

# SUSTAINABILITY REPORT FOR FISCAL YEAR 2021

BAOZUN INC.,

Ticker: NASDAQ: BZUN; HKEX: 9991

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Vincent Wenbin Qiu  
Baozun Inc.  
Chairman of the Board and Chief Executive Officer

# 01 MESSAGE FROM MANAGEMENT

2021 has been a remarkable year for China. Against the back-drop of coping with the COVID-19 pandemic, China's economy still achieved a strong recovery. At this historical convergence of the Two Centenary Goals, we witnessed China's new journey to comprehensively build a socialist modern country and move towards higher quality, more efficient, more equitable, more sustainable, and safer development. 2021 marked an important year for Baozun as well. During the year, we released the first *Environmental, Social and Governance Report* and established a Sustainability Committee to integrate sustainability into core business operations. While building a solid foundation for the Company's healthy and sustainable growth, Baozun continues to create economic, environmental and social value for the various stakeholders, including shareholders, brand partners, consumers, employees and industry partners.

Based on its deep insights of brand e-commerce, Baozun collaborates with brand customers and other partners to embrace the new opportunities of omni-channel growth in the post-pandemic era and explore new solutions persistently. In 2021, Baozun's annual gross merchandise volume (GMV) grew steadily 27.6% year-over-year to RMB 71.1 billion, and total net revenue for the year reached RMB 9.4 billion, increased by 6.2% year-over-year. Our continuous investment in technological innovation and talent training, as well as the hard work of each "Baozuner" are indispensable to this continuous economic growth.

Employees are essential for the sustainable development of Baozun, and are an invaluable asset to Baozun. In 2021, we continued to uphold a culture of equality and inclusion, growing alongside our employees and cultivating a work environment with equality and diversity. In addition, we devoted ourselves to giving back to society by making a positive impact, making continuous efforts in public welfare fields such as caring for vulnerable groups, and supporting rural revitalization and high-quality employment. In 2021, we leveraged our industrial expertise and established the Baozun-Nantong Open University E-commerce Industry College, which provides quality vocational and technical education resources as well as high-quality job opportunities for the community.

While developing and growing, Baozun has always insisted on green development, taking measures such as energy-saving, emission reduction, and packaging reduction to minimize the environmental impact. In 2021, following the recommendation of Task Force on Climate-Related Financial Disclosures of the Financial Stability Board, we identified risks and opportunities on climate change, conducted carbon emissions accounting, and developed a carbon neutrality roadmap for mitigating climate change. We recognize that a joint effort of the whole value chain is indispensable to reach the green ecology of the industry and promote responsible consumption. Therefore, we will continue to work with all stakeholders to promote green sustainable and high-quality development and create a green industry chain.

Technology empowers future success. In 2022, Baozun will continue to practice an innovative and transparent business model. With refined corporate governance, we are confident to achieve stable operating growth, empower the industry with technology, and bring quality services and innovative solutions to our brand partners while further driving long-term sustainable value creation. We will work with stakeholders to promote more sustainable consumption with responsible innovation and sustainable operations. Meanwhile, we will strive to create positive social influence, make efforts for high-quality employment and rural revitalization, and thrive together with society.

# 02

## ABOUT THE COMPANY

## About Baozun

Baozun Inc. (including its consolidated subsidiaries and its variable interest entity and its subsidiaries, hereinafter referred to as "the Company""Baozun""Baozun Inc." or "we") is a leading brand E-commerce solutions provider in China and starts to provide digital technology and solutions to brand partner since 2007. It was listed on NASDAQ in May 2015 and HKEX in September 2020. We uphold our mission "Driven by technological innovation and customer needs, we strive to become the leading global e-commerce business partner", and integrate cloud computing, big data, and AI technology, and continuously invest to build a leading e-commerce technology platform, which in turn allows us to better serve global users and empower our brand partners to unlock future technological potential.



**Company name:** Baozun Inc.

**Ticker:** NASDAQ: BZUN, 09991.HK

**Headquarters:** Shanghai, China

**Year of establishment:** 2007

**Business coverage:** Business coverage including IT solutions, online store operation, digital marketing, customer service, and warehousing and fulfillment. We provide omni-channel solutions across official brand stores, online marketplaces, such as Tmall and JD.com, social media channels and offline smart stores.

**Total employees:** 8,821

## COMPANY SCALE

Ranked **NO.1**  
market share of GMV in China's brand e-commerce services industry in 2019 (data from iResearch)

**RMB 71.1 billion**  
of GMV in 2021, with a four-year compound growth rate of CAGR 39%.

Covers **30+**  
mainstream e-commerce platforms in China, and provides new omni-channel e-commerce retail services.

Partners with **333**  
brand partners for store operations, covering 8 categories.

Listed on **2** markets.

Listed on NASDAQ in 2015 and on HKEX in 2020

## Our Services



Relying on intelligent technology, Baozun establishes quality business ecosystem and serves global brand partners

- **15** years of IT system implementation experience
- **800** outstanding technical engineers
- **3** R&D centers
- **Automated** operational tools & data expertise



Leveraging data analytics, BI and AI, we provide performance oriented and innovative store operations

- **RMB 71.1 billion** of GMV in 2021
- **ONE-STOP** end-to-end solution
- **8** Covered 8 categories
- **330+** Brand partners for store operations



Empower brand private domain business through sales-oriented marketing

- **4A** Level 4A marketing experience
- **Level 20+S** brand platform activities throughout the year
- **300+** e-commerce marketing experts
- **2,000+** square meters livestreaming studio

Baozun provides comprehensive and advanced customer service for brand e-commerce business



- **2,000+** customer service personnel
- **5** regional service centers
- **S-ANY** one-stop customer service management platform
- **50%** increase in customer service efficiency

With efficient and high quality supply chain solutions, Baozun continuously gains competitive advantages for brand partners



- **1,140,000 m<sup>2</sup>** logistics center
- **12** urban storage centers
- **Automated** e-commerce warehouse
- **300,000** daily peak order volume

# 03

## OUR SUSTAINABLE DEVELOPMENT



## Governance Framework of Sustainable Development

The sustainable development of the Company cannot be achieved without the attention of senior management and the participation of all employees. We have integrated the concept of sustainable development into the daily operations and corporate culture. We have also established a top-down sustainable development governance structure, in which the Board of Directors fully oversees issues related to the Company's sustainable development, and properly manages and ultimately takes responsibility for any potential environmental, social and corporate governance (ESG) risks.

In 2021, Baozun set up a Sustainability Committee under the Board of Directors. Consisting of board members and senior management, it is responsible for advising on environmental, social and corporate governance strategies and identifying major risks and opportunities in those areas. The Working Group on Sustainable Development, composed of various functional and operational departments, assists in the development and implementation of ESG. While establishing a sound system and working mechanism, to lay a solid foundation for the sustainable growth of the Company, we can also actively create economic, environmental and social values for the government, consumers, employees, shareholders, industry partners and other stakeholders through sustainable operation.

### Decision-making



Board of Directors

Sustainability Committee

Comprised of board members and senior management

As the highest decision-making body for ESG management, the Board of Directors is responsible for overseeing and evaluating governance effectiveness and ensuring sound and good ESG governance.

Sustainability Committee oversees the ESG management practices and offers advice to the Board. Its main responsibilities include the following:

- (a) Identifying major environmental, social and corporate governance topics, and determining any risks or opportunities that such topics will bring to the Company;
- (b) Proposing and regularly reviewing the Company's environmental, social and corporate governance visions and strategies;
- (c) Formulating goals based on corresponding strategies, and regularly supervising and reviewing the progress of these goals;
- (d) Reviewing policies related to environment, society and corporate governance;
- (e) Reviewing and supervising policies related to major environmental, social and corporate governance matters, as well as ensuring their applicability to the Company.
- (f) Any other responsibilities delegated by the Board of Directors.



Responsibilities

### Implementation



Working Group on Sustainable Development

Comprised of various functional and operational departments of the Company

Under the authorization of the Board of Directors, the Working Group on Sustainable Development assists in the development and implementation of ESG to ensure the establishment of appropriate and effective ESG risk management and internal supervision system. Its main responsibilities include the following:

- (a) Promoting all departments to implement various environmental, social and corporate governance policies, and report on the implementation of such projects;
- (b) Identifying any environmental, social and corporate governance risks related to the Company every year, assessing impact of such risks to the Company, and providing suggestions to the Board of Directors on risk response;
- (c) Assisting in the preparation of an annual sustainability report and other environmental, social and corporate governance related disclosures, as well as submitting them to the Board of Directors for review and approval;
- (d) Any other responsibilities delegated by the Board of Directors.



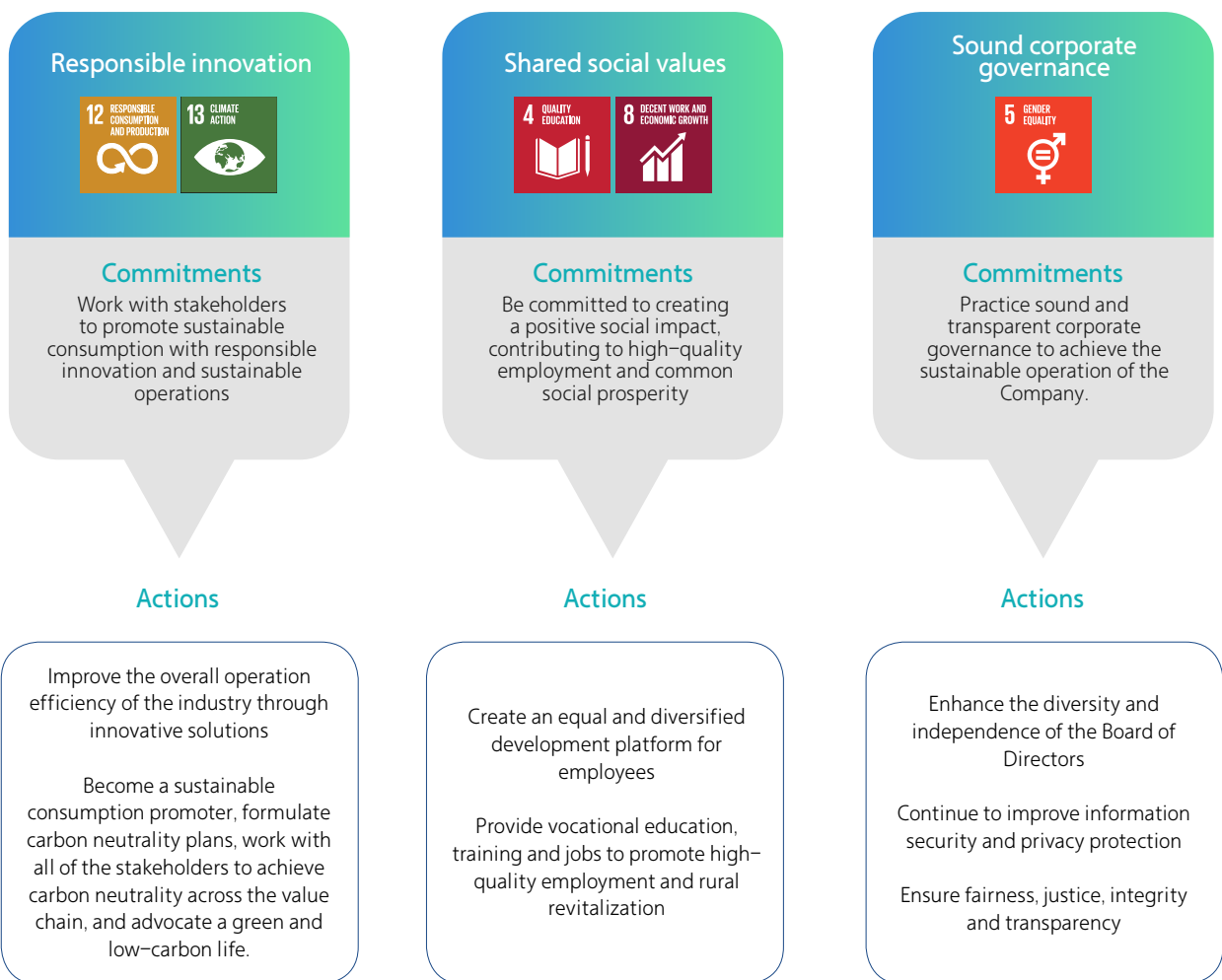
Responsibilities

# Contributions to Sustainable Development

## Sustainable development strategies

Baozun firmly believes that enterprises, as the basic components of society, shoulder the great responsibility of protecting the environment, caring for society, and making joint efforts to solve the complex challenges facing the society. To this end, based on our sound corporate governance, we integrate sustainable development with the Company's whole operation process, hoping to contribute to global sustainable development through our responsible innovation.

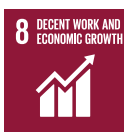
### Our Sustainable Development Strategies



## Contribute to Global Sustainable Development Goals

The *2030 Agenda for Sustainable Development* formally adopted by 193 members of the United Nations in 2015, is comprised of 17 Sustainable Development Goals (SDGs) and 169 specific targets. These goals take into account the economic, social and environmental aspects of sustainable development while striving to eradicate poverty, hunger and inequality, advocate for the empowerment of women and girls, build a peaceful, justice and inclusive society, and protect the earth and its natural resources.

Based on our sustainable development strategy, we will contribute to the following sustainable development goals: Goal 4 (Quality Education), Goal 5 (Gender Equality), Goal 8 (Decent Work and Economic Growth), Goal 12 (Responsible Consumption and Production), and Goal 13 (Climate Action).

SDGs contributions	Our actions
<p><b>Responsible innovation</b></p> <div style="display: flex; flex-direction: column; align-items: center;"> <div style="margin-bottom: 20px;">  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> </div> <div>  <p>13 CLIMATE ACTION</p> </div> </div>	<div style="margin-bottom: 20px;"> <p><b>Goal 12.5</b> By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.</p> <p>We take an active role in cooperating with other industry players to explore green actions in various operational stages, including working on packaging and logistics storage optimization methods, so as to efficiently utilize resources and reduce the generation of waste (such as packaging material waste).</p> </div> <div> <p><b>Goal 13.3</b> Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.</p> <p>We practice our own green operation and improve the operation efficiency of the industry through innovative solutions. In addition, we encourage the industry to choose a greener operation mode to create a green ecosystem and contribute to the realization of the goal of carbon neutrality.</p> </div>
<p><b>Shared social values</b></p> <div style="display: flex; flex-direction: column; align-items: center;"> <div style="margin-bottom: 20px;">  <p>4 QUALITY EDUCATION</p> </div> <div>  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> </div> </div>	<div style="margin-bottom: 20px;"> <p><b>Goal 4.4</b> By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.</p> <p>In combination with our own resource advantages, we set up a Baozun-Nantong Open University E-Commerce Industry College that promotes "integration of industry and education". It provides internship training and employment opportunities for students, so that students can accumulate practical experience, improve vocational skills, and ultimately achieve high-quality employment in our industry.</p> </div> <div> <p><b>Goal 8.5</b> By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</p> <p>We have created a diverse and equal workplace environment, providing employment opportunities for vulnerable groups, protecting female employees, and ensuring decent work for everyone.</p> </div>
<p><b>Sound corporate governance</b></p> <div style="display: flex; flex-direction: column; align-items: center;"> <div>  <p>5 GENDER EQUALITY</p> </div> </div>	<p><b>Goal 5.5</b> Ensure women's full and effective participation and equal opportunities for leadership at all levels of decisionmaking in political, economic and public life.</p> <p>We are firmly committed to diversity within our Board of Directors, and employ female directors and senior management in leading roles of the Company.</p>

## 2021 Key performance

### Highlights of Sustainable Development in 2021



#### Responsible Innovation

- **1** new patent applied and copyrights to **16** new computer software program applied
- Applied for a total of **67** patents and copyrights to **210** computer software program
- Received **31** industry awards and recognition
- Used a total of **203 tons** of environmental-friendly packaging materials
- Recycled a total of **2,345 tons** of packaging materials



#### Shared Social Values

- Employed **7 persons** with disabilities
- The percentage of female employees in the workforce reached **57.85%**
- Provided a total of **57,764 hours** of employee training
- Provided average **6.55 hours** of training per employee
- Won the 2021 Responsible Brand Award of the 11th Public Welfare Festival of syobserve.com



#### Sound Corporate Governance

- Received a rating of **A** in the MSCI ESG Ratings, highlighted by a Privacy & Data Security segment score that is ranked in the global top **10%**
- **25%** of directors are female
- **50%** of directors are independent
- Passed the **ISO 27001** Information Security Management System Certification
- Passed the **Level 3** of Classified Protection of Cybersecurity
- **0** information security or privacy leaks
- Provided cybersecurity, information security and personal privacy training for full-time employees **9,286 person-times**
- **0** unfair competition incidents, **0** employee corruption incidents, and **0** supply chain corruption incidents
- **100%** of the Board of Directors received business ethics training

Notes: This data is consistent with that of the Baozun Consolidated Financial Statements, covering the period from January 1, 2021 to December 31, 2021.

