Contents

01 – p 03
Letter from our CEO

02 – p 04
Executive Summary

03 – p 06
Highlights

04 – p 07
COVID-19 Response

05 – p 12
Environmental
5.1 — Digitizing the Supply Chain
5.2 — Consumer-to-Manufacturer
5.3 — Logistics Technology Platform

06 – p 21
Social
6.1 — Promoting Digital and Social Inclusion
6.2 — Powering Rural Revitalization
6.3 — Modernizing Agricultural Practices
6.4 — Training E-Commerce Talent
6.5 — Ensuring Food Safety

07 – p 35
Governance
7.1 — Corporate Governance
7.2 — Open Platform Approach
7.3 — Anti-Corruption Policy
7.4 — Intellectual Property Protection
7.5 — Data Protection and Distributed AI
7.6 — Talent Policy
Letter from our CEO

Pinduoduo has grown exponentially since our founding in 2015. We crossed 1 trillion yuan in GMV in 2019 and have almost 700 million users as of the second quarter of 2020. We have more than 5 million merchants, or sellers, on our platform, and our agricultural initiatives have connected more than 12 million farmers, many of whom live in some of the poorest areas in China.

We recognize that we have grown to become an institution of public trust, and with that comes accountability and responsibility.

It is with that in mind that we publish our first ESG report to inform our stakeholders of our progress in managing environmental, social and governance matters, as well as how we live up to our role as a responsible corporate citizen among our many communities.

This transparency is in keeping with the spirit of our corporate culture, which is anchored in the core value of “本分” (“Benfen”). While difficult to express perfectly in English, it calls for sticking firmly to one’s own duties and principles of honesty and trustworthiness, regardless of others’ conduct or outside pressures.

You will learn from this report how Pinduoduo helped to stabilize prices of personal protective equipment (“PPE”) and other daily essential items, when the mismatch between demand and supply caused prices to spike during the height of the COVID-19 outbreak.

When the COVID-19 response caused the temporary shutdown of the offline wholesale distribution network for food, Pinduoduo stepped in to help ensure the stability of food supply by connecting farmers to consumers on our platform through a dedicated channel for farm produce. We organized a series of livestreaming events with the help of local community leaders to market produce from various rural areas directly to consumers. We also helped ensure the stable supply of seeds and equipment for subsequent planting seasons.

As the pandemic hit export orders, we helped manufacturers market their products to consumers in China, helping to save jobs, while promoting domestic consumption to revive the economy.

Outside of the COVID-19 response, Pinduoduo continued to invest in building communities. We connected friends and families through our team purchase and interactive features. We also trained individuals and small businesses to operate online stores so that they, too, can benefit from the digital economy.

As a technology company, we leveraged our technical capabilities to come up with more efficient and environmentally sustainable packaging, and more efficient ways of routing parcels generated from sales on our platform. We aim to cut down duplication of routes, reduce delivery time and lessen the environmental impact.

We support the United Nations’ Sustainable Development Goals to end poverty, protect Earth and bring peace and prosperity to everyone around the globe. We continue to do our part to contribute toward these goals through our day-to-day initiatives.

Pinduoduo, as a growing organization, will always dedicate itself to doing the right things, creating value for our society, and making this world a better and happier place. It is our hope that as the company grows in strength, we would have more resources and capabilities to achieve this goal.

Thank you for all your support.

Chen Lei
Chief Executive Officer,
Pinduoduo Inc.
Pinduoduo was established in 2015 with the goal of bringing more value-for-money products and more fun to our users. For us, delivering the best value for money is not about squeezing suppliers for the lowest price, but about systematically examining each part of the supply chain to release more value for a win-win situation.

We also consider the interaction, knowledge and social inclusion that we bring with our interactive e-commerce model, as part of the value we provide to both our buyers and sellers.

Our corporate social responsibility efforts are thus guided by this goal of promoting digital inclusion. We aim to bring more people into the digital economy so that local communities can enjoy the rewards of increased productivity and convenience and create value through new jobs and market opportunities.
To that end, Pinduoduo is focusing its efforts to be a responsible corporate citizen and member of the community on several fronts:

01 Environmental Impact

We seek to lessen our impact on the environment by reengineering the traditional agricultural and manufacturing supply chains through our consumer-to-manufacturer (“C2M”) model and livestreaming to cut down layers of intermediaries, thereby reducing wastage and promoting efficiency and productivity.

02 Digital Ecosystem

By building the digital ecosystem, we seek to empower more people and businesses through training and the sharing of knowledge through initiatives such as our New Brand and New Farmer initiatives.

By enabling more aspiring entrepreneurs to start their businesses and create more jobs, we seek to be socially inclusive by bringing more people into the digital economy and sharing in its growth.

03 Investing in the Future

By investing in the future through the promotion of basic scientific research and technological innovation, we seek to improve the overall level of governance and protect the public’s interest.

We entered a research collaboration with the Singapore Institute of Food and Biotechnology Innovation (“SIFBI”) to develop more cost-effective and robust means of testing fresh produce for contaminants like pesticides.

Technological innovation also lies at the center of our intellectual property protection program with the use of advanced artificial intelligence and other methods to block and remove counterfeits.
Highlights

**Active Buyers**

683.2 million | 41% YoY growth

**Revenue**

RMB 30.1 billion | 130% YoY growth

**Agricultural product GMV**

RMB 136.4 billion | 109% YoY growth

**Investment to help farmers sell online**

RMB 50 billion (over next five years)

**Order value from poverty-stricken countries**

RMB 37.3 billion

**Duo Duo University**

>100,000 new farmers trained

>490,000 agricultural operators took online courses

**Duo Duo Farms**

Plan for 100 Duo Duo Farms in five years from April 2019

---

1 Active buyers in the twelve-month period ended June 2020. “Active buyers” refers to the number of user accounts that placed one or more orders (i) on the Pinduoduo mobile app, and (ii) through social networks and access points in the period, regardless of whether the products and services are actually sold, delivered or returned.

2 Revenue for the year 2019.

3 Agricultural product GMV for the year 2019.

4 For the year 2019.

5 As of June 2020.
When China went into a lockdown in the first quarter of 2020 to curb the spread of the coronavirus, Pinduoduo stepped up to help smooth the severe dislocations in the sales and distribution channels for daily necessities.

As one of China’s largest e-commerce platforms serving close to 700 million users, Pinduoduo plays an increasingly important role as a channel for people to buy their daily necessities.

This became even more apparent during the coronavirus outbreak, when markets and grocers had to close due to lockdown measures.
Public Duty

As a marketplace operator, we fulfilled our public duty to ensure that prices are stable and that profiteers do not take advantage of public panic to gouge consumers on essential supplies.

Pinduoduo also did its part to source for critical protective equipment for frontline staff at medical facilities and for other essential workers.

Like many other companies, the COVID-19 outbreak was one of the toughest times for Pinduoduo, but we are grateful that we were able to serve and do our part to help our community of buyers and sellers tide over the crisis together.

