



## HIGHLIGHTS OF THE YEAR

- Publishing our factory list covering all our tier one to tier three sites – this is updated every two months
- Publishing our first Modern Slavery Act Statement, setting out the steps we've taken to prevent modern slavery in our business operations and supply chains
- Making accelerated progress towards our 2020 goal of 95% more sustainable cotton in our collections
- Setting out our commitment to transition to a circular economy in fashion by signing the Global Fashion Agenda at the Copenhagen Fashion Summit
- Increasing the scope and accuracy of our carbon emissions reporting across the business
- Collecting and recycling 352 tonnes of cardboard and 458 tonnes of plastic mail packaging from our customers
- Producing ceremony and formalwear for athletes at the 2016 Paralympic Games and extending our partnership with the British Paralympic Association to include the PyeongChang 2018 Winter Paralympic Games and Tokyo 2020 Summer Paralympics
- Using our Paralympic partnership as a springboard to increase disability awareness within ASOS
- Celebrating diversity and positive self-image with inspirational stories in our magazine and editorial content
- Growing our partnership with Centrepoint, helping to provide essential mental health services to homeless young adults and to launch the UK's first homelessness prevention helpline for 16- to 25-year-olds
- Training 70 young unemployed people with The Prince's Trust and recruiting 14 graduates of this year's Get into Fashion and Get into Technology courses
- Establishing a robust governance structure with 85 ASOS leaders and subject matter experts to drive our Fashion with Integrity strategy

## FASHION WITH INTEGRITY

**Our corporate responsibility programme, Fashion with Integrity, epitomises our approach to business. It means managing all aspects of our business transparently, so our customers can enjoy fashion knowing they're buying from a responsible company that's actively working to minimise the negative effects of the fashion industry on people, animals and the environment. It means making socially responsible choices every day, investing in young people's futures and building a truly inclusive community where every single customer has the confidence to be who they want to be.**

**Our Fashion with Integrity strategy is designed to support the delivery of our core business strategy and focuses on four pillars: our products, customers, business and community.**

<b>Our products</b> Respecting people and the planet with great products that our customers can trust	<b>Our business</b> Achieving growth in a way that adds social value and minimises environmental impacts	<b>Our customers</b> Helping young people look, feel and be their best	<b>Our community</b> Investing time and resource to make a real difference in our neighbourhoods
<b>ASOS FASHION WITH INTEGRITY</b>			

## A YEAR IN REVIEW WITH LOUISE MCCABE, DIRECTOR OF CORPORATE RESPONSIBILITY

This year, there's been a step change in how we integrate the four pillars of Fashion with Integrity into our core business. Our corporate responsibility priorities have been repositioned as strategic non-negotiables, and we've taken steps to engage every person in the business in understanding and achieving them, and in removing barriers to faster progress.

We've also introduced an extensive and robust governance structure for Fashion with Integrity. This will help us identify and overcome barriers to progress, and also support our UN Global Compact commitments on human rights, environment, labour conditions and business integrity. Over 85 senior leaders and subject experts from ASOS are participating in seven steering groups which report into a central executive board chaired by our CEO.

Some key themes emerging for us are transparency, the circular economy and diversity. These principles are woven through our approach to human rights, sustainability and social investment and are part of the fabric of how we do Fashion with Integrity at ASOS.

### **Transparency**

In January, our Board approved a new Ethical Trade Strategy setting out our long-term vision for safeguarding workers' rights in our supply chains. We continue to build on our commitments to protect the rights of workers, particularly those most

vulnerable to modern slavery. To support this strategy, we're now publishing details of our manufacturing sites, and adopting a transparent approach to identifying and publishing our supply chain risks in our Modern Slavery Statement.

We've also increased the transparency and extent of our carbon emissions reporting by extending its scope and improving our assessment methodology. While this increases our reported carbon intensity, it gives a more realistic picture of where we are and helps us identify exactly how and where we can begin to decouple growth from emissions. We've also undertaken a number of detailed studies to help us understand how we can lessen the future carbon emissions impact of our logistics operations, packaging and customer deliveries.

### **Circular economy**

In May this year, we signed a commitment to a Circular Fashion Future at the Copenhagen Fashion Summit. This signals our intention to shift from the current fashion model of 'take, make, use, dispose' to a circular model where materials are reclaimed and reused or regenerated instead of using virgin resources. We're looking forward to collaborating with our partners to reach our goals and support wider change across the fashion industry. As we begin our journey to a circular economy, we continue to speed up the pace

of change for the fabrics we use, and are already exceeding this year's targets for our 2020 goal of 95% more sustainable cotton in our collections.

### **Diversity**

We continue to celebrate diversity at ASOS and this year I've been especially impressed with the content produced by the ASOS Magazine, website and social teams. This continues to celebrate and reflect the diversity of our 20-something audience within a changing landscape of gender, self-expression and body confidence. We have a particular focus on disability and, following the Paralympic Games in Rio, we're delighted to be continuing our successful partnership with the British Paralympic Association. We'll be providing formal and ceremony wear for PyeongChang 2018 Winter Paralympic Games and the Tokyo 2020 Summer Paralympics.

The ASOS Foundation has gone from strength to strength in 2017. I'm particularly proud of our partnership with Centrepoint, the UK youth homelessness charity. Funding from the ASOS Foundation has enabled Centrepoint to provide mental health support and to launch the UK's first national homelessness prevention helpline for young adults.

