



SHEIN X

Empowering Creativity

2023 Sustainability and Social Impact Report

SHEIN

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ABOUT THIS REPORT

Welcome to our third annual Sustainability and Social Impact Report, where we share:

- Our environmental, social and governance (ESG) goals, progress and performance metrics for financial year 2023 (Jan. 1, 2023 to Dec. 31, 2023).
- A detailed account of how our evoluSHEIN roadmap drives our environmental and social impact initiatives and how we are evolving for the future.
- Select information reported with reference to the Global Reporting Initiative (GRI) 2021 Standard for certain report sections. Additional context, where relevant, is provided in our GRI Index.

- Assurance for select information, to the limited assurance standard, by an external independent assurer as per International Standard on Assurance Engagements (ISAE) 3000.
- Our commitment to the Ten Principles of the UN Global Compact and our progress against these principles.



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A Note From Our CEO

I am honored to present SHEIN's third annual Sustainability and Social Impact Report. As my team and I reviewed our progress this year, it prompted us to deeply reflect on the impact we have on the world around us.

At SHEIN, our mission is to make the beauty of fashion accessible for all. However, we recognize that producing affordable apparel and delivering it quickly to our customers all over the world comes with significant challenges that we, along with the rest of the industry, must address.

I am proud of our team's efforts to date in mitigating our environmental impact and promoting positive social change, but we acknowledge that we are still early in this journey and have much to improve. This report demonstrates our serious commitment to these responsibilities, which is backed by our dedication of substantial resources to addressing our biggest challenges. We are just getting started.

SHEIN's on-demand business model gives us a strong foundation to bring technology and efficiency to the traditional retail sector. Our technology-driven supply chain helps to reduce inventory waste, a critical driver for us to offer affordable prices to consumers. We strive to instill a mindset of waste minimization across our partner ecosystem, from initial design to the final product. We believe this on-demand model is not only our competitive advantage for delighting consumers but also key to mitigating our environmental impact.

Since launching our evoluSHEIN social and sustainability strategy, we have taken fundamental steps in 2023 to drive progress towards our targets, enhance our governance systems, and build a network of partners to support our sustainability journey. Looking ahead, two areas will continue to be particularly critical for our team: further improving supply chain governance, and managing our carbon footprint, particularly in our Scope 3 emissions.

On supply chain governance, we have continued to strengthen programs for both enforcement and empowerment. As signatories of the UN Global Compact (UNGC), we support the Ten Principles focused on human rights, labor, environment, and anti-corruption, and expect our suppliers to share our commitment to such principles. To address labor and human rights risks, we have tightened standards under our Supplier Code of Conduct and SHEIN Responsible Sourcing (SRS) Policy, and stepped up our supplier audit program, in partnership with third-party verification agencies, to ensure that our suppliers comply with our standards. Balancing remediation and penalization, we have supported our suppliers with training to address compliance risks within their operations, while taking the firm but necessary step to terminate working relationships where warranted. We also continue to invest in programs that support our suppliers in continually improving the wellbeing of their workers, their families, and their communities.

On our carbon footprint and impact on the environment, we have continued our efforts to manage our impact across our value chain, and advance our circularity ambitions, leveraging our technological edge. We work directly with our suppliers to transition to renewable energy and implement more efficient processes to reduce energy, water and chemical usage, as well as with our logistics partners to offer more green options in last-mile delivery. We are using more responsible materials in our garments and packaging, and are engaged in research to scale the use of textile-to-textile recycled polyester and water-saving processes in our supply chain. We are also engaging more of our customers in circularity, by expanding our circular platforms and programs to more geographies.

Our work in 2023 has laid the groundwork for further improvements in the years ahead. Since then, we have already made progress – establishing our ESG external advisory board, expanding our

SHEIN X independent designer program, and announcing a significant Circularity Fund that will accelerate our sustainability progress while supporting other innovative start-ups in the UK and Europe ecosystems. While we are still in the early stages of our journey, we have a strong foundation and will build on the momentum from each accomplishment, no matter how modest.

We are committed to getting better every day and will remain anchored by the fundamentals in our evoluSHEIN roadmap. Our goal is to build a resilient business that contributes to a more equitable and sustainable future for all.



Sky Xu, CEO, SHEIN



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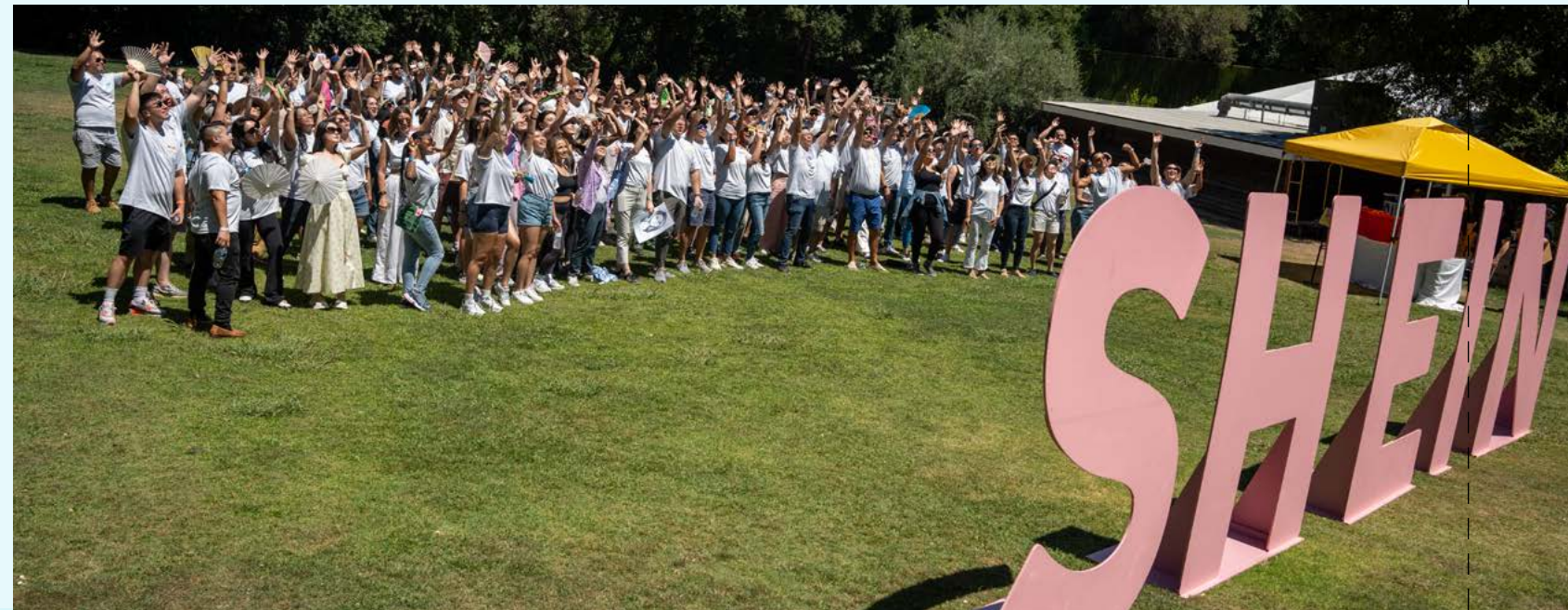
Just over a decade ago, SHEIN was launched with the mission to make the beauty of fashion accessible to all. SHEIN has since established a truly global presence, serving customers in more than 150 countries from key centers of operation including Brazil, China, Ireland, Singapore and the USA.

SHEIN is all about offering the products people want at more affordable prices. Our product offerings are ever evolving to meet the diverse needs and preferences of our customers, as we aim for every customer who visits our platform to feel seen, included and valued by finding products that express their individuality.

We have a full range of products under SHEIN and our sub-brands¹ (collectively, “SHEIN-branded” products), covering women’s, men’s and children’s apparel, footwear, cosmetics and home product categories.

With the launch of our integrated marketplace across select markets in 2023, we are, for the first time, also enabling third-party sellers to list items on our site, supporting them in reaching customers globally.

¹ Refers to sub-brands that SHEIN directly controls. We also license some brands owned by us to external parties and have limited control over the usage of these brands.
² Refers to full-time employees across all countries who signed an employment contract directly with SHEIN.
³ Defined as Tier 1 suppliers of finished SHEIN-branded products holding direct procurement contracts with SHEIN entities.



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On-Demand Business Model

We analyze demand signals from the way users engage with our app or website, and use these insights to make the products we know our customers want, when they want them.

We continuously monitor and track the gap between existing stock and projected customers' needs to understand where and when we need to procure additional units. This digitalized process ensures that we obtain the appropriate number and types of products from our suppliers based on our customers' orders.

By adopting an on-demand business model, we strive to offer diverse products at accessible prices, while also seeking to reduce inventory waste left over from unsold products in SHEIN's warehouses.

For more details on our business model, please visit sheingroup.com.

Elevating Customer Experience, Empowering Businesses

In May 2023, we announced the launch of our global integrated marketplace, hosting local and international third-party sellers on our site alongside SHEIN brands. This new marketplace is set to enhance the customer experience, providing access to an increased variety of products and improved logistics, with shorter delivery times and lower costs.

Our integrated platform also empowers small and independent businesses to grow, connecting them with our extensive global customer base and equipping them with the tools to succeed. Sellers can leverage SHEIN's social media and marketing expertise, gain access to real-time market insights and utilize SHEIN's global logistics and distribution ecosystem for order fulfillment. They can also participate in our AcceleraSHEIN seller-empowerment program, which offers weekly training sessions and workshops conducted by professional consultants and unlocks incentives like product showcases and traffic boosts.



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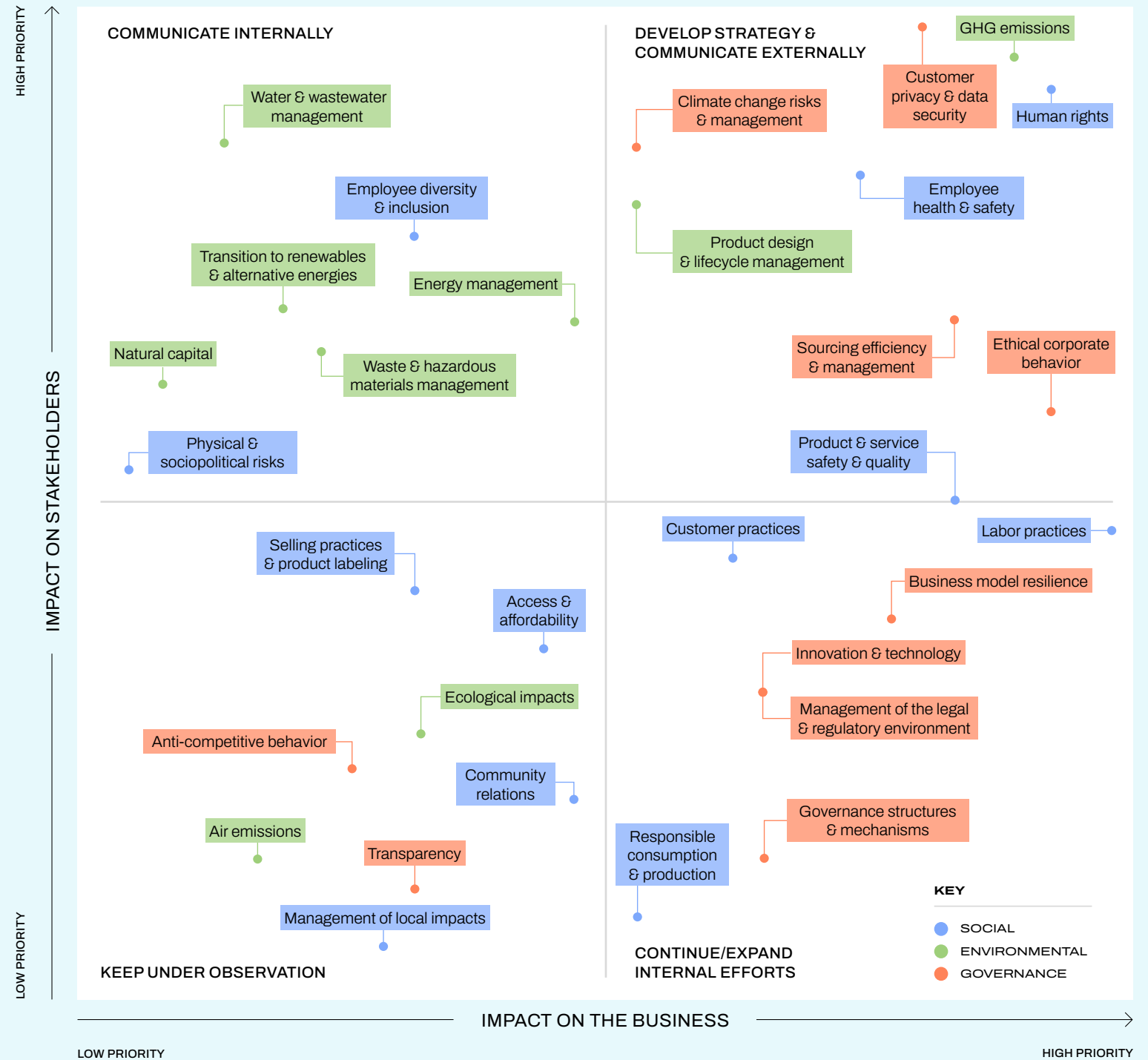
Materiality: Identifying Priority Areas

A materiality assessment serves as a strategic compass, identifying areas of risk and opportunity and guiding companies through the most appropriate strategy for their organization.

SHEIN's approach to sustainability and social impact is guided by our ongoing efforts to understand and address specific ESG issues that impact our organization and the key stakeholders in our ecosystem. We first conducted a double materiality assessment in 2022 with BSR, which informed our annual reporting for the year and the development of our [evoluSHEIN roadmap](#).

During 2023, we leveraged [Datamaran](#), a cloud-based software analytics platform, to undergo an updated materiality assessment process that leveraged machine learning to analyze material issue trends in the ESG reports of similar companies. We also conducted a survey involving SHEIN's senior leadership, company operational teams and external ESG groups including business partners and civil society representatives, and incorporated these stakeholders' views on key ESG-related issues with impact to the company into our assessment.

The findings from the 2023 materiality assessment, together with the strategic pillars and key priorities in our evoluSHEIN roadmap, have guided SHEIN's social and sustainability work in 2023, and informed our disclosures in this annual report. SHEIN will continue to update and refine our materiality assessment process in the coming years to better align our social and sustainability goals to emerging trends and ensure that our efforts are focused on our most significant areas of material impact.



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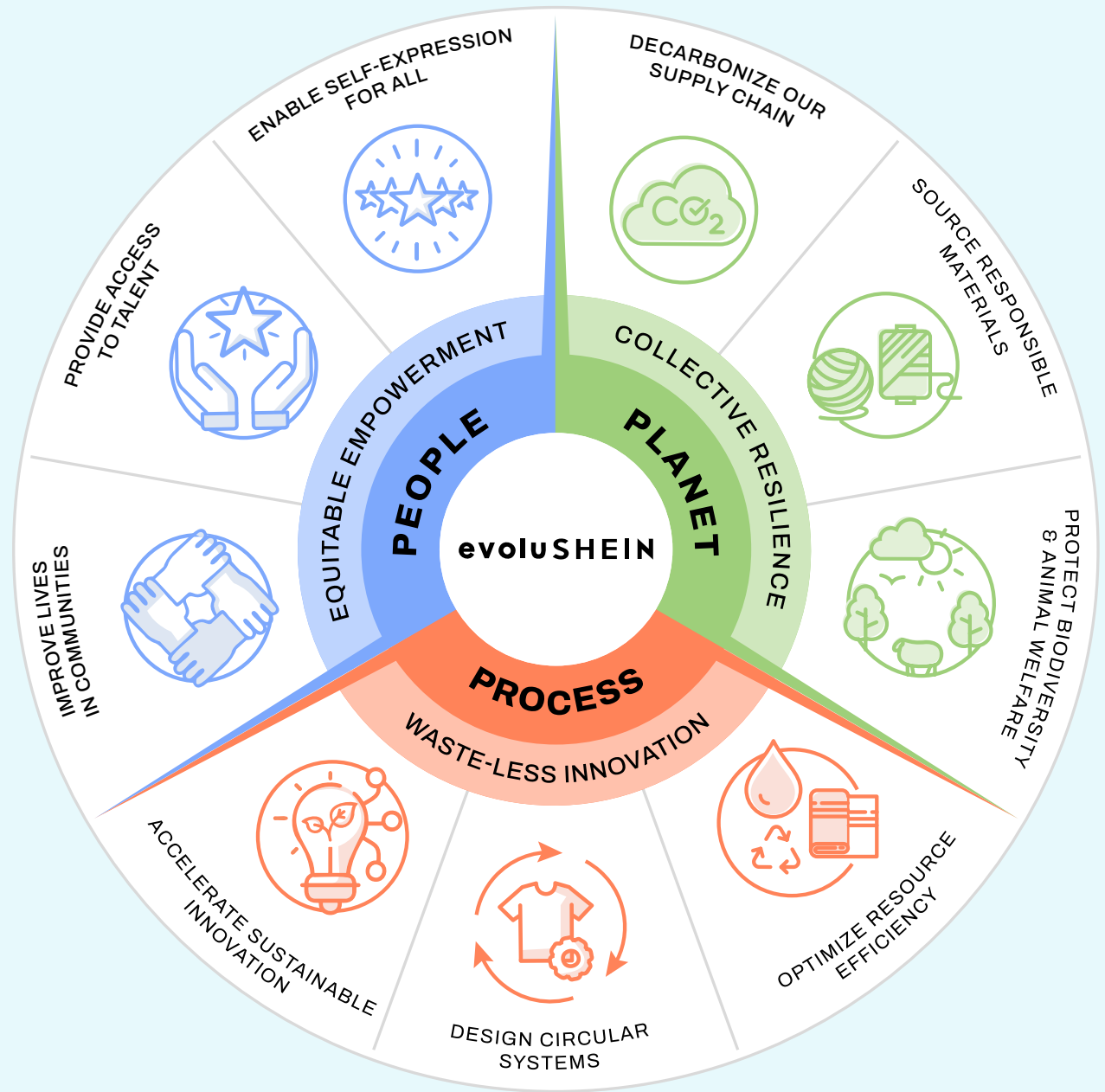
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Accelerating the Evolution Towards a Desirable Future Accessible to All

Our mission is clear — to bring inclusive and affordable fashion to everyone, regardless of culture, gender, age, body type, ability or economic status. We believe our three-pillar ESG strategy, the evoluSHEIN roadmap, will be critical in getting us there while also guiding us towards a more desirable and sustainable future.

Our evoluSHEIN roadmap represents a comprehensive strategy for delivering positive impact across key social, environmental and governance issues, and making continual improvements across our value chain.

The roadmap is designed to address the critical challenges facing the wider fashion industry, as well as ESG areas that present the most material risks and opportunities for SHEIN and stakeholders within our ecosystem. Building on three strategic pillars: Equitable Empowerment (**People**), Collective Resilience (**Planet**) and Waste-Less Innovation (**Process**), our evoluSHEIN strategy anchors our commitment to being a responsible corporate citizen, improving lives in the communities we reach and protecting the environment we all share.



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Targets and Aspirations

OUR PEOPLE PILLAR:

EQUITABLE EMPOWERMENT

People are at the center of everything we do. Wherever our business has an impact, we strive to empower our customers, employees, brand partners, suppliers and members of the larger global community to achieve their full potential.

We have set aspirations that empower these stakeholders to hold us accountable to be a:

- Preferred brand for customer self-expression.
- Top-ranked employer for employee talent.
- Preferred brand partner for creative talent collaborations.
- Preferred responsible purchasing partner for suppliers.
- Responsible corporate citizen that improves lives in the communities we reach.

OUR PLANET PILLAR:

COLLECTIVE RESILIENCE

Through collective action, we strive to decarbonize our supply chain, source responsible materials and protect biodiversity and animal welfare.

