

# Corporate Responsibility Review Fashion with Integrity

ASOS is growing fast – and Fashion with Integrity remains at the heart of how we work. We're transparent, we're responsible, and we're inclusive. We're proactively working with others to transform the impact of fashion on people, animals and the environment.

**Together  
we're starting  
to tackle  
the really  
challenging  
issues**

Working collaboratively is key to achieving significant change at company and industry level. At ASOS we continue to embed the four pillars of our Fashion with Integrity (FWI) strategy into the day-to-day jobs of ASOSers across our business. We have dedicated corporate responsibility, ethical and sustainable sourcing teams, who are charged with enabling the people in our offices, warehouses and supply chains to bring Fashion with Integrity into the core of their business practice. Our seven FWI governance groups further promote internal collaboration, with 80 senior leaders and subject experts driving accelerated progress, and working

together to demolish internal barriers. This is helping us to start to tackle the really challenging issues like the circular economy, carbon emissions, textile waste and living wages in supply chains.

We are beginning to see some positive results from this cross-business way of working, although there is a great deal more to do and, like others in our industry, we recognise that we can only take things so far by ourselves. It's only by working together with suppliers and brands, customers, governments, industry colleagues and civil society that we can create a fashion industry

Our products	Our business	Our customers	Our community
Respecting people, animals and the planet with great products that our customers can trust	Achieving growth in a way that adds social value and minimises environmental impacts	Giving young people the confidence to be whoever they want to be	Investing time and resource to make a real difference in our communities

**asos**

F A S H I O N W I T H  
I N T E G R I T Y

## We're embedding FWI in every corner of our business



that is genuinely better for people, animals and the environment. Only by collaborating widely and taking bold steps together can we address the deep rooted, systemic issues, using our combined influence to create the necessary social and environmental change.

Meanwhile we have ambitious goals in place for the four pillars of FWI. In the following pages we give some examples of where we are making progress across our programmes to develop our products, our business, our customers and the community, including a focus on supply chain transparency to uphold human rights, a landmark agreement with a global trade

union, first steps towards closing the loop on product and packaging manufacture, and a move towards demonstrating truly inclusive fashion. They are just a few examples of work in progress towards a more inclusive and sustainable fashion industry, made in the full knowledge of our individual responsibility to reduce the harmful impacts of fashion and the urgent need for fast effective action. We are addressing this by embedding FWI in every corner of our business and giving our senior leaders clear responsibility for driving it forward. Whilst we strive to reduce harmful impacts, we try to use our influence as a force for good, promoting social change, diversity and self-confidence.

We are proud but not complacent about our achievements to date. We know there is more to be done and we believe we can get there, by working together.

**Louise McCabe**

Director of Corporate Responsibility

# Our products

## Respecting people, animals and the planet with great products that our customers can trust

**We're putting ethical trading, sustainable sourcing and animal welfare at the very heart of how we work.**

## Ethical trade

**It's our responsibility to make sure every worker in our supply chain is respected and protected**

### Ethical Trade team

To deliver our ambitious Ethical Trade programme, we've increased the headcount of our Ethical Trade team. We now have 17 people in our London team, as well as ethical trade managers in Turkey, China and Romania.

### ASOS brands

It's our responsibility to make sure every worker in our supply chain is respected and protected. So our ethical trade strategy is two-pronged – to improve our business practices from the top down to protect human rights in our supply chain, while empowering workers to realise their fundamental rights from the bottom up. Our key priorities are:

- **Supply chain transparency:** we recognise the importance of supply chain mapping and due diligence to uphold human rights and prevent undeclared subcontracting. We've mapped tiers 1 to 3 of our supply chain and developed and disseminated an Unapproved Subcontracting Policy. This makes sure suppliers declare all factories involved in manufacturing ASOS brand products and only use units that we've approved.

- **Buying practices:** we're committed to limiting negative human rights impacts resulting from how we buy our products. To this end, over the last year we've delivered internal training on purchasing practices to our Buying and Merchandising teams.
- **Freedom of association:** workers' rights to organise and bargain collectively are an essential step towards their enjoyment of other labour rights. We've signed a Global Framework Agreement with IndustriALL Global Union – a strong framework for implementing freedom of association in our supply chain.
- **Living wage:** all workers in our supply chain are entitled to a wage that meets their basic needs. We're part of the ACT initiative, which is working to establish living wages for workers through industry-wide collective bargaining linked to purchasing practices.
- **Gender equality:** women represent the highest proportion of the workforce in the garment supply chain and are vulnerable to exploitation. We've piloted a programme in Turkey, monitored by women's rights NGOs and academics, to educate women on gender equality.





