

Written evidence submitted by Boohoo Group plc

Introduction

Boohoo would like to thank the committee for giving us the opportunity to share with members the progress we have made since our previous appearance in 2018, and following the Alison Levitt QC report into our UK supply chain.

Sustainability

Boohoo Group has taken important steps to set a solid foundation for our sustainability strategy since our last engagement. We are on a journey of continuous improvement and have joined some important collaborations, including becoming members of WRAP's Sustainable Clothing Action Plan (SCAP) 2020; the Sustainable Apparel Coalition; and the Microfiber Consortium. The expertise, insights and tools these groups provide are enabling us to understand the impact of our materials mix and prioritise our sustainability action plans.

This is reflected in Table 1(Paragraph 1.8) which sets out the steps we have taken in our social and sustainability initiatives over the last two years. Since 2018 we have also brought in a new Director of Responsible Sourcing as well as two senior roles for sustainability and compliance who have over 30 years of combined experience. We are also continuing to strengthen our wider team in all our core sourcing territories.

Transparency

As the committee will be aware, following allegations about our Leicester supply chain, earlier this year we commissioned an Independent Review of our UK supply chain led by Alison Levitt QC (ALQC report). In line with our commitment to transparency we published the report in full. Within the next twelve months, we will be disclosing our UK and international supply chain.

We are also disclosing key information about our business and products through our membership groups – SAC and SCAP in particular.

Commitment to UK jobs and manufacturing

Unlike many other retailers who seek to move operations overseas, we are not only committed to UK manufacturing, but are dedicated to developing our UK supply base with strategic partners. We did not take payments from the government furlough scheme during the Coronavirus pandemic, and remain fully committed to protecting and increasing the number of jobs our business creates in the UK. We recognise the issues raised in the AQLC report, and are committed to ensuring the UK jobs we create are good jobs, and fairly paid.

Boohoo's stake in Leicester includes 89 suppliers, 141CMT units and thousands of workers. We recognise our responsibilities as a job creator in the area, and are deeply committed to being a force for good in the local garment industry as well as for the local economy.

This document sets out the programmes we are building to ensure we live up to this, including our [agenda for change](#). However, boohoo is committed to doing more than just solving problems in our own supply chain. We have also set out here, among other initiatives, our ongoing work to establish a Garment & Textiles Community Trust in Leicester, governed by independent trustees, and provide it with start-up funding and ongoing annual support. This trust will provide guidance, advocacy and remedy to anyone working in the garment industry in Leicester, regardless of if they work for one of our suppliers or not. Furthermore, this will provide an opportunity for the voice of workers within the industry to be heard by those that will have the ability to create positive and lasting change for the benefit of the entire industry.

With the preservation, expansion and development of both Leicester and the UK's manufacturing base, we are in the process of creating a centre for excellence at our Thurmaston Road site in Leicester's industrial heartland. This site will create more UK manufacturing jobs, provide community outreach and set an example of how modern-day manufacturing can be sustainable.

In addition to this, since 2018 the boohoo Group has acquired four well-known British brands that would otherwise have gone out of business – Karen Millen, Coast, Oasis and Warehouse. As well as saving jobs that would have otherwise vanished, these acquisitions have created many lasting permanent jobs in our supply chain. In the last two years boohoo has created 783 new jobs in our Burnley operations and issued 960 permanent contracts for warehouse positions. This has meant a 50.77% increase which rises to 63.1% if agency jobs are included. We have also broadened our customer demographic and evolved the group from a very affordable price point through to an exit price of over £1000.

We hope that the information we have provided is useful to the committee in its work to analyse and address the environmental impact of the fashion industry and working conditions in UK garment factories.

1 . What progress has been made in reducing the environmental and social impact of the fashion industry since the Fixing Fashion report came out?

1.1 Since the release of the Fixing Fashion report, we have continued to work hard to reduce the environmental and social impact of our products and business activity. These impacts include labour standards, general governance, carbon emissions, product sustainability, packaging and waste.

1.2 Labour standards

1.21 Following the release of the Independent Review into our UK supply chain this year, we have redoubled our commitments to supply chain visibility. Supply chain compliance has become a mandatory item on every Board Meeting agenda.