Summary of key COVID-19 measures:

01. A dedicated Help the Farmers channel was set up to connect farmers in remote areas directly with consumers. Livestreaming sessions with rural farming communities were organized to promote their produce to consumers.

02. Home-testing kits, such as point-of-care antibody test kits, were subject to strict checks. Maintained a daily supply of 10 million masks on the platform at the peak of the COVID-19 outbreak.

03. Expanded New Brand initiative to support export manufacturers to address domestic consumption opportunities.
E-commerce played a crucial role in ensuring the stability of food supply during the peak of the COVID-19 outbreak in China. Farms were left laden with unsold crops when wholesale distributors were temporarily shut down due to the COVID-19 response. In the cities, consumers faced difficulties in buying fresh produce because of stay-at-home orders and the closure of markets and grocers.

To alleviate this supply dislocation, Pinduoduo set up a dedicated Help the Farmers channel in February 2020 to provide multiple access points for consumers to buy fresh produce directly from farmers in poverty-stricken areas.

**Highlights:**

- **>280,000** Agricultural products were made available to Pinduoduo’s users.

- **>100** Livestreams across more than 20 provinces and autonomous regions to help promote local produce.

- **≈400** Agricultural areas in China, including 230 poverty-stricken counties, were covered by the initiative.

- **500 Million Yuan** committed to subsidize purchases of agricultural products from farmers, as well as logistics subsidies to smoothen deliveries.

Community leaders from more than 180 cities and counties have joined these sessions. More than 100 regional crops were shown to users on Pinduoduo’s platform.
MEASURE 02:
Ensuring price stability, blocking fake and substandard PPE

The market for daily necessities and PPE was thrown into serious disarray at the peak of the coronavirus outbreak.

Prices surged as the demand far outstripped the supply, and the mismatch was compounded by the Chinese New Year holiday, when many merchants were closed, and logistics capacity was similarly idled.

In the face of surging prices, Pinduoduo stepped in and did our part to relieve consumer anxiety and help our business partners. We directly subsidized these daily necessities and protective equipment to stabilize prices. We also defrayed part of the logistics costs.

At the same time, we worked with manufacturers, brands, and logistics companies to maintain a daily supply of 10 million masks on the platform at the peak of the Covid-19 period. We also put a temporary ban on the number of items a user could purchase per day to prevent panic buying and hoarding.

Busting Counterfeits

Besides ensuring price stability, Pinduoduo also stepped up our efforts to ensure that counterfeiters do not exploit the platform and our users in a time of crisis.

To weed out counterfeits, Pinduoduo used advanced technology to customize screening rules for well-known makers of PPE, such as masks, disinfectants, alcohol-based formulations, protective glasses, and disposable coveralls. Home testing kits, such as point-of-care antibody test kits, were also subjected to strict checks.

Results of Pinduoduo’s proactive approach:

30,000 FAKE PRODUCT APPLICATIONS
were blocked by Pinduoduo during the period starting with the Chinese New Year through the end of February in 2020.

40 STORES
were shut down and 6,000 suspicious merchants were reprimanded during this period.

Law enforcement agencies were alerted to merchants that were illegally selling masks and protective equipment.

500,000 PRODUCTS
were removed from our platform.
Pinduoduo launched a Beautiful Life, Made in China campaign in May to showcase the best of “Made in China” products. The campaign is part of a broader push by Pinduoduo to help the manufacturing sector and showcase domestic quality and craftsmanship.

This is part of Pinduoduo’s New Brand Initiative launched in December 2018 with the aim of supporting 1,000 factories and manufacturers to develop their own brands.

MEASURE 03: Helping China’s manufacturers connect with consumers

Highlights:

10,000 BUSINESSES SHOWCASED in a Dongguan Pavilion created in conjunction with local authorities.

Virtual tours of these factories were organized to build consumer confidence in lesser-known brands, offering consumers a behind-the-scenes peek at the “Made in China” story.

>20 MAJOR MANUFACTURING HUBS involved in the campaign, including Zhejiang, Jiangsu, Shandong, Hubei, Fujian, and Guangdong.
5.1 Digitizing the Supply Chain

In China, manufacturers and agricultural producers typically rely on multiple layers of distributors to help bring their products to the mass market because they often lack the distribution channels and marketing know-how to reach the end consumer.
Multi-layered Distribution: Unnecessary Wastage and Pollution

Typically, merchandise is sent from the factories to main distributors, who store them in warehouses before dispatching to regional warehouses, and then on to retailers.

A similar supply chain exists for agricultural produce, which makes their way from farms to wholesale centers before being trucked to regional wholesale centers to be distributed to local grocers and sold to consumers.

Such a multi-stage distribution model leads to unnecessary energy consumption and emissions because of extended delivery distances, excess packaging and the operation of warehouses.

By cutting the number of layers of distribution, we help producers save on transportation and storage costs and lessen the impact on the environment.
CASE STUDY:
Garlic Farmers From Hunan Province

THE TRADITIONAL WAY
1. Farmers in Hunan Province sell their garlic to the local wholesaler at an average price of RMB 1 per 500g.
2. The wholesaler then sells the garlic to a regional distributor. The garlic passes through the warehouses of four different distributors before reaching the retail outlets in cities around China.
3. By the time they reach the neighbourhood grocer, the garlic is sold at RMB 8 per 500g.

RESULT
Each additional leg of distribution results in increased transportation, packaging and operational costs, as well as more pollution.

THE NEW WAY
1. Farmers in Hunan Province sell their garlic at an average price of RMB 1.3 per 500g.
2. Consumers on Pinduoduo buy garlic directly from the farmers in Hunan through the platform.
3. The garlic now makes its way directly from the farm to the doorsteps of consumers in the cities for the price of RMB 2 per 500g – four times cheaper than the traditional way.

RESULT
A reduction in food wastage, materials used in packaging, and transportation tailpipe emissions from the burning of fossil fuels by vehicles transporting the shipment.
As part of our “going direct” strategy, we work with manufacturers across China to develop the Consumer-to-Manufacturer ("C2M") initiative. Our aim is to migrate people’s mentality away from how much can we produce, to how much should we produce.

We provide manufacturers with direct-to-market consumer insights to help them define and customize products, improve supply chain efficiency, and market directly to interested consumers.
Tailored to Demand

Under the traditional retail model, developing a new brand and a new product often involves a lengthy process of market research, focus group testing, feedback through distribution channels and then large-scale production.

Through our C2M model, factories can design and produce based on a large volume of user preference data, compressing the new product development process by 50%. The new products can reach the market in a timelier fashion and are more tailored to consumer demand.

Demand-Driven Retail

In a nutshell, C2M flips the manufacturing-retail process on its head, turning the question from “how much can we produce” to “how much should we produce.”

As manufacturers become more attuned to consumer demands, they can optimize their own operations to improve procurement, optimize production, reduce inventory, and improve their cash conversion cycle. We see potential for our C2M initiative to help reduce resource wastage over the long run.