### **Louise McCabe**

Director of Corporate Responsibility

### **FASHION WITH INTEGRITY KEY OBJECTIVES**

#### **Our product:**

- Achieve 70% more sustainable cotton in our ranges

#### **Our customer:**

- Develop a programme to achieve AA standard Web Content Accessibility Guidelines for our e-commerce sites

#### **Our business:**

- Fulfil 85% of European (excluding UK) orders through our German Eurohub to reduce emissions from stock and vehicle movements across Europe

#### **Our community:**

- Achieve £200,000 fundraising target for the ASOS Foundation

**"I'm committed to ASOS transforming how fashion impacts on people and our planet. We can do this if we're determined enough, work together, make brave decisions and continue to be open and honest about what needs to be done."**

**Nick Beighton, CEO**





## OUR PRODUCTS

### Respecting people and the planet with great products that our customers can trust

Alongside commercial criteria, our sourcing strategy also focuses on ethical trading, sustainable sourcing and animal welfare.

#### Ethical trading

For ASOS, ethical trade means it's our responsibility to make sure every worker in our supply chain is respected and protected. Everyone in our supply chain should be safe at work, financially secure and respected by their employers and fellow workers. To achieve this, we set high ethical standards and assess and support our suppliers to help them meet these standards. We also work with others to bring about long-lasting improvements in supply chain working conditions.

#### Our standards and sourcing practices

Our ethical trade standards are set out in these policies:

- **ASOS Supplier Ethical Code:** based on the Ethical Trading Initiative (ETI) Base Code and ILO Fundamental Conventions and defines the minimum standards we require from all our suppliers.
- **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.

- **ASOS Migrant and Contract Worker Policy:** sets out supplier requirements for the recruitment and employment of migrant and contract workers, two groups vulnerable to exploitation.

Our Board approved a new Ethical Trade Strategy in January 2017, setting out our long-term vision for increasing respect for workers' rights across our supply chain. Our strategy is two-pronged – it focuses on improving our business practices to protect human rights in our supply chain from the top down, while empowering workers to realise their fundamental rights from the bottom up. Our key priorities centre on:

- **Supply chain transparency:** we recognise the importance of supply chain mapping and due diligence to uphold human rights and prevent undeclared subcontracting. We're developing ways to ensure the transparency of our supply chain and traceability of our products (see the case study on the next page).
- **Purchasing practices:** we're committed to improving our buying practices so that we limit any negative

human rights impacts resulting from how we buy our products. We're undertaking an independent review of our purchasing practices within the framework of the Action, Collaboration, Transformation (ACT) initiative on living wage. This will help to highlight gaps in our practices so we can agree actions for improving our purchasing mechanisms.

- **Freedom of association:** workers' rights to organise and bargain collectively is an essential step towards their enjoyment of other labour rights. We recognise the barriers to freedom of association that exist in our sourcing regions, and are working to overcome them by building relationships with trade unions both at the global and local level.
- **Living wage:** all workers in our supply chain are entitled to a wage that meets their basic needs. Through our participation in the ACT initiative on living wage, we're working to improve wages in key garment sourcing countries through sectoral collective bargaining.
- **Gender equality:** women represent the highest proportion of the workforce in the garment supply chain, but are still vulnerable to exploitation. We're piloting an in-factory gender programme to better understand and address some of the obstacles for women in gaining equal opportunity employment. We're also working with NGOs and academics to deliver and evaluate the impact of this programme before rolling it out to our wider supply chain.
- **Health and safety:** worker safety is a priority for ASOS at all times. We're raising awareness of the steps needed to protect workers from harmful chemicals and other workplace hazards by setting clear standards and guiding suppliers on their effective application.
- **Modern slavery:** we're working with our suppliers, industry colleagues and other key stakeholders on programmes to address and reduce modern slavery risks in our supply chains. See our Modern Slavery Statement for details about our efforts in this area.
- **Child labour:** we're working to better identify and stop child labour in our supply chains by conducting unannounced factory audits and preventing unauthorised subcontracting. We're also developing relationships with local NGOs to deliver effective remediation programmes where needed.

**— Third-party brands:** ASOS stocks over 850 third-party brands, and we have a new programme to work with these brands on ethical trade and promote best practice. There are three main aims to this programme:

- 1 To learn from and collaborate with established brand partners with strong human rights programmes
- 2 To influence those who aren't showing a high level of commitment
- 3 To support smaller, new brands in building their capacity for ethical trade and sustainability as they grow.

To make sure we achieve these goals, we've expanded our Ethical Trade team both at head office and in our key sourcing regions. In the last year, our head office team has tripled in size and we now have 12 people in our Sourcing department. We're also

expanding team capacity in our key product sourcing regions to make sure the people responsible for driving ethical standards understand country-specific risks and engage regularly with local stakeholders.

### **Monitoring and supporting suppliers**

We only work with suppliers who are committed to meeting our standards and improving conditions for the 107,312 people working in our supply chain. We currently have 178 suppliers, who use 594 factories across 28 countries. Our regional ethical trade teams are based in our main sourcing regions – China, Eastern Europe, India, Turkey and the UK – where over 80% of the factories making our products are located. Here are some examples of the way we engage with our suppliers on ethical trade:

**— Supply chain mapping:** we work with the Sustainable Sourcing team to map our supply chain beyond tier one suppliers (see the case study below).

**— Factory assessments:** we carried out 487 audits between September 2016 and July 2017 to check how factories are performing against our standards and to give support where needed. The majority of our audits are unannounced, giving us a more realistic picture of actual working conditions.

**— Supplier support:** we continue to help our suppliers to make necessary improvements at the factory level by giving guidance on difficult issues. We held four regional supplier and factory conferences in the past financial year to raise awareness of key issues and offer advice to suppliers on how to address them.

