

# SHEIN

## 2023 Statement on Modern Slavery

### 1. Reporting Entity

This statement is submitted pursuant to the requirements of Australia's **Modern Slavery Act 2018 (Cth)** (the "Act") on behalf of SHEIN Distribution Australia Pty Limited ("SHEIN Australia"). This statement covers the financial reporting period from 01 January to 31 December 2023.

SHEIN Australia is a member of the SHEIN group of companies (collectively, "SHEIN") and a subsidiary of Roadget Business Pte. Ltd., a Singapore incorporated company.

### 2. Structure, Operations, and Supply Chains

SHEIN is a global e-commerce group that sells a wide range of products, including clothing, footwear, accessories, beauty products, pet products and home décor, in more than 150 countries and/or territories. It has operating entities and affiliates around the world.

SHEIN Australia is an Australian company with an office in Melbourne, Victoria. It has no subsidiaries. SHEIN Australia uses the au.shein.com, nz.shein.com, and au.romwe.com websites and related mobile applications to sell products to consumers in Australia and New Zealand.

As an online retailer, SHEIN Australia sells SHEIN-branded products which are manufactured by third-party contract manufacturers, as well as non-SHEIN branded products from finished product vendors, primarily based in China. In 2023, SHEIN worked with approximately 5,800 contract manufacturers. The supply chain for SHEIN-branded products also includes, without limitation, suppliers of textiles, packaging and other accessories for use by contract manufacturers, as well as other subcontractors of those contract manufacturers.

SHEIN does not have direct ownership of the facilities operated by the above-mentioned suppliers of SHEIN-branded products, but it expects those suppliers to share its commitment to ethical practices and human rights and has taken various steps, including those detailed below, to encourage and incentivise good practice by its suppliers in this regard. As for finished product vendors, such vendors are contractually obliged to ensure that their products are compliant with local laws and regulations, and safeguard against risks of forced and child labour.

In this statement, SHEIN Australia sets out its assessment of modern slavery risks and the actions taken to address such risks. It also provides an overview of how it assesses those actions, and the steps being taken to improve them.

### 3. Assessment of Modern Slavery Risks

The International Labour Organisation ("ILO") and other non-governmental organisations have documented forced labour and child labour risks in the textile and garment industry, for which global supply chains are long, complex and often fragmented.

SHEIN recognises that these risks could be present across our value chain, and extend beyond Tier 1 suppliers to raw material, yarn, fabric, finishings and embellishments suppliers. We therefore recognise the importance of exercising robust due diligence on our network of third-party suppliers. As an

# SHEIN

organisation, SHEIN is committed to addressing potential human rights abuses within its operations and supply chain, including those related to forced labour and child labour.

## 4. Actions Taken: SHEIN's Policies, Commitments and Governance

SHEIN is a signatory to the UN Global Compact and supports the Ten Principles, including those focused on human rights and labour rights.

At SHEIN, we are committed to combating modern slavery and human trafficking in all its forms. This Report outlines our approach to addressing these issues within our own operations and, to the extent that we are able to do so, in our supply chains.

Taking guidance from international standards such as the United Nations' Universal Declaration of Human Rights ("UDHR"), the core conventions of ILO, and the United Nations Guiding Principles on Business and Human Rights ("UNGPs"), as well as industry best practices, SHEIN has developed and implemented a robust set of supply chain management policies and programmes. Through these mechanisms, we impose stringent requirements on our suppliers to comply with health and safety, labour and social welfare, and environmental standards, as well as applicable laws and regulations.

SHEIN's policies and programmes strictly prohibit the use of forced labour and child labour, and establish a clear due diligence process to identify and resolve any such violations in the supply chain. SHEIN Australia has adopted and implemented, and therefore abides by SHEIN policies and processes, including those relating to supply chain governance.

### a) SHEIN's Code of Ethics and Human Rights Policy

As part of its [Code of Ethics](#), SHEIN is committed to doing business only with suppliers that strictly prohibit the use of forced labour and child labour in their supply chains.

SHEIN has also established a [Human Rights Policy](#) developed in line with the [United Nations Guiding Principles Reporting Framework](#).

