

10 June, 2022

To: Daniel Francis Butters, Teneo

CC: Nitin Passi (Project Marley Newco / Nakai investments / co-owner)  
CC: Rajib Passi (Charge holder, Missguided / Project Marley Newco)  
CC: Ian Gray (Chair, Missguided)  
CC: Charles Edwards, Gavin George (Alteri / Project Marley Newco)  
CC: Dean Beales Insolvency Services  
CC: Dimitry Bejenar and Siegfried Kobal, ERS



Dear Teneo,

We are writing to you with regards to the current administration process at Missguided, to strongly urge you to prioritise the payment of debts to suppliers, thus respecting the legal rights of workers who made Missguided clothes.

Now that Missguided has entered administration it is crucial that suppliers are prioritised in the repayment of debts to prevent the permanent closure of many factories. Workers at a growing number of UK suppliers have not been paid owed-wages and an unknown number of suppliers, UK and overseas, have laid workers off without wages due to Missguided's non-payment.

Missguided has taken a number of damaging decisions in relation to payments to suppliers and workers in recent months. In the first week of May, Missguided took the decision to halt all payments to UK suppliers pending a successful search for new investment. Many overseas suppliers report having not been paid for goods received by Missguided since January 2022. No explanation for non-payment was received by suppliers and many reported receiving no answers to emails or calls. No suppliers were informed of the impending administration. Indeed, some brand representatives informed suppliers that there were no problems in the financial health of Missguided as late as April 2022 – this was blatantly untrue.

This poor communication and payment halt came after extensive discounting was applied unilaterally in December 2021 – discounting of at least 30% on order prices already produced. Many suppliers have stated that they were forced to accept discounts to prevent Missguided going into administration... Despite the internal moves towards insolvency, new purchase orders continued to be placed at suppliers by buyers at Missguided – right up until the end of May. This is unacceptable business practice.

In addition, customers were able – and encouraged – to place new orders on Missguided websites right up until the 30 May, despite the Missguided GXO warehouse reportedly refusing to allow orders to leave the warehouse since 25<sup>th</sup>/26<sup>th</sup> May, thus meaning that Missguided sold items which they knew could not or would not be delivered to customers.

Missguided stated publicly at the end of April that *“Missguided has made substantial operational progress since receiving new investment at the end of 2021, placing us on a sounder footing in a very short space of time.”* This is despite months of non-payment and a decision to halt all supplier payments at the start of May. This begs the question if non-payment to suppliers was in fact a *strategic* decision.

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Labour Behind the Label is an NGO which supports garment workers worldwide in defending their rights.

Labour Behind the Label is a workers' co-operative and not-for-profit company registered in England, no. 04173634

The Labour Behind the Label Trust is a charity for tax purposes, HMRC ref. EW0230

In January, Labour Behind the Label wrote to Missguided and Alteri Investments concerning their commitment to ensuring corporate social responsibility at Missguided. It now appears that our concerns were well founded and that Alteri investment in Missguided did not lead to a renewed commitment to ethical trading but instead to a further deterioration of the rights of workers in Missguided supply chain and an apparent abdication of responsibility towards the welfare of the industry.


We will be continuing to follow up on and highlight these responsibilities with your companies despite the current administration process. We will of course also be in touch with the Insolvency Services to investigate claims of fraudulent and wrongful trading.

Our questions are as follows:

1. When were administrators Teneo involved in Missguided and did Missguided staff and directors place new orders and receive orders from customers with the knowledge of impending administration and knowing that orders will not or could not be paid?
2. What action is Teneo taking to ensure workers that made Missguided clothes are being paid?
3. How is Teneo supporting Missguided suppliers facing financial difficulty?
4. What stakeholders is Teneo working with to monitor and ensure workers are paid wages correctly?
5. Will Teneo establish a fund to ensure payment of all supply chain workers' wages, and other payments (including social security etc) through the administration process?

**Our strong demand is that you respect and protect workers' rights in the administration process that you are in, and that supplier debt is prioritised. We would be happy to meet in the next days with you in order to discuss your response and what can be achieved**

Best wishes,



Dominique Muller  
Policy Lead, Labour Behind the Label