

A photograph of two young women embracing each other. The woman on the left is wearing a colorful, multi-layered tutu-style skirt and a sequined top. The woman on the right is wearing a pink, two-piece outfit with a ruffled skirt and a striped top. They are standing in front of a large, flowing fabric that creates a rainbow-like iridescent effect. The background is a clear blue sky.

ACCELERATING THE EVOLUTION

2022 Sustainability & Social Impact Report

SHEIN



READING THIS REPORT

In our second annual Sustainability and Social Impact Report:

- We describe our Environmental, Social and Governance (ESG) efforts for the financial year 2022 (from Jan. 1, 2022 to Dec. 31, 2022).
- We have reported with reference to the Global Reporting Initiative (GRI) 2021 standard for certain sections of this report.
- Selected information in this report was assured, to the limited assurance standard, by an external independent assurer as per ISAE 3000.
- We detail our new evoluSHEIN roadmap, an enterprise-wide strategy that will drive our environmental and social impact initiatives and reporting as SHEIN continues to evolve into the future.

We are committed to the United Nations Global Compact (UNGC) Ten Principles, and this report serves as our Communication on Progress.



WELCOME TO SHEIN'S 2022 SUSTAINABILITY AND SOCIAL IMPACT REPORT



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A NOTE FROM OUR CEO

SHEIN has a unique business model that is relevant to the way today's customers like to shop and we are working hard to build a thriving ecosystem where the beauty of fashion is accessible to all. We recognize the role SHEIN must play in supporting the communities we reach and the environment we all share.

In 2012, we realized that fashion had become out of touch with the way modern customers shop. My team and I set out to change this by combining accurate demand measurement capabilities with a technology-enabled, flexible supply chain. This model changed the industry by allowing us to produce items "on-demand" while minimizing excess inventory waste.

Like all companies, we are on a sustainability journey. However, what sets us apart is our leadership ambition, underpinned by our use of innovative technology to reduce inventory waste and deliver products at affordable prices to customers around the world. Therefore, I am delighted to publish our second annual Sustainability and Social Impact Report. Our first report was an important milestone in our commitment to advance sustainability. Amid industry pressures, we believe that it is more important than ever to drive continued progress in our sustainability and social commitments and increase transparency on our efforts to achieve those commitments.

This year's report demonstrates our continued sustainability progress in 2022 and covers several targets. I am particularly proud of our:

1. Work to align our programs and reporting with international frameworks.
2. Strides in enhancing sustainability throughout our products' lifecycle, from preferred materials to responsible manufacturing processes and promotion of the circular economy.
3. Development of the evoluSHEIN roadmap, which will help drive ongoing efforts while creating a baseline for us to measure our success.

Everyone deserves a more equitable and sustainable future. And I am confident that SHEIN can become a catalyst for that transition.



Sky Xu, CEO, SHEIN



SHEIN AT A GLANCE

About Us

Founded in 2012, SHEIN is a global fashion, beauty and lifestyle retailer making the beauty of fashion accessible to everyone through a unique business model that combines demand measurement capabilities with a digitally empowered supply chain.

Here is how our business works: SHEIN engages with its customers using its mobile app and website and leverages industry trends research and a global team of designers to identify popular trends. We then work with our third-party suppliers

to produce small production runs of each product, often consisting of no more than 100 to 200 pieces. When we see customers responding well to a product or design with orders exceeding our current stock, our proprietary supply management software identifies a third-party supplier from our network with the capacity and expertise to produce enough garments to satisfy the actual demand.

This unique, on-demand production model enables us to virtually eliminate excess inventory waste. This means we can offer a wide range of products at competitive prices without accumulating large inventories of unsold products.

Our Brands



150+
Countries served

Over **11,000**
employees worldwide

Approximately **5,400**
contract manufacturers

Offices in **19**
Countries

40%
women in senior management

SHEIN app available in **50+**
languages

A NOTE FROM OUR GLOBAL HEAD OF ESG

SHEIN thrives because of its ability to adapt and constantly evolve. We've come a long way: 2022 built on and further involved transformation in our approach to social and environmental sustainability, thanks in large part to the full mandate, trust and commitment of our CEO and Leadership. In addition to greater transparency, we developed a holistic roadmap with actions and goals to tackle key material issues. We set a new level of accountability as part of our ambition to make a desirable and sustainable future accessible to all.

Comprising nine key priorities under three strategic pillars, the evoluSHEIN roadmap sets out what we can do as a business to bring about change. Adept at leveraging technology to improve efficiency, we are using our expertise to help deliver tangible, positive outcomes. So far, that includes tackling waste and circularity all along our value chain including deep supply chain waste mapping, circular product development, strengthening our on-demand production model and launching end-of-life garment recycling solutions.

Adam Whinston

Adam Whinston,
Global Head of ESG, SHEIN

Our journey is underway. But it won't have the desired impact if we are not collectively acting on it. The complexity and global scale of the challenges we face require both internal coordination with every department taking concrete actions to activate the roadmap, and external partnership with all our suppliers, partners and stakeholders walking alongside us on our path forward.

We at SHEIN are optimistic. Using our disruptive mindset to tackle social and environmental challenges, we can achieve our targets by 2025 and beyond.



2022 ESG HIGHLIGHTS



2022

2023

MARCH 2022

Textile Exchange Membership

We became members of Textile Exchange to support our adoption of preferred fibers and participate in collective action for a more sustainable textile industry.

APRIL 2022

Canopy Commitments

We joined the CanopyStyle and Pack4Good initiatives to end the use of vital forests in our fabric and paper-based packaging by 2025.

APRIL 2022

EvoluSHEIN by Design

We launched our evoluSHEIN by Design product initiative introducing pieces made with responsibly-sourced materials and manufacturing processes.

JUNE 2022

Extended Producer Responsibility (EPR)

The Or Foundation became a grant recipient of US \$5 million to support mitigation and remediation efforts in communities most impacted by textile waste.

SEPTEMBER 2022

Carbon Commitments

We announced our carbon baseline and 2030 targets, as well as the launch of partnerships with Apparel Impact Institute (Aii) and Brookfield Renewables to support our emissions reduction strategy.

OCTOBER 2022

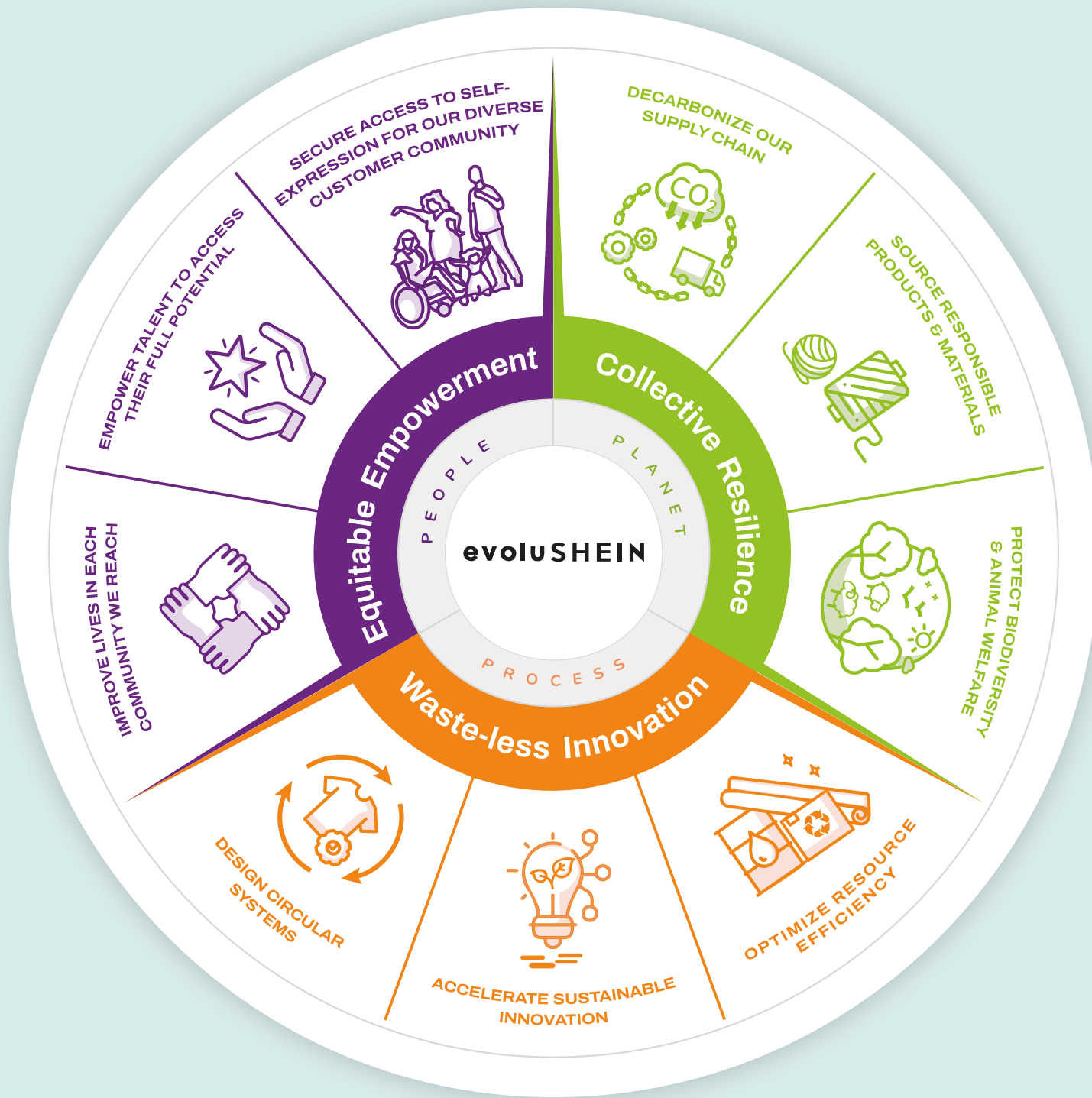
World Circular Textile Day Commitment

We joined the WCTD community to work toward a fully circular textile future by 2050.

OCTOBER 2022

SHEIN Exchange

We launched our peer-to-peer resale marketplace in the US as an integrated feature of the SHEIN app to encourage our customers to engage with the circular economy and prolong the life of their garments.



Our evoluSHEIN Roadmap

ACCELERATING THE EVOLUTION TOWARD A DESIRABLE FUTURE ACCESSIBLE TO ALL

Our ambition

Action is driven by desire. We can all envision a desirable future that motivates us to evolve, innovate, create and make progress. SHEIN was founded on the vision of making the beauty of fashion accessible to all – regardless of culture, gender, age, body type, ability, or economic status – through the application of world-class operational capabilities that would help eliminate inefficiencies across the value chain.

Looking to the future, it is time to evolve our ambition: to make a desirable future - not just desirable fashion - accessible to all. We envision a future where PEOPLE are equally empowered to access their full potential, where global citizens take collective action to ensure the climate resilience of our PLANET, and where industry embraces innovation and circularity in each business PROCESS to solve the uniquely human issue of resource waste. This is our vision of a more sustainable, desirable future for all.

Our Approach

Sustainability is not a destination but an ever-evolving journey. To guide our next steps, we have developed a holistic strategy for addressing social and environmental challenges and making positive impacts as SHEIN continues to evolve into the future. **We call it our evoluSHEIN Roadmap.**

Our evoluSHEIN Roadmap is comprised of nine key priorities under three strategic pillars – PEOPLE, PLANET, and PROCESS – focusing on the critical challenges facing our company and the larger fashion industry. We have organized this report accordingly to help our stakeholders follow our journey.

TARGETS AND ASPIRATIONS

OUR PEOPLE PILLAR: EQUITABLE EMPOWERMENT

People are at the center of our business. We are committed to providing opportunities for people across the SHEIN ecosystem to access their full potential while maintaining integrity, inclusivity and respect for all. We strive to improve the lives of our customers, employees, brand partners, suppliers and members of the larger global community that our business impacts each day.

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

- Be a preferred brand for customer self-expression
- Be a top-ranking employer for employee talent
- Be a preferred brand partner for creative talent collaborations
- Be a preferred, responsible purchasing partner for suppliers

OUR PLANET PILLAR: COLLECTIVE RESILIENCE

We are committed to decarbonizing our supply chain, sourcing responsible materials and protecting biodiversity and animal welfare through collective action.

We have set targets that drive our operational teams and supply chain partners to reduce the environmental footprint of our products and facilities, which include:

- Reduce our greenhouse gas emissions (scopes 1, 2 and 3) by 25% by 2030
- Become carbon-neutral in scope 2 by 2030
- Source 100% forest-safe viscose and paper-based packaging by 2025
- Ensure all packaging contains 50% preferred materials 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 continuously improving our processes to reduce waste and enable a circular future. This begins with leveraging our small-batch, tech-enabled, on-demand production model to continue minimizing waste and optimizing resource efficiency across the value chain. It also means designing systems that help close the loop on today's linear processes, 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 the establishment of these alternative business models, which are to:

- 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 Textile Day commitment

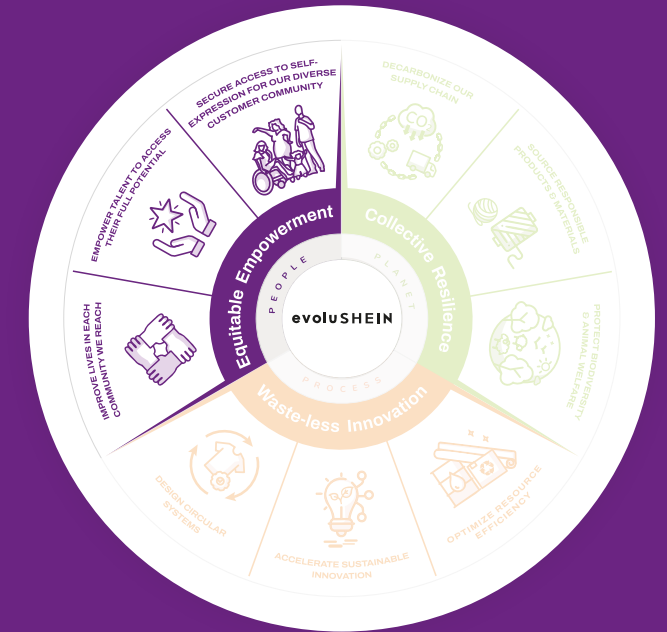




OUR PEOPLE PILLAR:

EQUITABLE EMPOWERMENT

Bound by our commitment to integrity, inclusivity and respect for all, we are working to create opportunities that help empower our customers, employees, suppliers, partners and other stakeholders.