1.22 We commenced a full review of our Leicester supply chain at the start of 2020. The work we started with ethical supply chain specialists, Verisio, was a 12 month project to fully assess our Leicester supply chain. The planned result of this project, from the very beginning, was disclosure of the supply chain.

1.23 We are committed to making a positive difference within the industry. However, we understand that we can't do it alone and we are dedicated to working with others to support positive solutions. For example, in 2018 Boohoo PLC became members of NGO charity Hope4Justice / Slave Free Alliance, to support our Modern Day Slavery due diligence and have been engaged with members of their team on a regular basis for the last few months.

1.3 General governance

1.31 We have constituted an additional Board Committee on Risk to enable better identification and closer monitoring of the risks – including environmental as well as broader business risks – that we face as a business.

1.32 The Group has introduced a new Supply Chain Compliance Committee comprised of recognised cross-sector experts, which will report into the Risk Committee and is to be led by our new Director of Responsible Sourcing. Alongside this, we are strengthening our wider team, bringing in experts in supply chain management and ethical trade. The heads for sustainability and compliance will continue to lead the expansion and development of key roles and positions in all our core sourcing territories.

1.33 Within the next four and a half months, we will consolidate our approved UK supplier list. In this timeframe, we will also invite new suppliers who have a track record of ethical and sustainability policies to be included on our supplier list and extend our independent audit programme to the rest of our UK and global supply chain.

1.34 We are in constant discussions with our auditing and supply chain mapping partner Bureau Veritas regarding specific challenges within each specific global sourcing region. We are in the process of building a global team of ethical trade specialists in each of our sourcing regions / hubs. The combined efforts of audit intelligence and local expertise will enable us to develop tailored methodologies in order to tackle any specific issues in each country.

1.35 Each region will consist of Ethical Trade Managers, auditors, practitioners and officers, including coordinators in major hubs. These teams will continue to develop best practice training, GAP analysis and continuous improvement remediation along with root cause analysis.

1.4 Carbon emissions

1.41 In 2019 we also commissioned our first scope 1 and scope 2 Carbon Footprint report from Carbon Smart (now Avieco). We have also taken several steps to reduce energy use in our own operations through the purchase of use of renewable electricity and various energy efficiency measures. In partnership with WRAP and Avieco, we are looking at several assessments to understand ways we can work with our suppliers and wider partners to reduce our footprint beyond our direct operations. We are also working with our supply base to understand environmental impacts at a factory level and to investigate more sustainable material alternatives.

1.42 In 2020, we are working on extending our focus to a scope 3 carbon footprint, which we will have further detail on in early 2021. We will continue to work with our partners to identify opportunities to reduce our carbon footprint across our value chain, with the aim of setting either ambitious targets in 2021.

1.5 Product sustainability

1.51 We are also proud to be members of WRAP’s Sustainable Clothing Action Plan (SCAP) 2020 and the Sustainable Apparel Coalition. We plan to sign up to the Textile 2030 commitment with WRAP by its launch in April 2021, once we have a better overview of our Scope 3 emissions and have set out the key steps we need to take to meet the targets. We also sat on the SCAP 2030 advisory committee, which looked at what the Textile 2030 commitment should focus on.

1.52 We are disclosing key information about boohoo and our products through these groups and using their expertise, insights and tools to understand the impacts that we have at a business and product level. This is enabling us to understand the impact of our materials mix and prioritise our sustainability action plans. Through the SAC we are also engaging our suppliers to analyse their environmental impacts at a factory level. At a product level we have also started to introduce recycled and organic fabrics into our product mix and with the introduction of our new team members we will be developing a clear product strategy.

1.6 Packaging

1.61 We are working with a local packaging supplier to produce our dispatch bags, which are made from 100% recycled plastic and are fully recyclable. We have also designed an inner bag which protects our clothing made out of 70% recycled content and the labels can be removed so that the material can be more effectively recycled.

1.7 Waste

1.71 Textile waste is a big concern for the industry from production through to end of life and there is no one solution. We are hoping to trial solutions at different points along our value chain over the coming year to identify those that can have the biggest impact and could be scaled up.

1.72 Our innovative test and repeat model involves initial orders of only very small quantities of each item. We then only re-order the lines that are selling well. We manage our stocks very closely using our online technology and any stock that we can’t sell to our customers is put to good use.

