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VIPSHOP | CORPORATE SOCIAL  
RESPONSIBILITY REPORT

# 2016












Vipshop

Corporate Social  
Responsibility Report  
2016

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# About this Report

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## Reporting Scope and Period



This is the third annual standalone Corporate Social Responsibility (“CSR”) Report prepared by Vipshop Holdings Limited (hereinafter referred to as “Vipshop” or “the Company”). The report was prepared with the aim of providing a holistic overview of our CSR impacts to stakeholders, highlighting our initiatives and the performance of various operating locations and departments.

Unless otherwise specified, this report covers our progress and performance on CSR issues in our China operations from offices to warehouses (i.e., overseas operations are excluded) from 1 January 2016 to 31 December 2016. Our last report was published in December 2016.

## Reporting Standards



This report has been prepared in accordance with the GRI Standards: Core option.

To meet the standard, we have engaged our Corporate Social Responsibility Committee and key stakeholders in the preparation of this report and reviewed the most relevant and important CSR issues for the Company to report on. More details can be found at Sustainability at Vipshop.

## Sources of Information



The information and data disclosed in this report are sourced from Vipshop’s internal and publicly disclosed data, including customer satisfaction reports, supplier reports and annual reports.



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## Accessibility of the Report



The English and the Chinese versions of this report are now available on Vipshop's official website: <http://blog.vip.com/>. Printed reports are also available. Please contact us via [Vipshop365day@Vipshop.com](mailto:Vipshop365day@Vipshop.com).

Your feedback serves as a cornerstone for improving our social responsibility performance. Please feel free to send an email to us via [Vipshop365day@Vipshop.com](mailto:Vipshop365day@Vipshop.com). All feedback and responses will be kept confidential.

# Chairman's Statement



2016 was a new milestone for Vipshop. While we continue to work toward our vision to “establish our position as a world-class e-commerce platform,” we maintain our “three focuses” strategy – focusing on members, products and operation.

In the era of rapid development, our customers and stakeholders have set higher expectations on us. Not only do we need to deliver exceptional products but also maintain the sustainability of our business. While adhering to our mission of “improving quality of life, enhancing experience of happiness,” we have integrated sustainability into our three focuses.

First, we focus on our members. The market is constantly changing and so are our customers’ demand. This year, we emphasize the understanding of the changes of our customers’ needs to provide better customer experience and constantly improve our service. An increase in customer satisfaction rate ascertains this approach.

Second, we focus on our products variety and quality, and the satisfaction that our customers gain from our products. To provide better products, we have established close relationships with business partners. We have also enhanced the buyers’ ability to bring differentiated merchandise of high cost-effectiveness. At the same time, we have upgraded our quality management system. In 2017, we put in tens of millions of RMB to introduce product testing and sampling, strengthening the product quality assurance along the entire chain.

Third, we focus on our operations. We believe a business can only thrive by timely responding to the market demand. This year, we reviewed and concluded our operating experience, and decided to focus on improving our service quality. We classified our customers into four groups – post-70s, post-80s, post-90s and men – to ensure a more targeted operation. We provide our users with high quality content, personalized service and highly attractive means of interaction to enhance customer experience.

**IMPROVING  
QUALITY  
OF LIFE,  
ENHANCING  
EXPERIENCE OF  
HAPPINESS**

Donated

**2.2** Million RMB



Giving back to the community has always been our guiding belief to act on. This year, we launched an innovative program that connects the wellness of our members with charity. With the use of the platform of “My Charity” in Vipshop app, for every kilometer our members walk, we will donate RMB1 to various types of community projects through Vipshop Foundation. We attracted more than 2.5 million participants in 2016, raising 2.2 million kilometers of loving mile. We hence donated RMB2.2 million to help the needy.

This report is the third corporate social responsibility report issued by Vipshop. We hope this report can demonstrate our commitment to fulfilling corporate social responsibility, allowing our stakeholders, including customers, business partners, employees, shareholders and the public, to understand our efforts in social responsibility.

Chairman and CEO of Vipshop

Eric Shen

A handwritten signature in black ink, consisting of a vertical line on the left and a stylized, cursive-like flourish on the right.

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About  
Vipshop





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HOME | CLOTHING | SHOES | BAGS | ACCESSORIES

### Red high heels ★★★★★ (23 ratings)



+ ADD TO BAG

Similar it



# About Vipshop

## Business Model



Vipshop was founded in 2008 and was successfully listed on the New York Stock Exchange (NYSE) on 23 March 2012. From the IPO to 31 March 2017, Vipshop has been profitable for 18 consecutive quarters. We consider ourselves as a mega sales specialist website with a core business offering branded products with significant discounts compared to retail prices.

Vipshop as an e-commerce platform is “dedicated to flash sales”. We are a pioneer that offers “Very selective brands, Incredible prices, Privileged service” flash sales. We provide a wide range of products from fashion apparel, shoes and bags, cosmetics, mother and kids to home goods and more. We are currently the largest flash sales platform globally and the third largest online retailer in China.

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OUR VISION

Establish our position as a world-class e-commerce platform

OUR MISSION

Improving quality of life, enhancing experience of happiness

Simplicity

Transparent and equal; a working atmosphere encouraging opinions; open and accepting of differences; clear and simple organization structure; workflow with equal workload; effective and continuous improvement; staying humble, hungry and eager to learn.

Innovation

Do not be ordinary and pursue the outstanding; create value for customers; everyone can innovate and everything can be innovative; outstanding, responsible and enjoy sharing; learn from failure; respect differences and adapt to changes through learning.

Efficiency

Adapt to changes quickly; be alert to risks; efficient and effective response to customers, partners and internal development needs; face changes with a positive mind-set and focus on key points.

Collaboration

Teamwork; understanding others; be strict on yourself and lenient on others.

**Customers**

Customers are our top priority and we strive for continuous improvement. We want to provide the best experience and services and are constantly improving our performance through hearing from them.



**Partners**

We respect our partners and collaborate for mutual benefits.

**Employees**

They are our greatest assets and we grow together by helping them to realize their potential.

**Community**


We help those in need in the community.

**Our Presence**

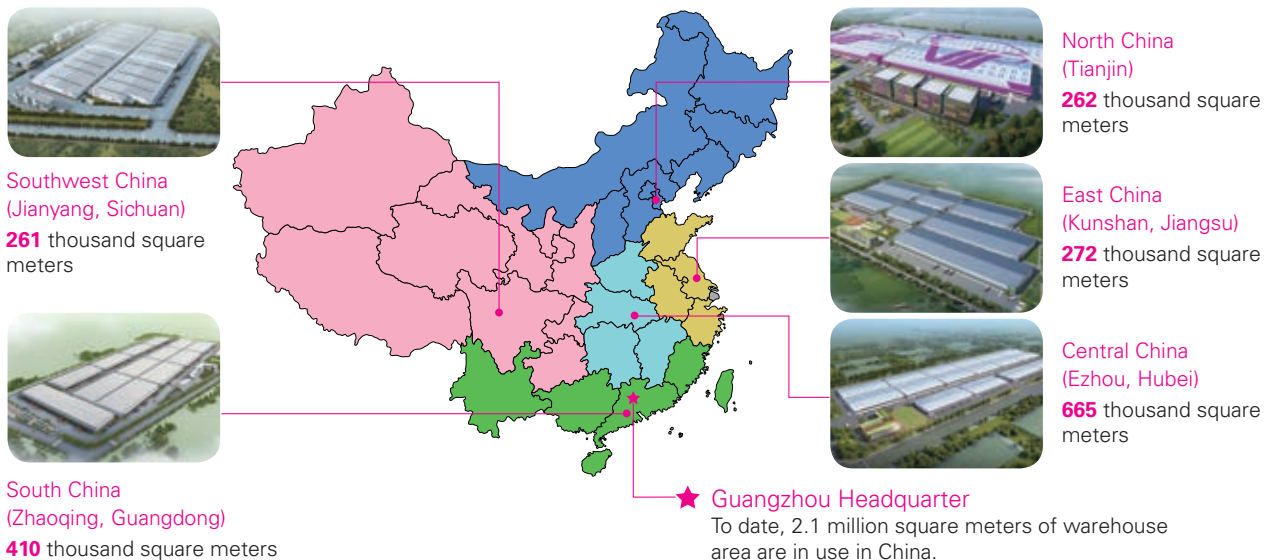
The Company is headquartered in Guangzhou, China, covering an area of 10,000 square meters. We have worked with over 20,000 brands in total and more than 2,200 of which are exclusive online partners with Vipshop. More and more famous international and domestic brands are cooperating with Vipshop. As of 31 December 2016, Vipshop reached over 300 million registered members. Our warehousing centers have a total storage area of 2.1 million square meters located in Tianjin, Guangdong, Jiangsu, Sichuan and Hubei.

We have over 45,000 employees in China. In 2016, we earned approximately RMB56.6 billion from sales.

**>45,000** Employees 

**Revenue**  
**56.6** Billion RMB 

**Warehouse and Logistics Strategic Plan in China**





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# Sustainability at Vipshop

A shopping cart filled with wrapped gifts in various colors (blue, red, gold, pink) and tied with gold ribbons. The cart is silver with a pink handle and a pink label on the front. The background is a blurred green and white bokeh.

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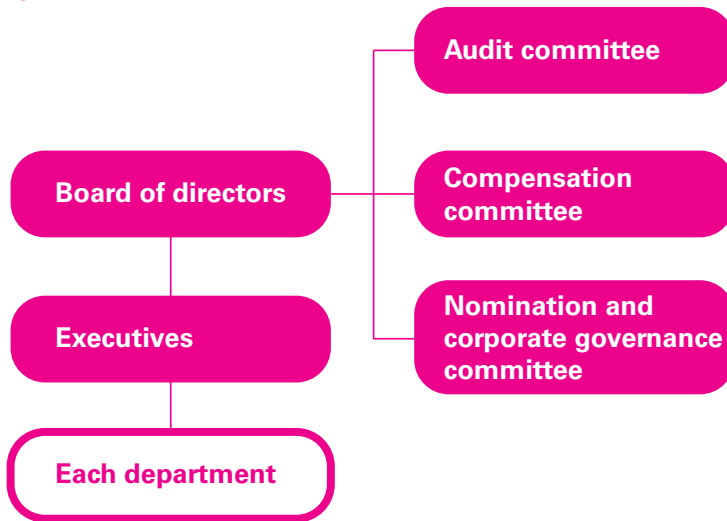
# Sustainability at Vipshop

## Corporate Governance



Vipshop adheres to the philosophy of sustainable development, with the goal to achieve a win-win situation and create long-lasting values for stakeholders. To achieve this, our robust corporate governance structure plays a vital role in driving sustainable development through overseeing and implementing policies. We also provide training and guidance to employees regarding corporate governance to ensure our philosophy is well communicated at various levels. To enhance transparency and build trust, we communicate closely with our stakeholders.

