



Modern Slavery Statement

September 2016 - March 2018

Slavery, servitude, forced labour, bonded labour, and human trafficking are issues of increasing global concern, affecting all sectors, regions and economies. Modern slavery is fundamentally unacceptable within our business and supply chain, and combatting it is an important element of our overall approach to business and human rights. ASOS is committed to respecting, protecting and championing the human rights of all those who come into contact with our operations, including employees, supply chain workers, customers and local communities. We accept our responsibility to support transparency; to find and resolve problems, to regularly review our business practices, and to collaborate with others to protect the rights of workers, particularly those who are most vulnerable to abuses such as modern slavery.

This statement has been published in accordance with the Modern Slavery Act (2015). It provides an update on our activities and commitments detailed in our Modern Slavery Statement 2015/16 to prevent modern slavery in our business operations and supply chains, and sets out the steps taken by ASOS PLC during financial year ending 31 August 2017 and the intervening time to publication. It also outlines our commitments towards mitigating the risk of modern slavery in our supply chains for the next year and to 2020.

About ASOS

ASOS is a multi-platform online shopping destination selling womenswear, menswear, footwear, accessories, gifts and beauty products via our website to millions of young, fashion-loving '20-somethings' in 240 countries and territories.

FACTS & FIGURES - 31 AUGUST 2017

£1,923.6m
revenue

3,722
ASOS employees

173
ASOS brands suppliers

624
ASOS brands factories tiers 1-3

85,000
PRODUCTS ON OUR
WEBSITE

86%
of ASOS supplier factories are located
in Bulgaria, China, India, Romania,
Turkey, Mauritius and UK

**OVER
850**
THIRD-PARTY BRANDS

120,000
ASOS brands manufacturing
workers

BUSINESS STRUCTURE

ASOS is based in the UK, with a head office in London, a smaller technology office in Birmingham and a customer care centre in Leavesden. ASOS fulfilment centres are located in Barnsley (UK) and Berlin (Germany), with additional third-party run returns and reprocessing sites in Australia, the USA, Poland and the UK. As our business continues to grow, we will expand our supply chain with a fulfilment centre in the USA in 2018.

SUPPLY CHAIN

We divide our supply chain into two separate areas:

1. Products for re-sale on our website, including ASOS Brands products ('ASOS Brands') and other third-party brands' products ('third-party brands').
2. Non-stock items and services, including outsourced customer deliveries, logistics, technology, cleaning and catering ('Non-stock').

ASOS Brands products are designed in-house and manufactured by third-party supplier factories. The Sourcing Department manages the ASOS Brands supply chain. The Ethical Trade and Sustainable Sourcing teams are located within this department to ensure product and raw material suppliers are selected based on ethical and sustainable as well as commercial criteria. Product supply chains are complex, involving a number of different manufacturing processes. ASOS maps and describes them as follows:

TERM	DEFINITION	EXAMPLE	STATUS
Tier 1	Main production sites	Factory which cuts, sews, finishes ASOS Brands product and ships to ASOS	Fully mapped
Tier 2	Process integral to production	Provider of one or more processes e.g. stitching, cutting, packing, quality control, warehouses	90% mapped* – completion 2017/18
Tier 3	Enhancements to Product	Provider of one or more processes e.g. printing, dyeing, laundry, embroidery	90% mapped* – completion 2017/18
Tier 4	Fabric and components	Fabric mills, tanneries, hardware and trims	Partially mapped - completion 2018/19
Tier 5	Raw materials	Textile fibres, natural and manmade materials	Key commodities mapped 2020

Table 1: Tier structure of ASOS Brands supplier factories

* This data is based on the number of suppliers who have accepted our subcontracting policy, requiring them to disclose their lower tier factories if applicable.

ASOS sells over 850 third-party brands and this year we have developed a new programme with dedicated resource to work with these brands on ethical trade and sustainability, promoting good practice and collaboration. This increases our joint capacity to drive improvements on common issues.

ASOS non-stock products and services are managed through a central Procurement team, supported by ASOS Corporate Responsibility and ASOS Legal teams. In 2018, we will recruit an Ethical Trade Non-Stock Manager to work closely with these functions and our non-stock suppliers.

TRANSPARENCY

Supply chain transparency is a priority for ASOS. We recognise the importance of supply chain mapping and due diligence to uphold human rights and prevent undeclared subcontracting. We are always striving to develop ways to ensure the transparency of our supply chain and traceability of our products.

In 2017, we published our [factory list](#) and an [interactive sourcing map](#), covering all our tier one to tier three sites – this is updated every two months and shared with IndustriALL Global Union, as part of the [Global Framework Agreement](#) we signed in October 2017.

We have also developed and disseminated an Unapproved Subcontracting Policy, which strengthens our long-held requirement for suppliers to declare all factories involved in the manufacture of ASOS Brands products and work with us to make sure only approved units are used. The policy

stresses the requirement for suppliers to have full visibility and oversight of their supply chain. They are also required to keep detailed records relating to every manufacturing unit and ensure that all products supplied to ASOS are manufactured in accordance with the [ASOS Supplier Ethical Code](#). Since we implemented the policy in September 2017, we have found 18 instances of unapproved subcontracting across a range of garment manufacturing processes. We fully investigate and manage each incident as it arises, and work closely with our lead suppliers to drive transparency improvements and mitigate future risks.

POLICIES AND CONTRACTUAL CONTROLS

We continuously develop our Fashion with Integrity corporate responsibility strategy based on the UN Global Compact's four pillars of human rights, labour standards, environmental and anti-corruption principles and with reference to the United Nations Guiding Principles on Business and Human Rights.

