



asos

**ASOS Modern  
Slavery Statement**

**April 2019 - January 2020**

# Introduction

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

This, our fourth Modern Slavery Statement has been published in accordance with the Modern Slavery Act (2015). Section 54, transparency in supply chains, has brought businesses into the heart of the UK's modern slavery agenda, challenging them to identify and address modern slavery and transparently report on actions taken. As an international business we welcome the increasing momentum towards mandatory human-rights due diligence in a number of countries, recognising the need for harmonisation and alignment of the existing and proposed frameworks.

As more businesses disclose their risks, findings and actions, together we add to an industry-wide discourse on tackling modern slavery, learning from one another and discovering opportunities to collaborate. At the same time, businesses should also be looking to develop ways to tackle the overarching causes of modern slavery in supply chains, such as lack of access to freedom of association and collective bargaining, purchasing practices, and a living wage.

This statement details how ASOS' approach to business and human rights is helping to tackle modern slavery in our supply chain. It provides an update on the activities and commitments detailed in our third [Modern Slavery Statement](#) and the steps taken from April 2019 to January 2020. The statement also outlines our commitments towards mitigating the risk of modern slavery in our supply chain to 2021.

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# About ASOS

ASOS is an online shopping destination selling womenswear, menswear, footwear, living, accessories, gifts and beauty products to millions of fashion-loving 20-somethings in more than 200 markets.



employees



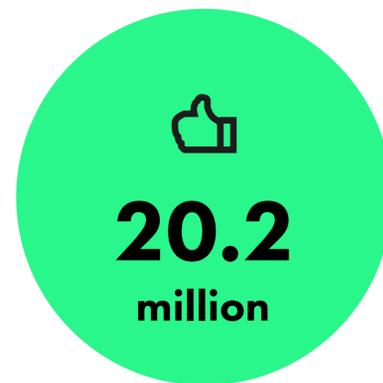
visits to our platforms  
in FY2019



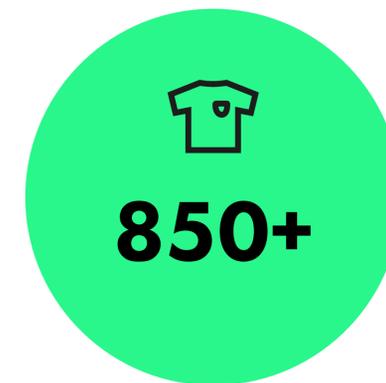
available to purchase at any one time,  
with up to 5,000 new products a week



active customers in 2019



followers across our  
social media platforms



third-party brands

## Business Structure

ASOS is based in the UK, with its head office in London, a smaller technology office in Birmingham, and a Customer Care hub in Leavesden. Three third-party-run fulfilment centres (Barnsley, UK; Berlin, Germany; and Atlanta, USA). Five third-party-operated returns and reprocessing sites (Poland, Czech Republic, USA)

# Our supply chain

## ASOS Brands

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

| Tier   | Definition                     | Example  | Status           |
|--------|--------------------------------|--|------------------|
| Tier 1 | Main production sites          | Factory which cuts, sews, finishes ASOS Brands product and ships to ASOS                         | Fully mapped     |
| Tier 2 | Process integral to production | Provider of one or more processes, e.g. stitching, cutting, packing, quality control, warehouses | Fully mapped     |
| Tier 3 | Enhancements to product        | Provider of one or more processes, e.g. printing, dyeing, laundry, embroidery                    | Fully mapped     |
| Tier 4 | Fabric and components          | Fabric mills, tanneries, hardware and trims  | Partially mapped |
| Tier 5 | Raw materials                  | Textile fibres, natural and manmade materials  | Partially mapped |

### Supplier and factory data:

-  **24 source countries**
-  **173 suppliers**
-  **896 factories (tiers 1 to 3)**

 **155,759 workers (tiers 1 to 3), of which 47% are male, 53% female, 12% migrant**

### Policies and contractual controls:

**ASOS Supplier Ethical Code:** is aligned with the Ethical Trading Initiative Base Code and International Labour Organisation’s Fundamental Conventions, and defines the minimum standards we require from our suppliers. It includes what constitutes forced or compulsory labour.

**ASOS Child Labour Remediation and Young Worker Policy:** sets out the steps suppliers need to take to protect young workers and to make sure no children are involved in the manufacture of any of our products. If we discover child labour in our supply chain, the policy sets out our remediation process. It also prohibits the recruitment of young migrant workers through labour agents.

**ASOS Migrant and Contract Worker Policy:** sets out supplier requirements to safeguard the rights and welfare of migrant and contract workers – two groups that have been identified as vulnerable to exploitation and modern slavery. In 2019, we developed more detailed guidelines to accompany the policy, for suppliers employing migrant or contract workers.

**Accommodation Guidelines:** newly developed in 2019, provides guidance for suppliers on the provision of accommodation for workers. Poor accommodation and associated excessive fees can be an indicator of modern slavery.

**Homeworker Policy:** newly developed in 2019, this outlines our positive recognition of the role homeworkers play in our supply chain and sets our supplier requirements to protect and respect homeworkers engaged in the manufacture of our products.

## Procurement

Our Responsible Procurement programme covers non-stock goods and services, including outsourced customer deliveries, logistics, technology, marketing, property, cleaning and catering.

The vendors are grouped under three main categories:

- Logistics & Supply Chain
- Property & Facilities Management
- Services

Last year we transacted with 2,192 non-stock suppliers, while our top 207 suppliers represent 95% of our total spend.

