

# Publication of and response to Independent Review

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For Immediate release

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The information contained within this announcement is deemed by the company to constitute inside information stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.

**boohoo group plc**  
**"An agenda for change in UK garment manufacturing"**

On 8 July 2020 the Board (the "Board") of boohoo group plc ("boohoo" or the "Group"), announced that it was undertaking an Independent Review (the "Independent Review") of its UK supply chain. Alison Levitt QC was appointed to conduct the Independent Review, the purpose of which has been to consider boohoo's obligations and duties of care in relation to the workforce in its Leicester supply chain.

The Independent Review is now complete and was delivered to the Board on 24 September 2020. In line with the Group's commitment to increase transparency, today we are publishing the review in full on our PLC website.

## **Review scope**

The scope of the review was to:

1. consider whether the allegations about working conditions and low pay are well-founded; and if they are;
2. consider the extent to which boohoo monitored its Leicester supply chain and had knowledge of the allegations;
3. consider the Group's compliance with the relevant law; and
4. make recommendations for the future.

Ms Levitt's Independent Review has identified many failings in the Leicester supply chain and recommended improvements to boohoo's related corporate governance, compliance and monitoring processes. It goes on to state 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 implemented 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. Nevertheless, with the benefit of hindsight we regret that these processes did not advance quickly enough.

Ms Levitt is satisfied that boohoo did not deliberately allow poor conditions and low pay to exist within its supply chain, it did not intentionally profit from them and its business model is not founded on exploiting workers in Leicester.

In its conclusion, the report states that "if boohoo is willing to take a different approach to how it both views and interacts with the Leicester supply chain, it has within its power to be a tremendous force for good." In addition, Ms Levitt is "confident that the adaptations which Boohoo should make involve a relatively easily-achieved realignment of its priorities and governance systems and that the Board should not feel discouraged. It has already made a significant start on putting things right."

## **Our actions to implement Ms Levitt's recommendations**

The findings and recommendations of the Independent Review are clear. The Group recognises that in order to effect real change in the Leicester textile industry, further clear, strong, and measurable actions are needed in addition to those that the Group was undertaking. The Board has reviewed and is wholly supportive of Ms Levitt's recommendations, and intends to implement these in full.

### **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.

**John Lyttle, Group CEO, commented:**

"Today we publish Ms Levitt's Independent Review in full. This has identified significant and clearly unacceptable issues in our supply chain, and the steps we had taken to address them, but it is clear that we need to go further and faster to improve our governance, oversight and compliance. As a result, the Group is implementing necessary enhancements to its supplier audit and compliance procedures, and the Board's oversight of these matters will increase significantly.

As a Board, we recognise that we need to rebuild confidence that these matters will be dealt with appropriately and sensitively, and that they will not recur. Garment workers in Leicester, and our suppliers across the city, are an important part of our success. We recognise that boohoo has been a major force in driving the textile industry in Leicester and today want to reinforce our commitment to being a leader for positive change in the city, alongside workers, suppliers, local government, NGOs and the community at large.

Today we are setting out the further steps we are taking to drive long-lasting and meaningful change that all stakeholders in the boohoo group will benefit from."

**Brian Small, Group Deputy Chairman and Senior Independent Director, and boohoo representative for the Independent Review, commented:**

"Although in some parts it makes for uncomfortable reading, I would like to take this opportunity to thank Ms Levitt on record for her diligent and thorough Independent Review, which we are making public in full today. We welcome in particular her clear recommendations, which we accept, and as a Board are committed to driving up standards in our supply chain and business practices. The Board is also committed to adding further independent experience, increased oversight on matters of compliance and business practices, and adopting higher standards of corporate governance."

**Investor and analyst call**

boohoo will host a conference call for analysts and investors at 08:00am (UK time). The dial in details for the call are as follows:

UK Toll Number: +44 3333000804  
UK Toll-Free Number: 08003589473  
Participant pin code: 74981457#

For international access numbers, please click [here](#).

**Notice of Results**

The Group will provide an extended update alongside its half-year results for the six months ended 31 August 2020 on 30 September 2020.

**Enquiries**

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**About boohoo group plc**

**"Leading the fashion eCommerce market"**

Founded in Manchester in 2006, boohoo is an inclusive and innovative brand targeting young, value-orientated customers. Since 2006, boohoo has been pushing boundaries to bring its customers up-to-date and inspirational fashion, 24/7. boohoo has grown rapidly in the UK and internationally, expanding its offering with range extensions into menswear, through boohooMAN.

In early 2017, the group extended its customer offering through the acquisitions of the vibrant fashion brand PrettyLittleThing, and freethinking brand Nasty Gal. In March 2019, the group acquired the MissPap brand, in August 2019 the Karen Millen and Coast brands, and in June 2020 the Warehouse and Oasis brands, all complementary to the group's scalable, multi-brand platform. United by a shared customer value proposition, our brands design, source, market and sell great quality clothes, shoes and accessories at unbeatable prices. These investment propositions have helped us grow from a single brand, into a major multi-brand online retailer, leading the fashion eCommerce market for 16 to 40-year-olds around the world. As at 29 February 2020, the boohoo group had just under 14 million active customers across all its brands around the world.

**Cautionary Statement**

Certain statements included or incorporated by reference within this announcement may constitute "forward-looking statements" in respect of the group's operations, performance, prospects and/or financial condition. Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words and words of similar meaning as "anticipates", "aims", "due", "could", "may", "will", "should", "expects", "believes", "intends", "plans", "potential", "targets", "goal" or "estimates". By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions and actual results or events may differ materially from those expressed or implied by those statements. Accordingly, no assurance can be given that any particular expectation will be met and reliance should not be placed on any forward-looking statement. Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. No responsibility or obligation is accepted to update or revise any forward-looking statement resulting from new information, future events or otherwise. Nothing in this announcement should be construed as a profit forecast. This announcement does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase any shares or other securities in the Company, nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contract or commitment or investment decisions relating thereto, nor does it constitute a recommendation regarding the shares or other securities of the Company. Past performance cannot be relied upon as a guide to future performance and persons needing advice should consult an independent financial adviser. Statements in this announcement reflect the knowledge and information available at the time of its preparation. Liability arising from anything in this announcement shall be governed by English law. Nothing in this announcement shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.

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