

# CORPORATE RESPONSIBILITY

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## Fashion with Integrity

**Our corporate responsibility programme, 'Fashion with Integrity', comprises four pillars: ethical trade, sustainable fashion, sustainable business and community. It is designed to help deliver our wider business strategy and embed sustainable working practices at all levels throughout the company.**

We became a signatory to the ten principles of the United Nations Global Compact in 2012. These principles, alongside valuable input from our stakeholders, are shaping the development of Fashion with Integrity, informing how we prioritise and tackle

our biggest sustainability challenges, including:

- reducing emissions from making and sending products overseas
- creating lighter packaging and less waste
- sourcing more sustainable materials for our products
- ensuring all of our suppliers operate fair and safe working environments.

Ultimately, we are working to balance our rapid global growth with our goal of reducing our environmental footprint, while continuing, with the support of the ASOS Foundation, to have a positive impact on our local communities.

## Highlights of the year

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- Published our first Corporate Responsibility report online
  - Training all of our buying and merchandising teams on sustainable fashion practices
  - Joined the Sustainable Clothing Action Plan (SCAP) which supports our efforts to reduce the environmental footprint of our supply chain
  - Won the RSPCA's 2012 Good Business Innovation award for our animal welfare programme
  - Working with Beat, the eating disorders charity, to provide online support and advice to adults
  - Established the Stitching Academy to provide vocational training to young unemployed people in London
  - Launched Project Pipeline through the ASOS Foundation to provide essential amenities and training to young Kenyans
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## Ethical trade

# 1

Regardless of where we buy our products, we want to ensure that they are sourced from manufacturers who operate in a way that respects workers' rights, maintains safe working conditions, upholds local employment laws and protects the environment. This is what our customers expect, and we believe that manufacturers with safe and fair working conditions produce the best quality goods.

To support our ethical trade programme, we have standards, codes and policies defining the responsible sourcing principles we adhere to and that we expect our suppliers to comply with. We provide local support to help suppliers improve where needed and commit to reviewing and improving our own sourcing practices regularly, to ensure that our actions do not compromise a supplier's ability to reach our standards. Working collaboratively with suppliers cements our working relationships and provides the opportunity to gather

valuable feedback to further strengthen our ethical trade programme.

### PERFORMANCE

- Implemented a new supplier assessment process to ensure we only work with factories that comply with our principles
- Visited 256 supplier sites to monitor working conditions and give support
- Expanded the ethical trade team from eight to eleven people in the past year
- Trained all buyers and merchandisers on ethical purchasing practices
- Trade creditor payment period for the Group for the financial period under review was 59 days (five months to 31 August 2012: 54 days); for the Company for the same period was nil (five months to 31 August 2012: nil)



### Interview with Alice Strevens, Ethical Trade Manager, ASOS

#### Why is ethical trade important for ASOS?

To supply customers with high quality fashion we need a supply chain that is responsive and reliable and which will work collaboratively with ASOS to achieve long-term, sustainable change. At ASOS, ethical trade is a key ingredient of a well-managed supplier or factory. We believe that for suppliers to become more efficient they need to invest in the safety and welfare of their workforce, and we help them to identify ways to do this.

#### What do ASOS's ethical trade teams do?

The UK-based ethical trade management team oversees the global ethical trade programme, liaises with buying teams to ensure the ethical performance of our suppliers has an increasing influence on sourcing decisions, and provides training. Meanwhile, our regional ethical trade team, with associates based in China, India, Turkey, Eastern Europe and UK, builds relationships directly with the suppliers and manufacturers and

carries out site assessments to identify and address the root causes of any poor working conditions.

#### How does the ASOS ethical trade programme benefit workers?

Through our ethical trade programme we hope to make factory owners and managers more aware of the untapped potential of their workers. Our Code of Conduct and Ethical Standards set out the key principles for improving basic rights for workers. Training sessions, site visits and workshops then provide suppliers with more practical advice on how to embed these principles. In particular, the workshops provide a forum for our suppliers and manufacturers to get together to share best practice and learn from each other about the benefits of trading ethically and supporting their workers. We are confident that this approach will help to ensure safer, fairer and more secure employment conditions for people working in manufacturing sites supplying ASOS.



### ASOS AFRICA AND A NEW FACTORY IN KENYA

The ASOS Africa range launched in 2009 in partnership with SOKO, the Kenyan clothing workshop which provides fair and safe employment and training for Kenyan women.

In November 2012, amid growing demand for the ASOS Africa label, SOKO opened a new factory, doubling its previous capacity. ASOS's contribution, which met half the cost of the factory, was funded by sales of the ASOS Africa collection which were then matched by the ASOS Foundation.

