SHEIN

Transparency Report No. 2
Reporting period: 01 September to 31 December 2024

1. Introduction

On 26 April 2024, the European Commission designated Shein Marketplace as a Very Large Online Platform pursuant to the EU Digital Services Act (DSA). In accordance with the requirements of Articles 15, 24, and 42 of the DSA, we are now publishing our second Transparency Report covering the period 01 September to 31 December 2024.

In the EU, the Marketplace is accessible at shein.com in all Member States but is essentially local in nature, operated through digital and localised storefronts for customers which are customised by language and currency. Our approach ensures that our offering matches customer expectations across the EU.

In line with our mission to make fashion affordable to all, we have strived to ensure that we prevent harm and maintain trust. Ensuring a high-quality customer experience is essential to Shein as we rely on user trust. We do this by only making available safe, age-appropriate and trustworthy content on our online Marketplace. To that end, we are dedicated to taking a wide range of actions to remove illegal or inappropriate content on our platform. In this report, we provide information and metrics, as required by the DSA, about our content moderation activities in the European Union during the reporting period.

Our transparency report is composed of this document, which provides an overview of our approach to content moderation, certain key metrics and our methodology when it comes to the calculation and reporting of specific figures, and of the attached spreadsheet, with the detailed figures as required by the DSA. Click here to view the spreadsheet.

We have taken care to prepare this report thoughtfully, reflecting our commitment to transparency and compliance.

2. Safe and trustworthy space

At Shein, we take our responsibilities to our customers seriously and strive to promote a safe and trustworthy online space. As an online marketplace, we have a unique opportunity to connect customers to products in a transformative way. Our mission therefore focuses on maintaining user trust so that they may return to us in the future. We achieve this by ensuring that our users are presented with the right content and products, putting in place appropriate content moderation measures. We have implemented a wide array of measures to limit to the best extent possible the risk of presence of illegal or inappropriate content on our platform. At a policy level, Shein focuses on four key areas:

a) preventative measures
b) continuous monitoring and dedicated human resources
c) ensuring accountability
d) continuous training

a) Preventative measures

Shein implements preventative measures against identified risks. For example, we have seller vetting mechanisms, proactive guidelines reflecting current industry standards and best practices, and processes to prevent misleading information. We rely on feedback

provided by customers, sellers, and other third parties to proactively identify elements that may negatively impact the user experience. Shein continuously enhances and develops these preventative measures to address such elements and their root causes.

One key aspect of Shein's risk management approach is its seller onboarding and verification process. We have identified that the onboarding and verification of sellers are pivotal in influencing the risk that illegal content is offered on the Marketplace. Before a seller is permitted to create a profile, set up product pages, or input content for publication, they must complete Shein's onboarding process. This process involves providing detailed business information, including registration documents, tax identification numbers, and contact details of the company. The information is then verified against publicly available sources to identify any illegitimate businesses. Additionally, Shein reviews the seller's past activities, conducting searches to determine whether the seller operates on other platforms, and if so, evaluating customer reviews and seeking references to better assess their credibility.

b) Continuous monitoring and dedicated human resources

We have continuous monitoring controls, systems and tools in place to supervise our activities. If a negative event, such as the listing of an illegal product, occurs despite Shein's preventative measures, we have appropriate tools and processes to reactively identify and address it without delay.

Dedicated teams, supported by tools, evaluate and monitor the Marketplace for fraud, abuse, and other types of negative experiences - working to remedy them where applicable. We have various teams involved in content moderation around the world. Some teams, such as our editorial team, primarily focus on content moderation, while others, like our customer service team, incorporate content moderation as part of their broader responsibilities. In total, over 1,000 team members are engaged in content moderation across the world representing a mix of roles, with the extent of their moderation activities varying; some are more closely dedicated to it, while others contribute to content moderation in a more limited capacity alongside other responsibilities.

Our moderators all speak English, and certain of them speak other languages such as French, Italian, German, Portuguese, Dutch and Polish and/or Spanish. Their language proficiency is at the appropriate level needed to carry out the responsibilities of a moderator. For notices or content submitted in other languages, our teams are also equipped with reliable translation tools. They regularly undergo training and are provided with guidance to keep them updated and informed about legal requirements in the EU. We also work with third parties who provide expertise on content moderation. Such content moderation expertise may be provided directly by external moderators or as a service with no reference to personnel headcount (e.g., by type of content, volume). We provide more detailed information on our human resources, their qualifications, training and support, in the attached spreadsheet (tabs 8 and 9).

