

Philip Dunne MP
Chairman of the Environmental Audit Committee
House of Commons
London
SW1A 0AA

By email.

23.03.2021

Dear Mr Dunne,

Thank you for your recent letter following my appearance in front of the Environmental Audit Committee along with my colleagues Andrew Reaney and Kelly Byrne. I am grateful for your acknowledgment of the progress we are making to improve our governance and transparency and for your comments about our commitment to UK manufacturing.

UK garment factories

Our teams are working intensively to deliver sustainable change, strengthening our supply chain governance and our internal processes. I sincerely believe that these efforts will have a positive impact, not just on our own suppliers, but on standards across garment manufacturing in the UK as a whole. We want to support Leicester in becoming a destination of choice for retailers who have previously chosen to relocate sourcing from the city. This would stimulate investment in the garment industry, further raising standards and benefiting the wider economy with good quality jobs being created at a crucial time.

As you note in your correspondence, we have taken the decision to exclude a number of suppliers from our supply chain. It is important to note that, although we have reduced the number of suppliers, our order volumes remain consistent. Our consolidated supply chain will make it easier for us to monitor compliance amongst our suppliers and help us to identify strategic supply partners who we can invest in and develop.

On the 25th March, we will be publishing the details of our UK supply chain, in line with the requirements of the Transparency Pledge, with publication of our international supply chain due in September. We will provide updates on both publications for the committee but can confirm that we will have a direct, contractual relationship with all our suppliers.

Whilst I note your request to publish details of the manufacturers who have been excluded from our supplier list, we have been asked not to publicise names by government agencies. We have also been advised that it would not be appropriate to prejudice any future applications to join our, or other retailers' supplier lists, by these manufacturers, should they be able to demonstrate full compliance with our Code of Conduct, which identifies the legal requirements for safe and ethical working practices. I can assure you that we have shared details of these manufacturers and the nature of our concerns with the Gangmasters and Labour Abuse Authority (GLAA) and others.

Governance at boohoo Group

Through our Agenda for Change programme, we are developing 'responsible purchasing practices' in consultation with our buying and merchandising teams. All of our product teams will be trained on these new practices, embedding them into everyday working and helping to drive the right behaviours. We already factor in wage costs to our price negotiations but this training will include education for our teams on how to price a product to ensure it is fair.

In addition, we are implementing new technology that will give our buyers greater oversight of suppliers' current order volumes, in real time, to minimise the risk of particular factories being over-burdened. This will also mean that orders can only be placed with approved suppliers who have been audited by our compliance team.

As we have been doing with concerns about suppliers who we have excluded from our supplier list, I would like to assure you that we have been referring any concerns we have with regards to financial reporting, including potential VAT fraud, from our suppliers to the GLAA as the lead enforcement agency in Leicester.

The initial work of our auditors, Verisio, uncovered a variety of complex issues that required further investigation. As such, we have included financial checks in our auditing process and Tim Godwin, former Deputy Commissioner of the Metropolitan Police, has been carrying out sophisticated investigations as part of the work Sir Brian Leveson is doing to oversee our implementation of the recommendations laid out in the review conducted by Allison Levitt QC.

With regards to the committee's suggestion that we link our senior executive remuneration incentives to Environmental, Social and Governance (ESG) improvements, I can confirm that this matter is being considered by our board. Our Remuneration Committee is looking at the details of how this might work in practice and have engaged specialist consultants to help us with this. Our annual Remuneration Report will be published in May and will include a further update on this matter.

Environmental impact

Alongside the work we have been doing to improve conditions in our supply chain, the business has also been working on a new sustainability strategy. The strategy will be published alongside our supply chain on the 25th March and we will include full details in our update for the committee.

We are excited about the impact this will have on our business, our customers and the environment. As noted in your letter, we are working with WRAP and have begun the process of signing up to their Textiles 2030 initiative. This is an important step in reducing our impact on the environment and I would like to thank you for your encouragement on this issue.

I would like to finish by restating my invitation to you and the committee to visit our new manufacturing facility on Thurmaston Lane in Leicester once it is open, currently scheduled for Autumn this year.

Please do not hesitate to contact me should you require anything further.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M Kamani', with a long horizontal line extending to the right.

Mahmud Kamani
Executive Chairman
boohoo Group PLC