## Governance and collaboration

The Senior Manager, Responsible Procurement, is responsible for developing and implementing the strategy for this area and is an integral part of the procurement team. Procurement plays an instrumental role in our day-to-day business operations and delivery and supports the wider Fashion with Integrity strategy.

## Policies and contractual controls

Our Ethical Trade policies have been extended in scope and are applicable to our non-stock supply chain. This year, we conducted a holistic review of our policies and we have harmonised our approach between stock and non-stock supplier requirements. We ultimately reserve the right to audit our non-stock vendors and their subcontractors against our standards and policies.

## Third-party brands

Other products from third-party brands are available for resale on our website ('third-party brands').

There are 850+ brands, which make up approximately 60% of our total business.

Our Head of Sourcing and Brand Engagement oversees our strategy to ensure the implementation of our five minimum requirements, which we expect all ASOS third-party brands to comply with.

### These five minimum requirements are:

- Brands to have an **Ethical Trade Policy**, which is implemented across their supply chain.
- Brands to have **Transparency of 'Tier 1'** (Cut Make Trim) factories and be willing to share a factory list with ASOS if required.
- Brands to comply with all the relevant **regional chemical regulations** in the countries they retail in.
- All brands whose products contain any animal derived materials to have an **Animal Welfare Policy**.
- Where applicable, for all brands operating in the UK to publish a **Modern Slavery Statement**.

## Governance

The Chief Executive and ASOS Executive Committee are responsible for ensuring ASOS meets its human rights responsibilities. Our Fashion with Integrity strategy has the full sign-off and commitment of the Executive and PLC Board, and

we report to the Board on our progress against our strategic goals on a quarterly basis.

Ethical Trade and Sourcing practices, including human rights and modern slavery, are key elements of the biannual corporate risk review process, which is facilitated by the Business Assurance Team overseen by the General Counsel and Company Secretary on behalf of the ASOS plc Board. The review is performed across ASOS with the participation of ASOS' leadership team and management. We report on risks identified, along with any material changes to risks, to the Audit Committee and in our Annual Report to investors.

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

# Our approach to business and human rights

**To effectively tackle modern slavery and achieve sustainable change across our supply chain and business operations, we must be proactive in addressing the root causes of modern slavery. Our holistic approach to business and human rights seeks to tackle these root causes by empowering workers, addressing business impact, and engaging on policy and legislation. Below sets out some examples of how we adopt this approach to address modern slavery risk.**

## Empowering Workers

Our [Global Framework Agreement \(GFA\)](#) with IndustriALL Global Union, signed in October 2017, strengthens our approach to protecting the right to freedom of association and collective bargaining, understanding the challenges faced by workers, and proactively preventing and resolving human rights violations, in turn mitigating the risk of modern slavery.

In Turkey, we've launched a hotline application (app) in partnership with [IndustriALL Global Union](#). This app operates in Turkish and Arabic and gives workers information about their rights and access to remedy. As of December 2019, the app had been downloaded 3,348 times. The "my rights" section in Arabic has been clicked 325 times.

We partnered with [Anti-Slavery International](#), [IndustriALL](#) and local NGOs on a programme of work preventing modern slavery in Mauritius affecting global garment supply chains. As part of this project,

ASOS is developing a smartphone app for prospective migrant workers in Bangladesh who are considering migration to Mauritius. See spotlight on MSIF programme, p9.

In Mauritius, we have been working with the local Mauritian Trade Union, Confederation of Workers of Public and Private Sectors (CTSP) and Bangladeshi migrant rights organisation, [Ovibashi Karmi Unnayan Program \(OKUP\)](#), to develop the above smartphone app content and training material. This is designed to raise workers' awareness of their rights during recruitment, where we have found historic risks of debt bondage and deceptive practices in our supply chain.

In Bulgaria, in partnership with [IndustriALL](#) trade-union affiliates, we've started to build capacity throughout the year for the rollout of GFA activities in the future. We are currently developing a worker-rights handbook, in conjunction with IndustriALL and local affiliates, which will be completed and available by the end of February 2020.

In the UK, as part of our membership of the [Fast Forward](#) audit programme, we operate a confidential worker hotline, available to all workers in our UK supply chain. This hotline, seeks to empower workers by allowing them to report issues through an anonymous mechanism. In turn, we are able to support workers in our supply chain better through more focused remediation of issues.

As a signatory of the UN's Women's Empowerment Principles, ASOS is committed to advancing and

empowering women in the workplace, in our supply chains and in the community.

In 2019, we conducted training at five factories in Turkey, focused on gender awareness, discrimination, sexual harassment and gender-based violence. These women also received workers' rights training.

We seek to empower workers by supporting voice and representation of workers in trade unions and improved wages through our participation with the [Action Collaboration Transformation \(ACT\)](#) initiative. See 'Addressing Business Impact'.

## Addressing business impact

ASOS follows the principle that 'we can't manage what we don't know', so gaining visibility of our ASOS Brands supply chain is essential to effectively identifying and addressing human rights and modern slavery impacts.

We share factory information with our customers and other stakeholders through our [interactive supply chain map](#) and factory list, which are updated every two months.

So far on our transparency journey, we've mapped all our tier 1, 2 and 3 factories. See definitions on p3.

As part of our commitment to transparency, we also participate annually in Fashion Revolution's [Fashion Transparency Index Report](#) and in 2019 were ranked 7th out of 200 brands.