### Management Structure:



The Board continues to have the overall responsibility for ensuring effective corporate governance. Our Chief Financial Officer serves as the highest ranking personnel dedicated to risk management.

Apart from having a robust structure for risk management, we conduct stress testing on information security and system processing capacity to enhance the understanding of non-financial risk at the Group level. We also promote our proactive risk culture among our employees through taking into consideration risk elements when assessing their performance and organizing risk management training.

## Delivering Our Values to Employees



Our philosophy and expectations of our employees are incorporated into our Code of Conduct. The Code includes guidelines regarding the company culture, professional etiquette, ethics, compensation and benefits, anti-discrimination, training, employee relations and security management.

Apart from setting stringent guidelines, we also organize monthly meetings with employees to better understand their concerns. They are also welcome to email us if they have any enquiries.

## Fair Competition



We hold a strong belief that a win-win situation can be achieved through fair competition and collaboration. We have implemented a comprehensive anti-competitive policy that prohibits anti-competitive behavior and monopolistic practices. We actively communicate with business and supervisory departments to ensure our policies have been implemented. Moreover, we are also very careful regarding word choice for promotion on Vipshop's website. For example, we avoid the use of sensitive terms that might raise concerns of anti-competitive behavior.



## Anti-corruption



We believe that honesty and fairness are essential for a well-maintained e-commerce market. Our commitment to preventing bribery and corruption is embodied by our Code of Conduct. In addition, we have set up two comprehensive policies regarding anti-corruption, namely the Integrity and Honesty Policy and Vipshop's Management Redline. These policies communicate our determination to conduct our business honestly and ethically to suppliers and employees. In particular, our suppliers are required to adhere to our anti-corruption practice as noted in our contracts with suppliers. Failure to comply with our anti-corruption policies can lead to severe consequences including disciplinary actions and termination of contract. We also actively promote anti-corruption through posters, our Weixin public account and reminder emails.

Apart from establishing guidelines and policies and adopting various means of promotion to inform our employees of our values, we have organized training sessions to raise their awareness and understanding. During the year, all of our employees, regardless of rank, received training on anti-corruption and anti-bribery.

The Group also provides well-established whistle-blowing channels, encouraging employees to raise any concerns regarding suspected misconduct, malpractice, impropriety or unethical and unfair treatment. Our Asset Protection Department is responsible for ensuring the proper implementation of the whistle-blowing mechanism. Three mailboxes have also been set up for all employees to report any concerns. Upon receiving any report, we conduct thorough investigations to address the concerns.



**100%** of our employees received anti-corruption and anti-bribery training in 2016

# Sustainability at Vipshop

## Information Security



As a leading company in the e-commerce industry, we understand the importance of keeping information assets secure, such as financial information, tender documents and customer information. Therefore, we have established comprehensive policies in managing sensitive information, including our Information Security Management Handbook and Information Security Strategy. These strategic documents are reviewed regularly by the Information Security Committee which includes members of the Board and management to keep the content up-to-date.



On the other hand, a top-down approach has been applied. Our Information Security Officer acts as the coordinating unit to execute the decisions by the Information Security Committee and initiate work on this aspect. We also have a Business Security Team to collect and analyze information on internet threats. Four core departments are tasked to manage information security at the organizational level: our Legal and Secretarial Department is responsible for establishing policy on information security and handling legal cases regarding information breach and theft. The Technical Center is responsible for implementing policies to protect IT-related information. Our Administrative Department is responsible for managing confidential documents, and the Asset Protection Department is responsible for investigating internal malpractice.

This system is also supported by department-level management. Each department is responsible for supervision, inspection and management of confidential information. The departmental head will be the responsible personnel to ensure effective information security.

Our management system has been well-recognized. It is certified with ISO 27001 Information Security Management system. To ensure the effectiveness of the management system, we appointed a third-party last year to conduct system assurance. Internally, we have formed a specialized team to examine the performance of our business partners' information security. In response to potential incidents, we have plans in place for business continuity which are tested at least once a year.

To get our employees involved in our information security work, besides offering training opportunities, we have established a reporting mechanism to allow them to escalate suspicious activities to management. Information security is a risk element which has been incorporated into our employee appraisal system.

During the year, we ranked first among the shopping websites of the 50 commonly visited websites in terms of information security by The Southern Metropolis Daily.



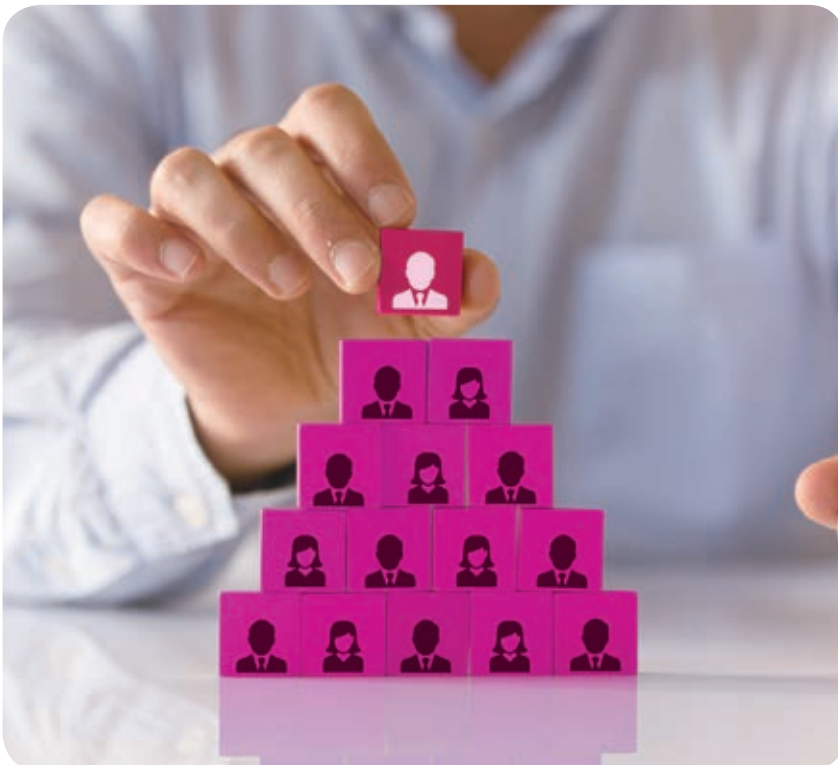
## CSR Management Structure



Our Chief Executive Officer, is ultimately responsible for CSR initiatives. We have also set up the Vipshop CSR Committee and CSR Team to take sustainability-related issues into account when formulating business strategies and related policies. These strategies and policies will then be implemented at the departmental level.

The Vipshop CSR Committee, comprising top management, is responsible for reviewing the Group's quarterly and yearly CSR data and deciding on the annual targets to be achieved in the next financial year. Moreover, committee members are also responsible for providing suggestions on how sustainability-related issues can be incorporated into business development.

A CSR Team has also been established comprising responsible personnel for CSR data from each department. Regular meetings are set up to facilitate the development of our CSR database, and discuss and establish annual corporate CSR targets such as reduction in energy consumption.



# Sustainability at Vipshop

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## Communication with Stakeholders



We hold a firm belief that communication with stakeholders allows Vipshop to pursue our corporate philosophy – sustainable development. In view of this, we have carried out stakeholder engagement exercises to regularly communicate with them and understand their needs and expectations.

Stakeholders	Concerns	Expectations	Communication
Government and related departments	Provide safe and high-quality products to customers; Provide job opportunities; Environmental protection	Compliance; Decrease taxation; Promote employment; Reduce energy use and emissions; Green business	Presentation, visits, collaboration, meetings and statistics reporting
Customers	Product safety; Quality of service; Price; How to communicate and effectiveness of communication	Safe and high-quality services; Reasonable price; Reply to customers efficiently in a serious manner	Service provider meetings, feedback, customer relationship management and online service
Community	Harmonious community; Environmental Protection; Benefit from the business	Establish communication systems; Increase public expenses	Charity activities, voluntary service
Employees	Human rights policy; Career path; Protection of employee rights; Involvement in the business	Effective communication; Intensity training; Continuous improvement of employee welfare; Transparent, fair human resources policy	Meetings with employee representatives, trade union, suggestion box and training
Investors	Protect shareholders' interest; Corporate governance and achievement; Strategy planning	Stable return on investment; Good corporate governance system and well-developed information disclosure system; Risk management system	Regular notices, reports, general meetings, Board and council meetings
Financial organizations	Reputation; Development; Financial status and indicators	Increase debt-equity ability; Reduce risk	Contracts, business seminars
Suppliers	Honesty; Company capability	Honest operation; Creation of win-win situation; Common development	Business, contracts, trading and technology seminars
Peers	Fair competition; Industry development; Innovation	Fair competition; Collaborative development	Forums, reciprocal learning and communication through industry council

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## Materiality Analysis



In order to effectively identify the CSR topics that are most relevant and material to Vipshop to prioritize the topics to be covered in this report, we have conducted a stakeholder engagement exercise.

