

FARFETCH

2020 ESG REPORT

THINK, ACT AND CHOOSE POSITIVELY

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2020 ESG HIGHLIGHTS

Data in this report refers to data for the year ended, or as at, December 31, 2020 for FARFETCH Limited and its consolidated subsidiaries, unless stated otherwise.

Comparative data in this report refers to data for the year ended, or as at December 31, 2020 relative to data for the year ended, or as at December 31, 2019, unless stated otherwise.

POSITIVELY CLEANER

12%

Reduced carbon impact of shipments fulfilled by DHL, our primary carrier, by 12%¹

- From 1st April 2020, we committed to offset the carbon impact of all FARFETCH Marketplace and Browns deliveries and returns
- We are signatories of the G7 Fashion Pact and the UN Fashion Industry Charter for Climate Action
- 26% of our energy consumption is from renewable sources (up from 6% in 2019)

¹ In 2020, DHL fulfilled over 80% of our deliveries and returns volumes.

POSITIVELY CONSCIOUS

3.4x

Conscious product sales grew 3.4x faster than the FARFETCH Marketplace average, and represented over 5% of Group Gross Merchandise Value (GMV)

- Over 1,000 of the brands on FARFETCH Marketplace have been rated by ethical ratings agency Good On You
- 1 in 10 FARFETCH Marketplace products were Conscious²
- [Fashion Footprint Tool](#) launched and 90% of customer visits to the tool were interactive, driving education on creating a more sustainable wardrobe

² Data stated as of December 31, 2020.

POSITIVELY CIRCULAR

3x

Number of units that were Circular (sold or serviced) grew by 3x, and represented 1% of total units

- FARFETCH Second Life live in 30 countries across Europe and USA
- Items donated via FARFETCH Donate grew 662% in December 2020 vs December 2019
- Items sold through Second Life increased by 332%

POSITIVELY INCLUSIVE

6

6 Core commitments made for Conscious Inclusion in the workplace and for our partners

- GMV for brands in our Black designer edit on the FARFETCH Marketplace increased 66%
- 10 Global People Communities established to support Farfetchers from different backgrounds and identities
- 94% of Farfetchers completed our Humu employee engagement survey, which reported that 90% would recommend FARFETCH as a great place to work and 87% are passionate about the work they do

GOVERNANCE AND ENGAGEMENT

2020

Established the ESG Committee of the Board of Directors in 2020 to assist our Board in its oversight of ESG matters

- We are working with EcoVadis to complete sustainability assessments of our key suppliers, to help them understand and improve their social and environmental impact
- We joined the Board Challenge, an initiative to improve the representation of Black Directors in corporate US boardrooms, as a Charter Pledge Partner
- 75% of Board Committee chairs and 50% of Board members are women

FROM OUR CEO



The fashion industry has changed enormously since FARFETCH was founded in 2007. I believe that as the leading global platform for the luxury fashion industry, FARFETCH must help lead and enable change: it's time to think, act and choose positively. Our purpose is clear—we want to be the platform for good in luxury fashion. We are building and growing our business model to have a positive impact, where sustainability is at the heart of our culture and how we prosper.

Our industry can and should have a positive impact; it needs to be cleaner, conscious, circular, inclusive and have robust governance. We have an opportunity, as the luxury fashion industry's leading global platform, to help make that happen.

I have said in the past that we are a Company of action and not just sentiment. The growth we have achieved in Conscious products sales, the expansion of our circular services, and the progress we have made with our Positively FARFETCH strategy over the past year are a great testament to that. I believe that FARFETCH also has a wider societal responsibility to help eradicate systemic racism in society, starting from within. Over the course of the past fifteen months, we have had open conversations with our People Communities, including our Black Employee Network, our FARFETCH East Asian Network and across our business, and what became clear is that we have a lot to learn, and a lot to do to support and champion our colleagues.

As explored in this report, we have already taken concrete actions under all our pillars, but there are many more ways we can continue to incorporate our Positively FARFETCH strategy into the way we do business.

I would like to take this opportunity to say 'thank you' for all the support our people, partners and customers have given us over this trying year. The COVID-19 pandemic made 2020 an extraordinary and difficult year for so many. My priority was, and still is, the health and well-being of our Farfetchers, our boutique and brand partners, and our customers.

The vast majority of our people were able to work productively from home, and I thank them for their incredible display of our tremendous 'Todos Juntos' value—the spirit of togetherness.

Helping our boutique and brand partners, who were hit badly by the lockdowns during the pandemic, connect with their customers digitally was a priority last year and remains so in 2021. For many, e-commerce through FARFETCH was their only way to generate revenue while their stores were shut during lockdown.

Thinking longer-term, in December 2020, we launched our 2030 goals. These build on our Positively FARFETCH strategy that was unveiled in 2019 and the host of initiatives under that banner. To explain our initiatives and communicate our progress we have compiled our first Environmental, Social and Governance (ESG) report. This report introduces our approach and shares the ongoing efforts we have undertaken to grow our business in a sustainable and resilient way. We expect to continue doing so as we deliver on our vision.

Thank you for taking an interest in our business and our Positively FARFETCH strategy.

José Neves
FARFETCH Founder, Chairman and CEO

COMPANY OVERVIEW



Scope of this report

Our 2020 ESG Report provides an overview of our progress towards our commitments outlined in the Positively FARFETCH strategy. The activities, initiatives, progress and metrics cover all of our businesses under FARFETCH Limited and its subsidiaries, unless otherwise noted. Some of our business units (for example Browns, New Guards Group and Stadium Goods) have certain ESG priorities specific to their business models. As part of our ongoing work, these businesses have, or are developing specific strategies and programmes to address these priorities. This inaugural report intends to provide an overarching view of our Company ESG strategy, actions and progress across FARFETCH Limited. In future reports we will also aim to provide a closer look at the ESG programs of these specific business units.

Our business

FARFETCH Limited¹ (“FARFETCH” or “the Company”) is the leading global platform for the luxury fashion industry. Founded in 2007 by José Neves for the love of fashion, and launched in 2008, the FARFETCH platform began with the launch of its e-commerce marketplace for luxury boutiques and brands from around the world. Since then, our business has grown significantly, operating across digital and physical realms to meet the needs of our growing customer base. Our business is operationally organized in the following four segments:

Our marketplaces

The FARFETCH Marketplace connects customers in over 190 countries and territories with items from more than 50 countries and nearly 1,400 of the world’s best brands, boutiques and department stores. This delivers a unique shopping experience and access to the most extensive selection of luxury on a single platform. We also operate Stadium Goods, a premium sneaker and streetwear marketplace.

Luxury New Retail and enterprise solutions

FARFETCH offers its broad range of consumer-facing channels and enterprise-level solutions to the luxury industry under its Luxury New Retail initiative. This encompasses FARFETCH Platform Solutions, which services enterprise clients with e-commerce and technology capabilities, and innovations such as Store of the Future, a digitally powered retail solution, as well as our CuriosityChina business which focuses on amplifying premium and luxury brands across digital platforms in China.

New Guards Group (NGG)

Acquired in 2019, NGG is a platform for the development of global fashion brands. NGG designs, manufactures and distributes sought-after luxury fashion brands. Brands in the NGG portfolio include Off-White, Palm Angels, Heron Preston and Marcelo Burlon, among others.

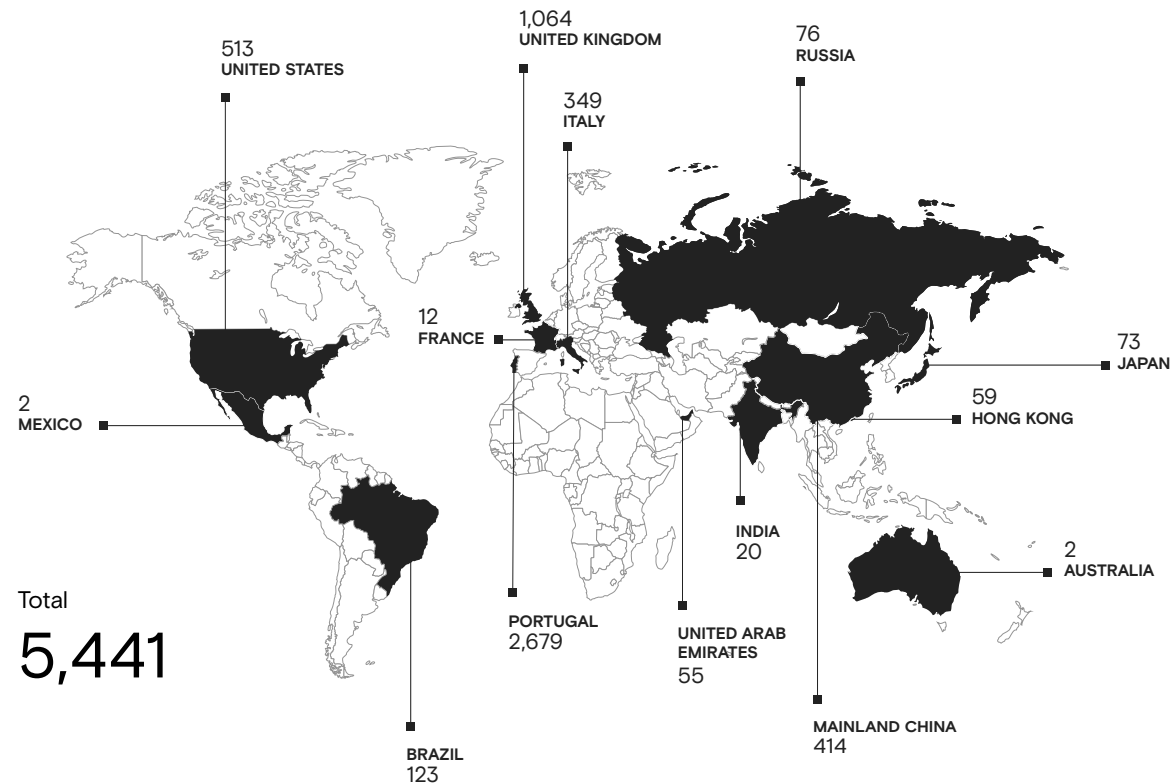
Browns

Browns, which marked its 50th birthday in 2020, is an iconic British fashion and luxury goods retailer with a heritage of introducing new fashion labels and pioneering luxury fashion.

