**Pretty Little Thing Q&A**

The board of FC United recognises that co-owners may have questions and concerns about the recently announced sponsorship deal with Pretty Little Thing and has therefore set out to answer what it anticipates will be some of the likely questions below.

**Who is Pretty Little Thing?**

Pretty Little Thing is a Manchester-based fast fashion retailer which produces affordable clothing aimed predominantly at young women. The company, which was founded in 2012, is owned by the Boohoo Group which also owns several other high profile fashion brands including Burton, Oasis and Dorothy Perkins.

In its latest set of accounts Pretty Little Thing reported annual revenue of £516 million with 6.3 million active customers and more than 12 million followers on Instagram.

**How did the deal with Pretty Little Thing come about?**

Pretty Little Thing approached FC United and said that they were interested in supporting women’s and girl’s football in Manchester following the popularity of last summer’s Women’s Euro 2022 tournament and the success of the England women’s team. They have previously sponsored an FC United match but were clear that they wished to offer more substantial support to the club this time round.

This approach by PLT was referred to the club’s Commercial Committee (and the board was also made aware) and the committee undertook a considerable amount of due diligence on PLT and its parent Boohoo Group to ensure that it complied with the club’s ethical sponsorship and corporate partnership policy before giving Natalie Atkinson (Chief Executive Officer) and Frances Fielding (Commercial Manager) the green light to commence discussions.

Natalie and Frances subsequently met with the company’s Chief Executive Officer and the board and Commercial Committee have supported Natalie and Frances in securing this partnership.

**What’s the value of the deal and what period does it cover?**

This sponsorship deal is a five figure sum and covers the period from 1st January to 31st December 2023. This is the single biggest sponsorship deal in the club’s history.

In addition PLT have also donated generously to our Big Coat Day campaign and our Christmas Cracker Holiday Activity Programme for young people.

**How do we vet companies before we meet them to enter into possible sponsorships?**

Since the approval of the club’s ethical sponsorship and corporate partnership policy in February 2022 the club has checked that any potential club sponsors comply with the policy which sets out that:

“The Club will not work with, or accept donations from, organisations whose activities, policies, aims or objectives are or have in the past been contrary to the core principles contained in our manifesto, or our broader vision and strategic goals”.

“The Club will not have relationships with organisations or industries whose principles, policies or conduct are in obvious conflict with the Club’s values or where, in the Club’s view, public perception of such organisations and industries might undermine the Club’s reputation or credibility and/or damage our relationship with our stakeholders”.

In addition it stipulates that the club will avoid working with organisations involved in a number of activities which include human rights violation (including modern slavery) and overt tax avoidance.

A member of the Commercial Committee subsequently undertook a considerable amount of due diligence on Pretty Little Thing, and its parent company Boohoo, examining its ethical, environmental and governance policies and performance and concluded that the policies and procedures that the company has adopted since 2020 are comprehensive and that it satisfies all aspects of the club’s ethical policy.

**The club’s ethical policy mentions ‘modern slavery’ – wasn’t Pretty Little Thing accused of being involved in modern slavery relatively recently?**

The Boohoo Group was accused of modern slavery in July 2020 after an undercover investigation by the Sunday Times discovered that the company were paying their garment workers £3.50 an hour at a factory in Leicester – less than half the minimum wage at the time for those over 25. The workers’ rights group Labour Behind the Label found that staff were also “forced to come into work whilst sick” during the pandemic which was later linked to an increase in Covid cases in Leicester.

The club’s due diligence on PLT and its Boohoo Group parent company indicates that it has made great strides to address the concerns that were raised regarding pay and working conditions in its supply chain in 2020. The company’s initial response was to commission an independent report into the policies and practices of the group covering all aspects of supply and manufacturing. This was conducted by a senior QC Alison Levitt and the review highlighted a number of issues that required immediate attention and others that required policy development and planning.

The company accepted the report’s findings and subsequently developed an “Agenda for Change” programme that has resulted in major changes to its supply chain. The implementation of this change programme was overseen by the management consultancy firm KPMG and its completion was officially signed off by KPMG in February this year. The former High Court judge Sir Brian Leveson, best known for leading the inquiry into the press ethics after the phone hacking scandal, was also invited by the company to independently audit the implementation of the programme.