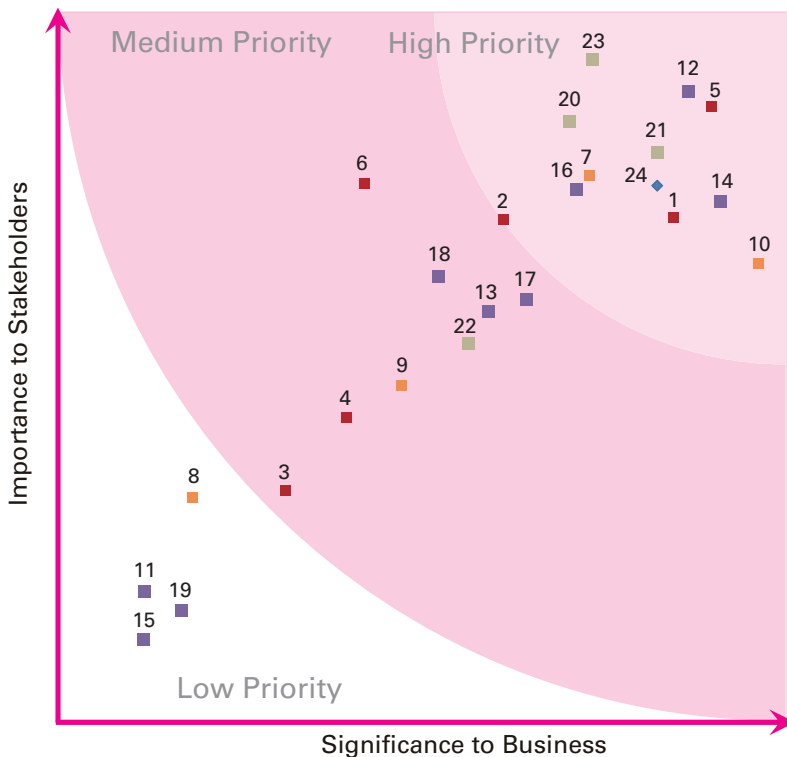
STEP  
1

Identifying the CSR topics – This year, the list of topics was derived based on the GRI Standards, media coverage on CSR issues and the latest CSR trends in the industries where we operate. In total, 24 topics were identified. These topics include operation and governance, environmental protection, labor practice, product responsibility, and community investment.

STEP  
2

Ranking the topics – The views from our stakeholders, ranging from our shareholders, customers, employees, suppliers, community members and representatives from governing bodies, non-profit organizations and media, were collected through online questionnaires from 4 May to 26 May 2017. At the end of the survey period, more than 15,500 responses were collected.

Materiality Matrix for Vipshop's CSR Report 2016



With the valuable data obtained from our internal and external stakeholders, we conducted a materiality analysis and derived the materiality matrix as follows. Of the 24 topics identified in Step 1, 12 were regarded as highly material to us.

# Sustainability at Vipshop

## CSR Topics Considered

(material topics are identified in bold below)

### Operation and Governance

- 1 **Economic Performance**
- 2 **Fair Competition**
- 3 Risk Management
- 4 Innovation
- 5 **Supplier Management**
- 6 Compliance

### Environmental Protection

- 7 **Energy**
- 8 Wastewater Treatment
- 9 Materials
- 10 **Logistics and Transportation**

### Labor Care

- 11 Freedom of Association
- 12 **Occupational Health and Safety**
- 13 Equal Pay for Male and Female Workers
- 14 **Labor and Management Relationship**
- 15 Prohibition of Forced Labor
- 16 **Anti-discrimination**
- 17 Labor Rights
- 18 Employee Diversity and Equal Opportunities
- 19 Employee Education and Training

### Product Responsibility

- 20 **Customer Health and Safety**
- 21 **Customer Privacy**
- 22 Product and Service Labeling
- 23 **Product and Service Quality**

### Community Investment

- 24 **Community Investment**

## STEP

# 3

Validating the result – The outcomes of the materiality analysis were validated and endorsed by our CSR Committee.

Supplier management, product and service quality and occupational health and safety were identified as the three most material CSR topics according to our stakeholder-based materiality analysis. Our responses to the views are as follows:

### Supplier Management

As an e-commerce platform that works with a large number of suppliers, we take responsibility for the continuous improvement of their environmental, social and governance performance. We have integrated sustainability concept into the supplier selection process with stringent implementation. Only qualified companies are allowed to be involved in our business activities and supply chain.

Along our course of collaboration, we continuously assess our supplier's sustainability performance through site visits. They will also be given feedback and support for improvement under our supervision. Through communication with our suppliers, we aim to minimize risk in our supply chain.

### Product and Service Quality

Being the world's largest e-commerce platform on flash sales, we provide our customers with the most quality products and online shopping experience through our attention to details in the product and service cycle. Putting our customers first, we have had in place stringent processes to manage aspects and procedures including brand supplier selection, qualification verification, procurement, storage and logistics and after-sales service. In addition, we have insured all items sold on Vipshop with China Pacific Insurance (Group) Co., Ltd (CPIC). Together with the self-operated logistics system and customer service mechanisms such as the 7-day product return policy, our customers can fully enjoy quality products and services. The customer satisfaction has been on the rise in the past 3 years.

### Occupational Health and Safety

With our warehouse operations which involve the handling of machinery, the health and safety of our employees are our priority. To minimize risk, we have a comprehensive health and safety management system which was created with reference to 414 applicable laws and regulations, 302 standards, 37 building regulations and 63 fire safety management procedures. It is deployed to protect our employees from occupational hazards. In addition, we offer training courses and organize drills to familiarize our employees with safety guidelines and procedures.

In the long term, we will continue to strive for our six “zeroes”, including:

- 0
- Zero environmental accidents
✓

---

- 0
- Zero fire accidents
✓

---

- 0
- Zero transportation accidents
✓

---

- 0
- Zero damage
✓

---

- 0
- Zero tolerance of unsafe work behavior
✓

---

- 0
- Zero violation of EHS regulations and business ethics
✓

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Economic



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# Economic

## Our Business Strategy

As a public listed company, we fully recognize the importance of our business performance to our Board, our shareholders, investors and the general public. In response to our stakeholders' expectations, we aim to become a leading player in the Chinese e-commerce industry and seize a high-value market share and ultimately become a world-class e-commerce company. In 2016, our revenue was RMB56.6 billion, achieving an increase of over 40% compared to 2015. This significant improvement was due to our strategic integration of member needs, merchandise sourcing and operation, which has led to an enhanced presence in the market.

Apart from building a profitable business, we aim to transform our economic achievements into added value for the industry and local community, creating positive impacts for both internal and external stakeholders with our business success. In 2016, we led the industrial battle against infringement and fulfilled our responsibility as a corporate citizen through bringing economic contributions to the local community.

Material issue covered in this aspect:

- Economic Performance ([For more information about our business performance, please refer to our Annual Report and website.](#))



## Our Management Approach

Members, merchandise and operations are the three key interlinking pillars of our business. We have formulated a business model to cater to members' needs through real-time analysis of market demand and consumption big data, which helps adjust our sourcing plan accordingly. We have achieved continuous sales growth thanks to this well-defined approach.

Committed to building a better world, we help in developing the local economy by offering jobs and paying taxes. We encourage industry development by actively advocating for protection of intellectual property.





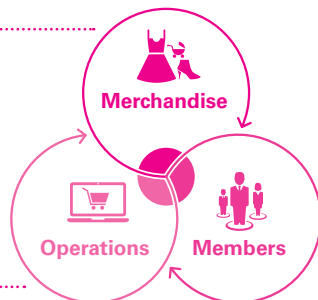
## Winning Market Share through a 3-pillar Business Model



Deeply rooted in the Chinese market, we put our members' needs first and adjust our sourcing plan accordingly. As we have noticed an increased demand for quality goods, we have expanded our sourcing scope to include overseas products, so our members can enjoy a wider range of choices. On the other hand, we have created a more diversified merchandise portfolio in response to the growing number of new choices. Our members can choose from middle to high-end brands on our platform, based on their price sensitivity. With our swift response to members' needs, we provide them with an extraordinary shopping experience.

Although our members show a strong buying power, we still keep the bargaining going in search of a better price for our members. To fulfill our commitment, we work with our suppliers to offer products at competitive prices on the internet, and continuously compare and adjust the product prices to keep the merchandise competitive. In addition, we have implemented the business model of "3 pillars – personalized operation at the front, backed by big data-driven supplies" by empowering our suppliers through deep collaboration and enhancing our operations through studying market demand and analyzing consumption data. This strategy and business model has helped us establish a flexible supply chain, revolutionize the supply chain structure and contribute to our outstanding financial performance.

Our 3-pillar strategy will guide us to a larger market share through focusing on our merchandise, members and operations.



Our revenue was RMB56.6 billion in 2016 and RMB40.2 billion in 2015.

## Leading Industry Responsibility



As mobile apps and social media spring from maturing mobile internet technology, a variety of infringement scenarios bring new challenges to the e-commerce industry. Being one of the top e-commerce industry players in China, we understand the importance for us to lead by example. To this, we proactively developed a series of internal policies for trademarks, domain names, patents and other intellectual property to prevent infringement.

On top of our own business intelligence, our close partnership with our suppliers allows us to help protect their reputation and intellectual property. With over 20,000 brands and suppliers, imitation and violation of trademarks are considered serious offences and are not tolerated in our operations. We have therefore established an expanded mechanism of content review for intellectual property based on the Knowledge Review Standards of Internet Service Providers, and use the trademark management system to develop stringent intellectual property standards on pre-censorship and post-investigation. All products placed online must come with complete certificate of ownership and trade authorization for examination. We also proactively monitor and identify possible risks of intellectual property infringement by the brands with our Intellectual Property Rights Mailbox. Anyone suspecting cases of infringement can report the incidents to us via mailbox and following investigation will be conducted.

Over

**20,000** Brands and Suppliers



# Economic

Our performance and engagement in the industry have earned us a number of awards. Over the year, we have received:

- 

#2 in Fortune's 100 Fastest-Growing Companies in 2016
- 

#3 in 2016 Annual Ranking of Chinese E-commerce Companies' Shopping Apps by Cheetah Global Lab
- 

Top 1,000 Chinese Apps by Quest Mobile in 2016 (top three in the e-commerce category)
- 

China's Top 100 Internet Companies by the Internet Society of China and Ministry of Industry and Information Technology's Information Center in 2016 (top ten on the list)

## Contributing to the Greater Good



**Our business success therefore not only brings about more employment opportunities but also nurtures industry practitioners.**

Tax  
**2.56** Billion RMB

Our thriving business performance has facilitated local economic development. This contribution is perhaps most evident in terms of employment. With our rapidly expanding business, we are hiring more and more employees and creating numerous job opportunities for locals. From the talent perspective, we have established a research center in Silicon Valley in the U.S., set up branches in nine countries and regions and trained global e-commerce talents at Vipshop University. Our business success therefore not only brings about more employment opportunities but also nurtures industry practitioners.

