# Directors' Remuneration Report

## Committee Chair

Karen Geary

## Members

Ian Dyson
Mai Fyfield

### Activities during the year

- Considered the alignment of executive remuneration with the strategy of ASOS and the effectiveness of the current policy, including a review of alternative structures and a consultation with shareholders. Given the Board changes announced on 11 October 2021 we have decided not to make changes to remuneration structures at this point, to allow the incoming CEO to provide input into any changes to the future structure.
- Reviewed and confirmed the outcomes of the FY21 annual bonus and the FY19 three-year ASOS Long-Term Incentive Scheme (ALTIS) awards for Executive Directors and senior management.
- Undertook the 2022 salary review for Executive Directors and senior management, having regard to a wide array of internal and external factors.
- Set targets and performance measures for the 2022 annual bonus and ALTIS awards for Executive Directors and senior management, including the addition of new bonus and ALTIS ESG measures linked to ASOS's new Fashion with Integrity 2030 programme.
- Considered the impact of the Topshop brands acquisition and the issue of the convertible bonds on incentive targets.
- Considered the departure arrangements for the CEO and the remuneration arrangements for the CO&FO role.
- Considered the relationship between executive pay and wider workforce pay, and reviewed gender and ethnicity pay gap data.
- Considered corporate governance developments and market practice relating to executive and wider workforce pay.

### Terms of Reference

The full Terms of Reference for the Committee, which are reviewed and approved annually, are available on our corporate website, asosplc.com. These were last updated on 15 September 2021.

### Committee attendance

| Committee member | Role | Attendance record |
|---|---|---|
| Karen Geary | Committee Chair | 6/6 |
| Mai Fyfield | Non-executive Director | 6/6 |
| Ian Dyson | Non-executive Director | 6/6 |

## Remuneration Committee Chair's statement

Dear Shareholder,

On behalf of the Board, I am pleased to present the Remuneration Committee's report for the year to 31 August 2021.

### Board changes

As announced on 11 October 2021, a number of Board changes are taking place at ASOS. The Chief Executive Officer (CEO), Nick Beighton, and the Board agreed that it was the right time for Nick to step down after 12 years' service, including six years as CEO. Whilst he has stepped down from his role and the Board with immediate effect on 11 October 2021, he will remain available to support the Board and the business until 31 December 2021 to ensure a smooth handover. On 11 October 2021, Mat Dunn, the Chief Financial Officer, assumed the new, expanded role of Chief Operating Officer and Chief Financial Officer (CO&FO) on a permanent basis and he will also lead the business on a day-to-day basis until a new CEO is appointed.

Full details of Nick Beighton's remuneration arrangements on departure are disclosed on page 78. In determining these arrangements, the Committee followed the approach set out in the Directors' Remuneration Policy and approved a package aligned to good practice and in accordance with his Service Agreement. Nick will be treated as a good leaver for the purpose of his outstanding incentives, which will be pro-rated to his departure date of 31 December 2021 and remain subject to performance, reflecting his contribution during his long period of service with ASOS.

Mat Dunn's forward-looking remuneration package will consist of the following:

- A salary of £525,000 (an increase of 13.9%) for the CO&FO role. The Committee believes that this reference salary is appropriate for his expanded role.

- A further temporary salary allowance of £5,000, paid monthly, to reflect the additional responsibilities he is undertaking, including the day-to-day leadership of the business on a temporary basis until a new CEO is appointed. This allowance gives him an equivalent annualised salary of £585,000. This allowance will be added to his salary of £525,000 for his annual bonus calculation (on a pro-rata basis), but pension and ALTIS opportunity will reference his salary of £525,000. The Committee considers that it is fair and appropriate that Mat is compensated at the levels described above for the significant additional responsibilities the Board is asking Mat to assume until a new CEO is appointed.
- No changes to annual bonus and ALTIS opportunity levels in percentage of salary terms.
- As previously communicated, Mat's pension contribution rate will reduce to 10% of salary effective 1 December 2021 as part of phased reductions to align with the rate for the wider workforce.

In determining these remuneration arrangements the Committee have taken into account market practice in similar circumstances, the scale and complexity of the additional responsibilities Mat is being asked to undertake, Mat's skills, experience and marketability as well as the need to motivate him to help drive the Company's next phase of growth.

On 11 October 2021, we also announced the appointment of Ian Dyson as Chair of the Company to replace Adam Crozier, whose decision to step down was previously announced. Ian's appointment will come into effect on 29 November 2021 for a three-year term. Ian will receive an all-inclusive fee of £350,000, which is equal to Adam Crozier's fee.

Jørgen Lindemann will join the Board as a Non-executive Director on 1 November 2021. His fees will be in line with policy for non-executive directors, as set out on page 71.

## Performance in FY21

Following a year of unprecedented change in FY20, ASOS has continued to respond well to the challenges created by the COVID-19 pandemic, delivering another strong set of financial results. Against a backdrop of dynamic demand patterns, continued social restrictions for most of the year and global supply chain pressures, Group sales increased by 22% on a constant currency basis, supported by growth in the UK and EU and a particular acceleration in demand in the US, and adjusted PBT grew to £193.6m, reflecting strong sales growth and continued efficiency improvements.

We continued to invest confidently across our unique ASOS Brands, our ASOS Platform and our ASOS Customer Experience. The Topshop brands integration progressed to plan, with sales growing by triple digits year-on-year since acquisition. This momentum will only accelerate as our strategic partnership with Nordstrom builds greater awareness and engagement in North America.

In September we launched our new Fashion with Integrity (FWI) 2030 programme, recommitting our position as a responsible company that delivers positive benefits for people and minimises its impact on the planet. This builds upon over a decade of FWI progress and we're reinforcing our commitment through four new ambitious goals: Be Net Zero, Be More Circular, Be Transparent and Be Diverse. Achieving these goals will make us a net zero emissions business that embraces circular design systems and uses 100% more sustainable and recycled materials in our own-brand products and packaging. Our progress will be driven by a more diverse team with equity and inclusion at its heart, leading a business where transparency and human rights remain central to our approach.

As we go into 2021/22, our long-term outlook is positive. We have a clear plan in place to deliver £7bn of annual revenue within the next three to four years, driven by accelerated international growth, adding at least £1bn to our annual own-brand sales and strengthening the ASOS Platform with the launch of our 'Partner Fulfilment' programme, and we continue to invest in global opportunities to ensure ASOS remains the go-to destination for our fashion-loving 20-something customers worldwide.

## Remuneration for the year ended 31 August 2021

Following a review of the performance measures last year, the annual bonus for 2020/21 was based 30% on revenue, 30% on PBT, 15% on free cash flow and 25% on strategic performance objectives. The Company outperformed the maximum targets for the revenue and PBT measures and achieved between target and maximum performance on the free cash flow measure, resulting in a payout just below maximum for the financial elements of the bonus. In respect of performance against the strategic and personal objectives, an overall solid set of results was delivered. Net promoter score (NPS) performance was between the threshold and target levels, EU revenue growth was at threshold and US revenue growth was between target and maximum. Performance against our strategy refresh was judged to be at maximum. For the individual objectives, the CEO's performance against people measures was judged to be between target and maximum, while performance against the FWI targets was judged to be at maximum. The CFO achieved maximum levels of performance relative to cost management targets. This resulted in an overall bonus of 89.9% and 91.2% of maximum for the CEO and CFO. Full details are provided on page 76.

ALTIS awards granted in 2018 were subject to performance measured from 1 September 2018 to 31 August 2021. Performance was measured based 30% on sales growth, 30% on EPS growth, 30% on relative total shareholder return (TSR) and 10% on NPS targets. The three-year annual compound growth in EPS and sales was 23.6% and 16.3% respectively. TSR performance was below median while NPS was below threshold, resulting in nil vesting for these two elements. This resulted in an overall vesting level of 38.1% of maximum for this award for the CEO and CFO. The Group's performance for these four metrics and the vesting calculation were audited and approved by our auditors, PwC. Full details are provided on page 77.

The Committee carefully considered whether incentive outcomes fairly reflected the underlying performance of the business as well as the experience of shareholders and stakeholders during the period, using the discretion framework developed last year to support the Committee in determining whether any discretion should be exercised.

In relation to the annual bonus, the Committee was mindful that the annual bonus outcomes were again close to maximum, in a year that has continued to be challenging for many people. When determining bonus outcomes we considered overall company performance over the period as well as the experience of shareholders and wider stakeholders. The Committee noted the second year of excellent revenue, PBT and free cash flow performance delivered over 2020/21 as well as the progress made in executing our strategy, in particular launching our FWI 2030 goals. Whilst we did experience a positive benefit from the impact of COVID-19 on our business, this was largely reinvested back in the business. The Committee is satisfied that even without the positive tailwinds, maximum performance against the bonus objectives would have been achieved. Overall, therefore, the Committee's view was that the bonus outcome was fair and no discretion was exercised on the bonus outcome.

