

CORPORATE RESPONSIBILITY

SUSTAINABLE SOURCING PROGRAMME

We're using our growing global reach to create, promote and sell products that are more socially and environmentally responsible. We're also passionate about engaging our customers on sustainability.

DEDICATED SUSTAINABLE SOURCING TEAM

The Sustainable Sourcing team sits within ASOS' Responsible Sourcing department and advises our retail teams and suppliers on how to design, source and innovate to create more sustainable products. By using our platform and social media reach the team also help to educate customers about sustainable products and encourage them to reduce their own environmental footprints.

Through participating in working groups and initiatives we're able to better understand, measure and minimise our own impacts on the environment. Read more about the organisations we collaborate with here.

ASOS' 2020 CIRCULAR FASHION SYSTEM COMMITMENT

At the Copenhagen Fashion Summit in May 2017, ASOS signed Global Fashion Agenda's call to accelerate the transition to a circular fashion economy.

As a signatory, we've committed to the following:

- By 2020, we will train all of our design teams on circular design techniques and best practice.
- By 2020, we will train all of our relevant product teams on circular principles and best practice for packaging.
- By 2020, we will launch a garment collection scheme and recycling programme for apparel for customers located in the UK and Germany, our two biggest markets. We will support this programme by engaging customers, through social media, on garment care, repair and recycle.
- Each year from 2018 2020 we will publish external targets for increasing post-consumer recycled textile materials in our products whilst eradicating those that cannot be cycled. We will report on our progress and continue this initiative past 2020.

In 2018, we launched a circular design pilot training programme in partnership with London College of Fashion's Centre for Sustainable Fashion. 100% of our ASOS design teams have now progressed through a series of workshops and discussions where they explore concepts, case studies and practical applications of circular design.

In October 2018, we launched a pilot clothing recycling programme with ASOS employees, to test a possible customer proposition. In March 2019, we participated in the Ellen Macarthur #wearnext campaign in the city of New York, joining forces with the fashion industry to tackle waste together. We continue to explore options around clothing take-back and hope to find an appropriate, scalable solution to meet our commitment.

Additional commitment updates will be available on the Global Fashion Agenda's website annually.

SUSTAINABLE SOURCING PILLARS

Our sustainable sourcing programme comprises four pillars:

- <u>Traceability</u> of raw materials: Mapping our commodities to better understand and influence how they are sourced.
- Lowering <u>environmental impact</u>: Increasing the conversion from traditional materials and processes to lower-impact alternatives.
- Building a circular fashion future: Using circular principles to guide our approach to product design, materials and manufacture.
- Engaging customers on sustainability:
 Surfacing sustainable products and engaging content to customers through the ASOS shopping journey to educate and inspire them

ASOS' approach to sustainable sourcing is holistic and considers the full lifecycle of our products in order to make the right design and material choices, limit overall environmental impacts and enable our customers to make considered choices.

Tara Luckman Head of Sustainable Sourcing, ASOS

PILLAR 1: TRACEABILITY OF RAW MATERIALS

We follow the principle that 'we can't manage what we don't know', so we've committed to building full transparency of our supply chain down to raw-material level. We have a number of initiatives in place to help us achieve this:

- We're currently mapping our cotton, viscose and leather supply chains.
- We meet regularly with ASOS Brands suppliers to build trust and encourage supply chain transparency. Alongside this, we have established internal working groups to champion our sustainable fibre goals throughout the business.
- We collaborate with organisations such as the Better Cotton Initiative, Leather Working Group, and CanopyStyle to help us better understand the complex nature of our supply chains, while providing us with responsible sourcing assurance.
- We've completed a transparency pilot with suppliers in India and Turkey to help us better understand our transparency systems and tools requirements, including how and what data to collect.

Read more about our partnerships here.

PILLAR 2:

I) LOWERING THE ENVIRONMENTAL IMPACTS OF RAW MATERIALS

By working closely with suppliers and expert organisations to source more sustainable raw materials, we're able to reduce our carbon, water and waste footprint, limit chemical and pesticide usage, prevent deforestation and protect fresh water and biodiversity.

