
SHEIN Responsible Sourcing (SRS) Policy

Version 4.0

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1. Purpose

SHEIN advocates commercially ethical and responsible approaches for sourcing products, working with suppliers to inculcate social responsibility and sustainable business practices in our operations and production. With these objectives in mind, SHEIN has implemented our Supplier Code of Conduct and Supplier Responsibility Standards, based on which we have developed the SHEIN Responsible Sourcing (“SRS”) Management System. This aims to ensure that employees in the supply chain are treated with respect and dignity, that they operate in a safe, healthy and comfortable working environment, and that environmental impact is minimized.

This SRS Policy was formulated to ensure the Supplier Code of Conduct and Supplier Responsibility Standards are properly adhered to, with the SRS Management System firmly implemented across the supply chain.

2. Scope

This Policy applies to Tier 1 and Tier 2 suppliers of products under the SHEIN brand and its sub-brands (collectively “**SHEIN-branded products**”).

Tier 1 suppliers, also known as “contract manufacturers”, are suppliers of finished SHEIN-branded products holding direct procurement contracts with SHEIN entities. Tier 2 suppliers include, without limitation, suppliers of textiles, packaging and other accessories for use by contract manufacturers.

3. Definitions

3.1 SHEIN Supplier Code of Conduct (“CoC”)

The SHEIN Supplier CoC (see Annex 1) specifies the basic requirements that suppliers, including those within scope as per the above, must adhere to with respect to labor rights, health and safety, environmental compliance, and business ethics.

3.2 SHEIN Supplier Responsibility Standards

The SHEIN Supplier Responsibility Standards (see Annex 2) set out the specific standards and requirements that SHEIN suppliers must follow in relation to labor rights, health and safety, environmental protection, ethics, and management. The SHEIN Supplier Responsibility Standards

elaborate and expand upon the CoC, setting higher expectations for suppliers to strive towards and raise their standard of conduct.

3.3 SHEIN Responsible Sourcing Management System

The SRS Management System is a set of tools, criteria, and procedures used to evaluate and improve suppliers' performance in relation to labor practice, health and safety, environmental compliance, business ethics, and management system. The SRS rating is an essential indicator of a supplier's performance in social responsibility and sustainable business practices.

3.4 Immediate Termination Violations ("ITVs")

ITVs are the most severe violations that contravene the requirements set out in the SHEIN Supplier CoC. Once suppliers are determined to have committed any ITVs, SHEIN will take immediate action to terminate its business relationship with such suppliers.

ITVs include but are not limited to:

3.4.1 violations against business ethics and transparency: this includes situations where a supplier bribes an evaluator, or otherwise attempts, to evade an SRS assessment conducted by SHEIN.

3.4.2 child labor: this is where a supplier employs persons who are under the statutory minimum age for employment in the respective country/region.

3.4.3 violations against the principle of voluntary employment: this includes:

- forced, bonded (including debt bondage), or indentured labor, involuntary or exploitative prison labor, slavery or human trafficking;
- recruitment by means of threat, violence, coercion, abduction or fraud, or otherwise forcing individuals to work against their will;
- requirements by employers or their agents for employees (including foreign workers) to pay deposits, security, or recruitment fees;
- possessing, destroying, concealing, or confiscating employee identification or immigration documents, such as government-issued identification, passports, or work permits, in order to coerce employees into working.

3.4.4 harassment or abuse of employees: this includes engaging in, condoning, or tolerating any form of violence, harassment or abuse (whether physical, sexual, mental, or verbal) against employees, including gender-based violence and harassment.

3.5 Immediate Remediation Violations (“IRVs”)

IRVs are violations of the SHEIN Supplier CoC that require urgent and comprehensive remediation. Once a supplier is determined to have committed any IRV, SHEIN mandates that the supplier must undertake and complete all relevant corrective action within 30 days. Failure to comply will result in SHEIN terminating its business relationship with the supplier.

IRVs include but are not limited to:

3.5.1 violations of workplace labor standards: this includes engaging in recruitment and/or employee management practices which are discriminatory in nature, and preventing or interfering with employees from forming or joining a union or employee organization.

3.5.2 severe violation of standards for payment of salary: this includes cases where an employee is paid wages lower than the legal minimum locally; and of severe delay in payment of salary.

