Alibaba

Environmental, Social, and Governance Report

2022

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Report Instructions:

In this report, "Alibaba," "we," "the Group," and "the company" all refer to "Alibaba Group Holding Limited."

This report mainly covers the environmental, social, and governance (hereinafter referred to as "ESG") progress of the business directly operated and controlled by the Group from April 1, 2021, to March 31, 2022. Some parts of the report also cover prior years as well as give forward-looking statements.

Unless specified, the monetary amounts shown in this report are all presented in RMB.

The report is prepared in accordance with the ESG Reporting Guide from the Hong Kong Stock Exchange. It also refers to selected guidelines from the United Nations 2030 Sustainable Development Goals (SDGs), the Global Reporting Initiative (GRI) Standards, the standards issued by the Sustainability Accounting Standards Board (SASB), and the framework suggested by the Task Force on Climate-related Financial Disclosures (TCFD).

Additional disclosures can be found in our appendices.

Appendix 1: ESG Key Performance Metrics Table
Appendix 2: ESG Environmental Data Verification Statement
Appendix 3: Greenhouse Gas Inventory
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This report is presented in electronic versions in the ESG section of the Group's official website (https://alibabagroup.com/en/ir/esg). A Chinese version, an English version, and printer-friendly versions are available. In case of conflicts between the two languages, the Chinese version shall take precedence.

We value any feedback and opinions, which can be e-mailed to us at ESG@alibaba-inc.com.

Our mission:
To make it easy to do business anywhere.

Our vision:
We aspire to be a good company that will last for 102 years.

Company Introduction

Our mission: to make it easy to do business anywhere. Our founders started our company to champion small businesses, in the belief that the Internet would level the playing field by enabling small enterprises to leverage innovation and technology to grow and compete more effectively in domestic and global economies. We believe that concentrating on customer needs and solving their problems – whether those customers are consumers, merchants, or enterprises – ultimately will lead to the best outcome for our business. In the digital era, we are staying true to our mission by helping our customers and business partners harness the power of digital technology. We have developed an ecosystem powered by technology infrastructure that enables participants to create and share value on our platforms. Our decisions are guided by how they serve our mission over the long term, not by the pursuit of short-term gains.

Our vision: we aspire to be a good company that will last for 102 years. For a company that was founded in 1999, lasting for 102 years means we will have spanned three centuries. Our culture, business models, and systems are built to last, so that we can achieve sustainability in the long run. As we continue to expand our businesses, Alibaba has evolved into an ecosystem that is unique, energetic, and innovative.

Alibaba and Our Vision to Last 102 Years: Creating Value Beyond Commercial Outcomes

Letter from the Chairman and CEO

ESG not only provides a framework for tackling a series of global challenges, but is also the bridge to carry Alibaba to 102 years and beyond.

The extreme weather this summer is fueling global anxiety that the impact of climate change is not far removed in the future. Historical data shows that each decade since the 1960s has been hotter than the previous. Yet extreme weather is but one example of a world facing increasing uncertainty. The COVID pandemic is now in its third year, while geopolitical conflicts continue to intensify alongside emerging energy and food crises. The progress to date towards the United Nations 2030 Sustainable Development Goals (SDGs), such as eradicating poverty, reducing inequality, and mitigating climate change, does not warrant optimism.

Alibaba's vision is to be a good company that will last for 102 years. We were founded in 1999, and 102 years would give us a foothold across three centuries. This will require resilience to overcome major economic cycles and unexpected challenges. Our original vision is a testament to this long-term thinking, and shows our commitment to addressing issues faced by our communities and to creating value beyond only commercial outcomes. For us to last for 102 years in a healthy and sustainable fashion, we must manage our impact on the environment, our relationship with society at large, and our long-term corporate governance.

The design of our ESG strategy is critical to the realization of this vision. ESG not only offers businesses an action framework to address universal risks and challenges but is also increasingly important as a global standard for evaluating a good company. Last year, we formally announced that ESG would become a core pillar of Alibaba's strategies.

Alibaba has been in existence for 23 years, and we believe ESG is a good yardstick for measuring value, responsibility, and risk in the 79 years ahead and beyond. It helps us develop a practical, clear, and persistent action plan with high-quality and transparent metrics for continuous self-evaluation and improvement. We will share our progress through two reports: our Annual Report on the health of our business, and the ESG report on our progress in sustainability and the associated value we create.

We believe the effective implementation of ESG strategies should align with both global standards and China's practices. In recent years, China has announced several policies, such as carbon peaking and neutrality (Dual Carbon), common prosperity, rural revitalization, and educational equity, which are highly consistent with the action items advocated by the SDGs and offer guidance for exploring value creation beyond commercial outcomes. We believe ESG designs and practices in China will evolve to incorporate unique local characteristics.