Our operational teams and supply chain partners are working to reduce the environmental footprint of our products and facilities, guided by the following goals:

- Reduce our greenhouse gas (GHG) emissions (Scope 1, 2 and 3) by 25% by 2030.
- Reach net-zero emissions by no later than 2050, in line with the Science Based Targets initiative (SBTi) Net-Zero Standard.
- Use electricity only from renewable sources for operations directly managed by SHEIN by 2030.
- Source 100% forest-safe viscose and paper-based packaging for SHEIN-branded products by 2025.
- Ensure all packaging sourced for SHEIN-branded products contains 50% preferred materials⁴ by 2030.
- Transition 31% of the polyester used for SHEIN-branded products to recycled polyester by 2030.
- Source 50% of SHEIN-branded products through our evoluSHEIN by Design initiative by 2030.

OUR PROCESS PILLAR:

WASTE-LESS INNOVATION

We are committed to continually improving our processes to reduce waste and enable a circular future. This means designing systems that help close the loop on today's linear processes and using our rapid test-and-scale methodology to drive sustainable innovation in our own operations and in the industry.

We have set goals to drive these alternative business models:

- Engage the majority of SHEIN's customers in circularity by 2025.
- Become a global leader in rescuing deadstock materials from becoming waste.
- Establish a fully circular textile supply chain by 2050 in alignment with our World Circular Textiles Day commitment.

⁴ Preferred materials used for packaging are recycled polyethylene and paper packaging not sourced from Ancient and Endangered Forests (for more information on Ancient and Endangered Forests, please refer to [Canopy's Forest Mapper](#)).

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3,990

on-site SHEIN Responsible Sourcing audits conducted on China-based suppliers in 2023.

- SRS audits conducted on 2,796 contract manufacturers that represent approximately 95% of SHEIN-branded products by procurement value in 2023.

>2,000

global artists and designers launched products and collections through SHEIN X Designer Incubator program in 2023.

10

supplier facilities equipped with childcare centers to support workers and their families.

165

worker families supported with financial assistance through our SHEIN Spotlight Program.

>170,000

training hours across approximately 3,500 training sessions to support professional development of SHEIN employees.

Up to **US\$155M**

committed over five years towards the “Equitable Empowerment” pillar of our evoluSHEIN roadmap.

- US\$50 million for emerging designers under our SHEIN X Designer Incubator Program.
- US\$70 million for our suppliers through the Supplier Community Empowerment Program (SCEP).
- US\$35 million for social impact activities supporting women, young people and the underprivileged.

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51.6MW

of solar capacity installed or being installed across 41 supplier sites, and 43.6MW installed across seven SHEIN warehouses.

11%

of our fiber portfolio⁵ for SHEIN-branded products consisted of recycled polyester and forest-safe viscose.

>438,000

metric tons of emissions potentially saved through localization strategy and green logistics projects.

16.2%

of packaging used for SHEIN-branded products contained at least 50% GRS-certified recycled PE plastic or was made of forest-safe paper.

⁵ This refers to the textiles designated by SHEIN for use by contract manufacturers.

Nearly

46,000

metric tons of emissions reduced through energy-efficiency projects at 28 supplier sites, with over 217 water- and energy-efficiency improvement measures.

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of our facilities are undergoing industrial waste recycling projects. Two facilities also underwent Zero Waste to Landfill certification in 2023.

Nearly **20,000**

meters of deadstock fabric rescued through partnership with Queen of Raw.

>290,000m³

of water and >32,600 MWh of electricity estimated to have been saved through digital thermal transfer printing, amounting to over 60,000 metric tons of emissions reduced.

>4.2M

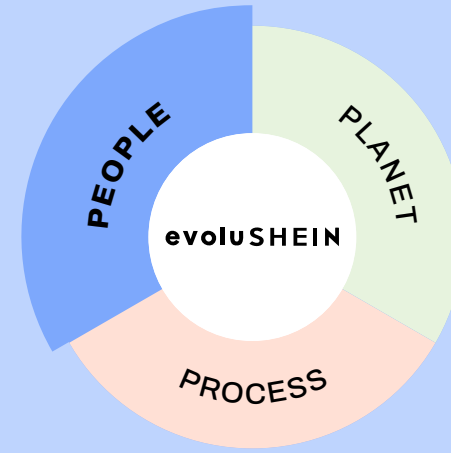
unique users registered on SHEIN Exchange, with over 115,000 pre-loved items listed.

>101,000kg

of textile-to-textile recycled polyester fabric utilized in SHEIN-branded apparel products.

EQUITABLE EMPOWERMENT

Equitable Empowerment underlies our commitment to improve the lives of our ecosystem partners; it is a catalyst for building more sustainable, inclusive and resilient communities and societies.



OUR THREE STRATEGIC PRIORITIES:



Enable Self-Expression for All ➔



Provide Access to Talent ➔



Improve Lives in Communities ➔

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Why It Matters

We recognize true progress can only be achieved when all individuals, regardless of their backgrounds, have proper access to opportunities and resources.

In striving for equitable empowerment, we are committing to serve every customer, regardless of their socioeconomic status, geographic location, body shape or style preference. We also acknowledge that each person working at SHEIN holds potential and we seek to provide a safe and stimulating environment for them to grow professionally.

Equitable empowerment also means creating conditions for our ecosystem partners to thrive. We believe that every individual has the right to economic advancement, and we work to provide a global platform for our brand and creative partners to access economic opportunities while being treated fairly and respectfully. This commitment makes us accountable and drives our work towards a more inclusive global community.

Our Approach

Our three strategic priorities for driving impact are to:

- Enable Self-Expression for All →
- Provide Access to Talent →
- Improve Lives in Communities →

Aligning our actions with these three areas enables us to contribute to a more equitable industry, helping to uplift people and communities across our SHEIN ecosystem. By opening access and creating diverse opportunities, we harness a broad spectrum of talents and perspectives to drive our innovation and growth while maintaining integrity, inclusivity and respect for all.



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Enable Self-Expression for All

Our mission is to ensure customers everywhere have access to affordable means of self-expression, regardless of culture, gender, age, body type, ability or economic status.

Putting Customers First: Our Commitment to Inclusivity

At SHEIN, we attract and nurture a customer community that is passionate about self-expression. With an agile, on-demand business model, we help customers curate a diverse, vibrant wardrobe that lets them wear what they want, when they want it.

With our products and services available online in more than 150 countries globally — and a mobile app and website available in 20 languages — we are well placed to meet our customers where they are.

For All Budgets

By leveraging our agile supply chain to keep SHEIN's unsold inventory rate low, and the cost advantages of being an e-commerce retailer without brick-and-mortar stores, we have been able to offer fashion and lifestyle products to consumers at affordable prices.

A Style for Everyone

We want every customer who visits our platform to feel seen, included and valued. It's the driving force behind our commitment to ensure the SHEIN shopping experience respects and represents customers in all their diverse dimensions. We apply a customer-centric, variety-over-volume

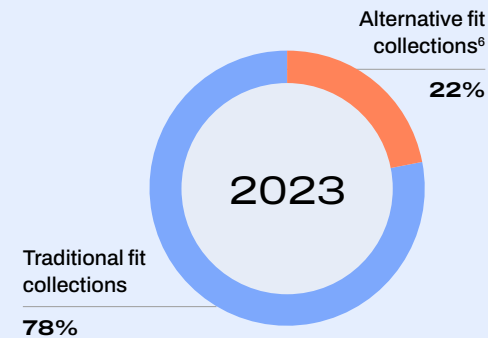
approach, leveraging real-time insights and customer engagement to identify trends and offer styles that suit a range of tastes.

Clothing for Every Body Type

We believe everyone should have access to clothing that makes them feel good. In 2023, we made various updates to our product lines — based on customer review feedback — to advance inclusivity. For example, we increased localized size displays on our website, establishing SHEIN sizes for Brazil, Mexico, Spain, France, Japan and Singapore to help more of our global customers find the right size for them.

Based on after-sales customer feedback, we continue to adapt styles for women's, men's and children's clothing. This includes adjusting mannequin body shapes for men's clothing, maternity wear and underwear, so more customers can better relate to the body shapes represented.

DESIGNING FOR INCLUSIVITY



⁶ Includes Curve, Maternity, Extended Sizes, SHEIN Tall, SHEIN Fit and Manfinity Unisex.



Using mannequins that represent varying body types and sizes helps SHEIN's designers create size-inclusive designs that fit well. This is especially important for form-fitting styles like clothes from our GLOWMODE activewear brand.

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EMPOWERING WOMEN THROUGH FASHION

Over the last four years, SHEIN has proudly partnered with Dress for Success Greater London, a London-based affiliate of Dress for Success Worldwide. Dress for Success Greater London is dedicated to empowering women to achieve financial independence by providing professional clothing and styling, interview coaching and ongoing support once they rejoin the workplace. Securing employment starts with making a great first impression. That's why, through this collaboration, we are working to make a real difference to the lives of women from positions of disadvantage, equipping them with the perfect outfits and tools needed to feel confident in interviews.

Through the collaboration with SHEIN, Dress for Success Greater London has been able to carry out inspiring work offering specialized client appointments, career-development days and pop-up shops — all tailored towards boosting women's confidence as they search for a job. Eighty percent of Dress for Success Greater London's clients go on to secure employment.

Since the start of the partnership, SHEIN has donated over £110,000 to Dress for Success, helping over 400 women. In 2023, in addition to a donation of £45,000, we also worked closely with Dress for Success to launch a bespoke curve collection to enable Dress for Success to provide professional clothing for clients with a variety of body types and sizes. Now even more women can access an affordable range of professional clothes, helping to boost their opportunities and achieve their career goals.

“SHEIN designed a new curve collection and capsule wardrobe, donating 1,000 pieces to style our curvier clients and raising their self-confidence. Our analysis of our client numbers and trends showed that an increasing number of women are within the curvier range, and the partnership with SHEIN responded to this by providing an impactful community investment to our women as part of our empowerment program.”

Juanita Ingram, Founder and Chair of the Board of Trustees, Dress for Success Greater London



In 2023, SHEIN collaborated with Dress for Success Greater London on a dedicated capsule curve collection specially crafted for women ranging from UK sizes 16 to 24.

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Provide Access to Talent

We offer development and career-growth opportunities to our employees around the world, respecting all cultures, abilities and lifestyles.

To empower our people to reach their full potential, we need to equip them with the necessary resources and training to advance in their careers while nurturing a safe working environment. We also support our people in defining and achieving personal career goals.

Uncovering Top Global Talent

SHEIN has a diverse, young and talented pool of over 16,000 employees globally. We believe in the limitless potential of every employee and recently updated our employer value proposition to reflect this, adopting “Live Your Possible” as our slogan. We are committed to creating an environment in which employees can boldly realize their creative ideas, continually explore new career opportunities and embrace challenges.

Our multichannel recruitment strategy, coupled with a diverse range of university collaborations and graduate and internship programs, allows us to cultivate a robust talent pipeline and nurture the next generation of global business leaders and professionals.

We hired new employees from 17 nationalities in 2023, and at least 30 different nationalities were represented within our global workforce for the year.⁷ We also provide opportunities for young talent to thrive across various levels of the organization — employees under 30 make up 49% of our global workforce⁸ and comprise 5% of senior management, 17% of middle management⁹ and 52% of other employee levels.



Clear Pathways to Growth

At SHEIN, continuous improvement is a core value. Through both offline training sessions and our online learning management system, the SHEIN Academy, we provide flexible learning resources to bolster our talent development and business empowerment efforts.

In 2023, SHEIN invested approximately US\$2.36 million in training and upskilling initiatives for our employees. We organized approximately 3,500 training sessions covering nearly 16,000 employees across our global offices, with a cumulative total of 170,073 training hours and an average of 11 training hours per person.

SHEIN’s holistic performance system, utilizing objective-setting methodologies for goal alignment twice a year, drives engagement and recognizes exceptional performance with promotions and rewards. Our compensation plan, ensuring fair global salaries and accompanied by performance-based bonuses, is reviewed annually to maintain competitiveness and support employee wellbeing. This compensation is supported by an extensive leave policy, accommodating various life situations, including annual, sick, parental care, bereavement, unpaid and special leaves.

Career growth at SHEIN includes biannual promotions for grade progression and career advancement to maintain fairness and objectivity. In 2023, over 5,100 of our employees across the globe received promotions and corresponding salary adjustments.

>170K
training hours

These comprised

28,892

hours for newcomer orientation and training

17,147

hours for general competencies workshops (e.g., communications, problem-solving, presentation skills)

41,439

hours for leadership development courses

82,595

hours for technical skills upgrading (e.g., marketing, data analysis, customer service, warehouse management, supplier management)

⁷ It is not mandatory for SHEIN employees to provide their nationality information to the company.

⁸ Analysis on diversity metrics (e.g., age and gender) includes only employees from Brazil, China, Ireland, Singapore and the USA, which are our key centers of operation. Employees from these five countries account for ~93% of our total employee numbers globally.

⁹ Senior management refers to department heads and above, while middle management comprises other team leaders within departments with supervisory responsibilities.

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Nurturing Feelings of Belonging

We are dedicated to fostering an inclusive work environment where all team members feel encouraged to thrive.

Employee Engagement

Our in-house-developed platform LINK serves as an employee engagement tool, gathering real-time feedback from our global workforce. Through this, employees can answer a daily voluntary question about their experience with SHEIN. The questions cover dimensions such as working relationships with peers and supervisors, performance and development, corporate culture, working environment and overall job satisfaction. The responses, which are aggregated at team level to preserve respondents' anonymity and ensure a safe environment for sharing of feedback, are then provided to managers, along with actionable insights for managers to enhance their employees' experiences.

We piloted LINK across several countries in 2023, and gathered a total of over 920,000 survey responses. Based on the results collated through our LINK Dashboard, SHEIN conducted over 40 workshops for managers across our global offices, with action planning to address key areas of feedback such as performance management, leadership, communication and collaboration, and job fit.

Fostering a Culture of Respect

SHEIN's inclusive talent management system strives to facilitate equal access to learning, development and advancement opportunities, regardless of nationality, race, religion, ethnicity, age, gender, gender identity and expression, sexual orientation, family background, marital status or other personal characteristics.

We believe everyone should feel safe in their workplace, and this is embedded in our [Global Code of Ethics \(CoE\)](#), which prohibits any form of harassment or discrimination. We deliver comprehensive employee training on related company policies and maintain a global communications channel for reporting concerns and complaints, with all reports directed to SHEIN's human resources and internal audit departments for review and follow-up.

Gender Equality

Since we were founded back in 2012, SHEIN has been an active advocate for women in leadership. In fact, two of our four founders are women, and today, women comprise approximately 55% of our workforce, nearly 40% of senior management and approximately 56% of middle management.

At SHEIN, we take several measures to achieve pay equity, including committing to transparent pay practices, conducting regular pay analysis against global market standards and making job listings gender-neutral. We conduct regular pay reviews of employee compensation, including to ensure that decisions on pay are not biased based on gender or other personal characteristics.

Disability Inclusion

SHEIN strives to support employees with disabilities and has implemented various measures to ensure an inclusive environment, starting with our corporate offices in the USA, Brazil and Canada. These include creating physically accessible workplaces, providing accessible parking, offering flexible work arrangements,

developing individual accommodation plans, fostering open communication, restructuring job roles and offering mental health support. These initiatives aim to accommodate diverse needs and encourage all employees to thrive in the workplace.



SHEIN's inclusive work environments encourage engagement among all team members and create opportunities for them to thrive.

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A Culture of Shared Safety Responsibility

Keeping our people safe and healthy is paramount and is a principle we embed throughout our operations. We offer annual health checkups, business insurance, various employee resource groups and a flexible, collaborative work environment to enhance employee wellbeing and experience.

Our [Workplace Health and Safety Statement](#) guides all work-related health, safety and environment (HSE) measures across every SHEIN warehouse, distribution and supplier manufacturing facility, and corporate office. The statement details our HSE approach and responsibilities to stakeholders, in line with our CoE.

We adopt a range of risk management measures and interventions to protect workplace health and safety at SHEIN-operated facilities. These include monthly cross-departmental safety inspections, regular safety meetings and reporting channels for employees to flag potential safety hazards.

In 2023, across all our warehouses in China,¹⁰ we also enhanced several initiatives targeted at improving fire safety:

- **Fire emergency plans:** Reviewed evacuation plans to achieve evacuation of all workers within three minutes; conducted evacuation drills at every warehouse.

- **Fire alerts:** Upgraded personal digital assistant (PDA) terminals with added functionality to push fire emergency notifications to all workers' devices and facilitate quicker evacuation response.
- **Volunteer fire brigades:** Established volunteer firefighting brigades to cover all warehouses, with each brigade equipped with its own fire station as a base for operations (e.g., training, rescue operations).
- **Risk-based monitoring:** Identified key areas of vulnerability with the highest risk of fire safety accidents, and institutionalized more frequent inspections of these areas by the warehouse safety managers.

In 2023, we also worked with our third-party verification agencies, TÜV Rheinland and Openview, to conduct comprehensive SHEIN Responsible Sourcing (SRS) audits of 16 SHEIN-operated facilities in China under our SRS program — including 15 warehouses and the Center of Innovation for Garment Manufacturing (CIGM) in Guangzhou. All 16 performed well, receiving a grade of either A or B, and we continue to remain diligent in upholding strong social and environmental standards in our facilities. The CIGM is certified with the ISO 45001 health and safety management standard and ISO 14001 environmental management systems standard by SGS. To find out more about the SRS program and how we conduct SRS audits, see [page 19](#).

¹⁰ SHEIN operated 21 warehouses in China in 2023, all located in Guangdong province.



SHEIN's range of risk management measures and interventions create conducive work environments and promote a culture of workplace health and safety at SHEIN-operated facilities globally.





Improve Lives in Communities

Respecting human rights is not only critical for our long-term business success; it's a fundamental responsibility. Across all our operations, we are committed to treating individuals fairly and ethically.

Our company's global operations impact many lives every day. We have a responsibility to leverage that scale to uphold and advance human rights through responsible business practices. This is enabled by key policies for SHEIN employees and our supply chain, including our CoE, [Supplier Code of Conduct \(SCoC\)](#), [SHEIN Supplier Responsibility Standards](#) and [SHEIN Responsible Sourcing \(SRS\) Policy](#).

As SHEIN — and the wider fashion industry — works to realize increasingly robust ethical standards, we also aim to meet the various expectations of governments, investors, civil society and customers.

Our Commitment to Human Rights

SHEIN's approach to human rights is guided by our [Human Rights Policy](#), developed in line with the [United Nations Guiding Principles Reporting Framework](#) and covering several of the issues highlighted in our materiality matrix ([see page 6](#)). By identifying and evaluating risks, we prioritize the most relevant actions so that people and communities can exercise their fundamental human rights.

We recognize the importance of mitigating risks to worker wellbeing through robust policies, defined grievance mechanisms and clear remediation processes, relying on third-party verification to support our efforts. To address key social challenges in the fashion industry, we work closely with suppliers on enhancing their performance — clearly communicating supply chain policies and investing in training, compliance enforcement and workplace improvement programs.

Read more about how we empower our suppliers at [page 23](#).



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Supply Chain Governance

Businesses do not succeed alone; to achieve our vision, SHEIN works with a large network of global suppliers.¹¹ With our scale, SHEIN is fully committed to managing our supply chain responsibly, and to supporting our suppliers in further improving working conditions in their facilities.

Using industry best practices and guidance from regulators, we have developed and implemented a robust set of supply chain management policies and programs. Through these mechanisms, we enforce stringent requirements on our suppliers to comply with health and safety, labor and social welfare, and environmental standards, as well as applicable laws and regulations.

Supplier Code of Conduct

We expect suppliers to share our commitment to human rights. SHEIN is a signatory to the UN Global Compact (UNGC) and supports the Ten Principles focused on human rights, labor, environment and anti-corruption. To work with SHEIN, all suppliers must sign and agree to abide by our SCoC.