The fundamental changes to the company’s supply chain include:

* Publishing an annual ‘modern slavery statement’ which sets out how the company treats its workers and emphasises its commitment “to protect worker welfare and human rights throughout the group’s supply chain”.
* Conducting forensic reviews of all UK suppliers to ensure that all operations are legally compliant.
* Publishing a global manufacturing list, every six months, which sets out where the company sources its products from.
* Signing up to the International Accord for Health and Safety in the Textile and Garment Industry which is a legally binding agreement between more than 180 garment brands and retailers and trade unions to ensure that textile and garment factories are safe.
* Registering with the Open Apparel Registry which offers an interactive mapping of the company’s global supply chain.
* Opening a “manufacturing centre of excellence” in Leicester that champions high workplace standards.

**It sounds like significant progress has been made but why was there a protest about working conditions outside Pretty Little Thing’s headquarters as recently as last month?**

The protest on Friday 25th November 2022, which was organised by Labour Behind the Label, was principally about the impact of Boohoo’s fast fashion model on the environment – hence the reason for staging it on Black Friday - but it also demanded that the company treats workers better particularly in light of an investigation by The Times newspaper into working conditions at Boohoo’s Burnley warehouse which was published on 22nd November 2022.

Responding to the accusations about its Burnley warehouse, a Boohoo spokesperson said the group takes the claims “very seriously” but added that it “does not believe the picture painted is reflective of the working environment at our Burnley warehouse”.

They went on to say that “making sure our people are safe and comfortable in their workplace is our highest priority. That is why more and more of our colleagues are choosing to stay here for longer, with our turnover rate continuing to fall year on year. We offer generous rates of pay, over and above the National Living Wage, with additional benefits including subsidised private healthcare. Through our employee engagement programme our colleagues tell us that they are happy with their working environment, feel valued and feel listened to.”

**The club’s ethical policy mentions ‘overt tax avoidance’ - wasn’t Pretty Little Thing’s parent company accused of tax avoidance?**

The head office of the Boohoo Group is in Manchester but the Boohoo Group is incorporated in Jersey and it also owns ABK Ltd, a holding company registered in Jersey, which sits just below the Boohoo Group in the company’s structure. When contacted by Ethical Consumer regarding its Jersey holdings the company stated that “the Boohoo Group and all its UK subsidiaries are registered for UK tax and pay UK taxes on all profits. There is no tax benefit to the group or any individual company from being registered in Jersey”.

**What about the environmental impact of Pretty Little Thing’s fast fashion model?**

Although environmental impact isn’t currently one of the criteria in the club’s ethical policy it is nevertheless a hugely important consideration and PLT and the wider Boohoo Group have attracted much criticism for the environmental impact of their promotion of fast fashion with products that tend to be trend-led, produced quickly and not designed to be resold or have any longevity.

However as part of our due diligence into the Boohoo Group it’s clear that it is also trying to clean up its act on this front too. As part of its change programme over the last couple of years Boohoo has launched a sustainability strategy that focuses on the smarter manufacturing of clothes (with better materials and less waste and packaging), offering better terms for suppliers and reducing its carbon footprint and significant progress has been made in these areas.

**Are Pretty Little Thing the kind of brand we want to be associated with?**

It’s clear that PLT and its parent company have had serious issues in the past with its supply chain but the process of due diligence into the company and its wider corporate structure that the Commercial Committee has undertaken has concluded that PLT and its parent company has significantly reformed its supply chain since 2020 to such an extent that PLT now represents a suitable partner for the club and, importantly, one which complies with our ethical policy.

The level of scrutiny we have given to this deal is very strong but we recognise that the process of reform that PLT and its parent company have embarked on is ongoing and therefore this deal isn’t a long-term one - it’s for one year initially - which provides us with an opportunity to review the partnership at the end of the contract and only look to extend the arrangement, by mutual agreement, if it has delivered what it is intended to and also that there hasn’t been any more controversy regarding the club’s supply chain.