A similar exercise was carried out for the ALTIS awards granted in 2018. The Committee considers that the ALTIS vesting outcome of 38.1% of maximum fairly reflects performance delivered over the three-year period, and therefore no discretion was exercised on the ALTIS outcome either.

## Remuneration for the year ending 31 August 2022

Last year, the Committee reviewed the executive remuneration arrangements and decided not to make substantial changes to the overall structure of remuneration in view of the evolving market conditions and uncertainty resulting from the COVID-19 pandemic. However, we indicated in our 2020 Directors' Remuneration Report that we would be considering further whether our reward structure was appropriate during 2020/21.

Over the past year, we have continued to reflect upon our current Remuneration Policy and evaluated whether it continues to support the execution of our strategy. In particular, we considered whether the ALTIS was still the most appropriate framework for the business or whether an alternative structure may provide better alignment. During the year we considered alternative approaches and we carried out a consultation with our major shareholders on potential changes. At the end of that process, we determined that it was not appropriate to make changes at this time, given diverging shareholder views on the proposals. Furthermore, in view of the Board changes described overleaf and their timing so soon after year-end, the Committee considered that a radical overhaul of the remuneration framework for 2021/22 was not prudent. We will therefore continue to operate the ALTIS for 2021/22 and will keep the overall framework under ongoing review. We have, however, introduced new measures for ESG in both the annual bonus and ALTIS and these are set out below.

## Operation of the policy in 2021/22

As part of the remuneration review in the year, the Committee considered all elements of the Executive Directors' remuneration package. As a result of these discussions, the following arrangements for 2021/22 were recommended to the Board and have been approved:

**Pension**
As announced last year, in line with the 2018 UK Corporate Governance Code, which ASOS has chosen to adopt, pension contributions for incumbent Directors are being reduced in phases to be in line with the wider workforce rate of 5% of salary. Pensions will therefore reduce to 10% of salary from 1 December 2021 and to 5% of salary on 1 December 2022. The pension for any new Executive Director will be set at 5% in line with the rate available for the wider workforce.

**Annual bonus**
During the review, we reflected upon the structure of the annual bonus. As a Committee, we believe that the broad framework remains appropriate and propose no material changes.

We will continue to target strong and consistent top-line sales growth and will continue to invest to achieve these goals, whilst maintaining strong profitability.

We reviewed the strategic performance measures to ensure that they remained aligned with our strategy and that they motivated the right behaviours. The Committee determined that a portion of the non-financial element should be linked to our new FWI 2030 programme, which lays out a comprehensive plan to achieve a new set of stretching ESG goals by 2030 (see page 30). Therefore, the strategic portion will comprise an ESG element linked to delivery of FWI targets (10% of the bonus), with the remaining 15% of the bonus tied to other strategic measures. The other strategic measures will include NPS, EU and US revenue growth, and our Employee Vibe Score. The CO&FO will also have a have an objective to effectively lead the executive team and Group as a whole up to the arrival of a new CEO and ensure a smooth transition in leadership.

**More information is provided on page 72.**

No change has been made to the bonus maximum which is 150% of salary.

**ALTIS**
ALTIS opportunities were increased for 2020/21 to 250% of salary. No changes have been made to opportunity levels for 2021/22.

The Committee carried out a review of the performance measures in the year. Given our commitment to our FWI programme, we determined that measures related to the successful rollout of the programme should be incorporated in the ALTIS, as well as the bonus. We have therefore introduced a new ESG metric, comprising 15% of the overall award, which is tied to the FWI targets we have set ourselves for each of the next three years.

The three existing ALTIS metrics will each have their weighting reduced by 5%, to accommodate the new ESG metric. Therefore, EPS and revenue growth will each have a 30% weighting, and relative TSR will have a 25% weighting. The TSR comparator group was reviewed and no changes were proposed. Details on the targets are provided on page 72.

## Corporate governance

As an AIM-listed company, we have chosen to adopt the 2018 UK Corporate Governance Code for main market companies. During the year, we considered the Principles and Provisions of the Code and reviewed market practice on Code compliance and other executive pay developments. We continue to follow much of the guidance in the Code. Areas where we have chosen not to comply with the Code are explained on page 48.

## Committee composition and effectiveness

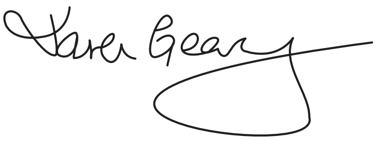
Details of the Committee's experience can be found on pages 46 and 47. The Committee's membership was and remains fully compliant with the 2018 UK Corporate Governance Code. The outcome of the Committee's annual performance evaluation, undertaken as part of the Group's external evaluation of the effectiveness of the Board and its Committees, showed high scores for the effectiveness of the Remuneration Committee, including the management of meetings, information received and performance of the Committee Chair.

### Shareholder engagement

As an AIM-listed company, we voluntarily seek shareholder approval for our Remuneration Report to provide invaluable public accountability for the Board over the appropriateness of our Remuneration Policy and its implementation.

At the AGM last year, 81.99% of shareholders voted in favour of the Directors' Remuneration Report. While shareholder support for our arrangements remained good, the Committee is mindful that the level of support was lower than in recent years. We carried out a shareholder consultation in August/September 2021 to obtain feedback on the executive remuneration structure for 2021/22 and during those conversations we listened to shareholders' views on the executive remuneration package more generally.

The Committee and I are always pleased to discuss our approach with our shareholders and welcome your feedback throughout the year. We look forward to receiving your support for the arrangements described in this report at the upcoming AGM on 7 December 2021.

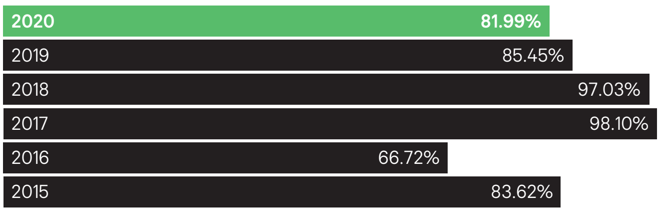


**Karen Geary**
Chair of the Remuneration Committee
19 October 2021

### Annual remuneration votes 2020

| **Total votes cast** | **84,321,313** |
|---|---|
| Votes for | 60,188,026 |
| Votes against | 13,224,901 |
| Votes withheld (abstentions) | 10,908,386 |

### Historic annual remuneration votes




## Remuneration Policy

The Remuneration Committee determines ASOS' policy on the remuneration of the Executive Directors and other senior executives. The principles that underpin this Policy aim to:

- encourage strong performance and engagement, both in the short and long term;
- enable the Group to achieve its strategic objectives and create sustainable shareholder value;
- make sure high performance is required to access high rewards; and
- ensure that the total reward cost to ASOS is affordable and sustainable.

Our Remuneration Policy must help attract, retain and motivate high-calibre, high performing, engaged employees in the very competitive market for talent in the online retail sector. It must reward people for their contributions to the success of ASOS in a fair and responsible manner, over both the short and long term. Our Remuneration Policy must also be communicated in a way that is simple, effective and clearly understood.

The Committee reviewed the executive remuneration framework at ASOS in 2019/20 and determined that, given the unique environment created by the COVID-19 pandemic, it was prudent not to make any changes at the time but to carry out a further review a year later. In early 2021, we undertook a thorough review of the framework, leaning on our previous work. This included a series of workshops with management, the Committee and our advisers, a desktop review of market practice and alternative structures seen at other companies, and discussions with our largest shareholders.

In particular, we considered whether the ALTIS was still the most appropriate framework for the business or whether an alternative structure may provide better alignment. During the year we carried out a consultation with our major shareholders on potential changes. At the end of that process, we determined that it was not appropriate to make changes at this time, given diverging shareholder views on the proposals. Furthermore, in view of the Board changes described overleaf and their timing so soon after year end, the Committee considered that a radical overhaul of the remuneration framework for 2021/22 was not prudent. We will therefore continue to operate the ALTIS for 2021/22 and will keep the overall framework under ongoing review.

Performance measures for the bonus and ALTIS remain mostly unchanged. However, taking into account feedback from shareholders, and the launch of our FWI 2030 goals we have increased the emphasis on ESG measures as part of the annual bonus plan (see page 69) and introduced ESG measures into the ALTIS (see page 70). We will continue to keep our remuneration structures under review as our strategy continues to progress.

