £8.72). As a result, boohoo commissioned an Independent Review into the Group's Leicester supply chain from Alison Levitt QC ('the Levitt Review') who, with the assistance of solicitors and Grant Thornton, produced a report². On 25 September, the day after the final open report of the Review had been received, it was published by boohoo in full. Ms Levitt redacted only that which she believed to be commercially sensitive or which, for reasons she considered legitimate, boohoo would not wish put into the public domain: she did make it clear that "nothing has been removed simply on the grounds that it might cause [boohoo] embarrassment". The report is 230 pages in length.
15. The Review is in the public domain and remains available to the Board (and anyone else) to read. As the Deputy Chairman and Senior Independent Director, Brian Small, said on

¹ These include a television programme by Channel 4 in the Dispatches series in 2010, a report published by the University of Leicester in 2015, a follow up programme by Dispatches in 2017 and an article by the Financial Times in 2018

² <https://www.boohooplc.com/sites/boohoo-corp/files/final-report-open-version-24.9.2020.pdf>

publication, “in some parts it makes for uncomfortable reading”. It is certainly critical of the monitoring by boohoo of its Leicester supply chain, observing that unauthorised sub-contracting had been endemic but unaddressed “partly because [boohoo] failed to appreciate the extent to which it was exposed by it” and that the “factory workers in Leicester ... are largely invisible to them”. It went on to say that “commercial issues ... were still considered to be a higher priority than supply chain supervision and scrutiny”.

16. Although it is unnecessary to repeat the contents or detail contained within the Levitt Review, in order to provide context for this report, it is worth quoting extensively from her Introduction which provides a summary in these terms:

“There is much to like and admire about Boohoo. The entrepreneurial talent which led Mahmud Kamani and Carol Kane to start this hugely successful company has been the engine for the creation of many jobs at its Manchester Headquarters and its Burnley distribution centre. Both Board members and employees have emphasised that they regard the Boohoo workforce as “family” and those to whom I have spoken all plainly felt proud of working for Boohoo. The Manchester Headquarters, which I and my team visited on 22nd July 2020, felt vibrant and energetic in spite of the social distancing restrictions imposed on workplaces as a result of the coronavirus pandemic.

“It is not without value that Boohoo has helped to democratise fashion. Whilst I am conscious of, and respect, the view that inexpensive clothes have an unacceptable environmental impact, it should be recognised that Boohoo’s business model means that young people of modest means can now afford to wear clothes that would in the past have been beyond their reach.

“Boohoo should also be congratulated for the revenue it has generated for the UK and for the fact that, unlike many of its competitors, it has continued to support UK manufacturing, particularly in Leicester.

“The question is: at what cost? ...

“The evidence I have seen has been sufficient for me to answer the questions, but it has also allowed me to reach some more general conclusions about Boohoo, which I hope the company will receive in the constructive spirit in which they are offered.

“It is my view that:

- (i) Boohoo’s extraordinary commercial growth has been so fast that its governance processes have failed to keep pace;
- (ii) It has concentrated on revenue generation sometimes at the expense of the other, equally important, obligations which large corporate entities have;
- (iii) It has not felt responsible for conditions in the Leicester factories on anything other than a superficial level; and
- (iv) On occasions it has failed to appreciate that with the enormous advantages of being a publicly-listed company come responsibilities, one of which is on all occasions to act in the best interests of all the shareholders.

“That being said, I have seen material showing that, following the publication of the Sunday Times article, Boohoo’s Chief Executive, John Lyttle, and other Board

members spoke privately but with passion about the importance of leaving “no stone unturned” in this investigation and their commitment to being “a good corporate citizen”.

“The problems in Leicester are complex and of long-standing and Boohoo is not solely to blame; others too are responsible for not having gripped this over many years. It has been alleged that Boohoo’s business model is dependent on the profits which can be made from the deliberate exploitation of the Leicester supply chain, safe in the knowledge that there will be little scrutiny. I do not accept this; I am satisfied that there are sound legitimate business reasons for Boohoo using Leicester to manufacture clothing but for this to be the case going forwards it may require a change of approach, not least in terms of how Boohoo educates and trains its buyers.

“I have reached the conclusion that the true reason that Boohoo did not become more involved in monitoring conditions in Leicester was that it saw it as being a lower priority than matters which directly affected the company (such as commercial issues or their own employees). The Leicester workers are not employed by them and so they are not their responsibility in the way that their own workforce is. To some extent this is understandable, but can lead to serious issues of the kind which Boohoo is now facing.”

17. It is important to underline her findings. These were also expressed in summary in these terms:

- “(1) There is no evidence that the company itself or its officers have committed any criminal offences;
- (2) I am satisfied that the allegations about poor working conditions and low rates of pay in many Leicester factories are not merely well-founded but substantially true;
- (3) Boohoo’s monitoring of its Leicester supply chain was inadequate and this was attributable to weak corporate governance;
- (4) From (at the very latest) December 2019, senior Boohoo Directors knew for a fact that there were very serious issues about the treatment of factory workers in Leicester and whilst it put in place a programme intended to remedy this, it did not move quickly enough;
- (5) Boohoo ought to have appreciated the serious risks created by ‘lockdown’ in relation to potential exploitation of the workforce of the Leicester factories. It capitalised on the commercial opportunities offered by lockdown and believed that it was supporting Leicester factories by not cancelling orders, but took no responsibility for the consequences for those who made the clothes they sold. However, I received no evidence that the company’s purchasing practices are responsible for an increased COVID-19 rate in Leicester.

“I should make it clear that there is ample evidence that the steps which Boohoo is now taking in relation to remedying problems in its Leicester supply chain had been embarked on nearly a year ago. They were a product of processes it had itself put in place and not just a reaction to the negative publicity in July and August 2020.”

