

Fashion with Integrity

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

Our Products

Our Customers

Our Business

Our Communities

Our corporate responsibility strategy

To support and deliver our wider business vision, we have restructured our Fashion with Integrity strategy to provide greater clarity by focusing on four pillars: our products, our customers, our business and our community.



Louise McCabe, Head of Corporate Responsibility, outlines the strategy.

This year we've achieved greater coherence and focus in corporate responsibility. Our Fashion with Integrity strategy has matured and is becoming part of everyday business. The more our corporate responsibility programme is understood by our people, our suppliers, our shareholders, even our customers, the greater the buy-in and impact it will have. In particular, we need all our colleagues to work together to drive forward the changes we need.

A good example is moving our Ethical Trade and Product Sustainability Teams into the heart of our retail operations. This has helped us make real changes in how we source and buy products in a way that works for everyone involved. Key to success in improving labour conditions is to build trust and openness in supplier relationships and to take a critical look at our own practice. That needs real dialogue with the key players

– workers, factory managers, suppliers – which can only really happen if our buyers are engaged in what we're trying to do. And I'm pleased to say that, increasingly, they are.

The challenges haven't gone away, of course. Our rate of growth and the complexity of fashion supply chains mean that improving the sustainability of our business isn't easy. Much of our environmental impact comes through third-party partners – and we don't have direct control of their operations. However, what we can do is influence their practices, which again is about working in partnership – with our colleagues, our supplier partners, expert advisers, NGOs, government and as part of cross-industry groups. I strongly believe that the four clear pillars of our restructured Fashion with Integrity strategy will help to further foster those partnerships.



"Corporate responsibility is not a 'nice to have' any more – it's a 'have to have'. 20-somethings are now probably the most engaged and interested group when it comes to sustainability and integrity. They rightly expect ASOS to play its part in finding solutions to our most pressing sustainability challenges. We're intent on delivering on their expectations."

Andrew Magowan, General Counsel & Company Secretary

HIGHLIGHTS OF THE YEAR

- **Launched our new Supplier Scorecard, featuring sustainability and ethical trade data, giving buyers the tools they need to buy more sustainably**
- **Joined a cross-industry working group of 14 retailers and trade unions to address the issue of living wages in supply chains**
- **Partnered with the British Paralympic Association to design formal and ceremony wear for ParalympicsGB in Rio de Janeiro, Brazil in September 2016**
- **Reduced our carbon intensity, as measured by grams of CO₂ per customer order, by approximately 19%**
- **Cut the size and number of swing tickets we attach to our products, saving approximately 7 tonnes of cardboard annually**
- **Developed and delivered our first Prince's Trust 'Get Into IT' Service Desk programme, with three graduates joining the ASOS IT Department**
- **Achieved our 'Big Challenge' fundraising target, raising £250,000 for the ASOS Foundation to build a new Udayan Care family home in Greater Noida, India for 12 abandoned or orphaned girls**
- **Expanded our rural water catchment in Kenya so it now provides drinking water to the 7,000 local people it serves all year round, making it easier for people to devote more time to education, enterprise, jobs and training**



OUR PRODUCTS

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

At ASOS, we focus on three key things when sourcing our products: ethical trading, sustainable sourcing and animal welfare.

ETHICAL TRADING

Ethical trading is all about one very important thing – the people who work in our supply chain. In part because of the length, reach and complexity of modern supply chains in the fashion industry, garment workers around the world continue to be vulnerable, particularly in terms of health and safety standards in their workplaces, wages and effective representation. At ASOS, we believe the workers in our supply chain should be safe at work, financially secure and respected by their employers. We are committed to being a responsible retailer, where every worker in our supply chain is protected. Achieving that requires us to set and uphold high standards ourselves, and to work with suppliers to make sure they uphold these standards too.

Responsibility for improving working conditions starts with us, and our Sourcing and Ethical Trade Department is fundamental to that. It ensures we develop our commercial strategy within a sustainable and ethical framework, and then works hand in hand with the buyers, designers, merchandisers and technologists in our own retail teams to help them understand where they can have an impact on factory standards and how to make the right strategic choices.

Sourcing practices – working together across ASOS

As our sourcing practices have a huge direct impact on what happens throughout our supply chain, we have defined our own sourcing standards, practices and policies that clearly set out how we work, what we expect from those we work with, and how we will help our suppliers improve where needed.

