

UN GLOBAL COMPACT

COMMUNICATION ON PROGRESS

JUNE 2014 - 2015



CHIEF EXECUTIVE STATEMENT OF SUPPORT

26th June 2015

H.E. Ban Ki Moon
Secretary-General
United Nations
New York, NY10017
USA

Dear Mr Secretary-General,

Three years after becoming a signatory, I am proud to present through this Communication on Progress how we are continuing to advance the UN Global Compact's Ten Principles through our corporate responsibility programme, Fashion with Integrity. For ASOS, Fashion with Integrity means managing all aspects of our brand transparently so that our customers can enjoy their fashion in the knowledge that they are not harming people, animals or the environment.

All ASOS Communication on Progress submissions can also be downloaded from our public corporate responsibility website. We also provide an index for our stakeholders on our website, signposting where they can find more information about how ASOS supports each of the Global Compact principles. Communication on Progress submissions and the Global Compact Index can be found here: <http://www.asosplc.com/responsibility/fashion-with-integrity/the-united-nations-global-compact.aspx>

We remain passionate about promoting the aims of the Global Compact, and to advancing corporate responsibility more widely within our global sphere of influence.

A handwritten signature in black ink, consisting of a stylized 'N' followed by a horizontal line.

Nick Robertson
Chief Executive Officer, ASOS Plc

HUMAN RIGHTS

PRINCIPLE 1: BUSINESSES SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS

PRINCIPLE 2: BUSINESSES SHOULD MAKE SURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES

ASSESSMENT, POLICY AND GOALS

Assessment and policy

- In our human rights statement we publicly commit to supporting the UN Declaration of Human Rights, the ILO Labour Conventions and the UN Guiding Principles on Business and Human Rights.
- Our human rights approach largely focuses on safeguarding the rights of workers within our global supply chain, where we perceive the greatest human rights' risks for our business to be.
- Our Ethical Trade Strategy sets out our commitment to being a responsible retailer, where every worker in our supply chain is respected and protected. The strategy's three year objectives are aimed at ensuring:
 1. workers in our supply chain have good worker-management relations, are employed in safe environments and have improved financial security
 2. our sourcing practices are reviewed against our Ethical Standards and are continuously improved
 3. our suppliers share our ethical trade vision and work with us to achieve it.
- We expect our suppliers to meet the human rights standards set out in our Ethical Code of Conduct and Ethical Standards document.
- We assess all new suppliers to ensure we only work with factories that comply with our principles.
- Our regional Ethical Trade teams regularly visit supplier sites, monitor whether they are upholding our standards and provide support, where required.
- The principles set out in the ASOS Way, our Company values, provide the foundation for job descriptions, our recruitment and selection processes, employees' objectives and performance measures.
- We pride ourselves on being a fair and supportive employer, which means providing equal opportunities to all of our people. All new starters receive a contract, employee handbook and a set of the company standards, the ASOS Way, clearly explaining employees' rights and responsibilities.
- We joined the Business Disability Forum in 2012 and have aligned our approach with the Forum's Disability Standard, a set of ten criteria designed to help all aspects of the business become 'disability-smart'.
- We have a country risk assessment process and training programme in place to help ensure the safety of ASOS employees when they are traveling abroad.

Our goals

- explore ways to improve worker management dialogue in factories
- continue to work with suppliers to improve health and safety standards
- implement worker wage improvement initiatives
- regularly review and improve ASOS' purchasing practices
- improve buyer understanding of the impact of purchasing practices on worker rights
- increase the support provided to suppliers to help them protect labour rights and advance their ethical trade programmes
- continue to raise internal awareness and provide training to design and communication teams on how to be mindful of indigenous, cultural and religious rights when designing and marketing products
- train employees on our newly developed disability awareness programme.