18. When publishing the report, boohoo expressed its intention to implement the recommendations contained in the Levitt Review in full. Its press release announced six

areas of activity. In order to set out the aspirations of the Group from that moment, the contents of this announcement are repeated:

“1) Corporate Governance

Ms Levitt identifies a number of areas where the Group can demonstrate improved levels of Corporate Governance. The Board has given due consideration to both Ms Levitt's recommendations, and taken on board extensive feedback from conversations with numerous stakeholders and shareholders over the last few months. It plans to enhance its governance and oversight as follows:

- The Group is close to appointing a highly experienced and respected individual to provide independent oversight of the implementation of our change agenda
- The appointment of two new Non-Executive Directors, which will lead to a significant strengthening of the Board and a majority of Independent Directors on the Group's Board. Our intention is for one of these roles will be filled by an individual experienced in dealing with Environmental, Social and Governance (ESG) matters
- Supply chain compliance will become a mandatory item on every Board Meeting agenda with immediate effect
- We have recently constituted an additional Board Committee, the Risk Committee, to enable better identification and closer monitoring of the risks we face as a business
- Reporting into the Risk Committee will be a new Supply Chain Compliance Committee, comprised of recognised cross-sector experts, which will be headed by our new Group Director of Responsible Sourcing
- An immediate priority of the Supply Chain Compliance Committee will be to ensure supply chain compliance in relation to COVID-19

2) Redefining our purchasing practices

Ms Levitt emphasises the clear benefits of improved purchasing practices, and the Group is reassessing how we manage and engage with our supply chain partners:

- We are strengthening our Sourcing Team with the recent appointment of a new Group Director of Responsible Sourcing, who joins us from a major global apparel retailer with outstanding knowledge and experience of implementing sustainable supply chain systems. This is a senior role, to be supported by two recent permanent hires with significant experience in sustainability and compliance
- The team will continue to develop and implement a new set of Purchasing Principles for our buying teams, which will be mandatory across all of our brands. We will publish these in full on a six-monthly basis, and this will form part of our strengthened corporate governance
- Mandatory education and training for our purchasing teams is to be introduced to enable better understanding of our supply chain, and ensure the Purchasing Principles are implemented consistently and effectively
- We will ensure that bonuses are available for adherence to the Purchasing Principles, and that appropriate disciplinary action is in place for anyone placing orders with unapproved suppliers

3) Raising standards across our supply chain

The Independent Review has highlighted areas where further action and transparency around our supply chain would result in improved conditions for workers. We have appointed two external expert supply chain and compliance audit firms who have visited the majority of our Leicester suppliers in recent months.

Within the next six months, we will:

- Consolidate our approved supplier list, whilst still maintaining a significant presence in the Leicester garment industry
- Invite new suppliers who have a track record of ethical and sustainability policies to be included on our supplier list
- Extend our independent audit programme to the rest of our UK and global supply chain
- Complete the process of auditing all of our tier one and tier two UK suppliers, after which we will publish the list in full, and we will release an updated list annually

Over the next 12 months, we will implement an electronic audit programme, which is currently in development to monitor status and capacity across our supply chain.

4) Supporting Leicester's workers and workers' rights

The Independent Review makes it clear that some workers in our supply chain have not always been properly compensated for their work. As part of our commitment to Leicester's garment industry workers, we will:

- Establish a Garment & Textiles Community Trust, governed by independent trustees, providing it with start-up funding and ongoing annual support
- We will provide professional support to establish the Trust's objectives and activities, including a grant giving function to address hardship experienced by those working in the local garment industry.

Ms Levitt also finds that many workers are not fully aware of their rights and their obligations. We recognise this is a widespread issue in the garment industry, and as a result, we commit to:

- Increasing our work with statutory and civil society partners to ensure that workers understand and are able to exercise their rights and to represent their interests.
- We have already been in dialogue with a number of the organisations referenced in Ms Levitt's Review with a commitment to provide support, community advocacy and advice services for those working in the local garment industry.

5) Support for suppliers

The Group wants to work collaboratively with suppliers, colleagues and external organisations to support best practice operations. We will do so through:

- Working more closely with suppliers to ensure they are able to manage a more consistent and predictable flow of orders, to enable them to plan more effectively
- A programme of education and consultancy to drive improvement across our supplier base, as well as support with technology and infrastructure, where necessary
- A set of KPIs considering a range of factors that will drive improvement across the group's supplier base including management systems and worker engagement
- We will more clearly recognise and celebrate the contributions that garment workers make to our business

6) Demonstrating best practice in action

We want to lead the way, and provide a clear example for suppliers to follow. As such, we are developing and launching a state-of-the-art manufacturing facility based in Leicester. This will demonstrate best practice, and develop our suppliers' skills and capabilities in areas from core management systems to worker engagement. We will also work in collaboration with the wider industry and our peers across Leicester to positively influence the sector.

Finally, we commit to ongoing communications with all stakeholders about the progress of this work. This includes communicating to our consumers and shareholders about our commitment to UK manufacturing, jobs, and operating to the highest ethical and environmentally sustainable standards.

Our business model

Our business is founded on a test and repeat model with the speed of our supply chain fundamental to its success. We are confident that we can successfully embed all of the Independent Review's recommendations into our business model, without impacting lead times or financial expectations.

We will consolidate volumes, place more consistent order flows and focus on working to achieve best practice with suppliers. Taken with the continued growth in the scale of our business, the Group remains well-positioned to lead the fashion e-commerce market in the future and successfully implement an agenda for change in UK garment manufacturing.”

