



# 唯品会

一家专门做特卖的网站

## Vipshop 2014 CSR Report

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## Message from CEO

Vipshop was founded in 2008, and our great achievement greatly relies on the support from our customers and the public in the past six years. During these years, we have been embedding the concept of corporate social responsibility (CSR) into our business operations. This year, we are publishing our first CSR report in order to make our stakeholders (e.g. consumers, employees, shareholders, partners and the public) having a comprehensive understanding on Vipshop. It is also a new opportunity for us to strengthen our CSR management, transparency of information disclosure and stakeholder communication.

With the mission of "Promoting Quality of Life, and Enhancing Happy Experiences", Vipshop has become the largest flash sales e-commerce business in the world through the unique model of "well selection of brands, great discounts, and flash sales". Established and developed in the context of new global business culture, we insist to make "Simple、Innovative、Fast and Cooperative" as our core value. We attach great importance to CSR at our core business operation, as we believe that our company can be sustainable only if we continuously create value for different stakeholders.

Based on our understanding of CSR, we have proactively built and improved our CSR management system, and it examines our relationships with consumers, employees, shareholders, business partners and the public.

Vipshop persists in the interest of our customers and provides good experience and services beyond their expectation. We also provide them safe, convenient, diverse online shopping experience. We take responsibility seriously of ensuring products quality and low prices, and we will take all actions against violation of customers' rights.

Vipshop treasures employees as its most valuable asset. We care about their physical and psychological health, and establish the Vipshop Employee Caring Fund to help employees with difficulties such as emergency and illness. We also support innovation of employees by providing a platform for their long-term development, which can benefit both employees and the company. Vipshop continuously creates market value to ensure long-term sustainable return for shareholders who support and have trust on us.

We respect and treat every business partner with sincerity and strive to build an e-commerce business relationship with mutual benefits. We also actively promote the development of the e-commerce industry by initiating the establishment of Guangzhou E-commerce Industry Association, playing an important role in promoting the legislation on Chinese e-commerce and maintaining effective communication with the government.

Environmental protection is a basic requirement of responsible business. Vipshop strives to create a green environment by insisting on low-carbon and energy-saving operation. In terms of contributing to the community, Vipshop 365 Love fund was established to contribute our gratefulness to society, and we donated millions and built seven Vipshop Primary Schools for supporting education in the rural area. Meanwhile, the Employee Philanthropic Vacation Plan was launched to encourage our employees as volunteers to participate in different communities and social activities to help vulnerable groups.

As an e-commerce company listed on the U.S. stock market, we believe that as to become a successful and sustainable company, what we need is not only to continually succeed in the market, but also achieving the mission of "Promoting Quality of Life, and Enhancing Happy Experiences". Vipshop has set a clear goal for our three-year CSR Roadmap starting from 2015 and we will explore continuous improvement for a better CSR management system.

As a team of over 18,000 employees, Vipshop is proud of what we have achieved and will work constantly towards the sustainable development for fulfilling our promises to our customers, employees, shareholders, business partners and the public. We believe the influence of business can change the world. We also convince that Vipshop will become a more outstanding company and create value and positive impacts for a better society and environment.

**We are looking to building a better future with you.**

Founder, Chairman and CEO of Vipshop  
Eric Shen  
October 2015





# Contents

- 6 About Vipshop
- 9 About This Report
- 10 Corporate Governance & CSR Management

## Safeguarding Consumer Rights

- 22 Quality Product Guarantee  
Low Price Guarantee
- 23 Customer Satisfaction Comes  
the First
- 27 Upholding Customer Rights  
by Integrity

## Environmental Management for Tackling Climate Change

- 30 Green Office
- 32 Green Procurement
- 33 Green Logistics

## Caring for Employees

- 38 Employee's Health and Safety
- 40 Policy of Employee Caring
- 42 Vipshop Employee Caring Fund
- 43 All-round Development
- 48 Encouraging Continuous Innovation
- 50 Optimizing the Office Environment
- 54 Employee Communication  
Mechanism

## Community Development

- 58 Cooperation with Colleges  
and Universities
- 60 Logistics Parks and Local  
Development

## Sustainable Supply Chain Management

- 64 Strategic partnership with  
brand suppliers
- 67 Responsible Supply Chain
- 68 Logistics management

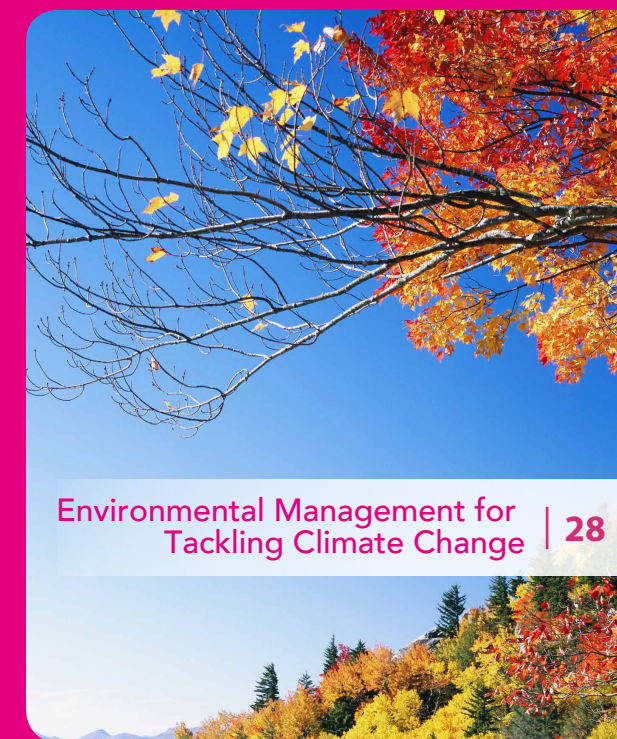
## Facilitating Development of E-Commerce Industry

- 74 Initiating the 'Flash Sales'  
model of e-commerce in China
- 75 Promoting the development of  
e-commerce in China
- 80 Promoting Legislation on  
E-commerce
- 81 Setting an Example to Advo  
cate Self-discipline

## Philanthropy

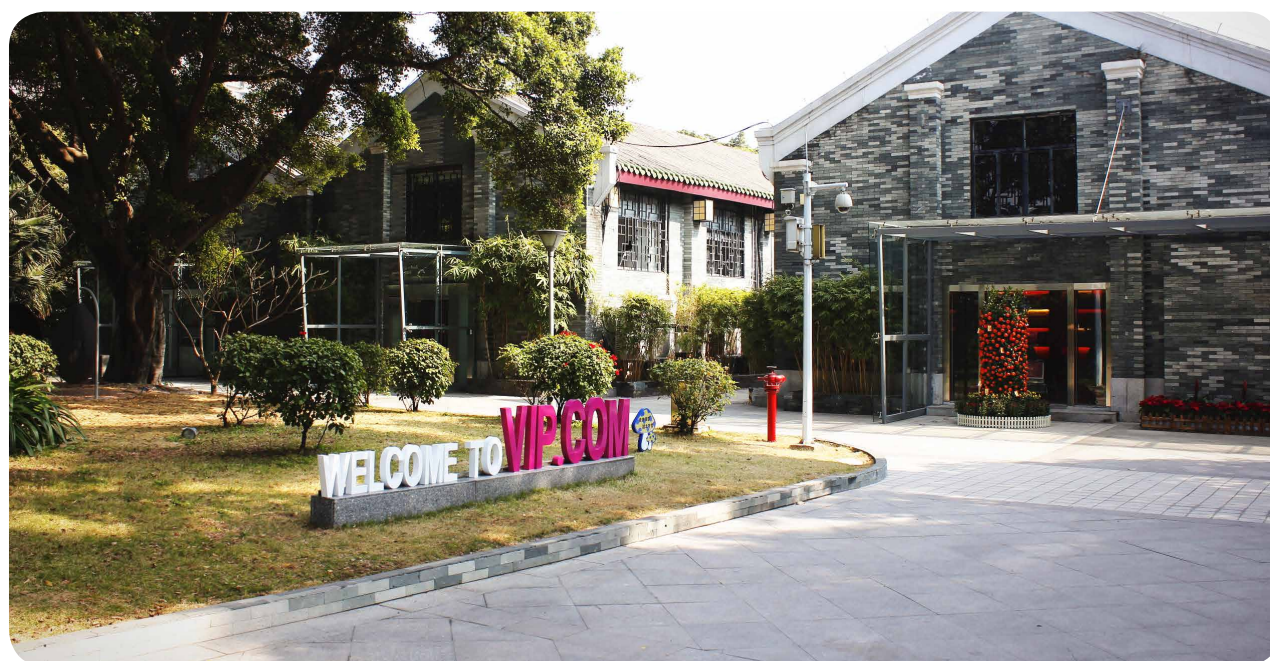
- 86 Vipshop Foundation
- 87 Our Key Philanthropic  
Project – "V Wish"
- 88 Operation of the Foundation
- 94 Our Future Roadmap on CSR
- 98 List of Awards in the  
Past Years
- 100 GRI Index
- 101 Feedback

# Vipshop 2014 CSR Report





## Brief Introduction of Vipshop



Vipshop Holdings Limited (NYSE: VIPS) was founded in August 2008 and its headquarter is located at Guangzhou, P.R. China. On 8 December of the same year, our website was announced online. Vipshop specializes in online flash sales, and our primary business is providing customers with discount branded products, including clothing, shoes & handbags, cosmetics, infant & mum supplies, home products, etc. As the largest e-commerce enterprise in China specializing in fashion flash sales, Vipshop was listed on New York Stock Exchange (NYSE) on 23 March 2012. Between then and to 31 December 2014, Vipshop has recorded profit for nine continuous seasons. Vipshop is one of the largest global e-commerce companies specializing in flash sales.

On 30 November 2013, the new domain "www.vip.com" was launched to achieve the goal of offering a convenient user experience, reinforcing the concept that every customer should enjoy a relaxed and happy life just like a VIP. The initials VIP in the new domain name represent "Very Selective Products", "Incredible Price" and "Privileged Services". The international domain name does not only show our determination to improve customer experience and serve each client as a distinguished guest, but also reflects our vision to be a global leader in the industry.

### Our Business Model

Vipshop has created an innovative business model using "discounts for brands + flash sales + quality assurance", which becomes more effective when we use "well selection of brands + great discounts + flash sales". We offer 100 new sales daily starting at 10 a.m. and 8pm.Beijing time. Products are offered at discounts of up to 90% in limited quantities during a limited time period of 3 to 5 days, and it provides our customers an enjoyable and affordable online shopping experience.

### Global Flash Sales

In September 2014, Vipshop and Guangzhou Customs joined to launch the "Global Flash Sales", a new business upgrading our cross-border e-commerce platform to the 2.5 era. The "three-form process", the highest standard of customs management processes, has been adopted at our model of "global flash sales". As the strictest criterion in the cross-border e-commerce industry in China, the three-form process quality management system consists of an e-commerce platform, supervisory department of customs, credit payment and logistics systems. The use of the three-order process achieves the efficient management and control of order forms, waybills and payment forms. The three-form process ensures a quick exchange and

transparency of information at every step.the "Global Flash Sales" channel keeps the promise of "well selection of brands, great discounts, and flash sales". We offer direct delivery of imported products to our customers. Our one-stop service covers import duty and delivery, which allows us to offer high-quality products, affordable prices and convenient shopping experience to our customers. We offer a complete package of "certified products guarantee, international products, free international shipping, and one fixed price"with the same flash sales experience offered by domestic online shopping.

### The Scale of Development

Vipshop has more than 18,000 employees and cooperates with more than 13,000 brands, over 1,600 of which have exclusive partnerships with us. By the end of 2014, we had more than 100 million registered members, a daily average ordering of more than 400,000 orders, and the rate of repeated purchase is above 70%. Vipshop is headquartered in the Liwan District of Guangzhou and covers an area of 10,000 m2. Vipshop has five warehousing centers, with a total area of 1.4 million m2, which locate in Tianjin, Guangdong, Jiangsu, Sichuan and Hubei. These warehousing centers serve consumers in North China, South China, East China, Southwest China and central China respectively.



## Market Performance

In 2012, the net revenue of Vipshop was USD 692.1 million, with a 304.7% increase compared to 2011. In 2013, our net revenue was USD 1.7 billion and the net revenue reached USD 3.77 billion in 2014, with a market value of more than USD 14 billion. According to a study conducted by iResearch, Vipshop is ranked among the top three in "China's Independent Business-to-consumer Internet-based Business Market Share" and "China's Mobile Shopping Market Share". The flash sales model has become one of the three most important mainstream e-commerce business models. According to the "2014 Chinese Flash Sales Market Research Report" released by iResearch, Vipshop led the Chinese flash sales market in 2013 with 38.1% of the market share. In the ranking of "Chinese Selling B2C Website Trade Scale & Market Share" and "Chinese Mobile Shopping Enterprise Trade Scale & Market Share" released by iResearch, Vipshop was among top 3 in both researches.

## Financing Situation

In October 2010 and May 2011, Vipshop got an investment of USD 20 million from DCM and USD 50 million from Sequoia Capital.

On 23 March 2012, as Chinese largest fashion flash sales e-commerce company, Vipshop succeeded in listing on the New York Stock Exchange (NYSE) (stock code: VIPS).

## Development Plan

In February 2014, Vipshop invested USD 112.5 million in Lefeng.com and acquired 75% of its share, and USD 55.8 million in Fleet Entertainment, the parent company of Lefeng.com, and acquire 23% of its share. This strategy aims to combine the top two companies in the clothing industry and cosmetic industry, creating an eco-industrial chain that connects the fashion e-commerce platform with fashion products to make the biggest Chinese e-commerce platform. As the world's biggest flash sales e-commerce company, and one of the world's largest fashion e-commerce platforms, Vipshop continues to make "Promoting Quality of Life, and Enhancing Happy Experiences" as our core value, and is determined to become a global first-class e-commerce platform for providing excellent shopping experience and high quality services to our customers and business partners.

## About This Report

This is the first corporate social responsibility report of Vipshop, which includes information from all entities under Vipshop from December 2008 to December 2014, including all operating areas and business units. This report mainly discloses our CSR management, strategy and performance in eight areas including corporate governance, industrial development, consumer rights, sustainable supply chain management, environmental protection, caring for employee, community development and philanthropy. Stakeholders of this report include government agencies, employees and management of Vipshop, third-party partners, investors and shareholders, e-commerce associations, consumers, brand suppliers, partners of university projects, and recipients of charitable donations, etc.

We have tracked our performance in the key areas using the Global Reporting Initiative (GRI)'s G3.1 guidelines. Data disclosed in this report is sourced from official documents of Vipshop and internal statistical reports verified independently by third parties.

As the first CSR report of Vipshop, this is a review of our CSR policies and practices in the past 6 years. It is our intention that this report demonstrates our efforts to fulfil our social responsibility to the public and our stakeholders. We also hope to gain feedback on our CSR initiatives through this report which will help us to broaden the scope of our CSR policy and activities.

The Chinese and English versions of this report are published on our website <http://support.vip.com/foundation/>. Your opinion is valuable to us as we continually strive to improve our CSR initiatives. Please complete the feedback form at the end of this report, or email us at [vipshop365-day@vipshop.com](mailto:vipshop365-day@vipshop.com) for your valuable suggestion and inquiry. Your personal information will be kept confidential.

## Corporate Governance

### OUR VISION

To become a first-class e-commerce platform globally

### OUR MISSION

Promoting Quality of Life, and Enhancing Happy Experiences

### BUSINESS PHILOSOPHY

#### To Consumers

We always put our customers in the first place.

We listen to our customers, aim to understand their needs, and provide them with unexpected benefits. We exceed customers' expectations and provide value-added services for new customers.

#### To Partners

We deal honestly and respectfully with our partners and aim to create mutually beneficial working relationships.

#### To employees

We see our employees as our greatest assets and help them recognize their own potential so they can grow with the company.

We treat employees with respect and care for their physical and psychological health.

#### To Society

We contribute to society through our CSR programs, helping people in need as much as we can, thus creating a healthy corporate image.

### CORE VALUES

**Simple** Concise and transparent, equal and open

Communication Method: Simple, direct, focusing on information not individuals; equal and respectful, not biased or manipulative

Working Atmosphere: Encourage employees to express different opinions, be open-minded and accept diversity;

Organizational Structure: Be clear and concise, avoid a hierarchical structure;

Working process: Keep work allocation reasonable; keep processes simple and effective; aim for constant improvement;

Learning and Improvement: Be modest and learn from each other;

**Innovative** Break the routine, strive for excellence

The purpose of innovation is to create value for customers;

Innovation is everywhere, everyone can be innovative

and everything can be improved;

Strive for excellence, keep improving, and be dutiful and willing to share;

Dare to try, do not be afraid to make mistakes, and aim for constant improvement in efficiency;

Encourage team innovation, listen carefully to new ideas, and build a team which is innovative and eager to learn; Adapt to a changing environment;

CORPORATE  
CULTURE

CORPORATE  
CULTURE



**Fast** Embrace change and adapt quickly

Rapid change is the norm in the e-commerce industry, and competition is normal in our business environment.

We have to keep our sense of crisis and fighting spirit at all times to make us invincible.

We have to keep our entrepreneurship and respond to demands from customers, partners and our own departments fast.

We have to adapt in changes to organizational structure, tasks and work. We must face challenges head on, and recognize the value and competitiveness of individuals and the team.

Keep things simple and to the point, work efficiently, and concentrate on results.

