ASOS Modern Slavery Statement
April 2018 – March 2019
Introduction

Slavery, servitude, forced labour, bonded labour and human trafficking are issues of increasing global concern, affecting all sectors, regions and economies. The Modern Slavery Act (2015) demonstrates the UK’s commitment to lead the global fight against modern slavery. Modern slavery is unacceptable within our business and supply chain, and combating it is an important element of our approach to business and human rights.

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. We accept our responsibility to support transparency; to find and resolve problems; to regularly review our business practices; and to collaborate with others to protect the rights of workers, particularly those who are most vulnerable to abuses such as modern slavery.

Our third 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 support the introduction of modern slavery legislation across the world and believe that the California Transparency in Supply Chains Act (2010), French Duty of Vigilance Law (2017) and Australian Modern Slavery Bill (2018) are key in advancing the scope of the global modern slavery dialogue.

Publishing a Modern Slavery Statement is a step towards transparency with customers and the broader stakeholder community, and can encourage collaborative, sustainable change. 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 living wage.

This statement details how ASOS’ approach to business and human rights is vital in tackling modern slavery in our supply chain, provides an update on the activities and commitments detailed in our second Modern Slavery Statement, and the steps taken from April 2018 to March 2019. The statement also outlines our commitments towards mitigating the risk of modern slavery in our supply chain to 2020.
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 238 countries and territories.

employees
2085.7 million
87,000 products
4,386
visits to our platforms in FY2018
available to purchase at any one time, with 5,000 new products a week

18.4 million
active customers in 2018
22.7 million
followers across our social media platforms
1,000+
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. ASOS has third-party-run fulfilment centres in Barnsley (UK), Berlin (Germany), and Atlanta (US), and additional third-party-operated returns and reprocessing sites in Australia, the US, Poland, Czech Republic and the UK.
Our supply chain
ASOS Brands

ASOS Brands products are for sale on our website 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 Sustainable Sourcing teams are located within this department to ensure product and raw material suppliers are selected based on ethical and sustainable as well as commercial criteria. Product supply chains are complex, involving a number of different manufacturing processes. ASOS maps and describes them as follows:

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

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.

Supplier and factory data:
- 28 source countries
- 183,163 workers (tiers 1 to 4), of which 44% are male, 56% female and 12.4% migrant
- 165 suppliers
- 1,134 factories
Procurement
Our Responsible Procurement programme covers non-stock items 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

There are 2,703 vendors and our top 250 vendors represent 95% of our total spend.

Cross-functional support
We recently recruited a senior manager to develop the strategy for this area, who is supported by all relevant departments including Supply Chain, Logistics, Corporate Responsibility, Procurement and Ethical Trade.

Policies and contractual controls
Our Ethical Trade policies have been extended in scope and are applicable to our non-stock supply chain.

We reserve the right to audit our 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 1,000+ brands, which make up 52% of our total business.

We have seven dedicated team members to support the implementation of our third-party-brand strategy.

Our Head of Branded Responsible Sourcing oversees our strategy to ensure the implementation of our 5 minimum requirements, which we expect all ASOS third-party brands to comply with.

5 minimum requirements:
- 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 chemical regional 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. They are supported by the Director of Corporate Responsibility, the Sourcing Director and the Head of Ethical Trade. Our Fashion with Integrity strategy has the full sign-off and commitment of the Executive and PLC Board and we report to the Board on our progress against our strategic goals on a quarterly basis. Human rights and modern slavery are key elements of an annual corporate risk assessment process overseen by the General Counsel and Company Secretary on behalf of the ASOS PLC Board. The assessment is developed with the participation of 45 senior leaders within the organisation and we report on risks identified in our Annual Report to investors.

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

Empowering workers

A worker’s right to organise and bargain collectively, and gender equality are foundations for the realisation of other labour rights, including decent working conditions, increased wages with equal pay, and financial empowerment for women. Our approach to protect the right to freedom of association and promote gender equality seeks to enable workers to protect themselves from exploitative practices in the workplace.

‘Where freedom of association is respected, and workers are allowed to organise unions and bargain collectively, workers are able to defend themselves from exploitation and obtain decent incomes and working conditions.’

– Jenny Holdcroft, IndustriALL Global Union

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.

The GFA offers an enabling platform for our workers to educate, support, and protect themselves in the workplace. To this end, our implementation plan covers three key areas: ensuring access to remedy, empowering workers and women, and creating an enabling environment.

Access to remedy: We want to ensure our supply chain workers can raise any issues safely and feel confident that those issues will be resolved.