The SHEIN Human Rights Policy outlines our commitment to operating responsibly and ethically, protecting human rights of our employees and those that work in our supply chains. We reject forced labour and child labour, harassment, discrimination, and unsafe working conditions for our employees and suppliers' workers, and we commit to working to promote respect for the human rights of these workers.

SHEIN Australia requires all its employees to follow SHEIN's Global Code of Ethics & Business Conduct and other SHEIN Global Policies contained in its Employees Handbook, which is provided to all new employees to review and sign before their start date.

### b) SHEIN's Supplier Code of Conduct

To work with SHEIN, all suppliers of SHEIN-branded products that are sold by SHEIN Australia must sign and agree to abide fully by the SHEIN [Supplier Code of Conduct](#) ("SCoC"). By signing the SCoC, suppliers also agree to hold their third-party subcontractors to the same standards.

# SHEIN

The SCoC is informed by the core conventions of the ILO and UDHR, and prohibits the use of forced labour and child labour as core principles.

With respect to forced labour, the SCoC specifies unacceptable labour practices such as prison labour or bonded labour, trafficking or exploiting workers by means of threat, force, coercion, abduction or fraud, collecting recruitment, hiring, agents' or brokers' fees, or requiring workers to surrender government issued identification, passports or work permits as a condition of working. SHEIN requires that employment and any hours worked must be voluntary.

With respect to child labour, the SCoC specifies that suppliers must not hire minors under the age of 16, and that if the supplier employs individuals older than 16 years of age, but under 18 years of age, they must be provided with certain protections and not given work that is potentially harmful. The SCoC also outlines other requirements for suppliers related to the payment of wages, workplace health and safety, labour and social welfare, and environmental standards.

## **c) Supplier Responsibility Standards**

The SCoC is complemented by a set of comprehensive [Supplier Responsibility Standards](#), which SHEIN published in 2023. The Supplier Responsibility Standards detail the standards SHEIN expects from suppliers of SHEIN-branded products across its global supply chain, in areas such as labour rights, health and safety, environment, and ethics.

For example, the standards require that suppliers respect an employee's right to voluntary employment, including the right to refuse overtime work without facing punitive measures (such as salary deductions or threat of dismissal), workers' right to freedom of movement around supplier-controlled premises, the right to leave employment at-will, as well as the right to at least one day off every 7 days, in alignment with ILO standards.

The Supplier Responsibility Standards also specify that suppliers should establish written policies to prohibit the use of child labour and implement appropriate mechanisms to verify the age of prospective and existing workers. If prohibited child labour is discovered, the standards require that the child's employment must cease immediately, and also provide guidance for suppliers to take actions to ensure the safety, health, education and development of the child, such as funding a medical examination for the child, paying the child no less than the local minimum wage for work that was completed prior to termination, and delivering the child safely to their parent or guardian, with the cost of transportation, food and lodging borne by the supplier.

The Supplier Responsibility Standards also specify requirements for the protection of young workers, who are above the age of 16 but under 18, such as the prohibition for young workers to perform work that may jeopardise their health or safety, including night work and overtime work.

In addition to addressing forced labour and child labour issues, the standards also contain provisions regarding special protection for women in the workplace such as the identification of positions that are hazardous for pregnant and nursing workers and elimination of workplace health and safety risks to such workers.

Finally, the Supplier Responsibility Standards require that suppliers implement grievance and feedback channels that allow for the submission of anonymous complaints and appeals, including complaints that can be submitted directly to SHEIN.

# SHEIN

## **d) SHEIN Responsible Sourcing Policy**

SHEIN enforces compliance with its SCoC, through the SHEIN Responsible Sourcing (“SRS”) Policy. This policy establishes clear definitions and penalties for violations of the SCoC and provides for regular audits by in-house auditors and third-party verification agencies of suppliers of SHEIN-branded products.

The third-party verification agencies that SHEIN works with are internationally-renowned firms from the Association of Professional Social Compliance Auditors (APSCA), and SHEIN continually sources new partners to support the continued strengthening of its SRS programme. In 2023, SHEIN brought QIMA on-board as a new third-party audit partner, bolstering its existing collaboration with Bureau Veritas, Intertek, Openview, SGS, and TÜV Rheinland. SHEIN’s in-house auditors undergo training developed by TÜV Rheinland, and attend courses on labour topics, including forced labour and child labour, through platforms such as the UN Global Compact Academy and ILO Academy.