3.5.3 endangering people’s lives or causing employees serious injury, significant fire hazards, or severe and long-term detriment to health: this includes setting up employee dormitories within production workshops or warehouses; keeping emergency exits of workshops or dormitories locked; allowing for any form of open flame or employees to smoke in the workshops and warehouses; failure to ensure the building has sufficient emergency exits to enable timely evacuation; failure to address risks of falling from high altitudes at the workplace that may lead to death or serious injury; cracking and subsidence of walls in factories or dormitories that may lead to building collapse or other accidents.

3.5.4 environmental pollution: this includes unlawful dumping of hazardous waste, or direct discharge of untreated wastewater and/or waste gas, into the environment.

4. SRS “Iron Triangle” Management Model

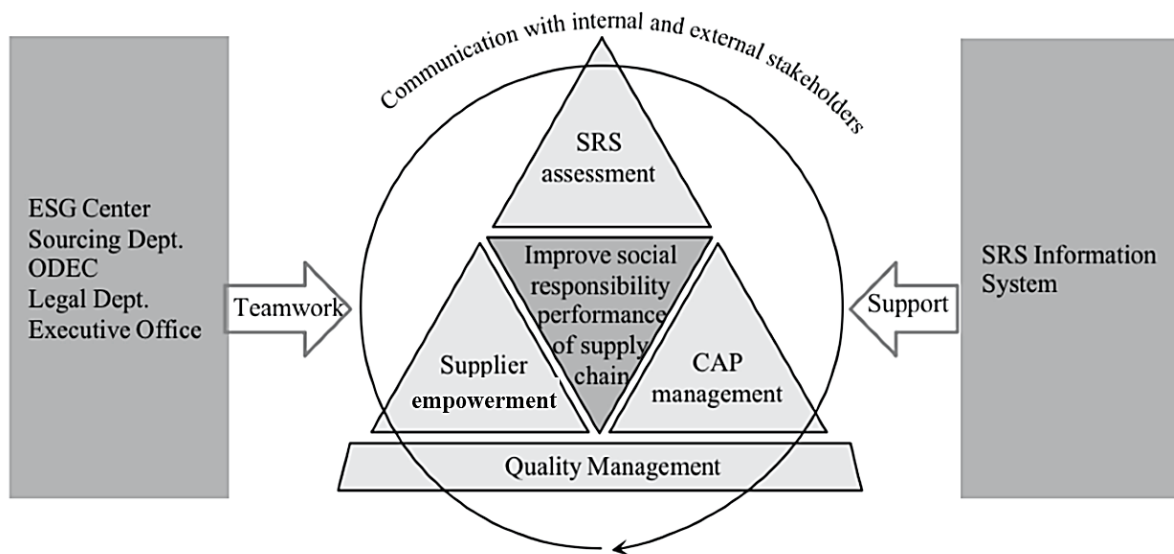


Chart 1: SRS “Iron Triangle” management model

4.1 To ensure and manage compliance, the SRS Management System adopts the “Iron Triangle” management model. This comprises:

4.1.1 actively implementing the SRS assessments along the supply chain to identify risks in social responsibility or business practices, i.e., identify the issue(s) (see paragraph 5 below).

4.1.2 utilizing the management tools to deploy a Corrective Action Plan (“CAP”) to track and remedy issues by requesting suppliers to take mitigation measures or eradicate relevant risks, i.e., address the issue(s) (see paragraph 6 below).

4.1.3 continuing to advance supplier capacity building and enabling their self-management of social responsibility and sustainable business practices, i.e., empower suppliers (see paragraph 7 below).

4.2 With the launch of the SRS Information System, SHEIN has introduced digitalized management of SRS assessment reports and CAP implementation, thus ensuring SRS-related data is transparent and traceable.

4.3 SHEIN’s ESG team collaborates with internal and external stakeholders to manage relevant risks amongst suppliers in order to improve the social responsibility and sustainable business practice performance of SHEIN’s supply chain.

5. Implementing the SRS Assessment

5.1 Key requirements

5.1.1 SHEIN may conduct SRS assessments either with “prior notice” or “without prior notice” of the assessment date, with the former applying to new suppliers and the latter applying to existing suppliers.

