



boohoo

## Leicester's sweat shops: abuses in Boohoo's value chains (UK)

**Sector:** Garment and textiles

**Issues:** Worker exploitation, modern slavery, health and safety

**The company:** **Boohoo** Group PLC (Boohoo), founded in 2006, is a Jersey-registered fashion company with its headquarters in Manchester.<sup>1</sup> Brands falling within its ownership include Oasis, Warehouse, Pretty Little Thing, Karen Millen and Coast. Boohoo sources an estimated 60-70% of its garments from Leicester.<sup>2</sup> During the Covid-19 pandemic, it came to light that Boohoo disregarded the health and safety of workers in its value chains in Leicester.<sup>3</sup> At the same time, the company's profits soared with a 40% increase in revenue during the pandemic.<sup>4</sup>

**Affected rights holders:** Leicester is the central hub of the UK garment sector housing an estimated 1,000-1,500 factories.<sup>5</sup> Over a number of years, reports of poor conditions for workers in Leicester have repeatedly been highlighted. Research from 2015 revealed evidence of a two tier workforce with UK citizens, many of South Asian heritage, forced to supplement low wages with social security payments and undocumented migrant workers left to work extra shifts in worse conditions.<sup>6</sup>

Reports of the situation of up to 10,000 garment workers in Leicester described that they faced serious labour rights abuses including being paid as little as £3-4 an hour, less than half the legal minimum wage, and worked in conditions that have been described as amounting to modern slavery.<sup>7</sup> In an interview with Homeworkers Worldwide in September 2017, one worker recounted:

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*We're paid in cash... instead of a bank transfer. They give us payslips but they only show 16 hours a week at £7.50 an hour, whereas in fact we're doing many more hours than that... usually we do 40 hours a week from 8am to 6pm and we're paid around £500 a month.*<sup>8</sup>

## Details:

In 2017, Parliament's Joint Committee on Human Rights published a report that included an examination of evidence of abuses in the UK garment and textiles industry.<sup>9</sup> It heard “compelling evidence... that labour rights abuses are endemic in the Leicester garment industry”, with the most common forms of abuse including “payment of wages below the minimum wage, lack of employment contracts and significant disregard of health and safety regulations”.<sup>10</sup>

In February 2019, Parliament's Environmental Audit Committee (EAC) published its report, *Fixing Fashion: clothing consumption and sustainability*.<sup>11</sup> This drew on evidence the EAC considered in 2018 and included the contrast between “a dress on Boohoo that retailed at full price for £5”,<sup>12</sup> and “concerns about working conditions and illegally low pay in the garment manufacturing hub of Leicester”.<sup>13</sup> It referenced that “the buying practices of some online fashion retailers may be putting UK clothing manufacturers in the position where they can only afford to pay garment workers illegally low wages...”.<sup>14</sup>

When Boohoo provided evidence to the EAC, it was pressed on its failure to recognise trade unions.<sup>15</sup> Its statement that there did not appear to be demand for a union from workers in its Burnley warehouse was contradicted by the union of Shop, Distributive and Allied Workers.<sup>16</sup>

On 5 July 2020, the Sunday Times published an investigation that alleged labour exploitation, deplorable working conditions, and illegally low rates of pay – as low as £3.50 an hour in Leicester-based factories making clothes for Boohoo. It noted that at the relevant time, the minimum wage in Britain for people aged 25 and over was £8.72.<sup>17</sup>

As a result of the allegations, Boohoo commissioned Alison Levitt KC to conduct an independent review into whether the allegations were well-founded, the extent of Boohoo's knowledge of the conditions in its supplier factories, whether it was compliant with the law, and to make recommendations for the company's future operation.<sup>18</sup>

The review found that a significant number of Boohoo's Leicester suppliers and sub-contractors within the sample selected for the purposes of the report had poor working conditions and low rates of pay.<sup>19</sup> Boohoo's monitoring of its Leicester value chain was found to be inadequate, and this was attributed to its weak corporate governance. It found that “much of the time, Boohoo simply has no idea where its clothes are being made and thus no chance of monitoring the conditions of the workers who make them”.<sup>20</sup>

It determined that since December 2019 at the very latest, senior Boohoo directors had been aware of the allegations associated with its suppliers in Leicester, and while the company put in place a programme intended to remedy the working conditions, it did not act with the haste required. The report also found that Boohoo failed to take responsibility for the worsening conditions and serious risks faced by workers during the lockdown.