**Our partnerships are essential to how we're creating real change in our industry**

- **Health and safety:** worker safety is a priority for us at all times. In the past year, we've closed 2,510 health and safety code breaches, helping to raise health and safety standards across our supply chain.
- **Modern slavery:** we're working with key stakeholders to address and reduce modern slavery risks in our supply chain. We've participated in meetings with the Bangladeshi and Mauritian governments, held a multi-stakeholder event to jointly address issues facing migrant workers in Mauritius, and established an ETI working group to agree on a common framework for improving the protection of migrant workers in Mauritius.
- **Child labour:** we're committed to having no unremediated cases of child labour anywhere in our supply chain. In the past year we've found and remediated nine cases of child labour in China and Turkey. In recognition of the challenges we've faced, we continue to carry out unannounced factory audits, prevent unapproved subcontracting and build relationships with local NGOs to deliver effective remediation.

### Third-party brands

Established in January 2018, our Third-Party Brands programme sets out to create industry 'transformation through collaboration' by driving a systemic shift in the way brands approach ethical trade and sustainability. We're doing this by developing ASOS into an industry hub for learning, supporting collaboration between brands and proactively choosing to work with brands who share our values. We work with the 1,195 third-party brands we stock to actively support them in putting in place these minimum requirements:

1. A clear Ethical Trade Policy
2. Transparency around 'Tier 1' (Cut Make Trim) factories
3. Compliance with the ASOS Restricted Substance List (RSL)
4. Animal Welfare Policy (if applicable)
5. Modern Slavery Statement (if applicable)

### Monitoring and supporting suppliers

We only work with suppliers who are committed to meeting our standards and improving conditions for the 174,282 people working in our supply chain. We currently have 175 suppliers, who between them use 864 Tier 1, 2 and 3 factories. In total, we source from 25 countries. Our regional Ethical Trade teams are located in our main sourcing regions – China, Eastern Europe,

India, Turkey and the UK – where over 92% of the factories making our products are located. Here are some examples of how we engage with our suppliers on ethical trade:

- **Factory assessments:** to check how factories are performing against our standards and to give support where needed, we carried out 426 audits, all unannounced, this year.
- **Supplier support:** we run yearly supplier workshops for ASOS brand suppliers in China, Eastern Europe, India, Mauritius, Turkey and the UK to raise awareness of key issues and advise suppliers how best to address them.

### Collaborating with others

Our partnerships are essential to how we're creating real change in our industry. Some we've continued to develop over the past year include:

- Conducting an independent review of our purchasing practices within the framework of the Action Collaboration Transformation (ACT) initiative on living wages, giving us a benchmark from which to refine our approach.
- Working with Anti-Slavery International, a world-leading NGO, to make sure our practices are in line with the UN Guiding Principles on Business and Human Rights.

# Sustainability

Our Sustainability team advise our retail teams and suppliers on how to design, source and innovate to create more sustainable products. The team also help our customers to reduce their own environmental footprint.

Over the past year we've focused on four main areas in our move towards becoming a circular fashion business.

## 1. A centre of excellence for sustainable design

We've set ourselves the ambitious goal of becoming a centre of excellence for sustainable design. Our first step towards this was to partner with the Centre for Sustainable Fashion at London College of Fashion to create a training programme for our design and product teams. Our target is to have trained all team members by 2020 on how to incorporate circular design principles into their ranges.

***"This training programme will equip our designers with the knowledge and skills they need to put sustainability and circularity into practice, ensuring clothing remains in use for as long as possible and doesn't cause unnecessary waste."***

**Vanessa Spence**  
Design Director

## 2. All materials responsibly sourced

We're working towards having all materials used in ASOS brands responsibly sourced by:

- Aiming to become the leaders for sustainable denim for 20-somethings by 2020 with post-consumer recycled denim as a core offering.
- Switching our most commonly used materials to more sustainably sourced fibres:
  - Cotton: moving from using 80% cotton from sustainable, organic and recycled sources in 2018 to 100% by 2025.
  - Polyester: increasing the amount of recycled polyester used in our garments.
  - Viscose: switching in 2018 to less harmful cellulosic fibres such as ECOVERO™ which has up to 50% lower emissions and water impact than regular viscose. Our policy since 2017 has been to make sure we're not sourcing fibres for viscose from ancient or endangered forests.
- Working with suppliers and internal teams to make sure sustainability is considered at every point in the manufacturing process.
- Training our Buying and Merchandising teams to increase engagement in product sustainability, including twice-yearly courses run by the Sustainable Fashion Academy.
- Adding feathers, down, mohair, cashmere, silk, bone, horn, teeth and shell to our banned materials list, which already includes fur and angora.