In determining the practical application of the Policy, the Committee considers a range of internal and external factors to ensure that remuneration is appropriate and proportionate. These include pay and conditions for employees generally, shareholder feedback and appropriate market comparisons with remuneration practices in FTSE-listed, AIM-listed and other retail and internet/ technology-based companies. The Committee is satisfied that this Policy aligns the interests of Executive Directors, senior managers and other employees with the long-term interests of shareholders. An appropriate proportion of total remuneration is directly linked to the Group's performance over both the short and long term, with an appropriate weighting for Executive Directors and senior managers on share-based remuneration and long-term shareholding.

The Committee followed a detailed decision-making process which included discussions on the proposals for the Policy at a number of Committee meetings. Where changes to elements of the package were discussed, the Committee considered multiple approaches before reaching a decision. During this time the Committee considered input from management and its independent advisers and sought the views of ASOS' major shareholders to ensure that various perspectives were considered. To avoid any conflicts of interest, no Directors were involved in conversations relating to their own pay.

### Remuneration Policy components

Each component forms part of an overall competitive remuneration package designed to attract and retain appropriate talent, with the necessary skills to implement the Group's strategy in order to create long-term value for shareholders. The following provides a summary of each element of the Remuneration Policy, along with details of how the Policy will be implemented for the year ending 31 August 2022.

Directors' Remuneration Report – continued

**Fixed remuneration elements**

| Element | Purpose | How it operates | Maximum opportunity | Performance-related framework | Approach to implementation in FY22 |
|---|---|---|---|---|---|
| **Base salary** | Reflects an individual's responsibilities, experience and performance in their role | Reviewed annually.<br>Salaries are normally paid monthly. When determining salary levels the Committee takes into account:<br>– Responsibilities, abilities, experience and performance of an individual<br>– The performance of the individual in the period since the last review<br>– The Group's salary and pay structures and general workforce salary increases<br>Periodically the Committee reviews market data for FTSE-listed, AIM-listed and other retail and internet/ technology-based companies to ensure salaries remain appropriate in this context. | There is no prescribed maximum annual base salary or salary increase. The Committee is guided by the general increase for the broader employee population, but has discretion to decide to award a lower or higher increase to Executive Directors to recognise, for example, an increase in the scale, scope or responsibility of the role. In addition, if salaries are set at a discount to a market rate on appointment, it may be appropriate to provide one or more increases at a higher rate than the broader employee population based on an individual's performance and experience and/or to take account of relevant market movements. | When reviewing salaries, we consider the performance of the individual in the period since the last review. | Our annual salary review date is 1 December 2021. On 11 October 2021, the Chief Financial Officer assumed the new, expanded role of Chief Operating Officer & Chief Financial Officer ('CO&FO') and his salary will be increased by 13.9% to £525,000, to reflect his expanded role.<br>He will also receive an additional temporary salary allowance of £5,000 per month to reflect the additional responsibilities he is undertaking, leading the day-to-day operation of the business on a temporary basis until a new CEO is appointed. This allowance will be included in the bonus calculation (on a pro-rata basis) but other elements of the package will be based on a salary of £525,000.<br>In determining these remuneration arrangements the Committee took into account market practice in similar circumstances, the scale and complexity of the additional responsibilities the Committee is asking the CO&FO to undertake, the CO&FO's skills, experience and marketability as well as the need to motivate him to help drive the Company's next phase of growth. |

### Fixed remuneration elements – continued

| Element | Purpose | How it operates | Maximum opportunity | Performance-related framework | Approach to implementation in FY22 |
|---|---|---|---|---|---|
| **Pension** | To contribute financially post retirement. | Defined contribution arrangement or salary supplement.<br>Only base salary is pensionable.<br>ASOS' contribution depends on the employee's seniority and may be matched to the level of contributions the employee chooses to make. | ASOS may either contribute to a pension or a cash allowance may also be paid in lieu of a pension contribution. Opportunity levels are set out on the right.<br>For any new Executive Director appointed to the Board, the pension opportunity will be in line with the rate available for the majority of the workforce. | Not applicable. | Pension allowance is currently 12.5% of base salary for the CO&FO. In order to reflect best practice and to comply with the Code, his pension contribution will reduce to 10% of salary from 1 December 2021 and 5% of salary from 1 December 2022, at which point it will align with the rate available for the majority of the workforce. The pension allowance for any new Executive Director will be limited to 5% of base salary in line with the rate available to the wider workforce. |
| **Other benefits** | To support the personal health and wellbeing of employees. To reflect and support ASOS culture. | Package of taxable benefits offered through our flexible benefits scheme, ASOS Extras, which offers all employees a fixed value depending upon their seniority, and can be used either to buy a variety of benefits or be taken in cash. Other benefits include private medical insurance and life assurance. Other benefits may be added to the package where appropriate. | There is no maximum level of benefits provided to Executive Directors, and the level of some of these benefits is not predetermined but may vary from year to year based on the overall cost to ASOS.<br>The Executive Directors receive a flexible benefits allowance of £12,500 per annum. | Not applicable. | No changes. |

### Variable remuneration elements

| Element | Purpose | How it operates | Maximum opportunity | Performance-related framework | Approach to implementation in FY22 |
|---|---|---|---|---|---|
| **Annual Bonus** | Provides a link between remuneration and both short-term Group and individual performance. | The annual bonus is earned based on performance against targets set by the Committee.<br>Targets are reviewed annually. Bonus payments are normally awarded in cash and are not pensionable.<br>The Committee will retain the discretion to adjust bonus payouts if it considers that the outcome does not reflect the underlying performance of the business or participants during the year, including the Company's performance against set metrics, or that the payout is not appropriate in the context of circumstances that were unexpected or unforeseen when the targets were set. | 150% of base salary. 60% of that maximum is payable for on-target performance. | Normally measured over a one-year performance period, based on a mix of financial targets (e.g. profit), non-financial/ strategic performance and personal objectives relevant to the year, which are set taking into account the Group's strategic objectives over that period. | The maximum opportunity will continue to be 150% of salary.<br>The performance measures for FY22 are unchanged. However, taking into account feedback from shareholders, and the launch of our new Fashion with Integrity 2030 goals we have increased the emphasis on ESG measures as part of the annual bonus plan. The bonus will be based on the following:<br>– 30% revenue<br>– 30% profit before tax<br>– 15% free cash flow<br>– 10% ESG metrics linked to our 2030 Fashion with Integrity goals<br>– 15% strategic objectives<br>For FY22 the strategic objectives are:<br>– US revenue growth<br>– EU revenue growth<br>– NPS<br>– Employee Vibe score<br>– Effectively lead the executive team and company as a whole up to the arrival of a new CEO and ensure a smooth transition in leadership |

**Variable remuneration elements – continued**

| Element | Purpose | How it operates | Maximum opportunity | Performance-related framework | Approach to implementation in FY22 |
|---|---|---|---|---|---|
| **ASOS Long-Term Incentive Scheme (ALTIS)** | Supports the strategy and business plan by incentivising and retaining the ASOS senior management team in a way that is aligned with both ASOS' long-term financial performance and the interests of shareholders. | Annual awards of shares to selected employees, which vest after three years subject to the achievement of performance conditions.<br>Clawback and malus provisions allow awards to be recouped in certain circumstances.<br>The Committee retains the discretion to adjust the vesting level if it considers that the vesting outcome does not reflect the underlying performance of the business or participants during the year, including the Group's performance against customer metrics, or that the payout is not appropriate in the context of circumstances that were unexpected or unforeseen when the targets were set.<br>The Committee continues to believe that a post-vesting holding period should not apply to ALTIS awards, given this is not common practice in AIM-listed businesses. | 250% of base salary (300% in exceptional circumstances) in any financial year.<br>The value of any dividends paid by ASOS over the vesting period will be payable on vesting, to the extent that awards vest. | Subject to three-year performance conditions linked to the business strategy and ensuring strong alignment with the long-term interests of shareholders. | The normal maximum opportunity will remain at 250% of salary.<br>An ESG measure has been added to the performance measures for FY22 awards. The measures will therefore be as follows:<br>– 25% based on relative TSR<br>– 30% based on EPS growth<br>– 30% based on revenue growth<br>– 15% based on ESG (linked to 2030 Fashion with Integrity goals)<br>TSR will be measured against a bespoke group of UK and international online and apparel retail peers.<br>Targets for awards to be granted in 2021/22 are set out on page 72. |
| **Share ownership guidelines** | Increases alignment between the Board and shareholders.<br>Shows a clear commitment by all Executive Directors to creating value for shareholders in the long term. | The shareholding guideline for Executive Directors is 200% of salary.<br>Guidelines require Executive Directors to hold 50% of any shares acquired on vesting of the ALTIS, and any subsequent share awards thereafter (net of tax), until the required shareholdings are achieved. | Not applicable. | Not applicable. | No change. |