**Cooperative** Work as a team, and maximize the strength

Achieving our vision and mission will be the result of team work and diligence;

Advocate that leaders should set examples, be willing to share success and difficulties and support team members;

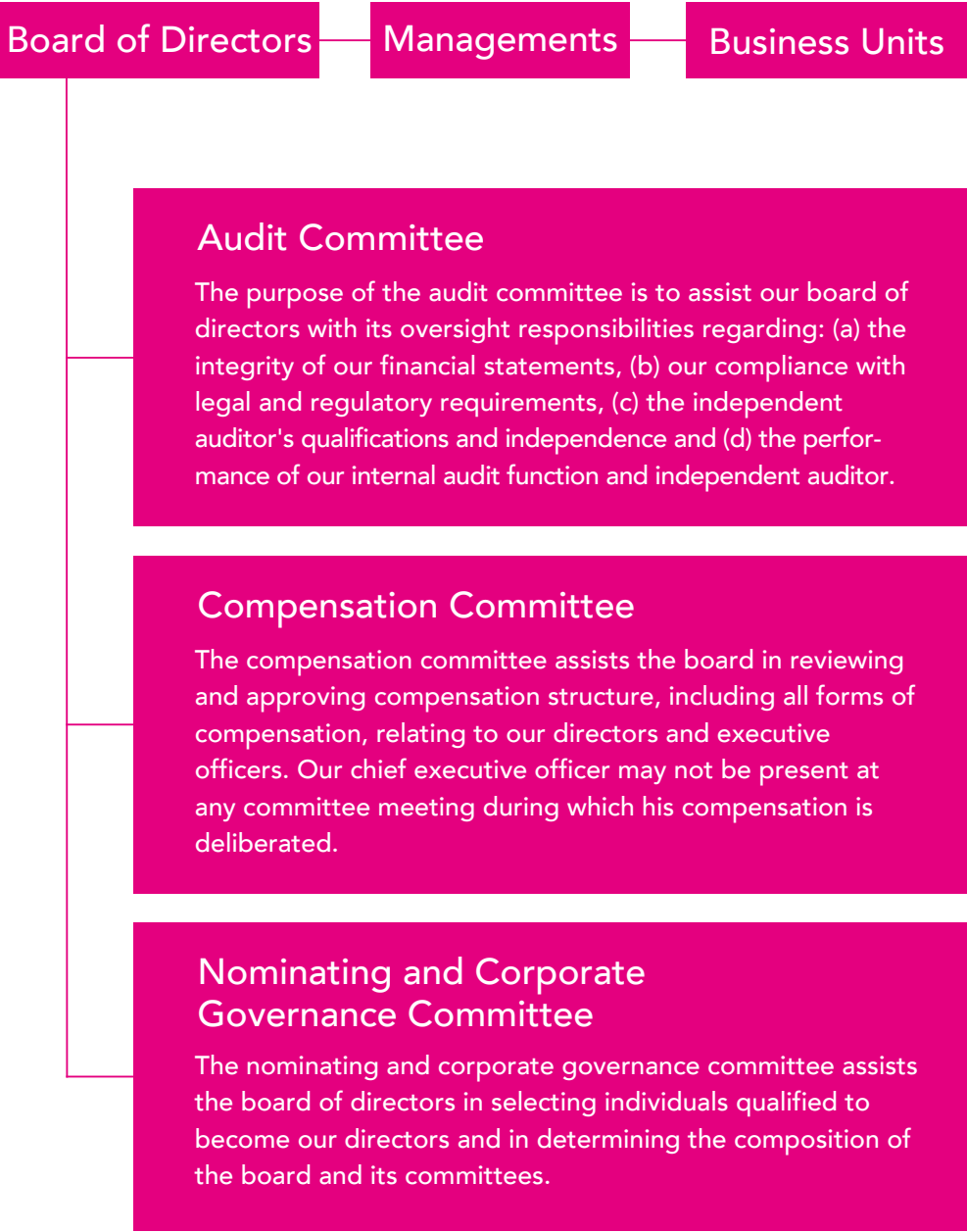
Always think of the team and others, never evade responsibility;

Demand much of yourself but be tolerant towards others;

Consider the whole situation rather than personal benefits;

Maintain a responsible and passionate attitude.

# Structure of Board of Directors and Management



# Compliance Management

Compliance is the basis of any company which wants to fulfill its social responsibility. As a listed company, Vipshop has adhered to its CSR policy in its corporate management and daily operations. From employees to partners, from regulations to implementation, from actions to the evaluation of outcomes, we have set up our operational system according to regulations which ensure that Vipshop fulfills our CSR obligations.

## Code of Conduct for Employees

Management of employees' behavior is the basis of corporate compliance. Vipshop has code of conducts for employees and published the Vipshop Employee Handbook, which regulates and manages employees' behavior in the areas of corporate culture, workplace etiquette, professional ethics, compensation and welfare, training and development, employee relationships and safety management. Employees can understand our corporate culture and regulations through orientation, and understand that their behavior will affect the corporate image among stakeholders (customers, business partners and the public). These operational regulations will also help employees as they try to maintain their own personal standards. The regulations will guide employees on their path to growth with Vipshop.

## Refusing Commercial Bribery, Building Business Honesty

Vipshop insists on honest business practices: We emphasize honest commercial activities which help to create a mutually beneficial business environment. Maintaining healthy e-commerce business order and bribery is forbidden. Corporate governance at Vipshop includes a complete management system to prevent unethical behavior.

- Regulations regarding ethics  
These regulations include "Honesty Regulations", "Anti-commercial Bribery Protocol" and "Regulations Regarding the Reporting of Gift-giving".
- Employee Honesty Training  
All employees of Vipshop are trained at orientation. This training includes modules on honesty and compliance for key aspects of the business.
- Eliminating Unethical Behavior  
Vipshop creates archives to manage dishonest suppliers and employees, and support the investigation of the background of key business unit employees and suppliers.

## Client Information Security Management

As a listed e-commerce company, our mission is to provide a convenient and safe online shopping environment. We have spent a large amount of resource to build a professional security team which maintains the company's security features. These features include secure purchasing, the prevention of information leaking, emergency measures and security management. We have set up connections with administrative supervision institutions and internet law enforcement agencies. We have put great effort into securing users' transactions, protecting private information, maintaining commercial operations and eliminating unethical business practices. We strive to adhere to SOX403, PCI-DSS, ADSS and ISO27000 standards and continue to improve our security management system to provide a reliable e-commerce platform.

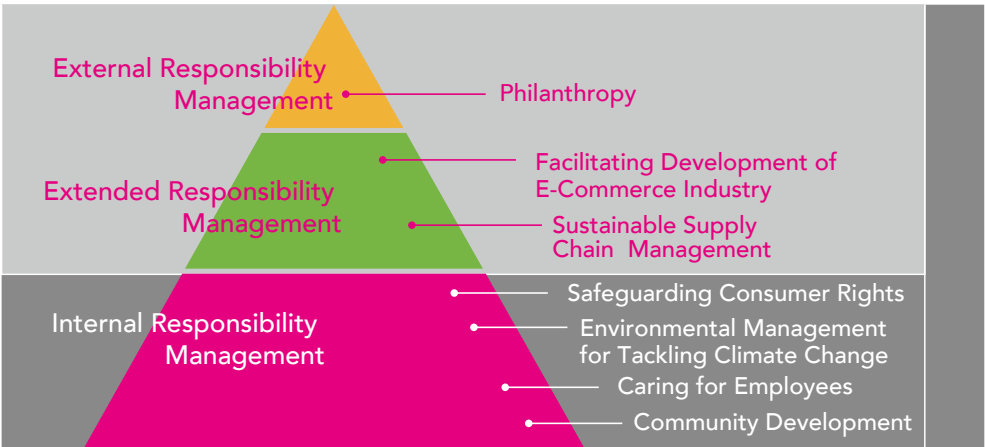
# Social Responsibility Management

As a responsible corporate citizen, Vipshop makes an ongoing effort to improve our CSR performance and promote sustainability. During the preparation of this report, we realized that it was important for us to build a comprehensive and strategic CSR management system to improve our effectiveness in this area. Vipshop defines social responsibility management into two major parts – strategic direction and organizational structure. Leading by the board of directors, CSR related issues are discussed during director meetings. Our CSR initiatives are mainly led by the PR department, with specific focuses on operation of Vipshop 365 Love Fund. Therefore, in accordance with our 3-year CSR roadmap, we will cooperate with internal business units, external organizations and other stakeholders to balance their interests and expectations through effective communication. We will take international and local industrial standards into account in establishing CSR management system which is suitable for Vipshop's operation and its development, and supports Vipshop's CSR initiatives with its organizational structure, regulations and supervision.

## CSR Strategic Management System

Core of our Strategy: Honest Operation, Constant Innovation

Key Points of our strategy:





Sustainability Background Analysis

The global economic environment is changing rapidly. In order to determine the role of Vipshop’s social responsibility during this period of growth of international business and e-commerce in China, and to make sure the company is heading in a direction which is sustainable, we objectively analyzed the sustainability background of Vipshop.

Strengths:

Global No.1 flash sales e-commerce company;  
The “Flash Sales” model which Vipshop represents has become one of the three main e-commerce business models in China.  
The 3rd largest shopping website in China.

Weaknesses:

Rapidly increasing employee numbers result in pressure on management;  
Large gap between Vipshop and other leading e-commerce companies in China;  
Vipshop has not yet been recognized as a socially responsible company by the public.

Opportunities:

The government values the economic contribution of development in the e-commerce industry  
CSR is an issue growing concern among the public and the media.  
Vipshop is in a position to encourage the development of the e-commerce industry in China, and affect its development nationwide.

Challenges:

Global economic and trade downturn  
Increasing competition in e-commerce industry  
Negative impact from new media development  
Pressure from environmental protection and carbon emission supervision.

The results of the analysis show our advantages and disadvantages on sustainability and the opportunities and challenges we are facing during the development of the international and domestic e-commerce industry. We are going to learn from the best in class and embed their experience in our sustainability strategy for completing our CSR management system to ensure the development of both corporate business and stakeholder benefits.

Stakeholder Communication

Establishing a comprehensive and transparent stakeholder communication mechanism is the basis for Vipshop to build CSR management system and ensure its sustainability. As an e-commerce company, Vipshop has diverse stakeholders who express interests on our business operation. In order to have a comprehensive and effective communication with our stakeholders, Vipshop adopts various communication channels according to different stakeholders’ natures.

Stakeholder	Issues	Targets	Methods of Communication
Government	<ul style="list-style-type: none"><li>• Provision of safe and high-quality products</li><li>• Increase employment rate</li><li>• Environmental protection</li></ul>	<ul style="list-style-type: none"><li>• Legitimate business</li><li>• Increase tax revenue;</li><li>• Energy-saving</li><li>• Emission reduction</li><li>• Green business</li></ul>	<ul style="list-style-type: none"><li>• Special report</li><li>• Research and Interview</li><li>• Project cooperation</li><li>• Working conference</li><li>• Statistical form</li></ul>
Customers	<ul style="list-style-type: none"><li>• Product safety</li><li>• Quality of service</li><li>• Price</li><li>• Method of communication and results</li></ul>	<ul style="list-style-type: none"><li>• Safety</li><li>• Satisfactory service</li><li>• Fair price</li><li>• Helpful, quick responses to customer comments or complaints</li></ul>	<ul style="list-style-type: none"><li>• Ensure constant connection</li><li>• Feedback</li><li>• Customer relationship management</li><li>• Online services</li></ul>
Community	<ul style="list-style-type: none"><li>• Community relations</li><li>• Environmental protection</li><li>• Share in the benefits of enterprise</li><li>• Development</li></ul>	<ul style="list-style-type: none"><li>• Establishment of communication mechanism</li><li>• Increase in public investment</li></ul>	<ul style="list-style-type: none"><li>• Charitable activities</li><li>• Volunteers</li></ul>
Employees	<ul style="list-style-type: none"><li>• HR policies</li><li>• Career development</li><li>• Protecting employee interests</li><li>• Involvement in business</li></ul>	<ul style="list-style-type: none"><li>• Valid communication</li><li>• Staff training</li><li>• Improving staff welfare</li><li>• Fair and transparent HR policies</li></ul>	<ul style="list-style-type: none"><li>• Staff representatives meetings</li><li>• Employees’ union</li><li>• The e-forum</li><li>• Training</li></ul>
Investors	<ul style="list-style-type: none"><li>• Protection of shareholder interests</li><li>• Business performance</li><li>• Corporate governance</li><li>• Strategic planning</li></ul>	<ul style="list-style-type: none"><li>• Sustained and steady return on investment</li><li>• Good corporate governance structure, information disclosure mechanism</li><li>• Risk management system</li></ul>	<ul style="list-style-type: none"><li>• Regular notices and reports</li><li>• General meeting of shareholders and board of directors</li><li>• Supervisory committee</li></ul>

Stakeholder	Issues	Targets	Methods of Communication
Financial Institutions	<ul style="list-style-type: none"><li>• Reputation</li><li>• Prospects</li><li>• Financial status and key indicators</li></ul>	<ul style="list-style-type: none"><li>• Improve profitability</li><li>• Reduce business risk</li></ul>	<ul style="list-style-type: none"><li>• Negotiation of contracts</li><li>• Business seminars</li></ul>
Suppliers	<ul style="list-style-type: none"><li>• Integrity</li><li>• Company strength</li></ul>	<ul style="list-style-type: none"><li>• Ethical management</li><li>• Mutual benefit</li><li>• Joint development</li></ul>	<ul style="list-style-type: none"><li>• Business negotiation</li><li>• Contracts</li><li>• Agreements</li><li>• Training</li><li>• Technology seminars</li></ul>
Competitors	<ul style="list-style-type: none"><li>• Fair and organized competition</li><li>• Industrial outlooks</li><li>• Innovative development</li></ul>	<ul style="list-style-type: none"><li>• Fair competition and friendly cooperation</li><li>• Healthy and balanced industrial development</li></ul>	<ul style="list-style-type: none"><li>• Forums and conferences</li><li>• Communication and studies</li><li>• Industry associations</li></ul>

In the future, Vipshop will maintain active and transparent communication with our stakeholders and make effort to meet their expectations throughout our sustainability strategy and daily operation. We will also make various stakeholders having a better understanding on our efforts to achieve mutual benefit through our CSR initiatives.





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# Safeguarding Consumer Rights

## Quality Product Guarantee Low Price Guarantee



In August 2014, based on our accurate observation on the relationship between consumption and female demand, the largest "Feast of Freeness" in recorded history was elaborately prepared with more than 600 big brands at a discount of up to 90%.

Vipshop positions itself as a website specifically for flash sales, which differs from other e-commerce enterprises. Goods of over 100 licensed brands are put on sale every day. Major discount and interesting models of flash sales enable customers to enjoy one-stop shopping experience with high-quality.

- Brands Verification

High standard of verification is established for ensuring product quality. Our cooperative brands are the top in their industries and are required to submit specific information including materials about quality control of offline retail. If the refund rate and/or customer complaints rate are found to breach a certain level during the collaboration, elimination mechanisms will be launched and this brand will be boycotted forever. Only brands with major scale can be taken into consideration.

- Procurement

Procurement of Certified Products  
Vipshop insists on procuring from official channels which include brands, agents, brand branches, and offices stationed in China of international brands, and we sign strategic procurement agreements on goods authenticity with our partners. Strict standards of warehousing have been established in order to put an end to the fakes on our platform.

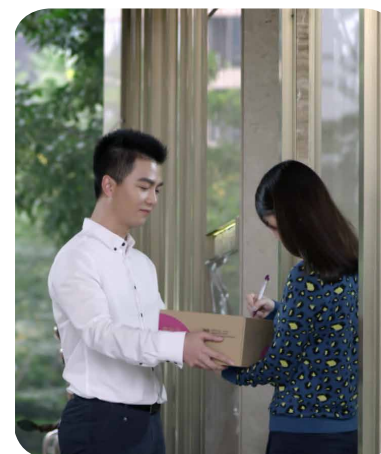
- Price Comparison and Control

A comprehensive system of price comparison helps our professional employees to offer competitive price of our products to the consumers.

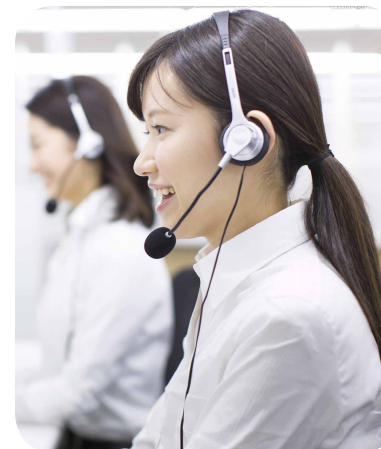
### More Brands with Good Quality

More brands with excellent performance and various activities are presented continually at Vipshop. On one hand, we improve our supply chain and develop the scale effect, which helps us to provide more goods with lower prices among all shopping websites; while facilitating in-depth cooperation with globally-known brands to set up flash sales sessions for our members. On the other hand, as the No.1 global flash sales platform and domestic female-targeted e-commerce company, we attach great importance to the collection of consumption data in order to understand demand of female customers and offer more specific product combinations and services. It reflects our caring on creating marketing campaigns specifically to fulfill the needs of female customers.

## Customer Satisfaction Comes the First



Vipshop strives to offer professional services which reach expectations of our customers, and being them pleasure and satisfaction. Customer experience helps us have deep understanding on their needs and improve our customer service system. It enables us to improve the performance of our business and create value for both business and customers. We listen to the voice of all customers and put out effort to serve customers with new service models and ensure a pleasurable customer experience can be maintained.



### Customer Service Management

Customer service is at the forefront of communicating with the valuable customers of Vipshop, and helps us have in-depth understanding on the needs of our customers and deliver our core corporate value for a better brand image. We continue to improve the management and quality of customer service, and consequently to create interactional value between customers and ourselves.

Our continuously improvement on the customer management model results in good service quality and experience.

