

## CORPORATE RESPONSIBILITY

### **Fashion with Integrity**

Our corporate responsibility programme, 'Fashion with Integrity', defines our approach to business. For ASOS, 'Fashion with Integrity' means managing all aspects of our business transparently, so that our customers can enjoy their fashion in the knowledge that, when buying our products, they are buying from a responsible company that is actively working to minimise the negative effects of the fashion industry on people, animals and the environment.

### **HIGHLIGHTS OF THE YEAR**

- **Launched our new Ethical Trade programme**
- **Used the Sustainable Clothing Action Plan (SCAP) footprinting tool to assess the environmental impacts of the materials in our UK product ranges**
- **Revised our Animal Welfare Policy and Guidelines again to take into account best practice developments in animal welfare**
- **Developed 'Retail Brilliance', a training academy for buyers and merchandisers, which includes modules on corporate responsibility**
- **Launched 'Do the Right Thing', our new Code of Integrity, which encourages everyone associated with ASOS – employees, contractors or suppliers – to act with integrity and behave ethically in everything they do**
- **Extended our Barnsley warehouse by over 25%, making our operations more efficient and saving 250 tonnes of carbon as a result**
- **Further developed 'Project Pipeline', including a water catchment programme in rural Kenya, providing drinking water for 7,000 local people**
- **Kicked off our 'Give A Week Away' programme enabling a team of employees to volunteer at one of the Udayan Care homes in India that we support**
- **Launched 'The Big Challenge' to try to raise £150k in twelve months to build and support a new Udayan Care home in India**

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*"As our global brand continues to grow at pace we are making a greater mark on the world. This brings greater responsibilities, but also the resources and influence to bring about lasting change. I am very excited about the potential we have to contribute to finding solutions to our most pressing sustainability challenges."*

**Nick Robertson**, Chief Executive Officer

## Our corporate responsibility strategy

'Fashion with Integrity' comprises four pillars: Ethical Trade, Sustainable Fashion, Sustainable Business and Community. Together they help support and deliver our wider business vision.



## INTERVIEW WITH LOUISE MCCABE, HEAD OF CORPORATE RESPONSIBILITY

### What stood out for you in 2014?

I'm proud of our work on animal welfare. We've been quietly improving our standards for a number of years which enabled us to respond quickly and take a decisive stance to ban angora when PETA's angora investigation broke. Since then we've revised our animal welfare policy, and will be eliminating feathers and down from ASOS own-label ranges from this autumn, and providing further guidelines to help buyers and suppliers comply with our policies.

Having the Ethical Trade management team firmly embedded in our new Sourcing department is a real step forward. It now sits in the heart of the retail business and can be more influential in delivering our long term Ethical Trade strategy.

I'm really proud of getting the ASOS Foundation established as an independent charity with a clear mission that the whole company has embraced. Launching 'The Big Challenge' and watching all areas of the business respond to that fundraising target has been really heartening as well.

I love 'Project Pipeline' in Kenya, and have had the privilege of visiting our colleagues in the Kasigau corridor and working directly with the community, the schools and the Stitching Academy that we are supporting there. I particularly enjoyed standing on the completed water catchment and hearing first hand from local people what a difference it has made to them.

### What about some of the challenges?

In a fast growing company it can be challenging to make the kind of quick improvements on product sustainability that we would like. However, this year we completed an impact assessment on our product materials. We have just joined the 'Better Cotton Initiative' and I'm looking forward to bringing more sustainable cotton fabrics into our ranges next year.

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## Ethical trade

We are committed to being a responsible retailer, where every worker in our supply chain is respected and protected. This year, we launched a new Ethical Trade programme, based on three key pillars; people, practices and partners.

### People

Given the length, reach and complexity of modern supply chains in the fashion industry, garment workers around the world continue to be vulnerable, not least in terms of their access to functioning, effective representation, health and safety standards in their workplaces and wages. We want to see a world in which people are safe at work, respected by their managers, and more financially secure.

We work closely with our suppliers in key sourcing regions to increase their knowledge and commitment to improving labour conditions for their employees. Alongside this ongoing work, we have developed four specific projects aimed at improving working conditions:

- **Factory health and safety:** working with suppliers to ensure that by 2016 no factories in our supply chain fail to meet our health and safety standards when our local audit teams inspect them
- **Dialogue with managers:** pilot training projects in five key factories by 2017 to implement more effective worker/management dialogue
- **Living wage:** pilot living wage projects in three key factories by 2017
- **Financial support:** increasing Indian workers' access to banking services through Geosansar, a personal banking financial services provider.