In addition, we contribute to society through our increase in taxable income. With our high financial turnover, we are paying higher taxes to the community which are used for local economic development. In 2016, we contributed RMB2.56 billion of tax to the government. Our supplier-empowering business model also increases our suppliers' income, further raising taxable income.

## Performance Highlights



In addition to creating economic value for the society, we are dedicated to sustainable development. We hope to make use of our market influence to foster sustainable development in the industry and community. For more details of the following programs, please refer to the corresponding chapters of this report.



### Customers

In Vipshop, we hope customers in China benefit from our site by staying in touch with the world at home. We conduct thorough analysis to understand the consumption patterns of our customers, and ensure that they can find suitable products on our platform. With our commitment to bringing quality products at affordable prices to our customers, they can enjoy shopping in their own style. In 2016, we have spent over RMB11 million on product testing, and we have hired independent third-party agencies to perform tests on products from more than 3,000 brands.



### Suppliers

While profiting from e-commerce business, we expect our platform to be beneficial to both our suppliers and customers. As a market leader, we offer our suppliers a means to connect to the world and increase their cost-effectiveness. By tapping into our platform, products previously limited by geographical boundaries are now more readily available for sale all over the globe. The online platform also exposes traditional brands and small- to medium-sized enterprises to new business opportunities in the O2O era. It strengthens their brand presence in the market.



### Environment

As a socially responsible company, we strive to protect the environment whenever possible. Revolutionary measures have been adopted to tackle the specific challenges arising from our business operation. In 2016, we maximized the use of eco-packaging materials with optimized designs and reused them as far as practicable. Green logistics and delivery are also applied, including route optimization and environmentally friendly vehicle use, to enhance the operation's environmental performance.



### Community

We are dedicated to giving back to society. Our Guangdong Vipshop Foundation has served as our bridge to support community events in four focus areas, including Education and Sponsorship, Left-behind Children and Seniors, Healthcare and Medical Assistance, and Environmental Protection. This year, we have launched two new platforms, "My Charity" in Vipshop app and the "Step for Love" app that combined the fitness of our members and community contributions. For every kilometer that our members walked, we donated RMB1 to the Foundation. The run gathered 2,527,728 participants, with a total of 21,478,526 kilometers walked, raising over RMB22 million and benefited over 80,000 recipients. Our employees have contributed 44,820 hours in volunteering events.



### People

Our commitment to our people is integrated into every aspect of our business. Throughout our value chain and business dimensions, we have put in place a wide range of policies, initiatives and programs that aim to promote our employees' rights, including non-discrimination, equal pay and equal work, and the support of collective bargaining. We take our commitment seriously and hope to inspire our business partners and suppliers to do the same.



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# Product Responsibility





# Product Responsibility

## Our Product Strategy

We are committed to offering an exceptional online shopping experience to our customers. Our commitment motivates us to improve every detail of our products and services. Starting from brand selection, we only source from the best. In credential assessment, we implement thorough checks on every aspect, while applying extra focus to quality. When it comes to customer interaction, we pay attention to their expectations including but not limited to price, product authenticity, appropriate advertising and personal privacy; at the same time, we engage them in regular surveys to assess areas of improvement.

In 2016, all of our key product categories were covered by and assessed for compliance with procedures on product responsibility.

Material issues covered in this aspect:

- Customer Health and Safety
- Customer Privacy
- Product and Service Quality
- Compliance with laws and regulations

## Our Management Approach

We comply with the national Product Quality Law, Consumer Rights Protection Law, Food Safety Law and Advertising Law. In addition, we have a full set of internal policies in place to provide specific guidelines in areas including but not limited to supplier management, merchandise intellectual property, product safety, online advertisement and merchandise description, price abnormality and after-sales services.

## Sourcing the Best

In order to source the best products for our customers, we uphold high standards from the beginning of supplier selection. Only brands with high market recognition and a competitive edge will be considered. Under the Supplier Management Policy of Vipshop, our suppliers are required to provide detailed information on their portfolio of retail business and qualified materials. Our customer feedback mechanism serves to actively monitor the performance of brand suppliers. If their performance is not satisfactory in quality assurance or does not comply with relevant laws and regulations, the supplier will be removed permanently from our list of approved suppliers.

Our goods are sourced from a variety of channels including domestic and international brands, trade agents, brand partners' subsidiaries and the China-based offices of our international partners. We have a team of merchandisers in various locations around the world to place direct orders, ensuring product authenticity. We also closely collaborate with Consulate General offices and maintain long-term relationships with well-known international brands.

Apart from that, we strive to adopt the "Source from origin" approach aiming at supporting business expansion since establishment. The "Source from origin" approach not only allows our customers to keep track of the origin of overseas products, but also promotes transparency and creates an assured environment for online shopping.

To further protect the interests of our customers, we have insured all items sold on Vipshop with China Pacific Insurance (Group) Co., Ltd (CPIC).

## Quality First



Our comprehensive quality assurance system aims to exceed the industry standards of online sales. Our Online Products Quality Control Specification clearly defines our online product quality inspection process, especially for high risk products, including food, maternal-infant products and electronic appliances. Product standards and accreditation compliance cover a wide variety of products including electrical appliances, clothing, cosmetics, home furnishings, maternal-infant care products, food products, accessories, toys, and sports products.

We are certified by ISO 22000 Food Safety Management System and ISO 9001 Quality Management System

To ensure that the quality of the products that we sell meets our standards, for products that are being transferred to our warehouses, samples are selected and examined carefully. Thorough checks are made on the packaging, quality, labeling, safety and functionality. For all of our products, we have established a “mystery shopper” system for quality assurance, suppliers will be penalized, followed by subsequent request for amendments or even termination of their contracts if product defects are discovered.

As a commitment to continuous improvement, in 2016, we established connections with the governments Cloud Bridge System to verify all products that require a China Compulsory Certification (CCC). We spent over RMB11 million hiring independent third-party agencies to perform tests on products from more than 3,000 brands. The tests ranged from product composition, formaldehyde, microorganisms, heavy metals and other physical and chemical indicators.

Product Tests

Over RMB 11 Million on  
More Than

**3,000** Brands



# Product Responsibility

## Catering to Customers' Needs



Vipshop is committed to providing an exceptional online shopping experience for our customers and we are devoted to responding to their needs and exceeding their expectations. We employ a business strategy of cooperating with well-known domestic and international brands to offer attractive products at favorable prices by utilizing economies of scale.

### Return Policy

Customers' rights and interests have always been our key focus. Apart from complying with the latest Consumer Protection Act, our customers are eligible to return the products within seven days of the purchase under our policy. This policy applies to customers even if they have lost their receipts or have already unwrapped their products. In addition to the product return, we provide RMB10 gift cards as compensation for courier expenses.

### Membership System

In order to attract and retain our loyal customers, we have upgraded our membership system and created a loyalty scale, rewarding loyal members with bonus points. Members will be categorized according to their spending amount. The more they spend, the higher returns will be provided. We will continue to extend the use of points to offer a superior shopping experience for our members.

Vipshop has upgraded the membership system and created a loyalty scale, rewarding loyal members with bonus points.



## Customer Service System

Customers' shopping experience is always at our top priority. Our customer service system provides a channel for us to understand customers' needs and deliver our core values to them to enhance mutual understanding and trust. We hold a firm belief that customer service is critical to improve our customers' shopping experience, increase customer satisfaction and create a positive reputation for Vipshop. Therefore, we continue to strive for improvement in management and customer services to create shared value for our customers and Vipshop.

Our Customer Service Center was established in 2008 and has expanded to a talent team of more than 1,700 customer service professionals. The Customer Service Center provides effective and convenient services for our customers every day throughout the year. Our first intelligent service system was launched in 2012, providing 24 hour services to our customers to enhance their user experience.

We launched customer service center to provide effective and convenient service.



# Product Responsibility

## Customer Satisfaction

We treasure the opinions of our customers and we treat their feedback as the most valuable inputs for our future improvement. Therefore, we actively engage with our customers by drafting monthly questionnaires which investigate a total of 28 aspects of their experience including buying, logistics, after-sales and customer service experience.

Analysis was conducted based on the overall usage experience and an in-depth investigation on each individual part and the group-usage experience. Apart from that, we also communicate face-to-face with our customers which enhances our understanding on their expectations. The results provide us with a solid ground for further improvement and facilitate our policy-making for delivering high quality services. In 2014 – 2016, our customers satisfaction has been increasing steadily.

Vipshop ranked first for consumer recognition in electronic commerce in the research report issued by the China Electronic Commerce Research Centre in 2016.



	2016	2015	2014
Customer satisfaction (phone channel)	97.8%	96.2%	95.7%
Customer satisfaction (online channel)	91.3%	89.7%	88.2%

## Safeguarding Our Customers' Right to Privacy

Vipshop always sees protecting customers' privacy and information security as our top priority. Our operations comply with various laws and regulations including the Sarbanes-Oxley Act as a listed company on the New York Stock Exchange. We also follow the graded protection of information security and individual information safety regulations of China.

As a pioneer of information security in our industry, Vipshop has been awarded national and international certifications including the ISO 27001 standard which demonstrates our ability to manage our information security effectively through adherence to more stringent international standards. Through our well-established management system, technology, operating practice, 24 hours real-time monitoring, regular internal audit and third-party audit, we ensure our customers to be able to shop securely within our platform.

Vipshop is devoted to information security management which covers areas including user transactions, risk control, product development, system operation and maintenance, promotion of information security and provision of training and examinations for our information security staff. These efforts aim to shape Vipshop as an information security hub which is able to guarantee a safe online shopping platform for our customers.

The Southern Metropolis Daily randomly selected 50 common websites and applications to evaluate their performance in privacy policy and user agreement. Vipshop ranked first among all selected shopping websites.

In the future, Vipshop will continue to improve and upgrade our safety systems together with the development of internet technology and expand our information security expertise team. Apart from that, we will continue to cooperate with relevant government departments and also industry peers in order to better protect client privacy and maintain a high standard of online information security.



Ranked

**NO.1**

among all selected shopping websites



## Responsible Advertising

To remain as a trusted online shopping platform to our customers, Vipshop has established the Advertisement and Product Information Publishing Regulation to ensure all product descriptions are correct and reflect the real function, material, quality and origin of the products. Our suppliers are also included in our compliance management system and are required to comply with the rules by providing true description of products. To safeguard the rights and interest of our customers, we have established a rewarding scheme to encourage our employees to provide active feedback if they discover any over-stated or misleading product descriptions.



