

It is the Board's job to ensure the Company, its subsidiaries and all its businesses (together 'the Group') are managed for the long-term benefit of all shareholders. The application of standards of corporate governance that are appropriate for the Group's nature, status, profile, size and circumstances is an important part of that job. How the Board has delivered on that commitment in the last financial year is set out below.

THE BOARD

The Board's primary tasks are to enhance shareholders' long-term interests by:

- reviewing and approving the Group's overall strategy and direction
- determining, maintaining and overseeing controls, audit processes and risk management policies to ensure the Company operates effectively and sustainably in the long term
- approving the financial statements, as well as revenue and capital budgets and plans
- approving material agreements and non-recurring projects
- reviewing and approving remuneration policies.

The Board delegates specific responsibilities to the Board Committees, as detailed in this Corporate Governance Report, with the role and responsibilities of each Committee set out in clearly defined Terms of Reference.

Board composition

As at 17 October 2016, the Board comprised the Chairman, two Executive Directors and four other Non-Executive Directors.

During the financial year to 31 August 2016, the following Board changes took place: on 2 September 2015, Nick Beighton was appointed Chief Executive Officer of the Company, while Nick Robertson, the previous Chief Executive Officer, became a Non-Executive Director; Helen Ashton was also appointed as Chief Financial Officer on 1 September 2015; and on 3 December 2015, Karen Jones resigned as a Non-Executive Director and Chair of the Remuneration Committee. Short biographies of each of the Board Directors in office at the year end are set out on pages 38 to 39.

The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience, including (without limitation) in the areas of retailing, fashion, finance, innovation, international trading operations, ecommerce and marketing. The Board is also satisfied that it has a suitable balance between independence (of both character and judgement) on the one hand, and knowledge of the Company on the other, to enable it to discharge its duties and responsibilities effectively. All Directors are encouraged to use their independent judgement and to challenge all matters, whether strategic or operational.

The Company is committed to encouraging diversity among its workforce and 43% of the ASOS Plc Board are women (three of seven). For further information on diversity within ASOS, see the People section in the Corporate Responsibility Report on page 32.

Appointment, removal and re-election of Directors

The Board makes decisions regarding the appointment and removal of Directors, and there is a formal, rigorous and transparent procedure for appointments. The Company's Articles of Association require that one-third of the Directors must stand for re-election by shareholders annually in rotation; that all Directors must stand for re-election at least once every three years; and that any new Directors appointed during the year must stand for election at the AGM immediately following their appointment. However, to underline their accountability to shareholders and the Board's commitment to appropriate corporate governance, each Director will now offer themselves for re-election by shareholders annually, with effect from the next Annual General Meeting.

With regard to all the Directors who are offering themselves for re-election at the next AGM, the Board unanimously believes that each of their contributions continues to be effective and that the Company and its shareholders should support their re-election.

Roles of the Chairman and Chief Executive Officer

There is a clear division of responsibility at the head of the Company. The Chairman is responsible for running the business of the Board and for ensuring appropriate strategic focus and direction. The Chief Executive Officer is responsible for proposing the strategic focus to the Board, implementing it once it has been approved and overseeing the management of the Company through the Executive Board.

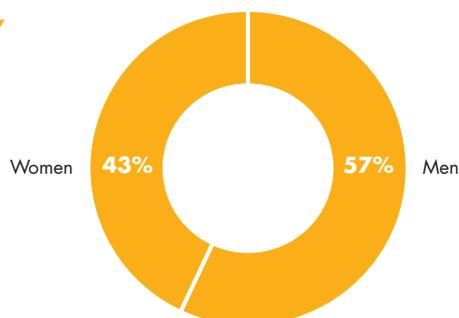
Board meetings

The Board manages the Company through a formal schedule of matters reserved for its decision, with a minimum of eight meetings scheduled each year. Prior to the start of each financial year, a schedule of dates for that year's eight Board meetings is compiled to align as far as reasonably practicable with the Company's financial calendar on the one hand, and its trading calendar on the other, while also ensuring an appropriate spread of meetings across the financial year. This may be supplemented by additional meetings as and when required. During the year to 31 August 2016, the Board met for its eight scheduled meetings.

The Board and its Committees receive appropriate and timely information prior to each meeting; a formal agenda is produced for each meeting, and Board and Committee papers are distributed several days before meetings take place. Any Director may challenge Company proposals and decisions are taken democratically after discussion. Any Director who feels that any concern remains unresolved after discussion may ask for that concern to be noted in the minutes of the meeting, which are then circulated to all Directors. Any specific actions arising from such meetings are agreed by the Board or relevant Committee and then followed up by the Company's management.