The SCoC is informed by the core conventions of the International Labour Organization (ILO) and the United Nations' Universal Declaration of Human Rights (UDHR) and prohibits the use of forced labor and child labor, wages and working hours abuses, and employee discrimination and harassment, among other issues. It is periodically updated to ensure continued relevance against a backdrop of changing supply chain conditions and evolving regulatory requirements. By signing the SCoC, suppliers also agree to hold their third-party labor agents or brokers and subcontractors to these same standards.

¹¹ The supply chain policies and programs described within the Supply Chain Governance section apply to Tier 1 and Tier 2 suppliers of products under the SHEIN brand and its sub-brands. Tier 1 suppliers, also known as "contract manufacturers," are suppliers of finished SHEIN-branded products holding direct procurement contracts with SHEIN entities. Tier 2 suppliers include, without limitation, suppliers of textiles, packaging and other accessories for use by contract manufacturers.

In 2023, we strengthened SCoC language regarding the prohibition of forced labor by specifying unacceptable labor practices such as collecting recruitment fees and requiring workers to surrender government-issued identification. We also detailed clearer restrictions on subcontracting to tighten oversight of suppliers' upstream partners and mitigate risks; it is now specified in our policy that suppliers shall not subcontract, partially subcontract or assign provision of products, services, rights and obligations to a third party without prior written consent of SHEIN. We also updated our assessment checklist for supplier audits to assess our suppliers' compliance with this requirement.

Supplier Responsibility Standards

The SCoC is complemented by a set of comprehensive Supplier Responsibility Standards, which we published in 2023. This document details the standards we expect from suppliers across our global supply chain in areas such as labor rights, health and safety, environment and ethics. These standards were developed with reference to internationally recognized standards such as the ILO conventions, UDHR, and UN Guiding Principles on Business and Human Rights.

We have a range of policies in place to support workers across the supply chain and prioritize their wellbeing. For example, we have clear policies on workers' freedom of movement and right to leave employment, as well as to have at least one day off every seven days, in alignment with ILO standards. To further enhance the worker experience, we also have detailed disclosures on grievance mechanisms and provisions on special protection for women in the workplace.



SUPPLIER ENGAGEMENT

Enforcement



ESTABLISH STRICT COMPLIANCE REQUIREMENTS



ENFORCE RISK-BASED SUPPLY CHAIN AUDITS



VALIDATE REMEDIATION AND CORRECTIVE ACTION

Empowerment



SUPPORT TRAINING AND UPSKILLING



INVEST IN FACILITIES ENHANCEMENTS



PROMOTE WORKER AND COMMUNITY WELLBEING

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SHEIN Responsible Sourcing (SRS) Policy

We continue to enforce supplier compliance through our SRS Policy, which establishes clear definitions and penalties for violations of SHEIN's SCoC.

Within our SRS Policy, all new suppliers must submit to an SRS audit assessment as part of the onboarding process with SHEIN. Prospective suppliers that receive the lowest SRS audit grade are not approved to work with SHEIN.

Existing suppliers are subject to full on-site SRS audits on an annual basis thereafter, depending on and prioritized based on a risk assessment that takes into account the supplier's order volume with SHEIN as well as previous SRS grades. Failure to cooperate with these SRS audits will result in termination. These SRS audits are typically conducted without prior notice, ensuring that the SRS auditor's assessment captures the reality of working conditions at the facility. Suppliers are assessed based on an extensive assessment checklist that evaluates their compliance with SHEIN's SCoC and SRS Policy. As well as interviewing their workers, SRS auditors require that suppliers provide supporting documentation such as payslips and employment records.

Nearly all SRS audits are conducted by third-party verification agencies. In 2023, the agencies we worked with were Bureau Veritas, Intertek, Openview, SGS, TÜV Rheinland and QIMA, all of which are member firms of the Association of Professional Social Compliance Auditors (APSCA). Individuals from these firms must be APSCA certified and submit documentary proof of certification before carrying out SRS audits.

SHEIN also has a team of in-house SRS auditors who undergo training developed by TÜV Rheinland and attend courses on labor topics (e.g., anti-forced labor and anti-child labor) through the UNGC Academy and ILO Academy.

Addressing SRS Audit Findings

In all cases, suppliers receive a copy of their SRS audit report together with a set of remediation suggestions to facilitate improvements. Suppliers who perform well on SRS audits and receive an A or B grade can be considered for additional incentives; these include expanded training access and opportunities to supply for our evoluSHEIN by Design product initiative. On the other hand, suppliers discovered to have committed the most severe violations under our framework, i.e., Immediate Termination Violations (ITVs) or Immediate Remediation Violations (IRVs), and who are consequently assigned the lowest grade of E, are dealt with very seriously.

Under our latest SRS Policy, first published in October 2023 and subsequently updated with refinements to our nomenclature for severe violation categories for greater clarity,¹² suppliers found with ITVs face immediate termination of their business relationship with SHEIN. Suppliers found with IRVs are required to remediate their practices within a strict timeline of 30 days, or likewise face termination. Those who correct their violations in line with SHEIN's requirements are allowed to resume business with us, but we do not tolerate repeat offences, and suppliers that are rated E for two consecutive SRS audits will also be terminated.

¹² We renamed the most severe violation categories in our framework to "Immediate Termination Violations" (ITVs) and "Immediate Remediation Violations" (IRVs). With this renaming, we aim to provide greater clarity to both our suppliers and external stakeholders on the penalties and actions taken by SHEIN for any violations within the two categories. The definitions, criteria and penalties for violations that had been established remain the same.



Representative from QIMA conducting SRS audit of supplier facility in Dongguan City, Guangdong province.



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Balancing Remediation and Penalization

Since October 2023, we have applied a firmer stance against severe violations identified through SRS audits.

• Immediate Termination Violations (ITVs)

ITVs are the most severe violations in contravention of SHEIN's compliance requirements, including ethics and transparency issues (e.g., bribery and refusal to cooperate with SRS audits), forced labor and child labor. For such violations, our approach prior to October 2023 was to immediately suspend orders from the supplier and give them 30 days for remediation, failing which SHEIN would terminate our business relationship with them. Now, however, we will immediately proceed to terminate the business relationship with the supplier upon discovering the violation.

• Immediate Remediation Violations (IRVs)

IRVs are serious violations that warrant urgent rectification in order for SHEIN to continue our business relationship with the suppliers. These include other labor violations (e.g., failure to pay minimum wage), workplace health and safety issues, and serious environmental pollution. For such violations, our previous approach was to issue a warning letter if the violation was not resolved

within 30 days, suspend orders if it was not resolved within 60 days and only terminate the business relationship if the supplier failed to take action within 90 days. Now, however, suppliers only have 30 days for remediation, failing which they will be terminated.

We previously focused on educating our suppliers and giving them an opportunity for remediation before termination. As suppliers are generally not exclusively contracted by SHEIN, this benefits the wider fashion ecosystem by instilling standards and best practices across the supply chain. It also helps to protect workers and their livelihoods.

As our supply chain and suppliers have matured over time, we believe that we should now take a stricter stance on severe violations. Nevertheless, even for suppliers that SHEIN has decided to terminate, we send them action plans with guidance on how to remediate their identified ITVs/IRVs, so as to educate and empower the suppliers to take steps to improve conditions in their facilities.

We will continue to carefully balance remediation and penalization and ensure our supply chain governance approach is calibrated to protect workers and their rights.

The remediation process for such severe violations is managed through a "Corrective Action Plan" module on our digital supplier management system, through which we record and monitor suppliers' implementation of required rectification measures.

Overseeing the SRS

SHEIN's ESG operations team provides monthly updates on SRS audit findings to key members of our executive leadership, including our Executive Chairman and CEO. This ensures consistent high-level oversight over the implementation of our compliance programs.

Capacity Building

SHEIN makes significant efforts to strengthen awareness of our SRS Policy among suppliers and equip them with tools and knowledge to act responsibly in compliance with our requirements. In 2023, we organized 133 group workshops and 276 one-on-one training sessions, with participant numbers totaling over 5,200.¹³ Through these interactive sessions, suppliers sharpen their understanding of SHEIN's supply chain governance policies, learn best practices for compliance with local labor laws and gain a better understanding of compliance risks in their own operations. They also deepen their knowledge on specific topics such as wages and working hours, fire safety and occupational health and safety.

While the SRS program is managed by our ESG team, we also train employees from other departments, such as procurement, on key supply chain actions to inspire a culture of shared responsibility. We conducted a total of 20 such training sessions for SHEIN employees in 2023, with 674 participants in total.¹⁴

“By attending the training, I have not only improved my SRS rating, but have also learned technical skills to better manage my factory and achieve sustainable growth.”

Mr. Wang, a supplier who attended the SHEIN Supplier SRS Management Specialist Certification Workshop in August 2023



¹³ Some suppliers attended multiple workshops and training sessions.

¹⁴ Some employees attended multiple training sessions.

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2023 SRS Audit Insights

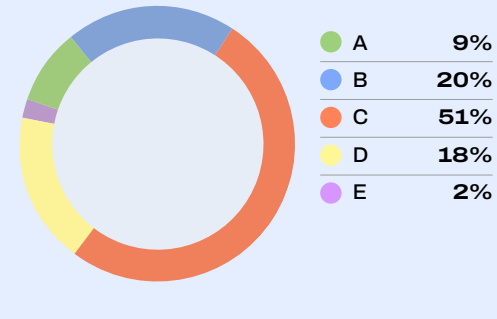
We continue to expand our supplier audit coverage in line with a risk-based sampling approach that prioritizes SHEIN's largest suppliers by procurement value. We also conduct additional SRS audits on selected subcontractors, to verify that our contract manufacturers are enforcing our compliance requirements through their supply chain.

In 2023, a total of 3,990 on-site SRS audits were conducted on suppliers and subcontractors based in China.¹⁵ 92% of these SRS audits were performed by third-party verification agencies. 3,365 SRS audits were conducted on 2,796 contract manufacturers that represent approximately 95% of SHEIN-branded products by procurement value in 2023.¹⁶ The other 625 SRS audits were of textile suppliers, packaging suppliers and subcontractors of our finished goods suppliers.

We are pleased to report better performance on SRS audits overall in 2023. Based on annual SRS audits conducted, the proportion of SRS audits where suppliers or subcontractors received an A or B grade increased from 18% in 2022 to 29% in 2023, while the proportion of audits where suppliers or subcontractors received a D or E grade decreased from 35% in 2022 to 20% in 2023.

A total of five suppliers were terminated by SHEIN in 2023 for contravening our SRS Policy. Three were terminated for failing to remediate violative practices identified through SRS audits, one was terminated for refusing to undergo SRS audits and one was terminated for receiving two consecutive E grades.

% OF ANNUAL SRS AUDITS WHERE SUPPLIERS OR SUBCONTRACTORS RECEIVED EACH GRADE



The table to the right discloses further details on the ITVs and IRVs that were identified through our annual SRS audits of existing suppliers and subcontractors in China.¹⁷ All ITVs and IRVs identified in 2023 have either been remediated within required timelines or resulted in the termination of SHEIN's business relationship with the supplier, in line with the prevailing SRS Policy at the time.

As we diversify our manufacturing supply chains to Brazil and Türkiye, we are progressively implementing SRS audits in those countries as well. In Brazil, we contracted a third-party agency to conduct a total of 218 SRS audits from October to December 2023. We will continue to expand our SRS audit and remediation programs in Brazil and Türkiye in 2024.

2023 ANNUAL SRS AUDIT FINDINGS

FIGURES REPRESENT THE PROPORTION OF ANNUAL SRS AUDITS WHERE EACH VIOLATION TYPE WAS FOUND

	2022	2023
IRV categories (% of total annual SRS audits where this IRV was identified)		
Co-located Living/Working Spaces: Dormitories are located in the same building as the production workplace or warehouse	4.5	0.4
Wage Violations: Supplier is paying employees under the local minimum wage, or delayed payment of wages to employees	2.3	0.5
Emergency Exit Violations: Presence of locked emergency exits in the workplace, warehouse or dormitory	2.1	0.3
Insufficient emergency exits in the production workshop, warehouse or dormitory	4.2	0.2
Workplace Safety Hazards: Falling risk, signs of structural damage to the building or other risks to worker safety	0.7	<0.1
Charging electric vehicles or their batteries inside the production workshop, warehouse or dormitory	0.5	<0.1
Employees smoking or using open flames in production workshop or warehouse	2.2	<0.1
Direct or flue-type gas water heaters are used in employee dormitories	0.4	<0.1
Environmental Hazards: Illegal disposal of hazardous waste, discharging of untreated wastewater or discharging of waste gas	<0.1	0.0
ITV categories (% of total annual SRS audits where this ITV was identified)		
Age Violation: The presence of workers or persons in the workplace under the statutory working age	0.3	<0.1
Involuntary Labor: All forms of coercion (e.g., requirement to pay deposits to start work, confiscation of workers' documents)	0.1	0.0
Attempted Bribery: Offering bribes to SRS evaluators	<0.1	0.0
Supplier refuses SRS audit	0.2	<0.1

¹⁵ This includes both annual audits of existing suppliers and onboarding audits of new suppliers.

¹⁶ Procurement value refers to the monetary amount of finished SHEIN-branded products that SHEIN purchases directly from contract manufacturers. While SHEIN purchases finished SHEIN-branded products directly from contract manufacturers, contract manufacturers may outsource certain production of finished SHEIN-branded products to subcontractors, with prior written consent from SHEIN. As noted, SHEIN's SCoC now prohibits suppliers from subcontracting without prior written consent from SHEIN.

¹⁷ For onboarding audits of new suppliers, any suppliers found with IRVs and/or ITVs are not approved to work with SHEIN.

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Addressing Child Labor and Forced Labor

SHEIN strictly prohibits child labor and forced labor. Our auditors are vigilant in assessing risk factors for child labor and forced labor during SRS audits, and any violations found are treated with utmost seriousness.¹⁸

From Q1 to Q3 2023, our SRS audits uncovered two cases of child labor in our supply chain. Upon discovering these violations, SHEIN suspended orders from the contract manufacturers and undertook investigations. In accordance with the SRS Policy in place at the time, errant suppliers were given 30 days to remediate their offenses.¹⁹ Both cases were resolved swiftly, with remediation steps including terminating contracts with underage employees, ensuring the payment of any outstanding wages, arranging medical checkups and facilitating repatriation to parents/legal guardians as needed. SHEIN also ensured the contract manufacturers strengthened their processes for screening new hires, such as checking and maintaining records of all employees' IDs. Following appropriate remediation, the contract manufacturers were permitted to resume business.

In Q4 2023, SRS auditors did not find any cases of child labor or forced labor. We remain vigilant in guarding against such violations going forward, and in line with current policies, will terminate any noncompliant suppliers.

¹⁸ We define child labor as any person under the age of 15 (or 14 in the case of the exceptions set out in ILO Convention No. 138), under the age of completion of compulsory education or under the minimum age for employment in the country/region, whichever is the highest. This is specified in the SRS Assessment Tool that SRS auditors use. In China, in accordance with local labor laws, minors under the age of 16 cannot be recruited for employment.

¹⁹ For SRS audits that took place in Q1–Q3, i.e. prior to the updates made to SHEIN's SRS Policy in October 2023 to further tighten penalties for child labor and forced labor, any such violations found were handled in accordance with the penalties stipulated in the SRS Policy in effect then.

Improving Wages and Working Hours

SHEIN's supply chain policies, including the SCoC and Supplier Responsibility Standards, provide clear guidelines governing working hours and the payment of wages. We require that suppliers pay their employees at least the legal minimum wage and compensate employees for overtime hours at the legal premium rate.

During SRS audits, our SRS auditors collect samples of workers' payslips and timesheets, and interview workers to examine compliance with our policies. Where noncompliance is found, we take firm action. Wage violations where suppliers fail to pay employees the local minimum wage and/or delay wage payments to employees are treated as IRVs under our latest SRS Policy, with errant suppliers given 30 days to remediate violations or face termination. In 2023, such violations were found in 0.5% of the annual SRS audits conducted in China, and in all cases, errant practices found were remediated within required timelines.

Efforts to educate and support suppliers in improving their wage practices include organizing workshops to train suppliers on the legal requirements and the proper calculation of wages, and following up closely with suppliers subsequently to ensure accurate payments.

Strengthening Access to Grievance Mechanisms

Our commitment to empowering workers includes protecting their right to raise grievances. Discrimination against whistleblowers is strictly prohibited under our policies, including the Human Rights Policy and Supplier Responsibility Standards.

To facilitate open communication, SHEIN maintains a multichannel feedback system for reporting concerns via email, call or text. SHEIN requires suppliers of SHEIN-branded products to put up posters in their factories publicizing these channels. To further raise awareness, our SRS auditors have begun to hand out grievance cards to workers during their supplier audits, with information on how to submit complaints to SHEIN. Workers can anonymously submit complaints, feedback and suggestions to our ESG team, which is trained in managing worker grievance cases.



Grievance cards distributed to workers encourage them to report any issues found, and emphasize that their anonymity will be protected.

Resolving Delayed Wage Payments

On 2 June 2023, workers from a supplier factory in Guangzhou filed a complaint that the supplier had yet to pay some workers their wages for the month of April. SHEIN promptly launched investigations, and uncovered that the supplier had delayed payments to several workers due to cashflow troubles. While affected workers were verbally informed that there would be delays in their wage payments, the supplier had not provided any written notification or commitment as an indication of their intent to pay the outstanding wages.

Following intervention by SHEIN, the supplier signed written agreements with the employees who had yet to be paid, committing to disburse all outstanding wages by 12 June 2023. SHEIN verified that the supplier honored their commitments and all affected workers received all wages owed.

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Empowering Our Suppliers

SHEIN firmly believes that to improve standards across our supply chain, we need to invest in uplifting our suppliers and enabling them to operate effectively and responsibly. This is why we prioritize building long-term relationships with our suppliers, pairing enforcement with empowerment.

As a responsible business partner, we are firmly committed to paying all our suppliers in a timely manner. All of SHEIN's contract manufacturers are paid within 30 days, and some are even paid on a weekly or biweekly basis. This ensures that the businesses we work with, many of whom are small- and medium-sized enterprises, have steady cashflows and the financial resources to pay their workers on time and maintain healthy conditions in their facilities. We also enable centralized purchasing of materials, lowering costs for contract manufacturers due to our scale.

Through the Supplier Community Empowerment Program (SCEP), we also implement various long-term initiatives to uplift our suppliers and their workers. Read more about the SCEP on [page 24](#).

Marketplace Seller Governance

SHEIN Marketplace supports the growth of small and independent businesses by connecting them to our extensive global customer base and equipping them with the tools to succeed. By bringing new sellers onto SHEIN Marketplace, we seek to maximize value for our customers while also enabling local businesses to grow with us. In joining our platform, sellers are able to:

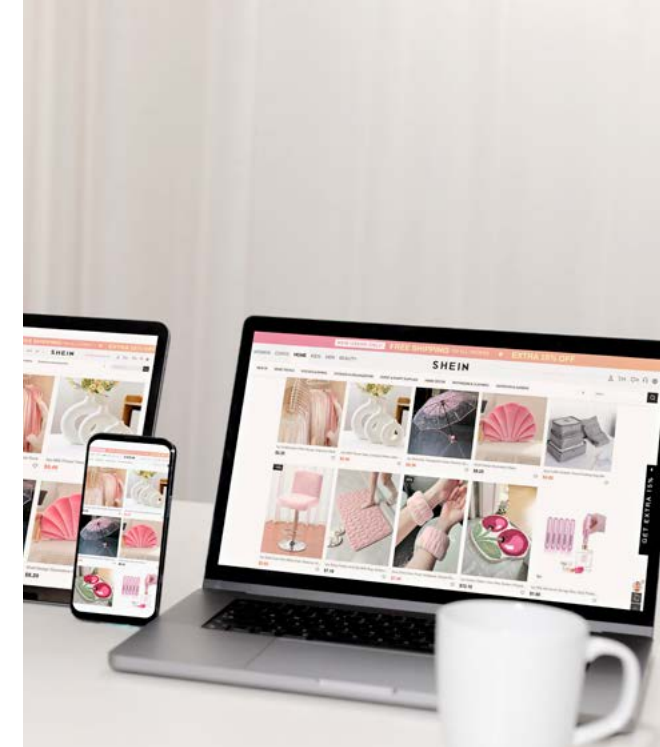
- Leverage SHEIN's digital marketing and social media expertise to strengthen brand recognition.
- Gain access to performance dashboards that provide real-time insights on market demand, enabling them to make business decisions in an accurate and agile way.
- Utilize SHEIN's global logistics and distribution ecosystem, including distribution centers and warehouses, for efficient order fulfillment.
- Participate in training sessions and workshops under our AcceleraSHEIN seller-empowerment program to learn tools and strategies to boost performance.