# Communication with Stakeholders on Material Topics

## Communication with stakeholders

The sustainable development of an enterprise is inseparable from the support of its stakeholders, therefore, we prioritize communication with our stakeholders. In order to establish a long-term relationship of mutual trust and support, we identify the important company stakeholders, establish a regular communication mechanism with them, incorporate the issues that they are concerned with into the Company's operation and decision-making process, and actively respond to their questions and concerns.

Key stakeholders	Communication channels	Topics of concern
Shareholders and investors	Earnings release Shareholders Meeting Information disclosure Analyst communication and investor research request Attend investor meeting	Governance effectiveness of the Board of Directors Economic performance
Government and regulatory agencies	Project cooperation Meeting communication Supervision and inspection	Anti-corruption and business ethics Responding to climate change Emissions management Energy and resource conservation Low-carbon operation
Customers (brand partners)	Customer Satisfaction Surveys Regular communication Industry summit	Energy and resource conservation Responding to climate change Technological development and innovation Satisfaction and communication Information security Data and privacy protection
Consumers	Customer service	User experience improvement Information security Data and privacy protection
Suppliers	Supplier evaluations and auditing Supplier training	Supplier's sustainable development management Anti-corruption and business ethics
Employees	Regular meetings Employee training Employee activities Complaints and feedback	Employees' rights and interests and welfare Employee equality and diversity Employees' occupational health and safety
Communities	Community activities Regular communication Media communication	Contribution to community public

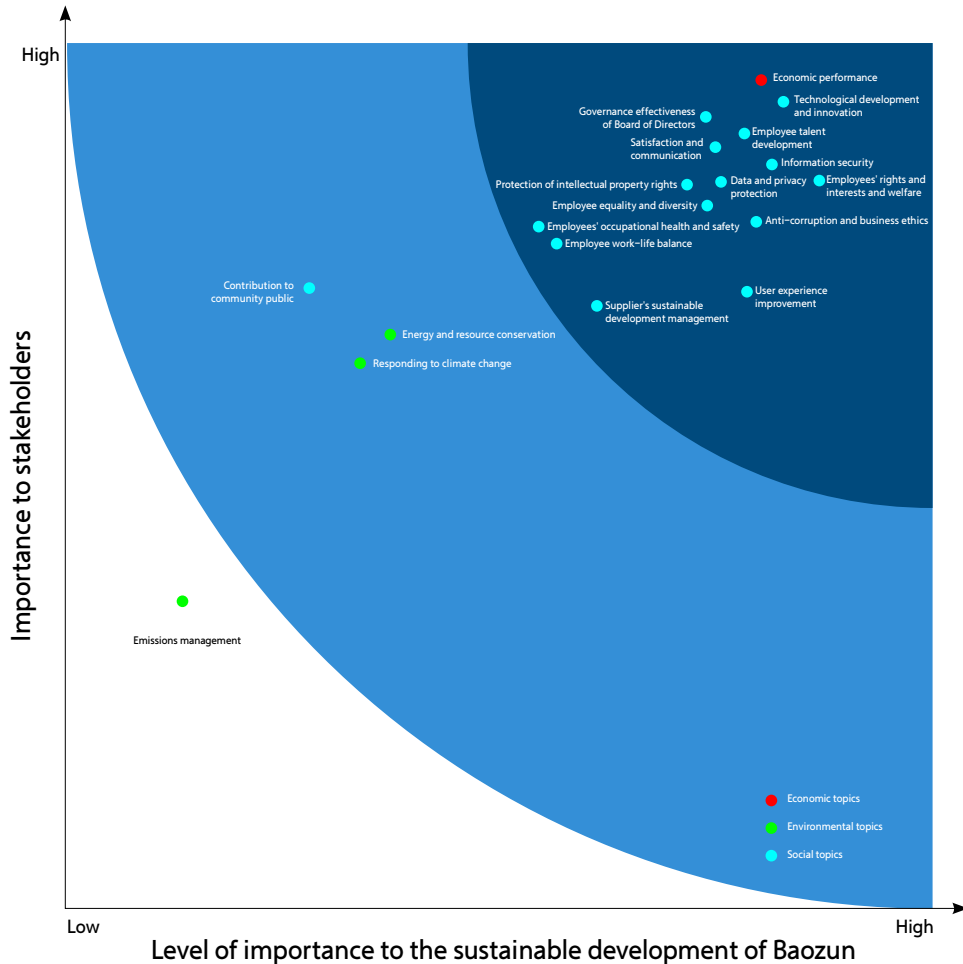
## Material topics

After communicating with stakeholders through various channels including interviews and questionnaires, Baozun identified 20 material topics that are highly relevant to its development. In 2021, we adjusted these material topics based on macro policy research, industry analysis, and sustainable development goals.

We added two topics ("Economic Benefits" and "Employees' occupational health and safety"), adjusted one topic ("Product Quality Assurance" is renamed "Satisfaction and Communication"), and merged two topics together ("Green Office" and "Low-carbon Operation" merged and became "Responding to Climate Change"), forming a total of 18 topics. In addition, in terms of importance, the topic of Responding to Climate Change has been adjusted from a low-level material topic to a medium-level material topic.

## Major Changes of Material Topics in 2021

Material topic in 2021	Adjustment	Reason for adjustment
Economic performance	Newly added	In the growing market economy, it is important to maintain the healthy and stable development of the enterprise and create more value as the relevant interests of investors and creditors are at stake. In addition, the stable operation of the enterprise also brings economic value to community development and provides employees with decent jobs.
Employees' occupational health and safety	Newly added	The health and safety of employees may be affected by the work they do and their workplace. The enterprise is responsible for the health and safety of all its employees. Occupational health and safety at work not only includes injury prevention but also promoting and protecting the health of employees.
Satisfaction and communication	Topic adjustment (the original topic was "Product Quality Assurance")	Focusing on scientific and technological innovation and customer needs, Baozun provides brand partners with one-stop solutions centered on e-commerce and high-quality services. And we continuously improve the quality of products and services through continuous communication with customers and other stakeholders.
Responding to climate change	Merged (the original topics were "Green Office" and "Low-carbon Operation")	In order to mitigate its climate impact, the Company will proactively adopt a low-carbon operation mode and work toward a green office to effectively reduce energy consumption and greenhouse gas emissions.
Responding to climate change	Upgraded its importance to medium-level.	Global climate change has a profound impact on sustainable development of economy and society. In the context of China's goals of reaching peak carbon emissions by 2030, carbon neutrality by 2060 and the "14th Five-Year Plan", responding to climate change has become an important topic of concern for the government, society and enterprises.



# 04

## INTERGRITY: THE CORNERSTONE OF BUSINESS OPERATION

Sound corporate governance is the cornerstone of sustainable development. Effective corporate governance is crucial to the execution of our business model and long-term sustainable value creation.

To promote the establishment and improvement of an effective power-responsibility mechanism, we stick to clear, transparent, honest and compliant operations, and improve our risk response capability and ensure stable operation and continuous profitability by enhancing our own management systems and regulations to reward shareholders and investors.

## Corporate Governance Structure

### Governance structure

As a leader in China's e-commerce service industry, Baozun strictly follows the requirements of the *Company Law of the People's Republic of China, Rule 5200, General Procedures and Prerequisites for Initial and Continued Listing on the Nasdaq Stock Market*, and the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* and has therefore established a sound and highly efficient corporate governance system with clearly defined responsibilities. The comprehensive governance of the Company is carried out at three levels including the Shareholders Meeting, the Board of Directors and Special Committees.

The Shareholders Meeting is our highest decision-making body and they fully safeguard the rights and interests of shareholders. The Board of Directors is the decision-making body for daily business, while special committees perform their duties in accordance with the Company's Articles of Association and the authorization of the Board of Directors. The Audit Committee, Nominating and Corporate Governance Committee, and Compensation Committee are set up under the Board of Directors.



### Board composition and compensation

With regard to the board election system, Baozun follows the principles of openness, fairness, impartiality and independence, observes the regulations of the *Nominating and Corporate Governance Committee Charter*, and makes appointments based on merit while also giving ample consideration to gender, age, industry experience, professional background, educational qualifications, etc. in order to meet the requirements of the business unit for versatile skills and experience. It furthermore ensures business compliance and observance of the *Baozun Code of Business Conduct and Ethics* and safeguards the shareholders' interests and the sustainable and stable development of the Company.



We are well aware of the benefits that a diverse and independent Board of Directors brings to the long-term development of an enterprise. Independent directors bring diversified experience and professional knowledge and provide unique opinions and judgment on matters such as the Company's business strategy, performance, risk prevention and conflict of interest to ensure the maximization of the interests of the Company and its shareholders. A diverse board of directors improves its efficiency, attracts and retain corporate talent, and enhances the performance of non-financial indicators such as creativity and innovation abilities.

Female directors are among our leadership roles and reflect our pursuit of board diversity. In 2021, we had two female directors involved in corporate governance, of which Ms. Bin Yu served as the chairperson of our Audit Committee. As of the end of the reporting period, there were 8 members on the Board of Directors, including 4 independent directors, 2 female directors and 4 non-PRC directors. The Company's incumbent independent directors receive a fixed cash remuneration and restricted stock units.

## Board Composition

	Name	Gender	Appointment of the Committee		
			Audit Committee	Nominating and Corporate Governance Committee	Compensation Committee
Co-founder, Chairman and Chief Executive Officer	Vincent Wenbin Qiu	Male			
Co-founder, Director and Chief Growth Officer	Junhua Wu	Male			
Director	Satoshi Okada	Male			
Director	Yang Liu	Female			
Independent director	Yiu Pong Chan	Male	●	●	C
	Bin Yu	Female	C	●	●
	Steve Hsien-Chieng Hsia	Male		C	●
	Benjamin Changqing Ye	Male	●		

50%

Independent directors

50%

Executive officers

50%

PRC

50%

Non-PRC

75%

Male

25%

Female

Notes:

[1] C = Chairperson, ● = Members

[2] PRC refers to People's Republic of China, excluding, for the purpose of this report only, Taiwan, the Hong Kong Special Administrative Region and the Macau Special Administrative Region.

## Risk Identification and Management

In order to systematically and professionally promote the Company's comprehensive risk management, in 2021, Baozun established the Risk Management Committee led by senior management for risk monitoring, warning, identification, assessment, response, supervision and inspection by implementing systematic, risk-based and regular management.

The Company implements its risk management framework by having "three lines of defense" to ensure that the risk management policies are effectively implemented in all aspects of its business operations. The management framework involves multi-level inspection and supervision of the Audit Committee of the Board of Directors, business departments, and functional teams. In 2021, the risks identified by Baozun included financial risks, operational risks, fraud risks, cybersecurity risks, external regulatory risks, etc.



At the end of 2021, the Company established a full-time internal audit team under the Company's Legal Affairs and Risk Control Department, which reports to the Audit Committee of the Board of Directors. The internal audit team assumes the responsibility for providing independent evaluation and appraisal of the effectiveness of the Company's risk management and internal monitoring system. It identifies the control implementation deficiencies in the various departments daily operation processes, proposes improvement plans and continuously tracks the actual implementation of improvements to achieve continuous monitoring and reduction of the Company's risks in a timely manner.

The Company sets up an audit project pool, to identify the key audit points and key risk points of various projects and pre-assesses the risk level based on business types, processes, etc. The internal audit team formulates an audit plan every year, and completes a full-process audit of all business lines every three years.

## Business Ethics

Integrity is the cornerstone of business operations and one of Baozun's core values. Baozun operates with integrity and strictly abides by the *Anti-Unfair Competition Law of the People's Republic of China*, *Anti-Monopoly Law of the People's Republic of China*, *Sherman Antitrust Act*, *Criminal Law of the People's Republic of China*, *Anti Money Laundering Law of the People's Republic of China* and other applicable laws and regulations to ensure the compliance of the Company's operation.

In order to prevent money laundering activities and maintain financial order, we have formulated an internal policy, the *Baozun Management Method Against Money Laundering*, and are actively fulfilling our anti-money laundering obligations by taking preventive monitoring measures in accordance with the law and establishing a sound customer identification system, a transaction record keeping system, a transaction reporting system for large-value or suspicious transactions and a customer identification database.

In terms of anti-corruption and anti-bribery, we have formulated the *System of Baozun for Inspection and Supervisory*, *Baozun Code of Business Conduct and Ethics*, *System of Baozun Protection and Rewards of Whistleblowers*, *System of Baozun Gifts and Hospitality*, among others, to establish a sense of integrity, set up an integrity supervision structure, create a culture of integrity in business ethics, and build an unimpeded whistleblowing channel, forming a business ethics integrity system.



## Business ethics policy

We have a zero-tolerance policy for unethical business practices. The staff of Baozun, including directors, full-time employees, informal employees (part-time employees, interns, dispatched workers) are strictly required to comply with the *Baozun Code of Business Conduct and Ethics* and the *System of Baozun Gifts and Hospitality*. Any behavior that violates the Company's business ethics requirements will be subject to punishment in light of the seriousness of the circumstances. We have specified the types of employee behavior that are "highly prohibited", and anyone exhibiting such behavior will face the immediate termination of his/her labor contract with the Company, and even be handed over to the judicial department in extreme cases.

## Types of "highly prohibited" employee behavior

- Making an unsolicited demand from stakeholders;
- While dealing with stakeholders receiving or giving any cash or cash equivalent which value exceeds the range of reasonable gifts and hospitality in order to obtain unjustified interests;
- Misappropriation, embezzlement, theft and bribery;
- Malicious disclosure of confidential documents or resources such as the Company's customer information.

Meanwhile, we have established an integrity mechanism with our partners to strictly prohibit any commercial bribery, law or regulation violation, or unfair competition in the business process. We have established a sound and complete anti-corruption and anti-bribery management process system to cover the entire process, including the supplier's pre-registration and access, qualification certification, hierarchical management of qualified suppliers, and performance evaluation. As of this reporting period, Baozun has signed the *Confidentiality Agreement*, the *Anti-corruption and Compliance Statement* and the *Friends and Family Relationship Statement* with 100% of its suppliers.

## Integrity culture construction

As an important part of the integrity system in business ethics, a culture of integrity is paramount for preventing business ethics related issues. The business ethics of directors and senior management is a major issue that we focus on. Directors are regularly instructed on the business ethics requirements of Baozun through integrity interviews and trainings to strengthen the construction of a top-down integrity culture.