We review our purchasing practices each year and, in 2014, we engaged Impactt, a leading consultancy specialising in ethical trade, human rights and labour standards, to carry out an independent review which highlighted key areas of improvement. Since then, our Ethical Trade Team has worked closely with our Buying and Merchandising Teams to carry out those improvements and to further embed ethical trading in our sourcing decisions. Examples include:

- training sessions for Buying, Merchandising and Technical Teams on the importance of supplier relationships, communication and sampling

- factory visits for assistant buyer and buyers' admin assistant levels to improve their knowledge of production processes and timings
- regular catch-ups with Buying Teams to review and improve awareness of their supplier and factory base
- involving buyers directly in their suppliers' ethical risk rating improvement plans.

Sourcing practices – working together with our Partners

Having set out sourcing standards, the support and commitment of our suppliers is essential in turning these standards from words into deeds. We currently have 182 suppliers, who between them use 476 factories across 30 countries. To ensure that we are able to select the right long-term partners and can have collaborative relationships with them, we do a number of things:

- **supplier scorecards:** covering assessments against key ethical trade indicators. These enable our buyers to quickly and easily understand the relative ethical positioning of one supplier compared with another
- **factory health and safety education:** since 2014, we have been focusing on improving health and safety standards in our supply chain, including outsourced processes such as printing and washing; we have done this by helping factory managers understand how good health and safety management can benefit both them and their workers, through mechanisms that enable greater dialogue
- **regular factory audits:** ultimately, the only way to tell what's happening is to see it for yourself – so we aim to visit all 476 factories regularly, and audit how they are performing against our standards
- **improvement plans:** after any audit, we work proactively with our suppliers and factories to enable them to reach our required standards, even if they are finding it difficult to meet all of them – automatically de-listing a factory or supplier as a result of a breach often only displaces the issue, rather than fixes it, at the same time as potentially making things worse for the workers in those factories; instead, we genuinely try to make things better on the ground
- **living wage:** we have joined ACT – Action, Collaboration and Transformation – a group of 14 retailers working with suppliers and the global Trade Union, IndustriALL, on an agreed set of Enabling Principles to address living wages through better purchasing practices, improved skills and productivity, freedom of association and collective bargaining, and positively influencing governments.

"Ethical trade is central to our sourcing strategy. We're building strong, open relationships with our suppliers, encouraging transparency, demonstrating how good working conditions can benefit our suppliers' businesses, and investing in projects to put worker/management dialogue centre stage. At the same time we're taking a regular, critical look at our own business practices and making changes to ensure we are supporting and not hindering our suppliers as they strive to make improvements."

Maria Hollins, Retail Director

SUSTAINABLE SOURCING

As a key element of our sourcing strategy, this year we launched a redefined sustainable sourcing programme focused on four pillars:

- **improved traceability of raw materials:** better understanding where exactly more of our materials come from
- **lower environmental impact:** increasing the use of lower-impact materials and processes
- **craftsmanship:** highlighting products manufactured by hand or using handmade materials
- **engaging customers on sustainability:** offering a broad range of sustainable fashion and beauty products.

To better embed sustainability into our retail operations, the Sustainable Fashion Team joined the Sourcing Team, moving from an 'advisory' capacity to a 'hands on' capacity, engaging daily with our buyers and our suppliers on areas including:

- empowering our Buying, Design and Merchandising Teams to take ownership of our sustainable product goals
- supporting our partnership with suppliers to lower the environmental impact of our products
- capturing all relevant sustainability data in our newly launched supplier scorecards
- relaunching the Green Room section of our site to increase the profile and sales from sustainable fashion and beauty products, with a target to double the number of Green Room products by 2020.

ANIMAL WELFARE

ASOS firmly believes that animals should not suffer in the name of fashion or cosmetics. In the past 12 months we have continued to strictly enforce our animal welfare guidelines, and raise customer awareness of alternatives to fashionable animal-sourced fabrics, by featuring 'faux' and 'non-leather' products. We carried out induction programmes and regular training and reminders for buyers to ensure they follow our animal welfare guidelines, and this year eliminated feathers and down from all own-brand products.

"We can't take it for granted that the resources we have available to us today as fashion retailers will be available to us in the future. We have to be proactive here. Being behind the game is not an option."