SHEIN is committed to ensuring that our marketplace offers a safe and trustworthy experience for customers and sellers alike. All third-party sellers must abide by our SHEIN Marketplace Seller Code of Conduct. This ensures full compliance with local laws and regulations and a commitment to fair marketplace activities, safeguarding against forced and child labor, and other measures for workplace health and safety and environmental protection. Before sellers begin working with SHEIN, they must undergo a mandatory review to assess their suitability, a background check and certification that attests to their ability to meet product compliance standards.

Our platform enforces strict authenticity policies regarding anti-counterfeiting and intellectual property (IP) infringement. Sellers suspected of selling products that infringe IP rights face immediate consequences, including having their listings removed, payments suspended and termination or suspension of their accounts. We also reserve the right to report illegal sellers to law enforcement agencies to take legal action. The platform uses in-house proprietary systems to scrutinize listings for potential IP infringements before listing. Additionally, an online portal allows the Legal team to address IP-related complaints, leading to prompt removal of contested products.

We also prioritize the governance of data protection. As a core principle, we prioritize data minimization, ensuring compliance with privacy laws and enabling individuals to exercise their rights under these regulations. Sellers in breach of the Marketplace Seller Code of Conduct risk account suspension and various consequences, including listing cancellations, payment suspension or forfeiture and loss of selling privileges.

The sale of illegal, unsafe or other restricted products is strictly prohibited through our Restricted Products Policy. These could include products that depict violence or hate; intolerance based on race, religion, gender expression or sexual orientation; child abuse and exploitation; animal-related products; and products that infringe on the rights of others.



SHEIN Marketplace supports the growth of small and independent businesses by connecting them to our extensive global customer base and equipping them with the tools to succeed.



New sellers that are brought onto SHEIN Marketplace are aligned with the company's vision of making the beauty of fashion accessible to all, allowing SHEIN to maximize value for its customers while also enabling local businesses to grow with the company.

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Empowering Communities We Reach

As SHEIN grows, we believe in helping our communities and ecosystem partners grow with us.

At SHEIN, we understand our responsibility to drive positive change. We are committed to empowering the communities we reach, and are proud to advocate for, and support, causes we care about. In 2023, we announced that we have allocated a total of up to US\$155 million over the next five years towards initiatives that support the “Equitable Empowerment” pillar of our evoluSHEIN roadmap.

In line with our mission to make the beauty of fashion accessible to all, our initiatives under this pillar focus on uplifting our supplier community, empowering aspiring designers, championing women, promoting gender equality, supporting the development of young people and poverty alleviation.

Supplier Community Empowerment Program

Our suppliers are valuable partners in the SHEIN ecosystem. Through our SCEP, we have been implementing long-term initiatives to empower our partners in factory enhancement, accommodation and lifestyle facilities upgrades, technology innovation, training support and community engagement.

In April 2023, we announced plans to allocate up to US\$70 million for programs under the SCEP over the next five years.

Facility Enhancements

Since launching the SCEP, SHEIN set out to upgrade and expand 100 factories by 2023. In 2023, SHEIN exceeded this target; we modernized 132 supplier factories in our supply chain with facility enhancements, upgrades and expansion, transforming over 407,000 square meters of workspace.

Investments have also been made in services that benefit communities within the supply chain ecosystem. In 2023, SHEIN completed the upgrading of canteens, dormitories and multipurpose recreational spaces, amounting to 10,486 square meters across 23 supplier facilities.

Training and Upskilling

In 2023, SHEIN conducted 620 training sessions for workers in our supply chain, covering subjects such as business and operational processes, the latest technologies in garment production, certification courses focusing on quality inspections and assurance, and national vocational skill level certifications.



Investing in improvements to lifestyle facilities, such as this canteen, is part of SHEIN's approach to uplifting worker wellbeing.

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Childcare Facilities

Since many in our supply chain balance working with childcare responsibilities, SHEIN provides financial support for suppliers to create childcare centers near factories or within their own premises, where workers' children can study and play after school and during breaks. This keeps the working environment family-friendly, expands learning opportunities for the workers' children and helps to alleviate childcare needs. In 2023, we invested over US\$150,000 to launch childcare centers across 10 facilities.

Summer Camps

SHEIN also organizes summer camps to provide learning and entertainment for the children of suppliers' workers. Five summer camps were organized in 2023, with 289 children participating. Activities for the children include outdoor games, field trips and educational courses.

407,000

square meters of facilities' workspace upgraded

10

childcare centers launched

SHEIN Spotlight Program

The SHEIN Spotlight Program offers financial support to suppliers' workers experiencing financial hardship. The funding is designed to help pay medical bills, keep workers' children in school and cover other similar needs. The SHEIN Spotlight Program is available to factories who have worked with SHEIN for at least one year, and to their workers who have been working with them for at least six months. Workers can submit grant application forms, which are evaluated by an internal grant committee that conducts a comprehensive needs-based assessment to determine the amount of support to be awarded, taking into consideration household income and financial needs. Since the program's inception, we have disbursed over US\$460,000, supporting 385 families and 723 school-aged children from these families. In 2023 alone, 165 families received assistance, with a total of over US\$185,000 disbursed. SHEIN employees also regularly visit our supplier factories to promote the SHEIN Spotlight Program, contributing approximately 250 volunteering hours in 2023.

165

families supported with SHEIN Spotlight grants

620

training sessions for suppliers' workers



Summer camps for the children of suppliers' workers provide opportunities for learning and entertainment, through activities such as outdoor games, field trips and educational courses.

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SHEIN X Designer Incubator Program: Discover, Design, Empower

Our SHEIN X Designer Incubator Program supports independent designers through the end-to-end process of launching their own fashion collection — from product development to marketing and use of SHEIN’s real-time insights to respond to consumer demands. The program also funds the manufacturing and logistics process, taking the financial risk and burden off designers. Designers earn a commission from every sale of their creations while maintaining IP ownership of their designs. To date, we have helped over 4,600 artists and designers across over 20 countries launch more than 41,000 original creations. Over 2,000 new creators joined our program in 2023.

Into its third year, the program continues to provide unique opportunities for designers to take their business to the next level. For example, we held the inaugural SHEIN X Design Summit in Los Angeles, California, in April 2023, which brought together stylists, merchandisers, buyers and other industry professionals with over 250 SHEIN X designers for a day of networking and sharing of experiences. We also held the second SHEIN X Runway Show in Paris in June 2023, inviting 25 designers from across Europe to showcase their talents on a global stage.

We are well positioned to continue growing SHEIN X, with our commitment of up to US\$50 million to empower emerging designers over five years. This funding will cover mentorships and collaborations with industry-leading brands and designers and the organization of more conventions, workshops and events to provide our community with networking and media opportunities. We will continue to support our SHEIN X designers in transforming their creativity into business viability.

Program Highlights

>4,600

designers have launched creations under the SHEIN X program to date

>2,000

new creators onboarded in 2023

>20

countries in our designer portfolio

First SHEIN X Design Summit in April 2023, with over 250 SHEIN X designers invited to network and engage with industry leaders

First SHEIN X collections under evoluSHEIN by Design in September 2023

Expansion to new markets — SHEIN X Designer Incubator Program launched in Japan in November 2023

Partnership With Fashion Institute of Design & Merchandising (FIDM)

In 2023, we started SHEIN X Project Launchpad in partnership with FIDM in Los Angeles, setting up a new scholarship program and curriculum for FIDM students — giving them the opportunity to create a five- to 10-piece collection to be sold on our platform. Through the 20-week

curriculum, these students gained insights into the production and business side of the fashion industry and got a head start on their careers, without some of the barriers aspiring designers typically face. Like any SHEIN X designer, students also earned commission and kept ownership of their creations.



SHEIN X designers from Brazil, Ireland, Japan, Mexico, Poland, South Africa, the UK and the USA at a showcase of their creations during the SHEIN Global Reception in Singapore in September 2023.

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THE POWER OF COLLABORATION

A Chicago native, Kaori Semaj is the designer behind SHEIN X GAUTII. Since he joined the SHEIN X program in 2021, he has launched four collections, with his latest dropping in October 2023.

Kaori, who aims to bring concepts such as opulence and grandeur to functional everyday silhouettes, draws influence from nature, art, various cultures and the performative nature of fashion. One of his favorite parts about working with SHEIN is the ability to offer his designs at a more affordable price point.

“My interest in the SHEIN X program stemmed from my belief in what collaboration can offer,” said Kaori. “I looked at the collaboration as an opportunity to gain experience working with a large brand, and an opportunity to see how a successful brand balances creativity and practical business concepts.”



“Working with SHEIN has been such a blessing in many ways. I’ve been given the opportunity to share my vision and my work with customers on a global scale. As a luxury design brand, many of my independent works are too expensive for the everyday consumer. Through the SHEIN X program, I’ve been able to share my work and my brand with so many more people. My followers and fanbase have grown tremendously.”

Kaori Semaj

FROM DREAM TO REALITY

French designer Mathilde Lhomme emerged as one of 10 winners of a SHEIN X competition in 2021. Three years later, she’s still part of the SHEIN family.

After having struggled to break into the fashion industry as an independent designer, and losing her job during the COVID-19 pandemic, Mathilde found SHEIN X to be an invaluable platform to inject new momentum into her career. It empowered her to bring her creative visions to life and launch her own collections, reigniting her passion for fashion.

In 2022, Mathilde was given the opportunity to showcase her designs at the SHEIN X Runway Show organized during Paris Fashion Week. A year later, she was invited to visit SHEIN’s headquarters in Singapore, meeting and learning from designers from all over the world.

Mathilde continues to grow and develop her skills with SHEIN, and through the masterclasses and activities planned by SHEIN, expanded her industry network. She has also found the courage to start her own business and is working on developing her own clothing brand.

“I had to fight for years to find my place in the fashion world in Paris, coming from the French countryside. Before SHEIN X, I have only worked for others, never for my own ideas. The SHEIN team helped me to bring my ideas into reality without ever questioning my vision of fashion. I will be forever grateful to SHEIN for believing in me and continuing to support me!”

Mathilde Lhomme



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SHEIN Cares

We want to amplify our impact, working closely with global communities to deliver positive change for the world. SHEIN Cares is our philanthropic commitment to supporting important causes and organizations in the communities where we live and operate.

Throughout 2023, we've partnered with various organizations worldwide, finding creative ways to support their missions through global and in-country cash and in-kind donations, collaborations on awareness campaigns and co-organizing community support activities. In 2023, we spent over US\$4 million on causes related to empowering aspiring designers, promoting women's empowerment and gender equality, supporting the holistic development of our children, alleviating poverty and protecting biodiversity.

As announced in September 2023, SHEIN will set aside up to US\$35 million over the next five years to expand or fund new global or in-country social impact activities, focusing on creating opportunities for women, youth and disadvantaged communities to access their full potential. The illustration on the right highlights some of our impact initiatives across our global community in 2023.

Mexico

To support children with cancer and other serious related illnesses, we partnered with the Asociación Mexicana de Ayuda a Niños con Cáncer and Fundación Dr. Sonrisas to co-organize activities that bring cheer to terminally ill children and emotional and mental health support workshops for caregivers.



United States

We partnered with Girls Inc. of Greater Indianapolis, donating US\$100,000 to support young women's academic and social development. This included supporting their 2023 STEM summer camp, offering local high school girls opportunities in real-life career settings.



France

In support of Pink October, SHEIN donated €20,000 to French association RoseUp, which provides information and daily support to women suffering from all types of cancer. We also launched a special SHEIN X RoseUp collection to raise money and organized a photoshoot for women recovering from cancer.



United Kingdom

We sponsored the Football for Change Charity Gala, bringing together soccer stars and business leaders to support educational and employment programs, uplifting youths from neighborhoods in the UK affected by low educational attainment and high levels of youth unemployment.



Germany

SHEIN donated €15,000 to support the operations of Fellkinder in Not e.V., a nonprofit animal welfare organization carrying out neutering operations, food and material donations, medical treatment and adoption programs.

Singapore

In September 2023, at SHEIN's global headquarters, we pledged up to S\$6.4 million to advance education opportunities for lower-income students. This includes collaborating with universities and nonprofits to provide bursaries, digital upskilling programs, internships and workshops for professional development.



Saudi Arabia

In collaboration with Charitable Society of Autism Families, we donated over US\$106,000 to support rehabilitation programs for 20 children with autism, launched a dedicated SHEIN X collection with 50% of sales proceeds donated and raised US\$124,000 to benefit children with autism and their families.

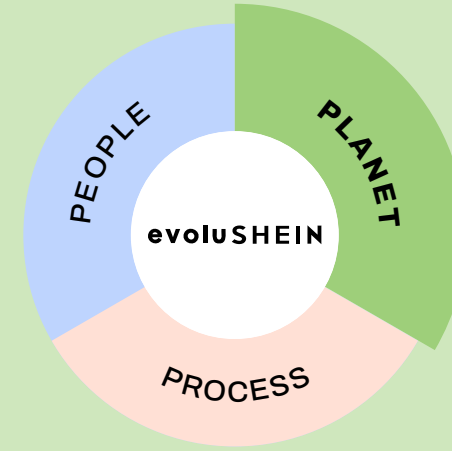


Brazil

SHEIN collaborated with Central Única das Favelas, an organization supporting social assistance and community development in favelas, to amplify its natural disaster response, donating a total of 6,200 pieces of clothing.

COLLECTIVE RESILIENCE

For SHEIN, collaboration across our shared ecosystem is of paramount importance. It's what enables us to meet the needs of the present without compromising our future.



OUR THREE STRATEGIC PRIORITIES:



Decarbonize Our Supply Chain ➔



Source Responsible Materials ➔



Protect Biodiversity and Animal Welfare ➔

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Why It Matters

Factoring long-term sustainability into our practices is crucial for the sake of our planet. Prioritizing Collective Resilience across our business and supply chains, we continue to invest in solutions to mitigate climate change challenges and future-proof our value chain.

Our Approach

Our three strategic priorities for driving impact are to:

- [Decarbonize Our Supply Chain](#) →
- [Source Responsible Materials](#) →
- [Protect Biodiversity and Animal Welfare](#) →

Together, addressing these priority areas helps us uphold environmental integrity and tackle critical global challenges. Decarbonization efforts help combat climate change by reducing GHG emissions; responsible sourcing helps to protect ecosystems and communities by promoting preferred supply chain practices; and incorporating conservation efforts helps protect natural resources and biodiversity.



Image credit: Andy Wright Photography.



Decarbonize Our Supply Chain

We are working to mitigate climate change both within our operations and in collaboration with our suppliers — towards our target of reducing emissions (Scope 1, 2 and 3) by 25% by 2030.²⁰ Setting science-based targets and partnering with third-party experts in the process ensures that we set clear goals and have a concrete strategy to achieve them.

We collaborate with industry experts to quantify and monitor climate impacts across each stage of our value chain — sourcing, production and processing of materials, product assembly, in-house operations, logistics and end-of-life product management.

Particularly, our work with Intertek has been instrumental in understanding our GHG emissions and setting appropriate reduction targets. It also helps us track and measure our progress and conduct scenario analyses to drive fact-based decision-making.

Our Carbon Footprint

Value chain analysis has shown most of our emissions occur outside of our direct operations. Scope 3 emissions make up nearly all of our carbon footprint, with less than 1% attributed to Scope 1 and 2. Scope 3 emissions arise primarily from supply chain, transportation and other activities outside SHEIN's direct control.

Our absolute emissions grew from 9.17 million metric tons of CO₂e in 2022 to 16.68 million metric tons of CO₂e. In 2023, our business continued to experience strong growth, and our operations diversified with the introduction of SHEIN Marketplace.²¹ We recognize that we still have much more work to do on our climate mitigation journey and are committed to driving progress.

We continue to take steps to demonstrate greater accountability in our decarbonization journey. In 2022, we completed a study of our 2021 emissions and announced our ambition to reduce GHG emissions across our value chain by 25% by 2030. In 2023, we committed to setting near-term targets with the Science Based Targets initiative (SBTi). We will submit our targets for SBTi's validation in 2024 and are partnering closely with well-known consultants in the industry, including Anthesis, to ensure that we have a detailed and practical roadmap towards decarbonizing our value chain. We are also reviewing the scope of our climate ambitions and will commit to reach net-zero emissions by no later than 2050, in line with the SBTi Net-Zero Standard.



CATEGORY	DESCRIPTION	2022 (metric tons CO ₂ e)	2023 (metric tons CO ₂ e)
SCOPE 1	Fossil fuel combustion, CH ₄ fugitive, HFCs fugitive and CO ₂ fugitive in our direct operations	3,781	7,514
SCOPE 2	Market-based emissions from purchased electricity ²²	19,505	25,788
SCOPE 3 GHG Protocol Categories			
Transportation and Distribution	Transportation of products to and between SHEIN facilities and to customers, and of returns	3,234,539	6,354,029
Business Travel	Transportation of employees to business-related activities	1,011	5,356
Purchased Goods and Services	Supply chain emissions of SHEIN-branded products and consumables in operations; purchased data services	5,853,376	10,209,730
Capital Goods	Tangible and intangible assets purchased	60,924	75,847
Waste Generated in Operations	Industrial waste generated in SHEIN-operated warehouses	352	6,045

²⁰ Our 2030 near-term emissions reduction target is with reference to a baseline year of 2023, in line with SBTi's guidance to choose the most recent year for which data is available, and which is representative of our business activity.

²¹ We continue to improve the accuracy of our carbon accounting as we progress in our journey. In 2023, refinements made to our methodology included: (a) expanding our inventory to include all SHEIN-operated sites worldwide; (b) expanding the scope of our inventory, to include intra-warehouse transportation and other consumables in addition to packaging; and (c) refining our data collection and calculation methodology.

²² Location-based Scope 2 emissions were 91,505 metric tons of CO₂e in 2023.

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Reducing SHEIN's Direct Impact

Our Scope 1 and 2 emissions account for only a small proportion of total emissions and are mainly linked to electricity usage. We are implementing programs to better manage and reduce the electricity we use in our offices and warehouses, as well as expand our use of renewable energy. In 2023, SHEIN used a total of 165,206 MWh of electricity across the operations that we directly manage globally.²³ Seventy-two percent of this was from renewable sources, up from 68% in 2022. We're on track to achieving our target of having 100% of the electricity used in operations directly managed by SHEIN from renewable sources by 2030.

Key Initiatives in 2023:

- We installed 43.6MW of capacity in seven of our warehouses, which generated 3,953 MWh of electricity, reducing 2,255 metric tons of CO₂e.
- We carried out energy-efficiency improvement projects in three representative SHEIN facilities, namely a warehouse in Zhaoqing, our SHEIN office in Guangzhou and the SHEIN CIGM in Guangzhou, which helped us develop energy-efficiency recommendations for such facilities.
- We are switching from procuring heptafluoropropane fire extinguishers to IG-541 or dry powder extinguishers, with 99% lower emissions, for all our data centers.

²³ This includes specific facilities where we were unable to track electricity consumption, for which the electricity consumption of other similar facilities was used as proxy.