**"We're working towards full visibility of our entire supply chain, all the way back to raw material."**

**Alice Stevens, Head of Ethical Trade**



### **Transparency and product traceability**

We believe supply chain transparency is essential to make sure we're not contributing to negative environmental and social impacts when sourcing our raw materials and manufacturing our products. We want to lead the industry in disclosing our human rights impacts. So, this year we published our factory list which gives gender-disaggregated workforce data for all our mapped tier one to tier three sites and is updated every two months.

We've developed and disseminated a new subcontracting policy. This strengthens our long-held requirement for suppliers to declare all factories involved in the manufacture of ASOS products and work with us to make sure only approved units are used.

We've traced 44% of our cotton to its country of origin, 60% of our viscose to the fibre producer and 90% of our leather back to tannery level.

We'll continue to expand both the breadth and depth of our disclosure and have committed to mapping our product supply chain down to tier five for key raw materials by 2020 (see our Modern Slavery Statement).



**"This year, we've recognised that our priority must be to close the loop and engage in a circular economy, prioritising recycling and design for re-use."**

**Simon Platts, Sourcing Director**

### **Working with others to improve supply chain practices**

We're engaging in a number of initiatives to collaboratively address challenges in implementing labour standards, including:

- ACT, an initiative which brings together 17 clothing brands and trade unions to address the issue of living wage in the textile and garment supply chain
- Fast-forward, an auditing initiative involving other major UK retailers, aimed at addressing UK-specific supply chain issues and promoting best practice standards across the industry
- Ethical Trading Initiative (ETI), an alliance of companies, NGOs and trade unions which promotes labour standards in global supply chains.

### **Sustainable sourcing**

There are four elements that continue to define our focus on sustainable sourcing.

**1 Traceability of raw materials:** mapping our commodities to better understand and influence how they're sourced.

**2 Lower environmental impact:** increasing the conversion from traditional materials and processes to lower-impact alternatives.

**3 Craftsmanship:** investing in suppliers and projects that support local skills and community development.

**4 Engaging customers on sustainability:** raising awareness around an increasingly broad range of sustainable fashion and beauty products across ASOS.

The continued growth of our Sustainable Sourcing team reflects the engagement and ambition throughout ASOS to fully embed sustainability into the way we do business. Our achievements this year include:

- The graduation of 70 ASOS retail and marketing employees from the Sustainable Leaders at ASOS training programme in collaboration with the Sustainable Fashion Academy
- Making accelerated progress towards our 2020 goal of 95% more sustainable cotton in our collections – with 44% verified sustainable cotton sourced by June against our 2017 target of 70%
- Launching our wood and wood pulp policy and working with suppliers to ensure wood, paper and cellulosic fibres in our own-buy products and our office isn't from ancient or endangered forests
- Joining the Sustainable Apparel Coalition (SAC) and completing our

first environmental self-assessment, with 30% of our factories (including wet processing units) also completing their own self-assessment

- Setting out our commitment to transition to a circular fashion system by signing the Global Fashion Agenda
- Joining the European Clothing Action Plan (ECAP) and collaborating with industry partners to address environmental challenges at every stage of the clothing life cycle
- Setting sustainable fibre targets, including increased use of recycled polyester, water-based leather alternatives and more sustainable cotton
- Developing guidance on chemical management and restricted substances for all brands sold through asos.com
- Introducing supplier scorecards to assess the sustainability performance of our suppliers
- Offering sustainably made products, including swimwear with recycled nylon and denim with recycled cotton from post-consumer waste, with press and social media promotion supporting customer engagement and sales
- Presenting our sustainability strategy to over 230 suppliers and factories in the UK, China, India and Romania, and setting out how they can help us achieve our sustainability goals
- Mapping the tanneries in our leather supply chain prior to a programme of ethical trade inspection.

### **Animal welfare**

We strongly believe that no animals should suffer in the name of fashion or cosmetics. So we regularly review our animal welfare policy and guidelines for buyers and suppliers to make sure we continue to advance animal welfare standards in our supply chain. We promote alternatives to animal-derived materials by featuring faux fur, non-leather and synthetic down products in our collections. And we continuously update training and guidance, including how to ensure faux fur is truly fake with our Quality Control team in Barnsley and our retail teams, suppliers and brands.

## OUR CUSTOMERS

### Helping young people to look, feel and be their best

At ASOS, we focus relentlessly on reflecting the needs of our customers all over the world. We do this in two ways: by ensuring that our products and communications are inclusive, responsible and celebrate diversity, and by providing the best possible customer care 24/7.

#### Inclusive products and communications

We celebrate and promote our customers' diversity through our clothing ranges, our social media presence, our editorial content and our website.

#### Positive self-image

We always want to use our influence among young fashion lovers in a responsible way by promoting a healthy, positive body image to our customers. We do this by:

- Making sure our own Model Welfare policy and guidelines on digital manipulation are fully followed to protect our models and our customers

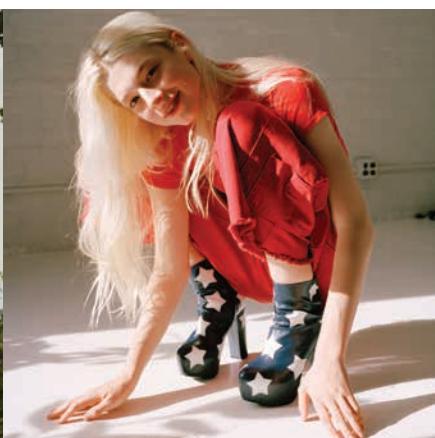
- Bringing in experts to train our employees on body image and health
- Publishing articles on diverse and inspirational young men and women in ASOS Magazine, focusing on their achievements not their looks
- Communicating with customers about issues such as body image and mental health
- Working with the anti-bullying charity, the Diana Award, to produce and run sessions to help open up discussions with young people about body image issues – between September 2016 and August 2017 over 650 students between 13 and 18 years old took part
- Partnering with the UK's eating disorders charity, Beat, to provide an online support service which helped more than 10,000 people with eating disorders between September 2016 and August 2017
- Working with youth homelessness charity Centrepoint to provide essential mental health services for young adults at risk