1.8 Table 1 illustrating boohoo’s progress on social and sustainability initiatives since 2018

boohoo	Brands	People		Transparency			Sustainability				
	Brands owned by boohoo	Permanent Contracts issued in Warehouses	Number of jobs in Burnley	Completed SAC Brand and Retailer Module and reporting materials mix through WRAP.	Commitment to publish full Tier 1 & 2 supply chain	Published ALQC Review in full	SCAP - Sustainable Clothing Action Plan 2020	Use of organic or sustainable cotton (e.g. BCI, Cotton2040)	SAC – Sustainable Apparel Coalition	Microfibre Initiative	In-store take-back scheme or textile banks
2018	-	-	1306	Incomplete	No	Not Applicable	In discussions	No	No	No	No
2020	Added 4 brands	plus 960	2089 (+783)	Yes	Within next 12 months	Yes	Yes	In Progress	Yes	Yes	Yes (online recycled scheme for customers)

2 . What impact has the pandemic had on fashion waste?

2.1 WRAP/SCAP have carried out consumer research into how shopping habits have changed as a result of COVID, including end of life routes and general sustainable clothing trend. The results of this research were made available to members and have recently been published. WRAP found that during lockdown, more than one third of people went through their wardrobes and put items in dustbins, which had a negative impact on waste. While WRAP have also stated that retailers and brands have limited influence on their customers to change waste behaviours, we remain committed to exploring initiatives to help guide customer behaviour in the right direction, as outlined in 2.3 below.

2.2 As we have mentioned, through our test and repeat model we initially order very small quantities of each item, and then only re-order the lines that are selling well. We manage our stocks very closely using our online technology and any stock that we can't sell to our customers is put to good use.

2.3 We are often accused of making 'single-use' clothing that customers wear once and then discard. Consumer research does not bear this out; in fact, only 2% of fast fashion buyers say they wear items only once before disposing, while 51% say they repeatedly wear these items for far longer¹. Our average order frequency is 2.85 times per year. To ensure that we encourage our customers to wear our clothes for even longer, we will continue to work with influencers to suggest different 'ways to wear'. Once they really have finished with a garment, we incentivise customers to recycle clothes by promoting our clothing recycling partner ReGain, in return for a voucher. We are considering ways to increase uptake of this and make it easier for customers to get involved. More broadly, we are looking to pilot different solutions to tackle waste through our value chain working with suppliers, customers and innovators.

3 . What impact has the pandemic had on the relationship between fashion retailers and suppliers?

3.1 For us, a significant impact of the pandemic, as well as the Independent Review into our UK supply chain, has been to reveal the clear benefits for adopting more robust purchasing practices, and the Group is reassessing how we manage and engage with our supply chain partners.

3.2 We are strengthening and expanding 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, which is supported by two permanent leads for sustainability and compliance, who between them have 30 years of experience. Further to this we are significantly strengthening our ethical sourcing and compliance teams with roles across the globe in our core sourcing territories. The team will continue to develop and implement a new set of Purchasing Principles for our buying teams, which will be mandatory across all our brands. We will publish these in full on a six-monthly basis, and this will form part of our strengthened corporate governance.

3.3 Alongside this, 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.

3.4 As we continue to enact our [agenda for change](#) – our plan of action to implement the recommendations of the ALQC review and effect real change in the Leicester textile industry – 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. We will also implement a programme of education and consultancy to drive improvement across our supplier base, as well as support with technology and infrastructure where necessary. In addition, we have impressed upon our buying teams the importance of not cancelling orders in response to the impacts of the pandemic.

3.5 To accompany this, we will develop 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. Going forward, we will more clearly recognise and celebrate the contributions that garment workers make to our business.

¹ Source: Bespoke survey via OnePulse of 500 16-24 year old females in the UK, March 2020.

3.6 In our review of our Leicester supply base, we found that whistle-blowers can be scared to speak up about exploitative practices in the industry, including minimum wage violations. This was a key driver for us setting up the Garment & Textiles Community Trust in Leicester. It is incredibly important that workers have a voice and feel secure in raising concerns.

4 . How could employment law and payment of the minimum wage be more effectively enforced within the UK fashion industry?