- Basic work mechanism: Shift, grouping and target form a set of foundation systems for ensuring daily operations.
- Working condition: The office area is carpeted to reduce noise.
- Employee caring: There are regular meetings and satisfaction surveys for employees to enable them to work better.
- Fringe Benefits: There are night shift subsidies, and team construction awards to inspire employees to work harder.
- Fringe Benefits: There are specific benefits for customer service center, such as night shift subsidies and team construction awards, to motivate employees to work harder.
- Emergency Response: The Customer Service Center has formulated a series of emergency responses such as the "Emergency Response Process", "Contingency Plan for Communicable Disease" and "Emergency Safeguard Mechanism for Field Operation Department", which ensures that the center can operate in any emergency case.

Vipshop Customer Service Center has a total area of 3,500 m2 with more than 1,100 seats and a big team with over 1,000 customer service specialists. It provides 7x15 real-time, convenient and efficient services to our consumers.



## Safeguarding Consumer Rights

Annual call completing rate: 95% or above, customer satisfaction: 95%, resolution-in-24h rate: 94% or above

In September 2013, Vipshop started our partnership with Tencent and introduced WeChat Payment to match offline consumption patterns and shopping habits.

October 2008: Vipshop Customer Service Center was founded.  
August 2012: Auto-service channels were first introduced. Intelligent service system was added to our system and the intelligent response of man-machine interaction was launched.  
May 2013: Automatic Customer Service (ACS) which is a web based platform was launched. It is capable of problem segmentation, offering solution accordingly (such as explaining in words, dynamic demonstration by pictures and auto-handling) and providing guidance to customers on choosing options on "online service", "400 hotline" or "feedback" in our hotline system.  
October 2014: Vipshop Customer Service Center was certificated as level 1 of the "Customer Center - Capability Maturity Model" (CC-CMM) and honored as the "China's Best Customer Service Center".

### Diverse, Safe and Convenient Payment Mode

Vipshop provides a diverse, safe and convenient payment mode which meets the needs of our customers. So far, there are three payment channels available for our customers: VIP pay, online payment and cash on delivery.

- VIPpay

A type of dedicated accounts for our members with the functions of topping-up, payment, refund, balance enquiry, withdraw and deposit.

- Online Payment

Supporting six payment platforms, i.e. E-banking of 23 major Chinese banks, credit card, Alipay, Tenpay and WeChat payment

- Cash on Delivery

Payment on delivery if the amount of ordering is less than CNY 2000

### Transportation and Delivery

Comparing with the rapid development of e-commerce, the logistic and courier industry is confronted with the embarrassing situation of declining development. Where these companies are in a fierce competition with e-commerce, the third-party express companies are forced to cut costs, resulting in the decline of customer experience satisfaction.



- Establishing Our Own Logistics and Delivery System

Our system of logistics and delivery is equipped with an advanced warehousing management system as well as an automatic production and assembly line model. It ensures the goods can be delivered to the customers in the fastest time after ordering.

- Resources Integration and Optimization of Local Couriers

By selecting 27 local courier services with outstanding performance, Vipshop supports them to developing their own infrastructure and integrates all resources for optimizing delivery progress to reduce waste and support sustainable development of both parties.

- Innovative Pre-distribution Model

Couriers are required to complete distribution to each station in our warehouses directly, which makes the transportation and delivery more efficient thus reducing energy consumption.

- Improving Service at the "Last 1 Km"

By collaborating with the logistics providers, we work on building system on and improving quality of delivery service at the "Last 1 Km".

- Promotion of Using "Easy Tearing" Packaging Box

The "Easy Tearing" packaging box does not require cellophane tape for sealing and saves the cost at around 10%. Comparing with the traditional package, it also saves 30% of the paper usage. In addition, its design is convenient for both packaging staff and customers to manage and creates a unique experience.

### Technical Support on Logistics

Vipshop increases the efficiency of logistics management and improves the speed of transportation and delivery through technical supports by our internal experts. We have established systems such as WMS2.0, TMS, TPS, PSP, ODS, and CIS. Through those actions, we ensure the timing of our delivery process, and every order will be delivered to customers in 2-7 days. The systems also enable us to handle over 600,000 orders every day. In 2014, there are more than 100 million orders being delivered and it occupied warehouse area at around 1.4 million m<sup>2</sup>.

"While fine-tuning the planning of delivery service at the Last 1 Km, we are also establishing country-wide warehousing bases to optimize resources and connect upstream and downstream of e-commerce as well as enrich customer experience. It is also our top target of building a logistic chain. In the future, we will increase our investment in improving our logistics. By multiple resources integration and industry progress, we aim to form a competitive e-commerce service eco chain."- Yizhi Tang, Senior Vice President of Vipshop

## Safeguarding Consumer Rights

"I registered as a member of Vipshop 6 years ago, and then one year later I gave birth to my baby. I can say that my kid is a Vipshop baby. I bought beautiful clothes, shoes and bags for myself, and now I buy baby products from Vipshop as well. You can say that Vipshop watched not only how I became more beautiful but also the growth of my kid. For me, Vipshop is not just as simple as a shopping website, but is a close friend who understands me and shares my happiness."  
—Ms. Cheng, a loyal customer of Vipshop

## Return Policy Ensuring Customers' Satisfaction

Since our establishment, Vipshop has been strictly complying with the Consumer Protection Act and implement convenient return policy to our customers. Our customers can return goods they purchased within 7 days after date of receipt. In addition, for each returning order we prepare a CNY 10 gift card to compensate for the expense on courier.



## Rewarding Our Members

On 30 November 2014, Vipshop held its 6th anniversary ceremony with the theme "In love 6 years, because of you—the 6th anniversary and gratitude to loyal members" for expressing our appreciation to valuable customers and sharing our joy in the excellence of the company. We rewarded our loyal members by granting stock, which is the first in kind among all listed e-commerce companies.

By the end of December 2014, we have over 100 million registered members.

## Customer Satisfaction Survey

Improving satisfaction always comes first for enriching customer experience. As for the members of Vipshop, we conduct monthly satisfaction surveys for improving service quality and customer experience. The survey covers 28 aspects of the customer experience such as buying, goods, logistics, after-sales and customer service. We analyze all the data collected to explore the overall user experience, experience of each part of the service, group user experience and how we can improve. We also invite third-party company to conduct NPS semiannually. Results are compared with other competitors in the industry for exploring space for improvement.

## Upholding Customer Rights by Integrity



Apart from legal compliance and integrity of management, Vipshop focuses on upholding the rights of our customers. Comparing with businesses, customers are in a relatively weak position due to the lack of knowledge on consumer rights and disorganization. In addition, the e-commerce industry is not regulated and there are players who are dishonest and lack of integrity, they offer fake commodities and unfair provisions which violate the rights of customers. We make efforts to encourage fair competition and fight against counterfeit and defective products. We attach great importance to customer rights and improving the economic benefits of the company, the industry and society.

## Sales with Legal Compliance and Integrity

Vipshop implements strict inspection policies for all the goods and inspections include products' compliance with in the conformity on regulations at home countries and abroad, and also the standards of listing and circulating. We work closely with the Administration for Industry and Commerce to check the brand's qualifications, including all certificates and their compliance with relevant standards. Commodities which pass our strict screening and verification process will be put on sale on our platform.

## Insurance for Our Customers

China Pacific Insurance (Group) Co., Ltd (CPIP) guarantees each single commodity sold at Vipshop. If the commodity is identified as fake product by the Administration for Industry and Commerce or qualified organizations, consumers can claim for compensation at the full price of the commodity sold through a process prescribed by law.

## Safeguarding the Rights of Our Members

Vipshop highly concerns the right of customers, and we also maintain our reputation and property safety as well as maintaining the discipline of the industry through assisting our customers to fight against violation on their rights. Some criminals use our name and commit serious crimes such as frauds, seeking unfair benefits and reselling private information of our members. It infringes the rights of the customers and seriously damages our reputation. We have zero tolerance on such behaviors and report to relevant departments such as police, Economic Crime Investigation Department and Internet surveillance Department for detecting fraud and helping the prosecution of such cases.

In April 2014, we assisted police department in the Shandong province in a telephone fraud case. Two gangs were arrested and taken into custody.

In the near future, Vipshop will strengthen our supervision on any action which endangers payment safety, reduce the number of internet fraud cases and make e-commerce industry having healthier development.

Challenges





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Environmental Management for  
Tackling Climate Change





## Green Office

As to have a comprehensive performance on social responsibility, Vipshop put much effort on creating a green office environment, which can reduce resource consumption and environmental pollution, and saving operational cost. Energy conservation and reducing emissions are the tasks for all of our employees at Vipshop. We treasure every kind of natural resource and they are expected to promote the concept of environmental protection and give us an environmentally friendly office with less resource usage and pollution.



### Green Labels at the Office

In order to implement initiatives on environmental protection, Vipshop has designed a series of green labels around the office to remind employees about good habits

of saving energy and protecting the environment. We stick the green every corner of the office to remind employees to switch off electric appliances which are not in use. There are also green labels at all printers reminding of the benefits of saving paper. In the washrooms, there are labels about saving water and toilet paper. We expect this action can help us to raise the environmental awareness of our employees, and eventually reduce the resource consumption by consciously consuming less paper, water and electricity.

## Tracking the Office Supplies and Waste Recycling

Vipshop makes effort to reduce office wastes and recycling. The administrative department keeps record of office supplies, such as paper and pen, for all departments. We advocate the principle of "using less or even not to use". For example, our printers are linked to the employees ID cards and employees they need to upload the content to the system then use the employees ID cards for printing. We encourage employee to print on both sides and narrow characters and page margins for printing more content with less paper. The printing system records the situation of using paper and reminds employees to make good use of paper, which preventing usable materials from becoming waste. We also set a special wastebasket to place the waste paper, and advocate using used paper for suitable purposes such as writing draft. We expect that all resources at the office can be fully utilized and those which could not be used again, such as computers, tables and chairs, are recycled by the third-party collectors. The third-party collectors are assessed and accredited for, ensuring their proper recycling system of the waste materials collected.

## Electronic Invoice

At 9 am Beijing time, 15 September 2014, Vipshop issued the first electronic invoice in Guangzhou, and it is used in all our operating locations. We believe it will reduce the paper usage thus benefiting the environment.

## Operation and Maintenance for Enhancing Energy Efficiency

From 2010 to 2013, Vipshop used the single node A3 server for our operation. In 2014, the A1-A2 server was installed for operations and it saves our server space and reduces energy consumption. Based on our calculation, it saves us around CNY 20 million in investment. Since August 2014, we began to compress the images before uploading to our website, and this action reduce the consumption of bandwidth by 30% and save resources for us and also the society.

The major challenge for Vipshop on environmental management is the lack of comprehensive environmental protection policy. As to overcome the challenge, we are planning to enhance and improve the energy saving program in the office. We will promote the consciousness of a green office, monitor and quantify data on office supplies and energy usage, and reduce energy consumption and costs in office gradually.

Challenge



## Green Procurement

In early 2014, Vipshop established our principle on green procurement. On 22 December 2014, the “Green Procurement Guideline of Enterprise (For Trial Implementation)” was published by the Ministry of Commerce and it aims to build a resource-conserving and environment-friendly society. We also made reference to the Guideline and revised our green procurement principles. Apart from raising the awareness of our employees on environmental protection and creating an office area friendly to environment, we source environmentally preferred products and equipment for our offices and also logistics operations.



### Procurement Principle Based on Saving

Besides advocating the principle of “using less or even not to use”, Vipshop supports buying less or even not to buy. We provide trainings for management in all departments by promoting the guidelines of buying less and avoiding buying unnecessary supplies. We focus on both cost and efficiency, and hope to gain the best results with the least input. Before making decision on procurement, we will estimate the number of supplies needed according to the information provided by all departments, and assess the amount of procumbent reasonably. We do not buy unnecessary supplies for preventing unnecessary waste.

### Selecting Socially Responsible Suppliers

In the past, Vipshop collaborated with small suppliers for cost effective consideration. However, they do not always take environmental issues seriously due to limitations on technology, capital and labor power. Nevertheless, we are growing bigger and now having more choices to select suppliers which meet our requirements on sustainability. As to pursue our aspirational goals of green procurement, we take sustainability into consideration of supplier selection and prefer to work with the suppliers who have business ethics and profound environmental performance. It is our start for extending our value of social responsibility to the value chain. In the future, we will establish a social responsibility standard for all suppliers and organize interactive meetings to promote green production and services by providing relevant assistance.

## Green Logistics

Eric Shen, Founder, Chairman and CEO of Vipshop, said that “Building our own warehouse and reducing logistics distribution service radius are the two most important parts of winning in the competition on service chains of e-commerce companies. These are also an integral part of our overall business strategy.” However, building warehouses and logistics distribution are the parts which are most subjected to energy consumption and waste production, and likely to result in pollution. Vipshop pays high attention to the detailed operation of the logistics chain which has the potential to make a difference in terms of environmental protection. Despite the higher prices of replacing vehicles, we purchase vehicles which consume less resource and minimize the harm to the environment. We strive to improve our transportation supply chain for highest transportation efficiency. From the selection of vehicles to the design of the transportation route and the packing of our goods, we have made a big effort on building green logistics.

### Environmentally Friendly Vehicles and Tracking Fuel Consumption

Vipshop has selected Scania as our truck supplier. After analyzing the trucks produced by other common brands available in the market, it is concluded that Scania is the one with the lowest energy consumption and the lowest level of emissions. The engines are fuel efficient, and it can operate in maximum engine power but reduce emissions to a minimal level. Besides, it can reduce environmental impact which conforms to the principle of green logistics in Vipshop. Therefore, based on the finding, we selected vehicles by Scania as our trucks.

We installed data tracking system in all trucks to record their routes and monitor fuel consumption. Before installing the system, there are cases that air conditioner was not switched off by the drivers during uploading goods. The improvement was seen after installing the system. Drivers get out of the vehicle and turn off the air conditioner when they upload the goods, which can economize on fuel and reduces emissions during the process. Instead of using diesel vehicles for local delivery, electric bike and bicycle are used for local couriers. Vipshop collaborates with a well-known domestic brand producing electric bike for designing a new style of distribution bike which will be launched comprehensively in 2015. The new bike will comply with relevant government’s requirements on road safety, and also show the concept of environmental friendly in the design.

### Two types of Scania truck Vipshop purchased:

Time for procurement	Model	Emission	Standard
In 2012	G420	12 liters	Euro 3
In 2014	G440	13 liters	Euro 4





## Environmental Management for Tackling Climate Change

### Innovative Model of Supply Chain for Reducing Transportation

- Integrating Local Logistics Resources

Through innovative modes of logistics supply chain, Vipshop integrates local logistics resources to fully utilize the resources of urban logistics during the building of our logistics network in each city. When we develop new logistic network in a city, we do not alter the primary distribution center and keep all stations and employees. We utilize all the resources built formerly for preventing it becoming part of the waste stream.

- Innovative Model of Pre-Distribution

The traditional mode of pre-distribution by logistics companies is to pick up the goods from warehouse and take them to the distribution center, and then transport the goods to each station. As to improve the delivery time, Vipshop innovates a new mode for pre-distribution. We request logistic service providers to organize direct pre-distribution of goods in the warehouse, and put the goods into trolleys based on the location of delivery. This enables us to. It helps to reduce truck mileage and fuel consumption.

### Eco-Packaging

- Cardboard Box

Vipshop recycles cardboard boxes used for incoming goods, and it results in a lower cost and also minimizing environmental impact.

- Packaging

Vipshop's packaging boxes are made of environment friendly paper. We recycle the packaging boxes and continue to improve its design to enrich customers' experience.

- Packaging Bag for Courier

Vipshop promotes the use of environment-friendly materials for packaging bag for international courier, and is now extending the use for domestic service. This policy also helps to improve customers' experience. Most of our consumers use transparent adhesive tape for returning product, which would impact the efficiency of recycling. The new policy is that we stick two adhesive tapes on the bag and give a reuse instruction to our customers. One of the tapes is for the product delivery, and the other tape is for the return of goods. The new style of packing bag for courier will be introduced in 2015.



- Product Delivery Form

Vipshop is trying to source environmental-friendly ink for printing, which benefits employees' health and consumers but also improves the quality of product delivery form. The price of environmental-friendly ink is higher but it is acceptable to us in consideration of the interest of the employees and customers. However, this kind of printing ink is at the research stage and the current social demand for it is so small that there is not a big enough supply in the market to meet our needs. In the future, we plan to cooperate with a printing manufacturer to produce and promote environmentally-friendly printing ink.

- Protective Fillings

At present, protective filling used for fragile goods is made of polyethylene. On one hand, Vipshop has designed a series of measures for the operational management to educate our employees using protective fillings moderately. On the other hand, we are exploring better replacement for polyethylene. We understand that protective fillings used by foreign companies are more environmental-friendly than the domestic one, but its cost is two to three times higher. We are evaluating the possibility of using new materials for protective filling, and if the solution is feasible possible, polyethylene will be replaced gradually.

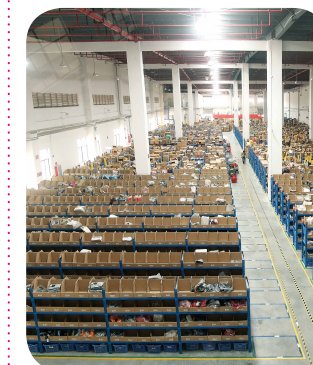
- Recycling of Packaging Materials

Wasted materials generated in the warehouse and in the process of delivery, such as paper and packaging, are collected by a qualified third party collector for recycling. Vipshop follows the suggestions from the collectors to use packaging material with a higher rate of degradation and use less cellophane tape for the classification and secondary processing. We are accelerating the development of packaging plastic bags for return of goods to reduce the usage of cellophane tape for environmental protection.