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Supply Chain





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# Supply Chain

## Our Supply Chain Strategy



As an online shopping platform, we work with our business partners to provide diverse and quality products, creating an excellent and enjoyable experience for our customers. As an e-commerce company, we also partner with a variety of service providers to ensure smooth operation in our daily work. In addition to product/service quality, we expect our suppliers to maintain good performance on environmental, social and governance aspects. At the same time, we encourage mutual communication with our suppliers to help both parties succeed. We believe that minimizing risks from our value chain and maximizing our demand-supply partnership can add value to the customer shopping experience.

Material issue covered in this aspect:

- Supplier Management

## Our Management Approach



We have adopted a comprehensive supplier management mechanism, including policies such as Guidelines for Domestic Suppliers Selection, Score Card for Suppliers of Manufactured Goods, Suppliers Code of Conduct and Guidelines for Suppliers' Non-Compliance, covering aspects including but not limited to product/service quality and environmental and social performance.

Our Suppliers Code of Conduct:

We believe that supply chain plays an important role in our sustainability performance and we have the responsibility to impact our supply chain to create a better world together. Our Supplier Code of Conduct requires our suppliers to manage the following aspects:

-  Business Integrity
-  Wages and Benefits
-  Working Hours
-  No Forced or Child Labor
-  Non-discrimination/Respect Human Rights
-  Occupational Health and Safety
-  Environmental Standards

All suppliers are responsible for providing training to employees on Vipshop's "Supplier Code of Conduct".

## Supplier Overview



Vipshop is proud to deliver a wide variety of products with excellent quality to our consumers. We engage globally well-known brands and distributors who provide us over 20 categories of brand products, such as clothes, jewelry, cosmetics, electronics and food. Vipshop works with over 20,000 brands in total and more than 2,200 of the brands are exclusive online partners with Vipshop.

We cooperate with well-known brands and provide high-quality products to consumers.

We value the indirect suppliers supporting us in our daily operation as much as our strategic business partners that provide us with brand products. This year, we have gained support from 208 indirect suppliers located all around the world. The indirect suppliers support our business with daily operational necessities, including but not limited to IT devices, logistic facilities, packaging materials, construction projects and administrative services. To promote the local economy and minimize the environmental footprint of transported goods, local suppliers are given priority in our internal procurement practices.

Over

**20,000**

Brands In Total



Support From

**208**

Indirect Suppliers



# Supply Chain

## Managing Our Suppliers for Sustainability



With the wide and complex structure of our supply chain, we have put in dedicated efforts to manage the sustainability performance of our suppliers. It starts with our sustainability-focused supplier selection process. To select the best products and support goods with added environmental and social values for our customers and operation, we have applied stringent procedures and criteria to screen and assess our suppliers with regard to their business impacts on sustainability issues.

Beyond reviewing their business licenses, tax registration and other industry-relevant licenses, including hygiene licenses, food production licenses and production licenses for industrial products, we conduct site visits to assess suppliers' sustainability performance in terms of quality control systems, innovation abilities, after-sales services, environmental initiatives, safety standards and copyright issues, etc. We also look into issues such as conflict of interest, anti-corruption, occupational health and safety and social responsibility in the technical and business assessment. We particularly value suppliers with management systems certified with ISO 9000, ISO 14000 and RoHS, which relate to their quality management, environmental management and product health and safety, respectively.

We particularly value suppliers with management systems certified with ISO 9000, ISO 14000 and RoHS.

Only qualified companies are engaged in our business activities and supply chain. With the strict selection process, we are determined to offer products and facilities which have a minimal negative impact on the environment and society while enhancing our customers' purchasing experience. None of our suppliers were found to be exposed to the issue of child labor and forced labor during the reporting period.

Apart from encouraging our suppliers to operate in accordance with our Code of Conduct and contract, continuous monitoring is crucial to sustain a well-performing supply chain. Our approach goes beyond their basic compliance with the relevant laws and regulations as we aim to foster a long-term relationship with them upon our mutual vision of sustainability. We work with our suppliers to evaluate their sustainability performance, offer essential feedback for correction and improvement and track their progress.



Focusing on the regular monitoring activities, the ongoing process involves a number of business units specializing in different aspects. These include:



These monitoring activities are carried out annually to record the compliance and performance of all our suppliers. If suppliers fail to comply with the required standards and laws in light of customer complaints, litigation, and authority and Vipshop inspections, their contracts will be terminated.

Quality check on the packaging, quality, labeling, safety and functionality is conducted.

# Supply Chain

## Communicating with Our Suppliers



Besides monitoring, open dialogue with our suppliers is another key to building a well-functioning supply chain. Recognizing the importance of feedback from our suppliers, we conduct supplier satisfaction surveys every year to collect opinions and recommendations on our operation from their point of view. In addition, a mailbox has been set up in our office for prompt delivery of their feedback and notice. We value their input and make efforts to meet and go beyond suppliers' expectations.

We organize meetings annually for our key suppliers with corresponding departments to review past performance and plan for upcoming cooperation projects. Strategic visions are also communicated in the meetings to promote sustainable procurement activities.

To allow our brand suppliers to make the full use of our online platform, we provide supplier training sessions related to our online system, finance, operation and customer service. These raise our suppliers' understanding of our day-to-day business and help create best-fit procurement and collaboration models, benefiting from the mutual business performance and efficiency.





### *Managing Our Supply Chain from a Risk Management Perspective*

*Supply chain risks can bring business impacts to the firm, hindering the Company from providing exceptional quality of products and services to our customers. Through the systematic selection and monitoring process, we have been able to identify the risk source in our supply chain with respect to the assessed aspects. For example, we consider indirect suppliers who provide services or products related to logistics engineering, the Company's strategic projects or crucial logistics and operational facilities, and those whom we procure repeatedly from as our critical suppliers, since their risks and impacts are significantly linked to our business stability and quality.*

*In 2016, our Risk Management Department further carried out analysis and evaluation on the supply chain managed by the Business Center with site visits and communication activities. Going forward, we hope to formulate a comprehensive risk identification mechanism in understanding suppliers' major and their related business which would allow us to excel in sustainable risk management.*



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Environment





# Environment

## Our Environmental Strategy

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Vipshop has been proactively in responding climate change. Our environmental impact mainly comes from office and warehouse operations. Through implementing measures, including establishing and managing environmental management system, promoting the use of electric vehicles, adopting renewable energy, developing technology and managing means for energy saving, we continuously reduce our energy consumption and greenhouse gas emissions.

Material issues covered in this aspect:

- Energy
- Logistics and Transportation

## Our Management Approach

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### Environmental, Health and Safety Policy

Vipshop's Environmental, Health and Safety Policy is the guiding principle in the environmental management of our operations. The policy specifies our commitment in minimizing our impact on the environment, ensuring efficiency of raw material usage and creating a hazard free business environment.

Within our environmental, health and safety policy, we have properly defined our environmental responsibilities and are monitored by the highest level of management. This demonstrates Vipshop's commitment to sustainable development throughout our operation, i.e., from office to warehouses. We are committed to the following goals:

- Minimizing environmental impacts from our operations
- Managing environmental impacts from our product delivery services
- Raising environmental awareness among different departments
- Engaging with stakeholders, to understand their recommendations on our performance

### Environmental Governance

Chaired by our Chief Executive Officer, and composed of department heads and representatives from the labor union and employees, our EHS Committee drives corporate environment, as well as health and safety progress and initiative. Moreover, the Committee are required to receive feedback from various committee members and provide in-time investigation for workplace safety-related incidents.

To facilitate communications within the Committee and to evaluate the EHS-related performance of the Company, members are required to meet twice a year. Our Asset Protection Department is also involved in collection of feedback from employees and provision of recommendations to our EHS Committee during biannual meetings. They are also responsible for developing the Company's EHS policies according to relevant local laws and aid the Vice President in monitoring EHS implementation within Vipshop and its subsidiaries.

## Environmental Management System

Our Environmental Management System (EMS) was set up by the EHS Committee and is an integral part of our overall management strategy, with the goal in gaining competitive advantage through improved efficiencies and enhancing the confidence of stakeholders.

Adoption of EMS allows us to demonstrate compliance with relevant laws and regulations. Moreover, it can help increase leadership involvement and engagement of employees in the process of minimizing environmental impacts and ensuring resources are of the best quality.

Our system is externally audited. We conduct regular communications with stakeholders including employees, customers, shareholders, investors, government department officials and the public to understand their evaluation of our EHS performance and gain useful insights from them. Emergency controls, such as internal and external emergency communication channels, have also been established to minimize the magnitude of impacts from incidents and inherent risks.

Training is provided to employees on a regular basis on relevant EHS standards, laws and regulations in China, as well as the established EMS system in Vipshop. We also provide case studies to increase our employees' incident management skills.

## Energy



As a responsible corporate citizen, we strive to fulfill our responsibilities regulated by law and go beyond relevant that. We are dedicated to reducing our energy usage and emissions by proactively upgrading our facilities within our offices and warehouses.

We have established a comprehensive energy management system to keep track of our environmental performance and review it on a regular basis for continuous improvements. We have set up various performance indicators to facilitate comparison with performance in previous years and identify room for improvement. Thorough investigation is also carried out when significant differences in energy and greenhouse gas emissions data are found between different years, followed by the implementation and monitoring of improvement measures.

Despite the continuous growth of our business and operational scale, with our energy-saving measures, the energy consumption at the headquarter had reduced by 28%, compared with that in the previous year.

# Environment

## Energy Consumption

	Unit	2016	2015	2016 vs. 2015
Electricity Consumption	kWh	5,098,620	7,091,676	Reduced by 28%

The electricity consumption covers our head office in Guangzhou.

## Energy Saving Measures

In 2016, we have implemented a range of initiatives to save energy:

- We have gradually phased out 50W tungsten light bulbs in our office and replaced them with more energy efficient LED bulbs. Moreover, LED lighting systems are installed in new projects.
- We have also installed smart controls, i.e., switching off appliances automatically to replace switches for televisions, lights in underground parking lots, advertising and public lightings installed in public areas. Cabinet air conditioners from the 1st to 3rd floors of Guangxin building are also replaced by frequency conversion systems, reducing 36% of energy consumption.

case

### Use of Electric Vehicles

Every day, we deliver thousands of products to our customers, to ensure that our delivery is efficient while environmentally friendly. A new mode of pre-distribution has been developed by re-designing the delivery process and optimizing our route of transportation, which helps us reduce truck mileage and greenhouse gas emissions.