We have established an integrity education system for all full-time and informal employees (incl. part-timer employees, interns and dispatched workers). We continuously and proactively prevent employees from committing any unethical behavior during the process of induction training for new employees, signing the *New Employee Commitment Letter* with 100% of new employees, or the day-to-day legal literacy campaigns. We also remind employees to practice business ethics commitments through promotionals, news, posters and other forms, and strive to create a business ethics culture of integrity management. We further enhance the integrity awareness of employees in special position in the supply chain and the procurement department through legal literacy campaigns and two-way sharing, and also adopt management measures such as supervision, and audits as an additional guarantee.

## Business Ethics Training



### Business ethics inspection and audit

Baozun has established the Discipline Inspection and Supervision Department, set up the Supervision Committee, and instituted an accident response mechanism. The Discipline Inspection and Supervision Department follows the inspection procedure for receiving tip-offs, accepting cases, conducting investigations and communications, and delivering a course of action and incident resolution. It then reports directly to the Company's Board of Directors about the implementation process and results of the business related work.

In 2021, the Discipline Inspection and Supervision Department became more proactive in its supervision and investigation efforts. It shifted its focus from mainly following up on tip-offs and conducting investigations to prevention-oriented inspection and supervision, and took the initiative to inspect processes with important business ethics risks such as the Company's energy management, trading activities, warehouses and logistics, among others. In 2021, the Company conducted 13 inspections and found no major potential risks.

### Whistleblowing channels and whistleblower protection

The Discipline Inspection and Supervision Department takes real-name or anonymous tip-offs of actual or suspected violations from full-time employees, informal employees (part-time employees, interns, dispatched workers), customers, suppliers, and partners that have business dealings with the Company. We have established whistleblowing channels and encourage the reporting of business ethics violations, corruption and bribery. The monitoring and reporting channels include phone, email, the official WeChat account and correspondence.

#### Reporting channels

- Reporting hotline: 15-316-222-110
- Reporting email: jubao@baozun.com;
- Monitoring email: jiancha@baozun.com;
- Official WeChat Account: "Baozun"
- Reporting via correspondence Attention: Discipline Inspection and Supervision Department, Shibe Shuzhi Building, Lane 510, West Jiangchang Road, Jing'an District, Shanghai, 200436

Meanwhile, we have formulated the *System of Baozun Protection and Rewards of Whistleblowers* to keep the informer's personal information and all data provided by them strictly confidential to ensure that employees or outsiders will not face any unfair treatment such as dismissal, demotion, suspension, intimidation, harassment, or retaliation of any other form for making a lawful tip-off. Anyone who retaliates against the informer or relevant witnesses will be dealt on a case by case basis. The consequences include but are not limited to dismissal, termination of the labor contract, being handed over to judicial organs, etc.

### Highlights of Business Ethics in 2021

As of December 31, 2021, Baozun had:



- 0 unfair competition incidents, 0 employee corruption incidents, and 0 supply chain corruption incidents;
- 100% of the Board of Directors received business ethics training;
- 100% of employees received business ethics training, including all full-time and informal employees (part-time employees, interns and labor dispatch).

## 05

## INNOVATION: FOR MORE EFFICIENT AND HIGH-QUALITY SOLUTIONS

Technology has pushed the boundary between the real and virtual world. The traditional retail industry has experienced great changes transitioning from specialty stores and department stores to chain stores and then to "non-store retail". Along with the development of internet technology, "New retail" has emerged. New brand retail is a new retail format that combines online services, offline experience and modern logistics through advanced technical methods including big data and artificial intelligence. Scientific and technological innovation plays a vital role in the "New Retail" business model. It is the digital transformation of technology empowerment that improves the consumer experience through efficient resource sharing and a closed-loop link ecology.

At Baozun, innovation is rooted in our blood, and this "science and technology gene" pushes us to constantly upgrade technology. With profound understanding of brand e-commerce operation, and integration of cloud computing, big data and AI technology, we build a leading e-commerce technology platform and empower our brand business partners to unlock future technology potential.

### What "Innovation" Means to Baozun



Innovation is a kind of spirit. It requires us to adopt an empty cup mentality, make positive breakthroughs and try better alternatives. It exists in our daily work, not only in breakthrough innovation, but also in the optimization and improvement of the details.





## R&D and Innovation

Adhering to our vision that "Technology empowers the future success", Baozun treats scientific and technological innovation and customer demands as the engine to provide one-stop business solutions centering on brand e-commerce. Our business contains official brand shopping malls, online shopping platforms, social mobile malls and offline smart stores, including, IT solutions, online store operation, digital marketing, customer service and warehousing and fulfillment.

We serve global brand partners and hope to deliver global, multilingual and omni-channel e-commerce end-to-end solutions. For this purpose, we actuate innovation and development with the concept of openness and interconnection, focus on new technologies and products, promote innovation with thorough management, and help brand partners enable "omni-channel and exponential growth".

### Innovative products and services

In the post-pandemic era, consumption habits are becoming more and more diverse. Operation modes such as live-streaming sales and video clips have been kept evolving and rapidly growing. The pandemic accelerated the evolution of new channels, new consumers and new tools for e-commerce consumption. How to grasp these trends and changes accurately has become a new challenge for brand e-commerce.

Baozun actively embraces the new topic of omni-channel growth and integrates omni-channel initiatives into its innovation and development. It continuously provides new solutions for brand partners through R&D and innovation, bringing new energy to e-commerce and substantial economic industries. Leveraging our 15 years of e-commerce operation insights, we have proposed the 4Machine core theory, established an advanced technical framework, made a breakthrough on the "chimney" digital product system, and created the omni-channel digital product and service layout of Baozun.



### 4Machine core theory

Focusing on the core omni-channel demand, we developed a Selling Machine, Efficiency Machine, Fulfillment Machine and Money Machine to build omni-channel end-to-end digital capability, ensure efficient and stable operation of omni-channel business, and drive business innovation with technology.



### Advanced technical architecture

By integrating the omni-channel representational business features of more than 330 brand partners in 8 core categories, we have created three platform systems, namely business platform, data platform and technology platform. Such stable and flexible technology platforms provide strong support to our omni-channel platform operation. We integrate the upstream and downstream ecological business features of e-commerce to form a Baozun integration platform with abstract integration scenarios, and set up flexible, fast and safe integration capabilities.

We integrate advanced technology with our products and services, and constantly launch innovative products as well as service solutions. In 2021, Baozun rolled out data algorithm-enabled digital marketing tools, CRM management platform, Recon-Ease, etc., so as to help brand partners to improve their operation capabilities.

### Algorithms empower digital marketing

In 2021, Baozun launched a data algorithm empowerment tool based on big data platform and AI algorithm. Through in-depth analysis of various data and the application of machine learning technology, this tool can recommend diverse product category planning and display strategies on the front-end line in order to improve the shopping experience of consumers and enhances the business strategies of brand partners. Meanwhile, thanks to machine learning technology, the tool can continuously "learn" from high-quality stores, identify highlights in product selection, pricing and other aspects, and then help brands iterate their operation strategies. Especially for brand partners with frequent updates and a wide range of products, it can improve the operational efficiency across multiple levels and achieve cost reduction and efficiency improvement. During the 2021 618 E-Commerce Festival, the data algorithm empowerment tool successfully completed the layered marketing of existing customers of one brand partner, significantly increasing the conversion rate compared to 2020.

- By using consumer and commodity profiles, an all-selection digital marketing scheme for three groups (including new customer dimension, commodity dimension, and customer group dimension) is built to improve the accuracy and delivery efficiency of digital marketing.
- Traffic, transformation, customer orders, repurchases and other data return systems enrich the profiles of consumers and products, constantly improve the accuracy of matching customers and product, thereby enhancing the consumer experience.

## Platform integration

Backed by the advanced IT research capabilities, Baozun has built a retail service middle platform system through the integration of a multi-production line. At the same time, the product team, together with the technical architecture team and operation & maintenance team, actively carried out SaaS transformation, and exported the 2B enterprise-level SaaS services of the omni-channel end-to-end digital retail platform to providing high-level operation services. This created the second growth curve of Baozun IT, which was successfully implemented in an international brand in 2021.

### SaaS middle-end systems empower the customers to tap into the new business model — on-demand retail

In 2021, we integrated strategic partners' purchase and inventory management and sales system capabilities based on the Baozun retail platform. We empowered large offline brand partners with over 1,000 distributors in China to expand their online instant retail business and help build a more integrated operation platform. Through the construction of this integrated operation platform, brand partners can fulfill the digitalization and online operation of physical stores, significantly improve the operational efficiency of stores such as area efficiency and human efficiency, and achieve cost reduction and store revenue growth.

We can achieve the following through our digital operation platform:

- Fully access digitalization: complete the integration of omni-channel resources; fulfill comprehensive operational collaboration of brand partners, general agents, authorized dealers, stores and warehouses; realize distribution, inventory, order chain, store system and business data exchange, and improve operational efficiency;
- Network sales linkage: realize the sales linkage between online multi-platform and offline stores to create a new model of omni-channel sales and promote the revenue growth of customers.

## Drive R&D innovation and protect intellectual property rights

The Company strictly abides by the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China* and other applicable laws and regulations, and formulates the *Intellectual Property Manual* to strengthen the management and protection of the Company's intellectual property rights such as patents, copyright to software programs and other intellectual property rights from infringement, and to avoid infringement of other's intellectual property rights, thereby protecting the Company's competitive advantage and brand reputation. At the same time, we take preventive measures against infringement and carry out actions such as competitive product screening and similar patent application checking to reduce our own infringement risks.

Furthermore, we have established management systems such as the *Incentives for TIC Patent Applications* to provide incentives and rewards for technical R&D personnel and encourage technological innovation. We provide our employees with *Patent Application Handbook* and conduct special lectures on patent knowledge, introduce the patent application process, patent types and requirements in detail to our employees, convey knowledge of intellectual property rights with our employees, and encourage our employees to actively participate in patent applications.

### Highlights of R&D Innovation in 2021

As of December 31, 2021, Baozun had:



- Applied for a total of **67** patents and copyrights to **210** software programs;
- **1** new patent applied and copyrights to **16** new software programs applied in 2021.

## Expansion of industry influence

E-commerce has never been an isolated industry or system, but rather a widely radiated industrial chain, connecting consumers, brand partners and other related parties. Baozun is deeply engaged in the e-commerce service industry, providing full-cycle services including IT solutions, online store operation, digital marketing, customer service, and warehousing and fulfillment, and continuously creating new value for e-commerce. In the meantime, through various ways such as industry summit, we carried out brainstorming and discussions to promote the healthy and sound development of the industry.



Baozun hosts the Global Brand E-Commerce Summit (BECS) every year with executives from Global TOP 1,000 consumer brands, industry leaders and famous e-commerce experts and scholars to understand and discuss the megatrend of the industrial development in order to grow with the industry. In 2021, the Sixth BECS was held with the theme "omni-channel and exponential growth". It focused on the development trend of the e-commerce industry in the post-pandemic era and explored the secret behind the exponential growth of e-commerce. Vincent Wenbin Qiu, Chairman of the Board of Directors and Chief Executive Officer of Baozun, delivered a speech reviewing the development history of the brand e-commerce industry over the past ten years, and pointing out that the brand e-commerce industry has fully entered the omni-channel era. He also discussed the opportunities and challenges faced by the industry.



Baozun's Industry Influence in 2021

Awards

Award authority

	<p>The Fifth Annual Gold Hong Kong Stock Awards Ceremony—"The Best New Economy Company"</p>	<p>Zhitong Finance and Tonghuashun Finance</p>
	<p>Second Batch List of "Global Service Providers" in Jing'an District</p>	<p>Shanghai Municipal Development &amp; Reform Commission and Jing'an District People's Government</p>
	<p>Top Ten Service Consumption Partners</p>	<p>JD</p>
	<p>The First Alimama M Awards Bronze Award for Best New Product Marketing</p>	<p>Alimama</p>
	<p>IAI International Advertising Award – Most Successful Digital Marketing Agency of the Year and Silver Award for the Case of Siemens Household Appliance <i>German Fine Workmanship Tetralogy</i></p>	<p>The IAI International Advertising Awards Organizing Committee</p>
	<p>Golden Mouse Digital Marketing Awards – Annual Digital Marketing Influence Agency, Digital Media Integration Case Gold Award, Electronic Marketing Case Bronze Award, Cross-border Joint Sales Case Bronze Award</p>	<p>Golden Mouse Awards Organizing Committee</p>



2021 TMall Six-star Service Provider

TMall



2021 Top 50 Online New Economy (Shanghai)

Jiemian Global News of Shanghai United Media Group



2021 Bluerose Awards "The Most Influential Brand Management Organization of the Year"

Bluerose Awards Organizing Committee



ROI Festival – "E-commerce Service of the Year" Award and Four Award-winning Works:

Levi's *Pioneer Work, Leading the High-end Denim Wave* Creative Integration Nominee + Silver Award for Integrated Marketing of the Whole Chain

Burberry – *Luxury BGC Reshapes Brand Identity in Advance, the First Multi-camera Immersive Live Cloud Viewing Show* Silver Award for Integrated Marketing of the Whole Chain

Bronze Award for Integrated Marketing of the Whole Chain for Siemens Household Appliance *German Fine Workmanship Tetralogy*

ROI Festival Organizing Committee



Alimama Gold Omni-Channel Partner

Alimama



2021 Recommendable Private Domain Agency Group

Jianshi Technology



2021 Golden Wheat Awards – Best Marketing Service Award and Won 1 Gold, 4 Silver and 2 Bronze Award Case Awards

Shoes, Bags and Accessories – Gold Award for Laomiao Jewelry *Rejuvenation and Breaking of Time-honored Gold*

Men's Wear – Silver Award for Levi's *Pioneer Work, Leading the High-end Denim Wave*

Drinks – Silver Award for Starbucks *Super Star Annual Meeting, Super Star Experience*

Household Appliances – Silver Award for Bosch Household Appliance *Luxury New Products, Drive for Brand Refinement and Upgrade*

Household Appliances – Silver Award for Panasonic *Black Technology High Value-Panasonic Galloping Youth Track*

Food and Snacks – Bronze Award for Dicos *New Seven Deadly Sins* Communication Plan

Household Appliances – Bronze Award for Siemens Household Appliance *Mother Certified Insurance*

Golden Wheat Awards Organizing Committee



2021 ECI AWARDS – 1 Silver and 1 Bronze Award

The intelligent technology product Shopan developed by Baozun won the MarTech Marketing Technology Innovation Award – AI Special Silver Award

*The New Seven Deadly Sins* developed by Baozun and Dicos won the Bronze Award for Marketing Innovation – Life Service

International Digital Business Innovation Association (IECIA)

## Sustainable Supply Chain

Responsible supplier practices have a significant impact on the sustainable development of an enterprise and the entire value chain. Procurement activities often have an impact on the environment and society. Baozun's efficient and sustainable supply chain management supports customers' bidding procurement. With our integrated operation, we can significantly improve operational efficiency.

Our main suppliers can be divided into six categories, i.e., Engineering Administration, Professional Services, IT & Data Center, Digital Marketing, Flexible Employment and Warehouse & Logistics.

We formulated a *Procurement Policy 3.0* to clarify our principles of responsible procurement and to establish a mature full lifecycle management system and process for supplier qualification review, procurement strategy, bidding, acceptance check, and supplier assessment. As part of our category sourcing strategy we introduce the concept of Total Cost of Ownership, which takes into account the sustainability of suppliers in addition to price, service and quality. We grade suppliers during the procurement decision-making process, which encourage us and our brand partners to choose suppliers with better overall cost and sustainability.