The new factory has not only boosted production and provided more employment but also allows SOKO to work with other customers, further supporting local community development.

## Sustainable fashion

# 2

We are using our global reach to champion environmental and ethical products through The Green Room, an online destination within ASOS.com, where customers can go to learn about and buy sustainable fashion

Our creative and buying teams have a range of tools to help them design and source more sustainable products, including signposts that tag those items that already have a social or environmental benefit and master classes to help enhance the sustainable fashion credentials of our own-label clothing.

ASOS firmly believes that animals should not suffer in the name of fashion or cosmetics. In 2012, we rewrote our animal welfare programme policy in line with industry best practice. We also educate our buyers, suppliers and customers so they can identify higher animal welfare products.

### PERFORMANCE

- Trained our buyers and merchandisers on our product sustainability programme
- Launched the 'Sustainable Signpost' system to highlight important features of our sustainable products
- Won the RSPCA's 2012 Good Business Innovation Award for our animal welfare programme
- Joined the Sustainable Clothing Action Plan (SCAP) who is supporting our efforts to lower our supply chain's environmental footprint
- Won the Retail Leader award at the Source Awards 2012 recognising our commitment to sustainability

## Sustainable business



We believe in growing our company in a sustainable way, adding social value and minimising environmental impacts while ensuring ASOS's long-term commercial viability.

- **The environment:** we aim to make our operations and use of resources as efficient as possible. We have been CarbonNeutral™ since 2008 and we are continually changing how we make and receive deliveries to reduce our carbon footprint as we expand internationally.
- **Our people:** we aim to attract the best creative talent by making ASOS a fast-paced, diverse and inspiring place for people to work. We reward our people through promotions, international placements, exciting secondments and a wide range of professional development prospects. We also have policies and programmes in place to ensure that everyone who works for ASOS is afforded the same rights, opportunities and protection.
- **Our customers:** we aim to provide our customers with the best products and outstanding service, including continually improving our systems to prevent fraud and protect our customers' data. We're also engaging customers to help them make sustainable choices about the products they buy and how they use them, while promoting healthy, positive body images.

### PERFORMANCE

- All of our boxes and bags are now 100% recyclable
- Recycling messages are now included on boxes and customer communications
- We launched a centralised HR information system, the People Hub, which helps employees to access our market-leading flexible benefits programme, information on 'The Collection' – our in-house training programme – as well as claim expenses, book travel, conduct performance reviews, update objectives, access payslips, revise personal details or simply book holiday leave
- Worked with Beat, the eating disorders charity, to provide online support and advice for adults with eating disorders
- In 2012/13 we answered 4.2m emails and 260,000 social media queries from our customers
- Ranked no.1 of all UK organisations again for customer satisfaction in the Institute of Customer Service's national satisfaction survey in January 2013

### THE ENVIRONMENT

ASOS is an online business, with offices in the UK and in strategic international locations. We do not have any 'bricks and mortar' stores but ship our products to 237 countries and territories from the UK. We began measuring our carbon footprint in 2008; this exercise has demonstrated that our biggest environmental impacts come from the carbon emissions resulting from customer deliveries, the running of our buildings, and packaging and waste. We are implementing systems that can measure our emissions from customer deliveries and from our premises more accurately so that we can set realistic but stretching targets to reduce our carbon footprint.

#### Carbon footprint

ASOS has been certified as a Carbon Neutral™ company since 2008. Our carbon footprint for 2012 was calculated to be 20,248 tonnes CO<sub>2</sub>. Our expansion overseas has led to a sharp rise in airfreight emissions from customer deliveries: these now make up 70% of our overall carbon footprint.

#### Tackling emissions from deliveries

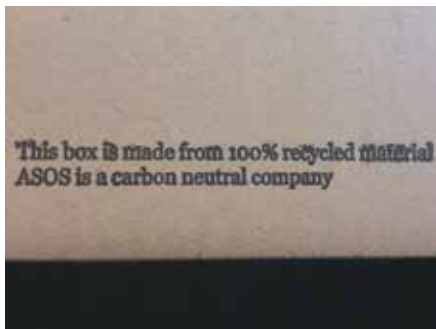
We are working with our partners to minimise emissions by reducing packaging, introducing fuel saving technologies and researching low-carbon vehicles and fuels. We have started to review new delivery partners based on these sustainability requirements. We have also set up regional hubs in Australia and the US so that beginning in 2013 when items are returned from those countries, they can be shipped out to new local customers as new orders, thereby cutting emissions and delivery times.