Our Action Plan

We believe in our responsibility and capability to be a driver of positive change more than ever. As a digital platform company, Alibaba's growth story is a history of innovation in the business applications of technology and the creation of new business formats with the many participants in our ecosystem. Today our digital platforms have brought together more than 1.3 billion consumers and tens of millions of merchants and other organizations. Not only are they business and innovation partners but also our companions on the journey of ESG exploration and practices. How to work with them to build a green and sustainable new business ecosystem and create value beyond commercial outcomes is a new expedition for all of us.

Of course, solving all these challenges and building a new business ecosystem is not something that can be done overnight, nor can any organization do it independently. It requires the trust and collaboration of all stakeholders, including policymakers, businesses, and the general public - all working together to discover innovative sustainable solutions. Based on our capabilities and priorities, our ESG plan focuses on the following seven strategies of action:

- **Restoring our green planet:** Addressing major environmental issues such as climate change.
- **Supporting our people:** Building a people-first culture that offers an equal, inclusive, and dignified environment in which every employee can grow and develop.
- **Enabling a sustainable digital life:** Leveraging the power of technology to bring a better and more responsible digital lifestyle for everyone.
- **Fueling small businesses:** Creating more growth opportunities for micro, small, and medium enterprises (MSMEs) and entrepreneurs through technology and business innovations.
- **Enhancing community inclusion and resilience:** Sharing dividends of development with disadvantaged groups and underserved regions, and thus building more inclusive and resilient communities.
- **Facilitating participatory philanthropy:** Fostering a culture of participatory philanthropy by integrating community resources with creative platform innovations.
- **Building corporate and social trust:** Building corporate trust by establishing an effective, transparent, and sound governance system; building social trust with ethical technology and protecting user privacy and data security.

Our Progress in Action

Over the past year, I have spent a lot of time working closely with our teams on Alibaba's ESG strategies and action plan, which has been my top priority. To guide our strategy and execution, we are building a three-tier governance structure consisting of the sustainability committee at the board level, the sustainability steering committee (SSC) for management oversight, and the ESG working group.

We are proud that every bit of our progress in ESG has been inextricably connected with the economic and social growth of people's daily lives. We are actively exploring how to use technology to better serve our ESG objectives, how to better integrate ESG into our business design, and how to promote public welfare more effectively and sustainably in various social topics, such as fighting pandemics and natural disasters or supporting longer-term endeavors including common prosperity, rural development, and Chinese cultural preservation. Our efforts in addressing these topics help us develop a deeper understanding of our relationship with our times and the society we are in.

In December 2021, we released our Carbon Neutrality Action Report and made some important commitments. These commitments will continue to impact generations of Alibaba employees, or "Aliren." We know that change will only come with ongoing efforts across generations. By now, carbon reduction is a priority across our organization. We have pioneered methodologies for measuring "Scope 3+" emissions reduction with leading institutions and started industry collaborations with consumer companies on decarbonization-friendly actions. We have also recently rolled out a carbon ledger platform to make it easier for users across Alibaba's ecosystem to participate in eco-friendly actions. As a general principle, we strive to make low-carbon efforts go hand-in-hand with long-term development. Meanwhile, we have started to incorporate broader environmental commitments into future planning, including on water, natural resources, and biodiversity.

We also believe that the boundaries of social responsibility should be broader. To begin with, we are committed to creating an equal, inclusive, and dignified working environment for our employees, providing them with growth opportunities as well as fair and reasonable compensation and benefits. We are leveraging technology to support the high-quality development of small businesses and the creation of inclusive and flexible employment opportunities at scale while enabling more consumers to access a sustainable lifestyle. We are contributing to building a digital rural economy and improving community resilience to combat pandemics and natural disasters. We are promoting a culture of participatory philanthropy, which means charitable actions and social impact efforts can be influential in addressing sustainable development challenges beyond business goals.

We are also continuing to pursue corporate governance excellence and earn the long-term trust of consumers, customers, and other stakeholders. We are leveraging industry-leading technologies and capabilities to help build a trust system for digital business, including secure protection of user privacy and data security. We are building a digitalized and comprehensive risk management system and an effective governance mechanism with compliance, transparency, and accountability. At the beginning of this month, we announced two new independent directors, bringing the total number of independent directors on our board to seven out of twelve, or more than 50 percent, and the number of female board members to three. We will continue to enhance the independence and excellence of our board.