Such audits are a critical part of SHEIN’s efforts to address human rights risks within the supply chain. Auditors are vigilant in assessing risk factors for child labour and forced labour during SRS audits. Any violations found are treated with utmost seriousness.

Details of the SRS Policy are publicly available [online](#).

## **e) Grievance Mechanisms**

SHEIN encourages employees, contractors, and suppliers’ workers to report any suspicions or concerns that they may have, including those regarding potential forced labour and child labour issues. Acting on its commitment to empower workers, SHEIN aims to ensure that they have the right to raise grievances and make their voices heard. Discriminating against whistleblowers is strictly prohibited under SHEIN’s policies, including the Human Rights Policy and Supplier Responsibility Standards.

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

## **f) Supplier Empowerment**

SHEIN firmly believes that to improve standards across the supply chain, it needs to invest in uplifting suppliers of SHEIN-branded products and enable them to operate effectively and responsibly. SHEIN prioritises building long-term relationships with key suppliers, and pairs enforcement with empowerment to create a stronger and more resilient supply chain that upholds human rights and ensures the well-being of workers.

As a responsible business, SHEIN is committed to paying its suppliers in a timely manner. All of SHEIN’s suppliers are paid within 30 days, and some are even paid on a weekly or biweekly basis. This ensures that the businesses SHEIN works with, many of whom are small- and medium-sized enterprises, have

# SHEIN

steady cashflows and the financial resources to pay their workers on time and maintain healthy conditions in their facilities.

Through the Supplier Community Empowerment Programme, to which SHEIN has committed USD\$70 million over five years, SHEIN has also been implementing long-term initiatives to uplift its suppliers and their workers across several key pillars, including facilities enhancement, technology innovation, training and upskilling, and services for the community. Key highlights include:

- **Facilities Enhancements:** As of end-2023, SHEIN has modernised more than 160 suppliers' facilities with facility upgrades and expansion, transforming over 407,000 square metres of workspace. In 2023, SHEIN also completed the upgrading of canteens, dormitories and multi-purpose recreational spaces amounting to 10,486 square metres of space across 23 facilities.
- **Training and Upskilling:** In 2023, SHEIN conducted 620 training sessions for supply chain workers, exceeding its initial target of completing 480 training sessions within the year. These sessions covered various topics, including business and operational processes, the latest technologies in garment production, certification courses focusing on quality inspections and assurance, and national vocational skill level certifications.
- **Childcare Centres:** To support workers in the supply chain who balance working with childcare responsibilities, SHEIN provides financial support for suppliers to create childcare centres near factories or within their own premises, where workers' children can study and play after school and during breaks. In 2023, SHEIN invested over US\$150,000 to launch childcare centres across 10 facilities.
- **SHEIN Spotlight Programme:** The SHEIN Spotlight Programme offers financial support to suppliers' workers experiencing financial hardship. The funding is designed to help pay medical bills, keep workers' children in school, and cover other similar needs. The SHEIN Spotlight Programme is available to factories who have worked with SHEIN for at least one year, and to their workers who have been working with them for at least six months. Workers can submit grant application forms, which are evaluated by an internal grant committee in SHEIN that conducts a comprehensive needs-based assessment to determine the amount of support to be awarded, taking into consideration household income and financial needs. Since the programme's inception, SHEIN has disbursed over US\$460,000, supporting 385 families and 723 school-aged children from these families. In 2023 alone, 165 families received assistance, with a total of over US\$185,000 disbursed.

## 5. Assessing SHEIN's Actions and Measures

Ongoing supply chain due diligence plays an important role in SHEIN assessing its measures to combat the risks of modern slavery being connected to our operations. Audits provide valuable insights into the operational realities within our supply chains, allowing us to identify and address potential risks of modern slavery. By conducting thorough due diligence of its suppliers of SHEIN-branded products, SHEIN gains a deeper understanding of the working conditions, labour practices, and potential vulnerabilities within those suppliers. This helps SHEIN to identify high-risk areas, engage with suppliers to address these risks, and implement robust measures designed to prevent and detect instances of modern slavery.