**"We believe there needs to be more harmonisation of human rights due diligence legislation internationally. We would welcome dialogue between global governments, NGOs and business stakeholders to enhance legislation that will compel companies to implement human-rights due diligence."**

**Simon Platts, Responsible Sourcing Director**

Our audit programme is one mechanism we use to identify and address risk, including modern slavery risks. In September, we increased the scope of our audit programme to include 100% of Tier 2 factories globally, as well as 100% of Tier 1. This means that, from September 2019, 68% of all factories involved in the manufacturing and any processing of our final products are audited, compared to 54% the previous year. We are committed to the ongoing improvement of transparency in our supply chain and associated risk.

Similarly, we audit our fulfilment and reprocessing sites while we are assessing risk of other non-stock suppliers through Self-Assessment Questionnaires (SAQs).

ASOS is an active participant in the [Action Collaboration Transformation \(ACT\)](#) initiative on living wages, which aims to improve wages by establishing collective bargaining at industry level in key garment and textile sourcing countries, supported by world-class manufacturing standards and responsible purchasing practices.

To help us benchmark and improve our purchasing practices, in 2019 we conducted an internal review and surveyed suppliers on our purchasing practices within the framework of ACT. We used the findings from the survey to focus on the areas where we need to improve and are working with Buying, Merchandising and technical teams. As part of our [ACT Purchasing Practices commitment](#), we have committed to work on our purchasing practices in five areas, including undertaking training on responsible sourcing and buying.

We also have a commitment within our GFA to review the impact of our purchasing practices at worker level.

We recognise the importance of raising awareness of modern slavery within our business and supply chain, and continue to train our internal teams, suppliers and factories in this area. See p16 for more information on the training we've undertaken in the last reporting period.

## Engaging on policy and legislation

Four years after the UK introduced the Modern Slavery Act, we were pleased to see the introduction of modern slavery and human rights due diligence legislation in Australia and France, as well as the introduction of Dutch due diligence law on Child Labour in 2019. We hope to see more countries and regions follow suit and pursue policy and legislation to set out the expectations for business in terms of human rights. However, we believe there needs to be more harmonisation of legislation internationally. We would welcome dialogue between global governments, NGOs and business stakeholders to enhance legislation that will compel companies to implement human-rights due diligence.

In June 2019, we participated in meetings with the Mauritian government to encourage the further development of policy to protect migrant workers in Mauritius. We maintain ongoing dialogue with the British High Commission in Mauritius on these issues.

We presented our work in Mauritius to a delegation of Heads of Missions at the Foreign and Commonwealth Office, to share our experience working with the High Commission and provide suggestions for other Heads of Missions to work with business on modern slavery risks globally.

We also spoke at a conference hosted by the British Embassy in Sofia and the Bulgarian National

Commission for Combating Trafficking in Human Beings on how government and business can tackle human trafficking in supply chains.

We submitted a response to the UK government's Home Office [Consultation on Transparency in Supply Chains](#), advocating strengthening section 54 (transparency in supply chains) of the Modern Slavery Act through mandatory reporting areas, expansion of reporting scope and penalties for non-compliance.

We also submitted a response to the UK government's Department of Business, Energy & Industrial Strategy [consultation on establishing a single enforcement body](#) on employment rights. In this response, we asserted that the current system is not wholly effective at addressing worker exploitation, and backed licensing in highest-risk sectors (including garment manufacturers, warehousing and distributions centres). We stressed a need for proactive enforcement that addresses hidden exploitation (such as modern slavery) with the same rigour as less-hidden exploitation (such as minimum-wage violations).

As a part of our Brand Engagement programme, we have hosted regular collaborative events, including our annual House of Lords Forum, at which 13 of our third-party brands pledged to take further action to mitigate modern slavery risks.

Internally, we have reviewed our own policies, which set out expectations for suppliers to manage modern slavery risk. See policies and contractual controls, p3.

# ASOS Brands

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## Due diligence

**Risk assessment:** ASOS' approach to risk assessment comprises of desk-based research, supply chain mapping, auditing and stakeholder engagement. Since 2017, we have partnered with [Anti Slavery International](#), who act as our 'critical friend', helping to ensure that our human rights due diligence process is robust and that we're continuously reviewing and mitigating risks in our supply chain.

Over the past 10 years, ASOS has developed ethical trading policies (see p3) and mitigation strategies to protect vulnerable workers across our supply chain (see p10) and reduce the risk of modern slavery.

This approach has led us to focus on vulnerable worker groups identified in diagram 1, in our largest sourcing regions in terms of total spend (including China, Eastern Europe, India, Mauritius and Turkey).

Looking ahead to future risk, we're aware of several civil-society and media reports concerning modern slavery risks in Xinjiang. Concerns have been raised that forced-training programmes supply imprisoned camp detainees to mills and factories in the area. While we have not discovered any connection with the region in ASOS' supply chain, we acknowledge that there remains risk, as the region produces 84% of China's total cotton output. [The Better Cotton Initiative \(BCI\)](#), an ASOS partner, has developed a [roadmap](#), which sets out their due diligence processes in monitoring the situation in this region. As of September 2019, more than 80% of the cotton sourced by ASOS is classified as more sustainable and 64% of ASOS cotton is sourced through BCI. We will continue to monitor this risk and work closely with BCI on its action plan for the region.

## Audit programme:

While we're mindful of the limitations of audits, our audit programme is a critical enabler in the discovery and management of modern slavery risks throughout our supply chain.

We use a combination of our own in-country teams and third-party audit providers to identify risk at factory level against our policies and indicators of modern slavery (see diagram 2, p8). This enables our head office and in-country teams to take immediate action and mitigate risk across our supply chain.

Our local teams help us develop a much deeper understanding of local issues. Through direct relationships with our suppliers, we can affect more progress.