In recognition of the human rights risks inherent in global sourcing, ASOS developed a new, board-approved ethical trade strategy in January 2017 to protect workers against human rights abuses, including forced or compulsory labour.

Our ethical trade standards supporting action on modern slavery are set out in these policies:

- **ASOS Supplier Ethical Code:** based on the Ethical Trading Initiative Base Code and International Labour Organisation's Fundamental Conventions, and defines the minimum standards we require from all our suppliers, including a separate section with greater detail on what constitutes forced or compulsory labour.
- **ASOS Child Labour, Remediation and Young Worker Policy:** sets out the steps suppliers need to take to protect young workers and to make sure no children are involved in the manufacture of any of our products. Also prohibits the recruitment of young migrant workers through labour agents.
- **ASOS Migrant and Contract Worker Policy:** sets out supplier requirements to safeguard the rights and welfare of migrant and contract workers - two groups vulnerable to exploitation and modern slavery.

ASOS brands and non-stock suppliers are contractually required to comply with the policies stated above. Third-party brands are required to comply with our minimum requirement (see page 7).

Other documents relevant to preventing modern slavery in ASOS' operations include: Do the Right Thing - ASOS Code of Integrity, People Handbook, Diversity and Inclusion Statement, Whistle-blowing Policy, Grievance Procedure, Appeals policy, Anti-Bribery Statement and Unapproved Subcontracting Policy.

Due Diligence

GOVERNANCE

The Chief Executive and ASOS Executive Committee are responsible for ensuring ASOS meets its human rights responsibilities. They are supported by the Director of Corporate Responsibility, Sourcing Director and Head of Ethical Trade. Our Fashion with Integrity strategy has the full sign off and commitment of the Executive and PLC Board and we report to the boards on our progress against our strategic goals on a quarterly basis.

Human rights and modern slavery are key elements of an annual corporate risk assessment process overseen by the General Counsel and Company Secretary on behalf of the ASOS PLC Board. The assessment is developed with the participation of 45 senior leaders within the organisation and we report on risks identified in our **Annual Report** to investors.

In addition, diagram 1 demonstrates our established corporate governance structure with seven business committees responsible for overseeing the delivery of our Fashion with Integrity strategic commitments. The governance groups meet monthly to discuss progress against strategy, review risks and seek opportunities for senior managers

from across the business to further embed human rights principles into their business areas. Each group is chaired by an executive board member and comprises of senior management representatives and subject-matter experts. They report on their activities to the CEO and the board of directors on a monthly basis.

The following departments are responsible for carrying out day-to-day implementation of policies and procedures that support ASOS in meeting its human rights responsibilities: People Experience Team (ASOS employees), Company Secretariat (whistleblowing), Corporate Responsibility (Fashion with Integrity strategy), Procurement (non-stock suppliers), Sourcing (Fashion with Integrity strategy within product supply chain) and Supply Chain (outsourced logistics partners), Legal (contractual terms and conditions).

We believe that close collaboration with our Buying, Merchandising, Design and Garment Technology teams is essential to ensure management decisions and purchasing practices are aligned with our ethical trade goals. To this end, our ethical trade team have regular meetings with both menswear and womenswear management.

ASOS Executive Committee			
20-Something Confidence	Diversity and Inclusion	Sustainable Business	Non-Stock Supplier Integrity
Product Recall Decision Groups	Ethical Trade	Business Integrity	Sustainable Products

Diagram 1: Seven business committees of ASOS governance structure

RISK ASSESSMENT

ASOS recognises that there is a risk of modern slavery in any area of our business where there is:

- Migrant labour (country to country or within a country)
- High presence of vulnerable populations (such as refugees/ethnic minorities)
- Young workers and risk of child labour
- Contract, agency and temporary workers
- Women workers
- Outsourced human resources function

ASOS' approach to risk assessment comprises of desk-based research, supply chain mapping and audit, as well as focused due diligence and stakeholder engagement. In particular, we have partnered with Anti-Slavery International, which act as our 'critical friend', helping to ensure that

our human rights due diligence process is robust and that we are continuously reviewing and mitigating new risks in our supply chain.

Table 2 identifies sourcing regions we assess as highest risk for specific modern slavery issues. Each area of the business is continuously reviewed to set priorities and actions:

High priority: ASOS Brands product manufacture, labelling and packaging, offices and fulfilment centres.

Medium priority: third-party brands and non-stock suppliers with a high risk of forced or compulsory labour as determined by the presence of migrant workers or labour providers in the low skilled job sector.

Low priority: non-stock suppliers with a low risk of forced or compulsory labour.

Whilst we acknowledge that modern slavery can be found in all economies, countries, industries and areas of operation, our initial analysis has identified that the areas at highest risk of modern slavery within ASOS operations are garment manufacturing supply chains. Over the past nine years, ASOS has developed ethical trading policies and programmes with the aim of discovering and addressing these issues. This gives us a strong platform from which to investigate issues of modern slavery.

ETHICAL TRADE PROGRAMME

Our Board approved a new 'three-year' Ethical Trade Strategy in Jan '17, setting out our long-term vision for increasing respect for workers' rights across our supply chain and mitigating the risk of modern slavery in our operations. This strategy focusses on improving our business practices to protect human rights in our supply chain from the top down, whilst empowering workers to realise their fundamental human rights from the bottom up.

We have articulated strategic goals on: supply chain transparency, purchasing practices, freedom of association, living wage, gender equality, health and safety, modern slavery and child labour.

ASOS employs a team of ethical trade specialists through a third-party ('the Regional Team') based in our key product sourcing regions. We are expanding our regional resource by directly recruiting local Ethical Trade Managers and team assistance. This year we employed two Ethical Trade Managers in Turkey and China and will be recruiting managers in Eastern Europe (Romania) and India in 2018.

