

ASOS submission to one-off session of the Environmental Audit Committee

Thank you for the invitation to provide evidence to this one-off session of the Environmental Audit Committee, to follow-up its work on the sustainability of the fashion industry. We are pleased to provide written evidence to the Committee and welcome the Committee's continued interest in the sector's progress on this important topic.

About ASOS

ASOS is an online fashion destination aimed at 20-somethings, founded in the UK in 2000 and headquartered in London. Available in nine languages and in over 200 markets, it has 21.4 million customers around the world, served by fulfilment centres in the UK, Germany, and the US. ASOS customers can shop nearly 900 global and local third-party brands alongside a mix of fashion-led ASOS-owned brands and labels – including ASOS Design, ASOS Edition, ASOS 4505, Collusion, Reclaimed Vintage, Topshop, Topman, and Miss Selfridge.

Scope of submission

Unless otherwise stated, the information included in this submission relates to the ASOS-owned brands detailed above. ASOS-owned brands account for approximately half of our sales. We have an active branded engagement team which works with our brand partners on issues relating to sustainability and the environment, however information on this area has not been included to keep our submission as relevant as possible.

Fashion with Integrity

We first launched Fashion with Integrity (FWI), our programme for managing sustainability and corporate responsibility, in 2010. This was relaunched in 2021 with a series of new targets and four key goals: Be Net Zero, Be More Circular, Be Transparent, and Be Diverse.

While not a full view of all our work in this area, establishing these goals was a key tool in managing and prioritising our activity and followed a rigorous materiality assessment to ensure we were focusing our efforts on the topics that mattered most.

We have committed to publishing regular updates on our performance against this programme, with our latest update released in May 2023 and covering the period from September 2022-August 2023.¹

In our most recent annual report, released in November 2023, we disclosed that we are currently reviewing, and where necessary revising, our FWI goals and KPIs.² As a result we won't be publishing a Progress Update in May this year, with our next update instead due as part of our annual report towards the end of 2024.

This strategy review will ensure we are remaining true to the spirit of our FWI programme, while being transparent on our progress using the most relevant metrics. We also believe it is an important step to ensure that our programme aligns with and reflects the latest best practice and that we have a clear roadmap for compliance with a wide range of future sustainability legislation, much of which is being driven by the EU. The revised FWI programme is due for publication later this

¹ The update is available here: https://asos-12954-s3.s3.eu-west-2.amazonaws.com/files/7216/9590/0082/ASOS_Fashion_with_Integrity_FY22_Progress_Update_280923.pdf

² A summary of our FWI activity throughout FY23 and our Task Force on Climate-Related Financial Disclosures report can be found in the

annual report, from page 16: https://asos-12954-s3.s3.eu-west-2.amazonaws.com/files/7217/0065/7934/ASOS_Annual_Report_2023.pdf

year.

Section 1: ASOS' environmental footprint

- *How does ASOS monitor and manage ASOS's environmental footprint?*
 - *What volume of textile waste does ASOS send to landfill/for incineration each year and how has that changed over the last five years?*
 - *What volume of textile waste does ASOS send for recycling or reuse each year and how has that changed over the last five years?*
 - *What volume of textile waste does ASOS export for recycling and how has that changed over the last five years? What happens to those textiles once they are exported?*
 - *What proportion of textiles retailed at ASOS is made from recycled fibres?*
 - *Do you use microplastics in your textiles? What proportion of your textiles contain microplastics?*
1. For direct operations (offices, warehouses, and fulfilment centres), we monitor and manage operational waste through the Reconomy platform; energy consumption through an energy management system called MyEnergy; and we are investigating how to improve monitoring of water consumption across our sites. We are currently undertaking ESOS (Energy Savings Opportunity Scheme) Phase 3 auditing for all UK sites and our fulfilment centre in Germany to inform future energy- and carbon-saving initiatives.
 2. For our supply chain, we monitor the environmental impact of our Tier 1 (manufacturing) sites by asking our suppliers to complete the Worldly Facility Environmental Module (FEM). In our last reporting period supplier facilities comprising approximately 70% of business volume responded to the FEM. Several non-Tier 1 sites (i.e. fabric mills) also complete the FEM. As part of the onboarding process, we also ask new suppliers to share information relating to material usage, the FEM, renewable energy, and more, to ensure we are screening for environmental criteria.
 3. We do not send clothing waste to landfill or incineration, except when required in very specific circumstances, such as a chemical compliance failure or for legal reasons. For the latter, we try to recycle as the first option. This policy has not changed over the last five years.
 4. We do not export textile waste for recycling.
 5. We note the Committee's questions around fibre usage throughout our textiles. We are currently undertaking a review of our systems and processes around tracking and validating fibre composition. Until this review is complete, we are not able to share information relating to fibre composition with the level of accuracy and assurance that is required. As a result, we did not disclose our fibre compositions in our last FWI Progress Update and are not able to share this information with the Committee. We can share that cotton is the most used material in our garments, followed by polyester.
 6. Microplastics (or microfibrils) are not in themselves used in garments but are often a by-product of washing garments that have been manufactured with synthetic fibres. This field continues to evolve but the pace of change to address issues with microfibre shedding has been relatively slow and could benefit from additional collaboration between Government, manufacturers, water utility providers, and washing machine manufacturers.