More information on our business can be found in our [2020 Annual Report](#).

¹ FARFETCH Limited consists of FARFETCH Marketplace, FARFETCH Platform Solutions, Store of the Future, Browns retail boutiques, CuriosityChina, Stadium Goods, and New Guards Group.

NUMBER OF EMPLOYEES (AS OF DECEMBER 31, 2020)



Where we operate

Our more than 5,000 employees are based in 14 countries, with our corporate headquarters in London, United Kingdom. With five offices and two photography studios, Portugal is home to our largest employee population. For more information on our employees, please see page 113 of our [2020 Annual Report](#).

FARFETCH China allows us to operate a range of platform solutions within this key strategic market, including the FARFETCH Marketplace, as part of our joint venture with Alibaba and Richemont, FARFETCH Platform Solutions and CuriosityChina.

Our culture

The success of FARFETCH is testimony to the efforts and talents of our highly skilled Farfetchers. Our [leadership team](#) is a cross section of tech and fashion, and our entrepreneurial and collaborative culture is especially important to us, as we believe it is a major competitive advantage and contributor not only to our success as a business but also to our sustainability initiatives. Our culture is underpinned by six FARFETCH values that are at the heart of everything we do:

Our values



Todos Juntos

Act for the greater good of all teams, even when it is beyond your area of expertise. Foster positive actions in those around you and celebrate our shared achievements.



Be Human

Be respectful and kind to yourself and the people around you. Trust each other's intent, resolve problems with empathy, and welcome mistakes as learning opportunities.



Be Brilliant

Be unrivalled in everything you do, with passion and ambition. Ambiguity and complexity never stop you from going the extra mile.



Think Global

Belong to a global community, working collectively as a united force. Welcome and respect everyone, creating an inclusive environment for all.



Be Revolutionary

Disrupt the status quo and embrace innovation with a curious mindset. Make courageous decisions, searching for new ways.



Amaze Customers

Love and understand your customers, keeping them front of mind. Exceed their expectations by delivering unforgettable experiences.

Positively FARFETCH strategy

The purpose of our Positively FARFETCH strategy is to inspire, enable and empower everyone we work with to think, act and choose positively. Our strategy comprises five action areas that reflect the ESG topics that are most material to FARFETCH and our stakeholders. The five action areas are: Positively Cleaner, Positively Conscious, Positively Circular, Positively Inclusive, and Governance and Engagement. In 2020, we launched our 2030 goals to give clarity to our ambition for FARFETCH and the industry.

The strategy and our 2030 goals provide us with a roadmap to achieve the positive changes we want to see in the world, the industry and our own business.

The fashion industry faces significant challenges. Climate change, the acceleration of e-commerce, human rights and environmental standards within supply chains, and the need to increase the use of existing clothing while reducing waste are all key issues for us and the wider industry. Our Positively FARFETCH strategy is our ambition and agenda to revolutionize the fashion industry for the future.



“As the global platform for the luxury industry, we decided to delve further into how consumers are engaging with more sustainable ways of shopping, and how brands, boutiques and the luxury sector as a whole are responding. The result was our first annual Conscious Luxury Trends Report published in 2021. Going forward, we plan to continue this research, through which we hope to help the industry understand and act on the key drivers of change—empowering everyone to think, act and choose positively. It’s all part of our Positively FARFETCH mission.”

THOMAS BERRY, DIRECTOR OF SUSTAINABLE BUSINESS

Identifying our material ESG issues

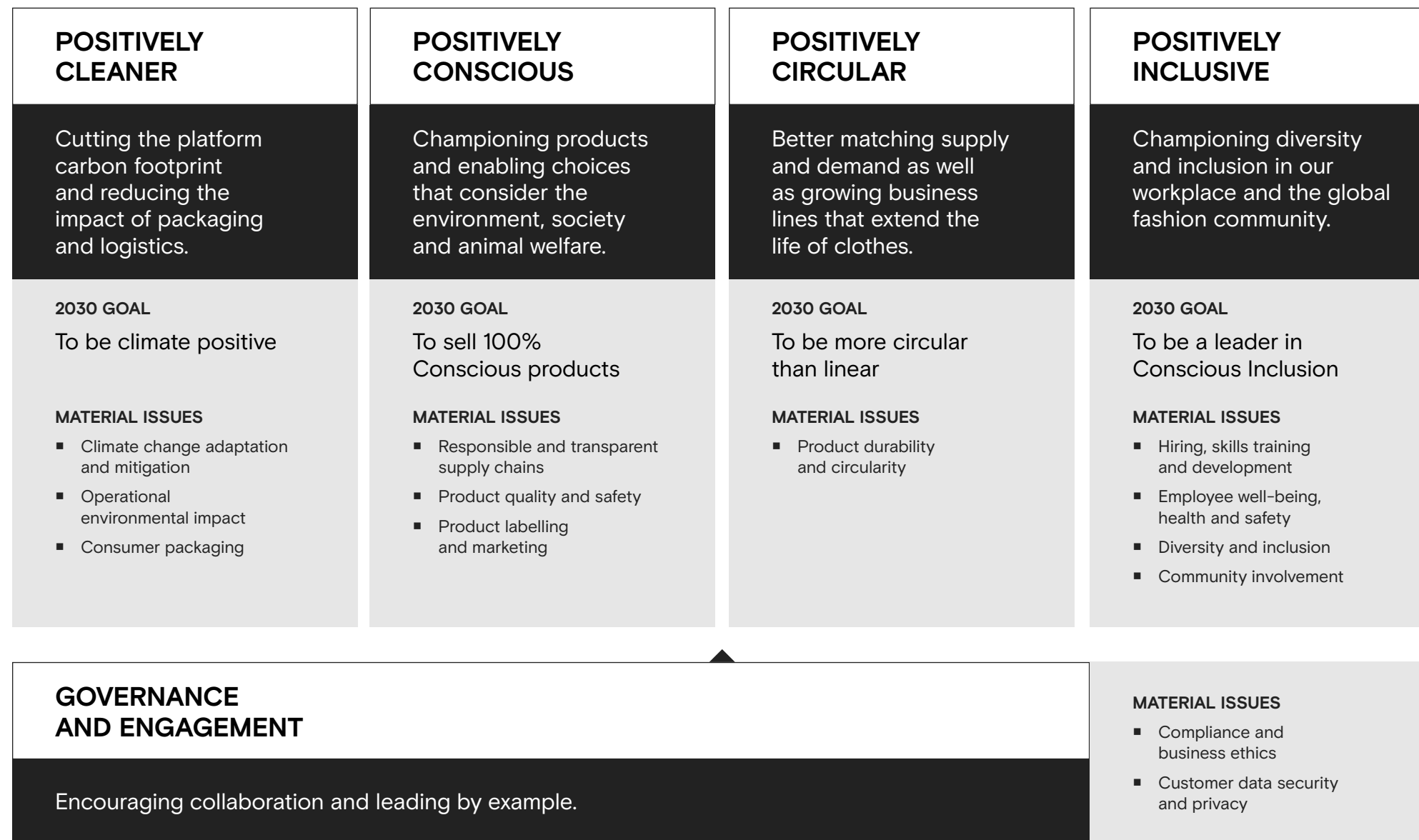
Our Positively FARFETCH strategy directly responds to the material issues that have the potential to impact the long-term viability of our business, which if acted upon positively, are expected to deliver significant social and/or environmental value.

In defining our strategy, we carried out materiality assessments in collaboration with both our internal and external stakeholders. Internally, we analyzed our business to identify key risks and opportunities. We also consulted external sources such as our peers, industry associations, non-government organizations (NGOs), investors, Sustainable Accounting Standards Board (SASB), and leading reports such as the World Economic Forum’s Global Risks Report, 2021 and ERM’s 2021 Sustainability Trends Report to identify important ESG issues.

As we further develop our strategy we will continue to take into account the evolving priorities of our stakeholders.

OUR STRATEGIC PRIORITIES

Our Positively FARFETCH mission is to become the global platform for good in luxury—empowering everyone we work with to choose, act and think positively.



POSITIVELY CLEANER

Our Positively Cleaner pillar is focused on driving environmental impact reduction, both in our own operations and wider value chain, specifically targeting carbon as our biggest area of direct and indirect impact.

OUR 2030 GOAL

To be climate positive

OUR PROGRESS IN 2020

12%

Reduced carbon impact of shipments fulfilled by DHL, our primary carrier, by 12%¹

¹ In 2020, DHL fulfilled over 80% of our order and returns volumes.



OUR PROGRESS IN 2020

- From April 1, 2020, we committed to offset the carbon impact of all FARFETCH Marketplace and Browns deliveries and returns
- We are signatories of the G7 Fashion Pact and the UN Fashion Industry Charter for Climate Action
- 26% of our energy consumption is from renewable sources (up from 6% in 2019)

The need to address climate change is urgent, with communities around the world experiencing the impact of a changing climate firsthand. Undoubtedly, we will need to help transform our supply chains to help tackle this. Our 2030 Climate Positive¹ goal reflects this urgency.

Understanding and reducing our carbon footprint

To achieve our climate positive goal, we must first achieve net zero by 2030. Each year we work with a credible third party to measure, calculate and review our entire corporate carbon footprint, in-line with the Greenhouse Gas Protocol. We partnered with Quantis to assess our 2020 carbon footprint, and in the future, we plan to also have our footprint externally verified.