New Brand Initiative

We launched our C2M program in December 2018 with the New Brand Initiative, with the aim of expanding our collaboration to 1,000 manufacturers by the end of 2020.

Under this initiative, we aggregate consumer preference insights and ask manufacturers to tailor-make value-for-money products for our platform.

Many of the participants in this program are original equipment or design manufacturers (“OEMs” or “ODMs”) that are looking to diversify their export-oriented business but have had little access to the end-customer.
CASE STUDY:

Deli Glass

Located in Anhui, Deli Glass is one of the largest manufacturers of daily glassware in Asia.

Its products include water jars, wine glasses, kitchen ware and glass containers. It is the OEM partner for household brands like Walmart and RT-Mart.

With fewer export orders and higher distribution costs in recent years, Deli sought to reposition itself with greater focus on the domestic market. However, Deli faced great challenges as it lacked established distribution channels and brand marketing experience.

Deli joined Pinduoduo’s New Brand Initiative and opened its online store in January 2019.

The sales of its wine glasses reached 150,000 units in the first month alone with great consumer review on quality and value.

Over time, Deli refined their product offerings based on consumer insights that Pinduoduo provided, such as making glasses with thicker and shorter glass stems to be more dishwasher-friendly and better fit the cabinets in Chinese households.

The wine glasses sell for US$0.40 per piece inclusive of shipping, compared with US$1 for glasses with the same export quality.

The collaboration with Pinduoduo has helped Deli build its “Gloreca” brand into a new household name in China.
Pinduoduo does not operate its own fleet and our merchants rely on third-party logistics providers to deliver the goods purchased on the platform to users.

To improve the efficiency of our logistics, we launched our own e-waybill system during the first quarter of 2019. The e-waybill system is integrated with those of all major logistics services providers in China, as well as the store management systems of our sellers.
Less Paper, Less Error

The e-waybill system eliminates the usage of traditional paper waybills with multiple carbon copies. The e-waybill system also significantly reduces the likelihood of human error resulting in wrong delivery addresses.

We are developing our e-waybill system into a logistics technology platform, with the aim of enhancing delivery efficiency, reducing carbon emissions and lowering costs.

Smarter Route Planning

Pinduoduo is investing in machine learning technology to optimize delivery route planning. We are working with our logistics partners to make deliveries greener and more efficient.

More precise delivery route planning will also reduce the need for cold-chain logistics for certain fresh produce.

Green Packaging

We are also investing in research and development of green packaging design and materials.

Our objective is to eliminate excessive packaging by providing our merchants with more suitable and environmentally friendly packaging solutions, such as different sizes, green materials and biodegradable stuffing.
SOCIAL

06

Social
6.1 Promoting Digital and Social Inclusion

Any business is ultimately only as strong and healthy as the environment and community it is rooted in.

As one of China’s largest e-commerce platforms with close to 700 million users, we believe that empowering more people and businesses through training and sharing of knowledge to take part in the digital economy is not only the right thing to do, it’s the smart thing to do.

Creating Opportunities

Only by equipping individuals and communities with the skills and creating the opportunities to take part in the fast-growing digital economy can we unleash the full potential of the population.

And at the heart of our commitment to building a more sustainable ecosystem is our work with rural agricultural communities. As part of our efforts to promote digital and social inclusion, Pinduoduo has committed substantial resources to:

* Train individuals to set up their own e-commerce businesses
* Raise living standards for farmers by modernizing agricultural practices
Pinduoduo has been actively involved in bettering farmers’ livelihoods since its inception as Pinhaohuo in 2015.

From Day 1, we have broken down the artificial barriers between farmers and consumers and enabled farmers to reap the benefits of e-commerce and economic digitalization. We do this by connecting farmers to consumers directly through our platform.
One of the key uncertainties a farmer faces is how much demand there is for his produce, which determines the price for it.

Historically, wholesalers and distributors have captured a greater proportion of the value in the supply chain for their role in matching supply with demand. They had much greater leverage over smallholder farmers, who comprise most of China’s farming industry.

This lack of transparency and pricing power limits the ability of farmers to reinvest in their farms. It also dims the attractiveness of being a farmer. However, this is changing in the age of e-commerce and growing internet penetration.

Pinduoduo has applied its innovative “pin” model of aggregating demand through team purchases to make it possible for more farmers to tap into the online market for agricultural produce.

Firstly, by doing away with unnecessary intermediaries, farmers can offer prices that are lower than what consumers are used to paying at retail, and still net a higher profit than they would otherwise fetch selling through conventional distributors.

Secondly, Pinduoduo can actively push agricultural produce on the relevant users’ recommendation feeds, such that users are able to discover fresh and affordable produce.

By sharing these finds with their friends to form team purchases, they in turn help drive more volume with greater visibility to the farmers. This is especially useful for produce that is in over-supply or needs to be sold quickly to maintain their freshness.
Higher Incomes

As a result, farmers benefit by having more distribution to a wider market, while consumers across a wide economic and social spectrum benefit from having more choices at more affordable prices.

With stable and higher incomes, farmers have greater freedom to plan and make necessary investments. Store listings by farmers from impoverished regions are also routinely featured for free on our Duo Duo Orchard mini game, which boasts over 60 million daily active users (see case study on Page 31).

The fruits given out through the game are also sourced from impoverished regions, and this notion of supporting farmers through their shopping activity on our platform has become normalized for most of our users.

Summary:

586,000
ACTIVE PRODUCE MERCHANTS
on the platform in 2019, up 142% year on year.

>12 Million
AGRICULTURAL PRODUCERS
were connected to the almost 600 million buyers on Pinduoduo in 2019.

RMB 37.3 Billion
OF ORDER VALUE
generated by merchants located in state-level poverty counties.

360,000
MERCHANTS
from 832 state-level poverty counties as of the end of 2019, marking a year-on-year growth of 158%.

RMB 15.9 Billion
IN MARKETING RESOURCES
and 2.9 billion yuan in cash subsidies invested to support these farmers.

Job Creation

The benefits to these rural communities also extend beyond farmers simply shifting their distribution channels from offline to online. By enabling farmers to become entrepreneurs and take greater control over their sales, new jobs are being created.

For instance, a range of agriculture-based new logistics and new industry infrastructure, including packaging, warehousing, and shipping, has sprung up to keep up with the influx of demand from consumers through the Pinduoduo platform.

In rural areas in Central and West China, small, efficient, and flexible village-level packaging and warehousing sites have emerged, creating jobs and income for some of the previously unemployed, like the elderly and women.
Liu Xing Jia, 34, a rural entrepreneur who persevered and brought the fruits of agricultural e-commerce to his village, recounts his journey:

My first foray into agricultural e-commerce began when I quit my job in the city of Changsha, where I was making 200,000 yuan annually, and returned to my hometown in Hunan province to grow purple rice. Everybody wanted to mind my business. But what bothered me most was how vehemently opposed my father was to me returning home, despite my mother’s efforts to reason my ambition with him.