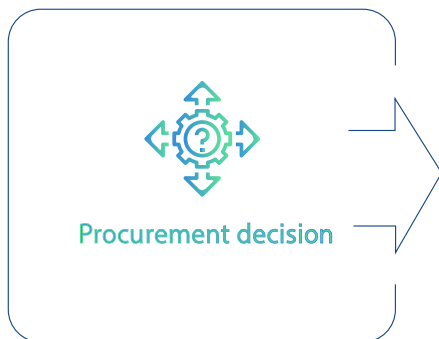
### Our Sustainable Procurement Principles

- Strictly comply with the requirements of relevant national laws and regulations
- Strictly follow business ethics and adhere to honesty, openness and transparency
- Ensure optimization of Total Cost of Ownership
- Industry information sharing and intercommunication
- Adhere to the principle of green procurement

### Lifecycle Supplier Management System

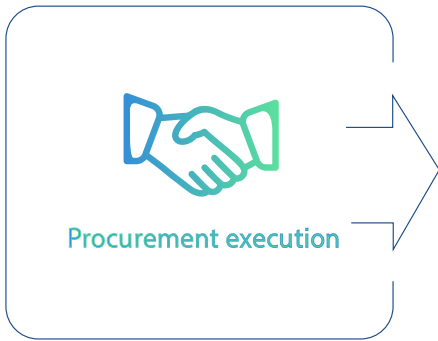


- New suppliers must complete the *Supplier Information Form*, the procurement and demand departments shall form a new supplier investigation team to carry out an on-site field evaluation when necessary to evaluate angles including quality, price, technology, service, etc.
- Established strict anti-corruption and anti-bribery standards, and required all suppliers to sign the *Anti-Corruption and Compliance Statement* and the *Friends and Family Relationship Statement*. Any unfair competition and violation of business ethics are strictly prohibited;
- The Company established a supplier blacklist system, and suppliers involved in any integrity violation will be blacklisted.



The Company has established a strategic category procurement plan. By taking supplier sustainability into consideration, we encourage brand partners and other stakeholders to choose suppliers with better total cost of ownership and better sustainability in the procurement decision-making process.





- The Company adopts a localized procurement policy, and the proportion of localized procurement accounts for more than 90%. This not only mitigates the environmental
- Launched Baozun Procurement Mall in 2021 to achieve paperless procurement, which reduces the supplier compliance risk, improves efficiency, and reduces the use of resources.



- The supplier assessment is carried out twice a year for core suppliers and once a year for general suppliers. In order to carry out the specific assessment according to the categories of suppliers, the Company formulated the *Supplier Evaluation Form* and the *Supplier/ Contractor EHS Inspection System*. These are used to assess suppliers from several angles such as quality, price, service, occupational health and safety, and ensures that the quality of products provided by the suppliers meets company standards;
- For suppliers that fail to pass the assessment, the Company directs them to rectify the situation within a prescribed period of time and does not engage with the suppliers during said rectification period.

### Highlights of Supplier Management in 2021

As of December 31, 2021, Baozun had:



- **967** suppliers in total;
- **1,343** audited suppliers and **1,000** approved suppliers;
- Provided training for **800** suppliers, with a total of **2,400** hours of training.

# 06

## INITIATIVE: FOR BETTER PRODUCT AND SERVICE

A high-quality consumer experience has always been a priority for brand operation. As a foundation of consumer experience, customer service not only helps consumers understand the functions and quality of products, but also conveys the concept and culture of the brand. With the advent of the omni-channel era, consumers' demands and purchase options are more diversified which places higher requirements for customer service.

Baozun has established and developed a dedicated customer service team for brand partners, embracing changes with an proactive spirit and a vision to constantly improve the quality of customer service and provide a perfect shopping experience for consumers. We strive to build a sound and comprehensive customer service management and service system, and attach utmost importance to data security and user privacy protection so as to provide quality services to consumers while protecting consumer rights and interests.

What "Initiative" means to Baozun

“ Initiative represents our attitude of not being satisfied with the status quo, it means that we will take the initiative to set higher standards and challenges, to embrace changes and achieve better breakthroughs. ”



## Responsible Marketing

Providing consumers with authentic and accurate product and marketing information is the foundation of customer service. Bearing the importance of accountable marketing in mind, Baozun strictly adheres to the *Law of the People's Republic of China on the Protection of Consumers' Rights and Interests* establishes a dual-responsibility customer service mode of manual and AI combination, and actively takes measures to ensure that the product information provided to consumers is authentic and accurate and that the marketing process does not mislead, exaggerate or cheat consumers.

### Responsible Marketing Management Strategy

Incorporate responsible marketing into the daily customer service training system and commit to provide consumers with accurate product information



Customer service training

AI enhanced

Audit product information and promotion information through AI to ensure the timely and accurate information update

We conduct marketing compliance training for all of our customer service personnel, including full-time and part-time employees, to enhance the customer service personnel's awareness of responsible marketing. We have also formulated the *Procedures of AI Configuration*, for AI customer service, on which we set up verification steps for fine configuration processes and plans in the standardization process. We strictly review product information and promotion information, so as to ensure the authenticity and accuracy of the information externally provided.

## Process of Responsible Marketing Training for Customer Service Personnel



Responsible marketing is integrated with the daily customer service training system, with a total of 3 online and offline training courses for marketing compliance



Each store carries out product information accuracy training for its own customer service personnel to ensure that the product information provided to consumers is consistent with the standard product introduction provided by brand partners

As of December 31, 2021, **100%** of the customer service personnel have received

## Customer Service

We not only provide high-quality services to consumers, but also pay attention to our own customers' (the brand partners') satisfaction with Baozun, so that we can continuously achieve quality improvement by setting standards for ourselves.

We provide customer service and online store operation for brand partners. Baozun's customer service provides a new generation of comprehensive customer service specifically tailored for the brand e-commerce business, distinct from traditional customer care, after-sales service and call center. In addition to meeting the general needs of customer consultation, after-sales service and complaint handling, we are fully integrated into the entire consumer journey, building a connective bridge between brands and consumers.


### Provide consumers with quality and comprehensive services

Owing to our accumulated experience in customer service over the years and coupled with the advantages of technology and innovation, Baozun constantly adds more new content to customer service, enabling a better shopping experience for consumers. In 2021, we comprehensively upgraded our customer service management, built our customer service operation management system according to the global authoritative standard of customer service performance and management, such as COPC (Customer Operations Performance Center) Global Customer Outsourcing Service Provider Quality Management System Certification, and continuously improved the service quality of our customer teams through the standardized management system, comprehensive personnel training, and systematized performance tracking.




Standardized  
management  
system

- Built the standard system framework of Baozun customer management, attaching importance to the four management elements of leadership and planning, process, personnel, and performance;
- Formulated management systems such as the *Baozun Customer Service Operation Management System*, to standardize the customer service management processes;
- Set up a customer service committee with multi-specialty backgrounds to break the boundaries of industry experience and diagnose and solve customer service problems for multiple industries. The committee consists not only of senior employees in the field of customer service, but also of members with professional backgrounds in data analysis, SOP development, new project construction, quality inspection and on-site management.



**Comprehensive personnel training**

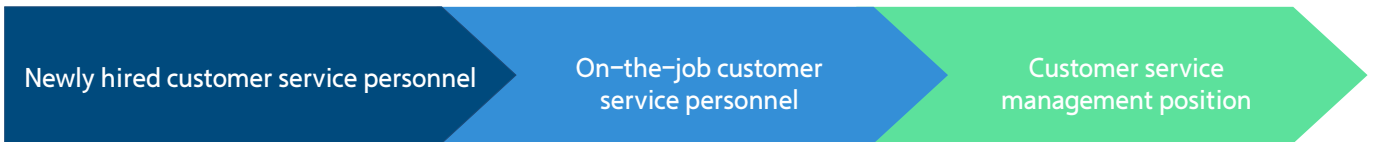
- Designed the customer service personnel learning map and provided specific training and ability improvement for newly hired customer service personnel, on-the-job personnel and newly promoted customer service management personnel to constantly improve the service level of customer service personnel;
- The customer service committee organizes regular thematic co-creation workshops to refine and share the experience of customer service management;
- Carried out employee training activities and support employees to complete certification according to the COPC system, and improved the service and management awareness of customer service personnel.



**Systematic performance tracking**

- Focus on five performance target, including satisfaction rate, service quality, sales, efficiency and cost, and established indicators such as sales return processing duration, dispute refund rate, and customer satisfaction to grade the service quality;
- S-ANY, an integrated management platform independently developed and launched by the Company in 2021, provides full coverage of customer service operation and management scenarios from the management terminal to the service terminal, and improves the efficiency and quality of customer service.

### Customer Service Personnel Learning Map



#### Customer service newcomer training

The combination of online courses, offline training, examination and completion helps customer service newcomers quickly understand the rules of various platforms and develop the basic ability of customer service

- Courses on platform rules
- Courses on service processes and system operations
- Basic courses on business skills

#### Customer service empowerment program

Fully improve the comprehensive customer service abilities through a variety of interesting courses, such as interactions and games:

- Courses on service skills: Service awareness, service initiative, the art of saying no, etc.
- Courses on business skills: Product recommendation, emotion and stress management, efficient communication, etc.
- General ability courses: EXCEL data analysis and processing, email drafting, time management, etc.

#### Analysis for newly promoted customer service management personnel

Provide specific training for newly promoted customer service management personnel to help them quickly act in managerial roles and gain a comprehensive understanding of training, performance and other institutional norms

#### Customer service knowledge base

Provides a complete introduction of customer service positions and the fragmented knowledge query function, it is a treasury of knowledge for newcomers of customer service

#### Tools training

Helps customer service personnel master the tools of the innovative intelligent platform of Baozun in time

#### Customer service management sharing sessions

Tailored for customer service team leaders, this helps them understand new platform rules, shares management experience and skills, and comprehensively improves their management abilities



**S-ANY: A one-stop customer service management platform**

In 2021, Baozun launched S-ANY, a one-stop customer service management platform. S-ANY has accomplished and launched five major segments, namely, customer service resource management, work order/task handover, real-time quality inspection, training and drills and employee development. It can monitor the customer service status in real time from the group's central customer service control room. It manages customer service resources in detail and provides real-time monitoring of the customer service quality, thus effectively improving management efficiency, reducing the risk of complaints, and enhancing service quality.

**Pursue higher customer service satisfaction**

Brand partners are important customers of Baozun, and we pay close attention to the improvement opinions put forth by brand partners. We formulated the *Baozun Customer Complaint Management Regulation* to provide customers with an unobstructed complaint channel and conduct satisfaction survey with brand partners, adjusting and improving according to their feedback and constantly improve our service quality. In 2021, we partnered with Nielsen, a well-known audience survey and data analytics company, to further understand the needs of brand partners, and introduced the Net Promoter Score (NPS) system for core brand partners. We diagnosed the problems faced by our core customers with targeted interviews and multi-dimensional quantitative questionnaire assessment. We furthermore formulated effective improvement plans, and established a closed loop of long-term relationship-based customer experience monitoring system to continuously track and improve Baozun's service performance.

**Highlights of Customer Service in 2021**

As of December 31, 2021, Baozun had:



- An excellent result of NPS score **8.5** (out of 10)
- Provided COPC lecturing and certification support for **more than 130 employees**;
- Conducted special training in the form of co-creation workshops for **6 times**, covering customer service management personnel **70 person-times**. The training topics included how to reduce the rate of returned defective products;
- Conducted a total of **3** sharing sessions for customer service management, covering **150 person-times**;
- **100%** of the customer service personnel received training.

**Data Security and Privacy Protection**

In the era of big data, protecting user privacy in the development and application processes of information technology has become a new challenge. Baozun continuously implements information security based on its business characteristics, and focuses on creating visual monitoring, timely control, and continuous capability improvement, preventing security risks in advance, and responding quickly upon occurrence of security incidents to minimize any losses thereof. We will continue to improve our information security capabilities and provide brand partners with security services.

We strictly comply with the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, the *Information Security Technology – Baseline for Classified Protection of Information System Security*, and the EU's *General Data Protection Regulation* and other relevant laws and regulations. We have also formulated management systems applicable to Baozun, such as the *Baozun Management Regulation for Data Security*, *Baozun User Privacy Security Management Regulation* and *Baozun Personal Information De-identification Standard* to strengthen the management of information security and user privacy.

In 2021, in view of the newly enacted the *Cybersecurity Law of the People's Republic of China* and the *Data Security Law of the People's Republic of China*, we comprehensively reviewed and revised the information security and privacy protection management systems of Baozun, which now fully comply with the requirements of laws and regulations. During the reporting period, the Company was not involved in any incident causing the Company to be punished by relevant authorities for violation of laws and regulations in relation to information security and privacy protection.

## Information security certification

As an enterprise committed to e-commerce and technological R&D solutions, we pay significant attention to the protection of information security and data privacy. We examine our own information security work based on advanced domestic and foreign standards, build the information security management system, and improve our ability to manage and control information security risks. In 2021, the Company successfully obtained the certification of ISO27001 Information Security Management System and the passed passed the Level 3 of Classified Protection of Cybersecurity, improving the management level and information security standards of the Company as a whole.

### Information security system certification of Baozun in 2021



Information security certification	Scope of certification
ISO27001 Information Security Management System	Information security management activities in relation to the development, Operation & Maintenance, and operation management of Internet e-commerce platforms
Level 3 of Classified Protection of Cybersecurity	Baozun trading system, Baozun full-link business system, Baozun operation service system

## Data security management

Baozun thoroughly practices the management of information security in the process of day-to-day operation management. We built a comprehensive management system according to ISO27001, and completed the underlying construction of information data security from the four major dimensions, namely: information security management framework and institutional system, implementation of key safeguard measures and actions, establishment of emergency response mechanism, and construction of comprehensive security culture. In addition, the Company conducts an external independent audit at least once every two years for the information security management system.

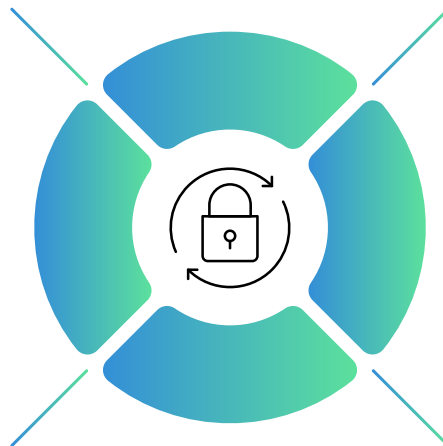
### Information security management system of Baozun

#### Build the structure and system for information security management

Set up an information security management committee to formulate a sound information security management system

#### Establish an emergency response mechanism

Build a sound emergency response mechanism and conduct regular emergency drills



#### Adopt key protective measures and actions

Implement strict life cycle management for information security

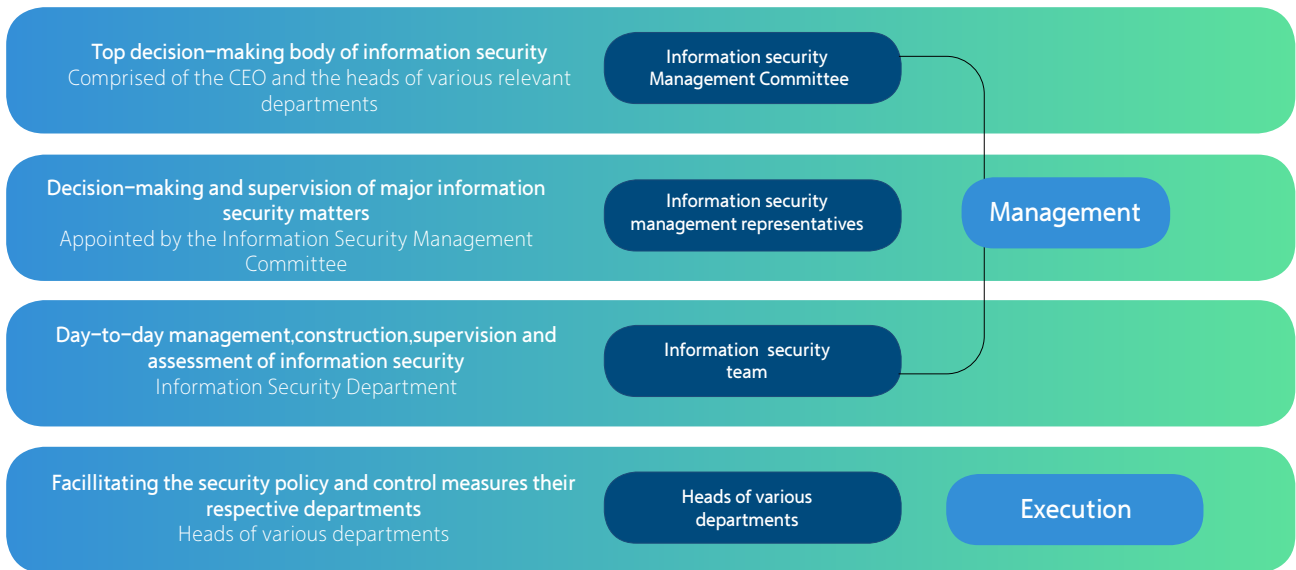
#### Develop the culture of Information Security

Enhance information security awareness of all employees, Ensure full participation of employees in information security training

### Information security management structure and system

- We set up our "Information Security Management Committee", which, as the top decision-making body for information security management, is fully responsible for our information security and privacy protection undertakings and reports directly to the Board of Directors on matters relating to information security.
- We formulated and perfected 45 management systems for information security management, including the *Data Security Management Specification*, which covers the construction of information security fields such as data security and cybersecurity, and the management of the access, storage, transmission, encryption, backup, recovery and other key elements of information and data.