To extend our commitment in reducing our carbon footprint, we have widely adopted the electric vehicles for local courier services in eleven provinces in China, including Guangdong, Jiangsu, Zhejiang, Hunan, Hubei, Shanghai, Fujian, Chongqing, Hainan, Tianjin and Sichuan to further reduce emissions. There are currently 286 electric vehicles in use to deliver products to our customers. The use of electric vehicles has both economic and environmental benefits as total cost has been reduced by 25% while carbon dioxide emissions have been reduced by 829.11 tonnes per year.

In the coming future, we will continue to promote the use of electric vehicles in provincial subsidiaries and increase the number of electric vehicles in use by 2017 to 400.

We use environmentally friendly vehicles to deliver products.





case

**2017 – Solar Power Generation in Zhaoqing Vipshop Warehouse**

We built our own warehouses according to green building standards and have adopted designs that reduce energy use. To further improve our environmental performance, in 2017, we installed solar panels on the rooftop of Zhaoqing warehouse to provide sufficient energy for usage for the entire building.

The solar panels started to operate in March 2017 and generated more than 25,000 kWh daily. This project reduces 12,864.73 tonnes of carbon emissions every year, equivalent to the carbon absorption by planting about 302,459 saplings.

Solar power is considered as a cleaner type of energy compared to coal, which not only reduces our environmental impacts but we can also benefit from selling our carbon emission credits through the CCER action initiated by the Chinese Government. (Chinese Certified Emissions Reductions.)

We installed solar panels on the rooftop in our Zhaoqing warehouse to provide sufficient energy for usage.



**Greenhouse Gas Emissions Data**

We report on our greenhouse gas (GHG) emissions. We monitor Scope 1, 2 and 3 GHG emissions in accordance with the Greenhouse Gas Protocol. With the majority of our GHG emissions coming from energy use, our mitigation strategy significantly focuses on energy saving efforts.

	Unit	2016	2015	2016 vs. 2015
Total GHG Emissions				
Scope 1 (Direct Emissions by Corporate)	tonnes CO <sub>2</sub> e	0	0	–
Scope 2 (Emissions Induced by Electricity Use, Heating, Cooling and Other Processes for Operation)	tonnes CO <sub>2</sub> e	3,213.9	4,470.2	Reduced by 28%

The electricity consumption covers our head office in Guangzhou.

# Environment

## Packaging

Our business is about delivering products to our customers at the right place and the right time. Hence, packaging materials play a significant role in our daily operation. To minimize the impact of our waste disposal on the environment, we have adopted a comprehensive packaging waste management policy that reduces disposal and promotes recycling. We keep track of our consumption and review our practices on a regular basis for continuous improvement.

As an e-commerce giant, we process thousands of products every day. Packaging materials are used extensively causing the use of resources and the generation of waste. As a responsible citizen, we therefore actively adopt various initiatives to reduce our use of packaging materials in warehouses and distribution centers. The following are some examples of what we have achieved over the past year.

### Warehouse Innovation Scheme

Innovation is one the core value of the Company, and value employees' ideas and believe that their ideas are important in improving our business operations. In 2016, we have launched a new initiative, "Our Warehouse Innovation Scheme." The Scheme recognizes employees with innovative and practical ideas that enhance quality and efficiency. Employees can submit proposals on how to make improvements on operations, health and safety, and reducing environmental impacts. Employees with proposals that are selected for execution will receive monetary rewards.

case

#### Improving the Design of Package Boxes

We have adopted a new design to reduce packaging material. Currently, the package boxes are produced on-site by suppliers which is considered a time-consuming process. Higher transportation cost is also experienced since the storage boxes cannot be reshaped into a cardboard structure again and require a lot of space. Using the new design, our production rate is expected to increase by 50%. The new design allows the cardboard to be reformed into a 2D cardboard structure to reduce transportation costs.

case

#### Improving the Design of Plastic Bags

We reduced the thickness of plastic bags to reduce the consumption of plastic and introduced an XL-size bag to substitute for an S-size bag with the additional tear lines. The following is a table showing the purchased quantity of plastic bags and how the project has contributed to environmental sustainability. The new design will reduce our procurement cost by approximately RMB2 million, as well as 355 tonnes of plastic materials.

### Waste Recycling Data

	Unit	2016	2015	2016 vs. 2015
Total Waste Recycled	tonnes	19.78	14.73	Increased by 35%

## Water Management



We understand the business nature of our work requires the use of water. Although we do not use water intensively, we are still responsible for monitoring and reducing the use of water resources.

### Water Saving Measures

We are constantly taking active measures to reduce water usage. We have installed drinking water systems, which provide quality drinking water through filtering household water through filters to remove sediment and dissolved solids. This has reduced our fee for drinking water by 65%.

Apart from installing drinking water systems that provide water ready for direct consumption, we have also adopted automatic faucets in construction projects to reduce water wastage.

Despite the continuous growth of our business and operational scale, with our water-saving measures, the water consumption at the headquarter had reduced by 10%, compared with that in the previous year.

### Water Usage within the Company

	Unit	2016	2015	2016 vs. 2015
Total Water Consumption				
Municipal Water Consumption	Cubic meters	93,276	104,760	Reduced by 10%



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Communities



师表立志 树人创举

唯品会腾冲支教开营暨爱心多媒体教室启用  
典礼 洁精美 勤学刻苦



# Communities

## Our Community Strategy

We recognize our responsibility to support those in need in the community. Hence, we actively participate in charity and community development. Guangdong Vipshop Foundation supports community events. We dedicate our resources to our four focus areas, Education and Sponsorship, Left-behind Children and Seniors, Healthcare and Medical Assistance, and Environment Protection. Vipshop has a management system that encourages our employees to participate in volunteering events. Every year, every employee is entitled to one-day paid leave to get involved in the volunteering activities.

### Material issue covered in this aspect:

- Community Investment



In 2016, our performance in community engagements earned us many awards including:

- 2016 China Charity Enterprise
- Charity Group Prize and Charity Innovation Prize
- The first group accredited by Green Welfare Alliance
- Southern Charity Communication Award: "My Charity" in Vipshop app as the top 10 case studies of charity communication



Our achievements in community investment in 2016

- Total monetary donation amount  
RMB **22,000,000**
- Total voluntary service hours  
**44,820** hours



Type of philanthropic activities in 2016

- Charitable donations **73.64%**
- Community investment **3.64%**
- Commercial initiatives **22.73%**



As of June 2017, Vipshop donated the following:

- More than RMB **70** million
- **6** Vipshop primary schools
- **1** Vipshop kindergarten
- **12** multimedia classrooms in rural areas
- Over 70 thousand products
- Benefiting over **150** thousand people

## “My Charity” in Vipshop App



To make a bigger impact on our community, in 2016, Vipshop launched new platforms, combining the well-being of our members and communities. “My Charity” in Vipshop app and “Step for Love” app are platforms using innovative methods to raise funds.



### Contributing to Society through Walking

In 2016, Vipshop app’s “My Charity” cooperated with more than 100 charitable organizations and high schools. Through the concept of whenever our member walks one kilometer, Vipshop will donate RMB1 to the philanthropy. We raised funds and initiated more than 150 projects in four focus areas.

The initiative attracted more than 2.5 million participants, resulting in donations of RMB22 million from Vipshop. As a fast-growing internet company, Vipshop is dedicated to innovating community business, linking love of people to those in need, and matching resources to those that are in need. We ultimately want to create a harmonious atmosphere that involves everyone in society and create positive energy together.

- Mobile apps “My Charity” in Vipshop and “Step for Love”
- 2,527,728 participants
- Walked 21,478,526 kilometers
- Raised over RMB 22 million, over 80,000 recipients

### Combine “Sports and Charity” and Let Walking be a Part of Love

In this year, we incorporated “run” and “health” into our charity activities to promote community development and healthy lifestyles at the same time. Promoting our brand new charitable platform “Step for Love” app, we co-organized 13 large-scale sports events, including International Vertical Marathon, Qionglai Southern Silk Road Half Marathon and Yuewang 100m Trailwalker, etc. Vipshop donated RMB1 for each kilometer participants ran. Up to now, 487 professional running teams have joined the charity run to support diverse charity projects.

# Communities



We sponsor children for schooling to fight against child poverty for children's development.



### *"Your Nomination, Our Sponsorship" Realizing Student's Study Dream*

*Education is a focus in our community investment. We progressively contribute to education in society by nurturing the next generation of our society. Over the year, we have supported children and youth development programs to improve the hardware and software of education in China, especially in less developed regions.*

*In 2016, we donated RMB8 million to 6,172 underprivileged children around China through our "My Charity" platform. We have also further upgraded our "Vipshop Charitable Sponsorship Initiative" in our "12.8 8th anniversary. Utilizing "Your Nomination, Our Sponsorship" method, we encourage the public to get access to the "My Charity" platform to nominate underprivileged children. In 2017, we aim to donate over RMB30 million to over 10 thousand children for education around China.*



case

*"520 Vip Charitable Run"*

May 20 is a day which is regarded as Online Valentine's Day in China. On 20 May 2016 Vipshop has taken this opportunity to express its care for the needy via the Charity Night Run. A total of 11,244 participants from different provinces and cities ran together and completed the 10,000 kilometers target. For every 1 kilometer, Vipshop donated RMB52, and the event eventually raised RMB520,000 for 4 multimedia classrooms in rural areas, allowing these children to access to the internet and be connected with the world.



We organize charitable sports events to promote community development and healthy lifestyles.

case

*"Walking to Rio" Online Community Event*

The 2016 Summer Olympics in Rio de Janeiro drew public attention to sports development. In this regard, Vipshop cooperated with China Youth Development Foundation and Yao Foundation.etc. to launch the "Champion dream plan" charity project. More than 167,508 runners "ran" for 500,000 kilometers online via their cellphone and Vipshop donated RMB500,000 in total. The donations were used to support the building of physical education infrastructure in the hope primary schools, which encouraged the next generation to participate in the international stage.

