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2020 VIPSHOP
CORPORATE SOCIAL RESPONSIBILITY REPORT



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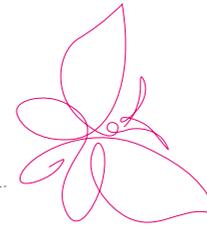
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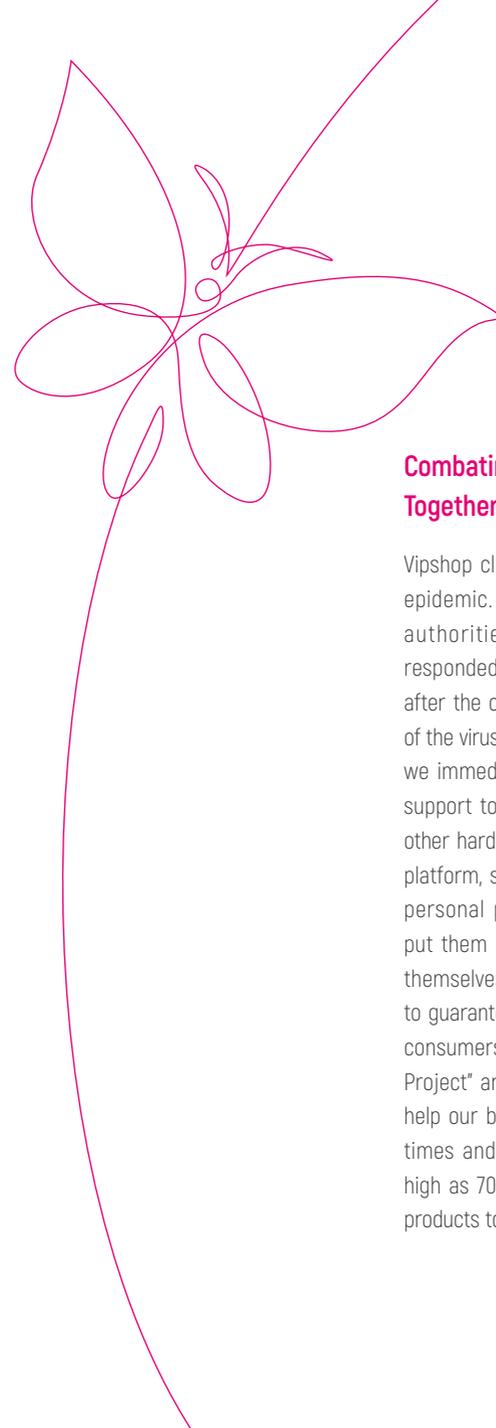
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Message from Vipshop

The COVID-19 outbreak since the beginning of 2020 has profoundly transformed people's lifestyle and consumption patterns, and driven them to embrace technologies and online shopping like never before. The growing awareness of sustainable consumption also drives consumers to choose healthier, environmentally-friendly and higher-quality products. It is an era with the ongoing drastic change in the consumption ecosystem, and the budding sustainable consumption. Committed to "improving the quality of life and enhancing the experience of happiness", Vipshop promotes responsible consumption and works with consumers, partners and the general public to create an ecosystem of sustainable consumption in the era full of opportunities and challenges.



Combating COVID-19 All Together

Vipshop closely followed the development of the epidemic. We stood with the epidemic control authorities, brand partners and employees, responded with diverse kinds of support shortly after the outbreak and helped contain the spread of the virus. Shortly after the outbreak in early 2020, we immediately provided financial and materials support to Hubei province, especially Wuhan and other hard-hit areas. Meanwhile, we leveraged our platform, sourced masks, disinfectants and other personal protective equipment worldwide and put them on shelves to help consumers protect themselves from infection. We also did our best to guarantee the supply of essential provisions for consumers. We also launched the "Warm Spring Project" and "Climbing Project", among others, to help our brand partners get through the difficult times and meanwhile offering big discounts as high as 70% off or more on high-quality branded products to our online shoppers.

Empowering the New-Generation Consumers with Discount Sales

Centering on the core concept of "Brand Discount Sales", we deliver high-quality products to customers, cooperates with good brand partners, and build an ecosystem of sustainable consumption by giving full play to the advantages of the platform. At the consumer end, we have gained insight into the changes in consumer demand in the post-COVID-19 era and tried to explore more consumption scenarios. We have expanded product channels, deployed the offline sales network and built a full-matrix all-channel discount sale retail layout. In addition, the quality control system covering the full life circle of the products is established to enable an efficient, convenient, comfortable and satisfactory customer services. At the brand end, we keep empowering our strategic partners by helping them precisely navigate the market with optimal cost and efficiency, and better satisfy customer demand for sustainable consumption.



Empowering Community Wellbeing by Innovative Charity

We incorporate diversity, equality and sustainable empowerment into charity programs. We have been working on women empowerment, targeted poverty alleviation, Internet-based charity innovation and youth development. A series of flagship charity programs, such as VIP Mothers Hotline, VIP Love Charity Project, etc., have been launched. We continue to upgrade the operational model of our charity programs to generate more social benefits.

In 2020, China realized the complete eradication of extreme poverty. In response to the call of the Party and the government, we gave full play to our e-commerce platform, and established a long-term innovation platform for poverty alleviation in poor areas through such programs as VIP Love Aid for Agriculture and VIP Love Workshop, making our due contribution to China's poverty alleviation.

As of the end of 2020, we had invested over RMB 265 million in charity.

Empowering Harmonious Coexistence Through Environmental Protection

Vipshop pursues green development of e-commerce, covering office work, warehousing, packaging and transportation, and keeps reducing carbon footprints in operations. In 2020, we made remarkable achievements in green logistics. By increasing photovoltaic power generation in logistics parks and by adopting innovative, environmentally-friendly materials and better package designs, we optimized the energy consumption management during operations. Vipshop topped the "Packaging" category of the Dow Jones Sustainability World Indices (DJSI) for the second consecutive year.

Creating an Empowering, Lively Workplace

High-quality employees underpin the sustainable development and stronger competitiveness of an enterprise. They are fundamental to the empowerment of consumers, partners, communities and the environment. We offer employees a comprehensive salary and benefits package and growth system, and provide fair and inspiring career path for them, in an effort to improve the professional competence of employees and enhance their sense of gain, belonging and well-being. We make common progress, and share responsibilities and achievements with the Company.

Facing a new era, new opportunities and new challenges, Vipshop will, with the attention and support of every one of you, fulfill our corporate responsibility, make solid progress and share the fruits of development.

About Vipshop

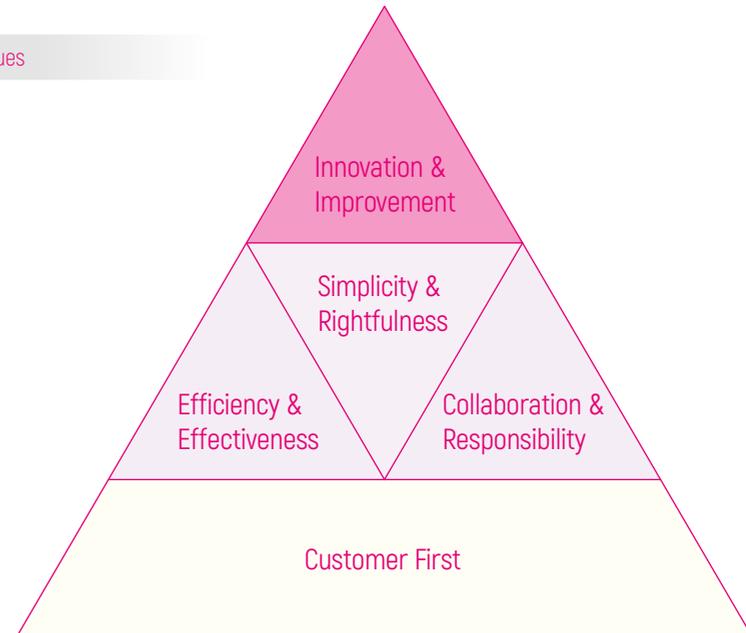
Company Profile

Headquartered in Guangzhou, China, Vipshop was founded in 2008 and listed on the New York Stock Exchange on March 23, 2012. Pioneering the flash sales model of "Selective Brands, Deep Discount, Limited Offering" in China, Vipshop provides a wide range of products from apparels, shoes & bags, cosmetics, maternal and child products to home goods and more. The Company is currently the world's largest online discount retailer, and the Vipshop flash sales model has now become one of the three major business models in China's e-commerce space.

Vision and Mission

Vipshop starts and expands its business in the context of new global business civilization. Guided by the vision to "establish our position as a world-class e-commerce platform", and the mission of "improving the quality of life and enhancing the experience of happiness", we work closely with customers, partners, employees, and the society, to constantly create value and achieve sustainable development not only for ourselves but also for our stakeholders.

Values





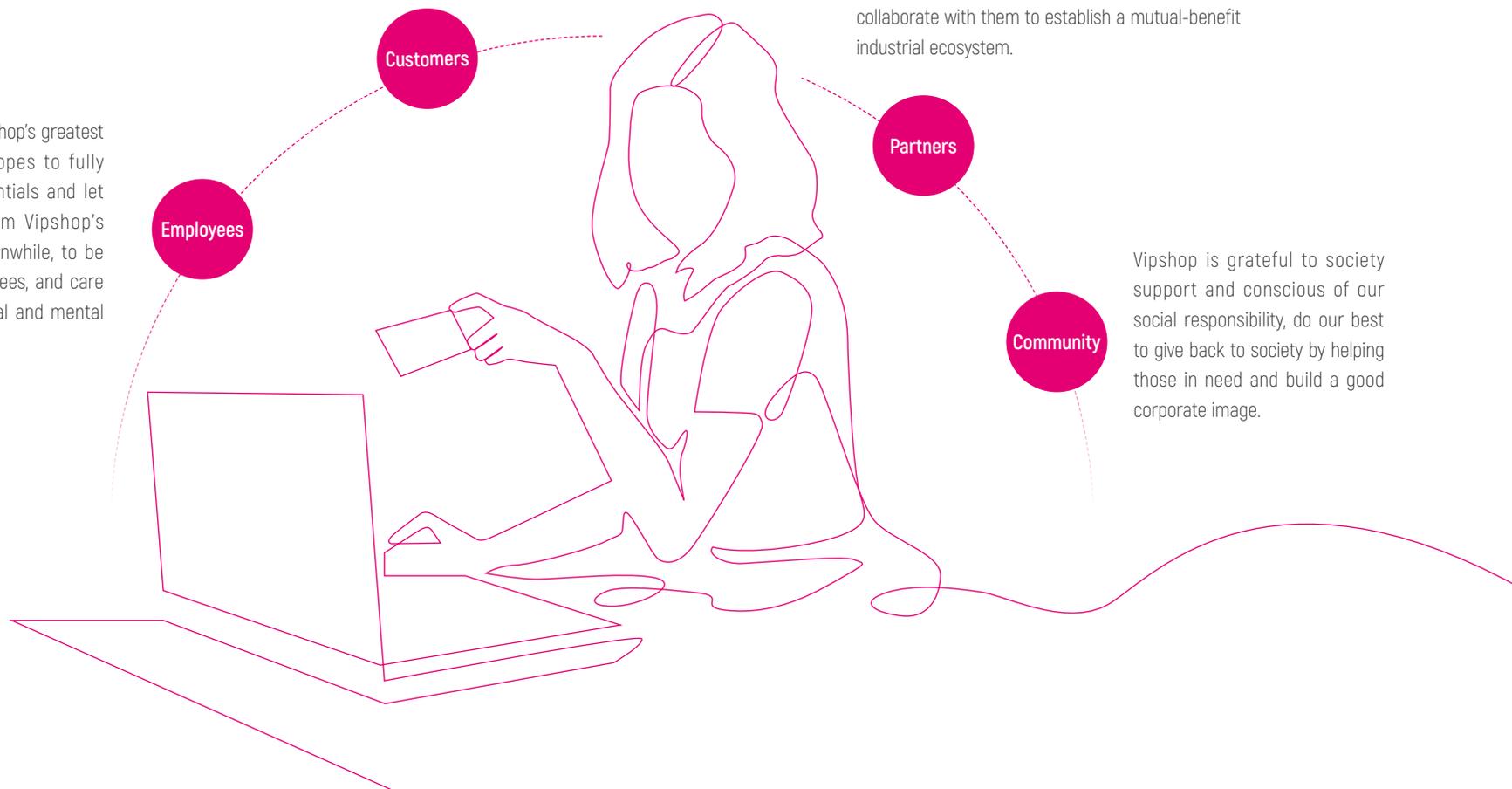
Business Philosophy

Customers are Vipshop's top priority, we put customers' interest first, listen to and deeply understand the user demand, and work constantly to deliver the best experience and services that are beyond the expectation of our customers and generate more value for users.

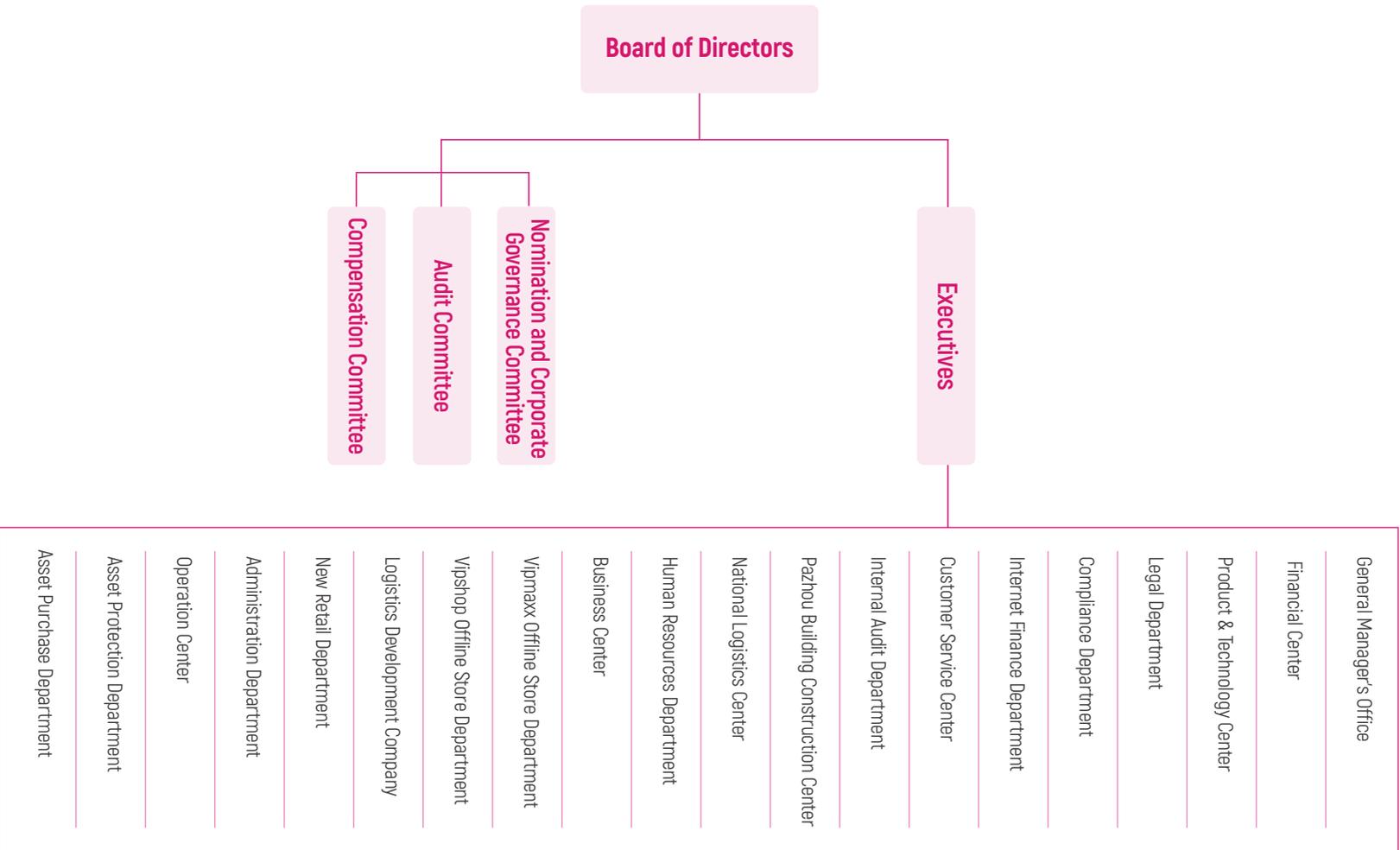
Employees are Vipshop's greatest assets. Vipshop hopes to fully inspire their potentials and let them benefit from Vipshop's development; meanwhile, to be kind to our employees, and care about their physical and mental health.

Vipshop respects the partners and sincerely collaborate with them to establish a mutual-benefit industrial ecosystem.

Vipshop is grateful to society support and conscious of our social responsibility, do our best to give back to society by helping those in need and build a good corporate image.



Management Structure



2020 at a Glance

Key performance in 2020

Total Net Revenue: RMB **101.858** billion

Total Assets: RMB **58.941** billion

Total Tax Payment: RMB **3.273** billion

Full-time Employees: **7,567**

Investment in Targeted Poverty Alleviation:
more than RMB **15** million

Anti-COVID-19 donation :
more than RMB **37** million



Awards & Recognition in 2020

Award/Honor	Presented by
Guangzhou Women's Innovation and Entrepreneurship Base	Guangzhou Women's Federation
2020 China Corporate Citizen 520 Responsible Brands	Organizing committee of "2020 China Corporate Citizen 520 Responsible Brands Summit"
Excellent Company of the Year on Internet Industry Corporate Social Responsibility List	China Corporate Social Responsibility Research Center , Southern Weekly
Five-star Philanthropic Unit on the Charity List of Guangzhou in 2020	Guangzhou Charity Association
Top 100 Chinese Internet Companies 2020	Internet Society of China
China Top 100 Private Enterprises in Service Sector 2020	All-China Federation of Industry and Commerce
China Top 500 Private Enterprises 2020	All-China Federation of Industry and Commerce
Guangzhou Civilized Unit	Guangzhou Municipal Committee of the Communist Party of China, Guangzhou Municipal People's Government
Private Enterprises Made Major Contributions to the Fight against COVID-19 in Guangdong Province	Guangdong Federation of Industry & Commerce
Private Enterprises Made Major Contributions to the Fight against COVID-19 in Guangzhou	The United Front Work Department of CPC Guangzhou Committee, Guangzhou Municipal Bureau of Industry and Information Technology, Guangzhou Federation of Industry and Commerce
Model Organization with Outstanding Contribution to COVID-19 Control and Prevention	Wuhan Charity Federation
Awards for Model Organization with Outstanding Contribution to COVID-19 Control and Prevention	Hubei Charity Federation

The Chronicle of 2020

January & February

Fighting against COVID-19

Vipshop donated funds and materials for the fight against COVID-19, with a total donation amount more than RMB 37 million. 333,000 meals were donated and delivered in 45 hospitals for medical staff working on the front-line of Hubei's fight against the epidemic; 100 respirators and 55 oxygenators to 7 hospitals in 5 cities, including Wuhan and Huanggang, in Hubei Province for the treatment of COVID-19 patients.