### Information Security Management System



### Key protective measures and actions

- Identify and classify based on information and data type: Top-secret, confidential, secret, and internal use. All information classified as top-secret, confidential, and secret is subject to control.
- Set the scope of data disclosure: Top-secret data can only be disclosed to major individuals, and must be approved by the CEO for internal access. Confidential data can only be disclosed to the internal team members of the departments, and cannot be accessed by any other persons. Secret data can only be disclosed to relevant departments, and cannot be accessed by any other departments.
- Data access control: The least privilege rule is used to grant authority to employees, and the granting and adjustment of employee authority must be approved in advance. We review the account authority every six months to ensure the rationality of the access authority scope. In 2021, we added dual-factor authentication of account login to further enhance data access security.
- Data encryption: For important data and personal sensitive data of the business platform, effective encryption measures are adopted, such as password security and key security, with a view to keeping transmission and storage of important data and information confidential.
- Data access control of third-party : Sign a contract with third parties to define the responsibilities and obligations in the use of data, obtain the unified authorization of relevant parties owning the information in advance, and fully record the data sharing situation. No data will be leased, sold or provided to third parties except for the performance of necessary services.

### Emergency response mechanism

- Set up the emergency response implementation team, formulate the *Emergency Response Plan*, and establish the comprehensive response mechanism for information leakage and other incidents.
- Carry out emergency drills at least once a year to ensure unobstructed operation of the emergency response mechanism.

### Construction of information security culture

- Continuously carry out the construction of information security culture and compliance, and enhance all employees' awareness of information security. Conduct compliance training and publicity on cybersecurity, information security and personal privacy for 100% of Baozun employees, including senior management personnel, middle management personnel, average employees and part-time employees.
- In addition, our suppliers and contractors have entered into information confidentiality agreements with us to ensure that private information is not disclosed to any third parties.

### Improve the security system to prevent data leakage

Data leakage prevention is the core of an optimal security system. We have formulated a series of systems such as *Baozun Network Management Regulations* and *Baozun Management Regulation for Vulnerability Patching*, which defines security construction requirements such as network architecture security, network area division, network behavior management, and device security configuration, so as to reduce network risks. In terms of vulnerability handling, we formed sound work flows and set up a working team including "product manager/project manager", information security team, and developers/ Operation & Maintenance personnel, which can effectively prevent and cope with external attacks and monitor and patch the vulnerabilities in a collaborative manner.

We carry out internal and external penetration tests every year to verify the security of the systems, comprehensively detect vulnerabilities, and conduct targeted reinforcement to eliminate the hidden dangers of data leakage. We have also formulated the *Data Leakage Emergency Response Plan*, and conduct data leakage response drills at least once a year. In October 2021, Baozun carried out a data leakage response drill to strengthen the employees' awareness of information security and ensure the unobstructed operation of the emergency response mechanism.

### Highlights of Information Security in 2021

As of December 31, 2021, Baozun had:



- Conducted a total of **100** internal and external penetration tests;
- Carried out emergency response drills **twice**;
- Carried out training and publicity on cybersecurity, information security and personal privacy for full-time employees **9,286 person-times**;
- Carried out training and publicity on cybersecurity, information security and personal privacy for suppliers and contractors **once**, with the training covering **10 person-times**.

## Privacy protection

Baozun respects individuals' rights and interests regarding personal information. Based on the principles of "express consent, minimum necessity, openness and transparency, security guarantee and subject participation", we protect personal information throughout the lifecycle of collection, transmission and storage, use, sharing and deletion.

We pay close attention to the changes in privacy protection-related policies and constantly improve our management work in accordance with the requirements of laws and regulations. In 2021, we have built our own management structure in accordance with ISO 27701 Privacy Information Management System, defining personal information as sensitive information and implementing classified management. Meanwhile, we carry out privacy protection training twice a year to enhance the awareness of all employees.

### Our User Privacy Security Principles



### Promote stakeholders' data security and privacy protection awareness

The importance of data security and privacy protection in the era of big data cannot be ignored. While putting the *Cybersecurity Law* and the *Data Security Law* into service, Baozun also actively promotes the safety and protection awareness of brand partners, suppliers and the public. In September 2021, Our General Counsel Bin Luo, shared the theme of Lifecycle of Data Security during the "Data Compliance Risk Prevention and Response Training for 'Huhang' High-quality Development of Trade". He discussed with industry insiders the requirements of e-commerce and online shopping security protection during the entire lifecycle of data and the conflict and harmony between the development of commercial value of data and personal data protection.



# 07

## COLLABORATION: CREATING HAPPY WORKPLACE

As valuable assets, our employees not only are the cornerstone for us to create a happy workplace, but are also the main force to realize the sustainable development of Baozun. As a growing company, we encourage innovation and are willing to listen to different voices. We care for every employee and foster a broad career platform for employees. Employees can gain a sense of experience, happiness and achievement through teamwork and efficient cooperation because we protect their rights and interests, provide healthy and comfortable working environment and support their growth through diversified training and fair promotion channels.

### What “Collaboration” means to Baozun



Collaboration relates to assistance and recognition. In other words, we should actively participate in team tasks, take team interests as the priority, and contribute our own knowledge and power, to realize the contribution in collaboration, and grow in recognition.





## Employees' Rights and Interests

Adhering to a culture of equality and inclusiveness, Baozun is committed to creating diversified working atmosphere. We not only protect employees' rights, interests and welfare, respect and promote diversity, build transparent and smooth communication mechanism, but also create an equal and open workplace platform for employees. Thanks to our unrelenting efforts, Baozun won many honors in 2021, such as "China's Best Employer of the Year", "Best Employer Brand in 2021", and was also recognized as a "Shanghai Enterprise Meeting the Standard of Harmonious Labor Relations".

### Honors Won by Baozun in the Aspect of Employee Responsibilities in 2021

Awards	Award authority
Shanghai Enterprise Meeting the Standard of Harmonious Labor Relations	 <p>Shanghai Municipal Human Resources and Social Security Bureau/Shanghai Federation of Trade Unions/Shanghai Enterprise Federation/Shanghai Entrepreneur Association/Shanghai Federation of Industry and Commerce</p>
Best Employer of 2020 in China	 <p><a href="http://www.zhaopin.com">www.zhaopin.com</a></p>
King's Ark – Employer that Treasures Talent Most	 <p>BOSS zhipin</p>
Best Employer Brand of 2021	 <p>RISFOND Talent Technology Group Co., Ltd.</p>

Best Employer of 2021 in China – Best Employer in Shanghai		Zhaopin Ltd.
GHR Best Corporate Human Resource Case of the Year		GHR
Strategic Partnership of the Year		iBeidiao

## Rights and welfare

The Company guarantees protection of the rights and interests of employees and ensures that employees' rights and interests are fully respected and protected by abiding by laws and regulations strictly, including the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China* and internal systems, such as the *Employee Handbook*. Adhering to the principle of fairness, justice and openness during recruitment and employment and promising to provide equal opportunities in terms of recruitment, employment, promotion, transfer, salary, etc., the Company does not discriminate or treat employees differently due to age, gender, country/region of origin, religious belief, marital status, etc. and prohibits the employment of child labor or forced labor. As of the end of this reporting period, the Company had 8,821 full-time employees, with no violations related to employee recruitment and dismissal, working hours and vacation, promotion and equal opportunity, anti-discrimination and diversity, or labor rules.

### Overview of Employment and Policies of Basic Rights and Interests





The Company actively implements various employee welfare policies and provides various subsidies, such as free shuttle buses, transportation and communication allowances in addition to guaranteeing employees' legitimate rights to obtain labor compensation as well as statutory benefits and housing funds as required by law. In addition, we offer our employees additional paid annual leave, and 12 days of fully paid sick leave per year (1 day per month). Employees who have worked with the Company for more than 3 years will be provided with 1-5 days of additional leave according to their tenure in the Company. At the same time, we provide more protection for employees through a commercial insurance policy, and consider the health benefit plan as an important part of our welfare policy. The Company purchase employer liability insurance for employees (including full-time and part-time employees), commercial insurance for full-time employees, intern liability insurance for interns, and premium medical insurance for directors of secondary department and above.

## Employee Welfare

Seniority-based leave      Performance bonus      Commercial insurance      Holiday welfare      Paid annual leave

Free physical examination      Free shuttle bus      High-temperature subsidy      Lunch subsidy

### Care for every employee

Part time employees are an integral part of our team. Accordingly, we care deeply about the rights and interests and welfare of part-time employees, including part-time customer service personnel and interns. We protect the rights and interests of part-time employees by formulating rules and regulations, such as the *Intern Management System*, and provide material and spiritual care during important festivals and specific periods, to show the Company's care and inspire their enthusiasm for work.

#### Our actions

Basic guarantee

We formulate relevant and appropriate management systems

Humanistic care

We provide afternoon tea and other benefits for part-time employees during busy seasons such as shopping festival.



## Diversity of employees

A successful team is composed of members with diverse characteristics rather than individuals all following the same pattern. Only by embracing such "differences" and learning from each other can we create greater benefits for the whole team and be more efficient. Baozun firmly believes that each and every employee is unique and differences make our team stronger. We are committed to establishing a diverse and inclusive working environment, respecting each employee, and safeguarding the rights and interests of minorities and women.

### Create a diverse working environment

#### Care for employees with disabilities

- Provide decent employment opportunities.
- Improve barrier-free facilities and build a barrier-free working environment.

#### Care for female employees

- Protect the rights and interests of female employees in accordance with laws.
- Insist on zero tolerance towards any form of harassment in the workplace.
- Set up "Nursing rooms" and care for female employees during pregnancy and returning to work from maternity leave.

For people with disabilities, we not only provide work opportunities to encourage them to be creative during work under the principle of "moderate attention and equal treatment", but also a barrier-free environment and barrier-free facilities and access in the office area for them to work and move around conveniently.

We regard female employees as an indispensable force in the workplace and therefore protect their rights and interests. We provide marital and maternity leaves in strict accordance with national and local applicable laws and regulations. We furthermore have a zero-tolerance policy for any form of harassment in the workplace, and forbid the dissemination of disparaging or discriminatory information. In addition, we set up 6 "Nursing rooms" in the office building to provide warm, safe and private environment for female employees, which reflects our care and support for female employees returning to work after maternity leave.

### Highlights of Diversity and Equality in 2021

As of December 31, 2021, Baozun had:

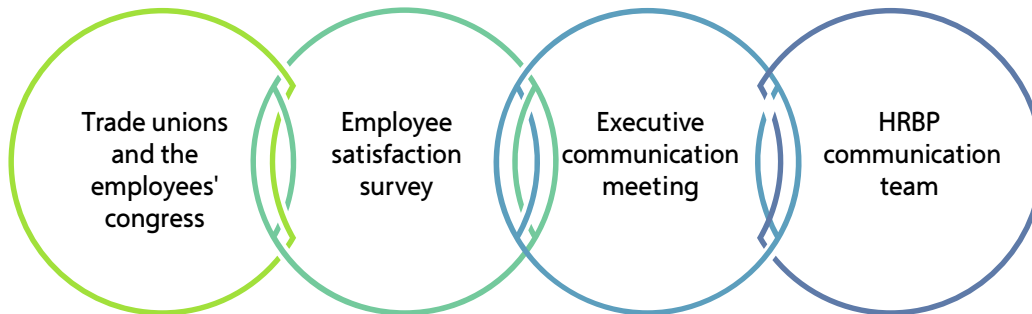


- Hired **7 people** with disabilities in operation, HR, design and other departments;
- **57.85%** female employees;
- Carried out employee satisfaction surveys, covering **7,141** full-time employees;
- Reached an employee satisfactory rate of **88.53% 1.53%** higher compared with year 2020, demonstrating a consecutive rise in the past five years;
- Reached an employee engagement scored **4.46 0.02** higher compared with year 2020.

### Unimpeded communication channels

Effective communication with our employees is a key tenet of our business model, and accordingly, we have established an unimpeded and transparent communication mechanism, to listen to employees and understand their concerns, which helps us create an unimpeded, transparent and trustable working atmosphere. We receive and communicate suggestions, opinions and ideas in a timely manner by setting up an HRBP communication team in each department as well as through trade unions and the employees' congress. Meanwhile, we hold a communication meeting with senior managers and above every six months to deal with employee feedback from the past six months. We continuously improve our corporate governance and communication skills, which enables employees to obtain greater sense of satisfaction and happiness. In 2021, the Company responded to feedback and made targeted improvements after implementing an employee satisfaction survey and comprehensively understanding the overall evaluation by employees about the Company.

### Key Communication Mechanism for employees



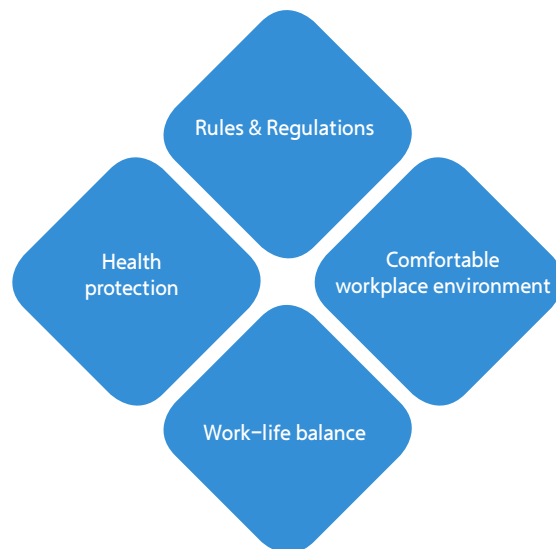
## Occupational Health and Safety

Aiming to provide a safe and healthy working environment for every employee, we have integrated safety and health into all aspects of operation. Our employees include those from functional, warehouse and logistics departments. We have taken corresponding safeguard measures for different types of employees to create a healthy and safe working environment for them.

### Health and safety of employees from functional departments

For employees in functional departments, we pay attention to their physical and mental health continuously, and take measures such as establishing institutional norms, health protection and employee activities to protect their health, relieve work pressure and help them maintain a good work-life balance.

In addition, we constantly pay attention to the convenience and comfort of our employees and work to provide a comfortable working environment for them. In 2021, the new office building of Baozun was put into use. The new building is equipped with LED lights and living wall in office area, which help employees relieve eye strain and create a safe, convenient, healthy and comfortable working environment.