These managers are responsible for implementing our strategy, managing day to day factory audit programmes, and providing the key liaison between the ASOS head office in London and the Regional Team. This also ensures that those responsible for supporting our supply partners to improve their ethical standards understand country-specific risks and can build relationships with local stakeholders to help address them. The Regional Team is supported by the Ethical Trade team at ASOS head office in London. The entire international team meets annually for strategy development, training and conferencing.

See [here](#) for full details on our Ethical Trade Programme.

ASOS has developed its own detailed ethical

trade audit methodology which is designed to support and encourage transparency as well as compliance with our Supplier Ethical Code. Whilst we are mindful of the limitations of audits, our programme provides valuable input into our wider risk assessment and programme work. As we are also aware that perpetrators will work to conceal these issues from auditors, all ASOS factory audits are unannounced. Semi-announced pre-assessments are carried out for potential new factories in the U.K, Turkey and India by our regional teams as we have concluded that these regions are particularly high-risk. For our other sourcing regions we utilise third-party pre-assessments.

We conduct annual audits at all tier 1 factories in all regions. Further to this we audit all tier 2-3 factories in Turkey and the U.K, as we recognise that complex outsourcing supply chains increase the risk of illegal, informal labour or in the case of Turkey, child labour.

Our audit programme also includes specific modern slavery indicators which are used to assess the risk of modern slavery during site audits. These include document retention, deceptive recruitment practices, recruitment fees, withheld wages, restricted movement or isolation, violence or threats, poor working and/or living conditions, and the presence of vulnerable workers. Should any indicators be discovered, our Regional Team immediately alerts head office Ethical Trade Managers to agree on appropriate actions. In the UK, we follow a specific audit methodology through the

Fast Forward Programme to flag risks of modern slavery in all our UK sites, tiers one to three. ASOS' commercial actions have a direct impact on suppliers and factories' ability to meet our ethical standards. We regularly review our own purchasing practices in order to identify ways to strengthen supplier relationships, and ultimately improve working conditions to try and prevent incidences of modern slavery from occurring. This year, we commissioned surveys with suppliers and our retail teams to highlight gaps in our practices and agree actions for improving our purchasing mechanisms.

We are one of 17 brands participating in the Action, Collaboration, Transformation (ACT) initiative in partnership with IndustriALL Global Union, which holds a commitment to ensure brand purchasing practices facilitate the payment of a living wage. We are also active members of the ACT purchasing practices working group.

With Action, Collaboration, Transformation, we conducted a Purchasing Practices Self-Assessment to review and benchmark our buying practices. This tool looked at issues as broad as strategic planning, sourcing, development, buying, and the underlying behaviours, values and principles within our business, all of which can impact a living wage. The outcome highlighted a significant opportunity for ASOS to refine and improve our approach, drive commercial benefit and fulfil our commitment to minimum/living wages.

Risk and Steps Taken

ASOS' due diligence processes have identified a number of potential modern slavery risks that could be present within our business operations and supply chain. These risks have been summarised in the table below, along with preventative steps taken and a set of commitments based on gaps apparent in ASOS' existing programmes. We have worked with Anti-Slavery International throughout the process. These are our particular focus areas.

MODERN SLAVERY RISK	WHAT'S THE ISSUE?	STEPS TAKEN SEPTEMBER 2016-MARCH 2018	COMMITMENTS 2018-19
MIGRANT LABOUR	<ul style="list-style-type: none"> Migrant workers paying recruitment fees may be trapped in bonded labour and be subjected to inferior employment terms. Labour recruiters create an additional layer between employers and workers, leaving workers exposed to deceptive or coercive recruitment practices. Migrant workers often do not understand their rights in the destination country and the terms of their employment. Countries of highest risk: Mauritius, China, India, Poland and Turkey. 	<ul style="list-style-type: none"> Carried out migrant labour risk assessments for top 10 sourcing countries. Supported suppliers in implementing the 'employer pays principle' according to which no worker should pay for the cost of recruitment. Monitored worker recruitment in Bangladesh in partnership with local migrant workers' organisation Ovbashi Karmi Unnayam Program (OKUP). Partnered with Mauritian Export Association to train suppliers on modern slavery. Lobbied Mauritian and Bangladeshi governments to address migrant worker protection within forthcoming government-to-government agreement. Partnered with British High Commission in Mauritius to host multi-stakeholder event to agree on framework for improving migrant worker protection. Conducted assessment of labour practices at Polish return centre with Anti-Slavery International and identified areas of concern in relation to staffing agency's treatment of Ukrainian workers. Implemented remediation plan in collaboration with business partner. 	<ul style="list-style-type: none"> Revise ASOS Migrant and Contract Worker Policy to include further detail on ethical recruitment, remediation, and guidance for implementation across high risk regions and business operations. Pursue brand engagement to drive wider application of the 'employer pays principle' in the industry. Continue to lobby the Bangladeshi and Mauritian governments regarding a fair migration corridor between the two countries. Pursue collaboration with NGO partners and other stakeholders to monitor workers' recruitment process and drive improvements in working conditions for migrant workers in Mauritius. Continue engagement with ETI Mauritius Working Group to deliver roadmap of activities agreed at multi-stakeholder event. Work with our business partner in Poland to improve oversight of labour providers and ensure migrant workers are treated fairly.
REFUGEE LABOUR	<ul style="list-style-type: none"> Refugees are particularly vulnerable to human trafficking and forced, bonded and compulsory labour. Refugees may not have access to legal means of employment, therefore increasing vulnerability. Countries of highest risk: Turkey. 	<ul style="list-style-type: none"> Participated in ETI working group on Business and Human Rights and ETI Turkey Platform Steering Group. Convened two supplier conferences in Istanbul to raise awareness of our ethical standards. Signed the Fair Labour Association's letter to Turkish President, calling for greater access to work for Syrian refugees in Turkey. ASOS suppliers participated in conference on work permits for Syrian refugees organised by Ethical Trade Initiative and UN Refugee Agency (UNHCR). Established links between factories and local NGO's to facilitate the recruitment of Syrian workers into our supply chain. Supported Syrian refugees in our Turkish supply chain to obtain work permits, with 58% of applications successful at the time of publication. 	<ul style="list-style-type: none"> Continue to support suppliers to provide decent employment opportunities for Syrian refugees. Establish worker hotline in partnership with IndustriALL. The hotline will operate in Turkish and Arabic to provide access to remedy for refugee workers. Provide workers with access to information about their rights through information cards, handbooks and a smartphone app due to launch under our Global Framework Agreement with IndustriALL in mid-2018. Participate in project run by Fair Labour Association and Turkish Ministry of Labour to develop tools for Syrian refugees to raise awareness of their rights and explain the work permit application process in Turkey.