### Building Environmental Friendly Warehouse

The logistics center in use, was established together by Vipshop and Global Logistics Properties (GLP). A model of green logistic park is implemented in the center, and numerous trees are planted and the warehouse was built using recyclable construction materials.

We installed a daylighting band in our warehouses for utilizing sunlight during day time and reduce the use of lighting system. We fully utilize the sunlight in our new warehouse and have launched a Solar PV program by cooperating with another supplier in the new warehouse. In addition, we have finished the first installations of LED lighting system in our warehouse and it is in the process of pilot testing. We expect that the total operational cost, which includes electricity bill, depreciation and repairing cost, will fall to CNY 12 /m2 after the installation. After the pilot testing, we will organize an open tender bidding for the LED lighting system and promote the usage of LEDs in all logistics centers and offices we operate.



At present, Vipshop has not signed an agreement on after-treatment standards with the third party recycling companies. As a result we cannot trace how the recycled materials are being managed. As to tackle this challenge, in 2015, we are planning to pay attention to the mechanism of recycling companies on managing the waste collected.

Challenge





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Caring for Employees





## Employee's Health and Safety



Employee is one of the most important assets contributing to our competitiveness. We actively fulfil the responsibility on ensuring the health and safety of our employees. We hire a number of outstanding security personnel and implemented relevant safety measures for accident and emergency. Office area is also equipped with a set of comprehensive security facilities. We conduct regular fire safety trainings for raising the awareness of employees on fire safety and emergency. We collaborate with Sodexo China for providing delicious food suited to their needs and improving the quality of their daily life for employees' health.

### Risk Management on Employees' Safety

Vipshop has installed comprehensive security facilities, has and also hired a number of outstanding security personnel who have been trained by professional security experts. They are experienced, and have high security vigilance and crisis awareness. We believe they can fulfill their responsibility on protecting our employee's safety based on their profession and capacity on handling emergency.

All new members of the security personnel are required to receive basic trainings and specific trainings based on their positions. We have also created brochures for asset protection specialists. Safety is of utmost importance of us and we continue to work hard at offering a safe environment for our employees. Besides hiring outstanding security personnel, a set of comprehensive security facilities are located at the office, including the reception system and security facilities for patrol.

It can help to prevent accidents. We continue to improve our monitoring system and security facilities, including automatic alarm systems, patrol systems, and night vision security systems, etc.

We have set up a position dedicated for workplace safety, hired professional personnel for safety management and established a risk management system. The professional personnel enables us to have good understanding on the laws and regulations related to workplace safety, strengthen the management capacity of fireproofing, and improve fire safety inspection and reporting system, thus protecting the health and safety of our employees.

Our employees take part in the fire safety training regular and we organize quarterly fire drill every year. At the same time, we complied with a check list for emergency which includes all kinds of solutions to enable our employees to deal with any emergency case promptly.



In 2013, Vipshop invited Guangzhou Liwan District Fire Brigade, Liwan District Public Security Bureau Fireproofing Brigade, Huadi Street Office and Huadi police station to participate in our fire drills. We gained the high attention and support from Guangzhou Liwan government for such initiative. During the fire drills, awareness on fire safety of our employee was improved, and through the training by professional firemen, our employees learned the basic skills in handling fire accident, such as basic extinguishment skills and escaping from fire. In addition, we held another fire drill for the employees at customer service center after moving their new office. The total number of participants was about 300, and the drill included three components: evacuation escape, equipment demonstration and practical operation. It lasted for 55 minutes. After the exercise, we conducted a post-drill evaluation and summarized that the awareness on fire safety of the participant was improved.

### Third Party Catering Management

Vipshop provides free daily meals for our employees. Fruit is provided once a week and there is an unscheduled afternoon tea and pastry.

In October 2014, following an in-depth assessment, we started to outsource our canteen to a third party operator. We have appointed a dedicated staff who is responsible to liaise with the third party, collect opinion from our employees and communicate with the canteen operator about food quality.

Sodexo, the third party canteen operator, is one of the world's top 500 enterprises, and works at improving the quality of meals provided in Vipshop. It conducts research regularly, communicates with our representatives and the meals committee, and attends the union meeting every week. Those efforts enable Sodexo to go a further step towards understanding the demands of Vipshop employees. In the 2014 Sodexo food service satisfaction survey, the satisfaction rate of our employees was as high as 91%.

In 2015, Vipshop will continue to collaborate with Sodexo. The store in the canteen and the coffee house of our headquarters will be improved continually. At the same time, a new canteen at the Xinyi International Place and creative restaurant in the GITIC Tower will be established in the soon future. We will work with Sodexo to provide our employees with multiple choices, health food and creative interactions, where our employees can feel like working at home.



## Policy of Employee Caring



Eric Shen, the Founder, Chairman and CEO of Vipshop, said in the fifth anniversary ceremony that “we have an obligation to make each of our employees happy.” Vipshop treasures our employees as friends and hope that we can develop together. In order to let them work carefree, we provide comprehensive welfare and important holiday welfare to our employees. We also care about their family and send our best regards to them on important holidays. We know that it is a long-term goal to make all employees happy, and therefore we will all continue to make effort on this.

### Introduction of our Policy on Employee Caring

- Basic Benefit for Employee

Vipshop provides free meals or meal allowances to our employees. Fruit is provided once a week and there is an afternoon tea and pastry. The above is one of the basic welfare provisions. We offer accommodation to employees at special departments such as monitoring center, customer service center, and asset protection department. Social insurance and housing provident fund are provided to employees based on laws and regulations. In addition to that, we provide business insurance plans to our employees covering accident and supplementary medical cost based on their positions. Besides, all the employees are entitled to paid leave stipulated by regulations. We also provide annual health checks to employees who have joined the company for over a year. Other welfares in the form of interest-free loans,

consumer loans and stock option incentives are offered to provide employees incentive to stay at the company. We organize internal sales for our employees by providing them a discount on purchases ranging from 50% off.

We improve the benefit for employee continuously in accordance to the market situation, employee's opinions and our business. All kinds of benefits for our full-time employees are listed on the employee handbook and related policies, and we promise to fulfill all responsibilities stated. We have dedicated staff to communicate with employees who have difficulties in understanding the benefit policy and having compliant on related matter.

- Interest-Free Housing Loan and Education Subsidies

Eligible employees can apply for an interest-free loan for purchasing their first set of housing near their working area. In addition, we provide education subsidy to our employees for encouraging their continuous improvement.

Eligible employees at managerial level or above can get a subsidy for tuition fee of college, bachelor, master (including MBA) and Ph.D. degree. Eligible directors, department heads or above can enjoy subsidy for tuition fee of EMBA program. All employees can apply for subsidy to obtain professional qualification if eligible.

- Important Holiday and Family Care

Vipshop gives birthday gifts and traditional festival gifts to employees as compliment. We give employees CNY 500 to 1,000 as their marriage gift and CNY 500 as their birth-giving gift. If employees are suffered from sickness, we will offer presents to express our sympathy and care. If their family member passes away, we will give them CNY 200 for condolence money which is a Chinese tradition. We concern about our employees' welfare and strive to give them our best care on the important days. We hope that employees can feel our effort on providing a caring environment. During traditional Chinese festivals such as Spring Festival, Mid-autumn Festival and Dragon Boat Festival, we send gifts which worth around CNY 50 to all employees. For the eligible employees at the logistics center and customer service center, we mail CNY 50 to their family every month for the purposes of showing our care and letting their family know about the company they are working at.

- Challenges and Future Plan

There are challenges in the process of implementing policy on employee caring. The standpoints of senior management are sometimes being misunderstood by our employees during the process of implementation and some employees reflect that they cannot achieve full happiness by working at the company in some aspects due to miscommunication.

Implementation of the caring policies varies in different departments, as the policy cannot cover all departments. Department with more manpower and resource can implement practices in a comprehensive manner, and organize most of caring activities. However, some smaller departments do not have sufficient resource and capacity to implement the policy, which is a challenge that we have to solve in the soon future.

In addition, the challenges exist in our salary policy, welfare policy, and celebration activities. For example, the marriage gift is valid for one year after employees getting marriage certificate. However, the policy is not fully recognized and understood by all employees and they may miss the deadline for application. As to tackle the challenges, our human resource department is now taking initiatives for having better understanding on our employees and be more considerate of them. Revised procedure will be launched for improvement.

We sent out  
**41,639**  
caring gifts to  
our employees  
in 2014, which  
worth CNY  
**2,081,950**  
in total.

## Vipshop Employee Caring Fund

Founded in March 2013, Vipshop Employee Caring Fund is a foundation persisting in the principle of helping our employees in emergency and sickness. Employees are united together and help each other when they have difficulties. Employees who have joined the Fund have the right to receive financial assistance, involving medical reimbursement, life-difficulty allowance, emergency fund loan and donations based on other emergent needs. By the end of 2014, we assisted a total number of 104 employees with the amount of CNY 728,000.



### The Operation of Vipshop Employee Caring Fund

Vipshop Employee Caring Fund aims at providing financial support for employees having medical treatment which the fee is beyond the coverage by social insurance in case of serious illness and emergency situations. The operating capital consists of three parts: CNY 10,000 as the initial fund, the personal donation from our management, and the CNY 5 monthly and voluntary donation from the employee members of the Fund. Employees who have joined the Fund have the right to receive the assistance from it, which involves medical reimbursement, life-difficult allowance, emergency fund loan and donations based on other emergent needs. The amount of financial assistance they can access depends on the length they have joined the fund. Since the establishment of the fund, its management system has been revised twice for the purpose of unifying standards to extend the coverage of providing assistance and strengthen the support to our employees.

In 2013, 28 employees received assistance from the fund and CNY 182,000 was funded. In 2014, 76 employees applied for assistance and were funded CNY 546,000. By the end of 2014, the total donation income is CNY 1,379,000 and the total expenditure for donations is CNY 728,000.

	FY 2013	FY 2014	Total
The number of funding recipients	28	76	104
Total funding amount (CNY)	182000	546000	728000

- Fan Jian is an employee in our logistics center in Southern China. His wife gave birth to twins in 2013. However, one child unfortunately died and the other one suffered from serious illness and needed extensive medical assistance. The Fund supported his medical expenses for four times with a total amount of CNY 36,658 and provided a loan of CNY 20,000 to Fan for other emergency purposes.

- Chen Hong, who worked at our Beijing Business Center, needed to pay a huge amount of medical expense for her child who was suffering from macrophage. The Fund launched a fundraising initiative among employees and raised CNY 12,213 for Chen.



## All-round Development

Vipshop strives to provide comprehensive personal and professional development to our employees. We always think about becoming a university and providing professional education programs to our employees by sharing our experience. We work to foster an environment to encourage employees learning and studying together, educating professional knowledge and developing their talents. Activities of corporate culture provide a platform for our employees to show their talent and present themselves. We encourage employees to establish clubs which enable them to explore their hobbies and release their working stress. We expect that our employees will realize the values of life through our initiatives.



### The Vipshop University

The Vipshop University was established in 2014 with a vision to be a global leader among corporate universities. It encourages our employees to develop themselves and provides different kinds of courses for talent development. In addition, it offers suggestions and guidance for employees on career and personal development such as personal qualities, communication and psychology. We have established a systematic talent development program which aims to help our employees develop

ing in the aspects of management ("M Line") and professional technology line ("P Line"). The M Line course is open to managers at all levels and provides comprehensive support for enhancing their capacity on leadership, personal qualities and management skill. P Line course is for professional employees for shaping their core business competence and improving professional competence. In order to improve their capacities and enrich their experiences, we offer a variety of opportunities such as training course, tutorial guidance, case study and discussion, working practice and industry update.



## Caring for Employees

The following are parts of the talent development project:

- Fast Track Program

The Fast Track Program was launched on 8 May 2014 and it is focused on the professional capacity building of employees at the managerial level in the Business Center by providing training, action learning and visit. The first stage of the program was lasted for 7 months and was ended on 20 December 2014. During the Program, we have completed 5 key missions: 16 courses of professional skill and management, 75 hours of learning and exchange, a total of 896 people were involved, 4 departments and 2 companies were involved, and 10 action learning projects were completed.

We aim to enhance the capacity of our managers on eight core competencies including professional knowledge on commodity, information on the industry, products selection capacity, supplier management and negotiation, commodity operating ability, response and innovation ability, communication and coordination ability, team construction and management ability.

The training participants, especially the employees responsible for business development, have shown significant improvement on their capacity after attending the trainings.

- M+ Project

Team size of the Technology Center at Vipshop is expanding continuously. In order to build a cohesive and creative team, we put forward new requirements and expectations to the management of the Center. Vipshop University launched the M+ Project to help middle and senior managers at the Center building up the M+ brand, solving practical problems and improving organizational effectiveness.

Before launching the project, we conducted a detailed need through interviews with managers, evaluations, organization atmosphere and Q12. When the Project was formally launched, we started the program by organizing outdoor activities in order to improve team cohesion and communication, and embody our company culture.

Through training programs such as "from technology to management", project management and special courses including "knowing yourself and your opponent (DISC application)", "little pepper project management", and various capacities of the participants were improved.

Several customized courses are conducted, with a total number of 70 class hours involving 300 participants from Guangzhou and Shanghai. An overall satisfaction rate of 4.6 out of 5.0 was achieved.

In addition, products of M+ Project such as M+ management magazine, M+ WeChat platform, and M+ Book Project accustom our employees to the new model of studying in the fragmented time. The M + WeChat platform has attracted a total of 111 fans since it was set up, which means 95% of our training participants were involved in it. Until now, M+ WeChat platform has posted essays 27 times, on average 3.6 articles per week, with a total number of 60 essays. The total reading time on the essays reached 2,187 hours and 20% of readers chose to repost it.

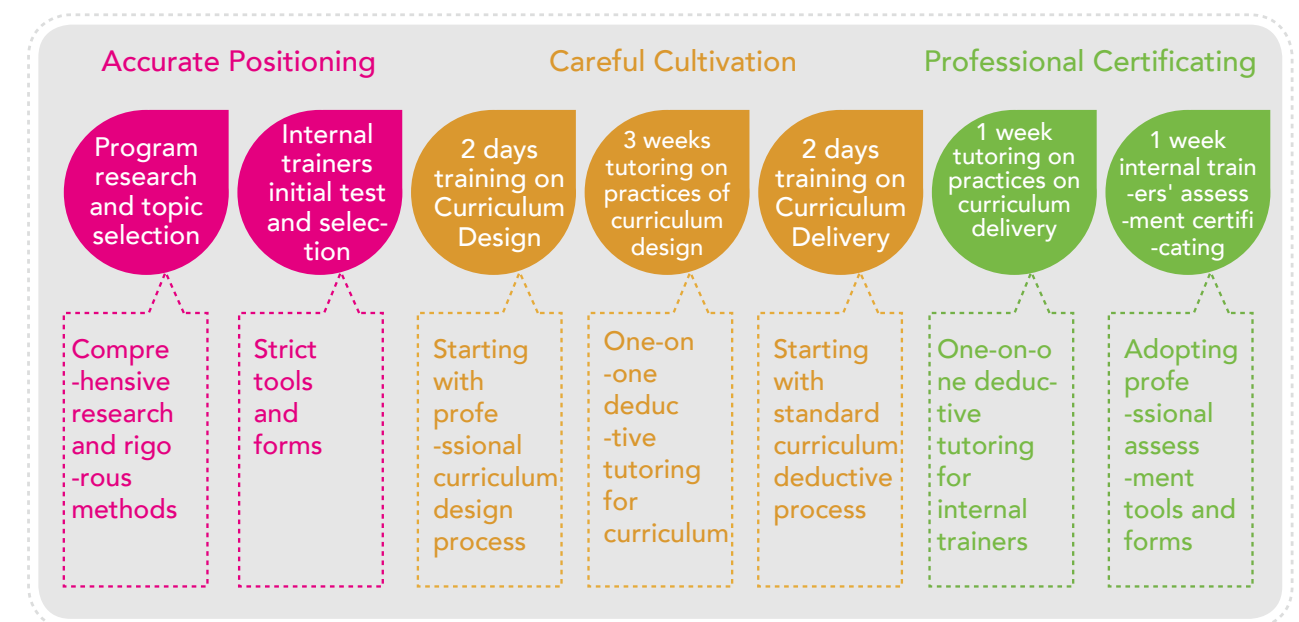
- Training of Our Internal Trainers

Sustainability of a company relies on the accumulation of internal knowledge building and experience sharing. Vipshop highly values the importance

in the capacity building of internal trainers who is a significant part in internal education.

We have delivered trainings for our internal trainers to employees at supervisors and above levels. The trainings consist of program research, topic selection, internal trainer selection, TTT training, curriculum design, deductive tutoring and internal trainer certification, etc. Thirteen courses were completed and 10 departments involved. 32 employees are trained as our certified internal trainers and 50% of courses developed are implemented as regular courses.

By the end of 2014, there are nearly 200 internal trainers throughout all departments at Vipshop, contributing to the spread of knowledge and the inheritance of experience in the company.





Caring for Employees



• **New Employee Engagement Project**

There were more than 1,300 new hires at the headquarters of Vipshop in 2014, which is nearly 50% of the total number of employees at the headquarters. At the end of 2014, the number of headquarters employees was about 3,000, which does not include the number in the customer service center and logistic center. In order to make new employees adapted to the new working environment, we organize induction training, mentoring program, interviewing with experienced employees, and visiting the warehouse to make our new employees get along well with experienced employees and adapted to the new working environment. As to share our corporate culture innovatively, we organize 1.5 day offline course and 0.5 day outdoors task to make the new employees acquainted with the company. Our courses added up to 390 hours and 1,128 employees have taken part in our courses. We launched a mentoring program for new hires during their probation period.

A dedicated and experienced employee communicates with the new hire proactively and has in-depth to encourage the new hire get familiar with the team quickly and improve his understanding on the company.