Our scope 1 and 2 footprint is driven by the energy used to operate our offices, refrigerants and company cars. Our indirect emissions (scope 3) arise from parts of our business we can influence, but do not directly control. This includes emissions from logistics, product purchasing and manufacturing, indirect spend (such as marketing) and packaging. We measure our scope 3 footprint against 9 of the 15 categories in the Green House Gas (GHG) Protocol as the other 6 categories are not relevant to our scope. In 2020, our scope 3 emissions were estimated at 260,950 tCO₂-eq.²

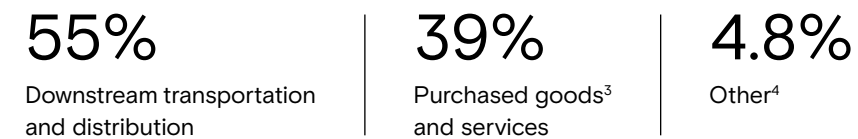
OUR CARBON FOOTPRINT

Metric	Total GHG emissions in 2020 ²
Scope 1 in tCO ₂ -eq	637
Scope 2 in tCO ₂ -eq electricity consumption	3,942 (location-based) 2,651 (market-based)
Scope 3 in tCO ₂ -eq	260,950
Total	264,238

■ Scope 1 □ Scope 2 ■ Scope 3



Scope 3



1 Climate Positive Working Definition: Achieving Net Zero by reducing our carbon footprint in line with Science Based Targets while offsetting unavoidable emissions and supporting our wider value chain that sits outside of our carbon footprint boundary, to achieve additional carbon reductions that are equivalent to at least 10%+ of our carbon footprint.

2 In 2020, we updated the methodology behind two key scope 3 categories of our footprint, purchased goods (from spend-based to composition level data) and indirect spend (for two key marketing suppliers we moved from spend-based and where possible, primary GHG data from online marketing and IT suppliers have been collected and used) in order to improve the accuracy of our data. Due to this change, our 2019 footprint is not directly comparable to our 2020 footprint. These more accurate calculations help us to better understand our footprint and key impact areas.

3 Products directly purchased or manufactured.

4 Covers upstream transportation and distribution, waste generation in operations, business travels, employee commuting, product use*, end-of-life treatment of sold products*, and franchises.

*From products directly purchased or manufactured.

Our progress

During 2020, we made progress in many areas impacting our carbon footprint.

LOOKING AHEAD TO 2021

PLANTING OUR OWN FARFETCH FOREST

Separate from our Climate Conscious Delivery promise, on Earth Day 2021, we began planting the [Positively FARFETCH forest](#) with the help of non-profit organization Tree-Nation, and sponsored all our employees to plant a tree. Tree-Nation allows citizens and companies to plant trees across the globe. As of August 2021, our FARFETCH forest has over 5,500 trees spread across France, Nepal, Brazil, Tanzania, the USA and Madagascar and has already helped to reforest 5.58 hectares of land. So far, we have captured 1,484.65 tonnes of CO₂ through our forest.

Sourcing renewable energy

In 2020, 26% of our purchased electricity was generated by renewables, vs 6% in 2019. This is due to two key regions, Portugal and the UK, significantly increasing their sourced renewable energy via renewable energy tariffs with all UK FARFETCH and Browns offices and stores running on 100% renewable energy.

Carbon savings through packaging efficiency

Reducing emissions per order is an important area of impact for us, and the way goods are packaged is a key driver of that. In 2020 we introduced two new box sizes and trialed the use of over 65,000 paper-based envelopes, which reduces the materials used, the air that is shipped and optimizes the number of products we can transport. We also financially incentivize our boutique partners to select the right sized box for their orders, thereby reducing unnecessary air that is shipped.

Packaging represents approximately 1% of our carbon footprint and we help limit our impact through the use of Forest Stewardship Council (FSC) Mix certified and recyclable packing on our global FARFETCH Marketplace. Also our FARFETCH Marketplace swing tags and strings are made from recycled materials.

Managing our operational impacts

To further reduce our environmental impact, we are improving our warehousing network, allowing us to place products closer to customers. We have reduced our transportation and distribution emissions by 12% per order in comparison to 2019, for orders delivered by our primary logistics partner DHL.¹

The most common reason behind customers' returns are linked to sizing and fit. In addition to improving fit descriptions and recommendations, we are exploring innovative tools and technologies that can help reduce returns, therefore reducing our costs and carbon footprint. One recent example is our partnership with [Wanna](#), a revolutionary augmented reality solution enabling customers to virtually try on trainers.

Offsetting our emissions

Through our Climate Conscious Delivery promise, from April 1, 2020, we are committed to offsetting the carbon emissions from all deliveries and returns of orders made through the FARFETCH Marketplace and Brownsfashion.com. To do this, we are investing in environmental projects, independently certified and verified to Gold Standard[®], American Carbon Registry or the Verified Carbon Standard.

The environmental projects are related to afforestation efforts and forest protection in the USA and Brazil, as well as supporting the transition towards renewable energy through projects in China and India.

The path to Climate Positive

To achieve net positive emissions, we have committed to supporting our wider value chain that sits outside of our carbon footprint boundary. We expect this will help us achieve additional carbon reductions that are equivalent to at least 10% of our carbon footprint. We are engaging with our stakeholders on carbon impact to enable measurable reductions. This includes developing and offering low carbon solutions to partners, customers and employees to help them reduce their climate impact beyond the carbon footprint boundary of FARFETCH.

Collaborating for positive change

FARFETCH has signed both the [G7 Fashion Pact](#) and the [UN Fashion Industry Charter for Climate Action](#). By joining these initiatives, we work together with other global businesses to help find solutions to tackle climate change, biodiversity and ocean health.

¹ In 2020, DHL fulfilled over 80% of our order and returns volumes.



POSITIVELY CONSCIOUS

We are focused on driving sales and supply of more Conscious products as we believe that is the most impactful way for us to influence positive social and environmental outcomes while also growing our business.

OUR 2030 GOAL

To sell 100% Conscious products

OUR PROGRESS IN 2020

3.4x

Conscious product sales grew 3.4x faster than the FARFETCH Marketplace average, and represented over 5% of Group GMV



OUR PROGRESS IN 2020

- 58% increase of conscious inventory from our global network of boutique partners
- 1 in 10 FARFETCH Marketplace products were conscious¹
- No products made from fur or endangered species are sold on FARFETCH (from 2020 onwards)²
- Fashion Footprint Tool launched: 90% of customer visits to the tool were interactive, driving education on creating a more sustainable wardrobe

¹ Data stated as of December 31, 2020.

² Fur products are defined as products made entirely from furs or made with fur trims. We also require all exotic skin products listed to have CITES certification and will not allow the listing of exotic skin unless permitted according to CITES (the Convention on International Trade in Endangered Species of Wild Fauna and Flora) and IUCN (International Union for Conservation of Nature). To find out more, click [here](#).

The Positively Conscious pillar is focused on helping our consumers, think, act and choose positively, considering the impact on the environment, society and animal welfare. Under our 2030 goals, we are seeking to achieve 100% of our revenues from products that are independently recognized as being better for people, the planet and animals, or from services that enable positive change.

Empowering our community to choose consciously

As we understand more about our impact on people, the planet and animals, our ability to do better improves as well. Our aim is to help all the boutiques, brands and partners we work with to be transparent and meet recognized social and environmental standards. FARFETCH has developed a set of independently-assessed [Conscious product criteria](#) to qualify as Conscious products.

³ A "significant proportion" is measured by looking at the product outer that must contain at least 50% of an eligible material. However, when it comes to certified materials, we apply the threshold identified by the specific certification requirement (e.g. 95%+ Organic Content Standard, 70%+ Global Organic Textile standard, 20%+ Global Recycling Standard).

⁴ LARGE BRANDS need to have a minimum overall score of four out of five to qualify, and SMALL BRANDS must score at least three out of five overall.

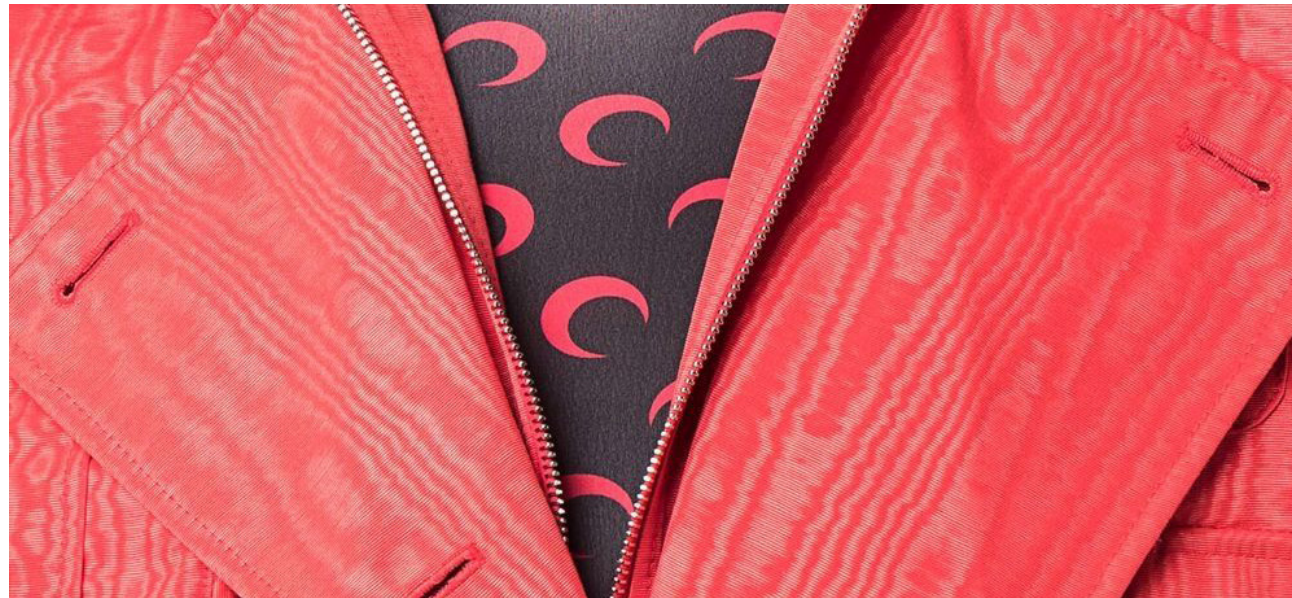
The criteria leverage established and widely recognized standards and certifications on sustainable materials and business practices in fashion. In the criteria development process, FARFETCH engaged the expertise of some leading organizations (including Good on You and Sigillum Knowledge Solutions) to provide critical recommendations on the standards and certifications selected. A product must meet one of the following criteria to qualify as a Conscious product:

- A finished product contains a significant proportion³ of a material that satisfies one of the conditions below:
 - *A material or its production process is independently recognized as being better environmentally, socially or from an animal welfare perspective*
 - *A material or its production process holds an independent certification relating to good environmental, social or animal welfare practice*
- A finished product holds an independent certification relating to good environmental, social or animal welfare practice

- A product is second-hand or vintage (pre-owned)
- A product comes from a brand that has a positive rating on Good On You. Over 200 brands meet the FARFETCH threshold to qualify to be labelled as Conscious⁴ via the Good on You assessment on the FARFETCH Marketplace. This means these brands have adopted policies and practices to manage multiple material topics across their supply chain and are often demonstrating leadership in one or more areas.

>1,000

Over 1,000 brands included on FARFETCH Marketplace, have been assessed on their environmental, and social and animal welfare impacts by ethical ratings agency, Good on You



By rigorously applying our Conscious product criteria and the Good on You ratings to what our customers are buying, we can demonstrate transparency of the impact of brands, products and supply chains. In 2020, over 1,000 brands included on FARFETCH Marketplace, had been assessed on their environmental and social impacts using the Good on You criteria. This includes all of our brand partners with whom we have a direct relationship.

Our ambition to sell Conscious products is supported by our [Ethical Sourcing Policy](#), which outlines our expectations from all our partners and other suppliers to operate ethically. The Policy covers our commitment that no products made from fur or endangered species are sold on FARFETCH (from 2020 onwards).

Modern slavery, in all its forms, goes against everything FARFETCH stands for. Our commitment to manage our business in accordance with anti-modern slavery standards is outlined in our [Modern Slavery Statement](#) and we look to hold our suppliers to these standards via our [Vendor Code of Conduct](#) applicable to all FARFETCH business partners.

OUR PARTNERSHIP WITH GOOD ON YOU

To help give impetus to our ambitions, we teamed up with [Good on You](#) in 2019. Good on You is the leading sustainability rating platform for fashion, and they identify and evaluate more than 100 different widely-recognized standards and certifications to provide simple, easy-to-understand sustainability ratings on brands.

Good on You assesses our brands against three key areas of impact:

- **People:** Brands are assessed against their impact across the supply chain, which includes policies and practices on child labor, forced labor, worker safety and empowerment, gender equality and payment of a living wage.
- **Planet:** This involves an assessment against a brand's use of resources—such as energy, water and chemicals—and waste management, including any commitments to circular practices.
- **Animals:** Brands are assessed against the use of animal products and their animal welfare policies, such as cruelty-free wool, if and how the brand uses leather, and whether and how brands trace their sourcing of overall animal materials.

EMPOWERING OUR CUSTOMERS

In 2020, we launched our consumer [Fashion Footprint Tool](#). The tool helps our consumers understand how to track the environmental impact of their purchase decisions on the planet, considers which materials can reduce that impact and shows how pre-owned purchases can result in environmental savings.

Responsible marketing and communication

We are using our Conscious criteria and the Good on You ratings to create: Conscious Edits for women, men and kids; Positively Conscious labels, Conscious product descriptions and information on merchandise across partners; and a 'Sustainability filter' on the FARFETCH Marketplace. Browns has curated a Conscious selection using the same criteria, with clear online and in-store labelling of products. All this is aimed at helping our consumers easily find more Conscious brands and products and make socially and environmentally informed decisions about their purchases.

In order to further expand its offering of Conscious products and drive positive change in the industry, FARFETCH is also supporting its brand and boutique partners with educational workshops on Conscious fashion and trends, while developing Conscious seasonal buying guides to influence more sustainable supply strategies. Thanks to a close collaboration with our partners, 1 in 10 products on FARFETCH Marketplace were identified and labelled as Conscious by the end of 2020.

FARFETCH is committed to consistently improving our Conscious criteria and consumer messaging over time in order to reflect the most recent research, learnings and standards. In light of this, the Conscious criteria are updated once a year to reflect the progress in the industry and raise the bar for our sustainability requirements accordingly.

Quality and safety impacts of our products

We work closely with our brand and boutique partners, who generally hold the responsibility to ensure that the goods they sell via FARFETCH Marketplace comply with all applicable product laws and regulations, such as flammability standards, certificates of compliance and tracking labels. Where the responsibility lies with a FARFETCH entity, we work closely with the brands to ensure compliance. The FARFETCH [Kidswear Product Safety Policy](#) sets out guidelines to highlight the types of products that partners might be restricted to sell via the FARFETCH platform due to product safety restrictions.



LOOKING AHEAD TO 2021

THE FUTURE OF CONSCIOUS LUXURY

In April 2021, we launched our first annual [Conscious Luxury Trends Report](#) in which we explore how consumers are engaging with sustainable ways of shopping and how brands, boutiques and the luxury sector as a whole are responding. Our aim is to publish this report annually from 2021 onwards, to help the industry understand and act on the key drivers of sustainable change by leveraging the relevant insights that we share about FARFETCH Marketplace activity.



POSITIVELY CIRCULAR

Under this pillar we are focused on driving the sales of both Circular products and services as this is where we see one of the biggest opportunities to deliver positive environmental change in ways that help us grow our business.

OUR 2030 GOAL

To be more circular rather than linear

OUR PROGRESS IN 2020

3x

Number of units that were Circular (sold or serviced) grew by 3x, and represented 1% of total units

OUR PROGRESS IN 2020

- In 2020, the total number of circular items sold or serviced increased by 313%¹
- Sales of pre-owned items increased by 53%
- Items sold made from recycled or upcycled materials increased by 144%
- Items sold through Second Life increased by 332%
- Items donated via FARFETCH Donate grew 662% between Dec 2019 and Dec 2020
- FARFETCH Second Life is live in 30 countries across Europe and USA

¹ Refers to the items sold or serviced that are pre-owned, recycled, or offered through Second Life and Donate. Data covers the FARFETCH Marketplace, Brownsfashion.com and Stadium Goods online.



To ensure a sustainable future for fashion we cannot just limit our thinking to products being sold on the FARFETCH Marketplace. At FARFETCH, we have a great opportunity to help our customers extend the life of the items they already own and we have launched services to encourage repairing, re-selling or donating them.

Increasing our circularity is one of our 2030 goals and is designed to have the added benefit of accelerating our progress to net zero. Being circular means that the items we either sell or service should be pre-owned; made from recycled or upcycled materials; or have their lives extended through FARFETCH Circular services via resale, donation or repair.

In 2020, the total number of pre-owned items or items made from recycled or upcycled materials sold on the FARFETCH Marketplace increased by 144% in comparison to 2019. In 2020, the total number of circular products sold plus the number put through our circular services represented 1% of all units sold or serviced.

Making products last longer

We have increased the amount of pre-owned and recycled/upcycled products on the FARFETCH Marketplace, to shine a spotlight on circularity in luxury fashion. Doing this extends the life of existing products and materials, reducing the need for new resources, and the number of items that go to waste. This has the potential to increase substantially driven by the growth in customer demand for recycled, upcycled and pre-owned products, and the scaling up of our service propositions.

Our consumers are asking us for more: according to our [recent study](#) on fashion resale, 38% of respondents mentioned that over half their wardrobe is made up of pre-owned items.

As part of this study we commissioned research to get an up to date displacement rate, the rate at which the purchase of a pre-owned fashion item replaces the purchase of a new item (therefore reducing the demand for additional items that require new resources). We found that 57% of overall pre-owned fashion purchases prevented the purchase of something brand new.

Browns has enabled a number of circular collaborations with designers that specialize in upcycling and pre-owned products. Buying pre-owned enables our customers to own unique items, whilst also extending the life of existing products, thereby creating a positive environmental impact.

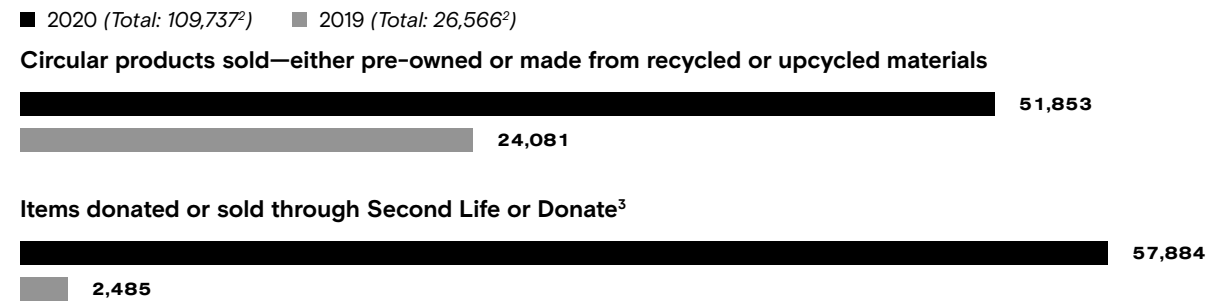
313%

In 2020, the total number of circular items sold or serviced increased by 313% in comparison to 2019¹

¹ Refers to the items sold or serviced that are pre-owned, recycled, or offered through Second Life and Donate. Data covers the FARFETCH Marketplace, Brownsfashion.com and Stadium Goods online.