Risk and Steps Taken

MODERN SLAVERY RISK	WHAT'S THE ISSUE?	STEPS TAKEN SEPTEMBER 2016-MARCH 2018	COMMITMENTS 2018-19
CHILD LABOUR AND YOUNG WORKERS	<ul style="list-style-type: none"> Children and young workers are more vulnerable to forms of modern slavery such as forced and compulsory labour as well as human trafficking. Inadequate HR processes mean that young workers may be employed and enter the work place without sufficient checks to ensure their age, ability and safety in the work place. Countries of highest risk: China, India, Turkey. 	<ul style="list-style-type: none"> Worked with NGO partner and UNICEF to research root causes of child labour within Syrian refugee community in Turkey and gain better understanding of working conditions of child workers. Discovered 10 instances of child labour in our Turkish supply chain and enforced our remediation policy that covers schooling of children, the payment of a living wage to the family, and close monitoring of the children by local NGO partner, KADAV. Started a "Life Skills" programme with KADAV in Turkey, aiming to support Syrian children to overcome experience of conflict and help them integrate. To-date, 40 children aged eight to 16 have participated in the programme. Conducted risk assessment of recruitment processes and child labour in cotton farms through Fair Labour Association and IPUD joint project on Improving Employment Practices in Turkish Cotton Sector. Identified partner NGO in China to support on child labour remediation. 	<ul style="list-style-type: none"> Ensure there are no un-remediated cases of child labour anywhere in our supply chain. Continue supporting the "Life Skills" programme for Syrian children in Turkey. Support Syrian mothers' employment in our supply chain where possible and cover work permit costs to enable families to send their children to school instead of work. If necessary, support transition of children from work to school. Continue to build our regional capacity in high risk countries, including India and China. Build local NGO partnerships in other high risk countries in order to address root causes of child labour and deliver remediation programme.
CONTRACT, AGENCY AND TEMPORARY WORKERS	<ul style="list-style-type: none"> Contract, agency and temporary workers are often less secure in their employment, may have fewer rights in the workplace and are therefore more vulnerable to exploitation. Labour recruiters create an additional layer between employers and workers, leaving workers exposed to deceptive or coercive recruitment practices. Countries of highest risk: India, Poland, Romania, Bulgaria, and the UK. 	<ul style="list-style-type: none"> Conducted contract, agency and temporary worker risk assessment across our top ten sourcing regions. Began project in India in partnership with local organisation Kaarak to improve hiring and employment of contract workers in 15 factories. Convened independent group of industry experts to strengthen data collection methods and provide insight into issue. Worked with Association of Labour Providers and Fast-Forward to monitor agencies providing labour to our UK suppliers. Identified labour providers within our supply chain that do not meet Association of Labour Providers criteria and discontinued relationships. 	<ul style="list-style-type: none"> Roll out Fair Hiring toolkit for India suppliers recruiting contract workers. Conduct interviews with workers in India to triangulate data collected onsite. Review findings and recommendations relating to recruitment and payment of contract workers to feed into a practical action plan for improvement in May 2018. Ensure that all UK suppliers using agencies commission a specialist labour provider audit with the Association of Labour Providers as standard practice. Develop risk mitigation strategy for contract and agency labour in Eastern Europe.
WOMEN WORKERS	<ul style="list-style-type: none"> Women are particularly vulnerable to exploitation, human trafficking and bonded labour. Countries of highest risk: All source countries. 	<ul style="list-style-type: none"> Piloted training programme for women workers on gender equality, discrimination, harassment and violence against women in two factories. Commissioned independent impact assessment of training by the Human Rights Law Research and Implementation Centre of Bilgi University in Turkey. 	<ul style="list-style-type: none"> Collaborate with our NGO partner to support the employment of Syrian refugee women in our supply chain. Continue to assess and remediate instances of gender inequality in our supply chain. Deliver women's empowerment training programme and freedom of association training programme in partnership with IndustriALL in five factories in Turkey. Roll out women's empowerment programme within our other key sourcing countries in partnership with local women's rights organisations.