The Agenda for Change

19. It will be apparent from the foregoing that boohoo has committed to taking steps in relation to corporate governance, purchasing practices, supply chain requirements (along with support both for suppliers prepared to engage in ensuring ethical manufacturing practices and workers' rights). The Group not only wished to demonstrate best practice in Leicester but also to expand that vision to the rest of its business both in the United Kingdom and elsewhere, seeking to set a new industry standard for ethical supply chains.
20. It has put into place mechanisms to deliver on these commitments set out below. In addition, it has made a number of external appointments to facilitate the proposed changes. These are:
 - a. (As identified in the September press release) boohoo has engaged supply chain and compliance audit firms (Bureau Veritas and Verisio) to conduct independent ethical audits by visiting suppliers and sub-contractors, reporting back to boohoo with their findings.
 - b. Following my appointment in November 2020, the Group has appointed a team of enquiry and enforcement specialists (headed by Tim Godwin OBE QPM, the former Deputy Commissioner of the Metropolitan Police and including experienced professionals formerly employed by HMRC, Local Authority enforcement and the Police).
 - c. Following a competitive selection process, boohoo has appointed KPMG as management consultants to assist with the implementation of the Agenda for

Change Programme bringing additional resource, expertise and independence to the process.

- d. Independent legal advice has been commissioned from counsel (headed by Louis Browne QC) to ensure that all aspects of compliance in law are covered and appropriately audited.

In addition, I have been asked to provide independent oversight in relation to all aspects of this work and to report directly on progress to the Board. As it made clear in the press release of 26 November 2020, the Group has committed to publishing my reports thereby making transparent the extent of any progress that is being made to achieve what it has set out to do.

21. What does this work involve for boohoo and for the independent teams who have been engaged?

It is the aim of boohoo not only to deal with the issues identified in the Levitt Review but to re-appraise all aspects of its business model across the United Kingdom and to seek to set a new industry standard for ethical supply chains in the UK and elsewhere. It would proceed along the following lines:

- a. devising, implementing and embedding an Agenda for Change Programme which ensures ethical trading both in boohoo, its subsidiaries, its suppliers and all those sub-contractors involved in manufacture of its products;
- b. a deep dive into the entire supply chain in terms of both of legal and ethical compliance which would
 - i. investigate the entire supply chain (whether directly contracted to boohoo or sub-contracted by a supplier) with the help of enquiry and enforcement specialists including auditors;
 - ii. determine whether all such suppliers are compliant with their legal obligations and ethical good practice;and make recommendations to be implemented alongside the change programme.

22. The deep dive would include:

- a. gaining a thorough understanding of the boohoo supply chain (both Tier One and Two) along with the contractual and other legal relationships that exist between boohoo, its subsidiaries, its suppliers and their suppliers in both of these chains;
- b. setting out all applicable legal duties imposed on boohoo and its subsidiaries including the duties that may be imposed on its suppliers in each case arising from these relationships; and
- c. determining the extent to which boohoo, its subsidiaries and its suppliers are discharging their legal and other duties arising from those supply chain relationships and, to the extent to which there is any failure to do so, institute and monitor systems to correct all and any failure of duty.

The Approach

23. I start with the role of KPMG which can be summarised in the following.

- a. Verification to the Board of completed actions from the Levitt Review.
- b. Work with boohoo, to advise and monitor the implementation of a change programme (providing additional resources as required). That programme encompasses:
 - i. onboarding and management of suppliers;
 - ii. design and compliance to supplier standards
 - iii. supporting supplier management systems;
 - iv. governance and oversight of suppliers;
 - v. internal training requirements to upskill and manage boohoo employees in this area
 - vi. review of existing buying and merchandising processes, policies and standards
 - vii. the creation of an education programme that includes key issues and risks that ensure buyers do not drive cost prices below what is reasonable and how designs can be adapted to reduce prices without compromising ethical and sustainability standards
 - viii. the development of a communication plan to ensure transparency and inclusivity which will form the foundation for the cultural shift which boohoo is seeking to achieve
 - ix. the design of robust KPIs to be owned by accountable business owners that provide an enduring measure of success and which can be open and transparent
 - x. provision of training so that processes can be consistently executed.
 - xi. ensuring that there is a valid mechanism for audit of the systems developed to ensure legal and ethical trading.

24. The law will form the basis of the work to be done both in relation to system development and also enquiry and enforcement. In relation to the United Kingdom, this involves:

- a. complete clarity in relation to those areas of the criminal law which impact on the industry including (but not limited to) health & safety, employment, minimum wage and working conditions, and modern slavery (in large part analysed in the Levitt Review);
- b. areas of the civil law which could be engaged and are relevant to ensure not only that boohoo but all concerned in the boohoo supply chain comply with the letter of the relevant law but also its spirit. In the UK this includes:
 - i. employment status - employed or self-employed or unaware, in order to cast light on what obligations are owed by the 'employer'
 - ii. whether workplaces for employees comply with regulatory standards in, *inter alia*, the Workplace Regs, which provide minimum workplace standards for lighting, cleanliness, ventilation, etc
 - iii. whether sick pay, holiday pay is paid to employees
 - iv. whether parental leave is given to employees
 - v. whether statutory minimum pension contributions are made for employees
 - vi. whether Working Time Regs are adhered to both by employees but also contractors and all those in the supply chain
 - vii. awareness of whistleblowing – both employees, contractors and all in the supply chain
 - viii. awareness by employees, contractors and all those in the supply chain of mechanisms to enforce employment rights including the concept of a workplace grievance and the right to bring proceedings before an employment tribunal;
- c. corporate responsibility – both in law and practice.