• **Other Trainings**

Vipshop conducted 390 training courses for our employees in 2014 and the courses added up to 1,445.5 hours. 18,857 employees have participated in the courses and the training hours at the headquarters reached 17.1 hours per person which is far much higher than the number of last year.

We organized 19 management skill trainings, 6 leadership trainings, and 105 professional quality trainings in 2014, in which added up to a total number of 798 hours.

In addition, Vipshop University conducted 255 professional trainings with a total number of 637.5 hours. We also conducted training courses for managers at the logistics centers to improve their English level. The courses are divided into intermediate level and advanced level for employees based on their English skills.

Topics of Trainings	Management Skill	Leadership	Professional quality	Total
Number of Training	19	6	105	130
Training Hours	122.5	58	617.5	798



The Vipshop University was established in 2014, and there are challenge as a new set up such as the insufficient coverage of employees at all levels by courses. In 2015, we will improve the mechanism of the University and make our courses become more systematic. We will combine online learning and offline training, and build an open web system to encourage employees to learn at fragmented a real-time sharing and studying habit can be fostered for meeting the needs in education of employees at different level.

Activities Enhancing Corporate Culture

Corporate culture serves as a core element of our growth and success. Vipshop organizes big scale celebration activities regularly, such as company annual conference, collective weddings ceremony, employee family day, annual sports day, and growth celebration ceremony, etc. Corporate culture activities focus on our four core values: simple, innovative, fast, and cooperative.

We promote our corporate culture in an interactive and interesting way to make our employees understand it better and easily. We will continue to make our corporate cultural activities as a way to build team spirit and improve synergy between employees.

Clubs and Communities

As to fulfill the operating principle of “caring the physical and mental health of our employees” and enrich their working life, Vipshop supports our employees to form hobby clubs based on their interests. We have a total number of 13 clubs, including a dance club, basketball club, and soccer club.

Our employees expressed that activities organized by a variety of communities can extend their hobbies, and also help them get acquainted with friends with other employees. It strengthens the connections between our employees and creates a good platform for making friends.

## Encouraging Continuous Innovation



Innovation is a driving force for the continuous development and also a core value of Vipshop. As an innovative company, it brings us operational efficiency and cost effectiveness. Our innovation does not only come from our research and development but also actively driven by all of our employees. As to facilitate employees to drive innovation, it is a part of employee performance review. We establish a creative study team and encourage employees to be innovative for exploring potential capacities. We believe that a creative and open-mind studying atmosphere benefits the continuous innovation.

### "Golden-idea" at the Logistics Center

The lean manufacturing department at the Logistics Center of Vipshop advocates and gives guidance to employees to conduct lean production using creative methods during their daily work. We publish two brochures on lean manufacturing every year for internal education, and mentors to all warehouses for monitoring and helping employees at warehouse to for more "Golden-idea" submissions.

- Using baskets instead of storage boxes to save maintenance time and reduce paper usage  
Before improvement: It takes 5 minutes per storage box per month to maintain.  
After improvement: Replaced 400 paper storage boxes by baskets  
Saving per month: Save maintenance time  $5 \times 400 / 60 = 33.3$  hours, and 400 paper storage boxes.

- Lengthening the hob hook by 20cm for quickly connecting with hob car.

Before improvement: It takes 28 seconds to connect the hob car and some hob cars are hard to connect.

After improvement: It takes 20 seconds to connect the hob car, which may operate 20 times a day  
Saving per month:  $(28-20) \times 200 \times 30 / 3,600 = 13.33$  hours.

- Reusing used paper for printing  
Before improvement: Used paper needed to be cleared after 3 paper rolls were printed  
After improvement: The waste paper roll was returned to the printer  
The saving per month: Save 220 average hours per month.



### Micro-Innovation

Innovation is one of the core elements of the corporate culture at Vipshop. As to facilitate innovation at the workplace, we launched the "Employee Micro-innovation Incentive Schemes". All departments conduct micro-innovation idea collection and assessment every two months. We select and reward proposals which are workable and feasible for implementation. We encourage our employees to become expert on innovation. By the end of 2014, we have organized four phases of micro-innovation campaign and received a total of 424 micro-innovative proposals submitted by enthusiastic employees.

Innovation plays an irreplaceable role at the Technology Center of Vipshop, and it can drive our company going forward. We conduct micro-innovation competition every two months and accept the ideas on creative tools and advices of the process which benefits our innovation. From the first phase which received 5 proposals to the third phase which received 37 proposals, the participation levels of employees were doubled. The quality of proposals shows the huge wisdom of our technical experts.



## Optimizing the Office Environment

As to foster a relaxing atmosphere like working at home, office of Vipshop offers convenience and care to employees based on user-friendly designs. Our headquarters is located at the beautiful Zuiguan Park in Guangzhou, allowing employees to work in a green and cultural environment with excellent interior design. We provide parents room which is convenient to new mothers and the library enriching the knowledge of our employees. We also provide shuttle bus services for employees to make their travel to work become more convenient. The Logistics Center is also equipped with automatic devices to reduce employees' workload.



### Exquisite Office Environment

The headquarters of Vipshop is renovated from a historical building called Guangzhou West Granary which has a history of over 50 years. Arthur Hong, one of the founders of Vipshop, grew up in France and has a great interest in a perfect combination of fangle and historical buildings. Our first office is located at the Xinyi International Place at Fangcun, Guangzhou. During the office expansion, this historical building in the

Zuiguan Park was chosen as the new office. Vipshop spent over CNY 2 million in transforming it into a creative park.

Covered by the shade of big trees, the headquarters of Vipshop is located at the Zuiguan Park along the Huadi riverside. Zuiguan Park provides a green and quiet environment for our employees. Our designer created a relaxing workplace by installing facilities such as sitting out area, hanging chairs and "creative ball" for employees having rest and meeting.

### Humanized Office Environment

Vipshop strives to improve the working condition from our employees' perspective. We are now building new office building with a comfortable and human oriented design. As to facilitate comprehensive physical and psychological development of our employees, the new office building will be equipped with fitness room, psychological consulting room, parents' room, and library, etc. We continue to take our employees' consideration into improving working condition.





## Caring for Employees

Due to the relative distanced location of the headquarters and luxury goods warehouse from the downtown areas, we arrange shuttle buses for employees traveling from the subway station to different office areas at our headquarters in Guangzhou. Also, due to the lack of street lamps and the remote location between different office locations in Guangzhou, we have taken various initiatives to coordinate with the local officials of Huadi Street and asked for installation of more street lamps and more patrols to maintain public order to and ensure employees' safety.

We make effort to meet the diverse needs of our employees based on the feedback from different departments. For example, we are building new logistic centers equipped with living facilities in consideration of living and working needs of employees. Construction of the logistics center in Ezhou is completed and started to operate. It includes office building, canteen, employee activity center, football field, and basketball court, etc. We have planted fruit trees, landscape trees, shrubs, and grassland for greening the environment. More than 160 parking slots and over 1,000 bicycle parking slots are provided to our employees. Sufficient electric vehicles charging infrastructure is built. Pedestrian passages are set to avoid road accidents. Due to its distance from the downtown area, we offer shuttle bus services for our employees and assist related departments to establish a special traffic line.

The logistics parks in Zhaoqing and Jianyang, which will operate in the soon future, will be improved continuously based on the existing facilities. We are going to introduce a big supermarket and build additional employees apartments, fitness center, and sales promotion store, etc. We will build dormitory for employees according to the university standard, and it will be equipped with living facilities and sports facilities. In consideration of the need of their children, we are considering to build a kindergarten and other education institutions in the parks.

Challenge

## Office Facilities for Better Working Condition

### • Automatic Equipment and Facilities

In order to reduce the intensity of physical work of our employees, Vipshop installs automatic equipment and facilities on sites. For example, we built an automatic sorting machine for carrying goods and sorting parcels automatically. The goods are categorized and transferred to trucks, which reduce repetitive movements of employees and the overall intensity of physical work of workers.

• Express Vehicle of Vipshop  
In September 2014, the "Requirements on Technology of Express Electric-tricycle" was published by the State Post Bureau. Most of the express electric-tricycles available in the market are too simple, crude and unsafe to meet the new requirements. As to provide comfortable working condition and increase loyalty of our employees, we designed a new "Express Vehicle" for our couriers. There are two sets of batteries installed in the new vehicle and the batteries can last for 100 kilometers. There is wind and rain shelter in the new vehicle which makes the working condition more comfortable and improves the loyalty of our couriers.

## Replacing Comfortable Chairs for Employees

Vipshop considers the physical and psychological health of our employees and strives to improve the working conditions. The old style of chairs at the office is not suitable for employees based on ergonomics, and therefore we replaced all the chairs with a new kind which is more comfortable and suitable for office work.



## Employee Communication Mechanism

In order to meet the needs of employees and solve the problems they are facing, Vipshop implements a comprehensive communication mechanism and continue to listen to the voice from our employees. We obtain feedback and explore the space for improvement through our communication mechanism, and make effort for improvement and overcoming challenges.



### Mature Communication Mechanism

- Trade Union

Trade union is an important channel and bridge for internal communication between employees and management. There are six major functions for the trade union at Vipshop, which are internal communication, external relations, promotion, employee life, labor relations, and union fund. Our trade union explores employees' needs based on the six functions and provides timely and effective support to our employees.

There are 40 members in the trade union management committee, and all of them work for the union during their leisure time. As a third party organization, the trade union committee plays an active and balanced role between management and employees on coordination. Employee representative at each department collects opinions and advices for attending the regular trade union meeting and communicating the results with functional heads in the union. The functional heads assist to solve the problem and give feedback about the solution and process to all the employees. In addition, there are

communication channels such as a "trade union mail box" and dedicated email address for employee to express their opinions and problems which need assistance. The trade union also organizes sorority for the employees at their marriage age. In addition, regulations which have impacts on the interests of employees must be negotiated between the trade union and the related department and modified based on opinions received before being put into effect.

- President's Luncheon

The President's luncheon is held once a month. During the luncheon, two founders and the vice president of human resources at Vipshop have in-depth discussion with employee representatives on issues such as work in their department, cross-department and their personal life. Feasible solution will be raised during the luncheon. If the problem raised by employees cannot be solved directly, it will be followed up by a dedicated person from the HR department.

The launch of President's luncheon started in 2012 and there were more than 40 luncheons being held. More than 600 employees participated and over 80% of problems raised during the luncheon were solved. It helps our senior management having better understanding on the current business operation conditions from a frontline perspective and also the existing problems with cross-functional communication so as to explore real-time solutions. At the same time, it is an effective way to encourage and inspire core employees in different departments and let them understand the expectations of senior management on their departments and business. More importantly, it helps our employees to understand our corporate strategies,

and be clearer about their working direction. Besides from the luncheon, different departments will also organize their communication forums in a variety of forms based on their needs. Forums are led by a vice president or a department director for effective communication.

- Employee Satisfaction Survey

Vipshop cares and treasures every employee and attach importance to listening to their voice. In May 2013, we launched our first employee satisfaction survey to have comprehensive understanding and diagnose various aspects of employment such as job duties, company management, working conditions, salary, welfare, and career development, etc. The survey result provides us suggestions to improve our management decision and benefits mutual development of employee and the company. In March 2014, we conducted a survey about organizational culture to understand the working atmosphere for better management and enhancing employees' well-being. The survey gained an excellent feedback from our employees. We hope that a better understanding on the current status can be achieved and problems and their solutions can be identified for formulating a suitable action plan which we can enhance the organizational ability and promote a happy and efficient working environment. "Promoting Quality of Life, and Enhancing Happy Experiences" is our company mission for which we continue to strive in the future.





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Community Development

# Cooperation with Colleges and Universities



Talents cultivation helps Vipshop accelerate the pace of becoming a first-class global e-commerce platform, and we are looking forward to explore more talents to support the industry and enabling sustainable development of enterprises, industry and society. Since our establishment, we have been keeping a stable developing trend and we are eager to recruit more talents. In order to enhance talents' introduction and upgrade our flash sales model as well as improve our customers' experience, we create a platform to collaborate with colleges and universities through research projects and campus activities and strengthen our communications with them continuously.



## Talents Exchange

Vipshop establishes partnership with colleges and universities through its technology center. Partnership includes knowledge learning projects, and lecturing and experience sharing by our senior executives from at colleges and universities such as Sun Yat-Sen University, South China Agricultural University and Guangdong University of Technology. We have offered job and internship opportunities to groups of graduate and students, thus provides talents in colleges and universities with job opportunities. In 2014, a strategic partnership between Vipshop and the School of Economics and Management of South China Normal University was announced. The partnership includes

- ( 1 ) hiring our senior executives as the tutors for MBA courses;
  - ( 2 ) establishing a joint innovative laboratory on clothing industry e-commerce innovation study;
  - ( 3 ) establishing off-campus practical base; and
  - ( 4 ) implementing industry-university research cooperation projects for applying government funding.
- In addition, we have signed agreements with five universities, which are the Sun Yat-Sen University, South China University of Technology, Guangdong University of Technology, Guangdong University of Foreign Studies and South China Agricultural University, to build off-campus practical bases .There are mainly two major objectives for the collaboration, which are

- ( 1 ) cultivating talents by school-enterprise cooperation to provide students with practical chances, and
- ( 2 ) offering resources to universities and supporting their research projects.

## Industry-University Research Cooperation with Colleges and Universities

With the scale and the demand of e-commerce growing rapidly, Vipshop is paying attention to the development and breakthroughs on e-commerce technology for exploring opportunities to develop new areas by partnering with colleges and universities. Since the 2nd quarter of 2014, we have been partnering with four universities on scientific research projects our researchers were appointed to join those projects. The projects are led by academics and participated by students from their universities. The content of the project covered identification, translation, and automation, etc.

Starting Date	Colleges/Universities	Project
April, 2014	Sun Yat-Sen University	Identification of moving clothing based on human posture
May, 2014	East China University Of Science and Technology	Technology research on recognition of personalized voices
June, 2014	Shenzhen University	Development of automatic cutting algorithm for clothing pictures
September 2014	Nanjing University	Research on the system of multilingual translation

## Marketing Competition: 2014 the 1st Vipshop Creative Marketing Madman Competition

In order to explore marketing talents at the campus and support us to bring customers more creative marketing activities, Vipshop held the "2014 the Vipshop Creative Marketing Campaign Competition" with the theme of "You Trial and I Pay". We received over 1,500 submissions of works which are full of creativity and imagination. The final was held at Vipshop head-quarter in Guangzhou on 25 October 2014. The "Ocean" team from Shanghai won the champion, "V First Generation" team from Guangzhou won the second, and "Vipshop Handsome Boys" team won the third place. Winners were awarded scholarship, a study tour to U.S. and a visit to world-famous universities like Berkeley College and Fortune 500 companies like Google and Microsoft. The whole competition lasted for 5 months and was popular among colleges and universities nationwide.

"By participating in the research projects on technology, we can learn more about the real needs of business and project management skills. Besides, we can also improve our communication skills and change our ways of thinking." - A student team leader from Sun Yat-Sen University

"I see the market insights and creative executives from the younger generations such as you. You have a lot of creative ideas and also all-round mindset, which means you have great potential. I believe you will have a bright future in the marketing of e-commerce." - Maggie Hung, Senior Vice President of Vipshop, expressed her appreciations on creativity of the final candidates.



At present, Vipshop has built five own warehouses which locate throughout the country. The number of local employees is over 11,000, employees at the sites.

## Logistics Parks and Local Development

Distribution system is significant to the customer's experience and business for e-commerce companies. Vipshop makes effort to increase logistical efficiency and its competitiveness, and has built a series of warehouses to improve the distribution system. In order to create more opportunities on development and value for the local communities we build basic living facilities near our warehouses and facilitate development of education in those areas to promote local development.



### Local Employment and Development

Vipshop believes that by improving our distribution system and supply chain, the issue of local employment can be solved and it brings a great help to the development of surrounding communities. For example, the logistics park in Wuqing, Tianjin is located in a remote country and surrounded by farmlands. As to provide employment opportunity, half of the employees in our Wuqing logistic park are from local.

In the meantime, we have built basic facilities such as office building and dormitory to provide comfortable working environment to our employees and support the development of local communities.

### School-Enterprise Cooperation

Vipshop uses its warehouses as a platform to cooperate with local schools, including offering internship opportunities, training posts and participating in teaching courses.

- Training Bases

Through signing agreement and corporate branding, Vipshop establishes occupational training bases for the students from local schools to train practical talents for the company and also the communities.

- Opening Classes

Vipshop recruits students and signs agreements with local schools on establishing joint schooling for setting up "Vipshop Class" for on specific trainings and also scholarship for students training with. We develop talent cultivation scheme and curriculum with schools together. Furthermore, we appoint our internal trainers to lecture at the "Vipshop Class" on profession and practice. We integrate our resources schools to develop new talents according to our requirements. This arrangement is capable of cultivating talents with competence which help us to improve the production efficiency of the company, and also enriching the educational resources of the schools and developing talents on e-commerce locally.

- Work-study Integrated Bases

Vipshop works with local schools to plan and implement vocational education. The education model is made up of 6 months of internship plus 6 months of studying, which enables students to learn during elementary lessons in school and receive occupational and technical skills training in the company.

- Cultivation of Management Trainee

Vipshop has established a mechanism on long-term partnership with tertiary education institutions. Universities organize their graduates to join in our regular recruitment orientations, offer sites for recruitment and publish information for hiring every year. We provide graduates with internship and employment opportunities.

- Brand Ambassadors

Vipshop delivers branding materials to local schools regularly to make students understand our latest development and hiring plan. There are also brand ambassadors at universities to implant our brand among students and make them understand the characteristics and operation of an e-commerce company.