In the past financial year, together with third-party auditors, we carried out 690 unannounced audits, giving visibility of working conditions in our factories. We work with our suppliers to ensure corrective actions have been implemented. This financial year, we have committed to auditing all Tier 1 and Tier 2 sites globally, as we are aware that modern slavery risks may be more prevalent lower down the supply chain.

We have continued to work with [Verité](#) to conduct audits in Mauritius, to aid our work on protecting migrant workers. In the UK, we use the [Fast Forward](#) audit programme, which was developed to address UK-specific issues, such as systemic underpayment of minimum wage, lack of contracts and exploitative recruitment. Fast Forward has measures in place to ensure labour providers are legitimate and legally practising. In 2018, we joined [ILO Better Work](#), covering Cambodia and Vietnam. We also work with [The Reassurance Network](#), [Elevate](#) and [Qima](#) to carry out ASOS factory assessments globally.

**ASOS has identified the following groups as vulnerable to the risk of modern slavery:**

- Migrant workers
- Minority groups, including refugees
- Homeworkers
- Contract, agency, outsourced HR functions and temporary workers
- Young and child workers
- Women workers

See p10 for progress report on our mitigation strategies to protect vulnerable workers.

Diagram 1

**ASOS recognises indicators of modern slavery such as the following:**

- Recruitment fees, deposits for work and deceptive recruitment practices
- Restriction of movement at work or in accommodation
- Harsh and inhumane treatment
- Withholding worker documentation
- Cash-in-hand, withheld or delayed payments
- No access to grievance mechanisms
- Accommodation tied to employment
- Poor working or accommodation conditions
- Forced or excessive overtime

Diagram 2



Figure 1 ASOS Sourcing Map

**Spotlight: Preventing modern slavery in Mauritius' garment industry from affecting global supply chains**

In 2019, ASOS joined Anti-Slavery International, IndustriALL Global Union and local organisations from Bangladesh and Madagascar, who were awarded funding from the UK Home Office under its Modern Slavery Innovation Fund, to tackle risks of modern slavery in global supply chains in Mauritius. It is an example of a proactive collaboration of NGOs, trade unions and corporate partners coming together to protect migrant workers from modern slavery in global supply chains. The project uses innovative technological solutions making migrant workers in or travelling to Mauritius less vulnerable to modern slavery.

The project will have several components addressing issues of workers' vulnerability to modern slavery across the spectrum of the migrant worker's journey:

- Local organisations will provide pre-departure training for migrant workers in the source countries (Ovibashi Karmi Unnayam Program (OKUP) in Bangladesh, and other local partners in India and Madagascar) to ensure they understand their rights and have relevant information should they face exploitative practices.
- A trade-union-based support centre for migrant workers will be established in Mauritius, plugging an existing gap for access to remedy for migrant workers, and will be delivered under ASOS' Global Framework Agreement with IndustriALL.
- An innovative smartphone app will be developed for migrant workers, through which the workers will be able to file complaints and grievances about their working conditions in a way that doesn't put them at risk of repercussions from their employers.

## Progress report

| Vulnerable Group                           | What's the issue?  | Steps taken   | Priorities for next year  |
|--|--|---|---|
| <b>Migrant workers</b>                     | <ul style="list-style-type: none"> <li>Migrant workers paying recruitment fees may be trapped in bonded labour and be subjected to inferior employment terms</li> <li>Labour recruiters create an additional layer between employers and workers, leaving workers exposed to deceptive or coercive recruitment practices</li> <li>Migrant workers often do not understand their rights in the destination country and the terms of their employment</li> </ul> | <ul style="list-style-type: none"> <li>Continued to monitor recruitment processes in Mauritius to ensure migrant workers are not subject to recruitment fees, false promises or other issues indicative of forced labour</li> <li>Partnered with Anti-Slavery International, IndustriALL and local NGOs on a programme of work preventing modern slavery in Mauritius' garment industry from affecting global supply chains (see spotlight on Mauritius, p9)</li> <li>Supported trade union capacity building in Mauritius, in collaboration with IndustriALL Global Union</li> <li>Developed accommodation guidelines for suppliers, including provisions on restriction of movement</li> <li>Updated ASOS Migrant and Contract Worker Policy</li> </ul> | <ul style="list-style-type: none"> <li>Develop pre-departure smartphone app for workers considering migration to Mauritius to support ethical recruitment</li> <li>Develop and conduct pre-departure training for workers considering migration to Mauritius</li> <li>Establish trade-union-based support centre for migrant workers in Mauritius that provides grievance advice and case management</li> <li>Continue to lobby the Mauritian government to sign bilateral agreements with sending countries of migrant workers</li> <li>We will develop further guidance for factories employing migrant and contract workers in key sourcing regions, such as Mauritius, the UK, India and China</li> </ul> |
| <b>Minority groups, including refugees</b> | <ul style="list-style-type: none"> <li>Refugees are particularly vulnerable to human trafficking and forced, bonded and compulsory labour</li> <li>Refugees may not have access to legal means of employment, therefore increasing vulnerability</li> </ul>  | <ul style="list-style-type: none"> <li>Continued to support Syrian refugees in Turkey to obtain work permits. To date, we have provided 82% of Syrian refugee workers in our Turkish supply chain with work permits. 76 refugees currently have work permits and 53% are earning more than the legal minimum wage</li> </ul>  | <ul style="list-style-type: none"> <li>Continue supporting Syrian refugees in Turkey to obtain work permits. 12 Syrian workers are currently undergoing the process to obtain permits</li> <li>Monitor the situation in Xinjiang (see p7)</li> </ul>  |
| <b>Homeworkers</b>                         | <ul style="list-style-type: none"> <li>Homeworkers often lack recognition as workers, as the work they do is often informal and they are not likely to be organised in trade unions or other workers' organisations</li> <li>Homeworkers often don't receive the same rights and protection as other workers</li> </ul>  | <ul style="list-style-type: none"> <li>Developed homeworking policy for launch in 2020</li> <li>Mapped our homeworking supply chain using self-assessment questionnaires. We have received questionnaires back from 100% of our suppliers and have mapped approximately 3,000 declare homeworkers to date</li> </ul>  | <ul style="list-style-type: none"> <li>Develop process to ensure continued visibility of our homeworking supply chain</li> <li>Continue to support suppliers in their understanding and application of the ASOS Homeworking Policy</li> <li>Partner with the Economic Rights Institute (ERI) to help us gain visibility of homeworking conditions through a pilot research programme, developing training and guiding dialogue between homeworkers, factories, and homeworker agents</li> </ul>   |
| <b>Women workers</b>                       | <ul style="list-style-type: none"> <li>Women are particularly vulnerable to exploitation, human trafficking and bonded labour</li> <li>Women may be more likely to be victims of forced labour exploitation due to more women in informal work, marginalisation and access to education</li> </ul>   | <ul style="list-style-type: none"> <li>In 2019, we conducted training at five factories in Turkey, focusing on gender awareness, discrimination, sexual harassment and gender based violence. These women also received workers' rights training</li> </ul>   | <ul style="list-style-type: none"> <li>Align our programme with our homeworker priorities (see above). 67% of homeworkers identified in ASOS supply chain are women</li> <li>We intend to carry out pilot anti-harassment training in China</li> </ul>  |