# SHEIN

## **a) Onboarding supplier due diligence and SRS audit process**

Within the SRS Policy, all new suppliers of SHEIN-branded products must undergo an audit assessment as part of the onboarding process with SHEIN. Prospective suppliers that are found to use forced labour and/or child labour are not approved to work with SHEIN.

Existing suppliers of SHEIN-branded products undergo full on-site SRS assessments regularly thereafter. Any failure to cooperate with these audits will result in termination of that supplier. These audits are typically conducted without prior notice to the supplier, ensuring that the auditor's assessment captures the reality of working conditions at the facility. Suppliers are assessed based on an extensive assessment checklist that evaluates their compliance with SHEIN's SCoC and SRS Policy. As well as interviewing their workers, SRS auditors require that suppliers provide supporting documentation such as payslips and employment records.

Auditors are vigilant in assessing risk factors for labour rights violations during SRS audits, and any violations found are treated seriously. Since October 2023, forced labour and child labour are classified by SHEIN as Immediate Termination Violations ("ITVs") under the SRS Policy, and SHEIN will immediately proceed to terminate its business relationship with any suppliers found with such violations. Nevertheless, even for suppliers that SHEIN has decided to terminate, SHEIN will send them action plans with guidance on how to remediate their practices, to educate and empower the suppliers to take steps to improve conditions in their facilities.

## **b) 2023 Audit Results and Remediation Measures**

### *Expanding SRS audit coverage*

SHEIN has worked to expand its SRS audit coverage, in line with a risk-based sampling approach that prioritises SHEIN's largest suppliers of SHEIN-branded products by procurement value. In 2023, a total of 3,990 on-site SRS audits were conducted on SHEIN's suppliers based in China (compared with 2,812 in 2022). 92% of these audits were performed by third-party verification agencies. 3,365 (2022: 2,425) of those SRS audits were conducted on 2,796 (2022: 1,941) contract manufacturers that represent approximately 95% (2022: 84%) of SHEIN-branded products by procurement value in 2023. The other 625 (2022: 387) SRS audits were of textile suppliers, packaging suppliers and subcontractors of our finished goods suppliers.

### *Improved supplier performance*

SHEIN saw better performance on SRS audits overall across its suppliers in 2023. The proportion of audits where suppliers received an A or B grade increased from 18% in 2022 to 29% in 2023, while the proportion of audits where suppliers received a D or E grade decreased from 35% in 2022 to 20% in 2023 (with only 2% rated E).

Should an SRS audit identify any instance of labour practices that do not meet SHEIN's standards, SHEIN investigates and takes action in accordance with SHEIN's SRS Policy. Such action requires suppliers to undertake appropriate remediation measures within stipulated timeframes. Remediation measures taken have included strengthening suppliers' internal controls and policies, ensuring that required reparations

# SHEIN

were made to workers affected (e.g. payment of outstanding wages), and providing additional training for suppliers to improve their practices.

SHEIN remains vigilant in guarding against labour violations going forward, in line with its tightened SRS Policy since October 2023.

## *Use of Grievance Channels*

SHEIN's grievance mechanisms also support the uncovering and remediation of suspected violations in its supply chain.

For example, in June 2023, SHEIN received a complaint from workers of a supplier that they had yet to receive their wages for the month of April. SHEIN promptly launched an investigation into the complaint and uncovered that the supplier had delayed payments to some workers due to cashflow problems. While workers were informed verbally that there would be delays in their wage payments, they did not receive any written notification or commitment that the supplier would pay the outstanding wages. Following SHEIN's intervention, the supplier signed written agreements with the workers who had not been paid, committing to disburse outstanding wages, and by 12 June 2023, SHEIN verified that the affected workers had received all wages owed.

## **6. Improving SHEIN's Measures in 2023**

SHEIN is committed to identifying improvement areas in its existing measures to prevent and further detect new instances of forced labour and child labour. It regularly reviews and enhances its policies and programmes to ensure they are effective in addressing risks of forced labour and child labour in its supply chain, and to ensure that they continue to apply against new regulatory requirements.