**Variable remuneration elements – continued**

| Element | Purpose | How it operates | Maximum opportunity | Performance-related framework | Approach to implementation in FY22 |
|---|---|---|---|---|---|
| **All-employee share plan** | Increase alignment between employees and shareholders in a tax-efficient manner.<br>Supports retention of employees. | A HMRC-approved all-employee Save As You Earn share option scheme (SAYE) encourages employees to take a stake in the business, aligning their interests with those of shareholders.<br>Other all-employee plans may be introduced if appropriate. | Consistent with prevailing HMRC limits. | Not applicable. | No change. |
| **Non-executive Directors** | Provide fees appropriate to time commitments and responsibilities of each role. | Cash fee normally paid on a monthly basis.<br>Fee levels are set taking into account the responsibilities of the additional roles, for example Committee Chairs and the SID.<br>The Chair receives a consolidated fee.<br>Fees are reviewed periodically.<br>In addition, reasonable business expenses (together with any tax thereon) may be reimbursed. | There is no prescribed maximum annual fee or fee increase. The Board is guided by the general increase for the broader employee population and takes into account relevant market movements. | Not applicable. | The Non-Executive Directors' fees were reviewed in September 2021.<br>No change was made to the non-executive Chair's fee which remains at £350,000 for the incoming Chair.<br>Fees for the other non-executive directors will increase in line with the company average salary increase of 2.25%, to £56,230, with effect from 1 December 2021.<br>The supplementary fee for the SID role will be reviewed at the time a new appointment is made to this position.<br>Fees for chairing Board committees are unchanged at £10,000 but a new membership fee of £2,500 per Committee will take effect from 1 December 2021. |

The TSR comparator group was updated for 2020 awards to reflect feedback from shareholders and is focused on fashion retailers including those with established and growing presence online. The same group will apply for 2021 awards and includes the following companies: Boohoo Group, Boozt, Brown Group, Farfetch, Global Fashion Group, H&M, Inditex, JD Sports Fashion, Joules Group, Marks and Spencer, Next, Revolve Group, THG Holdings, Zalando.

## Remuneration Policy for other employees

The Remuneration Policy for Executive Directors has been developed with consideration of the reward philosophy, strategy and policy for ASOSers across the whole organisation. Where possible, we aim to create alignment between the way executive remuneration is structured and the way ASOSers more generally are rewarded. Inevitably, there are some differences between our management and the rest of the business. This is typically a result of developing reward arrangements that are competitive for the different talent markets from which we recruit or to which we risk losing staff. The policy for Executive Directors and the senior levels within ASOS' leadership group also places a larger emphasis on pay-at-risk through incentives and long-term remuneration through the ALTIS programme.

All employees are entitled to base pay, benefits and pension contributions, and during the financial year 188 employees received an award under the ALTIS. ASOS operates a Save As You Earn scheme for all employees. More information about the Scheme is given above. We encourage a strong culture of ownership across the organisation and encourage all ASOSers to behave and think like owners. For FY21, the general salary increase across the workforce was 1.5% and this was allocated based on performance. For FY22, salary increases for all employees will be based on a budget of 2.25% of the total pay-bill, with the emphasis being to adjust pay according to position of pay against market comparators, differentiating those low in comparison to market with a higher increase.

## Pay gap reporting

On 4 October 2021 we published our Gender Pay Gap reports for April 2020 and April 2021. Our mean Gender Pay Gap for 2020 and 2021 were 30.6% and 32.3% respectively. Our median Gender Pay Gap was 41.0% for 2020 and 44.8% for 2021. We remain of the view that the UK gender pay gap is not a symptom of unequal pay for equal work among men and women, but rather there being more men than women in senior roles across the relevant UK businesses.

In addition, ASOS carries out an annual equal pay audit, checking the pay of men and women doing the same or similar roles. Our audits continue to show that our pay policies and practices pay men and women equally for equivalent roles. Our pay range system ensures ASOSers are paid fairly based on their skills, qualifications, experience and performance.

We were also very pleased to publish, for the first time, our Ethnicity Pay Gap data as part of our Fashion with Integrity objectives to ensure ASOS is a diverse and inclusive workplace. Our mean Ethnicity Pay Gap for 2020 and 2021 were 14% and 4.5% respectively. Our median Ethnicity Pay Gap was 15.3% for 2020 and -5.9% for 2021.

Diversity continues to be a key area of focus for ASOS and our 2030 FWI goals include stretching targets of achieving 50% female representation and over 15% ethnic minority representation at every leadership level by 2030.

### Performance measure selection and approach to target setting

For the ASOS annual bonus and ALTIS, our policy is to choose performance measures that help drive and reward the achievement of our strategy and also provide alignment between Executives and shareholders. Our incentive awards are designed to align with ASOS' strong and stretching performance culture, driving outcomes that benefit our shareholders, customers and ASOSers.

The Committee reviews metrics each year to ensure they remain appropriate and reflect the strategic direction of ASOS. The measures used in the FY22 annual bonus are similar to last year and reflect ASOS' KPIs for the year. They are based on:

- Revenue
- Profit before tax
- Free cash flow
- ESG metrics – achievement of year 1 targets for our FWI 2030 programme. This has four key pillars: (1) Be Net Zero; (2) Be More Circular; (3) Be Transparent; and (4) Be Diverse. These pillars are described in more detail on page 32.
- Strategic objectives: US and EU revenue performance, to ensure reward is aligned with our strategic priority to deliver growth in these areas, Net Promoter Score (NPS) to ensure that we continue to reflect our customer experience, Employee Vibe score to ensure that we continue to delight ASOSers, and effectively lead the Executive team and Group as a whole, up to the arrival of a new CEO and ensure a smooth transition in leadership.

Revenue and profit continue to be key measures of success for the business. The free cash flow metric reflects the Group's ongoing focus on maintaining a cash-positive position to enable further growth and expansion. The strategic objectives reflect our evolving areas of business focus and through NPS and Employee Vibe Score, reflect our continued focus on customers and fellow ASOSers. Our new ESG metric, focused on our 2030 FWI goals, ensures ASOS will continue its journey towards being a truly global retailer in a responsible and sustainable way.

The annual bonus targets are commercially sensitive and will be disclosed at the end of the performance year, as in prior years.

Long-term performance targets for FY22 are based on a combination of absolute and relative performance:

- TSR provides strong alignment with shareholders and will be measured against a bespoke group of online and retail competitors in Europe and the US (companies are set out on page 78) as this provides a robust and relevant benchmark. The group comprises a balance of UK, US and European companies who would broadly speaking be seen to be relevant peers by our shareholders.
- EPS is considered an objective and well accepted measure of Group performance which reinforces the objective of achieving profitable growth.
- Revenue captures top-line growth and is a key element of our progress towards our mission.
- ESG has been introduced for FY22, with performance measured against our targets for the first three years of the FWI programme.

ALTIS targets for awards due to be granted in October 2021 are as follows:

| | Threshold performance (25% vesting) | Maximum performance (100% vesting) |
|---|---|---|
| EPS growth (CAGR) | 24.5% | 29.5% |
| Revenue growth (CAGR) | 15% | 20% |
| Relative TSR | Median | Upper quartile |
| ESG – FWI goals | See below | See below |

There will be straight-line vesting in between each point.

ESG performance will be assessed based on the extent of our progress over the period FY22 to FY24 towards our key 2030 objectives, in relation to our four FWI pillars: (1) Be Net Zero; (2) Be More Circular; (3) Be Transparent; (4) Be Diverse. The Committee will judge progress in the round and determine what vesting outcome is appropriate based on the extent and nature of the progress achieved.

Targets for each performance measure are set by the Committee with consideration of an extensive set of reference points including internal plans and budgets, forecasts for the sector, relevant sector benchmarks and external expectations.

When setting targets the Committee also considered expected growth rates at our competitors and believes these targets are positioned strongly in that context. Performance is measured on a sliding scale, so that incentive payouts increase pro rata for levels of performance between the threshold and maximum performance targets.

## Committee discretion

The Committee operates under the powers it has been delegated by the Board. In addition, it complies with rules that are either subject to shareholder approval or by approval from the Board. These rules provide the Committee with certain discretions which serve to ensure that the implementation of the Remuneration Policy is fair, both to the individual Director and to the shareholders. The Committee also has discretion to vary the level of the various components of remuneration. This, together with malus and clawback provisions, enables the Committee to better manage risks. The extent of such discretions is set out in the relevant rules, and the maximum opportunity for incentive awards is set out in the Policy table on pages 69 to 70. To ensure the efficient administration of the variable incentive plans outlined, the Committee will apply certain operational discretions.