To check the efficacy of the Board process, the Company's internal auditors carried out a review into the Board reporting processes during the financial year to 31 August 2016.

Board diversity



Key Board actions during the year

The Board recognises that cyber-crime continues to be a threat to all businesses and has ensured that additional investment has been made during the year with the recruitment of a Chief Information Security Officer, the building out of the IT Security team and additional capital expenditure on the information security infrastructure to upgrade and strengthen our systems.

During the year, we have continued our open dialogue with the investment community with a comprehensive schedule of visits, roadshows and meetings and a Capital Markets event in June.

We have considered the recently introduced Modern Slavery Act 2015 and we are able to confirm that to the best of our knowledge there is no modern slavery or human trafficking within our supply chain; and we will continue to monitor measures to protect workers from abuse or exploitation in our business or supply chain.

There is no requirement for AIM-listed companies to present a viability statement, however the Board considered it appropriate to provide guidance, and a viability statement has been considered by the Audit

Committee, working with the Directors. This involved the Committee reviewing the business model alongside the principal risks and satisfying itself that it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities over the three-year period to 31 August 2019. Further details are set out in the Director's Report on pages 56 and 57.

Board performance

The performance of the Board is fundamental to the Company's success. The performance of the Board and its Committees, including individual members, is evaluated regularly, with the aim of improving their effectiveness. The last evaluation was carried out in August 2016, and was facilitated internally, involving a questionnaire to each Board Director. The review produced a number of key actions that have been implemented to help the Board work together more effectively, including:

- Nomination Committee meetings scheduled for 2017 to consider Board composition and succession planning
- Board meetings to be held occasionally at sites other than head office.

Board Committees

The Board is supported by the Audit, Remuneration and Nomination Committees.

Each Committee has access to such resources, information and advice as it deems necessary, at the cost of the Company, to enable the Committee to discharge its duties. The Terms of Reference of each Committee are available at www.asosplc.com. Each Committee is responsible for reviewing the effectiveness of its own Terms of Reference and for making recommendations to the Board for changes when necessary. Executive Directors are not members of the Board Committees, although they may be invited to attend meetings. The General Counsel & Company Secretary acts as secretary to all the Committees. The minutes of Committee meetings are circulated to all Committee members and reports on each are given by the relevant Committee Chairman to the Board.

The specific responsibilities of each of the Committees are set out below.

Audit Committee

The composition, responsibilities and activities of the Audit Committee are set out in the separate Audit Committee Report on pages 44 to 46

Remuneration Committee

The composition, responsibilities and activities of the Remuneration Committee are set out in the Directors' Remuneration Report on pages 47 to 53, along with the Company's Remuneration Policy and details of how that policy was implemented during the year to 31 August 2016.

Nomination Committee

The Nomination Committee currently comprises three independent Non-Executive Directors – Rita Clifton, Ian Dyson and Hilary Riva; and the Company's Chairman, Brian McBride, who is the Committee Chair. The Chief Executive Officer is also invited to attend meetings unless he has a conflict of interest. Other Directors, and the General Counsel & Company Secretary, are invited only as appropriate (and only if they do not have a conflict of interest). The Committee is also assisted by executive search consultants as and when required.

The Committee's principal responsibility is to evaluate the Board's requirements and ensure that appropriate procedures are in place for the nomination, selection and succession of Directors to meet those requirements. Given that the Board had just gone through an extensive succession process for Executive Directors at the end of the previous year, the Committee did not meet during the year to 31 August 2016. However, looking ahead, a minimum of one Nomination Committee meeting has been scheduled in the Board calendar going forward to consider succession planning. External search consultants were used for the appointments of Nick Beighton as Chief Executive Officer and Helen Ashton as Chief Financial Officer.

Attendance at Board/Committee meetings

The table below shows the attendance record of individual Directors at Board meetings and relevant Committee meetings.

	Board meetings		Committees					
	Eligible to attend	Attended	Audit		Remuneration		Nomination	
			Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Brian McBride	8	8	–	–	–	–	<i>No meetings held see page 41</i>	
Nick Beighton	8	8	–	–	–	–		
Helen Ashton	8	8	–	–	–	–		
Rita Clifton	8	8	4	4	4	4		
Ian Dyson	8	8	4	4	4	4		
Hilary Riva	8	8	4	4	4	4		
Nick Robertson	8	7	–	–	–	–		
Karen Jones*	3	2	1	1	1	1		

*Karen Jones resigned on 3 December 2015

At the date of this Annual Report, the Board had met twice since 31 August 2016, the end of the financial year. The Remuneration Committee also met twice, and the Audit Committee met once, since 31 August 2016.