To help brand partners through the difficult times, Vipshop announced five measures, including quality and free traffic, RMB 300 million of cash sales subsidies, a green settlement channel, subsidized-interest-rate supply chain finance, and whole-chain business support. For brand partners in Hubei, Vipshop exempted or reduced some commission and service fees for the Q1 of 2020.



July

Releasing the 6th Corporate Social Responsibility Report

Vipshop officially released the *2019 Vipshop Corporate Social Responsibility Report*, which fully disclosed Vipshop's responsibility fulfillment practices and key performance in the fields of economy, society, environment and governance, and delivered a fruitful responsibility answer to the whole society.



September

7

Upgrading the new brand slogan

Vipshop officially upgraded the brand Slogan, which continued the core proposition of Vipshop and reflected Vipshop's determination to build a more cost-effective platform.

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October

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Opening of the new headquarters building

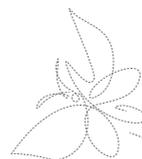
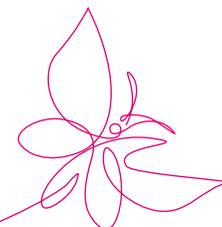
Vipshop's new headquarters building at the heart of Pazhou CBD in Guangzhou City was officially put into use. It houses the global strategy teams and the operations of the core business, and marks a new stage of development for Pazhou area of the Guangzhou demonstration zone for artificial intelligence and digital economy .

December

24

Opening of our first city outlet

Vipshop opened its first city outlet in Hefei, Anhui Province. In the future, we will also build more similar outlets close to city centers across China, providing consumers with easy access to quality products at low prices.



Social Responsibility Strategy and Management

Social Responsibility Strategy

Vipshop reflects CSR performance in its strategic objectives, and firmly believes that fulfilling social responsibility and being responsible to stakeholders are key to sustainable business growth. We have established a complete social responsibility management system, with focus on high-quality e-commerce, staff well-being, environmental conservation and public welfare.

Social Responsibility Management Structure

Vipshop has established a three-tier social responsibility management framework consisting of the CSR Committee, the CSR team, and CSR liaisons. The social responsibility management tasks are broken down and implemented top down to meet the Company's social responsibility objectives.



Comprised of top management and led by CEO, the Vipshop CSR Committee is responsible for formulating the Company's CSR strategy. It reviews the Company's CSR data, provides suggestions on how sustainability-related issues can be incorporated into business development, and ultimately supervises the Company's CSR performance.



A CSR team comprised of responsible personnel is established to collect quarterly and yearly CSR data, launch specific CSR programs, and compile the annual CSR report.



Within each department, we have CSR liaisons to collect CSR relevant materials.

Materiality Analysis

Vipshop considers its stakeholders' expectation and requests as important factors in daily operation towards sustainable development.

In 2020, Vipshop conducted detailed study on national policies, annual hot social topics and the industry's development background, Vipshop referred to the topics set in the Dow Jones Sustainability Indices (DJSI) questionnaire, and carried out the CSR materiality analysis. We assessed the material topics from two dimensions ("Importance to Vipshop" and "Importance to Stakeholders"), identified topics that are important to both Vipshop and the stakeholders, and determined key topics to be disclosed in the report and priorities in future CSR work.

Identification of Material Topics

Based on the communication with stakeholders over the past year, we identified 15 material topics related to Vipshop by benchmarking global standards such as the GRI Standards and DJSI and the corporate operation status.

Survey and Assessment

We conducted an online stakeholders survey on the material issues and invited various groups of stakeholders, including the government, consumers, partners, shareholders and investors, employees, environment, and community representatives, to prioritize the issues based on each issue's importance to them.

Prioritization and Confirmation

After approval by our CSR Committee and experts, we constructed a matrix with the results from the stakeholders' surveys. The matrix revealed the material issues to be disclosed in this report so as to take actions accordingly.



- 01.Compliant operation
- 02.Anti-corruption and anti-bribery
- 03.Anti-unfair competition
- 04.Guarantee of goods quality
- 05.Guarantee of service quality
- 06.Information and cyber security governance
- 07.Supplier risk management
- 08.Response to climate change
- 09.Eco-efficiency
- 10.Sustainable packaging
- 11.Employee compensation and benefits
- 12.Human capital development
- 13.Occupational health and safety
- 14.Targeted poverty alleviation and rural development
- 15.Corporate citizenship and philanthropy

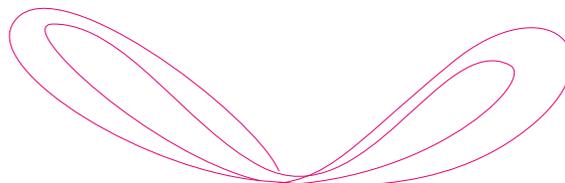
Communication with Stakeholders

As the world's largest discount sales platform, Vipshop relates itself with extensive stakeholders ranging from government authorities to shareholders & investors, employees, partners, environment, and communities. Vipshop has always committed itself to taking the impact of its operations on stakeholders into consideration and building a diversified communication mechanism. Through this mechanism, Vipshop could proactively understand and address stakeholders' diverse needs, and communicate with stakeholders.

Vipshop releases the CSR report every year, which openly and transparently disclose the company's financial and non-financial performance in the previous year in economic, social and environmental fields, to fully disclose the Company's operation and development status to ensure the right of stakeholders to know the company's information, and to further protect the interests of investors.

Stakeholders	Governments	Customers	Shareholders & Investors	Employees	Partners	Environment	Communities
							
Concerns	<ul style="list-style-type: none"> Compliant operation Anti-corruption and anti-bribery 	<ul style="list-style-type: none"> Guarantee of goods quality Guarantee of service quality Information and cyber security governance 	<ul style="list-style-type: none"> Increasing investment return Preventing business risks Improving corporate governance 	<ul style="list-style-type: none"> Employee compensation and benefits Human capital development Occupational health and safety 	<ul style="list-style-type: none"> Anti-unfair competition Supplier risk management 	<ul style="list-style-type: none"> Response to climate change Eco-efficiency Sustainable packaging 	<ul style="list-style-type: none"> Targeted poverty alleviation and rural development Corporate citizenship and philanthropy
Communications	<ul style="list-style-type: none"> Improving corporate governance Paying tax according to law Creating job opportunities Promoting local economic development 	<ul style="list-style-type: none"> Creating the best consumer experience Sourcing good products worldwide Accurately meeting the needs of customers Diversifying online and offline sales channels 	<ul style="list-style-type: none"> Disclosing business information regularly Convening shareholders meetings and investors conference calls 	<ul style="list-style-type: none"> Communication with employees Providing staff training Organizing all kinds of recreational and sports activities for employees 	<ul style="list-style-type: none"> Supplier conferences Conferences with brand partners Receiving the visits of brand partners 	<ul style="list-style-type: none"> Green warehousing Green packaging Green office Passing on the concept of environmental protection 	<ul style="list-style-type: none"> Practicing e-commerce-based philanthropy Engaging in targeted poverty alleviation Carrying out staff volunteer activities

Vipshop ❄️ UN SDGs



1 NO POVERTY
No Poverty
 Help employees in need through V-Love Fund, Launch targeted poverty alleviation programs.



2 ZERO HUNGER
Zero Hunger
 Help the impoverished to gain a sustainable source of income through VIP Love Workshop and VIP Love Aid for Agriculture.



3 GOOD HEALTH AND WELL-BEING
Good Health and Well-Being
 Improve the EHS management system and provide health exams and healthcare service to employees.



4 QUALITY EDUCATION
Quality Education
 Provide ample training courses to employees, provide educational aid to students in need.



5 GENDER EQUALITY
Gender Equality
 Eliminate gender discrimination in recruitment and employment. Launch the public welfare program VIP Mothers.



6 CLEAN WATER AND SANITATION
Clean Water and Sanitation
 Create a safe and environmentally friendly workplace for employees, protect employees' health and safety during the COVID-19 pandemic.



7 AFFORDABLE AND CLEAN ENERGY
Affordable and Clean Energy
 Promote energy-saving measures and the use of clean energy, build photovoltaic power stations in logistics hubs.



8 DECENT WORK AND ECONOMIC GROWTH
Decent Work and Economic Growth
 Guarantee remuneration and benefit for employees. Launch targeted poverty alleviation programs.



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Industry, Innovation and Infrastructure
 Optimize the logistics layout, develop logistics technologies, purchase energy-saving office equipment.



10 REDUCED INEQUALITIES
Reduced Inequalities
 Erase inequalities and discrimination of any kind. Launch targeted poverty alleviation programs.



11 SUSTAINABLE CITIES AND COMMUNITIES
Sustainable Cities and Communities
 Help employees in need and employees with special needs, launch the public welfare program VIP Mothers, provide community services and disaster relief.



12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Responsible Consumption and Production
 Promote green packaging and green logistics.



13 CLIMATE ACTION
Climate Action
 Build photovoltaic power stations in logistics hubs, use environmentally friendly vehicles and electric vehicles for logistics.



14 LIFE BELOW WATER
Life Below Water
 Reduce plastic packaging and cut plastic pollution in water systems from the source.



15 LIFE ON LAND
Life on Land
 Participate in the "Green Citizens in Action" program.



16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Peace, Justice and Strong Institutions
 Communicate with employees through the Labor Union and other channels and protect the human rights.



17 PARTNERSHIPS FOR THE GOALS
Partnerships for the Goals
 Transparently communicate with stakeholders and issue annual CSR report.





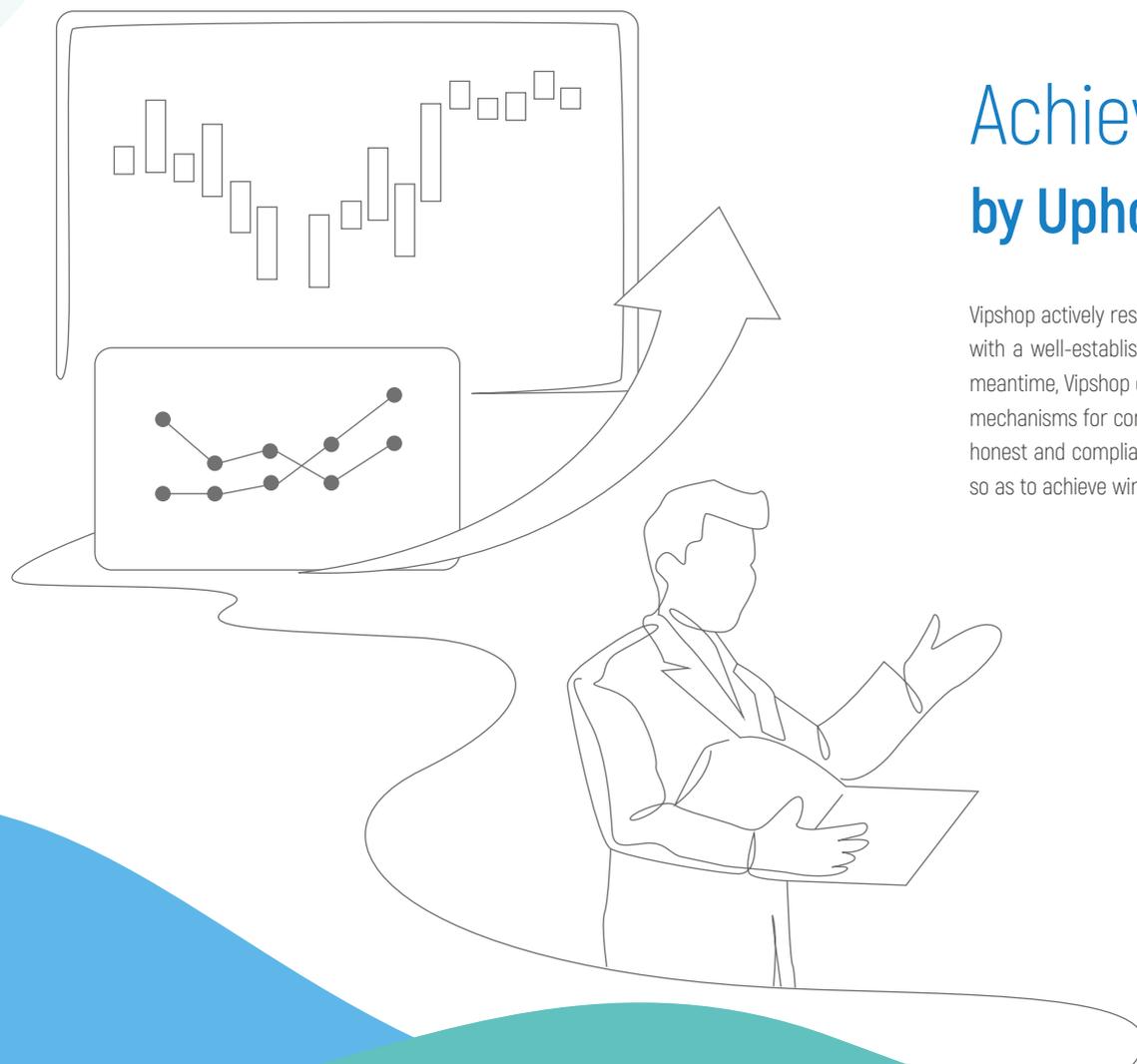
Self-Improvement and Corporate Governance

Responsible for shareholders

Keep improving corporate governance and run our business steadily and compliantly to create long-term economic value for shareholders and investors.

Responsible for employees

Create a diverse and inclusive working environment, assist employees in their career development and care about employees' physical and mental wellbeing to help them balance work and life.



Achieving Excellence by Upholding Integrity and Compliance

Vipshop actively responds to expectations and demands of stakeholders, protects shareholders' interests with a well-established corporate governance system, and create economic value for investors. In the meantime, Vipshop continuously improves corporate governance and consolidates incentive and restraint mechanisms for company operators, communicates transparently with investors and runs business in an honest and compliant manner, in order to prevent and defuse risks, protects intellectual property rights, so as to achieve win-win outcomes together with shareholders and make headway toward sustainability.

Continuously Improving Corporate Governance

As a Chinese market-based company listed on the New York Stock Exchange, Vipshop strictly complies with *the Company Law of the People's Republic of China* and NYSE's requirements. We keep improving our modern enterprise system and corporate governance rules, protect our independence as a listed company, develop better channels and approaches for investors to participate in corporate governance, and protect the interests of investors.

The Board of Directors

Vipshop continuously gives full play to the role of the Board of Directors in strategic leadership, decision-making and risk control, and constantly improve the decision execution supervision mechanism featuring matched powers and responsibilities, coordinated operation, and effective check and balance. By leveraging incentive and restraint mechanisms, we ensure that the critical minority, including Board members, duly fulfill their responsibilities. The Board is responsible to shareholders and investors, makes decisions in favor of the Company's market competitiveness under the corporate governance framework.

Members of the Board of directors

As of December 31, 2020, there were 10 directors on the Vipshop Board, including one female. The directors are: Mr. Eric Ya Shen, Chairman and CEO; Mr. Arthur Xiaobo Hong, Vice Chairman and COO; Mr. Martin Chi Ping Lau and Jacky Yu Xu, Directors; Mr. Donghao Yang, Non-executive Director; Mr. Chun Liu, Mr. Frank Lin, Mr. Xing Liu, Mr. Nanyan Zheng, Ms. Kathleen Chien, Independent Directors .

Nomination of Board members

The Nominating and Corporate Governance Committee reviews the current composition of the board with regard to characteristics such as independence, knowledge, skills, experience and diversity.

The Board structure

Under the Board are three specialized committees: the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee. We have adopted a charter for each of the three committees.

Vipshop continues to improve the efficiency and performance of corporate governance by linking the CEO's variable pay with the performance on predetermined financial return indicators and other financial indicators (return on assets, return on equity, return on invested capital, total return to shareholders, etc.).



Investor relations

The Investor Relations (IR) Department is responsible for communication and liaison with investors, replying to investor inquiries, receiving visiting investors, and disclosing information about the Company's operations and development in a timely, comprehensive and transparent manner through multiple channels, such as the Company's annual reports, financial reports, official website, roadshows, investors' conference calls, and special information disclosure. The Company's financial reports can be downloaded on the SEC website and our IR website.



Running Our Business Steadily and Compliantly

Vipshop sticks to stable and compliant operations, continuously improves the system in the field of compliance and optimize management measures, and consolidates the foundation for compliant operations by improving internal control, risk management, anti-corruption, intellectual property rights (IPR) protection, and platform governance, etc. The Company continuously enhances its capacity in safe and stable operations, and promotes sustainable corporate development with effective internal control and risk management.

Internal control

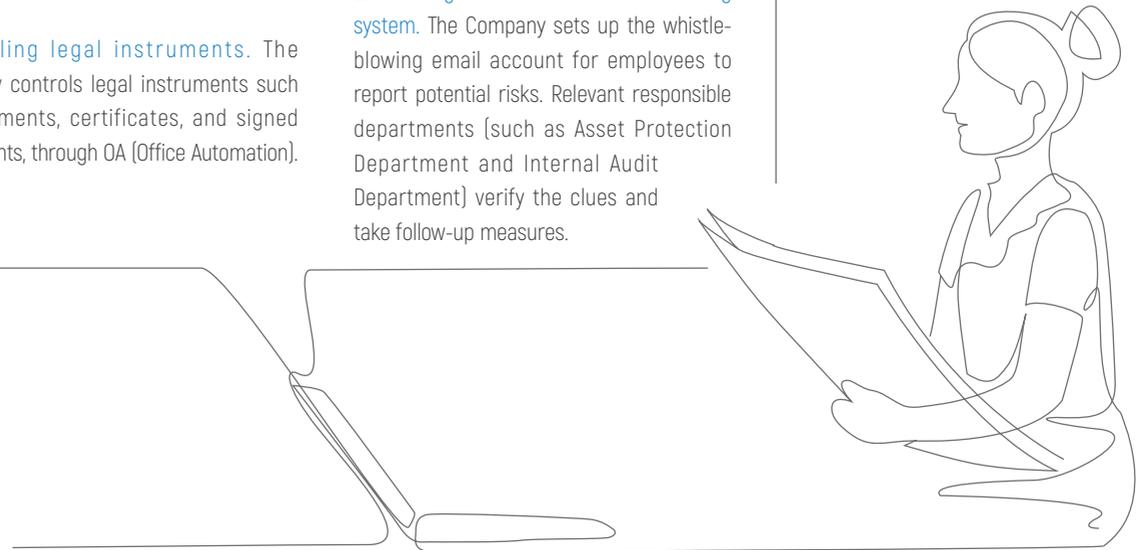
Abiding by Section 404 of *Sarbanes-Oxley Act of 2002*, also known as *the Public Company Accounting Reform and Investor Protection Act*, Vipshop establishes a systematic and standard internal control system. This system is risk-oriented, deeply integrated with Vipshop business, and explicitly defines the responsibilities of each business unit.

