

CORPORATE RESPONSIBILITY

CARBON & ENERGY

CARBON 2020 STRATEGY

Our carbon strategy, Carbon 2020, aims to reduce our carbon intensity every year until 2020. Carbon 2020 defines key ambitions for the business that focus on reducing our energy consumption, and delivery and packaging emissions, while increasing our renewable energy usage. Please see our performance and commitments page for more detailed information.

When people hear 'ASOS' we want them to think we're a company that is leading the way when it comes to tackling climate change, and having a positive impact on the planet and the people on it

Nick Beighton CEO, ASOS

236,720 tonnes

carbon footprint for business operations (year ending 2018)

2020

carbon strategy in place to reduce our carbon intensity every year

25%

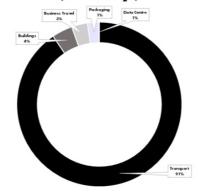
of UK operations powered by renewable electricity

10,000

energy efficient LED lights installed at our Atlanta fulfilment centre

CARBON FOOTPRINT OF BUSINESS OPERATIONS

Breakdown of our carbon footprint (tonnes CO₂e)



■ Transport ■ Buildings ■ Business Travel ■ Packaging ■ Data Centre

In the year ending August 2018, our total <u>carbon</u> footprint for our business operations dropped by 10% to 236,720 tonnes CO₂ (2017: 264,865 tonnes).

Overall, we cut our carbon footprint by 28,145 tonnes compared to the previous year, primarily by reducing the emissions associated with the transportation of goods.

We've also cut our carbon intensity (kgCO₂e/delivery) by 26%, keeping us on track to meet our Carbon 2020 commitment. We achieved this by decreasing the total tonnage of goods being flown from long-haul destinations and by implementing improved air and road freighting efficiencies.

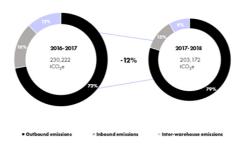
Our carbon footprint assessment includes all applicable Scope 1 and 2 sources and some Scope 3* – as stipulated by the <u>Greenhouse Gas</u> Protocol.

- Scope 1 emissions come from sources that are owned or controlled by the company, such as natural gas consumption.
- Scope 2 emissions account for greenhouse gas emissions from electricity and heat that is purchased from and generated by a third party.
- Scope 3 includes all other indirect emissions such as those from customer deliveries, business travel and commuting.

Please see our 2017-18 Greenhouse Gas Report for more information about our carbon footprint.

TRANSPORTATION OF GOODS EMISSIONS

The largest proportion of our footprint is comprised of inbound supplier deliveries, stock movements between sites and outbound customer deliveries and returns, accounting for 91% of our emissions. In the financial year ending August 2018, total emissions from the transportation of goods decreased by 12%.



Reducing carrier delivery emissions is an ongoing business priority for ASOS as the number of deliveries we make each year continues to rise. In 2016, we launched a strategy to work more closely with our carrier partners to help them better understand their environmental impacts and to make progress on reducing them. This includes upgrading to more efficient fleet, optimising routes and increasing load capacity to cut the number of vehicles on the road.

To reduce freight movements and associated emissions we've built more fulfilment centres located within our biggest markets. Our hub in Berlin is the central fulfilment centre for European orders (excluding the UK). In January 2019, we went live with our new fulfilment centre in Atlanta to serve US orders. Bringing our fulfilment centres closer to the point of delivery enables us to reduce our reliance on air freight and explore less carbon intensive road and rail based options.

In addition to introducing an electric vehicle solution in London, we're also exploring low emission delivery initiatives across other key European cities, to further reduce our carbon impact. More information about our London initiative can be found here.

We want to influence and help shape the future of our transport network by championing carriers who are making efforts to recognise and improve their environmental impact, whilst helping and encouraging those who are at the beginning of their green journey.