IMPLEMENTATION

- Our human rights matrix, which includes clear guidelines on the rights of employees, customers, supply chain workers and communities, demonstrates the policies we have in place to protect and promote the rights of these stakeholders and how we monitor them.
- Our Corporate Responsibility Leadership Group is responsible for overseeing and regularly reviewing our approach to human rights. The Group comprised of Head of Corporate Responsibility, directors of the Retail, Sourcing and People departments, General Counsel & Company Secretary, Sustainability Manager and Senior Ethical Trade & Sourcing Manager meets six times a year to discuss risks and to set policies and standards relating to human and labour rights, environmental impacts and business integrity.
- ASOS' Ethical Trade team conduct regular supplier risk assessments and visits to identify and monitor human rights risks and provide support where required. We also hold regular supplier training workshops.
- All new starters receive information on policies relating to human rights in their induction training. Our buyers and merchandisers receive regular training on how to support and promote human rights within the supply chain.
- We engage with our customers and the wider fashion industry on issues such as cultural diversity and human and workers' rights within our supply chain through our Marketplace blog.
- "Speak Up" is our confidential helpline through which employees can discuss any issue or concern with someone impartial. Speak Up is free, independent, available 24/7 and is 100% confidential. We also provide a Speak Up hotline for all of our UK manufacturing sites.
- Following the completion of our first Disability Standard business self-assessment we have identified 'Communications' and 'Know How' as areas for improvement. We are working with the relevant teams to implement changes in these areas.
- We have an employee training programme, developed in partnership with the Business Disability Forum, to increase awareness, skills and confidence when dealing with disability.
- ASOS partnered with the British Paralympic Association (BPA) to design formal and ceremonial wear for ParalympicsGB. We have been using this as impetus to improve the business' awareness of disability, both internally, and more broadly to ensure we provide the best experience for our customers with disabilities.

- In 2013 we carried out an internal risk assessment and safety review of every country visited by ASOS employees. We sought specific security advice for high-risk countries and now offer personal security updates and training for colleagues who plan to visit these areas.

ACHIEVEMENTS

- We joined ACT: 'Action, Collaboration and Transformation', a group of 14 retailers working with suppliers and the global Trade Union, Industriall, to implement an agreed set of Enabling Principles, covering four areas to address living wages:
 1. Purchasing practices
 2. Productivity and skills
 3. Freedom of Association and Collective Bargaining
 4. Influencing governments
- We carried out 349 visits to 275 supplier sites between July 14 and April 2015 in order to assess and monitor workers' rights and to provide support to help meet our ethical standards.
- We conducted an independent assessment of our current purchasing practices and how they affect supply chain working conditions. We are currently implementing a corrective action plan to address the assessment findings and will continue to review our business practices regularly.
- We joined the Better Cotton Initiative which exists to make global cotton production better for the people who produce it and the environment it grows in.
- We developed an employee training programme in partnership with the Business Disability Forum to increase awareness, skills and confidence when dealing with disability.
- We completed our first Business Disability Forum Disability Standard assessment and identified "Communication" and "Know How" as areas for improvement.

LABOUR RIGHTS

PRINCIPLE 3: BUSINESSES SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING

PRINCIPLE 4: THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR

PRINCIPLE 5: THE EFFECTIVE ABOLITION OF CHILD LABOUR

PRINCIPLE 6: THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION

ASSESSMENT, POLICY AND GOALS

Assessment and policy

- Our Ethical Trade Strategy sets out our commitment to being a responsible retailer, where every worker in our supply chain is respected and protected. The strategy's three year objectives are aimed at ensuring
 1. workers in our supply chain have good worker-management relations, are employed in safe environments and have improved financial security
 2. our sourcing practices are reviewed against our Ethical Standards and are continuously improved
 3. our suppliers share our ethical trade vision and work with us to achieve it.
- We require our suppliers to meet the ethical requirements set out in our Code of Conduct and Ethical Standards document. Our stance is derived from the UN Declaration on Human Rights and the ILO Labour Conventions, and covers: terms of employment for workers at manufacturing sites, including preventing forced and compulsory labor; freedom of association and the right to collective bargaining; wages and working hours; young workers; maintaining a fair and respectful working environment; health and safety.
- We assess all new suppliers to ensure we only work with factories that comply with our principles.
- We have a Young Worker and Child Labour Policy in place to ensure our suppliers have implemented effective systems to check the ages of all recruited employees and assess specific young worker risks.
- The principles set out in the ASOS Way, our Company values, provide the foundation for job descriptions, our recruitment and selection processes, employees' objectives and performance measures.
- We pride ourselves on being a fair and supportive employer, which means providing equal opportunities to all of our people. All new starters receive a contract, employee handbook and a set of the company standards, the ASOS Way, clearly explaining employees' rights and responsibilities.
- We joined the Business Disability Forum in 2012 and have aligned our approach with the Forum's Disability Standard, a set of ten criteria designed to help all aspects of the business become 'disability-smart'.