Our logistics center in Southern China has established partnership with five schools, which are the Guangdong Finance and Economics Vocational School, Guangdong Vocational College of Environmental Protection Engineering, Guangdong Communication Polytechnic and Guangdong Province Vocational School of Marine Engineering.





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# Strategic partnership with brand suppliers

At present, Vipshop has more than **10,000** cooperating brands including over **1,600** exclusive brands.

Vipshop makes great effort to establish a good cooperative relationship with our suppliers for creating shared value. Respecting and caring for our business partners through sincere cooperation and building up a win-win “ecological environment” is one of our primary goals. We believe that the only way to achieve solid sustainable development is providing high quality services, such as active communication, big data analysis, making sales projects, to our suppliers.

## Standard of Supplier Selection

Products sold on Vipshop are branded. Besides well-known global brands, we are now gradually extended our scope to sell qualified famous Chinese brands at our website. Most of our customers are luxury brand lover with good sense on brands and acceptance, and it is the reason that we set high requirements and standards on supplier selection. Meanwhile, our cooperating brands can build their good brand reputation and increase their influence by utilizing the advantages of our platform. We are recognized as a integrated platform for promoting development of brands.

## Proactive Communication with Suppliers

In order to create mutual benefits for both Vipshop and our suppliers, we communicate with suppliers pro-actively and sometimes visit their factories. Through these efforts, we take the responsibility to protect the rights of customers and provide useful suggestions to our suppliers at the same time. In addition, we have established a mechanism for suppliers to provide feedback and suggestions. We have faith in building long-term relationships with our suppliers for value creation.



- Customized Business Solution Vipshop helps suppliers to achieve their sales volume and realize their market share. Nevertheless, our communication with suppliers is not purely on supply amount, but also the proportion of the retail would happen online, which could allow us to commit percentage of sales we can assist.

We hope to become an expert at providing solutions on retailing, and commit ourselves to solving the decrease in sales in traditional markets. We focus on the bigger picture and increasing the sales of suppliers at a time when offline retail is decreasing. Business development managers at Vipshop communicate with suppliers several times per day on business related matters. For our key suppliers, our managers conduct on-site communication quarterly and also assess their products. Our communication with suppliers can integrate our resources for better utilization. We are capable of fulfilling the expectation of suppliers especially for bigger brands, on promoting their brands.

- Feedback from Our Suppliers Management of Vipshop views feedback from suppliers as a priority of our business. Their feedback

can ensure communication at our supply chain become more effective and improvement can bring value realization. We have established regular feedback channels for our suppliers to provide feedback and recommendation, also find their contact points with our business representatives.

( 1 ) Communication channels for business: businesses with certain suppliers, responsible for communication and solving all of the problems, including unusual phenomena and complaints.

( 2 ) Email feedback: Feedback by emails: Vipshop encourages suppliers to send emails directly to specific departments based on the nature of their feedback. If suppliers are not familiar with our internal structure or process, they can send the email directly to the supply service mailbox for further action.

Related Departments	Situations
Business	Compliance and daily business cooperation
	Consulting cooperation with new brands
	Other business related complaints and suggestions
Logistics	Logistics Center operation
	Complaints or suggestions about distribution company
Finance	Complaints or suggestions about our financial processes
Others	Unsatisfactory cooperation

## Sustainable Supply Chain

Apart from normal feedback channel for suppliers, we conduct suppliers' satisfaction survey to have interactive feedback on the supply chain and also explore solutions for tackling challenges.

We also arrange trainings for suppliers based on their supply chain models. There is a Q&A section at trainings where suppliers can ask questions and facilitate solutions by interaction. At present, the feedbacks focus the website update and other relevant problems. Other problems are more concerned about details like a poor user experience by the website, which would also be optimized by our technical department.

We have established a mechanism to encourage supplier feedback and process procedure including extended differential procedures, financial arrangements and invoice tracking procedures. In order to fulfill the need of suppliers, increasing effectiveness of feedback and problem solving.

## Providing Big Data Analysis to Suppliers for Their Sales Plans

Vipshop provides reports of analysis on sales data and assist suppliers in designing sales plans by analyzing the sales history of brands and similar products. In addition, suppliers can obtain the most updated retail information such as sales volume through the "supplier platform". We have also published management toolkits and deliver tailor-made services according to the sales performance of brands and characteristics of products. Services are offered based on the types and levels of brands.

## Responsible Supply Chain

Vipshop fulfils the responsibility of supply chain management for achieving its sustainable development and creating values for Vipshop, suppliers and customers. We assess all the products to guarantee their certification, promote the transparency of supplier information disclosure, improve customers' experience, and improve their brand awareness and increases the reputation and customers' loyalty to our cooperating brands. In addition, trainings are delivered to suppliers for assisting them to satisfy customers' need and enhance their development. As to be a socially responsible company, we also insist on creating an environmental friendly supply chain and urge our suppliers for better environmental performance.



## Quality Control of Products

Ensuring certified products and safeguarding the rights of our customers are the shared goals of Vipshop and our suppliers. Commodities which pass the quality test are qualified to be loaded in the warehouse. We also invite third party organizations to have sampled check on commodities for protecting the rights of interests of customers from the perspective of external supervision.

- Incoming Quality Control

Vipshop will require that products should undertake the quality testing before transferring to warehouse. The commodities must comply with industrial standards before storage and shipment arrangement. Although direct delivery mode does not require goods to be stored in warehouses, we also implement quality inspection processes for all products.

Testing of our commodities includes industry testing standards, which are electrical and electronic industry standards, apparel industry standards, cosmetics industry standards, textile industry standards, furniture industry standards, infant & mum supplies industry standards,

general food industry standards, accessories industry standards, toys industry standards, luggage industry standards and outdoor sports industry standards, etc.

- Sampled Check on Product Quality

Vipshop conducts sampled checks on quality of goods after storage. Sampled checking is applicable for all brands and categories cooperated with Vipshop. Suppliers deliver products to our warehouses based on appointment, and we sample a specific number of goods for checking based on the agreed procedure. Issues of packaging, labeling, quality, safety, function, etc., are subjects of sampled checking.

- Third Party Quality Control

Vipshop has also introduced a third party quality control mechanism, which covers packaging, labeling, quality, safety, function and other aspects. The third party quality testing includes third-party comprehensive inspection and third-party sampling inspection. By introducing third party quality control, our customers' rights and interests can be protected.



## Logistics management

As to meet customers' need in real-time and in high quality, Vipshop continuously improves the logistics management. As an industry leader in flash sales, we pursue the perfect realization of the promise of services. In order to continuously improve our customers' experience, we have strict requirements on our logistics management and also comprehensive strategic planning for implementation.



### Partnering with Third-party Logistics Company

Vipshop, a leader of flash sales e-commerce industry in China, and GLP, the Asia's largest industrial and logistics infrastructure and service providers, have established partnership to explore a big opportunity for their own development, and also create shared values and enhance the customers' shopping experience.

In 2009, Vipshop and GLP firstly collaborated in Foshan, Guangdong province. The Foshan logistics park covers an area of 36,000 m2 approximately.

In 2010, Vipshop leased a warehouse of 24,000 m2 around Dianshan Lake and established our logistics center in East China, which is the second cooperation.

In 2012, as our business expanded, Vipshop leased a warehouse in Qiandeng which covers an area of 30,000 m2 approximately. Our cooperation has gradually enhanced. In early 2013, both companies reached a consensus that a customized logistics park which covers an area of 130,000 m2 will be built to meet growing business need in the Eastern China. In 2013, Vipshop and GLP signed a tripartite agreement to develop the customized logistics park. This project was built with the concept of green park construction, i.e. the building materials were recyclable and could be re-utilized. As to embed environmental elements, a large number of trees were planted, and employees were responsible for planting and maintenance. Meanwhile, Vipshop and GLP have also launched some projects in places such as Beijing and Wuhan. We have become one of the key clients of GLP.

At present, the customized logistics park around Dianshan Lake has reached a total area of 180,000 m2, and other regions are constantly developing. After cooperation for three years, GLP has in-depth understanding on our features, operations and business segments. During the constructing of Kunshan Dianshan Lake 130,000 m2 customized logistics park at the end of 2012, GLP embedded our features into this area by taking the operating and employee features of Vipshop into consideration, and improving the efficiency of the logistic park and the surrounding environment. All warehouses can be gathered into a giant warehouse through technologies and it promotes the exchange and integration of goods. At the same time, the logistics park considered the distribution of receiving area, picking area, returning area and group purchase business. In accordance to the characteristics of younger employees, the logistics park has built a big canteen which can accommodate 3,000 people and constructed sports field, parks, rest areas, etc. to meet the physical and psychological needs of our employees.

### Increasing the Capacity of Warehouses

In order to satisfy the rapidly-increasing order quantity and ensure the customers' superior experience, Vipshop expands our warehouse area continually, optimizes the inventory management and advances our operating efficiency. We have built five big scale warehousing centers in Tianjin, E'zhou, Zhaoqing, Kunshan and Jianyang. Yizhi Tang, the Senior Vice President of Vipshop, expressed that our logistics warehousing strategy consists of two steps. The first step is to solve the core problem of logistics warehousing. We divided China into 5 parts: northern China, central China, southern China, eastern China and southeastern China. We will build the super warehouses in both E'zhou Hubei and Zhaoqing Guangdong promptly so that goods could be delivered from the five storages nearby. The second step is to deliver order in time. We choose the strongest local partners and establish the transportation platform system for ensuring the services quality of the goods at the last 1 km.

Vipshop and Xi'an Economic and Technological Development Zone signed an agreement to build the Northwest China warehousing operations center on 8 August 2014. The project includes three functional areas: warehouses and distribution centers, regional headquarter office centers and other employee supporting facilities. We chose to set up Northwest headquarter and warehouse operations center in the area due to the considerations on comprehensive advantages of the regional transportation network system, industrial development environment and labor cost. It is also a major deployment for us to expand out Northwest China's market, speed up logistics transportation and improve customers' experience. Our Northwest headquarter and warehouse operations center is an important development to fill the storage gaps in the northwest region.

### Fine-tuning the Delivery Service at the Last 1 Km

Vipshop has commitment on business volumes for logistic service providers initially which guarantees them to possess sizable turnovers during their cooperation with us. Meanwhile, we treat business partners in a fair and well manner by raising the unit price for the last 1 km delivery to CNY 6.5 and providing funding and technical supports to our logistic providers. At the same time, we require them to ensure on time and precise delivery to form cycle which benefits our customers ultimately.



### Raising Purchasing Price for Logistic Providers

As one of few profitable vertical e-commerce companies in China, Vipshop does not only focus on immediate interests but proactively shares our profits to logistic service providers to ensure the quality of delivery service at the last 1 km for good user experience. In June 2013, we became the first e-commerce company that was closely aligned with logistics providers, and announced that the unit price of express delivery was not less than CNY 6. In November 2013, we implemented a policy of tax point subsidies to enhance the risk management capacity of logistic providers. At the beginning of 2014, we raised the unit price for delivery service to CNY 6.5 for promoting the healthy development of the value chain.

### Providing Comprehensive Support for Logistic Providers

Vipshop deeply understands that if we want to achieve real-time delivery and maximize our customer satisfaction, we need to purchase services from the most powerful distribution system locally. There are two meanings for that - the local logistic provider is with excellent capacity, or we can cooperate with local logistic service providers to help them become stronger.

In order to further reduce the delivery time and enhance the customer experience, we implement the cost-effective policy and also sign long-term cooperation agreements with the logistics providers. We offer a variety of solutions to their liquidity and operational development. It enables logistic service providers to get support at multiple levels, such as business quota, epitaxial channels, national business expansion, financing, and advertising agencies, etc. In the process of cooperation with logistic service providers, we do not see it as only a business relationship, but a long term partnership. We share our knowledge on technical management and information systems and send professionals to train and audit their quality for enhancing the quality of delivery service.

The responsible person of Hubei Chutian Logistics Company told National Business Daily that, "As we are benefited from the Vipshop logistics strategy of 'intergrowth circle', we prefer to deliver Vipshop orders rather than orders from other e-commerce companies."





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一家专门做特卖的网站

Facilitating Development  
of E-Commerce Industry





## Initiating the 'Flash Sales' Model of E-commerce in China



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Vipshop has become **No.1** in China flash sales e-commerce market with a market share of **38.1%**.

— iResearch "2014 Chinese Flash Sales Market Research Report"

The "Flash Sales" model of e-commerce was introduced to China by Vipshop in 2008, and it became one of the top 3 mainstream e-commerce models. At present, Vipshop has cooperated with more than 13,000 brands, and 1,600 of those are exclusive cooperation. Vipshop gives customers a discount of up to 90% for a limited period of time which is around 3 to 5 days. It lets customers get access to the high quality life, and also establishes the brand of Vipshop "Flash Sales" model as a leader in this area.

Vipshop is the first Chinese "Flash Sales" e-commerce company listed on the New York Stock Exchange. According to "Chinese Online Flash Sales Report" by iResearch in July 2014, Chinese e-commerce industry has already shown a phenomenon of 3 mainstream business modes called 'TJV', while 'T' stands for fair mode of Tmall and Taobao, 'J' for traditional B2C mode like JD and 'V' for 'Flash Sales' mode like Vipshop.

Vipshop offers products from 100 new brands with authorization every day and ensures the quality of certified goods at a competitive price. We keep its advantage as "Flash Sales" through its rich numbers of cooperating brands, and originate the model of guaranteed certified products for providing customers with a safer shopping experience and also promoting e-commerce industry as a transparent and normative avenue for purchasing.

## Steering the Development of E-commerce in China

Traditional trading mode is fully developed in Southern China while the e-commerce industry started late and is lack of a leading brand. Vipshop understands that our market space relies on the healthy and strong development of the e-commerce industry. As the importance of e-commerce industry grows and government has more attention on it, we will undertake responsibility to promote the development of e-commerce in Southern China as a leader of Chinese flash sales market and an e-commerce company in Guangzhou.

### Supporting 'Online Shopping for Made in Guangdong'

A campaign of "Online Shopping for Made in Guangdong" was launched by the Guangdong Provincial People's Government and Guangdong Provincial Department of Commerce in 2012 and it attracted tremendous attention. The shared goals of promoting consumption, stabilizing growth and adjusting structure, can only be achieved through the combined efforts of government and companies. The campaign played a positive role in vigorously developing the consumption of new business state, expanding e-commerce transactions, cultivating benchmarking of e-commerce companies, promoting the application of e-commerce among traditional companies, and facilitating the growth of e-commerce companies.

Vipshop was one of the first ten e-commerce platforms which joined the campaign. We participated in meetings between traditional companies and e-commerce companies in Shunde, Foshan and Guangzhou, and strengthened the cooperation and communication among brands by inviting 100 "Made in Guangdong" brand partners to have a total number of over 650 "Made in Guangdong" participating in the flash sales platform. It provides a systematic solution for traditional companies in getting into e-commerce platforms. We also launched the "Vipshop 100 Million Super Discount" campaign for our customers at the official website of "Online Shopping for Made in Guangdong" and attracted the attention of a large number of customers for promoting the concept.

"With the brand awareness of the public on Vipshop is increasing, our brand scale and its effect will keep strengthening. It will attract more high quality brands to join our platform, and also, promote the repeated purchasing rate by our customers. The high growth rate on customers and high repeated purchasing rate are the evidence of success of our flash sales business model, and also the reason that we continue to be the leader in Chinese flash sales market and the female-targeted e-commerce market." Tony Feng, Vice President of Branding and Public Relations of Vipshop



## Facilitating Development of E-Commerce Industry

The activities greatly enhanced the visibility of activities and customers' confidence. Confidence of e-commerce companies was strengthened and the campaign also attracted the participation of foreign companies and boosted the development of domestic e-commerce.



### Establishing Guangzhou Electronic Commerce Industry Association to Improve Knowledge of the Industry

As to promote prosperity and enrich knowledge of the e-commerce industry in Guangzhou, the Guangzhou Electronic Commerce Industry Association was established on 28 April 2013, which is initiated by Vipshop and seven companies in the industry. Chen Jianhua, mayor of Guangzhou, Zhou Weiya, the secretary-general of Guangzhou, Ma Zhengyong, the vice secretary-general of Guangzhou as well as Eric Shen, the president of Guangzhou Electron

ic Commerce Industry Association and also the Chairman and CEO of Vipshop, attended the launching ceremony. With a respected reputation in the industry, Guangzhou Electronic Commerce Industry Association has more than 500 companies such as Vipshop, JD, and Suning.

As one of the eight founding members of Guangzhou Electronic Commerce Industry Association, Vipshop fulfils its fundamental obligations to drive the development of the Association, and also act as a model of maintaining self-discipline. We collect opinions from other members in the association, and integrate resources in the industry as well as taking more responsibility for industrial development.

- Making Vipshop a model of maintaining self-discipline in the industry

As to strengthen self-discipline in the e-commerce industry, the Professional Market Administration Branch of the Administration of Industry and Commerce of Guangzhou Municipality and Commerce of Guangzhou Electronic Commerce Industry Association organized a campaign to nominate star credible websites at the beginning of 2014 to establish credible mechanism for the e-commerce industry. As a leading e-commerce company in southern china, Vipshop participated in the assessment and was the only company accredited as the "Guangzhou Four-star Credible Website Enterprise Award".

- Promoting legislation on the taxation related to e-commerce

In April 2014, the Association commenced a project on "Study on the Taxation on E-commerce" funded by the Guangzhou municipal government. As to provide assistance to implement the study, Vipshop appointed our experienced employees from the legal and financial departments as representatives to be the members of expert panel. They participated in the study and report writing to ensure the successful implementation of the research project.



## Facilitating Development of E-Commerce Industry

"We are very pleased that Vipshop is able to become the one of the first e-invoice pilot corporations in Guangzhou. It demonstrates the government's confidence in the integrity of our business," Tony Feng, Vice President of Branding and Public Relations of Vipshop said, "Originating in Guangzhou, as the world's largest flash sales website, Vipshop always puts the interests of our customers in the first place."