Risk and Steps Taken

MODERN SLAVERY RISK	WHAT'S THE ISSUE?	STEPS TAKEN SEPTEMBER 2016-MARCH 2018	COMMITMENTS 2018-19
OUTSOURCED HR FUNCTIONS	<ul style="list-style-type: none"> ASOS' responsibility to prevent risks of modern slavery extends beyond our direct operations and to those we outsource or that our suppliers outsource. Countries of highest risk: UK, Poland. 	<ul style="list-style-type: none"> Amended ethical trade policies to extend scope of application to all suppliers of goods and services not for resale ('Non-stock') and incorporated within contracts. Carried out risk assessment of ASOS top 250 non-stock suppliers and started direct engagement with top 50 highest risk suppliers. Conducted assessment of labour practices at Polish fulfilment centre with Anti-Slavery International and identified areas of concern in relation to labour providers' treatment of agency workers from Ukraine. Developed roadmap and worked with ASOS Supply Chain team to support supplier in remediating issues identified. Started reviewing our purchasing practices and procurement processes to ensure they do not negatively impact the human rights of workers in our supply chains. Trained procurement team and representatives of other non-stock departments on modern slavery. 	<ul style="list-style-type: none"> Recruit role within ethical trade department for overseeing the application of ASOS ethical policies across our non-stock supply chain. Hold workshop for a selection of non-stock suppliers to communicate our ethical policies and align on next steps. Assess risk within outsourced HR functions across all warehouses and fulfilment centres and work with partners to remediate any issues identified. Roll out online training on modern slavery across non-stock departments. Roll-out training across retail to integrate ethical considerations within purchasing practices.
THIRD-PARTY BRANDS	<ul style="list-style-type: none"> ASOS' responsibility to prevent risks of modern slavery extends beyond our own brands and to the efforts of our third-party brands. Lack of visibility of third-party brands ethical trade standards and performance, with risk of modern slavery. 	<ul style="list-style-type: none"> Held Fashion with Integrity conference in London to encourage brands to start implementing change in their supply chains. Recruited dedicated Senior Manager to develop third-party brand strategy. Rolled out strategy for third-party brands that outlines five minimum requirements for them to meet, and identifies a path to continuous improvement. Commenced delivery of training programme (in-person workshops) for third-party brands to build their capacity to meet minimum requirements. Began one-to-one engagement with third-party brands we consider to be at a high risk of non-compliance, for example top 40 brands. 	<ul style="list-style-type: none"> Support and guide all third-party brands to meet minimum requirements by August 2019. Expand Ethical Trade Branded team to cover all third-party brand categories. Build on in-person training programme through developing a comprehensive calendar of events e.g. issue or geography specific. Create online training programme (in addition to in-person workshops) to support third-party brands in building their ethical capacity. Continue one-to-one engagement with additional third-party brands we consider to be at a high risk of non-compliance (jewellery, beauty, homeware). Hold annual Fashion with Integrity conference with third-party brands.

Table 2: Risks and steps taken to prevent modern slavery in ASOS supply chains September 2016-March 2018

ASOS BRANDS

The Ethical Trade Team carried out 487 factory assessments during financial year 2016/2017. We continue to raise awareness of modern slavery and provide guidance on remediation to our manufacturing sites. Where modern slavery risks are regional or industry-wide, we are working in collaboration with our suppliers, industry colleagues, and other key stakeholders on programmes to address and remediate them.

Examples of particular areas of focus for this reporting period and ongoing:

FOCUS ON UNAUTHORISED SUBCONTRACTING IN TURKEY

Transparency in our supply chain is crucial for minimising the risk of unauthorised subcontracting and protecting vulnerable people. In the past year, we have increased the visibility of our supply base in Turkey and will map 100% of tiers two and three by the end of 2018.

We conduct regular checks to ensure that production takes place in authorised units and monitor working conditions. We have developed and published an unapproved subcontracting policy, which strengthens our long-held requirement for suppliers to declare all factories involved in the manufacture of ASOS Brands products and work with us to make sure only approved units are used. In Turkey, we have identified 5 suppliers using unapproved subcontracting and 14 sub-contractors manufacturing ASOS Brands products without ASOS approval.

We identified a requirement for local management of these issues to better understand country specific risks and maintain close proximity to potential risk, and subsequently recruited a local Ethical Trade Manager and an Associate, with a view to also recruit an Assistant in 2018.

We continue to uncover instances of unauthorised subcontracting and child labour which remain ongoing challenges. In this reporting period, we identified and remediated 10 instances of child labour within unapproved subcontracted units in Turkey.

We are committed to ensuring there are no un-remediated cases of child labour anywhere in our supply chain and have crafted a robust remediation policy and process. Our child labour remediation policy covers schooling of children and providing a living wage, which is more than the legal minimum wage, to the family to be able to keep children in education. We have established a close partnership with Women's Solidarity Foundation KADAV to assist with efforts for eliminating child labour and closely monitor the children. We treat the cases with maximum confidentiality to prevent any potential adverse human rights impacts on these children, their families, or other workers employed by these sub-contractors.

FOCUS ON MIGRANT LABOUR IN MAURITIUS

For the past year, we have been working to address issues with migrant labour in our Mauritian supply chain. These include the recruitment of migrant workers and the payment of excessive recruitment fees, often leading to debt bondage.

We adopted a two-pronged approach by working closely with suppliers to improve their practices, and engaging with other stakeholders to drive change at a systemic level. We have successfully rolled out the 'Employer Pays Principle' in our supply chain and supported our suppliers to implement this policy. Bangladesh is the largest provider of migrant labour to Mauritius. In January 2018, we visited two of our suppliers' recruitment agents in Bangladesh with OKUP to monitor ongoing recruitment. We conducted interviews with workers prior to their departure for Mauritius to ensure that their recruitment process had been fair and transparent, that they had received adequate pre-departure training, and that they had not been charged any fees.

In recognition that these issues are endemic, we have continued to work with other brands, government, industry associations, NGO's and local trade unions to develop interventions that address the root causes leading to exploitation of migrant labour. In collaboration with other brands, we lobbied the Bangladeshi and Mauritian government to include language on the protection of migrant workers in the Memorandum of Understanding on labour migration which is currently under negotiation between the two countries. We have also sought to raise awareness within the export sector in partnership with Anti-Slavery International and the Mauritian Export Association, as part of a workshop for local manufacturers, including our suppliers.