Our goals

- explore ways to improve worker management dialogue in factories
- continue to work with suppliers to improve H&S standards
- implement worker wage improvement initiatives
- regularly review and improve ASOS' purchasing practices
- improve buyer understanding of the impact of purchasing practices on worker rights
- increase the support provided to suppliers to help them protect labour rights and advance their ethical trade programmes
- hold ethical trade induction sessions for all new buyers and technicians every two months
- launch a new UK intranet to help maintain good employee relations and continue to build employee trust and engagement
- train employees on our newly developed disability awareness programme.

IMPLEMENTATION

- Our Corporate Responsibility Leadership Group meets six times a year to discuss risks and to set policies and standards relating to human and labour rights, environmental impacts and business integrity.
- Our Sourcing Director is responsible for overseeing and regularly reviewing our approach to managing labour practices in our supply chain. Our Procurement & Facilities Director is responsible for the health and safety of all our employees.
- ASOS' Ethical Trade programme helps us to ensure that our products are sourced from manufacturers who operate in a way that respects workers' rights, maintains safe working conditions, upholds local employment laws and protects the environment.
- We have a UK-based Ethical Trade management team and have established regional Ethical Trade teams in China, Eastern Europe, India, Turkey and UK, now comprising 14 ethical trade experts in total. The Ethical Trade team sits within ASOS' sourcing function so that we can put ethical considerations at the very heart of supply chain decision making.
- ASOS' Ethical Trade team conduct regular supplier risk assessments and visits to identify and monitor labour practices and provide support where required.
- We have been a member of an alliance of companies, non-governmental organisations and trade unions called the Ethical Trading Initiative (ETI) since 2009. We regularly attend ETI meetings and participate in the following working groups set up to address labour rights issues: Apparel and Textiles Group, Medium Companies Group, China Forum, UK Working Group
- All new employees receive information on how we protect their labour rights during induction training, as well as on our Ethical Trade programme and how we manage supply chain labour standards. In addition, our buyers and merchandisers receive ongoing training on how to support and promote labour rights within the supply chain.
- Every two months we hold review meetings with buying teams to discuss sourcing strategies and to inform them of any new ethical trade policies or projects we are implementing.
- We also send out a monthly sourcing newsletter to our buying teams to inform them of ethical trade updates and best practice.

- We hold regular supplier and factory training workshops. We are currently training our UK supply base on our Ethical Trade standards.
- We engage with our customers and the wider fashion industry on issues such as cultural diversity and human and workers' rights within our supply chain through our Marketplace blog.
- "Speak Up" is our confidential helpline through which employees can discuss any issue or concern with someone impartial. Speak Up is free, independent, available 24/7 and is 100% confidential. We also provide a Speak Up hotline for all of our UK manufacturing sites.
- The People Hub, our integrated global human resources IT system, enables us to store, access and analyse more detailed data about our employees and their careers, and monitor our progress in promoting equality and diversity
- We regularly consult our employees on any proposed changes to employment terms and conditions. For example in 2012 we conducted a company-wide consultation on benefits and used employee feedback to create a flexible benefits scheme, launched in 2013.

ACHIEVEMENTS

- We 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, covering four areas to address living wages:
 1. Purchasing practices
 2. Productivity and skills
 3. Freedom of Association and Collective Bargaining
 4. Influencing governments
- We carried out 349 visits to 275 supplier sites between July 14 and April 2015 in order to assess and monitor workers' rights and to provide support to help meet our ethical standards.
- We conducted an independent assessment of our current purchasing practices and how they affect supply chain working conditions. We are currently implementing a corrective action plan to address the assessment findings and will continue to review our business practices regularly.
- We launched a monthly newsletter to inform buying and technical teams of the latest updates and best practice in ethical trade.
- We joined the Better Cotton Initiative which exists to make global cotton production better for the people who produce it and the environment it grows in.
- We developed an employee training programme in partnership with the Business Disability Forum to increase awareness, skills and confidence when dealing with disability.
- We completed our first Business Disability Forum Disability Standard assessment and identified "Communication" and "Know How" as areas for improvement.