- Integration of resources

The Association hosts the annual Association Members Communication Day to gather business leaders for enhancing communication and resources integration in the e-commerce industry in Guangzhou. The Association also plays an important role in capital connection as well as talents connection. On 24 October 2013, the Vice Presidents Communication Day organized by the Association and co-organized by Vipshop was held at the headquarters of Vipshop. Business leaders in the industry had interactions and discussions on directions and strategies for the development of the industry and also persuading government to listen to the voice of e-commerce companies.

- Safeguarding rights of the member companies

The Association has regular contact with the Administration of Industry and Commerce, the Administration of Quality and Technology Supervision and Drug Administration to help its member companies which are maliciously criticized and provide recommendations to them on safeguarding their rights.

- Talents in the industry

With the rapid development of e-commerce industry, lacking of talents gradually becomes a main constraint on its sustainable expansion. As to assist the industry to recruit more talented people, Vipshop actively supports initiatives organized by the Association. For example, we assisted the Association to organize campus recruitment campaigns in Guangzhou for two consecutive years.

## Implementation of Electronic Invoice

On 15 September 2014, Guangdong Provincial Office of the State Administration of Taxation announced the official launch of the Guangzhou electronic invoicing application pilot program. As one of the pilot units, Vipshop is the first company issuing e-invoice to customers in Guangzhou. Electronic invoice is legal binding evidence similar to traditional invoice, and can be seen as the legal transaction documents and certificate for warranties. Comparing with traditional paper invoice, e-invoice can ensure maximum authenticity through convenient techniques such as internet validation, and they are easier to reserve. The implementation of e-invoice facilitates the protection of customer rights as it is more convenient to obtain, reserve and use in the same way as traditional paper-based invoice.

## Launching the "Global Flash Sales" Campaign with Guangzhou Customs-

Vipshop, 99bill, COSCO Logistics and many other companies signed the "Memorandum of Cooperation of E-commerce Cross-border Regulations" with Guangzhou Customs on 24 September 2014. Vipshop became the first e-commerce company in China to provide "global flash sales"



channel for customers with regular imports of overseas shipments. After the launching of our "global flash sales" business, customers can enjoy the convenience of a global sales experience using existing domestic network and operating procedures of "certified products guarantee, international products, free international shipping, and a fixed price". The "three-form process", the highest standard of customs management processes, is adopted at our "global flash sales" model. As the strictest criterion in the cross-border e-commerce industry in China, the three-form process quality management system consists of an e-commerce platform, supervisory department of customs, credit payment and logistics systems. The use of the three-form process achieves the efficient management and control of order forms, waybills and payment forms.

We believe that the implementation of e-invoices will give customers a more convenient online shopping experience, and will further enhance the security of online shopping. In addition, the e-invoice is more environmental friendly, resulting in the reduction of resource consumption. We will continue to respond to the government's call to promote the use of e-invoices."



## Promoting Legislation on E-commerce

Although e-commerce industry is booming, it is still in an initial stage and upgrade is required for the existing legislation and industry regulation at both national and local levels to meet with the new business environment. As the establishment of standard is important to the development of the industry, Vipshop actively assists government on promoting legislation for the e-commerce industry through conducting studies and providing recommendations. We believe that by continually strengthening regulations for the industry, the rights of e-commerce companies can be safeguarded and sustainable development can be achieved.

### Improving the Legislation on E-commerce Taxation in Guangzhou

Vipshop participates in the legislative process concerning taxation at national level in the e-commerce industry through the platform of Guangzhou Electronic Commerce Industry Association. Since April 2014, the Association has been continuing the assignment on e-commerce taxation research. As to provide assistance to the study, we appointed our experienced employees from the legal and financial departments as representatives to be the members of expert panel of the study. They participated in the study and report writing for the successful implementation of the project.

### Collaborating with Government for a Healthy Development of Legal Environment of E-commerce

Legal support for the development of e-commerce industry is a goal that Vipshop keeps pursuing. We contribute to the healthy development of legal environment of the industry by working with government including the courts, prosecutors and police, and make legal compliance as our basis for business operation.

- We cooperate with courts to explore normative laws and regulations that should be established to ensure a stable development of the industry. In addition, we communicate regularly with courts on the issues related to working process, such as using logistics data of an enterprise as legal evidence. It helps us to secure the rights of both the company and our customers.
- We cooperate with procurators to implement initiatives on anti-corruption to foster an atmosphere of honesty in the industry and protect the judicial environment.
- We cooperate with the police department to protect customers' privacy and prevent criminals. We have also implemented relative programs on the subject which results in a good impact.

## Setting an Example to Advocate Self-discipline

Vipshop insists on the principle of "certified products with a low costs" by selling goods legally and protecting customer rights. We operate with the principle of zero tolerance on business corruption, and eliminate 'brushing' casts at our platform by our effort. In areas such as advocating self-discipline, providing customers with experience of high-quality service, and creating a fair competition environment, we strive to set a good example to other players in the e-commerce industry.

### Respecting and Protecting Intellectual Property Rights

Vipshop respects others' intellectual property rights (IPR) and actively protects our own IPR. We have signed an agreement on industry-university cooperation project with the Institute of Intellectual Property at Peking University, which provide us industrial and academic support on protecting IPR. With the rapid expansion of the company, a basic mechanism on protecting IPR is developed. The features can be summarized as "proactive investigating and protecting" and "proactive defending".

- 'Proactive investigating and protecting' to prevent trademark infringement

Vipshop holds an attitude of zero-tolerance towards counterfeit trademarks and behavior of selling counterfeit goods on our platform. We manage more than 13,000 different brands, and each supplier must implement effective brand management for preventing potential problems of trademark infringement and counterfeit goods. We have launched a strict mechanism of "prior censorship" and "afterwards investigation" towards the intellectual property rights.

As an e-commerce company, Vipshop has initiated a mechanism to monitor the intellectual property. We apply the 'Standard of Due Care' of ISP (Internet Service Provider) to the comprehensive investigation of the intellectual property. As to support the "prior monitoring and assessment", Vipshop has established a mechanism of complaints and investigation on infringement, and we accept complaints and provide dispute resolution to IPR owners. The scope includes issues related to trademarks, copyrights, designs, patents and other third party rights. After receiving complaints from the IPR owners, dedicated person from our intellectual property rights platform screens the complaints and responses immediately. If there is an infringement, we will handle the case in the shortest time possible. If there is not an infringement after investigation, we will provide IPR owners a reasonable explanation. Moreover, if disputes on IPR involve different suppliers, we provide a mechanism for handling resolution of complaints by arbitration. If the dispute cannot be resolved before the deadline, we will invite a third party organization for investigation, and make effort to solve the dispute on a timely basis.

Technology Center at Vipshop initiated the management methods of intellectual property protection in 2010. By declaring intangible assets, we bring valuable knowledge to the company, and also offer important referencing standard to social development.

By December 2014, we have applied for 31 patents, in which 17 of those have been accepted by the official patent office, and the number of reported software copyrights reached 39.

- ‘Proactive defending’ to combat infringements
- As an e-commerce company which provides online business services, Vipshop has encountered many infringements which have significant differences comparing with the traditional form of infringement in the retailing industry. The features of new form of infringements are “internet-based”, “comprehensiveness” and “updated”, and most of those exists on the internet which is an emerging trend in China. “Comprehensiveness” means that infringement on internet covers various aspects on IPR, including common infringement on trademarks. For example, a huge amount of illegal websites using Vipshop's name or something similar to confuse customers. They copy and plagiarize our website template and format design, and embed similar domain of Vipshop into their second or third level domain and use our name and icon for cheating consumers. “Updated” means apart from infringements on the internet, infringement bodies are extending their scope to MT (Mobile Terminal) and infringements are now occurring in mobile applications such as Weibo and WeChat. Considering the diversified forms of infringement, it becomes more difficult for monitoring reflects the gap between new challenges and current legislation.

Vipshop actively fight against those infringements on the internet. By implementing a series of regulations on IPR proactively such as trademark, domain name, and patent, we have successfully protected its intellectual property rights.

### Cracking Down Brands’ Deception to Promote Fair Competition

It is a serious problem for e-commerce companies’ deception on showing fake sales volumes, and it is commonly called “Brushing” behavior. It is a drawback for e-business, for it is not only detrimental to customers’ interests by misleading them as to the popularity of a product or brand, but also does harm to fair competition between brands. As a responsible e-business platform, Vipshop has been focusing on “brushing” casts behavior since its onset, and will emphasize the creation and maintenance of related rules and systems in 2015. Our business center dedicates a quality group to manage improper sales behavior. We deal with such behavior severely in order to maintain market order, promote fair competition, protect our brand image, and safeguard the rights of our customers.





唯品会 Philanthropy  
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## Vipshop Foundation



In June 2011, Vipshop Foundation (branded as the “Vipshop 365 Love Fund”) was founded. The foundation is non-public funds, with CNY 2 million registered capital, and the administrative cost is supported by the company. The foundation is an independent legal entity and a non-profit organization.

In the initial stage, the foundation mainly aimed at implementing projects on four subject areas, which are children who miss school, poverty and serious disease, elderly people without family, and natural disasters. Along with the gradually deepening of the work and increasing experience, we combine our philanthropic projects with our core corporate strategies. The community projects are now focusing on sustainable projects for women and children, which is also an expectation from our strategy. We expect to promote corporate social responsibility through guiding the public, especially our members, to show caring about these social groups and rising their awareness on philanthropy.

The establishment of Vipshop Foundation established a precedent for the B2C e-commerce industry in China on philanthropy. Our commitment to our customers on philanthropy is “One order form, 365 days of caring”, and it is also our long-term commitment to the public. Our members can select a philanthropic cause after making an order at our website. After receiving the order, we donate CNY 0.365 for each order to the Foundation for supporting their preferred causes.

By the end of December 2014, the Foundation has donated over CNY 13 million to the society, built 6 Vipshop Primary Schools, donated over 33 thousand pieces of in-kind donation, and provided assistance to over 30,000 people. Our project scope covers Yunnan, Sichuan, Guizhou, Xinjiang, Guangxi, Jiangxi, Guangzhou, Shenzhen, Beijing, and Jiangsu. The number of employee volunteers has grown from 3 to more than 1,200, and they have devoted over 2,000 volunteering hours to support our philanthropic activities.

## Our Key Philanthropic Project – “V Wish”

In July 2014, Vipshop launched the “V Wish” project, and established the “Vipshop Love Ambassador” volunteering team for encouraging our members and employees to participate and contribute to building a better world together. There were three activities organized from July to December 2014, with the themes of “Helping dropout students”, “Helping elderly people without family” and “Helping people with serious diseases”. We collected information about the vulnerable groups in need from our members and the public, and provide assistance to improve their living after on-site visits by our volunteers.

“V Wish” aims at satisfying the actual need of vulnerable groups, and also motivating our members, employees and the public to participate for the good cause. Based on the project setting, we can extend the influence of our activities, and encourage more people to involve in philanthropy. From July to December 2014, this project was supported by more than 1,000 employees and members, which helped 737 people with difficulties. We donated CNY 6,537,000 and over 1,500 volunteering hours, which is a successful result seen by the Foundation.



Operation of the Foundation

Donations by the Foundation

Time	Theme	Content	Donation	Materials	"Materials Expenditure"	"People Being Helped"
2011.Aug	Find A Home for Love	Finding a home for poor old women.	¥2,700.00	●	●	1
2011.Oct	Xiao Yueyue Event	Promoting the spirit of bravery and justice.	●	●	●	●
2011.Dec	Run for Love	Raising donation for children in disaster area and special children through marathon.	●	●	●	●
			¥2,700.00			1
2012.Feb		Help psoriasis pustulosa patient Zeng Junjie.	¥3,000.00	●	●	1
2012.Jun	Children Care on June 1st	Deliver love package to Yunnan, Sichuan, Guizhou.	¥62,200.00	●	●	622
	Sangzhu Scholarship Project	Subsidize Zang children in Sichuan Ganzi County for a year.	¥24,000.00	●	●	20
2012.Jul	48 Hours Emergency Treatment	Help severe illness infant Zhou Jie'an.	¥3,900.00	●	●	1
	Sangzhu Scholarship Project	Subsidize Zang children in Sichuan Ganzi County for a year.	¥24,000.00	●	●	20
2012.Aug	Guangdong Poverty Relief Day	Support the Poverty Relief Day.	¥30,000.00	●	●	●
2012.Sep	Vipshop Primary School	Build primary school in Xinjiang Jiashi County.	¥412,000.00	●	●	510
	V Wish	Help the poor people to achieve their dreams.	●	114	●	114
	Sangzhu Scholarship Project	Subsidize Zang children in Sichuan Ganzi County for a year.	¥24,000.00	●	●	20
2012.Oct	Sangzhu Scholar-ship Project	Subsidize Zang children in Sichuan Ganzi County for a year.	¥24,000.00	●	●	20
2012.Nov	Warm the Cold Winter Event	Donate winter clothes to Xinjiang primary schools.	●	361	●	361
	Sangzhu Scholar-ship Project	Subsidize Zang children in Sichuan Ganzi County for a year.	¥24,000.00	●	●	20
2012.Dec	Run for Love	Raise donation for children in disaster area and special children through marathon.	●	●	●	●
	Vipshop Primary School	Build primary school in Yunnan Mengzi City, Lengquan Town.	¥300,000.00	●	●	208
	Sangzhu Scholar-ship Project	Subsidize Zang children in Sichuan Ganzi County for a year.	¥24,000.00	●	●	20
			¥955,100.00	475		1938

Time	Theme	Content	Donation	Materials	"Materials Expenditure"	"People Being Helped"
2013.Jan	Finding Vipshop Philanthropic Ambassador	Yunnan Vipshop Primary School founding ceremony volunteer election.	●	●	●	●
	Sangzhu Scholarship Project	Subsidize Zang children in Sichuan Ganzi County for a year.	¥24,000.00	●	●	20
2013.Feb	Sangzhu Scholarship Project	Subsidize Zang children in Sichuan Ganzi County for a year.	¥24,000.00	●	●	20
	Caring for Poor Elders with Severe Illness	Purchase 100 hand-made shoes from Mo Baidi, an unemployed elder with severe illness.	¥2,000.00	●	●	1
2013.Mar	V Wish for Remote Area Schools Opening	Donate Love Package to 6 primary schools in Yunnan, Guizhou, Jiangxi and Guangdong.	¥3,906.23	944	●	944
	Sangzhu Scholarship Project	Subsidize Zang children in Sichuan Ganzi County for a year.	¥24,000.00	●	●	20
	Donate Shoes to Poor People	Donate 11072 pairs of shoes to Warm Current Project for helping the poor people.	●	11072	●	11072
2013.Apr	Sangzhu Scholarship Project	Subsidize Zang children in Sichuan Ganzi County for a year.	¥24,000.00	●	●	20
	Caring for Heroes with Bravery and Social Justice	Rescue hero Li Shesen in Zhaoqing.	¥100,000.00	●	●	1
	Vipshop Warm Love for Ya'an	Donate 1 million RMB to One Foundation, and 10 thousand warm clothes and 10 thousand pairs of shoes to Ya'an.	¥100,000.00	20000	●	15000
2013.May	Sangzhu Scholarship Project	Subsidize Zang children in Sichuan Ganzi County for a year.	¥24,000.00	●	●	20
	Vipshop Guizhou Philanthropic Tour	Donate 300 thousand RMB for building Vipshop Primary School in Jianmucheng Village, and give Love Package to 262 students in 4 primary schools in Guizhou.	¥350,000.00	493	●	262
2013.Jun	Sangzhu Scholarship Project	Subsidize Zang children in Sichuan Ganzi County for a year.	¥24,000.00	●	●	20
	Big Hand Holding Small Hand	Donate sports supplies to Mixi Primary School, Lianping County, Heyuan, and donate 2,000 RMB for repairing basketball stands.	¥2,000.00	186	●	115
2013.Jul	Guangdong Poverty Relief Day	Support the Poverty Relief Day.	¥30,000.00	●	¥1,106.00	●
	Vipshop and GLP Guizhou Tour	Give Love Package to 262 students in four primary schools in Guizhou.	●	262	¥38,962.40	262

Philanthropy

Time	Theme	Content	Donation	Materials	"Materials Expenditure"	"People Being Helped"
2013.Jul	Guangxi Dahua County Vipshop Primary School	Donate 250 thousand RMB to Guangxi Teenager Development Foundation.	¥25,000.00	●	●	●
	2013 Walk for Love Event	Organize 36 employees to participate in 2013 Walk for Love Event.	●	●	●	●
	Sangzhu Scholarship Project	Subsidize Zang children in Sichuan Ganzi County for a year.	¥24,000.00	●	●	20
2013.Aug	Sangzhu Scholarship Project	Subsidize Zang children in Sichuan Ganzi County for a year.	¥24,000.00	●	●	20
	Equipment Purchase for Dianshanhu Primary School	Donate 28 computers to Dianshanhu Primary School.	●	28	¥96,040.00	●
	Kunshan Philanthropic Donation for One Day Event	Donate to Kunshan Chamber of Philanthropy, Dianshanhu Branch.	¥30,000.00	●	●	●
2013.Sep	18 Dream Achieving Project	Cooperate with Guangzhou CTL and subsidize 206 poor high school students to make sure them getting into university.	¥668,000.00	●	●	206
	Sangzhu Scholarship Project	Subsidize Zang children in Sichuan Ganzi County for a year.	¥24,000.00	●	●	20
2013.Oct	Sangzhu Scholarship Project	Subsidize Zang children in Sichuan Ganzi County for a year.	¥24,000.00	●	●	20
2013.Nov	Sangzhu Scholarship Project	Subsidize Zang children in Sichuan Ganzi County for a year.	¥24,000.00	●	●	20
2013.Dec	Sangzhu Scholarship Project	Subsidize Zang children in Sichuan Ganzi County for a year.	¥24,000.00	●	●	20
			¥2,673,906.23	32985	¥136,108.40	28103
2014.Jan	Vipshop and GLP Primary School	Donate 200 thousand RMB to Luoyang Yichuan County Wengou Primary School	¥200,000.00	●	●	223
	Sangzhu Scholarship Project	Subsidize Zang children in Sichuan Ganzi County for a year.	¥48,000.00	●	●	320
2014.Feb	Sangzhu Scholarship Project	Subsidize Zang children in Sichuan Ganzi County for a year.	¥48,000.00	●	●	●
2014.Mar	Sangzhu Scholarship Project	Subsidize Zang children in Sichuan Ganzi County for a year.	¥48,000.00	●	●	●
2014.Apr	Sangzhu Scholarship Project	Subsidize Zang children in Sichuan Ganzi County for a year.	¥48,000.00	●	●	●
2014.May	Sangzhu Scholarship Project	Subsidize Zang children in Sichuan Ganzi County for a year.	¥48,000.00	●	●	●
	Luoyang Vipshop Primary School Completed Ceremony	Donate 582 pieces of art and sports supplies to students.	●	582	●	●

