



THE VERY GROUP

The Very Group Summary of Impact of Coronavirus on our supply chains

Covid-19 has caused unprecedented impact on businesses and their supply chains. We want to be open about the challenges we have faced and how we are working with our suppliers to protect them and their people.

Over the past nine months, Covid-19 have vastly changed our customers' behaviour, including the types of items they buy. Substantial growth in many product areas and declines in others led us to examine our stock intake across all our categories, but particularly on fashion and home. We recognised these changes would impact our suppliers and, so have worked in partnership with them to mitigate issues where possible.

As the pandemic progressed, we had to phase back some orders and cancel others, whilst we continued to assess the situation. The total value of own brand fashion stock cancelled was 3.6% of our total annual spend, and in our home category it was less than 1% of our annual spend. The cancellation of orders was always discussed with our suppliers, rather than evoking force majeure clauses. In addition, we committed to covering suppliers' raw material or component costs of cancelled orders.

In order to continue supporting our suppliers throughout this difficult period, we have taken the following steps:

- As an online retailer we were able to continue to serve our customer during the pandemic meaning we could commit to honouring in full, on standard payment terms, all orders that were completed and due to leave the factory at the start of the pandemic.
- We have placed orders with suppliers throughout, particularly in growth categories, such as children's, leisure and home, enabling suppliers to continue production and ensure employment.
- All suppliers are still being paid on our standard payment terms of 90-days and have not been asked for any discounts on orders we have taken into the business. Where suppliers are unable to work to our 90-day payment terms, we have processes in place to enable them to expediate payments. A quarter of our own brand suppliers utilise this support.
- Given the changes in customer demand, we have deferred some products. In these cases, we have only deferred following a conversation with the supplier and worked to rephrase orders where possible. All orders originally deferred at the start of the pandemic have since been delivered and paid for. For any orders we have had to defer more recently as a result of ongoing challenges in the market, we are working with our suppliers to ensure suitable rephrasing and are covering costs where necessary.
- We recognise the importance of our suppliers to us and so have engaged with them individually regarding orders, adopting a bespoke approach, ensuring we find mutually agreeable solutions.

We understand that the pandemic has affected workers as well as suppliers. Through conversations with our partners, we have worked to ensure that workers have been paid for any orders made for, and shipped to, The Very Group during this time. We have also requested evidence from suppliers to support this. In countries where factories were closed due to the



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pandemic, we have spoken to suppliers about provisions made for paying workers during and in the most cases, we have seen factories cover at least a portion of workers' wages. This has been a challenge, particularly in countries like India where the government declared no work, no pay. In these cases, we are continuing to work with our suppliers to understand what has already been paid and what more can be done to improve the situation.

Given that we have been able to support our factories with orders, we have not yet seen any factory closures within our supply chain as a result of Covid-19. We are aware that this situation is ongoing, and our in-country teams will continue to monitor this closely over the coming months.

In regions where factories were able to remain open or have since opened, we have been working closely with our suppliers to ensure that all adequate safety measures are in place. In some regions our ability to visit factories in person has been limited, so the CSR team has been in direct contact with over 300 factories throughout to understand the measures put in place to ensure workers are working in safe conditions, with adequate PPE, distancing and sanitisation taking place. Alongside this, we have looked at other ways to support factories to implement better health and safety, including providing posters and training documents, based on WHO and government best practice guidance, to support increased understanding.

We recognise the importance of collaboration to find long term solutions to the impacts of Covid-19 on supply chains and, in May, we signed up to the ILO Garment Industry Call to Action. We remain active members of this group, which is driving action to support manufacturers during economic disruption and protect workers' incomes, health and employment. We are also collaborating with a number of other organisations, industry groups and partners, such as the ETI, BRC, UN Global Compact, and other brands to ensure support for the most vulnerable during these difficult times.