### 3. A mindful supply chain

Having a mindful supply chain for us means knowing where all our products come from back to raw materials, understanding the full environmental impact of our supply chain and having an action plan to reduce each impact.

Here's what we're doing to make this a reality:

- Mapping our entire supply chain – so far we've identified the country of origin for 46% of fibres.
- Using the Sustainable Clothing Action Plan's assessment tool to measure the environmental effects of our supply chain, and reducing our water footprint by 5% and carbon footprint by 12% for all products sold in the UK in 2017, versus a 2012 baseline – putting us well on our way to meeting our 2020 target of 15% in both areas.
- Using the Higg Index Facility Environmental Module (FEM) to help us identify where we can make improvements in the sustainability performance of our supply chain. We are rolling this out to our Tier 1, Tier 4, and Tier 5 suppliers.

- Taking part in working groups to address key issues, such as Microfibre Consortium, Canopy, the Changing Markets roadmap and Leather Working Group subgroups.

### 4. Empowering our customers to use and consume responsibly

- We're helping our customers to reduce their own environmental footprints and make more responsible choices when it comes to what they buy, and how this is delivered, cared for, repaired and disposed of by:
  - Using social media to get people thinking about how they care for, repair and recycle their clothes.
  - Highlighting more sustainable products and companies through Eco Edit and ASOS Marketplace.
  - Encouraging people to wash at 30 degrees through care labels and website reminders.
  - Launching a garment collection scheme and recycling programme in the UK and Germany, our two biggest markets, by 2020.

**We reduced our water footprint by 5% and carbon footprint by 12% for all products sold in the UK in 2017**

## Our business

# Achieving growth while adding social value and minimising environmental impact

## Our people

Supporting our customers, our own teams and our partners to realise their potential is how we make sure the ASOS brand stays defendable, differentiated and desirable. At the end of August 2018, there were 4,386 ASOS employees (ASOSers). The majority are based at our headquarters in Camden, North London and our Customer Care site in Leavesden, with smaller teams in Paris, Birmingham, Barnsley, Berlin, New York and Atlanta.

This year, we developed and launched employee behaviours, Being ASOS – a tangible means of bringing our values of authentic, brave and creative to life, and of protecting our unique culture as we continue to grow.

One of our most notable achievements this past year was being named the No.1 company to work for in the UK on the LinkedIn Top Companies 2018 List. This accolade has boosted our employer brand, increasing the number of applicants for each ASOS role and helping us to attract the brightest and the best to our business.

### Wellbeing

We do all we can to support the wellbeing of our ASOS family and to make sure we have the right strategies, initiatives and policies in place to help everyone be their best.

Our focus for the year was mental health. We introduced a Get Stuck In campaign designed to raise awareness around mental health issues and appointed mental health first aiders across the business. We also actively supported our people in managing upcoming changes like Brexit. Supported by immigration solicitors, we ran more than 80 legal sessions to equip ASOSers to make informed decisions and continue to perform at work in the face of this potentially

significant change. And we have a number of new ways to support our people coming soon, including updated family leave and benefit-offering initiatives.

### Learning

Our launch of The Academy is a game changer. This has created a world of continuous development for ASOSers, where people can access learning in the format they need it and at the time they want it. Our ASOS Festivals of Learning have highlighted the learning opportunities we offer to everyone, creating huge engagement in the process. Our Academy Ambassadors work tirelessly to keep this fresh and support an ongoing culture of learning in ASOS.

As you might imagine, we're very focused at ASOS on supporting and developing young talent. Our graduate programme saw 31 people complete the first programme cycle, and we had 42 paid interns growing and learning at ASOS during the past financial year.