In February 2018, ASOS and the British High Commission to Mauritius hosted an event, bringing together local and international stakeholders to discuss the challenges in managing labour migration, and agree a common framework for improving worker protection in Mauritius and beyond. Speakers included representatives from the Mauritian and Bangladeshi governments, the ILO, IOM, IndustriALL Union, the Ethical Trading Initiative (ETI) and Anti-Slavery International. Attendees also included executives from fashion brands manufacturing on the island, including adidas, zLabels, PUMA, Woolworths and Whistles, among others. A core output from the event was the development of an ETI working group to oversee the implementation of a roadmap that will focus on driving further application of the 'Employer Pays Principle' and improve protection for migrant workers from the moment they are recruited, through their employment in Mauritius, to their safe return to their home country.

FOCUS ON RECRUITMENT PRACTICES AND TREATMENT OF WORKERS IN POLAND

We conducted an assessment of labour practices with Anti-Slavery International in one of our returns centres in Poland, which is managed by a third-party logistics firm, and receives and reprocesses our European returns. The site had been identified as potentially high risk in relation to modern slavery, as it employs a significant number of agency workers (61%), the majority of whom are from Ukraine.

The assessment identified a number of issues in relation to the treatment of migrant workers. Many of the migrant workers we interviewed had used informal agents to secure employment in Poland, and paid fees for recruitment and transportation in the region of EUR300. They also reported that they had little or no contact with their employer prior to their departure from Ukraine, and received no contracts or offer letters detailing their terms of employment.

In a few cases, workers were misinformed about their terms of employment, or were sold fake invitation letters to Poland. The assessment also highlighted that one labour agency was subjecting workers to harsh treatment - requiring them to perform additional unpaid work by way of serving food to other workers in their accommodation as a form of disciplinary punishment. In addition, we found evidence of delayed payments of workers' wages. We immediately instructed the agency to cease its harsh treatment of workers, and worked with our business partner to implement a remediation plan. We are looking at transferring existing workers employed at this agency into full-time employment at the returns centre.

In addition, we are supporting our business partner to improve their agency tender criteria and process to ensure that they only work with reputable labour providers. The new tender document includes clear contractual clauses to ensure that migrant workers go through a fair and transparent recruitment process, are not charged for the cost of recruitment, and are provided with clear and reliable information about their future employment before leaving their country of origin. All agency contracts are due for renewal and renegotiation in 2018, and any existing agency that do not meet the above criteria will be disqualified.

THIRD PARTY BRAND SUPPLIERS

ASOS stocks over 850 third-party brands, representing 56% of sales. We created new positions within our Sourcing team responsible for a more in depth look at our third-party brand partners, including a Senior Manager dedicated to designing and rolling out a third-party brand strategy. At the start of 2018, we rolled out this strategy, which establishes minimum requirements for all our third-party brands. We expect all new brands joining ASOS to meet these requirements, and are working with all our existing brands to get there by 2020.

We continue to believe in the power of 'transformation through collaboration' and this is the premise on which our third-party brands strategy is based. Rather than a box-ticking approach, our theory of changes means supporting brands on the journey to being gold standard and lifting the industry baseline for how workers are treated.

We establish compliance level through the completion of a brand self-assessment questionnaire and run a programme of training workshops to ensure brands have the support they need to meet the requirements. In 2018 we will introduce online training modules for those

brands who are not able to attend our training workshops in person.

Minimum requirements for third-party brands at ASOS include:

1. An Ethical Trade Policy or an Ethical Code of Conduct for suppliers
2. Evidence of supply chain transparency to tier one
3. A Modern Slavery Statement (where applicable)
4. Compliance with the ASOS Chemical Policy
5. Animal Welfare Statement (where applicable)

Data gathered from the self-assessment questionnaires will form the baseline for brand performance. Over time, as brands comply with minimum requirements, we intend to push for the higher standards demonstrated by our brand partners with existing robust human rights programmes. By championing mandatory minimum requirements and continuous improvement in all areas, ASOS aims to deliver a systemic shift in the way brands approach ethical trade and sustainability.

In September 2017, we held an inaugural

third-party brand focussed Fashion with Integrity conference in London. The conference brought together 80 of our third-party brands, as well as a number of guest speakers. The various sessions covered use of sustainable materials, chemical compliance, circular economy and the challenge of preventing modern slavery. Key speakers included Baroness Lola Young, Chair of the All-Party Parliamentary Group on Ethics and Sustainability in Fashion, and Klara Skrivankova from Anti-Slavery International who were present to engage with brands in networking sessions. The objective of the conference was to inspire and encourage brands to start implementing change in their respective supply chains. It is now an annual event.

In addition, we are engaging directly with brands we consider to be at a high risk of non-compliance, and also with more experienced brands with established good practice standards.

In 2018 we will continue to grow the team to cover more recently introduced branded products such as face and body (cosmetics), jewellery and homeware.

REPORTING MECHANISMS

ASOS has a number of formal and informal feedback mechanisms across its operations and works hard to create a culture where employees can share concerns and ideas.

For those who wish to give anonymous feedback, ASOS has an independently operated 24/7 helpline for employees called "We're Listening", through which they can raise any concerns, including human rights and working conditions. In 2016-17 the helpline covered ASOS employees and contractors in ASOS premises, as well as UK factory workers.

This helpline has now been rolled out to workers in our eight largest sourcing regions, including China, India, Mauritius, Romania, Bulgaria, Vietnam, Cambodia and Italy.