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. Workers can leave a voice note, send a text or call through the app; grievances raised through the app are managed by an IndustriALL complaints handler who advises ASOS on the best solution for the worker. Our in-country manager will carry out an investigation in the factory and work with the supplier and factory to design and implement an appropriate remediation plan. A monitoring committee, made up of IndustriALL local affiliates and ASOS, has been established to monitor workers’ access to remedy through the app.

Empowering workers: Our GFA prioritises the provision of information and training to our supply chain workers to help empower them to understand and realise their rights. We’ve piloted worker empowerment training in two Turkish factories in conjunction with IndustriALL Global Union. Following the pilot, we developed a workers’ rights handbook in Turkish and Arabic, informing workers of their internationally recognised rights within the national context.

Empowering women: 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. We’ve developed a training programme in partnership with a local women’s rights nongovernmental organisation (NGO) in Turkey, covering gender equality, financial empowerment, discrimination, violence and harassment. This has been piloted in two factories in Turkey with a supporting handbook on women’s rights and an app where information on women’s rights and further support can be accessed. Istanbul Bilgi University’s Human Rights Law Research Center conducted an independent impact assessment of the training.
Introduction

Our approach to business and human rights

Spotlight on IndustriALL Global Union:

IndustriALL Global Union represents 50 million workers in 140 countries in the mining, energy and manufacturing sectors. 198 national textile and garment unions are affiliated to IndustriALL, working together to improve wages, working conditions and trade union rights for garment workers. In recognition that engagement with the brands and retailers whose supply chains employ these workers is vital to this effort, IndustriALL prioritises establishing, monitoring and improving Global Framework Agreements (GFAs) with multinational companies. ASOS is the first e-commerce brand to sign a GFA with IndustriALL. We’re working together to promote freedom of association and collective bargaining in our supply chain, and to protect workers who choose to join a union. IndustriALL assist with the design and implementation of all our interventions and monitor and assess their impact.

Enabling environment: We’re committed to creating an enabling environment for workers. We aim to achieve this by engaging with workers, suppliers and local affiliates to successfully implement and monitor our GFA activities. We’ve set up a monitoring committee in Turkey, made up of IndustriALL local affiliates and ASOS, to oversee the implementation of our GFA and workers’ access to remedy through the app. We’ve started to build capacity in Bulgaria in partnership with IndustriALL Global Union to enable the roll-out of the app and other GFA activities in 2019-2020.

Increasing wages for workers in our supply chain is another key driver in preventing modern slavery. We believe that collective bargaining at industry level is the missing mechanism to enable significant progress towards achieving living wages for garment workers, and in turn reduce the risk of modern slavery. ASOS is an active participant in the Action Collaboration Transformation (ACT) initiative on living wages, which aims to improve wages by establishing industry collective bargaining in key garment and textile sourcing countries, supported by world-class manufacturing standards and responsible purchasing practices. Collective bargaining at industry level means that workers within that country can negotiate their wages under the same conditions, regardless of the factory they work in or the retailers and brands they produce for. By working with employers, trade unions and governments in key garment producing countries, ACT brings together all the relevant actors that can enable wages to be freely negotiated and accurately meet peoples’ needs.

Addressing business impact

We recognise that our business model must not contribute to the risk of modern slavery. Addressing impacts across our value chain, covering ASOS Brands, non-stock procurement and third-party brands, is therefore important. For details on our responsible procurement programme see page 15 and for third-party brands see page 16. 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 identify and address human rights and modern slavery impacts.

So far on our transparency journey, we’ve mapped all our tier 1, 2 and 3 factories (see definitions on page 3), including all factories that manufacture and enhance our final products, and partially mapped tiers 4 and 5. We’re using the Sustainable Apparel Coalition’s Higg Index Facility Environmental Module to understand the environmental impact of the lower tiers of our supply chain.

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.

Our purchasing practices have a direct impact on our suppliers’ and factories’ abilities to meet our ethical standards, and poor practices can contribute to the risk of modern slavery. We’re committed to continuously improving our purchasing practices to limit any negative human rights impacts resulting from how we buy our products. By signing a

‘Since that [training] day, I feel more secure and safe. I don’t feel defenceless.’
– Women’s rights training testimony, Turkey

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Our approach to business and human rights

Spotlight on raw materials: The risk of modern slavery extends beyond tiers 1-3 in our supply chain, all the way down to raw materials. As part of our cotton policy, ASOS doesn’t support the use of cotton from Uzbekistan and Turkmenistan due to the risk of state-sponsored forced and child labour. We’re committed to improving cotton farming practices globally and are partnered with the Better Cotton Initiative (BCI). BCI does not operate in countries with state-sponsored forced and child labour and, if either is discovered where BCI cotton is produced, it is considered a non-conformity with BCI’s standard and is dealt with immediately. BCI is committed to make global cotton production better for the people who produce it, the environment it grows in, and for the sector’s future. The initiative trains and empowers farmers to care for the environment and implement the principles of decent work. In 2017, 71% of cotton for ASOS products was sourced as more sustainable cotton. ASOS defines more sustainable cotton as BCI, Cotton made in Africa (CmiA), recycled and organic cotton. Our target is to source 100% of cotton used for ASOS Brands as more sustainable cotton by 2025, and we’re on track to achieve this target.

