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29th August 2025

European Commission
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Content and Technology Digital Services Act Team
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By email only to: cnect-dsa-registry@ec.europa.eu and dsa@cnam.ie

Dear DG CNECT DSA Team and Coimisiún na Meán,

RISK ASSESSMENT REPORT

Submission to the European Commission pursuant to Article 42(4) of the Digital Services Act

We refer to the European Commission (the "**Commission**") decision of 26 April 2024, addressed to Infinite Styles Services Co, Ltd ("**ISSL**"), designating the Shein online store as is accessible to users in the EU (the "**service**") as a very large online platform.

Pursuant to Article 34 of the Digital Services Act ("**DSA**"), we have carried out our second assessment of the risks potentially stemming from the design or functioning of the service, the methodology and results of which are described in the document attached to this letter (the "**Risk Assessment**").

We continue to believe that we have a unique opportunity, as an online marketplace, to connect customers to products in a transformative way. Our mission therefore remains focused on building and maintaining user trust by providing a safe online marketplace for our users so that they may return to us in the future. We achieve this by assessing and understanding the systemic risks of our marketplace, ensuring that our users are presented with the right content and products, and that we have in place appropriate mitigations for these Systemic Risks.

In this second Risk Assessment, we have sought to build on our 2024 Risk Assessment by improving our methodology and adopting matrices for assessing Systemic Risks' severity and probability as well as the effectiveness of our mitigation measures in line with Article 35(1) of the DSA.

This Risk Assessment 2025 contains confidential and commercially sensitive information, as well as trade secrets and information that could be exploited by bad actors to circumvent our controls. It was prepared solely for the benefit of the European Commission and the

Coimisiún na Meán, in accordance with Article 42(4) of the DSA. It cannot be shared with third parties and is protected by Regulation 1049/2001, as otherwise it would undermine our commercial interests. In accordance with Article 42 of the DSA, we will publish this Risk Assessment without confidential and commercially sensitive information following receipt of the audit report provided for in Article 37(4) of the DSA.

We wish to reiterate our commitment to our continued engagement, and we look forward to discussing any information in this Risk Assessment 2025 further if helpful.

Sincerely,

[Confidential].....

[Confidential]
**Director,
ISSL**

.....[Confidential]
[Confidential]...
General Counsel, EMEA

...[Confidential].....
[Confidential]...
Head of the DSA Compliance Function

SHEIN

RISK ASSESSMENT REPORT 2025

**Submission to the European Commission pursuant to
Article 42(4) of the Digital Services Act**

NON-CONFIDENTIAL

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1. EXECUTIVE SUMMARY

1.1 Who We Are

Since 2012, Shein has been a global online fashion and lifestyle retail store ("**Shein**" or "**We**") offering primarily women's and men's apparel and accessories, childrenswear, and home decor. In August 2023, we launched the Shein marketplace in the EU (the "**Marketplace**"), selling products provided by third-party Sellers ("**Sellers**"). Since then, we have operated as a single store, making products from Sellers available to customers for purchase alongside Shein's own retail offering. We were designated as a Very Large Online Platform ("**VLOP**") in April 2024.

1.2 Changes Since 2024

This is our second year as a marketplace and our first full year since our designation as a VLOP under the Digital Services Act ("**DSA**"). Since our first systemic risk assessment ("**Risk Assessment**") report dated 26th August 2024, we have strengthened our compliance management approach. Key improvements include:

- Improving our DSA Governance framework, including our DSA Compliance Function, and cross-functional working groups to ensure an effective systemic risk governance structure across the Platform.
- Engaging with external stakeholders such as civil society organisations, consumer groups, EU regulators and the European Commission.
- Leveraging the audit-readiness work from our 2024 DSA independent audit and aligning with our Transparency Report data to start building comparable metrics across reporting cycles.
- Enhancing our Risk Assessment methodology to apply a more robust assessment of the risks' probability, severity and mitigation measures' effectiveness across all four systemic risk categories identified in Article 34 ("**Systemic Risks**").

1.3 Overall Risk Assessment

Our assessment shows that all the key inherent risks to our Marketplace are effectively reduced by our existing mitigation measures ("**Mitigation Measures**"), which include both our first year's Mitigation Measures as well as new ones put in place over the past 12 months, ensuring that our actual risk ratings are all within the Low to Low-Medium range.

1.4 Next Steps and Continuous Improvement

We are committed to continuing to review and strengthen our Mitigation Measures across six areas:

- Legal Terms, Policies and Enforcement – ensuring clarity, fairness, and accessibility.
- Interface Design – advancing built-in controls, automation, transparency and inclusivity.

- User Controls – empowering users with stronger and accessible reporting and choice mechanisms.
- Organisational Structures – structuring teams and expanding internal resources.
- Internal Processes – enhancing monitoring and enforcement actions.
- Educational Initiatives – training our business teams, facilitating Sellers' understanding of our rules, as well as our users' digital literacy and informed use of our Marketplace.

Beyond our measurable progress since our first Risk Assessment Report in 2024, we remain committed to transparency, accountability, and the continuous protection of our users' rights.

2. INTRODUCTION

2.1 Scope

This Risk Assessment Report 2025 (the "**Report**") has been prepared in accordance with Articles 34, 35, and 42(4) of the DSA. It sets out the results of our second Risk Assessment as a VLOP, along with the Mitigation Measures we have implemented to address the identified risks.

This Report covers the period from 27th August 2024 through 28th August 2025 ("**Year 2**"). It assesses risks stemming from the design and functioning of our services and the ways our users, i.e. Sellers and customers, interact with our Marketplace. It follows Shein's initial Risk Assessment Report submitted on 26th August 2024, four months after our designation as a VLOP ("**Year 1**").

2.2 Updated Methodology

For Year 2, we updated our methodology with the following key features:

- Adoption of matrices of risks' Probability and Severity and Mitigation Measures Effectiveness to assess Systemic Risks.
- Consideration of our Year 2 Transparency Reports to inform our understanding of risks and Mitigation Measures Effectiveness.
- Reliance on the new matrices to evaluate inherent risk scores, corresponding Mitigation Measures and actual risk ratings for accuracy and consistency.
- Systematic review and rating of all potential Systemic Risks set out in Article 34 of the DSA across the full scope of the Marketplace, including platform features, functionalities, interface design, and recommender systems.
- Supporting business questionnaires, attendance notes, and storage of all related documentation and data for this Year 2 Report in a dedicated repository. This ensures compliance with our record-keeping obligations under the DSA.
- Pursuant to Article 35 of the DSA, we have assessed our current Mitigation Measures and mapped them against Systemic Risks. This enables us to evaluate their proportionality and effectiveness.

2.3 Commitment to Ongoing Controls

Similarly to Year 1, we remain committed to implementing strong Mitigation Measures designed to prevent and mitigate risks arising from the use of our Marketplace. We will continue to invest in human-led oversight, complemented by automated controls, to ensure that the Shein Marketplace is a safe, transparent, and trustworthy environment.

3. HOW TO READ THIS REPORT

3.1 This Report has been prepared in compliance with Articles 34 and 35 of the DSA. It sets out the results of our Risk Assessment as a VLOP for Year 2, the Mitigation Measures we have in place and the governance and consultation processes that support them.

3.2 The Report is structured to enable readers to understand:

- Who is Shein and how our Marketplace functions.
- Our governance framework and commitments to users.
- The methodology we applied to identify, assess, and mitigate Systemic Risks.
- The results of that assessment, setting out our Mitigation Measures, and actual risks ratings.

3.3 Structure of the Report

- Executive Summary – A high-level overview of improvements, key findings and next steps.
- Introduction – Scope and changes from Year 1.
- How to Read This Report – Guidance on how this document is organised and how readers can navigate it.
- Explanation of the Marketplace – Description of our Marketplace, services, and functionalities.
- Our Commitment to Users of the Marketplace – Principles guiding user protection, rights, and trust.
- Governance Framework – Oversight structures such as our DSA Compliance Function and cross-functional teams.
- Consultations with Stakeholders – Internal and external engagements undertaken over the Year 2 period to inform this Risk Assessment.
- Risk Assessment Methodology – Detailed description of how we identified and evaluated Systemic Risks.
- Risk Assessment – Assessment for each Systemic Risk and sub-risk, with mapped Mitigation Measures and Actual Risk Ratings (see Section 8.5.4) findings.
- Conclusion – Overall findings and forward-looking commitments.

4. OVERVIEW OF OUR MARKETPLACE

4.1 How We Function

- 4.1.1 What makes Shein's position unique is our commitment to making fashion affordable for all. By leveraging on-demand manufacturing technology, Shein connects suppliers to an agile supply chain, minimising inventory waste. Shein leverages a small-batch on-demand production model, which allows for more choice at more affordable prices while minimising waste. This approach bridges the gap between customer demand and merchandise supply, resulting in more accurate preferences, affordable prices and a reduction of production waste at the source. It enables Shein to deliver a wide variety of products to a global audience.
- 4.1.2 Shein's model starts with the ability to measure demand signals accurately, from the way users engage with us and our products. These signals inform designs so that we make products that we know our customers want. Our digital supply chain technology provides real-time insights into demand and inventory for us and our network of contract manufacturers. We produce just 100 to 200 pieces of any Shein-branded product at initial launch. This enables us to respond to increased demand or market changes with agility and speed – emerging trends can become Shein products quickly. By rethinking the traditional fashion production model, Shein matches demand and supply, saving costs at various layers of the business, which we pass on to our customers in lower prices. This means that customers can access what they want, when they want it, and all at affordable prices.
- 4.1.3 The Marketplace is provided by ISSL in the European market. This is a localised business in Europe, with our focus on localised consumer interests and an efficient logistics chain. The Marketplace serves both Sellers and Shein's direct retail activities provided via Shein Retail.
- 4.1.4 Shein is committed to managing our business responsibly. Our *evoluSHEIN* roadmap, launched in 2023, represents our comprehensive strategy for delivering positive impacts across key social, environmental, and governance issues, and making continual improvements across our value chain. The roadmap is designed to address the critical challenges facing the wider fashion industry and builds on three strategic pillars: Equitable Empowerment (People), Collective Resilience (Planet) and Waste-Less Innovation (Process). It anchors our commitment to being a responsible corporate citizen, improving lives in the communities we reach and protecting the environment we all share.
- 4.1.5 We have an international presence, serving customers in over 160 countries with 18,000 employees. Our global reach positions us as a major player in the fashion and lifestyle sector. In the EU, the Marketplace is accessible at shein.com operated through digital and localised storefronts for customers, which are customised by language and currency. Our approach ensures that our offering matches the risks and abuse vectors applicable to the quality of the products sold on the Marketplace, are aligned with brick-and-mortar shops offering similar items. Whilst the ones applicable to the Marketplace's functioning are similar to those that apply to any other online store that offers third-party consumer products for sale. In line with our

mission to make fashion affordable to all and noting our popularity to date, we have strived to ensure that we effectively prevent harm and maintain trust.

- 4.1.6 This is essential to Shein as we rely on user trust. Shein is therefore incentivised to provide a high-quality customer experience, ensure the accuracy of data and that only safe, age-appropriate and trustworthy content is made available through our online store. For this reason, Shein takes Risk Assessments seriously and is continuously considering how Mitigation Measures work, and ways to adapt and improve their effectiveness.

4.2 Our customers' experience and journey on the Marketplace

- 4.2.1 As the operators of a customer-centric service, we are focused on regularly testing our service to review and evaluate our customers' journey on the Marketplace and identify which parts of the interface may lead to a risk for our users. For example, assessing whether our legal terms are easily accessible from any page of our website. Shein identifies controls to manage those risk events and also implements Mitigation Measures to reduce their potential impact on users.

- 4.2.2 The customer journey involves the following steps:

- (a) the *browsing* phase, before a customer purchases any product. During this phase, the customer has accessed the Marketplace, starts browsing it and may add products to their shopping cart. Both registered and non-registered users are concerned by this phase. We consider the identification, analysis and assessment of Fundamental Rights Risks, Minors Risks, and Illegal Content Risks (as defined below) to be mainly relevant with respect to the design and functioning of our service allowing all users to access and browse the Marketplace;
- (b) the *purchasing* phase, once a customer starts the purchasing process on the Marketplace. During this phase, the customer selects a product and goes through the purchasing steps. ; and
- (c) the *post-order* phase, when the customer has completed the purchase of a product on the Marketplace. During this phase, the customer may ask questions to, or request support from our customer service and submit a review of the product they have purchased. Only confirmed buyers can publish reviews and only on the products purchased; however, all users may access published reviews.

4.3 Our Sellers' journey on the Marketplace

- 4.3.1 The Marketplace allows products from professional Sellers to be listed for customers to purchase. We are committed to monitoring the Seller journey in order to identify and mitigate any potential risk events.

- 4.3.2 The Seller journey involves the following steps from onboarding to continuous assessment and monitoring:

- (a) the *onboarding and verification* phase, before the Seller can be listed on the Marketplace. During this phase, prospective Sellers submit an

initial online application involving the sharing of detailed information to become a trader on the Marketplace. Our Seller Management team conducts an initial screening of the application before issuing approved Sellers with login credentials to become onboarded. This consists of both verifying the information provided and reviewing the Seller's past activity. This is followed by a "Know Your Customer" ("**KYC**") process. [Confidential] which involves ensuring compliance with regulatory requirements and enhancing the security of financial transactions effected through the Marketplace. Once KYC has been passed, Sellers are then fully onboarded and can start listing their products on the Marketplace.

- (b) the *Seller product listing phase*, post onboarding. During this phase, Sellers will be able to use Shein's Seller interface, i.e. Global Seller Platform, which allows Sellers to list products and to provide compliance and safety information on the Marketplace. The Seller can start creating product listing by uploading the selected product category descriptions, IP information, safety information, pricing and photos.
- (c) the *continuous assessment and monitoring phase*, after the Seller has established its storefront. When a Seller makes any changes to its information, company structure, or business scope, this information will be verified in real-time for accuracy, and if the Seller does not pass KYC with the new information, it will be suspended until all necessary information has been provided and verified.

4.3.3 Shein's ongoing enforcement activity, which is active throughout all the phases above, runs in parallel with both users' journeys. This includes both internal enforcement and external actions involving relevant authorities, as well as the continuous education provided to Sellers and customers.