Ownership of responsibilities in this process is split between different teams across the business. Each team is assigned specific workstreams based on the type of illegal

content reported. Upon receipt of an illegal content notice, each team follows procedures of notification, review, investigation, and decision-making to ensure alignment with legal criteria in order to address the notice. We tailor our training and illegal content review processes to address local legal requirements and cultural sensitivities by geography. We are receptive to new ideas to enhance our programs and engage with industry associations and non-profit organisations across the EU and Member States to identify improvements.

c) Ensuring accountability

When Shein identifies an issue (whether through proactive or reactive measures), we hold bad actors accountable through the enforcement of our terms and conditions. We act quickly to protect customers and sellers by, for example, removing the problematic content or listing, blocking bad actors' accounts, withholding funds, and cooperating with law enforcement. Bad actors continually deploy new tactics to attempt to evade detection, and Shein continues to innovate to stay ahead of new abuse vectors, including by working with sellers and relevant third parties (such as payment providers) to hold bad actors accountable.

We also implement practices that seek to improve the overall quality of our systems by: (a) driving accountability for root causes to appropriate service owners; (b) documenting trigger events; (c) addressing root causes through trackable action items; (d) seeking to prevent the re-occurrence of the problem; (e) analysing the impact of the problem on our business and our customers; and (f) capturing learnings and sharing those with relevant teams.

d) Continuous information and training

To complement the measures above, Shein is constantly working with customers and sellers to raise their awareness. For example, we inform customers of their rights, providing them with an intellectual property reporting portal, and sharing awareness of initiatives related to intellectual property rights, among others. Our seller portal is accessible at all times and contains guidance for sellers on topics such as EPR obligations. Compliance requirements are also resurfaced whenever sellers upload a new product on our platform. In particular, sellers are required to confirm that the relevant product does not constitute intellectual property infringement and meets environmental standards.

3. Average monthly active users

Pursuant to Article 24.2 of the DSA, online platforms are required to publish information on the average monthly active recipients of their services in the EU every six months. We have calculated that from 01 August 2024 to 31 January 2025, SHEIN had on average around 130 million monthly active users in EU Member States. We define a 'monthly active user' as the number of unique users who have engaged with the SHEIN platform at least once during a given month, regardless of whether they are a registered account holder or just a visitor. As required by Article 42.3 of the DSA, we provide these figures broken down by EU Member State in the attached spreadsheet (tab 8).

It is important to note that some duplication may exist within these figures. We have explained our methodology to the European Commission, which includes considerations for duplication. We also understand that the European Commission is in the process of developing guidelines that will influence how 'monthly active user' numbers are calculated. While we present these figures based on our current methodology, we recognise that they may change once the upcoming guidelines are published, potentially incorporating third-party data sources into the methodology.

4. Orders from Member States' authorities

For the purposes of this report, we have focused on requests from authorities of the EU Member States related to content present on our platform or information on recipients of our service. We have typically included communications corresponding to requests for removal of products.

Each request is carefully reviewed by our teams. In line with the principles of the DSA, our primary focus is on taking swift and decisive action in respect of these requests, taking into account the nature and complexity of the request. Upon receiving a request from a Member State authority, where necessary, we act promptly and aim to remove the product from the EU market within 24 – 48 hours as a matter of caution whilst carrying out an internal investigation in parallel. Therefore, the data provided in the spreadsheet that reflects Shein's median acknowledgment times should be understood within the context of our focus on rapid content removal where relevant to comply with our legal obligations. While we do confirm receipt via email as part of our commitment to transparency, our priority is to act swiftly on the order itself.

In all instances, we remain proactive and diligent, ensuring that we take the necessary actions to protect consumers and comply with our legal obligations. During the reporting period, SHEIN has received 50 such requests. Please see the detailed figures in the attached spreadsheet (tab 3).

5. Notices received through our notice and actions mechanisms

Shein has implemented several mechanisms to enable users to report any content they believe may infringe applicable laws or our terms and conditions. All users, whether they are registered or not on the platform, can report content directly from each product details page or each product reviews section, using the reporting button to that effect. Users can report prohibited goods, offensive content and other content that is illegal or incompatible with our terms and conditions. Shein also offers a reporting feature that allows any intellectual property owner or licensee, whether registered or not on our platform, to report a product listed that they believe infringes their intellectual property rights via a dedicated Intellectual Property Complaint portal. Customers also have the flexibility to submit a report through the Customer Service email address.

Overall, SHEIN has received 17,121 notices through these mechanisms during the reporting period. None of them came from 'trusted flaggers', but Shein is continuously monitoring the list established by the European Commission recording designated trusted flaggers.