# 23%

more ASOSers  
in 2018

# No.1

company to work  
for in 2018 (LinkedIn)

Academy Ambassadors encourage ASOSers to use our new self-serve learning platform

## We embrace everyone and want them to bring their best selves to work



ASOSers proudly marching in the GLAAD collection at Pride in London 2018.

### Diversity

We also set up our own Women in Tech (WiT) forum, a mentoring platform to encourage more women to move into technology, and are actively engaging with the broader external WiT community. We're very proud of our associations with Pride, as sponsor this year. Our LGBTQ+ history month encouraged our people to share their stories and reinforced our continuing focus on being a truly diverse and inclusive business. Together with the launch of our new behaviours, this provides genuine reassurance to all ASOSers that we embrace everyone and want them to bring their best selves to work.

### Gender Pay Report

This comprehensive piece of work undertaken during FY2018, shone a light on some real positives for ASOS and also on some areas where we need to do more.

ASOS is good at attracting female talent, with circa 64% of ASOSers being female. Our analysis showed that for equivalent roles,

men and women are paid the same. What we have is gender imbalance in certain parts of the business and so we have started to take steps to change this.

As a starting point we are:

- Creating mentoring programmes to support career progression for women into leadership roles;
- Improving our 'family friendly' policies to include flexible working and parental leave; and
- Funding 10 scholarships per year to encourage women to study STEM (Science, Technology, Engineering and Mathematics) at University, as well as working with schools and organisations like 'Girls Who Code'.

Over £1m has been allocated to invest in the above to ensure meaningful action is taken. For more information on gender pay gap reporting please visit our website: [www.asos.co.uk/corporate-responsibility/genderpayreportpay2018](http://www.asos.co.uk/corporate-responsibility/genderpayreportpay2018)

### Communication

This year also saw the successful launch of Workday: leading-edge, fully mobile-enabled technology to manage our key HR data, recruiting, absence, compensation planning, and talent and performance in one secure place. This gives us the tools to help ASOS deliver against 202x plans in a way that our legacy PX Systems simply could not.

The past year has also seen our employee forum In Touch go from strength to strength. As we continue to grow the business, this is an important way for ASOSers everywhere to share opinions and concerns, and make their voices heard.

We've also used a change survey to better understand the impact that the 202x transformation journey is having on our people and inform how we support them over the coming years. We've developed core principles, tools and a change forum to help make sure that we continue to evolve in a way that delivers the intended benefits for the business.

# Environment

As a purely online business, we have no bricks and mortar stores. We ship to 238 countries and territories from our fulfilment centres in Germany, the UK and the US, and have offices in Berlin, New York, Paris and the UK. Our biggest environmental impacts are carbon emissions from customer deliveries and the running of our buildings, and packaging waste. Through our Carbon 2020 strategy, we're reducing our carbon intensity per customer order (for business operations only) every year from 2015 to 2020. We're doing this by minimising our energy consumption and emissions from delivery and packaging, while increasing our renewable energy usage.

## Carbon footprint

Due to differing reporting timeframes, we can only publish emissions data from the previous year in this report. For the year ended 31 August 2017, our total carbon footprint rose to 264,895 tonnes of CO<sub>2</sub> (2016: 207,650 tonnes). Our overall emissions have increased by 28% compared to the previous year – this is primarily down to an increase in indirect emissions (scope 3<sup>1</sup>) as a result of increasing customer sales around the world.

Our carbon intensity has decreased again to 5.2kg CO<sub>2</sub> per customer order, keeping us on track to meet our Carbon 2020 commitment. This is largely because of more efficient operations and improvements made by delivery carriers to reduce emissions.

## Delivery emissions

Inbound supplier deliveries, stock movements between sites and outbound customer deliveries/returns make up the largest proportion of our footprint, accounting for 93.1% of emissions. We're working closely with our carrier partners to help them set targets to reduce their environmental impacts. We ask all carriers to show us action plans for how they're going to introduce at least three carbon reduction initiatives over a 12-month period.