OUR CIRCULAR PRODUCTS



² Initiatives are only available on FARFETCH Marketplace.

³ FARFETCH Donate was launched in October 2019 and Second Life was launched in May 2019.

FARFETCH circular services

In 2019, we launched two initiatives that enable our customers to sell or donate their pre-owned items. Our [FARFETCH Second Life](#) service enables our consumers to trade-in their pre-owned designer handbags for FARFETCH Marketplace credit. The service is available in 30 countries across Europe and USA, and the number of items sold through the service increased by 332% compared to 2019.

Our [FARFETCH Donate](#) service, powered by our partner Thrift+ in the United Kingdom, allows FARFETCH consumers to donate used clothes, which are then sold via Thrift+'s platform.

One-third of proceeds from the sale is donated to the consumer's chosen charity. The consumer can then choose to either donate another third to charity or receive FARFETCH Marketplace credit. Thrift+ retains one-third of the proceeds for administering the service.

In addition to this and in line with our Positively Circular commitment, we will continue to explore what the environmental and social benefits of our current and future circular initiatives are. We also plan to continue investing in growing sales of circular products and uses of circular services by both investing to grow the existing propositions we have and exploring the opportunities presented by expanding into new services and partnerships.

LOOKING AHEAD TO 2021

EXPANDING THE REACH AND SPECTRUM OF OUR CIRCULAR SERVICES

FARFETCH launched [FARFETCH Fix](#), powered by The Restory, an on-demand service provider of modern after-care for luxury fashion, in February 2021. Through this partnership, we repair and restore designer bags, shoes and accessories to their former glory. This service helps us and our partners extend the life of items, and in doing so have a positive environmental impact.

In June 2021, we launched [FARFETCH Donate](#) in the USA in partnership with thredUP, an online thrift store selling high-quality pre-owned clothes.



POSITIVELY INCLUSIVE

We want to be able to anticipate and meet the needs of the diverse community of creators, curators and consumers we work with, represent and champion. A critical part of successfully delivering this is having a diverse and inclusive workplace.

OUR 2030 GOAL

To be a leader in Conscious Inclusion

OUR PROGRESS IN 2020

6

6 Core commitments made for Conscious Inclusion in the workplace and for our partners

We have a 2030 goal to become a leader in Conscious Inclusion by championing diversity and inclusion in our workplace and the global fashion community.

OUR PROGRESS IN 2020

- GMV for brands on the FARFETCH Marketplace in our Black designer edit increased 66%
- 53% of our employees and 35% of our executive leaders are women¹
- Over 85 nationalities represented by Farfetchers worldwide
- 56% of our new permanent hires were women, this increased to 59% when including temporary roles
- Employees directed 7,000 Kiva loans, providing essential financial resources to microbusinesses in underserved communities in 53 countries
- 94% of Farfetchers completed our Humu employee engagement survey, which reported that 90% would recommend FARFETCH as a great place to work and 87% are passionate about the work they do
- 10 Global People Communities established to support Farfetchers from different backgrounds and identities

¹ Data as of July 2021.

Delivering diversity and inclusion

To achieve our Positively Inclusive ambition we have outlined 6 core commitments:

1. *Setting ourselves targets to achieve diverse representation at every level of the organization.*

We aim to achieve market representation of talent at every level in the organization. At the end of 2020, 53% of our permanent employees and 4 of our 8 board members were women, compared to 51% of permanent employees and 2 out of 8 board members in 2019. In 2020, in order to have a data-driven approach to inform our Conscious Inclusion strategy moving forwards, we started collecting diversity data from our employees and applicants beyond gender, including ethnicity, disability, LGBTQIA+, parental status, veteran status and faith information, to the extent allowed by local laws, including data protection legislation. We aim to set diversity targets and KPIs in order to close any gaps or mitigate any biases that we see.

2. *Evolving our Positively Inclusive culture to foster an ethos of education and empathy. We aim to mitigate bias and address discrimination in all forms, always with our values in mind.*

At FARFETCH we are committed to enabling an anti-discriminatory and Consciously Inclusive culture, holding all Farfetchers accountable to our values. Our FARFETCH for All philosophy, sponsored by our leadership team, is used as a guide to support our community of diverse and talented people, so that we can anticipate and meet the needs of the broad community of creators, curators, and consumers that we work with and represent. According to our recent employee engagement survey, 85% of respondents feel a strong sense of belonging at FARFETCH.

Our global People Communities, as overseen by the Conscious Inclusion Steering Committee, are essential to the growth of our culture. These communities are developed and led by Farfetchers across our offices and include the Black Employee Network, Disability Network, FarOut (LGBTQIA+ Network), FarSan (South Asian Network), Jewish Network, FarLAN (Latinx Network), FARFETCH East Network (East and South East Asian Network), Parents Network, ROTA @ Browns (Race on the Agenda) and Women in Business Network.

Our People Communities run a number of events, networking sessions, career development workshops, advise as thought leaders on commercial and business critical initiatives, and share resources and insights in creating real

change in the workplace. In our [FARFETCH Threads](#) podcast on Spotify, we share conversations among Farfetchers across different teams and geographies. This enables us to tell the real stories about what it is like to work at FARFETCH and how we are building an inclusive culture in our business.

This year we supported our Black Employee Network and FARFETCH East Network, in light of the racial injustice we saw across the world, supporting the Black Lives Matter and Stop Asian Hate movements, holding listening sessions and educational events with our employees, donating to charitable organizations that address systemic racism and discrimination in wider society, and also supporting our employee well-being.

3. *Rewarding all Farfetchers fairly, regardless of their race, gender, sexual orientation, disability or any other part of their identity or background.*

As part of our annual compensation review process, we carry out regular pay equity audits, specifically on gender, to ensure all Farfetchers are paid fairly. With the launch of our diversity data collection exercise, we aim to conduct more robust reviews of our compensation practices across our populations in the future.

4. Investing in our recruitment and career development strategies to ensure all Farfetchers can thrive and succeed with us, by addressing any barriers or biases they may face and widening our talent sources.

We have a number of initiatives that enable all Farfetchers to thrive in a culture of inclusion and build a pipeline of diverse talent that reflects our consumers and society. Our recruitment activities are aligned with our Positively Inclusive commitment, which includes promoting diversity and ensuring fair working practices. In 2020, we hired 1,186 new employees globally of which 56% are women (2019: 1,389 of which 57% women). In 2020, our annual permanent employee turnover rate was 14.8%, a decrease compared to 2019 (22%)¹.

At FARFETCH we have a very strong culture built upon our values and we are constantly working to retain staff and maintain a low turnover rate, as demonstrated by multiple initiatives documented in this section of our report.

Learning and development are important aspects in creating an environment that helps Farfetchers own their career and thrive.

¹ Data includes FARFETCH Limited permanent employees including customer services. It does not include employees of Browns, Stadium Goods or NGG.

CREATING EQUAL OPPORTUNITIES THROUGH EXTERNAL DIVERSITY PARTNERSHIPS

We partner with numerous diversity-specific recruitment organizations such as the [Black Young Professionals Network](#) to build a workplace with greater representation from the black community and other under-represented or minority communities. The network has 50,000 members across five continents and supports FARFETCH with the hiring, retaining, nurturing and upskilling of Black heritage talent. Our first ever graduate program (UK) and our first internship program Elevate (US) drew ethnically diverse hires from these partnerships.

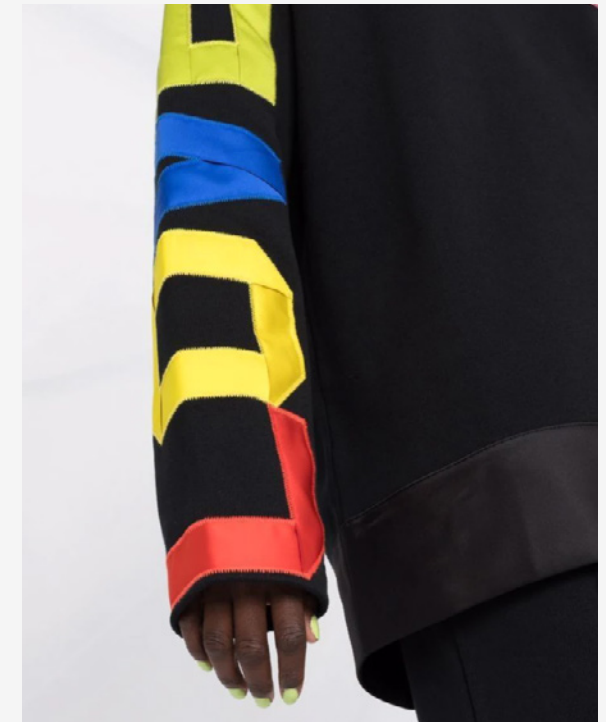
We are also collaborating with the [ColorInTech](#) talent network that aims to increase diversity across the tech industry.

We successfully mentored young Black students as part of [Fashion Minority Report's](#) first Emerging Professionals Mentoring program and our Black heritage employees participated in their first ever Established Professionals Mentoring program with senior mentors across the fashion and tech industries.

Fashion Minority Report also delivered anti-racism training to UK managers to ensure better awareness and allyship in the workplace.

We are actively supporting the careers of LGBTQIA+ communities and people with disabilities. Our partnership with [myGwork](#) for example, a business network for LGBTQIA+ professionals, enables us to engage with and empower talent across the LGBTQIA+ community. We partnered with [HELSA](#) for Pride month to offer LGBTQIA+ training to Farfetchers to become better allies in the workplace and in our China region held our first ever LGBTQIA+ Job Fair and Open Day.