Bettering the institutional design and effectiveness of internal control. The Company embeds risk management and control into its business policies, processes, and systems by bench-marking, individual responsibilities and solidification of IT support, to ensure the consistency and effectiveness of the system.

Controlling legal instruments. The Company controls legal instruments such as documents, certificates, and signed agreements, through OA (Office Automation).

Providing institutional guarantee to protect the control rights. The Company continues to improve its articles of association and maintains control over its subsidiaries and affiliates by managing its power bodies including the shareholder meetings, and key personnel including Board members.

Establishing the internal risk whistle-blowing system. The Company sets up the whistle-blowing email account for employees to report potential risks. Relevant responsible departments (such as Asset Protection Department and Internal Audit Department) verify the clues and take follow-up measures.

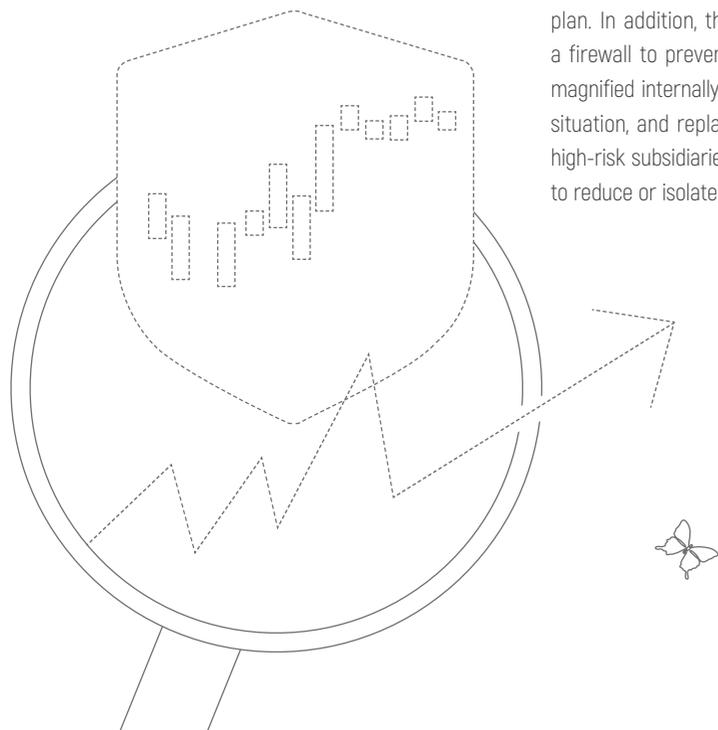


Risk management

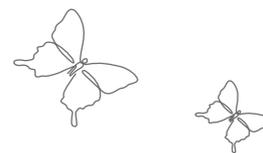
Improving the risk management system

Based on *Vipshop Risk Management Policy*, Vipshop establishes and implements effective risk management measures to anticipate and identify risks, thus preventing the Company from running into crisis. Vipshop establishes the principle of risk level assessment and risk

type classification, and specifies road-maps and plans to provide guidance of risk management in all business lines and departments. Vipshop actively conducts assessments on major risks and special assessments on risk of major projects internally, implements measures to meet requirements of risk management on every level, and establishes regular risk review plan. In addition, the Company has established a firewall to prevent business risks from being magnified internally or even affecting the overall situation, and replaces legal representatives of high-risk subsidiaries with their business leaders to reduce or isolate risks.



Vipshop defines and divides risk management responsibilities among its internal departments. Departments directly involved in risk management include the General Manager's Office, Asset Protection Department, Information Security Sector, Legal Department and Finance Center, etc. Relevant managers in the General Manager's Office are appointed to be responsible for risk management in operations and the risk management performance in auditing, and report directly to the Chairman and CEO of the Company. In 2020, we conducted a questionnaire survey among employees with executives above the directors' level, quantified and sorted the risk points they identified and visualized relevant data, to produce the annual risk assessment report.



Building a risk-conscious culture

Vipshop is actively building a risk-conscious culture across the Company and raise employees' awareness of risk control. Policies like *EHS-013 Vipshop (Group) Safety Incident Reporting and Investigation Procedures V2.0* and *Vipshop Management Measures for Information Security Incidents V3.0* were made public to every employee by email. In 2020, the Company offered online training sessions on management red lines to employees, to raise their awareness of the red lines and punitive measures. Vipshop also held risk management meetings for Finance Center's managers and above, to share best practices in managing financial and compliance risks, effectively raising the risk awareness of financial personnel.

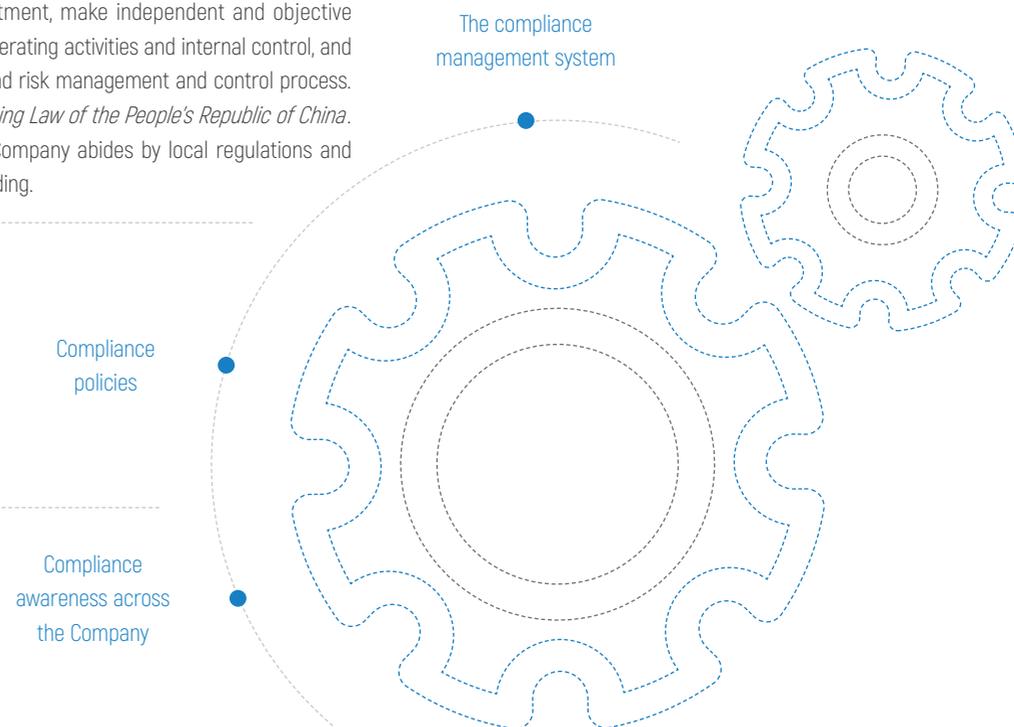
Honest and compliant operations

Honest and compliant operations are the prerequisite and fundamental guarantee for a company's stable development. As China's largest online discount sale platform, Vipshop always places honest and compliant operations at the heart of its business. The Company has developed a compliance management system, formulated and improved compliance policies and rules, and carried out compliance training for all employees, thus eliminating unfair competition and monopoly in any form and meeting compliance requirements.

The Internal Audit Department conducts regular independent internal audit on each department, make independent and objective supervision and evaluation in terms of the appropriateness, compliance and effectiveness of operating activities and internal control, and provides suggestions which are helpful in strengthening the effect of corporate governance and risk management and control process. The Company strictly abides by laws and regulations relating to marketing, such as *the Advertising Law of the People's Republic of China*. When launching marketing activities (e.g., advertisement, promotion, and sponsorship), the Company abides by local regulations and voluntary codes, and refrains from any marketing practices that involve exaggeration or misleading.

Vipshop has issued policies such as *Policy on Risk Management*, *Guidelines on Business Operation* and *Code of Ethics*, and *Guidelines on Corporate Governance*, interpretation of regulations on compliant market competition, case studies of unfair competition and monopoly, measures to prevent unfair competition and monopoly, as well as relevant issues worthy of attention in daily work. On top of that, in 2020, the Company amended *the Sham Transaction Doctrine*, formulated rules about compliant market competition, and further improved the institutional system of honest and compliant operations.

Vipshop maintains a *Vipshop Law Classroom* column on the home page of its OA system, where it introduces such laws and regulations as *the Civil Code of the People's Republic of China*, and *Measures for the Regulation of Online Trading [Draft for Comments]*, to raise the compliance awareness of all employees.



Anti-corruption

Vipshop incorporates anti-corruption into the corporate culture, takes zero-tolerance stance against corruption and severely punish acts of corruption. The Company has also formulated sound internal policies, opened up whistle-blowing channels, and organized anti-corruption educational and training activities to create a clean and honest workplace.

Vipshop has put in place and follows a series of anti-corruption policies, including *Vipshop Management Red Lines*, *Vipshop Regulations on Employee Honesty and Integrity*, *Vipshop System on Gifts and Bestowal*, *Vipshop Guidelines on Business Operation and Code of Ethics*, *Vipshop Agreement on Anti-Commercial Bribery*, and *Vipshop Agreement on Anti-Commercial Bribery (Employees Version)*. In 2020, the Company amended the anti-commercial bribery clauses and incorporated requirements, such as preventing the offer and acceptance of bribes and maintaining honesty and integrity, into the compulsory corporate culture course *Vipshop Management Red Lines*.

The anti-corruption training has covered 100% of employees

Case: *Vipshop Management Red Lines*

Vipshop Management Red Lines to all employees and contains seven red lines, including "soliciting or accepting unjustified interests" and "taking advantage of one's position or the Company's resources to benefit himself/herself or particular affiliates". Any employee who is found to have crossed any of the red lines, regardless of their rank and title, will be immediately dismissed and relevant liabilities will be pursued strictly.



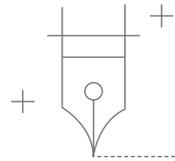
Vipshop has opened up anti-corruption whistle-blowing email accounts, including one managed by the Internal Audit Department, one can be checked merely by the Chairman and Vice Chairman of the Board, and another one managed by the Asset Protection Department.

中纪委反腐记录片 ——

永远在路上

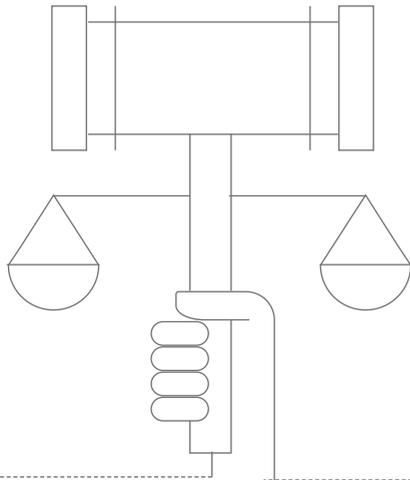
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Anti-corruption training

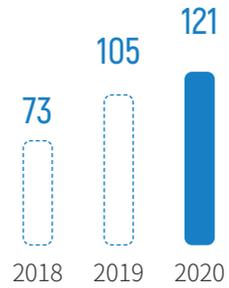


Intellectual property protection

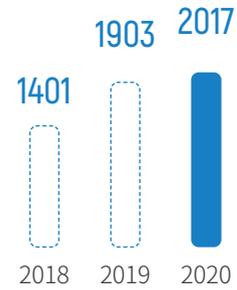
Vipshop always attaches great importance to the IPR protection, and actively applies for patents, trademarks and copyrights. The Company takes zero-tolerance stance against counterfeit brand licensing and sales of counterfeit goods, and has established a comprehensive ex-ante mechanism for IPR ownership of goods sold on its platform as well as an infringement complaint and investigation mechanism, so as to maximize the protection of legitimate rights and interests of brand partners and consumers.



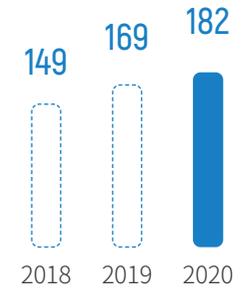
Accumulated parent rights granted



Accumulated trademark rights granted



Accumulated copyrights granted



Platform governance

Vipshop regards platform governance as crucial for its sustainable development and acts proactively to enhance platform governance. The Company has incorporated information and cyber security into all staff's performance evaluation of Information Security Department to further control risks and close security loopholes on the platform. The Company ensures all information security incidents are swiftly attended to and timely handled, so as to minimize information security risks, create a safe and reassuring shopping environment for consumers, and provide brand partners with reliable and reassuring supporting infrastructure.

Certifying the information security management system. In 2020, Vipshop hired independent third-party certification organizations to review and certify its information security management system of online platform, and obtained the ISO 27001 certification. The review covered operation and maintenance of the Company's business systems, computer management, personal information security and data security.

Taking user privacy as an important content of information security management. Vipshop has introduced *the Personal Information Security Management Specification*. The Company divides information into user privacy information, corporate financial information, business information and

supplier information of different levels, and encrypts and desensitizes sensitive information. Vipshop clears requirements for the collection, transmission, use and destruction of data along the whole data chain, and performs regular self-inspections. The Company uses a pop-up notification to show the privacy agreement, to seek user permission for collecting information. The logout function is also prominently visible to users.

Formulating response procedures for information security incidents. Vipshop conducts emergency tests quarterly or semi-annually in light of the current business status. Response duties and procedures concerning information security incidents are clearly defined, and procedures of classifying and categorizing, reporting, responding to, handling and reviewing information security incidents, as well as improvement mechanisms are formulated. Emergency response procedures and plans are also put in place, including contingency plans for website hacking, DDOS attacks and technical issues, as well as red teaming plans.

Inside-outside cooperation to control cyber security risks. Vipshop has established an open cyber security protection platform called the *Vipshop's Security Emergency Response Center*, with more than 1,000 registered white hat hackers who monitor the system and report security issues in real time.

Vipshop scores loopholes reported by white hat hackers and reward them with cash prizes, and duly closes security loopholes in line with procedures and deadlines as specified in *the Loophole Security Management Standards*.

Raising employees' awareness of information security. Vipshop has formulated the *Information Security Manual for Employees*, which clearly sets out red lines of information security, management rules and requirements. The Company trains and tests new recruits and in-service staff on information security.

Such training covers management requirements, norms, rewards and punishments, and is given in the form of online animation video and test.

Regulating the information security risk reporting procedures. Vipshop has developed regulations and procedures such as *the Information Security Manual for Employees* and *Management Measures for Information Security Incidents*, defining a clear process for employees to report suspicious matters to the Information Security Department.

唯品学堂

信息安全意识教育培训（2020 全员） 全员信息安全意识培训



Continuously Creating Economic Value

Vipshop continuously creates long-term economic value for stakeholders and fulfills its responsibilities for shareholders and investors through profiting on an ongoing basis. The Company drives the common prosperity of upstream and downstream companies along the e-commerce and retail industry chain, and fuels virtuous development of the local economy and society by paying taxes.

Paid RMB **3.273** billion of taxes in total in 2020

As of the end of 2020, had achieved profitability for **33** consecutive quarters

Had been enlisted among Fortune China 500 for **7** consecutive years, ranking **108**th in 2020¹

Ranked **24**th among the Top 100 Chinese Internet Companies²

1 Source: The List of 2020 Fortune China Top 500 enterprises

2 Source: *The Research Report on the Comprehensive Strength of Chinese Internet Companies (2020)* jointly released by the Internet Society of China and the Chinese Ministry of Industry and Information Technology

Economic Value

Indicators	2018	2019	2020
Total net revenue (RMB billion)	84.524	92.994	101.858
Cost of revenue (RMB billion)	67.455	72.314	80.573
Total assets (RMB billion)	43.563	48.583	58.941
Net Income Attributable to Shareholders (RMB billion)	2.129	4.017	5.907
Net Earnings per ADS (RMB)	3.22	6.02	8.75

Repeat Customers

Indicators	2018	2019	2020
Repeat customers (million)	46.1	55.0	68.2
Percentage of repeat customers (%)	76.1	79.7	81.3
Percentage of orders placed by repeat customers (%)	96.6	97.6	97.7

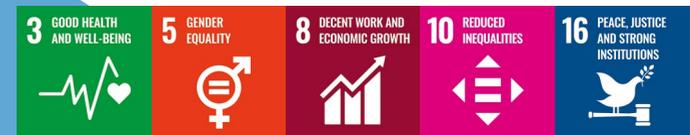
Vipshop is active in participation of industry forums and seminars to support industry-wide communication and development. The Company has joined multiple industry associations in such fields as the Internet, e-commerce, corporate innovation and development, corporate credibility building, cyber information security, and personal information protection.

Major Industry Associations Vipshop Joined in 2020

- Internet Society of China
- Guangdong E-business Association
- Guangdong E-commerce Association
- Guangdong Provincial Enterprise Confederation
- Guangdong Provincial Internet Industry Confederation
- Guangdong Province Enterprise Integrity of the Buildin Association
- Guangzhou Headquarters Economy Association
- Guangzhou Electronic Commerce Industry Association
- Guangzhou Innovative Companies Alliance
- Guangzhou Internet Society
- Guangzhou Enterprise Confederation
- Guangzhou Logistics and Supply Chain Association
- Chongqing Electronic Commerce Association
- Chengdu Supply Chain Association

Reaching Further by Empowering Employees

For Vipshop, high-quality and energetic employees are the fountain of momentum driving the Company to innovate and move forward. We have aligned human resource strategies with characteristics of our industry as well as our development strategies. Staying people-oriented and caring about employees' physical and mental well-being as well as happy life, we implement flat management, create an equal, inclusive and positive workplace, develop a sound training system, and unblock channels for career development, so as to create a sustainable, bright future with employees.