5. OUR COMMITMENT TO USERS OF THE MARKETPLACE

- 5.1 We are committed to operating responsibly across every area of our business and hold ourselves to leading international standards. The trust of our users (including customers and Sellers) and partners is paramount to what we do, so we strive to implement leading industry practices and policies designed to protect those we work with.
- 5.2 We have reimagined fashion by shifting from a traditional supply-driven model to an on-demand model. Our mission is to make the beauty of fashion more accessible to all, while remaining committed to continuing to support and empower designers, creators, suppliers and partners who use Shein. We are also evolving our product offerings to better meet our customers' needs, as part of the Marketplace. We are increasing value and choices for customers, while also enabling local businesses to grow with us by bringing them onto our service as Sellers.
- 5.3 A critical part of our mission is earning and maintaining customers' trust. Safety is integral to everything that Shein does. When customers make a purchase, they trust that they will receive a safe product. Similarly, when businesses choose to sell, they trust that Shein will provide a great selling experience free from illegitimate competition from fraudsters and bad actors. These customer and Seller expectations

drive us to continue to innovate to ensure a trustworthy shopping and selling experience every day for our customers and Sellers. To earn and keep this trust, we manage our production in the following ways:

- 5.3.1 **On-demand production.** Shein responds to customer needs with a new level of precision and agility. This process begins with our capacity to enhance the efficiency and effectiveness of our product and inventory measurement and management strategies, based on an analysis of demand signals. This informs our designs and production, allowing contract manufacturers to make products that we know will meet the demands of our customer community.
- 5.3.2 **Reducing unsold inventory.** Our technology-led on-demand production model is designed to match our production with the levels of customer demand, only producing greater volumes of those items that sell well. This supports Shein's goal of keeping our unsold inventory rate under 10% (considerably lower than the industry average of 20% to 40%).
- 5.3.3 **Reimagining the supply chain.** We have reimagined the supply chain, empowering thousands of small and medium-sized businesses, giving them full insight into what customers want and need. We have built long-term relationships, working with over 5,000 third-party contract manufacturers to manufacture products for Shein brands and holding these partners to the highest standards.

6. GOVERNANCE FRAMEWORK

- 6.1 To comply with Article 41 of the DSA, we have put in place a structured governance framework to ensure Systemic Risks management and compliance oversight are anchored at the highest levels of our organisation. This framework integrates the DSA Compliance Function and cross-functional working groups, supporting the DSA Compliance Function, with regular reporting to our DSA Delegated Board composed of senior management members appointed to oversee Shein's compliance with the DSA.
- 6.2 Our Risk Assessment methodology is integrated within the broader enterprise risk management and compliance framework. This ensures alignment with existing risk governance, audit, and control processes across the business.
- 6.3 The DSA Compliance Function operates independently from operational teams and has the necessary authority and resources to:
 - coordinate Risk Assessments (Article 34),
 - oversee the implementation and monitoring of Mitigation Measures (Article 35),
 - organise and participate in independent audit processes (Article 37), and
 - report on DSA compliance to the DSA Delegated Board, European Commission and Comisiún na Meán.
- 6.4 The Head of the DSA Compliance Function reports directly to the DSA Delegated Board and ensures regular updates are communicated to management through structured meetings and reporting lines to review DSA compliance updates, Risk Assessments

findings and outcomes, Mitigation Measures effectiveness and implementation, as appropriate, and independent audit preparations.

6.5 Working Structure

- 6.5.1 Working groups composed of representatives from relevant functions support, on a day-to-day basis, the Head of the DSA Compliance Function in conducting the Risk Assessments, implementing Mitigation Measures, and monitoring DSA compliance. These groups provide subject matter expertise and feed into the DSA compliance reporting cycle.
- 6.5.2 The Legal team also works closely with the DSA Compliance Function, translating regulatory requirements into operational guidance and monitoring evolving EU legal frameworks, to ensure that the Marketplace's legal terms, policies and enforcement mechanisms remain aligned with DSA requirements.
- 6.5.3 In addition, the DSA Compliance Function maintains regular meetings and distribution lists across multiple specialist teams, including Marketplace Governance, Seller Management, Internal Control & Audit, and Government Relations, to ensure that Shein's DSA obligations are operationalised in a timely manner across the Marketplace and that Shein can smoothly coordinate its responses to emerging risks.

7. CONSULTATION WITH STAKEHOLDERS

- 7.1 In preparation for this Year 2 Report, the DSA Compliance Function leading this Risk Assessment has engaged with a variety of stakeholders across the entire business, including Legal, Marketplace Governance, Product Compliance, Risk, Content Monitoring, Seller Management, Government Relations, Marketing, Customer Service and IP teams. These engagements have facilitated the gathering of relevant information, data, and professional views to ensure that this Risk Assessment is based on accurate, up-to-date, and business-wide insights.
- 7.2 In addition to these consultations with internal stakeholders, we have endeavoured to meet our due diligence obligations under Recital 90 of the DSA by consulting with a wide range of external stakeholders over Year 2. Their insights have supported our comprehensive assessment of Systemic Risks linked to the design and operation of the Marketplace.
- 7.3 External stakeholders have been grouped into two categories:
 - Civil society, industry associations, and consumer groups across the EU.
 - European Commission and national and regional regulatory authorities.
- 7.4 Throughout the Risk Assessment period, our Legal and Government Relations teams have actively engaged with both groups, maintaining a structured log of meetings and consultations. These interactions have informed our ongoing efforts to strengthen the Marketplace's Mitigation Measures by incorporating stakeholder feedback, understanding and addressing emerging concerns, and overall enhancing the Marketplace's safety and compliance.

8. RISK ASSESSMENT METHODOLOGY

8.1 Introduction

- 8.1.1 In line with Article 34 of the DSA, we identify, analyse, and assess Systemic Risks in the EU stemming from the design or functioning of our Marketplace, its systems (including algorithmic and recommender systems), and the use of our services.
- 8.1.2 Our Risk Assessment methodology, first established in Year 1, has been further refined in Year 2 to take into account lessons learnt from the Year 1 Risk Assessment, Year 2 stakeholders' meetings, our 2025 independent audit and latest DSA guidelines to ensure that we have a robust methodology that we can re-use over the years establishing an upgraded standard, enabling consistent application across reporting cycles and measurable progress over time.
- 8.1.3 Our refreshed methodology relies on the assessment of the Systemic Risk categories set out in Article 34 of the DSA, divided into further sub-categories of risks, each assessed individually in terms of their severity and probability, combined with the effectiveness of our Mitigation Measures to produce an estimation of the residual or actual risks that remain on our Marketplace.

8.2 Information Sources and Collection

- 8.2.1 For this Risk Assessment, we collected the necessary inputs from multiple sources, including audit pre-work and fact-finding conducted for our DSA audit; findings from stakeholder meetings with internal and external groups such as civil society, consumer groups, the European Commission, and regulators; questionnaires to business units, complemented by follow-up phone interviews where clarification was required; as well as Transparency Reports and other relevant business metrics.
- 8.2.2 Where possible, we have used data from our Transparency Reports to start building year-on-year consistency, allowing for a review of the Marketplace's Systemic Risk profile improvements throughout the coming years.

8.3 Year 2 Methodology Enhancements

- 8.3.1 Compared with our Year 1 Report, our methodology has been strengthened through:
 - The adoption of matrices to support our rating of risks based on probability and severity, as well as the effectiveness of our Mitigation Measures and their impact on reducing the inherent risk level;
 - A more granular assessment of Systemic Risks and risk drivers, with corresponding mapping to our Mitigation Measures; and
 - The centralisation of all 2025 Risk Assessment supporting documentation, in line with Article 34(3) DSA requirements. This repository will ensure continuity and serve as an objective baseline for the 2026 Risk Assessment.

8.4 Methodology Overview

Phase	Objective	Key Inputs	Outputs
I. Risk Identification	Defined Systemic Risks categories and their Sub-Risks aligned with Article 34	Audit pre-work, questionnaires, interviews, stakeholder input	Risk register aligned to 4 Systemic Risks with several Sub-risks under each category
II. Inherent Risk Analysis and Assessment	Risk analysis based on risk drivers Assess probability & severity as if the Marketplace was operated without mitigations	Metrics, trends, judgment, and Transparency Report input	Inherent risk matrix scores in a spreadsheet
III. Mitigation Measures Assessment	Evaluate current Mitigation Measures and assess their effectiveness	Questionnaires, interviews, policy reviews, metrics	Mitigation Measures effectiveness ratings
IV. Actual (i.e. residual) Risk Rating	Calculate the Actual Risk Rating and identify gaps	Mapping Mitigation Measures to inherent risks Using inherent risk scores combined with Mitigation Measures effectiveness to reach an Actual Risk Rating	Actual Risk Ratings
V. Future Mitigation Measures and Monitoring	Consider future Mitigation Measures needed to keep the risk down and continuous monitoring established to respond to evolving risks	Interviews, transparency data, stakeholder input and continuous monitoring	List of Mitigation Measures to be implemented within the next Risk Assessment period

8.5 Five-Phase Process

8.5.1 Phase I – Risk Identification

We mapped our four Systemic Risks categories to Article 34 and split those into 15 sub-risks (“**Sub-Risks**”) set out in the table below. Sources included audit pre-

work, transparency reporting data, business questionnaires, stakeholder interviews, and external consultations.

Systemic Risk Number	Systemic Risk Category	Sub-Risk Number	Sub-Risk Title
Risk 1	Illegal Content	1	Unvetted Sellers
		2	Illegal Products
		3	IP Infringement
		4	Unlawful Behaviour
Risk 2	Fundamental Rights	5	Human Dignity
		6	Privacy and Data Protection
		7	Freedom of Expression and Information
		8	Non-discrimination
		9	Children's Rights
		10	Consumer Protection
Risk 3	Democratic Process and Societal Risk	11	Civic Discourse and Electoral Processes
		12	Public Security
Risk 4	Public Health	13	Gender-based Violence
		14	Public Health and Physical Health
		15	Mental Health

8.5.2 Phase II – Inherent Risk Analysis and Assessment

In this phase, we conducted our risk analysis in line with the requirements of Article 34 (2) of the DSA, i.e. considering the design and functionalities of our Marketplace, taking into account our user journeys, recommender systems, etc.

Each Sub-Risk's probability and severity were assessed under a hypothetical "no controls/mitigations" scenario, using available metrics or proxies where available to reach their inherent risk ratings ("**Inherent Risk Rating**").

8.5.3 Phase III – Mitigation Measures Review and Effectiveness Assessment

In this phase, we aligned our Mitigation Measures against each Sub-Risk and evaluated their effectiveness ("**Mitigation Measure Effectiveness**") to assess how significant and useful they are at reducing the Sub-Risk's Inherent Risk Ratings.

8.5.4 Phase IV – Actual Risk Calculation

This stage involved the calculation of the actual risks on the Marketplace, having taken into consideration the effectiveness of relevant Mitigation Measures.

We do so by combining each Sub-Risk's Inherent Risk Ratings with their Mitigation Measures Effectiveness, to produce a residual (or actual) risk score for each Sub-Risk from which we derive the Sub-Risk's actual risk rating ("**Actual Risk Rating**").

8.5.5 Phase V – Future Mitigation Measures and Monitoring

Finally, we started the ongoing process of considering future Mitigation Measures needed to maintain low Actual Risk Ratings and adapt to evolving risks on our online landscape.

8.6 Calculation Methodology

8.6.1 To obtain the Inherent Risks Rating, we have used two key metrics:

- *Probability* means the likelihood of a Sub-Risk materialising in respect of an activity, such as the risk of a review containing hate speech or illegal products appearing on the Marketplace.

We use a scale ranging from 1 (Almost Impossible) to 5 (Almost Certain).

- *Severity* takes into account (a) the potential reach or scale, (b) the gravity of the impact on users and (c) the remediability of such risk once it has materialised.

Our Severity ratings range from 1 (Insignificant) to 5 (Critical).

8.6.2 Inherent Risk Ratings

Once we obtain the relevant *Probability* and *Severity* scores of a Sub-Risk, we combine these scores to obtain its Inherent Risk Rating.

8.6.3 Mitigation Measure Effectiveness

Further to identifying our Mitigation Measures and aligning them with the Sub-Risks, we assessed their Mitigation Measure Effectiveness, i.e. their impact on reducing the Inherent Risk Rating, in relation to each identified Sub-Risk.

Mitigation Measure Effectiveness ranges from 1 (Negligible) to 5 (Very Effective).

8.6.4 Actual Risk Score and Rating

After assessing the Inherent Risk Rating and current Mitigation Measure Effectiveness as described above, we combined these scores to calculate the residual/actual risk scores from which we derive the Actual Risk Rating.

This enables us to identify which Sub-Risks require ongoing attention and to implement new or enhanced Mitigation Measures, thereby progressively reducing the Actual Risk Rating.

Risk Rating	Description of the Risk
LOW	Very unlikely to occur and would cause only minimal or negligible harm if it did. No material impact on users, rights, or Marketplace integrity.
LOW MEDIUM	Unlikely but possible under specific conditions ; harm would be limited or contained, such as service disruption or inconvenience to users .
MEDIUM	Plausible and reasonably foreseeable . If it occurs, it could cause moderate harm (e.g., limited rights interference, minor financial loss, reputational damage).
MED HIGH	Likely to occur . Would result in significant harm to affected users, such as financial loss, exclusion, discrimination, or rights interference.
HIGH	Very likely or already occurring , with severe or systemic harm — including infringements on fundamental rights, child safety, public health, or Marketplace trust.

8.7 Commitment to a Standard

Our updated methodology creates a repeatable framework that will be applied consistently in future years, providing:

- A reliable baseline for measuring progress in risk scores;
- A structure aligned with regulatory expectations; and
- A robust foundation for supervisory review and external audits.

9. SCOPE AND CONSTRAINTS

9.1 Despite our best efforts, several constraints arose in carrying out this Risk Assessment, which we wish to highlight, including:

9.1.1 Regulatory Guidance

At the time of this Risk Assessment, there remains limited regulatory guidance or official template on how to operationalise and present Article 34 DSA Risk Assessments. Our methodology, therefore, reflects our interpretation of the DSA requirements, informed by established risk management standards and emerging best trust and safety practices. We hope that guidance from the European Commission or the European Board for Digital Services on this topic will help create greater alignment and convergence across the industry.

9.1.2 Challenges with Inherent Risk Assessment

Under Article 34, we must assess inherent Systemic Risks specific to our Marketplace, while also ensuring that the assessment reflects the actual risks it presents. Inherent risk scoring requires evaluating probability and severity without considering controls or mitigations. However, our Marketplace is

inseparable from the safeguards embedded in its design and day-to-day functioning. Content moderation, interface design, and account verification have always been integral features, meaning there is not always a clear "point zero" baseline. This creates a tension: the assessment requires consideration of a scenario without Mitigation Measures, yet in practice our Marketplace cannot be meaningfully separated from them. To address this, we applied assumptions to approximate a "no-controls" scenario, while recognising that some Mitigation Measures cannot realistically be removed.