Our 3 strategic priorities for driving impact are to:

Secure access to self-expression for our diverse customer community

Empower talent to achieve their full potential

Improve lives in each community we reach

SECURING ACCESS TO SELF EXPRESSION FOR OUR DIVERSE CUSTOMER COMMUNITY

SHEIN seeks to empower customers to have safe access to affordable means of self-expression regardless of culture, gender, age, body type, ability or economic status. We aim to bridge the gap between accessibility and sustainability in fashion.

Customer-Centricity and Inclusivity

SHEIN's customer community is passionate about self-expression through fashion. SHEIN's agile on-demand business model aims to make exactly what customers want when they want it while making all items affordable and accessible. We leverage constant innovation and technology that allow us to pass savings on to customers to deliver a variety of affordable products. Ultimately, this model creates more access to the latest styles so that everyone can enjoy the beauty of fashion.

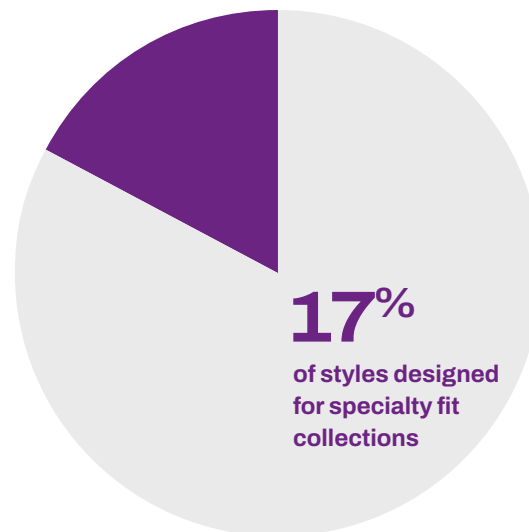
We meet our customers where they are by providing online access to our products and services in more than 150 countries around the world. Our products and services reflect our customers' diversity, and our mobile application is available in over 50 languages.

We respect and seek to represent our customers in their SHEIN shopping experience because we want every customer who visits our platform to feel seen, included and valued. We apply a customer-centric, variety-over-volume approach by leveraging data analytics and AI to predict trends to propose styles that satisfy all desires and adapt our offering to a broad size spectrum. In 2022, roughly 17% of our products were specifically designed to serve select customers' styling needs, such as extended sizing and alternative fit proportions.

Designing for Inclusivity in 2022

- Non-traditional collections*
- Traditional collections

*including Curve, Maternity, SHEIN Petite, Extended Sizes, SHEIN Tall, SHEIN Fit+, Dazy, SHEIN Unisex



Customer Data Security

We strive to offer our customers a safe and reliable shopping experience by reducing the risks inherent to an online business model. This involves deploying industry-standard data protection technologies and advanced security analytics that protect our infrastructure and our customers' data.

Further bolstering our data security program, we collaborate with leading security firms to conduct risk assessments based on internationally recognized security standards and frameworks including ISO 27001, NIST and PCI DSS. And we have built our security and privacy frameworks around applicable laws and regulations, such as the LGPD, CCPA and GDPR.

SHEIN only collects the information necessary to complete transactions. Furthering our commitment to transparency, we provide customers with clear notices to ensure they understand what we do with it. We do not sell or enrich any of the data we collect.

EMPOWERING TALENT TO ACCESS THEIR FULL POTENTIAL

We give our employees and brand partners around the world opportunities for skills development and career growth while respecting their diverse cultures, abilities and lifestyles.

At Work

We offer our employees diverse opportunities to grow their careers while promoting a safe working environment with access to educational resources. This includes helping our employees identify and achieve career goals and hosting team-building events and volunteer activities that allow them to give back to their communities.

In 2022, we held 52 training sessions on “Staff Business Conduct Ethics and Anti-Fraud” with 3,206 staff members from offices in Shenzhen, Nanjing and Guangzhou.

Our Department of Internal Control and Audit held 26 anti-fraud standard training sessions for contract performance and textile innovation, attended by a total of 2,503 people across warehousing operations, the textile manufacturing department, purchasing and its related departments. Our implementation of the Warehouse Management Manual included training 1,247 participants on employee behavior standards and risk control.



Labor and Management Relations

SHEIN has adopted a [Code of Ethics](#) (CoE) outlining 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 hotline, and that any employees conducting investigations do so effectively and in accordance with applicable laws, the CoE and industry best practices.



Training and Education

Continuous improvement is an important value at SHEIN. Our online learning management system (LMS) offers flexible learning resources to support our talent development and business empowerment initiatives.

In 2022, our employees participated in 3,827 courses and completed 5,709 individual training sessions on our LMS. 1,100 associate and management employees attended in-person learning sessions.

Occupational Health and Safety

Our Workplace Health and Safety Statement governs the management of work-related health and safety risks across all SHEIN warehouses, distribution and supplier manufacturing facilities and corporate offices. It sets out the principles guiding our approach to Health, Safety and Environment (HSE), outlines our responsibilities towards those we work with and the communities in which we operate and works in tandem with our CoE.

Additionally, we are adding risk-based warehouse interventions. For example, in 2022, we conducted the following actions in our US warehouses:

1. Risk Management:

a. Risk Walks - Conducted monthly by a member of the safety committee. Learnings from these walks are discussed during monthly meetings with each shift of workers. Any corrections needed are owned by a member of the

committee and implemented via a management structure to ensure accountability.

- b. Safety Meetings - Conducted by Safety Specialists each month during which a safety topic is presented and passed to a safety committee member in each shift.
 - c. Monthly Audits - Conducted by Safety Specialists so we can verify items such as proper placement of fire extinguishers, flammable cabinets, eye wash stations etc. Any discrepancies or corrections are sent to the owner (e.g., maintenance, contractors and/or facility departments).
 - d. Incident Report Log - A Safety Specialist keeps up with any workplace incidents or non-occupational incidents and ensures they are reported accordingly.
- 2. Medical Care:**
- a. Partnership with Outside Clinics - Any associate requiring outside medical attention while at work is sent to a clinic for medical care. This is covered by SHEIN.
 - b. Post-incident Follow-Up - A Safety Specialist follows up accordingly after an incident (daily, weekly or monthly).
- 3. Corrective Action and Prevention:**
- a. Safety violations are cited and noted with a remediation plan.
 - b. Requirements to remediate are made to relevant warehouse departments when any serious risk is detected to prevent re-occurrence.
 - c. Safety Orientation for new hires - a Safety Specialist takes associates on a facility tour and covers safety policies.



Diversity and Equal Opportunity

We are committed to creating a more inclusive business and a work culture in which talent can achieve their full potential. We are continuing to develop our Diversity, Equity and Inclusion (DE&I) programs.

In 2022, we further aligned our anti-harassment policies within our Global Code of Ethics (CoE) as well as managerial practices with global best practices. Our global anti-discrimination policies reaffirm that all people - regardless of gender, gender identity and expression, sexual orientation, race, religion, ethnicity, age or other marginalized groups - have the right to be free from harassment and have access to a safe, welcoming work environment. This work represents the foundation of our values and our pledge to support marginalized communities through our hiring and promotion practices.

We take all harassment seriously and train our employees on these policies, including sexual harassment awareness trainings. We have created a global hotline that directs all registered complaints to SHEIN's legal department for review and follow-up. Additionally, we reinforced the anti-harassment language in our CoE and launched mandatory, company-wide training on the policy.

In 2022
we hired new
employees
from

27

nationalities.

Gender Equality

From the start, SHEIN has championed women in leadership roles. Two of SHEIN's four founders are women, reflecting the importance of female leadership in our C-suite. Approximately 55% of our employees are women, including around 40% of our global senior management.

SHEIN X PROGRAM FOR DESIGNERS



“A core pillar of our business model is empowering entrepreneurs. The SHEIN X program nurtures designers, helping them elevate their brands on the global stage. We are dedicated to continuing our SHEIN X outreach and efforts amongst designer and artist communities around the world, taking another step forward in making the beauty of fashion accessible to all.”

Molly Miao,
Chief Operating Officer, SHEIN

Through SHEIN X, we are helping entrepreneurs launch their fashion collections all over the world. An incubator program that guides designers through processes from product development and manufacturing to marketing and logistics, SHEIN X offers classes, mentorship and unique tools like SHEIN's analytics suite that provide designers with a view of the overall process and customer feedback.

Over the last two years, SHEIN has invested more than US \$55 million to empower nearly 3,000 aspiring designers and artists from more than 20 countries, supporting them in their journey to launch their own fashion collections to global audiences.

SHEIN funds the initial production of a designer's or an artist's collection, and handles the marketing, shipping and payment so designers and artists avoid the financial risk or burden of producing and can launch their own fashion collections and adopt our on-demand production approach. Since launching SHEIN X, we've worked with designers and artists from over 20 countries, including Australia, Brazil, Canada, China, Germany, France, Indonesia, Italy, Japan, Malaysia, Mexico, Saudi Arabia, Singapore, Spain, Thailand, the UK and the USA.

Future-facing

In 2023, we hope to invite 1,000 new designers and artists from around the world to join SHEIN X. These designers may have opportunities to work with world-renowned designers, participate in exclusive events, and/or take part in exchanges around the world. And as of January 2023, SHEIN partnered with the Graduate Fashion Foundation to support the SHEIN X fashion design competition in which European designers will compete for the chance to be featured in the SHEIN X Fashion Show in Paris in June of 2023.

SHEIN X DESIGNER: KENYA FREEMAN

“SHEIN expressed interest in working with me. We are family now; I truly love my SHEIN family. The public exposure has been really good! SHEIN is giving small businesses a platform to sell and be great! I have one blazer that has sold thousands!

Couldn't have done that on my own. I try to create designs and pieces that complement the body and shed more light on the fabulous parts of the body. I'm a size 16. So many of the people who shop with me are of similar size and similar body types.

For that reason, we are also venturing into larger sizes permanently. My next collection I'm launching will be sizes 10-20. A market, I believe, that could still use some love. I'm very excited!!!”



IMPROVING LIVES IN EACH COMMUNITY WE REACH

We work to improve working and living conditions across our global value chain and in each community we reach through economic opportunities, support programs, volunteerism and philanthropic giving.

A business can only achieve success with the support of a healthy community. SHEIN's community includes not only employees and the customers we serve, but also all the stakeholders along our value chain. SHEIN is committed to managing our supply chain responsibly and uplifting the people in our ecosystem.

Supplier Partners

We source products and materials from an extensive network of third-party suppliers across the globe and invest in our collaboration with these supply chain partners. This extends to supporting them on their journey towards social and environmental sustainability. We do this by establishing and communicating our supply chain policies, investing in supplier training and compliance enforcement, and launching supply chain improvement programs and projects to tackle key industry challenges.

Supplier Governance

Code of Conduct

SHEIN's third-party suppliers must sign and agree to abide fully by the [SHEIN Supplier Code of Conduct \(CoC\)](#) before they are allowed to work with SHEIN. Suppliers must also agree to hold their third-party agents and brokers to the standards covered in the CoC. All new suppliers of SHEIN-branded products must also undergo a vetting process before starting to work with SHEIN. During the vetting process, we review supporting documents to demonstrate suppliers' compliance with the CoC and conduct an onboarding SRS audit. In the context of this report the term audit refers to assessment visits to cut and sew factories, materials producers and warehouses.

The SRS audit is an assessment conducted to evaluate a supplier's performance in terms of their

processes, capabilities and adherences to the SHEIN Supplier Code of Conduct and SHEIN Responsible Sourcing (SRS) Policy. The SRS audit is carried out either by a third-party verification agency hired by the company or carried out by the company itself.

The CoC is informed by the core conventions of the International Labor Organization (ILO) and the United Nations' Universal Declaration of Human Rights (UDHR). It prohibits the use of forced and child labor as core principles, and outlines clear compliance requirements regarding the payment of wages, workplace health and safety, labor and social welfare, and environmental standards. It also requires our suppliers to comply with applicable laws and regulations.

SHEIN Responsible Sourcing Program

The SHEIN Responsible Sourcing (SRS) Program establishes clear definitions and criteria for violations of SHEIN's CoC, including remedy procedures and penalties where warranted. To enforce compliance, SHEIN partners with credible third-party verification agencies and certified internal auditors to conduct regular, unannounced SRS audits of partners' facilities. We terminate business relations with partners who refuse to cooperate with our SRS audits or fail to correct detected violations of the CoC within stipulated timelines. Details of the SRS Policy are publicly available online.

SHEIN's executive management is responsible for reviewing our Supplier CoC, approving the methodology and frequency of our SRS audits, ensuring sufficient budget and approving implementation partners. Executive management cascades responsibility for implementing the CoC down through our structured management system.



The ESG operations team regularly reports audit findings to our Global Head of ESG and members of the executive leadership team.