## Functional Department Employees

### Institutional norms:

- We have formulated management systems such as the *Employee Handbook* to standardize the management of working hours and vacation for employees.
- We have strengthened the safety management of employees during the pandemic and formulated strict and reasonable control plans according to different scenarios, including transportation, accommodation, catering and working, and actively promoted online and remote work to reduce the risk of a crowd gathering.

### Guarantee of physical and mental health:

- We provide physical examinations for all employees on an annual basis.
- We organize fire-fighting drills twice per year, implement training on first aid knowledge, and strengthen safety publicity and education for employees.
- We set up the EAP (Employee Assistance Program) to provide professional assistance for employees when they face pressure from work and life, or even troubles in life, so as to relieve their psychological pressure.

### Work-life balance:

- We carry out various cultural activities regularly, including employee activity week based on the concept of "Enjoy Work, Love Life".

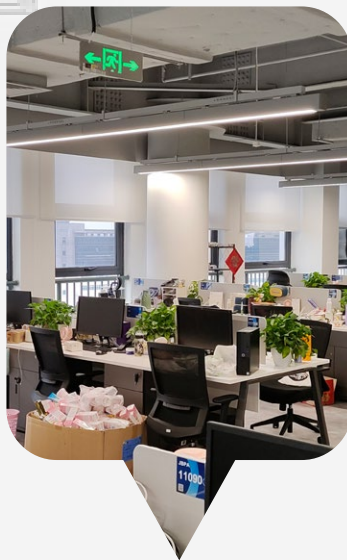
### Comfortable working environment:

- We took health and comfort of employees into consideration while planning the work environment, and installed LED lights and green plant wall lights.

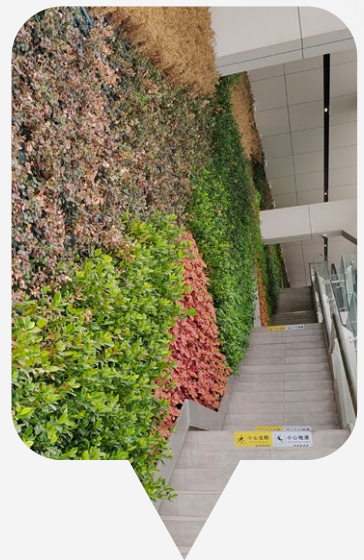
## Our Working Environment



Comfortable office



Healthy lighting

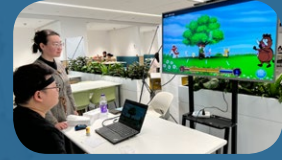
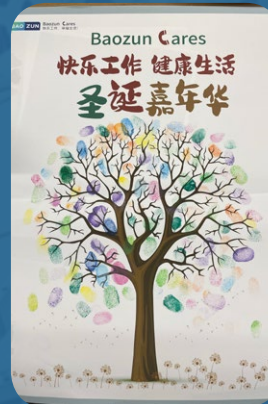


Green coverage

## Psychological care for employees

Since the launch of our Employee Assistance Program (EAP), professionals are invited to diagnose employees' psychological conditions and provide advice and counseling both on-site and online.

In 2021, we launched the activity "Carnival of Psychological Counseling" in Baozun's new headquarter. We organized 3 kinds of psychological activities, including "drawing-a-person-in-the-rain (DAPR)", "getting rid of trouble" and "cheering-up station for the brain" to relieve employees' pressure and make them relax after busy work. Over 200 employees actively participated in the event.



## "Work hard and play hard" – Create a happy workplace together

### 11.11 Festival Fair

During 2021 "Double 11 Shopping Festival", Baozun organized fun marketplace activities for employees including a wall of mystery boxes, shooting dice with good luck, arcade challenging and other games, which made employees "work hard and play hard" in the enjoyable atmosphere with various food and bands.



### Activity on the New Year's Day

For New Year's Day of 2022, Baozun organized folk activities at our headquarters in Shanghai, the theme was: "New Expedition on New Year's Day, Enjoy Work and Life in Baozun". More than 3,000 employees participated in a variety of traditional folklore and handicraft experience activities. They relaxed, enjoyed themselves and celebrated the New Year happily, and greatly enjoyed the charm of Chinese folk culture!






## Health and safety of employees for warehouses and logistics departments

For warehouse, logistics and other operational departments involved in highly sensitive roles, we follow the work safety policy of "safety first, prevention foremost". We established a sound occupational health and safety management system and created a safe working environment for warehouse and logistics personnel by means of perfecting our management system, enhancing safety consciousness and formulating emergency plans. At present, there is no occupational disease hazard found in the warehouse and logistics processes.

In order to ensure the safety of personnel and equipment, prevent accidents and achieve the goal of "zero work-related injuries" and "hazard-free", we not only set up a Work Production Management Committee composed of vice president, directors of Human Resources Department and business divisions, but also set up safety teams in each park for maintaining daily safety and identifying any safety risk in the park. The Company incorporated occupational health and safety awareness into the system and the management, promoted all employees to participate in daily supervision work such as danger investigation to enhance their safety awareness.

In September 2021, we organized a "Safety Month" in order to implement the recently promulgated of the *Law of the People's Republic of China on Work Safety* and to improve the safety management level and enhance the safety awareness of all our employees. In addition, we enhanced the safety awareness of employees by organizing safety training, safety-related educational videos and raffled off prizes for participation in those events.

 <h3>Management systems</h3> <p>Formulated a series of management systems, including <i>the Work Safety Responsibility System, Safety Team Management System, Warehouse Response Management System against High Temperature, Park Safety Management System, Accident Reporting and Handling System</i> in order to standardize occupational health and safety management for employee operations.</p> <p>Formulated the <i>Emergency Plan Management Measures</i> to deal with potential emergencies</p>	 <h3>Safety culture</h3> <p>New employees cannot start work until they complete the initial occupational health and safety training.</p> <p>Regularly carry out occupational health and safety training on key safety factors, including safety operation, fire-fighting knowledge and skills.</p> <p>Organize regular fire-fighting drills to improve the ability of employees to deal with emergencies.</p>	 <h3>Daily supervision</h3> <p>Organize personnel in specific fields, such as fire-fighting, electrical engineering, project, equipment, security and protection to conduct regular and overall safety inspection of the warehouse and form a closed loop of on-site safety management</p> <p>Strictly implement a system of "employment with certificates" with stringent supervision and management for dangerous posts, including working in hot environments, outdoor operation and working at height.</p> <p>Provide physical examinations for employees on an annual basis</p> <p>Purchase the employer liability insurance for employees of service providers to ensure the safety of workers</p>
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### Highlights of Occupational Health and Safety Management in 2021

As of December 31, 2021, Baozun had:



- Signed safety responsibility statements with **100%** of employees from Warehouse and Logistics Departments;
- Carried out **2,050** rounds of training related to occupational health and safety, covering **64,900 person-times**;
- Provided training for **all** full-time and part-time employees;
- Provided **688 hours** of training in total, with an average of **0.4 hours** of training per person.

## Employee Training and Development

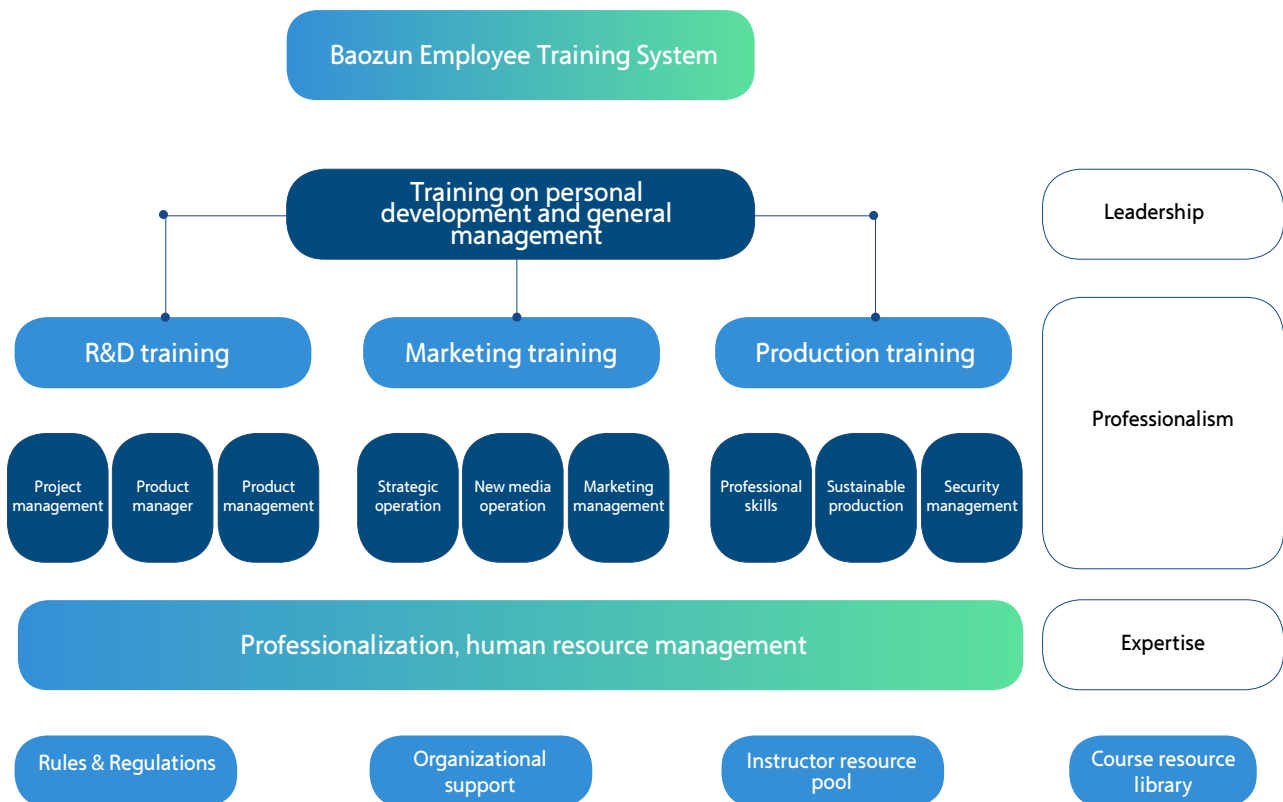
Talent retention and development is the core for company's long-term business development. Attaching great importance to continuous talent growth, we not only constantly explore suitable long-term career development options for employees, but also promote the development of employees through planned training, thus enabling them to have a clearer career path to accomplish their career goals.

### Employee training

We have set up the "Baozun University", an online training platform, enabling employees to learn and improve skills without being constrained by time or place. Through online and offline training modes, we set up an optimal talent development system to cultivate employees' expertise, professionalism and leadership, enabling employees to receive systematic training, and continuously actuating their career development.

In 2021, Baozun initiated personalized training programs based on the existing training system. After fully understanding employee expectations, the HRBP communication team of each department organized training courses on specific topics to help employees enhance their value and realize their full potential.

### Our Talent Training System



Training system

Training contents



Expertise training course

Course goal: Promote employee professionalism  
 Course contents: Oratory skills, thinking ability, office software, etc.

- *Never Confuse Giving Advice with Complaining*
- *15 Lessons for Female Employees – Be your own Queen*
- *How to Deal with Procrastination during Work*

...



Professionalism training course

Course goal: Improve job competency as well as the professional and technical ability of employees  
 Course contents: Key knowledge and professional skills for each department

- *Nine Steps to Master Sprint*
- *Product Manager Capability Model*
- *How to Define the Purpose of Marketing Combination Control*
- *Three Dimensions to Target Market Segmentation Racing Track*

...



Leadership training course

Course goal: Improve senior management leadership and reach new employee potential  
 Course contents: Improve comprehensive management and leadership skills.

- *The Practice of Responding to Public Opinion during Emergencies*
- *How to Deal with the Fear of Change*
- *Four-step Method for Strategy Implementation: Enterprise Strategic Goal Setting*

...



**"Spark Program" – Simultaneous improvement for mentors and trainees**

We launched the "Spark Program" for the simultaneous improvement of personal abilities and career development for trainees and mentors, which not only helps operation trainees quickly master and improve their professional abilities, but also improves the mentors' leadership and management skills.

In 2021, 18 trainees who were trained by our customized training program successfully received the Tmall event operation expert certification. 15 trainees passed our assessment and were promoted to level R2 roles.

**"Spark Program" talent training process****Personal development plan**

Established a personal development plan through operational capability assessment.

**Guidance from mentors**

Each trainee is taught by an R3 level mentor who offers one-to-one guidance once a month.

**Professional training**

Designed course and teaching content lists based on a map of occupation abilities and the goal of making trainees competent for an R2 level position. Improve the occupation ability of trainees comprehensively and promote the leadership of mentors by means of theoretical study, practice in work and summary and review of systematic training methods

**Follow-up evaluation and assessment**

Follow up and evaluate the growth of employees through the assessment of their theoretical knowledge, daily practice and training during promotion activities.

**Appointment and promotion**

100% of trainees will be promoted to a R2 level position after passing the assessment; 80% of mentors will have opportunities to be promoted to the position of level R4.

**"New Employee Training Camp" – Unique training for new employees**

In 2021, the Nantong Operation Center organized a new employee training camp, which improved not only the skills and abilities of new employees, but also their team cohesiveness through a variety of training methods, including learning, practice, application and assessment.

**Step 1: Learning** Learning about the products, business processes, platform rules and service skills through immersive online courses

**Step 2: Practice** Strengthening practice by means of scenario-based exercises, examinations and assessments, etc.

**Step 3: Application** Improving the application level of employees by learning maps and scenario-based practices

**Step 4: Assessment** Assessing the employee's knowledge and practical operation, and pushing them to be familiar with the knowledge and skills of their work operation processes.



## Highlights of Talent Training in 2021

As of December 31, 2021, Baozun had ensured:



- a total of **57,764 hours** of employee training;
- **6.55** training hours per employee.

### Promotion and development

Besides recognizing the working capacity and performance of employees, we also enhance their responsibility and expectations by promotion. In accordance with the talent development principle of "attaching equal importance to virtue and ability and promoting grade by grade", we provide employees with career development space and opportunities in addition to satisfying the development needs of the Company by formulating *Promotion Management Measures and Performance Management Measures*. By focusing on talent echelon construction, we actively carry out talent identification and training programs as well as provide transparent performance assessment systems and clearly defined promotion path for employees.

In terms of performance assessment, we comprehensively evaluate the work of employees from four angles: business completion, team contribution, financial metrics and overall quality. We adjust the employees' performance bonus and salary according to their performance assessment result. Meanwhile, we also carry out a compensation incentive system, providing employees with year-end bonus in the form of cash, stock options or restricted share units. Employee performance is also an important basis for promotion evaluation process and priority will be given to top ranked employees based on performance assessments.

In terms of employee promotion, we provide promotion opportunities twice a year. Employees are nominated based on their job performance. The promotion results are released after employees pass the review and oral examination. If there is any objection to the promotion list, we re-exam the nominees to ensure openness and fairness in promotion process. We also encourage employees to apply for promotion on their own and provide timely feedback on whether they are qualified for promotion after review. After they pass the oral examination, they will be approved and confirmed for promotion.

### Excellence in quality, success in people – Baozun talent strategy

Adhering to the culture of "delivering quality through developing people" and based on the talent strategy and culture of "self-accomplishment, making contribution to teams and creating diverse and inclusive environment", we created a talent evaluation matrix system in conjunction with objective performance data and talent skills. On this basis, we identified three basic skills that successful managers need according to Robert L. Kutz's management skill model: technical skill, human skill and conceptual skill. We then put forward the ratio of professional ability and leadership requirements according to the positions of managers.

In 2021, in order to better identify and evaluate administrative talent and match the abilities of talent with their positions, we launched Baozun Talent Strategy Project. We discussed and selected seven core leadership competencies of Baozun and explored and formulated the competency maps of 24 positions, clarifying the corresponding development and management measures for different talents.