Chloe Cane Delivery Solutions Analyst, ASOS

BUILDINGS EMISSIONS

Emissions from our buildings make up the second-largest proportion of our carbon footprint, which is 4%. Although building emissions increased by 34% compared to the previous year, due to a significant increase in total floor area following the opening of the Atlanta fulfilment centre, emissions per m2 fell by 56%. This is a direct result of energy efficiency measures we put in place across our buildings over the past year and the sustainable design considerations we implement when opening new facilities. Some of our activities include:

- Introducing a fulfilment centre sustainability strategy for new build and retrofitted sites covering on-site renewable energy generation, zero waste to landfill, energy efficient window glazing and sub-metering for energy usage
- Replacing lighting at our Atlanta fulfilment centre with over 10,000 low-emissions LED alternatives
- Undertaking a feasibility study for installing electric vehicle charging stations and solar panels at our Atlanta fulfilment centre
- Completing a gap analysis at our Barnsley fulfilment centre to prepare for the implementation of ISO 50001, a best practice international energy management standard
- Achieving approval for a solar installation on the roof of our German fulfilment centre, Eurohub
- As part of our London head office upgrade installing highly efficient equipment including LED lighting throughout, lighting proximity sensors, centrally controlled heating and cooling systems and a building management system to reduce our energy usage
- Mapping energy sourcing across the entire ASOS estate to develop a roadmap to increase the procurement of renewable energy in the future
- Offering ASOSers sustainable benefits so that they can extend sustainable behaviour to their home life. For example, providing discounts on renewable energy for the home.

Although our energy consumption and associated emissions are growing annually, we are more than able to offset these by investing in global infrastructure that significantly reduces transportation of goods emissions.



BUSINESS TRAVEL EMISSIONS

Business travel now accounts for nearly 3% of total global <u>GHG</u> emissions – a 45% increase on the previous year. Flights make up 88% and hotels, the second largest contributor, account for 9%.

To counterbalance emissions, we're not currently able to minimise further, we've invested in carbon-offset projects in China, India and Kenya, where many of our ASOS Brands' product suppliers are located.

We've also upgraded our video conferencing facilities in a recent refurbishment of Head Office to limit the need for employee travel. When we do require our employees to travel our Travel Policy sets out the low carbon options available to them

In the UK, we've recently installed electric vehicle charging points at our Barnsley fulfilment centre and have purchased our very own electric van to transport ASOSers and visitors around the local area.

PACKAGING EMISSIONS

Packaging makes up 1% of our carbon footprint. By completing cradle-to-gate carbon footprint assessments for each type of packaging, we've been able to establish carbon hotspots and opportunities for improvement.

For example, in order to reduce packaging emissions, we've worked closely with our mailing bag manufacturer since October 2017 to identify ways to reduce the amount of plastic used in each bag. Through this collaboration, we've identified that the thickness of bags can be reduced without impacting functionality. As a result, all bag sizes are becoming thinner, contributing to a plastic saving of approximately 583 tonnes per year.

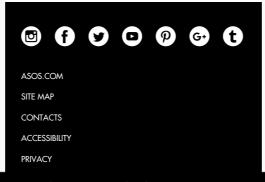
We're also actively exploring closing the loop on packaging. Plastic packaging sent back to ASOS through customer returns is already recycled. However, we are investigating how this plastic can be used to manufacture new ASOS packaging. Closing the loop in this way will reduce the need for virgin plastic manufacture, as the plastic resource will be kept in use for as long as possible.

Closing the packaging loop will also help us to realise GHG reductions. An average mail bag generates 61 grams of emissions during its production; 77% of these emissions are a result of sourcing and processing virgin plastic. If we're able to reduce the emissions from this part of the mail bag life cycle, then the overall footprint of mail bags will decrease significantly.

SUPPLY CHAIN EMISSIONS

Separately, we are working with the Sustainable Clothing Action Plan (SCAP) to measure and reduce the carbon, water and waste footprint of ASOS Brands UK products. We've committed to cut our carbon and water footprint by 15% per tonne of clothing sold by 2020, compared with 2012. In 2018, we've demonstrated a reduction in our water footprint of 12.2% and our carbon footprint by 14.6% for all products sold in the UK. Read more about how we are helping our suppliers to lower their environmental footprints here.





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