²⁴ We use a shifted reporting year to account for solar energy use by our supply chain, covering the period from September 2022 to August 2023. Our GHG emissions accounting and reporting are aligned with the GHG Protocol.

²⁵ The potential emission reductions from the initiatives to reduce emissions in our logistics and transportation operations were estimated working with the Carbon Trust, based on available information and assumptions.

Reducing SHEIN's Indirect Impact

We acknowledge that, with over 99% of our emissions coming from Scope 3, we must collaborate with our suppliers and other value chain partners to address these areas. Significant work remains, but we have launched several programs in 2023 to support our suppliers in their decarbonization journeys.

In partnership with Apparel Impact Institute (Aii), we initiated Clean by Design (CbD) projects, which focus on improving process efficiencies to reduce energy, water and chemical usage and waste generated in the manufacturing process. These projects, implemented across 28 supplier sites, collectively introduced 217 improvement actions, saving 14,046 MWh of electricity and nearly 46,000 metric tons of CO₂e per year.

We also promote the adoption of rooftop solar energy in our supply chain, establishing partnerships to design customized solarization plans for our suppliers. These are complemented by cash incentives to encourage adoption by our suppliers. We also reached out to over 300 suppliers to share about rooftop solar alternatives. As of end 2023, 31 suppliers have installed and 10 suppliers are in the process of installing photovoltaic solar panels for their factories, totaling 51.6MW of solar capacity. These solar panels generated 21,290 MWh in electricity, reducing CO₂e by 12,140 metric tons.²⁴

In 2023, we began exploring initiatives to reduce emissions in our logistics and transportation operations. For example, in Europe, we introduced lower-impact delivery options, offering self-pickup options for our customers so that they may collect their purchases from a pickup point instead of opting for doorstep delivery, which is estimated to have saved 19,468 metric tons of CO₂e across eight countries. By working with logistics partners who use electric cars and hybrid or natural gas vans, we saved 54,614 metric tons of CO₂e across six countries in Europe.

We are also building partnerships with suppliers in Brazil and Türkiye to bring production closer to key consumer regions, and expanding the number of warehousing facilities globally in countries such as the USA and Poland. This nearshoring and onshoring strategy will help us to reduce delivery times, shipping costs and our Scope 3 carbon footprint. In nearshoring inventory, we managed to shift more air transportation to sea and ground modes for routes to Europe and the USA, saving us 49,578 metric tons of CO₂e. In localizing procurement, we significantly reduced air transportation distance, resulting in an emissions reduction of 314,805 metric tons of CO₂e.²⁵



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CLEAN BY DESIGN — PARTNERING OUR SUPPLIERS IN THEIR ENERGY TRANSFORMATION

SHEIN Supplier in Zhongshan City

Under the CbD initiative, SHEIN's team of specialists helped a supplier based in Zhongshan City devise a customized blueprint to improve energy efficiency, recommending measures tailored to their unique needs. These measures include establishing a condensate-reuse system, enhancing air-conditioning systems, steam pipe insulations and lighting management, and introducing energy-saving sewing machines. This helped the supplier realize 12.58% in water savings and 16.16% reduction in GHG emissions, and employees also reported significantly improved workshop conditions, especially on warmer days.

SHEIN Supplier in Guangzhou City

While one of the suppliers SHEIN works with in Guangzhou had explored energy-transformation initiatives previously, it did not achieve much success. With SHEIN's help, the supplier installed new, more efficient boilers and improved steam leakage management in boiler rooms, fine-tuned steam pressure levels and insulated steam pipelines, strengthened lighting management and refurbished standardized workshops. Within just six months, the supplier achieved a 13.93% reduction in electricity use, resulting in cost savings that could be reallocated to staff training or team-building initiatives. Through the collaboration with SHEIN, this SHEIN supplier was able to progress rapidly in their green transition journey.



By fitting workspaces with LED lights, suppliers are able to eliminate common issues with incandescent bulbs such as harsh lighting and low-frequency hum.



LED lights like these use less energy than incandescent bulbs, last longer and offer higher-quality light output than incandescent bulbs.

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Source Responsible Materials

Sourcing responsible materials means incorporating materials that meet our performance, quality and safety standards and materials that have a lower environmental impact. We're committed to identifying and using material solutions that can address both expectations.

Sourcing responsible materials starts with the fundamentals: quality and safety. It continues with the responsibility to provide more product options manufactured from materials with lower environmental impact.

SHEIN's approach includes:

- Taking guidance from industry regulations and best practices to develop product quality and safety standards.
- Hiring experts to help establish and manage compliance protocols.
- Conducting training for both internal staff and suppliers on best practices for compliance.
- Requesting suppliers to provide up-to-date product quality and safety documentation.
- Conducting material and finished product testing for harmful and restricted substances and quality control in partnership with third-party experts and independent labs.
- Accelerating the adoption of preferred materials.

An Established System for Quality and Safety

During 2023, we introduced a quality monitoring and control (QMC) system for SHEIN-branded apparel products. The system covers the full product lifecycle, from design and development, through production and inbound sales, to after-sales processing. Such oversight enables us to better manage risks related to product compliance and safety.

Throughout the year, we conduct inspections to ensure suppliers are compliant with our quality standards. To ensure that risks are identified and resolved as soon as possible, we take a risk-based approach, considering suppliers' industry experience and historical data.

Where apparel products are found to be noncompliant with SHEIN's quality and safety standards, we take necessary actions as relevant. These can include removing products from sale, returning bulk goods to suppliers, reducing orders and imposing fines on suppliers. Moving forward, we will continue to improve the QMC system to ensure greater compliance with SHEIN's quality and safety standards.



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Quality and Durability

SHEIN adopts rigorous targets for the continual improvement of apparel product quality, drawing on standardized testing and customer feedback to guide our efforts.

We have established internal standards for material factors like tear strength, pilling and color fastness, and require our textile suppliers to submit updated quality test reports for these factors. Our Product Quality team has developed protocols for testing compliance with our standards for any apparel products entering SHEIN warehouses.

During 2023, we continued finding ways to improve apparel longevity. Based on customer reviews, we undertook efforts to source higher-performing zippers. We optimized and integrated our zipper supply chain, consolidating procurement activities to focus on three carefully selected companies whose products met our standards for high performance.

Our surveys, which encompassed over 3,500 customers in six markets, show that customers do get good use out of our garments — the majority of our customers surveyed reported that they generally wear SHEIN items over 10 times, with one-third of surveyed customers wearing their SHEIN items over 30 times.

Chemical Safety

Responsible apparel products need to be designed with safety in mind. At SHEIN, we are building compliance control processes that uphold chemical and physical safety standards. SHEIN engages with industry experts to reinforce current practices for managing product compliance. We also maintain a Restricted Substances List (RSL), which imposes restrictions on per- and polyfluoroalkyl substances (PFAS), taking guidance from international standards and regulations including but not restricted to:

- The Apparel and Footwear International RSL Management (AFIRM) Group.
- Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH).
- The Stockholm Convention and Aarhus Protocol on Persistent Organic Pollutants (POPs).
- Other relevant national and regional regulations.

In 2023, we updated our RSL for materials so that it remains up to date with revised PFAS regulations. We also developed and launched a Manufacturing Restricted Substances List (MRSL) for materials used in manufacturing, compiling prohibited chemical substances that are often used in dyes, additives and finishing agents.

SHEIN's suppliers must agree with — and ensure their raw materials, semi-finished and/or finished products meet — our apparel product safety requirements. Additionally, our policies and procedures require fabric suppliers to provide test reports and Certificates of Conformance attesting to their compliance with our standards. Suppliers found to have manufactured noncompliant products may face penalties that include fines or having their apparel products removed from sale.

Before being listed for sale, SHEIN-branded children's clothing must also undergo several safety risk assessments to ensure that relevant standards for hazardous substance control are met. The design and production of SHEIN-branded children's clothing are governed by our Children's Clothing Safety Standards — an internal document that takes guidance from European standards.

Based on reviews from customers in the USA, UK, Germany and France in 2023, customer product satisfaction averaged

97.4%

Meeting Customer Expectations

As a customer-focused business, we are in conversation with our customers constantly about what they like, what works and how we can improve. Customer feedback is gathered through our online platform in the form of product page comments, as well as through our customer service team. Any quality-related comments are passed to the quality and safety department to be addressed in a timely manner. This helps us to maintain a level of customer satisfaction in SHEIN-branded products. In 2023, the global proportion of negative reviews on our products (i.e., three stars or less) decreased from 3.3% in 2022 to 2.6%, which is a 21.9% improvement.



SHEIN's Quality Dojo in our CIGM provides free training to employees and suppliers on best practices in quality control and testing techniques, awarding a certification of completion for the course.

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Sourcing Lower-Impact Materials

SHEIN is a member of Textile Exchange — a global nonprofit driving beneficial impacts on climate and nature across the fashion, textile and apparel industry by guiding a growing community of brands, manufacturers and farmers towards more purposeful production along the supply chain. We look to their guidance as we develop our preferred fiber strategy and accelerate our sourcing of lower-impact materials.

Recycled Polyester

Polyester accounts for the majority of SHEIN’s fiber portfolio, which makes the transition to recycled polyester a vital step in our decarbonization journey. With recycled polyester accounting for 7.9% of polyester directly sourced for SHEIN-branded products in 2023, we are moving steadily towards our goal to transition 31% to recycled polyester by 2030.

SHEIN’s Fiber Portfolio²⁷

Polyester	75.7%
Recycled polyester	6.0%
Cotton	9.9%
Viscose	8.0%
Forest-safe viscose	5.0%
Spandex	3.6%
Polyamide	2.4%
Other fiber categories (including linen, acrylic and metallics)	0.3%

²⁶ According to Canopy’s 2023 [Hot Button Report](#).

²⁷ This chart provides the fiber breakdown by weight for textiles designated by SHEIN for use by contract manufacturers.

²⁸ In 2023, we switched the 6C garment polybags used in 2022 to 5.5C garment polybags.

Man-Made Cellulosic Fibers (MMCFs)

When sourced responsibly, MMCFs (including viscose, modal, lyocell and acetate) hold a significant opportunity for sustainable, regenerative and circular fiber production at an affordable price. To help us make progress in this fiber category, we look to Canopy, an independent, solutions driven nonprofit organization, to identify Ancient and Endangered Forest-friendly suppliers and lower-impact fiber inputs and provide resources for taking collective action with supply chain partners and industry peers.

In 2023, we made good progress on our goals, sourcing 60% of our viscose fabrics from “green shirt” rated producers.²⁶ This includes utilizing 6,800 kg of Lenzing TENCEL™ Modal fabrics — each of which contain at least 30% Lenzing TENCEL™ Modal fibers — in the creation of SHEIN garments in 2023. TENCEL™ Modal fibers are made from wood, a natural raw material, sourced from controlled or certified origins meeting Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) standards, following the stringent guidelines of

the Lenzing Wood and Pulp Policy. For its highly responsible sourcing practices helping to protect Ancient and Endangered Forests, Lenzing has been recognized as one of the best performing companies worldwide in Canopy’s Hot Button Report in 2023.

Cotton

We have invested substantial resources to ensure cotton is sourced responsibly, and our policies and procedures require the submission of chain-of-custody documentation for SHEIN-branded cotton products to ensure traceability of raw cotton used. This is supported by our proprietary Traceability Management System that integrates supply chain documentation and information from fabric and finished product suppliers, such as certificates of raw material origin, export/import documents and purchase orders.

We also look to third-party cotton sample testing to verify origin for SHEIN-branded products. Yarn and fabric samples are collected by independent third-party agencies and sent to Oritain, a global leader in isotopic analysis and cotton testing, for independent testing and origin verification.

Packaging

In pursuit of our goal to have 50% preferred materials in all our packaging for SHEIN-branded products by 2030, we are increasing use of recycled plastic and paper-based packaging.

Since August 2022, nearly all express delivery packages procured for goods shipped to Europe have comprised 50% Global Recycled Standard (GRS)-certified recycled polyethylene (PE) plastic. In addition, all garment polybags procured for goods under our evoluSHEIN initiative and MOTF and Cozy Cub sub-brands have been designed to use 100% GRS-certified recycled PE plastic.

In 2023, we started to use thinner garment polybags for our SHEIN-branded products, which are each 1.34 g lighter than the earlier type of polybag used.²⁸ This comprised over 60% of our garment polybags for SHEIN-branded products in 2023. We are also using FSC-certified paper-based packaging for two of our sub-brands.

Overall, the proportion of packaging procured that contained at least 50% preferred materials increased from 4.1% in 2022 to

16.2%

in 2023.

Keeping in line with the specific regulatory requirements of each country we serve, SHEIN also ensures our packaging is properly labeled to help customers responsibly dispose of it. For example, all packaging bags are marked with the plastic type to support better waste separation. We have also included additional logos to support recycling efforts in line with regulations: the French Triman logo, Spanish Green Dot and Italian environmental label.



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evoluSHEIN by Design

As demand grows from customers and the wider apparel industry for responsible, circular production practices, we consider it our duty to champion this evolution — designing and sourcing with a goal to mitigate our environmental footprint and empower stakeholders across the communities we serve and operate in.

How do we do this? By:

- Using preferred materials with a lower carbon footprint compared to conventional equivalents.
- Finding creative ways to repurpose textile surplus — from cutting scraps to rescued deadstock fabrics from other fashion brands otherwise destined for landfill or incineration — to optimize and conserve resources.
- Shipping products in packaging containing more sustainable content, such as recycled PE.
- Encouraging conservation of water and energy resources.
- Seeking to utilize more facilities powered by renewable energy.

It's also why we created evoluSHEIN by Design, a product initiative aimed at accelerating the use of responsible materials and manufacturing processes.

For a garment to be recognized as an evoluSHEIN by Design product, it must meet our evoluSHEIN Standard. The standard specifies that qualifying garments must include a minimum of 30% preferred materials — i.e., recycled polyester, forest-safe viscose and rescued deadstock — and be manufactured by suppliers who have achieved an above-average rating on their SRS audit (i.e., A or B in our current grading scale) conducted

by an accredited third party or be certified to an independent third-party standard that includes criteria for social compliance (e.g., SA8000, GRS). Products are then shipped with packaging comprising preferred materials.

In 2023, approximately 2.2% of SHEIN-branded products made with textiles designated by SHEIN were produced in accordance with our evoluSHEIN Standard. This progress was a combined effort from internal design teams and external brand partners, including fashion influencers, IP partners and SHEIN X designers who took up the mantle of incorporating sustainable design principles into their collections. We will continue this push for more responsible and circular production practices, and work with our ecosystem of partners towards sourcing 50% of SHEIN-branded products through our evoluSHEIN by Design initiative by 2030.



In 2023, SHEIN worked with six US-based SHEIN X designers, handpicked based on their passion for sustainable fashion, to launch evoluSHEIN by Design collections.



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SUSTAINABLE, INCLUSIVE FASHION

Lauren Flagg, founder of Obviously Vintage and graduate of the Art Institute of Raleigh-Durham, champions sustainable fashion. Hailing from North Carolina, she launched her brand in 2018, inspired by nostalgic 1980s and 90s designs and her earlier years spent thrifting and repurposing clothes. Her clothing line incorporates recycled fabric — both for the clothes themselves and for their packaging.

After five years of running her business locally, Lauren was one of the six US-based designers in the initial cohort selected to join our evoluSHEIN by Design initiative. This brings global exposure for Lauren's sustainable pieces not only across SHEIN's website, but also to her own independent brand.

“ I went from making one of one piece to having full collections on SHEIN's worldwide e-commerce site. It changed my life. I would spot my own pieces being worn at events, someone doing a get ready with me on Instagram and even doing clothing hauls with my pieces. ”

Lauren Flagg, Founder, Obviously Vintage





Protect Biodiversity and Animal Welfare

Addressing our impact on the environment means digging deeper into our value chain to track down potential risks to natural ecosystems. It requires making a conscious effort to take responsibility beyond our own operations to protect biodiversity and uphold animal rights.

Material Traceability

Before we can address our impacts, we need to understand where and how they occur at different points across the supply chain. Accurately tracing our operations' impacts on biodiversity and animal welfare requires identifying and understanding the sources of our materials. To do so, we are undertaking efforts to strengthen supply chain coordination and collaboration with external organizations, across non-governmental organizations (NGOs), public authorities and testing certification bodies.

SHEIN has partnered with TÜV Rheinland to develop our proprietary Traceability Management System, aimed at tracing material quality and verifying sustainable material sources along our supply chain. Through integration with SHEIN's digital supplier management system, SHEIN's policies and procedures require suppliers to reconstruct their physical supply chain in digital form, uploading documentation to track the flow of materials. This includes chain of custody documentation, test reports and transaction

certifications for raw materials used. SHEIN also conducts routine sampling of yarn, fabrics and finished products, in partnership with independent testing labs in different markets, to verify the efficacy of our material traceability system and to help ensure the materials used in our products comply with the required product quality standards in the markets we operate in.

Making a Commitment to Our Forests

In 2022, SHEIN became a signatory to the CanopyStyle and Pack4Good initiatives, joining forces with Canopy to reduce the fashion industry's contribution to deforestation and degradation. Canopy works with its brand partners and local allies to protect these irreplaceable forest ecosystems that support rich biodiversity of life and the livelihoods of many Indigenous communities. To protect these vital Ancient and Endangered Forests, we have committed to:

- Transition all directly sourced MMCFs to come from sources that do not endanger vital ancient forests by 2025.
- Transition all paper-based packaging to forest-safe sources and prefer the use of recycled content by 2025.
- Accelerate next-generation fiber solutions.
- Promote forest conservation.