### Practices

Our sourcing practices have a direct impact on workers and must therefore support what we want to achieve regarding the workers in our supply chain. We have therefore developed our own sourcing standards, practices and policies which set out how we work, what we expect from those we work with, and how we will help those suppliers improve where needed.

This year, we have changed both how we manage ethical trade and how we oversee sourcing practices. We have developed a new Sourcing Department that works with all our suppliers and their factories, as well as our local audit teams, to ensure that responsible, efficient sourcing is a central part of our long-term commercial growth. The Sourcing Department reviews our sourcing practices regularly to ensure they support what we are trying to achieve. The previously separate Ethical Trade team is a core part of that new Sourcing Department, to ensure that ethical trading principles are embedded into our commercial practices and supply chain decisions.

### Partners

Suppliers are central to our programme. We can only achieve our Ethical Trade vision if we work together, striving for both commercial and ethical excellence. However, suppliers can often face conflicting pressures and barriers to being able to share our vision. We want to remove these obstacles. Ultimately, we want our suppliers to be fully on board with our ethical trade vision, and to work with us to improve conditions for the 79,000 workers throughout our supply chain and to ensure their own supply chains adhere to our standards.

We look to do that by working with our suppliers to identify their strengths and weaknesses, so we can then help them reach the standards needed to grow commercially with ASOS. We will also deliver targeted training for all suppliers on our ethical trade requirements.

## PERFORMANCE

- Launched our new Ethical Trade programme
- Visited 337 manufacturer sites to monitor working conditions and to support them in meeting our standards
- Developed an ethical purchasing practices module for our new 'Retail Brilliance' academy for buyers and merchandisers
- Set up four projects aimed at improving workers' welfare

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## Sustainable fashion

Social and environmental responsibility has a big part to play in the fabrics we use. One of the main areas we focus on is animal welfare. Where animal materials are used in our products, we require suppliers to implement industry-recognised best practice to safeguard the animals' welfare throughout rearing, transportation and slaughter. We have also banned all fur and skins from exotic or wild animals, as well as products tested on animals. We regularly revise our animal welfare programme to bring it in line with industry best practice, and we educate our buyers, suppliers and customers to ensure they buy only the right products.

We are also aware that all fabrics have their own environmental impacts, resource intensities, and water, carbon and waste footprints. We are always on the lookout for how we can use more sustainable alternatives in our own-label ranges. We are also conscious that the manufacture of clothing involves a number of chemicals, which can prove harmful to the environment if not properly controlled.

### Promoting sustainable fashion internally

Our teams have access to the following sustainable fashion resources and training, to help them consider sustainability issues when designing or sourcing products:

- **Sustainable sourcing training:** as part of our 'Retail Brilliance' academy for buyers and merchandisers, we look to inspire our teams to boost the sustainable fashion credentials of our own-label clothing, as well as keeping them updated on industry developments
- **Sustainable materials library:** since 2010 we have been building our library of sustainable materials to help buying and design teams select the most sustainable materials for their upcoming ranges.

### Helping customers discover sustainable fashion

To help us champion sustainable fashion amongst our customers, we have created:

- **The Green Room:** launched in 2010, which is a section of our website where our Womenswear customers can find out about and buy sustainable fashion and beauty products
- **Signposts:** which are tagged to all products on our site that have a social or environmental benefit, to help our customers identify sustainable products
- **ASOS Marketplace:** a platform to bring vintage and pre-worn items to our customers, thereby extending the lives of those items.

## PERFORMANCE

- Created the role of Fabric Manager to provide advice on how to source materials and products more sustainably
- Used the Sustainable Clothing Action Plan (SCAP) lifecycle analysis tool to measure the environmental impacts of the materials in our own-label products manufactured in the UK, so that we can explore replacing them with more sustainable alternatives
- Defined a sustainable cotton strategy for our own-label products – cotton being one of the most natural resource-intensive materials we use
- Developed a product sustainability module for our new 'Retail Brilliance' academy for buyers and merchandisers
- Stopped selling angora products from January 2014, following an exposure of cruel practices associated with angora rabbit farming
- Revised our Animal Welfare Policy and Guidelines again in 2014 to reflect developments in animal welfare best practice

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## Sustainable business

We believe in growing our company in a sustainable way, adding social value and minimising environmental impacts, while ensuring our long-term commercial viability. We focus on three areas in particular:

- **The environment:** we aim to make our operations and use of resources as efficient as possible, so that waste and emissions from those operations are controlled.
- **Our customers:** we respect our customers and want them to feel good about fashion and about themselves, by promoting healthy, positive body images and by providing our customers with the best products, clear information and outstanding service.
- **Our people:** we want ASOS to be a fast-paced, diverse and inspiring place for people to work, to ensure we are able to attract the best talent available in all areas of our business.