Upon submission of a notice, Shein promptly acknowledges receipt, generally initiates processing of illegal content notices within 24 hours, and then swiftly takes action regarding the relevant content. However, the time required to take the relevant action depends on the complexity of the issue, and certain notices received may require more or less time for investigation.

As our notice and action mechanisms are generally open to anyone and easy to use, we receive a very large number of irrelevant notices, meaning that they do not relate to any illegal or inappropriate content and do not contain any information enabling us to investigate or address a specific issue. As these notices are submitted through our general notice and action mechanisms, they are included in the total number of notices received. We review and process all of these notices, but only a small portion of them actually relates to content that needs to be moderated, and we applied the appropriate restrictions to content that we analysed as illegal or as violating our terms and conditions. We provide more detailed figures in the attached spreadsheet (tab 4). For the avoidance of any doubts, the number of items moderated in tab 4 corresponds to actual restrictions applied to a piece of content.

We note that for certain categories of illegal content (i.e., negative effects on civic discourse or elections; non-consensual behaviour and risk for public security) the likelihood of them being present on our Marketplace is very low. We have therefore used search terms – rather than relying on the automatic sorting of notices through the use of specific reporting buttons by users, for instance – to manually classify the notices we receive within the relevant categories. We also note that the moderation actions taken further to a notice on the basis of a breach of our applicable terms and conditions are those reported in the "scope of platform" category. All other moderation actions taken further to a notice are taken on the basis of compliance with the applicable law.

6. Own-initiative content moderation

As part of our duty to minimise the risk of presence of illegal content on our platform, we are committed to taking positive actions to proactively detect on our platform illegal content, or content incompatible with our terms and conditions. We acknowledge that reactive content moderation, such as acting in response to an order from an authority or a notice, may not always be sufficient. Thus, we believe that own-initiative actions are key in our content moderation activities. We publish clear rules on our platform regarding the use our services and enforce them to ensure that our platform is as safe as possible from inappropriate content. We provide below an overview of our approach to proactive content moderation.

(a) Moderation related to products

i. **Preventative measures**: We have a product compliance program based on the specific regional and applicable EU and Member State laws and regulations. As part of this program, we work closely with local product safety agencies, monitoring changes and developments of product safety compliance laws and regulations. We request that all sellers comply with the applicable product safety laws and regulations and conduct spot-checks to monitor compliance. We analyse products against associated regulatory requirements and on a risk adjusted approach. Our Product Governance Team, together with the Seller Management Team, aim to equip onboarded sellers with the necessary knowledge to comply with our Marketplace policies and adhere to stringent compliance standards.

ii. **Screening products**: Once a product is listed, the Governance Team screens it to identify any prohibited product. If a word related to a category of prohibited product is detected, the Governance Team checks that listing to determine whether the product is prohibited, in which case the product is delisted. If the product is not prohibited but only contains an incorrect word, the corresponding description is corrected.

iii. **Spot-checks**: We continuously monitor and randomly check products to ensure applicable requirements are being met. Prohibited products are continuously checked and immediately delisted where a product is identified as being on Shein's Prohibited Product List.

iv. **Intellectual property infringements**: Shein recognises that intellectual property infringement has a significant global impact and cost, and we have therefore proactively implemented specific measures to detect and prevent intellectual property infringing listings on the Marketplace, including:

- *Monitoring*. To enhance content moderation, we use an automated system which also automatically scans product listing information for potential indicators of intellectual property infringement. Other monitoring tools flag listings that may contain elements requiring further review by the Product Review team, who are specially trained in intellectual property issues. This proactive approach helps identify potential violations at an early stage and facilitates timely mitigation actions.

- *Database tracking*. We maintain an Intellectual Property Infringement Element Database consisting of a repository used to log and track various intellectual property infringements. This helps us document and manage instances of confirmed intellectual property violations found in product listings and notices - Including external information and reports. Comprehensive records of all intellectual property infringement incidents, verification, actions taken, and resolutions are maintained in the Intellectual Property Infringement Element Database. Actions might include removing the content or escalations to legal teams for further action. We have a process of regular reviews that assist with analysing and identifying repeat or recurring issues to improve our intellectual property infringement detection processes.

(b) Moderation related to customer reviews

We seek to ensure that all reviews are genuine and verified so that users can make informed decisions. We accept and publish both positive and negative reviews, as long as they (i) comply with our Review Guidelines and (ii) pass our screening and verification process.

i. **Review Guidelines**: Shein's Review Guidelines are designed to ensure that customer reviews are reliable sources allowing users to make decisions about Shein's products or services. We want reviews to be related to the purchased item, lawful, truthful, and not harmful to anyone's rights.

ii. **Screening and verification**: We use an automated screening process that checks reviews against a database of restricted or prohibited terms, such as profanities or rude words. If a review contains any prohibited terms, it is automatically blocked. After this initial screening, our automated review system checks the review, including any images, based on our Review Guidelines. If the system cannot process a review, our internal Review Moderation Team will manually review it to decide if it meets our requirements.

iii. **Fraud**: Shein may withhold comments from customers identified by our internal Risk Control Team as potentially engaging in fraudulent activities that violate Shein's terms and conditions. In such cases, their reviews may be temporarily or permanently withheld from posting, depending on the circumstances.