#### Focusing on disability

Our Celebrating Diversity disability programme aims to raise awareness of disability internally, improve access to our products and services for customers with disabilities, and create opportunities for young people with disabilities. Some of our activities in the past 12 months include:

#### ASOS and British Paralympic Association

- Designing and producing the ceremony and formal wear for 600 Paralympics GB athletes and staff at the Rio 2016 Summer Paralympic Games
- Extending our current partnership with the British Paralympic Association to include the PyeongChang 2018 Winter Paralympic Games and the Tokyo 2020 Summer Paralympics
- Hosting Come and Try sessions where students from Haverstock School in Camden played wheelchair basketball with British Paralympic Association coaches.



#### Promoting positive self-image through ASOS Magazine

Our quarterly magazine goes out to customers in the UK, France, Germany and the USA. Customers praise our magazine for pushing boundaries and being inclusive across its content, whether this is by featuring people from diverse ethnic backgrounds or with body shapes you don't typically see in mainstream media. We see words like 'empowering', 'inspiring' and 'refreshing' again and again in customers' feedback. The magazine team have a shared belief that we're not just here to sell clothes, but to help our audience negotiate a time in their life that isn't always easy. Our 2017 issues have featured Hunter Schafer, a teenage transgender rights activist; Mama Cax, an amputee and body positivity advocate; and Anne-Marie Imafidon, the founder of a social enterprise encouraging girls to get involved in science, technology, engineering and maths careers.

## Accessible website

- As part of the ASOS web redesign project we've given real attention to making the user experience accessible to everyone, whether people have vision, dexterity or any other barriers to accessibility. The User Experience team have been working to establish technical implementation guidelines (The Web Accessibility Guidelines or WCAGs), and we're aiming to be one of the first fashion e-commerce sites to achieve AA standard.
- We've done research with the RNIB using 20 participants with different disabilities to truly understand how they access websites and apps and what they expect from a fashion e-commerce site. This is helping us to identify the work we still have to do and understand how other sites and apps are addressing the same questions.

We donated £88,229 in products to disability charity Scope to raise money for employment accessibility programmes for young adults. And we're a member of the Business Disability Forum who are helping us to make ASOS a disability-smart organisation.

## Customer care

To make sure that our customers have full confidence in our experience, we provide a 24/7/365 customer care service. This year we handled 16.1m contacts including phone calls, social media, emails and live chat. We also have up-to-date information on our website help pages in nine different languages.

One of the most important things we do for our customers is provide fraud protection and data privacy services. Our Fraud Prevention team work 24/7 to make sure threats are mitigated as efficiently and effectively as possible. This year, our team prevented £10.9m of fraud attacks across 80,108 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, and give our customers the control over their data that they are entitled to expect.



## OUR BUSINESS

### Achieving growth while adding social value and minimising environmental impact

We believe in growing our business in a sustainable way while ensuring our long-term commercial viability. We do this by focusing on two things: our people and the environment.

#### Our people

At ASOS, we work hard to create a unique culture where people can feel valued, respected, enjoy their work, know they make a real difference each day and have some fun along the way. We want ASOS to be a diverse, inclusive and inspiring place to work that attracts the very best talent from around the world.

All our employees (ASOSers, as we like to call them) and third-party colleagues are central to our success. As at 31 August 2017, we employed 3,579 people including 3,463 full-time and 116 part-time ASOSers. Most people are based at our headquarters in Camden, North London, and our Customer Care site in Leavesden, with smaller teams in Paris, Birmingham, Berlin, New York and Sydney. To support our operations, we also employ people through our outsourced partners at our Barnsley fulfilment centre, and at our international Customer Care centres in Glasgow, Lisbon, Vladimir and Columbus, Ohio.

We communicate regularly with everyone about our performance and objectives, and we encourage ASOSers to suggest where we can make improvements and fast track our business. This year we've continued to

build employee engagement. We launched our values – authentic, brave and creative – at our first Leadership Summit at the start of the year; and each area then held activation sessions to bring it to life across the business. Our values are now part of ASOSers' everyday thinking. As we grow and age, maintaining our culture and high levels of engagement is even more critical; and we've developed important initiatives with this in mind.

We introduced ASOS Anniversaries in April to celebrate more and more ASOSers who are staying with us for longer. We now celebrate each person's 'ASOS birthday' every year with birthday coffee and cake. And for the bigger anniversaries (3, 5, 10 and 15 years) we're giving ASOSers extra holiday time and cash – and even naming products (10 years) and rooms (15 years) after people.

It's important that we don't lose touch with our ASOSers, and we want to capture their creative, brave ideas in the decisions we make. With this in mind, we've launched an ASOS in Touch forum with representatives from all areas and locations of the business. A member of our executive team meets with these representatives regularly, giving them a direct line to our decision-makers. This group will help keep us true to our values and be a direct line to the wider ASOS population.

Another key initiative has focused on wellbeing, especially mental health.

For the first time, we held events across our UK and global locations for Mental Health Awareness Week. We want to start breaking down the stigma around mental health – to give people the chance to talk openly about it and come up with ideas for supporting mental health, whether they have a condition or not.