25. In relation to boohoo and its subsidiaries, enquiry into and enforcement of standards will be comparatively straightforward because the Agenda for Change Programme is set up to underline and embed good practice in all those employed by boohoo. Buyers (employed by boohoo) must appreciate the need to ensure that they are prepared to offer to contract only on 'fair-trade' terms which provide (in relation to each garment to be manufactured) a fair price based on the fabric (sustainably manufactured) required, the other materials involved (such as buttons etc), the time which will be taken to manufacture the garment which is then reflected in the cost of labour lawfully remunerated, rent, rates, energy and a fair margin of profit together with transport costs and other incidentals. In order to deal with challenges to that offer, it must be capable of being audited, that is to say, there must be a mechanism available to demonstrate in relation to any particular garment that the price offered to the supplier does satisfy those criteria.
26. The task of enquiry into and enforcement of standards will be more complex in relation to all those involved in its supply chain including contractors and sub-contractors although it is equally critical and constitutes the vital 'other side of the coin'. This is not least because paying a 'fair trade' price which allows for the use of sustainable raw materials, fairly and lawfully remunerated employees working in acceptable conditions with appropriate protections together with a reasonable measure of profit does not, of itself, guarantee that these ethical obligations will be met. The risk is that an unscrupulous supplier could establish or continue unethical practices and divert money that is being paid to ensure ethical trade into profit. In those circumstances, investigation will still show that workers are not being fairly treated while they are manufacturing garments for boohoo notwithstanding the efforts made by buyers.
27. This problem requires a multi-faceted response. First, it has to be recognised that a number of suppliers and their sub-contractors will be manufacturing in an entirely ethical way; they must be fast tracked to approved supplier status. Another group will be those who are keen to conduct their business ethically but have felt driven because of cost pressures, inefficient working practices or for other reasons not to do so. They must be encouraged, supported and provided with help in order to ensure that they do manage entirely ethical trading so as to justify inclusion in a list of those with approved supplier status. The final group will be those who have no intention of seeking to follow ethical practices: they may employ those who are not entitled to work and simply need cash to live, those who are claiming benefits and wish to supplement their incomes; they may be breaching revenue laws all in an effort to achieve greater profit. As boohoo recognise, there can be no place for such suppliers in the boohoo supply chain.
28. Thus, the response to this first problem requires the development and implementation of a strategy to determine, in relation to all suppliers whether directly contracting with boohoo or sub-contractors what is now happening on the ground. This is not for the purposes of enforcement (whether or not that is a by-product) but to ensure that there a validated list of those entitled to manufacture garments for boohoo each of whom justify a recognised standard that demonstrates ethically manufacturing processes that are legally and ethically appropriate.
29. That requires an initial inspection regime that is thorough and wide ranging. It must be backed by an unequivocal contractual commitment requiring participation in the process of ethical audit which is non-negotiable and in terms to the effect that lack of co-operation will itself demonstrate an unwillingness to live up to the legal ethical standards which boohoo is determined to attain with the result that such a supplier or subcontractor is

thereafter excluded from boohoo's supply chain. The message has to be simple: 'if a supplier doesn't co-operate, it is out – no ifs, buts or maybes'. That would also apply to contractors not prepared either fully to disclose all their sub-contractors or unwilling contractually to require such sub-contractors to co-operate in audit with a similar requirement. More than once in the recent past, boohoo has been criticised for unethical practices in suppliers which it knew nothing about. Here again, the requirements of total disclosure will have to be enforced: only in this way will real progress be made.

30. The second facet of the response must be to maintain a regular and consistent ethical audit to ensure that all those who are in the supply chain remain committed to uphold its ideals and practices. Auditing suppliers is precisely the work that Verisio and Bureau Veritas have been performing and was commissioned by boohoo before the challenges that have been thrown up last year. This should be accompanied by engagement with public authorities who have an obligation to law enforcement and the maintenance of standards including (among others) the Police, the Local Authority, the Fire Service and official organisations seeking to stamp out unlawful practices.
31. All this requires co-ordination because each strand involves improving compliance with the law. The Agenda for Change programme implemented by boohoo and governed by KPMG (with the development of KPIs and the other features identified above) must work with boohoo's internal Ethical Compliance team, the enforcement team headed by Tim Godwin and the long term ethical auditors. Starting in Leicester, this effort has been (and must continue to be) expanded initially to include the rest of the United Kingdom but also internationally. At the same time, it must respond to incidents of unethical practice which either are identified in the course of routine audit or are brought to their attention by whistle-blowers, the press or other reports. This will not be completed overnight but only if it is done thoroughly and embedded into boohoo processes for the future will it be successful.
32. These efforts must work in parallel with the other work that boohoo has started and which was identified in the press release of 26 September 2020 set out above but are worth repeating, if only to demonstrate the scale of boohoo's ambition while undertaking this change programme. These include:
 - a. the establishment of a Garment & Textiles Community Trust;
 - b. the development of a system of consistent and predictable flow of orders to enable effective planning and other mechanisms (including KPIs) to drive improvement across the supplier base;
 - c. the provision of support to community advocacy and advice services for those working in the garment industry (as identified by Ms Levitt);
 - d. the development of the state-of-the-art manufacturing facility in Leicester to demonstrate best practice and provide a role in improving the skills and capabilities of suppliers.

Progress

33. As the Levitt Review acknowledged, in 2019, prior to the negative publicity in mid-2020, boohoo had started the process of remedying problems in its Leicester supply chain in

2019 but it is abundantly clear that the critical need to take account of the conditions in which garments were being manufactured either by suppliers or sub-contractors was insufficiently understood. Prior to more recent appointments, the compliance team had no authority to decline any supplier; it is a matter of regret that even a conclusion (following due diligence) that it was inappropriate to use a particular manufacturer, a decision to exclude was overturned as recently as May 2020. The compliance team were persistently asked why they were asking the questions and could not over that period recall a supplier being denied a contract. This demonstrates the significant cultural shift that has become necessary and identifies the need for the Board to provide unequivocal leadership and direction in relation to the way in which the Group must do business in the future and, indeed, what the future trading approach must look like. That must include the clearest statements in relation to onboarding and the need for due diligence in relation to ethical business practices.