Section 2: ASOS' environmental action

- *What, if any, changes has ASOS introduced over the last five years in order to make its clothing offer more sustainable and what impact have those changes had?*
- *What, if any, innovations do you have planned for the future to make ASOS's business more environmentally sustainable?*

7. Over the last five years we have continued to evolve our approach to improving the sustainability of our clothing.
8. We remain committed to increasing our use of recycled or more sustainable materials in our own-brand products. However, as outlined above, we are not currently able to share information relating to fibre usage. We also removed all references to material sustainability across our website in 2022 in response to the CMA's investigation into ASOS and others. As this risked reducing the incentive for our product teams to purchase products made with more sustainable materials (as it would not be visible to the customer), we recently rolled out new internal targets to our product development teams to drive progress, even though this will not be visible in product descriptions.
9. We have continued to collaborate with the Centre for Sustainable Fashion (CSF) at London College of Fashion on circular design principles and training for our design teams. In 2021, we worked with CSF to co-develop and release our Circular Design Guidebook, an open-source guidance document to support stakeholders across the industry to implement circular design practices.
10. We released our first circular design collection in 2020. In June 2022, we launched our second circular design collection, featuring over 40 pieces across the Spring/Summer season, each made from recycled, renewable, or innovative materials. At the same time, we also launched a trial with Thrift+ to explore resale and takeback services offered through ASOS.
11. We have partnered with the Ellen MacArthur Foundation since 2019 and have committed to The Jeans Redesign Project. This means that all the denim in our circular design collections is made from safe and recycled or renewable materials, is made to last, and is made to be disassembled to support end-of-life recycling.³ This project enabled us to align to industry standards for circular denim.
12. These circular design collections were limited in scale but were created to help us test customer interest and develop our own expertise and skill in this area. As part of our strategy review, we are currently assessing how to further embed circular design principles within our design approach.
13. We have continued to partner with our peers to develop an aligned approach to circular design. We have been in partnership with the Circular Design Consortium since 2022, through which we – together with other members – are working to establish circular design roadmaps and strategically scale circular products using The Ellen MacArthur Foundation's vision of a circular economy for fashion. During 2023, C&A joined existing consortium members, H&M, Zalando, ASOS, and BESTSELLER. As members, we collaborate with industry peers to share learnings and address shared challenges.
14. We joined the Zero Discharge of Hazardous Chemicals initiative in 2018. The initiative delivers widespread implementation of sustainable chemistry by driving innovations and best practices in textile, apparel, and footwear industries to protect consumers, workers, and the environment.