Supply Chain Due Diligence Key Points:

- SHEIN has conducted 2,425 audits covering 1,941 contract manufacturers which account for approximately 84% of SHEIN-branded products by procurement value in 2022.
- SHEIN has also conducted 387 other audits of textile and packaging suppliers and providers of other ancillary services.
- Our audit program is conducted by internal teams and third-party auditors including Bureau Veritas, Intertek, Openview, SGS and TUV.
- Suppliers are audited against an extensive assessment checklist that evaluates their compliance with SHEIN's Supplier CoC. They are required to provide supporting documentation as part of the audit, and their workers are interviewed.
- All new contract manufacturers must submit to an audit assessment as part of the onboarding process before they start working with SHEIN.
- SHEIN educates our suppliers about complying with the CoC through regular training sessions.
- SHEIN has built a multi-channel feedback system for the workers at contract manufacturers, empowering them to anonymously submit complaints, feedback and suggestions via email, phone or a commonly used local chat app.
- SHEIN has established clear definitions and criteria for CoC violations, including remediation procedures and penalties where warranted.
- In all cases, suppliers are provided with a copy of their audit report, which includes any violations, in order to encourage continuous improvement.

- Particularly severe violations are addressed according to a zero-tolerance approach and would result in the termination of the business relationship with SHEIN should suppliers fail to take remedial actions within 30 days.
- Suppliers found to have committed violations that fall within Zero-Tolerance Violation (ZTV) categories will have orders suspended immediately.
- The SRS program is managed by our ESG team but SHEIN also trains staff from other departments to work to extend responsibility to our own company. To date, over 477 SHEIN staff members have completed best-practice training on how to screen, evaluate and choose suppliers that will meet our standards.

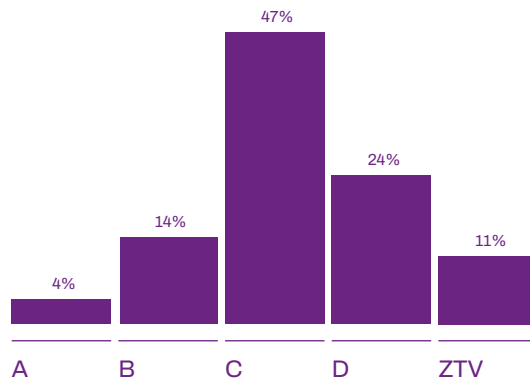
Grievances

Acting on our commitment to empower workers, we make sure they have the right to raise grievances and make their voices heard. Essential to this is our policy forbidding discrimination against both internal and external whistleblowers, which is embedded in the SHEIN CoC to which all suppliers must adhere.

Additionally, our suppliers are required to ensure the visible posting of our SHEIN CoC, which includes a section specifying access to the SHEIN grievance WeChat hotline and email through which workers can anonymously submit complaints, feedback and suggestions. This hotline goes directly to the SHEIN ESG team who have dedicated personnel trained in managing worker grievance cases.

PERFORMANCE EVALUATION AND CONTINUOUS IMPROVEMENT

2022 SRS Audit Grades
% of supplier facilities receiving each grade



- A:** 90 points and above: minor flaws. Continued improvement is advised.
- B:** 75 to 90 points: some general risks. Continued improvement is advised.
- C:** 60 to 75 points: 1-3 major risks. Corrective action is required.
- D:** below 60 points: >3 major risks. Corrective action is required.
- ZTV:** Zero Tolerance Violation detected. Immediate corrective action is required.

As part of our commitment to improving lives in our supplier communities, our SRS Program conducts performance evaluations of supplier facilities to monitor compliance with our Code of Conduct.

We grade them on a sliding scale from A, for outstanding performance, to Zero Tolerance Violation (ZTV), which is automatically assigned to any facility where a ZTV violation is detected. The grading is based on their adherence to the SRS assessment framework. If a facility receives two consecutive D evaluations or a ZTV, it is required to undergo an improvement program, which consists of training and investment to help the supplier achieve a higher rating.

These grades impact our buying decisions. As we strive to be responsible procurement partners, SHEIN rewards suppliers who score well according to SRS audits with awards and special programs exclusively sourced from top-rated partners, such as our evoluSHEIN by Design product initiative (see page 46). Conversely, those who fall into the ZTV category are not eligible to receive orders from SHEIN until they have remediated those violations.

In 2022, as part of our continuing effort to improve working conditions at our suppliers' facilities, we have expanded the definition of what qualifies as a violation. Regardless of stricter audit criteria, we have seen an increase in A-grade facilities and a decrease in the percentage of ZTV facilities, which we attribute to successful implementation of our Code of Conduct and related trainings. The stricter grading methodology has also resulted in a larger proportion of supplier facilities being flagged as D-grades, which does not necessarily indicate worse performance, but does enable SHEIN to take a more active role in advocating for improvements in those facilities. According to our SRS protocol, facilities with D-grades are to be closely monitored with the risk of a negative procurement decision should violations persist.

In 2022, SHEIN conducted 2812 total SRS audits. This included 2,425 audits covering 1,941 contract manufacturers which accounted for approximately 84% of SHEIN-branded products by procurement value for 2022. It also conducted 387 other SRS audits of textile and packaging suppliers and providers of other ancillary services, such as warehousing facilities.

Zero Tolerance Violations (ZTVs)

To encourage transparency and accountability within our supply chain, we have chosen to disclose further details on the ZTVs identified through our SRS auditing process.

When ZTVs are discovered, SHEIN assigns an SRS facilitator to oversee the correction process

and verify remediation of the issue, providing support through training and investment on a case-by-case basis. Unannounced follow-up audits are conducted to support continuous improvement of our supply chain. To date, all identified ZTVs have been remediated within the required timelines as set out in the SRS Policy or the partnership has been terminated.

	2021	2022
Total SRS audits performed	664	2812
ZTV categories - % of total SRS audits where this ZTV was identified		
Co-located Living/Working Spaces: Dormitories are located in the same building as the production workplace or warehouse	3.2	4.5
Emergency Exit Violation: Insufficient emergency exits in the production workshop, warehouse or dormitory	2.0	4.2
Wage Violation: Supplier is paying employees under the local minimum wage	3.3	2.3
Open fire in workplace or dormitory	1.5	2.2
Emergency Exits Violation: Presence of locked emergency exits in the workplace, warehouse or dormitory	3.2	2.1
Workplace Safety Hazards: Falling risk, signs of structural damage to the building or other risks to worker safety	3.8	0.7
Charging electric vehicles or their batteries inside the production workshop, warehouse or dormitory	-	0.5
Direct or flue-type gas water heaters are used in employee dormitories	-	0.4
Age Violation: The presence of workers or persons in the workplace under 16 years old	1.8	0.3
Supplier Refuses SRS Audit Evaluation	0.3	0.2
Involuntary Labor: all forms of coercion (e.g. requirement to pay deposits to start work, delayed or withheld wages, confiscation of workers' documents)	0	0.1
Environmental Violations Disclosed on the IPE (Institute of Public & Environmental Affairs) Platform	-	<0.1
Attempted Bribery Offering bribes to evaluators in violation of integrity principles	-	<0.1

*- indicates category not considered ZTV under 2021 SRS audit

SUPPLIER COMMUNITY EMPOWERMENT PROGRAM

We respect our suppliers as valuable partners in the SHEIN ecosystem. To foster these vital partnerships, we created the Supplier Community Empowerment Program to support our supplier partners and their communities in the different stages of their development journey.

Through the program, SHEIN has been implementing long-term initiatives to empower our partners across four key pillars: factory enhancement, technology innovation, training support and community engagement.

At the end of 2022, SHEIN announced an additional commitment of US \$15 million in funding over four years to the Supplier Community Empowerment Program to facilitate material

improvements to factories. In 2022, SHEIN spent US \$1.3 million to upgrade 83,000 m² of supplier workspace covering 29 facilities and approximately 4,500 workers.

Training

In 2022, SHEIN conducted over 380 training sessions for workers in the supply chain, covering topics including enterprise management, organizational structure and business processes, such as quality inspections and quality assurance certification offered by third-parties such as Intertek and SGS. In 2023, we plan to conduct more than 480 training sessions for workers in the supply chain, incorporating workshop courses that focus on lean production models.

Technical Innovation

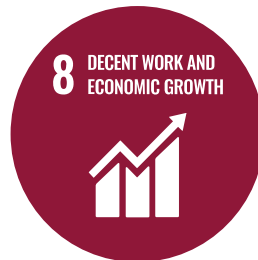
In addition to material improvements to factories, SHEIN's Supplier Community Empowerment Program works to support suppliers in their technical innovation, waste reduction, training and operational management and production efficiency optimization. The program has enabled many suppliers to meet market demand more efficiently while reducing waste and conserving resources.

SHEIN supports Goal 8 by sustaining per-capita economic growth and helping small-scale suppliers grow while meeting responsible labor standards including the elimination of modern slavery (see full SDG summary on page 68).

“SHEIN’s continued empowerment subsidies made this renovation plans possible”

SHEIN supplier, Mr. Liao, founded his factory in 2007. Since then, his business has grown into an independent industrial group employing over 1,000 people working on SHEIN products. He benefited from SHEIN’s Supplier Community Empowerment Program in 2022.

The renovation plans for his factory included the improvement of 30,138 sq. ft. of factory space accommodating 160 employees. Another 430,556 sq. ft. factory is currently under construction and should be completed by the end of 2023. “SHEIN’s continued empowerment subsidies made this possible,” explained Mr. Liao.



The SHEIN Spotlight program

SHEIN believes empowering families in the communities where we work, source and live is essential to our collective advancement. To reinforce this developmental journey, we created “SHEIN Spotlight,” a program offering financial support to help communities through life’s biggest moments, and families in need due to financial hardship caused by major illnesses.

SHEIN Spotlight provides the opportunity for roughly 46,000 workers in 254 factories to apply for grants. Since the program’s inception in 2021, it has awarded grants to 251 families totaling US \$378,000. The grants have benefitted 677 young people, including 475 school-aged children. SHEIN also assembled a team of “Spotlight Ambassador” volunteers from our own team who have spent more than 690 hours volunteering within supplier communities and continues to grow.



IMPROVE LIVES IN EACH COMMUNITY WE REACH

GIVING BACK TO OUR GLOBAL COMMUNITY

We understand our responsibility to impact change. SHEIN Cares is our philanthropic commitment to support organizations advancing important causes in the communities where we live and work around the world.

In 2022, we spent over US \$1.1 million on programs related to women's health, disaster relief, community development and environmental protection. This representation illustrates a handful of the initiatives that we supported in 2022.



Mexico
SHEIN and the **Asociación Mexicana de Ayuda a Niños con Cáncer (AMANC)** foundation built an integrated partnership from the ground up to support Mexican children with cancer. This includes a monetary donation of US \$60,000, the organization of activities to fulfill the dreams of children with cancer, workshops on emotional and mental health support for parents and children taught by experts and in-kind donations of new clothing for the children and their families.



France
SHEIN cooperated with **La Culotte Rouge** to develop a special co-branded collection in support of the organization's mission to educate and inform young women about their menstrual cycle. SHEIN donated US \$27,300 to support the organization of physiological hygiene lessons in schools, the dissemination of informational materials and the provision of hygiene products to young women in financial difficulty.

United Kingdom
SHEIN is partnering with **Dress for Success Greater London**, a charity that provides styling, mentoring and interview support to unemployed women to help them succeed in job interviews. Since 2020, SHEIN has donated over US \$140,000 to the charity providing support to 450+ women in their journey toward economic independence.



Brazil
SHEIN donated US \$100,000 and over 6,000 items of clothing to the **NGO Gerando Falcoes** to support their mission to end poverty and empower low-income youth in the communities' favelas to enter the professional market.



Singapore
SHEIN has been working with **SG Her Empowerment (SHE)** to empower girls and women victims or survivors of online harassment or abuse. Bearing in mind the effect that social media can have on body image, mental health and self-esteem, we partnered with SHE to organize a dialogue aimed at driving awareness about body positivity.



Philippines
SHEIN supported **Save The Children Philippines** through a monetary donation of US \$40,000 and over 5,700 pieces of kids clothing to provide more than 1,000 children and 500 families impacted by Super Typhoon Odette with relief and early recovery assistance.

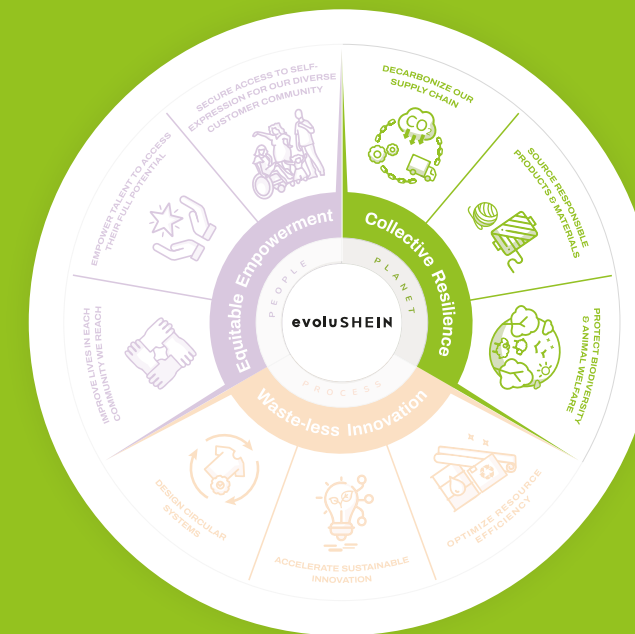




OUR PLANET PILLAR:

COLLECTIVE RESILIENCE

We collaborate across our shared ecosystem to ensure long-term sustainability anchored in respect for planetary boundaries.



Our 3 strategic priorities for driving impact are to:

Decarbonize our value chain

Source responsible products & materials

Protect nature and biodiversity

DECARBONIZING OUR SUPPLY CHAIN

We've set science-based targets to support an impactful and realistic decarbonization roadmap.

Background

According to the United Nations, the fashion industry contributes to between 8% and 10% of global carbon emissions*. Managing the environmental impacts across the entire value chain has become a key focus of our work.