Advice, support and professional development

The Directors have access to the advice and services of the Company Secretarial team, including the General Counsel & Company Secretary, who is responsible for ensuring that all Board procedures have been complied with. Individual Directors are also able to take independent legal and financial advice at the Company's expense as and when necessary to support the performance of their duties as Directors of the Company. Throughout their period in office, the Directors are also updated on the Group's businesses, and the regulatory and industry-specific environments in which they operate, by way of written briefings and meetings with senior executives plus, where appropriate, external parties. Appropriate training is also available to all Directors to develop their knowledge and ensure they remain up to date in relevant matters for which they have responsibility as a member of the Board.

Directors' conflicts of interest

The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board.

EXECUTIVE BOARD

The Executive Board consists of the Executive Directors and key functional directors and meets weekly. Under the chairmanship of the Chief Executive Officer, the Executive Board is responsible for formulation of the proposed strategic focus for submission to the Board, the day-to-day management of the Group's business and its overall trading, operational and financial performance in fulfilment of that strategy, as well as plans and budgets approved by the Board of Directors. It also manages and oversees key risks, management development and corporate responsibility programmes. The Chief Executive Officer reports to the Board on issues, progress and recommendations for change that come out of the Executive Board's meetings. As at 17 October 2016, 28% of the Executive Board are women (two of seven).

Internal control procedures are delegated by the Board to the Executive Board. The controls applied by the Executive Board to financial and non-financial matters are set out below, and the effectiveness of these controls regularly reported to the Audit Committee and the Board.

Financial controls

The Company has an established framework of internal financial controls, the effectiveness of which is regularly reviewed by the Executive Board, the Audit Committee and the Board in light of an ongoing assessment of significant risks facing the Company.

- As outlined in this Corporate Governance Report, the Board is responsible for reviewing and approving overall Company strategy, approving revenue and capital budgets and plans, and for determining the financial structure of the Company including treasury, tax and dividend policy. Monthly results and variances from plans and forecasts are reported to the Board.
- The Audit Committee assists the Board in discharging its duties regarding the financial statements, accounting policies and the maintenance of proper internal business, and operational and financial controls, including the results of work performed by the internal audit function. The Committee provides a direct link between the Board and the external and internal auditors through regular meetings.
- The Board has established an organisational authority structure, with clearly defined lines of responsibility and approval thresholds, to specify the transactions requiring its approval. The Chief Financial Officer is responsible for the functional leadership and development of the Company's finance activities, including compliance with this organisational authority structure.
- There are comprehensive procedures for budgeting and planning, for monitoring and reporting to the Board business performance against those budgets and plans, and for forecasting expected performance over the remainder of the financial period. These cover profits, cash flows, capital expenditure and balance sheets. Monthly results are reported against budget and compared with the prior year, and forecasts for the current financial year are regularly revised in light of actual performance.
- The Company has a consistent system of prior appraisal for investments, overseen by the Chief Financial Officer, with defined financial controls and procedures with which each business area is required to comply in order to be granted investment funds for development. Regular post-investment reviews are also carried out to check the extent to which investment cases were delivered in line with plans.

Non-financial controls

ASOS has a number of non-financial controls covering areas such as legal and regulatory compliance, business integrity, health and safety, risk management, business continuity and corporate responsibility (including ethical trading, supplier standards, environmental concerns and employment diversity). The key elements of those non-financial controls are set out below.