Engaging on policy and legislation

We recognise that engaging with government on policy and legislation is required to effectively address modern slavery risks and achieve sustainable change. In Mauritius, we have continued to lobby the Government to address migrant worker protection. We recognise the importance of bi-lateral agreements between countries where migration for work is common, and stress the importance of transparency in this process, ensuring migrant worker protections. International organisations such as International Labour Organisation and International Organisation for Migration should be engaged by governments in the process of negotiating bi-lateral agreements to ensure that the interests of migrant workers are protected.

We are pleased to see the introduction of modern slavery legislation in Australia and France and we hope to see more countries and regions follow suit and pursue policy and legislation to support human rights more broadly in business. In November 2018 the Australian Government passed the Modern Slavery Act, which requires entities based or operating in Australia with an annual consolidated revenue of more than $100 million to report annually on the risks of modern slavery in their operations and supply chains, and the actions taken to address those risks. The French Duty of Vigilance Law (2017) extends beyond the risk of modern slavery, taking a wider approach to business and human rights.

In 2017, we submitted a letter of support to the Australian Government detailing modern slavery legislative recommendations, and in November 2018 we were invited to meet with a delegation from the Norwegian Government. The delegation sought to gain insight into business experience with the UK Modern Slavery Act (2015). We provided feedback on our experience, and suggestions to further increase the impact of legislation by covering public procurement and greater enforcement to ensure compliance.
ASOS Brands

Due diligence

Risk Assessment: ASOS’ approach to risk assessment comprises of desk-based research, supply chain mapping, auditing and stakeholder engagement. In particular, we partner 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.

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

ASOS recognises indicators of modern slavery such as the following:
- Recruitment fees and labour agents
- Cash-in-hand payments
- No union presence
- No access to grievance mechanisms
- Accommodation tied to employment
- Poor working conditions
- Irregular work

While we acknowledge that modern slavery can be found in all economies, countries, industries and areas of operation, our initial analysis has identified that the areas at highest risk of modern slavery within ASOS’ operations are garment manufacturing supply chains. Over the past 10 years, ASOS has developed ethical trading policies and programmes to protect workers across our supply chain, giving us a strong platform from which to investigate issues of modern slavery.

We have a team of 16 experts working together with third-party auditors in key product sourcing regions to understand country-specific issues, ensure our ethical standards are being upheld, and regularly engage with local and international stakeholders.

We have a dedicated working group within our ethical trade team who are responsible for the implementation of our modern slavery strategy through focussed project work. Over the last year, we’ve been working to deliver projects to mitigate a number of key risks we have discovered through our risk assessments, including the recruitment and employment of migrant workers in Mauritius; the hiring of contract workers in India; and the risk of child labour in Turkey and China.

Audit programme: Whilst we are mindful of the limitations of audits, our audit programme is a critical enabler in the discovery and management of modern slavery cases throughout our supply chain. Our programme identifies risk at factory level against our Supplier Ethical Code and local law, enabling our head office and in-country teams to take immediate action and mitigate risk across our supply chain.

In the past financial year, together with third-party auditors, we carried out 713 unannounced audits, giving visibility of working conditions in our factories. We work with our suppliers to ensure corrective actions have been implemented. We have established a set of modern slavery indicators which sit alongside our audits. These include but are not limited to: presence of labour agents, cash-in-hand payments, the lack of unions or grievance mechanisms, accommodation tied to employment, irregular work, and overall poor working conditions.

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 auditing 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 practicing. In 2018, we joined Better Work, covering Cambodia and Vietnam, and we started to work with Elevate to carry out ASOS factory assessments in Southeast Asia to help us address region-specific issues.

We are committed to expanding our audit and supplier management programme and continue to grow in-country teams covering Turkey and North Africa, China and Southeast Asia with plans to cover all sourcing regions. Our local teams enable us to develop an understanding of issues from a local context at a deeper level and effect more progress through direct relationships with our suppliers.