5.1.2 The SRS assessment team consists of accredited internal assessors and/or auditors of third-party audit agencies authorized by SHEIN. An eligible third-party auditor must obtain certification from the Association for Professional Social Compliance Auditors (“APSCA”).

5.1.3 SRS assessments are carried out in accordance with the principles of integrity and transparency. As such, suppliers are expected to agree to and cooperate with the assessment, including allowing assessors the right to a full inspection, access to any and all areas of their factories, and the right to review all files and documentation related to SRS management. Suppliers must also allow private interviews to be conducted with their employees.

5.2 SRS Rating

5.2.1 Based on their SRS assessment results, suppliers may be assigned a rating of A, B, C, D, or E.

Table 1: SHEIN SRS Rating Standard

SRS Rating	SRS Point (P)
A	$P \geq 90$
B	$75 \leq P < 90$
C	$60 \leq P < 75$
D	$0 < P < 60$
E	$P \leq 0$

5.2.2 Pursuant to the SRS assessment tools and corresponding rating standard, any ITV or IRV will result in a supplier being classified with an “E” rating.

5.2.3 The SRS assessment rating is an important indicator of a supplier’s overall performance.

Suppliers with a higher rating, for example, will be entitled to more business opportunities such as receiving orders to manufacture premium branded products, co-branded licensing products, and early production orders of evoluSHEIN products.

5.3 Measures and Requirements for New Suppliers

5.3.1 Any prospective new Tier 1 or Tier 2 supplier within the scope of the SRS Policy will undergo an SRS assessment before being approved to work with SHEIN. Prospective suppliers rated “E” will not be allowed to work with SHEIN.

5.3.2 SRS assessments for purposes of on-boarding new suppliers may vary in form and can range from a full on-site assessment, an on-site ITV and IRV inspection, or a remote ITV and IRV inspection.

5.3.3 Any prospective new supplier who has received an “E” in the initial assessment is entitled to apply for two additional assessments.

5.4 Measures and Requirements for Existing Suppliers

5.4.1 Existing Tier 1 and Tier 2 suppliers are subject to a full on-site SRS assessment on an annual basis, depending on and prioritized based on a risk assessment that takes into account the supplier's order volume with SHEIN as well as previous SRS grades. Failure to cooperate with these SRS audits will result in termination. Suppliers rated “D” or “E” are required to undergo another SRS assessment within the same twelve-month period.

5.4.2 Where a supplier has been rated “E” and determined to have committed an ITV, SHEIN's ESG team shall inform SHEIN's internal business, legal, and customs departments within 24 hours for necessary action. In such circumstances, SHEIN will immediately proceed to terminate the business relationship with the supplier.

5.4.3 Where a supplier has been rated “E” and determined to have committed an ITV for violating the principle of voluntary employment (as laid out in sub-paragraph 3.4.3 above), SHEIN will immediately proceed to terminate the business relationship with the supplier. At the same time, SHEIN's internal customs and tax department will be updated on information and relevant documentation of the goods produced by the supplier – regardless of whether the goods are in transit or arriving at the destination country. Export of goods from that supplier will be suspended, and any goods already shipped will be disposed of in an environmentally friendly

manner such as through recycling.

5.4.4 Where a supplier has been rated “E” and determined to have committed an IRV, the supplier must remediate all identified IRVs within 30 days from the date of the SRS assessment. Failing which, SHEIN will proceed to terminate the business relationship with the supplier.

5.4.5 Where a supplier has been rated “E” for two consecutive SRS assessments, SHEIN will proceed to terminate the business relationship with the supplier.

5.4.6 Where a supplier has been rated “D” or below three times (including two “D”, one “E”) within 24 months, SHEIN will proceed to terminate the business relationship with the supplier.

5.4.7 Suppliers that have been terminated due to any violation of this Policy can only request re-admission 12 months after termination of the business relationship at the earliest. In such circumstances, such suppliers will need to undergo an onboarding SRS assessment once more.

5.5 Subcontractor SRS Management

5.5.1 A Tier 1 supplier shall provide SHEIN with truthful and open information of its contractors (if any), including branch or outsourcing factories, and sub-contractors. Information to be provided includes the contractor(s) / subcontractor(s) name, address, zip code, legal representative or person in charge, and other information as may be requested by SHEIN.