Creating an Equal and Diverse Workplace

To protect employees' interests, Vipshop upholds the principle of equality and non-discrimination in recruitment, highlighting fair employment and giving full play to the talent of employees. The Company adopts a number of EHS management measures to safeguard the occupational health and safety of employees, stick to communicate with employees in a transparent manner.

Protecting employees' rights and interests

Vipshop always protects the rights and interests of employees according to relevant laws and regulations. We strictly comply with *the Labor Law of the People's Republic of China* and local laws and regulations concerning labor, and sign labor contracts with all employees. We have implemented *Vipshop Management System on Salary*, *Vipshop Management System on Welfare* and *Vipshop Management System on Holidays*. By the end of 2020, Vipshop had 7,567 employees, 50.89% of whom were female. Since 2019, the Company has streamlined business structure to boost operation efficiency and outsourced a part of supporting functions to independent contractors and part-time personnel.

Equal employment

We uphold the principles of diversity and fairness in employment. We guarantee that all job applicants and employees will face no discrimination because of their race, ethnicity, gender, religious belief, sexual orientation and lifestyle in recruitment and promotion, and ban workplace discrimination, forced labor, child labor and workplace sexual harassment in any form.



Privacy protection

We have established a sound employee archive confidentiality mechanism and set up a Human Resource Archive Room dedicated to keeping and managing employee records.

Case: Hiring a specialist third-party company to improve our remuneration system

In 2020, Vipshop hired a specialist third-party company to help optimize its remuneration system. The project team conducted market benchmark analysis on employees' remuneration and reviewed the Company's remuneration strategies. Analysis results showed that "the remuneration of most Vipshop jobs is within a relatively reasonable range". Based on the research results and suggestions of the project team, Vipshop upgraded its remuneration system for different job ranks/types of posts based on the market survey report and its practical conditions.

Employee rights and interests



Labor contract signing rate

100%



Coverage of social security

100%



Employee membership of labor union

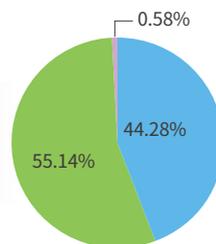
99.87%

Employee Diversity

Total number of employees **7,567**

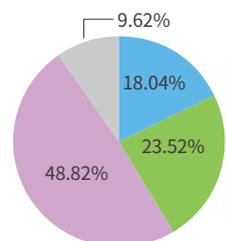
By age group

- Between 18 and 29
- Between 30 and 50
- Over 50



By educational background

- Technical school or below
- Junior college
- Bachelor degree
- Master/MBA degree or above



Female

- Women in the management 39.46%
- Women in management positions in revenue-generating functions 41.44%

By other category

- Employees of ethnic minorities 2.66%
- Minority employees in management 2.81%
- Foreign employees 0.49%
- Employees with disabilities 0.58%

Employment

In 2020, new employees **2,228**

By age group

Between 18 and 29	Between 30 and 50	Over 50
1,182	1,036	10

By nationality

Chinese employees	Non-Chinese employees
2,225	3

By gender

Male	Female
1,155	1,073

By management level

Senior management	Middle management	Junior management	Non-management
23	173	292	1,740

open positions filled by internal candidates (internal hires) (%)



Occupational health and safety

In line with *the internal Environment, Health, and Safety Policy*, the EHS Management Committee is set up to be accountable for the occupational health and safety of all employees. The Company has adopted a series of EHS administrative measures to reduce occupational health risks. In 2020, the company's lost-time injury frequency rate for all employees was 1.4 per million hours worked.

Physical checkups and healthcare service

Each year, we organize employees to take physical exams at designated medical institutions or hospitals. We set up clinics and physiotherapy rooms to provide employees with timely and convenient diagnosis and treatment service, even traditional Chinese medicine treatment. We have also launched the Employee Assistance Program (EAP) and hired professional psychological consultants to provide daily counseling service to employees. The whole workplace is regularly cleaned up and disinfected so as to create a safe and clean office environment.

Emergency drills and first-aid training

We organize fire drills regularly to make sure our employees know what to do in case of fire. We also offer OHS and AED first-aid training to employees. When each new season begins, especially on certain solar terms, we post health preservation and well-being tips to employees via WeChat, bathroom news, and internal publications.



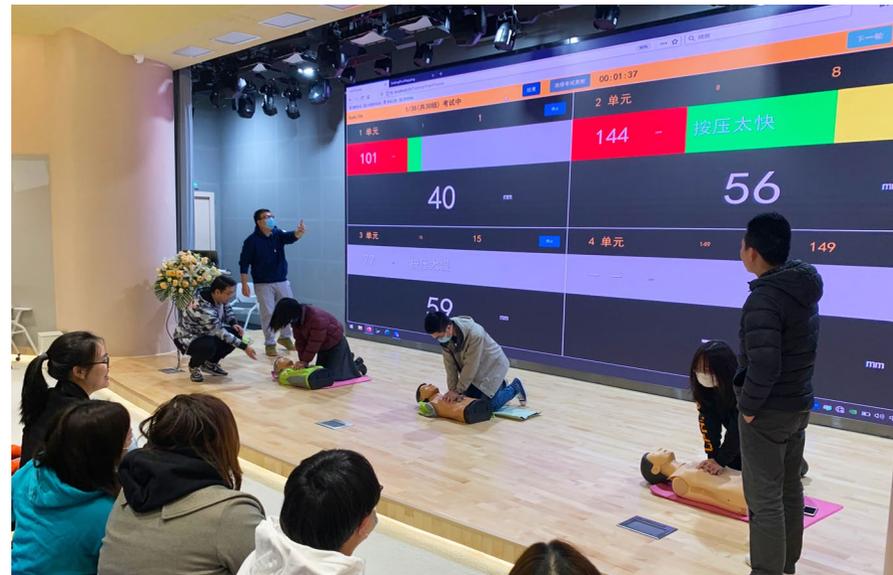
Spinal massage for employees

Healthcare training

We invite renowned physicians to give healthcare and lifestyle lectures on a regular basis, covering such topics as protecting the spine, cancer prevention and treatment, and science-based health preservation tips. Employees are welcome to attend the lectures either in person or online. Recorded lectures are later uploaded to the Vipshop Online Classroom for employees to watch at any time.

A safe and green workplace

When decorating offline stores and the office area, Vipshop selects certain brands and requires suppliers to use environmentally friendly materials to protect the physical and mental well-being of employees. We have also incorporated health and environmental requirements into the Pazhou Vipshop Mansion project and hired a specialist formaldehyde cleaning company to remove pollution in the workplace, so that employees can work in the new headquarters building safely.



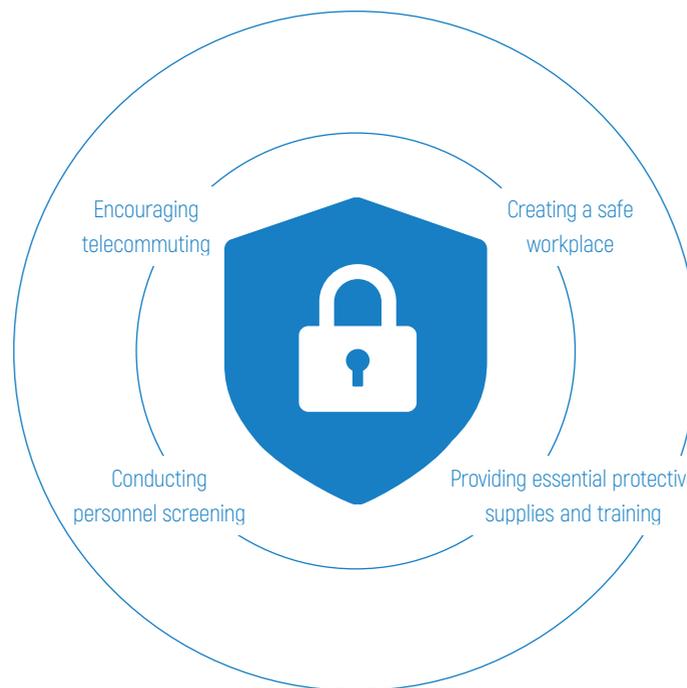
The AED first-aid training for employees

In 2020, we conducted 20 safety inspections and 40 emergency drills.

 **Protection against COVID-19**

During the Chinese Spring Festival holiday, we worked overtime to prepare for telecommuting, and launched several functions and sent telecommuting guidelines to employees. The work-from-home program was successfully launched on February 3.

The Human Resources Department registered and tracked the health status of all employees who had travelled to the outbreak areas and showed relevant symptoms. We arranged dedicated personnel to take the body temperature of all people entering the office area.



We disinfected the office area, air conditioners, printers and various facilities every day, restricted the flow of people in elevators, smoking areas and dining halls, and kept the office area and commuting buses well ventilated to reduce transmission risks.

We provided hand sanitizers at the punch-in place, washrooms and dining hall, etc., distributed masks and sanitary products to employees every day, and spread personal protection and hygiene knowledge.



	2018	2019	2020
Physical checkups rate of employees (%)	100	100	100
Number of employees participating in occupational health and safety training	54,000	25,000	8,000
Employees participating in occupational health and safety training (%)	100	100	100
Hours per employee participation in occupational health and safety training	24	24	24
Annual total investment in production safety (RMB million)	14.23	8.00	10.00

Democratic management and employee communication

Vipshop adhering to the flat management of the Internet culture and opens up diverse communication channels for employees to protect their rights to express themselves. We organize Labor Union meetings to promote democratic management and encourage employees to provide valuable advice that benefits the Company's development. We actively accept constructive suggestions of employees and safeguard their right of collective bargaining through face-to-face talks with executives and the 360 Leadership Assessment. Besides, we encourage employees to set up clubs and interest groups, securing their right to form associations freely.

A platform where employees can express themselves freely. Dedicated personnel are appointed to follow up and respond to hot topics on the BBS.

CEO's offline mail box. All received messages will be replied by CEO himself.



A biannual event where our two founders discuss with all employees face to face about business portfolio, organization and corporate culture.

A direct channel through which employees talk to high-level executives.

Listen to employees' feedback through survey.

Employee satisfaction in 2020

Employee satisfaction score

84.11

Employee survey coverage rate

54.23%

By age group

Between 18 and 29

84.83

Between 30 and 50

83.74

Over 50

88.63

By gender

Male **85.08**

Female **83.37**

By management level

Senior management

88.83

Middle management

84.12

Junior management

83.67

Non-management

84.42

By nationality

Chinese employees **84.23**

Non-Chinese employees **80.47**

Empowering Employees in Career Development

Vipshop is dedicated to customizing training programs that fuel fast growth of employees, unleash their potential, and equip them with working skills. The Company also unblocks career development paths, creating a platform for employees to grow, and achieve common prosperity with employees.

Talent attracting and retaining

Vipshop conducts strategic workforce planning by means of people analytics, to evaluate the talent needs to achieve organizational objectives. We align our talent structure and standards with key business targets and conduct an analysis of existing talents, so as to identify the gap and optimize the talent structure through a mix of measures, such as external recruitment, internal selection, training, and job rotation programs. Through building a key talent pipeline, we effectively close the gap in organizing ability and thus fulfill strategic tasks with efficiency, winning significantly higher satisfaction from suppliers and front-end users.

Formulating recruitment strategies

Based on the corporate mission, vision and strategic orientation as well as key business objectives of the year, we systematically plan and build the strategic talent structure, including both quantity and quality.

Identifying turnover risks and enhancing the retaining rate

Through external environmental analysis, surveys and employee interviews, we get to know the core employees' thoughts about their work, intervene in timely and retain employees.

Adjusting talent policies in real time

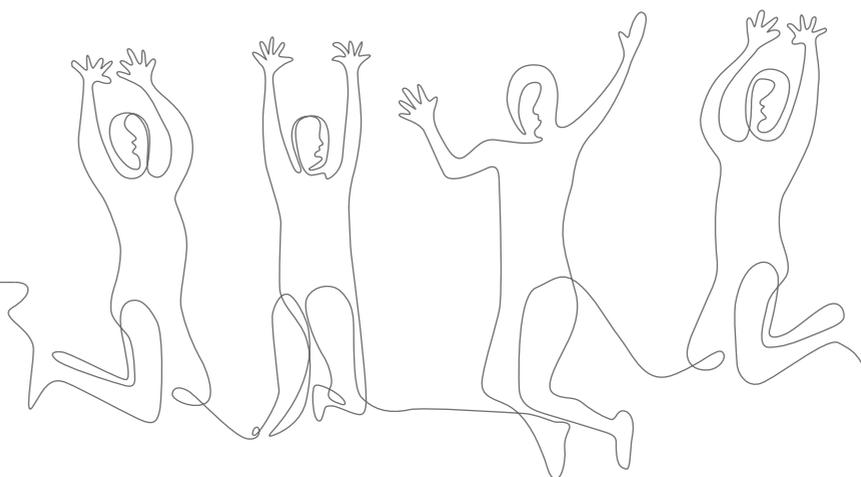
We follow up the business development and talent strategies of relevant companies in the Internet and e-commerce industry, and promptly adjust our talent attraction, incentive and retention strategies.

Carrying out organizational network analysis

Through adopting structural approaches such as surveys and team diagnosis, we conduct systematic analysis on and targeted improvement in the division of labor, communication and collaboration mechanisms and procedures, vitality and atmosphere, and management maturity.

Recruiting and employing through multiple channels

We strive to meet the needs of different recruiting channels, such as Internet, communities, headhunting, RPO, internal referral, on campus and overseas, and develop corresponding management systems and assessment criteria for each channel to maximize recruitment efficiency and reduce costs. We value the feeling and experience of applicants throughout the recruitment process and strive to expand our brand influence.



Average training time per person

18.58 hours

Average investment in employee training

RMB **1,020.41**

*The statistics in 2020 is excluding front-line workers engaging in logistics, working in offline stores and customer service staff, and other employees without dedicated computers.

Enriching the employee training system

Vipshop empowers employees through a diverse and all-dimensional training system, providing comprehensive training programs, online and offline, to employees at different posts and improve their comprehensive abilities and job skills. In 2020, Vipshop offered 47,309.26 hours of training to employees

(excluding front-line workers engaging in logistics, working at offline stores and customer service staff, and other employees without dedicated computers).

Business Training for Different Business Units:

 Business Center	Q&A with Masters, Galaxy Workshop, Learning Roadmap, Eagle Camp, Supply Chain Learning Alliance.
 Operation Center	Growth Camp, Product Innovation Brainstorming Club, UXDC Brainstorming Classroom.
 Product & Technology Center	Supply Chain Lean In, Operation & Maintenance Center: SRE Pioneer, Tech Forum.

Training campus for new-joiners. On-boarding training programs are customized for new recruits joining us through social or on-campus recruitment, internship or management trainee programs to help populate our corporate culture, values and policies, and help them fit to the workplace smoothly.

Education grants. Employees are encouraged to improve themselves to adapt to the Company's growth needs through pursuing further studies. Eligible employees can apply for education grants. For instance, employees obtaining Master, PhD, MBA and EMBA degrees or professional certificates can apply for a set-proportion reimbursement for the tuition.

Business training. Business departments launch purpose-built training programs to help employees sharpen professional skills and then advance business development and help employees improve themselves.

V-Learning. More than 1,000 online courses covering a wide range of majors are provided to help employees learn and share the latest hands-on experience and skills at anytime, anywhere.

Case: Organizing Galaxy Workshop to build employees' marketing skills

In 2020, Vipshop Business Center organized the Galaxy Workshop to empower employees at key positions in implementing corporate strategies by enhancing their organizational capacity, and promote internal collaboration as well as sharing of best practices. It taught trainees useful knowledge that can be effectively applied, attracting 15% of employees to participate in. Trainees successfully applied what they learn to multiple areas, including cooperating with new brands, performance assessment and cooperation conditions, etc. The program produced 15 cases of excellent studies and improved outcomes, further improving Galaxy brand and product selection, marketing, and cooperation conditions.



Case: Launching Growth Camp to drive business growth

In 2020, Vipshop Operation Center launched the Growth Camp to tutor employees through knowledge input and deliberate practices, helping them apply knowledge to solve real problems and come up with endogenous growth patterns. Through growth experiments, the program sharpened the growth mindset and skills of trainees which accounted for 12% of our employees. Focusing on first-time customers, regular customers and repeat loyal customers, the program studied three growth cases and explained in detail business model innovation, membership system and monthly subscription plan. More than 50 in-person seminars of over 70 hours were organized, and 16 experiments were designed and implemented. Two projects, for example, Sheep Baa Baa Games and Monthly Subscription Plan, were incubated and launched. Through visualizing the user journey, the program made optimizations and cut transaction costs for users.



Unblocking career development paths

Vipshop encourages employees to earn promotion opportunities through hard work and actively unblocks career development paths to break “glass ceiling” in the workplace and retain employees. We provide a restrictive stock incentive plan for employees with outstanding contributions to form a long-term community of shared interests with employees, and encourage employees to create long-term value for the Company and pursue sustainable development.

Promoting career development

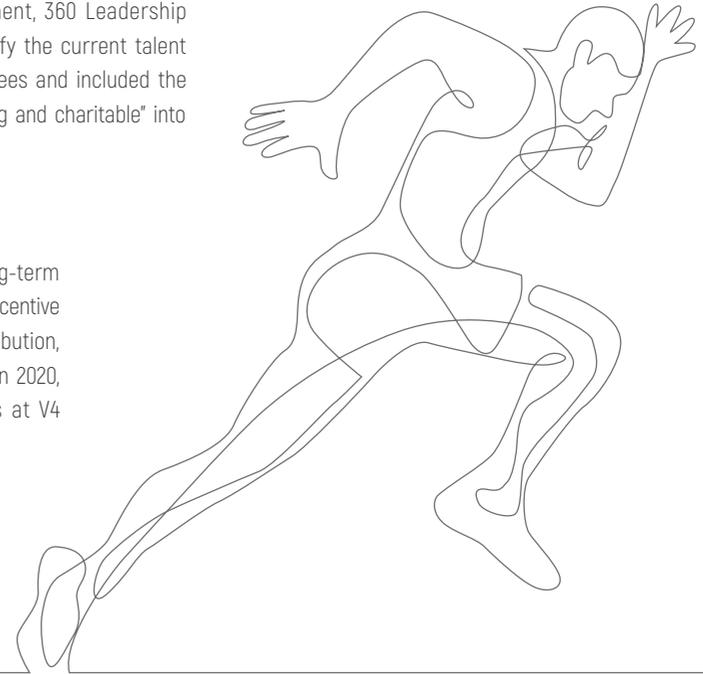
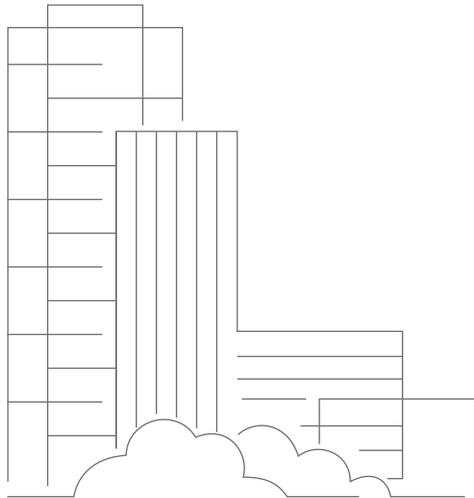
Vipshop carried out a comprehensive policy for the evaluation of employees and established the promotion review committees for various positions (including the technical post evaluation committee, product post evaluation committee and marketing post evaluation committee), to ensure that all promotion and performance evaluation decisions are reasonable, fair and professional with sound institutional guarantee.