Alongside this, we've focused on inclusion on a wider scale with ASOS All In – our commitment to treating everyone as equals and encouraging diversity. We're proud that ASOSers represent all sections of society and the diverse customer base we enjoy – and that we work in an environment where everyone feels respected and valued for who they are. This year we've kicked off ASOS All In with Women In Tech – events and initiatives to support more women in our technology space, such as Women in Silicon Milkroundabout. We'll be building on this next year, focusing on LGBTQIA and disability with events, external speakers and education for all ASOSers.

As well as these initiatives, we've been looking at nailing the basics and setting ourselves up for the future. As we expand globally, we need to hire great people who will support our growth. We've reviewed and put in place solid foundations for our people policies and contracts globally. We regularly include our third-party colleagues in Company-wide communications and show our appreciation of the contributions

they make by including them in our employee discount programme.

Having strong ethical standards is important to us. We expect all our ASOSers and third-party colleagues to act with integrity and behave ethically in everything they do.

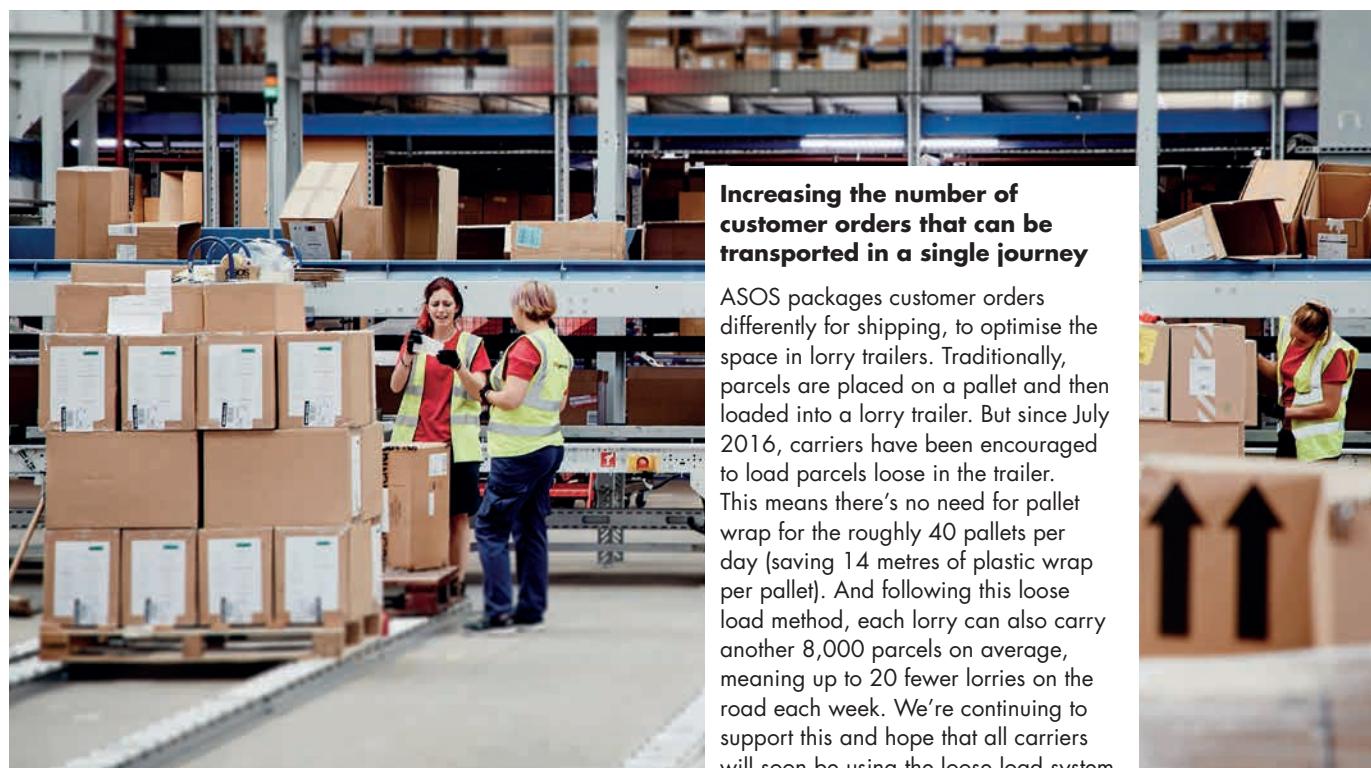
### **Attracting talent and investing in our people**

Attracting, developing and retaining the best people who will thrive in our fast-paced environment remains our number one priority. This has been recognised by LinkedIn, who voted us as the second most attractive UK employer, up from sixth place last year. Over the past 12 months, we've strengthened our executive team in critical areas, with the promotions of Andy Berks to digital product director, Nick Loveday to retail director of womenswear and Stefan Pesticcio to retail director of menswear. We also made some key strategic appointments in our Global Trading, Technology, People Experience, Finance, Supply Chain, Content and Engagement, Brand Experience, Corporate Responsibility, and Legal teams. Across the business, apprenticeships and internships help us to attract more junior and emerging talent, and we continue to build partnerships with a variety of universities and colleges.

Once we have the best talent on board, we develop our people by offering opportunities that match both their professional and

personal aspirations. We have a robust learning offer to support them through their journey here at ASOS, focusing on employability and personal development. We greet people on their first day with an immersive induction, including a history of the business, time with our executive team and a tour of our HQ to see everything from our Technology department to the Catwalk. Once people have settled in, we offer a varied learning offer for people at all levels of the business. Leadership and management development takes place in-house and during away days, and we have programmes available on a mobile platform so people can enjoy training on demand. We support everyone with their professional qualifications; and we offer diverse role- and department-specific training, including coaching, classroom, psychometric, informal and social learning, all in line with the ASOS culture.