But I was just as adamant. The Chinese government had implemented a policy to promote agricultural businesses, and I felt this was my calling. I invested 300,000 yuan from my own savings and signed a contract to lease 400 acres of farmland in my hometown. Yet, throughout the first year, the volume of sales was extremely low, and I made a loss of 200,000 yuan.

Subsequently, in 2017, I met two men, just like me, who had quit their city jobs and returned home to the village to try something new. One was a photographer and the other had dabbled in e-commerce. The moment they heard of my venture to work with agricultural produce in the village, they were ready to join hands. We stumbled upon a delicious side dish while having dinner with a local farmer’s family one night and learned that the vegetable used as a main ingredient in the side dish was grown by this local farmer.

Before I knew it, we were discussing the possibility of using their produce to make this condiment in our village, and then selling them in jars to cities. Together, we all borrowed and ploughed in 200,000 yuan into the business of making tasty side dishes bottled up in jars.

CASE STUDY: Rural entrepreneur creates jobs with condiment business on Pinduoduo

“I invested 300,000 yuan from my own savings...”
In March 2018, I opened my e-commerce store on Pinduoduo, and in less than two years, our product is one of the best-selling packaged condiments on the Pinduoduo app.

Our operations have moved from a small workshop to a large warehouse. We sold a total of 300,000 units in six months after joining the Pinduoduo platform, generating revenue of 3.7 million yuan, which was well above what I had expected.

I have a staff of 50, both young and old from my village, who are proud to work in a factory that sells premium local produce to cities all over the country.

“It gives me great pleasure, too, to give back to my hometown.”

It gives me great pleasure, too, to give back to my hometown, by providing the locals with employment, with insurance and more than 3,000 yuan per month — a comfortable salary for most. Their well-being is what had sparked my interest in returning home. In the future, I hope to purchase more local and healthy agricultural produce made in Hunan and sell to all of China.
In China, agriculture accounts for close to 30% of employment but generates less than 10% of GDP, which suggests that labour productivity is significantly lower than the rest of the economy.

At the same time, the total number of persons employed in agriculture is gradually declining and the remaining agricultural workers have increasingly become more aged, since they are the ones with the least labour mobility.

Without modernization, it would be difficult for the agricultural industry in China to progress and deliver a sustainable improvement in standard of living for farmers. To address this issue, Pinduoduo officially launched the Duo Duo Farm initiative in April 2019 in partnership with the Yunnan provincial government. Pinduoduo has committed over 100 million yuan to the initiative, which will help 74 poverty-stricken counties in 13 prefectures of Yunnan province. Our goal is to launch 100 Duo Duo Farm projects in Yunnan in the next 5 years and groom 10,000 locals with e-commerce know-how.
Duo Duo Farm takes an innovative tripartite approach to formulate tailored programs to increase farm productivity in various state-level poverty counties in Yunnan.

Working jointly with the local governments and agronomic research institutes, Pinduoduo has created integrated programs that address the value chain from upstream to downstream, beginning with the organization of farmers, what and how farmers plant and how they sell to the end market.

Starting with the organization of farmers, Pinduoduo has sponsored starter funds for the creation of farmer co-ops. Agronomic experts from our partner institutes such as the Yunnan Academy of Agricultural Sciences survey the status of local agricultural produce and then make recommendations on how farmers can improve and utilize new technologies on the now larger combined plot of land farmed by the co-op.

**Smart Agritech**

In the Nujiang River project, for instance, Pinduoduo partnered with the workstation led by Chinese Academy of Engineering academician Deng Xiuxin to introduce a plan for co-locating late-maturing mandarin oranges alongside citrons that were well-suited to deep mountain gorge conditions.

Deng also recommended the application of smart agricultural technologies such as drip irrigation and remote monitoring devices, which are being introduced to this region for the first time. The orange trees grown under this pilot use 15% less fertilizer and 30% less labour, and this initiative is expected to increase farmers’ earnings per acre by 4,800-9,000 yuan.

In the Baoshan project, Pinduoduo worked with the Yunnan Institute of Tropical Cash Crops to select high-quality coffee varieties suitable for planting given the altitude and latitude of the test fields. The agronomists then demonstrated to the farmers how they could change their coffee variety grown with minimal disruption and further trained them on different methods for the initial processing of coffee beans.

At the same time, Pinduoduo facilitated the partnership of these coffee farmers with nearby coffee factories and provided data and marketing support to help these coffee farmers get their coffee sales up and running on the platform.

Meanwhile in Wenshan, Yunnan, Pinduoduo is working with the Yunnan Academy of Agricultural Sciences to lead the formulation of local and national industry standards for the planting of yacon, a South American root vegetable, in a bid to create a standardized production system for yacon with a nationally recognized designation of origin.
Indeed, a study by Tsinghua University in June 2020 held up Pinduoduo’s “pin” model as a catalyst for the development of “cloud agriculture” in China, whereby the agricultural supply chain becomes digitized and can break free from geographical and time constraints to reach more consumers in a timely manner.

In particular, Tsinghua University highlighted Pinduoduo’s contribution to rural poverty alleviation by focusing on improving information, intelligence and scale in agriculture to upgrade the value chain. We believe that the rapid development of e-commerce can provide meaningful momentum to the modernization of agriculture – it just takes someone who can make sense of the data to steer production and shape demand.

Pinduoduo and China Agricultural University co-organized the inaugural Duo Duo Smart Agriculture Competition under the technical guidance of the United Nations Food and Agriculture Organization. Teams of data scientists are applying AI algorithms to grow strawberries remotely in automated greenhouses. They are competing against traditional farmers to see who can deliver the most economic benefit.

The competition is one of many initiatives by Pinduoduo to engage top talent in developing scientific and technical solutions for China’s agriculture industry, which faces the problem of an aging labor force and low digitization and productivity. The winning team, to be announced in November, will get research funding from the Pinduoduo Agritech Research Fund, help with implementation at a Duo Duo Farm in Yunnan province and further academic and commercial support.

On top of these efforts, Pinduoduo is also developing its own “Agri Virtual Network”, whereby demand and supply information of agricultural produce can be coordinated.

By considering price, quantity, geographical distribution and logistical availability amongst other factors, the network aims to guide farmers on production while managing consumer demand. This will help eliminate mismatches between supply and demand and reduce food wastage.

These are just a few of the initiatives that Pinduoduo has undertaken to increase agricultural productivity and modernize the industry. We hope that our actions will encourage others in the ecosystem to also invest in agricultural modernization and help propel Chinese agriculture forward through technology.

Pinduoduo and China Agricultural University co-organized the inaugural Duo Duo Smart Agriculture Competition under the technical guidance of the United Nations Food and Agriculture Organization. Teams of data scientists are applying AI algorithms to grow strawberries remotely in automated greenhouses. They are competing against traditional farmers to see who can deliver the most economic benefit.