9.1.3 Data Collection Process

The information underlying this Report was collected through a combination of audit pre-work, structured questionnaires, and follow-up interviews with stakeholders across the business. The results were consolidated into a central spreadsheet (capturing risk scores and matrices) preserved separately alongside supporting evidence in line with DSA requirements. While this process provides a structured evidence base, it is dependent on the interpretation of the data obtained, which was not originally structured to match Article 34 requirements. We expect this data collection and analysis to be improved year-on-year to align more closely with the DSA requirements over the next Risk Assessment periods. Such data alignment will also help us to continue refining our matrices over the next Risk Assessments.

9.1.4 Use of Metrics and Proxies

Where possible, we tried to incorporate within our Risk Assessment the data published in our last two Transparency Reports. Where full-year data was not available, the closest available proxy was applied or pro-data calculated for Risk Assessment purposes. Also, not all risks nor Mitigation Measures lend themselves to direct quantification. Where quantitative data could not fully capture the probability or severity of risks, we supplemented metrics with professional judgment, qualitative evidence, and cross-functional expertise to produce a balanced assessment, while remaining transparent that these parts of these assessments are necessarily hypothetical and not always data-centric. In our view, this approach complies with Article 34 requirements while reflecting the reality that the Marketplace cannot be divorced from the controls built into its architecture, nor that all Mitigation Measures' effectiveness can be calculated, e.g., the effectiveness of a contractual commitment in isolation from other Mitigation Measures.

9.1.5 Risk Typology and Cross-References

As set out in Section 8 (Risk Assessment Methodology), our Systemic Risks were categorised in alignment with Article 34 and further divided into Sub-Risks for assessment purposes. In some cases, certain Systemic Risks categories and Sub-Risks overlap, e.g., content that is both illegal and harmful to democratic processes. For ease of review, we have nonetheless maintained Article 34's risk order to maintain structural integrity and consistency, but provide, as necessary, cross-references to ensure there is no duplication.

9.1.6 Evolving Risk Landscape

Systemic Risks are dynamic and continuously shaped by external developments (e.g., regulatory changes, technological innovation, societal trends, malicious

actor behaviour). This Report provides a snapshot of risks as assessed during the Year 2 reporting period but does not capture all possible future evolutions.

10. RISK ASSESSMENT CONTEXT

10.1 Introduction

10.1.1 The DSA applies to a wide range of platforms and services and imposes the same obligations on all VLOPs and VLOSEs, irrespective of their business model. There is no distinction between transaction-based online platforms or advertising-funded, attention-based social media platforms.

10.1.2 These different business models do not create the same risks for users. The exact nature of the identification, analysis, and assessment of a Systemic Risk under the DSA varies depending on the type of business, the service, and the context of its implementation. In line with the DSA's aim of ensuring a safe and transparent online environment and protecting the safety and trust of society at large (including consumers and other users), we have endeavoured to make our Risk Assessment such that it is specific to our Marketplace which primarily aims at allowing Sellers to sell their products directly to consumers and proportionate to the nature of the risk. In doing so, we assessed these Systemic Risks by focusing on the overall causal context in which each risk arises, that may result from the design or functioning of our service, as well as from abuse or misuse of our Marketplace, in accordance with Articles 34(1)(a), (b), (c) and (d).

10.2 Scope

10.2.1 We aligned our Systemic Risks to the four categories set out in Article 34 of the DSA, which are as follows:

- (a) the risk of disseminating illegal content ("**Illegal Content Risk**"), pursuant to Article 34(1)(a) of the DSA;
- (b) any actual or foreseeable negative effects for the exercise of fundamental rights, in particular the fundamental rights to human dignity enshrined in Article 1 of the Charter, to respect for private and family life enshrined in Article 7 of the Charter, to the protection of personal data enshrined in Article 8 of the Charter, to freedom of expression and information, including the freedom and pluralism of the media, enshrined in Article 11 of the Charter, to non-discrimination enshrined in Article 21 of the Charter, to respect for the rights of the child enshrined in Article 24 of the Charter and to a high-level of consumer protection enshrined in Article 38 of the Charter ("**Fundamental Rights Risks**"), pursuant to Article 34(1)(b) of the DSA;
- (c) any actual or foreseeable negative effects on civic discourse and electoral processes, and public security ("**Democratic Process and Societal Risks**"), as anticipated by Articles 34(1)(c); and
- (d) any actual or foreseeable negative effects in relation to gender-based violence, the protection of public health and minors and serious negative consequences to the person's physical and mental well-being ("**Public Health Risk**"), pursuant to Article 34(1)(d) of the DSA.

10.2.2 As stated in Section 9.1.5 (Risk Typology and Cross-References) above, there is some unavoidable overlap among certain Systemic Risks. For example, the Public Health Risk is generally addressed under Illegal Content Risk, as this risk mainly arises in connection with content or a product that is dangerous or illegal, the Minors Risk is generally addressed as part of the Fundamental Rights Risk, i.e. Children's Rights assessment below and some of the risks such as Gender-Based Violence and Human Dignity have already been dealt with under Unlawful Behaviour. We signpost these clearly when this is the case. We consolidated these overlaps within one risk and signposted these clearly when this is the case in the relevant Sub-Risk.

10.3 Key Considerations

10.3.1 *Understanding the Marketplace:* Our Risk Assessment involves understanding the customers' and Sellers' journey, i.e. how the Marketplace is designed, its functions, and uses, and how the service can be abused or misused. Article 34(1) and Recital 79 of the DSA identify certain factors and characteristics of the service that need to be considered to assess the Systemic Risk Categories. Accordingly, these factors have been taken into account throughout the customers' and Sellers' journeys through the Marketplace.

10.3.2 *Engagement:* As part of our engagement efforts, we actively listen to customers, Sellers, brand owners and other third parties that interact and transact with the Marketplace, allowing us to identify when something is negatively affecting user experiences. Our teams review data to track, improve and resolve areas of risk on the Marketplace.

10.3.3 *Monitoring:* Areas of risk can also be identified where we launch new features, where we consider potential new or altered risks and seek to implement proportionate Mitigation Measures in relation to the same. This process is conducted through several layers of business reviewers and other internal teams in the risk function, among other mechanisms. These mechanisms allow us to collect inputs, test solutions, and listen to feedback from users and other stakeholders.

10.3.4 *Content Amplification:* We looked at the risk of people trying to misuse the Marketplace, for example, by using bots or faking activity to boost certain content. We found this risk to be very low. Unlike social media, marketplaces are not designed for content to go viral or spread quickly. Customer reviews and Seller product descriptions are limited in length and screened by internal processes, thereby preventing such abuse.

10.3.5 *Regional and Linguistic Specificities:* We maintain internal teams proficient in several EU official languages and use, as needed, translation tools to assist customers in their preferred language. These resources ensure that users receive clear support and communicate with our teams effectively. That said, regional or linguistic aspects carry limited weight in the context of a transactional marketplace such as Shein's. Unlike social media platforms, which disseminate expressive content where language can convey political opinion, hate, or other sensitive meanings, marketplace interactions are purely functional and product-oriented. A listing for a "blue dress" or similar product does not require expert translation or nuanced cultural interpretation, and there are very few opportunities for secondary meanings to arise. For this reason, the impact of language or

regional specificities is materially lower than for platforms designed for expression or discourse.

- 10.3.6 *No advertising*: A key consideration for this Risk Assessment is that our Marketplace does not include seller advertising within the meaning of Article 3(r) of the DSA. As a result, Systemic Risks arising from advertising intermediation, such as amplification of illegal content, manipulation through opaque targeting, or infringements of users' fundamental rights, are materially reduced. The absence of advertising means that Shein does not operate as an online advertising intermediary within the meaning of the DSA, and related obligations concerning ad repositories, transparency of targeting, and accountability for third-party ad content are not applicable in this context.

10.4 Mitigation Measures applying to the Marketplace

- 10.4.1 Article 35 requires that we put in place reasonable, proportionate, and effective Mitigation Measures to address Systemic Risks identified during the Risk Assessment. Most of these Mitigation Measures are key controls that have been in place since the Marketplace was set up and on which we rely to provide a safe, predictable and trustworthy environment to our users. We outline these Mitigation Measures in relation to each Sub-Risk within their relevant risk assessments sections below. However, where some Mitigation Measures reflect our overall Marketplace risk mitigation framework and apply across all identified risks, we have set these out in this Section 10.4. In the interest of clarity and readability, we do not repeat them under each Sub-Risk assessment although they do apply to all identified risks.

10.4.2 Legal terms, policies and enforcement

Customers:

- (a) Our customers are provided with easy access to our [Terms and Conditions](#) which are made of:
 - (i) Shein's General Conditions of Use, which governs customers' use of our European websites and app and users' relationship with Shein as operator of the Marketplace;
 - (ii) The General Conditions of Sale, which apply to customers' purchases on the Marketplace and apply between customers and Sellers; and
 - (iii) Shein's marketplace policies such as Coupon Policy, Bonus, Points Policy, Delivery Policy, Returns Policy, Reviews Policy and Ranking Policy.
- (b) These Terms and Conditions set out very clear standards expected from users on the Marketplace, such as Shein's reviews rules, what behaviour is expected regarding notifications as well as the standards Shein commits to in terms of Marketplace safety, e.g., ease of access to customer service, explanation of how we operate ranking of products, provision of reporting portal for IP infringements. These Terms and Conditions are supported by robust enforcement mechanisms to ensure their consistent application. Legal terms and policies without effective

enforcement lack impact, so by combining clear standards with strong enforcement, we create a strong Mitigation Measure by deterring illegal activities and removing these promptly if they occur.

Sellers

- (c) Sellers have to enter into a formal agreement with Shein, a Marketplace Service Agreement as part of their onboarding before they are allowed to list and sell products on the Marketplace. For the EU, we also have an EU Appendix to the Marketplace Service Agreement (together the "**MSA**"), under which Sellers agree to comply with EU-specific rules when operating the Marketplace. Such EU-specific rules include Sellers' warranties about their status and the products they will list on the Marketplace, such as a self-declaration (in accordance with Article 30(1)(e) of the DSA) that they will only provide products in compliance with applicable European Union rules.
- (d) The MSA also contains explicit prohibitions related to acceptable behaviour, illegal products and clearly states Shein's right to remove materials and block or terminate Sellers where the materials uploaded violate any of these prohibitions. These prohibitions unambiguously communicate that illegal content (including illegal products) is not tolerated by Shein, and provide a clear contractual basis for Shein to enforce these rules and moderate Illegal Content uploaded by Sellers. The list of prohibitions is intended to be thorough and specific, underscoring the gravity with which illegal content is treated by Shein.
- (e) As part of the MSA, Sellers operating on the Marketplace also have to accept detailed policies and guidelines relating to operational procedures of the Marketplace, which can be accessed at any time by Sellers through their accounts on the Global Seller Platform. These are regularly updated by Shein to respond to market changes and include:
 - (i) The General Marketplace Governance Rules for Sellers on SHEIN EU Marketplace, which require Sellers to comply with all applicable laws and Marketplace policies and set out clear rules that apply to violations of any such applicable laws and/or Marketplace policies.
 - (ii) The Product Listing Rules, which contain the rules applicable to illegal or restricted products when listing a new product.
 - (iii) The Global Platform Policy Seller Code of Conduct, which requires Sellers to act fairly and honestly and notably prohibits Sellers from "providing misleading or inappropriate information to SHEIN or customers on the SHEIN Global Platforms, such as by creating multiple detail pages for the same product or posting offensive product images".
 - (iv) The Global Platform Policy Restricted Products, provides a list of products that are either illegal (worldwide or in specific regions) or not authorised on the Platform. With regard to illegal products, the list is indicative and non-comprehensive but provides guidance to

Sellers to help them list products compliant with applicable laws and our policies.

- (v) Therefore Sellers are under strict restrictions with regards the content they can upload or publish such as content that violates or infringes third-party intellectual property rights; is libelous, threatening, defamatory, obscene, indecent, pornographic, could be considered illegal, offensive or restricted under applicable laws or regulations; or could reasonably be considered to entail, contain, provide or promote unlawful behaviour such as sexually explicit or pornographic content; profanity; harassment, bullying or derogatory, discriminatory or hateful comments or incitements against any specific individuals or groups. All of which are strictly enforced by Shein through a penalty point system under which Sellers' account will be suspended or terminated in case of breaches of applicable law and/or our legal terms.

10.4.3 Educational Initiatives

- (a) We consider education and literacy a central component of our risk mitigation framework and therefore apply it to Marketplace as a whole. Through the layered measures listed below, we embed education and literacy across all levels of operation, as one of Shein's key preventive Mitigation Measures. Our approach combines user-facing and internal initiatives, structured as follows:
 - (i) *Customer Education*: We provide clear and accessible guidelines that inform our users of what they may and may not do on the Marketplace. To complement these measures, we actively work to raise customer awareness in line with Article 35(1)(i) of the DSA. For example, we inform customers of their rights and share awareness initiatives related to IP rights and other compliance obligations.
 - (ii) *Seller Education*: Shein has a process whereby the Product Governance team is tasked with the preparation of Guidelines and Policies for Sellers on Product Compliance on which they also deliver training to Sellers to enhance their knowledge and practices. Sellers have access to a designated "Seller Education Hub", which contains helpful information and guidance regarding product compliance. Regular training activities also keep Sellers informed and up to date on regulatory changes, fostering continuous learning and adherence to compliance standards.
 - (iii) *Expert Team Development*: Specialist internal teams, including IP and Legal, Data Protection, participate in external training to remain up to date with regulatory and enforcement developments. These teams are then able to adopt a "train the trainer" approach, equipping moderators and other business functions with the necessary knowledge to enforce compliance in practice and contribute to the limitation of the relevant risks.
 - (iv) *Internal Training*: Moderators and other internal team receive targeted training to ensure they fully understand their mission and

can apply and enforce Shein's Marketplace policies consistently and effectively. This ensures that moderation aligns with Shein's wider objectives of safeguarding users and maintaining compliance. Shein's training is designed for existing and new employees, and more especially for employees responsible for product review during listing. Shein also provides DSA-related training to all business teams involved with content moderation. We tailor our training and illegal content review processes to address local legal requirements and cultural sensitivities by geography if applicable.

10.4.4 User controls

- (a) Shein provides a structured notice and action mechanism ("**Notice and Action**") in line with Article 16 of the DSA. Each product listing and review contains a reporting button through which users can flag individual listings or reviews to Shein. Notifications concerning product listings may relate to a range of issues, including suspected prohibited goods, offensive content, IP infringements or data protection and privacy; whilst for reviews users can notify Shein of any misleading, abusive or illegal content.
- (b) When a notice is submitted, the user receives an acknowledgement confirming receipt of their notification, as required under Article 16(2) of the DSA. All notifications are then assessed by Shein's dedicated Content Moderation team, who review the reported content against applicable law and Shein's applicable legal terms. Where Shein determines that content should be removed, both the reporting user and the Seller are informed of this decision, including through Shein's statement of reasons for such decision without undue delay ensuring transparency, accountability, and the possibility of appeal, in line with Article 16(5) of the DSA.
- (c) This Notice and Action mechanism constitutes a key Mitigation Measure applying across the Marketplace to ensure that potentially illegal content or non-compliant products or reviews are flagged efficiently, reviewed consistently, and addressed in compliance with the DSA. It also ensures that users have a clear, accessible, and reliable channel to report unlawful products on the Marketplace. We also provide a user-friendly appeal mechanism allowing both users who reported content or users who posted the reported content to contest our decision.