## Interview with Robert Muldoon, Delivery Solutions Manager, ASOS

### What were your biggest environmental challenges in 2012/13?

Our biggest environmental challenge as a rapidly growing business is how to manage our carbon emissions from customer deliveries. Two thirds of ASOS's carbon footprint is attributable to overseas deliveries, most of it from air freight. We purchase a significant amount of packaging annually to help protect our products during transit, so we have a clear responsibility to use lighter packaging that can also be completely recycled by our customers.



### Energy efficiency

Our buildings generate approximately 20% of our carbon footprint. The energy efficiency measures we have put in place in our buildings over the last two years include installing more efficient lighting systems in the buildings we own, purchasing energy using a green energy tariff and developing a 'green' IT strategy. Our new fulfilment centre in Barnsley, Yorkshire has been rated 'excellent' by BREEAM (the Building Research Establishment's environmental assessment method).

### What solutions have you put in place for packaging?

All boxes are made of 100% recycled material and both our boxes and bags have been designed so that customers can reuse them for returns or recycle them. We have increased the recycled content of our plastic delivery bags. We recycle all bags and boxes returned by customers.

### How can we reduce the impact of customer deliveries?

We are currently talking to our suppliers about how they can contribute. Many have programmes in place to reduce their carbon footprints. For example DPD, one of our UK and European carriers, offsets for free, as part of their standard service, all of the emissions generated from ASOS deliveries. Many others are also reducing their own carbon footprints, for example by building new logistic hubs to make better use of energy-saving technology.

### What are your priorities for the coming year?

We want to offer customers 'drop' locations such as shops or lockers. This would allow our carriers to drop a number of consignments at a single location instead of taking parcels to individual home addresses every time. We are also discussing with our UK suppliers the use of electric, multi-fuel and fuel saving technology.

### Packaging and waste

We are working hard to address one of our biggest impacts, packaging by using lighter, bespoke packaging to help reduce emissions from customer deliveries, increasing recycled content, and minimising packaging ink coverage to improve recyclability. The amount of waste we send to landfill from our headquarters and fulfilment centre fell by 99% in 2012. Overall, we aim to meet our target of sending no waste at all to landfill during the next year, and have set ourselves a goal of increasing the amount of waste we recycle from 40% to 70%.

## OUR PEOPLE

### Employees

As at 31 August 2013, the Group employed 1,352 people (excluding employees at the Group's warehouse and European language customer care employees who are employed through an outsourced contract). All of the Group's employees and outsourced employees are central to the Group's success. Employees working through outsourced arrangements are regularly included in Group communications and all receive access to employee discount benefits so that they are directly engaged with our products and brand, in a similar way to other ASOS employees.

### Equal opportunities

ASOS is committed to eliminating discrimination and encouraging diversity amongst its workforce. ASOS aims that its workforce will be truly representative of all sections of society and that each employee feels respected and is able to perform to the best of his or her ability. ASOS aims to have a workforce which reflects its diverse customer base. ASOS will not make assumptions about a person's ability to carry out their duties based for example on their ethnic origin, gender, sexual orientation, marital status, religion or other philosophical beliefs, age or disability. ASOS will not make general assumptions about the capabilities, characteristics and interests of particular groups that may influence the treatment of individuals, the assessment of their abilities and their access to opportunities for training, development and promotion. Should an employee develop a long-term health concern or disability whilst working for the Group, efforts are made to encourage their return to work with occupational health intervention including making any necessary adjustments within the workplace and retraining.

Whilst being committed to enabling all employees to develop their careers irrespective of their gender, ASOS fully supports all initiatives to ensure the appropriate representation of all genders throughout all levels of the Company.

Of the seven members of ASOS's board, 29% are female and 71% are male. Overall, 68% of full-time employees are women and 32% are men (previous five months to 31 August 2012: 65% women and 35% men), whilst 93% of part-time employees are women and 7% are men (previous five months to 31 August 2012: 93% women and 7% men).

In the last 12 months, the Company has completed the implementation of 'People Hub', its new Human Resources Information System which is integrated with payroll and up to six additional systems. Amongst other things, it will enable monitoring and reporting of key metrics including diversity and equal opportunities. This system was rolled out to all employees in September 2012.

### Learning and development

Learning and development at ASOS are focused on delivering knowledge, skills and behavioural improvement for all employees in the business. Focus is on broader development, but, where training is required, it is predominantly designed and delivered in house covering compliance, business essentials and soft skills. Beginning with an in-depth induction programme, we equip new employees with everything they need to know and demonstrate how to be effective in their roles quickly (95% of new hires attended induction in the last financial year). Development within the role is critical for all employees as the business grows. In the past year, all senior leaders attended the 'Leaders at ASOS' programme in order to equip them with the best-in-class leadership skills they need. Employees can enrol in 'The Collection', our suite of learning and development courses which we launched in October 2012.