The competition is one of many initiatives by Pinduoduo to engage top talent in developing scientific and technical solutions for China’s agriculture industry, which faces the problem of an aging labor force and low digitization and productivity. The winning team, to be announced in November, will get research funding from the Pinduoduo Agritech Research Fund, help with implementation at a Duo Duo Farm in Yunnan province and further academic and commercial support.

On top of these efforts, Pinduoduo is also developing its own “Agri Virtual Network”, whereby demand and supply information of agricultural produce can be coordinated.

By considering price, quantity, geographical distribution and logistical availability amongst other factors, the network aims to guide farmers on production while managing consumer demand. This will help eliminate mismatches between supply and demand and reduce food wastage.

These are just a few of the initiatives that Pinduoduo has undertaken to increase agricultural productivity and modernize the industry. We hope that our actions will encourage others in the ecosystem to also invest in agricultural modernization and help propel Chinese agriculture forward through technology.

Indeed, a study by Tsinghua University in June 2020 held up Pinduoduo’s “pin” model as a catalyst for the development of “cloud agriculture” in China, whereby the agricultural supply chain becomes digitized and can break free from geographical and time constraints to reach more consumers in a timely manner.

In particular, Tsinghua University highlighted Pinduoduo’s contribution to rural poverty alleviation by focusing on improving information, intelligence and scale in agriculture to upgrade the value chain. We believe that the rapid development of e-commerce can provide meaningful momentum to the modernization of agriculture – it just takes someone who can make sense of the data to steer production and shape demand.
CASE STUDY:

Duo Duo Orchard – Poverty alleviation in a game

Duo Duo Orchard, a mini game rolled out by Pinduoduo in May 2018, explores a new model of poverty alleviation and supporting farmers.

In Duo Duo Orchard, users can grow virtual fruit trees, collecting water droplets to water their tree by shopping, browsing, and interacting with other users on the platform. Users receive free fruit from Pinduoduo after the fruit has ripened, most of which is sourced from key areas in China’s poverty alleviation program such as Daliangshan in Sichuan.

Duo Duo Orchard’s user base continued to expand and hit record numbers in 2019. As of end-2019, the number of Daily Active Users had exceeded 60 million. Building on Duo Duo Orchard, Pinduoduo introduced Duo Duo Pasture, Duo Duo Farm, and similar innovative products, which started a new wave across the industry where fun user experiences and agricultural e-commerce came to be closely connected.

Currently Duo Duo Orchard is sending out more than 1 million kg of fruit daily. Through this game, users on the platform can have fun while helping to alleviate poverty by consuming products from poverty-stricken areas. Each fruit tree planted by users indirectly helps fruit-growers in poverty-stricken areas increase their income, and best of all, such poverty alleviating actions are made simple and straightforward for all users to participate.

Helping the poor thus becomes normalized and integrated seamlessly into our users’ e-commerce experience.
How does a farmer go from simply being a farmer to becoming an entrepreneur?

A key part of our efforts to develop human capital for the agricultural industry is our training programs offered through Duo Duo University, where Pinduoduo staff provide training, both online and offline, in an array of topics ranging from accounting to marketing to store operation.
Learning by Doing

Through continuous training and learning by doing, farmers and entrepreneurs are groomed over time to become better farmers and confident local business leaders. As of the end of 2019, Pinduoduo has built out a network of over 86,000 New Farmers, who are internet-savvy, educated talents returning to their hometowns and villages to start their own businesses.

These New Farmers are also predominantly young, with 96% of the returnees born in the 1980s and 1990s. After undergoing training through Duo Duo University, these young talents on average saw revenue growth of over 56% in their respective stores.

New Farmers

Joining Pinduoduo on this journey is China Agricultural University (“CAU”), which signed a strategic agreement with Pinduoduo in May 2019 to jointly train and develop 10,000 New Farmers over the next 5 years. Trainers from CAU have imparted trainees with agronomic knowledge on various crops, from planting to crop management, with trainers from Pinduoduo supplementing with e-commerce-related skills training.

In 2019, Duo Duo University cumulatively organized 1,400 hours of offline training, reaching 874 rural trainees in 12 provinces, while its online courses have reached 490,000 agricultural operators cumulatively.

We will continue to deepen our investments in developing rural human capital. We believe that building a strong rural talent pool is key to helping rural communities capture more of the economic value in the agricultural supply chain.

The interests of these New Farmers, who are from these rural communities, would be more aligned with that of the farmers than outsider wholesalers, and can encourage the next generation of youths to consider a career in agri-business, thus ensuring continued momentum in the process of rural revitalization over the longer term.
6.5 Ensuring Food Safety

Food safety is likely to come under intensified scrutiny in the wake of the COVID-19 pandemic, as governments work to diversify their food supply and give greater assurance to consumers.

To this end, Pinduoduo is partnering with the Singapore Institute of Food and Biotechnology Innovation (“SIFBI”) to develop more cost-effective and robust means of testing fresh produce for contaminants like pesticides.

We hope to make testing more widespread by lowering the barriers around cost and efficiency, and hence provide consumers with greater quality assurance.

Agri-food Research

SIFBI is a research institute under Singapore’s Agency of Science, Technology and Research (“A*STAR”) that aims to support Singapore’s food innovation ecosystem and houses an array of technical expertise for agri-food research.

Beyond this first project, we will continue to jointly engage in further research projects that can promote advances throughout the agri-food supply chain.

We believe that as a socially responsible e-commerce company, we should not merely act as a conduit but should also be using our position in the ecosystem to drive positive, long-lasting change that can benefit consumers, merchants, and society at large.

As e-commerce becomes more dominant in food retail, we think that it is only natural for e-commerce players like ourselves to step up and work with other ecosystem partners to ensure a viable future for agri-food technology development.
Corporate governance at Pinduoduo focuses on meeting legal requirements, staying aligned with corporate best practices, and remaining actively engaged with shareholders and other stakeholders.

Our approach to governance is guided by the relevant laws and regulations, our articles of association, policies, and guidelines, that are managed under the ultimate supervision of our board of directors.

We have developed a corporate governance framework designed to ensure our board has the authority and practices in place to review and evaluate our business operations and to make decisions independent of management.

Each year, the board reviews our corporate governance framework based on the board and the committees’ self-assessments, results from the annual shareholders meeting, governance best practices, and regulatory developments.
We believe an independent board helps ensure that directors’ interests are aligned with that of the shareholders and that the board is able and motivated to effectively supervise management’s performance. It also helps maintain objectivity in the board’s strategic decision-making.

We are committed to maintaining our board with a majority of directors being independent of the company and management.

Currently, 4 out of 7 directors are independent and all members of our Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee are independent directors. All directors are subject to one-year terms and up for election by the shareholders at each year’s annual general meeting.