ENVIRONMENT

PRINCIPLE 7: BUSINESSES SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES

PRINCIPLE 8: UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY

PRINCIPLE 9: ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES

ASSESSMENT, POLICY AND GOALS

Assessment and policy

- ASOS' Environmental Policy sets out our approach to managing our environmental impacts and commitments, and covers: continuously improving environmental performance; reducing pollution; using resources more efficiently; consider environmental criteria when leasing and using office buildings and when procuring goods and services; measuring and cutting our carbon footprint; managing waste; complying with all environmental legislation and requirements.
- We began measuring our carbon footprint in 2008; this exercise has demonstrated that our biggest environmental impacts come from the carbon emissions resulting from customer deliveries, the running of our buildings and packaging and waste.
- Our Ethical Trade Code of Conduct and Standards for suppliers also include environmental requirements. Suppliers must assess and manage waste, water and energy and hazardous substances.

Sustainable Business goals

- further reduce the carbon intensity of our business operations by prioritising energy efficiency, renewable energy sourcing, and carbon efficient delivery partners
- continue to extend our waste packaging management and compliance programmes to cover additional territories
- continue to review all of our packaging with our suppliers to ensure that we are providing the most effective solutions to customers with the least environmental impact
- employ a Compliance Manager to ensure we continue to comply and develop our approach to chemical management.

Sustainable Fashion goals

- work with womenswear and menswear own label departments to increase the use of sustainably sourced materials in their ranges
- continue to work with SCAP to find ways to reduce our water, waste and carbon footprint within our supply chains
- develop the Green Room strategy to include menswear
- increase customer engagement by redesigning The Green Room website to promote ethical and eco conscious brands.

IMPLEMENTATION

Overall

- Our Corporate Responsibility Leadership Group meets six times a year to discuss risks and to set policies and standards relating to human and labour rights, environmental impacts and business integrity.
- Andrew Magowan, General Counsel & Company Secretary is responsible for overseeing and regularly reviewing our environmental management approach.

Sustainable Business

The biggest contribution to our carbon footprint is emissions from customer deliveries. We are working with our delivery partners to minimise these emissions by:

- continuously reviewing and reducing packaging, thereby allowing more packages to be loaded onto one delivery trailer maximising its capacity
- working in partnership with our third party delivery partners, who are introducing fuel saving technologies such as route planning software to cut the length of journeys and researching low-carbon vehicles and fuels
- including environmental criteria in our tendering process enabling us to award contracts to partners who are working to reduce their own emissions

The energy efficiency and carbon reduction measures we have put in place in our buildings include:

- extending our Barnsley fulfilment centre by over 25%, enabling us to hold more stock and therefore reducing the number of miles our vehicles travel by 200,000 per year, saving 250 tons of carbon. Our fulfilment centre has been rated 'excellent' by BREEAM (the Building Research Establishment's environmental assessment method)
- installing more efficient lighting systems in the buildings we own
- purchasing energy using a green energy tariff (this applies when we directly purchase our own energy)

Our packaging initiatives include:

- using lighter packaging to help reduce emissions from customer deliveries, and increasing recycled content and improving its recyclability
- working closely with our waste packaging advisory service to ensure we comply with international regulations on consumer waste
- We are also supporting community infrastructure in Kenya where one of our suppliers is based, by building a water rock catchment and tank system which is providing drinking water for 7,000 local people.
- We monitor our suppliers' ability to meet our environmental standards through regular visits by our regional Ethical Trade teams.

Sustainable Fashion

- Our sourcing team help our buying and design teams to source materials and products more sustainably.
- We provide regular training sessions for our buying and technical teams on our Product Sustainability Programme.
- The Green Room, launched on Womenswear in 2010, is a section of our website where our customers can find out about and buy all of our sustainable fashion and beauty.