We also encourage ASOSers to put time into the community and give them various chances to do this (see Our Community section on pages 45 and 46). As well as being a good thing to do in its own right, this kind of voluntary work helps people feel involved and gives them a stronger connection with our brand. Our overall aim is to ignite the passion which so clearly exists throughout ASOS by creating an environment where it's easy for each person to fulfil their true potential.



### **Increasing the number of customer orders that can be transported in a single journey**

ASOS packages customer orders differently for shipping, to optimise the space in lorry trailers. Traditionally, parcels are placed on a pallet and then loaded into a lorry trailer. But since July 2016, carriers have been encouraged to load parcels loose in the trailer. This means there's no need for pallet wrap for the roughly 40 pallets per day (saving 14 metres of plastic wrap per pallet). And following this loose load method, each lorry can also carry another 8,000 parcels on average, meaning up to 20 fewer lorries on the road each week. We're continuing to support this and hope that all carriers will soon be using the loose load system.

We are aware of the importance of making it easy for ASOSers to raise any concerns that they have about their job, and what they see and hear. We have a 'Whistleblowing' helpline as is required of a business the size of ASOS, with a confidential helpline that is available 24/7 in different local languages. We proactively promote this each year to ensure that we are never complacent.

### **Equal opportunities**

ASOS is committed to encouraging diversity and inclusion, and discrimination of any form has no place in our business. We want each person to feel respected and able to do their best. This means recognising their individuality, their personal styles and ways of working. We treat all ASOSers equally regardless of age, disability, sex, sexual orientation, gender reassignment, marital or civil partner status, family status, race, nationality, ethnic or national origin, religion or belief. And if anyone develops a long-term illness or disability, we do our best to support them to return to work.

We're particularly keen to ensure that women have equal chances to develop fulfilling careers and rise to the top of our business. On 31 August 2017 there were three women and four men on our Board. Across ASOS, 63% of our full-time employees are women and 37% men (2016: 65% women and 35% men), while 92% of our part-time employees are women and 8% men (2016: 93% women and 7% men).

### **Safety**

Our employees and everyone working on behalf of ASOS are entitled to work in a safe environment. We carry out health and safety risk assessments regularly and frequently review our safety policy, 'Be Smart'. During the 2017 financial

year, we had no reportable work-related incidents under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995 (RIDDOR) (2016: none).

### **Environment**

As an online business, we deliver products directly to customers without the need for bricks and mortar stores. We ship to customers in over 230 countries and territories from our fulfilment centres in Germany, the UK and the US. So the biggest environmental impacts from our business are waste from our packaging and carbon emissions from customer deliveries and the running of our buildings. This is where we're largely focusing our efforts to improve operational and resource efficiency.

### **Carbon footprint**

Our carbon footprint continues to increase in line with our business growth. We've also seen an increase in our carbon impact as we increase the transparency of our carbon reporting.

We can only publish emissions data from the previous year in this report due to differing reporting timeframes. For the year ended 31 August 2016, our total carbon footprint rose to 207,650 tonnes of CO<sub>2</sub> (2015: 48,336 tonnes). Overall, emissions have increased by 329% compared to the previous year, primarily due to improvements in data quality and an expansion of our reporting scope.

Our carbon intensity has increased to 5.27kg CO<sub>2</sub> per customer order. This is largely due to widening the scope of our carbon emissions reporting to include emissions from inbound and inter-site transporting of goods, as well as from transporting customer returns.

### **Transporting goods**

Inbound stock movements from suppliers, inter-site stock movements and outbound deliveries/returns to and from customers make up the largest proportion of our footprint, accounting for 92.3% of emissions. So reducing delivery emissions is an ongoing priority for ASOS. In the last year, we've reviewed our methodology for calculating our transportation emissions. And in doing so, we've been able to identify some important ways we can reduce the size of our footprint. For example, we're more aware of which delivery/return routes and options (i.e. standard versus fast delivery option) are the most carbon intensive. This means we can start to work more closely with the carriers that cover these routes to minimise carbon emissions. We can also make better decisions about where to locate future regional hubs.

We're continuing to increase the amount of stock we hold in our German fulfilment centre (Eurohub 2), where 85% of European orders, excluding the UK, are now fulfilled. This is helping us to reduce stock and vehicle movements across Europe and lower emissions as a result.

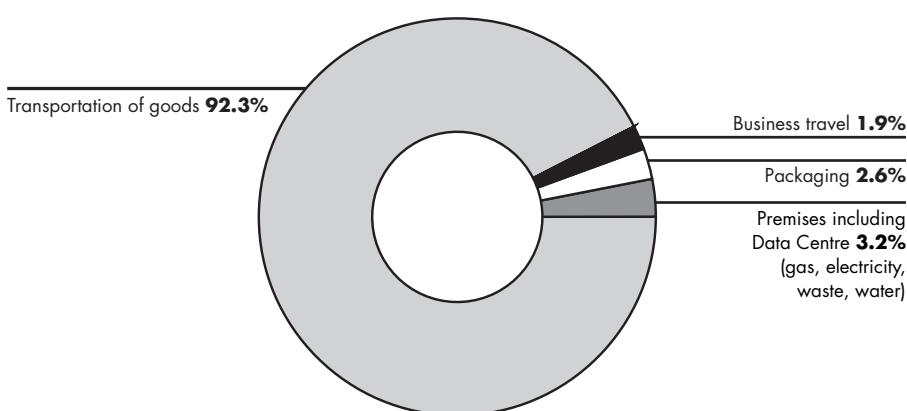
### **Waste**

As well as continually reviewing our packaging options with suppliers to reduce the volume of packaging, we're focusing on reusing and recycling used packaging. We recycle packaging from customer returns, apart from returns forms which currently aren't recyclable. Between September 2016 and August 2017, our returns processing site in the UK recycled 352 tonnes of cardboard and sent 458 tonnes of plastic to be turned into manufacturing pellets. If we receive returns where the original garment packaging has clearly not been opened, we leave them in the original packaging rather than replacing it.