## 08

OWNERSHIP: FOR A BETTER  
FUTURE

In 2021, China issued the Action Plan for Carbon Dioxide Peaking before 2030 to actively respond to climate change, which further strengthened ecological and environmental protection and promoted sustainable development. Meanwhile, in 2021, China also put forward the major task of comprehensively promoting rural revitalization. The achievement of these goals requires dedication and persistence.

Along with the carbon dioxide peak, carbon neutrality goals and the continuous advancement of rural revitalization, additional positive initiatives will be ongoing. Based on the principle of green development and low-carbon operation, we aim to reduce any environmental impact caused by operation in order to contribute to realizing the carbon neutrality goal and to protect the beautiful ecosystem of earth. Simultaneously, we will continue to support social development and bring about positive changes for the world while pursuing self-development.

What "Ownership" means to Baozun



Ownership is necessary not only for individual success but also for sustainable enterprise success. We are committed to our social and environmental responsibility and actively contribute to a better society.



Topic: Responding to Climate Change

**Our Commitment to Carbon Neutrality**

Based on the inspection and management of our own carbon emissions, combined with our understanding of the industry and social development, we set our carbon neutrality goals and hereby solemnly promise that:

**Medium-term Goal**

To reduce carbon emission (Scope1, 2 ) by 50% by 2030, against base year FY2021;  
To reduce carbon emission (Scope 3) by 50% by 2030 against base year FY2021.

**Long-term Goal**

To achieve carbon neutrality across the value chain (including Scopes1, 2 and 3) by 2050.

We will strive to build a green e-commerce ecosystem, provide low-carbon products and services with suppliers, and create a sustainable future with multiple partners, and ultimately achieve carbon neutrality in the entire value chain. Please refer to the White Paper on Carbon Neutrality of Baozun to be published for more information about our carbon neutrality goals and key actions.

Climate change is a global issue that involves the welfare of every member of society. To help achieve the goal of "carbon dioxide peaking by 2030 and carbon neutrality by 2060", we took into account the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) of the Financial Stability Board (FSB) to identify climate change-related risks and opportunities and to improve management to mitigate climate change.

**Climate change management system**

**Governance**

The Company has identified mitigation and adaptation of climate change as one of the priorities of work for each operational department as well as the logistics and supply chain management;

**Risk management**

On the basis of TCFD's risk analysis framework, we will identify potential risks and opportunities for operational activities and take climate change risks and opportunities as part of our future overall operational risk management;



**Strategies**

Evaluate the potential operational and the financial impact of significant risks and opportunities for the Company;  
Take management actions to reduce the carbon footprint during the full operation lifecycle;

**Goals and performance**

Set goals for reducing greenhouse gas emissions, evaluate the climate change management performance level of the Company and formulate improvement plans by disclosing greenhouse gas emissions and emission density in the yearly sustainable development report.

## Climate governance framework

The Board of Directors of Baozun is directly responsible for managing the issue of climate change and the Climate Change Working Group is responsible for identifying climate change risks related to the Company's business, assessing the impact of such risks on the Company and reporting to the Company's management.



## Identification of risks and Opportunities

In 2021, in order to better recognize and reduce the potential impact of climate change-related risks on its business performance, Baozun conducted risk assessment and a financial impact analysis through policy review, peer benchmarking and departmental interviews.

### Identification and Assessment of Potential Risks of Climate Change

Identification of major climate change risks		Potential financial impact
Policy and legal risk	The risk of legal liability, regulatory action, disciplinary action, loss of property or loss of business reputation due to failure to comply with climate-related policies or laws.	Revenue ↓ Credit risk ↑
Technical risk	In the process of technological transformation, the development and application of energy-saving and environmental protection technologies for waste treatment, green packaging, etc. may affect the Company's operations and businesses.	Operating cost ↑ Revenue ↓
Reputation risk	Failure to respond to stakeholders' expectations regarding proactive management actions and improvement of information disclosure transparency in addressing climate change will have an impact on the reputation of the Company.	Revenue ↓

Resource utilization risk	Climate change could cause water shortage or tighter control on the utilization of forest resources. This may lead to an increase in packaging prices or a decrease in availability.	Revenue ↓ Operating cost ↑
Acute physical risk	Severe climate changes such as typhoons and floods could cause extreme weather or natural disasters, which may affect the upstream and downstream supply chains of the Company, including product storage and transportation.	Revenue ↓ Operating cost ↑

### Identification and Assessment of Climate Change Opportunities

Identification of major climate change opportunities		Potential financial impact
Market opportunity	Brand partners and the public are paying more and more attention to green consumption. If the Company is in a leading position in this regard, it may attract more customers and consumers.	Revenue ↑
Resource efficiency	We should keep abreast of market trends, and formulate the best plan to reduce operational risks by monitoring the market price of packaging materials and regional resource utilization regulations.	Operating cost ↓
Adaptability	The implementation of business research and industry exchanges related to climate change helps improve the Company's ability to cope with risks, seize opportunities and enhance its brand image of fulfilling its social responsibility.	Revenue ↑

The Company takes the following actions to better manage its risks and opportunities related to climate change.

- Monitor extreme weather events and establish a relatively complete emergency management plan in case of extreme weather;
- Promote green procurement and packaging to reduce the carbon footprint of products throughout their lifecycle;
- Incorporate environmental factors such as greenhouse gas emissions into our supplier assessment to promote the green development of the supply chain;
- Carry out diversified and sustainable consumption advocacy activities to strengthen the dissemination of the green consumption concept.

## Climate strategy: Reduce carbon footprint throughout the lifecycle

Based on the identification of risks and opportunities related to climate change, Baozun has analyzed and evaluated the carbon footprint and environmental impact for the entire lifecycle of its products, covering the process of upstream and downstream transportation, work and operations, product treatment and disposal, etc.

### Lifecycle Analysis (LCA) of the Carbon Footprint of Products of Baozun

Carbon emission scope	Carbon footprint source	
Scope 1	Work and operations	Direct energy consumption of working and operation (e.g., diesel and gasoline consumption of vehicles owned by the Company).
	Warehouse and logistics	Direct energy consumption from Company warehouses and logistics and transportation (e.g., diesel and gasoline consumption of vehicles owned by the Company).
Scope 2	Work and operations	Indirect energy consumption from work and operations (e.g., purchased electricity).
	Warehouse and logistics	Indirect energy consumption from the Company warehouses, logistics and transportation (e.g., purchased electricity).
Scope 3	Product procurement	Greenhouse gas emissions generated during the procurement of product from brand partners, logistics and transportation, and packaging and procurement.
	Warehouse and logistics	Greenhouse gas emissions from warehouses not owned by the Company and from logistics and transportation.
	Pre-disposal of products sold	Greenhouse gas emissions from the disposal of purchased commodities and packaging.
	The entire process of commuting and business travel of employees	Greenhouse gas emissions generated due to commuting and employee business travel during the whole procurement and operation process.

## Green Ecosystem

Continuously upholding our commitment to the concept of green and sustainable development, Baozun is committed reducing its impact on the environment through eco-friendly resource utilization. We are fully aware that joint efforts of the whole value chain are indispensable to realizing the green ecology in the industry and therefore strive to promote responsible consumption. We work together with all stakeholders to practice green sustainability and create a green ecology for the industry.

### Green operation

Strictly abiding by national laws and regulations on environmental protection, including the *Environmental Protection Law of the People's Republic of China*, *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, and the *Law of the People's Republic of China Solid Waste Pollution Prevention and Control Law*, Baozun pays significant attention to the green management and practice during operations and adheres to the concept of green development and low-carbon operation. This is to minimize the impact on the environment, protect the ecosystem and maintain a harmonious coexistence between humankind and nature.

In terms of resource utilization, the main energy consumption involves the direct energy use in warehouses and logistics as well as the electric energy usage during operation since we are not involved in production per se. The water resources consumed by our business operations are mainly from municipal water supply, so there is no risk in obtaining suitable water sources. In addition, packaging materials, such as carton and plastic are consumed since warehousing and logistics service involves the use of packaging materials. In terms of waste, there is no exhaust gas emission or wastewater discharge related to production. Solid waste mainly includes domestic waste and electronic waste, which has been properly disposed of.

## Analysis of Main Environmental Factors in Warehouses and Logistics and Management Measures

Environmental management category	Specific category	Management systems	Our actions
Energy management	Gasoline, diesel oil Natural gas Electric energy	the <i>Energy Saving Management Regulation for Warehouse Operations</i>	<ul style="list-style-type: none"> <li>Set up energy management goals for transportation</li> <li>Use low energy consumption equipment, and introduce modular intelligent conveying platforms to display equipment operation and energy consumption in real time and reduce the equipment idling rate</li> <li>Adopt LED energy-saving lighting for the plant and illumination control for non-working areas to reduce energy consumption</li> </ul>
Packaging material management	Carton, label paper, etc Plastic tape, waterproof bag, etc.	the <i>Baotong E-Logistics Energy Saving and Consumption Reduction Management System</i>	<ul style="list-style-type: none"> <li>Control office consumables by the approval of purchasing application, use recycled carton box for distribution packaging and return-to-warehouse packaging, purchase wrapping film only when used for delivery, and quantitatively control other auxiliary non-packaging materials</li> </ul>
Waste management	Non-hazardous waste: Domestic waste and office waste Hazardous waste: Waste toner cartridge	the <i>Warehouse Waste Management Regulation and Supplier Outsourcing Management System</i>	<ul style="list-style-type: none"> <li>Waste is classified and disposed of. For example, hazardous waste, including waste toner cartridge, is recycled and disposed of by suppliers or other professionals, while non-hazardous waste is disposed of uniformly by the park property management company</li> </ul>

### Make the packaging process more eco-friendly

By actively promoting waste consumption reduction measures, Baozun continues to reduce packaging waste and make the packaging process more eco-friendly by package consumption reduction and recycling.

- Reduce**
  - Using folding boxes and replaced tapes with box stickers in single-piece footwear orders, thereby reducing tape usage by 76.9 tons in 2021
  - Replacd 50cm-width wrapping film with 30cm-width wrapping film during full container load storage and warehouse allocation process, thereby reducing the use of wrapping film by approximate 9 tons in Q3 2021
  - Changed the width of Baozun Logo sticker and scotch tape from 6cm to 4.8cm, and implement to Business Division I at the end of 2021
- Recycle**
  - Using recycled carton box for distribution packaging and return-to-warehouse packaging, thereby reduce the use of packaging materials



### Turning Waster into Treasure –The Baozun Eco-basketball Court Opened

The Baozun Basketball Court, located in Wujiang Yongding Logistics Park, was officially put into use in November 2021. What makes this court unquie is that it is entirely made from old shoes, by using cutting-edge Grind technology to recycle rubber. The court was the result of the collaboration of Baozun and its brand partners in the "Turning Waste into Treasure & Recycling Old Shoes" project, and was a sign of Baozun's commitment to working together with related partners for sustainable development goals.



In terms of green office, Baozun actively advocates a green office concept by paperless office, holding conferences online, conserving energy and water, and integrating the "green" concept into daily work and life of Baozun employees.

## Our Green Office Action



- Advocate cloud office and cloud meetings
- Advocate a paperless office and double-sided printing
- Reduce plastic bottle consumption by replacing bottled water with direct drinking water, and reduce plastic bottles by a total of 273,664 in 2021



### Energy conservation

- Adopt LED and sensor lights for the new building to reduce electricity consumption
- Advocate to avoid turning on the light when surrounding light is sufficient, and to turn off the light after work
- Switch to low power mode or power off and unplug electronic devices when not in use
- Uniformly set the thermostat to 26°C in summer and 20°C in winter, and turn them off after work or when they are not needed.



### Water conservation

- Set a automatic switch for water sources to reduce water waste, and place water conservation slogans in the water supply area
- Encourage employees to be aware about water conservation



### Green commuting

- Provide short-distance shuttle buses for employees to reduce taxi taking
- Install chargers and encourage the usage of new energy vehicles



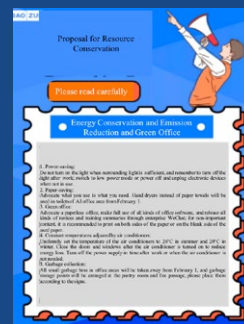
Reduce energy consumption



Realize resource conservation



Reduce carbon emissions



## Highlights of Green Operation in 2021

As of December 31, 2021, Baozun had ensured:

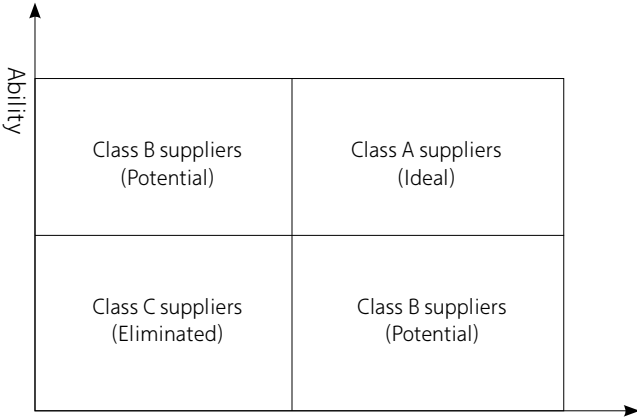


Environmentally friendly material packaging use **203** tons, packaging recycling **2,345** tons.

## Green ecology

Green operations are crucial to the sustainable development of Baozun. As an important partner of brand partners, Baozun closely cooperates with enterprises on the upstream and downstream market players in the supply chains to build a green e-commerce ecosystem in coping with global climate change.

Baozun focuses on the total ownership cost rather than simply paying attention to the procurement price, and provide guidance on supplier selection for e-commerce brand partners on the value chain. We consider environmental, social and ethical standards during the whole procurement lifecycle. Based on the total ownership cost throughout the lifecycle, we promote the procurement process of e-commerce brand business partners to be greener and low-carbon while cooperating with them to reduce carbon emissions on the whole value chain from packaging to the warehouse and logistics.

Supplier management dimensions	Mode of management
Supplier on-boarding	<p>We adhere to the principle of green procurement. For new suppliers, we ask them to fill out the <i>Supplier Information Form</i> and we have clear requirements for their environmental performance.</p>
Review and rating	<p>We formulated different procurement policies by product category. We encourage suppliers to improve their management of sustainable development and have furthermore included the management status of the suppliers in our evaluation and rating of suppliers. For example, we encourage packaging suppliers to become FSC or CFCC certified.</p> <p>According to the results of our evaluation, we classify packaging material suppliers into:</p> <ul style="list-style-type: none"> <li>· Class A suppliers (Ideal): Suppliers who can guarantee the stable supply of raw materials and have the ability, initiative and environmental awareness.</li> <li>· Class B suppliers (Potential): Suppliers who have the ability but no initiative or with the initiative but inadequate ability, regarded as suppliers in reserve.</li> <li>· Class C suppliers (Eliminated): Suppliers who have neither ability nor initiative. These are eliminated as appropriate and replaced with our own purchasers.</li> </ul> <div style="text-align: center;">  <p>Supplier Selection Strategy Matrix</p> </div>
Incentives and improvements	<p>We encourage suppliers to make improvements through various incentives. We provide more procurement resources for Class A suppliers and help suppliers performing better in environmental aspect get more market opportunities and become more eco-friendly.</p>
Cooperation and co-creation	<p>We work with brand partners and suppliers to explore green actions in the whole process of packaging, logistics and warehouse optimization schemes, aiming to build a green e-commerce ecosystem.</p>

**Co-create a green e-commerce ecosystem**

Explore green packaging with a well-known brand partner

In 2021, Baozun partnered with a well-known brand to promote the use of eco-friendly, biodegradable packaging bags to replace its current plastic packaging bags. Throughout that year, the brand's warehouse consumed 202.5 tons of such bags.