Through our internal audit team, we provide guidance and support to suppliers to achieve the improvements required for long-lasting change.
## Risks identified and steps taken

<table>
<thead>
<tr>
<th>What’s the issue?</th>
<th>Steps taken — April 2018-March 2019</th>
<th>Priorities — 2019/2020</th>
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| Migrant worker debt bondage in Mauritius | • Four Mauritian suppliers, employing over 3,000 migrant workers, have recruited over 400 migrant workers under the Employer Pays Principle in this reporting period.  
  • Pursued wider brand engagement to drive broader application of the Employer Pays Principle in the industry.  
  • Wrote to the Mauritian Minister of Labour in collaboration with ETI and five other brand signatories, to request specific migrant worker protections.  
  • Engaged with Verité/ASK to monitor migrant worker recruitment in our supply chain in Mauritius.  
  • Led on Mauritius workstream in the ETI Migrant Labour Working Group, which is formed of several other international brands. | • Continue to monitor the recruitment process to ensure migrant workers are not subject to recruitment fees, false promises or other issues indicative of forced labour.  
  • Support trade union capacity building in Mauritius, in collaboration with IndustriALL Global Union.  
  • Provide workers with effective grievance mechanisms, so that migrant workers have the confidence to raise grievances about their working conditions without fear of retribution.  
  • Work with suppliers to improve worker accommodation standards.  
  • Engage with the ETI Migrant Labour Working Group members and other brands on ethical recruitment and grievance mechanisms. |
| Working conditions for refugees in Turkey | • Continued working closely with suppliers to provide work permits for refugee workers in our supply chain – 53 refugees have work permits through our remediation work.  
  • Launched our worker hotline in our Turkish supply chain in November 2018 in partnership with IndustriALL Global Union. The hotline is available in Turkish and Arabic and provides access to remedy for all workers, including refugee workers, as well as information on workers’ rights in the workplace.  
  • Training for workers on how to access and use the hotline is currently being rolled out in Turkish factories with IndustriALL representatives.  
  • Participated in project run by Fair Labour Association and Turkish Ministry of Labour which delivered informational material to assist companies and refugees with work permit application processes and raise awareness on their rights in the workplace. | • Continue rolling out training programme to our tier 1 factories in Turkey. |
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| Working conditions for contract, agency and temporary workers in India and the UK | • Conducted an investigation into the recruitment and employment processes for the use of contract workers in collaboration with Kaarak in India.  
• Joined the Brand Ethics Working Group in India to seek collaboration on fair hiring of contract labour.  
• Joined the Ethical Trading Initiative North India Platform to develop best practice guidelines on the recruitment of contract labour.  
• Reviewed findings and recommendations relating to the recruitment and payment of contract workers to feed into a practical action plan for improvement. As a result, we have started developing a focussed assessment on the employment of contract labour in Indian factories.  
• Mandated UK suppliers using agents to engage with agencies who are members of the Association of Labour Providers and to commission a labour provider audit. | • Conduct pilot assessment on the employment of contract labour.  
• Deliver capability training in factories employing contract labour. This is in order to build knowledge of the risks involved, and how to conduct due diligence and maintain records to ensure no breach of worker rights.  
• Review contract labour policy and relaunch to suppliers.  
• Continue to work with UK suppliers using labour agents to ensure they are conducting the necessary due diligence on agents used. |
| Child workers | • Continued to support 40 children through the ‘Life Skills’ programme for Syrian children in Turkey. The main focus of the programme is learning Turkish to enable success at school. Social activities are arranged to help the children to integrate and overcome the trauma of war.  
• Established a partnership with child rights consultancy CCR CSR in China to support remediation.  
• Delivered training to raise awareness of child trafficking – see spotlight issue on page 11.  
• Discovered one instance of child labour in our Chinese supply chain and one instance in our Turkish supply chain in this reporting period. Working with our local partners, we implemented our remediation policy that covers schooling of the children, the payment of a living wage to the family, and close monitoring of the children by CCR CSR in China and KADAV (women’s rights NGO) in Turkey.  
• Joined Better Work in China and Southeast Asia to build regional capacity and better address region-specific issues. | • Ensure there are no un-remediated cases of child labour anywhere in our supply chain.  
• Review funding to maintain ‘Life Skills’ programme.  
• Scope NGO partner in India to support remediation.  
• Distribute ASOS Child Labour Remediation and Young Worker Policy for other brands to adopt as best practice. |
Spotlight issues

Child labour in China: Last year, our China team conducted an unannounced audit which led to the discovery of a child working in one of our factories in Guangdong province. Further investigation showed that an illegitimate labour provider gave a false copy of identification to the factory, and that the child was from Myanmar.