Animal Welfare

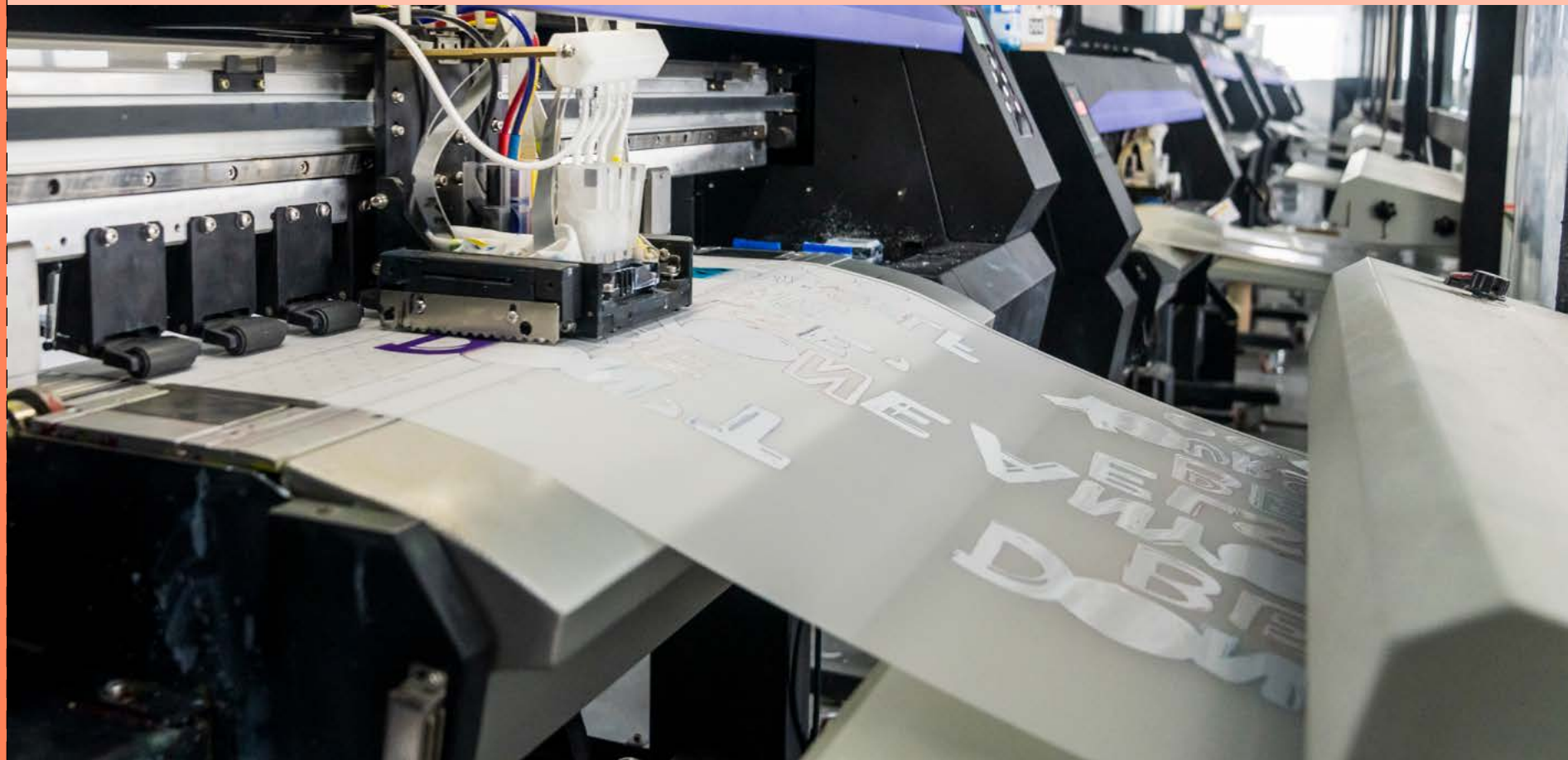
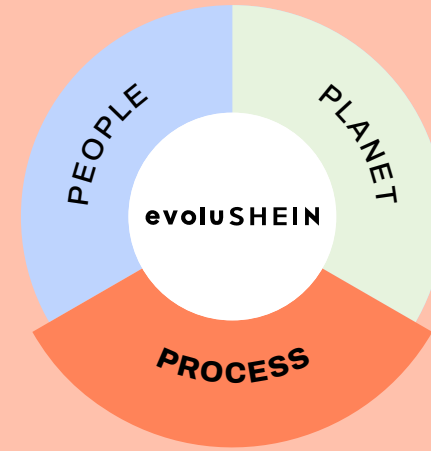
We seek to offer vegan-friendly and cruelty-free product options to our customers and are committed to promoting the importance of animal welfare within our supply chain. SHEIN's Animal Welfare policy follows the "Five Freedoms" laid out by the World Organisation for Animal Health, namely freedom:

- From hunger, malnutrition and thirst
- From heat stress or physical discomfort
- From pain, injury and disease
- To express normal patterns of behavior
- From fear and distress



WASTE-LESS INNOVATION

Innovation is what will propel the fashion industry towards a more sustainable and ethical future. We look to embed circularity principles and resource-saving technologies into our operations to enable a future where we can close the loop.



OUR THREE STRATEGIC PRIORITIES:



Optimize Resource Efficiency ➔



Design Circular Systems ➔



Accelerate Sustainable Innovation ➔

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Why It Matters

By seeking innovative solutions, we can significantly decrease our environmental footprint and preserve our planet and its resources. Transforming how we produce and manage resources at all stages across the entire value chain, and empowering our customers to come along on this journey, will help us close the loop in the fashion industry.

Our Approach

Our three strategic priorities for driving impact are to:

Optimize Resource Efficiency →

Design Circular Systems →

Accelerate Sustainable Innovation →

We are optimizing efficiency along the value chain to conserve resources, leaning on circular systems of product reuse, refurbishing and recycling to minimize the environmental impact of our consumption patterns. At the same time, we are accelerating sustainable innovation by testing and scaling effective solutions to drive positive change in the fashion industry.



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Optimize Resource Efficiency

We constantly seek to enhance efficiency throughout our value chain, conserving essential resources like water, energy and raw materials. By minimizing consumption and waste, we ensure that we use only what is necessary.

Tech-Driven Waste Reduction

Waste of resources from overproduction is a systemic challenge that the retail sector faces. Acknowledging this problem, our innovative on-demand business model strives to minimize waste from the start, which also reduces costs for customers. Utilizing small-batch ordering based on trend research and direct feedback, SHEIN seeks to maintain consistently low unsold inventory rates. Additionally, our digital supplier management system equips our partners with real-time insights, to aid in more accurate production planning and minimize resource wastage.

Conserving Water

Water is an essential resource at every stage of the apparel value chain, and we are committed to optimizing its use within our supply chain.

Many of our suppliers already use closed-loop water treatment and reuse processes that help reduce water consumption. We also invest in research and development of manufacturing

technology and production processes that consume less water, and encourage our suppliers to adopt these practices.

Our CbD projects for supplier facilities, implemented in collaboration with Apparel Impact Institute, have also targeted improving water efficiency. Our projects in 2023 are estimated to have saved around 1 million cubic meters of water.

In 2023, over 52% of directly sourced printed fabric utilized digital thermal transfer printing (DTP), which is a zero-water-waste printing method verified by Bureau Veritas. The DTP initiative is estimated to have saved over 290,000 cubic meters of water and over 32,600 MWh of electricity compared to traditional screen-printing in 2023, which also results in a reduction of 60,524 metric tons of CO₂e.

SHEIN is also working with suppliers to increase adoption of cool transfer denim printing technology, which uses innovative high-fixation ink in place of conventional indigo colorants. This method was verified by Bureau Veritas in October 2023 to use 70.5% less water than traditional denim apparel washing methods. This also provides our designers with more flexibility to create designs with a variety of colors and style accents, since they can print the pattern onto the denim fabric directly using a digital printer. SHEIN has integrated the cool transfer denim production process into our agile supply chain, allowing our suppliers to produce innovative denim designs in a more water-efficient manner.

CLEAN BY DESIGN — SUPPORTING WATER CONSERVATION

SHEIN Supplier in Zhaoqing City

Through the CbD initiative, with the support of SHEIN's team of experts, a SHEIN supplier in Zhaoqing City enhanced their motor energy efficiency and switched to energy-efficient machinery like dyeing machines, shaping devices and air compressors. They also developed a system to monitor and mitigate water and stream runoff and leaks and pioneered research into energy-conserving, short-duration dyeing processes. This not only reduced their energy footprint, but also resulted in a 19.7% reduction in water usage.

SHEIN Supplier in Foshan City

With SHEIN's experts assessing and evaluating production methods and providing technical support, our supplier in Foshan City managed to achieve an 18.2% reduction in water usage and a 15.4% reduction in wastewater discharge by revamping their production methods. The supplier implemented measures such as dyeing machine insulation, centralized cooling systems and self-service dye transfer systems, and adopted deep treatment and reuse of wastewater from dyeing and finishing operations.





Design Circular Systems

Closing the loop on waste doesn't happen overnight. It involves planning, finding solutions that work for our business and customers and exploring new ways to deal with waste.

We encourage customers to use our products for as long as possible, but we are also working to design products and services with circularity in mind. Circularity is a method of achieving sustainability where materials never become waste and nature is regenerated. Becoming more circular also contributes to reaching sustainability goals like reducing carbon emissions, water usage, environmental pollutants and other harmful impacts of conventional production.

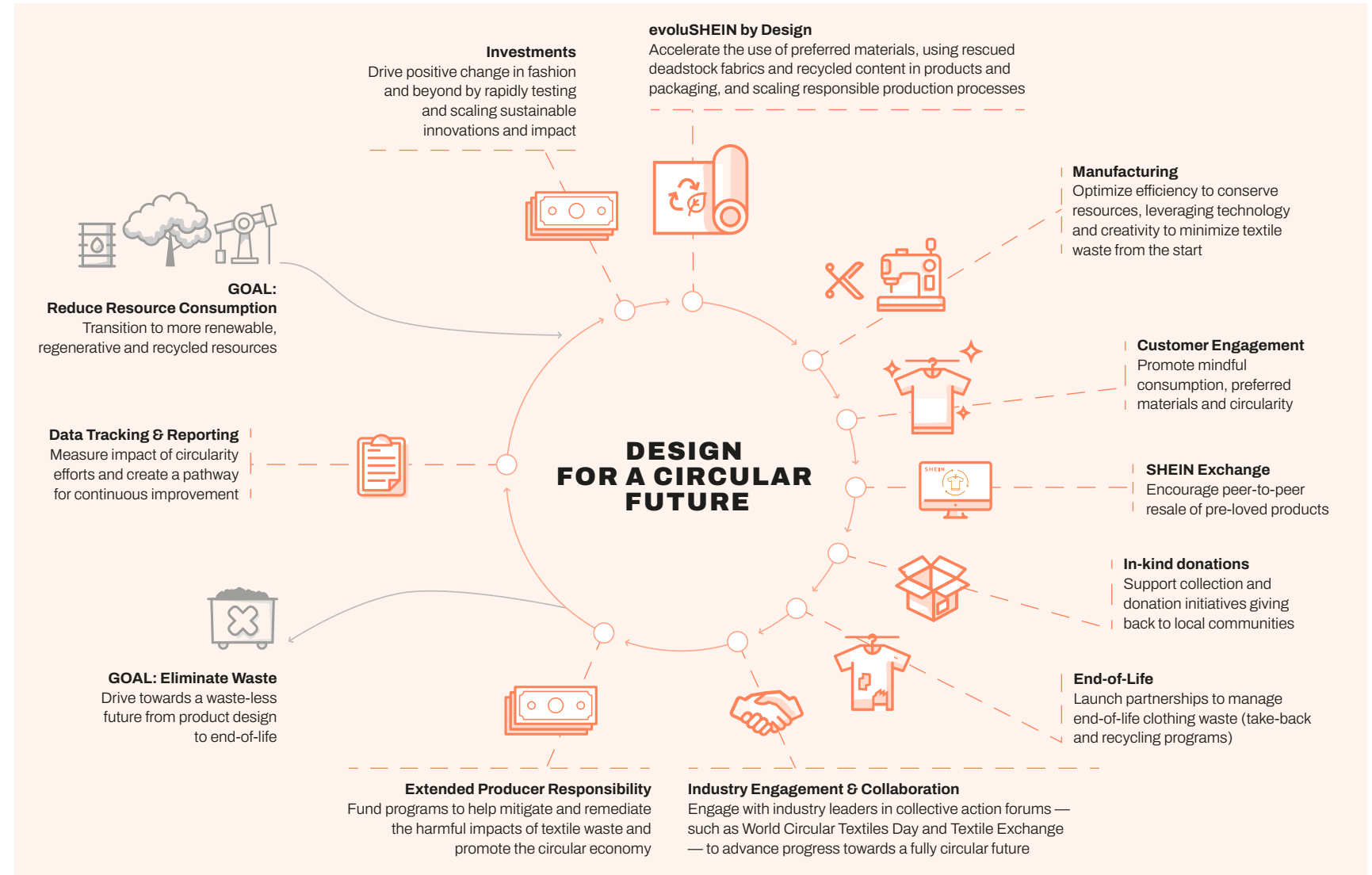
Building a Circular Ecosystem

SHEIN has been a signatory of World Circular Textiles Day since 2022, part of a coalition of brands, suppliers and other organizations to evolve the fashion and textile industry towards full circularity by 2050.

We know that circularity can only be achieved through collaboration. That is why our approach relies on educating and involving partners across our value chain, from suppliers to employees to our customers. From raw material sourcing to waste recycling and product end-of-life management, we are exploring ways to shift our operations towards more circular systems. We are working towards measuring and minimizing textile waste within our own operations and are collaborating with industry leaders to advance a circular textile economy.

We hope to engage the majority of SHEIN customers in circularity, challenging the conventional "take, make, break, forsake" retail model. By integrating circularity into our production, increasing the use of preferred materials and

providing platforms and programs to prolong the lifecycle of products, we are working to provide our customers with more options to participate in the circular economy. Our programs address each part of the value chain, as seen below.



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Circular Production

Even at the production level, we are also exploring integrating circularity into our process to drive us towards a waste-less future from product design to end-of-life. We see the future of the textile and fashion industry as circular, and are actively seeking sustainable, practical and long-term solutions across our value chain.

Beyond our own operations, helping our suppliers reduce waste in the production process, mitigating waste before it is created through circular design and utilizing deadstock fabric are key parts of our roadmap to circularity. To create the most effective programs and collaborate with our suppliers to truly reduce waste in our supply chain, in November 2023 we began a waste study of our design practices and supplier partnerships to help refine our pre-consumer circularity and waste-reduction strategy.

Seeking to close the loop on waste, we have also started to incorporate textile-to-textile recycled polyester into our products, amounting to over 101,000kg of recycled polyester fabric utilized in SHEIN-branded apparel products.

Separately, in line with our commitment to innovation, we have also started a multi-year research partnership with Donghua University, a university specializing in engineering and material sciences, to study how to achieve commercially scalable production of recycled polyester fibers through mechanical and chemical recycling.

Zero Waste to Landfill

We are pushing to recycle our own waste to minimize our overall waste footprint. We have launched industrial waste-recycling projects in 14 of our own facilities, resulting in over 86% of industrial waste generated being recycled or thermal recovered. This amounts to over 32,800 metric tons of industrial waste materials (including plastic, paper-related and other materials) recycled through this initiative in 2023.

Two of these facilities also underwent Zero Waste to Landfill certification in 2023, independently assured by TÜV Rheinland.

We have also put in place an industrial waste management policy for all sites which we directly operate, including distribution warehouses, fabric centers and SHEIN's Center of Innovation for Garment Manufacturing. This requires all sites to classify, recycle, weigh and record classification of industrial waste, maintain records of downstream recycling operations and channel all nonrecyclable industrial waste towards energy recovery or nonhazardous treatment.

Engaging on Circularity

Today, customers are looking for ways to extend the life of their clothing and to purchase more sustainably, and we want to support them through increasing our offering of circular products and services alongside customer circularity education.

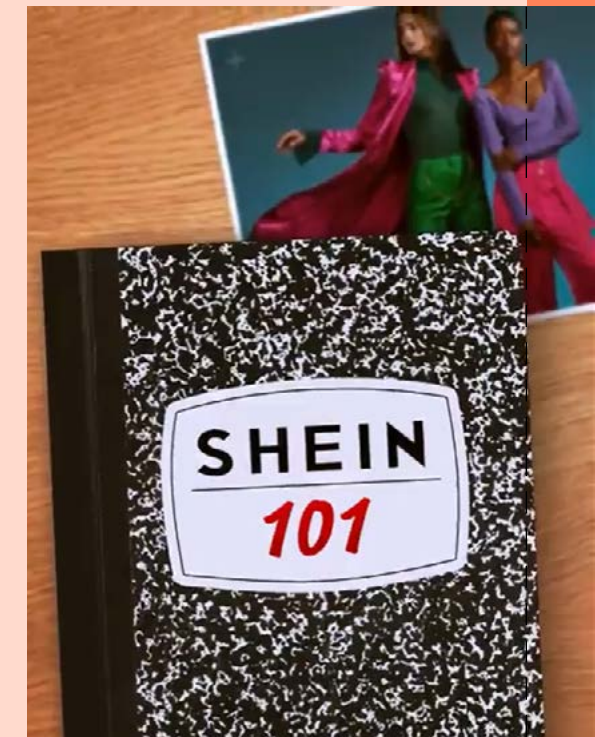
In September 2023, we conducted six studies surveying 3,500 customers across the USA, Brazil, Mexico, UK, France and Germany to understand how our customers wish to engage with circularity across our top markets.

We found that though many of our customers have a strong desire to support clothing circularity, around two-thirds of respondents had either never heard of circular fashion or had very limited understanding of the term. Using this insight, we can now identify ways to enhance awareness and participation — whether through social media campaigns that highlight the importance of reuse, recycling and upcycling or through interactive initiatives such as peer-to-peer resale via our SHEIN Exchange platform or garment take-back initiatives. We also learned from our study that interest in various circularity activities differed from region to region, suggesting the necessity of a localized approach.

Building on this understanding, we also embarked on a collaboration with Rachel Faller, an industry expert in circular systems and zero-waste design, to develop educational programming and materials for both internal and external stakeholders — including customers, employees, designers and suppliers — on sustainable consumption, circularity and waste. The content was designed to increase stakeholder understanding of what a circular fashion industry looks like and how SHEIN can accelerate this transition.

SPREADING CUSTOMER AWARENESS

Our weekly SHEIN101 docuseries invites customers behind the scenes to see how we operate, how we support emerging talent and how we're working to close the loop on fabric waste at SHEIN. In 2023, we published over 90 videos in total, including content during Circularity Month in October to increase our customers' awareness of our circularity initiatives. Since the launch of this initiative, SHEIN101 videos have garnered 169 million views across SHEIN social platforms (Instagram and TikTok).



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Keeping Clothing in Circulation Longer

We seek to extend the lifespan of our garments by promoting the resale of pre-loved clothing and facilitating clothing exchange.

SHEIN Exchange

In 2022, we introduced SHEIN Exchange, a peer-to-peer resale platform designed to help our customers engage in circularity. Inspired by customer feedback from SHEIN's social communities, the platform meets a need for a hassle-free marketplace where customers can buy and sell pre-owned SHEIN items, free from high platform fees.

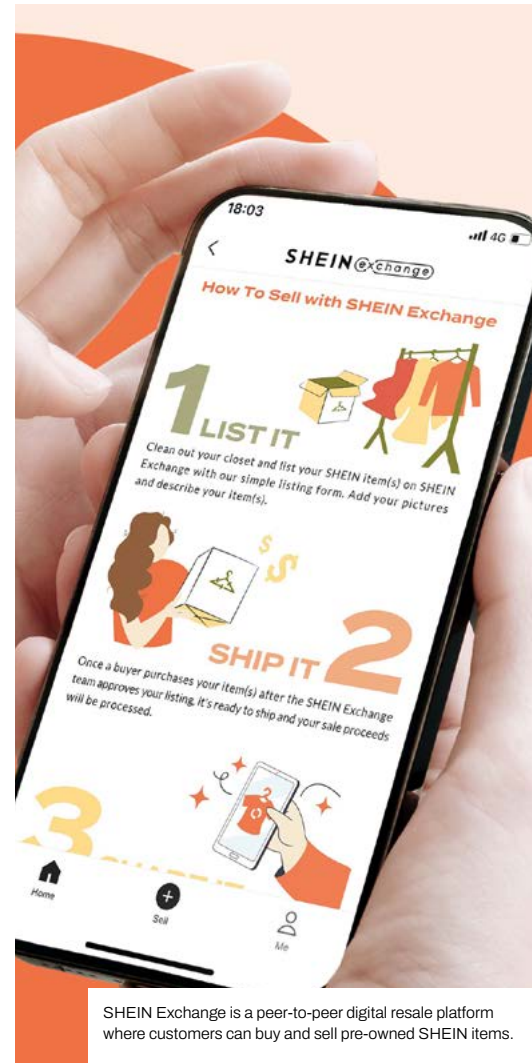
Designed in partnership with technology platform Treet, the platform includes user-friendly features for listing pre-owned items, such as automatic pre-population of product details. Having first piloted it in the USA, we plan to expand SHEIN Exchange into additional markets to inspire mindful consumption and circular economy across our global community.

In 2023, we saw over 4.2 million new users join the SHEIN Exchange platform in the USA, with over 115,000 pre-owned items listed for sale by more than 95,000 unique sellers.

Take-Back and Recycling

In 2023, we ran pilot programs in the USA, France, Germany, Mexico and the UK at SHEIN pop-up events, collecting pre-loved items from SHEIN customers for donations to local charities or in partnership with local recycling companies.

As an e-tailer with no physical shopfronts, we are exploring the potential to launch more permanent, nationwide take-back programs, working with



SHEIN Exchange is a peer-to-peer digital resale platform where customers can buy and sell pre-owned SHEIN items.

like-minded partners to create an engaging experience for our customers. We are looking to pilot a permanent take-back program first in Europe, and will consider learnings before expanding the programs to more countries.