Assessing employees' performance

Vipshop comprehensively and objectively reviews employees' performance and conducts through key performance and value assessment, 360 Leadership Assessment, talent stock-taking, work reporting, to identify the current talent gap. In 2020, we assessed the performance of all employees and included the assessment of employee values involving “being kind, caring and charitable” into the long-term incentive plan.

Rolling out long-term employee incentive plans

On the basis of performance assessment, we roll out long-term employee incentive plan, and implement a restricted stock incentive plan for non-executive employees with outstanding contribution, which covers about 30% of the non-executive employees. In 2020, the restricted stock incentive plan covered employees at V4 positions or above, awarding a total of over 1 million options.



Bringing Warmth to Every Vipshop Employee

Vipshop regards every employee as a family member. We send warmth and show care to employees through welfare programs, and organize a number of relaxing and pleasant activities to enrich employee's life after work, to help them balance work and life and enhance their sense of happiness in an all-round manner.

Caring for employees

In 2020, Vipshop further improved its comprehensive "Benefiting, Caring, and Growing-up" welfare system providing employees with more comprehensive benefits and support. Through considerate and caring benefits, we show care to employees, boosting their sense of happiness, identification and belonging.



Benefiting

- Paid annual vacation
- Statutory annual leaves
- Annual physical checkups
- Paid sick leave
- Commercial insurance
- Social security and the housing provident fund
- Gyms and fitness courses
- Health V Station & physiotherapy service & sleep cabins
- Parking space, sky swimming pool, shooting hall, employee internal purchase, comfort hall, barbershop, KTV, cinema, golf room, basketball court
- Free three meals a day
- Shuttle buses
- Household registration services for employees based in Shanghai and Guangzhou



Caring

- Interest-free housing loan
- V-Love Fund
- Customized gifts for holidays and festivals
- Welfare annual leave, parents' meeting leave, charity leave
- Employee activity association
- Department-specific birthday parties
- Wedding and birth gifts
- Annual meeting



Growing-up

- Personal training and growth program
- Tuition subsidy application (internal & external)
- V-Learning 24-hour-a-day learning platform
- Vipshop school lecturer system
- Various clubs
- Library
- Team building
- Public welfare activities

Caring for employees with special needs

Vipshop established the VIP Love Fund with contributions of each and every employee. The fund comes from employees and goes to employees in need. We also carry out the VIP Love Reimbursement Program through the Labor Union to free employees from worries, and reimbursed RMB 1.57 million for 174 employees in 2020. Besides, we provide special benefits and welfare to special groups, such as the disabled employees and those in need. Relevant welfare care measures have been developed for pregnant and lactating employees, including priority in queuing for meals and well-equipped maternal and infant rooms.



Sending flowers to female employees on the International Women's Day

Promoting work-life balance

We believe that it is our duty as a responsible employer to boost employees' mood and help them achieve work-life balance. In 2020, we continued to carry out various activities, such as club activities, lunchtime concerts, family day, and parent-child activities, to enrich employees' life after work, build a platform where employees can develop interests and show their talent, and thus unleash their passion for work.

Flexible working hours. Employees are allowed to work in flexible hours within certain limits as long as they can meet the job requirements.

Sports facilities. The office area is equipped with recreational facilities, including gyms, dancing studios, yoga zones, and basketball courts open to employees.

The Vipshop family day



Cultural and sports clubs. We have a variety of employee clubs themed on basketball, football, baseball, table tennis, tennis, jogging, dancing and so on to enrich employees' life.

Sports activities. VIP Love Marathon and hiking activities are organized every now and then, such as the Vipshop Cosplay Mini Marathon in 2020.

The VIP Football Team



The 2020 Vipshop Cosplay Mini Marathon



The lunchtime concert





唯品会
品牌特卖

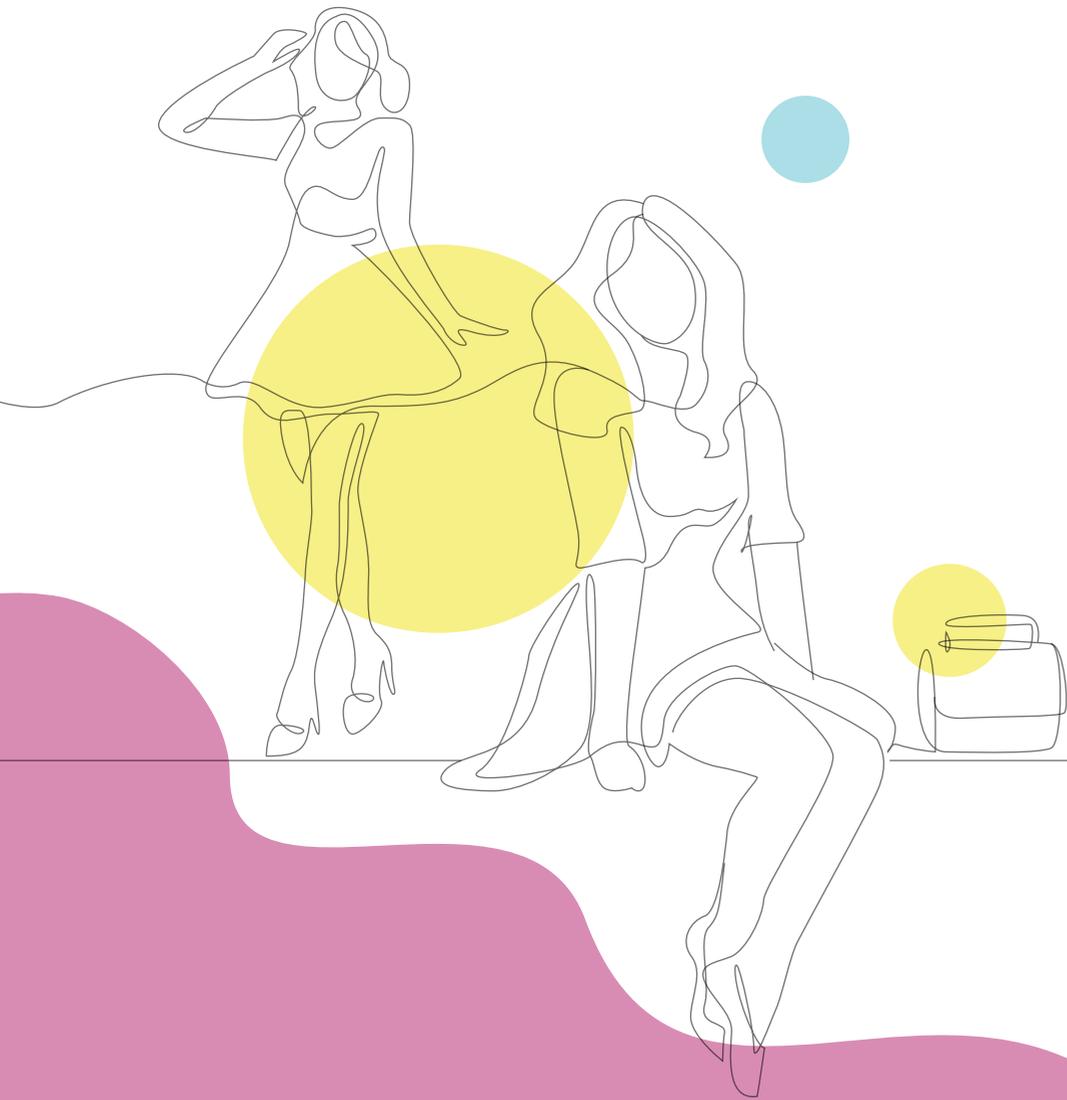
What Vipshop Offers

Responsible for customers

Upgrade the core strategy, and improve service quality to create a full-scenario consumption pattern for customers .

Responsible for partners

Standardize the management of brand suppliers, and enable access to more superior resources to help partners achieve sustainable development.



Discount Sales Leading a Quality Life

According to the data released by iResearch, China's discount sales market is expected to exceed RMB 1.6 trillion in 2021. Consumers are making more rational shopping decisions, preferring quality products with reliable brands and reasonable prices. As a market leader, the Company aim to allow every customer to lead a happy and quality life as easily as a VIP by providing more diverse and cost-effective branded products with more reliable quality, as well as better services. We have promoted comprehensive upgrading of the "discount sales of branded products" strategy.



Full-matrix Upgrade of “Brand Discount Sales”

692 million orders in 2020

up 22% year on year

83.9 million active customers

up 22% year on year

677 million orders placed by repeat customers

up 22.5% year on year

“We will continue to provide customers with an amazing experience of discount sales of branded products by sourcing deeply-discounted products, developing more bespoke products with well-known brands, and increasing investment in customer experience improvement.”

—Shen Ya, Chairman and CEO of Vipshop

After the coronavirus was largely put under control in China, the consumption of quality and cost-effective products became a new trend. Consumers became more rational, more conscious of cost performance, and more willing to pay extra for premium and deeply-discounted goods. This sped up the shift from brick-and-mortar shopping to online shopping, enhancing the frequency and stickiness of online consumption.

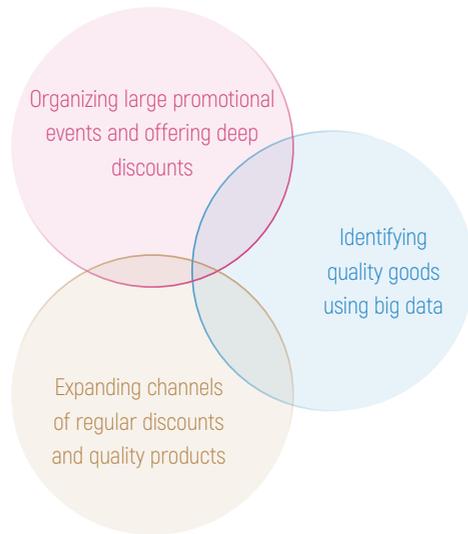
In 2020, Vipshop seized the trend of online consumption recovery and adhered to the innovative e-commerce model of “brand discount + limited offering + guaranteed authenticity.” In September, we launched the new slogan, highlighting the concept of “branded products” with more emphasis on “deep discounts” to appeal to a wider range of age groups. We aim to establish a comprehensive online and offline discount sales platform for the masses where customers can buy quality products at deep discounts to meet their aspiration for a better life.



Upgrading Operations to Deliver the Best Consumer Experience

A premium shopping experience is one of the underpinnings of continued growth of online retail. Focusing on the core strategy of "Brand Discount Sales", Vipshop continues to work on social e-commerce, deepen the consumption pattern of "selective brands, deep discount, and limited offering", and launch more innovative, diverse and user-friendly consumption scenarios, providing our customers with the best shopping experience possible.

We organized large-scale promotional activities, such as November 11 promotion campaign and 12.8 Anniversary Sale, where we met diversified consumer demand by offering them products at low prices, as well as the greatest variety of popular brands.



We provided more regular discounts, such as VIP Snap, On Sale Now, Limited Offering, Clearance Sale of Branded Products, so that customers could buy products at a more affordable price than other platforms.

We use big data to identify high-quality goods that meet consumer requirements, and impel brand suppliers to redirect their production and accelerate their work, so as to reduce product prices. We also drive brand suppliers to develop new product models, update fashion designs faster, and tailor clothes to the preferences of Chinese consumers, making a number of domestic brands go viral.

Case: Offering the Lowest Prices at the 12.8 Anniversary Sale

The 12.8 Anniversary Sale kicked off at 10:00 am on December 1, 2020. In this annual shopping spree, brand suppliers offered Vipshop consumers the biggest discounts of the year. The event covered massive categories of trending, premium, cost-effective and brand-new products to satisfy consumers' demands.

Subsidized discounts

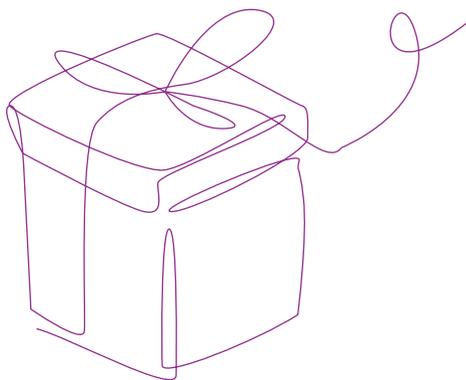
In addition to the annual discounts provided by brand suppliers, we offered extra subsidies to consumers who, when buying more than two products, can enjoy another 10% discount on the basis of the lowest discount of the year. At the same time, Vipshop Super VIP members could enjoy an additional 2% discount when shopping in our over 300 offline stores nationwide.

Recommendations from celebrities via live streaming platforms

During the 12.8 Anniversary Sale, influential Internet celebrities, including Li Dan, Qi Wei, Xue Zhiqian and Jike Junyi, shared their shopping tips and product experience on Vipshop's official account on Douyin (the Chinese version of TikTok) to help consumers select good products. In addition, Luo Yonghao recommended Vipshop's best-selling products to his audience in his live streaming room.

Collection of Goods from around the World

Deepening economic globalization in recent years has seen the globalization of consumer demand: branded products from overseas are gaining popularity among domestic consumers. To satisfy their demands, Vipshop released a five-trust upgrade strategy for cross-border business, aiming to build five core competitive advantages of "authenticity, selected goods, price, service, and size". We have changed ourselves from "Discount Sales Platform for Cross-border Goods" to a "Lifestyle Service Platform" where customers can "enjoy a wonderful life with global goods", and introduced more international brands to our consumers to give them more shopping choices.



An All-category Platform

 Boutique Clothing

 Beauty & Personal Care

 Overseas Products

 Maternity, Kids' & Baby Clothes

All-category goods

Focusing on the our positioning as a "overseas direct purchase of global brand", we continue to strengthen cooperation with domestic and overseas brand suppliers, which are numbered in more than 30,000. We offer a product mix covering a wide range of categories, from apparels and cosmetics to maternal and children's clothing.

Buyer teams around the world

Vipshop adheres to the strategy of "direct sourcing from places of origin, self-run authentic goods, free shipping and tax included". We have 10 offices around the world, including New York, London and Tokyo, and have a team of buyers with more than 2,000 people, who select all categories of goods worldwide to satisfy the growing consumer needs.



More than
30,000 brand partners

More than
2,000 professional buyers around the globe

Satisfaction of Differentiated Consumer Needs

To meet the diverse needs of different customer groups, we deepen cooperation with our brand partners, and use emerging technologies such as big data to identify the shopping preferences of each group, thus providing customers, old and new, with products they want and meeting their differentiated needs.

The core female customer group

A report from Nielsen, co-produced with Vipshop and Tencent News, finds 67% of Chinese women, especially those in first- and second-tier cities, are responsible for all household purchases. With the focus on the household needs of female consumers, we diversify our international brand products and daily necessities, covering all household scenarios in China.



Cosmetics

In response to the growing demand for skin care products for sensitive skin, we work with Winona, a domestic brand specializing in sensitive skin care, to promote the development of customized anti-sensitive series, which are well received by consumers.



Dietary Supplements

For female consumers who are health conscious but often stay up late, we have launched Swisse's Liver Detox, Grape Seed and Deep Sea Fish Oil on our website, which have become blockbuster products since then.



Maternal & Baby Products

To cater to young mothers who were born in the 1990s, we cooperate with Aptamil to introduce the German version of Aptamil Profutura Milks Range, which is the best-selling milk powder product on Vipshop.

Growing of the male customer group

Based on our insights into the needs of male customers, we have introduced more popular items appealing to male consumers, and launched new top-brand sportswear products at a discount of 30% to 50% to cater to the needs of big fans of sports and fashionable shoes.



Upgrading Distribution Channels for New Retail

In 2020, Vipshop accelerated to open more brick-and-mortar stores, including Vipmaxx Offline Stores, Vipshop Offline Stores and Outlets. With our extensive experience in online platform operations, we also ensure the best shopping experience for our offline customers the best by offering them popular, cheap, authentic and quality products and providing consumers with a more personalized shopping experience through personal recommendation from and interaction with sales staff.

Vipmaxx Offline Store

Vipmaxx Offline Store, an all-category community discount sales brand under Vipshop, offers clothing, skin care products, cosmetics, and mobile consumer goods in community shopping centers or shopfronts to local residents at affordable prices. Relying on powerful procurement, logistics, and retail technology, it has built a stable supply chain, and established partnership with 1,186 brands through buyout, sale by proxy, and other forms. It constantly provides high-quality low-price authentic products to consumers under the FMCG model. By the end of 2020, about 240 Vipmaxx Offline Stores had been opened in 27 provincial regions around China, meeting the purchase needs of customers throughout the country and helping them lead a better life.



Scope of services

Located in domestic communities and business districts, Vipmaxx Offline Stores provide a wide range of goods from clothing, electronic products, cosmetics, home textiles to mother & baby products, making it quite convenient for residents to do offline shopping.



Quality control

Vipmaxx Offline Store has a fully-fledged system for inspection before sale. All the large goods arriving at the warehouse of Vipmaxx Offline Store will be inspected and sorted by the quality control personnel of the warehouse. The defective products will be returned to the suppliers.



Special services

To improve the offline shopping experience and reduce shopping costs, Vipmaxx Offline Store keeps sorting its products by the bar code. It has also established a complaint response group with the customer center of Vipshop to report customers' complaints to the terminal for rectification and optimization as soon as possible and to improve customer satisfaction.