4.1 We intend to implement Alison Levitt QC’s recommendations in her Independent Review of our UK supply chain, which we published in full, and have already laid the groundwork of our agenda for change. We accept full responsibility for seeing this through and ensuring our compliance processes are robust.

4.2 Alongside this, we think it is important to note Ms. Levitt’s criticism of the relevant authorities, because we agree with her argument that retailers and the authorities must develop ways to work better together. Ms Levitt found that “inaction by the authorities has contributed significantly to the deficiencies” found in Leicester and that “there was a powerful argument for the need for meaningful collaboration between retailers and the statutory authorities in Leicester”.

4.3 We are committed to working with the government, statutory authorities and others in the industry to ensure employment law and payment of the minimum wage is enforced more effectively, and we would urge the government to continue to engage with retailers on this issue. We are working closely with the GLAA and have already shared documents with them to support their work in eradicating illegal practice.

4.4 The boohoo Group recognises that in order to effect real change in the Leicester textile industry, further clear, strong, and measurable actions are needed from us in addition to those that the Group was already undertaking. This is why we are currently adopting a new model to audit compliance across our global supply chain, supported by Bureau Veritas.

4.5 As part of our journey of continuous improvement we are currently consolidating our approved UK supplier list and expect it to be fully consolidated within the next four and a half months. Inherent in this is our commitment to exit responsibly, especially in light of the current economic difficulties as a result of the pandemic. In this timeframe, we will also invite new suppliers who have a track record of ethical and sustainability policies to be included on our supplier list, and extend our independent audit programme to the rest of our UK and global supply chain.

4.6 We recognise that many workers not being fully aware of their rights and obligations is a widespread issue in the garment industry. As a result, we have committed to increasing our work with statutory and civil society partners to ensure that workers understand their rights, can exercise them and can represent their interests. We are deeply committed to providing support, community advocacy and advice services for those working in the local garment industry in Leicester. It is incredibly important that workers have a voice and the opportunity to raise concerns with an independent party on the ground.

4.7 This is why, 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. The trust will provide access to guidance and advice for workers in the industry regardless of whether they work in our supply chain or not. It will also advocate the voice of workers in the industry with the aim to further highlight, understand and implement positive changes for workers at the heart of the industry.

5 . What are the pros and cons of proposals to license factories or more strongly regulate purchasing practices?

5.1 The Independent Review, referenced above, outlined clear recommendations that we as a business should take to improve traceability through our supply chain, improve compliance processes, strengthen governance processes and implement a new set of strengthened purchasing practices. We accept these recommendations and have clear plans in place to implement them.

5.2 However, Ms Levitt was also clear in her assessment that authorities need to do more to protect the rights of workers and we endorse the BRC's proposal to implement a 'fit to trade' licensing scheme for garment factories. To attain a license, factories would need to be checked to ensure that they are operating in line with the law and it is recommended that the agencies would, at a minimum, cover protection of workers from forced labour, debt bondage and mistreatment, ensuring payment of National Minimum Wage, VAT, PAYE, National Insurance, Holiday Pay and Health and Safety.

5.3 Factories would be checked on a regular basis to verify that they are compliant with the law and those that prove repeatedly that they are would likely be checked less frequently in time. If the business fails to improve following warnings, then it would no longer be able to operate.

5.4 It seems sensible that this scheme would extend the licensing powers of the GLAA, covering produce, supply chain and horticulture industry, so close engagement with the GLAA to understand what works well in the current scheme and what improvements should be made would be an important starting point.

5.5 We are ambitious for the UK garment industry to grow, innovate and tackle challenges around good practice wherever they are found. We want to play our part in driving up standards in the UK textiles industry; licensing has an important role to play in ensuring that this happens across the entire industry.

6. What would be the most effective measures industry or Government could put in place to ensure that materials or products made with forced or prison camp labour are removed from the supply chain?

6.1 We would urge the government to consider carefully the difficulties inherent in mapping global supply chains, and to engage with the broader fashion industry regarding how we can work together on this important issue. To tackle products made with forced or prison labour in UK supply chains, it will be important that any new policies the government implement are developed in collaboration with industry, so that they reflect the realities of global supply chain management and complement internal systems that are already in place. We unequivocally do not condone forced or prison labour and are deeply committed to working collaboratively with industry partners, the government, relevant agencies and NGOs to solve these serious issues wherever they are found.