## PERFORMANCE

### Environment

- Built two new warehouses in Poland and Germany – our ‘Eurohub’ – to cut down on stock and vehicle movements across Europe
- Extended our Barnsley warehouse by over 25% reducing the number of miles our vehicles travel by 200,000 per year, saving 250 tonnes of carbon

### Customers

- Hosted an industry debate on fashion and body image at our London headquarters in September 2013
- Started working with anti-bullying charity, The Diana Award, recognising that online activities are having a huge impact in this area
- We answered 3.4m emails and 1.1m social media queries from our customers
- Our profit protection team identified an estimated £9.5m of fraudulent transactions that could otherwise have resulted in fraudulent use of a customer’s credit card and lost stock for ASOS

### People

- Launched ‘Do the Right Thing’, our new Code of Integrity, which encourages everyone associated with ASOS to act with integrity and behave ethically in everything they do

## ENVIRONMENT

As an online business, ASOS does not have any bricks and mortar stores in any country. But, we do ship our products to 240 countries and territories, predominantly from our warehouse in the UK, and we have offices in the UK and in Berlin, Lille, New York, Shanghai and Sydney. Our biggest environmental impacts from those activities are the carbon emissions resulting from customer deliveries, the running of our buildings, and packaging and waste.

ASOS continues to grow rapidly, particularly in international markets. As a result, our total carbon footprint is inevitably increasing. It is therefore more important than ever that we identify and implement systems that will improve the environmental efficiency of our activities, so that our relative impact will improve as ASOS continues to grow.

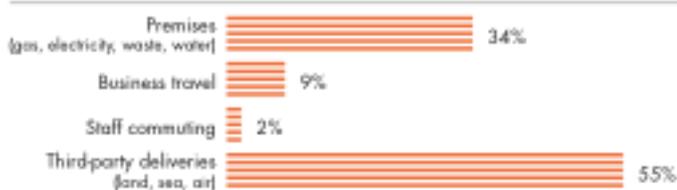
### Carbon footprint

Due to the complexity involved in gathering the relevant data, at the time of this report we are only able to report emissions data a year behind. For the year ending 31 August 2013, our total carbon footprint more than doubled to 42,914 tonnes CO<sub>2</sub>. Customer delivery emissions make up 55% of our overall carbon emissions, with air freight accounting for 97% of that figure.

We now take environmental criteria into account when selecting our carriers. We have extended the size of our Barnsley warehouse by over 25%, which means we can now hold more stock in our main warehouse, reducing the amount of stock we need to hold offsite and the number of miles our vehicles travel by 200,000 per year, saving 250 tonnes of carbon. Recent investment in two new warehouses in Poland and Germany (our ‘Eurohub’) has also helped us to cut down on stock and vehicle movements across Europe, contributing to our efforts to reduce emissions.

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## Greenhouse gas emissions by source



## Energy efficiency

Our buildings generate approximately 34% of our carbon footprint but we are increasingly focusing on finding ways to improve our environmental efficiency in this area. For example, we purchase energy using a green energy tariff, and we have installed more efficient lighting systems in our buildings (including LED sensors rated 'excellent' by BREEAM in our Barnsley warehouse). We are currently reviewing the feasibility of achieving ISO14001 environmental management certification at all of our offices.

## Packaging

During the year we carried out a detailed review of our packaging to identify ways to reduce packaging volumes and limit the amount of ink used (to maximise recyclability), while still ensuring our products are delivered in the right condition. We brought our UK packaging standards in line with our international standards, increasing the number of product categories that can be sent in a bag rather than a box, which has enabled us to fit more parcels onto vehicles.