- We now tag with a 'Signpost' image all products that we sell that have a social or environmental benefit. Not only does this promote sustainable fashion to our customers and make it easy for them to buy it, but it will also help our buying teams choose sustainable fashion for next season's clothing lines.
- We are partnering with The Sustainable Clothing Action Plan SCAP to reduce the water use, carbon emissions and waste of ASOS own-label products sold in the UK.
- We are working with strategic men and womenswear suppliers to implement our sustainable sourcing cotton strategy. Cotton was identified during our lifecycle analysis work as being one of the most natural resource intensive materials we use.
- ASOS Marketplace promotes reuse and recycling by providing a platform to sell and buy pre-owned fashion items.

ACHIEVEMENTS

Sustainable business achievements

- We have reduced carbon intensity, as measured by grams per customer order by approximately 20% compared to the previous year, through improved data capture and more efficient use of warehouse space.
- We provided a supplementary water tank in addition to the water rock catchment and tanks system we installed in 2013 in rural Kenya to ensure 7000 local people have access to clean water all year round.
- We have significantly increased the amount of stock we now hold in our German fulfilment centre to approximately 10% of total stock holding. Excluding the UK, 30% of European orders can be fulfilled from this Eurohub, reducing stock and vehicle movements across Europe, thereby helping us to reduce emissions further.
- We reduced the size and number of swing tickets we attach to our products, saving approximately 7 tonnes of material per annum.

Sustainable fashion achievements

- We continued to expand our sustainable materials library so that our creative teams can choose from a greater range of materials when designing new product ranges.
- We updated all of our buying and technical teams on our Product Sustainability Programme.
- We joined the Better Cotton Initiative which exists to make global cotton production better for the people who produce it and the environment it grows in.
- We became a member of the Leather Working Group, a group of industry stakeholders working together to reduce the environmental impact of leather production.
- We publicly declared our support for Canopy, a global initiative working to phase out the use of endangered forest fibre in fabric.

ANTI-CORRUPTION

PRINCIPLE 10: BUSINESSES SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY

ASSESSMENT, POLICY AND GOALS

Assessment and policy

- In 2013 we launched “Doing the Right Thing”, the ASOS Code of Integrity which promotes integrity, best practice and appropriate corporate behaviours across our business in the following areas:
 - complying with laws
 - prohibiting and combating corruption and bribery
 - dealing fairly in business
 - contracting openly with connected parties
 - ensuring gifts and hospitality are appropriate
 - protecting company assets and information.
- We have developed a set of supplier Ethical Standards and Code of Conduct, that all suppliers must sign up to if they want to do business with us, which includes business integrity.

Our goals

- keep “Doing The Right Thing” as a central tenet of how ASOS operates, day to day, in all parts of its business
- continue to improve employee and supplier understanding, engagement and compliance with the ASOS ‘Do The Right Thing’ Code of Integrity
- reiterate the purpose of the gifts policy to ASOS employees, to reinforce their buy-in to the policy and improve the level of reporting of all corporate hospitality and gifts received and given by ASOS Employees.

IMPLEMENTATION

- Andrew Magowan, General Counsel & Company Secretary is responsible for overseeing and regularly reviewing our business integrity standards and performance.
- Our Corporate Responsibility Leadership Group meets six times a year to discuss risks and to set policies and standards relating to human and labour rights, environmental impacts and business integrity.
- At the end of each financial year senior managers are required to confirm any incidences of non-compliance with ASOS’ Do the Right Thing Code.
- All new starters complete a business integrity e-learning course when they join ASOS.
- We include information on business integrity on our integrated global human resources IT system, the ‘People Hub’.

- Our buyers and merchandisers receive training on how to promote our anti-bribery stance within our supply chain.
- In 2012, we launched “Speak Up” our confidential helpline through which employees can raise any concerns about business integrity. All new starters are given wallet cards containing information about Speak Up. The helpline is also promoted on posters displayed in all of our offices. Concerns are then passed to our General Counsel for investigation and remain strictly confidential.
- We also provide a “Speak Up” hotline for our UK manufacturing sites.

ACHIEVEMENTS

- In 2014 we rolled out the ASOS ‘Do The Right Thing’ Code of Integrity to all of our stock suppliers and our main non-stock suppliers.
- We required all senior managers to confirm at the end of our financial year whether the Code had been complied with during that financial year, in order to assess how effectively and appropriately the Code is being applied.
- We implemented a new report to ASOS’ Audit Committee on the overall level of corporate hospitality and gifts received and given by each department, to enable any relevant trends or learnings to be more readily identified.