5.5.2 Suppliers shall take measures to ensure that their subcontractors comply with the SHEIN Supplier CoC, including through independently conducting audits on their subcontractors in line with the SRS Policy and assessment model.

5.5.3 SHEIN may also decide to conduct SRS audits directly on selected subcontractors in line with this SRS Policy.

6. CAP Management

6.1 For all violations identified in the SRS assessment, SHEIN requires suppliers to develop a Corrective Action Plan, i.e., CAP, and implement effective remedial measures.

6.2 Requirements under the SRS CAP follow a “risk-based” approach. For the varying violations identified in the SRS assessment, suppliers are required to complete corrective actions within correspondingly different timeframes based on the severity of the risk related to the respective violation.

6.2.1 For suppliers identified to have committed an ITV during the SRS assessment, SHEIN will immediately proceed to terminate its business relationship with the supplier in line with subparagraph 5.4.2 of this Policy. It will nevertheless provide recommendations to the terminated supplier so that it may immediately remediate the conduct giving rise to the identified ITV.

6.2.2 For suppliers identified to have committed an IRV during the SRS assessment, SHEIN will provide the supplier with guidelines for improvement and corrective action. Suppliers are required to undertake and complete all relevant corrective action for IRVs within 30 days of the determination of the IRV.

6.2.3 For suppliers identified with other violations (i.e., major, medium, and minor violations) during the SRS assessment, SHEIN will provide the supplier with guidelines for improvement and corrective action. Suppliers are required to undertake and complete all relevant corrective action within 90 days of the violation being determined as such.

6.3 SHEIN has established a digital CAP management system and designated specific individuals from the SRS management team to oversee its implementation. These appointed individuals are responsible for tracking and verifying the timelines as well as proof of improvement pertaining to all identified violations. The CAP management system generates comprehensive written reports detailing the actions under a CAP.

7. Supplier Empowerment

7.1 During the course of supplier selection and onboarding, SHEIN will communicate with new suppliers the Supplier CoC and this SRS Policy. It will provide appropriate training to support them in establishing an awareness of social responsibility so as to ensure adherence with the SHEIN

responsible sourcing standards.

7.2 SHEIN will hold regular “Supplier Code of Conduct and Responsible Sourcing Policy Training” to reinforce to suppliers the requirements of the Supplier CoC and this SRS Policy, conduct of SRS assessments, and share industry best practice. This aims to strengthen suppliers’ awareness of social responsibility and sustainable business practices, and support suppliers’ continual improvement under the SRS standards.

7.3 SHEIN works with world leading training service providers to host face-to-face “SRS Management Specialist Certification Training” workshops. This is with a view to empowering suppliers’ self-management in social responsibility and sustainable business practices. This workshop covers a variety of topics, such as SRS Policy interpretation, awareness and management, as well as training in labor rights, occupational health and safety, and environmental compliance. Attendee supplier personnel are examined on the workshop material and certified as an SRS specialist if they pass.

7.4 Based on the data disclosed through the SRS assessment results, SHEIN carries out targeted knowledge and skills training for suppliers with respect to high-risk and common violations. This is to reduce risk across SHEIN’s supply chain overall, uplifting social responsibility performance and sustainable business practices amongst suppliers.

8. Responsible Exit

8.1 SHEIN is committed to collaborating with suppliers and taking proactive measures to mitigate the potential negative impacts on employees caused by the sudden termination of the business relationship due to violations of the SRS Policy.

8.2 Once the decision is made to terminate a business relationship, SHEIN will conduct an impact assessment, considering the potential negative effects that the cessation of SHEIN's business may have on the supplier's employees.

8.3 SHEIN will, in accordance with the terms stipulated in the procurement contract, remit full payment to the terminated supplier within the shortest time frame permitted by applicable policies.

8.4 If the termination of the SHEIN business relationship with a supplier necessitates that the supplier dismisses employees, SHEIN will, to the extent possible, support these displaced employees in securing new employment opportunities. This may include providing recruitment information from

other suppliers with whom SHEIN maintains business relationships.

9. Annex

Annex 1: [SHEIN Supplier Code of Conduct](#)

Annex 2: [SHEIN Supplier Responsibility Standards](#)

10. Effectiveness

This Policy is non-retroactively effective on and from July 1st, 2024.

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