*"We are working hard to reduce emissions from customer deliveries. New carriers are selected based on their environmental credentials. For example we now use DHL, which, as part of its Go Green programme, is committed to using more renewable energy; and UPS, which planted 1.3 million trees between 2011 and 2013, and has pledged to plant another million by the end of 2014."*

**Matt Rogers**, Director of Delivery Solutions and Inbound Supply Chain

## CUSTOMERS

As they are for any business, customers are the lifeblood of ASOS, and we now have some 8.8m in 240 different countries and territories. Most of them are in their twenties and we want them all to feel good about fashion and about themselves.

## Positive body image

We want to use our influence among young fashion-lovers to promote more responsible and healthy body images than are often seen in our industry. To this end we:

- Create clothing ranges and a website that celebrate and promote the diversity of our customers
- Participate in government advisory panels to tackle body confidence issues
- Bring in experts to train our employees on body image and health issues
- Have a Model Welfare policy and guidelines on digital manipulation to protect our models and customers
- Enable customers to post images of themselves wearing the clothes they have bought, through our #AsSeenOnMe feature
- Run feature articles on diverse and inspirational young women in our ASOS magazine, focusing on achievements not looks
- Work with anti-bullying charity, The Diana Award, recognising that online channels and activities are having a huge impact in the area of bullying
- Recently shortlisted for the British Plus Size Awards and the Body Confidence awards for our ASOS Curve range.

## Customer care

We want to make sure customers have an authentic, honest and helpful experience whenever they engage with us, including providing all the information they need. This year we handled 3.4m individual email 'contacts' and 1.1m social contacts with customers, as well as 36,000 Live Chats with our US and German customers. We also invested in more advanced technology to give customers instant help online – we can now speak to them in real time in most languages via any device.

In August 2014, 82.5% of our customers who visited our new Help pages found the answer to their questions without having to get in

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touch with our customer care team – this means our customers can get on with their shopping leaving us more time to help those with more complicated enquiries.

Protection from fraud and data security measures are some of the most important services we provide for our customers. We use an automatic anti-fraud system that reviews every order and selects 3% for manual review by the Profit Protection Team, who work 24 hours a day, seven days a week to ensure threats are mitigated as efficiently and effectively as possible. This year, our profit protection measures prevented £9.5m of fraud on 57,251 orders. We also have technical and physical security controls to prevent unauthorised access to customer data, including access restrictions, encryption of certain customer data, and alert systems.

### PEOPLE

At ASOS, we want the best talent available in all areas of our business with the right skills to thrive in our fast-paced environment and to drive ASOS forward. To achieve that, we offer an inspiring place for people to work.

As at 31 August 2014, we employed 1,813 people, including 1,752 full-time and 61 part-time employees. Our UK employees are based at three sites: our headquarters in Camden, north London, our customer care site in Hemel Hempstead and the Custard Factory in Birmingham. We also have marketing teams based in France, Germany, the US and Australia, whilst our newest operation is based in Shanghai, China.

To support our operations, we have around 2,000 people at our Barnsley warehouse and around 150 international customer care positions in Belfast, all employed through outsourced partners.

All our employees and third-party workers are central to the Group's success. We communicate regularly with employees about the company's performance and objectives, and we encourage employees to contribute their own ideas.

We expect all our employees and third-party workers to act with integrity and behave ethically in everything they do. To reinforce everyone's understanding of that, this year we launched 'Do the Right Thing', our new Code of Integrity, to everyone associated with ASOS – employees, contractors and suppliers.

#### Safety

Our employees and people working on behalf of ASOS are entitled to work in a safe environment. We carry out health and safety risk assessments regularly and review our Safety policy frequently. In this financial year, we had no reportable work-related incidents under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995 (RIDDOR) (2013: none). We will be rolling out our latest safety policy, 'Be Smart', in autumn 2014.

#### Equal opportunities

To reflect our customer base, ASOS is committed to encouraging diversity and ensuring that discrimination has no place in our business. We want each employee to feel respected and able to perform to the best of his or her ability. ASOS will not make assumptions about a person's ability to carry out his or her duties based on ethnic origin, gender, sexual orientation, marital status, religion or other philosophical beliefs, age or disability. Should an employee develop a long-term health concern or disability, we do our best to support him or her to return to work.

We are particularly keen to ensure that women have the same opportunities as men to have fulfilling careers and rise to the top of the business. Of the seven members of our Board, three (43%) are women and four (57%) are men. Across the business 68% of full-time employees are women and 32% are men, whilst 97% of part-time employees are women and 3% are men.