|   |   |   |   |
|---|---|---|---|
| <p><b>Contract, agency, outsourced HR functions and temporary workers</b></p> | <ul style="list-style-type: none"> <li>• Contract, agency and temporary workers are often less secure in their employment, may have fewer rights in the workplace and are therefore more vulnerable to exploitation</li> <li>• Labour recruiters create an additional layer between employers and workers leaving workers exposed to deceptive or coercive recruitment practices</li> </ul> | <ul style="list-style-type: none"> <li>• Partnered with international human rights and business management consultancy, <u>Impactt</u>, to pilot a capacity building programme with six factories in India on how to improve their management of contract workers. The programme involved conducting a baseline assessment at each factory, followed by a tailored training programme to implement changes on site. The follow up assessment conducted three months later highlighted progress against key indicators. An end-line assessment saw better factory understanding of ASOS standards for contract labour, more workers employed on a permanent basis, and improved payment of benefits</li> <li>• Conducted a contract labour appraisal with the Economic Rights Institute (ERI) through interviews with workers, management and recruitment agents at four factories in China, to understand risks. This helped provide suggestions for ASOS and suppliers on how best to manage contract labour in China</li> <li>• Under the Fast Forward audit programme, it is now mandatory for factories in our UK supply chain that recruit workers through labour providers to undergo an independent <u>Complyer</u> audit. The Complyer audit assesses performance against eight licensing standards used by the Gangmasters and Labour Abuse Authority (GLAA), including the prevention of forced labour, and worker accommodation</li> </ul> | <ul style="list-style-type: none"> <li>• Follow up on the work conducted with Impactt to address outstanding issues identified in the endline assessment, specifically relating to some absence of employment contracts, health and safety training and contract workers' awareness of their rights and benefits.</li> <li>• Work with our audit teams to ensure recommendations and learning from the contract labour programme is incorporated in our audit programme</li> <li>• We will develop further guidance for factories employing migrant and contract workers in key sourcing regions, such as Mauritius, the UK, India and China</li> </ul> |
| <p><b>Child and young workers</b></p>   | <ul style="list-style-type: none"> <li>• Children and young workers are more vulnerable to forms of modern slavery such as forced and compulsory labour as well as human trafficking</li> <li>• Inadequate HR processes mean that young workers may be employed and enter the work place without sufficient checks to ensure their age, ability and safety in the work place</li> </ul>     | <ul style="list-style-type: none"> <li>• Discovered one case of child labour in our Chinese supply chain in this reporting period. Working with our local partner CCR CSR, we implemented our established child labour and remediation policy. This covers schooling of the child, the payment of a living wage to their family, and close monitoring of the child to ensure their wellbeing.</li> <li>• Signed a three-year agreement with CCR CSR to provide continuous educational support for a former child worker who reached legal age during the last reporting period</li> <li>• While we found no new child labour cases in this reporting period in Turkey, we continue to partner with Kadav to support 11 children in our Turkey child labour remediation programme</li> </ul>   | <ul style="list-style-type: none"> <li>• Continue our partnership with CCR CSR for child labour remediation in China</li> <li>• Continue our partnership with Kadav for child labour remediation in Turkey</li> <li>• Scope out a partner in India to support on child labour remediation, should we find any cases of this in India</li> </ul>   |

# Responsible Procurement

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

We aim to drive visibility, promote integrity and mitigate risk in our non-stock supply chain and business operations. In order to achieve this, we're reviewing our due diligence processes and actively engaging with our vendors.

## Risk Update

This year, we have started a deep-dive category review, which has enabled an overall evaluation of our risk-assessment methodology. The key risk areas for our non-stock supply chain are:

- Agency labour within logistics and transport
- Agency labour with sub-contractors
- Other contracted labour within our technology providers and services

Within our ASOS human rights and modern slavery strategy, we have identified certain vulnerable groups (see page 8, diagram 1) and recognise specific modern slavery indicators (see page 8, diagram 2)

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**Servicing countries: 285**

**Non-stock vendors: 2,192**

**207 vendors make up 95% of total spend**

**Total warehouse workers: 9,614 workers (FCs and reprocessing sites)**

**51% are male, 49% female and 15% migrant**

## Addressing risk

In order to mitigate the identified risk, we have worked on various programmes and activities as part of our sustainable procurement management system.