6.2 As a fast-growing business, boohoo is working hard to increase visibility across our supply base. Achieving supply chain transparency is a significant undertaking that requires co-operation from a very large number of stakeholders.

6.3 Nonetheless, we are committed to increasing transparency. We are also committed to working with our suppliers and the wider industry to drive up standards and ensure that our entire supply base is adhering to our Code of Conduct.

6.4 We have contacted our Chinese suppliers in August and all suppliers in October to confirm that they are not sourcing from factories in the Xinjiang Uyghur Autonomous Region, either directly or indirectly. We have made clear that we will not accept products from this region.

6.5 Bureau Veritas offer a world-leading testing, inspection and certification programme, and we have commissioned their services for mapping our global supply chain, as well as audit booking and data mining. This programme will further include regular metrics and analysis.

6.6 Our Code of Conduct explicitly states there must be no forced, bonded or involuntary prison labour, and that workers should be free to leave their employer after a reasonable notice period. It also stipulates that suppliers must have policies in place that guard against slavery and human trafficking.

7. How can any stimulus after the Coronavirus crisis be used to promote a more sustainable fashion industry?

7.1 Investment and economic stimulus that aims to promote a more sustainable fashion industry should focus on promoting more sustainable materials, encouraging innovating in material recycling and providing customers with routes to recycle their garments easily.

8 . Is the Sustainable Clothing Action Plan adequate to address the environmental impact of the UK fashion industry? How ambitious should its targets be in its next phase?

8.1 Since we joined the Sustainable Clothing Action Programme we have found this group invaluable in helping us to understand the environmental impact of the clothes that we sell, map our materials mix and start to put in place our plans on sustainable products.

8.2 They published the results of the 2020 programme on 10 November as well as announcing the 2030 commitments.

8.3 In developing the forward looking targets SCAP and the members have challenged ourselves to be as ambitious as possible, building models based on the science and incorporating all of the environmental impacts of the industry in the round.

8.4 We believe that this collaboration will fast track circular business models and build on the solid foundations of the SCAP 2020 work. We plan to be a signatory of the SCAP 2030 at its anticipated launch in April 2021.

9 . What actions could Government take to improve the collection of fashion waste?

9.1 We would recommend that the government speak in detail with experts in the waste and charity sectors on this question as it is complex. There are well established systems whereby clothes are sorted, resold, exported and down-cycled (e.g. into mattresses and insulation). There are also interesting innovations working to manage textile waste at a manufacturing level as well as post-consumer (e.g. chemical recycling).

9.2 The biggest challenge on fashion waste is making it easy for consumers to recycle garments at the end of life and avoid contamination which can limit reuse. Brands can of course promote schemes such as ReGain and organise customer clothing collections, but a consistent approach led by government would be very welcome.

9.3 In addition, looking at ways to scale up the innovations in fibre recycling in the UK would help to increase the value of garments that can't be re-sold or reused.

10 . What actions could the Government take to incentivise the use of recycled or reused fibres and materials in the UK fashion industry?

10.1 Recycled fibres and sustainable alternatives are in high demand in the fashion industry. Businesses are developing recycled ranges such as our 'for the future range' and trying to increase the recycled content of their products, working with suppliers to scale up this work. Groups like SCAP and the SAC are invaluable in helping companies to prioritise the action they are taking.

10.2 However, we need to continue to drive improvements in the fabric to fabric recycling process through pre or post-consumer waste and innovations in this area will be an important part of meeting the SCAP long term targets.

10.3 The important point to note is that the government needs to be careful that any approach taken to encourage recycled content does not detrimentally impact on the longevity of product or disincentivise more sustainable alternatives that are being introduced.

11 . How could an Extended Producer Responsibility scheme for textiles be designed to incentive improvements in the sustainability of garments on sale in the UK?

11.1 We have taken part in consultations on an extended producer responsibility scheme with other retailers, charities and waste management companies. Many of the points raised above are relevant.

11.2 We are interested in contributing to future discussions and are keen that any scheme drives the right outcomes to improve the textile collection and recycling infrastructure, maximise resource re-use, encourage innovation in new recycling technologies and circular product design.

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