#### Hiring, retaining and developing the best talent

We focus on hiring, retaining and developing the best talent to deliver our goal of being the no.1 fashion destination for 20-somethings globally. During the last financial year, we have focused on our Retail, International, Customer Experience and Technology departments, increasing the team by 461 during the period. This included strengthening our senior team with the appointments of a new People Director, Customer Care Director, Director of Brand and Campaigns, Head of Talent and Development and Senior IP & Brand Manager. Employee turnover has continued to reduce with a 4% drop during the year.

We work hard to grow and keep our people by offering opportunities that match both their professional and personal aspirations. Beginning with an in-depth induction programme, we equip new employees with everything they need to know to be effective in their roles quickly. We then focus on enabling all employees to develop within their roles through 'The Collection', our suite of learning and development courses. Training on compliance, business essentials and soft skills is predominantly designed and delivered in-house, to ensure that it is tailored to our specific requirements.

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We also believe in encouraging our employees to be more involved with the community, and provide various opportunities for them to do so (see Community section below and overleaf). As well as being good things to do in their own right, this kind of voluntary participation helps people feel more connected to ASOS and happier in their jobs.

### 'Give A Week Away' programme



*The ASOS team with the children at the Udayan Care home*

Building on our existing support for Udayan Care, which runs care homes for orphaned or abandoned children in India, in January 2014 we launched 'Give A Week Away'. This programme gives an additional week off to employees to travel to India to refurbish one of the homes that we support, in return for raising a minimum of £500 for the ASOS Foundation. During the week, the ASOS team transformed two family rooms, and also ran workshops for the children making music, baking, Bollywood dancing, designing and making bags, and customising T-shirts. We also held a Sports Day.

*"My experience at Udayan Care has truly been amazing! I have learnt so much in only 10 days and the entire experience has inspired me to continue working with local communities to really make a difference."*

**Shyam Pattni**, ASOS technology team

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## Community

With great support from the ASOS Foundation<sup>1</sup>, our community activities are aimed at creating opportunities to help local young people to achieve their potential. In some cases this means helping them to overcome some fundamental barriers first, such as homelessness, lack of basic amenities and social exclusion. We focus our efforts in three countries – the UK (where we are based), India (where a number of our retail and IT suppliers are based), and Kenya (where the ASOS Africa range is manufactured), and work with long-term charitable partners who help us tailor our programmes to the needs of the young people in each place.

### PERFORMANCE

#### UK

- Supported 106 unemployed people in qualifying at the UK Stitching Academy, of whom 53% moved on to secure employment or further education
- Expanded our Prince's Trust 'Get Started' courses to include digital and fashion skills training across our UK sites

#### Kenya – 'Project Pipeline'

- Completed our rural water catchment programme and handed it over to the local community, providing drinking water for 7,000 local people, and enabling women in particular to minimise the time spent fetching water, freeing up time to learn new skills
- Launched Stitching Academy Kenya (see case study)

#### India – Udayan Care

- Expanded our volunteer programme to include 'Give A Week Away' (see case study on page 27)
- Launched 'The Big Challenge' to try to raise £150k in twelve months to build and support a new Udayan Care home

### EMPLOYMENT INVOLVEMENT

We are particularly proud of the selfless way so many of our employees get involved in our community programme, and we offer them a number of avenues to do that:

- **Workplace giving:** making regular donations from their pay to charity (including to ASOS Foundation if they wish)
- **'Give a Day/Week Away'** scheme: donating time and expertise to our community programme partners or to employees' favourite charity or community group
- **ASOS Active:** taking part in sponsored fundraising sporting challenges – or just sponsoring the active ones!
- **ASOS Engage:** fundraising events, such as bake sales and quiz nights, organised by employees.

### Stitching Academy Kenya



*ASOS management attend the Stitching Academy launch party*

In June 2014, the ASOS Foundation and SOKO, the Kenyan manufacturer of the 'ASOS Africa' range, partnered to launch the Stitching Academy Kenya. Two-month courses provide local people with a tailoring qualification that will enable them to seek employment with local

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garment manufacturers, such as SOKO, or others operating within the government-run Export Processing Zones (EPZs). Students are taught how to use electric sewing machines and overlockers, and how to develop advanced quality control skills. So far, ten tailors have graduated from the course, and the Academy plans to run four courses a year.