

The Forward Firm

<u>Team Member Name</u>	<u>Year</u>	<u>Major</u>
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Advisor(s): Anna Helm, Alexis Gaul, and David Ruda

Topic: A SOS Call: ASOS's Unsustainable Supply Chain

Audience: ASOS Board of Directors

Sustainable Development Goal

SDG #12: Responsible Consumption and Production: Ensure Sustainable Consumption and Production Patterns

Executive Summary

In 2019, the global market value of the fast fashion industry was 36 billion USD and is still growing due to the rising e-commerce shopping trends of the COVID-19 pandemic. Fast fashion companies, such as ASOS, grew exponentially in recent years due to their ability to deliver primarily Gen Z and Millennial clientele the latest runway trends in a timely and affordable manner. Despite consumers' demand for trendy and affordable clothes, more and more information regarding unethical supply chains was brought to the consumers by social media which shifted their preferences to brands that emphasize social responsibility and environmental sustainability. One of ASOS's suppliers Boohoo was involved in a recent scandal in which an undercover investigation revealed unfair working conditions in their factories, including low wages and noncompliance with COVID-19 regulations. These subpar labor standards in the supply chain are reflected in ASOS's 41-50% score in the 2020 Fashion Transparency Index.

In 2019, ASOS launched a circular collection called Responsible Edit as an attempt to improve their sustainable practices. Responsible Edit claims to use recycled materials, create pieces from one material, upcycle, and train designers in circular design principles to minimize waste. However, this circular collection faced criticisms for the lack of reducing waste and recycling materials as opposed to what they claimed to do, and it also was criticized for labor issues prevalent among the fast-fashion industry. Specifically, this circular brand does not have a take back program to recycle and reuse clothing, although clothing is manufactured with sustainable materials. Moreover, ASOS was recently accused of violating child labor laws within their supply chains. These issues are indicative of continued problems with the circular program and persistent labor rights problems.

Therefore, in order to improve brand image and maintain profitability among an increasingly environmentally and socially conscious consumer base, it is imperative for ASOS to restructure its circular collection with a recycling component, improve labor conditions, and increase the transparency of raw materials in the supply chain.