Extended Producer Responsibility (EPR)

The SHEIN EPR Fund was created in 2022 to support causes aligned with SHEIN's commitment to addressing global textile waste management and furthering the development of a circular economy. Through the fund, SHEIN is committing up to US\$10 million annually to support ecological and social sustainability strategies addressing and supporting communities impacted by textile waste.

In 2023, our initial grantee, The Or Foundation, continued to scale their activities to support communities around the Kantamanto Market in Accra, Ghana, the world's largest secondhand clothing market. Key highlights of The Or Foundation's work in 2023 include:

- As part of their Mabilgu Program, supported an additional 114 women to leave head-carrying of secondhand clothing bales, with a total of 64 women graduating from their apprenticeship programs. In addition to apprenticeship placements, housing, healthcare and English language and financial literacy classes are also provided.
- Supported 1,069 market members through the Secondhand Solidarity Fund by redistributing funds and in-kind donations within the Kantamanto Market community.
- Re-granted funds to 18 allied organizations to address textile waste situations in Ghana, Kenya, Uganda and Nigeria, expanding the geographical scope of their support.

- Launched Obroni Wawu School for five Accra-based designers as a business incubation program. Held the second annual Obroni Wawu October event, with over 1,000 attendees, to support Ghana's upcycling culture and Kantamanto's culture of reuse.
- Launched a public community cleanup program, bringing together over 100 community members and 25 part-time team members dedicated to waste removal, the full Or team and a collaborating NGO, to remove waste from Accra's beaches and Old Fadama.
- Collected more than 1,800 air and water samples for ecological research and study of remediation efforts in Ghana.
- Repurposed over 23 metric tons of clothing waste to make fiberboard, mops, cushions and cotton T-shirts as part of the fiber-to-fiber project.

We look forward to disbursing additional grants in line with our objective to address global textile waste management and accelerate the circularity transition, and to reporting on the progress our grantees have made through the support of the EPR Fund.



The Or Foundation, beach-monitoring community leaders and partner organizations work collectively to safely dislodge a clothing tentacle — a tangled mass of clothing waste — from one of Accra's beaches.



Accelerate Sustainable Innovation

With innovation at our core, we've earned a reputation for revolutionizing the retail landscape by developing agile systems, using strategic data analytics and testing and scaling new business solutions.

The Test-and-Scale Approach

The test-and-scale approach is a fundamental aspect of our SHEIN culture — with employees encouraged to identify opportunities for improvement, conduct research and propose solutions. For example, any new product we offer online starts with a small test batch so that we can assess how it resonates with our customers before we scale up orders to meet demand. Similarly, we apply this approach to how we accelerate sustainable innovation, testing new materials and business models before iterating to scale them successfully within our operations.

Innovation at SHEIN

We are committed to driving transformation across the garment-manufacturing industry through research and development (R&D), establishment of best practices and information-sharing. The Center of Innovation for Garment Manufacturing (CIGM), established in 2022, conducts R&D in waste-saving and efficiency-optimizing technologies that can be scaled across SHEIN's supply chain. It conducts knowledge-sharing and training for our suppliers on the latest technologies

and techniques, including on product quality, organizational management and workplace experience, to optimize efficiencies. It also offers consultancy services on factory site selection, facility design and layout.

In 2023, the CIGM successfully filed 10 patents for new technology/tools focusing on complex craftsmanship methods and special fabrics, each achieving garment-production efficiency gains of over 40%. The CIGM has also developed over 100 sewing and garment-making tools for our suppliers. Targeting specialty and complex garment and fabric types has helped to improve product quality, thereby reducing customer return rates. In 2023, the CIGM carried out over 380 training sessions for over 5,000 suppliers across our supply chain. The CIGM also collaborates with universities and academic institutions to launch joint training programs, including practical training and seminars on sewing techniques and other aspects of garment manufacturing, and to offer scholarships to help develop a pipeline of young talent for local garment-manufacturing industries.



This hanging line conveyor system was developed by SHEIN's in-house team to move clothes and items across production floors handling multi-category orders. The system includes data-collection and processing capabilities and can be fitted with either clothes hangers or baskets to improve production efficiency.



Innovations developed by SHEIN, like these glove pattern templates, have helped create more consistency in production, and a reduction in suppliers' equipment purchasing costs.

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QUEEN OF RAW PARTNERSHIP

SHEIN's partnership with Queen of Raw supports SHEIN's efforts to source fabrics for our evoluSHEIN by Design products. We have taken the next step to integrate Queen of Raw's proprietary Materia MX software into SHEIN's sourcing system in 2023. This enhances the flow of materials data between platforms, improving our overall efficiency in procuring deadstock materials for greater scalability and real-time calculation of environmental impacts.

In 2023, 19,927 meters of high-quality deadstock materials were rescued through this partnership. Materials included fabrics comprising polyester, recycled polyester, spandex, nylon and rayon.

Through repurposing other brands' excess inventory, SHEIN avoids consuming new textile resources, conserving over 155,000 cubic meters of water, over 3,000 kg of chemicals and over 28 metric tons of CO₂e that would have been generated through conventional production methods according to Materia MX in 2023.

The Materia MX algorithm also enables rescued deadstock to be incorporated into SHEIN's style-development process, with the algorithm learning SHEIN's design preferences as our designers test different methods for most effectively incorporating deadstock materials.

“ Together with SHEIN, we demonstrate that new business models, along with supply chain software, allow fashion brands to be more efficient with inventory, repurposing readily available resources with the support of data and science-based standards, which is good for both business and the environment. ”

Stephanie Benedetto, CEO, Queen of Raw



In 2023, SHEIN launched the first product collaboration under evoluSHEIN by Design with Brazilian pop superstar Anitta. The collection showcased several limited-edition styles made of deadstock fabrics sourced by Queen of Raw's proprietary software Materia MX.



ESG Governance Approach

Strong corporate governance is a cornerstone of our business operations and pursuit of responsible practices.

At SHEIN, oversight on ESG matters begins at the executive level. Our Executive Chairman and CEO are regularly updated on material ESG risks and opportunities for the company, and are responsible overall for:

- Overseeing the formulation and implementation of SHEIN's ESG policies and strategies.
- Coordinating mitigation strategies and action plans for significant ESG risks.
- Ensuring SHEIN's compliance with ESG laws and regulations across key markets.
- Driving progress in achieving organizational ESG KPIs/targets.

To provide additional corporate governance, we have also established a Sustainability Committee at the Board level, with advisory and oversight authority on ESG-related matters within SHEIN. It has up to five members with at least three independent members (i.e., members who are not employed by SHEIN).

Our Executive Chairman currently heads the committee, and our CEO is a member. The three independent members are: Jijia Zou, Partner at HongShan, Cornelia Gomez, Principal and Global Head of ESG at General Atlantic and Josh Raffaelli, Managing Partner, Private Equity at Brookfield.

The Sustainability Committee's responsibilities include:

- Advising on SHEIN's overall strategy and management with respect to ESG issues, and overseeing efforts to ensure that our commitment to sustainability is reflected in our business operations.
- Overseeing and reviewing SHEIN's compliance with ESG-related policies, strategies, action plans or other initiatives that have been adopted by SHEIN.
- Reviewing and assessing ESG-related risks, incidents and adverse impacts, and approving remedial actions and mitigation plans.
- Reviewing and assessing SHEIN's ESG performance and public disclosures relative to industry peers and reporting and regulatory requirements, as well as other relevant benchmarks.
- Reviewing and monitoring SHEIN's internal training and education programs for executives and employees on ESG matters.



Responsible Business Practices

To truly deliver on our ESG commitments, we need to ensure everything we do is through a lens of ethical and responsible behavior.

Intellectual Property Compliance

We recognize the importance of intellectual property (IP) protection and our role in upholding these standards. That is why we have a dedicated team of over 60 team members supporting IP compliance.

All new products sold by SHEIN are subjected to a multilayer IP review process enabled by image-recognition solutions and manual review, including a review of trademark databases from the US Patent and Trademark Office and World Intellectual Property Organization. We provide IP guidance and training to our suppliers and strictly penalize those who violate our policies against IP theft. Since we implemented these policies, we are pleased to report that the number of IP complaints has decreased year over year.

Ethics and Compliance

SHEIN's Global Code of Ethics (CoE) outlines employee requirements, rights and obligations. Every SHEIN employee undergoes training on the CoE and agrees to be bound by its requirements throughout their employment with the company.

Our policies explicitly prohibit the bribery of public officials by SHEIN employees and third parties conducting work on behalf of SHEIN. We also prohibit discrimination, harassment, bullying, retaliation and conflicts of interest, and promote a safe and healthy work environment.

SHEIN has created a multilingual dedicated Ethics and Compliance channel for employees and our suppliers' employees to raise concerns about suspected violations of the CoE. The channel enables anonymous complaints, and each complaint is investigated. We conduct local training sessions in key markets to ensure employees are aware of the Ethics and Compliance channel, and that any employees conducting investigations do so effectively and in accordance with applicable laws, the CoE and industry best practices. In 2023, we conducted training sessions on anti-corruption for 5,673 employees.

In the course of the year, we have investigated 46 complaints, of which 27 cases were confirmed violations of the CoE. Actions taken included termination of employment and legal proceedings.

Data Security and Privacy

SHEIN takes customer data security and privacy seriously. We recognize the responsibility we have to our internal and external stakeholders to ensure the security of personal data entrusted to us and to provide a trusted web and mobile shopping experience.

In line with our commitment to transparency, we have published a [SHEIN Privacy Policy](#), which describes how we collect and use personal data, the purposes for which we share data internally and externally, how we enable interest-based advertising to feature most relevant content to our customers while respecting their privacy and how we empower them to exercise their privacy rights.





SHEIN continues to expand its voluntary security and privacy certifications, obtaining ISO 27001 for additional corporate entities and adhering to industry standards such as the Payment Card Industry Data Security Standard (PCI DSS). Our security and privacy team is headed by the Chief Security Officer, who is advised by an independent committee of security directors and reports directly to the CEO.

As social engineering and other human-targeting methods continue to be among the most common cybersecurity attack vectors for any organization, we recognize the importance of establishing and maintaining a culture of security awareness as part of a defense-in-depth security strategy. Our comprehensive security training program consists of five pillars:

1. New hire training — all new hires undergo training within 30 days of onboarding.
2. Annual training — employees must undergo refresher training at least once annually.
3. Threat-based training — based on threat intelligence, we conduct ad hoc training and send out awareness communications on topics such as phishing and data leakage.
4. Role-based training — we conduct targeted training for personnel in specific roles, such as warehouse and customer service personnel.
5. Policy training — we conduct training on new and updated privacy and security policies as needed throughout the year.

We will continue to evolve our strategy for data security and privacy in line with the evolving operating environment and industry best practices.





United Nations Sustainable Development Goals

SDG	Sub-pillar	SHEIN response
 <p>5 GENDER EQUALITY</p> <p>Achieve gender equality and empower all women and girls</p>	<p>5.5 Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.</p>	<p>Two of SHEIN’s four founders are women. In 2023, 40% of senior management and 56% of middle management were women.²⁹ Across our key centers of operation,³⁰ 55% of SHEIN’s employees were women.</p> <p>SHEIN continues to track year-on-year progress on increasing the proportion of management employees who are women.</p>
 <p>6 CLEAN WATER AND SANITATION</p> <p>Ensure availability and sustainable management of water and sanitation for all</p>	<p>6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.</p>	<p>Our Clean by Design projects implemented in collaboration with Apparel Impact Institute include implementing measures targeted at improving water efficiency, which are estimated to have saved around 1 million cubic meters of water in 2023.</p> <p>We also utilize digital thermal transfer printing and cool transfer denim printing technology, which are verified to achieve significant water savings.</p>
 <p>7 AFFORDABLE AND CLEAN ENERGY</p> <p>Ensure access to affordable, reliable, sustainable and modern energy for all</p>	<p>7.b By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States and land-locked developing countries, in accordance with their respective programmes of support.</p>	<p>We have made good progress on expanding the use of renewable energy in our own operations, with 72% of electricity used in operations we directly managed from renewable sources, up from 68% in 2022. We have also carried out energy-efficiency projects across three representative SHEIN facilities and developed a set of energy-efficiency measures that we hope to promulgate across more SHEIN facilities in 2024.</p> <p>In our supply chain, we are actively promoting the adoption of rooftop solar, including to connect suppliers with three local solar companies in China, and providing cash incentives to encourage adoption.</p>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p>8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.</p> <p>8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.</p>	<p>In 2023, we worked with our third-party audit partners verification agencies, namely TÜV Rheinland and Openview, to conduct comprehensive SRS audits of 16 SHEIN-operated facilities in China under our SHEIN Responsible Sourcing program — including 15 warehouses and the Center of Innovation for Garment Manufacturing in Guangzhou.</p> <p>Our Supplier Community Empowerment Program and Spotlight Program also help to support economic growth for our suppliers through smart business development and investments in the health and wellbeing of worker communities.</p>

²⁹ Senior management refers to department heads and above, while middle management comprises other team leaders within departments with supervisory responsibilities.

³⁰ These countries are Singapore, the USA, Brazil, Ireland and China.

United Nations Sustainable Development Goals

SDG	Sub-pillar	SHEIN response
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>Ensure sustainable consumption and production patterns</p> <p>12.2 By 2030, achieve the sustainable management and efficient use of natural resources.</p> <p>12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.</p>	<p>In 2023, we continued to grow our evoluSHEIN by Design product initiative and increase our use of preferred materials in our products and packaging, continued our partnership with Queen of Raw to rescue deadstock fabrics for use in new products, and grew our SHEIN Exchange usership. We also embarked on a multiyear research partnership with Donghua University to study how to achieve commercially scalable production of recycled polyester through mechanical and chemical recycling.</p>
 <p>13 CLIMATE ACTION</p>	<p>Take urgent action to combat climate change and its impacts</p>	<p>We are working to mitigate climate impacts across our value chain, collaborating with industry experts to quantify and monitor climate impacts across each stage of our value chain.</p> <p>In 2023, we committed to setting near-term targets with the Science Based Targets initiative (SBTi). We are preparing to submit our targets for validation by SBTi and are working with consultants to build our decarbonization roadmap.</p>
 <p>15 LIFE ON LAND</p>	<p>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p> <p>15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.</p>	<p>SHEIN supports this through our Canopy commitments to source paper-based packaging and viscose fibers that avoid Ancient and Endangered Forests by 2025 and promote lower-impact next-generation fiber alternatives.</p>
 <p>17 PARTNERSHIPS FOR THE GOALS</p>	<p>Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development</p> <p>17.6 Enhance North-South, South-South and triangular regional and international cooperation on and access to science, technology and innovation and enhance knowledge sharing on mutually agreed terms, including through improved coordination among existing mechanisms, in particular at the United Nations level, and through a global technology facilitation mechanism.</p>	<p>Our Supplier Community Empowerment Program advances suppliers and their communities at different stages of their development, providing factory and facility enhancements, training and upskilling for workers, and services for communities within the supplier ecosystems.</p> <p>Our AcceleraSHEIN program supports our marketplace sellers, by providing training, upskilling, seller benefits and incentives to help them achieve their business goals.</p> <p>As part of the “Equitable Empowerment” pillar of our evoluSHEIN strategy, we also seek to improve the lives of the communities we reach, with social impact activities focused on empowering women, promoting gender equality, supporting the development of young people and alleviating poverty.</p> <p>SHEIN also supports communities impacted by textile waste through the SHEIN Extended Producer Responsibility Fund.</p>

Disclaimer and Forward-Looking Statements

The information and opinions contained in this report are provided as of the date of this report unless otherwise indicated and are subject to change without notice. SHEIN does not undertake to update or revise any such statements. This report represents the current policy and intent of SHEIN and is not intended to create legal rights or obligations. This report may contain or incorporate by reference public information not separately reviewed, approved or endorsed by SHEIN, and no representation, warranty or undertaking is made by SHEIN as to the accuracy, reasonableness or completeness of such information. Inclusion of information in this report is not an indication that the subject or information is material to SHEIN's business or operating results.

This report includes forward-looking statements. All statements other than statements of historical or current facts, including statements regarding our plans, initiatives, projections, goals, commitments, expectations or prospects, are forward looking.

We use words such as aim, believe, commit, drive, estimate, ensure, expect, goal, intend, may, mission, plan, project, seek, strategy, strive, target, will and similar expressions to identify forward-looking statements. Forward-looking statements reflect management's current expectations and inherently involve risks and uncertainties. Actual results could differ materially due to a variety of factors, including assumptions not being realized, scientific or technological developments, evolving sustainability strategies, evolving government regulations, changes in our products, services, technologies and the geographic regions in which we operate, or other changes in circumstances. The standards of measurement and performance contained in the report are developing and based on assumptions, and no assurance can be given that any plan, initiative, projection, goal, commitment, expectation or prospect set forth in this report can or will be achieved. We undertake no obligation to update or revise publicly any forward-looking statements, whether because of new information, future events or otherwise.

External Assurance

INDEPENDENT LIMITED ASSURANCE REPORT ON SELECTED SUSTAINABILITY INFORMATION IN ROADGET BUSINESS PTE LTD.'S SUSTAINABILITY AND SOCIAL IMPACT REPORT 2023

TO THE DIRECTORS OF ROADGET BUSINESS PTE LTD.

We have been engaged by the Board of Directors of Roadget Business Pte. Ltd. (the «Company»), also referred to under the brand name SHEIN, to perform a limited assurance engagement on the selected information (the «Selected Sustainability Information») set out in Appendix 1A and Appendix 1B, which is presented in the Company and its affiliates' (collectively referred to as the «Group») Sustainability and Social Impact Report for the year ended 31 December 2023 («Sustainability and Social Impact Report 2023»), with reference to the disclosures set out in Appendix 2 referred to the reporting and scoping boundary of the Selected Sustainability Information under the Global Reporting Initiative (the «GRI») index that can be found in the GRI Standards 2021 (the «Reporting Criteria») and the Group management's definition and measurement criteria.

Our Limited Assurance Conclusion

Based on the procedures we have performed as described under the «Summary of the procedures we performed as the basis for our assurance conclusion» and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Sustainability Information in the Group's Sustainability and Social Impact Report 2023, is not prepared, in all material respects, with reference to the Reporting Criteria (Appendix 1A) and the Group management's definition and measurement criteria (Appendix 1B).

We do not express an assurance conclusion on information in respect of earlier periods or on any other information linked to the sustainability information or the Group's website, including images, audio files or embedded videos.

Understanding how the Group Management has Prepared the Sustainability Information

The absence of a commonly used generally accepted reporting framework or a significant body of established practice on which to draw to evaluate and measure sustainability information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

Consequently, the sustainability information needs to be read and understood together with the Reporting Criteria and the basis of preparation as set out in the Group's Sustainability and Social Impact Report 2023.

Responsibilities of the Group management for the Sustainability and Social Impact Report 2023

The Group management is responsible for

- Selecting or establishing suitable criteria for preparing the Selected Sustainability Information;
- Preparing of the Selected Sustainability Information in accordance with the Reporting Criteria and the Group management's definition and measurement criteria; and
- Designing, implementing, and maintaining internal control over information relevant to the preparation of the Selected Sustainability Information that is free from material misstatement, whether due to fraud or error.

Responsibilities of the Practitioner

We are responsible for

- Planning and performing the engagement to obtain limited assurance about whether anything has come to our attention that causes us to believe that the Selected Sustainability Information in the Group's Sustainability and Social Impact Report 2023, is not prepared, in all material respects, with reference to the Reporting Criteria and the Group management's definition and measurement criteria;
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- Reporting our conclusion to the Board of Directors of the Company.

As we are engaged to form an independent conclusion on the Selected Sustainability Information as prepared by the management of the Group, we are not permitted to be involved in the preparation of the Selected Sustainability Information as doing so may compromise our independence.