Simon Platts, Sourcing Director

Case study: 'Better' fabric



As a signatory of SCAP (Sustainable Clothing Action Plan), this year we have been working on reducing the impacts of two key clothing materials.

Our greatest impacts are from cotton, so we have set a target for 50% of our own-label cotton clothing to be manufactured from Better Cotton sources by 2020. The Better Cotton Initiative aims to transform cotton production worldwide, by working with diverse stakeholders throughout the cotton supply chain to promote measurable and continuing improvements to the environment, farming communities and the economies of cotton-producing areas. During the last 12 months we placed our first Better Cotton orders, with more planned in 2016.

Alongside our cotton strategy, we are focusing on the impact of fabrics sourced from wood pulp on global deforestation. In 2014, we announced our support for the campaign fronted by Canopy, a not-for-profit organisation dedicated to protecting the world's forests, and we are working towards having our clothing supply chain free of viscose fibre sourced from ancient or endangered forests by 2020.



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. Within our corporate responsibility programme, we do this in two ways: ensuring that our products and communications are inclusive, responsible and recognise cultural difference, and providing the best possible customer care 24/7.

Inclusive products and communications

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

Positive body image

We 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:

- participating in government advisory panels to tackle body confidence issues
- bringing in experts to train our employees on body image and health
- ensuring our own Model Welfare policy and guidelines on digital manipulation are fully applied, to protect our models and our customers
- enabling all our customers to post images of themselves wearing the clothes they have bought through our #AsSeenOnMe feature
- publishing articles on diverse and inspirational young women in our ASOS magazine, focusing on their achievements not their looks
- working with the anti-bullying charity, The Diana Award, recognising that online channels and activities are having a huge impact in the area of bullying and self-esteem
- continuing to fund the charity, B-eat, which provides online support for young adults with eating disorders.

Focusing on disability

This year, through our Celebrating Diversity programme, we focused particularly on recognising that many of our customers and employees have hidden or visible disabilities. Since joining the Business Disability Forum in 2013 and completing our first Disability Standard self-assessment, we have worked across our business to implement improvements, particularly in the areas of awareness and communication, including:

- launching an employee training programme to increase awareness, skills and confidence
- launching a partnership with the British Paralympic Association (BPA) aiming to raise the profile of 20-somethings with disabilities in fashion. The opportunity to work closely with the BPA and Paralympic athletes is helping us learn more about how we can provide a good experience for all our customers and employees.

Customer Care

We now provide a 24/7 customer care service for all our key markets, channels and languages via any device. This year we handled 7.5 million contacts including telephone calls, social media, email and live chat. We also continually update our website Help pages, and 92% of customers who use these pages find the answers to their questions without needing to get in touch.

Protection from fraud and data security measures are some of the most important services we provide for our customers. We use an automatic anti-fraud system that reviews every order and selects 1.6% for manual review by the Profit Protection Team, which works 24 hours a day, seven days a week to ensure threats are mitigated as efficiently and effectively as possible. This year, our profit protection measures prevented £11.0m of fraud on 68,451 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.

Case study: Stylishly dressing our Paralympians for Rio 2016



Paralympians Will Bayley, Jordanne Whiley, Sam Ruddock and Lauren Steadman on the ASOS catwalk

This year, ASOS launched a partnership with the British Paralympic Association (BPA) to design formal and ceremonial wear for ParalympicsGB in Rio de Janeiro, Brazil in September 2016.

The ASOS Design and Garment Technology Teams are using their expertise in celebrating individuality to design fashionable formalwear for different body types and sizes. More than 500 people, including both athletes and support staff, will be provided with a capsule wardrobe of simple, functional yet fashionable pieces to wear at a range of official team occasions. This includes high-profile team appearances in addition to the Opening and Closing Ceremonies of the Rio 2016 Paralympic Games.



"ASOS is an established, dynamic brand and our athletes will exude confidence wearing ASOS designs. We'll be sending out the right message to the rest of the world when the team marches into the stadium."

Penny Briscoe, Chef de Mission, British Paralympic Association

OUR BUSINESS

Achieving growth in a way that adds social value and minimises environmental impacts.

We believe in growing our Company 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 enjoy their work, have fun with their colleagues, feel valued and respected and understand that they make a difference each day. We want ASOS to be a fast-paced, diverse and inspiring place for people to work, to ensure we are able to attract the best talent available in all areas of our business.