Currently, Colin Huang serves as the chairman of the board, and Chen Lei serves as the chief executive officer. The separation of roles offers clear distinction of management authority from board authority. The chairman and CEO are empowered to devote 100% of their time and energy to pursue their respective duties without concern that interests in one position might negatively influence the other.

The separation also enables checks and balances. The CEO leads the management team in business operations according to a course charted by the board, and reports to the board regarding the management’s performance in achieving the goals set by the board. The Vice President of Finance, Tony Ma Jing, reports directly to the board.

The board monitors the operations of the company to ensure that it is being run in line with the mandate of the company and the will of the shareholders.

Our board holds regular quarterly meetings to discuss, among other things, our financial and operational results, business and governance updates, and industry and company outlook. In addition to the quarterly meetings, the board and the committees will have several special meetings each year to discuss specific matters.

In 2019, each director attended 100% of the meetings of the board and each committee on which he served. Directors are expected to attend the annual shareholders meeting, if practicable. All directors attended the 2020 annual general meeting.
Pinduoduo Partnership

Pinduoduo Partnership was established to ensure the sustainability and governance of Pinduoduo and better align the company with the interests of the shareholders.

The partnership will act as the cultural guardian to ensure Pinduoduo’s vision, mission and value is carried through successive management. It will assist the board of directors to select executive directors and chief executive officer, who should share the same core value of “本分” (“Benfen”) that Pinduoduo holds dear.

Pinduoduo Partnership will identify talented individuals who exemplify Pinduoduo’s core value and admit them as partners. Partners will be elected annually, and admission of new partners requires the approval of at least 75% of all the partners.

Each partner will be carefully selected with a focus on leadership and cultural traits in addition to ability.

To be elected a partner, the candidate must meet the following quality standards:

• a high standard of personal character and integrity;
• continued service as a director, officer, or employee with our company for no less than five years;
• a consistent commitment to our company’s mission, vision, and values; and
• a track record of contribution to our business.

Additionally, to align the interests of partners with the interests of shareholders, a partner may be required to maintain a meaningful level of equity interests in Pinduoduo during his or her tenure as a partner.

All partners are required to retire upon reaching the age of sixty or upon termination of their employment. Any partner may be removed upon the affirmative vote of a majority of all partners.

Pinduoduo Partnership serves as the talent pool and will nominate candidates of executive director and chief executive officer to the board of directors. The nomination requires the approval by a majority of all the partners. Partnership-nominated directors and the chief executive officer will be familiar with the company’s business and senior leaders through the partner development process, which ensures consistent execution of Pinduoduo’s vision, mission and value and smooth leadership succession.

Another important function of Pinduoduo Partnership is to balance the company’s long-term vision and benefits and the short-to mid-term interests of the shareholders. Pinduoduo is dedicated to investing in the future and will always focus on the long term. Sometimes, growing the company’s long-term intrinsic value may affect the short- to mid-term interests of the shareholders.

In an endeavor to balance both sides, Colin Huang, Pinduoduo’s founder and executive chairman, transferred 370,772,220 ordinary shares to Pinduoduo Partnership in June 2020, representing approximately 7.74% of total shares of the company. The partnership will use part of such assets to fund fundamental science research and social responsibility activities related to Pinduoduo without affecting the short- to mid-term interests of the shareholders.
Communication with Shareholders and Other Stakeholders

Pinduoduo considers effective and constructive communication with shareholders and other stakeholders essential to enable them to have a clear assessment of the enterprise performance as well as to ensure the board of directors is accountable.

We aspire to transparent and open communications and take a proactive approach to update shareholders and other stakeholders on our business and corporate development and answer shareholder inquiries.

Annual general meetings

Although not legally required, we voluntarily hold annual general meetings (AGM) to provide a forum for direct communication between our board and our shareholders on the company’s key corporate decisions.

All shareholders and ADS holders, regardless of where they are, can attend our AGMs virtually via webcast and directly ask the senior management questions relating to Pinduoduo.

We proactively encourage all shareholders to participate at our AGM. The AGM can be accessed via a webcast so that shareholders, regardless of location, can have immediate access to information presented and issues raised at the meeting. The AGM includes a question-and-answer session where shareholders can ask the board and management questions relating to Pinduoduo.

Social media and newsletters

Pinduoduo publishes newsletters to keep subscribers up to date on news involving the company and industry, as well as explainers on key aspects of the company’s business model. The subscribers to our newsletters include journalists, academics, business partners and NGOs.

We also disseminate information about the company and industry through our social media channels, including Twitter, LinkedIn, and YouTube. Pinduoduo also produces three podcast series on e-commerce, agriculture and IP protection, and interviews experts in various related fields to provide a forum for discussion and exchange of knowledge.

We also publish content about the company and industry at https://stories.pinduoduo-global.com.

Corporate website

Pinduoduo endeavors to disclose all material information about the company to all interested parties in a timely manner. We maintain a corporate website (https://en.pinduoduo.com), where important information about the company’s activities and corporate matters including annual reports, media announcements, management presentations, company updates, corporate governance practices, and notices of meetings, are made available for shareholders and other stakeholders.

Investor relations

We meet with investors regularly to update them on our business progress, strategy, operating and financial performance. We host quarterly earnings calls with investors.

We provide access to all investors through a variety of forums, including investor meetings, one-to-one or group calls/webcasts, and investor conferences organized by financial institutions.
7.2 Open Platform Approach

Pinduoduo is an advocate of open and fair competition. We believe competition spurs invention and efficiency. Competition among merchants brings in more value-for-money products for consumers, and competition among service providers benefits merchants by lowering their costs.

We are committed to be an open and inclusive platform that benefits all and puts people first.

To live by example, in operations, we work with multiple mainstream cloud computing platforms and are connected to all the mainstream mobile payment platforms. Our merchants are free to choose between our or third-party e-waybill systems for managing their order fulfillment and logistics.

Pinduoduo welcomes any legitimate merchant to sell on the platform. We condemn any form of forced exclusivity on the merchants.

We hope to set an example for the industry to become more open, to release the energy from fruitless and short-sighted fights for monopolistic power, and to divert them to more worthy causes and more meaningful initiatives that can benefit society and people.
7.3 Anti-Corruption Policy

Pinduoduo has zero tolerance on any form of bribery or corruption.

The company demands a high standard of integrity from its employees. All employees are required to comply with the policies and guidelines in the anti-corruption compliance policy adopted by the company.
Pinduoduo adopts a two-pronged approach of prevention and enforcement to fight corruption.

Prevention
Alongside enforcement, Pinduoduo puts equal emphasis on prevention in order to sustain a culture of integrity and deprive corruption of its breeding ground. The company strictly prohibits engaging in or tolerating bribery or any other form of corruption including:

- providing reimbursement, meals, entertainment, or gifts in order to obtain a business advantage for the company or for any other corrupt purpose;
- giving “facilitating” payments to influential outside persons to secure improper advantages; and
- receiving kickbacks or other payments from merchants, suppliers, or other business partners to secure business advantages.