## Building emissions

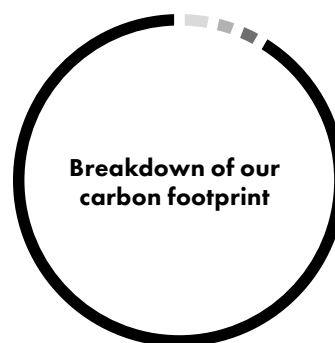
Emissions from our buildings make up 2.7% of our carbon footprint. While building emissions increased by 12% compared to the previous year due to increasing the size of our property estate, building emissions per employee and per square metre of floor space have fallen significantly – by 47% and 30% respectively. This is a direct result of energy efficiency measures we put in place across our buildings over the past year:

- As part of our London head office upgrade we installed highly efficient equipment: LED lighting throughout, lighting proximity sensors, centrally controlled heating and cooling systems and a building management system.
- We replaced lighting at our Atlanta warehouse with low-emission LED alternatives and ran a feasibility study on the installation of electric vehicle charging stations and solar panels.
- We completed a gap analysis at our Barnsley warehouse to prepare to implement ISO 50001, a best practice international energy management standard.
- We've mapped energy sourcing across the entire ASOS estate to create a roadmap for procuring more renewable energy in the future.

## Packaging emissions

We use over 59m plastic mailing bags and 7m cardboard mailing boxes a year. So we're continually reviewing our packaging sourcing and recycling options to find ways to reduce the volumes we use:

- We're trialling reducing the thickness of our mailing bags by up to 20 microns which will reduce plastic use.



- **3%** Buildings (gas, electricity, water, waste)
- **2%** Business travel
- **2%** Packaging
- **93%** Transportation of goods (inbound, inter-warehouse, outbound)

- We recycle packaging from customer returns, with the exception of our returns forms which at the moment aren't recyclable. During the past financial year, we recycled 1,845 tonnes of cardboard and 1,191 tonnes of plastic from EU returns to be turned into manufacturing pellets.
- We're trialling a closed-loop system, where returned packaging in the UK is recycled by our plastic manufacturer and made into new ASOS plastic packaging – to increase use of recycled plastic packaging.
- We're developing a packaging impact assessment tool to help us more accurately calculate the emissions associated with our mailing and garment packaging.
- We're a member of RECYcling of Used Plastics Limited (RECOUP), a not-for-profit charity, and are supporting its work to increase plastics recycling in the UK.
- We've introduced a plastic packaging take-back scheme to allow employees to deposit used packaging for recycling.

## Employee travel

Our business travel emissions remained relatively similar to the previous year. To counterbalance these emissions, we've invested in carbon-offset projects in China, India and Kenya, where many of our ASOS brand product suppliers are based.

<sup>1</sup> World Resources Institute Greenhouse Gas (GHG) Protocol

# Our customers

## Giving young people the confidence to be whoever they want to be

We focus relentlessly on reflecting the needs of our 20-something customers all over the world. We do this by making sure our products and communications are responsible, inclusive and celebrate diversity – and by providing the best possible customer care 24/7. We're completely committed to establishing a culture of inclusivity across ASOS, so that we truly represent the diversity of our customers in what we think, say and do.

### Mind and body

We want to give our customers the confidence to be whoever they want to be, so we take our responsibilities seriously when it comes to protecting their mental health, wellbeing and body confidence.

### Looking after our models

We've updated our Model Welfare Policy to help promote body confidence, so that models can look and feel their best on set. This year, we've also introduced a code of conduct outlining how we expect third parties, such as photographers and stylists, to maintain a safe, supportive and inclusive working environment.

### Promoting body confidence to our customers

We want our diverse customers to feel represented by the models they see on ASOS, and we're committed to showing real images of real people. We're now working

with a broader size range of models, and have introduced new technology that lets customers see the same product in multiple sizes. Through our retouching policy we commit to celebrating uniqueness, not flawlessness, by showing our models as they really are.

We have a long-standing partnership with the UK's eating disorder charity, Beat, to provide an online support service and helpline. Over the last year, we funded 27,439 support sessions for people with eating disorders and their loved ones.



## Disability

**Accessible digital platforms:** we're continually reviewing our websites and apps to make sure they're accessible. We now incorporate features such as screen readers, AA contrast ratios and dynamic text sizing in our native apps.

**Adaptive clothing:** we're actively exploring how to make our product offering suitable for customers who have a disability. This includes considering how we design adaptive or accessible clothing and how we signpost existing products that have accessible features.

**Business Disability Forum:** our membership of this group is helping us to become a more disability-smart organisation, through providing access to disability awareness training and building accessibility assessments.

**British Paralympic Association:** as official formal and ceremony wear supplier to the British Paralympic Association, we've helped 677 athletes and staff to look and feel their best at both the Rio 2016 and PyeongChang 2018 Paralympic Games.