All our employees and third-party workers are central to the Group's success. As at 31 August 2015, we employed 2,038 people, including 1,798 full-time and 240 part-time employees. The majority of our employees are based at our headquarters in Camden, North London, and our Customer Care site in Hemel Hempstead, with smaller teams in Paris, Birmingham, Berlin, New York, Sydney and Shanghai. To support our operations, people are employed through our outsourced partners at our Barnsley fulfilment centre, and at our International Customer Care centres based in Gatestead, Glasgow, Lisbon and Vladimir.

We communicate regularly with employees about the Group's performance and objectives, and we encourage employees to contribute their own ideas. We regularly include our third-party workers in Group communications and show our belief in their contribution to the business by including them in our employee discount programme.

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

Attracting talent and investing in our people

Attracting, developing and retaining the best talent that will thrive in our fast-paced environment remains our number one priority. Over the last 12 months, we have strengthened our senior team in critical areas with the promotion of Nick Beighton to be our new Chief Executive Officer, the appointments of a new Chief Financial Officer, People Director, and Chief Information Officer, and the hiring of key people in Merchandising, IT Security, Retail and Reward. More widely across the business, apprenticeships and internships continue to be important ways of attracting more junior talent, and we also continue to build relationships with a variety of universities and colleges.

Once we've brought the best talent in the door, we work hard to develop and retain our people by offering opportunities that match both their professional and personal aspirations. Beginning with an in-depth induction programme, we equip new employees with everything they need to know to be effective in their roles quickly. We then focus on enabling all employees to develop within their roles through 'The Collection', our suite of learning and development courses. This year we invested significantly in our management and leadership development programmes, with more than 400 people developing their leadership capabilities throughout the organisation. Training on compliance, business essentials and soft skills is predominantly designed and delivered in-house to ensure that it fits our specific requirements.

We also believe in encouraging our employees to be more involved with the community, and provide various opportunities for them to do so (see Our Community section on pages 33 to 34). As well as being good things to do in their own right, this kind of voluntary participation also helps people feel more connected to ASOS and happier in their jobs. Our overall aim is to 'ignite the passion' which so clearly exists throughout the Company, creating an environment where fulfilling one's true potential is a given.

Equal opportunities

Reflecting our customer base, ASOS is committed to encouraging diversity and ensuring that discrimination has no place in our business. We want each employee to feel respected and able to perform to the best of his or her ability. ASOS will treat all employees equally regardless of age, disability, sex, sexual orientation, gender reassignment, marital or civil partner status, family status, race, colour, nationality, ethnic or national origin, religion or belief. Should an employee develop a long-term health concern or disability, we do our best to support him or her to return to work.

We are particularly keen to ensure that women have equal opportunities to have fulfilling careers and rise to the top of the business. As at 1 September 2015, of the eight members of our Board, four (50%) were women and four (50%) were men. Across the business, 67% of full-time employees were women and 33% men (2014: 68% women; 32% men), while 96% of the part-time workforce were women and 4% men (2014: 97% women; 3% men).

"We work hard to develop innovative and efficient delivery mechanisms, so that customers receive their products successfully first time. As well as being good for customers, it's good for us and the environment, because it reduces the cost of fuel and carbon emissions from failed deliveries."

Matt Rogers, Director of Delivery Solutions and Inbound Supply Chain

Safety

Our employees and people working on behalf of ASOS are entitled to work in a safe environment. We carry out health and safety risk assessments regularly and review our Safety Policy, 'Be Smart', frequently. During the 2015 financial year, we had no reportable work-related incidents under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995 (RIDDOR) (2014: none).

ENVIRONMENT

As an online business, ASOS delivers products directly to customers without the need for bricks and mortar stores. We have offices in the UK, New York, Sydney, Berlin, Paris and Shanghai, and ship to customers in 240 countries and territories from our fulfilment centres in the UK, Germany, the US and China. The biggest environmental impacts from our business activities are carbon emissions from customer deliveries and the running of our buildings, and waste from our packaging. We aim to make our operations and use of resources as efficient as possible by controlling emissions, and focusing on the sustainability of our packaging.