10.4.5 Internal Processes – Continuous monitoring controls

- (a) We have continuous monitoring controls, systems and tools in place, notably to supervise our activities. If a negative event, such as the listing of an illegal product, occurs despite Shein's pre-emptive Mitigation Measures, we have tools and processes to identify the negative event and address it without delay, notably in line with the measures mentioned in Article 35(1)(b), (c) and (f) of the DSA.
- (b) Dedicated teams and tools evaluate and monitor the Marketplace for fraud, abuse, and other types of negative experiences and work on remedying them. Every identified potential negative vector is reviewed by several layers of business reviewers and other internal teams, among other mechanisms. Shein also engages and works with industry

associations and non-profit organisations across the EU and Member States to identify ways to improve our programs.

10.4.6 Internal Processes – Ensuring accountability

- (a) When Shein identifies an issue (whether through proactive or reactive measures), we hold bad actors accountable, notably through the enforcement of our terms and conditions, as mentioned in Article 35(1)(b) of the DSA. Shein not only acts quickly to protect customers and Sellers, e.g., by removing the problematic content or listing but, where appropriate, also blocks bad actors' accounts, withholds funds, etc., and cooperates with law enforcement.
- (b) 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.
- (c) We also implement practices that seek to improve the overall quality of our systems by:
 - driving accountability for root causes to appropriate service owners;
 - documenting trigger events;
 - addressing root causes through trackable action items;
 - seeking to prevent the re-occurrence of the problem;
 - analysing the impact of the problem on our business and our customers; and
 - capturing learnings and sharing those with relevant teams.

11. ASSESSMENT OF SYSTEMIC RISK 1 – ILLEGAL CONTENT

11.1 Definition of the Risk – What is Illegal Content

"Illegal Content" is defined in the DSA as *"any information that, in itself or in relation to an activity, including the sale of products or the provision of services, is not in compliance with Union law or the law of any Member State which complies with Union law, irrespective of the precise subject matter or nature of that law"*.

The DSA further explains in its Recital 12 that illegal content should broadly reflect the existing rules in the offline environment and should be defined broadly to cover information relating to illegal content, products, services and activities.

We have subdivided this Illegal Content Risk into 4 Sub-Risks: **Unvetted Sellers, Illegal Products, IP Infringing Products, and Unlawful Behaviour**.

11.2 Sub-Risk 1 – Unvetted Sellers

We have assessed that the risk of Sellers listing illegal products on the Marketplace is increased when Sellers who have not been "vetted" are allowed to list products for sale. Our first Sub-Risk is therefore the potential of having Unvetted Seller on the Marketplace.

Unvetted Sellers	
Risk Definition	The risk of Sellers being permitted to create an account and to sell products on the Marketplace, without any checks and verifications.
How this risk would apply to our Marketplace if unmitigated	This risk would apply if Shein allowed Sellers on the Marketplace without verification of their identity and credentials, thereby creating more opportunities for fraudulent or low-quality Sellers.

11.2.1 Risk Analysis

We have identified that the onboarding and verification of Sellers are pivotal in mitigating illegal content being offered on the Marketplace. Such processes allow Shein to address the risk of Sellers listing illegal products, promote consumer safety, prevent Sellers' anonymity, allow for product recalls if needed, and overall ensure accountability of Sellers. In a hypothetical scenario where Shein would let anyone and everyone list products without proper checks and onboarding processes, we found that there would be an increased:

- Probability of Illegal Content (illegal products, IP infringing products or unlawful behaviour) on the Marketplace;
- Risk of restricted or dangerous products being listed with incomplete documentation, bypassing compliance obligations;
- Risk of Sellers committing fraud and/or selling counterfeit goods;

- Lack of traceability and accountability of Sellers leading to breaches of customers' fundamental rights; and
- Risk that Sellers from outside the EU would sell products without meeting EU product safety standards and consumer legislation.

We have designed our system so that only verified Sellers can list products on the Marketplace. This system design is reinforced by our human verification of the first layer of information required from Sellers and then by a second layer of verification through external providers.

In addition to our Sellers' initial onboarding and verification processes, we have considered the role of our legal terms in relation to this Sub-Risk. Our onboarding process requires that our Sellers enter into our MSA and EU Appendix, which require Sellers to maintain their information and contact details up-to-date at all times. The collection of the Seller's company and compliance information is the backbone of this verification process, traceability and accountability. We have also concluded that the risk of intentional manipulation of our services exists at the point of onboarding, but we are confident that our dual-layer onboarding processes safeguard the Marketplace against such attempts, making it more difficult for fraudulent actors to create inauthentic accounts.

Some of Shein's most important Mitigation Measures, regarding the Illegal Content Risk, are captured in the process of catching malicious actors *before* they are granted access to the Marketplace. That is, before a Seller is permitted to set up a profile, set up product pages or otherwise input content for publication.

11.2.2 Current Risk Mitigations

Mitigation type	Mitigation measures
Interface Design	<p>Since the creation of the Marketplace and as part of our merchant governance process, we have required Sellers wishing to list products on the Marketplace to provide a list of mandatory detailed information about themselves. This includes information about the Seller's business, such as business registration documents, tax identification numbers and contact details of its key management (and where relevant, key shareholders). Besides, the provision of this information being required under Article 30 of the DSA, it is also helpful at deterring potential malicious actors who may attempt to conceal their identities for illicit purposes.</p> <p>Such information must be added by prospective Sellers into Shein's system before it is verified by our teams. Sellers cannot bypass this step and cannot create an account or list any products without having provided such information.</p> <p>On the Marketplace, if a Seller wants to change any verified information, the Seller's account is automatically put on hold until new KYC checks have been passed.</p>
User Controls	<p>Once a Seller has passed the first layer of verification, they are given access to the Global Seller Platform through which they have access to a dashboard allowing them to see which information is still</p>

Mitigation type	Mitigation measures
	required, have access to educational material, and their onboarding status.
Organisational	We have a dedicated Compliance team to manage Sellers' onboarding and the first layer of verifications. We also [Confidential] provide KYC services for our second layer of seller vetting.
Internal processes	<p>Under Shein's relevant onboarding Standard Operating Procedure, our Compliance team has to conduct a KYC vetting on would-be Sellers, which is set up as follows:</p> <ul style="list-style-type: none"> • Verification of the mandatory information provided by the Sellers against publicly available sources. This process helps Shein identify would-be Sellers who are not legitimate businesses. For example, if the business registration documents do not match public records, this would suggest to the Seller Management team that the would-be Seller is not legitimate and that any content they upload presents an elevated illegal content risk. This part of the process also helps the Content Moderation team prioritise their efforts according to any risks identified during this review; and • Review of the Seller's past activity. Shein also researches whether the Seller sells its products through other platforms. If so, Shein may look for customer reviews and/or seek out references from its own network about the Seller to better assess the Seller. <p>As part of Shein's KYC process, Shein mandates the review of a second layer of Seller information [Confidential].</p> <p>All Sellers are required to go through Shein's onboarding process, and those who fail our verifications are not permitted to list products on the Marketplace.</p>

11.2.3 Effectiveness of the Mitigation Measures

As described above, we have continued operating strong Mitigation Measures regarding Sub-Risk 1 (Unvetted Sellers) whilst constantly re-evaluating them to adapt to the fast-changing environment in which our Marketplace operates.

It has, in practice, been relatively difficult to assess with metrics the effectiveness of some of these Mitigation Measures, as most have been in place since the creation of the Marketplace. We therefore do not have a "point zero" to compare them to. Furthermore, legal terms and their effectiveness cannot be assessed as a standalone Mitigation Measure, disregarding the application of complementary interface design. Nonetheless, we found through our assessment that if we combine all our Mitigation Measures, these are Very Effective at keeping bad actors off the Marketplace.

11.2.4 Actual Risk Rating

Unvetted Sellers
Low

11.3 Sub-Risk 2 – Illegal Products

We consider illegal products as a subcategory of illegal content under Article 3(h) of the DSA. However, there is no single official definition of illegal products in the DSA, nor is there a single definition of "illegal product" in EU or national EU member state law. Typically, an illegal product is a product that violates EU law or an EU member state national law. Its application would take into account the nature of the product and derive its legality or illegality from a combination of product safety, consumer protection, and other sectoral laws.

For this Risk Assessment, we have used the risk definition below and have expressly excluded IP infringements, which are addressed separately under the dedicated Sub-Risk 3 (IP Infringing Products) and unlawful behaviours such as hate speech, bullying, or CSAM, which are covered under Sub-Risk 4 (Unlawful Behaviour).

Illegal Products	
Risk Definition	The risk of illegal, restricted and banned products under EU or member state law being present on the Marketplace.
How this risk would apply to our Marketplace if unmitigated	The risk can materialise if users encounter on the Marketplace listings for products that are illegal, below safety standards, restricted or banned. For example, live animals, weapons, ammunition, hazardous chemicals, pesticides, explosives or unsafe electrical goods that do not comply with EU safety standards.

11.3.1 Risk Analysis

In this Sub-Risk 2 (Illegal Products), we have identified as relevant to our Marketplace prohibited or restricted products that are banned outright, are dangerous to consumers, or require special certification, approvals, or compliance with safety standards. These products may require meeting sector-specific requirements, e.g., licensing, safety standards certification requirements or are simply illegal under EU or member state law. We also included in this Sub-Risk 2 products that may be legal, but that Shein's internal rules do not allow, such as fresh meat or other products for which Shein has determined that the products' safety standard cannot be verified or is too high to allow for proper verifications. Overall, we refer to the products assessed under this Sub-Risk 2 as Prohibited or Restricted Products.

The risk is that malicious Sellers could attempt to exploit the Marketplace's Seller functionalities to list, promote, or sell such Prohibited or Restricted Products. Without Mitigation Measures, the following misuse scenarios could occur:

- Listing, publishing, and selling Prohibited or Restricted Products by using the listing functionalities to add product names, descriptions, specifications, images, or videos that advertise illegal products;
- Misrepresentation of listed products, seemingly offering a legal or compliant product, but in reality using the listing to facilitate the sale of a banned or non-compliant item; or
- Mis-categorising products to bypass specific compliance or safety rules that apply to certain categories.

From a systems perspective, our Seller listing functionality imposes the selection of a product category, depending on which, additional information and certification may be required before a product can be listed on the Marketplace. Our system is then backed up by our content moderation processes, monitoring listings and their associated product reviews, as well as our MSA, which explicitly prohibits the sale of Prohibited or Restricted Products and imposes strict obligations on Sellers to comply with EU and national product safety laws and standards. Enforcement actions are clear, and internal teams are trained to apply a penalty point system, which may lead to product delisting or account suspension or termination as necessary.

The primary risk remains the possibility of Sellers to bypass our controls by, for example, misclassifying their products. However, this is actively mitigated through thorough onboarding checks, category-specific compliance requirements, and reporting mechanisms.

Therefore, whilst we are aware that attempts to misuse our services to list Prohibited or Restricted Products are a reality of online marketplaces, we believe that our Marketplace's structure and Mitigation Measures, both pre-emptive and reactive, significantly reduce the risk of widespread dissemination of Prohibited and Restricted Products.

11.3.2 Current Risk Mitigations

Mitigation type	Mitigation measures
Interface Design	<p>Requirement for Sellers to upload product compliance information onto the system: Depending on the regulatory requirements applicable to certain product categories, our product listing feature may contain mandatory fields, such as a field requiring the provision of a specific certificate where relevant, to ensure that the product meets the corresponding requirement. If the Seller fails to provide the required information, the product cannot be listed or will be removed. For example, when Sellers fill in product information for new products, they are not authorised to use certain words or types of products listed on our Prohibited and Restricted list.</p> <p>Automatic blocking of products listed as Prohibited & Restricted: We use continuous automated checks utilising technical</p>

Mitigation type	Mitigation measures
	<p>tools like image recognition to spot prohibited or restricted products. Shein has developed and maintained an image search engine that assists our Compliance team in identifying and removing problematic products. If a product is flagged as prohibited or restricted with high confidence, it is promptly removed by the system or configured in accordance with the necessary restrictions.</p>
Organisational	<p>Compliance review: The Marketplace adopts a risk-based approach to validate submitted reports, to ensure adherence to the Marketplace's set standards and regulatory requirements. Compliance specifications are thoroughly examined for accuracy and completeness. Any deviations or non-compliance are promptly flagged for further investigation and corrective action. As mentioned above, once a product is listed, the Compliance team screens it through the system and conducts manual checks to identify any prohibited words. If a prohibited word is used, the Compliance team checks to determine whether the product is indeed a Prohibited or Restricted Product. If so, the product is delisted. If the product is not a Prohibited or Restricted Product but only contains an incorrect wording, the corresponding description is corrected.</p> <p>Illegal content notices: Any product that is potentially a Prohibited or Restricted Product may be reported to Shein through the Notice and Action mechanism. The processing of illegal content notices and related investigations is led by the Content Moderation team, which will assign responsibilities as appropriate amongst different teams, such as Compliance or Content Moderation. 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, to address the notice. Shein tailors its training and illegal content review processes to address local legal requirements and local customs by geography. We have adopted a systematic approach to handling reports of illegal content on our Marketplace.</p> <p>Ongoing Monitoring: Shein conducts ongoing monitoring of products to ensure applicable requirements are being met. Prohibited or Restricted Products are regularly checked, and if a product is identified as being on Shein's Prohibited and Restricted Product list, it will be immediately delisted. Our system is also designed to automatically flag products that have not been checked for a while. We use continuous automated checks utilising technical tools like image recognition to spot Prohibited or Restricted Products. Shein has developed and maintained an image search engine to assist in the identification and removal of problematic products. If a product is flagged as a Prohibited or Restricted Product with high confidence, it is promptly removed by the system or configured in accordance with the necessary restrictions. Subsequently, human review acts as a secondary step to ensure the accuracy and appropriateness of the automated determinations. This two-tiered approach of automated screening followed by human</p>

Mitigation type	Mitigation measures
	<p>validation enhances the effectiveness and reliability of the product compliance monitoring process.</p> <p>Recall of non-compliant products: As necessary, we apply our Product Recall Standard Operating Procedure, which includes removing the relevant product from the Marketplace, notifying our customers, and issuing refunds. In such cases, we may also take action against Sellers, where appropriate.</p>

11.3.3 Mitigation effectiveness

In Year 2, we have continued operating our multi-layered Mitigation Measures whilst always updating them to adapt to the fast-changing environment in which our Marketplace operates. Whilst the impact of some individual Mitigation Measures may be difficult to assess, together they form an integrated mitigation framework that we have concluded to be Effective at preventing users from encountering illegal products on the Marketplace. This area of Mitigation Measures is subject to continuous review to ensure alignment with the latest technological developments and evolving online scams or deceptive trends.