Reports are received by ASOS' General Counsel and Company Secretary for investigation and passed to the appropriate team for remediation, remaining strictly confidential at all times. The operation of the helpline and remediation processes are overseen by the Business Integrity Governance Group.

In Turkey, we will be piloting a separate hotline in partnership with IndustriALL Global Union, as part our Global Framework Agreement. The hotline will operate in Turkish and Arabic, providing information to workers about their rights and giving them access to remedy. A monitoring committee, composed of IndustriALL local affiliates and ASOS, will be established to monitor the implementation of our Global Framework Agreement and workers' access to remedy through the hotline.

NON-STOCK PROCUREMENT

ASOS recognises that it has a responsibility, and an opportunity, to embed ethical purchasing practices within both stock and non-stock procurement.

Until 2015, the focus of our ethical trade programmes was on ASOS Brands' product manufacturing sites. However, since 2015 we have extended our ethical trade programme to non-stock providers of goods and services.

We have set-up a non-stock governance group to guide the implementation of our Fashion with Integrity strategy across the non-stock area of our business. The group is chaired by our Supply Chain Director and includes senior representatives from Procurement, Technology, Facilities, Supply Chain, Logistics, Corporate

Responsibility, and Ethical Trade. Since starting this programme, we have conducted a risk assessment of our top 250 suppliers, which represent 95% of our total non-stock procurement spend. Examples of these include freight handling, distribution, order fulfilment and returns processing.

We have amended our ethical trade policies, including the ASOS Supplier Ethical Code, ASOS Child and Young Worker Policy and ASOS Migrant and Contract Worker Policy to extend their scope of application to our non-stock supply chain. We have also included these in our contracts with non-stock suppliers and reserved the right to audit against those standards.

Following our initial risk assessment, we prioritised the top 50 highest risk suppliers according to spend, industry, geography and known ethical risks and sent them a self-assessment questionnaire to help gather further information on their employment practices and ethical standards. We are now in the process of engaging with individual suppliers to discuss any gaps identified against our standards.

We have also developed a roadmap to ensure that our highest risk sites are monitored on a yearly basis. We will hire additional resource to oversee the implementation of our Fashion with Integrity strategy across our non-stock supply chain in 2018.

Training and Awareness Raising

We continue to use the Modern Slavery Act as an opportunity to embed greater understanding of human rights within our product manufacturing supply chains, and importantly, to extend this awareness to other business areas and thus improve the approach towards third-party brands and non-stock purchasing. For ASOS, this means continuing to develop targeted training for those employees most directly involved in making purchasing decisions which impact the risk of modern slavery across our business operations. It also means recognising the complex nature of modern slavery and developing informative and accessible training for all employees to increase their awareness of the risk of modern slavery in our business and the wider fashion industry.

ASOS CEO and Executive Directors are regularly briefed and engaged in discussions on human rights and modern slavery, and our Fashion with Integrity Governance structure ensures that key issues are disseminated throughout the ASOS Leadership team.

This year we have offered several modern slavery training opportunities for employees and suppliers:

- We partnered with Anti-Slavery International to develop internal training on modern slavery. We have piloted two modern slavery workshops within the business. The first group targeted our Buying, Merchandising, Design and Garment Technology teams, and the second targeted Non-Stock business areas. We will roll out an informative and accessible modern slavery training programme to the entire business in April 2018.
- We sponsored an ETI training course for our auditors in China to enable them to spot indicators of modern slavery.
- We partnered with Mauritian Export Association and Anti-Slavery International to deliver a two-day intensive training on modern slavery to four Mauritian suppliers (10 factories) and other local manufacturers.
- We piloted a training programme for women workers on gender equality, discrimination, harassment and violence against women in two Turkish factories.
- We developed internal training for third-party brand buyers on the risk of modern slavery in supply chains.
- We hosted a multi-stakeholder roundtable on modern slavery in Mauritius in partnership with the British High Commission in Mauritius.
- We continue to run supplier workshops for ASOS Brands suppliers in UK, Turkey, China, India, Mauritius and Eastern Europe on a yearly basis.
- We have developed a series of supply chain mapping and subcontracting awareness workshops to be delivered to in March 2018. Buying and Merchandising teams will be trained on the importance of supply chain mapping and the risks of lack of transparency. The training will also equip them with the tools to effectively address any questions from suppliers about tackling modern slavery in their supply chains.
- We are developing a comprehensive training programme for Buying and Merchandising designed to improve our purchasing practices. The training will cover cost prices, models and negotiation, production lead times and manufacturing processes, forecasting process, and ethical and sustainable policies. We will also be developing a programme of factory visits for all Buyers and Merchandisers to enable them to better understand production processes.

Stakeholder Engagement and Partnerships

STAKEHOLDER ENGAGEMENT

We understand that success in preventing modern slavery is unlikely to be achieved by brands working independently. As long term members of the Ethical Trading Initiative and a number of multi stakeholder programmes, we believe that the key to real progress is collaboration – across industries, and with NGO, government and trade union partners.

We have actively lobbied governments in recognition that the risks we face may be larger than ASOS and require government engagement to achieve sustainable change. In Mauritius, we have engaged with stakeholders to end debt bondage, including [lobbying the Mauritian government](#) to sign a bilateral agreement with Bangladesh that includes specific language relating to safe labour migration between two countries.

In Turkey, we are a signatory of the Fair Labour Association's letter to Turkish President sent in April 2017, calling for greater

access to work for Syrian refugees in Turkey. We also support the Fair Labour Association's project with Turkish Ministry of Labour to develop and share workers' rights and permit applications handbooks.