We established a close partnership with the Center for Child Rights and Corporate Social Responsibility (CCR CSR), a child rights consultancy in China, to work with our audit team on the ground to implement a remediation strategy. This consisted of applying the child labour remediation process outlined in our policy and working closely with CCR CSR to ensure delivery of remediation and monitoring of the child. The child is enrolled in an engineering programme and the family is being supported with the payment of a living wage to enable the child to stay in education.

While support for the child and family is a fundamental part of this case, we also recognised the need to raise awareness of the risk of child labour and human trafficking. CCR CSR continued to be a key partner in implementing a training programme on child labour risks within the local community. A total of 28 community members from seven villages in Myanmar participated in the training, where the key focus was to raise awareness of vulnerability related to children working in factories and child trafficking.

Collaboration in Mauritius: Mauritius’ economy is largely dependent on a migrant workforce – over 53% of those working in Mauritian garment factories are migrant workers, recruited predominantly from Bangladesh, but also from India, Sri Lanka and Madagascar.

In ASOS’ Mauritian supply chain, migrant workers account for 63% of the workforce. Migrant workers in Mauritius frequently pay fees to unscrupulous recruitment agencies prior to gaining employment, leaving workers trapped in debt bondage. Furthermore, migrant workers are not made aware of their rights or terms of employment, adding to their vulnerability to exploitation. We identified these risks in our own supply chain and, in 2016, commissioned an independent assessment of working conditions at our suppliers’ factories in Mauritius by human rights organisation Verité. These assessments identified a number of key risks, specifically related to the recruitment and employment of migrant workers.

We recognise the complexity of the issue, and the value of cross-sectoral collaboration in driving sustainable change. To address the root causes leading to the exploitation of migrant workers, we have implemented a two-pronged approach by working closely with suppliers to improve their practices and engaging with other stakeholders to drive change at a systemic level.

We’ve worked closely with our suppliers to implement the ‘Employer Pays Principle’, a universally recognised commitment to ensure that no worker pays for a job and all costs are borne by the employer. We recognise that the adoption of this principle is fundamental to combat the exploitation of migrant workers in our supply chain. We worked with our Mauritian suppliers to help them improve their recruitment practices, and all four suppliers have now adopted the Employer Pays Principle and are covering all costs related to migrant worker recruitment.

We continue to collaborate with a variety of stakeholders on the issue, including the Mauritian and UK governments, the Ethical Trading Initiative, other international brands sourcing from Mauritius, and IndustriALL Global Union. Most notably, we have continued to lobby the Mauritian Government to include language on migrant worker protection in the Memorandum of Understanding (MoU) currently being negotiated between Mauritius and Bangladesh.

Contract labour in India: Through our audit programme, we identified the endemic use of contract labour in our Indian supply chain and the associated risk of modern slavery (outlined below). As a result, we partnered with local organisation Kaarak and conducted an investigation into the recruitment and employment processes surrounding the use of contract labour. The research studied 13 exporting factories located in Gurgaon and Noida (two manufacturing areas in the National Capital Region). During a two-day visit to each of the units, we conducted interviews with 112 workers, 13 HR/compliance managers, 13 supervisors/contractors, five production heads, and six owners. The findings of the research presented potential risks including:

- Informal employment without contracts and lack of awareness of employment terms and entitlements
- Employment through unregistered contractors
- Non-payment of minimum wage, overtime wage, benefits or insurances
- Lack of health and safety awareness and training
- Lack of awareness of grievance mechanisms

As a result of the findings, we are now developing a focused contract labour assessment methodology, which we will pilot with capability building and impact assessment to verify improvement to workers.
**Raising awareness and training**

**Within our business:** The Responsible Sourcing department has trained over 500 Retail employees on our corporate responsibility programme. In September 2018, we launched an online digital training programme on modern slavery, developed in partnership with Anti-Slavery International. The training, taken by over 30% of the business so far, 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.

Following an independent review of our purchasing practices within the framework of ACT, the Responsible Sourcing department, Retail trainers and Retail stakeholders collaborated to create a purchasing practices training agenda. We have delivered this training to our Buying and Merchandising teams throughout 2018 and will continue through 2019. To date:

- 500+ assistant-level ASOS people across buying, merchandising and design have been trained on respectful and collaborative supplier relationships and transparency in decision making.
- 145+ senior-level buyers and merchandisers for ASOS Brands have been trained on ACT commitments and elevation of working practices and ethical ways of working.
- 500+ assistant and admin buyers and merchandisers have been trained on the Responsible Sourcing strategy, ACT membership, and modern slavery strategy.
- 150 assistant buyers and merchandisers have been trained on retail calculations, open costings, currency fluctuations, commodity impacts and branded margin deals. This is currently being rolled out across all assistants.