11.3.4 Actual Risk Rating

Illegal Products
Low Medium

11.4 Sub-Risk 3 – IP Infringing Products

Under the previous Sub-Risk 2 (Illegal Products), we expressly carved out intellectual property (IP) Infringing Products. These products are dealt with under this Sub-Risk 3.

IP Infringing Products	
Risk Definition	The risk of products which infringe third parties' intellectual property rights.
How this risk would apply to our Marketplace if un-mitigated	This risk relates to customers encountering and purchasing counterfeit or otherwise IP-infringing products.

11.4.1 Risk Analysis

We have analysed the risk of IP infringing and counterfeit products being offered on the Marketplace and found that if unmitigated, this risk would materialise if Sellers, for example:

- Used the Marketplace to list, publish and sell products that infringe someone's IP, such as selling fake designer clothes or handbags (i.e. counterfeit) at the designer's price or less; or
- Used the Marketplace's functionalities to list and publish products under the trademark of a third party.

As expected, our MSA and related policies prohibit the sale of counterfeit and IP-infringing products, providing Shein a contractual basis for enforcement actions against Sellers, including removal of listings and account suspensions.

We have also considered the impact of our Marketplace's design on such risk and found that its combination of proactive detection tools, such as Seller vetting and IP database, effectively reduces the likelihood of users encountering counterfeit and other IP-infringing goods on the Marketplace. However, if, notwithstanding these measures, counterfeit products or other IP-infringing goods appear on the Marketplace, our content moderation processes and teams will take over, playing a key role in identifying and promptly removing counterfeit or IP-infringing listings from the Marketplace.

11.4.2 Current Risk Mitigations

Mitigation type	Mitigation measures
Interface Design	<p>Pre-Listing Intellectual Property Verification: The Marketplace requires Sellers to submit proof of IP rights, such as trademark registration certificates, letters of authorization, patent or design certificates, or brand authorization agreements, before listing a product, and the Legal Team will verify the authenticity and applicability of the submitted materials; if the documentation is insufficient, the listing will be rejected and the Seller will be required to provide complete proof.</p> <p>Automated monitoring to track IP infringement: Shein utilises an automated system to enhance content moderation and ensure control of content on the Marketplace, which also automatically scans product listing information for potential indicators of IP infringement. Shein also utilises other monitoring tools that play a crucial role in the initial screening process, flagging listings that may contain elements requiring further review by the Compliance Team which is specially trained in IP issues. This proactive approach helps identify potential violations at an early stage and facilitates timely mitigation actions.</p>

Mitigation type	Mitigation measures
User Controls	IP infringement Portal: In addition to the Notice and Action mentioned in Section 10.4.4(User Controls) above Shein offers a reporting feature in the form of a dedicated IP Complaint Portal that allows any IP owner or licensee to report a product which is listed on the Marketplace and which they believe infringes their IP rights.
Organisational	<p>We have IP teams dedicated to reducing the risk of IP infringement who maintain know-how, training and update our database tracking IP, brand or trademark infringement ("IP Infringement Element Database").</p> <p>Our Content Moderation team is also trained on spotting IP infringements and coordinating their reviews with other business teams, Legal or IP as necessary.</p>
Internal Processes	<p>Documentation requirements: Shein also requires specific authorisation documents from Sellers to verify their legal rights with respect to IP. These documents are reviewed by the Legal team, aiming to triage for potential IP infringements and other legal issues. Each Seller's name on the Marketplace is also verified against the IP Infringement Element Database, including to confirm the authorised use of relevant trademarks, safeguarding against impersonation and unauthorised utilisation. Sellers are also required to adhere to Shein policies on IP Infringement. Upon approval, Sellers are officially linked to their respective brands in our systems, enabling them to list products associated with their authorised brands.</p> <p>IP Infringement Database: As noted above, the IP team uses and maintains an internal IP Infringement Element Database consisting of a repository and used to log and track various instances of IP infringements during product listing and delisting procedures. The database serves as a centralised system to document and manage instances of confirmed copyright violations found in product listings and notices. Moreover, it generally includes external information and reports and maintains comprehensive records of all IP infringement incidents, verification, actions taken, and resolutions.</p> <p>Additional manual review of the listings: As for illegal products, as part of our processes, once a product is listed, the Compliance team screens it through the system and conducts manual checks to identify any prohibited words and any potential infringement of trademark. If trademarks or other IP are used in the listing, the Compliance team checks to determine whether the use of the IP with the listed product is indeed an infringement. If so, the product is delisted.</p> <p>Reviewing IP Complaints/ IP Dispute Resolution teams: Once IP reports from IP owners or licensees that a product listed on the</p>

Mitigation type	Mitigation measures
	<p>Marketplace infringes their IP rights are issued through our Complaint Portal feature, they are then escalated to Shein's Legal team, which is responsible for assessing IP infringement reports and, where appropriate, taking down products.</p> <p>Response and turnaround: We aim to address IP infringement notices as quickly as possible. Depending on the complexity of the case and the information provided by the reporting party, we generally address the IP infringement notices within 3 to 5 working days from the receipt of the notice. Initial responses are usually initiated within 24 hours upon receipt of the information. Upon making a decision, Shein will then action (e.g., suspend) the corresponding product and/or sanction the Seller.</p> <p>Notification Process: As for illegal products, if our processes identify a product as requiring a customer notification, Shein will remove the product from sale, notify our customers, and issue refunds. We also take action against Sellers, where appropriate.</p>

11.4.3 Effectiveness of the Mitigation Measures

Shein recognises that IP infringement has a significant global impact and cost, and that the risk of IP-infringing products being sold must be addressed thoroughly. We have therefore pro-actively implemented specific measures to detect and prevent IP-infringing listings on the Marketplace. By combining preventative Mitigation Measures pre-listing (Seller vetting, IP Infringement Database) with post-listing Mitigation Measures (automated and human content moderation, notice and action mechanism, enforcement of terms), we substantially reduce Systemic Risks linked to counterfeit and IP-infringing products.

We assessed our Mitigation Measures as Effective at preventing users from encountering counterfeit and IP-infringing products on the Marketplace.

11.4.4 Actual Risk Rating

IP Infringement
Low Medium

11.5 Sub-Risk 4 – Unlawful Behaviour

We purposefully excluded all previously covered risks (i.e. illegal products and IP-infringing products) from this Sub-Risk 4.

Unlawful Behaviour	
Risk Definition	The risk that the Marketplace is misused to engage in unlawful behaviour such as sharing unlawful non-consensual private

	images, unlawful online stalking, harassment and bullying, or risk of users encountering CSAM or dissemination of hate or defamatory speech.
How this risk would apply to our Marketplace if un-mitigated	Considering that Shein is a marketplace rather than a social media platform, the potential for users to use the Marketplace for Unlawful Behaviours is extremely limited. The only way for users to upload any type of user-generated content would be through "reviews" and potentially through a listing. Therefore, although unlikely, it would be theoretically possible for users to use the review/listing functionalities to upload graphics or imagery promoting hate or violence or hate-filled, or racially, sexually discriminatory messages.

11.5.1 Risk Analysis

The risk of Unlawful Behaviour in an online environment is not very different from that in a physical environment, except that it may be amplified, as any abusive behaviour could be witnessed by a number of people online.

The primary vector for such risk on our Marketplace would be the review and listing functionalities. We have reviewed this risk in terms of interface design and concluded that opportunities for posting any type of user-generated content on the Marketplace are extremely limited. Sellers, when uploading products, can only make use of constrained listing features such as product titles and descriptions. Similarly, customers can use the review feature in relation to a verified purchase to upload a photograph of the product or themselves with the product. In both cases, although these fields could theoretically be misused to disseminate hateful or discriminatory speech, the reality is that the transaction design of our Marketplace makes this extremely unlikely. In addition, all listings and reviews are monitored with automated tools and human reviewers, further reducing any potential abuse. Another key design element is that Sellers and customers cannot communicate directly (e.g., through direct messaging) with each other. Therefore, harassment, bullying or stalking would be nearly impossible through our current interface.

We also explored whether any user content, including Unlawful Behaviour, would likely be amplified or promoted through our recommender system for product ranking. However, this concern is unfounded because the Marketplace has very limited features, allowing user-generated content in the first place. We have also considered the risk of bad actors misusing the Marketplace to distribute unlawful content, but assessed it to be marginal as this type of behaviour tends to gravitate towards social media platforms, where amplification and virality are facilitated.

Notwithstanding the low level of risk due to our system design, our Terms and Conditions also clearly prohibit any such Unlawful Behaviour and are strictly enforced through a penalty point system, Seller suspensions, and account terminations. Finally, as explained in more detail in Section 10.3.5 (Regional and Linguistic Specificities), we found that regional or linguistic specificities carry far less risk in this environment, as product listings and reviews are transactional in nature and only exceptionally may contain secondary meanings or expressive

nuance requiring expert interpretation, unlike social media, where language is central to the dissemination of harmful content.

Overall, given the limited opportunities for user-generated content, the design of the Marketplace's system, and the strength of existing moderation and enforcement measures, the likelihood that the Marketplace would be used for Unlawful Behaviour is very unlikely. Nonetheless, strong Mitigation Measures remain in place to ensure that abusers cannot exploit the Marketplace's features for such behaviour.

11.5.2 Current Risk Mitigations

Mitigation type	Mitigation measures
Interface Design	<p>As set out above, Shein operates a marketplace and not a social media service, and as such, the design of the Marketplace only offers very limited possibilities to post user-generated content such as verified purchase reviews for customers and product descriptions for Sellers.</p> <p>Furthermore, our interface is set up to facilitate trustworthy reviews as only verified purchasers can post reviews on the Marketplace. We also have an in-built automated screening process to block content containing certain words or expressions before it is published. This process references a comprehensive database of restricted or prohibited terms deemed inappropriate (e.g., profanities, rude words, etc.). If a customer attempts to submit a review containing any prohibited terms, the submission is automatically blocked.</p>
Internal Process	<p>Effective review verification process: To be able to post a review, users must be registered with Shein and have purchased the product against which they wish to post a review. Reviews are always linked to a specific purchased product.</p> <p>Reviews are then subject to verification to reduce the risk of manipulation or fake endorsements, such as customers who engage in fraudulent activities or fake orders. Unauthentic reviews will be removed promptly. Such verifications consist of an initial automated review screening (as mentioned above) followed by a human review conducted in accordance with Shein's Reviews Policy.</p> <p>Our Content Moderation team also conducts continuous monitoring to ensure all reviews comply with our Terms and Conditions (including our Reviews Policy) and updates the database of prohibited words to enhance automated detection of illegal reviews.</p> <p>In our continued effort to improve our screening process, we have been enhancing manual reviews through the recourse to more outsourced service providers, especially in line with activity on the Marketplace. We work closely with such providers and provide all manual review teams with up-to-date review guidance and training.</p> <p>Shein's Content Moderation team also reviews all notifications received from the Notice and Action mechanism and acts upon them as further described below.</p>

	Our processes for product listings and cooperation with trusted flaggers are set out in Sub-Risk 2 (Illegal Content) above.
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11.5.3 Effectiveness of the Mitigation Measures

With respect to the risk of Unlawful Behaviour on the Marketplace, we found that such risk is quite unlikely to occur on a large scale on the Marketplace. However, our Mitigation Measures demonstrate that we are aware of the potential risks associated with reviews and listings and take them seriously.

Overall, our Mitigation Measures have been assessed as Very Effective at preventing users from encountering Unlawful Behaviour on the Marketplace.

11.5.4 Actual Risk Rating

Unlawful Behaviour
Low

12. ASSESSMENT OF SYSTEMIC RISK 2 – FUNDAMENTAL RIGHTS

12.1 Definition of the Risk – What are Fundamental Rights Risks

"Fundamental Rights" is not defined in the DSA. However, Article 34 specifies a number of rights that online platforms need to particularly pay attention to, in particular *"human dignity (Article 1 of the Charter of Fundamental Rights of the European Union (the "Charter")), respect for private and family life (Article 7 of the Charter), protection of personal data (Article 8 of the Charter), freedom of expression and information, including the freedom and pluralism of the media (Article 11 of the Charter), non-discrimination (Article 21 of the Charter), respect for the rights of the child (Article 24 of the Charter) and a high level of consumer protection (Article 38 of the Charter)"*.

We subdivided this Systemic Risk into the following 6 Sub-Risks: **Human Dignity, Privacy and Data Protection, Freedom of Expression and Information, Non-discrimination, Children's Rights, and Consumer Protection.**

12.2 Sub-Risk 5 – Human Dignity

Human Dignity is one of the Fundamental Rights in the Charter, and the DSA specifically calls for assessment of any potential negative impact of the Marketplace on such right. We note that Human Dignity, being a foundation right is not legally defined in the Charter and is therefore a broad concept. Our risk analysis is limited to its relevance on the Marketplace.

Human Dignity	
Risk Definition	The risk of users suffering degrading and exploitative treatment impacting human dignity whilst on the Marketplace.
How this risk would apply to our Marketplace if un-mitigated	This risk could hypothetically materialise on the Marketplace in a review containing either degrading and insulting messages, or if a product listed is dehumanising and humiliating, such as the sale of torture products or slavery memorabilia.

12.2.1 Risk Analysis

Similarly to Sub-Risk 4 (Unlawful Behaviour), it is very unlikely that our Marketplace environment would host or disseminate content that adversely impacts human dignity. Our Marketplace is structurally and operationally designed for e-commerce, not sharing opinions or news, which makes such risks inherently limited.

From a systems perspective, our interface design is set up for the listing of garments and home products. The Marketplace is not optimised to promote reviews as these are by-products of the listings which makes it an unattractive option for would-be perpetrators. Despite the relatively low probability of our Marketplace being used for the dissemination of content impacting human dignity, we ensure that our Terms and Conditions, MSA and policies explicitly prohibit both Sellers and customers from uploading such harmful content. These standards are supported by Shein's firm enforcement mechanisms, ensuring that

any such content is promptly removed by our Content Moderation team through the use of automated screening and human moderation.

Therefore, although limited harmful content could in theory be uploaded onto the Marketplace, it is unlikely to pass our preventative Mitigation Measures, and if it does, it is swiftly removed through our Content Moderation team. Considering all the above factors, we found that the probability that the Shein Marketplace would list a product or publish a review that impacts human dignity is very unlikely.