³ More information on this, including definitions of these terms, is available on the EMF website: <https://www.ellenmacarthurfoundation.org/our-vision-of-a-circular-economy-for-fashion> & <https://www.ellenmacarthurfoundation.org/the-jeans-redesign/overview>

15. We published an ASOS Chemical Strategy in April 2023, outlining our goal to specify, responsibly manage, and achieve only the use of safer chemicals in production of our clothing, leather, and footwear supply chains, right from the wet processor level.⁴

Section 3: Working practices

- *What changes, if any, has ASOS made in the past five years to improve working conditions in its supply chain and what impact has that had?*
16. We have continued to focus on driving improvements in working conditions throughout our supply chain and the wider industry.
 17. Within the UK, we have continued to drive uptake of the Fast Forward labour standards improvement programme, which takes a collaborative approach to addressing exploitative practices.⁵
 18. As co-founders of Fast Forward in 2013, we have long required our UK supply base to be signed up to the programme. However, in 2020, we introduced the requirement for all ASOS brand partners manufacturing in the UK to also sign up to Fast Forward. We have since seen continued industry engagement in the programme, and it is now the industry standard. We have also made it a requirement for brand partners to commit to signing the Transparency Pledge and disclosing their supply chains.
 19. We worked collaboratively with a wide range of key stakeholders including brands, trade unions, civil society, local government and labour market enforcement bodies through the Apparel and General Merchandising Public and Private Protocol (AGM PPP). The AGM PPP was a range of initiatives designed to help protect workers, promote decent working conditions, and strengthen worker representation and community voices. For ASOS, the result was the creation of a Workplace Support Agreement in 2022 with GMB. We have also partnered with the Fashion Workers Advice Bureau (FAB-L) in the UK, which offers free support to workers on their rights and other issues.
 20. We continue this work today by connecting FAB-L and GMB union representatives with our UK factories to build relationships with suppliers and workers. During factory visits, workers can learn about FAB-L's services and the benefits of joining a trade union.
 21. Looking outside the UK, the Migrant Resource Centre was established in Mauritius in 2019 with funding from the UK Home Office Modern Slavery Innovation Fund. The centre is a collaboration between ASOS, Anti-Slavery International, IndustriALL and a local trade union, Confederation des Travailleurs des Secteurs Publique et Prive (CTSP). It provides support and advice to migrant workers and facilitates access to remedy for grievances and exists for workers within the garment manufacturing industry and beyond. Since February 2020, over 130 cases have been referred to the centre for resolution.
 22. In 2023, we published our Policy on Gender Equality in the Supply Chain, strengthening our commitment to gender empowerment in our supply chain.⁶ We conducted workshops in Morocco and Sri Lanka with women's rights organisations and formed a nationwide network

⁴ https://asos-12954-s3.s3.eu-west-2.amazonaws.com/files/2516/8120/3572/ASOS_Chemical_Policy_April_2023.pdf

⁵ <https://www.fastforwarduk.org/>

⁶ https://asos-12954-s3.s3.eu-west-2.amazonaws.com/files/8516/7111/5298/ASOS_Policy_on_Gender_Equality_in_the_Supply_Chain.pdf

of grassroots women's organisations in Morocco. This year we launched our gender programme in Morocco, supporting the establishment of women's committees in our factories with representation from independent women's rights organisations to empower female workers and serve as gender-sensitive grievance mechanisms. Additionally, we are developing a smartphone app, in collaboration with women's rights organisations, to provide information on women's rights and support mechanisms. The project will be implemented in Sri Lanka and other countries in the future.

23. As shared with the Committee in 2019, ASOS is part of the ACT initiative, a global agreement between international brands and IndustriALL Global Union aimed at securing living wages and better working conditions in the garment and footwear sectors. The initiative focuses on several workstreams, including costing transparency, fair payment terms, planning and forecasting, responsible exits, and training. We have continued to play an active role in ACT and support the implementation of collective bargaining agreements at a national level. Regrettably, less progress has been made than we would have liked to see, but we are currently in active discussions around an agreement that we are hopeful will come to fruition.
24. Other activity undertaken includes renewing our partnership with Anti-Slavery International up to 2025 and partnering with an organisation called GoodWeave International to strengthen our approach to understanding and addressing risks related to our supply chain in India.^{7,8}