We are also pleased to have signed up to the [Valuable 500](#), committing to support the employability of people with disabilities and health needs.



We expect to continue our partnerships with over 40 different organizations and charities dedicated to supporting diversity, inclusion and under-represented communities, including the [Black in Fashion Council](#), [Fashion Minority Alliance](#) and [She Can Code](#).



VIRTUAL MANAGER DEVELOPMENT TRAINING

In 2018, FARFETCH launched its first Management Fundamentals Development program to help our managers develop the skills and competencies to lead their team, aligned with our values. Previously the program was organized as a two-day in-person experience. Due to the COVID-19 pandemic, we redesigned the experience to be virtual and spread over five modules: Authentic Leadership, Feedback & Feedforward, Growth Mindset, Situational Leadership and Great Conversations. In 2020, we delivered the program to 18 cohorts for almost 300 participants globally.

GO FAR framework

GO FAR is a framework to help our people thrive throughout their FARFETCH journey. GO FAR applies to the entire Farfetcher journey, creating strong foundations and bringing consistency to the key processes that impact our people.

- **Good for FARFETCH:** the ability to live our values.
- **Good for Growth:** the potential to evolve over time.
- **Good for Role:** the skills and competencies required to perform the job today.

Learning and development opportunities

With more than 5,000 people working across 14 countries, we are committed to ensuring that all Farfetchers have development paths for their careers, through customized and inclusive development programs. We encourage all Farfetchers to routinely request and give feedback throughout the year, on top of the two annual opportunities for a performance review.

In 2020, 94.4% of Farfetchers captured their performance reviews through our internal system and we are constantly working to improve this through tutorials, training and communications. Creating environments in which Farfetchers can learn from each other and collaborate on relevant challenges is essential to this. In 2020, we launched our Workday Learning platform to provide a variety of training opportunities for Farfetchers (including in-house designed and delivered workshops and programs, which are supplemented with content from Udemy and Coursera) globally across our operations. This learning platform not only supports our employees' development, but also increases transparency on training-related data which enables us to identify opportunities for improvement. In 2020 the average hours of training undertaken by men was 18.4 and 13.2 for women¹. The figure is higher for men as our technology department has a larger percentage of male employees. On average, our technology team engages in more training to keep up with constant updates and progression in the industry. Within our technology team, women have a higher number of average training hours, i.e. 26.3 vs 22.4 for men.

The platform hosts several courses, including Onboarding workshops, Conscious Inclusion training, Leading Through Change and Manager Fundamentals. We aim for high participation in our training courses, and are proud that:

100%

of our leadership team took the Conscious Inclusion Training in 2020

In addition in 2021, we are providing mandatory Unconscious Bias training to every Farfetcher globally, followed by training on Everyday Inclusion.

Hiring for a diverse and inclusive workforce

Our Talent Acquisition teams adopt a company-wide tool to ensure more inclusive job descriptions. In addition to this, we enhanced targeted sourcing strategies to widen access to diverse candidate pools and increased advertising across Black heritage and ethnic minority candidate specific job boards and networks. The talent team also embed diversity and inclusion expectations, as well as the SEEDs model (mitigating unconscious bias), as part of hiring manager meetings and training sessions.

¹ Data covers FARFETCH and does not cover Browns, Stadium Goods or NGG.

In order to enhance diversity in our early careers programs, we are actively recruiting a more diverse pipeline of talent from under-represented groups into our organization, through our FARFETCH Elevate internship program (US), our new graduate program (UK) and our [Plug-In program](#) (Portugal).

5. Ensuring the FARFETCH Marketplace and platform includes, and is accessible to, a representative spectrum of social identities and needs.

For our customers, we aim to ensure the FARFETCH marketplace and platform includes, and is accessible to, a representative spectrum of social identities and needs. Our aim is to have an inclusive representation across all our editorial content and marketing activities.

We have had a number of Consciously Inclusive marketing moments and activations across the calendar including International Women’s Day, Pride Month, Lunar New Year, Ramadan and Black History Month, alongside embedding everyday Consciously Inclusive content across all our channels in surfacing designers, brands and boutiques owned by members of under-represented communities.

We have set targets to further our inclusive representation in 2021 across marketing, casting and customer engagement.

In addition, our accessibility program with champions across our Tech division aims to ensure we are working on improving our accessibility across our website and app.

6. Giving dedicated space for expression, additional commercial support, and above benchmark visibility to designers and businesses from under-represented communities.

We are actively championing the value of Conscious Inclusion across the whole fashion community, including our focus on increasing the number of Black heritage designers on our platform and developing new partnerships such as with [The Folklore](#), an online retailer dedicated to designers from Africa and its diaspora. These efforts have resulted in an increase of Black designer brands sold through the FARFETCH Marketplace. We have also developed our Black designer strategy to support emerging Black owned brands on our marketplace.

GMV for brands in our Black designer edit on the FARFETCH Marketplace increased by 66% compared to 2019. We plan to continue providing a dedicated space for expression, additional commercial support. For our suppliers, in 2021 we are setting up our first inclusion and sustainability program in our Procurement team across the UK, US and Portugal to increase onboarding of minority owned supplier businesses to our supplier list.

Health and safety

We are committed to managing and operating FARFETCH in a manner that is protective of human health and safety, as well as the environment, as outlined in our [Code of Business Conduct and Ethics](#).

For example, in Portugal, where we have the largest population of Farfetchers, health and safety is an important aspect of our strategy.

In order to increase awareness on this topic, we introduced an online Health & Safety course to promote a well-being culture and risk prevention for all Portugal Farfetchers. On site we have 2 nurses and 1 health and safety specialist, which is fundamental for the development of a health and safety culture on a daily basis. We address important issues, such as risk prevention, internal procedures, and healthy practices in the workplace. As a response to the COVID-19 pandemic, we launched additional training on the internal outbreak response plan and our safety culture.

REACTING TO THE COVID-19 PANDEMIC

Our top priority has been the health and well-being of Farfetchers, our boutique and brand partners, and our customers. For Farfetchers we ensured they were safe and healthy, and supported them to work from home. We built global communications tools and work from home guides for our local Office Management teams to tailor and send locally at the appropriate times. We also built a suite of caring initiatives, including an exceptional bonus for Farfetchers to look after themselves, time off for working parents and carers, and a special breakfast to celebrate our 12-year anniversary in October 2020. We ensured our leadership team were as visible as possible and provided regular opportunities for Farfetchers to ask questions about the ongoing situation, through channels such as global calls, video diaries, slack and Q&A sessions, enabling our people to connect with each other and learn more about the business response to the pandemic. For our boutique and brand partners, whose stores were closed and businesses significantly impacted by the lockdowns, we launched our #SUPPORTBOUTIQUES campaign. We increased visibility of their stock, provided discounts to our fees and supported them with fulfillment services, guidelines and protective wear to ensure the safety of their employees where needed.

Engagement and well-being

Conducted annually, our Company-wide employee happiness survey, Humu, enables us to understand and act upon the topics most important to our employees. Our September 2020 survey had a 94% response rate (compared to 88% in 2019). The results showed that 90% of respondents would recommend FARFETCH as a great place to work and 87% are passionate about the work they are currently doing.

We aim to continue to promote and raise awareness for our current internal benefits and offerings, which enables our employees to select the benefits that accommodate their personal needs. To support our employees' mental well-being, we have partnered with Unmind, a workplace mental health platform to help empower Farfetchers to live more fulfilling and balanced lives by changing the way we approach mental health. FARFETCH sponsors this benefit for each employee plus one friend or family member, and many teams use it during meetings and training sessions.

FARFETCH's benefits program covers several other impact areas, including physical, financial, family, work-life balance and giving back to a good cause. For instance, our Give As You Earn program enables our employees to support a charity or cause close to their heart through direct donations.

Supporting communities

As part of our Positively Inclusive commitment, we look for ways to extend our positive impact and support beyond our direct operations. Each year, we sponsor every Farfetcher's opportunity to provide capital for the underserved by micro loaning in partnership with [Kiva](#). In 2020, the Company directed over 7,000 Kiva loans (over 85% of which were awarded to women) with a total value of \$169,300 to help underserved communities thrive in 53 countries globally.

In addition, every Farfetcher also gets two 'Giveback Days' a year to volunteer for a cause close to them. However, due to the COVID-19 pandemic, there were fewer opportunities to use these days in 2020, so we converted them to 'Caring Days' for our employees to focus on themselves and their mental well-being.



LOOKING AHEAD TO 2021

LAUNCHING OUR POSITIVELY LIVING STRATEGY

In 2021, we launched our Positively Living strategy, built around seven key well-being dimensions that contribute to our employees' sense of happiness and quality of life. The strategy is supported by our Well-being Steering Committee, which guides and oversees the progress of our ambition. Our strategy is informed by our first annual Positively Living Index study, an ongoing Company-wide pulse survey in which we measure psychological, financial and physical well-being of our employees. We had a response rate of 48% during our latest survey in April 2021, and aim to continue driving participation through employee communications and engagement.



GOVERNANCE AND ENGAGEMENT

At FARFETCH, our values are at the heart of everything we do and we use them as a guide to make decisions and empower our people, our customers and the partners we work with. Our governance is about more than compliance. It is about business ethics, being human and creating a culture of sustainability.



OUR PROGRESS IN 2020

- We are working with EcoVadis to complete sustainability assessments of our key suppliers, to help them understand and improve their social and environmental impact
- We joined the Board Challenge, an initiative to improve the representation of Black Directors in corporate US boardrooms, as a Charter Pledge Partner
- 75% of Board Committee chairs and 50% of Board members are women

Governance

An effective governance structure is essential to embed our Positively FARFETCH strategy at all the levels of our organization and deliver long-term value. Our aim is to enable Farfetchers to drive positive change and give our partners and stakeholders the platform to make a difference.