12.2.2 Current Risk Mitigations and Effectiveness of the Mitigation Measures

See Sub-Risk 4 (Unlawful Behaviour) above.

12.2.3 Actual Risk Rating

Human Dignity
Low

12.3 Sub-Risk 6 – Privacy and Data Protection

The Right to Privacy and Data Protection is one of the Fundamental Rights in the Charter, and as mentioned above, the DSA specifically calls for an assessment of any potential negative effects on such right arising from the Marketplace.

Privacy and Data Protection	
Risk Definition	The risk that the Marketplace does not comply with applicable data protection law, leading to negative impacts for data subjects.
How this risk would apply to our Marketplace if un-mitigated	This risk could materialise, for example, if Shein (i) processed users' personal data without having legal basis for such processing, (ii) failed to disclose how their personal data is being processed, thereby failing to comply with transparency requirement and that its privacy policy failed to be transparent, intelligible and easily accessible to users or (iii) failed to fulfil data subject rights under the General Data Protection Regulation ("GDPR").

12.3.1 Risk Analysis

Providing an experience on the Marketplace that maintains the privacy of users is fundamental to Shein's obligations, particularly under the GDPR. The GDPR contributes to the global standard across the group for data and privacy principles regarding data processing compliance. It enables us to effectively manage compliance and operational risks associated with implementing new functionalities and services.

For this risk, we have therefore reviewed how Shein processes personal data of its users in connection with the relevant services it provides on the Marketplace.

Clear and transparent privacy practices are at the core of Shein's approach to protecting customers' and Sellers' privacy, and the Marketplace's interface offers its users easy access to a Privacy Center, facilitating users' access and control of their personal data. We have also conducted a review of Shein's data protection practices against its privacy management and compliance framework, which covers various data protection principles such as data minimisation, transparency, data subject rights and confidentiality obligations. Finally, we understand that beyond Shein's compliance with the GDPR, one of the risk drivers is cybersecurity and have put in place solid Mitigation Measures, set out below, to cater for that risk.

Overall, the risk relating to the protection of personal data on the Marketplace is low based on the limited nature of Shein's processing activities in the context of being a store, enhanced transparency measures described above, and the allocation of increased compliance resources, such as dedicated privacy operations and legal support. Comprehensive training is provided to all relevant stakeholders, further minimising the risk involved across user journeys.

12.3.2 Mitigation Measures

Mitigation type	Mitigation measures
Legal Terms and Policies	<p>Our Privacy Policy is straightforward and easy to understand for our users. It plays a central role in informing users about how their data is processed by the Marketplace, complying with the GDPR and DSA transparency obligations. It is made easily available when users create an account but also on the Shein Privacy Center available from any page on the Shein website.</p> <p>This Privacy Policy reflects Shein's clear and transparent privacy practices at the core of Shein's approach to protecting customers' and Sellers' privacy.</p>
Interface Design	<p>To facilitate users' own control of personal data processing and align with our compliance with the DSA, we further provide an option for users to adjust their personalised product display via the Recommender System and Personalised Settings page, which are easily accessible on our interface at any time.</p>
User Controls	<p>We provide user-friendly controls on Shein's Privacy Center, allowing data subjects to easily understand our privacy practices and exercise their rights. To reach Shein on any data protection query or request, the data subject can either go through the Privacy Center page or send an email to the DPO and Privacy team.</p> <p>The Privacy Center and Manage Cookies section of our interface provide our users clear information regarding how to control their data-sharing preferences and update their default privacy settings.</p>
Organisational	<p>Investment in Privacy team: Over the past year, we have invested in and grown our Privacy team in order to match the activities on the Marketplace and make sure privacy remains at the core of what we do.</p>

Mitigation type	Mitigation measures
	<p>Investment in third-party privacy resources: We have also invested in third-party tools such as a management tool for Incident Response and subscriptions to privacy law updates, to help our business and privacy teams be more efficient with privacy compliance, including with our responses to incidents.</p> <p>Data Protection Committee: We have recently set up a specific data protection committee, which meets at least one per month to discuss and prioritise data protection issues and topics.</p> <p>Cybersecurity Center: To mitigate potential cybersecurity threats, we have formed a cybersecurity center which operates by testing vulnerability, ensuring the safety of Shein's data.</p> <p>Investment in privacy certifications (ISO27001): We have been globally independently certified as compliant with a number of security standards in the industry, such as ISO 27001.</p>
<p>Internal Processes</p>	<p>Data Subjects' Rights: Once a data subject sends a message to the Privacy team (through the Privacy Center or by email), the data subject will receive an acknowledgement of receipt. All data subject rights requests are dealt with promptly, and a response is sent as soon as possible. Where possible, Shein also assists the data subject with identifying the correct third party if the request concerns another independent data controller.</p> <p>Data Processing: Our Privacy team conducts assessments such as Privacy Impact Assessments as required and Legitimate Interest Assessments as applicable to operate lawful data processing throughout its lifecycle and safeguard the protection of our users' personal data.</p> <p>Before processing data, a number of mandatory preparatory steps have to be taken at Shein. Our review processes are outlined in policies for data processing activities. We carry out data impact assessments where required, in accordance with GDPR. Subject to the risk identified, Shein would implement necessary and proportionate mitigations and improvements as a result of such assessment. Shein ensures that it has data processing agreements signed with Sellers or contractors where this is required and carries out the necessary checks to ensure their data protection compliance.</p> <p>When implementing a new data processing activity, where applicable, we: (1) confirm the implementation of the proper consent tools where required, (2) update our policies where required, (3) confirm the accuracy, quantity and quality of data processed to identify any required adjustments, (4) begin the 'go live' process once all identified mitigations have been deployed, (5) obtain final sign off from the risk owner and (6) reconfirm functioning and/or updating of data subject rights and privacy complaint channels where applicable.</p> <p>Shein also conducts regular monitoring of the relevant data processing including through regular inspections,</p>

Mitigation type	Mitigation measures
	<p>supplier management and monitoring of impacts of privacy legislation changes (including guidelines issued by competent Data Protection Authorities).</p> <p>Ensuring security of personal data: Shein protects personal data by maintaining industry standard physical, technical, and administrative security measures such as utilising encryption of data at rest and in transit and role-based access control. We conduct regular internal security audits to ensure the effectiveness of the security measures. We also engage with external parties to audit and validate our security measures. We have been independently certified as compliant with a number of security standards as mentioned above.</p> <p>Standard Operating Practices and guidelines: We have clear internal procedures in relation to global security and risk management. Shein has also developed all relevant privacy and security policies for its personnel to nurture a culture of privacy compliance. For example, Shein restricts the collection and processing of personal data in compliance with the principle of minimisation, which is a core aspect of our compliance policy at Shein. This is underpinned by a comprehensive privacy-related policy that governs all data handling practices. When designing a new feature that leads to data storage, data retention periods are reviewed during the Proof of Concept phase, as business design should inherently integrate the concept of minimising data collection and retention.</p> <p>When it comes to security review, reviewers consider factors such as security measures, data incident management and data access control strategies. This applies to both internal system designs and reviewing data processing for business activities. Shein uses results from InfoSec and privacy assessments to ensure alignment with requirements. In terms of marketing, data retention and deletion protocols are outlined in the privacy policy and event/campaign terms & conditions. Post-marketing events, our staff also conducts a review for compliance. Additionally, Shein integrates retention requirements as part of data processing agreements or data sharing agreements with third parties.</p>
Educational	<p>In addition to our Shein-wide Educational Initiatives (set out in more detail in Section 10.4.3 above), our Privacy team is trained and certified with the internationally renowned IAPP organisation to ensure a high quality of support.</p>

12.3.3 Effectiveness of the Mitigation Measures

We have continued to apply and improve our Year 1 Mitigation Measures in relation to the protection of our users' personal data and keep evaluating those measures in light of changes to cybersecurity and the implementation of new technology.

As with some of the other risks, some Mitigation Measures are difficult to assess individually, but overall, we have found that they are Effective in minimising data protection breaches.

12.3.4 Actual Risk Rating

Privacy and Data Protection
Low Medium

12.4 Sub-Risk 7 – Freedom of Expression and Information

Freedom of expression and information is a fundamental right under the Charter and covers a broad spectrum. We defined it considering its impact for marketplaces such as ours and addressed the linguistic element under Sub-Risk 8 (Non-Discrimination).

Freedom of Expression and Information	
Risk Definition	The risk that the Marketplace's design and processes negatively affect users' freedom of expression and information.
How this risk would apply to our Marketplace if un-mitigated	This risk could apply to our Marketplace if Shein removed reviews or product listings arbitrarily without due process, i.e. without lawful reason nor notification or appeal rights, resulting in the users' freedom of expression and information being curtailed.

12.4.1 Risk Analysis

Shein aims to moderate the Marketplace in a manner that does not affect the freedom of speech of genuine users. However, the risk relating to freedom of expression and information on an e-commerce platform is very limited, particularly when compared to other platforms. Unlike social media services, marketplaces do not host opinions, news, or views and any user-generated content is restricted to product listings and scope-constrained reviews.

However, as explained in other Sub-Risk 4(Unlawful Behaviour), our interface is not designed to allow opportunities for expressive content, nor does our Recommender System amplify such content. Accordingly, the risk of algorithmic bias impacting freedom of expression and information is virtually non-existent.

Nonetheless, we still took into consideration the fact that while reviews are transactional in nature, some customers are likely to regard their reviews as an expression of their genuine opinion and freedom of expression. Therefore, our Content Moderation team and its enforcement of Shein's legal terms and policies play an important role in relation to this fundamental right. This risk would be likely to arise if Shein lacked clear policies on what constitutes acceptable reviews or disregarded such policies and proceeded arbitrarily to content removal, i.e. without proper review, lawful justification, user notification, or an opportunity to appeal Shein's decision.

On that basis, we have considered our legal terms and concluded that they clearly set out what is acceptable and what is not. We also found that these legal terms are enforced in a consistent and transparent manner by our Content Moderation team. Enforcement actions are taken only where there is a legitimate basis to do so, and users are notified of such actions and provided with avenues to challenge or appeal moderation decisions.

The possibility of misuse of our Marketplace does not materially alter this analysis, as attempts to influence public discourse or suppress information are typically made on platforms designed for communication and amplification. The Shein Marketplace does not provide an efficient way to do so.

Therefore, the likelihood that our Marketplace would interfere with users' freedom of expression and information is low and mitigated through our Notice and Action mechanisms, steady enforcement of our legal terms and interface design.

12.4.2 Current Risk Mitigations

Mitigation type	Mitigation measures
Organisational	<p>Shein has teams dedicated to content moderation who are trained to review any user-generated content and apply Shein's internal processes objectively.</p> <p>The Content Moderation team regularly works with the Legal team if further consultation is required before reaching a content moderation decision.</p>
Internal processes	<p>Reviews Policy: Shein accepts and publishes both positive and negative reviews to support customers with their product purchasing, protecting users' freedom of speech. The Reviews Policy mentions that Shein welcomes all kinds of reviews, therefore promoting the freedom of speech. However, since the Marketplace is not, unlike social media for instance, aimed at providing users a space to express themselves and share their ideas, our Reviews Policy clearly sets out the criteria for a review to be published. Shein employs an automated review of customer reviews, alongside a review against Shein's Reviews Policy, to prevent the publication of offensive and inappropriate language. Problematic reviews are withheld or removed based on Shein's Reviews Policy, and the Content Moderation team is provided with training that includes non-discrimination rules.</p> <p>Notices: As and when a review is flagged by a user as potentially problematic, Shein will assess the review against its Reviews Policy to ensure that it reaches an objective decision. It will then notify the user who generated the content, as well as the one who reported it, of its decision, including its statement of reasons.</p> <p>Appeal: Shein also provides its users the right to appeal any content moderation decision, whether to keep content online or remove it, made by Shein.</p> <p>Out of Court Dispute Resolution: The user can also reach out to one of the accredited out-of-court dispute resolution bodies if the user is unsatisfied with Shein's moderation decision. In such cases,</p>

Mitigation type	Mitigation measures
	Shein will cooperate with the relevant accredited body in accordance with Shein's internal procedure on dispute resolution.

12.4.3 Effectiveness of the Mitigation Measures

In Year 2, we have continued to strengthen our existing Mitigation Measures by reviewing our Notice and Action mechanisms and fine-tuning them to provide our users with increased transparency and assessed them as Very Effective.

12.4.4 Actual Risk Rating

Freedom of Expression and Information
Low

12.5 Sub-Risk 8 – Non-discrimination

Under the Charter, the right not to be discriminated against is fairly wide. We concluded that the relevant angle for a marketplace such as ours was an assessment of the risk of usability of the Marketplace rather than the risk of dissemination of discriminatory content.

Non-discrimination	
Risk Definition	The risk that the Marketplace excludes minority users or users with disabilities.
How this risk would apply to our Marketplace if un-mitigated.	The risk could arise on the Marketplace if our website lacked the required functionality to enable users with accessibility requirements to access it or if we only provide our Terms and Conditions in limited languages, making it harder for these users to use our Marketplace.

12.5.1 Risk Analysis

In the context of a transactional marketplace such as ours, the key risk in terms of discrimination is not the expression of discriminatory content, but the possibility that we could inadvertently exclude minority users or users with disabilities by failing to provide a fully functional, understandable or accessible website. We reached this conclusion based on the fact that our system is not optimised for expressive content and therefore carries a low risk of discriminatory outcomes compared with social media or search engines. Nevertheless, risks could arise if adaptive technologies (e.g., screen readers) were not fully supported for users with disabilities or if we excluded some EU users by not providing them with our understandable Terms and Conditions.

We have assessed that our content moderation systems play a limited role in this context. A hypothetical risk would be for content moderation decisions to be applied in a manner that indirectly discriminated against certain users by disproportionately removing listings or reviews linked to products or services associated with minority groups. However, we do not believe it to be fully applicable in this context as our moderation processes are structured around legality and safety rather than subjective opinions and enforcement is applied consistently, with appeal rights in place, to safeguard against potential unequal treatment.

We also considered the possibility of external influence on our Marketplace for discrimination purposes, such as targeted exclusion of minority Sellers; however, we have found this possibility to be remote, especially considering that the onboarding process is managed internally. Regional and linguistic aspects are relevant in terms of accessibility, although the transactional nature of our Marketplace means that risks of exclusion based on language nuance are limited compared with social media platforms. That said, Shein provides its Terms and Conditions in at least one of the official EU languages of the EU member state in which we are offering services, as well as multilingual support and translation tools to ensure accessibility across EU member states.

Our risk analysis concludes that the likelihood that Shein's systems or design would infringe the right to non-discrimination by excluding minority users or users with disabilities is low.