Vipshop Offline Store

Vipshop Offline Store is a community-based shopping center established in line with the trend of integrating online and offline retail channels. Through the optimum combination of fashion, brand, price and quality (FBPQ), and based on rich online brand resources and strong customer network data, we search for popular fashion brands from at home and abroad, and provide consumers with the best products and shopping experience at attractive prices. Vipshop Offline Stores cover first- to fifth-tier cities around China, mainly in community shopping centers, with different branded products available for cities at different tiers. This allows us to give consumers a differentiated and personalized offline shopping experience. With a brand-new business model, about 310 Vipshop Offline Stores were opened in 32 provincial regions.



Vipshop city outlet

On December 24, 2020, our first city outlet was opened in Hefei, equipped with such amenities as a supermarket, cineplex, fitness club, KTV, bookstore, video arcade, children's playground and other lifestyle service facilities. With the mode of online-offline integrated discount sales, we join hands with chain brand partners at home and abroad to continuously improve the consumer service system and immersive experiences, providing consumers with better goods and services. In addition, we have signed contracts to open more outlets in major cities in China. Under the "Plan 550", we will restructure urban business landscape and upgrade the consumption behaviors and lifestyles of local residents by offering "Brand Discount Sales".

- Targeted at consumers living around the shopping center, Vipshop City Outlet (Hefei) is harnessing the advantages of the commercial circle to establish a reputation as a shopping, leisure and entertainment destination for local consumers.
- We organized promotional activities online and offline, and strengthened the connection between offline stores and customers. Based on customer management, marketing management and online business platforms, and with the help of mobile Internet and big data technology, we provide customers with a full range of online and offline services.
- Whole-process service management is in place to fully safeguard the interests of customers: 1) the quantity and appearance of goods are checked and recorded before sale; 2) mark clearly the prices of goods, regulate the management of price tags, and handle customers' feedback properly; and 3) strictly implement the 7-day no-questions-asked return policy for goods sold.

Guaranteed Product Quality across Categories

Vipshop has released a series of measures such as "10 Guarantees for Authenticity" and "9 Articles for Quality Control", and built a closed-loop and traceable guarantee system featuring global direct sourcing, commodity inspection, online and offline linkage, insurance guarantee, and after-sales service. With these measures, we aim to deliver high-quality operations and services for and meet the personalized needs of our customers.

Nine quality control principles

- | | |
|--|--|
| All platforms take responsibilities in the first place | Return of goods and refunds without reasons within 7 days (except for some special products) |
| Inspection by professional institutions | Formal authorization of well-known brands |
| Traceable closed-loop service process | Human-machine interacted verification of advertisements |
| Quality management system certification | Multiple insurances |
| Eight checkpoints for product quality | |

10 guarantees

- | | |
|------------------------------|-----------------------|
| Strength-based reliability | Quality assurance |
| Goods supply guarantee | After-sale guarantee |
| Authorization guarantee | Third party guarantee |
| Quality inspection guarantee | Credit guarantee |
| Logistics guarantee | Authority guarantee |



Guaranteed Source of Commodities

Adhering to the strategy of providing "goods directly sourced from places of origin and sold by Vipshop", and based on our partnership with a variety of brands, we set up buyer teams in many countries and regions around the world to source goods and ensure their quality from the places of origin.

Direct sourcing around the globe to ensure the authenticity of goods: Vipshop visits the places of origin for field surveys and certification of origin, comprehensively evaluates the suppliers and inspects the environment of production plants. At the same time, we cooperate with specialist accreditation agencies to verify the authenticity of goods, establish a supplier integrity evaluation mechanism, and adjust the procurement strategy according to the sampling results, thus ensuring that all the products we sourced are authentic.

Authenticated supply of goods with authorization guarantee: Vipshop cuts intermediaries and directly sources goods through legal channels from brand manufacturers and officially authorized general agents. We have established strategic partnership and signed strategic procurement agreements with many industry leaders, thus ensuring that every product sold has official traceability channels.

Strict Control of Process

To “build a complete process for products sold by Vipshop”, we have put in place our own product inspection process consisting of 5 inspections before sale and 3 inspections during sale. All the goods are subject to strict quality inspection and supervision on all links, including sourcing, inbound arrival, storage, sales, outbound delivery and logistics, to deliver high-quality goods to every customer.

Link	Key Point	Measures
Sourcing & Inbound Arrival	IQC	Carrying out sampling inspection on the quality and compliance of key branded products delivered by suppliers to Vipshop warehouses; The warehouse IQC team is responsible for checking the package, physical integrity, colour value code of the product.
Warehousing	Sampling Inspection	Regular and circular assessment to grade the product quality and check the expiry date.
Outbound delivery	OQC	Spot-checking the quality grade of goods for compliance with sales standards when orders are sorted for outbound delivery.
Logistics	Handover	Improving the packaging quality and transit containers to increase the freight load and enhance the transport safety; reducing the use of plastic woven bags to promote green and sustainable development.

Worry-free after-sales Services

To “improve customers’ shopping experience”, we have put in place a well-developed after-sales service mechanism, which, from offline goods inspection, nationwide quality assurance, promised compensation for fakes, to 7-day no-questions-asked returns, to deliver customers a safe and worry-free shopping experience.

Third-party insurance guarantee

Every commodity sold by Vipshop is insured by PICC, with promised quality guarantee.

Worry-free return and after-sales services

Vipshop establishes a complete after-sales refund or replacement system for consumers. In addition to 7-day no-question-asked return commonly practiced in the industry, we offer speed return or refund service with the help of the warehousing system for goods sold by Vipshop and SF Express.



Considerate Whole-Process Services for Customers

Committed to "serving members wholeheartedly", we focus our services on practical areas that customers are most concerned about, including logistics, after-sales service and information security. To create a quality and pleasant shopping experience for our customers, we have employed information technology to these areas, and continuously introduce new service models and better services.



Parcel sorting machine

Efficient and Convenient Logistics Services

The timeliness of warehousing and delivery will directly affect the degree of customer satisfaction. Therefore, we have built an intelligent and automatic warehousing system, and launched a number of logistics automation projects to increase the efficiency of outbound delivery. We have also strengthened cooperation with SF Express to provide users with better logistics services.

Intelligent warehousing. In 2020, we launched the Northeast China Warehouse Transport Line Project and the Huzhou Phase II Customer Return and Overhauling Center Automation Project in East China. Telescopic belt conveyors are adopted to load and unload trucks. Merging/diverging directions turning roller conveyors are introduced in all links of transportation of goods, including IQC, racking, sorting, collection, retrieval and return to suppliers. By doing so, we effectively recycle empty containers in all links, automate operations in inbound arrival, order sorting and withdrawal, and make long-distance transport between warehouses easier.

Nationwide delivery. We further our cooperation with SF Express for continuous improvement of the speed and quality of our logistics and delivery services. By the end of 2020, our delivery services basically have achieved full coverage in China, to ensure high-quality last-mile delivery services.

7 logistics hubs equipped with automatic warehousing systems

1 million square meters of automatic warehouse space and **75** km transport lines

The world's largest honeycomb system and **3** sets of the world's most advanced commodity sorting machines

High-Quality Services to the Satisfaction of Customers

Vipshop integrates the protection of consumers' rights and interests into our corporate governance and corporate culture in strict compliance. We provide consumers with enjoyable services on our platform by safeguarding their rights and interests, including information security, free returns & exchanges, comments and guaranteed prices.

Convenient returns and exchanges. We provide free door-to-door return and exchange services for customers. SF Express picks up returned goods sold by Vipshop.

“ The pair of SKECHERS GOwalk shoes I bought on the Vipshop platform cost me only RMB 185, compared to the price tag of RMB 649 in the brick-and-mortar brand store. When I received the shoes and tried them on, I found them a bit small, so I applied for free door-to-door exchange service. I received the new shoes delivered by the courier in only two days. ”

—Mrs. Chen, a customer from Chongqing

Guaranteed prices. We work to improve the shopping experience, operations and services. By upgrading the customer service system, we help solve customer complaints in a timely manner and deliver the refund more quickly. We also offer 10-day price protection starting from the day of purchase. These services assure our consumers, thus improving their stickiness, repurchase rate and satisfaction, and driving the long-term growth of the number of Super VIPs.

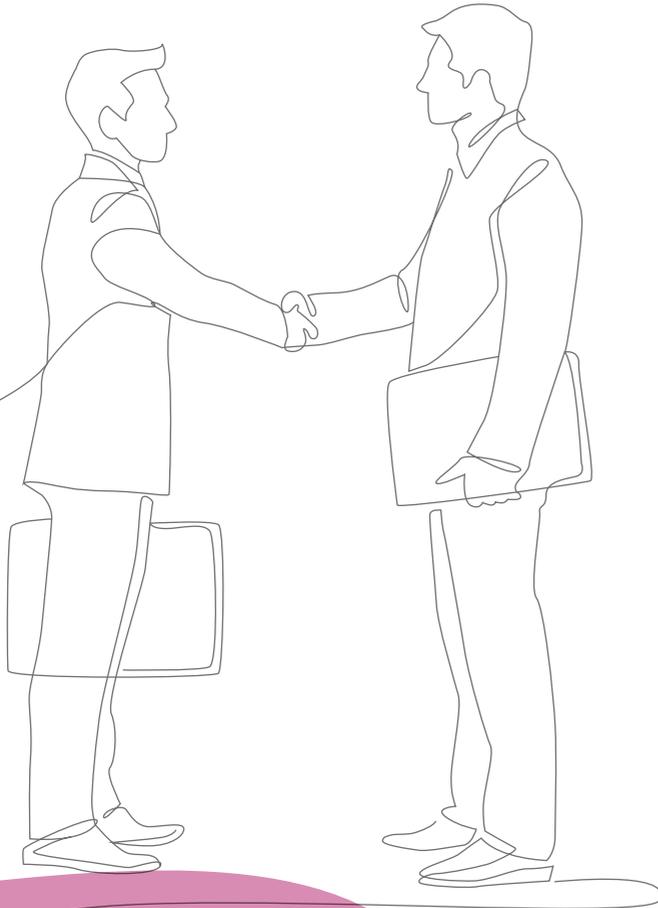
Openness to feedback. We value every customer's feedback. We have set up a call center, an online customer service center and an intelligent customer service system, provided unimpeded channels for customers to make complaints, and optimized the procedure for handling customer complaints, so that the voice of customers can be heard quickly and conveniently and their problems be solved as soon as possible. By the end of 2020, we had nearly 2,000 customer service specialists who respond to customers' demands and suggestions on the internet or over the phone.



Customer satisfaction surveyed over the phone **98.44%**



Online service center



Cooperation

Pooling Resources for Win-win Outcomes

Supply chain management is a key link underpinning the sustainability of a business. We closely follow the social, economic and environmental impact of our supply chain, and work to ensure continued supply of goods and respond to supply risks effectively. We incorporate compliance, quality and environmental considerations into our supply chain system featuring openness, fairness and impartiality, which allows us to gather multiple resources for win-win outcomes.

Building a Sustainable Supply Chain

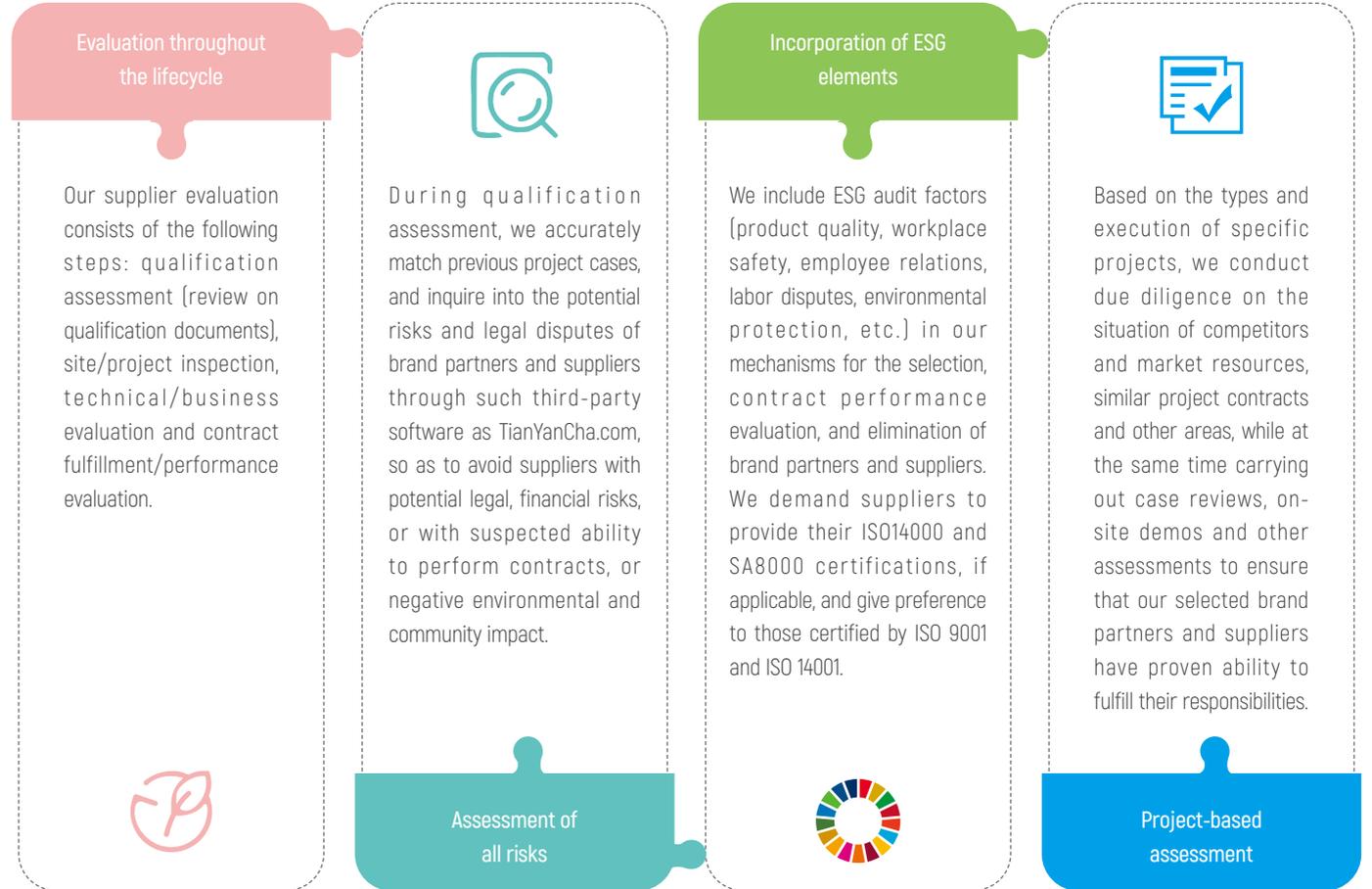
Vipshop believes that a sustainable supply chain is the cornerstone of our long-term development and the quality of our products and services. Based on the pursuit of high quality, and guided by safety, environmental protection, labor practices and other elements, we work and grow with our suppliers through mutual aid and mutual benefit.

Lifecycle Management

We manage our brand partners and suppliers across the entire lifecycle, from access, cooperation, evaluation and improvement to disqualification. We are committed to improving the sustainability of our supply chain and building a reliable and trusted supply system for end consumers.

Supplier Access

The access of our suppliers is based on the principle of sustainable development. We evaluate suppliers' ability to fulfill their responsibilities in terms of quality, environment and labor practices, and build a supply chain value system that benefits suppliers, consumers and Vipshop.



Supplier Coaching and Support

We remain committed to seeking long-term, common development with our brand partners and suppliers, and supporting them in their growth and expansion.

We dedicate ourselves to establishing a multi-channel, efficient and regular communication mechanism with our brand partners for mutual benefit. We regularly invite brand partners to visit us, and in 2020, had two to three meetings with KA brands per month. (Some activities were held online due to the pandemic). We also hold annual or semi-annual conferences with our brand partners, as well as quarterly symposiums with category-specific suppliers.

In 2020, we took the initiative to fulfill our social responsibility by supporting the brand partners and suppliers hard hit by the COVID-19 outbreak, to tide them over the difficulties by cutting our profit margins and providing them with subsidies.

Case: Standing with Hubei to Pull Through the Difficult Times

From January to April 2020, in order to support Hubei suppliers stricken most severely by the epidemic, we provided them with millions of subsidies. For other suppliers affected by the epidemic, we launched the "Warm Spring Project" and "Climbing Project", as well as a number of sales rebate events during the Spring Festival holiday and winter in 2020, to boost the sales of brand partners and make up for their losses in the first quarter of the year. The total amount of rebate reached nearly RMB 100 million.

Evaluation and Disqualification of Suppliers

We carry out annual evaluation of our suppliers based on quality and throughout the project lifecycle, focusing on business ethics, quality control, corporate culture, environmental awareness, labor practices, among other fields. By the end of 2020, none of our suppliers was found to have sustainability risks.

The quality of our suppliers is assessed on a monthly basis in forms of pre-sale and during-sale sampling inspection and after-sale customer feedback collection. For partners rated as "to be improved", we will set improvement targets and measures, and check all their products with third-party inspection agencies. This has helped us reduce the product quality complaint rate.

A responsive system. We take faulty products reported by our members off the shelves, and urge suppliers to strengthen quality control and enhance our members' shopping experience.

Full-coverage sampling inspection. Both the sampling inspection budget and scale have been increased by 70% to cover all brands. Brands with substandard products will be subject to repeated inspections, and suppliers which fail repeatedly in the inspections might be disqualified.

Credit rating. We work with specialist accreditation agencies to verify the authenticity of products, and put in place a mechanism to rate the credit of suppliers based on the results of sampling inspections. Our procurement strategy will be adjusted accordingly.

Performance in Supply Chain Management

KPIs	2018	2019	2020
Number of non-product suppliers	678	2,493	3,274
Percentage of supplier's contract performance (%)	100	100	100
Number of newly-added suppliers	203	713	781

Supplier Compliance Management

Upholding business ethics, Vipshop continuously strengthens supplier compliance management to provide an open, transparent and fair platform for suppliers.