34. Following the publication of the Review, boohoo has specifically recognised that it had done ‘too little and too late’³ and committed to providing publicly available progress reports in relation to the delivery of ‘long-lasting and meaningful change to the Group’s supply chain and its business practices’⁴. Giving evidence to the Environmental Audit Committee on 16 December 2020, the Executive Chairman, Mahmud Kamani, put it this way⁵:

“What we are guilty of, if anything, is we did not put processes in fast enough. We recognise in this industry when we are dealing with an independent factory who is not owned by us, that some of them do not play with a straight bat, as it were. However, we try our best to make good. Again, I would like to state that these are factories that are not owned by boohoo and they have no exclusive contracts with boohoo.”

Speaking to those at senior executive level within the Group, it is apparent that they understand what needs to be done; the challenge will be to create a ‘hearts and mind’ programme that brings everyone in the buying chain into the picture. Education is key and that will require not only answering the question ‘why’ but also the more difficult questions ‘what’ and ‘how’. I readily accept that boohoo’s employees both enjoy working for the Group and have a pride in their association with its achievements; changing the culture of the way in which the work is done and creating an ethical dimension to every aspect of that work will not necessarily be straightforward.

The Group

35. I start with the approach of boohoo. In March 2019, John Lyttle, then Chief Operating Officer at Primark, was appointed Chief Executive, bringing with him considerable experience of dealing with the requirements of ethical trading and, in mid-September 2020, Andrew Reaney joined the Group as Director of Responsible Sourcing and Group Product Operations which incorporates ethical compliance, technical compliance and product sustainability. Others were also engaged to supplement the compliance team and to assist in relation to due diligence for all suppliers and their sub-contractors. Following the Levitt Review, a formal Agenda for Change Programme (“A4C”) has been established. It is

³ This reflects the finding of Ms Levitt (at Chapter 9 para. 28)

⁴ RNS 26 November 2020

⁵ In answer to Q65.

sponsored by John Lyttle with Jo Graham, the Chief Information Officer, as its Programme Director.

36. The initial focus has been to start to address the recommendations contained within the Levitt Review. This has included my appointment (along with the appointment of the legal advisors and the enquiry and enforcement teams). An A4C Committee has been set up, chaired by Jo Graham but attended by John Lyttle, Tom Kershaw and Emma Woollard (from boohoo), Craig Wright, Annette Barker (KPMG partners) and Andrew Trasler (KPMG director), Tim Godwin and me. Its meeting on 11 December followed the meeting of the Board and noted that a fully integrated plan was being developed to comprise business change meetings to agree the components of the plan to protect buyers and ensure compliance by suppliers, a KPI tree and communication plan.

37. In summary, in the three months that have followed the publication of the Levitt Review:

- a. Governance for the A4C programme has been reviewed by KPMG to ensure that it is robust and set up to succeed with their advice and recommendations being acted on.
- b. KPMG has attended the internal governance forums.
- c. Work has started addressing some of the immediate recommendations made by the Levitt Review (in the process of being independently verified by KPMG) and, in particular:
 - i. A Supply Chain Compliance Committee has been created that reports through to the PLC board
 - ii. Alternative ethical suppliers have been identified
 - iii. Internal governance has been formalised pertaining to committees and board documentation
- d. boohoo has started business engagement with the buying teams to create responsible purchasing practices, ensuring that all those involved are aware of the 'why', the 'what' and the 'how'.
- e. boohoo have recruited further members of the team to work on supplier compliance.
- f. An audit regime is underway in Leicester, the rest of the United Kingdom and internationally; recent visits demonstrate that the compliance team have had a real impact on the suppliers visited (including in respect of protective measures in relation to COVID 19). Following its commencement, 64 suppliers in the Leicester area have been removed from the boohoo supplier list.
- g. boohoo have implemented a digital Order App which ensures only the approved Leicester suppliers can receive any orders.
- h. The purchase and development of the new boohoo factory at Thomaston Lane, Leicester is progressing. It is intended that this site will become a centre of excellence for ethical and compliant practices and a hub for community outreach and the boohoo academy.

38. A key work stream created within the A4C programme concerns business change. This work stream will look to support the recommendations that revolve around training and deal with the human and cultural challenges that are faced in the supply chain.

39. In addition, boohoo is working with KPMG to create a Responsible Sourcing Indicator. This will be derived from a robust and wide-reaching industry recognised set of metrics and KPIs and is intended to enable and ensure that boohoo can identify any issues or deviations quickly and in a quantitative manner.

Legal

40. The legal team have produced or are in the course of producing a general overview of the criminal and civil law to assist those concerned with enquiry and enforcement law together with a list of 'Do's and Don'ts' not only to assist boohoo but also to help and train such suppliers as are struggling with compliance but demonstrate a willingness to learn and implement appropriate procedures. I am sure that boohoo is well aware of its obligations to its own employees but, for the sake of completeness, a broad summary of the relevant operative legislation is set out below. This is not least because it will be important to develop techniques and educative tools to assist suppliers and sub-contractors who wish to comply with the law and maintain their working relationship with boohoo.
41. In relation to health and safety, the governing legislation is, in particular, ss. 2, 3, 33 and 37 of The Health and Safety at Work Etc Act 1974 along with the Regulations made under that statute and others. By way of a list (but not necessarily intended to be exhaustive), these include:
- a. The Management of Health and Safety at Work Regulations 1999;
 - b. The Workplace (Health, Safety and Welfare) Regulations 1992 (which are particularly relevant to some of the findings in the Levitt Review);
 - c. The Provision and Use of Work Equipment Regulations 1998;
 - d. The Manual Handling Operations Regulations 1992;
 - e. The Gas Safety (Installation and Use) Regulations 1998;
 - f. The Electricity at Work Regulations 1989;
 - g. Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013;
 - h. Regulatory Reform (Fire Safety) Order 2005;
 - i. Control of Noise at Work Regulations 2005;
 - j. Control of Substances Hazardous to Health Regulations 2002;
 - k. Consolidated Environment Permitting Regulations 2010 and the common law of nuisance;
 - l. The Health and Safety (First Aid) Regulations 1981; and
 - m. The Health Act 2006.