12.5.2 Current Risk Mitigations

Mitigation type	Mitigation measures
Legal Terms and Policies	<p>Shein has translated its Terms and Conditions in at least one of the official EU languages of the EU member state in which we are offering services.</p> <p>We also offer multilingual support and translation tools to ensure accessibility, allowing our customers to communicate with us easily.</p>
Interface Design	Regarding the risk of discrimination against people with disabilities, we have conducted internal reviews of our website interface in accordance with the European Accessibility Act ("EAA") and are currently updating our systems accordingly.
Organisational	Our Government Relations team works across the EU to understand and mitigate any risk of regional or cultural discrimination.
Internal processes	Shein works with website accessibility advisors on best industry practices in terms of website accessibility and compliance with the EEA.

12.5.3 Effectiveness of the Mitigation Measures

In addition to previous Mitigation Measures, we have in this Year 2 also launched a dedicated accessibility programme to ensure that our Marketplace complies

with the requirements of the European Accessibility Act. The programme is already well underway and is scheduled for completion within the second half of 2025.

As part of this initiative, we are undertaking a comprehensive review of Marketplace functionalities to identify and address potential barriers for users with disabilities, ensuring full alignment with EU standards. In addition, we are in the process of engaging external advisors specialising in accessibility. Their role is to provide expert input and independent validation of the programme, ensuring that our Marketplace continues to meet compliance requirements.

This initiative represents an additional and forward-looking Mitigation Measure to safeguard the right to non-discrimination, which we believe is Effective in addressing any potential for discrimination on the Marketplace.

12.5.4 Actual Risk Rating

Non-discrimination
Low

12.6 Sub-Risk 9 – Children’s Rights

In line with our policies and for this Risk Assessment, we rely on Article 1 of the UN Convention on the Rights of the Child (CRC), which states that "*A child means every human being below the age of eighteen years unless under the law applicable to the child, majority is attained earlier*" as the Charter doesn't define "child".

Children’s Rights	
Risk Definition	The risk that the Marketplace is misused in ways that negatively affect children’s rights, including exposure to harmful or inappropriate content, exploitation, or violations of child protection and safety standards.
How this risk would apply to our Marketplace if un-mitigated	This risk could apply to our Marketplace if children were to use the Marketplace and encounter illegal content or age-inappropriate content, such as violence and pornography.

12.6.1 Risk Analysis

The Rights of the Child, as recognised in the Charter, include the right to life, education, healthcare, protection from abuse and exploitation, and the right to express their views. Protection of minors also requires safeguarding them from physical, emotional, and psychological harm, ensuring that these rights are upheld in all environments, including online platforms.

In the context of Shein, our Marketplace revolves around users searching for and purchasing products. Transactions are of a financial nature, which minors do not

have the legal capacity to execute. Adults are Shein's intended audience, and the storefront is not designed to attract or retain minors, nor does Shein target minors with products or marketing. The content and functionality of our Marketplace are structured for commerce rather than entertainment. Unlike social media platforms, where peer interaction and viral content dissemination create high exposure risks for minors, Shein's environment is transaction-centric, with very limited opportunities for harmful interactions. Any risk of intentional manipulation of our Marketplace to target minors is therefore low.

That said, as with any store, minors may access Shein, which introduces a residual risk. For this reason, Shein has adopted targeted measures to adapt the design and functioning of the Marketplace to ensure a high level of protection for children, in compliance with Article 28 of the DSA. These measures include:

- Age restrictions in General Conditions of Sale.
- Age verification processes for adult or age-sensitive products.
- Enforcing our General Conditions and user-generated content rules to promptly identify and remove inappropriate content.
- Implementing additional safety measures tailored to the risks minors may face.

These measures are tailored and proportionate to the risks relevant to a transactional platform. We note that children and young people are generally more vulnerable to addictive aspects of online platforms and have considered addiction under Sub-Risk 15 (Mental Health), however, our Marketplace is not designed to be used by minors.

12.6.2 Current Risk Mitigations

Mitigation type	Mitigation measures
Legal Terms, Policies and Enforcement	<p>Shein's General Conditions of Sale are consistent with the business' approach and state that customers must be at least 18 years old to place an order and enter a contract of sale. This helps to ensure that only adults make purchases, adding a first layer of safety and security for minors by not allowing them to engage in financial transactions. The Shein account is central to any interaction and a prerequisite for accessing the full Shein service, to purchase goods. Creating an account is fundamental to placing an order, and our Conditions of Use and Sale require that a user must be at least 18 years old to place an order. Both our Terms and Conditions and the Privacy Policy are surfaced to a user when an account is created.</p> <p>Further, each account requires a valid payment method such as a credit or debit card linked to the account. In many EU jurisdictions, an individual must be over the age of 18 to apply for a credit card or a full-feature debit card, or have the oversight of a parent or guardian when applying for a debit</p>

Mitigation type	Mitigation measures
	<p>card with limited functionality (such as withdrawing cash) at varying ages under 18.</p> <p>Additionally, Shein's Affiliate Program Terms of Service incorporates a minimum age requirement and explicitly states that an affiliate must be at least 18 years old to apply for and participate in the program.</p> <p>Finally, in compliance with our Reviews Policy, reviews may only be submitted by adults or with the parental consent since reviews are limited to users who are logged into their account (and therefore verified users) and have successfully made payment of the relevant order.</p> <p>Promotional features (games). We ensure through our legal terms that only users above 18 years old are allowed to access these features.</p> <p>Protecting children's privacy. Our Privacy Policy provides that our services are not directed towards minors. Our Privacy Policy specifies that in cases where personal data has been shared by a minor, we request the parent or guardian to contact us immediately so that we can remove the personal data and avoid any further use of the minor's personal data.</p>
Interface Design	<p>Adult products and inappropriate content for minors. To enhance our protection for minors, our algorithms and systems are designed not to push advertisements or marketing for adult toys to anyone or otherwise actively promote adult products. Adult toys are limited to a specific sub-section of the Marketplace and include age verification prompts to avoid mixing adult products with standard products that may be accessible to minors. Our recommender systems ensure that such products are not displayed unless specifically searched for by a user, and the content of the page will remain hidden until users confirm that they are above 18. We consider this to be an appropriate mitigation for the risk of minors inadvertently accessing such content. We have also carried out a risk assessment in relation to the Affiliate Program and identified measures to be put in place to protect minors.</p>
Internal processes	<p>The content moderation measures described in Sub-Risk 4 (Unlawful Behaviour) above include the prevention of content that could be harmful to minors, such as violence and pornography.</p> <p>For completeness, we also note that any product content that includes minors as models is subject to a valid legal agreement (e.g., that was consented to or authorised by their parent or guardian).</p>

Mitigation type	Mitigation measures
	We do not seek to provide services to children and our age assurance measures act to mitigate any residual risk in this regard. We have mechanisms in place to enable the exercise of rights across the EU, and our Privacy team also supports additional reviews where required. Maintaining controls to minimise risk is crucial for Shein. We are therefore committed to keeping our practices in line with and up to date with industry practices, in particular on age verification. In this connection, we are also aligning our practices with the requirements of the UK's Online Safety Act to mitigate any residual risks in this regard, following the guidance of the UK regulator (Ofcom) as the implementation of the Act progresses.

12.6.3 Effectiveness of the Mitigation Measures

We conclude that this Sub-Risk 9 is not fully relevant to our Marketplace for the reasons stated above. Nonetheless, we have put in place strong preventative Mitigation Measures that are Very Effective at reducing any potential risks to minors. We also monitor EU guidance on this topic and will continue reviewing market practice in this area to align our Mitigation Measures with evolving regulatory expectations and industry standards.

12.6.4 Actual Risk Rating

Children's Rights
Low

12.7 Sub-Risk 10 – Consumer Protection

Consumer Protection	
Risk Definition	Risk that unfair commercial practices take place on the Marketplace, that legal terms are not clear, that no Seller information available, that various frauds take place etc.
How this risk would apply to our Marketplace if un-mitigated	This risk would apply on the Marketplace when users are exposed to unfair commercial practices or unfair terms. For example, Sellers providing products that did not comply with EU safety standards and legislation, not vetting Sellers or enabling fraudulent practices.

12.7.1 Risk Analysis

This Sub-Risk 10 overlaps with some of the previously mentioned Sub-Risks such as Illegal Products, vetting of Sellers, etc. and requires safeguarding consumers against misleading, fraudulent, or unsafe practices and ensuring that their economic interests and fundamental rights are respected. In the context of Shein, a transactional marketplace connecting Sellers with customers, we have assessed that the main risks to consumer protection stem from the potential dissemination of misleading or unlawful information within product listings or reviews, or from Sellers attempting to market unsafe or non-compliant goods.

We are conscious that fraud is inherent to any online business involving user transactions. We manage this risk through several Mitigation Measures, including a strong fraud detection system that monitors user activity on the Marketplace to detect patterns indicative of fraudulent behaviour or transactions for any irregularities or signs of fraud.

We have also reviewed potential misuse or manipulation of the Marketplace, such as the presence of so-called "*hidden links*" into product listings but have found no evidence of such activity on the Shein Marketplace.

Like any platform, we are conscious that recommender systems influence the content displayed to users. To address this, we have put in place an internal risk assessment process to analyse any risks associated with the design of new features before their launch.

Another potential risk driver is the risk pertaining to customer reviews. Although our Marketplace encourages genuine and trustworthy reviews so that our other customers can make informed purchases, we monitor these closely in accordance with our Reviews Policy's clear guidelines and restrictions.

Managing the risks associated with respecting consumer rights is central to our core service. We are aware of the associated risks associated, and are continuously reviewing our Mitigation Measures to ensure they remain effective, proportionate, and aligned with evolving industry standards.

12.7.2 Current Risk Mitigations

Mitigation type	Mitigation measures
Legal Terms and Policies	<p>Clear Terms and Conditions:- As noted in Section 10.4.2 (Legal Terms, policies and enforcement) above, our users are provided with our Terms and Conditions which are split between the (i) Conditions of Use (which govern customers' use of our European websites and app and users' relationship with Shein as operator of the marketplace), (ii) Conditions of Sale (which apply to customers' purchases on the Marketplace between customers and Sellers) and (iii) Shein's Policies, such as our Reviews Policy. We regularly review our legal terms to promote clarity and ease of understanding, and our most recent review in July 2025 has led to additional enhancements.</p> <p>In addition, our MSA, EU Appendix, and related policies set out strict obligations on Sellers, including requirements to comply with</p>

Mitigation type	Mitigation measures
	<p>EU product safety rules and consumer protection laws. Consumers are provided with clear information about their rights in our General Conditions.</p> <p>In accordance with the DSA, we provide our legal terms in all official EU languages, ensuring EU customers' understanding of our terms and policies. Similarly, we provide multilingual support so that our customers can communicate with us easily.</p> <p>Clear Reviews Policy: Our Terms and Conditions and Reviews Policy set out very clearly the standards expected from user reviews on the Marketplace. It also helps users provide information as complete and accurate as possible, to ensure that the review is useful to other customers.</p>
Interface Design	<p>Automated request of mandatory pre-contractual information: We aim to ensure that consumers are provided with all the necessary information to conclude distance contracts with traders in an informed manner. When listing a product, Sellers are required, in accordance with Shein's Global Market Policy Selling but also through mandatory fields in the interface for listing a product, to provide all necessary pre-contractual information. This ensures clear and unambiguous identification of products offered to consumers. When conducting product reviews, Shein does not limit its review to content moderation measures described above, but also reviews the product against applicable legal requirements and industry standards. The system is designed so that information collected from Sellers is automatically transferred to the interface for users' visibility.</p> <p>Cost transparency: All fees and charges are disclosed to consumers upfront. The consumer can see a detailed breakdown of all costs, including shipping and taxes, before completing a purchase. At this point, the final amount to be paid by the consumer is clearly displayed, and further charges will not be applied on top without the consumer having had sight of those additional costs before purchase.</p>
User Controls	<p>Notice and Action: As mentioned in Sub-Risk 4 (Unlawful Behaviour), as well as the illegal products and IP infringing product sections above, the Marketplace offers Notice and Action functionalities allowing users to easily report illegal content, including unlawful behaviour. The Marketplace includes a Report button that focuses on reviews where all users can notify Shein of any misleading, abusive or illegal content within a review, as well as a Report button next to each product. These easy reporting mechanisms are next to the products to ensure easy flagging of any other potential breaches by users.</p> <p>The processing of these reports and related investigations involves human review, which we are set up to deal in multiple languages.</p>

Mitigation type	Mitigation measures
	<p>Recommender systems: Recommender systems on the Marketplace are deployed to enhance the experience of our users. The systems allow our customers to discover new products, which in turn supports our Sellers to reach a wider audience on the Marketplace. Shein's recommender systems are generally based on the performance of a product (e.g., best sold products) and/or customers' searches to support customers' navigation of the storefront. These systems may take into account various objectives at the same time (e.g., maximising user feedback or click-through rates of the product). Our sorting feature allows users to easily select options to sort the products displayed further to a search query, which allows the customer to influence the product ranking. Users can also easily update their profile to select their favourite categories and styles, such measures contribute to mitigating residual risks.</p>
<p>Internal processes</p>	<p>Effective Complaints process: In case of complaints, customers can contact the Customer Service and file a complaint which is then efficiently reviewed within a reasonable amount of time.</p> <p>Content Moderation: Our content moderation processes and teams are set up to detect and remove unlawful or misleading product information, counterfeit items, fraudulent claims or fake reviews pre-listing. Automated tools, supported by human review, monitor listings for compliance with applicable law, Marketplace policies, and consumer protection requirements. Where issues are detected, products are removed, and Sellers may face suspension or account termination. For example, where a product may be deemed as 'offensive' or 'controversial', these will be reviewed to ensure that non-compliant listings are removed. This is a nuanced area, and we review many products each day for this purpose.</p> <p>Trader information verification: We structure our Marketplace to vet Sellers from the outset and require mandatory information about their legal structure as well as their products by imposing extensive pre-listing requirements, compliance checks, and ongoing monitoring of Seller activity. This allows us to check that Sellers only list relevant and lawful products to customers.</p> <p>Fraud Detection System: We have developed a fraud detection system that monitors user activity on the Marketplace to detect patterns indicative of fraudulent behaviour or transactions for any irregularities or signs of fraud. The system is designed to detect patterns indicative of fraudulent behaviour, such as unusual transaction patterns, account activity, etc. It assesses user behaviour to identify deviations from normal patterns to help Shein detect potentially fraudulent activities based on anomalies. Shein also monitors transactions for any irregularities or signs of fraud. These systems enable Shein to promptly flag and investigate suspicious transactions to prevent fraudulent</p>

Mitigation type	Mitigation measures
	<p>activities. Shein conducts regular reviews and fine-tuning of its system to adapt to evolving fraud trends and enhance its performance over time.</p> <p>Effective review verification process: To be able to post a review, a user must first be registered with Shein and have purchased the product it wishes to review, as all reviews linked to a specific purchased product. Reviews are also subject to verification to reduce the risk of manipulation or fake endorsements; Shein seeks to identify customers who engage in fraudulent activities, such as fake orders, and will remove reviews from these users.</p> <p>Launch of New Features: At Shein, the process behind the design and launch of a new feature is designed to prevent the creation of any feature or sub-feature that could have negative effects on consumers, including distorting or impairing their ability to make free and informed decisions. It is a multilayer process which involves several teams at different stages, based on their different skills and objectives. It notably takes into account the customer's journey on the Marketplace. This process helps ensure that the new feature and its mechanics do not mislead or manipulate users in ways that could violate consumer protection laws or may distort or impair the ability of users to make free and informed decisions. More generally, it aims to limit the risks of negative effects on consumers' rights as protected under EU law.</p>
Educational	In addition to our Shein-wide training (see Section 10.4.3 (Educational Initiatives)), we also provide a Ranking Policy which outlines the key factors that may affect the visibility and ranking of products.