### Audit programme:

The non-stock supply chain audit programme incorporates various methods of auditing, including spot checks and desktop verification. Our sites undergo second- (by our teams) and third-party social audits covering a combination of labour practices, human resources, health and safety, environment and business ethics. We work with external auditing bodies that specialise in auditing of general operations.

### Due diligence:

We're in the final stages of developing an online system to support supplier due diligence, which is linked to other business processes.

This will enable us to assess our suppliers at various stages in the procurement process:

1. Request for Information (RFI) – pre-qualification to ensure that 'potential' suppliers are assessed
2. Request for Proposal/Quotation (RFP/Q) tender – utilising assessment data captured at RFI stage
3. Supplier onboarding – ensure that new suppliers are assessed (even when not subject to tender)
4. Downstream reporting – enables follow-up actions and continuous improvement

### Pilots and projects:

This year, we piloted enhanced tender-qualification criteria, including specialised questionnaires and other business information as part of our due diligence review. This exercise, helped us to understand human rights and modern slavery policy maturity within non-stock suppliers.

### Spotlight: CIPS Corporate Ethics Mark

This year, we're proud to have achieved the CIPS Corporate Ethics Mark from the Chartered Institute of Procurement & Supply, and we are listed on the CIPS Corporate Ethics Register. This demonstrates that we have taken proactive steps, in the past 12 months, to safeguard against unethical conduct in procurement and supply management.

### At ASOS:

- We ensure that staff who select and manage suppliers are trained in ethical sourcing and supplier management.
- We adopt ethical values in how we source and manage suppliers.

We have signed a Statement of Commitment to ethical sourcing and the management of suppliers, and we're entitled to display the CIPS Corporate Ethics Mark.

ASOS Procurement is proud to display the CIPS Corporate Ethics mark to show our commitment to ethical sourcing and supplier management.

The CIPS online training covers the following areas

- Ethics
- Fraud
- Bribery and corruption
- Modern Slavery
- The impact of Procurement on the environment



## Progress Report

| Vulnerable Group  | What's the issue?  | Steps taken   | Priorities for next year   |
|---|--|---|--|
| <p><b>Contract, agency, outsourced HR functions and temporary workers</b></p> | <ul style="list-style-type: none"> <li>• Contract, agency and temporary workers are often less secure in their employment, may have fewer rights in the workplace and are therefore more vulnerable to exploitation</li> <li>• Labour recruiters create an additional layer between employers and workers, leaving workers exposed to deceptive or coercive recruitment practices</li> </ul>   | <ul style="list-style-type: none"> <li>• Continued to review recruitment processes and labour provider management in our fulfilment and reprocessing sites.</li> <li>• Progressed reviewing tender requirements for labour providers in non stock supply chain</li> </ul> | <ul style="list-style-type: none"> <li>• Complete labour provider tender requirements for non stock operations</li> </ul>  |
| <p><b>Migrant workers</b></p>   | <ul style="list-style-type: none"> <li>• Migrant workers paying recruitment fees may be trapped in bonded labour and be subjected to inferior employment terms</li> <li>• Labour recruiters create an additional layer between employers and workers, leaving workers exposed to deceptive or coercive recruitment practices</li> <li>• Migrant workers often do not understand their rights in the destination country and the terms of their employment</li> </ul> | <ul style="list-style-type: none"> <li>• Continued to monitor through audit</li> <li>• Delivered extra HR support to workers regarding their contracts and terms of employment</li> </ul>   | <ul style="list-style-type: none"> <li>• Finalise recruitment process requirements for migrant workers in non stock operations</li> <li>• Provide additional brief contract translations in other languages where necessary</li> </ul> |

# Third-party brands

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The ASOS third-party brands family continues to represent a significant proportion of sales on ASOS.com. As of January 2020, ASOS sells 850+ third-party brands, which represent approximately 60% of our total sales. ASOS aims to share the same holistic approach to human rights due diligence with third-party brands as with ASOS Brands suppliers.

## Due diligence

### Five minimum requirements:

Our five minimum requirements form the core of our strategy and provide the framework within which we expect third-party brands to begin addressing instances of modern slavery within their supply chains. Compliance with these minimum requirements is overseen by the Brand Engagement team, and sits within the wider context of the work delivered by the ASOS Ethical Trade team.

99% of all brands have completed a Self-Assessment Questionnaire (SAQ) to help us identify the number of brands meeting our requirements and establish the baseline for brands addressing modern slavery.

100% of our 100 biggest brands by sales (FY18-19) meet our requirements, including publishing a Modern Slavery Statement where applicable, and continuously working towards full visibility of their Tier 1 suppliers (Cut, Make, Trim).

We recognise that the minimum requirements are only the first step in truly mitigating risk and providing remedy for workers. By driving action on transparency, and consistently sharing learning and experiences between brands, we hope to create an environment where the industry is working collectively, and collaboratively, with ASOS to address modern slavery risks.