To support the implementation of our GFA, IndustriALL Global Union and the Ethical Trade team delivered training on freedom of association and gender equality in January 2019 to the Responsible Sourcing department, Corporate Responsibility team, Legal team, Retail Directors, Retail Heads of Department and Buyers. The training covered the concept of freedom of association and how it works in practice; how human rights are violated in the supply chain; our GFA activity as a driver to prevent human rights violations; and the importance of taking a gender perspective to fully realise freedom of association and ensure equal empowerment for every worker in the supply chain.

**Within our supply chain:** We continue to work collaboratively in partnership with our suppliers to provide mutual support through our Fashion with Integrity journey and ensure we are aligned on our responsible sourcing standards. Our regional supplier conferences allow us to raise awareness on regional-specific issues, which we then address with suppliers and factories. We held four regional supplier conferences in China, Romania, India and the UK during this reporting period, all of which included region-specific ethical trade and modern slavery sessions for suppliers. Our recent UK supplier conference featured a compelling session with Hope for Justice on how to uncover, address and manage modern slavery cases within their UK supply chains.

We want to ensure that every worker in our supply chain understands their rights and is empowered to access them. In collaboration with IndustriALL Global Union, we have delivered worker rights training in two factories in Turkey, which was followed by women’s empowerment training developed with a local women’s rights NGO, in recognition that women are particularly vulnerable to exploitation. We produced an impact assessment in collaboration with the Human Rights Law Research and Implementation Center of Bilgi University.

In collaboration with IndustriALL Global Union, we have created a worker rights handbook, informing workers of their internationally recognised labour rights, and a women’s rights handbook with KADAV, informing women of their fundamental rights in the workplace. Both handbooks are printed in Turkish and Arabic languages and available digitally via smartphone apps developed with IndustriALL Global Union and KADAV.

We have delivered training aimed to raise awareness of child trafficking – see spotlight issue on page 11.
Partnerships are integral for ASOS in addressing modern slavery risks. We have been actively involved with the following organisations and initiatives:

**Anti-Slavery International (ASI)**
Since 2017, we’ve been working in partnership with ASI, a leading NGO working to eradicate all forms of slavery throughout the world. ASI act as our critical friend, helping to ensure that our human rights due diligence processes are robust, while supporting us to continuously review and mitigate new risks in our supply chain. Some key activities we’ve carried out as part of our partnership include: assessing key risks faced by contract workers in our Indian supply chain; developing internal online modern slavery training for ASOS employees; and helping us mitigate the issues faced by migrant workers in our Mauritian supply chain.

**IndustriALL Global Union**
See spotlight on page 6.

**Action Collaboration Transformation (ACT)**
We are one of 22 brands participating in ACT, an initiative founded by international brands, retailers and IndustriALL Global Union, to address the issue of living wages in the garment, textile and footwear supply chain. ACT aims to improve wages in the industry by establishing industry collective bargaining in key garment and textile sourcing countries, supported by world-class manufacturing standards and responsible purchasing practices. As an ACT member brand, we’re committed to making sure our purchasing practices facilitate the payment of a living wage through freedom of association and collective bargaining – a key driver to prevent instances of modern slavery from occurring.

**Ethical Trading Initiative (ETI)**
We’ve been a member of the ETI, a multi-stakeholder initiative comprising of companies, non-governmental organisations and trade unions since 2009. ASOS actively participates in a number of working groups including the Migrant Labour working group, and the China Corporate Caucus. Our work with ETI on modern slavery is especially significant within the Migrant Labour working group, where we lead activities to support ethical migrant labour recruitment in Mauritius.

**Fast Forward**
As a founding member of the Fast Forward initiative back in 2014, the Fast Forward audit programme ensures all of the 44 manufacturing and processing units we source from in the UK are fully compliant with UK legal requirements and work towards achieving best practice industry standards. The programme has been developed to address UK-specific issues, such as systemic underpayment of minimum wage, lack of contracts and exploitative recruitment. It can also detect indicators of modern slavery as detailed on page 8. Key recent developments also ensure labour providers used by our factories are legitimate and compliant with regulations. Although we have not found any instances of modern slavery through our audits so far, we are aware of the potential risks in the industry and so are proactively working to develop processes for how any future incidences should be remediated. This involves building relationships with on-the-ground partners to support any workers found to be victims of modern slavery.