Time	Theme	Content	Donation	Materials	"Materials Expenditure"	"People Being Helped"
2014.Jun	Sangzhu Scholarship Project	Subsidize Zang children in Sichuan Ganzi County for a year.	¥48,000.00	●	●	●
	Baosheng Village Vipshop Star Citizen Kindergarten	Build a kindergarten in Ya'an.	¥392,000.00	●	●	97
2014.Jul	Sangzhu Scholarship Project	Subsidize Zang children in Sichuan Ganzi County for a year.	¥48,000.00	●	●	●
	Yunnan Vipshop Primary School Completed Ceremony	Donate 1 school bag and 1 set of stationary to each student.	●	384	¥11,470.00	192
2014.Aug	Sangzhu Scholarship Project	Subsidize Zang children in Sichuan Ganzi County for a year.	¥48,000.00	●	●	●
	Ludian Rescue Project	Donate 1 million RMB to Yunnan Teenager Development Foundation.	¥1,000,000.00	●	●	●
2014.Sep	Vipshop Wish for Dropout Students	Help 152 dropout students.	¥532,000.00	●	●	152
	Payment of Tongjiang County Vipshop Primary School 1st Stage	Donate and build Tongjiang County Vipshop Primary School.	¥275,000.00	●	●	1342
	Bazaar Philanthropic Night of Vipshop Love	Donate to poor orphans in HK PLK.	¥1,000,000.00	●	●	●
	Sangzhu Scholarship Project	Subsidize Zang children in Sichuan Ganzi County for a year.	¥48,000.00	●	●	●
2014.Oct	Sangzhu Scholarship Project	Subsidize Zang children in Sichuan Ganzi County for a year.	¥48,000.00	●	●	●
2014.Nov	Sangzhu Scholarship Project	Subsidize Zang children in Sichuan Ganzi County for a year.	¥48,000.00	●	●	●
	Didi Taxi Pink Love Event	Didi Taxi Pink Love Event	¥50,000.00	●	●	●
	V Wish for Elders without Families	Help 335 elders without families.	¥1,005,000.00	●	●	335
2014.Dec	Sangzhu Scholarship Project	Subsidize Zang children in Sichuan Ganzi County for a year.	¥48,000.00	●	●	●
	V Wish for Severe Illness	Help 250 elders without families with 20 thousand RMB for each.	¥5,005,000.00	●	●	250
	Lianzhou Vipshop Primary School	Build Lianzhou Vipshop Primary School.	¥300,000.00	●	●	●
	Scholarship of Lingzhi Bayi High School		¥100,000.00	●	●	●
	Payment of Tongjiang County Vipshop Primary School 2nd Stage		¥275,000.00	●	●	●
			¥10,705,000.00	966	¥11,470.00	2911



Participation of Corporate Volunteers

Year	Number of Volunteer	Volunteering Hours
2011	1	40
2012	5	516
2013	58	1032
2014	1181	1500

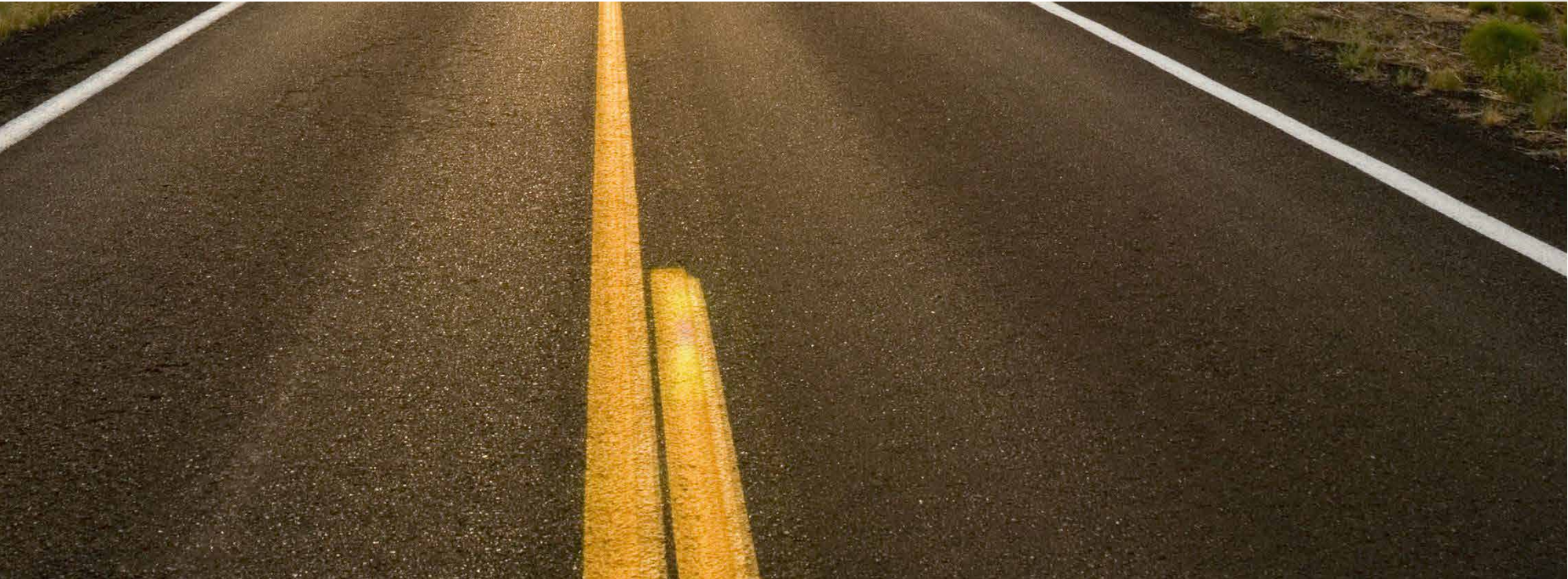
Sustainable Development of the Foundation

The Foundation is an important element of Vipshop’s philanthropic actions, and we recognize the importance of its sustainable development for continuing our activities and building our brand as a responsible business. In the past four years, we made effort to improve continuously by assessing the effectiveness and exploring space for improvement. We have developed a concrete plan for our future planning to achieve sustainable development of the Foundation.

- Our Future Plan
  - ( 1 ) Improving coordination among departments: Vipshop encourages employees to participate in our philanthropic activities as volunteers. It is important to gain support from department leaders. Volunteering activities occasionally take place during office hours and may influent working arrangement. Due to our good corporate culture and policy, our management and department leaders support the cause and encourage employees’ participation. We also expect that it can be continued in the circumstance that all departments will continue to support and coordinate with the Foundation on volunteering work.
  - ( 2 ) Encouraging suppliers to participate in philanthropy: Philanthropic programs of our Foundation will be introduced to our suppliers during the business meetings in order to raise their interest and encourage their participation. Suppliers who are interested in philanthropic work but lack of channels or platform will be encouraged and invited to participate in our platform by integrating the resources of both parties. There are similar cases of joint initiative that bring our cause great success. For example, Harper’s Bazaar wanted to raise fund by selling clothes donated by celebrities who joined the Charity Bazaar stars night, and we donate our sales channels at the website as a complimentary service. We also cooperated with GLP by integrating resources and reducing the cost by collaborating on philanthropic work. Through integrating resources of both Vipshop and our business partners, the administrative cost of philanthropic program can be reduced and the cost saved can be spent on groups in need.



# Our Future Roadmap on CSR







### Our Future Roadmap on CSR

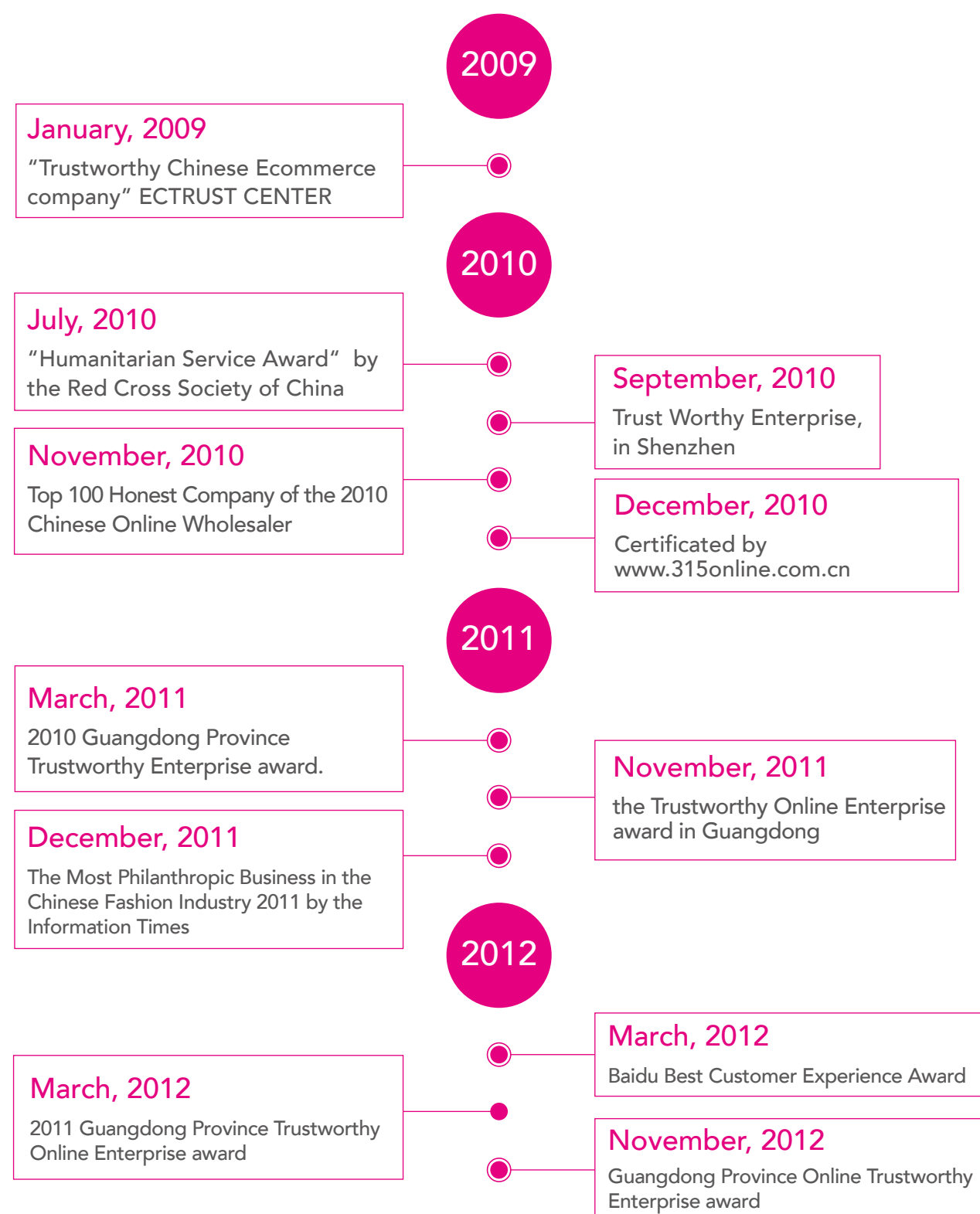
Vipshop recognizes that perseverance is required to achieve the challenging goals for our new CSR policy. CSR is an ongoing obligation rooted in our core corporate value as a responsible corporate citizen. We realize that sustainable CSR should not be only a slogan and the object is not to gain a good reputation by spending money, and not just to organize a few philanthropic activities or give a few donations.

CSR should be integrated into every part of our business. Therefore after consulting with our management and business units, we have designed a 3-year CSR roadmap which plans our initiatives from 2015 to 2017. The goal is to develop measurable, testable and quantifiable initiatives to ensure our continuous improvement in this area.

### Major topics and specific goals in 3-year CSR Roadmap of Vipshop (2015-2017):

Strategy Direction	Main Points	Specific Goals
CSR Management, Sustainable Supply Chain Management	Implement all aspects of CSR policy	Improve CSR policy, especially in environmental protection- related data monitoring and management.
		Promote ethical business practices, punishing any infringements.
Environmental Management for Tackling Climate Change	Management of energy and resource consumption	Monitor electricity and water consumption in office buildings. Plan to reduce this consumption annually.
		Monitor fuel consumption in different transaction centers, making plans to reduce the resource usage annually.
		Adopt international standards for carbon emissions. Record carbon emissions and plan for annual reduction.
Safeguarding Consumer Rights	Increase quality of products and service	Enforce strict quality control standards.
		Improve customer service levels to increase customer satisfaction.
Caring for Employees	Set up occupational health and safety systems and standards	Organize more activities with physical and psychological health benefits.
		Create a healthy office environment, reducing incidences of overwork and preventing occupational diseases.
		Limit and reduce frequency and length of overtime.
Philanthropy	Effective development programs for women and children in Vipshop Love Fund	Donate to build primary school in underdeveloped areas to help children who have dropped out of school because of poverty.
		Invest in the women teachers in underdeveloped areas to improve their quality of life.
Facilitating Development of E-commerce Industry, Community Development	Continue to support the development of the e-commerce industry and surrounding communities	Promote development of the e-commerce industry in South China by assisting small and medium-sized e-commerce companies

## List of Awards in the Past Years





GRI Index

Content	Pages	GRI Index
MESSAGE FROM CEO	2	1.1, 1.2
ABOUT VIPSHOP	6	2.1, 2.2, 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 2.10, 4.8, 4.13
ABOUT THIS REPORT	9	3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.7, 3.8, 3.9
CORPORATE GOVERNANCE AND CSR MANAGEMENT	10	LA13, EC1, EC2, SO3, SO4, SO5, 4.1, 4.2, 4.3, 4.4, 4.6, 4.7,4.8, 4.9, 4.10, 4.11, 4.14, 4.15, 4.16, 4.17
SAFEGUARDING CONSUMER RIGHTS	20	PR1, PR2, PR3, PR4
ENVIRONMENTAL MANAGEMENT FOR TACKLING CLIMATE CHANGE	28	EN1, EN2, EN3, EN4, EN5, EN6, EN7, EN8, EN9, EN10, EN11, EN12, EN14, EN16, EN17, EN18, EN19, EN20, EN22, EN23, EN24, EN26, EN27, EN28
CARING FOR EMPLOYEES	36	EC3, EC5, LA1, LA2, LA3, LA4, LA5, LA6, LA7, LA8, LA9, LA10, LA11, LA12, LA13, LA14, LA15, HR3, HR7, HR11
COMMUNITY DEVELOPMENT	56	EC1, EC8, SO1, EC3, EC4, EC5, EC6, EC7, LA10, LA11, LA12, SO9, SO10
SUSTAINABLE SUPPLY CHAIN MANAGEMENT	62	EC6, HR1, HR2
FACILITATING DEVELOPMENT OF E-COMMERCE INDUSTRY	72	EC1, EC2, EC4
PHILANTHROPY	84	SO6
OUR FUTURE ROADMAP ON CSR	94	1.1, 1.2
LIST OF AWARDS IN THE PAST YEARS	98	1.1, 1.2
GRI INDEX	100	3.12

Feedback

Thank you for time to read our 2014 Corporate Social Responsibility Report. In order to help us improve the quality of our CSR work, increase our ability to undertake social responsibility projects and enhance our communications with all sectors of society, we would greatly appreciate any advice or suggestions from you.

Your Contact Information

Name: Telephone: Company: E-mail:

- 1.Your overall evaluation of the 2014 Vipshop CSR Report:

☐ excellent☐ acceptable☐ poor
- 2.Your evaluation on our health and safety policies and performance:

☐ excellent☐ acceptable☐ poor☐ cannot evaluate
- 3.Your evaluation on our stakeholder engagement policies and performance:

☐ excellent☐ acceptable☐ poor☐ cannot evaluate
- 4.Your evaluation on our customer service policies and performance:

☐ excellent☐ acceptable☐ poor☐ cannot evaluate
- 5.Your evaluation on our employee development policies and performance:

☐ excellent☐ acceptable☐ poor☐ cannot evaluate
- 6.Your evaluation on our philanthropic policies and performance:

☐ excellent☐ acceptable☐ poor☐ cannot evaluate
- 7.Your evaluation on our environmental policies and performance:

☐ excellent☐ acceptable☐ poor☐ cannot evaluate
- 8.Other opinions on our CSR work:

If you have any further comments on our CSR work, please elaborate:  
Please send your completed feedback form to vipshop365day@vipshop.com. Thank you very much for your support and encouragement.