### Third-party brand engagement:

- We delivered a second CEO forum at the House of Lords, targeting brands that form a large percentage of our sales to ensure that they have published a quality Modern Slavery Statement. A follow-up session, allowing brands to share detail on the steps they had taken since the forum, was hosted at our London HQ
- 13 brands have signed our Modern Slavery Pledge, agreeing to implement steps to identify and tackle modern slavery in their supply chains
- We continued to deliver monthly training workshops to support third-party brands to comply with our five minimum requirements, including publishing a Modern Slavery Statement
- Following the launch of our online modern slavery training (developed with London College of Fashion and launched in February 2019), we embedded this resource in our new-brand onboarding process for any brand that requires support or guidance in meeting our five minimum requirements
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# Raising awareness and training

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In September 2018, we launched an online digital training programme on modern slavery, developed in partnership with Anti-Slavery International. The training covers what modern slavery is, the challenges ASOS faces, what we're doing to address the risks, and what our employees can do to help tackle modern slavery in their daily lives. In the last reporting period, the training was taken by 158 people, bringing the total to 1,834 people across the business since its launch in September 2018.

## ASOS Brands

- In the last reporting period, we conducted modern slavery training in collaboration with the Ethical Trading Initiative in China. Three webinar sessions were held for 62 factories and 29 suppliers, enhancing suppliers' knowledge on modern slavery
- In the UK, all suppliers and factories are required to attend a face-to-face or online Fast Forward training session. Training provides information for employers on how to embed good management systems for legal and ethical compliance, and includes a session on modern slavery
- We have developed, produced and distributed a worker rights handbook in Turkish and Arabic, informing workers in our Turkey supply chain of their internationally recognised rights. Last financial year we implemented worker rights training in seven factories in Turkey
- In Bulgaria and Mauritius, we're working with local trade unions to develop training content to raise workers awareness of their rights, including awareness of recruitment processes and modern slavery risks.
- In India we worked with Impactt to train 15 representatives from six factories on management systems and responsible recruitment of contract workers

## Third-party brands

- We have hosted regular collaborative events, including our annual House of Lords Forum raising brand awareness of modern slavery, at which 13 of our third-party brands pledged to take further action to mitigate modern slavery risks
- We continued to deliver monthly modern slavery training workshops, supporting brands to comply with our five minimum requirements, including publishing a Modern Slavery Statement

## Procurement

- This year, we're proud to have achieved the CIPS Corporate Ethics Mark. Every member in the procurement function had training and passed the online exam on Corporate Ethics. See Spotlight p13

# Collaboration and stakeholder engagement

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

| Partner   | Who?   | Issue/areas of work   | Working together  |
|---|--|---|---|
| <b>Action Collaboration Transformation (ACT)</b><br> | ACT is a ground-breaking agreement between global brands, retailers and trade unions to transform the garment, textile and footwear industry and achieve living wages for workers through collective bargaining at industry level linked to purchasing practices | Living wage/purchasing practices                                    | As an active participant in ACT initiative, we assessed our purchasing practices within the ACT framework and became the first ACT brand to survey our suppliers against ACT's Supplier Purchasing Practices Assessment |
| <b>Anti-Slavery International</b><br>                | A leading NGO working to eradicate all forms of slavery throughout the world   | Modern slavery risks in our supply chain                            | We've partnered with Anti-Slavery International since 2017. It supports us on our human rights due diligence process and currently on our Mauritius programme. See Spotlight p9   |
| <b>Better Cotton Initiative (BCI)</b><br>          | The Better Cotton Initiative makes global cotton production better for the people who produce it, better for the environment it grows in, and better for the sector's future   | Modern slavery risks in lower tiers                                 | BCI contributes to our target of 100% sustainable cotton by 2025. Better Cotton is produced by farmers who implement seven principles, including Decent Work. See p7  |
| <b>CCR CSR</b><br>                                 | Child rights consultancy, working with businesses on child rights in their supply chain  | Child labour in China   | CCR CSR has continued to support us on child labour remediation in China  |
| <b>The Ethical Trading Initiative</b><br>          | A multi-stakeholder initiative comprising of companies, non-governmental organisations and trade unions  | Labour rights, including modern slavery and migrant workers' issues | We've been a member of ETI since 2009, regularly attending ETI meetings and participating in working groups designed to address labour rights issues  |
| <b>Fast Forward</b><br>                            | Initiative to address UK-specific issues and ensure UK factories are fully compliant with legal requirements, and work towards achieving best-practice industry standards  | Modern slavery risk in the UK                                       | We've continued to use the Fast Forward audit methodology in the UK to ensure our factories in the UK are fully compliant with legal requirements   |
| <b>Fifty Eight</b><br>                             | An organisation working across supply chains to help businesses to provide products and services that are good for people  | Migrant labour in Mauritius   | We've recently partnered with Fifty Eight to provide the technology for our worker rights and pre-departure training app as part of the MSIF programme. See Spotlight p9  |