In addition, at present, there are provisions concerning COVID compliance to be taken into account.

42. These responsibilities fall upon the employer and are not the responsibility in law of a company which does no more than contract with the employer. They extend to having someone responsible for health and safety, for record keeping, for the preparation of a written statement of health and safety policy, for training and for maintaining an appropriate relationship with the Health and Safety Executive, the Local Authority, the Fire Authority and other statutory agencies. Checks can be maintained by looking at the dates of the last HSE and Local Authority inspections, whether an Improvement Notice or Prohibition Notice has been issued under s. 21 and s. 22 respectively of The Health and Safety at Work etc Act and what has happened since.
43. It is not the role of the Group to take the place of the authorities to police the behaviour of their suppliers and their sub-contractors. Having said that, however, to maintain an ethical approach to suppliers and sub-contractors, it will be essential that ethical auditing take account of the relevant Regulations in determining whether the employer is assuming their responsibilities to their employees with appropriate attention to the requirements of the law. Whatever the position in the past may have been, what will be critical is a recognition of what has to be done to comply with the law and a willingness to do what it takes to do so.

44. Quite apart from health and safety, there are a number of essential legislative protections for workers starting with the Modern Slavery Act 2015 which is designed to ensure that supply chains remain slavery free and, by s. 54 require a company with a turnover in excess of £36 million to publish a statement each financial year setting out what steps the business has taken to ensure that human trafficking is not taking place in any of its supply chains or its business. It must set out all the steps that it has taken to ensure that its supply chain and business is free from slavery. It can do so by looking out for exploitation in its supply chain including control of movement or finances of workers, payments of wages being made to a central account or workers with the same contact number. Relevant enquiries include right to work documentation, checks on identity, the existence of employment contracts, working hours records and the like. It must be underlined that the Levitt Review saw no evidence of modern slavery but the need to have regard to the risk is clear. By way of assistance, on 10 February 2020, the Ethical Trading Initiative published its Modern Slavery Reporting Framework which is an open source online tool for organisations to use to prepare tier modern slavery statement providing a structured, step by step guide for businesses and a tool to evaluate the strengths and weaknesses of the statement.
45. Of greater concern in the light of the Levitt Review is payment of the national minimum wage pursuant to the National Minimum Wage Act 1998 which applies to all workers and is, again, the responsibility of the employer, it being an offence to fail to pay the national minimum wage (s. s. 31(1) of the Act) or to fail to keep records in accordance with the Regulations. These records will have to include the identity of those on the payroll, when each worker worked during the relevant period and for how long (with a system in place for the genuine and accurate clocking of hours), pay per hour, gross pay, deductions, net pay and to whom and where payment was made. Having said that it is the responsibility of the employer, this is an area which is a critical part of any ethical audit.
46. The same can be said for Working Time Regulations 1998 intended to ensure (subject to a right to opt out) that each worker's average working time (including overtime) does not exceed 48 hours per week. There are other provisions covering the normal working hours of night workers, for the provision of rest and paid holidays (but not to the genuinely self employed in business on their own account). Adequate records must be maintained.
47. Finally, subject to certain specified exceptions (including agency works on assignment of less than 3 months and – subject, of course, to their receipt of the national minimum wage – those who earn less than the lower weekly earnings limit for national insurance liability), all employees are entitled to receive statutory sick pay from their employers limited, generally, to 28 weeks in a three year period. It is unnecessary in this report to set out the requirements, payment period and limits.
48. In relation to all aspects of employee rights in respect of the national minimum wage, working time and statutory sick pay, it is worth repeating that the obligations are on the employer. But for boohoo to demonstrate respect for all aspects of ethical trading, these areas will remain an essential part audit with appropriate mechanisms devised to ensure that suppliers and sub-contractors make full disclosure if they wish to continue supplying to the Group. This area will be at the core of ethical audit and enforcement.

Ethical Audit and Enforcement

49. Since the date of the announcement of my appointment on 26 November 2020, the four additional enquiry and enforcement specialists headed by Tim Godwin have focused on a deep dive against selected targeted companies using a combination of open-source research and in-depth discussion⁶. In addition, they have worked both with the internal boohoo employees now conducting regular checks with their suppliers and with Verisio and Bureau Veritas, who have each been undertaking fuller ethical audits. The aim is to review existing audit material against inspection to establish best practice, verify the findings and to present any gaps or inconsistencies.
50. Outlining first the work of the ethical auditors, Verisio (who have invited the additional team to accompany them on audit inspections in the future) have been focused on suppliers in Leicester. Their programme was delayed by the pandemic and then shaped by the adverse media reports and has involved launching a new Focused Audit program to replace the 'spot check' methodology used in the aftermath of the media reports. All their audit management data has been shared and reveals that boohoo appear to have adopted a responsible disinvestment policy in respect of suppliers who are assessed as 'Zero Tolerance' or 'Critical' following an audit.
51. This moves in the direction of delivering one of the recommendations in the Levitt Review, namely, significantly to reduce the numbers of suppliers in the chain. The perception, however, is that there has been a buying culture involving 'a race to the bottom' which has run the risk of generating unacceptable or even illegal practices by suppliers. This has to be addressed in the training of those responsible for buying.
52. Bureau Veritas has focused mainly on suppliers and sub-contractors outside Leicester. They undertake 'social' audits in greater depth than Verisio although this may change given Verisio's new methodology. These audits are completed in a day and result in a compliance percentage score being awarded. These scores range from a poor 15.8% to an exceptional 97.6%. However, of the 13 suppliers' reports shared so far, identify that not one of them has adequate COVID governance in place. Audit fatigue has been identified as a risk. Bureau Veritas are alive to it and schedule follow ups accordingly. In the light of recent publicity in relation to a supplier based in the UK using a factory in Pakistan (which it is said was not on the Group's approved supplier list), Bureau Veritas who are on the ground in Faisalabad will conduct immediate investigations. The same approach – and the same urgency of action – must be adopted to any other complaint or report of unethical trading anywhere in the world.
53. Working with Verisio and Bureau Veritas, Tim Godwin's team have set criteria around the identification of suppliers which should be subject to the earliest reviews thereby avoiding allegations of bias. They should continue to accompany the boohoo compliance team and the audit teams of Bureau Veritas and Verisio during their planned visits in order to understand methodology and context of the task.
54. Choices should be made having established value and volumes of trading relationship between the supplier and the Group, checking on the process undertaken to appoint the supplier in the first place, along with the due diligence and vetting as to its business practices. Using open source material, advance research can then be undertaken to