Cooperate with a well-known supplier of equipment to make warehouse and logistics more energy-efficient

Baozun has introduced Damon's modular intelligent conveying platform, which features a low-noise mechanical structure and a conveyor equipped with a low-power intelligent digital chip and an energy-saving DC drive motor, therefore cutting electricity consumption by 25% compared with a traditional conveyor.



## Social Benefits

As we continue to grow, Baozun gives back to society by creating value for the communities in which we operate. We believe that every small step we make in community equality and rural revitalization is a big step in promoting social progress, harmony and beauty and can facilitate the sustainable development of local communities. We will continue our efforts in the assistance for vulnerable groups, rural revitalization and high-quality employment, thereby contributing to a better society.

### Support for talent revitalization

In 2021, Chinese President Xi Jinping stressed that employment was the biggest livelihood project, people-oriented project, and cornerstone and is also an important guarantee for social stability. *The Outline of the 14th Five-Year Plan (2021–2025) for National Economic and Social Development and Vision 2035 of the People's Republic of China* also sets out a goal to achieve more employment and better quality jobs, of which enterprises are one of the main driving forces.

Based on our resource advantage and taking advantage of the digital economy boom, Baozun provides excellent vocational and technical education and attractive job opportunities. Committed to the "integration of industry and education", we have established the Baozun–Nantong Open University E-commerce Industry College, where we offer students training and internships programs to help them accumulate hands-on experience, hone their skills and gain decent employment.

In addition, we are shifting our vocational education resources toward rural areas. We are working together with colleges in the remote areas, such as Yiyang Vocational & Technical College of Hunan Province, to provide targeted training, which, in line with the province's rural revitalization strategy, is designed to promote the "skills plus employment" model, accelerate rural talent revitalization, create a new paradigm of rural revitalization-oriented

**Set up the E-Commerce Industry College to boost high-quality employment**

Baozun and Nantong Open University jointly set up the Baozun-Nantong Open University E-Commerce Industry College in 2021. Through close integration of industry and education, the college combines practice with teaching, expands Baozun's talent pool, offers students job and training opportunities while fostering the sustainable development of the industry. At the college, full-time lecturers from Baozun and senior lecturers from 3rd party partner – Shanghai Moli facilitate project-based learning to help students prepare for successful careers.

For 2020 e-commerce class, we designed teaching and training programs covering seven specialized courses. According to Baozun's three job modules (e-commerce products, design and operation), the programs were divided into 11 teaching projects such as e-commerce visual design and marketing, which totaled 412 class hours designed to improve the technical of students.



**The 1st "Baozun Cup" Live Broadcast Competition to develop e-commerce talent**

The Campus Live Broadcast Competition initiated by Baozun along with the Shanghai Higher Vocational Colleges Economics Teaching Advisory Committee and the Shanghai Creative Studies Institute, was held between April and May of 2021. The competition was held to train students' ability to engage in live streaming as well as to explore the school-enterprise cooperation mode for training e-commerce live broadcast professionals. In this competition, a total of 131 eligible projects were submitted by 20-plus secondary vocational schools, higher vocational schools and undergraduate colleges. In the end 33 teams and more than 100 teachers and students were shortlisted for the final competition, in which they promoted products from the e-commerce live broadcast room of Baozun.

During the competition, Baozun's professional teams, resources and platforms helped teachers and students learn about the e-commerce industry standards and requirements. In this way, Baozun provided a wealth of information resources and enterprise resources for schools and colleges to train live broadcast talents in the future. Relevant internships and job opportunities were also provided for the winners of the competition, in order to help raise new talent for the e-commerce industry.



## Care for vulnerable groups

Vulnerable groups are a crucial part of society. Caring for these groups is not only the responsibility of society, but also an obligation shouldered by each individual. With the vulnerable in mind, Baozun actively cooperates with social organizations to provide help for these groups.

### Warm love

On December 28, 2021, Baotong Logistics made a donation to Wujiang Social Welfare Center, a haven for “three-no people” (people with no homes, no one to depend on, and no source of income) such as orphaned and disabled children, and abandoned babies.



# 09

## SUSTAINABLE DEVELOPMENT PERFORMANCE

## Compliance management and business ethics

Performance indicators	Unit	2020	2021
Number of cases where sanctions are imposed due to unfair competition or violations against anti-trust or anti-monopoly laws in operation during the reporting period	Case(s)	0	0
Number of corruption cases brought and concluded against the issuer or its employees during the reporting period	Case(s)	0	0
Anti-corruption training of directors	%	100	100
Hours of anti-corruption training per director	Hour	1	1
Anti-corruption training of employees	%	100	100
Hours of anti-corruption training per employee	Hour	1	1

## Environment<sup>1</sup>

Performance indicators	Unit	2020	2021	
Electricity consumption	Headquarters	MWh	5,263	8,382
	Warehouses and logistics	MWh	10,050	20,650
Natural Gas	m <sup>3</sup>	0	10,801	
Gasoline	Liter	6,056	5,405	
Diesel	Liter	5,529	150,329	
Total energy consumption	MWh	15,424	30,713	
Energy consumption per revenue	MWh/RMB million	1.74	3.27	

Greenhouse gas emissions	tCO <sub>2</sub> e	9,374	17,322
Greenhouse gas emissions in Scope I <sup>2</sup>	tCO <sub>2</sub> e	32	454
Greenhouse gas emissions in Scope II <sup>3</sup>	tCO <sub>2</sub> e	9,342	16,868
Greenhouse gas emissions per revenue	tCO <sub>2</sub> e/RMB million	1.06	1.84
Water consumption	m <sup>3</sup>	140,685	191,828
Water consumption per revenue	m <sup>3</sup> /RMB million	15.89	20.41
Total amount of packaging materials used in finished products	ton	7,867	9,856
Consumption of recycled packaging materials	ton	2,291	2,345
Consumption of environmentally friendly packaging materials	ton	-	203
Exhaust emissions <sup>4</sup>	kg	108	2,450
Sulphur oxides (SO <sub>x</sub> ) emissions	kg	108	2,450
Total amount of non-hazardous waste generated <sup>5</sup>	ton	-	9,030
Amount of non-hazardous waste generated per revenue	kg/RMB million	-	0.96

**Notes:**

[1] The scope of Environment KPIs includes: Baozun Inc., its consolidated subsidiaries, its variable interest entity and its subsidiaries, which are consistent with the entities covered in the consolidated financial statements included in Baozun's annual report for the year ended December 31, 2021. The increase in energy consumption (including purchased electricity, natural gas, diesel and gasoline), comprehensive energy consumption, water consumption and greenhouse gas emissions in 2021 is mainly due to the expansion of Baozun's operations. The six subsidiaries acquired by Baozun in 2021 are as follows: Full Jet Limited.; Bao Best IOT Technology (Suzhou) Co., Ltd.; Suzhou Baoleantone International Logistics Co., Ltd.; Shanghai Yi Shang Network Information Co., Limited.; Shanghai Morefun Information Technology Co., Ltd.

[2] Greenhouse gas emissions in Scope I include natural gas, gasoline and diesel for vehicles owned by the Company. When calculating natural gas, gasoline and diesel carbon emissions, we refer to the *Accounting Methods and Reporting Guidelines for Corporate Greenhouse Gas Emissions – Power Generation Facilities* (revised version 2022) issued by the Ministry of Ecology and Environment of the People's Republic of China.

[3] The source of greenhouse gas emissions in Scope II is purchased electricity. For the accounting methods for greenhouse gas emissions refer to the *Accounting Methods and Reporting Guidelines for Corporate Greenhouse Gas Emissions – Power Generation Facilities* (revised version 2022) issued by the Ministry of Ecology and Environment of the People's Republic of China. In particular, the carbon emissions from purchased electricity are calculated by power grid emission factors, which was issued by the Ministry of Ecology and Environment of the People's Republic of China. The power grid emission factor in 2020 and 2021 is 0.6101 kg CO<sub>2</sub> e/kWh and 0.5810 kg CO<sub>2</sub> e/kWh, respectively.

[4] The source of exhaust emissions is company-owned vehicles. Sulphur Oxides (SO<sub>x</sub>) emissions are calculated by reference to HKEEX's *How to Prepare an Environmental, Social and Governance Report – Appendix II: Guidelines for Reporting Environmental Key Performance Indicators* (March 2020 version).

[5] The source of non-hazardous waste is mainly domestic and office waste. In 2021, Baozun's relocation to its new headquarters resulted in an additional 1,000 tons of construction waste resulting from its renovation. We have entrusted qualified enterprises to properly dispose the waste.



**Employees<sup>1</sup>**

Performance indicators		Unit	2020	2021
Employment				
Total employees		Person(s)	6,076	8,821
By gender	Number of male employees	Person(s)	2,707	3,718
	Number of female employees	Person(s)	3,369	5,103
By employment type	Labor contract system	Person(s)	5,957	8,407
	Labor dispatch	Person(s)	119	15
	Other types of employment	Person(s)	0	399
By age	Number of employees under 30 years old	Person(s)	3,836	4,719
	Number of employees aged 30 to 50 years old	Person(s)	2,225	4,040
	Number of employees over 50 years old	Person(s)	15	62
By employee category	Number of employees in senior management	Person(s)	74	158
	Number of employees in middle management	Person(s)	-	2,779
	Number of average employees <sup>2</sup>	Person(s)	6,002	5,884
By region	Number of employees from mainland China	Person(s)	5,978	8,676
	Number of employees from Hong Kong, Macau, Taiwan and overseas	Person(s)	98	145

Occupational health and safety				
Number of lost-days due to work injuries <sup>3</sup>		Day(s)	162	1,059
Number of work-related fatalities		Person(s)	0	0
Work-related accident rate per million working hours <sup>4</sup>		Times	0.57	0.79
Work lost-days rate per million working hours <sup>5</sup>		Hour	105.82	476.52
Employee training and development				
Total hours of training		Hour	62,192	57,764
Average hours of training per employee <sup>6</sup>		Hour	10.24	6.55
Percentage of total employees receiving regular performance and career development reviews		%	100	99.89
By gender	Percentage of male employees receiving regular performance and career development reviews	%	100	99.78
	Percentage of female employees receiving regular performance and career development reviews	%	100	98.96
By employee category	Percentage of senior management employees receiving regular performance and career development reviews	%	100	99.37
	Percentage of mid-level management employees receiving regular performance and career development reviews	%	100	100.00
	Percentage of average employees receiving regular performance and career development reviews	%	100	99.86

**Notes:**

[1]. The scope of Employment KPIs includes: Baozun Inc., its consolidated subsidiaries, its variable interest entity and its subsidiaries, which are consistent with the entities covered in the consolidated financial statements included in Baozun's annual report for the year ended December 31, 2021. The increase in number of employees in 2021 is mainly due to the expansion of Baozun's operations.

[2]. We have adjusted the way of collecting employment data in 2021. The Number of average employees in 2020 included the number of average employees and the number of employees in middle management.

[3]. Work-related injuries occurred to employees in 2021 were mainly due to traffic accidents in the course of commuting.

[4]. Work-related accident rate per million working hours =  $\frac{\text{Number of work-related accidents}}{\text{Total working hours of employees}} \times 10^6$

[5]. Work-related loss-day rate per million working hours =  $\frac{\text{Total lost-day of employees due to work-related accidents}}{\text{Total working hours of employees}} \times 10^6$

[6]. We adjusted Average hours of training per employee in 2020 to 10.24 hours.

## Supply chain management

Performance indicators		Unit	2020	2021
Total number of suppliers		Supplier(s)	166	967
By region	Number of suppliers from the mainland China	Supplier(s)	166	967
	Number of suppliers from Hong Kong, Macau, Taiwan and overseas	Supplier(s)	0	0
Number of suppliers carrying out environmental and/or social impact assessments		Supplier(s)	0	3
Number of suppliers identified as having actual and potential significant negative environmental or social impacts		Supplier(s)	0	0

## Products and services<sup>1</sup>

Performance indicators		Unit	2020	2021
Percentage of complaints resolved		%	100	100
Total number of violations of customer privacy regulations and voluntary principles		Case(s)	0	0
Number of new patents applied		No.	6	1
Accumulated number of patents applied <sup>2</sup>		No.	66	67
Number of new copyrights to software programs applied		No.	30	16
Accumulated number of copyrights to software programs applied		No.	131	210

[1] The scope of Products and Services KPIs includes: Baozun Inc., its consolidated subsidiaries, its variable interest entity and its subsidiaries, which are consistent with the entities covered in the consolidated financial statements included in Baozun's annual report for the year ended December 31, 2021. The six subsidiaries acquired by Baozun in 2021 are as follows: Full Jet Limited.; Bao Best IOT Technology (Suzhou) Co., Ltd.; Suzhou Baoleantone International Logistics Co., Ltd.; Shanghai Yi Shang Network Information Co., Limited.; Shanghai Morefun Information Technology Co., Ltd.

[2] We adjusted Accumulative number of patents applied in 2020 to 66 patents.

# ABOUT THE REPORT

The *Baozun Sustainability Report for fiscal year 2021* (hereinafter referred to as "this report"), the second sustainability report released by Baozun, sets out the Company's principles of sustainable development and its performance in 2021, including sustainable development issues concerned by key stakeholders.

## Preparation basis:

As an eligible issuer for secondary listing on HKEX, Baozun is exempted from *Article 13.91 of the Listing Rules and Appendix 27 Environmental, Social and Governance Reporting Guide* (hereinafter referred to as "ESG Guide") according to *Article 19c.11 of the Listing Rules*. As a result, when preparing this report, we take the ESG Guide for reference only.

## Scope of the report

Scope: Baozun Inc., its consolidated subsidiaries, its variable interest entity and its subsidiaries, which are consistent with the entities covered in the consolidated financial statements included in Baozun's annual report for the year ended December 31, 2021 (collectively referred to as "Baozun Inc" "Baozun" or "the Company") covered in this report, consistent with the entities described in the consolidated financial statements of the annual report.

Time scope: This report is an annual report covering the period from January 1 to December 31, 2021, with some information appropriately backward traceable.

## Reporting principles

This report enhances the quality of reports by referring to the following principles that define report quality in the *GRI Standards*:

### Accuracy

This report describes the calculation basis and assumptions for the information and data provided, and the basic assumptions for the estimated data.

### Balance

In accordance with this principle, the contents of this report reflect objective facts, and the indicators involving both positive and negative information are disclosed.

### Clarity

This report is published in both Simplified Chinese and English, and provides a benchmarking index and a technical term index for stakeholders to understand the information.

### Comparability

This report discloses the key quantitative performance indicators, explains their meanings, and describes the calculation basis and assumptions. The indicators used in different reporting periods are consistent as far as possible to reflect the trend of performance level.

### Reliability

The data and cases in this report are from the original records in its actual operations or financial reports of the Company. The Board of Directors guarantees that the contents of the report are free from false records, misleading statements or major omissions in material respects

### Timeliness

This report, as an annual report, shall be issued as soon as possible after the end of the reporting year; and the scope of the report shall indicate the time range of the report.

## Contact us

This report is provided in Simplified Chinese and English. For any conflict or inconsistency, the simplified Chinese version shall prevail. The electronic version is available on our official website (<https://ir.baozun.com/esg-report-0>).

We value the views of stakeholders and readers are welcome to contact us through the following ways. Your comments will help us to further improve this report and enhance the overall sustainability performance of Baozun.

Address: Shibeishuzhi Building, Lane 510, West Jiangchang Road, Jing'an District, Shanghai, 200436

Tel.: 86 (21) 80266000 Extension number: 6128; 6599

Email: [fang.fang@baozun.com](mailto:fang.fang@baozun.com); [wendy.sun@baozun.com](mailto:wendy.sun@baozun.com)

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405-1	Corporate governance structure
406-1	Employees' rights and interests
416-1	Data security and privacy protection
416-2	Data security and privacy protection
417-1	R&D and innovation Sustainable supply chain Responsible marketing
417-2	Responsible marketing
417-3	Responsible marketing
418-1	Data security and privacy protection