Cotton: Our primary sustainable sourcing focus is on cotton as we buy more of it than any other fibre, and it is the most resource-intensive natural material we use. We define more sustainable cotton as Better Cotton Initiative, Cotton made in Africa, organic and recycled cotton. In 2017, ASOS, along with 35 other brands, signed up to the 2025 Sustainable Sourcing Challenge, pledging to source 100% more sustainable cotton by 2025. In 2018, we exceeded our sustainable cotton target and sourced 83% more sustainable cotton for our own brand products. Read our cotton case studies to find out more.

As we work towards our sustainable cotton target we're becoming increasingly confident our cotton is being sourced more ethically and sustainably, in alignment with our Cotton Sourcing Policy.

Procuring cotton in this way helps protect biodiversity, reduce water, pesticide and fertiliser use and prevents soil erosion, while preventing

unsafe and oppressive working conditions.

ASOS' Ethical Trade programme aims to ensure the rights of workers in our supply chain are respected and protected. We're a member of the Better Cotton Initiative's Better Cotton standard which does not allow Uzbek and Turkmenistan cotton to be sold by international traders or merchants, because forced labour is prevalent in these countries' cotton fields. We're encouraged by the ILO's engagement with the Uzbek government on this issue and look forward to the day when Uzbek cotton farmers will benefit from the methodologies of Better Cotton.

Cellulosic fibre: Wood based man-made cellulosic fibres, such as viscose (aka rayon), modal, and lyocell, made up 10% of all fibres sourced by ASOS in 2018/19. Since 2017, we've had a Wood and Wood Pulp Policy in place to ensure cellulosic fibres don't come from ancient or endangered forests. It's estimated that one third of all viscose comes from ancient or endangered forests, which is why we're working with the NGO Canopy to continually improve the transparency of our viscose and modal supply chains.

During the last financial year, we maintained progress towards achieving greater supply chain transparency, by tracing 95% of our viscose and modal fibres back to fibre producer.

Producing viscose and modal fibres can be chemically intensive, requiring carbon disulphide and sodium hydroxide. This is why we've signed up to the Changing Markets Roadmap which is working towards more responsible viscose and modal fibre production. Over the next year, we'll work with viscose and modal fibre producers in our supply chain to minimise the impact they have on workers, local communities and the environment. We've committed to regularly monitoring and supporting the fibre producers as they work towards a closed-loop system that ensures emissions controls and chemical recovery rates are in line with the EU Best Available Technique (BAT) standards.

Read more about the viscose process here.

Who is supplying ASOS with viscose and modal fibres?

The majority of our fibres come from Aditya Birla Group (Thai Rayon Company, PT Indo Bharat Rayon, Birla Jingwei Fibre company, Grasim. Birla Cellulosic, Graseline) and Lenzing (Lenzing Austria, Lenzing Nanjing, PT South Pacific). Less than 5% come from Sateri (Jiangxi, Fujian), Fulida Group, Tangsehn Sanyou, Shandong Bohi, Aoyang, Bailu Group, Nanjing, Jilin, Yibin, Shangdong Silver Hawk, Kelheim Fibers, Hubei Golden Ring, Enka and Asahi. We're committed to achieving even greater transparency in our viscose and modal supply chain.

As members of the <u>Sustainable Apparel Coalition</u> (<u>SAC</u>) we request that viscose and modal producers complete the Higg Facility Environmental Module (FEM 3.0) annually. These assessments help us to monitor their water and energy usage, chemical, wastewater and waste management systems and air emissions to identify any environmental risks associated with their production processes. We regularly review any identified or potential risks and put in place an agreed corrective action plan with the producer, where necessary.

Recycled fibre: We 're increasing the amount of recycled materials in our ranges to help us reduce our environmental impacts further. Working with our buying teams we're developing a Recycled Fibre Strategy for departments that use large volumes of synthetic fibres, cotton, denim or wool.