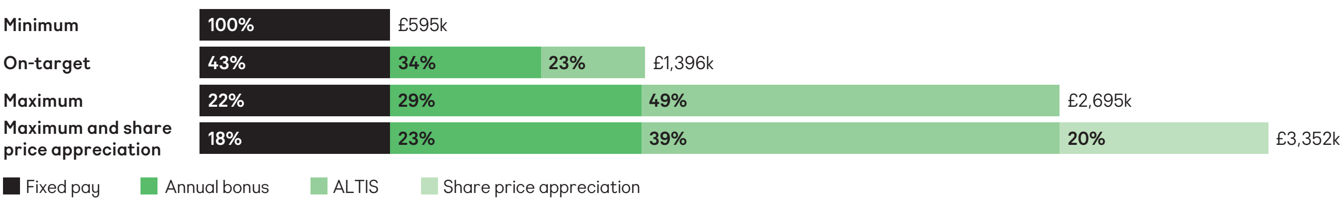
These include the following:

- Selecting the participants in the plans on an annual basis.
- Determining the timing of grants of awards and/or payments.
- Determining the quantum of awards and/or payments (within the limits set out in the Policy table).
- Determining the extent of vesting based on the assessment of performance as well as taking into account the experience of shareholders and other stakeholders over the vesting period.
- Determining whether malus or clawback shall be applied to any award in the relevant circumstances and, if so, the extent to which it shall be applied.
- Making the appropriate adjustments required in certain circumstances, for instance for changes in capital structure, or to take into account exceptional items.
- Determining 'good leaver' status for incentive plan purposes and applying the appropriate treatment.
- Undertaking the annual review of weighting of performance measures and setting targets for the annual bonus plan and other incentive schemes, where applicable, from year to year.

If an event occurs which results in the annual bonus plan or ALTIS performance conditions being deemed no longer appropriate (e.g. material acquisition or divestment), the Committee will have the ability to amend the performance conditions and/or targets, provided that the revised conditions are not materially less challenging than the original conditions. Any use of the above discretion would, where relevant, be explained in the Annual Report on Remuneration and may, as appropriate, be the subject of consultation with the Group's major shareholders.

### Total potential remuneration for Executive Directors in the 2022 financial year

**Mat Dunn**




The chart above shows the potential remuneration at different levels of performance for the CO&FO in the 2022 financial year from the remuneration opportunity granted to him by ASOS' Remuneration Policy.

Basis of calculation:

- Minimum – fixed pay only (salary + benefits + pension or pension allowance). The CO&FO's increased salary for the CO&FO role is shown (excluding his temporary salary allowance for additional responsibilities undertaken until a new CEO is appointed), his pension is that effective from 1 December 2021 and benefits are based on the actual figure for 2020/21.
- Target – fixed pay, plus target bonus opportunity of 90% of salary, plus 25% of the face value of the ALTIS award on grant (i.e. 62.5% of salary).
- Maximum – fixed pay, plus maximum bonus opportunity of 150% of salary, plus the full face value of the ALTIS award on grant (i.e. 250% of salary).
- Maximum plus 50% share price growth – as per the maximum scenario outlined above including an assumed 50% share price growth for the ALTIS award.

## Recruiting new Executive Directors and senior executives

When recruiting any Executive Director or senior executive, we seek to apply consistent policies on fixed and variable remuneration components in line with the Remuneration Policy set out on pages 68 to 71. This helps to ensure that any new Executive Director or senior executive is on the same remuneration footing as existing Executive Directors or senior executives respectively, while still taking into account the skills and experience of the individual, the market rate for a candidate of that experience and the importance of securing the relevant individual.

The granting of payments or share awards on joining in order to secure the appointment of an Executive Director or senior executive is normally only considered where an individual forfeits outstanding variable pay opportunities or contractual rights at a previous employer as a result of appointment. In these circumstances the Committee may offer compensatory payments or awards, in such form as the Committee considers appropriate, taking into account all relevant factors including the form of awards, expected value and vesting timeframe of forfeited opportunities. When determining any such 'buyout', the guiding principle would be that awards would generally be on a 'like-for-like' basis unless this is considered by the Committee not to be practical or appropriate. Any such proposal for Executive Directors requires the prior approval of the Remuneration Committee. The Committee may also agree that ASOS will meet certain relocation and/or incidental expenses as appropriate.

### Consideration of shareholder and broader stakeholder views

The Remuneration Committee is committed to open dialogue with shareholders and our approach is to engage directly with them and their representative bodies when considering any significant changes to Executive Director remuneration arrangements. The Committee considers shareholder feedback received following the AGM as well as any additional feedback and guidance received from time to time, and this is taken into account when developing the Group's remuneration framework and practices. Assisted by its independent adviser, the Committee also actively monitors developments in corporate governance and market practice to ensure the structure of executive remuneration remains appropriate.

The employee forum is used to capture feedback from ASOSers and the proactive dialogue that exists with suppliers and customers means that there are channels of communication with all stakeholders.

### Executive Directors' service contracts and payments for loss of office

It is our policy that all Executive Directors should have rolling service contracts with an indefinite term, but a fixed period of notice of termination. The services of all Executive Directors may be terminated on a maximum of 12 months' notice by the Company or the individual. Our approach to remuneration in each of the circumstances in which an Executive Director may leave is set out in the table below, with an individual's status being determined by the Remuneration Committee in accordance with the rules of any applicable scheme.

| Remuneration component | 'Bad' leaver | 'Good' leaver |
|---|---|---|
| Salary in lieu of notice | Provided up to the effective leaving date | Up to a maximum of one year's salary; the committee would seek to make a phased payment where possible |
| Pension and other benefits | Provided up to the effective leaving date – no benefits would be provided after that date, unless this is in the interests of ASOS | Up to one year's worth of pension and benefits |
| Bonus | None | Paid in accordance with bonus scheme terms – normal practice is for payment to be time and performance pro-rated to the effective leaving date |
| ASOS Long-term Incentive Scheme (ALTIS) | Awards lapse | May vest in accordance with scheme rules – normal practice is for the vested award to be time and performance pro-rated to the effective leaving date |

ASOS also retains flexibility to pay reasonable legal fees and other costs incurred by the individual that are associated with the termination (including the settlement of claims brought against ASOS) and to provide outplacement services. In circumstances in which a departing Director may be entitled to pursue a legal claim, ASOS may negotiate settlement terms and, with the approval of the Remuneration Committee on the remuneration elements therein, enter into a settlement agreement accordingly. In addition, ASOS would honour any legal entitlements, such as statutory redundancy payments or awards made by any tribunal or court, which executives may have on, or in respect of, termination.

The individual is expected to take reasonable steps to seek alternative income to mitigate the payments.

### Post-employment shareholdings

The Committee believes that the leaver provisions currently in place ensure the alignment of the interests of our Executive Directors and our shareholders post-cessation of employment and has chosen not to comply with the provision of the UK Corporate Governance Code that a formal policy should be adopted. This is in line with practice at other AIM-listed companies where a formal guideline is not typically operated. The Committee will keep this approach under review.

### Non-executive Directors' letters of appointment

Non-executive Directors do not have service contracts with ASOS. Instead, they have letters of appointment which provide for a maximum of three months' notice of termination by the Company or the individual at any time, with no pre-determined amounts of compensation.

# Annual Report on Remuneration

Details of how ASOS' Remuneration Policy has been applied in the year to 31 August 2021 are set out below. The Committee considers that the Policy operated as intended in the year. Certain information within this section has been audited as highlighted.