Setting tangible 2030 targets requires reliable data. To that end, we've worked with industry experts to quantify and monitor our impact across our operations – from sourcing, production and processing of materials, product assembly, in-house operations and logistics to the end-of-life disposal of our products. Our collaboration with Intertek has been instrumental in understanding our GHG emissions and setting appropriate emissions reduction targets. Additionally, it continues to let us track and measure our progress and conduct scenario analyses to drive fact-based decision making.

Our Carbon Footprint

In September 2022, we completed the baseline study of our 2021 emissions and announced our commitment to reduce absolute greenhouse gas (GHG) emissions across our entire value chain by 25% by 2030.

In 2022, production volume increased by 57% and our emissions increased by 52%. The change in our absolute emissions from 6.04 to 9.17 million tonnes CO₂e from 2021 to 2022 comes from the strong growth of our business. We are at the beginning of our mitigation journey and began implementing decarbonization programs at the end of fiscal year 2022.

More than 99% of our emissions are from scope 3, which means less than 1% of emissions came from SHEIN's corporate operations and the vast majority were from supply chain partners, transportation, use of our products and other sources not under SHEIN's direct corporate control. In 2022, our emissions in tonnes CO₂e, were 3,781 tonnes in scope 1, with 19,505 tonnes in scope 2 net of Renewable Energy Credits (RECs), and 9.15 million tonnes in scope 3.

*Source: [un.org](https://www.un.org)

Category	Description	2021 in tonnes CO ₂ e	2022 in tonnes CO ₂ e	% change
Scope 1				
Direct Emissions	Fossil fuel combustion	25	991	+ 3,864%
	CH ₄ fugitive	618	808	+31%
	HFCs fugitive	3085	1982	-36%
	CO ₂ fugitive	0.04	0.24	+508%
Scope 2	Market-based*	26,392	19,505	-26%
Our Scope 2 emissions decreased due to purchasing Renewable Energy Credits (RECs).		*Location-based Scope 2 emissions were 60,939 tonnes in 2022.		
Scope 3				
GHG Protocol Categories	In certain cases, we were able to make more granular measures (shown below)			
Upstream Transportation	n/a	19,447	25,507	31%
Downstream Transportation and Distribution	Transportation from SHEIN to consumers	2,056,139	3,205,242	56%
	Transportation of return packages	14,194	3,790	-73%
Business Category (Business Travel)	n/a	/	1,011	n/a
Purchased Goods and Services	Product supply chain	3,728,248	5,575,068	50%
	Packaging material	139,614	271,208	94%
	Purchased data services	/	7,100	n/a
Capital Goods	n/a	53,107	60,924	15%
Waste generated in operations	n/a	/	352	n/a

** See accounting scope description in Annex 1.1 (scope 1) and Annex 1.2 (scope 2)

DECARBONIZE OUR
SUPPLY CHAIN**Our Main Operations**

We set a 42% reduction target in scope 1 by 2030, heading towards carbon neutrality in our direct operations. Our direct operations emissions account for 1% of our total emissions and are mainly linked to electricity usage. By 2030, we will have implemented programs to better control and reduce the electricity we use in our offices and plan to use renewable energy for 100% of our own operations.

**Our Indirect Emissions**

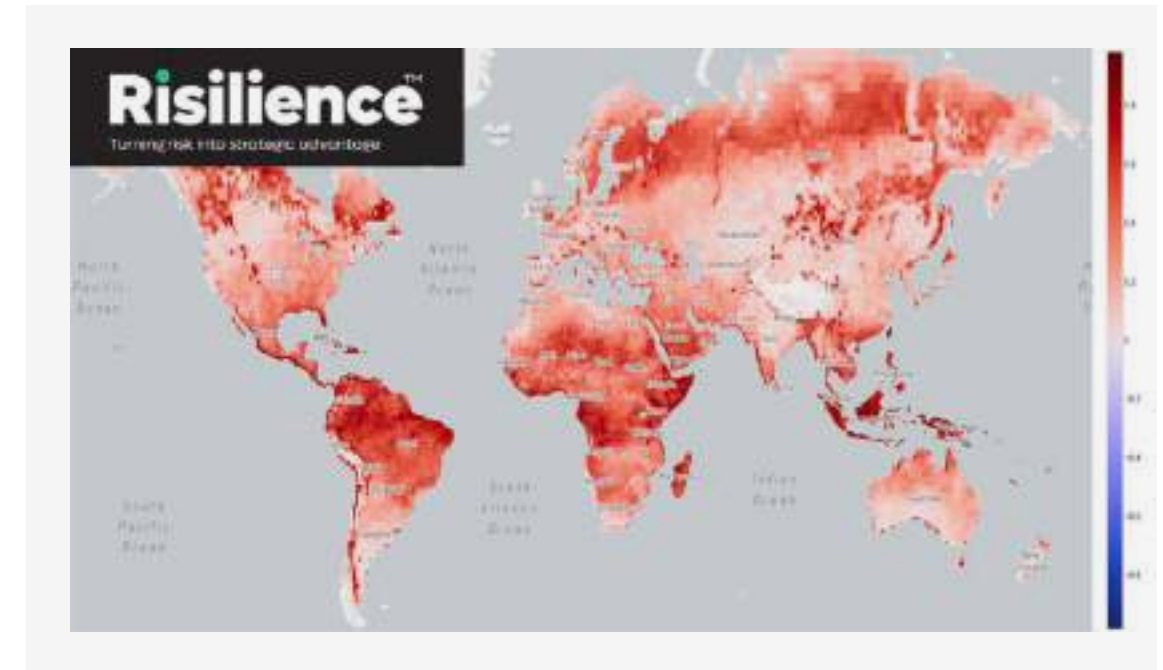
We acknowledge that most of our emissions lie in scope 3 and significant work remains to be done in collaboration with our suppliers. Through a new partnership with Apparel Impact Institute (Aii) and Brookfield Renewable Partners, we've begun to promote renewable energy use and energy efficiency projects aimed at reducing carbon emissions. We have committed to investing US \$7.6 million in Aii programs to help us achieve our supply chain carbon reduction goals. Acting on our commitment made in the fall of 2022, we engaged with our suppliers to start implementing our decarbonization programs in 2023.

“Brookfield has one of the largest renewable power and energy transition platforms in the world and has a long and proven track record of providing power and decarbonization solutions globally across a wide range of sectors in the economy.

Along with Brookfield Growth, the technology investing arm of Brookfield and an existing investor of SHEIN, we are pleased to extend our relationship with the company and support SHEIN's newly-announced decarbonization commitments.

We look forward to applying our renewable and energy transition expertise to help bring those objectives to bear. The opportunity to decarbonize the fashion industry is immense.”

Daniel Cheng,
Managing Director of Brookfield
Renewable Power, Asia Pacific



CLIMATE RISKS & RESILIENCE

SHEIN's business model is focused on being resilient and continuing our support for the transition to a low-carbon future.

In 2022, to better understand our climate risks in the transition to a low-carbon future, we partnered with Risilience™, a SaaS platform provider that works closely with its academic partner, the Centre for Risk Studies at the University of Cambridge Judge Business School, to tackle complex issues of management science and business risk. Risilience™ uses a rigorous, scenario-based framework that integrates a wide range of risk classes with the latest international standards in climate science to provide a comprehensive view of a corporation's balance sheet risk relative to climate change.

We studied two types of risks:

- The physical risks related to the change in weather patterns that could impact SHEIN's operation and supply chain. The risks arising from the effects of climate change on soil and water accessibility and extreme weather events could cause disruption in raw material supply and market demand as well as

operational downtime in key facilities with possible damage to physical assets.

- The transition risks range from increased pressure on companies to secure their reputation and license to play to changes in consumer preferences leading to more sustainable purchasing options. Policy and regulation constraints will tighten with the rising price of carbon.

We modeled several climate mitigation strategies to explore the differential effects they would have on our CO₂e footprint and our business risk to help us prioritize our key GHG impact areas. The key initiatives we explored were use of sustainable aviation fuels (SAFs), nearshoring of production to cut down on transportation and air freight and switching to preferred materials for products and packaging.

SOURCING RESPONSIBLE PRODUCTS AND MATERIALS

We are committed to using materials with a lower environmental impact and preferred performance properties that meet high quality and safety standards to protect both people and the planet.

Sourcing Responsible Products

Sourcing responsible products and materials starts with the basics: quality and safety. We understand that our customers trust us to deliver safe, affordable products that meet their quality expectations. There is also a growing desire for environmentally preferred materials. SHEIN's approach includes:

- Aligning product quality and safety standards with industry regulations and best practices.
- Hiring experts to help establish and manage compliance protocols according to these standards.
- Conducting training for both internal staff and supplier partners on best practices for compliance.
- Requiring suppliers to provide up-to-date product quality and safety documentation.
- Material and finished product testing for harmful and restricted substances and quality done in partnership with third party experts and independent labs.
- Accelerating the adoption of environmentally preferred materials with lower carbon, water and chemical footprints.

300,000+

2022 Product quality tests conducted

Quality and Durability

We require our textile suppliers to submit updated quality test reports on factors like tear strength, pilling and color fastness, for which SHEIN has set strict standards at or above the industry norm. Moreover, our product quality team has developed protocols for testing products that enter our warehouse for compliance with these standards. Through these efforts, we aim to prolong the life of our garments and decrease microfiber shedding during their lifetime. We've set rigorous targets for continuous improvement of product quality, looking to standardized testing and customer feedback to guide our efforts.

Chemicals and Product Safety

SHEIN engages with industry experts such as Textile Exchange and the American Apparel & Footwear Association (AAFA) to reinforce current practices for managing product compliance. SHEIN has compiled and maintains a Restricted Substances List (RSL) in reference to the International RSL Management (AFIRM) Working Group for Apparel and Footwear, REACH, POPs and other relevant national and regional regulations.

All SHEIN partner suppliers must ensure that the raw materials, semi-finished and/or finished products they provide comply with the requirements of the SHEIN RSL. We also develop proactive control plans and arrange relevant testing activities in consideration of the material and product categories.

Suppliers are required to agree to and comply with the requirements set forth in the SHEIN RSL. Moreover, fabric suppliers must provide test reports and Certificates of Conformance attesting to their compliance with our RSL. Products found to violate the SHEIN RSL are removed from sale.

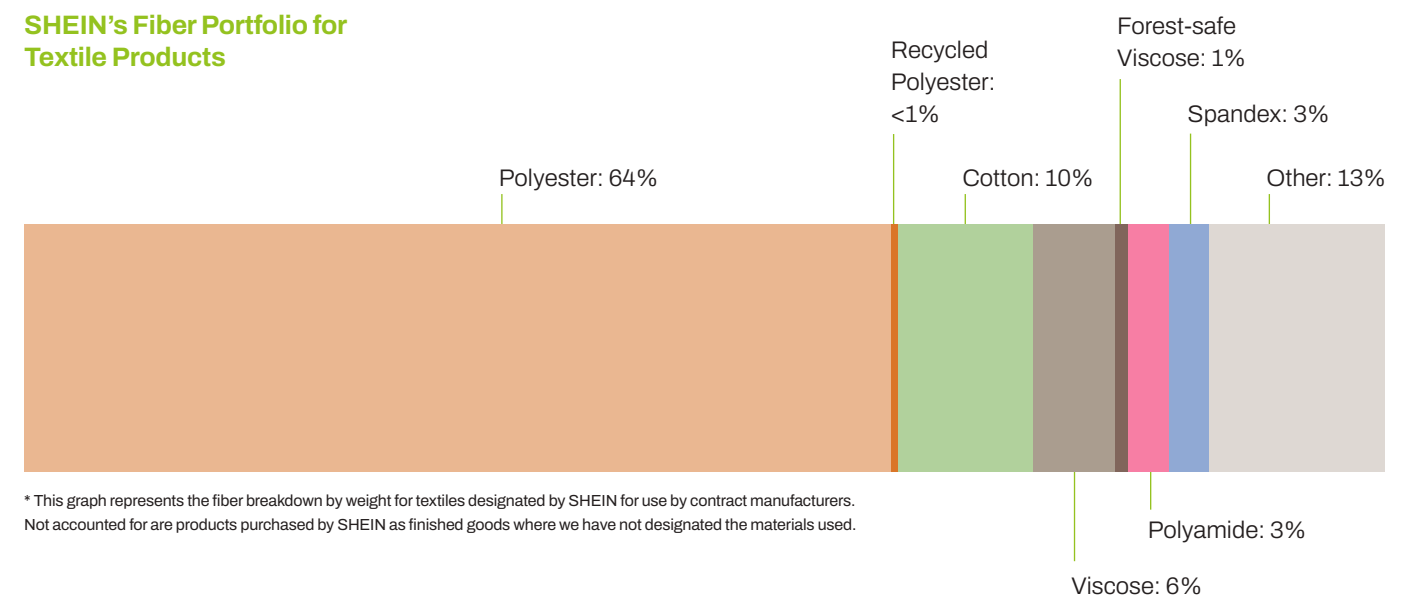
Preferred Material Sourcing

SHEIN targets reducing emissions by 25% by 2030. Part of our decarbonization strategy is to use lower-impact materials. This means transitioning from virgin polyester to recycled polyester and utilizing other preferred materials such as forest-safe, man-made cellulosic fibers. It also means using as little new material as possible through small-batch, on-demand production processes and utilizing rescued deadstock fabrics from other brands that otherwise would have gone to waste.

In 2022, SHEIN became a member of Textile Exchange, a global non-profit driving positive action on climate change across the fashion, textile and apparel industry. We aspire to learn from Textile Exchange and continue to explore incorporating the next generation of fibers into our products.



SHEIN's Fiber Portfolio for Textile Products



* This graph represents the fiber breakdown by weight for textiles designated by SHEIN for use by contract manufacturers. Not accounted for are products purchased by SHEIN as finished goods where we have not designated the materials used.