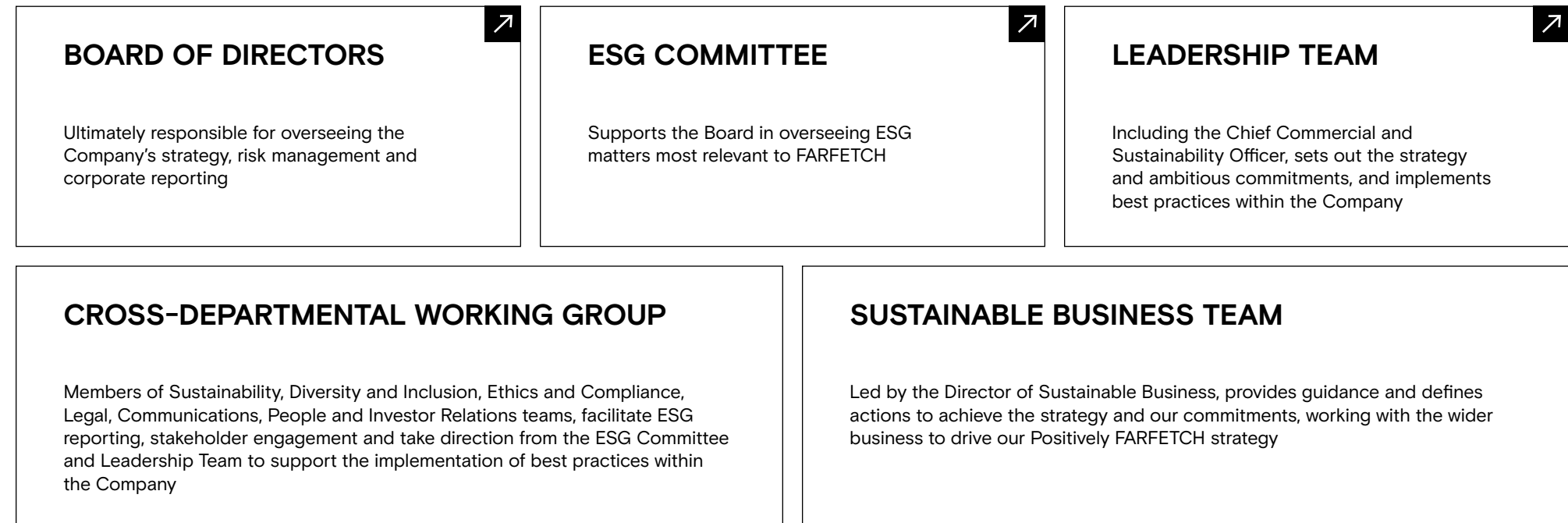
FARFETCH is overseen by our [Board of Directors](#) and [four committees](#). The Board of Directors (the Board) consists of eight members of which seven are non-executive directors, bringing in a wealth of experience and expertise to FARFETCH¹.

Four of our directors are women, representing 50% of the composition of the Board. In 2020, we joined the Board Challenge, an initiative to improve the representation of Black Directors in corporate US boardrooms, as a Charter Pledge Partner.

The Board's four standing committees: Audit, Compensation, Nomination & Corporate Governance, and ESG² are responsible for the oversight of the management and performance of their focus area as defined by their respective [charters](#). In 2020, we formed an [ESG Committee](#), chaired by Stephanie Horton, an independent director, of which our Founder, Chairman and CEO, José Neves is also a member.

The Committee oversees the Positively FARFETCH strategy implementation and progress. While the Board is ultimately responsible for the direction of the company's strategy and activities, the implementation of our strategy and progress on our commitments is monitored and supported at several levels within the organization.

- 1 We have eight Directors, all of whom, other than Mr. Neves and Mr. Evans, have been determined by the Board to qualify as "independent" pursuant to the rules of the NYSE.
- 2 More information on our committees can be found in our [2020 Annual Report](#) on page 110 and the [FARFETCH Investors website](#).





Compensation linked to our ESG Strategy

Compensation linked to Objectives and Key Results (OKRs) is a key part of our reward framework. The majority of our leadership team have ESG-related OKRs linked to their compensation, that is further embedded in the objectives of their teams throughout the business. The OKRs span across our Positively FARFETCH strategy, and it includes among others, our progress related to our Conscious Inclusion commitment.

Business ethics policies and training

Our policies and management systems provide the base of our culture of compliance and integrity, and address risks across our organization. This culture establishes that it is essential that all Farfetchers act with the highest levels of integrity. Our core principles and standards of business ethics that we require all Farfetchers to adhere to, are set out in our [Code of Conduct](#).

Looking beyond our own operations, we also expect our suppliers to meet our high standards, which are outlined in our [Vendor Code of Conduct](#) and our [Ethical Sourcing Policy](#). Our Vendor Code of Conduct for example covers a number of key concepts, ranging from human and labour principles to environmental and compliance principles. To see the list and links to all our company policies, please view [page 28](#).

Each permanent employee at the Company is required to complete our global ethics and compliance training modules and attest to certain company policies, which cover areas such as Insider Trading, Speak Up channels, Anti-Bribery, Anti-Corruption, Data Privacy and Cyber Security. In addition, upon joining FARFETCH and thereafter, our employees must certify that they understand and will comply with our [Code of Conduct](#).

LOOKING AHEAD TO 2021

LONG-TERM INCENTIVE PLAN

In May 2021, we further aligned with shareholder interests through a long-term equity award granted to the Company's Founder, Chairman and CEO, which provides compensation solely in the form of share price performance-based restricted share units. More information on the LTIP can be found [here](#).

ANTI-HARASSMENT AND ANTI-DISCRIMINATION STATEMENT

In 2020 we established an Anti-discrimination and Harassment Committee that aims to ensure that we tackle discrimination related issues seriously and fairly across the globe. Concerns raised via our speak up channels involving harassment or discrimination related to any legally protected characteristic, are escalated to the Anti-Discrimination and People Conflicts Committee on a confidential basis for review of outcomes to ensure fairness, consistency, and alignment with FARFETCH values.

We define discrimination as less favorable treatment based on any legally protected characteristic (which may be defined differently in each region), including but not limited to sex, race (including traits historically associated with race, including, but not limited to, hair texture and protective hairstyles), ethnicity, religion or belief, age, gender identity, gender transition, ancestry, sexual orientation, military or veteran status, marriage and civil partnership, pregnancy and maternity, national origin, citizenship, disability (including certain medical conditions), genetic information, or any other basis protected by applicable law.

In 2021, a mandatory attestation campaign of the renewed [Anti-Harassment and Anti-Discrimination Statement](#) was rolled-out to all Farfetchers. Updates to policy training for our People team and managers are planned across all regions.

JOINING FORCES WITH OUR SUPPLIERS

In 2020, we started working with EcoVadis to measure both the social and environmental performance of our procurement suppliers. This partnership is expected to enable FARFETCH to work with key suppliers on key actions they can take to improve their performance and reduce their ESG impact.

Speak Up culture

We encourage our employees to be themselves, look after other Farfetchers and help them become successful, as well as speak up whenever they feel they have something to say. The speak up culture at FARFETCH represents our open door policy encouraging Farfetchers to always do the right thing, ask questions when they don't know what the right thing is, and report it when they see the wrong thing being done.

To maintain our culture of speaking up we have five speak up channels including two anonymous channels—a speak up line and portal—which are available 24/7 globally for our employees and external parties, including suppliers, to raise any concerns or questions.

All reports made via a Speak Up channel are treated seriously and, to the fullest extent possible, confidentially. FARFETCH prohibits any retaliation or unlawful discrimination for speaking up in good faith. Details of how to access any of our five Speak Up channels and our policy of non-retaliation are included in our [Code of Business Conduct and Ethics](#).

Tax strategy

The tax approach for FARFETCH Limited and its subsidiaries consists of a tax governance structure and a control framework, including a [tax strategy](#), a tax risk register, and documented processes. Ultimate responsibility for our tax strategy lies with the Board of Directors. The Company has a zero-tolerance approach to facilitating tax evasion. Following the enactment of the UK's Criminal Finance Act 2017, the Company operates a Preventing Tax Evasion Policy. More information on our tax and compliance-related reporting can be found in our [2020 Annual Report](#).

Data privacy and cyber security

Being a data-driven business, FARFETCH takes privacy and data protection matters seriously, pursuing high standards in each and every project, partnership and initiative that involves the processing of personal data.

We process personal data from our own customers, partners, brand's customers and employees based around the world, within its daily business activities, as well as the development of new and revolutionary initiatives for luxury partners.

The Company considers that personal data must be managed with respect for privacy and data protection principles, committing to the processing of such data in a lawful, fair, and transparent manner, as well as in compliance with the General Data Protection Regulation (GDPR) and other applicable data protection laws (CCPA, LGPD, amongst others). We and our affiliates have a number of Privacy Policies which set out the information we collect, the reason why we collect the information, and how we can use and share the information in compliance with the data protection laws in relevant jurisdictions.

Links to all of our Privacy Policies can be found in the report Annex. For more information on our approach to data privacy please see page 75 of our [2020 Annual Report](#).

In order to achieve such compliance, FARFETCH implemented an organizational structure for managing data protection and information governance, providing strong leadership, clear reporting, accountability and effective information flows. Whenever a third-party or provider is engaged to process personal data jointly or on behalf of FARFETCH makes sure to enter into contractual obligations with this party to ensure its high standards of privacy are maintained but also to request security and privacy documentation in order to conduct a privacy assessment.

Our security measures, and those of our third-party service providers, aim to detect or prevent attempts to breach our or their systems. Our security systems are certified with PCI-DSS Level 1, SOX and MLPS, and are also aligned with ISO 27001, NIST and COBIT to ensure our controls are comprehensive and consistent. Our information security program is externally evaluated and assessed by EY against their Cybersecurity Program Assessment framework.