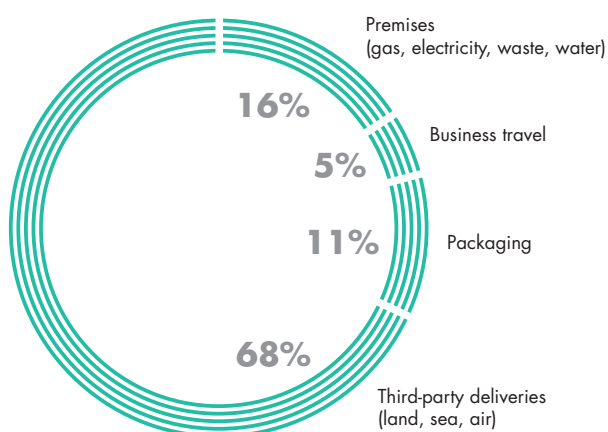
Carbon footprint

As the growth of ASOS continues, our total carbon footprint is inevitably increasing. It is therefore more important than ever that we identify and implement systems that will improve the environmental efficiency of our activities so that the intensity of our environmental impact will reduce despite our continuing growth.

Grams of greenhouse gas emitted per customer order (gCO₂e)

2013-2014	1,752.85
2012-2013	2,161.42
2011-2012	1,673.98
2010-2011	1,330.70

Greenhouse gas emissions by source



Due to differing reporting deadlines, at the time of this report we are only able to report emissions data from the previous year. For the year ended 31 August 2014, our total carbon footprint increased to 44,331 tonnes CO₂ (2013: 42,914 tonnes). Although overall emissions have increased compared to the previous year, through improved data capture and more efficient use of warehouse space we have reduced our carbon intensity by approximately 19% (measured by grams CO₂ per customer order). In addition, the scope of the data collection has been increased from the previous year with the total footprint now including emissions relating to our packaging and data centres.

Customer deliveries

The largest contributor to our footprint continues to be third-party deliveries (the delivery of parcels to customers), which account for 68%. Air freight continues to make up a large proportion of this figure at 97%. ASOS continues to take environmental criteria into account when selecting carriers, while also looking at how we can best structure our operations to reduce our carbon intensity.

For example, we are continuing to expand our range of delivery and return methods, with particular focus on Pick-Up-Drop-Off (PUDO), which allows customers to collect and return their order from a convenient location. In the UK, ASOS has partnered with major high street retailers to trial click-and-collect. Internationally, the deliver-to-store option was launched at more than 12,500 locations across France, Spain, Belgium and Luxembourg. All of these reduce the number of failed deliveries, helping make sure that only one journey is needed to get our customers their deliveries.

Also, over the last year, we have significantly grown the amount of stock we hold in our German fulfilment centre (Eurohub) so it now represents over 15% of total stock units. Excluding the UK, 38% of European orders are fulfilled by Eurohub, helping us cut down on stock and vehicle movements across Europe, and reducing emissions as a result.

Energy efficiency in buildings

Our buildings generate approximately 16% of our carbon footprint. The emissions generated by our buildings have more than halved this year; however, we aim to continue to improve energy efficiency. We are currently working towards a UK energy compliance scheme that requires energy audits of all our buildings. We are also in the process of analysing 90% of ASOS energy use to reveal how we can become even more energy efficient.

Waste from packaging

We are always looking at ways to reduce the volume of materials we use in our packaging, while ensuring our products are delivered in the right condition. In the last year, we have reduced the size and number of tickets we attach to our products, giving us annual savings of approximately 7 tonnes of cardboard, approximately 240kg of metal and 68,000 metres of string.

Our plastic mailing bags continue to contain 25% recycled content. In addition, customers are able to reuse their ASOS mailing bag if they want to return their product. When the return is received by ASOS, the mailing bag is then returned to the manufacturer to produce new bags, thus reducing environmental impact.

Case study: Reforestation project: the Kasigau corridor



A large proportion of our emissions are not directly within our control, for example third-party deliveries, and it is therefore not possible to eradicate all emissions. As a result, during the year we have continued to offset carbon emissions through projects in developing countries, including a reforestation project in the Kasigau corridor, Kenya. The project reduces atmospheric carbon by planting trees, with the added benefit of providing vital habitat for local fauna and flora, including five endangered mammal species. Many local people are also employed by the project. In addition, a proportion of carbon credit funding is invested in a trust to support education, training and community infrastructure in this Kasigau region. The ASOS Foundation also contributes to the community through Project Pipeline, which helps young adults overcome barriers to progress by providing access to water, educational support and vocational training (see Our Community section on pages 33 to 34).