## Directors' remuneration table (audited)

The remuneration of the Directors for the year to 31 August 2021 and the year to 31 August 2020 is set out in the tables below.

| Executive Director | | Base salary £ | Benefits £ | Pensions £ | Total fixed £ | Bonus £ | LTIP[1] £ | Total variable £ | **Total remuneration £** |
|---|---|---|---|---|---|---|---|---|---|
| **Nick Beighton** | **2021** | **608,250** | **20,490** | **78,647** | **707,387** | **819,921** | **354,662** | **1,174,583** | **1,881,970** |
| | 2020 | 571,000 | 23,036 | 73,828 | 667,864 | 802,255 | 260,204 | 1,062,459 | 1,730,323 |
| **Mat Dunn** | **2021** | **453,500** | **17,897** | **56,687** | **528,084** | **620,343** | **374,716** | **995,059** | **1,523,143** |
| | 2020 | 429,500 | 19,383 | 53,687 | 502,570 | 414,468 | – | 414,468 | 917,038 |
| **Total** | **2021** | **1,061,750** | **38,387** | **135,334** | **1,235,471** | **1,440,264** | **729,378** | **2,169,642** | **3,405,113** |
| | 2020 | 1,000,500 | 42,419 | 127,515 | 1,170,434 | 1,216,723 | 260,204 | 1,476,927 | 2,647,361 |

| Non-executive Director | | Base fee £ | Additional fee £ | Total expenses[2] £ | Total remuneration £ | Basis for additional fee |
|---|---|---|---|---|---|---|
| **Adam Crozier** | **2021** | **350,000** | **–** | **36** | **350,036** | |
| | 2020 | 350,000 | – | 36 | 350,036 | |
| **Ian Dyson** | **2021** | **55,000** | **15,000** | **166** | **70,166** | **SID and Audit Committee Chair** |
| | 2020 | 55,000 | 15,000 | 36 | 70,036 | SID and Audit Committee Chair |
| **Mai Fyfield[3]** | **2021** | **55,000** | **–** | **176** | **55,176** | |
| | 2020 | 45,833 | – | 36 | 45,869 | |
| **Karen Geary[4]** | **2021** | **55,000** | **10,000** | **2,531** | **67,531** | **Remuneration Committee Chair** |
| | 2020 | 50,417 | 7,500 | 36 | 57,953 | Remuneration Committee Chair |
| **Luke Jensen[3]** | **2021** | **55,000** | **–** | **202** | **55,202** | |
| | 2020 | 45,833 | – | 36 | 45,869 | |
| **Nick Robertson[5]** | **2021** | **55,000** | **–** | **36** | **55,036** | |
| | 2020 | 55,000 | – | 36 | 55,036 | |
| **Eugenia Ulasewicz[6]** | **2021** | **55,000** | **–** | **36** | **55,036** | |
| | 2020 | 20,625 | – | 36 | 20,661 | |
| **Total** | **2021** | **680,000** | **25,000** | **3,183** | **708,183** | |
| | 2020 | 622,708 | 22,500 | 252 | 645,460 | |

1 For 2021, this includes the FY19 ALTIS award as detailed on page 77. Based on a share price of £44.1945, being the average share price for the last quarter of the financial year, from 1 June to 31 August 2021. The share price depreciated during the vesting period and therefore no portion of the award relates to share price gain. The figures for 2020 are the adjusted figures to show the share price of £44.08 on the day before the vesting date on 31 October 2020 (previously £219,563).
2 The taxable expenses include travel and other expenses related to their role and have been grossed up for tax, where applicable.
3 Luke Jensen and Mai Fyfield were appointed as Non-executive Directors on 1 November 2019.
4 Karen Geary was appointed as Non-executive Director on 1 October 2019 and Chair of the Remuneration Committee on 1 December 2019.
5 Nick Robertson donated all of his base service fee to the ASOS Foundation.
6 Eugenia Ulasewicz was appointed as Non-executive Director on 16 April 2020.

### Payments to past Directors

During the year to 31 August 2021, no payments were made to any past Directors.

### Payments for loss of office

During the year to 31 August 2021, no payments were made for loss of office.

### Annual bonus for the year ended 31 August 2021

For Nick Beighton and Mat Dunn, the annual bonus plan for the year ended 31 August 2021 was based on the following metrics.

| | Weighting | | Threshold | Target | Maximum | Performance achieved | Outcome |
|---|---|---|---|---|---|---|---|
| Profit before Tax (PBT) | 30% | | £105m | £125m | £160m | £198.3m | Maximum |
| Revenue growth | 30% | | +13% | +14% | +16% | +18% | Maximum |
| Free cash flow | 15% | | (£77.7m) | £4.8m | £42.8m | £37.6m | Between target and maximum |
| Strategic objectives | 25% | | | | | | |
| CEO & CFO: | | US revenue growth | +14% | +16% | +18% | +17% | Between target and maximum |
| | | EU revenue growth | +14% | +16% | +18% | +14% | Threshold |
| | | NPS | 57 | 58 | 59 | 57.6 | Between threshold and target |
| | | Execute year one of three-year strategic plan: successful delivery of TGR programme; and successful trial of virtual fulfilment | n/a | n/a | n/a | | Maximum |
| CEO only: | | Continue to lead and build effective senior leadership team, develop leadership capability and diversity at the Lead level | n/a | n/a | n/a | | Between target and maximum |
| | | Continued progress against Fashion with Integrity goals | n/a | n/a | n/a | | Maximum |
| CFO only: | | Cost management: Operating costs as % of sales | 45% | 44% | 43% | 41% | Maximum |

For the purpose of the bonus, financial performance outturns have been adjusted to exclude the impact of the Topshop acquisition and the convertible bonds issued during the year to ensure performance is assessed on a like for like basis with the target set.

The Committee reviewed performance against the strategic objectives. The Committee noted that progress had been achieved in growth of revenue in the EU and strong performance had been delivered in the US, while NPS performance was between threshold and target. The Committee judged that the first year of the strategic plan had been well executed. The CEO had achieved solid progress in enhancing the strength and depth in the senior leadership team and the CFO exceeded his cost management objectives. Overall the Committee determined that the CEO should be awarded 23.3% of salary and that the CFO should be awarded 25.3% of salary.

The maximum bonus opportunity for the CEO and CFO was 150% of base salary. Based on the outcomes shown above, a bonus of 89.9% of maximum was paid to the CEO and 91.2% of maximum was paid to the CFO, with a value of £819,921 for the CEO and £620,343 for the CFO.

When determining bonus outcomes the Committee considered overall Group performance over the period and particularly the continued strong financial recovery following the impact of COVID-19 on the business and the broader market. The Committee noted that all the financial elements achieved a maximum or near maximum outturn owing to the strong performance in the year, and that a good set of outcomes were delivered under the strategic element. While we did experience a positive benefit from the impact of the COVID-19 pandemic on our business, this was largely reinvested back in the business. The Committee is satisfied that, even without the positive tailwinds, maximum performance against the bonus objectives would have been achieved. Overall the Committee's view was that the bonus outcome was fair and no discretion was exercised on the bonus outcome.

## FY19 ALTIS awards vesting for performance to 31 August 2021

The ALTIS awards with a performance period ending on 31 August 2021 are due to vest on 31 October 2021. These awards were based on sales growth, EPS, relative TSR versus the FTSE All-Share General Retailers Index and NPS over the three-year performance period from 1 September 2018 to 31 August 2021. The performance targets and level of achievement against those targets were as follows:

| Measures | Weighting | Targets | Percentage vesting | Actual achievement | Vesting |
|---|---|---|---|---|---|
| Sales growth | 30% | Below 15%<br>15%<br>Between 15% and 25%<br>25% or more | 0%<br>25%<br>Between 25% and 100%*<br>100% | 16.3% | 10.4% |
| Compound annual fully diluted EPS growth | 30% | Below 15%<br>15%<br>Between 15% and 25%<br>25% or more | 0%<br>25%<br>Between 25% and 100%*<br>100% | 23.6% | 27.7% |
| TSR versus FTSE All-Share General Retailers index | 30% | Below median<br>Median<br>Between median and upper quartile<br>Upper quartile and above | 0%<br>25%<br>Between 25% and 100%*<br>100% | Below median | 0% |
| NPS | 10% | Below 63<br>63<br>Between 63 and 65<br>65 or more | 0%<br>25%<br>Between 25% and 100%*<br>100% | 58 | 0% |

For the purpose of the ALTIS, financial performance outturns have been adjusted to exclude the impact of the Topshop acquisition and the convertible bonds issued during the year to ensure performance is assessed on a like-for-like basis with the target set.

* Straight-line interpolation between points in the range.

Details of vesting for each individual Executive Director:

| Executive Director | Number of shares granted | Number of shares vesting | Date of vesting | Value of awards vesting[1] |
|---|---|---|---|---|
| Nick Beighton | 21,027 | 8,011 | 31.10.2021 | £354,662 |
| Mat Dunn | 22,216 | 8,464 | 31.10.2021 | £374,716 |

1 Based on a share price of £44.2703, being the average share price for the last quarter of the financial year, from 1 June to 31 August 2021, as is normal practice.

The Committee considers that the ALTIS vesting outcome of 38.1% of maximum fairly reflects performance delivered over the three-year period, and therefore no discretion was exercised on the ALTIS outcome.