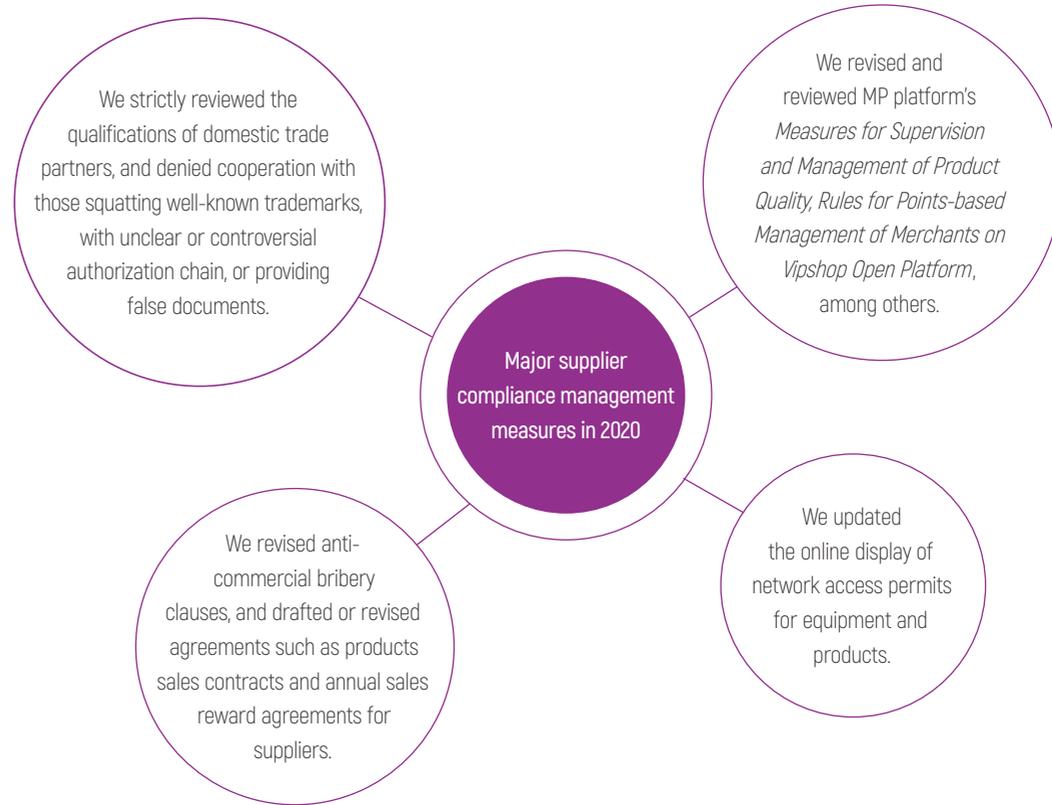
A Fair Competition Platform

We have offline and online anti-corruption communication and training activities for suppliers, and demand all brand partners and suppliers to sign the *Agreement on Anti-commercial Bribery* and the *Confidentiality Agreement* in line with *Vipshop Procedure for Procurement Management*.

The Legal Department, Compliance Department, Asset Purchase Department, Business Center and Finance Center work together to build an open and fair playing field for suppliers by supervising the bidding process and conduct annual compliance evaluation of brand partners and suppliers.

The Bottom Line of Business Cooperation

With the Asset Purchase Department as the lead department, we regularly assess the risks facing supplies to fulfilling their responsibilities, monitor and control the supply risks, and promptly take countermeasures in response to abnormal situations. If necessary, the Legal Department, Compliance Department, Finance Center and other departments will intervene in time to avoid risks. In case of any illegal, non-compliant or unethical behaviors of our brand partners and suppliers, we will initiate the reporting process without delay, and terminate cooperation with them immediately on the instruction of the procurement director.



Empowering Brand Partners

To meet the ever-changing consumer demand, e-commerce platforms must continue to innovate. Vipshop is well aware that we alone cannot meet consumers' needs for a better life. Only through deep and win-win cooperation with the brand partners can we provide consumers with better products and a better shopping experience.

By giving full play to our advantages in the fields of big data, platform support, logistics and warehousing, we provide solutions for many brand partners regarding market insight, channel development, consumer interaction and goods turnover. This helps them break development bottlenecks, and eventually achieve a win-win situation among brand partners, consumers and Vipshop.

Brand Express Project for a Win-win Result

Our "Brand Express Project" serves as the forefront of regular discount sales, daily sales, and product transformation. We set to boost brand performance on our platform and help brand partners achieve rapid growth through two major IPs -Big-Brand Discount Sale and Trending Products Day.



Big-Brand Discount Sale

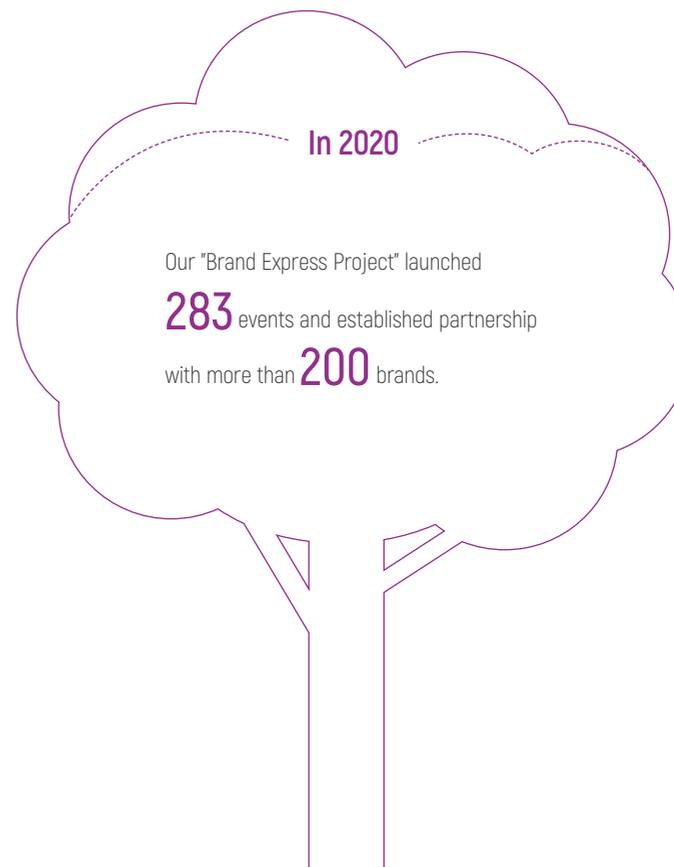
This helps leading brands consolidate the existing market share and tap potential markets, thus gradually narrowing the gap with their peers and achieving explosive growth.



Trending Products Day

This event allows customers to buy best-selling products sold at deep discounts, promotes potentially trending brands, and attracts new customers to different product categories. It is an event where the most trending products go viral within a shorter time.

Big-Brand Discount Sale is designed as a comprehensive, three-dimensional communication platform between brands and customers. Through in-depth research into customers, we provide online and offline market opportunities for our brand partners such as Bosideng, SKECHERS and leading beauty brands, assisting them in quickly adjusting product planning and expanding product lines to meet the personalized needs of our customers. By doing so, we have succeeded in making the sales volume of a trending product hit 1 million.



Case: Big-Brand Discount Sale Stimulates Bosideng's High-quality Growth

In 2020, Vipshop and Bosideng signed a cooperation agreement. Our discount sale events empowered Bosideng to grow in terms of products, channels and marketing, achieved 105% of the target, raising its sales by 65.3% year-on-year.

We offered personalized product planning suggestions and promoted product line expansion and supply chain upgrade

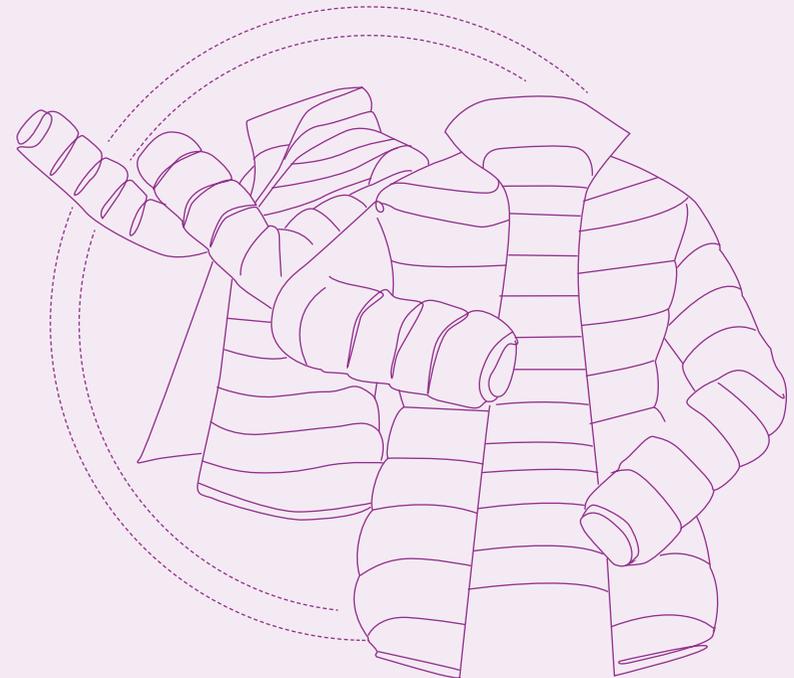
With Big-Brand Discount Sale and our suggestions, Bosideng diversified its product lines and launched a variety of Vipshop-exclusive products. Since August 2020, Bosideng has participated in six Big-Brand Discount Sale events, and topped Big-Brand Discount Sale in the category of women's clothing in 2020.

We helped sort out Bosideng's annual plan to ensure its continuous growth

Prioritized scheduling was set up to balance daily sales and discount sales. We helped Bosideng approach potential customers with full exposure, high-quality products, and competitive prices.

We integrated resources inside and outside us to help brands reach their target customers

Resources inside and outside our network, including homepage displays, search results, targeted user communication, live streaming, and OTD advertising, were fully utilized to help brands connect with highly-related customers and improved input-output ratio. In October 2020, Bosideng did its first live streaming in Big-Brand Discount Sale, which attracted a great many new high-quality customers.





Corporate Citizenship

Responsible for society

Adopt a sustainable vision of corporate development, integrate the gene of charity into our corporate culture, and take concrete actions to spread love.

Responsible for the environment

Integrate the concept of green development into our strategy, business and actions, serve the low-carbon lifestyle with green e-commerce, and live in harmony with the environment.



Charity

Giving Back to Society

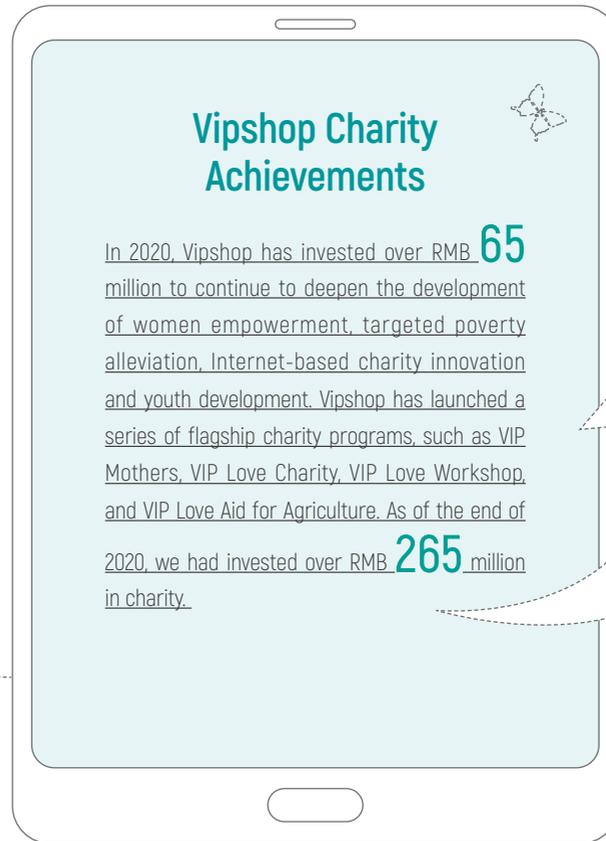
As Internet-based charity gains popularity, it has been attracting the participation of more and more diverse groups. Giving full play to our advantages, Vipshop applies the thinking of Internet to the planning and implementation of charity programs, to promote the development of charity undertakings, especially in such areas as women empowerment, targeted poverty alleviation, Internet-based charity innovation, and youth development. We have organized various charity programs and provided more considerate and valuable services to the disadvantaged groups, aiming to inspire people to be kind to each other and take actions through a more convenient and diversified way of interaction, thus making due contribution to building a better community and enjoying a happy life.





Visible E-commerce Charity Outcomes

Making full use of its advantage as an e-commerce platform, Vipshop has worked together with consumers, brand partners, suppliers and other stakeholders to explore a sustainable charity ecosystem, and successfully built an Internet-based charity model with distinct business characteristics. We have created more shared value and promoted the development of charity undertakings with the force of enterprises, market and the Internet.



Contributing to Poverty Alleviation

Having suffered from poverty for a long time, people are longing for moderate prosperity. By the end of 2020, all the 832 poverty-stricken counties in China had emerged from poverty, marking the eradication of extreme poverty in the country, and achieving the poverty reduction goals set by the UN 2030 Agenda for Sustainable Development 10 years ahead of schedule. On the poverty reduction road with Chinese characteristics, Vipshop gives full play to our advantages as an e-commerce enterprise and keeps exploring a new model of Internet-based poverty alleviation, so as to empower the development of industries, to improve education and to enhance people's wellbeing in poor areas, and to promote the steady development of industries and rural revitalization in all respects.

VIP Love Workshop Breathes New Life into Intangible Cultural Heritage

The VIP Love Workshop e-commerce platform brings together intangible cultural heritage, fashion, e-commerce and poverty alleviation forces. It helps artisans of intangible cultural heritage increase income through e-commerce marketing and sales. It also promotes the transformation and upgrading of related industry chains by means of artisan training, product development and marketing, in an effort to empower locals to emerge from poverty with the help of intangible cultural heritage.



The inauguration of Vipshop's Liangshan traditional crafts workshop with support from the Ministry of Culture and Tourism



Cultivating people

cultivating inheritors of intangible cultural heritage

Working together with Mother Handcraft Special Fund of China Women's Development Foundation, Vipshop has built 11 VIP Mothers Intangible Cultural Heritage Handicraft Cooperatives across the country to train more intangible cultural heritage craftsmen and expand the production team, so that the intangible cultural heritage can be better inherited.

Developing industries

bringing the hope of becoming rich by developing intangible cultural heritage economy

Joining hands with more than 20 famous brands and many designers, Vipshop Love Workshop has developed more than 200 fashionable and practical intangible cultural heritage products for 30 kinds of intangible cultural heritage crafts in China, covering men's wear, women's wear, children's wear, accessories, shoes, bags and cultural & creative products, so as to expand market development space and promote the vitalization and inheritance of intangible cultural heritage.

In Zhijin County, Guizhou Province, Vipshop Love Workshop helped build the VIP Mothers Batik and Miao Nationality Embroidery Artisan Cooperative and introduced 7 famous brands and 4 independent designers to develop batik products. At the same time, Vipshop signed batik orders with Zhijin County for canvas bags and silk scarves, etc., which helped over 2,000 local embroidery women get paid for their work, and directly lifted more than 600 poor households out of poverty.

In Liangshan Prefecture, Sichuan Province, Vipshop's Liangshan traditional crafts workshop with support from the Ministry of Culture and Tourism was launched. Making joint efforts with many partners, Vipshop launched the intangible culture heritage design alliance for poverty alleviation. Focusing on such national intangible cultural heritage programs as Yi Nationality costumes, embroidery, etc., the Liangshan traditional crafts workshop has introduced advanced design, enhanced handcraft training, improved handcraft quality and increased sales efforts to help locals fight poverty. We also held the first Liangshan Innovative Design for Intangible Cultural Heritage Competition to raise public awareness of Liangshan's intangible cultural heritage and boost the development of related industries.

Integration

introducing intangible cultural heritage products into public life

We launch a special intangible cultural heritage charity shopping festival under the theme of "Awakening the Beauty of Thousands of Years" on Vipshop App to connect with the public members, bring the intangible cultural heritage products back to the public eyes, and promote the marketization and industrialization of fashionable intangible cultural heritage products.

In 2020, with the support of the Liangshan traditional crafts workshop and leveraging live streaming economy, Vipshop launched the online Intangible Cultural Heritage Shopping Festival on Cultural and Natural Heritage Day. The feature products of the shopping festival were accessories and small household items designed with intangible cultural heritage. They were practical and fashionable, widely popular among customers. One of the breakout stars was the handmade tie-dyed folding fan, with 10,000 such fans sold, thus integrating intangible cultural heritage products into public consumption life through shopping experience.

Case: Liangshan Innovative Design for Intangible Cultural Heritage Competition brings intangible cultural heritage into everyday life again

Fashionable bags with Yi Nationality elements, modern Yi Nationality costumes, children's hats with diverse patterns, carpets with Yi Nationality patterns... At the finals of the First Liangshan Innovative Design for Intangible Cultural Heritage Competition, the models in Yi Nationality costumes displayed the designers' works to the audience. Thanks to these works combining Yi Nationality culture and modern fashion, more elements of Yi Nationality were introduced to a bigger audience.

The competition was held by Vipshop Liangshan Traditional Crafts, aiming to combine excellent Yi Nationality culture with modern industrialization, and to discover and attract a group of outstanding designers who can design fashionable modern cultural & creative products reflecting the beauty of Yi Nationality's intangible culture and of high practicability and market value, so as to promote the development of local handicrafts industry and increase the income of handicraft people.

Empowering Children through Education

Vipshop pays great attention to empowering poor youth through education. We offered financial aid to and exchanged correspondence with students and made purpose-specific donations to impoverished areas, to actively explore a more sustainable and long-term model of education improvement after local emerge from poverty, so as to ensure the healthy growth of young people and break the intergenerational transmission of poverty.

Helping students in need. Vipshop charity continues to support the Teach for China and Blue Letter Project for Left-behind Children to implement long-term assistance mechanism and narrow the education divide for teachers and students in poor areas. We also donated to Hangzhou Westlake Education Foundation, to provide grants for undergraduates and graduate students from poor families and to support doctoral education.

The Correspondence Exchange Program



Cyber security courses. In collaboration with China Social Entrepreneur Foundation, we have opened cyber security courses in rural schools to raise the awareness of schools, teachers and parents of educating minors on cyber security, to enhance the minors' ability to protect themselves and reduce minor victims in the cyber world.

VIP Love Aid for Agriculture Increases Farmers' Income

Giving full play to the advantages of e-commerce, VIP Love Aid for Agriculture actively seeks and recommends high-quality agricultural products to consumers and has developed new online sales channels to fully motivate farmers in impoverished areas to emerge from poverty through their own efforts.

Launching agricultural specialty products on our e-commerce website. Hubei branch of VIP Love Aid for Agriculture took the initiative to open green channels for agricultural products from Hubei, sped up the approval process, and exempted them from entry fee, platform fee and deposit to relieve the merchants' financial pressure before sales.