**Verité and Association for Stimulating Knowledge (ASK)**
We first collaborated with human and labour rights organisation Verité in 2016, when we carried out a series of focussed audits at our Mauritian factories in partnership with their long-term network partner ASK. We have continued to work with Verité and ASK to assess our factories in Mauritius, and they are now our chosen partner for our Mauritian audit programme.
UK Foreign and Commonwealth Office (FCO)
We have been working closely with the British High Commission (BHC) in Mauritius, as part of our work to mitigate the risks faced by migrant workers in our Mauritian supply chain. Following our multi-stakeholder event hosted in collaboration with the BHC in February 2018, they have continued to be a key contact for us, helping to facilitate dialogue with the Mauritian Government and other relevant stakeholders on the ground in this area.

KADAV
We have a close partnership with Women’s Solidarity Foundation, KADAV, who work with us to remediate child labour discovered in our Turkish supply chain and implement our gender programme in Turkey. Our child labour remediation policy covers schooling of children and providing a living wage, which is more than the legal minimum wage, to the family to be able to keep children in education. KADAV assist with efforts for eliminating child labour and closely monitor the children going through our remediation programme. For our gender programme, we work with KADAV to develop training content, coordinate and support trainers and maintain our gender app.

Center for Child Rights and Corporate Social Responsibility (CCR CSR)
In 2018, we established a partnership with child rights consultancy CCR CSR to support with the remediation of children discovered in our Chinese supply chain. CCR CSR consult businesses on child rights in their supply chain and have supported ASOS with two training programmes to address the root causes of child labour in China. The first of the training programmes was within seven Myanmar villages where there’s a risk of children being trafficked to China for work. The second is a pilot run of training, aimed at parent migrant workers, which will be followed up with an impact assessment.

Ovibashi Karmi Unnayan Program (OKUP)
OKUP is a community-based migrant workers organisation based in Dhaka, 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. We worked with our Mauritian suppliers in collaboration with OKUP to monitor the recruitment process in Bangladesh.

Kaarak
In 2018, we partnered with Kaarak, a research consultancy based in New Delhi, to conduct an assessment on fair recruitment for contract workers in our Indian supply base. This project aimed to help identify key modern slavery risks such as the underpayment of legal wages and excessive working hours. The research findings highlighted by Kaarak have enabled continued development of fair recruitment guidelines and technical support for factories to improve labour practices, especially where they employ a high portion of contract or casual workers.
Responsible Procurement programme

Approach to human rights

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

This year we have hired a dedicated resource to oversee the implementation of our Responsible Procurement programme across our non-stock supply chain. The programme is managed by the Senior Ethical Trade Partner - Non-Stock and is supported by all relevant departments including Supply Chain, Logistics, Corporate Responsibility, Procurement and Ethical Trade.

Through our programme, we aim to drive visibility, promote integrity and mitigate risk in our non-stock supply chain. In order to achieve this, we are reviewing our due diligence processes and actively engaging with our vendors.

Due diligence

Last year, we carried out a risk assessment of ASOS’ top 250 non-stock vendors identified as highest risk and started direct engagement with the 50 vendors deemed to be at the highest risk of modern slavery.

We conducted an assessment of labour practices at our third-party operated Polish returns centre with Anti-Slavery International and identified areas of concern in relation to labour providers’ treatment of agency workers from Ukraine. We then developed a roadmap to remediate the issues identified. As a result, agency workers were transferred to direct employment at our returns centre. Lastly, we trained the procurement team and other ASOS stakeholders on modern slavery and its relevance to our operations.

Our priorities for next year include the re-evaluation of risk and impact within the non-stock supply chain and the design of a risk assessment methodology that incorporates risk mitigation. This will allow us to better inform our verification and vendor management programme.

We will continue to focus on fair recruitment and treatment of agency and migrant labour in our non-stock supply chain. As part of this, we are reviewing our agency standards and operating procedures for our returns centres based on ASOS’ expectations.

We look forward to reporting on our progress and the development of our Responsible Procurement programme next year.
Third-party brands

Approach to human rights
The ASOS third-party brands family continues to grow and represents a significant proportion of sales on ASOS.com. As of February 2019, ASOS sells 1,000+ third-party brands which represent approximately 52% 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.

Our five minimum requirements form the core of the strategy, and provide the framework within which we expect third-party brands to begin addressing instances of modern slavery within their supply chains. These minimum requirements are situated within the wider context of the programme of work delivered by the ASOS Ethical Trade team, as detailed in Our Supply Chain on page 4.

54% 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.