We were also approached directly by the Australian Government to lodge a submission to support the development of legislation on modern slavery similar to the UK Modern Slavery Act. The opportunity was welcomed by ASOS and we submitted a letter of support detailing certain legislative recommendations, for example a mandatory reporting requirement, legislation that covers both the public and private sector, enforcing penalties for failure to report, full supply chain coverage and a published list of those companies required to report. This has contributed to a recent [report](#) setting out final recommendations for modern slavery legislation to the Australian Government.

PARTNERSHIPS

**Partnerships are integral for ASOS in addressing modern slavery risks.
We have been actively involved with the following organisations and initiatives:**

Anti-Slavery International: We established a partnership with Anti-Slavery International, a world-leading NGO working to eliminate all forms of slavery. Acting as a 'critical friend', Anti-Slavery International is assisting us in reviewing our practices to ensure they are in line with the UN Guiding Principles on Business and Human Rights. We are also working together to provide a sustainable solution to the issues faced by migrant workers in our supply chain in Mauritius, assess key risks faced by workers employed in our non-stock supply chain, and develop modern slavery training for ASOS staff and our suppliers. Anti-Slavery International also attended our UK supplier conferences and carried out training sessions on modern slavery.

Global Framework Agreement with IndustriALL: ASOS is the first e-commerce brand to sign a Global Framework Agreement with IndustriALL. It represents a strong framework for implementing freedom of association and other labour rights in our supply chain,

regardless of existing standards of a particular country. IndustriALL represents 50 million workers in 140 countries campaigning for trade union rights and better working conditions around the world. Together, we are developing methodologies to assess the impact of purchasing practices on workers; implement confidential worker hotlines to ensure workers have access to remedy; and roll out a training programme for workers, factory managers, and suppliers.

Ethical Trading Initiative: ASOS has been a member of an alliance of companies, NGO's and trade unions called the Ethical Trading Initiative since 2009. ASOS regularly attends meetings and participates in a number of working groups set up to address labour rights issues. The Mauritius working group, formed in 2015, is supporting the development of a roadmap of sustainable and lasting change.

Progress Report and Further Commitments

	Not started	Behind	In Progress	Completed
Progress Report on Commitments 2016-2017				
Publish our factory list on ASOS corporate website by 31st March 2017.				●
Establish a formal corporate responsibility governance structure reporting to ASOS plc Board.				●
Review employee and non-stock supplier policies to ensure they provide adequate protection against modern slavery.				●
Launch an ethical trade support programme for third party brand suppliers.				●
Improve stakeholder engagement by working directly with a human rights NGO in the role of 'critical friend'.				●
Significant increase in number of ASOS ethical trade team and Regional Team members worldwide.				●
Extend UK Living Wage (as defined by the Living Wage Foundation) to all UK outsourced workers, including third party distribution, fulfilment and customer care centre workers and their agency employees.				●
Extend UK whistleblowing helpline to cover all ASOS Brands sourcing regions in relevant languages.				●

	Not started	Behind	In Progress	Completed
Further Commitments to 2020				
Collaborate further with industry peers, NGO's and trade unions to address systemic issues which are at the root of labour abuses and therefore create opportunity for actions against modern slavery to flourish.			●	
Extend supplier compliance and ethical standards training to all sourcing regions.			●	
Review how reward and progression strategy can be used internally to drive improvements in purchasing practices.			●	
Implement workers' rights, freedom of association and right to collective bargaining training in Turkey in collaboration with IndustriALL to all our tier 1 factories and at least 50% of our lower tier factories.			●	
Support and guide third-party brands in meeting the minimum requirements through a comprehensive training programmes that includes online training modules.			●	

Assessment of Effectiveness in Preventing Modern Slavery

Modern slavery is a complex, multi-faceted issue, which is often hidden and therefore difficult to address effectively. Issues such as debt bondage and child labour are driven by a variety of factors that are beyond the direct control of any individual business. Our responsibility as a brand is to ensure that our due diligence systems are sufficiently robust to avoid complicity with such abuses and remediate any instances we identify in our supply chain. We also need to work with other actors, including government, civil society and trade unions on systemic interventions with a long-term impact.

Supply chain mapping, and sharing of information within our industry and beyond, increase the probability that issues will be identified and addressed. Increasing supply chain transparency is therefore a fundamental aspect of our approach to eliminating modern slavery in our operations, and something we continue to prioritise. We understand that as we continue to map further down our supply chains, we will expose further risks of modern slavery, and we recognise that we will need to continually renew our efforts to minimise negative human rights impacts on vulnerable people in our supply chain.

Equally, we recognise that we must continue to be pro-active, and try to address the root causes of these issues before they occur in our factories. We place an emphasis on providing decent employment opportunities for workers in our supply chain, and work to create an enabling environment for them to be able to freely associate and bargain collectively for their rights. As part of our Global Framework Agreement with IndustriALL, we will deliver training to workers in our supply chain about their rights, with the aim of empowering them to be agents of change in the workplace.

In addition, we work collaboratively with others to resolve issues that occur often before workers reach the factory gates, such as fraudulent recruitment practices leading to debt bondage. We focus on driving sustainable long-lasting change through government lobbying and NGO partnerships, and developing our approach to third-party brands and non-stock procurement.

As a fast growing and changing organisation, we need to be particularly aware of emerging risks and be alert to the dynamic nature of both modern slavery and the impacts of our own operations. We will therefore continue to reflect on, develop and extend our approach to modern slavery, both in the breadth of approach across non-stock and third-party brands' supply chains and in the depth of work within product sourcing regions.

ASOS' Modern Slavery Statement September 2016 – March 2018 was prepared by the ASOS Modern Slavery working group and approved on behalf of the ASOS Board of Directors on 29 March 2018.

Signed



Nick Beighton
CEO, ASOS plc
29 March 2018