As required under the DSA, we also provide the specific metrics related to the own-initiative content moderation actions we have taken during the reporting period in the attached spreadsheet (tab 5).

7. Complaints regarding moderation decisions

Shein offers a mechanism to contest any content moderation decisions taken against sellers or customers, available once such a decision has been communicated to the seller or customer.

We have received 21,286 complaints against content moderation decisions during the reporting period. We provide more detailed figures in the attached spreadsheet (tabs 6 and 7). This figure includes complaints from our third-party suppliers under the Shein retail business, as well as those from third-party sellers on our marketplace. This methodology shows that we have adopted an encompassing view towards content moderation and ensures consistent oversight and moderation across all content on our Marketplace. These figures are combined in our reporting and reflects our approach to moderating both Shein suppliers and third-party seller content on the platform, which is why the complaint figures include complaints from both categories.

At this stage, we provide overall figures as our systems are currently being configured to sort these complaints. We are planning to introduce a feature that will allow complainants to select the basis of their complaint (e.g., procedural grounds, interpretation of illegality or incompatibility with our terms and conditions) in the future. In addition, where new restrictions have been imposed as a result of an internal complaint, these have been reported in the category of "reversed decisions", as our systems currently do not record this specific outcome separately.

8. Out-of-court dispute settlements

Shein has not engaged in any dispute settlements procedures with out-of-court dispute settlement bodies over the reporting period. The attached spreadsheet therefore indicates "zero" in the corresponding cell.

9. Suspensions and Terminations for misuse

As mentioned above, Shein takes decisive action against bad actors by, for example, removing problematic content or listings, blocking bad actors' accounts, withholding funds, and cooperating with law enforcement. Our applicable terms and conditions indicate that we can take actions against sellers or customers providing illegal or inappropriate content on our Marketplace, including by suspending their account. We enforce these provisions in an efficient, fair, proportionate and transparent manner. Over the reporting period, across both seller and customer accounts, we recorded 15,680 cases of behaviour resulting in a termination (tab 5)[1].

10. Automated content moderation tools and accuracy

Shein uses automated tools to support our moderators. This includes own initiative content moderation, as set out in Section 6. While automated systems play a supporting role in our

[1] Reference to Suspension has been corrected to refer to Terminations. Date of amendment 25.03.25

content moderation to help our teams to quickly identify and enable decisive action against the most obvious categories of infringing content, the majority of decisions are made by human moderators, in particular in cases where the content or context require a nuanced determination. As a result of this unique approach, we currently do not have a recorded accuracy and error rate for the automated tools, as their effectiveness is intrinsically tied to the human oversight involved in the moderation process.

The only fully automated tool we use relates to the submission of customer reviews containing restricted or prohibited terms, such as profanities or rude words (see Section 6.b) above). It's important to note that information regarding the accuracy and error rates of this tool is currently unavailable. This is because the system does not permit the uploading of reviews with prohibited terms; instead, it prompts users to resubmit their reviews without using such language. As a result, there is no data available on the tool's performance metrics, as it does not process or record the reviews that do not comply with our Review Policy.

Our system is also designed to automatically flag products that have not been spot-checked for a while. We use continuous automated checks at scale utilising technical tools, including image recognition, to spot prohibited or restricted products. Shein has developed and maintains an image search engine that assists the Intellectual Property Team and Litigation Team, Product Compliance Team, and Product Review Team to identify and remove problematic products. If a product is flagged as prohibited or restricted with high confidence, it is promptly flagged for further human review to ensure the accuracy and appropriateness of the automated determinations and then removed by the system or configured in accordance with the necessary restrictions, if necessary. We provide more detailed information in the qualitative part of the attached spreadsheet (tab 9).

We have used the English language as a reference to provide information about the use of automated tools, as our teams use translation tools and our systems currently do not record the language originally used.

Note:

1. This Transparency Report has been prepared solely for compliance with the EU Digital Services Act and should not be used for other purposes.

2. In the attached spreadsheet, median times are indicated (i) in calendar days as regards orders (with 0 (zero) representing same day actions) and (ii) in hours as regards notices and complaints.