Section 4: Consumer habits

- *What trends in consumer habits has ASOS observed over the past five years around fast versus slow fashion?*
 - *How have cost-of-living pressures affected consumer purchasing decisions around clothing?*
 - *What role, if any, do you think companies such as yours should play in influencing consumers to make more sustainable choices, such as reducing consumption, repairing old clothes, and paying attention to the sourcing and composition of materials?*
25. We do not think of the fashion industry as divided into fast and slow fashion and this distinction can be reductive. There are multiple different business models within the fashion industry – luxury, mass market, online, offline, omnichannel, resale, rental, etc. – and many retailers mix and match these.
26. The most notable shift in consumer habits over the previous five years was driven by the Covid-19 pandemic and the associated shift to online retail through changing consumer behaviours. Following the pandemic we have seen some normalisation towards in-store shopping however the broader long-term trend of growth in online retail penetration has continued.
27. During this period, we have also seen growing competition from international online fashion retailers, which typically offer highly competitive price points and benefit from generous customs duty thresholds, which means that customs duty does not need to be paid on individual orders shipped into the UK from overseas with a value of less than £135. Shipping in this way will also cause relatively more carbon emissions than shipping in bulk.
28. Looking at trends within sustainability, our research shows that customers within the younger generation (ages 16-24) place greater importance on sustainability when shopping. However, our own insights indicate that it is not a top priority and other metrics – for

⁷ <https://www.asosplc.com/news/asos-and-anti-slavery-international-sign-new-partnership-2025/>

⁸ <https://www.asosplc.com/news/asos-and-goodweave-launch-partnership-address-labour-rights-fashion-supply-chains/>

example value for money and style – rate higher. This generation has also typically faced greater impacts to disposable income from the cost-of-living crisis.

29. We believe that businesses do have a role to play in communicating to customers about making sustainable choices, however this can be very challenging. For example, we have not communicated to our customers about sustainability (save for in very limited instances) for nearly two years due to the CMA investigation into environmental claims, and we will only resume these communications when confident we can fully comply with the terms of the undertakings which we have agreed. Due to the extensive and wide-reaching nature of the undertaking (which imposes significant obligations on ASOS regarding the systems, processes, and policies required to make environmental claims in a compliant manner) this will take some time.

Section 5: Voluntary initiatives

- *What has ASOS's experience been of being a Textiles 2030 signatory?*
 - *What has ASOS's experience been of being a supporting retailer of the British Retail Consortium's Climate Action Roadmap?*
 - *What action has ASOS taken as a result of being involved in voluntary industry initiatives that it wouldn't have taken otherwise?*
30. Our experience as a Textiles 2030 signatory has been positive. We see it as a valuable forum to engage with peers in the industry and assess collective challenges and opportunities, and wider industry progress.
31. We've worked with the Textiles 2030 network to support circular design collaboration across the industry and to shape the Textiles 2030 Circular Design Toolkit since 2021. We also participate in their working groups around metrics, closing the loop, and reporting.
32. In January 2024 we co-hosted the Textiles 2030 circular design industry working group, inviting several brands and retailers into our ASOS head office to share insights and to align on circular design strategies and common definitions.
33. As a result of our collaboration with Textiles 2030 we have realigned our circular design policy to the Textiles 2030 circular design toolkit. Textiles 2030 has reviewed our new circular design policy and provided feedback to ensure we are interpreting their toolkit correctly.
34. We complete the annual Textiles 2030 report, sharing our sustainability data to support the assessment of industry progress. We also use this to support our internal assessment and calculations, including on carbon.
35. Through our partnership with Textiles 2030 we are also taking part in the joint Durability Research Project with the Leeds Institute of Textiles and Colour (LITAC), and in the development of minimum durability guidelines. We have submitted product for physical performance testing to support data collection and benchmarking with the goal to explore processes, potential solutions, and challenges vital for advancing minimum durability guidelines.
36. We sit on the Textiles 2030 advisory board and regularly meet to provide feedback and shape the direction of the working groups.

37. We were pleased to join the British Retail Consortium's Climate Action Roadmap in 2021. We are in the process of revising our carbon reduction targets to take account of the latest best practice and we are engaging with the BRC on how to enhance their Roadmap to the benefit of retailer signatories.