SOURCE RESPONSIBLE PRODUCTS AND MATERIALS



Recycled Polyester

According to Textile Exchange, polyester is the most produced textile fiber. As such, the organization has challenged the fashion industry to transition to recycled polyester (rPET) as a preferred fiber alternative. Textile Exchange reports that recycled polyester often achieves the same performance qualities as virgin polyester while decreasing the GHG emission footprint by up to 70%.

Polyester accounts for the majority of SHEIN's fiber portfolio, making the transition to recycled polyester a significant aspect of our decarbonization initiative. To meet our science-based targets, we have plan to transition at least 31% of our polyester-based products to recycled polyester by 2030, with the expectation of saving 3 million tonnes CO₂e over the next 5 years according to our study conducted with Risilience™. Starting in early 2022, we began incorporating rPET into our fiber portfolio with the launch of our first evoluSHEIN collection. These pieces are certified to the Global Recycled Standard (GRS), which includes both social and environmental criteria for producers of recycled materials and finished garments. We tested 40 recycled polyester fabrics in over 2000 styles, using the opportunity to train both our employees and our suppliers on best practices in fiber sourcing and gathering feedback on performance and preferences from customers.

Man-Made Cellulosics

In 2022, we became CanopyStyle signatories, committing to transition all our directly-sourced MMCF textiles away from Ancient and Endangered Forests by 2025, accelerate Next Generation fiber solutions and promote forest conservation (See page 46).

In April 2022, we conducted an initial fiber traceability survey of our viscose textile suppliers. From the survey's sourcing questionnaire and letter introducing our CanopyStyle commitments, we learned that 41 suppliers were already familiar with CanopyStyle and 21 were learning about it for the first time. Supplier responses also revealed that an estimated 32% of viscose in 2021 came from fiber producers who had achieved a "green shirt" in Canopy's global ranking and had FSC Chain of Custody certification. This data helped us to estimate our current gaps, identify the greatest opportunities for impact and establish a path forward.

We set an internal interim goal of sourcing 45% of our viscose fabrics from producers who have achieved a "green shirt" in Canopy's Hot Button Report by the end of 2022. Through direct partnership with these fiber producers and the cooperation of our textile suppliers, we have accomplished this 45% target and aim to reach 60% by the end of 2023.



Cotton

SHEIN has established a robust cotton traceability program to reinforce our cotton supply chain due diligence and identify opportunities to increase preferred fiber sourcing. SHEIN maintains strict chain of custody documentation requirements for its SHEIN-branded cotton products and has developed a proprietary Traceability Management System (TMS) that integrates supply chain documentation required from yarn, fabric and finished product suppliers.

The Traceability Management System includes certificates of raw material origin, export/import documents and purchase orders. Suppliers who fail to provide the required documents are prevented from partnering with SHEIN. The system allows us to trace the individual components used in any finished SHEIN product and retain visibility of the raw cotton used.

In allowing for more precise identification and verification of raw material origin, SHEIN's cotton traceability program also supports supply chain assurance and customs compliance efforts across key global markets. For cotton products, to further enhance our compliance with US laws, we request that our manufacturing suppliers only source cotton from Australia, Brazil, India, the United States and other approved regions.

Our cotton traceability program is bolstered by third-party cotton sample testing. Yarn and fabric samples are collected by third-party verification agencies and sent to Oritain, a global leader in isotopic analysis and cotton testing, to provide independent testing and origin verification. To date, Oritain has mapped over 90% of the world's cotton, and its technology allows SHEIN to reliably confirm the geographic origin of the cotton our suppliers use.

Other Fibers

Other fiber categories - including polyamide, spandex, linen, acrylic and metallics - accounted for nearly 19% of our directly-sourced textiles in 2022.

Rescued Materials

Another way to reduce our environmental footprint involves incorporating rescued waste materials into our product designs. Decreasing demand for new material production cuts down consumption of water, energy, chemicals, and fiber inputs throughout the supply chain. In 2022, SHEIN partnered with Queen of Raw to begin sourcing high-quality excess deadstock fabric from other brands. These surplus materials, which were destined for landfills or incinerators, now have a chance to be worn and valued. Learn more about how SHEIN is designing circular systems to become a leading rescuer of deadstock materials on page 54, and how we are partnering with Queen of Raw to accelerate sustainable innovation on page 61.

SHEIN COTTON TRACEABILITY PROGRAM



EVOLUSHEIN BY DESIGN

The industry and customers alike are pushing for more responsible and circular production practices that positively contribute to the resilience of nature and the empowerment of local communities. We believe it's our responsibility to support this evolution through the products we design and give our customers the opportunity to join us on this journey.

evoluSHEIN by Design is our product initiative aimed at accelerating the use of preferred materials and scaling responsible manufacturing processes. Through this program, SHEIN is testing new, sustainably focused materials, technologies and production processes, and providing a launchpad for scaling sustainable product innovation and education for our designers.

Garments designed for this program must meet our evoluSHEIN Standard before they can be labeled as an evoluSHEIN by Design product. Our evoluSHEIN Standard contains a list of approved materials and processes that help limit the environmental impact of our products and take us toward a more sustainable, circular and traceable model. To comply with our standard, garments must consist of at least 30% preferred materials and be produced by suppliers that have received high social compliance verification through third-party audits. Garment production facilities must achieve an A or B rating on their SRS Audit or be certified to a third-party standard that requires the facility to meet social compliance criteria (ex: SA8000, GRS).

With evoluSHEIN by Design, we aim to promote responsible materials and manufacturing methods by:

- Using preferred materials with a lower carbon footprint, such as recycled polyester, to replace virgin polyester fibers.
- Collaborating with our suppliers and organizations like Canopy to source wood-derived materials like viscose from suppliers that do not endanger vital ancient forests.
- Finding creative ways to repurpose textile surplus – from cutting scraps to rescued fabrics otherwise destined for landfill or incineration – left over by other fashion brands as new pieces to optimize and conserve resources.
- Shipping products in packaging containing more sustainable content, such as recycled PET.
- Encouraging the conservation of water and energy resources, i.e. increasing adoption of low-impact production techniques like digital thermal transfer printing technology.
- Seeking to utilize more facilities powered by renewable energy.

Packaging

We are increasing our use of post-consumer waste content and reducing single-use plastics in our product packaging with the goal of having 50% of preferred materials in all our packaging by 2030. Our first focus is on reducing the amount of material used in our packaging.

In August 2022, we began using recycled polyethylene (PE) plastic express bags for all parcels sent to European countries. These express bags, made of 50% recycled PE plastic, are produced from circular waste processes that minimize the need for raw material extraction and require less energy and water than those of virgin materials. All items from MOTF, SHEIN's premium brand, also switched to 100% recycled PE plastic bags in August 2022 – an initiative expected to save three tons of virgin plastic per month. Packaging bags adopted by SHEIN, ROMWE and other SHEIN brands will also be gradually replaced by bags made with responsibly-sourced materials.

SHEIN's recycled PE plastic express bags, MOTF packaging bags and evoluSHEIN packaging bags are certified to the Global Recycled Standard (GRS) in partnership with GRS-certified vendors. This globally recognized certification supports the traceability of recycled material through all stages of the supply chain and requires strict social and environmental compliance. The GRS standard is managed by Textile Exchange, a global non-profit leading the apparel industry toward adopting more sustainable materials.

SHEIN has also committed to eliminating paper sources coming from vital forests by 2025. For more information, see project Pack4Good on page 49 of this report.



“As SHEIN invests in sustainable development across its operations, we recognize that packaging continues to be an area for improvement. We believe that reducing our packaging and accelerating the adoption of more responsible materials such as recycled plastic bags and forest-safe paper products are important steps towards delivering on our environmental commitments.”

Adam Whinston,
Global Head of ESG, SHEIN

evoluSHEIN
by Design



PROTECTING BIODIVERSITY & ANIMAL WELFARE

We are doing our part to combat environmental degradation and promote animal welfare in partnership with local communities.

Material Traceability

The key to understanding and mitigating the impacts of our products on biodiversity and animal welfare lies in accurately tracing the complex supply chains of our materials to their fiber source and engaging at the farm level. Accomplishing this requires strong supply chain coordination and collaboration with outside organizations, from NGOs, public authorities and testing certification authorities to activists and local communities.

SHEIN has partnered with TÜV Rheinland to develop an innovative supply chain sustainable material tracking platform aimed at verifying the material source and tracing the material flow along our supply chain. Through integration with SHEIN's digital supplier management system, suppliers will be able to upload chain of custody documentation,

test reports, certifications and transaction certificates to the platform and onboard their raw material suppliers as well. In addition to supplier documentation, SHEIN also conducts routine sample testing, partnering with independent testing labs including SGS, TUV and SUD to verify the presence of preferred fiber content.

Tests have been conducted for a number of core rPET programs as well as many of the traceable Lenzing fabrics used in eco-focused collections, which support our CanopyStyle commitment. These results can be uploaded to the platform. It is our ambition for this system to enable deeper engagement with biodiversity and animal welfare at the field level for natural fiber as we track progress on our sustainable material commitments.

BIODIVERSITY

This year, we signed the CanopyStyle and Pack4Good pledges with Canopy to reduce the risk of contributing to the deforestation of Ancient and Endangered Forests via our fabrics and paper packaging supply chains.

In partnership with Canopy's experts, our work involves identifying strategies and products that will help significantly reduce our environmental impact. This includes helping SHEIN explore the sourcing of next generation fibers for clothing production and engaging our partners to help support production of these game-changing alternatives to virgin wood fiber viscose. SHEIN has committed to eliminating these vital forests as sources for its fabrics and paper packaging by 2025 to increasingly incorporate NextGen fibers and actively advocate for global forest conservation.

"SHEIN is motivated to act fast and take meaningful action. Partnering with brands like SHEIN that hold a considerable market share of the fashion industry is critical to achieving the required industry transformation in the timescale we need. SHEIN's sourcing decisions have the ability to incentivize producers to stop 'business as usual' – they cause a ripple effect through supply chains, impacting producers of apparel products and influencing other brands. The consequences could be huge. A key part of our work with SHEIN, and all fashion brands, going forward will be focused on decoupling financial performance from raw material use – how the fashion industry can generate profit while not depleting the world's critical forests and planetary systems, but instead helping to stabilize and conserve them."

Amanda Carr, Director of Strategic Initiatives, Canopy



Animal Welfare Policy

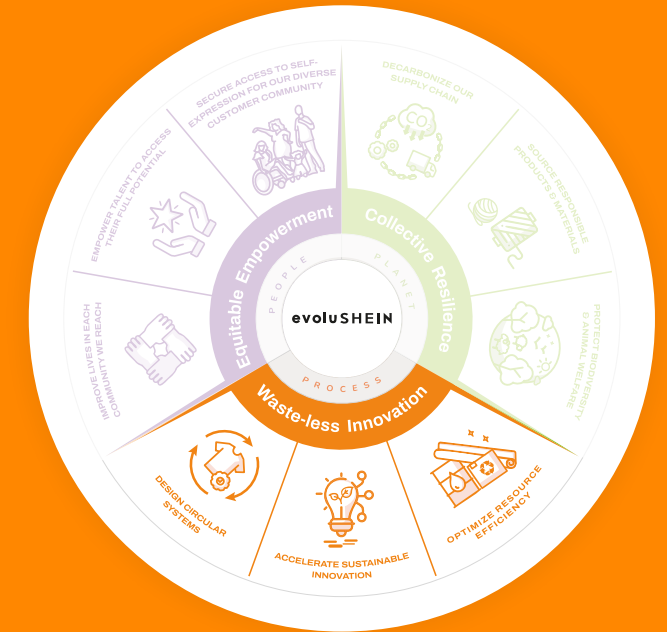
In 2022, SHEIN reinforced its animal welfare policy by committing to the "Five Freedoms" laid out by the World Organization for Animal Health (founded as OIE) in their Animal Health Codes and the Farm Animal Welfare Committee (FAWC).



OUR PROCESS PILLAR

WASTE-LESS INNOVATION

We're driving the constant improvement of our processes and practices to enable a circular future and reduce waste.



Our 3 strategic priorities for driving impact are to:

Optimize resource efficiency

Design circular systems

Accelerate sustainable innovation

OPTIMIZING RESOURCE EFFICIENCY

We are continuously optimizing efficiency along the value chain to conserve resources – water, energy and raw materials — minimizing consumption and waste to use only what is needed, not more.



Water Conservation

Water and Effluents. 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 use closed-loop water treatment and reuse processes that help to conserve water and greatly reduce the need for consumption of additional water resources. 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.

Digital Transfer Printing. In 2022, SHEIN expanded the use of Digital Transfer Printing (DTP), a zero-water-waste printing method verified by a study conducted by Bureau Veritas. We have converted over 50% of directly-sourced printed fabric to this method, conserving water in comparison with traditional screen-printing. As an alternative technique, DTP also lends itself well to SHEIN's small-batch production process, helping to further cut down on inventory waste while conserving water, energy and material resources.

Waste Mitigation through Technology

The typical retailer only expects to sell 40-80% of the items produced, meaning wasted resources and human capital are factored into the model and have thus become normalized as an inherent cost of business. SHEIN's founders saw the opportunity to follow a different business model that would limit waste, conserving these valuable resources from the start and making it possible to pass the resulting cost savings along to customers.

Our approach leverages trend research and direct customer feedback to produce the products our customers want in real time, using on-demand production methods to consistently achieve average unsold inventory rates in the low single digits.



Cool Transfer Denim Printing

SHEIN is working with suppliers to increase adoption of cool transfer denim printing technology. This digital small-batch production method can achieve similar effects to traditional dyeing and distressing methods while greatly reducing water consumption.

DESIGNING CIRCULAR SYSTEMS

We are encouraging our customers to extend the life of our products while creating products and services that fit into a circular future without waste.