- **Appropriate standards and policies:** the Board is committed to maintaining appropriate standards for all the Company's business activities and ensuring that these standards are set out in written policies. Key examples of such standards and policies include 'Fashion With Integrity', the Company's corporate responsibility framework standards, which include objectives relating to the impact that the Group's activities have on the environment, workplace, marketplace and community (further details of which are set out on pages 25 to 36) of this report; the ASOS Supplier Standards (which set out the core trading requirements expected of all ASOS suppliers); and 'Do The Right Thing', the Company's Code of Integrity (designed to ensure that all those who work for and on behalf of ASOS act with integrity, behave ethically and work within best practice).
- **Appropriate approvals:** all material contracts are required to be reviewed by the Procurement and Legal Departments, and signed by a senior executive of the Company.
- **Appropriate oversight:** as businesses change, so too do their challenges and risks. Given ASOS' continued growth, the Board regularly reviews all standards and policies to ensure they remain appropriate to ASOS as its size and shape change. The most significant of these is the Company's risk management process, which is centred around the Business Risk Register. Through its review, and the implementation of business continuity plans to address those key risks that have an immediate impact, risks facing the business are re-assessed, and potential mitigating actions are considered and implemented to help protect against those risks and prepare the business to handle them should they arise.
- **Appropriate assistance:** each year, Deloitte, our internal auditors, carry out reviews of our internal processes in a number of different areas to assist with our risk management processes, provide an objective independent view of the effectiveness of various procedures and policies, and identify where improvements could be made. Deloitte report to the Audit Committee; with the day-to-day relationship managed by the General Counsel & Company Secretary and the Chief Financial Officer. The internal audit plan for each year is compiled after consultation with the Executive Board members approved by the Audit Committee; and the reports and recommendations from each audit are reviewed by the relevant business department, the Executive Board and the Audit Committee.
- **Appropriate engagement:** recognising that, where standards and policies apply across ASOS, they are only effective if their intended audiences fully engage with them, and that ASOS has a non-traditional but effective culture, we dedicate a lot of time and effort to ensure that all ASOS-wide standards and policies in all areas (including business integrity, anti-bribery, gifts, intellectual property and design rights) are written and communicated to the organisation in the way that is likely to result in the greatest engagement from ASOSers.
- **Appropriate internal disclosure:** with a business as large as ASOS, we know we rely on our employees to be our eyes and ears on what is going on across the organisation. So, under the banner of 'Say It', ASOS has a number of ways in which ASOSers can provide us with feedback on any matter, including anything that just doesn't feel right. One of those – called 'We're Listening' – is through

an external provider which anyone connected to ASOS can contact to disclose any concerns about the business. This service, which is anonymous, multilingual and independent, can be contacted by a website portal or by calling a local-rate telephone number. The Audit Committee is advised of any significant concerns raised through this service and subsequent investigations. To ensure that all ASOSers, new or long-serving, know of these feedback channels and to encourage their use across the Company, an awareness programme for Say It was kicked off in August 2016.

- **Appropriate focus:** the Executive has identified the need for a dedicated Business Assurance function to give increased focus on risk management and compliance, as suits the needs of a growing and maturing business. Recruitment is underway and this resource will further enhance the existing controls in place to protect the business.

RELATIONS WITH SHAREHOLDERS

The Company remains committed to communicating openly with its shareholders to ensure that its strategy and performance are clearly understood. The Company communicates with shareholders through the Annual Report and Accounts, full-year and half-year announcements, trading updates and the Annual General Meeting (AGM), and encourages their participation in face-to-face meetings. A range of corporate information (including all Company announcements and presentations) is also available to shareholders, investors and the public on the Company's corporate website, www.asosplc.com.

Private shareholders

The AGM is the principal forum for dialogue with retail shareholders, and the Company encourages all shareholders to attend and participate. The Notice of Meeting is sent to shareholders at least 21 days before the meeting. The chairs of the Board and all Committees, together with all other Directors, routinely attend the AGM and are available to answer questions raised by shareholders. Shareholders vote on each resolution, and this year this will be done by way of a poll rather than by a show of hands, which is considered best practice. For each vote, the number of proxy votes received for, against and withheld is announced. The results of the AGM are subsequently published on the Company's corporate website.

Institutional shareholders

The Directors actively seek to build a mutual understanding of objectives with institutional shareholders. Shareholder relations are managed primarily by the Chief Financial Officer and Director of Investor Relations, supported by the Chief Executive Officer, as appropriate. The Chief Executive Officer and Chief Financial Officer make presentations to institutional shareholders and analysts immediately following the release of the full-year and half-year results. The Company communicates with institutional investors frequently through a combination of formal meetings, participation at investor conferences and informal briefings with management. In addition, analysts' notes and brokers' briefings are reviewed to achieve a wide understanding of investors' views. In June 2016, a 'Capital Markets' event was held in London and attended by 150 sell-side analysts to enhance their understanding of the business.

The Board as a whole is kept informed of the views and concerns of major shareholders by briefings from the Chief Financial Officer, supported by the Director of Investor Relations when required. Any significant investment reports from analysts are also circulated to the Board. The Non-Executive Directors, including the Senior Independent Non-Executive Director, are available to meet with major shareholders if required to discuss issues of importance to them.