Section 6: CMA investigation over greenwashing

- *What led to ASOS being investigated by the CMA over greenwashing?*
 - *What has ASOS learned from the CMA investigation?*
 - *What action has ASOS taken as a result of the CMA investigation?*
38. The investigation into ASOS (in addition to George by ASDA and Boohoo) resulted from a broader investigation by the CMA into environmental claims being made by retailers about fashion products being sold into the UK market.
39. We co-operated fully and openly with the CMA throughout its investigation, and we voluntarily gave an undertaking to the CMA. The CMA has stated that the commitments made by ASOS and others "set a benchmark" for the industry, and that it will build on the current Green Claims Code with additional information tailored to the fashion sector.
40. Alongside the announcement, the CMA issued an open letter to the fashion industry, urging other fashion retail businesses to review their claims and practices in light of the undertakings. We welcome the CMA's commitment to ensuring equal standards are applied across the fashion industry to create a level playing field in the best interests of consumers. Effective enforcement is essential to ensure that individual businesses are not put at a competitive disadvantage due to the application of unequal standards across the industry.
41. It is important that the requirements introduced by the CMA and applying to ASOS and other retailers do not inhibit the industry from making sustainable choices, or communicating these choices to customers in a transparent way. We echo the recent concerns raised by the CEO of the British Retail Consortium, Helen Dickinson, on this topic.
42. Sharing clear and accurate information on the sustainability credentials of fashion products is crucial to empowering consumers to make fully informed choices. As we set out in our latest FWI Progress Update, we are focused on developing robust processes and systems that will enable us to provide clear and accurate information about the environmental impacts of our products and our business.

Section 7: Government policy

- *How has the Government's Waste and Resources Strategy affected ASOS's business? Has it been effective at reducing waste?*
 - *Would you welcome an Extended Producer Responsibility scheme for textiles?*
 - *If yes, what would ASOS want the scheme to cover?*
 - *If not, why not?*
 - *How will the Government's proposals for a Carbon Border Adjustment Mechanism affect ASOS? Do you welcome the proposals?*
 - *What, if any, incentives do you think the Government should introduce to encourage greater circularity in the fashion industry?*
 - *Would you support a ban on sending unused stock to landfill or for incineration if it can be reused or recycled? If not, why not?*
43. The Waste and Resources Strategy has had limited direct impact on our business, particularly due to the delayed rollout of kerbside collection of flexible plastics in the UK.

44. We would support an Extended Producer Responsibility (EPR) scheme for textiles, however only on the basis that the funds raised by this scheme are ringfenced and used to invest in textile collection and recycling infrastructure within the UK. Without this commitment, the EPR will not achieve its aims of reducing waste and could lead to unwelcome outcomes such as the increase in exports of textile waste from the UK, which may simply end up in landfill overseas.
45. We also note that Defra is in the early stages of considering plans for a mandatory takeback scheme, operated by individual retailers, to facilitate the collection of textile waste. This would require retailers to collect all textile waste a customer wishes to deposit in store or send to them if they are an online retailer – including products that the retailer may not sell, such as towels or bedding.
46. Such a scheme risks being highly distortive and may result in significantly higher financial costs for UK-based online retailers, which would be required to operate costly textile returns schemes and invest in logistics and technology to support this. Requiring online retailers to operate such schemes may also contribute to an increase in emissions due to individual parcels being sent to processing sites by customers, rather than being collected in store. The collection of textile waste from households at kerbside, funded by a textiles EPR administered on retailers, would likely be a far more efficient system.
47. We would also highlight the ongoing discussions in the EU around whether retailer-led textile collection schemes are appropriate when retailers would also be subject to an EPR intended to fund household collection and processing of used textiles. It is important that these questions are considered, and that the policy is fully thought out to achieve its aims.
48. Regarding the Carbon Border Adjustment Mechanism, we note that although the products in scope of this are yet to be fully decided, they appear likely to be from sectors such as steel, cement, and aluminium. They are therefore unlikely to include materials or products of significance to ASOS, at least initially.
49. To encourage greater circularity in the fashion industry, it is important to facilitate household collection of waste textiles and invest in domestic recycling capabilities and research and development around textile recycling innovation. We would also support measures to financially incentivise products made with both pre-consumer and post-consumer recycled materials, for example through eco-modulation of any textiles EPR.
50. We are not against a ban on sending unused stock to landfill or for incineration if it can be reused or recycled, except for when destruction is required for legal or health & safety reasons. It is important that the impact of any bans being considered are fully understood. In the event of a ban, systems should be put in place to ensure that reuse and recycling is possible in practice, not just in theory – for example through greater investment in recycling facilities.

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