12.7.3 Effectiveness of the Mitigation Measures

The Marketplace aims to be a storefront that protects and serves our customers. As demonstrated in the Mitigation Measures above, the Marketplace is designed to offer a high level of consumer protection at its core, in compliance with evolving consumer protection laws and regulations. Therefore, while the risk of attempts to undermine consumer protection (e.g., through unsafe products, fraudulent listings, or fake reviews) on the Marketplace does exist, our coordinated Mitigation Measures have proven Effective at protecting consumers and ensuring compliance with EU consumer protection legislation, substantially reducing this inherent risk.

12.7.4 Actual Risk Rating

Consumer Protection
Low Medium

13. ASSESSMENT OF SYSTEMIC RISK 3 – DEMOCRATIC PROCESS AND SOCIETAL RISK

13.1 Definition of the Risk – What is Democratic Process and Societal Risk

"**Democratic Process and Societal Risk**" is not such an expression used in the DSA but it is how we summarise the Systemic Risk identified in Article 34(1)(c) of the DSA, being the risk of any actual or foreseeable negative effects on civic discourse and electoral processes, and public security.

Recital 69 of the DSA states that *"When recipients of the service are presented with advertisements based on targeting techniques optimised to match their interests and potentially appeal to their vulnerabilities, this can have particularly serious negative effects. In certain cases, manipulative techniques can negatively impact entire groups and amplify societal harms, for example, by contributing to disinformation campaigns or by discriminating against certain groups"*.

Whilst Recital 79 of the DSA states that: *"Very large online platforms and very large online search engines can be used in a way that strongly influences safety online, the shaping of public opinion and discourse, as well as online trade. The way they design their services is generally optimised to benefit their often advertising-driven business models and can cause societal concerns. Effective regulation and enforcement is necessary in order to effectively identify and mitigate the risks and the societal and economic harm that may arise."*

For our assessment, we have split this Systemic Risk into 2 Sub-Risks: **Civic Discourse and Electoral Processes** and **Public Security**.

13.2 Sub-Risk 11 – Civic Discourse and Electoral Processes

The DSA requires assessment of risks to democratic processes and potential negative societal impacts, including the dissemination of disinformation, manipulation of public opinion, or other activities that could undermine civic discourse.

Civic Discourse and Electoral Processes	
Risk Definition	The risk that the Marketplace will influence elections, democratic process and civil discourse by allowing political advertising or promoting misinformation or disinformation.
How this risk would apply to our Marketplace if un-mitigated	This risk could hypothetically materialise on the Marketplace if users were able to place advertising or misuse the product listing or review functionality to disseminate political messaging, disinformation or misinformation.

13.2.1 Risk Analysis

The risk of negative effects on Civic Discourse and Electoral Processes as anticipated by Article 34(1)(c) is mainly a societal risk caused by the dissemination of speech, information and misinformation, and as a result, is primarily applicable to social media, search engines and content-sharing

platforms. The Marketplace does not distribute content such as general speech or personal videos produced or shared by users and is not a forum for the exchange of civic discourse, democratic processes or other electoral activity. As mentioned in Sub-Risk 2 (Illegal Products) and Sub-Risk 4 (Unlawful Behaviour) above, the content provided by third parties and displayed by Shein on the Marketplace is generally limited for Sellers to information about their products and characteristics and for customers to reviews about products they have purchased.

We have nonetheless considered how this risk could theoretically arise on the Marketplace and concluded that this could potentially materialise in two ways: *Firstly*, with respect to unlawful behaviour, the main theoretical risk would be if Sellers attempted to use product listings (titles or descriptions) or if customers used reviews (limited to verified purchases) to insert political messaging, disinformation, or content designed to manipulate democratic debate. However, such behaviour would be atypical and inefficient on a transactional marketplace, which is designed for e-commerce and lacks the amplification mechanisms required to fulfil the goal of such a message. Users do not come to our Marketplace to seek or consume political opinions, and there is very little space within listings or reviews for political messaging. *Secondly*, in relation to advertising. However, whilst some promotional activity takes place on the Marketplace, this relates exclusively to listed products as Shein does not allow third-party advertising. In contrast to attention-based, advertising-funded social media platforms, Shein does not monetise page views. Moreover, the Marketplace does not host advertising that could propagate messaging on issues such as politics or matters of concern to public security.

We conclude that the potential manipulation and influence on public discourse does not apply to the Marketplace, but to the extent that it does, it is already covered by Sub-Risk 4 (Unlawful Behaviour). To date, Shein has not identified or recorded any attempts to misuse our Marketplace in this way.

13.2.2 Current Risk Mitigations and Effectiveness of the Mitigation Measures

See Sub-Risk 4 (Unlawful Behaviour).

13.2.3 Actual Risk Rating

Civic Discourse and Electoral Processes
Low

13.3 Sub-Risk 12 – Public Security

We have assessed the impact of the design or functioning of the Marketplace and related systems on Public Security.

Public Security	
Risk Definition	The risk that content posted on the Marketplace could negatively impact the safety and security of society by promoting or inciting violence.
How this risk would apply to our Marketplace if unmitigated	This risk could potentially apply on the Marketplace if users misuse the listing or reviews' functionalities to promote violence or threats such as criminal activity, terrorism or coordinated efforts to undermine public order.

13.3.1 Risk Analysis

In the context of Shein, the relevant risks overlap substantially with those already analysed under Sub-Risk 2 (Illegal Products) and Sub-Risk 4 (Unlawful Behaviour), since both relate to the misuse of our Marketplace's limited user-generated content features.

Similarly to Sub-Risk 11 (Civic Discourse and Electoral Processes), the main theoretical risk would arise if users attempted to misuse listing or review functionalities for illegal purposes.

Such behaviour, however, would be atypical on a transactional marketplace, which is not designed nor optimised for expressive content and does not provide the amplification mechanisms available on social media. As such, the risks to public security are the same as those already identified for Illegal Products and Unlawful Behaviour, and the corresponding Mitigation Measures apply directly. These include strict terms and conditions, proactive moderation (automated and human), enforcement actions, and reporting mechanisms.

The probability that Shein would be misused in a way that threatens public security is therefore assessed as extremely unlikely.

13.3.2 Current Risk Mitigations and Effectiveness of the Mitigation Measures

See Sub-Risk 4 (Unlawful Behaviour) and Sub-Risk 2 (Illegal Products).

13.3.3 Actual Risk Rating

Public Security
Low

14. ASSESSMENT OF SYSTEMIC RISK 4 – PUBLIC HEALTH

14.1 Definition of the Risk – What is Public Health Risk

"Public Health" is not defined as such in the DSA, however it is referred to in Article 34(1)(d) which broadly refers to the risk of having *"an actual or foreseeable negative effect in relation to gender-based violence, the protection of public health and minors and serious negative consequences to the person's physical and mental well-being"*. We use the expression "Public Health" to refer to the risk to all of these.

The DSA further explains in its Recitals that this risk may stem from coordinated disinformation campaigns related to public health, or from online interface design that may stimulate behavioural addictions of recipients of the service (Recital 83). The risk of a disinformation campaign leading to negative effects related to Public Health seems more relevant for a service where the business model consists of the dissemination of discourse and information relevant to health topics, and therefore seems of limited relevance to our Marketplace that primarily sells clothing.

We have divided this Systemic Risk into 3 Sub-Risks: **Gender-based Violence, Public Health and Mental Health**

14.2 Sub-Risk 13 – Gender-based Violence

.Gender-based Violence	
Risk Definition	The risk that the Marketplace's use contributes to harm directed at individuals based on their gender.
How this risk would apply to our Marketplace if un-mitigated	<p>The risk of allowing gender-based violence, harassment or abuse on the Marketplace could hypothetically materialise on the Marketplace through the use of listings or reviews:</p> <ul style="list-style-type: none">• featuring abusive messages, sexual harassment against women or men, or gender slurs; or• promoting the sale of products explicitly glorifying or encouraging violence against women or men specifically.

14.2.1 Risk Analysis

As Shein is a marketplace and not a social media platform, it is not designed to host nor amplify user-generated content. It offers only very limited means for targeted abuse, such as abusive language or glorification of Gender-based violence ("**GBV**").

We conclude that GBV-related risks are largely irrelevant to our Marketplace. However, to the extent that some risk factors still exist, these are covered within the broader category of Sub-Risk 4 (Unlawful Behaviour).

14.2.2 Current Risk Mitigations and Effectiveness of the Mitigation Measures

See Sub-Risk 4 (Unlawful Behaviour).

14.2.3 Actual Risk Rating

Gender-based Violence
Low

14.3 Sub-Risk 14 – Public Health and Physical Health

Public Health and Physical Health	
Risk Definition	The risk of the Marketplace being used to disseminate misinformation or disinformation in health content or for the sale of dangerous products.
How this risk would apply to our Marketplace if un-mitigated	<p>This risk could apply to the Marketplace if users:</p> <ul style="list-style-type: none">• misused the listing or review functionalities to disseminate false or inaccurate health information such as messages claiming that "drinking bleach cures COVID-19"; or• list dangerous or prescription-only medicine or medical device, for example slimming products with sibutramine; skin-lightening creams with mercury or counterfeit blood pressure monitors.

14.3.1 Risk Analysis

This Sub-Risk 14 is split between the risk to health caused by (a) the dissemination of health misinformation/disinformation on physical products and (b) the sale of dangerous or illegal products.

As stated in earlier sections of this Report, our systems are not designed to amplify content and therefore the scope for dissemination is limited compared to high-interaction environments. Therefore, the risk analysis performed in relation to Sub-Risk 14 (Unlawful Behaviour) applies here as well. With regards to the risk of sale of dangerous or illegal products, the relevant risk analysis is the one applicable to Sub-Risk 2 (Illegal Products). The Mitigation Measures listed under these risks therefore also apply to this Sub-Risk 14.

14.3.2 Current Risk Mitigations and Effectiveness of the Mitigation Measures

See Unlawful Behaviour and Illegal Product Risks.

14.3.3 Actual Risk Rating

Public Health and Physical Health
Low

14.4 Sub-Risk 15 – Mental Health

Mental Health	
Risk Definition	The risk that the use of the Marketplace may have an adverse impact on users' mental health.
How this risk would apply to our Marketplace if unmitigated	This risk could apply on the Marketplace through the exposure of users to addictive design features that incentivise users to spend extended periods of time on the Marketplace, e.g. unlimited scrolling and spending money compulsively.

14.4.1 Risk Analysis

Shein's Marketplace focuses on e-commerce and presents a materially lower risk for mental health than platforms designed for entertainment or social interaction. Other potential factors of risk, such as exposure to harmful or distressing content, are very unlikely in a marketplace setting. User-generated content is extremely limited, and moderation systems are in place to prevent abuse. Therefore, in view of the purpose and functioning of the Marketplace, we have determined that the only potential mental health risk on the Marketplace consists of a risk of addictive behaviours.

The purpose of the Marketplace (i.e., looking for products to purchase) naturally limits the time spent on our platform, and its features (e.g., product categories, filters, sorting tool) are designed to allow users to find suitable products as quickly as possible. The user experience is designed around product search, comparison, and purchase, which are finite and purpose-driven activities.

As such, the probability and severity of developing an addictive behaviour on the Marketplace, and therefore the risk of serious negative consequences to the user's mental well-being stemming from our Marketplace, are deemed low.

14.4.2 Current Risk Mitigations

Mitigation type	Mitigation measures
Interface Design	<p>The Marketplace has not been designed as an addictive platform and does not feature unlimited downward scrolling.</p> <p>Our interface design facilitates the Users' visit to the Marketplace with clear headings and a search function, aligning with the users' specific purpose of making a purchase rather than seeking entertainment.</p>
Internal Processes	<p>New Features: As discussed in detail in Sub-Risk 10 (Consumer Protection), Shein has put in place internal processes to validate the design and launch of new features on the Marketplace, thereby ensuring compliance by design with EU legislation. This multilayer process requires, amongst others, the Legal team to perform a</p>

	review of the feature at the design stage to ensure they do not contain addictive features or distort or impair the ability of the users of the Marketplace to make free and informed decisions.
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14.4.3 Effectiveness of the Mitigation Measures

We consider our pre-emptive Mitigation Measures, such as our new feature risk assessment, to be Very Effective in terms of mitigating any potential addictive feature.

14.4.4 Actual Risk Rating

Mental Health
Low

15. CONCLUSION

As a leading online marketplace, ensuring safety and trust is central to our operations. We are committed to providing a secure and reliable shopping and selling experience for both customers and sellers, supported by clear policies, effective monitoring and robust enforcement.

For this 2025 Risk Assessment, we have conducted a thorough review of our marketplace systems and practices and updated our risk assessment methodology. This has enabled us to identify, assess and address the systemic risks relevant to our marketplace in line with Articles 34 and 35 of the DSA.

Our assessment confirms that while certain areas such as exposure to illegal content present inherent risks to all online marketplaces, Shein has recognised these risks and built its marketplace on an effective and integrated risk management framework. This approach reduces inherent e-commerce risks to a low and manageable level.

We are confident in our framework but recognise that systemic risks evolve rapidly with changes in technology and user behaviour. To address this, we maintain a strong DSA Compliance Function that coordinates our DSA compliance efforts, conducts continuous risk reviews and drives ongoing mitigation improvements.

Over the coming year, we will further strengthen our six areas of mitigation. These efforts will be complemented by continuous monitoring of European Commission guidance and market practices to ensure our framework remains aligned with the evolving online environment and legal requirements. Through these measures, we reaffirm our commitment to ensuring that our marketplace remains a safe and trustworthy environment for all users.