Building a Circular Ecosystem

Circularity is the next step in our evolution toward waste-less production, and it promises to change operations across our value chain, from raw material sourcing to waste recycling to end-of-life solutions. Our ambition is to continue measuring and mitigating our own textile waste while collaborating with other industry leaders to propel the circular textile economy forward.

World Circular Textile Day Engagement

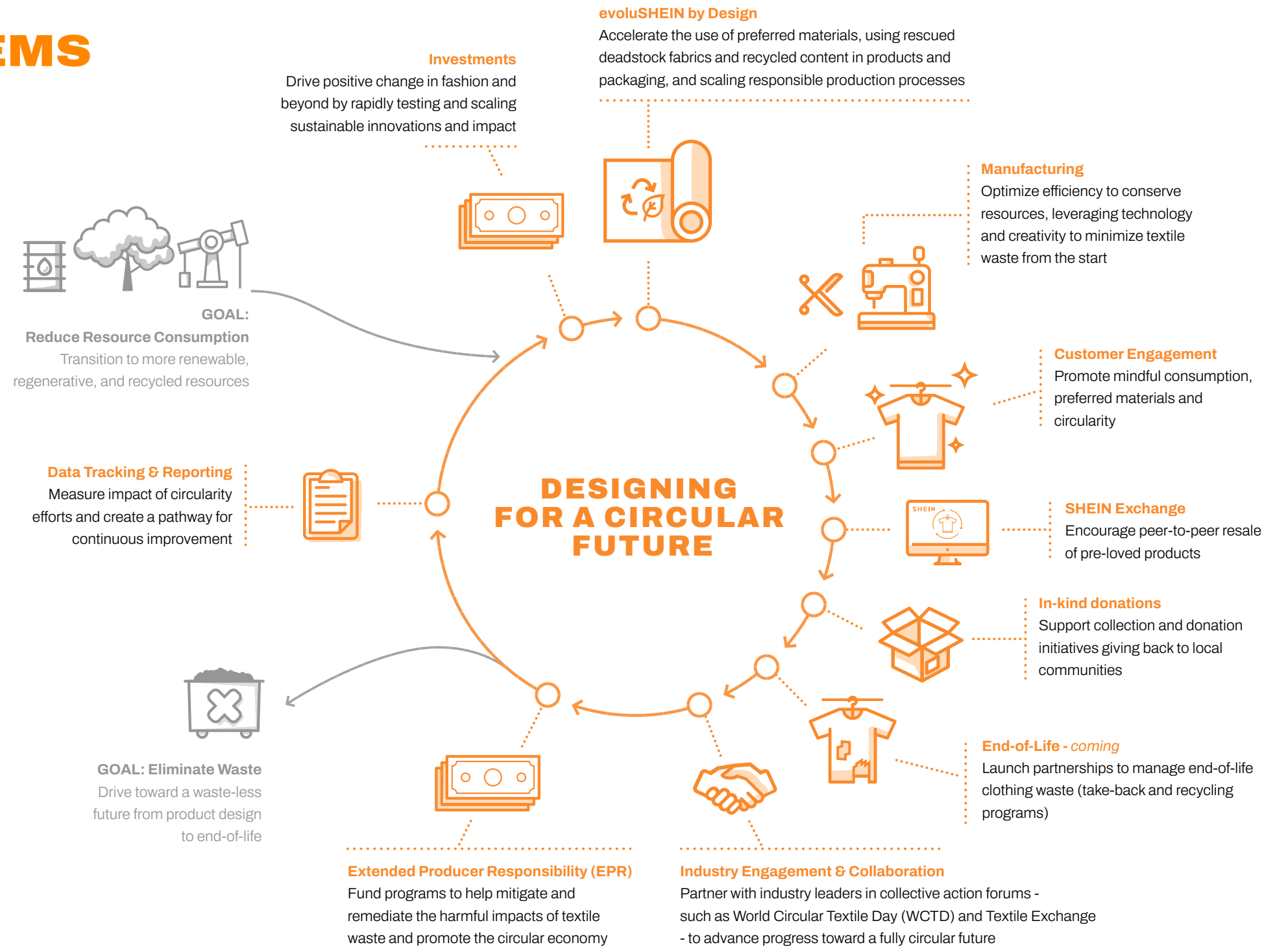
In 2022, SHEIN became a signatory of World Circular Textiles Day. In doing so, we join a coalition of brands, suppliers and other organizations sharing a mission to shift the fashion and textile industry toward full circularity by 2050.

Circular Products and Services

We aim to engage the majority of SHEIN customers in circularity by 2025. In doing this, we hope to change the “take, make, break, forsake” model that has long dominated retail. In its place, we think responsible consumption should be joined with next generation textiles to create a real opportunity for our customers to reduce, reuse, recycle.

Specifically, we plan to:

- Increase our offering made from reclaimed materials.
To this effect:
 - We have launched a partnership with Queen of Raw to rescue high-quality surplus fabrics from becoming waste and use them to build new collections (See page 61).
 - We have created products from waste scraps through our HOHILIFE initiative.
- Promote product resale and purchase of pre-loved items on SHEIN Exchange, our new peer-to-peer resale platform (see page 56).
- Prolong the life of our garments by creating educational content about circularity and prevention of textile waste through our SHEINsights customer newsletter, web and social channels.
- Establish an effective product take-back and recycling program to prevent inevitable textile waste from reaching landfills at end-of-life.



SHEIN EXCHANGE

Prolonging the Life of Our Garments by Promoting the Benefits of Buying Pre-loved Clothing

This year we launched SHEIN Exchange, an integrated, online, peer-to-peer resale platform that lets our customers become active participants in the circular economy.

SHEIN Exchange was inspired by SHEIN customer comments on community-created Facebook groups and social platforms in which they communicated an interest in resale destinations where they could buy and sell previously-owned SHEIN products without the barrier of high platform fees.

Responding to this demand, we created SHEIN Exchange to provide a one-stop destination for customers to discover the benefits of purchasing pre-owned clothing over purchasing new items. We developed the SHEIN Exchange platform in partnership with Treet, a leading resale technology platform creating circular fashion experiences for several fashion retailers.

With our customers in mind, we engineered specific features to make it easier to list previously purchased items on our website, including one that automatically gives customers the product description and item by pre-populating the information – an approach meant to reduce transactional friction that prevents people from taking the time to post in the first place.

We piloted SHEIN Exchange in the US. With this initiative, SHEIN aims to influence and promote mindful consumption among its customers, ultimately extending the life of as many items as possible. We plan to expand the SHEIN Exchange to other markets in 2023.

“At SHEIN, we believe that it is our responsibility to build a future of fashion that is equitable for all while also accelerating solutions to reduce textile waste. The goal of SHEIN Exchange is to make resale just as easy and convenient as buying something brand new while also igniting a cultural movement of circularity within our own SHEIN community.”

We’re calling on our community to mobilize and keep previously owned clothing in circulation for as long as possible. By harnessing the reach and the influence of our growing community, we believe that shopping resale can become the new normal in our industry.”

Adam Whinston, Global Head of ESG, SHEIN



“Every item produced deserves to live its longest life possible. SHEIN Exchange helps foster this by keeping items in circulation and out of landfills. With SHEIN’s massive reach, they’re also introducing the concept of branded resale to millions of shoppers and creating a groundswell that’s helping push the industry forward. As more brands like SHEIN take action in their ‘extension of life’ efforts, branded resale will surely become table stakes for any brand wanting to meet the needs of their customers”.

Jake Disraeli,
Co-Founder and CEO, Treet



EXTENDED PRODUCER RESPONSIBILITY (EPR)

In 2022, we launched the SHEIN EPR Fund to address EPR, including by supporting waste management efforts in communities deeply impacted by textile waste.

The Or Foundation was allocated \$5 million in 2022 from the Fund and used the resources to expand their Mabilgu (sisterhood) Apprenticeship Program for young women. This program acts as an incubator for community businesses transforming textile waste into new products, piloting fiber-to-fiber initiatives with Ghanaian textile manufacturers. Guided by a community-based vision, it also improves working conditions of women in the Kantamanto Market, uplifting them and making sure that the world's largest second-hand clothing market is a safe and dignified place to work. The Or Foundation will also redistribute a portion of the initial grant to allied organizations in Ghana.

“We have been calling on brands to pay the bill that is due to the communities who have been managing their waste, and this is a significant step toward accountability. What we see as truly revolutionary is SHEIN’s acknowledgement that their clothing may be ending up here in Kantamanto – a simple fact that no other major fashion brand has been willing to state as yet.”

Liz Ricketts,
Co-Founder and Executive Director, The Or Foundation

This project has both social and environmental impacts. In 2022, The Or Foundation began scaling up its activities, accomplishing the following:

- 104 former head-carrying women have been placed in impactful apprenticeships or continuing education. Each is provided with healthcare. Market members are supported through the Expanded Secondhand Solidarity Fund and the establishment of a cooperative community banking model.
- 411 market members are supported through the Secondhand Solidarity Fund, which includes support for education, business upskilling, crisis management and debt relief.
- 4.5 metric tonnes of secondhand waste have been repurposed to make fiber boards, mops, cushions and lamps. Re-roll and garment-to-garment upcycling and yards of fiber-to-fiber recycled textiles have been created through pilot programs.
- 775 air and water samples have been collected and analyzed for ecological research and remediation in Ghana.
- Dr. Dimitri Deheyn from UC San Diego Scripps Institute of Oceanography visited Accra for a week in late November to support The Or Foundation team in planning toxicological transplant experiments. This visit included establishing plans for the use of an underwater drone and ground-penetrating radar that will form the basis of The Or Foundation’s cleanup and remediation efforts.
- Organizational Capacity: The Or Foundation staff was expanded to 28 full-time employees, and their office and training premises were upgraded with solar power backup to allow operations to continue during blackouts.

ACCELERATING SUSTAINABLE INNOVATION

We're using our disruptive mindset to drive positive change in fashion and beyond by rapidly testing and scaling sustainable innovations.



Innovation has always been a driver for SHEIN. We have built a reputation for disrupting the world of retail through agile systems development, effective use of data analytics and our ability to rapidly test-and-scale new business solutions.

Test-and-Scale

The rapid test-and-scale methodology is deeply embedded in our culture at SHEIN. We encourage our employees to identify opportunities for improvement, conduct research and pitch potential solutions. This methodology applies to our product development process, offering small quantities of a large variety of products before scaling up production on those that resonate the most with customers.

Innovation at SHEIN

Established in 2022, our 629,150 sq. ft. Innovation Center is a destination for the research and development of new waste-saving and efficiency-optimizing technologies necessary for scaling among our supplier partners. SHEIN is committed to elevating the garment manufacturing industry through research and development, establishing industry best practices and sharing key learnings and findings to drive organizational and process transformation.

With this Innovation Center, SHEIN is able to train and empower our supplier community to use new production models, processes and applications derived from our on-demand business model. Future R&D investments in innovative production solutions for garment manufacturing will include advanced production management systems and applications such as the use of Automated Guided Vehicles (AGVs).

Finally, the Innovation Center will offer consultation services to suppliers covering factory site selection, taking into consideration location, traffic and space, and facility design and layout, ensuring sufficient and effective allocation of space for workers, machinery and raw materials. With these services, our goal is to elevate our suppliers and actively contribute to their entrepreneurial success.

Partnering with Sustainable Entrepreneurs to Scale Impact

SHEIN recognizes the power of the entrepreneurial spirit. At this stage, we leverage our experience and global reach to accelerate the positive progress being made by sustainable entrepreneurs. We do this by partnering to build more sustainable products and services.

QUEEN OF RAW PARTNERSHIP

Leveraging Technology to Rescue the World's Excess Inventory

In 2022, we established a new partnership with Queen of Raw (QoR), a climate technology company addressing the fashion industry's waste issues with circular economy solutions. Queen of Raw's science-based software, Materia MX, grew out of the pandemic supply chain disruptions and need for companies to better manage excess inventory. Industry operations had to adapt to be more resilient and sustainable in the face of changing inventory requirements.

Furthering our commitment to achieve a circular supply chain, SHEIN has set the ambition of becoming a global leader in the rescue and reuse of deadstock materials through this partnership. To reach this goal, we are leveraging Materia MX to identify excess liability fabrics from other brands and designers. According to Queen of Raw's research, US \$288 billion in excess inventory becomes waste in landfills, is burned or is laid to rest in warehouses each year.

As part of our shift towards more sustainable materials, SHEIN began sourcing deadstock fabrics with Materia MX and Queen of Raw's operations in Asia. Through the software's project management tools with automated workflow, we successfully launched our first deadstock products that met SHEIN's requirements and Materia MX's deadstock standard. We were able to track and manage all activities in our private portal with comprehensive ESG and ROI monitoring, conveying our success and progress.

Queen of Raw's proprietary algorithms, developed with the support of data scientists from MIT Solve, track the environmental and economic impacts of rescued deadstock fabrics used instead of new materials. With further systems integration, we will be able to measure our estimated savings of waste, water, energy and chemicals.



"We look forward to supporting one of the world's biggest fashion retailers on its journey to transform its supply chain. SHEIN's influence in the textile industry aligns with our position as the global leader in measuring and reporting environmental impacts for excess inventory and waste streams across industries. Our technology empowers SHEIN to incorporate local deadstock textiles from other brands into its on demand designs and integrate into SHEIN's system to optimize future inventory purchases. As a result, climate and water impacts are reduced while enhancing transparency."

Stephanie Benedetto,
CEO and Co-Founder, Queen of Raw

GOVERNANCE



MATERIALITY

When it comes to sustainability, there is no one-size-fits-all approach. Each company must analyze its unique role in the larger ecosystem and develop a strategy that will drive impact.

In 2022, SHEIN completed an impact-based materiality assessment in partnership with BSR, a sustainable business network and consultancy.

This multi-stakeholder process included focus groups, interviews, surveys and gathering of online risk intelligence. It involved both SHEIN's senior leadership and operational teams as well as external partners and representatives from civil society, academia and media covering the ESG space.