⁶ The detail contained within the Levitt Review has informed preliminary target selection and will be used to identify the suppliers and sub-contractors in respect of which enquiries should first be made.

identify the supplier's VAT registration number and conduct land registry checks on all its commercial premises to establish occupancy of premises rented, relationships between occupier and freeholder including any third parties and (if in multiple occupancy) establish the identities of all occupiers at the business premises and the relationship, if any, between them.

55. Companies House searches will establish all persons involved in the company, including the directors, the company secretary along with the existence of any persons with significant control both past and present. It should also be possible to establish any connection to known associated companies and the relationship of those companies with the supplier, its employees or other companies which trade with boohoo. It should also be possible to establish the nature of any debt and liabilities between the supplier and known associated companies and the circumstances (if it be the case) of such companies ceasing to trade. Work on companies engaged in supply to the Group has already revealed networks of exceptional complexity which will have to be understood and navigated to ensure that all those involved in running the constituent parts of the networks understand what is expected of them.
56. At the premises, it will be necessary to interview staff members (if necessary with the services of an independent interpreter) to establish the mechanism of recruitment, working practices (including the existence of a contract, pay slips, hourly rates, holiday and sick pay). Similarly, information can be sought about any other relationship between the supplier and employees or family members (such as providing accommodation or loaning money), or whether they work elsewhere for the same employer or any associate of the employer (whether in the garment trade or elsewhere). Similar interviews can take place with identified former employees.
57. Other searches (potentially with the assistance of Freedom of Information requests) can be undertaken with the local authority in relation to complaints of or investigation into noise nuisance, environmental health, pest and infestation, fly tipping, trade waste agreements and trading standards together with what (if any) enforcement action has been taken. Similar searches of the Fire Service could reveal attendance at premises in response to requests, inspections, reports of concern and the issue of any Improvement or Prohibition Notice.
58. Prior to Christmas, the additional team had undertaken research and visited six premises, uncovering issues which will need to be addressed. It would be inappropriate in a document which will enter the public domain to identify the suppliers or the concerns (which may or may not be capable of resolution). It is sufficient to say that the work assisting Verisio and Bureau Veritas has commenced and decisions as to the willingness and ability of suppliers to adopt entirely lawful and ethical trade practices made. The Group has undertaken to publish a list of approved suppliers within six months of 25 September 2020.
59. In addition to assisting in enquiry and audit, the team have engaged with regulatory authorities across Leicester. This includes senior officers of Leicestershire Police and HMRC. All and any assistance required will be provided by boohoo to the multi-agency group set up: this involves, among others, the police, the local authority, the Gangmasters and Labour Abuse Authority (GLAA) and the Fire Authority. In addition, efforts have been made to meet local Members of Parliament. It is clear that the issues thrown up by working practices in Leicester are not unique to boohoo; apart from working conditions and the

payment of the minimum wage, they include financial crime linked to VAT and deceptive furlough claims as well as the employment of some either not entitled to work or in receipt of benefits.

60. There has also been discussion with some community leaders and we have learnt of the unwillingness to speak out for fear of losing orders from boohoo as a result. The reaction to removal of suppliers and sub-contractors was shock. Tim Godwin has linked up with the head of Leicester City Football Club in the Community ('LCFCC') which provides programmes in the most socially deprived areas of Leicester. She knows the community well and recognises that the issues have been the reality for years so that a significant number of the workforce in the garment industry view it as normal and as a result do not really understand why they have lost their jobs. She feels that through programmes offered by LCFCC, she can assist to make workers aware of their rights and what to do if they are not being respected. LCFCC is prepared to host a meeting of all the 'on the ground' charities interacting with the target community both to provide feedback as to what is happening and, more significantly, to suggest solutions: in the light of the current restrictions, this is likely to have to take place by video conference.
61. The foregoing identifies the scale and wide-ranging nature of the problem. As a major online retailer, engaging suppliers in Leicester (and elsewhere) – as it intends to continue doing – boohoo must accept (as it has made clear that it does) the responsibility of driving long-lasting and meaningful change and making good on its commitment “to being a leader for positive change in the city, alongside workers, suppliers, local government, NGOs and the community at large”⁷. In the scheme of ensuring that all who supply to boohoo do so in an ethical manner, the efforts to date represent only the start of what will be a difficult journey achieve cultural change. There is much still to be done but progress in this area will be essential.

KPMG

62. On 11 December 2020, KPMG produced a comprehensive and detailed Programme Setup Review titled 'Agenda for Change: Oversight and Governance'. It is some 67 pages in length and repays study by the Board as signposting the fact that boohoo has started the Agenda for Change with pace and has built momentum but it does not shy from identifying areas that need to be addressed.
63. The findings of the Review recognise what boohoo has achieved in these terms:
- “boohoo are taking this [programme] seriously and have achieved early momentum in their response to the Levitt report. The A4C programme is already starting to deliver on some of the immediate recommendations from the Levitt report. Top level management have engaged strongly with the programme with visible roles and involvement and there are individuals in place across important parts of the programme who have a strong track record.”
64. It refers to the value of independent advisors “to support, oversee and hold boohoo to account” but goes on (as indeed is the specific purpose and value of having management consultants so heavily involved in a project such as this) to identify ways of building on the strong start. The first high level recommendation is that boohoo must take time better to

⁷ The Group CEO, John Lyttle quoted in the RNS of 25 September 2020

define its overall response, not simply to address the recommendations in the Levitt Review but to provide a clearer articulation of what A4C is implementing and how it impacts on boohoo in all its constituent parts. Although it is a matter of some concern that KPMG have identified that there are differing views held by the leaders of the companies and departments within the Group as to what A4C means to them and to boohoo itself, with nine different brands, each of which is encouraged to be individual in approach, it may not be surprising that, at this comparatively early stage, the concept of the A4C may be thought of in different ways.