We've become a member of RECYcling of Used Plastics Limited (RECOUP), a not-for-profit charity that works with stakeholders such as plastics manufacturers, brands and plastics recyclers to increase plastics recycling in the UK. By supporting RECOUP, we're helping with plastics packaging research, engaging stakeholders from plastics recycling sectors, consulting with government bodies, advising on closed loop projects and sharing best practice.

We've also been working to produce a packaging impact assessment tool – this will allow us to more accurately calculate

### **BREAKDOWN OF OUR CARBON FOOTPRINT**



the emissions associated with our mailing and garment packaging. It will also help us to make more informed decisions around product materials and our supply chain, as we'll be able to compare their impact on emissions.

To help us meet our goal of zero waste from all our offices, we're having our unwanted office furniture, electrical equipment and used ink cartridges collected to be reused or recycled instead of being sent to landfill.

### **Energy efficiency in buildings**

Emissions from our buildings make up the second largest proportion of our carbon footprint, 3.2%. Although our total carbon footprint increased significantly compared to the previous year, our building emissions actually decreased by 8%, showing the effect of reducing energy consumption at our premises.

We've taken several measures to improve building energy efficiency over the past year:

- An environmental appraisal for the refurbishment of our London head office including detail on energy use, water stewardship, waste reduction and use of sustainable materials.
- Strengthening the roof at Eurohub 2 so we can install solar panels.
- Replacing all the external lighting at our Barnsley fulfilment centre with low-emission LED alternatives.

We are also carrying out a renewables appraisal for a new US fulfilment centre hub so that renewable energy generation can be factored into the building design.

### **Employee travel**

Our business travel emissions increased by 56% compared with 2015. This is partly down to our growth, and partly due to a change in the methodology we use to calculate flight emissions. We now follow Defra best practice and account for radiative forcing in flight emissions – the higher impact of greenhouse gases when they're released at altitude.

In the UK, we started an employee car-sharing scheme at our Barnsley, Hemel Hempstead and Leavesden premises. This has led to a saving of 40,612 miles, equating to 7.98 tonnes of CO<sub>2</sub> (September 2015 to 30 July 2017).



## **OUR COMMUNITY**

### **Making a positive difference to young people's lives in the communities where we operate**

Our community programmes aim to create opportunities for young adults to reach their full potential. Our community work is supported by ASOS, our employees and the ASOS Foundation – an independent charity (charity number 1153946). We do most of our work in the UK, particularly in the four areas where we employ the most people: London, Hemel Hempstead/Leavesden, Barnsley and Birmingham.

We also contribute money, resources and expertise to community projects in Kenya (where the ASOS Made in Kenya range is made) and India (where some of our product and IT suppliers are based). The ASOS Foundation works with long-term charity partners including The Prince's Trust and Centrepoint in the UK, SOKO Community Trust and Wildlife Works Carbon Trust in rural Kenya, and Udayan Care in New Delhi, India.

### **UK community work**

ASOS community:

- We gave continued support to Call to Create at the Roundhouse in Camden, who offer circus, dance, poetry and music programmes for young adults, and also ran a coding club for 11 to 14 year-olds.

- Our funding for entrepreneurship programmes in partnership with Barnsley College enabled the college to run their popular Global Entrepreneurship Week, involving 800 students and 25 employers.

ASOS Foundation:

- We continued to fund a clinical lead at Centrepoint HQ in London and committed new funding for two health specialists in Barnsley to support homeless young people with complex needs in the town.
- Funding from the ASOS Foundation enabled Centrepoint to launch the UK's first specialist helpline for 16 to 25 year-olds who are homeless or at risk of homelessness – this aims to intervene early and work with the estimated 130,000 young people at risk of homelessness each year.
- We trained 70 young people through a range of courses run with our partner The Prince's Trust – in 2017, these included Get Started with Web Design, Get Started with Fashion, Get Started with Customer Care, Get Into Fashion and Get Into Technology.
- The Prince's Trust awarded 104 young people development grants for equipment to enable them to access work or training.

- We established our first Get Into Fashion course which led to nine young people being offered temporary roles in the ASOS Buying and Merchandising teams – five students were also offered 12-month Fixed Term Contract roles after finishing our Get Into Technology programme.

- We supported Arrival Education's Success for Life programme for young people with potential who are disengaged from school and learning due to challenging circumstances in their personal lives. As part of this, we also set up ASOS employee mentoring, a GCSE focus day to support those at risk of not getting 5 A\* to Cs, and a workshop for students interested in law.

### **Kenya – Project Pipeline**

- We continued to maintain the original 6km pipeline installed to provide fresh drinking water to 3,800 people in the Kasigau region, including two schools.
- We delivered emergency water supplies by truck to 4,000 primary and secondary school pupils.
- We provided three large water storage tanks and one small tank along with piping at Buguta Secondary School as well as an extra-large water storage tank at Mackinnon Road Secondary School.

- We connected the Cafgem school to mains water and provided one extra-large water storage tank.
- We continued to run Stitching Academy Hub programmes, offering graduates low-cost space and equipment to rent so they can start their own businesses.
- We continued to deliver the Pipeline Roadshow, a programme of community workshops in rural villages including women's health, free eye-care clinics and training in financial management for women and families.