All employees are required to refuse any form of gifts under improper business practices.

Enforcement
Unlike other crimes, corruption involves a mutually beneficial relationship between two parties and is thus difficult to investigate. To ensure employees’ observance of the anti-corruption compliance policy, Pinduoduo established an anti-corruption department that is independent from the other departments and reports directly to the CEO.

The anti-corruption department is responsible for: (i) leading the investigation of suspected corruption; (ii) reviewing complaints and leads of corruption reported by merchants, business partners and the public; (iii) deepening the company’s culture of integrity; and (iv) coordinating with law enforcement authorities on suspected corruption cases.

Pinduoduo encourages employees, merchants, suppliers, business partners and the public to report suspected corruption. The company has set up dedicated channels for whistle blowers to report suspected corruption on its corporate website and merchant portal. We also put in place measures to protect the whistle blowers and maintain their anonymity.

We review every single report of suspected corruption. Depending on the severity of the allegation and assessment of impact, our anti-corruption department will report the case to the CEO or, for more severe instances, to the board of directors. Employees who are found in violation of our anti-bribery rules will be dismissed with cause and blacklisted from future employment. For those who are suspected of committing a criminal offence, we will work proactively with the law enforcement authorities to pursue criminal charges. In the first half of 2020, the company reported 18 corruption-related cases to the authorities.
Pinduoduo prohibits merchants from conducting any illegal activity on our platform, including offering prohibited or restricted items and posting obscene or other illicit content.

To efficiently and effectively monitor product and content, we have developed a screening system involving textual analysis, using keyword, syntax, and semantics, and image analysis, including optical character recognition and image captioning to help identify illicit product and content. Any illicit product or content will be removed immediately, and the infringing merchants banned from the platform. Serious cases will be reported to police for further action.

We also have a zero-tolerance policy toward any form of fake transactions that attempt to manipulate sales volumes, customer reviews or merchant ratings – practices commonly known as “brushing.” To identify fake transactions, we have developed dedicated algorithms to screen for patterns of anomalous transactions and make inquiries to merchants if we suspect any “brushing” activities.

We also adopt measures to remove the merchants’ incentives to use “brushing” by making it less effective. In ranking sellers, Pinduoduo takes into account multiple factors, of which sales volume is not the most important of considerations. We also consolidate and show the sales volume by a merchant across different e-commerce platforms to make “brushing” more expensive. We also use our e-waybill system to strengthen our surveillance of any such wrongdoings.

For “brushers,” we impose heavy penalties and sanctions, such as freezing accounts, restricting traffic, removing product listings, blocking new listings, and shutting down stores. For merchants involved in criminal activities, we will work with law enforcement to pursue criminal charges against such merchants.

Taken as a whole, we estimate that we have a much lower rate of “brushing” than our peers because of the strict enforcement and disincentives for merchants.
Trust is an invaluable asset for an e-commerce platform like Pinduoduo.

We serve close to **700 million active users**, connecting them with more than 5 million merchants, or sellers, on our marketplace.

To ensure that the rights of our consumers are protected, Pinduoduo has put in place stringent policies to reward good-quality merchants and punish sellers who violate platform rules.

We have a zero-tolerance policy when it comes to counterfeit goods as they harm the reputations of our company and the brands on our platform and pose risks to our consumers.

Since our inception, we have put the issue of combating IP infringement at the center of our operations. Using advanced technologies, we work with brands to take down fake products so that our consumers can trust that their purchases are authentic.
Pinduodo takes its anti-counterfeit measures very seriously because we are aware that our buyers are unable to check the products prior to purchase. We are constantly striving to ensure that spurious sellers are unable to exploit the access they have to the hundreds of millions of consumers on our platform.

Along with consumers and merchants, it is imperative for us to gain the trust of reputed brands that operate on our platform. To maintain this relationship, we created an exclusive online portal to communicate more efficiently with brand owners.

The portal treats every brand, or IP rights holder, equally and allows them to make takedown requests. We also have an English-language version of this portal to help international vendors and brands, and we use enhanced algorithms to improve the speed of takedown requests.

**Anti-counterfeit Measures**

Our screening processes kick in from the time a merchant applies to join our platform. Verification begins at the application stage and continues with every new item that is listed. There is ongoing scrutiny in collaboration with brands whenever something is flagged.

Below are the processes we have in place to safeguard the trust of our consumers, merchants and brands on our platform:

**Verification and Screening Process**

Scrutiny and verification happens at every stage when a new vendor registers on our platform, and we are proactive with our best practices when it comes to combating the sale of counterfeit goods online, following the guidelines by the International Trademark Association (INTA) 2017.

The guidelines call for e-commerce platforms to strengthen and streamline procedures for identifying and taking more effective action against repeat offenders.

As per our IP policy, individual merchants must submit their national ID cards, and we apply facial recognition technology to cross check against the national public security database to confirm the prospective vendor’s identity.

We also have restrictions on the number of stores that a merchant can set up. Corporate merchants looking to sell on our platform must submit their business license and national ID cards of their legal representatives and store managers, which are also checked against national databases. This screening process helps investigate alleged breaches and precludes those on our blacklist from setting up another account.

Our IP protection measures include the use of advanced technology such as data analytics, artificial intelligence, machine learning and image recognition to screen billions of products as they are listed onto our platform. Products which we identify to be potentially problematic are blocked and cannot be listed. The bulk of the platform’s efforts happen well before customers can see the product online.
Brand Care Program

This is a program that enlists 1,000 leading and well-recognized brands that have the highest exposure to consumers. We develop customized blocking rules for each brand using AI-driven verification models. Counterfeits are blocked automatically, and borderline cases are sent for manual review. We were able to take down millions of infringing products in 2019 because of this initiative.

Pinduoduo works with other IP rights holders to check the authenticity of their branded products on our platform. We often buy potentially infringing products to audit their authenticity, and sometimes have them evaluated by the rights-holders. In 2019, for example, we carried out more than 60,000 test purchases. Harsh penalties were meted out to those merchants who were selling infringed products.

Mini Programs

As part of our commitment toward building user trust, we work with various brands on our platform to keep counterfeits at bay. We have developed mini programs that are tailored to the unique features of each brand. This helps verify manufacturing information and supply chain details, such as logistics and delivery, leaving little room for counterfeiters to switch the genuine article with fakes along the distribution chain.

If a consumer bought a lipstick from a well-known cosmetic brand, for example, and wants to check its authenticity, another mini program by Pinduoduo allows them to upload photos so that brand experts can inspect, verify and generate a report. A consumer could mail in the product for further examination if the photos provided insufficient information.

10x Compensation Policy

Pinduoduo has the toughest compensation policy among the major e-commerce platforms in China. Any merchant who sells counterfeit goods is fined 10 times the value of the products he sells on our platform, a compensation far exceeding what is required by Chinese law.