### Employee engagement

Employees are kept informed of the performance and objectives of ASOS through regular briefings and emails, and ASOS's open management style encourages employees to contribute to the development of the business. ASOS conducts an all-employee survey every two years and the next survey is scheduled to take place in March 2014.

### Health and wellbeing

Our employees and people working on behalf of ASOS are entitled to a safe working environment. Health and safety risk assessments are carried out regularly and our policy is reviewed annually.

### Employee share ownership

The Company believes that it is very important where possible to align employee incentives with the expectations of shareholders. Details on schemes to encourage employee share ownership are set out in the Directors' Remuneration Report on pages 37 to 45.

## OUR CUSTOMERS

We have 7.1m active customers in 237 countries and territories. To us, being a sustainable business means giving our customers the highest standards of customer care, including protecting their personal information, preventing fraud and promoting a positive body image.

### Customer care

We are available 24 hours a day, 365 days a year to answer customer queries and offer help – mainly via email and social media – in a number of languages. No matter where in the world a customer is contacting us from, we want their experience to be personal, friendly and as 'local' as possible. We aim to respond to every contact quickly and to provide a quality of service that will encourage loyalty and keep customers coming back.

Always looking for ways to improve our service, Customer Care has a new technology platform which gives customers more ways to get immediate answers to their questions – online, anytime, on any device. It also gives our advisors smarter information on customer queries all in one place, so we can provide even better care and support.

### Fraud and data security

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 to ensure threats are mitigated as efficiently and effectively as possible.

We have technical and physical security controls to prevent unauthorised access to customer data. To reassure customers, we guarantee to use access restrictions, encryption of certain customer data, and alert systems.

### 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 have:

- adopted a Model Welfare policy and guidelines on digital manipulation to protect our models and customers
- created clothing ranges and websites that celebrate and promote the diversity of our customers.

The eating disorders charity Beat provided training on body image health to our Customer Care teams to help them to respond sensitively to customer questions about body image and eating disorders, and direct them to appropriate help where required.

## Community



Our community programme aims to make a positive difference to young people's lives in the communities where we operate. Our community programme is supported by the ASOS Foundation and our employees, who donate time, money – or both. During the year ended 31 August 2013, the Group made charitable donations totalling £211,370, which included donations made directly to charities, as well as those made via the ASOS Foundation.

### ASOS Foundation

The ASOS Foundation, an independent charitable trust funded by ASOS, provides inspiration, support and training for disadvantaged young people to help them overcome barriers and change their lives for the better. Since 2009, the Foundation has been creating opportunities for young adults in partnership with charities such as The Prince's Trust, Camden's famous Roundhouse venue, Indian children's homes provider Udayan Care and Kenyan social enterprise SOKO.

In 2012, the ASOS Foundation launched two new initiatives – Project Pipeline, which provides essential amenities, equipment and training to young Kenyans, and the Stitching Academy in the UK, which has begun offering entry-level apprenticeships following the success of our Level 3 garment technology course.

### Employees in the community

Our workplace giving scheme supports 60 individual charities. The 'Give a Day Away' programme, launched in 2012, encourages colleagues to take a paid day each year to volunteer at a charity of their choice.

### Performance

- Launched Project Pipeline to bring water to 5,000 people in rural Kenya
- Established The Stitching Academy to providing vocational training to young unemployed people in London
- 16% of employees participated in Give a Day Away
- Established a community investment programme in Barnsley, home of our fulfilment centre
- End of life samples donated to Oxfam raised £98,000 for the charity
- Improved SOKO's workshop premises and, from Spring 2013, ASOS Foundation began supporting the wider community around SOKO with donations to a technical training college, a secondary school and a disabled craft group

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### THE STITCHING ACADEMY

In July 2013, ASOS launched the Stitching Academy in partnership with social enterprise Fashion Enter Ltd. The Academy is an extension of the National Apprenticeship in Fashion and Textiles Apparel scheme and offers six-week internships to 120 young people at 'The Factory', a clothing factory which ASOS helped establish in North East London. Apprentices can gain a Level 1 qualification in

'Stitching Skills' and at least forty young people are expected to secure employment, further education or additional apprenticeships as a result of the scheme. The ASOS Foundation supplies all technical equipment and machinery and matches contributions from Haringey Council for teaching costs.