|   |   |   |  |
|---|---|---|--|
| <p><b>Global Fashion Agenda</b></p>    | <p>Leadership forum for industry collaboration on sustainability in fashion</p>   | <p>Respectful and secure work environments</p>                  | <p>ASOS is a member of Global Fashion Agenda's Strategic Partnership circle. The organisation recently released the CEO Agenda 2020, which details eight priorities that should be top of mind for fashion CEOs in 2020, one of which calls for fashion brands to demonstrate, document and communicate their respect for the universal human rights of workers.</p> |
| <p><b>Impactt</b></p>    | <p>International human rights and business management consultancy that puts workers first by helping businesses address human rights risks and challenges in their global supply chain</p>  | <p>Contract labour in India</p>                                 | <p>We partnered with Impactt on a pilot capacity building programme addressing contract labour in India</p>  |
| <p><b>IndustriALL</b></p>    | <p>Global trade union representing 50 million workers in 140 countries in the mining, energy and manufacturing sectors</p>  | <p>Empowering workers</p>                                       | <p>We've had a Global Framework Agreement (GFA) with IndustriALL Global Union since 2017, strengthening our approach to protecting the right to freedom of association and collective bargaining. See empowering workers, p5</p>   |
| <p><b>KADAV (Women's Solidarity Foundation)</b></p>    | <p>Turkish women's rights organisation</p>  | <p>Child labour in Turkey, gender</p>                           | <p>Kadav has continued to support on child labour remediation in Turkey. It also works with us on our gender programme, helping us develop training content, coordinate and support trainers</p>   |
| <p><b>Ovibashi Karmi Unnayan Program (OKUP)</b></p>    | <p>Community-based migrant rights organisation working to protect and promote the rights of migrant workers, support survivors of labour trafficking and raise awareness of migrants' perspectives in the migration discourse</p> | <p>Migrant labour in Mauritius</p>                              | <p>We're currently working together to develop pre-departure orientation training for migrant workers considering migration to Mauritius</p>   |
| <p><b>SRA – The Social Responsibility Alliance and The Slavery &amp; Trafficking Risk Template Development Committee (STRT)</b></p>  | <p>A multi-stakeholder, consensus-based consortium of organisations working together to support companies in their efforts to ensure respect for human rights</p>   | <p>Migrant labour in Mauritius Human rights, modern slavery</p> | <p>We joined SRA in 2019 as a member of the STRT Development Committee who is focused on the eradication of human trafficking and modern slavery from supply chains around the world and developed the STRT to help companies achieve this goal</p>  |
| <p><b>UK Foreign and Commonwealth Office (FCO)</b></p>  | <p>UK government department responsible for protecting and promoting British interests worldwide</p>  | <p>Migrant labour in Mauritius</p>                              | <p>The FCO has continued to be a key contact in helping us facilitate dialogue with the Mauritian government and other stakeholders on the ground, through the British High Commission in Mauritius</p>  |
| <p><b>Verité</b></p>   | <p>Independent, non-profit civil society organisation partnering with corporations, governments and NGOs to detect, remediate and prevent labour rights violations in supply chains</p>   | <p>Migrant labour in Mauritius</p>                              | <p>We engage with Verité to conduct focused migrant labour assessments in our factories in Mauritius in collaboration with their long-term network partner, Association for Stimulating Know-how (ASK)</p>   |

# Our ongoing commitments

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**We remain committed to tackling the root causes of modern slavery by empowering workers and protecting vulnerable groups, addressing business impact, and engaging on policy and legislation. We're also committed to ensuring that there are no un-remediated cases of modern slavery or child labour in our supply chain.**

## **Empowering workers by:**

- Continuing to engage with IndustriALL and its affiliates under our Global Framework Agreement on our implementation plan covering three key areas: ensuring access to remedy; empowering workers; and creating an enabling environment (p5)
- Ongoing participation in the collaborative programme to address modern slavery risk in the Mauritius garment industry affecting global supply chains (p9)
- Continued risk assessment and due diligence (p7), and focus on priority workstreams protecting vulnerable workers in our key sourcing regions (p10& 11)

- Training and capacity building in non-stock operations

## **Addressing business impact by:**

- Updating and further rolling out our digital modern slavery training programme (p16)
- Ongoing review and action on our purchasing practices as a part of our engagement in ACT (p6)
- Auditing 100% Tier 1 and Tier 2 factories, monitoring our supply chain risk and remediating any issues found (p7)
- Ensuring our top 200 brands all meet our five minimum requirements, including having a Modern Slavery Statement (p15)
- Monitoring performance through audit and increasing visibility through mapping in non-stock supply chain and procurement (p13)

## **Engaging on policy and legislation by:**

- Continuing to support improved legislation to support the ethical recruitment of migrants and protection of rights in Mauritius, and globally (p9)
- Continuing to engage with public bodies in the UK to prevent exploitation of vulnerable workers in the UK garment industry (p6)
- Participate in multi-stakeholder dialogue to enhance legislation that will effectively see companies implement human rights due diligence (p6)

# Assessment of effectiveness

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At ASOS, we work on the principle that we can't fix what we don't know. With issues as complex and hidden as modern slavery, it becomes even more important to shine a light on problem areas if we are to address them effectively.

By mapping our supply chain and sharing information within our sector and beyond, we make it more likely that issues will be identified and addressed. Supply chain transparency is a fundamental aspect of our approach to eliminating modern slavery in our operations, and something we continue to prioritise. We are proud to have ranked highly amongst the biggest global fashion and apparel brands and retailers for transparency in the 2019 Fashion Transparency Index.

As we gain more visibility of our supply chain, further risks of modern slavery will be identified and we recognise that we will need to continually renew our efforts to minimise negative human rights impacts on vulnerable people in our supply chain. Our responsibility as a brand is to ensure that our due diligence systems are sufficiently robust to avoid complicity with any such abuses and to remediate any instances of modern slavery we identify.

As a fast-growing, global organisation, it's crucial that we measure how effective our interventions to empower workers, address business impact and engage with policy and legislation are in delivering long-term impact. We must remain particularly aware of emerging risks and be alert to the dynamic nature of both modern slavery and the impacts of our own operations.

Our modern slavery work cannot stand still. We will continue to assess, develop and extend our approach to modern slavery, both in the breadth of approach across the Responsible Procurement programme and Brand Engagement programme, and in the depth of work within ASOS Brands product-sourcing regions. And we will continue to work with our partners and other brands to reduce risks of modern slavery wherever they occur.

ASOS's Modern Slavery Statement April 2019 – January 2020 was approved on behalf of the ASOS Board of Directors on 28th February 2020.



Nick Beighton  
CEO, ASOS PLC