Additionally, all customers who bought such counterfeit products are compensated, regardless of whether they raised a complaint. We also give our customers triple compensation for substandard products and for delayed shipments.
7.5 Data Protection and Distributed AI

Our technology infrastructure adopts a distributed artificial intelligence ("Distributed AI") approach, which we believe in the long run would significantly improve data security on our platform and afford better privacy protection to our users.

With the rapid growth of online shopping, the amount of data generated and exchanged on e-commerce platforms is increasing dramatically day by day. Meanwhile, users are increasingly concerned with the security and privacy of the information they supply to the platforms. Issues such as the ownership and right to use these data have become more contested.

Most of today’s e-commerce platforms use a centralized artificial intelligence approach to store and manage data generated on
their platforms. The predictive modelling, user behaviour simulation and advanced data analytics on these platforms are conducted on a centralized cloud with data extracted and uploaded from each user’s smart device. All the data that is constantly generated by users are stored in the centralized cloud systems, which are generally available to platforms with little restrictions, posing the risks of information leakage and making them prime targets for cybersecurity attacks.

At Pinduoduo, we believe that users should have full control of their own data and should be able to actively direct the application of their data to better serve them. Users should be able to decide what information can be uploaded onto the cloud and what should be kept privately on the local devices.

As computing power at the edge improves and becomes more powerful in the mobile internet era, more AI functions can be hosted locally on smart devices. More data can be stored and analysed by our smartphones, without the need for centralized processing.

The AI on local devices act as personal agents for users to handle most of the data analysis. Only with users’ specific authorization will certain data be uploaded onto larger platforms where developers could have access and use them to refine algorithms and improve these “local agents” to better serve the users.

These local agents could integrate the relevant private information and public information to produce recommendations to their users on their local devices based on its analysis of the users’ behaviour and preferences. They could also communicate with each other to exchange information for optimizing the recommendation system without transmitting private data to the centralized cloud.

As such, sensitive data could be stored securely in local devices, and algorithms could be developed and refined in the centralized cloud system based solely on data voluntarily disclosed by users to the public without data breach issues. The bottom line is that users should have control and oversight over what data can be shared with and used by whom, when and how.

Based on these beliefs, we have set up our technology infrastructure under a Distributed AI approach. While it is still in its infancy, we see great potential for its future development as it could optimize our user experience by providing them more comfort and sense of safety when they shop on this online marketplace.

“we believe that users should have full control of their own data..”
Our employee base grew rapidly from 1,159 in 2017 to 5,828 in 2019 at a compounded annual growth rate (“CAGR”) of 124%.

During this period, the number of product development engineers grew the fastest at a CAGR of 157% to 3,613, rising from 47% to 62% of our total headcount. Technology is the bedrock of our business. We continue to attract young, fresh engineering talent every year directly from top universities across China, and we recruit seasoned scientists and engineers in the relevant technology fields.

We are committed to creating a diversified and equal working environment free from any discrimination against anyone in terms of race, gender, age or religious belief.
We operate a third-party e-commerce platform. We do not own any warehouses or delivery fleets and have no labour intensive job requirements.

We are committed to creating a diversified and equal working environment free from any discrimination against anyone in terms of race, gender, age, or religious belief.

The internet industry is characterized by relatively low representation from women. 33% of our workforce are female. We are committed to improving gender diversity, particularly in our platform development function.

As of July 2020, our employees come from 33 of China’s 34 provinces, municipalities and administrative areas. They bring tremendous insights into the diversity of China’s local markets and cultures. Since our IPO, we have also attracted many talents from outside of Mainland China, including France, Hong Kong, Singapore, Taiwan, U.S. and U.K.

We have a young employee base with an average age of 27. Since 2017, the per capita productivity of our employees has more than tripled. From 2017 to 2019, our total revenues grew at 316% CAGR from RMB1.7 billion to RMB30.1 billion, well ahead of our headcount increase.

Our revenue per capita increased from RMB1.5 million per employee in 2017 to RMB5.2 million, or 85% CAGR.
“Benfen” and Our A-team Culture

We attribute our strong growth momentum and high productivity to the significant opportunities available to our employees and our unique company value.

Pinduoduo’s core value is “本分” ("Benfen"), a term that is difficult to express perfectly in English but essentially means to adhere firmly to one’s own duties and principles.

The term captures several layers of meaning:

• Be honest and trustworthy;
• Discharge our own duties and responsibilities regardless of others’ conduct;
• Insulate our minds from outside pressures so that we can focus on the very simple basics of what we should be doing;
• Never take advantage of others even when we are able to do so; and
• Self-reflect and take responsibility when problems arise instead of blaming others.

People ahead of process. This is our philosophy on employee management.

We aspire to build an A-Team across our whole company by assembling the best people and keeping only highly effective people. Such an A-Team would comprise of individuals who are not only fantastic at their day-to-day responsibilities but also terrific collaborators and carriers of our “Benfen” corporate value.

Great people enjoy working with other great people. Together they stimulate each other to innovate, motivate each other to excel, collaborate toward common goals and have fun in the process.

To be part of the A-Team is a tremendously rewarding experience because one learns the most, improves the most, achieves the most, and enjoys the most.
On Developing Talent

We see giving candid and constructive feedback as an important part of our efforts to build the A-Team.

We solicit review for employees from their direct managers every month, and the review is made available to members of the same team to promote transparency and fairness. We conduct two formal reviews annually with participation from our senior executives, and we adjust compensation and make equity-based grants based on the assessment.

Most of our employees, however, receive informal feedback more frequently. We encourage managers to communicate real-time with each of their team members about where they stand and to set clear objectives for career development.

On Lateral Mobility

We believe in empowering our employees.

During the height of COVID-19 impact, many employees who lived around Shanghai voluntarily cancelled their Chinese New Year holidays and returned to help support the users and small-and-medium enterprises on our platform.

Many of our team members stepped up during this extraordinary time to lead and contribute regardless of their official job descriptions or titles. They sourced out-of-stock goods that hundreds of millions of users were waiting for at home, procured protective gear for frontline medical teams, coordinated logistics support for merchants so that orders could be successfully fulfilled, and responded patiently day after day to the higher-than-normal level of user inquiries.

The unforeseen challenges from this outbreak accelerated their growth and development. A number of new product features were also launched by our team during the outbreak, including our community purchase app Kuaituantuan to connect demand with offline inventories around local communities, and our “Circle of Trust” feature, Pinxiaoquan, for sharing opinions and feedback on medical supplies during this unusual time. These features have evolved into new and interesting user engagement tools for our platform.

At Pinduoduo, we also encourage lateral mobility under ordinary circumstances. We believe an A-Team member should have the ability to adapt and learn quickly on the job. We rotate our mid-level and junior staff routinely to give them more exposure to different aspects of our business. We encourage our employees to take initiative and explore new business possibilities.
Pinduoduo, as a growing organization, will always dedicate itself to **doing the right things**, **creating value for our society**, and **making the world a better and happier place**.
Visit https://stories.pinduodo-global.com for the latest developments on Pinduodo.