Selling goods through live streaming. After launching these agricultural specialty brands online, Vipshop seized opportunities brought by as the Online Shopping Festival for Branded and Quality Products held by the Ministry of Commerce and the first Guangzhou Live Streaming Festival to raise the visibility of these brands and increase the sales.

In 2020, VIP Love Aid for Agriculture operated one national branch, six provincial branches and brought 85 agricultural product brands online.

In total, we helped market over 500 agricultural product models of more than 150 brands, and generated the sales of RMB 5 million.

Empowering Women in Diverse Ways

In 2017, Vipshop charity launched VIP Mothers to support charity organizations providing health care, economic empowerment, education empowerment, rights and interests protection, and other services to single-parent families. By building a charity ecosystem, Vipshop provides practical support to single-parent families in distress.

New Upgrade

In September 2020, VIP Mothers was upgraded into an online charity platform to help single-parent families in distress by providing psychological counseling, legal aid, pro bono insurance, career development, policy information, literacy programs and other services, so that they can live a confident, calm, happy and dignified life.

Upgrades

 <p>Platform-based</p>
 <p>Online</p>
 <p>Digitized</p>

Benefits

Accessibility

Convenient and low-cost access to services

Responsiveness

Quick responses to requests

Accuracy

Close to real needs services, and easier to provide feedback

Diversity

High-quality and diversified services

Sense of belonging

Building a social support network to a trustworthy spiritual home



All-encompassing support

Hotline service

The VIP Mothers Hotline is the first charity hotline (400-038-8888) in China that provides single mothers with free psychological and legal counseling services 14 hours per day all year round to meet their service needs in a professional, convenient, efficient and precise way.

Psychological counseling

A team of experts with the certification of national registered psychological consultants provide instant online professional counseling services from parent-child relationship, love and marriage, emotional pressure and so on to help them solve problems and relieve psychological pressure.

Legal counseling and aid

Professional lawyers, with rich experience in handling marriage and family disputes, provide free legal counseling services. At the same time, the VIP Mothers program provides legal aid to single mothers facing financial difficulties, so that more mothers in distress can access to high-quality, professional legal aid services such as case analysis, case counseling.

Pro bono insurance

The VIP Mothers program provides free health insurance for eligible single mothers and their minor children so as to spread warmth and care with a thoughtful and practical guarantee.

Growth courses

The VIP Mothers program has carefully designed a series of free courses on career development, parent-child relationship, self-improvement, legal knowledge, etc., to help mothers in difficulties break the limitations and be their best through constant learning and exploration.

Support groups and circles

We have support groups and circles for mothers to help each other and share experiences, stories and emotions, and to move forward bravely in each other's company.

By the end of 2020, the VIP Mothers program had delivered 42,000 services to single mothers and other mothers in distress.

Charity by All

Vipshop is committed to providing each member with convenient and diversified ways to participate in charity. Meanwhile, we have established a sound internal volunteer management system, and encourage employees to participate in various community public welfare practices, so as to create a harmonious society through more diversified and interactive methods.

Contributing to Charities in More Diverse Ways

In just two months since its launch in November 2020, VIP Love Charity had attracted more than **380,000** participants.

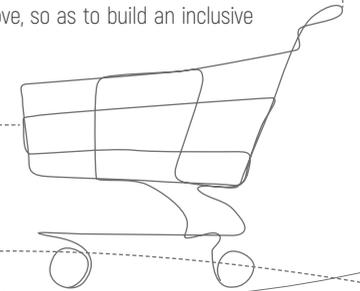
In 2020, Vipshop charity launched the VIP Love Charity to establish the "shopping + charity" mechanism and explore diversified ways for e-commerce enterprises to participate in charity.

"You shop, I donate." Each order you placed is an act of kindness.

Instead of making direct donation, consumers will be awarded "VIP Love" after shopping on Vipshop App and then they can use it to vote for charity programs they support. When the charity programs receive the votes needed, they will receive fund from Vipshop.

Diversified charity programs for everyone.

VIP Love Charity is not only targeted at a particular group of people; it covers seriously ill children, dropout students, left-behind children, mothers in distress, etc., to fully meet all kinds of charity needs. VIP Love Charity unites all sectors of society to launch high-quality charity programs. We have built a channel for multi-force innovation and collaboration, provided users with more convenient ways to participate in charity, and believe that by doing small kindness we can create big love, so as to build an inclusive and harmonious society.





Staff Engagement in Charity

The number of participating volunteers

1,859

Hours of volunteer service

7,436

Vipshop has established a sound volunteer management system and encourages employees to participate in activities related to community development and various charity programs. Each employee is entitled to a one-day paid leave every year to participate in various charity activities.

Carry out household visit, winter warm action. Our volunteers, after receiving online training on basic knowhow and skills, were divided into groups to visit single mothers, and children and the elderly in distress in 11 districts of Guangzhou. They brought with them VIP New Year gift bags and New Year calendars. Afterwards, they wrote down their experience and thoughts on the visits to provide reference for follow-up activities.

Organizing voluntary blood donation activities. During the outbreak of COVID-19, we actively responded to the call of voluntary blood donation from Guangzhou Municipal Government and organized a collective voluntary blood donation activity while protecting ourselves well. A total of 57 people participated in this voluntary blood donation activity and supported COVID-19 response with practical actions.



Volunteers visiting a family in need



Environmental Responsibility

Protecting the Earth

Vipshop has included green and low-carbon development into its strategies, and keeps improving its environmental management policies, mechanisms and systems to ensure all environmental protection measures are implemented in the whole process of office, warehousing and packaging, thus helping achieve the goals of carbon peak and neutrality through green e-commerce.

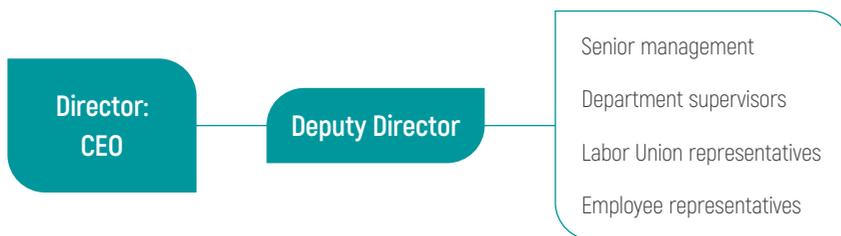


Green E-commerce

Vipshop implements a green management strategy and keeps improving the environmental management system to regulate corporate behaviors. We have integrated green development into the whole process of warehousing, packaging and daily operation, and promoted green and low-carbon development, so as to contribute to the building of a beautiful China with blue sky, lush mountains and clear water.

Environment, Health and Safety (EHS) Management

Chaired by the CEO, and composed of senior management, departmental heads, Labor Union's representatives and employee representatives, the Vipshop EHS Management Committee is responsible for pushing forward EHS tasks. The Committee meets regularly and conduct third-party EHS audits to evaluate EHS related performance of the Company and propose suggestions and proposals for improvement. During daily work, Vipshop values transparent, open and effective communication with employees, customers, shareholders, investors, government departments and the public in the community, to allow stakeholders to learn the Company's EHS performance and put forward suggestions for improvement.



Organizational structure of the Vipshop EHS Management Committee



Response to Climate Change

Vipshop knows well that climate change poses both risks and opportunities to corporate operations and development. We are conducting a climate risk assessment study, as recommended by TCFD, to identify the major risks and opportunities related to climate change.

In terms of physical risks, we are studying the risks of flooding warehouses and goods, traffic disruption and power outages caused by severe typhoons, rainfall, floods, droughts and other extreme weather conditions. We will improve our drainage system, raise the ground level and have backup power supplies as countermeasures.

In terms of transitional risks, according to the different climate situations when the world is transitioning to a low-carbon mode, we have accessed the impact of global and local government policies, regulations, technologies and market trends, identified potential financial risks and opportunities that may be brought by these macro trends on our business. Accordingly, we have formulated targeted action plans, and enhanced our ability to resist risks, to ensure effective response to major risks, including extreme weather.

Green Logistics

The annual electricity generated by photovoltaic energy

37,565,500 kWh

Carbon emissions reduced in 2020

37,453 tons

Vipshop has built a green logistics system to actively respond to such challenges as resource and energy consumption, greenhouse gas emissions, overuse of disposable packaging, and the low recycling rate. We are building intelligent eco-friendly warehouses, widely using green packaging materials, and watching the green performance of goods in the whole process of logistics, so as to reduce our environmental impact.

Green Warehousing

We have built green warehouses in logistics parks according to the green building standards. We have installed the photovoltaic electricity generating systems on the rooftops of warehouses in national logistics hubs to promote green warehousing.

Building environmentally friendly warehouses

Vipshop's Green Warehousing

Rooftops: Photovoltaic electricity generating systems

Exterior Walls: Aerated concrete, color plates with insulation cotton, and waterproof environmentally friendly wall paint

Roof Panels: Color plates with insulation cotton, and variable frequency fans

Exterior Windows: Hollow glass

Steel Members: Thin waterborne fireproof coating

Interior Walls: ICT environmentally friendly wall paint

Illumination in Warehouses: Daylighting bands on the top, smart LED lighting systems in the middle and the bottom, and inductive light tubes in stair well

Cooling in Warehouses: Introducing environmentally friendly air conditioners to replace high-power fans, and evaporative cooling pads for absorption of heat

Photovoltaic power stations in Vipshop's logistics parks

Since 2016, Vipshop has continued to pour money into constructing photovoltaic power stations in logistics hubs around China to reduce the comprehensive energy consumption of warehouses and lead a low-carbon and environmentally friendly way of production, thus truly realizing green warehousing. By the end of 2020, photovoltaic power stations was constructed in two logistics hubs and put into use.

Vipshop South China Logistics Hub (Zhaoqing, Guangdong) is the first e-commerce logistics hub powered by photovoltaic energy in China. It uses the grid-connected photovoltaic power generation system and has installed solar panels on the rooftops of 12 warehouses, with a combined area of 230,000 square meters and a total power generation capacity of about 22 MW. The first and second phases of the project have been completed and put into use, and generated 18,220,000kWh of electricity in 2020.

Vipshop has built a photovoltaic power station in the Central China Logistics Hub (Ezhou, Hubei), with a gross capacity of around 41 MW on the rooftops, covering a total area of about 520,000 square meters. This station was put into use in 2019, and generated 19,340,000 kWh of electricity in 2020.



Photovoltaic power stations in Vipshop's logistics parks

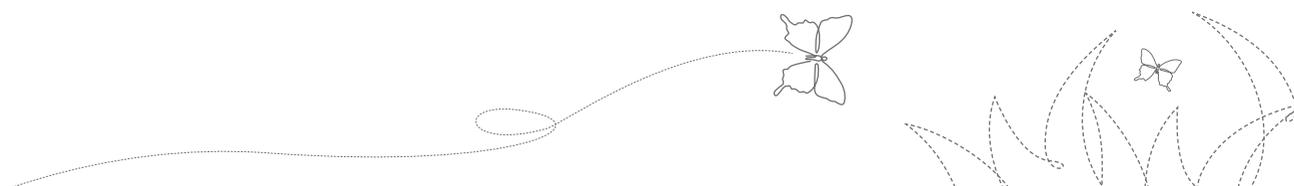
Green Packaging

Vipshop has increased R&D input to develop sustainable and alternative packaging that is lightweight, green and recyclable, and promotes the recycling of packaging materials, to reduce waste at the source and protect the environment.

Optimizing the packaging structure	Increasing the use of paper boxes and reducing the use of plastic packaging	Packaging recycling	Using recyclable boxes
<p>The structure of packaging cartons is optimized from half-wing to flat-mouth, which reduces the use of paper for each carton by 13% and weight of each carton by 17 grams on average. In 2020, 130 million flat-mouth cartons were used, saving the use of 2,210 tons of base paper in total.</p>	<p>We have reduced the use of plastic packaging bags by 40 million, with an average reduction of 16 grams each bag, 640 tons in total.</p>	<p>We have recycled and reused 11.89 million paper cartons shipped by suppliers, to save the use of new paper cartons for packaging.</p>	<p>We have used 12,000 recyclable cartons and each carton can be used for at least 50 times, which saves at least 600,000 cartons.</p>

	Total weight (ton)	Proportion of recyclable and/or certified materials in packaging (%)	Goal for 2020 (%)
Wood/paper fiber packaging	16,855	100	100
Metal (aluminum or steel) packaging	0	0	0
Glass packaging	0	0	0

	2017	2018	2019	2020	Goal for 2020
Total weight of all plastic packaging (ton)	4,357	6,975	7,300	4,233	4,500
Percentage of recycled content within your plastic packaging (%)	8	10	15	0	0
Percentage of recyclable plastic packaging (%)	100	100	100	100	100



Green Operations

In order to reduce our business operation's environmental impact, Vipshop encourages employees to raise their awareness of responsibility and environmental protection, and strengthens the publicity of energy conservation and environmental protection and carries out green charity activities to create a green workplace.

Green Office

Vipshop promotes paperless, energy-efficient office, to reduce waste and promote recycling. Starting from small things around us, we have taken a series of measures to save electricity, water and energy, and increase the recycling of resources to create an environmentally friendly workplace.

Saving electricity and energy

We have installed LED human infrared sensor switches for evacuating stairway lighting. We set up separate lighting circuits for offices, tea rooms, toilets and elevators, and have realized integrated automatic control of the 4 modes of work, off-work, energy saving, late night, thus achieving reasonable use of lighting electricity and saving energy. With the help of centralized control system, we have also realized automatic operation of addition and subtraction of main air conditioning machines, water tower opening and change of water pump's frequency, thus saving energy.

Saving water

We have set up a system to collect rainwater on the rooftops of the building, and reuse it for toilet flushing and landscaping at lower floors (F1-5) after filtration and treatment. In 2020, we reclaimed 7,293 cubic meters of tap water.

Sewage discharge

We have set up an oil separation and sewage treatment system and made a scientific regular maintenance plan to ensure normal operation of the system, so as to strictly control sewage discharge at the source.

Paperless office

Vipshop fully promotes paperless online office, and carries out energy-saving and low-carbon publicity activities, such as requiring double-sided reuse of paper. We issue monthly alerts of resource consumption to each department, and improve the low-carbon and energy-saving operation system. As a result, the use of office paper has decreased year by year. In 2020, the amount of paper used in offices fell by 11% compared with the previous year.

Waste recycling and treatment

For hazardous waste, Vipshop recycles batteries and electronic products, and regularly delivers them to specialist companies for recycling. For non-hazardous waste, Vipshop sorts the waste, and keeps them in separate containers with labels. We have chosen different suppliers for different kinds of waste and signed clearing and transportation agreements with them. Specifically, catering service suppliers hire a third-party specialist company to assign dedicated personnel responsible for the disposal, collection, transportation and bookkeeping of kitchen waste, to make sure the kitchen waste is kept separately and cleared on a daily basis. The property management team collects paper cartons and sends them to a specialist organization for recycling on a monthly basis.

办公室 唯品会总部大厦 节能 TIPS

- 1 下班时请将不使用的电器关闭或转入休眠状态，包括但不限于电脑、工位灯等。
- 2 空调温度由系统智能调节和开关，空调开启时关闭窗户，节约能源。
- 3 充分利用电子资源，减少纸张打印，提倡无纸化办公。
- 4 茶水间内尽量减少或不使用纸杯等一次性用品。
- 5 卫生间内请节约用纸和节约用水，避免浪费。
- 6 食堂用餐请按需取用，勿浪费粮食。

“ 低碳生活ing
节能减排等你加入！ ”



一站式服务热线: 020-22330128





Raising awareness of environmental protection

Vipshop advocates environmental protection by everyone and implements strict electricity-saving assessment in offices. We carry out publicity activities to raise employees' awareness of energy-saving and environmental protection. We carry out 5S inspections and competitions in offices monthly, so as to motivate employees to keep environment conscious and maintain a clean environment in offices.

To reduce food loss and waste, Vipshop launches cleaning your plate campaign in the staff canteen to encourage employees to order food according to their needs and avoid waste on the tongue.

CO₂ Emission

2020

Direct emissions (Scope 1) (ton of carbon dioxide equivalent)	1,330
Indirect emissions (Scope 2) (ton of carbon dioxide equivalent)	68,962
Carbon emissions (ton of carbon dioxide equivalent)	70,292

Energy Production

2020

Solar power generation(kWh)	37,565,500
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Non Hazardous Waste

2020

Hazardous waste (piece)	18,990
Non hazardous waste (ton)	4,866
Food waste (ton)	687
Recycled paper (ton)	12,911

Energy Consumption-Electricity

2020

Guangzhou Headquarters (kWh)	18,766,490
Logistics hubs (kWh)	63,654,656
Total (kWh)	82,421,146

Energy Consumption-Natural Gas

2020

Guangzhou Headquarters (m ³)	179,154
Logistics hubs (m ³)	329,234
Total (m ³)	508,388

Energy Consumption-Diesel

2020

Guangzhou Headquarters (liters)	0
Logistics hubs (liters)	13,009
Total (liters)	13,009

Water Consumption

2020

Guangzhou Headquarters (million m ³)	0.21
Logistics hubs (million m ³)	0.68
Total (million m ³)	0.89

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About This Report

Overview

This report is the 7th Corporate Social Responsibility Report of Vipshop (VIP.COM, NYSE:VIPS), following the last report published in July 2020. This report discloses in detail Vipshop's practices and performance in CSR areas such as economy, environment, society, and governance in 2020, based on the principles of objectivity, normativity, transparency and comprehensiveness.

Reporting Scope

This is an annual report, covering the related data from January 1 to December 31, 2020. To make the report more comparable, some contents are beyond the reporting period.

This report covers Vipshop's operations sites in the Chinese mainland from offices to warehouses (i.e., overseas operations are excluded).

Reporting Standards

Global Reporting Initiative (GRI) "Sustainability Reporting Standards"

The 2030 Agenda for Sustainable Development of the United Nations

Notes

Vipshop guarantees that this report has no false information or misrepresentation, and the data collection process and calculation method for the indicators which also disclosed in the Company's annual report are identical.

All monetary figures shown in this report are expressed in RMB, unless specifically indicated.

To facilitate presentation, Vipshop herein may be referred to as "the Company" or "we".

Report Access

This report releases simultaneously in Chinese and English in July 2021, both online and in print. For online reading or downloads, please visit: <http://ir.vip.com>.

Comments

Vipshop will continue to improve our environmental performance and generate more benefits for our stakeholders. If you have any comments on this Report, please email them to vipshop365day@vipshop.com. Your comments will help us improve our work and will be treated in strict confidentiality.



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