The review included an assessment of documents including social audit reports and email correspondence relating to compliance. The document review of the 49 companies in the sample revealed incidents of non-compliance relating to employment contracts, working hour records, payment practices, payment of national minimum wage, health and safety standards including locked fire doors, buildings in disrepair, non-potable drinking water and an absence of a Covid-19 risk assessment.<sup>21</sup> In November and December 2019, ethical audit company, Verisio, carried out an audit of sub-contractors to two of Boohoo's first tier suppliers which led its Managing Director to conclude that one of the factories “has the worst conditions that I have seen in the UK and is not safe for workers”.<sup>22</sup>

Spot checks conducted by Verisio on a sample of Boohoo suppliers and sub-contractors in July and August 2020 found non-compliance with regard to working hour records, payment practices and minimum wage payments indicating that workers were paid £3 per hour and suffered delayed payment of wages for up to seven weeks. The review also concluded that many workers did not have proper contracts, were not entitled to paid holidays or sick pay, and that working hours were frequently excessive and inadequately remunerated.<sup>23</sup>

As well as finding inadequate monitoring of the company's value chains, the Review also found systemic failure to act on issues once they were raised or detected. It found that "there were a series of warnings and red flags, both from inside and outside the company, which Boohoo ignored. By the time they began to take notice, it was too late".<sup>24</sup> However, the report found that there was no evidence that the company itself or its officers had committed any criminal offences.

## How could a UK Business, Human Rights and Environment Act have made a difference?

In our assessment, under a UK Business, Human Rights and Environment Act, Boohoo would have been legally required to actively monitor the working conditions in its Leicester supplier factories, and to take immediate action to remedy instances or patterns of wrongdoing as soon as they were found. It is also arguable that this might have helped prevent much of the suffering endured by factory workers for years.

The Corporate Justice Coalition (CJC) and the Business & Human Rights Resource Centre (BHRRC) commissioned Tim Otty KC and Naina Patel of Blackstone Chambers to assess whether Boohoo could have been held liable under a new UK mandatory human rights and environmental due diligence law.<sup>25</sup>

Without Boohoo taking action to mitigate potential harms, it seems likely that liability would have been established as a result of a determination that the harms were directly linked to its products. In their view, it seems arguable that Boohoo could have been said to have caused or contributed to those harms through its activities (both its actions and omissions), i.e., its weak corporate governance, inadequate monitoring of its value chains at the relevant time, exploitative purchasing practices and permitting sub-contracting to further decrease its oversight.

Workers affected by abusive labour practices in Leicester factories would likely have had access to justice before the UK courts.

## The legal opinion concludes:

*"Of course, it is difficult to speculate as to whether Boohoo might have behaved differently had such legislation been in place. However, Boohoo's story is a compelling example of a situation in which such legislation might have made a difference, either by encouraging appropriate action to be taken earlier or by providing a means of redress for those affected by the allegations found to be substantially true."*<sup>26</sup>

- 1 The Guardian (18 June 2021), "[Boohoo accused of failing to improve working conditions in its supply chain](#)"; The Guardian (10 July 2020), "[The billionaire Boohoo family who started with a market stall in Manchester](#)".
- 2 Fashion United (7 July 2020), "[Boohoo under fire, over 1.1 billion pounds wiped off company value](#)".
- 3 Labour Behind the Label (June 2020), "[Boohoo & Covid-19: The people behind the profits](#)".
- 4 Business Live (14 January 2021), "[Boohoo sales soar in lockdown despite attention on working practices](#)".
- 5 Labour Behind the Label, "[UK Garment Industry](#)". Accessed 21 December 2022.
- 6 University of Leicester (2015) "[A New Industry on a Skewed Playing Field: Supply Chain Relations and Working Conditions in UK Garment Manufacturing](#)".
- 7 The Guardian (23 January 2020), "[National shame: MP sounds alarm over UK fast fashion factories](#)".
- 8 HomeWorkers Worldwide (27 July 2019), "[The Greater Manchester textile and garment industry: a scoping study](#)", p. 11.
- 9 Joint Committee on Human Rights (5 April 2017), "[Human Rights and Business 2017: Promoting responsibility and ensuring accountability](#)".
- 10 Joint Committee on Human Rights (5 April 2017), ss. 38-39.
- 11 UK Parliament (2019), "[Fixing fashion: clothing consumption and sustainability](#)".
- 12 UK Parliament (2019), p. 6.
- 13 UK Parliament (2019), p. 15.
- 14 UK Parliament (2019), p. 17.
- 15 UK Parliament (2019), p. 19.
- 16 UK Parliament (2019), p. 19.
- 17 The Times (5 July 2020), "[Boohoo: fashion giant faces 'slavery' investigation](#)".
- 18 Alison Levitt QC (24 September 2020), "[Independent Review into the Boohoo Group PLC's Leicester Supply Chain](#)".
- 19 Alison Levitt QC (24 September 2020), p. 219.
- 20 Alison Levitt QC (24 September 2020), p. 210.
- 21 Alison Levitt QC (24 September 2020), pp. 65-66.
- 22 Alison Levitt QC (24 September 2020), pp. 175-176.
- 23 Alison Levitt QC (24 September 2020), p. 219.
- 24 Alison Levitt QC (24 September 2020), p. 215.
- 25 Corporate Justice Coalition (22 October 2021), "[Legal opinion says Boohoo could have been liable for human rights breaches under a new UK law](#)".
- 26 Corporate Justice Coalition (22 October 2021), p. 27.