ANNEX: ABOUT THIS REPORT



This 2020 ESG Report provides an overview of our progress towards our commitments outlined in the Positively FARFETCH strategy. The activities, initiatives, progress and metrics mentioned in this report cover all of our businesses under FARFETCH Limited and its subsidiaries, unless otherwise noted. FARFETCH is defined as the business activities performed by FARFETCH Limited and its consolidated subsidiaries. We plan to continue improving the quality of our ESG data by improving internal data management systems and obtaining external assurance on selected metrics in future ESG Reports.

The reporting period follows the financial year 2020 (FY20), which runs from January 1, 2020 to December 31, 2020. The information in this year's report is aligned with the Sustainable Accounting Standards Board (SASB) and Global Reporting Initiative (GRI) recommendations. Relevant policies, reports and other documents referenced throughout this report and outlined on [page 30](#) are intended to inform our stakeholders.

This Environmental, Social and Governance Report ("ESG Report") contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this ESG Report that do not relate to matters of historical fact should be considered forward-looking statements, including, without limitation, statements regarding our 2030 Goals, our future business expectations and expectations about the luxury industry, our environmental, social and governance goals, planned activities and objectives, our strategic priorities and objectives, as well as statements that include the words "expect," "intend," "plan," "will," "believe," "estimate," "may," "should," "anticipate" and similar statements of a future or forward-looking nature. These forward-looking statements are based on management's current expectations. These statements are neither promises nor guarantees, but involve known and unknown risks, uncertainties and other important factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to, the impact of COVID-19 on our business operations and the other important factors discussed under the caption "Risk Factors" in our filings with the U.S. Securities and Exchange Commission, as such factors may be updated from time to time. In addition, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements that we may make. You should not rely upon forward-looking statements as predictions of future events. In addition, the forward-looking statements made in this ESG Report relate only to events or information as of September 13th, 2021, the date of this ESG Report. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

ANNEX: ADDITIONAL SOURCES

Document name	Description
2020 Annual Report	Report on our financial-related information.
Anti-harassment and Anti-discrimination Statement	Statement outlining our global stance on harassment and discrimination in the workplace and at work related events.
Code of Business Conduct and Ethics	This policy serves as a guide of principles and standards for Farfetchers day-to-day activities, helping them to work and make the right decisions.
Conscious Materials, Processes and Certification & Banned Furs	Providing an overview of all conscious materials, processes and their certifications, as well as furs banned from FARFETCH.
Ethical Sourcing Policy	Outlining the principles FARFETCH expects all its partners and other suppliers to comply with, including providing an environment which protects their employees' health and safety, basic human rights, protecting the environment and excluding products made from fur or endangered species.
FARFETCH Vendor Code of Conduct	Outlining the main principles FARFETCH adheres to and expects all its business partners providing goods or services to comply with.
Governance-related documents	Including Committee documents and Corporate Governance Guidelines.

Document name	Description
Investor-related information	Including information on our business, financial news, presentations, financial reports, corporate governance and ESG related information.
Modern Slavery Statement	Statement in line with section 54 of the Modern Slavery Act 2015.
FARFETCH Privacy Policy; Browns Privacy Policy; Stadium Goods Privacy Policy; FARFETCH Group Candidate	Outlining how we collect and use customer data.
NGG brands: Ambush; Heron Preston; Marcelo Burlon; Off-White; Opening Ceremony; Palm Angels	
Tax strategy	Outlining our approach on tax management and governance.

An up to date list of our policies can be found [here](#).

ANNEX: DATA TABLES

We plan to continue assessing opportunities to improve our ESG reporting approach and are committed to increase transparency, which will be crucial for improved performance. This year, we share our ESG data for key metrics relevant to our business and the fashion community. The metrics cover all of our businesses under FARFETCH Limited and its consolidated subsidiaries, unless otherwise noted.

Positively Cleaner

Climate change adaptation and mitigation

		2020 ¹
GRI 305-5	Total GHG emissions in tCO ₂ -eq	264,238
GRI 305-1	Scope 1 emissions in tCO ₂ -eq and percentage of footprint	637 (0.2%)
GRI 305-2	Scope 2 emissions in tCO ₂ -eq and percentage of footprint (market based)	2,651 (1%)
	Scope 2 emissions in tCO ₂ -eq (location based)	3,942
GRI 305-3	Scope 3 emissions in tCO ₂ -eq and percentage of footprint	260,950 (98.8%)
	Purchased goods ² and services in tCO ₂ -eq and percentage of scope 3 emissions	102,144 (39%)

¹ No primary data was collected in 2020 for scope 1 and 2, given the small contribution to the footprint, as highlighted in 2019. 2019 GHG emissions were linearly extrapolated to 2020 based on m2 change between both years. Change in renewable electricity supply between both years was taken into account and adapted accordingly. Emission factors used: Scope 1: DEFRA—Greenhouse gas reporting: conversion factors 2019.

² Products directly purchased or manufactured.

		2020
SASB CN0404-04.	Downstream transportation and distribution in tCO ₂ -eq and percentage of scope 3 emissions	145,976 (55%)
	Other emissions in tCO ₂ -eq and percentage of scope 3 emissions ¹	12,830 (4.8%)
GRI 302-1	Total energy consumption (in kWh) from within the organization	10,497,106
	Total energy consumption (in kWh) from within the organization (non renewable)	7,738,313
i.	Percentage of renewable energy ²	26%

1 Covers Upstream transportation and distribution, Waste generated in operations, Business travels, Employee commuting, Product use*, End-of-life treatment of sold products*, and Franchises.

2 Renewable electricity use for 2020 was calculated based on the m2 and the moment in the year the renewable electricity tariff was introduced. Renewable energy is considered to have no CO₂ emissions.

*From products directly purchased or manufactured.

Operational environmental impact

		2020
GRI 306-3	Total weight of waste generated in metric tons ³	11,795

3 Data based on waste generated in our direct operations. Waste emissions calculated in 2019 were updated based on property m2 change between 2019 and 2020. In addition, primary data was collected in 2020 for the first time for the photo studio and multiplied by average transportation distances for waste treatment, and the corresponding ecoinvent waste treatment emission factors.

Positively Conscious

Product traceability and transparency

		2020 ⁴
GRI 308-1, 414-1	Number of suppliers assessed on social and environmental topics (percentage)	100% brand partners assessed plus an additional 487 brands sold on the FARFETCH Marketplace sourced via boutiques

		2020 ⁴
SASB CG-AA-440a.2.	Percentage of raw materials certified by Good on You (GoY) and other standards.	<p>Conscious products represent 5.5% of Group GMV</p> <p>On the FARFETCH Marketplace 6.7% of Group GMV was Conscious with 51% brands meeting the GoY standards and 49% qualifying via other standards, incl GOTS, BCI, Certified tanneries etc</p>

4 Data refers to the brand partners on the FARFETCH Marketplace.

Positively Circular

Product durability and circularity

	2019	2020
Total circular items sold or serviced ¹	26,566	109,737
Circular products sold—either pre-owned or made from recycled or upcycled materials	24,081	51,853
Items donated or sold through Second Life or Donate ²	2,485	57,884

1 Initiatives are only available on FARFETCH Marketplace.

2 FARFETCH Donate was launched in October 2019 and Second Life was launched in May 2019.

		2020
GRI 301-3	Total percentage of circular products sold or serviced	1%
i.	Percentage for the FARFETCH Marketplace	1.4%
ii.	Percentage for Browns	0.8%
GRI 301-2	Percentage of recycled, upcycled or pre-owned items sold on the FARFETCH Marketplace	0.7%

Positively Inclusive

Employee diversity and inclusion

		2020
GRI 405-1b	Total number of permanent employees	5,441
i.	Percentage of women permanent employees	53%
	Percentage of men permanent employees	47%
ii.	Percentage of under 30 ¹	39%
	Percentage of 30–50 years old ¹	60%
	Percentage of over 50 years old ¹	1%

¹ Data includes FARFETCH Limited permanent and temporary employees excluding Browns, Stadium Goods or NGG.

Skills training and empowerment

GRI 401-1a	New hires ²	2020
i.	Total number of new hires	1,186
ii.	Breakdown by gender	Women – 56% Men – 44%
iii.	Breakdown by age group	Under 30 – 55.65% 30–50 years old – 43.59% Over 50 years old – 0.76%
iv.	Breakdown by geographical area	EMEA – 75.04% NA – 3.54% APAC – 18.04% LAC – 3.37%

GRI 401-1b Turnover ²		2020
i.	Employee turnover rate	14.8%
ii.	Breakdown by gender	Women – 15.3% Men – 14.3%
iii.	Breakdown by age group	Under 30 – 15.04% 30–50 years old – 14.65% Over 50 years old – 11.27%
iv.	Breakdown by geographical area	EMEA – 13% NA – 17.4% APAC – 22.2% LAC – 30.5%

GRI 401-1b Training ²		2020
i.	Average hours of training by gender	Women – 13.2 Men – 18.4

		2020
GRI 404-3	Percentage of employees who received a regular performance and career development review	94.4%

² Data includes FARFETCH Limited permanent employees, excluding Browns, Stadium Goods or NGG.

Employee well-being, health and safety

GRI 403-9a		2020 ¹
i.	Number of fatalities as a result of work-related injury	0
ii.	The number of high-consequence work-related injuries (excluding fatalities)	0
iii.	The number of recordable work-related injuries	21

¹ Data covers our Portugal operations where the largest number of Farfetchers across our operations are located.

Governance and Engagement

Compliance and business ethics

GRI 205-2b	Percentage of employees that anti-corruption policies and procedures have been communicated to	100%
GRI 205-2	Percentage of permanent employees that are required to receive training on anti-corruption	100%

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