II) LOWERING THE ENVIRONMENTAL IMPACT OF OUR PROCESSES

Our suppliers and partner organisations are also helping us to reduce the impact of manufacturing processes on the environment, and on the health of those working and living in and around the sites where our products are made.

Wet processes: Wet processes such as dyeing and finishing use substantial amounts of water and involve large quantities of dyes and chemicals, which leave behind polluting residues. We're using Higg Facility Environmental Module (FEM) data to gain greater visibility on the environmental impacts of wet processing.

Denim is also a priority area for us. We're encouraging our denim suppliers to utilise low water and low chemical methods, such as ozone and enzyme finishing. Read our denim case study here.

Sandblasting: Garment sandblasting involves projecting fine sand with compressed air to create a worn look on denim and other products. Sandblasting can be extremely damaging to the health of workers and can lead to a potentially

fatal lung disease called silicosis. ASOS recognises the health and safety risks to workers and has banned the use of sandblasting within our supply chain.

Leather production: ASOS is committed to only sourcing leather from tanneries that have Leather Working Group (LWG) audit. To help us develop a roadmap to reach this ambition, ASOS is also collaborating with Tanneries of the Future to help tanneries within our supply chain work towards meeting an LWG audit.

The process of leather tanning requires significant amounts of energy, hazardous chemicals and dyes that can have negative health implications for workers, and pollute waterways and land surrounding the tanneries. By collaborating with organisations such as the LWG and Tanneries of the Future, we're ensuring that tanneries operate in a way that is safer for people and the environment. Read more about the work we're doing to reduce the environmental and health impacts of leather here and here.

Chrome VI is a heavy metal which is often formed from Chromium III chemicals used in leather tanning. We're working with our suppliers to ensure that all of the leather used in our products is compliant with REACH Chrome VI regulations, and we regularly test all of our ASOS Brands leather items to check suppliers are meeting these requirements. We're also educating our suppliers on how to reduce the formation of this chemical at the source of production.

Chemical management: Suppliers and brands must meet the requirements set out in our Chemical Policy/Restricted Substance List which is updated annually. ASOS Brands suppliers are required to submit high-risk materials and products, such as PU/ PVC, leather and embellishments for mandatory chemical testing. In addition to meeting global regulatory compliance, we have a thorough chemical due diligence testing programme in place to perform compliance spot checks against our Restricted Substance List. We use the results from the chemical due diligence testing programme to increase awareness and develop continuous improvement training programmes, for both suppliers and retail teams.

III) MEASURING OUR ENVIRONMENTAL IMPACTS

We believe we can only reduce what we can measure so we've joined Sustainable Clothing Action Plan (SCAP) and the Sustainable Apparel Coalition (SAC) so that we can accurately quantify our environmental impacts.

The Sustainable Clothing Action Plan (SCAP)

ASOS has been a member of SCAP since 2012. We use SCAP to assess our UK clothing production across its life cycle to find ways to make it less wasteful, and to reduce its carbon and water footprints.

As a signatory to SCAP's 2020 Commitment we're aiming to reduce the carbon and water footprint of ASOS Brands clothing by 15% by 2020, and are using SCAP's assessment tool to measure and report on our progress.

Read more about our work with SCAP here.

The Sustainable Apparel Coalition (SAC)

We've been a member of the Sustainable Apparel Coalition since 2016. SAC developed the Higg Index, a set of standardised sustainability measurement tools for all industry participants. The Higg Index includes facility, brand and product tools that measure environmental impacts across the supply chain. One of these tools is the Facility Environmental Module (FEM), which is completed annually by supply chain facilities. We're rolling the FEM out to our Tier 1-4 suppliers that make ASOS products and fabrics. We also request that fibre producers responsible for viscose production participate. The SAC Brand & Retail Module (BRM) is undergoing an update by the SAC, and therefore was not available for completion this year. However, we're committed to completing this annually to benchmark our sustainability performance. We'll also continue to utilise the Materials Sustainability Index (MSI) to inform our preferred material strategy.