42% of all brands meet our requirements, including publishing a Modern Slavery Statement where applicable, and mapping supply chains to tier 1. We are working towards ensuring that brands which form the largest percentage of our sales, meet these requirements by August 2020.

We recognise that the minimum requirements are only the first step in truly mitigating risk and providing remedy for workers. As an increasing number of brands comply with the requirements of publishing a statement, we will encourage them to demonstrably act to address the risks they have identified.

By driving action on transparency, and consistently sharing learning and experiences between brands, we hope to create an environment where our industry as a whole, is working collectively, and with ASOS to concretely address modern slavery risks.

In addition, we will continue to champion mandatory minimum requirements for any new brands we bring on board, while stimulating continuous improvement by higher-risk brands.

Due diligence
We have completed the following activities as part of our Third-Party Brands programme:

- Delivered a brand event attended by 100+ brand partners with the theme of ‘Future of Fashion’ in September 2018, discussing best practice and enabling brands to share lessons learnt. A dedicated panel discussing the issue of modern slavery included Simon Platts, Sourcing Director at ASOS; Baroness Lola Young; Klara Skrivankova, Head of Europe, Senior Private Sector Advisor at Anti-Slavery International; and Sue Fairley, Head of Quality Assurance at New Look.
- Strengthened and standardised the ASOS monthly training workshops programme, with a view to supporting brands to comply with our five minimum requirements, including publishing a Modern Slavery Statement.
- Created online training resource in collaboration with London College of Fashion (launched in February 2019) to support brands that cannot attend monthly in-person workshops on our five minimum requirements.
- Scheduled ‘deep dive’ topic specific sessions (commencing May 2019) to support brands in moving beyond basic compliance with our five minimum requirements and towards demonstrating best practice i.e. due diligence in addressing modern slavery risks, rather than simply publishing a statement.

‘River Island is proud to be taking collaborative action with ASOS to tackle modern slavery’
- Ben Lewis, CEO River Island
Our ongoing commitments

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:

- Collaborating further with industry peers, NGOs and trade unions to address systemic issues which are at the root of labour abuses and therefore create the opportunity for instances of modern slavery.

- Further rolling out training in Turkish factories and pilot GFA activities in our Bulgarian supply chain in collaboration with IndustriALL Global Union.

- Continuing to extend supplier compliance and ethical standards training to all sourcing regions through close supplier engagement and training programmes addressing region-specific issues.

Addressing business impact by:

- Conducting a second assessment of our purchasing practices with internal teams alongside an independent assessment of our purchasing practices with suppliers, and reviewing how reward and progression strategy can be used internally to drive improvements.

- Supporting and guiding our third-party brands in meeting the minimum requirements through a comprehensive training programme that includes online training modules.

- Further rolling out our digital modern slavery training programme to cover 80% of ASOS staff.

- Delivering a series of training webinars in partnership with the Ethical Trading Initiative to provide suppliers with a greater understanding of legislation requirements, potential risks in supply chains, and good practices that can be practically applied as part of everyday roles.

- Continuing to map our supply chain and publishing updates every two months on our PLC website.

- Reviewing current labour practices at our fulfilment and returns centres and enhancing our procurement due diligence process during vendor vetting and screening.

Engaging on policy and legislation by:

- Continuing to support improved legislation to support the ethical recruitment of migrants and protection of rights.

- Engaging with public bodies in the UK to prevent exploitation of vulnerable workers in the UK garment industry.
Assessment of effectiveness

Modern slavery is a complex, multi-faceted issue, which is often hidden and therefore difficult to address effectively. Our responsibility as a brand is to ensure that our due diligence systems are sufficiently robust to avoid complicity with such abuses and to remediate any instances we identify in our supply chain. 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.

Supply chain mapping and sharing information (within our sector and beyond) increases the probability that issues will be identified and addressed. Increasing supply chain transparency is therefore a fundamental aspect of our approach to eliminating modern slavery in our operations, which 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 2018 Fashion Transparency Index. As we gain more visibility of our supply chain, further risks of modern slavery will be exposed 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.

As a fast-growing and changing organisation, it’s essential that we remain particularly aware of emerging risks and be alert to the dynamic nature of both modern slavery and the impacts of our own operations. We will therefore continue to reflect on, develop and extend our approach to modern slavery, both in the breadth of approach across the Responsible Procurement programme and Third-Party Brands programme, and in the depth of work within ASOS Brands product-sourcing regions.

ASOS’s Modern Slavery Statement April 2018-March 2019 was prepared by the ASOS modern slavery working group and approved on behalf of the ASOS Board of Directors on 26 March 2019.

Signed

Nick Beighton
CEO, ASOS PLC
26 March 2019