**Scope:** between April and December 2017, we donated £122,661 in stock to disability charity Scope to help more than 600 disabled people to get back into work.



***"I worked with ASOS over several months to create a fashionable, yet practical waterproof all-in-one! Not just for people like me in a chair but anyone. It's about making fashion accessible."***

**Chloe Ball-Hopkins**

## LGBTQ+

**GLAAD:** we've partnered with GLAAD, the LGBTQ+ media monitoring organisation, to support 'Together Movement' and promote acceptance for all communities subject to discrimination. We also collaborated with them on a gender-neutral clothing range, which so far has raised over US\$220,000.

**Stonewall:** to further LGBTQ+ acceptance globally, we've joined the Diversity Champions programme managed by Stonewall, Europe's largest LGBT charity. We also use their Equality Index to measure our progress on workplace equality.

## Empowering women

In October 2017, our CEO signed the UN Women's Empowerment Principles, committing us to taking steps to advance and empower women in the workplace. We also publicly lent our support to the UN Women's #drawaline campaign to end violence against women and girls.

## Customer care

We're committed to providing an exceptional customer care service that's available 24/7. In the past year, we've handled 23.2 million contacts including phone calls, social media, emails and live chat.

So far this year, our Fraud Prevention team have mitigated over £10m of fraud attacks across 62,229 orders. To prevent unauthorised access to customer data, we also have technical and physical security controls in place, such as access restrictions, encryption of certain customer data and alert systems.

# Our community

## Making a positive difference to young people's lives in the communities where we operate



Our 2018 WASH project in Kenya provided water tanks, emergency water deliveries and toilet facilities for 3,600 children

Our diverse community work centres on our brand purpose: to give people the confidence to be who they want to be. This could be through helping employees be involved in projects that reflect their personal values. It could be through working with young people in our communities to remove barriers and enable them to reach their full potential – by getting into jobs, finding a home, starting a business, and more.

### ASOS Foundation

Through the ASOS Foundation (charity number 1153946), we contribute money, resources and expertise to community projects in the UK (where we have offices), India (where some of our product and IT suppliers are based) and Kenya (where the ASOS Made in Kenya range is made).

### UK

**Centrepunkt:** we're funding a mental health clinical lead responsible for developing Centrepunkt's mental health and wellbeing services for homeless young people. We're also supporting the Barnsley Health Hub, which has provided psychotherapy and healthy relationships support to 200 young people since opening in September 2017. We fund the Centrepunkt Helpline, which has helped more than 4,600 young people at risk of homelessness since its launch in February 2017.

**The Prince's Trust:** we've trained over 70 young people through technology, fashion and customer care courses in partnership with The Prince's Trust. In 2018, we offered 10 young people year-long trainee roles as service desk analysts, quality assurance engineers, merchandisers and buyers.

### Kenya

#### Project Pipeline with SOKO Community Trust

We've provided skills training to over 550 people in the community through Stitching Academy Kenya, along with workshops on financial literacy, IT, family health, business skills, money management and menstrual health.

Through the Kujua Initiative in Kenya, we provided sanitary kits, including washable pads, manufactured by Stitching Academy graduates from Made In Kenya fabric remains, to over 900 girls, as well as hygiene and confidence training in six schools.

### India

**Udayan Care:** we sponsor family style homes for orphaned and abandoned children in India in partnership with Indian charity Udayan Care. This year we funded and opened our second home for 12 girls, which includes an IT training centre and a community meeting space for a young women's mentoring programme.

### UK community work

We do most of our work in the UK near our employees' communities in London, Leavesden, Barnsley and Birmingham. Some examples of our UK community projects include:

- Continuing to support Call to Create at the Roundhouse in Camden, which offers circus, dance, poetry and music programmes for young adults.
- We also work with anti-bullying charity the Diana Award on the #MySenseOfSelf project – an interactive programme that tackles issues around body image, self-esteem and the impact of social media. Our lesson plan has been downloaded 4,716 times in the last year, potentially benefiting over 135,000 students.

### Employee involvement

Our colleagues are highly engaged in the wider community. We make sure to give them support, encouragement and opportunities to contribute in practical and effective ways. We have a number of workplace schemes to support those employees who want to donate their time or money – 'Give a Day Away', Payroll Giving, challenge events, and the opportunity to volunteer in India with the ASOS Foundation.