## ALTIS awards granted in the year

In the year under review, ALTIS awards were granted to the CEO and CFO on 20 November 2020. Details of the awards are as follows:

| Executive Director | Basis of award | Number of shares granted | Face value of award[1] | % vesting for threshold performance | Performance period |
|---|---|---|---|---|---|
| Nick Beighton | 250% of salary | 34,475 | £1,549,996 | 25% | 1 September 2020 to 31 August 2023 |
| Mat Dunn | 250% of salary | 25,633 | £1,152,460 | 25% | 1 September 2020 to 31 August 2023 |

1 Based on the five-day average share price of £44.96 as at 19 November 2020.

The performance conditions for these awards are in the table below, with performance measured over the three-year period from 1 September 2020 to 31 August 2023, and vesting on 31 October 2023:

| Measures | Weighting | Targets | Percentage vesting |
|---|---|---|---|
| Revenue growth (FY23 compared to FY20) | 35% | Below 10%<br>10%<br>Between 10% and 20%<br>20% or above | 0%<br>25%<br>Between 25% and 100%*<br>100% |
| Diluted EPS for FY22 | 35% | Below 138.6p<br>138.6p<br>Between 138.6p and 179.9p<br>179.9p or above | 0%<br>25%<br>Between 25% and 100%*<br>100% |
| Relative TSR | 30% | Below median<br>Median<br>Between median and upper quartile<br>Upper quartile or above | 0%<br>25%<br>Between 25% and 100%*<br>100% |

* Straight-line interpolation between points in the range.

The relative TSR comparator group consists of the following companies: Boohoo Group, Boozt, Brown Group, Farfetch, Global Fashion Group, H&M, Inditex, JD Sports Fashion, Joules Group, Marks & Spencer, Next, Revolve Group, THG Holdings and Zalando.

### Remuneration arrangements for Nick Beighton

As announced on 11 October 2021, the CEO, Nick Beighton, and the Board agreed that it was the right time for Nick to step down after 12 years' service, including six years as CEO. He stepped down from his role and the Board with immediate effect on 11 October 2021, although he will remain available to support the business until 31 December 2021 to ensure a smooth handover. In determining these arrangements, the Committee followed the approach to set out in the Directors' Remuneration Policy and approved a package aligned to good practice.

His remuneration arrangements on leaving are summarised below:

- Nick will receive his usual salary, pension and benefits until 31 December 2021, and a payment in lieu of notice in relation to salary, pension and benefits, in respect of his remaining 12-month notice period (until 11 October 2022);
- He will be entitled to receive an annual bonus for the full FY21 year (assessed in the normal way as outlined above and paid in line with the normal timescales) and a bonus in respect of FY22, pro-rated to 31 December 2021 (assessed and paid in the normal way);
- His FY19 ALTIS will vest as normal on 31 October 2021 (as outlined on page 77);
- Reflecting his contribution during his long period of service with ASOS, he will be treated as a 'good leaver' in respect of inflight FY20 and FY21 ALTIS awards, which will be retained and vest in line with their original schedule, subject to performance testing and time pro-rating to 31 December 2021, the date of his departure;
- He will not be entitled to an FY22 ALTIS award;
- His outstanding SAYE option will lapse with effect from the date his employment ends; and
- He will be eligible for reimbursed expenses in relation to legal fees (up to £10,000) and outplacement costs (up to £50,000).

## Directors' interests in share plans (audited)

| Director | Share option scheme | Date of grant | 31 August 2020 (no. of shares) | Granted during the year to 31 August 2021 (no. of shares) | Lapsed during the year to 31 August 2021 (no. of shares) | Exercised during the year to 31 August 2021 (no. of shares) | 31 August 2021 (no. of shares) | Exercise price (pence) | Exercise date/ period |
|---|---|---|---|---|---|---|---|---|---|
| Nick Beighton | SAYE 2017 | 08.06.17 | 369 | – | 369 | – | – | – | 01.08.20 –31.01.21 |
| | ALTIS | 11.10.17 | 18,899 | – | 12,997 | 5,902 | – | – | 31.10.20 |
| | ALTIS | 24.10.18 | 21,027 | – | – | – | 21,027 | – | 31.10.21 |
| | ALTIS | 20.11.19 | 31,609 | – | – | – | 31,609 | – | 31.10.22 |
| | ALTIS | 20.11.20 | – | 34,475 | – | – | 34,475 | – | 31.10.23 |
| | SAYE 2020 | 27.11.20 | – | 510 | – | – | 510 | 3,527.0 | 01.01.24 –30.06.24 |
| Mat Dunn | ALTIS | 28.06.19 | 22,216 | – | – | – | 22,216 | | 31.10.21 |
| | ALTIS | 20.11.19 | 27,236 | – | – | – | 27,236 | – | 31.10.22 |
| | ALTIS | 20.11.20 | – | 25,633 | – | – | 25,633 | – | 31.10.23 |

Performance conditions for those awards are set out in the relevant remuneration report for the year of grant.

## Directors' shareholdings

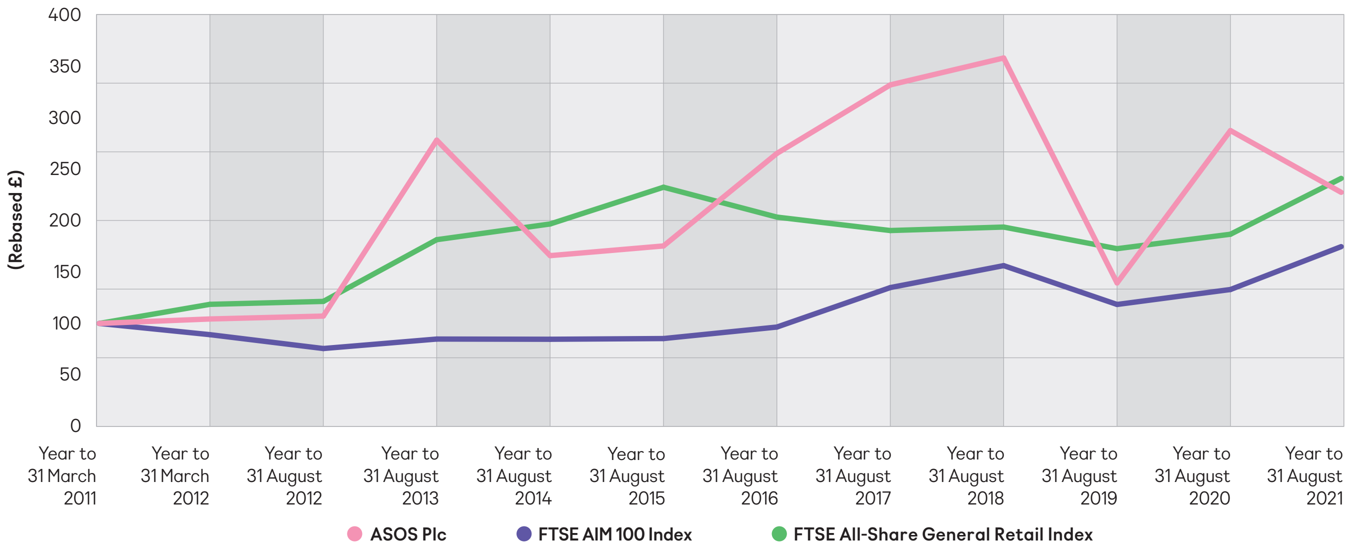
The Directors who held office at 31 August 2021 had the following interests, including family interests, in the shares of ASOS Plc. A shareholding guideline is in place for the Executive Directors; this is 500% of salary for the CEO and 200% of salary for the CFO.

| Director | Beneficially owned as at 31 August 2020 (no. of shares) | Beneficially owned as at 31 August 2021 (no. of shares) | Outstanding share options (SAYE/ALTIS) (no. of shares) | Shareholding guideline met |
|---|---|---|---|---|
| Adam Crozier | 20,770 | 20,770 | | N/A |
| Nick Beighton | 180,538 | 154,101 | 87,621 | Yes |
| Mat Dunn | 12,002 | 12,002 | 75,022 | No |
| Ian Dyson | 4,705 | 4,705 | | N/A |
| Karen Geary | 641 | 641 | | N/A |
| Luke Jensen | 9,800 | 15,733 | | N/A |
| Mai Fyfield | 2,000 | 2,000 | | N/A |
| Nick Robertson | 3,636,414 | 3,336,414 | | N/A |
| Eugenia Ulasewicz | – | – | | N/A |

## Performance and CEO remuneration comparison

The market price of ordinary shares at 31 August 2021 was £38.84 (31 August 2020: £49.09) and the range during the year to 31 August 2021 was from £37.44 to £59.18 (year to 31 August 2020: £10.50 to £50.64).

This graph shows the value, by 31 August 2021, of £100 invested in ASOS Plc on 31 March 2010 compared with that of £100 invested in the FTSE AIM 100 and the FTSE All-Share General Retail Indices. The other points plotted are the values at the intervening financial year ends, including the five-month period to 31 August 2012.