# Communities

## Community “1+1”



Vipshop endeavors to encourage employees to serve as volunteers in community development projects. To achieve this, we developed the “Community 1+1” scheme. Under the scheme, we can gather greater manpower by involving volunteers from our company and the community to devote their services to the public. The scheme is carried out on a voluntary basis and we offer paid leave to encourage our employees to serve the community by joining activities under the scheme.

In 2016, Community 1+1 organized activities to protect environment, to assist the impoverished students and other disadvantaged groups. A total of 18,865 participants and 44,820 were recorded.



Employees in Vipshop serve as volunteers to teach in China’s rural areas.



Vipshop's employees serve as volunteers to care for the elderly.

### *Caring for Seniors*

case

*In the winter of 2016, Vipshop donated items such as warm clothing, blankets and quilts for the event "Vipshop Caring for the Elderly." More than 3,000 volunteers from both Vipshop and the communities nearby joined the event and visited 2,000 poor and solitary elderly in Guangzhou. Without care from their children, the elderly often feel lonely and hopeless when they are in need. Our volunteers expressed their love through delivering essential resources for them in order to live in survive the severe weather.*



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Our People





# Our People

## Our People Strategy



Our people are integral to our success. We rely on our talents to offer exceptional services to our customers and to help our business thrive. It is difficult to search for talents and retaining them in the e-commerce industry since the severe competition and demands for IT talents nowadays. In order to retain the best talents, we are dedicated to promoting an inclusive working environment and engaging with our people to foster better understanding between people and our management, which is highlighted in this chapter. We also include our investments in talent development and our practices in ensuring the health and safety of our working environment.

Material issues covered in this aspect:

- Anti-discrimination
- Labor and Management Relationship
- Occupational Health and Safety

## Our Management Approach



Our comprehensive employment policies reflect our commitment to offering a fair and inclusive environment for all our employees, protecting them against discrimination, and promoting a culture of integrity and ethical behavior.

We strictly comply with the Labor Law of the People's Republic of China on Employment Contracts and the Law of the People's Republic of China on the Protection of Women's Rights and Interests.

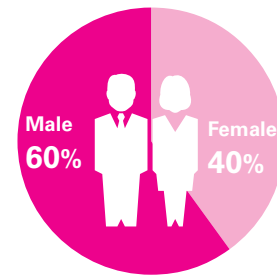
## Supporting Inclusive Environment



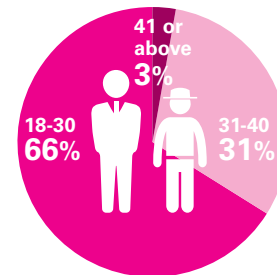
Diversity is an essential element within our corporate value. We promote inclusive employment and embrace individual differences. We believe that a diverse working environment is a driver of creative innovation. We adopt open, fair and equal human resource practices that do not discriminate against gender, color, race, ethnicity, nationality religion, age, marital status, sexual orientation, disability, pregnancy, or any relevant status covered by law. Relevant policies are also in place to ensure income equality between men and women with the same job post.

As of 31 December 2016, Vipshop had more than 45,000 employees, of which 40% were female.

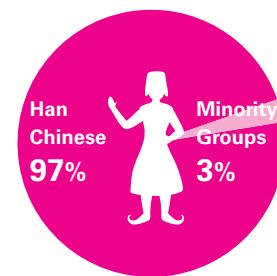
There were 13,633 new employees in 2016 accounting for 30% of total employees. The percentage of employees with disabilities was 0.4%.



Gender Diversity



Age Diversity



Ethnic Diversity

	Male	Female
Senior Management	77%	23%
Middle Management	70%	30%
General Staff	60%	40%

# Our People

## Promoting Employees' Well-being



Employees are important asset to the Company and we value every one of them. We offer competitive remunerations while continuously improving employee welfare system so as to enhance their well-being and sense of belonging.

### Comprehensive Employee Welfares

Vipshop strictly abides by the relevant laws and regulations in China. We provide employees with Five Social Insurances and One Housing Fund, paid leave according to relevant regulations, and not less than RMB300,000 accident insurance. The medical insurance covers all of our full-time staff.

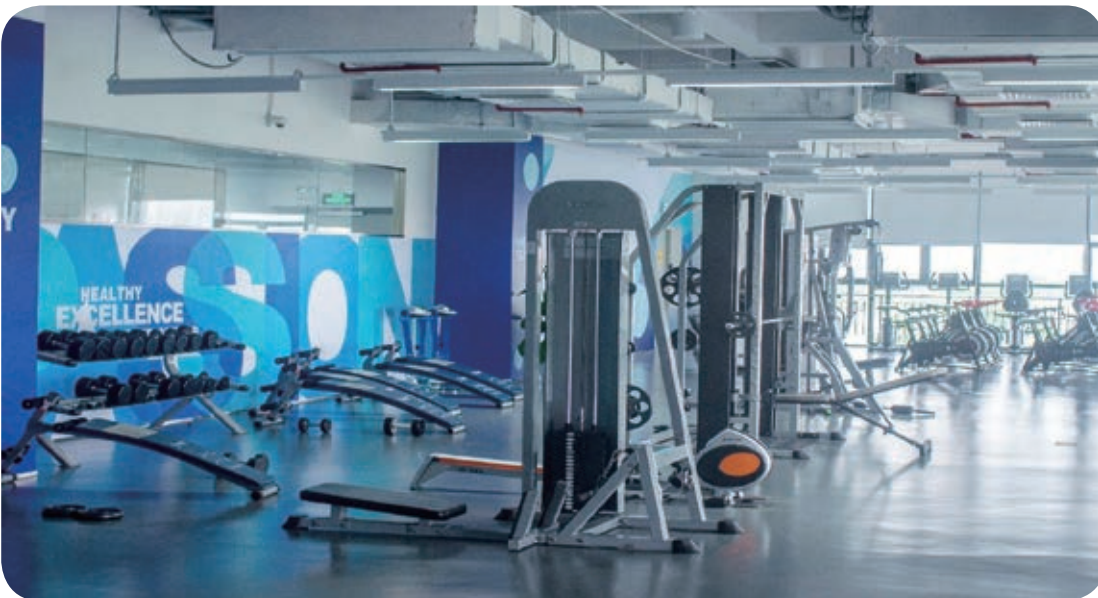
To develop a caring company culture, the Company sends birthday, marriage and baby gifts to our employees to celebrate these important occasions. Apart from that, the Company sends consolation money to employees who experience hospitalization or loss of a family member to share their burden. On the other hand, staff can enjoy extremely low discounts on internal sales.

We understands that work-life balance is vital for employees' retention. Apart from statutory holidays, two extra holidays are given to employees. Additional leave with special reasons is allowed in order to cater to the specific needs of employees. In addition, flexible working hours and home office arrangements are provided to employees with special needs.

Both physical and mental health of our people are highly important to Vipshop. We have allocated a significant amount of resources to provide support to our employees in promoting well-being among them. Vipshop provides our people with:

-  a free annual medical check-up
-  free healthy meals and snacks
-  a sterilized, clean and safe working environment
-  a working environment with first-aid facilities, medical rooms and counselling rooms
-  a working environment with soccer fields, basketball courts, gym facilities, dancing room and yoga center
-  Vipshop Library
-  a logistics park office area planted with fruit trees and vegetation
-  a number of sports associations for employees to join
-  medical and mental talks delivered by professionals





We provide comfortable working environment, healthy meals and snacks, sport facilities for employees.

# Our People

## Vipshop Fund

Emergencies may occur unexpectedly and cause financial burdens. With our mission to assist our employees to undergo such unavoidable circumstances, we established Vipshop Fund in March 2013. The Fund not only provides immediate assistance to employees that need help and care, but also promotes team spirit throughout the Company.

Benefits offered by the Fund include illness claims and subsidies for living difficulties. In 2016, Vipshop Fund assisted 165 employees with RMB1.4 million from the Fund.

Donation Made

**1.4** Million RMB



## Parental Support

Vipshop supports working parents by providing parental leave and nursery facilities. In 2016, 960 employees were approved for parental leave. To support working mothers who wish to continue breastfeeding, most working areas in Guangzhou are equipped with nursery rooms. The 10 square-meter nursery rooms are located in quiet areas to create a relaxing and private environment for the staff. Equipped with lockers, refrigerators, tables and chairs, air-conditioning and other facilities, we aim to provide comfortable nursery areas for our working mothers.



Nursery rooms are provided to support working mothers at Vipshop.



### Parents' holidays

Starting from 2016, our working parents are offered parent meeting holidays. Each year, working parents are allowed to take 1 day of leave for parent-teacher conferences, or any other activities that require parent participation.

This year, 945 employees return to work after taking parental leave, which is 87% of the total number of people taking parental leave.

	Male	Female
Number of employees that return to work or apply for job retention after taking parental leave	574	371

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## Communicating with Our People



To create a better working environment, we seek comments and opinions from our people to identify room for improvement. Vipshop has established multiple communication channels to ensure smooth internal information exchange between the Company and our employees.

Vipshop respects our employee's freedom of association and rights of collective bargaining. 100% of our people take part in a third-party labor union. The labor union is an effective communication channel between the Company and our people. It collects opinions and suggestions from our people through emails and letters. Their voices are then relayed to the Company in our monthly meetings with the union. In 2016, the monthly meetings were upgraded to the 2.0 mode, and themes were set for in-depth communication. 244 issues were collected via monthly meetings and 96% of them were resolved. 70 out of 75 issues collected via emails were also resolved. The total number of suggestions declined by 45% from last year, since the communication committee has managed to resolve most of the problems reported.

### Directors Lunch Meeting

Director's lunch meeting has been held monthly since 2012. In each meeting, the two founders, vice president of human resources, and representatives from various departments are invited to the luncheon. The monthly arrangement allows the executives to interact with our staff and hear their opinions directly, understand existing and upcoming challenges in different departments, and provide appropriate recommendations. Apart from being beneficial to the Company's management, our people are encouraged and motivated by the executives to maintain high morale and a harmonious working environment.

### Executive Talks

Executive talks are organized to share core values of the Company, and deliver meaningful messages from top to bottom. The talks cover a variety of topics, including talent management, work effectiveness, development and training, innovation, finance and sales. Employees can also raise any question regarding the Company and our business development.