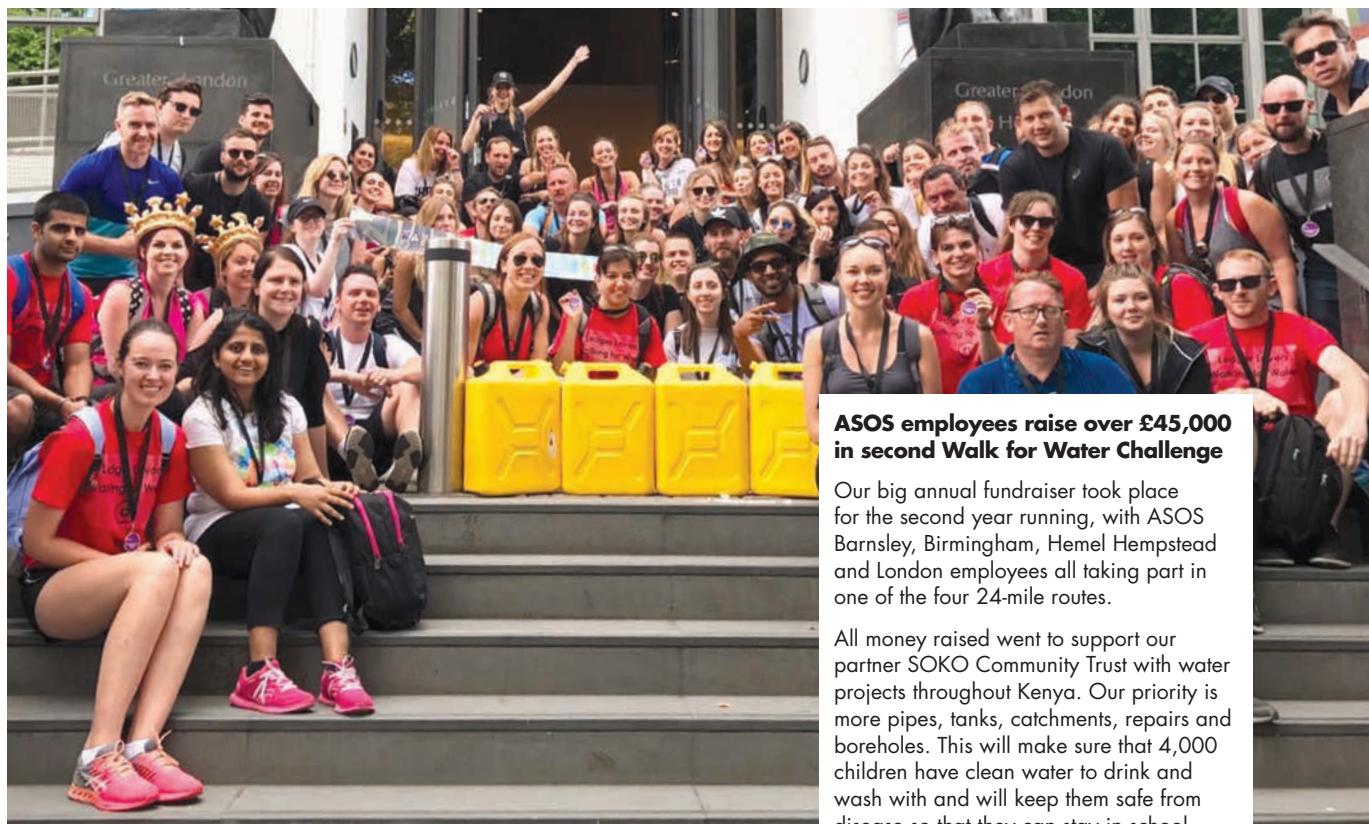
### **India – Udayan Care**

- Through the ASOS Foundation, we continued to support 72 children at Udayan Care homes throughout Delhi and Greater Noida.
- Our second Udayan Care home in Kurukshetra, which will include space for a community mentoring programme and IT centre, will open at the end of 2017.
- We're currently looking for land to buy for our third Udayan Care home.
- Ten ASOS employees were able to volunteer in India at Udayan Care this year, refurbishing living spaces and running workshops for the children as part of our fourth annual Give a Week Away.

### **Employee involvement**

We encourage all ASOS employees to be more involved with our communities and offer them various ways to donate, fundraise and volunteer. During the year, ASOS employees have been engaged in:

- Payroll Giving: more than 15% of employees make regular donations to charity from their pay – we received our Gold Quality Mark for Payroll Giving in April.
- Payday Pennies: launched in 2014, 13% of employees now donate the pennies from their salary directly to the ASOS Foundation.
- Give a Day Away: our employees volunteered 3,253 hours to give time and expertise to our community programme partners or to their chosen charity or community group.
- ASOS Active and ASOS Engage: employees doing sponsored challenges and organising fundraising events contributed more than £117,000 to the ASOS Foundation.
- Employee sample sales: sample sales raised more than £108,000 for the ASOS Foundation.



**ASOS employees raise over £45,000 in second Walk for Water Challenge**

Our big annual fundraiser took place for the second year running, with ASOS Barnsley, Birmingham, Hemel Hempstead and London employees all taking part in one of the four 24-mile routes.

All money raised went to support our partner SOKO Community Trust with water projects throughout Kenya. Our priority is more pipes, tanks, catchments, repairs and boreholes. This will make sure that 4,000 children have clean water to drink and wash with and will keep them safe from disease so that they can stay in school.