PILLAR 3: CIRCULARITY

In line with the Global Fashion Agenda commitments we agreed to in 2017, we've been pursuing pathways to circularity in three priority areas:

- Investing in upskilling our design and product development teams in circular principles. In partnership with the Centre for Sustainable Design at London College of Fashion, we have co-created a curriculum on circular product design and successfully completed training with all of our design teams in 2018. We'll continue to expand this training to all of our teams involved in product creation, and to our supply base.
- Seeking pathways for product end-of-life, in order that we can address waste through customer use and disposal. We've completed internal pilot work, participated in city level public engagement in New York, and begun engaging our customers on clothing care and repair through our social channels. We continue to collaborate with the Ellen Macarthur Foundation and Global Fashion Agenda to find systemic, scalable ways to address clothing waste.
- Increasing our uptake of recycled materials, reducing our use of materials that cannot be recycled and tracking our progress annually.
 We operate a preferred materials list designed to support circularity and to direct our product teams and suppliers to lower impact materials.

PILLAR 4: ENGAGING CUSTOMERS ON SUSTAINABILITY

We want to make it easy for our customers to buy more sustainable fashion and beauty products, so they can reduce their own environmental footprints.

- In June 2019, we launched our responsible edit on asos.com to surface more sustainable products to our customers. We've added a new responsible filter to the website to help customers discover and shop products that have a positive impact on people, animals and the planet. We include a description of the sustainable or recycled fabric, fibre or production process used to create the product in the 'about me' section on every product page.
- ASOS Marketplace is a platform that allows customers to shop vintage and boutique fashion. Vintage and pre-worn items make up 76% of all products sold through the platform. Increasingly, we're highlighting sustainable and ethical initiatives from our Marketplace sellers through our social media channels
- We're increasing the emotional and physical durability of our clothing through our approach to circular design, introducing concepts such as reversible clothing for multistyling.
- We encourage customers to wash clothes at a lower temperature on ASOS care labels.
- We use our social channels to regularly engage with our customers about sustainable choices, clothing care and repair and recycling.

PROMOTING SUSTAINABLE FASHION INSIDE ASOS



We're empowering our Buying, Design and Merchandising teams to take ownership of our sustainable sourcing commitments and programmes. We've developed a number of resources to help them do this:

- Supplier scorecards: We produce supplier scorecards as a summary of a supplier's sustainability data to inform our sourcing decisions.
- Sustainable sourcing training: In order to embed sustainability within the business, the Sustainable Sourcing team runs an internal training programme for ASOS employees. The aim of this programme is to provide our retail teams with the tools and resources they need in order to deliver more sustainable products. Each season we also publish internal guidelines to support our teams to make more sustainable buying decisions. In addition, the Sustainable Sourcing team run workshops and events throughout the year to inspire our teams with the latest sustainable fashion innovations relevant to ASOS Brands clothing, as well as to keep them updated on industry developments.

RELATED CODES AND POLICIES

The following documents also guide our sustainable sourcing approach:

- Environmental Policy: This policy sets out ASOS' environmental commitments and how we will achieve them.
- ASOS Chemical Policy and Restricted
 Substance List: This policy communicates the acceptable limits of chemicals in finished products and packaging.
- ASOS Animal Welfare Policy: This policy defines which animal derived materials are banned and the good practice animal welfare standards we require our suppliers to meet
- ASOS Cotton Sourcing Policy: This policy outlines our minimum standards for cotton sourcing.
- Wood and Wood Pulp Policy: This policy aims to protect ancient and endangered forests.
- ASOS' 2020 Circular Fashion System
 Commitment: This document outlines our commitment to accelerate the transition to a circular fashion system.

36%

of all fibres used in ASOS Brands come from sustainable sources

76%

Of clothes sold on ASOS Marketplace are vintage or pre-worn items, contributing to our 2020 Circular Fashion commitments

187

Colleagues have participated in sustainability training at the Sustainable Fashion Academy

>10,000

Products listed through the responsible edit, our sustainable fashion platform





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