The qualitative data resulting from this assessment expresses how our economic, social and environmental impacts are perceived along our value chain and how they translate into associated risks and opportunities for our company. The results of our materiality assessment were a key component of establishing our evoluSHEIN roadmap and our reporting on material issues.

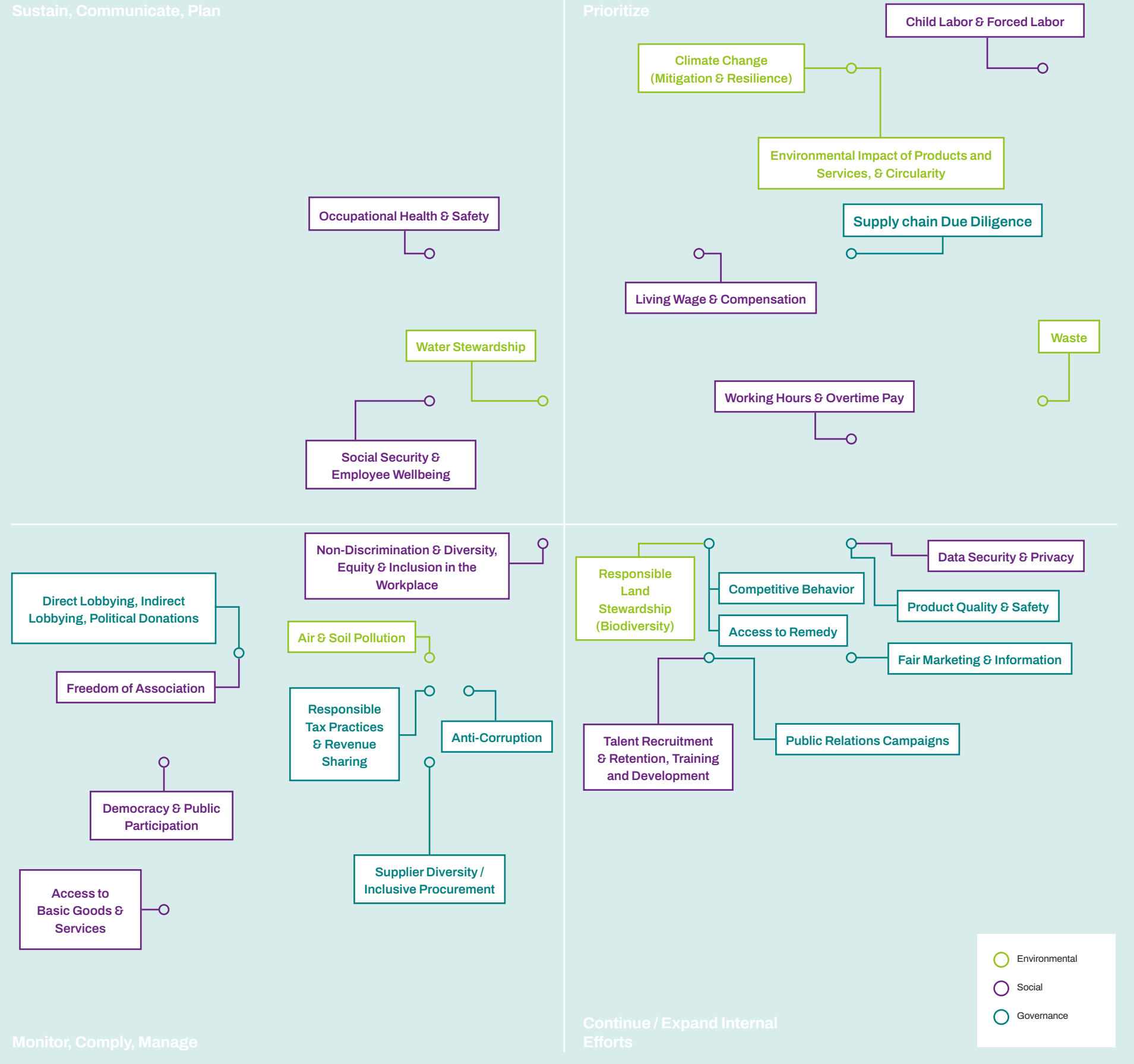
IMPACT ON SOCIETY & ENVIRONMENT

Sustain, Communicate, Plan

Prioritize

Monitor, Comply, Manage

Continue / Expand Internal Efforts



RESPONSIBLE BUSINESS PRACTICES

Policies

Over the course of 2022, we strengthened our ESG policies and made them more accessible on our corporate site. The following policies are publicly available, and we pledge to disclose more in 2023:

- Animal Welfare Policy
- Code of Ethics
- Commitment to Protect Forests
- Diversity, Equity and Inclusion Statement
- Environmental Impact Statement
- Human Rights Policy
- SHEIN Responsible Sourcing Policy
- Workplace Health & Safety Statement

All SHEIN policies can be found on our corporate at SHEINgroup.com/governance.

Intellectual Property Compliance

Protecting intellectual property is one of SHEIN's key priorities and a critical part of empowering independent designer talent. We have built a dedicated team of over 60 people, helmed by leaders with strong industry experience, to support IP compliance. All new products sold by SHEIN are subjected to a multi-layer IP review process enabled by image recognition solutions and manual review, including a review of trademark databases from the US Patent and Trademark Office (USPTO) and World Intellectual Property Organization (WIPO). We also provide IP guidance and training to our suppliers and strictly penalize those who violate our policies against IP theft. We are pleased to report that, since we implemented these policies, the number of IP complaints has decreased year over year.

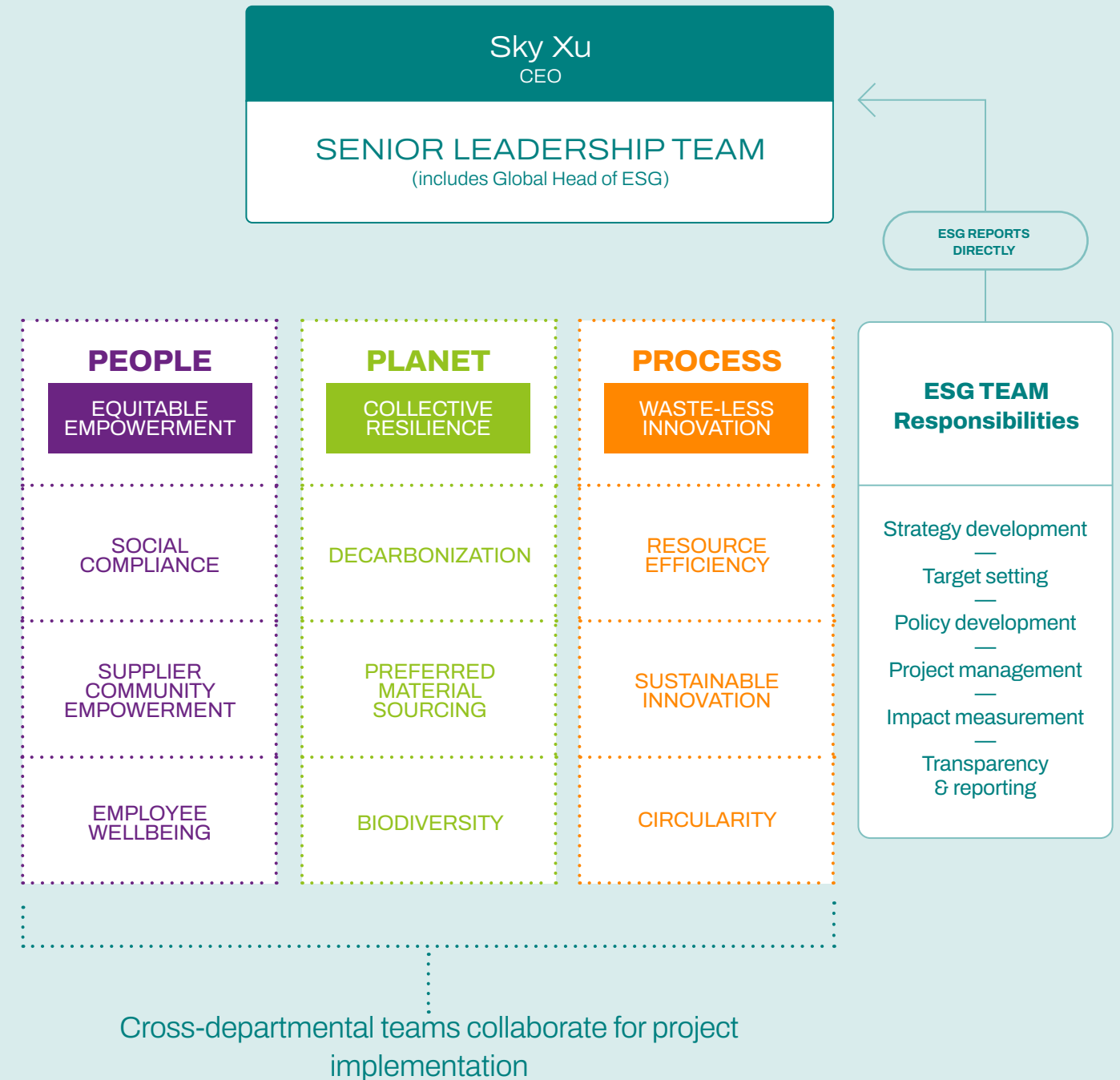
Disclaimer and Forward-Looking Statements

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, and will or 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.

SHEIN Environmental & Social Governance Structure





UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Our evoluSHEIN Roadmap is designed to support the United Nations Sustainable Development Goals (UN SDGs) to ensure we are aiding efforts to scale global solutions and helping us all to move toward a desirable and sustainable future accessible for all. We consider the SDGs critical markers in defining our ambition.

SDG	Sub-pillar	SHEIN response
 <p>5/ Achieve gender equality and empower women and girls</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	Two of SHEIN's four founders are women. In 2022, 40% of senior management reporting directly to the CEO were women. In our largest countries of employment, 55% of SHEIN's employees are female. SHEIN tracks year-on-year progress on increasing the proportion of management employees who are female. In 2022, we also further strengthened our global anti-discrimination and harassment policies and employee awareness training.
 <p>6/ Ensure availability and sustainable management of water and sanitation for all</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	By the end of 2022, Digital Thermal Printing (DTP) had replaced 50% of traditional screen printing for SHEIN-branded products, saving water in the material production process. Reducing water usage in industrial manufacturing is key to ensuring the availability of clean water for human consumption.
 <p>7/ Affordable and clean energy</p>	7.B/ By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, especially the least developed, small island developing States and land-locked developing countries in accordance with their respective support programs	SHEIN partners with Aii and Brookfield Renewables for energy efficiency and solar power generation projects on supplier rooftops, which constitutes grid-additional green energy.

SDG	Sub-pillar	SHEIN response
 <p>8/ Promote sustained, inclusive and sustainable economic growth, full and productive employment for all</p>	8.7/ Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and end child labor in all its forms by 2025 8.8/ Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, especially women migrants, and those in precarious employment	In 2022, we expanded the SHEIN Responsible Sourcing (SRS) Program, increasing capacity for supplier compliance training and auditing, as well as remediation management where necessary to help suppliers on their path of continuous improvement. Our Supplier Community Empowerment and Spotlight Programs also help to support economic growth for our supplier partners through smart business development and investments into the health and wellbeing of worker communities.
 <p>12. Ensure sustainable consumption and production patterns</p>	12.2/ By 2030, achieve the sustainable management and efficient use of natural resources 12.6/ Encourage companies, especially large and transnational companies, to adopt sustainable practices and integrate sustainability information into their reporting cycle	Our small batch on-demand production model aims to minimize production of unsold inventory and continue to leverage technology to reduce consumption of virgin resources across our value chain. In 2022, we increased our use of recycled content, we launched a partnership with Queen of Raw to rescue deadstock fabrics for use in new products, and we launched SHEIN Exchange - our peer-to-peer marketplace for customers to buy and sell preloved SHEIN garments.
 <p>13/ Take urgent actions to combat climate change and its impacts</p>		SHEIN contributes through our decarbonization initiatives, including our Aii and Brookfield partnerships, science-based targets, Scope 1, 2 and 3 disclosures with breakdown of Scope 3 categories and the external audit of GHG data. We also conducted a climate risk study and are working to improve our climate resilience across our operations.

SDG	Sub-pillar	SHEIN response
 <p>15 LIFE ON LAND</p>	<p>15/ 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>We support this through our Canopy commitments to source wood-based products which avoid Ancient and Endangered Forests by 2025, and promote lower impact next gen fiber alternatives.</p>
 <p>17 PARTNERSHIPS FOR THE GOALS</p>	<p>17/ 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, especially at the United Nations level, and through a global technology facilitation mechanism</p> <p>SHEIN contributes through outreach with civil society, intergovernmental organizations and SDG-related industry forums. We align our ESG targets, policies, and business practices with the frameworks and guidance of trusted experts in the areas of human rights and environmental protection. We are collaborating with sustainable entrepreneurs and industry partners across our value chain to scale innovation and positive impact.</p>



ANNEX

ANNEX 1: Scope 1 and Scope 2 (market-based) emissions - Scope and Boundary, Definition, Calculation Methodology, Exemptions and Assumptions

Annex 1.1: Scope 1 Emissions

- **Scope and Boundary:** The GHG emissions includes emissions from operating sites (offices and warehouses) with operational control and data available in Belgium, Brazil, Canada, China, Poland, UAE and USA.
- **Definition:** Scope 1 is direct emissions generated in SHEIN facilities, including emissions from fossil fuel combustion (both stationary sources and mobile sources), fugitives from septic system, refrigerants and fire extinguishers. Greenhouse gases included in the calculation are CO₂, CH₄, N₂O, HFCs.
- **Calculation Methodology:** The GHG quantification method and process are in accordance with ISO14064-1:2018 and GHG Protocol. Emissions factors of fossil fuels are derived from national standards/guidance where the operating sites located in. Where national emissions factors are not available, default factors from IPCC Guidelines for National Greenhouse Gas Inventories (hereinafter as IPCC Guidelines) are applied. Fugitives from septic system, refrigerants and fire extinguishers are all calculated using emissions factors and methods from IPCC Guidelines.
- **Exemptions and Assumptions:** CH₄ fugitives from septic system are estimated based on working hours of employees (converted into man-day) and emissions factors per man-day. For refrigerants, fugitive emissions are estimated based on the emission factors (annual leakage % of initial refrigerant charge) and the operating time (from time put into use till end of the year). For fire extinguishers, all potential emissions are included in the first year of installation. Refrigerants that are CFCs and HCFCs are not included in the calculation, e.g. R22, R123.