65. What is required is the setting of a shared clear vision of the future for the Group, reinforcing the ethics and compliance agenda through business change, and declaring what boohoo will look like after a successful transition and implementation of change through A4C. Articulated by the board and other key leaders, it must permeate from the very top of the Group through to the most junior employees. In that way, it will enable the A4C team to achieve buy in and establish a richer programme of work. Setting out the vision and communicating that vision will require significant effort both to describe how boohoo will look and feel and to do so with sufficient granularity that the buyers, the direct suppliers and sub-contractors, the compliance teams and everyone involved can also imagine how it will change their working practices and are then in a position to describe its effect and impact, to own it and, most importantly, to commit to it and be willing to be seen to do so.
66. In my view, failure to do so will pose a risk to the progress and ultimate success of A4C. Given the fact that boohoo recognises that, as articulated in the Levitt review, compliance has not received the attention which it deserved and bearing in mind the problems in this industry not only in Leicester and this country but around the world, it is not surprising that other examples of unethical treatment can emerge as this change programme gears up and is being implemented here and everywhere else. The business of training for all, audit and full resolution of all aspects of the supply chain will inevitably take some time. Time, however, is not on the Group's side and it is essential that demonstrable progress with tangible results become swiftly evident as the weeks and months pass. While setting out and implementing a clear vision of the future, it is critical to do all that is possible to avoid further incidences of non-compliance with the ethical onboarding of suppliers.
67. This work encompasses an issue identified by KPMG relating to the focus on implementing the recommendations set out in the Levitt Review. They go so far but in the RNS of 26 November 2020, while being encouraged by the progress made since setting out the A4C programme in September, Mahmud Kamani expressed the aspiration that the programme along with the various appointments, the additional expertise and further transparency "will help us on our journey to lead the fashion e-commerce market globally in a transparent manner". In those circumstances, it is important that, while using the recommendations in the Levitt review as a starting point, the programme of work links all the dependencies and hierarchies within the boohoo family toward a common goal. Entering 2021, with the benefit of the support provided by KMPG, it is necessary to define the full programme of work to deliver the vision, identifying the risks and the steps to be taken to mitigate them.
68. A third concern identified by KPMG concerns the pressure on key management leaders to devise and implement this change. The Board must be specifically alert to the issues, providing challenge and support to the CEO and the team while those driving forward the change must ensure that there is sufficient resilience in the team that supports them to maintain the pace of change and manage business as usual at the same time. I recognise

that two further members of staff have recently been brought into the programme management team but the size of the task should not be underestimated. In those circumstances, I visualise the need to increase further the number of those assisting in the delivery of the programme both in relation to the hearts and minds campaign (which is truly critical) but also in the buying and compliance parts of the business so that issues which arise can be addressed quickly and efficiently. The risks of failing to do so do not need to be stated.

Conclusions

69. As the Levitt Review acknowledged, boohoo started to implement real change in the way that the Group provided oversight to its supply chain prior to the media reporting of mid-2020 but this change accelerated in September 2020 with the employment of personnel engaged specifically to drive ethical trading through the Group. There has been a further substantial acceleration of that programme with the appointment of KPMG and a team of enquiry and enforcement specialists at the same time as legal advice is being finalised in relation to all aspects of compliance. The A4C programme is specifically designed to deliver ‘long lasting and meaningful change to the Group’s supply chain and business practices’⁸. My oversight of the change programme – with publicly available reports to the Board – can be seen to underline boohoo’s commitment.
70. It is important to recognise that only six weeks have elapsed since these further significant steps have been taken, itself at a time of the continuing consequences of the pandemic and during the Christmas period. Nevertheless, the programme is underway and real enthusiasm has been demonstrated by those at the centre of the A4C project along with a determination to achieve real change. All that is to be commended but it is clear that there is a long way to go. Working with buyers to ensure that there is an auditable process of ensuring that a ‘fair trade’ approach has been adopted to purchasing negotiations has to run alongside a thorough and complete compliance audit not only of all those with whom boohoo contracts but also their sub-contractors.
71. All this has to be seen against the background that the problem of ensuring that all trading is conducted ethically is not limited to the Group or, indeed, to the garment industry in Leicester; it is to be anticipated that further issues may well emerge as investigations continue. At the same time, different public authorities have responsibilities for policing the many different legal obligations which together contribute to what can be described as ethical trading and, judging by enforcement measures taken, it is not clear that all that could be done in this area is being achieved.
72. The challenges presented by all that has emerged cannot be solved by boohoo alone but boohoo must be prepared to stand alongside all efforts to ensure that fair practices are adopted by all those in its supply chain throughout the country. It is worth repeating that, in that way, it can be “a leader for positive change in the city [of Leicester]”⁹ with the same being achieved for all sourcing from overseas to help on “[the Group’s] journey to lead the fashion e-commerce market globally in a transparent manner”¹⁰. This will not be the work of a few months but will require continued sustained effort for a considerable period of

⁸ RNS 26 November 2020

⁹ John Lyttle, RNS 25 September 2020

¹⁰ Mahmud Kamani, RNS 26 November 2020

time. What can be said now, however, is that boohoo has enthusiastically started the journey and is travelling along the right road.

6th January 2021