# Annual Report on Remuneration – continued

## CEO remuneration history*

The table below sets out the remuneration data for Directors undertaking the role of CEO during each of the past ten financial years.

| | Year to 31 March 2011 | Year to 31 March 2012 | Year to 31 August 2013 | Year to 31 August 2014 | Year to 31 August 2015[5] | Year to 31 August 2016[4] | Year to 31 August 2017 | Year to 31 August 2018 | Year to 31 August 2019 | Year to 31 August 2020 | Year to 31 August 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Total remuneration (£)[1] | 1,740,821 | 55,210,388 | 803,843 | 337,193 | 81,280 | 1,199,520 | 3,072,259 | 2,904,614 | 848,487 | 1,730,323 | 1,881,970 |
| Annual bonus %[2] | – | 60.0% | 60.0% | – | – | 70.0% | 65.0% | – | – | 93.7% | 89.9% |
| Long-term incentive %[3] | – | 100% | – | – | – | – | 99.1% | 100% | 27.0% | 31.2% | 38.1% |

1 Gains made under the long-term incentive plans are recognised above in the financial year of the performance period to which they relate. The value for the FY17 award was calculated using a share price of £56.84, being the actual share price at the vesting date on 31 October 2017. The value for the FY18 award was calculated using a share price of £54.48, being the actual share price at the vesting date on 31 October 2018. The value shown for the FY19 award was calculated using a share price of £35.30, being the actual share price at the vesting date on 31 October 2019. The value shown for the FY20 award was calculated using a share price of £44.08, being the closing share price on the day before the vesting date on 31 October 2020. The value shown for the year to 31 August 2021 is based on the average share price for the last quarter of the financial year to 31 August 2021. This will be adjusted to reflect the share price at the point of vesting on 31 October 2021.
2 Annual bonus percentage figure shows the percentage of the individual's maximum bonus percentage received in that financial year.
3 Long-term incentive percentages show the percentage of the award that vested in the financial year.
4 During the year to 31 August 2016, the CEO changed from Nick Robertson to Nick Beighton.
5 During the year to 31 August 2015, Nick Robertson opted to waive receipt of £442,580 of his base salary, and any entitlement to bonus.
* Note that the data above is for 12-month periods only and excludes the five-month period to 31 August 2012 to give a consistent view of the CEO's annual remuneration.

## Percentage change in Directors' remuneration

The table below shows the percentage change in the Directors' salary/fees, benefits and annual bonus between the financial years ended 31 August 2021 and 31 August 2020, compared with all employees of ASOS.

| | 2020 to 2021 | | |
|---|---|---|---|
| **% change** | **Salary/Fees** | **Benefits** | **Bonus** |
| **All employees** | 16.1% | 37.6% | 7.9% |
| **Executive Directors** | | | |
| Nick Beighton | 6.5% | 2.3% | 2.2% |
| Mat Dunn[1] | 5.6% | 2.0% | 49.7% |
| **Non-executive Directors** | | | |
| Adam Crozier | – | – | – |
| Ian Dyson | – | 300%[3] | – |
| Karen Geary[2] | – | 6,900%[3] | – |
| Luke Jensen[2] | – | 400%[3] | – |
| Mai Fyfield[2] | – | 300%[3] | – |
| Nick Robertson | – | – | – |
| Eugenia Ulasewicz[2] | – | – | – |

1 The target and maximum bonus opportunity for the CFO was increased during FY21 to align with the CEO.
2 Karen Geary, Luke Jensen, Mai Fyfield and Eugenia Ulasewicz were appointed part way through FY20, therefore their fee has been pro-rated for FY20 for the purpose of this calculation.
3 Once COVID-19 social and travel restrictions started to lift, Board and Committee meetings were held in person leading to an increase in Director travel and other expenses.

## CEO pay ratio

The table below shows the ratio of the CEO's total remuneration for 2020/21 against the upper quartile, median and lower quartile full-time equivalent remuneration of ASOS' UK employees. This is the second year of reporting a pay ratio and 2019/20 data is shown for comparison.

| | Method | P25 | P50 | P75 |
|---|---|---|---|---|
| 2020/21 | Option C | 68:1 | 35:1 | 25:1 |
| 2019/20 | Option C | 73:1 | 38:1 | 24:1 |

The Company has chosen Option C as it enabled the use of readily available data that was current to ASOS' year end. The employees at P25, P50 and P75 were identified based on salaries at 31 August 2021, and their total remuneration was calculated, including salary, benefits, flex allowance and pension as at that date plus 2020/21 bonus outturns (all three employees are outside the ALTIS population). No omissions, estimates or adjustments were included in the calculation.

The total remuneration of these individuals and a small number of others positioned around each quartile were compared to determine whether the employees at P25, P50 and P75 were most representative of pay levels at these quartiles. Based on that review of similarly ranked roles, the remuneration of all three individuals was deemed to be representative of the relevant quartile.

The pay ratio this year is similar to last year's, with a slight reduction at P50. Given that the CEO's package is primarily comprised of variable pay, the ratio is significantly impacted by the level of bonus payout and ALTIS vesting each year. Bonus outturns for 2020/21 were similar to the prior year, as were ALTIS vesting levels. All three employees identified at P25, P50 and P75 received a higher salary and total remuneration in 2020/21 compared to the equivalent employees identified last year due to changes in the employee demographic (including due to the Topshop acquisition).

The base salary and total remuneration for the employees used in the above calculations are as follows:

| | P25 | P50 | P75 |
|---|---|---|---|
| Base salary | £24,187 | £38,994 | £57,102 |
| Total remuneration | £27,531 | £54,272 | £75,140 |

The Committee is satisfied that the ratio is consistent with the Group's wider policies on employee pay, reward and progression. Executive Directors receive a greater proportion of their remuneration in elements tied to performance, including participation in the ALTIS which operates at the most senior levels, and this is reflected in the ratio.

## Relative importance of spend on pay

The following table shows ASOS' actual spend on pay (for all employees) relative to dividends and retained profit. To date, no dividend has been paid by ASOS Plc and there is no intention to pay a dividend at this stage as all monies are being retained in the business for future investment.

**Staff costs** (£million)[1]

-4.3%


1 The above includes capitalised staff costs.

**PBT** (£million)

+24.6%


## Remuneration governance

### Composition of the Remuneration Committee

The Remuneration Committee currently comprises three independent Non-executive Directors: Karen Geary (Chair), Ian Dyson and Mai Fyfield. Appropriate members of the management team, as well as the Committee's advisers, are invited to attend meetings as appropriate, unless there is a potential conflict of interest. The remuneration of Non-executive Directors, other than the Chair, is determined by the Chair of the Board and the Executive Directors.

### Committee's responsibilities

The Committee's principal responsibilities are to:

- Determine and recommend to the Board the Group's overall remuneration policy, and monitor the ongoing effectiveness of that policy.
- Determine and recommend to the Board the remuneration of Executive Directors, the Chair and the other members of the Executive Committee.
- Monitor, review and approve the levels and structure of remuneration for other senior managers and employees.
- Determine the headline targets for any performance-related bonus or pay schemes.
- Determine specific targets and objectives for any performance-related bonus or pay schemes for the Executive Directors and the other members of the Executive Committee.
- Review and approve any material termination payment.

**Advisers to the Remuneration Committee**
The Committee has engaged the external advisers listed below to help it meet its responsibilities.

- During the year, Deloitte LLP provided advice on all remuneration matters considered by the Committee. For that advice, Deloitte LLP received fees totalling £95,950 in the financial year to 31 August 2021. Deloitte LLP are signatories to the Remuneration Consultants' Code of Conduct, and the Committee is satisfied that the advice that it receives is objective and independent. The Deloitte LLP engagement partner and advisory team that provide remuneration advice to the Committee do not have any connections with the Group or individual Directors that may impair their independence. Separately, during the year other parts of Deloitte also advised the Group in relation to financial advisory, consulting, taxation, accounting and internal audit co-sourcing services and financial modelling support as part of business planning and analysis.
- When required, ASOS also receives advice relating to remuneration matters from Lewis Silkin LLP, KPMG LLP, and Slaughter and May LLP on reward, tax and legal matters respectively. As a matter of course, the Committee also receives advice and assistance as needed from our Chief People Officer, Reward Director, Head of Reward, General Counsel & Company Secretary and Executive Directors.

## Key areas of focus for the year ahead

- Engaging with shareholders in relation to our approach to remuneration for 2022/23.
- Consider remuneration package for a new CEO.
- Review and approve any salary increases for the Executive Committee.
- Determine 2021/22 annual bonus outcome and FY20 ALTIS awards vesting.
- Approve 2022/23 ALTIS awards, and 2022/23 annual bonus.
- Continue to monitor regulatory and legislative developments.