### **a) Updates to the Supplier Code of Conduct**

In 2023, SHEIN strengthened the language in its SCoC regarding the prohibition of forced labour by specifying unacceptable labour practices (such as collecting recruitment fees and requiring workers to surrender government-issued identification), and tightening restrictions on subcontracting.

### **b) Introduction of the Supplier Responsibility Standards**

As per the above, SHEIN also introduced and published the Supplier Responsibility Standards to provide more detailed guidance to suppliers of SHEIN-branded products on the standards expected in areas such as labour rights.

### **c) Updates to the SRS Policy**

SHEIN also updated its SRS Policy to take a firmer stance against severe violations identified through SRS audits. As set out above, suppliers found with ITVs, which include forced labour and child labour, as well as other ethical issues such as bribery, will be immediately terminated by SHEIN. This contrasts with the previous approach of suspending orders from the errant supplier and giving them 30 days to remediate their practice, failing which SHEIN would terminate the business relationship.

# SHEIN

In addition, Immediate Remediation Violations (“IRVs”) are serious violations that warrant urgent rectification in order for SHEIN to continue its business relationship with the particular supplier. These include certain labour violations that fall outside of those that constitute an ITV (such as issues relating to wages and/or working hours), as well as workplace health and safety issues and serious environmental pollution.

For such violations, SHEIN’s previous approach had been to issue a warning letter if the violation was not resolved within 30 days; then to suspend orders if it was not resolved within 60 days; and only to terminate the business relationship if the supplier failed to take action within 90 days. Now, however, suppliers only have 30 days for remediation, failing which they will be terminated.

SHEIN’s previous approach placed an emphasis on educating its suppliers and giving them a more extensive opportunity for remediation before termination. As SHEIN’s suppliers are generally not exclusively contracted by SHEIN, we had hoped that this approach could benefit the wider fashion ecosystem by instilling standards and best practices across the supply chain. It was also intended to help protect workers and their livelihoods. As our supply chain and supplier partners have matured over time, SHEIN believes that it is now appropriate to take a stricter stance on the more severe violations.

Despite this firmer stance, SHEIN has also sought to balance potential penalties on suppliers with appropriate remediation and improvement mechanisms. Therefore, as set out above, even for suppliers that SHEIN has decided to terminate, SHEIN sends them action plans with guidance on how to remediate their identified ITVs/IRVs, so as to educate and empower the suppliers to take steps to improve conditions in their facilities.

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

## **7. Training and Capacity Building**

SHEIN holds regular workshops and training for suppliers of SHEIN-branded products on social compliance, covering forced labour and child labour prevention among other topics. External trainers from third-party verification agencies conduct regular “SRS Management Specialist Certification Workshops” for our suppliers, and this is complemented by additional topic-specific workshops and one-on-one training sessions conducted by SHEIN’s internal SRS team.

In 2023, SHEIN organized a total of 133 group SRS workshops and 276 one-on-one SRS training sessions for suppliers, with participant numbers totaling over 5,200. Through these interactive sessions, suppliers sharpened their understanding of SHEIN’s supply chain governance policies, learned best practices for compliance with local labour laws and gained a better understanding of compliance risks in their own operations, including in relation to forced labour and child labour. They also deepened their knowledge on specific topics such as wages and working hours, fire safety, and occupational health and safety.

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



# SHEIN

## 8. Conclusion

SHEIN Australia is committed to combating forced labour and child labour and upholding ethical practices within its operations and supply chains. Through its robust governance policies and due diligence programmes, SHEIN will continue striving to actively identify and address risks of forced labour and child labour, and to promote responsible behaviour.

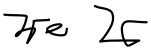
## 9. Declaration of Approvals

### a) Principal Governing Body Approval

In accordance with the Act, this modern slavery statement was approved by the principal governing body of SHEIN Distribution Australia Pty Limited on **June 30, 2024**.

### b) Signature of Responsible Member

This modern slavery statement is signed by a responsible member of SHEIN Distribution Australia Pty Limited as defined by the Act.



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Jessica Ji  
Director

SHEIN Distribution Australia Pty Limited