**But doesn’t the ethical policy also refer to activities “in the past” that have been contrary to the club’s core principles and values?**

Yes, the ethical policy refers to activities “in the past” but, as mentioned at last month’s board meeting, the board feels that there are some elements of the policy – of which this is one - where practical application has indicated that some amendments to the policy might ned to be considered. It should be remembered that the ethical policy was only approved as recently as February 2022 and this is one of the first occasions that it has been used practically.

It’s clear that there were significant issues with PLT’s supply chain “in the past” but, as mentioned above, the company has significantly reformed its supply chain since 2020 and we are assured, after a considerable process of due diligence that it represents a suitable commercial partner for the club.

It’s also perhaps worth noting that since we moved into Broadhurst Park FC United has received several thousand pounds from companies that have hired the ground out for filming purposes like Nike, for instance, who have been accused of using forced labour and sweatshops in their supply chain in the past.

**Has any consideration been given to any detrimental impact on other possible sources of sponsorship for the club as a result of this deal? For instance, many clubs at our level receive sponsorship from local trade union branches but it’s possible that trade unions may be reluctant to sponsor FC United following this deal?**

The major change process and radically different approach to the way in which PLT and its Parent are operating is in its early stages and any organisation that represents employees and suppliers may need more time to see tea impact of the change . This very true of FC and something we will continue to scrutinise with PLT.

**Is the money received to be used only for women’s and girls’ football at the club?**

The money received from this sponsorship deal will not be ring-fenced to be spent on women and girls’ football only but it is seen as significant backing for the club’s strategy on women and girls’ football which is due to be launched shortly and a partnership such as this with a leading female fashion brand has the potential to transform the lives of many women and girls in our local community. The impact we can make as a community organisation in terms of promoting physical activity, education, mental well-being and self-esteem for women and girls is at the forefront of this deal.

**What do Pretty Little Thing get from this deal?**

In return for their sponsorship Pretty Little Thing will receive the following:

* Official status as FC United of Manchester’s women’s and girls’ football partner
* Their logo featured on all marketing materials produced by the club to promote women’s and girls’ football and also their logo featured on the club’s website to highlight that they are the club’s official women’s and girls’ football partner
* A launch event to promote the partnership
* A press release to announce the sponsorship deal that is published on the club’s website and shared across all our social media platforms.
* Six pitch-side advertising boards
* Their logo to feature on all women’s match day digital assets for social media (line-up, kick-off, goals, substitutions, full-time etc)
* One match sponsorship package for a women’s game (and the same for a men’s game) in 2023.
* A full page colour advert in every FC United of Manchester match day programme
* Membership of FC United’s Business Club.

It should be noted that PLT had asked for their logo to appear on the women’s team’s training kit but, given our supporters’ preference for our kit to remain free of sponsorship logos (other than those that we are obliged to carry), we persuaded them to utilise the club’s considerable digital assets to promote this partnership.

**Does this deal represent outright commercialism?**

The club’s founding manifesto includes the commitment that “the board will strive wherever possible to avoid outright commercialism” but in the seventeen years’ since the club was formed we haven’t explicitly defined what we mean by ‘outright commercialism’. A five-point test was developed by a former board member several years ago but wasn’t formally approved by the board or even discussed at a board meeting.

However, in light of the size of this sponsorship deal the board felt that it was important to demonstrate that it avoids being seen as ‘outright commercialism’ and, in the absence of any other guidelines, the board and Commercial Committee has considered each of the questions in the five-point test set out below and concluded, particularly in light of the club’s current financial situation, that the deal avoids outright commercialism.

* Is the deal explicitly barred by any existing rule or resolution of the club? No
* Has any prior vote by the membership implicitly agreed to the deal through its direct consequences (eg. FA Cup entry/televised games) No
* Does the deal detract from, contradict or sit at odds with the other principles (values) outlined in the manifesto? No
* Is the deal necessary in light of the club’s financial situation, be that in the short, medium or long-term? Yes
* Is there any alternative and realistic option for raising the revenue that this deal proposes, within the same time frame? No

**What if there is further controversy relating to Pretty Little Thing – are we able to withdraw from this agreement?**

There is a termination clause in the contract for any material breach of terms that might impact on the club’s revenue or reputational damage.