Professional Standards Applied

We conducted our engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised) «Assurance Engagements other than Audits or Reviews of Historical Financial Information» issued by the International Auditing and Assurance Standards Board.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management 1. "Quality Management for Firms that Perform Audit or Reviews of Financial Statements, or Other Assurance or Related Services Engagements", which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Summary of the Procedures we Performed as the Basis for our Assurance Conclusion

Based on the risk and materiality considerations, we performed our procedures to obtain sufficient and appropriate assurance evidence. The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the Selected Sustainability Information, our procedures included:

- Evaluated the suitability in the circumstances of the Group's use of the GRI index, as the basis for preparing the Selected Sustainability Information in the Sustainability and Social Impact Report 2023;
- Through inquiries, obtained an understanding of the Group's control environment, processes and information systems relevant to the preparation of the Selected Sustainability Information, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness;
- Evaluated whether the Group's methods for developing estimates and the adoption of emission factors for calculating the Greenhouse Gas ("GHG") emissions are appropriate and had been consistently applied. Our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate the Group's estimates;
- Performed analytical procedures by comparing the expected targets to actual emissions or consumption, and by comparing current period to prior period; and made inquiries of Group management to obtain explanations for any significant differences we identified;

- Performed sample testing of the Selected Sustainability Information on GHG emissions against the Reporting Criteria as set out in the Sustainability and Social Impact Report 2023;
- Tested samples of supplier audits to assess that they have been carried out during the year, either by verification agencies hired by the Group or by the Group itself. Our procedures did not include the validation of the conclusions included in these reports on any violations of applicable labour laws;
- Tested samples of supplier audit gradings to assess that they have been accurately reported in the Selected Sustainability Information. The gradings are for supplier factories and facilities and are calculated in accordance with the definition and measurement criteria established by the Group management. Our tests involved recalculating these gradings based on the results on violations of the supplier audits performed by verification agencies or by the Group itself, if any;
- Obtained the list of product inspection reports for i) Chemical safety tests; ii) Shrinkage rate tests; iii) Strength tests; and iv) Colour fastness tests, and evaluated the appropriateness of the disclosure regarding the number of product inspections. Our procedures did not include validation of the conclusions from the product inspections; and
- Considered the presentation and disclosure of the Selected Sustainability Information in the Sustainability and Social Impact Report 2023.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement

Inherent Limitation

GHG emissions quantification is subject to significant inherent measurement uncertainty because of such things as GHG emissions factors that are used in mathematical models to calculate GHG emissions, and the inability of these models, due to incomplete scientific knowledge and other factors, to accurately measure under all circumstances the relationship between various inputs and the resultant GHG emissions. Environmental and energy use data used in GHG emissions calculations are subject to inherent limitations, given the nature and the methods used for measuring such data. The selection by management of different but similarly acceptable measurement techniques could have resulted in materially different amounts or metrics being reported.

Use of Independent Limited Assurance Report

This independent limited assurance report is made solely to Board of Directors of the Company for the purpose of providing a limited assurance conclusion on the Selected Sustainability Information in the Group's Sustainability and Social Impact Report 2023. As a result, the report may not be suitable for another purpose. For the avoidance of doubt, all duties and liabilities (including without limitation those arising from negligence) to third parties, are specifically disclaimed. The Contracts (Rights of Third Parties) Ordinance does not apply, and only the signing parties to the engagement letter contract have any rights under it.



Deloitte Touche Tohmatsu
Hong Kong
10 May 2024

APPENDIX 1A

List of Selected Sustainability Information presented in the Group’s Sustainability and Social Impact Report 2023 with reference to the Reporting Criteria of GRI Standards 2021.

Topic	Indicator Description	GRI Standards 2021	Disclosure	Unit	Page number in the Sustainability and Social Impact Report 2023
Environmental Performance	Emissions: Scope 1 — Total	305-1	7,514		
	Emissions: Scope 2 — Market-based Total	305-2	25,788		
	Emissions: Scope 3 — Business Travel		5,356	Metric tons CO ₂ e	Page 31
	Emissions: Scope 3 — Upstream Transportation	305-3	6,354,029		
	Emissions: Scope 3 — Waste generated in operations		6,045		
	Energy: Total electricity used		165,206	MWh	
	Energy: Electricity — Grid	302-1c	28%	Percentage	
	Energy: Electricity — Renewable (i.e. % of electricity from renewable sources)		72%	Percentage	Page 32
	Emissions: Solar capacity installed in SHEIN warehouses	305-5	43.6	MW	
	Emissions: Solar capacity installed or being installed in suppliers' factories (as of end-2023)	305-5	51.6	MW	

Topic	Indicator Description	GRI Standards 2021	Disclosure	Unit	Page number in the Sustainability and Social Impact Report 2023
Supply Chain Management	Incidents of child labor uncovered in supply chain	408-1	2	Number of Incidents	Page 22
	Incidents of forced labor uncovered in supply chain	409-1	0	Number of Incidents	
	ZTV/CV Management Policy Implementation			N/A	
	CAP Process Implementation	308-1 308-2 414-2	Under our latest SRS Policy, first published in October 2023 and subsequently updated with refinements to our nomenclature for severe violation categories for greater clarity, suppliers found with ITVs face immediate termination of their business relationship with SHEIN. Suppliers found with IRVs are required to remediate their practices within a strict timeline of 30 days, or likewise face termination. Those who correct their violations in line with SHEIN's requirements are allowed to resume business with us, but we do not tolerate repeat offenses, and suppliers that are rated E for two consecutive supplier audits will also be terminated. The remediation process for such severe violations is managed through a "Corrective Action Plan" module on our digital supplier management system, through which we record and monitor suppliers' implementation of required rectification measures.	N/A	Page 19
	Number of suppliers terminated in 2023 for contravening SRS Policy		5	Number of suppliers	Page 21
	Measures taken to strengthen access to grievance mechanisms	2-26	To facilitate open communication, SHEIN maintains a multichannel feedback system for reporting concerns via email, call or text. SHEIN requires suppliers of SHEIN-branded products to put up posters in their factories publicizing these channels. To further raise awareness, our SRS auditors have begun to hand out grievance cards to workers during their supplier audits, with information on how to submit complaints to SHEIN. Workers can anonymously submit complaints, feedback and suggestions to our ESG team, which is trained in managing worker grievance cases.	N/A	Page 22
Training and Education	Number of SRS training sessions organised for SHEIN employees	408-1	20	Number of training sessions	Page 20
	Number of participants in SRS training sessions organised for SHEIN employees		674	Number of participants	

Topic	Indicator Description	GRI Standards 2021	Disclosure	Unit	Page number in the Sustainability and Social Impact Report 2023
Materials	Cotton (by weight)	301-1	9.9%	Percentage	Page 36
	Polyester (by weight)		75.7%		
	Viscose (by weight)		8.0%		
	Polyamide (by weight)		2.4%		
	Spandex (by weight)		3.6%		
	Other fibre categories (including linen, acrylic and metallics)		0.3%		
	Recycled Polyester (by weight)		6.0%		
	Forest Safe Viscose (by weight)		5.0%		
Packaging	Proportion of overall polyester designated for use by contract manufacturers that is recycled	301-2	7.9%	Percentage	Page 36
	Express delivery packages procured for goods shipped to Europe comprising 50% GRS-certified recycled PE plastic	301-2	93.3%		
Waste	Waste - Number of facilities undergoing industrial waste recycling	306-2	14	Number of facilities	Page 44
	Recycled industrial waste materials - Quantity		32,800	Metric tons	
	Recycled industrial waste materials - Proportion of industrial waste generated		86.0%	Percentage	
	Waste - Number of facilities that underwent Zero Waste to Landfill certification		2	Number of facilities	

APPENDIX 1B

List of Selected Sustainability Information presented in the Group’s Sustainability and Social Impact Report 2023 in accordance with the Group management’s definition and measurement criteria.

Topic	Indicator Description	Disclosure	Unit	Page number in the Sustainability and Social Impact Report 2023
Environmental Performance	Energy: Number of SHEIN facilities where energy efficiency improvement projects were carried out	3	Number of SHEIN facilities	Page 32
	Energy: Number of supplier sites where Clean by Design (CbD) energy efficiency projects (with Apparel Impact Institute) were initiated	28	Number of supplier sites	
	Emissions: Efforts to promote solarisation for suppliers	We are promoting the adoption of rooftop solar energy in our supply chain, establishing partnerships to design customized solarization plans for our suppliers. These are complemented by cash incentives to encourage adoption by our suppliers. We also reached out to over 300 suppliers to share about rooftop solar alternatives.	N/A	
Supply Chain Management*	Total number of contract manufacturers in 2023	Approximately 5,800	Number of contract manufacturers	Page 4
	Total number of on-site SRS audits conducted on suppliers in China	3,990	Number of SRS audits	Page 21
	% of on-site SRS audits performed by third-party verification agencies	92.0%	Percentage	
	Number of on-site SRS audits conducted on contract manufacturers in China	3,365	Number of SRS audits	
	Number of on-site SRS audits conducted on textile suppliers, packaging suppliers, and subcontractors in China	625		
	Number of contract manufacturers audited	2,796	Number of contract manufacturers	Page 9, Page 21
	Number of contract manufacturers audited as % of procurement value for SHEIN-branded products	Approximately 95%	Percentage	
	% of annual SRS audits — Grade A	9%	Percentage	Page 21
	% of annual SRS audits — Grade B	20%		
	% of annual SRS audits — Grade C	51%		
	% of annual SRS audits — Grade D	18%		
	% of annual SRS audits — Grade E	2%		
Number of group SRS workshops for suppliers organised	133	Number of group workshops	Page 20	
Number of one-on-one SRS training sessions for suppliers organised	276	Number of one-on-one training sessions		
Total participant numbers for SRS training for suppliers	Over 5,200	Number of participants		

Topic	Indicator Description	Disclosure	Unit	Page number in the Sustainability and Social Impact Report 2023
Materials	Viscose fabrics from producers who have achieved a “green shirt” in Canopy’s Hot Button Report	60.0%	Percentage	Page 36
	Amount of deadstock fabric procured on Queen of Raw’s platform	19,927	Meters	Page 47
Packaging	Paper packaging that is forest safe	We are also using FSC-certified paper-based packaging for two of our sub-brands.	N/A	
	% of packaging sourced with at least 50% preferred material	16.2%	Percentage	Page 36
	SHEIN-branded products using thinner alternatives (switching from 6c to 5.5c)	In 2023, we started to use thinner garment polybags for our SHEIN-branded products.	N/A	
Product Quality**	Products – Quality and safety tests conducted (Sub-categories):			
	(i) Chemical safety tests;	Chemical safety tests: 184,118	Number of inspections	–
	(ii) Shrinkage rate tests;	Shrinkage rate tests: 67,063		
	(iii) Strength tests;	Strength tests: 65,449		
	(iv) Color fastness tests.	Color fastness tests: 453,897		

* Our procedures did not include the validation of the conclusions included in these supplier audit reports prepared by verification agencies hired by SHEIN Group or by SHEIN itself. Our testing objective is to assess whether the Group reported the SRS audit information according to the audit reports prepared by verification agencies or by SHEIN itself only. Therefore, no assurance is given to the result of SRS audit prepared by verification agencies or the Group.

** Our procedures did not include the validation of the conclusions included in these product inspections performed by third-party experts and independent labs. Our testing objective is to assess whether the Group reported the number of product inspections according to the factual number of product inspections performed only. Therefore, no assurance is given to the result of the product inspections prepared by third-party experts and independent labs.

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Reporting and Scoping Boundary of the Selected Sustainability Information

GHG Accounting Scope and Methodology

The greenhouse gas (GHG) quantification method and process are in accordance with ISO14064-1:2018 and the GHG Protocol. SHEIN operating sites refers to all facilities under direct management of SHEIN worldwide, including offices, warehouses etc.

Estimation & Calculation Methods

Scope 1

Scope 1 comprises direct emissions generated in SHEIN operating sites, including emissions from fossil fuel combustion (both stationary sources and mobile sources), fugitives from septic systems, refrigerants and fire extinguishers. Greenhouse gases included in the calculation are CO₂, CH₄, N₂O, HFCs (HFC-32, HFC-125, HFC-134a, HFC-143a, HFC-236fa, HFC-227ea). The other GHGs, including SF₆, PFCs and NF₃ are not emitted in our operating sites.

Emission factors of fossil fuels combustion are derived from national standards/guidance where the operating sites are located in. Where national emissions factors are not available, default factors from IPCC Guidelines for National Greenhouse Gas Inventories (hereinafter IPCC Guidelines) are applied. Fugitives from septic systems, refrigerants and fire extinguishers are calculated using emissions factors and methods from IPCC Guidelines. CH₄ fugitives from septic systems are estimated based on the standard working hours of employees in each country (converted into man-day) and emissions factors

per man-day. For refrigerants, fugitive emissions are estimated based on the annual leakage rate of refrigerant charge and the operating time throughout the year. Where refrigerants information is unavailable, it is estimated based on the refrigerant filling volume per unit area in similar operating sites. For fire extinguishers, all potential emissions are included in the first year of installation.

Scope 2

Scope 2 comprises indirect emissions from purchased electricity consumed in SHEIN's operating sites.

Emissions attributed to electricity generated by solar photovoltaic systems installed onsite and purchased Renewable Electricity Credits (RECs) are calculated as zero emissions. Other electricity consumption is calculated using national emission factors as follows:

Country	Emission factor (kgCO ₂ e/kWh)	Source
Belgium	0.14427	AIB, European Residual Mixes Results of the calculation of Residual Mixes for the calendar year 2022
Brazil	0.1295	Carbon Footprint, Carbon Footprint Country Specific Electricity Grid Greenhouse Gas Emission Factors
China	0.5703	MEE, Notice on the Work of GHG Reporting Management of Enterprises in the Power Generation Industry for 2023-2025
France	0.12496	AIB, European Residual Mixes Results of the calculation of Residual Mixes for the calendar year 2022
Japan	0.4615	Carbon Footprint, Carbon Footprint Country Specific Electricity Grid Greenhouse Gas Emission Factors
Philippines	0.7122	Carbon Footprint, 2015-2017 National Grid Emission Factor (NGEF)
Poland	0.85812	AIB, European Residual Mixes Results of the calculation of Residual Mixes for the calendar year 2022
Republic of Korea	0.4113	Carbon Footprint, Carbon Footprint Country Specific Electricity Grid Greenhouse Gas Emission Factors
Singapore	0.4168	Energy Market Authority, Singapore Energy Statistics 2023
Türkiye	0.4261	Carbon Footprint, Carbon Footprint Country Specific Electricity Grid Greenhouse Gas Emission Factors
United Arab Emirates	0.4041	Carbon Footprint, Carbon Footprint Country Specific Electricity Grid Greenhouse Gas Emission Factors
United Kingdom	0.36515	AIB, European Residual Mixes Results of the calculation of Residual Mixes for the calendar year 2022
USA	0.3887	EPA, eGRID Summary Tables 2021

For specific SHEIN operating sites where there is no data available on actual electricity consumption, electricity per unit area is estimated based on the electricity consumption of similar operating sites. Where the data collected varies from the reporting period, the electricity consumption data is pro-rated and applied to the remaining period.

Scope 3

Category 1 – Purchased Goods and Services

This category comprises the emissions from the supply chain of products purchased by SHEIN, consumables in SHEIN warehousing activities and purchased data services.

The emissions from the product supply chain are calculated using the total weight and material type of products purchased in the reporting year. The purchased product weight is calculated based on the standard weight of each product unit and the procurement amount. For products with designated material sourcing channels, the material type and composition are summarized based on material procurement volume for each order. For other products, the material composition is based on the top sales item in each product category. Emission factors are sourced from third-party life-cycle assessment database. These emission factors consider the emissions from raw material production, product manufacturing and final product assembly for each unit.

The consumables in warehousing activities include packaging and printing materials. The emissions are calculated with the standard weight of each unit, material type and the procurement amount. Emission factors are sourced from third-party life-cycle assessment database. These emission factors consider the emissions from raw material production, product manufacturing and final product assembly for each unit.

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The emissions from purchased data services are based on SHEIN-specific data from SHEIN contracted service providers. Where the data collected varies from the reporting period, the electricity consumption data is pro-rated and applied to the remaining period.

Category 2 – Capital Goods

This category includes the emissions from tangible and intangible assets purchased and received in the reporting year.

A spend-based method is applied to calculate the emissions of capital goods. A threshold of CNY 2,000 is applied, before such costs are capitalized. The emission factors are assigned based on asset categories from the US Environmentally-Extended Input-Output (EEIO) Commodity Emissions Factors Database. Where asset accounting in specific regions does not allow for selection of specific emission factors, costs are estimated based on the proportion of such asset categories in other regions.

Category 4 – Upstream Transportation and Distribution

This category includes all upstream transportation and distribution emissions, i.e. those which are directly purchased by SHEIN. This comprises inbound transportation of purchased products to SHEIN operating sites, third-party transportation of sold products (i.e. outbound and of returns) where such transport and distribution operations are purchased by SHEIN, and third-party transportation between SHEIN's warehouses.

The inbound transportation of purchased product emissions are calculated based on the weight of product purchased grouped by suppliers' location (city) and the distance from these cities to SHEIN's warehouses.

The emissions of transportation and distribution of SHEIN-sold products are calculated based on the total weight of parcels sent in the reporting year grouped by destination (country) and the average transportation distance to each country by transportation mode. Data used for calculations include countries which represent over 95% of parcels delivered in the reporting year (i.e. our main markets), and the average distance to each country is calculated based on randomly selected samples of packages to each country. The sample size corresponds to a 95% confidence level and 2.5% margin of error. The emissions for parcels to the markets remaining are then extrapolated based on the average data for the main markets.

The logistics of return products include the shipment of return parcels from customers to SHEIN's warehouses and the inter-warehouse transportation of returned products. The emissions are calculated based on the estimated distance and weight of returned products received from each warehouse in the reporting year by country. The distance from customer to the warehouse receiving the returned is derived from the sampling conducted per above, where the warehouse receiving the returns also served as the shipping warehouse, or is estimated based on the samples with the longest distance to the return-receiving warehouses.

The inter-warehouse transportation emissions are calculated with two types of data: data on the total tonnage of goods transported and the distance between two warehouses by transportation mode; or, where the weight data is unavailable, data on the cumulative kilometers transported.

Except for the express delivery packages, which use emission factors provided by our logistics partners, emission factors applied for transportation and distribution are selected from the UK Department for Environment, Food & Rural Affairs (DEFRA) Emission Factor Database according to the transportation mode and data type.

Category 5 – Waste Generated in Operations

This category comprises the emissions attributed to sold industrial waste generated in 27 SHEIN operating facilities. This includes SHEIN's warehousing operations and Centre of Innovation for Garment Manufacturing in China.

The weight, type (composition) and waste treatment methods used for calculation are provided by SHEIN's recycling partners. 16% of the waste generated (by weight) cannot be identified and classified by type due to incomplete records from external recycling company. The weight of such unclassified waste is extrapolated, using the total waste weight and the percentage of the waste type in facilities where such data is collected. The emissions factors from the US Environmental Protection Agency Emission Factors for Greenhouse Gas Inventories are used to calculate the emissions.

Category 6 – Business Travel

This category comprises transportation utilized for business travel by employees which had been paid or reimbursed by SHEIN in the reporting year, i.e. regular employees, interns, and dispatched employees globally.

The emissions of business travel are calculated using two methods: for business travel booked through SHEIN's internal designated platform, the total kilometers travelled by air and by car are used to calculate the emissions using a distance-based method; for other business travel expenses, including airfares, train tickets, and car rentals, etc., a spent-based method is applied based on business travel expense claims made by employees in the reporting year. There are some business travel expenses which cannot be classified by mode of transportation used, therefore a sampling method is applied to identify the composition of transportation mode through the reimbursement claims. The sample size corresponds to a 95% confidence level and 2.5% margin of error.

For business travel with distance data, the total kilometers by air or by car are multiplied by the corresponding emission factor from the UK DEFRA Emission Factor Database. The spent amount differentiated by type of vehicle used is multiplied by the emission factor from the US EEIO Commodity EF Database.

We welcome your questions and feedback
via esg@sheingroup.com

Thank you.

SHEIN