Annex 1.2: Scope 2 Emissions (market-based)

- **Scope and Boundary:** The GHG emissions include emissions from operating sites (offices, and warehouses) with operational control and data available in Belgium, Brazil, Canada, China, Poland, UAE and USA. Some sites with operational control are not included due to lack of data availability.
- **Definition:** Scope 2 emissions (market-based) is indirect emissions from purchased electricity, including non-renewable electricity purchased and the renewable electricity purchased.
- **Calculation Methodology:** The GHG quantification method and process are in accordance with ISO14064-1:2018 and GHG Protocol. The figure reported is calculated using the market-based method, which is a method to quantify the indirect emissions from purchased energy based on GHG emissions of generators that an organization contractually purchased electricity from. Emissions of the electricity consumption covered with Renewable Electricity Credits (RECs) are calculated as zero emissions, and the other electricity consumption are calculated with emission factors of local grid in 2022. Applied emissions factors of non-renewable electricity are national-level factors or regional-level factors, if available, are listed here:

Country/Region	Emission factor	Source
CHINA	0.5703 kg CO ₂ / kWh	MEE, Notice on the work of GHG Reporting Management of Enterprises in the Power Generation Industry for 2023-2025
USA	0.3731 kg CO ₂ e / kWh	EPA eGRID2020, February 2022
BELGIUM	0.14919 kg CO ₂ / kWh	AIB, European Residual Mixes 2021 v1.0, Table 2
POLAND	0.85021 kg CO ₂ / kWh	AIB, European Residual Mixes 2021 v1.0, Table 2
CANADA	0.028 kg CO ₂ e / kWh	Environment and Climate Change Canada, Emission factors and reference values, 2022, Table 6
UAE	0.4041 kg CO ₂ e / kWh	Carbon Footprint, Country Specific Electricity Grid Greenhouse Gas Emission Factors, 2022
BRAZIL	0.0617 kg CO ₂ e / kWh	Carbon Footprint, Country Specific Electricity Grid Greenhouse Gas Emission Factors, 2022

ANNEX 2

Number of SRS Audits - Scope and Boundary and Definition

Scope and boundary:

The Group defines and includes suppliers of direct finished goods (contract manufacturers), suppliers of intermediate goods and raw materials such as textiles and packaging, as well as suppliers of other ancillary services such as product warehousing.

Definition:

The SRS audit is an assessment conducted to evaluate a supplier's performance in terms of their processes, capabilities and adherences to SHEIN Supplier Code of Conduct and SHEIN Responsible Sourcing (SRS) Policy. This audit is carried out either by a third-party verification agency hired by the company or carried out by the company itself. The results on violations of the SRS audit, if any, have not been independently validated or confirmed by the external assurance practitioner.

Methodology:

Number of in-person visits by SHEIN or a third-party to a facility in which data is collected through in-person interviews, visual checks of facilities and equipment, and review of records.

ANNEX 3

Percentage of supplier facilities receiving each grade: A, B, C, D, and ZTV - Scope and Boundary, Definition and Calculation Methodology

Scope and boundary:

The Group defines and includes suppliers of direct finished goods (contract manufacturers), and other suppliers of intermediate goods, raw materials, or other ancillary services. The facilities of these suppliers are assessed under SRS audit to evaluate their performance in terms of their processes, capabilities and adherences to SHEIN Supplier Code of Conduct in accordance with the SHEIN Responsible Sourcing (SRS) Policy. These assessments result in supplier facilities receiving a performance grade.

Definition:

The Group defines contract manufacturers as Tier 1 suppliers of finished goods (such as apparel, shoes, bags, accessories, and beauty products) holding direct procurement contracts with the Group. Other suppliers include providers of intermediate goods and raw materials – such as textiles (considered Tier 2) and packaging – as well as providers of other ancillary services – such as product warehousing – to either Tier 1 suppliers or directly to The Group.

Grading methodology:

For each grade, there is a score range. Based on the SHEIN Responsible Sourcing ("SRS") assessment framework, the results are calculated to derive a score, which will correspond to a final grade:

- A: 90 points and above: minor flaws. Continued improvement is advised.
- B: 75 to 90 points: some general risks. Continued improvement is advised.
- C: 60 to 75 points: 1-3 major risks. Corrective action is required.
- D: below 60 points. >3 major risks. Corrective action is required.
- ZTV: ZTV detected. Immediate corrective action is required.

Calculation methodology:

The percentage for each grade is calculated by the number of supplier facilities with the corresponding grade resulting from the SRS inspection conducted in 2022 divided by the total number of supplier facilities assessed under an SRS audit in 2022.

INDEPENDENT LIMITED ASSURANCE REPORT ON SELECTED SUSTAINABILITY INFORMATION IN ROADGET BUSINESS PTE LTD.'S SUSTAINABILITY AND SOCIAL IMPACT REPORT 2022

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 as SHIN to perform a limited assurance engagement on selected information (the «Selected Sustainability Information») set out in Appendix 1A and Appendix 1B, presented in the Company and its affiliates (collectively referred to as the «Group») Sustainability and Social Impact Report for the year ended 31 December 2022 («Sustainability and Social Impact Report 2022») with regards to the disclosures set out in Appendix 2 referred to reporting and scoping boundary of the Selected Sustainability Information under the Global Reporting Initiative (the «GRI») index that can be found in the 'GRI content index 2021' (the «Reporting Criteria») and the Group management's definition and measurement criteria.

Our assurance engagement does not extend to information in respect of earlier periods or to any other information linked to the sustainability information or the Group's website, including any images, audio files or embedded videos.

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 2022, 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 set out in the Group's Sustainability and Social Impact Report 2022.

Responsibilities of the Group management for the Sustainability and Social Impact Report 2022

The Group management is responsible for

- Selecting or establishing suitable criteria for preparing the Selected Sustainability Information;
- The preparation 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 auditor

We are responsible for

- Planning and performing the engagement to obtain limited assurance about whether the Selected Sustainability Information is free from material misstatement, whether due to fraud or error;
- 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 Group management, 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 Control

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 Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and 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

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Selected Sustainability Information is likely to arise. The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the Selected Sustainability Information, our procedures include:

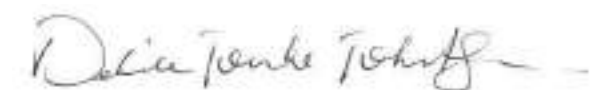
- Evaluated the suitability in the circumstances of the Group's use of the GRI index, as the basis for preparing the Selected Sustainability Information in the Sustainability and Social Impact Report 2022;
- Through inquiries, obtained an understanding of the Group's control environment, processes and 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 are appropriate and had been consistently applied, but 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 2022;
- Tested a sample 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 a sample of supplier audit gradings to assess that they have been accurately reported in the Selected Sustainability Information. The gradings are for factories and supplier facilities and are calculated in accordance with the definition and measurement criteria established by the Group management set out in the Appendix 2 of this assurance report. 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; and
- Considered the presentation and disclosure of the Selected Sustainability Information in the Sustainability and Social Impact Report 2022.

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.

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 2022. 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 Tomatsu
Hong Kong, 29 May 2023



APPENDIX 1A

List of Selected Sustainability Information presented in the Group's Sustainability and Social Impact Report 2022 with reference to the Reporting Criteria of GRI Standards 2021.

Topic	GRI Standards - Selected Topic-Specific Disclosure	GRI Standards 2021	Disclosure	Page number in the Sustainability and Social Impact Report 2022
Environmental Performance	GHG emissions total inventory (tonnes CO ₂ e) 1. Scope 1 2. Scope 2	GRI 305-1, GRI 305-2	In 2022, our emissions in tonnes CO ₂ e, were 3,781 tonnes in scope 1, with 19,505* in scope 2 net of Renewable Energy Credits (RECs)	Page 38

*Market-based method

APPENDIX 1B

List of Selected Sustainability Information presented in the Group's Sustainability and Social Impact Report 2022 in accordance with the Group management's definition and measurement criteria.

Topic	Specific Disclosure	Disclosure	Page number in the Sustainability and Social Impact Report 2022
Supply Chain Management	1. Number of SRS** audits (includes multiple visits)	In 2022, SHEIN conducted 2812 total SRS audits.	Page 30
	2. Percentage of supplier facilities receiving each grade: A, B, C, D, and ZTV	A: 4% B: 14% C: 47% D: 24% ZTV: 11%	Page 30

*As explained in the section under "Summary of the Procedures we Performed as the Basis for our Assurance Conclusion" of our assurance report, our procedures did not include the validation of the results included in the supplier audits performed by verification agencies or by the Group itself. Therefore, no assurance is given on the table of "Percentage of facilities with a given ZTV category" set out on page 31 in the Sustainability and Social Impact Report 2022.

** SRS - SHEIN Responsible Sourcing

APPENDIX 2

Reporting and Scoping boundary of the Selected Sustainability Information

2A. Selected Global Reporting Initiative (“GRI”) Sustainability Reporting Standards disclosures:

The below reporting principles are marked as “Yes” under external assurance column of “SHEIN 2022 GRI Content Index” published by the Group. Reporting principles can be found in the section “Reading this report” of the Group’s Sustainability and Social Impact Report 2022.

Emissions:

1. Direct (Scope 1) GHG emissions (Disclosure 305-1), reported in page 38 in the Group’s Sustainability and Social Impact Report 2022.

- The reporting boundary is defined following the operational control approach and data availability. The GHG emissions include emissions from operating sites (offices, and warehouses) in Belgium, Brazil, Canada, China, Poland, UAE, and USA.
- The GHG quantification method and process are in accordance with ISO14064-1:2018 and GHG Protocol.
- CH₄ fugitives from septic system are estimated based on working hours of employees (converted into man day) and emissions factors per man day.
- For refrigerants, fugitive emissions are estimated based on the emission factors (annual leakage % of initial refrigerant charge) and the operating time (from time put into use till end of the year).
- For fire extinguishers, all potential emissions are included in the first year of installation. Refrigerants that are CFCs and HCFCs are not included in the calculation, e.g., R22, R123.

2. Energy indirect (Scope 2: Market-based method) GHG emissions (Disclosure 305-2), reported in page 38 in the Group’s Sustainability and Social Impact Report 2022.

- The reporting boundary is defined following the operational control approach and data availability. The GHG emissions include emissions from operating sites (offices, warehouses) in Belgium, Brazil, Canada, China, Poland, UAE, and USA.
- The GHG quantification method and process are in accordance with ISO14064-1:2018 and GHG Protocol.
- Emissions of the electricity consumption covered with Renewable Electricity Certificates (RECs) are calculated as zero emissions.

2B. Selected Information as per Group management’s definition and measurement criteria

Supply Chain Management (Number of SRS audits):

1. Number of SRS audits (supplier audits), reported in page 30 in the Group’s Sustainability and Social Impact Report 2022.

- The Group defines suppliers (contract manufacturers) as being direct finished goods suppliers (garment factories), suppliers of intermediate goods and raw materials such as textiles and packaging, as well as providers of other ancillary services such as product warehousing.
- The Group defines audit as SHEIN Responsible Sourcing (“SRS”) audits performed by SHEIN and verification agencies against the SRS assessment framework to monitor compliance with SHEIN’s Code of Conduct.

Supply Chain Management (Percentage of supplier facilities with the following grades: A, B, C, D, and ZTV):

1. Percentage of supplier facilities with the following grades – A, B, C, D, and ZTV, reported in page 30 in the Group’s Sustainability and Social Impact Report 2022.

- The Group defines and includes suppliers of direct finished goods (contract manufacturers), and other suppliers of intermediate goods, raw materials, or other ancillary services.
- The facilities of these suppliers are assessed under SRS audit to evaluate their performance in terms of their processes, capabilities, and adherences to SHEIN Supplier Code of Conduct in accordance with the SHEIN Responsible Sourcing (SRS) Policy. These assessments result in supplier facilities receiving a performance grade.
- Tier-1 are defined as contract manufacturing suppliers who directly hold procurement contracts with the Group to produce finished products, such as apparel, shoes, bags, accessories, and beauty products.
- Tier-2 are defined as suppliers who provide the intermediate goods and raw materials such as textiles and packaging to either Tier 1 suppliers or directly to the Group.
- Other suppliers include providers of other ancillary services such as product warehousing to either Tier 1 suppliers or directly to the Group.
- For each grade, there is a score range. Based on the SRS assessment framework, the results are calculated to derive a score, which will further determine the grade.

A: 90 points and above: minor flaws. Continued improvement is advised.

B: 75 to 90 points: some general risks. Continued improvement is advised.

C: 60 to 75 points: 1-3 major risks. Corrective action is required.

D: below 60 points. >3 major risks. Corrective action is required.

ZTV: below zero. ZTV detected. Immediate corrective action is required.

- The percentage for each grade is calculated by the number of supplier facilities with the corresponding grade resulting from the SRS inspection conducted in 2022 divided by the total number of supplier facilities assessed under an SRS audit in 2022.

We welcome your questions and feedback
via csr@shein.com

SHEIN 2022 Sustainability and Social Impact report
is also available to read and download at sheingroup.com.

Thank you.

SHEIN