# Our People

## Employee BBS

To provide a platform for free and open communication for our people, a staff BBS online forum has been in place since 2015 where they can choose to interact openly or anonymously. Our BBS platform has gained tremendous support from our people.

In addition to the above, various employee activities, such as annual meetings, family days, annual games and anniversary celebrations, are organized regularly to enhance team cohesion. Numerous sports and art associations have been formed to suit the diverse interests of our employees and to promote work-life balance.

Employee activities promote workplace harmony.

In case of significant operational changes in the Company, employees would be notified at least one month before implementation in order to minimize the possible impacts on them.

## Annual Employee's Survey

We make efforts in improving communication with our employees. Employee engagement survey has been carried out every year by an independent third-party consultant to understand our people's views. We have conducted our employee engagement surveys every year. In 2016, 71% of our employees claimed to be dedicated to work and have a satisfying working experience with us. We will continue to consult our employees regularly to understand their satisfaction with us and seek opportunities to improve.

71% of our employees claimed to be dedicated to work and have a satisfying working experience with us

## Nurturing a Learning Culture

Vipshop believes that a working environment filled with a learning atmosphere is essential to encouraging continuous improvement, boosting employee's capabilities and widening their horizons. We are committed to providing our people with the right environment to thrive and achieve their career aspirations.

Founded in 2014, Vipshop University is a corporate university offering qualified training to our employees to equip them with competitive skills and knowledge to sustain our business. Courses focus on various topics are provided, including time management, event management, technology, language, communication and counseling. Employees are also encouraged to take online training courses which allow greater flexibility. Vipshop University not only offers training but also gives specific career advice according to the needs of different individuals.

Total amount spent on training: RMB10,948,920

Total number of participants: 7,034\*

Total training hours: 41,263

Average cost spent on training for each employee: RMB1,380

Average training hours spent on each employee: ≈6

\*The above information does not include employees from warehouses and new-joiners.

The employee's average training hours by gender and position in 2016

	Male	Female
Senior Management	6.28	6.28
Middle Management	6.28	6.28
General Staff	5.78	5.78

Employees trained with regard to human rights policies and procedures in 2016

	Male	Female
Senior Management	3.57%	1.83%
Middle Management	17.79%	10.72%
General Staff	78.63%	87.46%

To provide fair and equal career opportunities to all of our people, Vipshop conducts performance appraisal and promotion assessment to support equitable professional growth. Every year, employees go through a performance appraisal, whereby performance goals are set at the beginning of the year, and regular counseling and reviews are conducted throughout the year. A year-end performance evaluation will be provided to ensure that our employees are well aware of their career progression.

Promotion assessment is conducted by various promotion committees based on the professions of employees, e.g., sales and marketing, product sourcing and technical profession. All employees that are eligible for promotion will be evaluated by the designated committee.



# Our People



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### *The New Journey Cultivation Plan*

*Vipshop aspires to create a better future for our employees in the spirit of embracing changes. We encourage our people to unlock their potential and overcome obstacles. The New Journey Cultivation Plan aims to stimulate our management team, and urge them to learn from self-reflection.*

*Since 2015, more than 50 people from the management team have participated in The New Journey Cultivation Plan, which offered a series of six tailored-made lessons offering an opportunity to develop their leadership skills.*



case

### *The New Pilot Program*

*Vipshop understands the importance of leadership in business development. Leaders play a vital role in inspiring employees at work, pushing them to excel, and providing them with guidance along the way. The Company invests in leadership training to transform our management team into supportive leaders.*

*Established in 2014, the New Pilot Program has offered support to about 240 employees at the director level or above. The program focuses on providing qualified and comprehensive leadership experience to our mid-management. Apart from classroom training, employees also have the chance to learn from outdoor team activities, entrepreneurship forums and one-on-one counseling.*

## Reinforcing Our Safety Culture



As a responsible and caring company, Vipshop has a comprehensive health and safety management system made up by 407 relevant laws and regulations, 302 standards, 37 building regulations, 63 fire safety management procedures and 7 food safety regulations to protect the health and safety of our employees.

We have a health and safety committee that oversees the health and safety issues of the Company. The committee is comprised of 28 members, which include the top management and representatives from labor union, and subsidiaries.

In 2016, the Company strove to achieve six “zeroes”:

- Zero environmental accidents
- Zero fire accidents
- Zero transportation accidents
- Zero damage
- Zero tolerance of unsafe work behavior
- Zero violation of EHS regulations and business ethics

To increase our people’s safety awareness, a safety culture is promoted and reinforced within the Company. Vipshop conducts fire drills every quarter to expose our staff to emergency scenarios and familiarize themselves with the evacuation procedures and routes. An emergency checklist has been issued to allow our employees to react in a timely manner. Regular checks are conducted to improve safety standards in the working environment.

In 2015, our total lost days was 1633, and lost day rate for male and female were 9.03 and 7.16 respectively. While in 2016, our total lost days was 1014, and lost day rate were 4.75 and 3.97 respectively. There is approximately a 45% decrease in lost day rate. Our long-term goal is to achieve zero accidents and zero lost days.

# GRI Standards Content Index



Jul 2017  
Service

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102-5	Ownership and legal form	About Vipshop – Our Presence	9
102-6	Markets served	About Vipshop – Our Presence	9
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102-9	Supply chain	Supply Chain – Supplier Overview	37
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102-14	Statement from senior decision-maker	About this Report – Chairman Statement	4-5
102-15	Key impacts, risks, and opportunities	About this Report – Chairman Statement	4-5
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102-16	Values, principles, standards, and norms of behavior	About Vipshop – Business Model, Sustainability at Vipshop – Corporate Governance	8-9; 12
102-17	Mechanisms for advice and concerns about ethics	Sustainability at Vipshop – Corporate Governance	12
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102-18	Governance structure	Sustainability at Vipshop – Corporate Governance, CSR Management Structure	12; 15
102-19	Delegating authority	Sustainability at Vipshop – CSR Management Structure	15
102-20	Executive-level responsibility for economic, environmental, and social topics	Sustainability at Vipshop – CSR Management Structure	15
102-21	Consulting stakeholders on economic, environmental, and social topics	Sustainability at Vipshop – Communication with Stakeholders	12



<b>GRI Standard</b>	<b>Index Description</b>	<b>Report Chapter</b>	<b>Page</b>
102-22	Composition of the highest governance body and its committees	Vipshop Annual Report 2016	N/A
102-23	Chair of the highest governance body	Vipshop Annual Report 2016	N/A
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102-40	List of stakeholders engaged	Sustainability at Vipshop – Communication with Stakeholders	16
102-41	Collective bargaining agreements	Our People – Communicating with Our People	65
102-42	Identification and selection of stakeholders	Sustainability at Vipshop – Communication with Stakeholders	16
102-43	Stakeholder engagement approach	Sustainability at Vipshop – Communication with Stakeholders	16
102-44	Key topics and concerns raised	Sustainability at Vipshop – Communication with Stakeholders	16
Reporting Practice			
102-45	Entities included in the consolidated financial statements	About this Report – Reporting Scope and Period	2
102-46	Defining report content and topic boundaries	About this Report – Reporting Scope and Period, Sustainability at Vipshop – Materiality Analysis	2; 17
102-47	List of material topics	Sustainability at Vipshop – Materiality Analysis	17
102-48	Restatements of information	There are no restatements of information	N/A
102-49	Changes in reporting	There are no changes in reporting	N/A
102-50	Reporting period	About this Report – Reporting Scope and Period	2
102-51	Date of most recent previous report	About this Report – Reporting Scope and Period	2
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204-1	Proportion of spending on local suppliers	Supply Chain – Supplier Overview	37
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103-1, 103-2, 103-3	Management approach	Sustainability at Vipshop – Anti-corruption	13
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206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Sustainability at Vipshop – Fair Competition	13
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301-1	Materials used by weight or volume	Environment – Packaging	48
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302-1	Energy consumption within organization	Environment – Energy	46
302-4	Reduction of energy consumption	Environment – Energy	45-47
302-5	Reductions in energy requirements of products and services	Environment – Energy	45-47
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303-1	Water withdrawal by source	Environment – Water Management	49
303-3	Water recycled and reused	Environment – Water Management	49
Emissions 2016			
103-1, 103-2, 103-3	Management approach	The topic was not identified as material in the materiality assessment, and therefore omitted	N/A

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Environmental Compliance 2016			
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103-1, 103-2, 103-3	Management approach	Supply Chain – Managing Our Suppliers for Sustainability	38
308-1	New suppliers that were screened using environmental criteria	Supply Chain – Managing Our Suppliers for Sustainability	38
308-2	Negative environmental impacts in the supply chain and actions taken	Supply Chain – Managing Our Suppliers for Sustainability	38
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103-1, 103-2, 103-3	Management approach	Our People – Our People Strategy, Our Management Approach	60
401-1	New employee hires and employee turnover	Our People – Supporting Inclusive Environment	61
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Labor/Management Relations 2016			
103-1, 103-2, 103-3	Management approach	Our People – Promoting Employee Well-being	64
402-1	Minimum notice periods regarding operational changes	The notice periods are aligned with the requirement stipulated in the national laws	N/A

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404-1	Average hours of training per year per employee	Our People – Nurturing a Learning Culture	67
404-2	Programs for upgrading employee skills and transition assistance programs	Our People – Nurturing a Learning Culture	66-68
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405-1	Diversity of governance bodies and employees	Our People – Supporting Inclusive Environment	61
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408-1	Operations and suppliers at significant risk for incidents of child labor	Supply Chain – Managing Our Suppliers for Sustainability	38-39
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409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor elimination of all forms of forced or compulsory labor	Supply Chain – Managing Our Suppliers for Sustainability	38-39
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412-2	Employee training on human rights policies or procedures	Our People – Nurturing a Learning Culture	67
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416-1	Assessment of the health and safety impacts of product and service categories	Product Responsibility – Quality First	29
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417-1	Requirements for product and service information and labeling	Product Responsibility – Responsible Advertising	33
Customer Privacy 2016			
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418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Product Responsibility – Safeguarding Our Customers' Right to Privacy	33
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419-1	Non-compliance with laws and regulations in the social and economic area	There was no non-compliance with laws and regulations in the social and economic area	N/A

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