Conclusion

Despite the many challenges ahead, we are hopeful. The world is full of uncertainties and we are at a critical juncture for a new phase in sustainable development. Under these circumstances, ESG is not just the right choice but also an opportunity to shape the future. We will publish this ESG report annually to share periodic updates on our goals, actions, and progress. We believe digitalization can not only bring connectivity and synergy, but also uniquely drive green transformation and sustainable development.

We hope the implementation of our ESG strategy will make Alibaba a better company. We also hope to work together with everyone towards a better, fairer, and more sustainable future!

Daniel Zhang
Chairman and Chief Executive Officer
Alibaba Group

August 2022

ESG is the bridge
to carry Alibaba
to 102 years

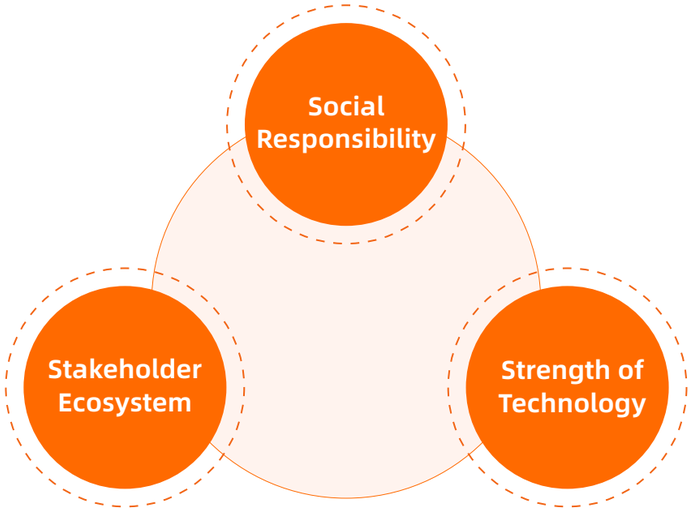
Global challenges and the roles of technology and business

The world collectively faces a host of issues that threaten our society's future, with the most pressing twin challenges being environmental degradation and socioeconomic inequality. These risks are urgent and of a magnitude that puts them beyond the capacity of any singular institution or even country to address.

Understanding the scale and complexity of these challenges, the global community is coming together and engaging in concerted efforts. These initiatives include the United Nations (UN) 17 Sustainable Development Goals (SDGs), some of China's key development policy initiatives (carbon neutrality, common prosperity, and rural revitalization), and the budding corporate ESG movement.

As a technology-driven platform company in this era, Alibaba should shoulder the responsibility to help mitigate these challenges. Digitalization has brought unprecedented connectivity and collaboration, extending the benefits of global trade and economic development to an increasing number of regions across the world. We must bring to bear the full force of digital innovation, while also ensuring that every person and community that we serve can fully enjoy its benefits.

In our view, there are three pillars - prioritizing social responsibility, leveraging the strength of technology, and engaging the stakeholder ecosystem - that serve as indispensable building blocks for systematic, scalable, and collaborative solutions to sustainability challenges. Businesses touch upon all three pillars and should help gather these forces to identify solutions that align with the public interest. Digital platforms are especially well positioned to link the three building blocks to create ecosystems, both for business and beyond, that are technology-powered and socially responsible.



ESG at Alibaba's core

For Alibaba, ESG is the bridge to carry us into a long-term and sustainable future. We are, after all, a company born with social responsibility in our DNA. That begins with our mission to "make it easy to do business anywhere." Our platforms have helped over ten million small businesses to thrive and over a billion consumers to enjoy better lives. To continue to make such contributions, Alibaba must do all it can to mitigate key societal challenges, for the long-term sustainability of ourselves, our partners, and our communities at large.

On our 20th anniversary in 2019, we led discussions to propose China's first Sustainable Business Action Initiative, recommending that our business partners and industry peers, together with us, should:

- Integrate sustainable development into core business development strategies and establish the necessary governance structures;
- Practice sustainable development in business activities and be transparent in ESG disclosure;
- Strengthen cooperation with all stakeholders to jointly promote sustainable development;
- Commit to delivering on long-term sustainable development objectives to ensure a better future for businesses, communities, countries, and the planet.

By December 2021, we had codified our recommendations into a robust system, declaring ESG as one of Alibaba's top priorities in our business strategies and future growth. On that basis, we are championing responsible technology, and committing to the inseparable link between our own future and a sustainable future for all.

Our approach: five strategic design steps

In designing our ESG strategy based on the three pillars - social responsibility, technological strength, and multiple stakeholder engagement - we have developed a systematic five-step approach to position, integrate, coordinate, amplify, and complement our ESG goals.

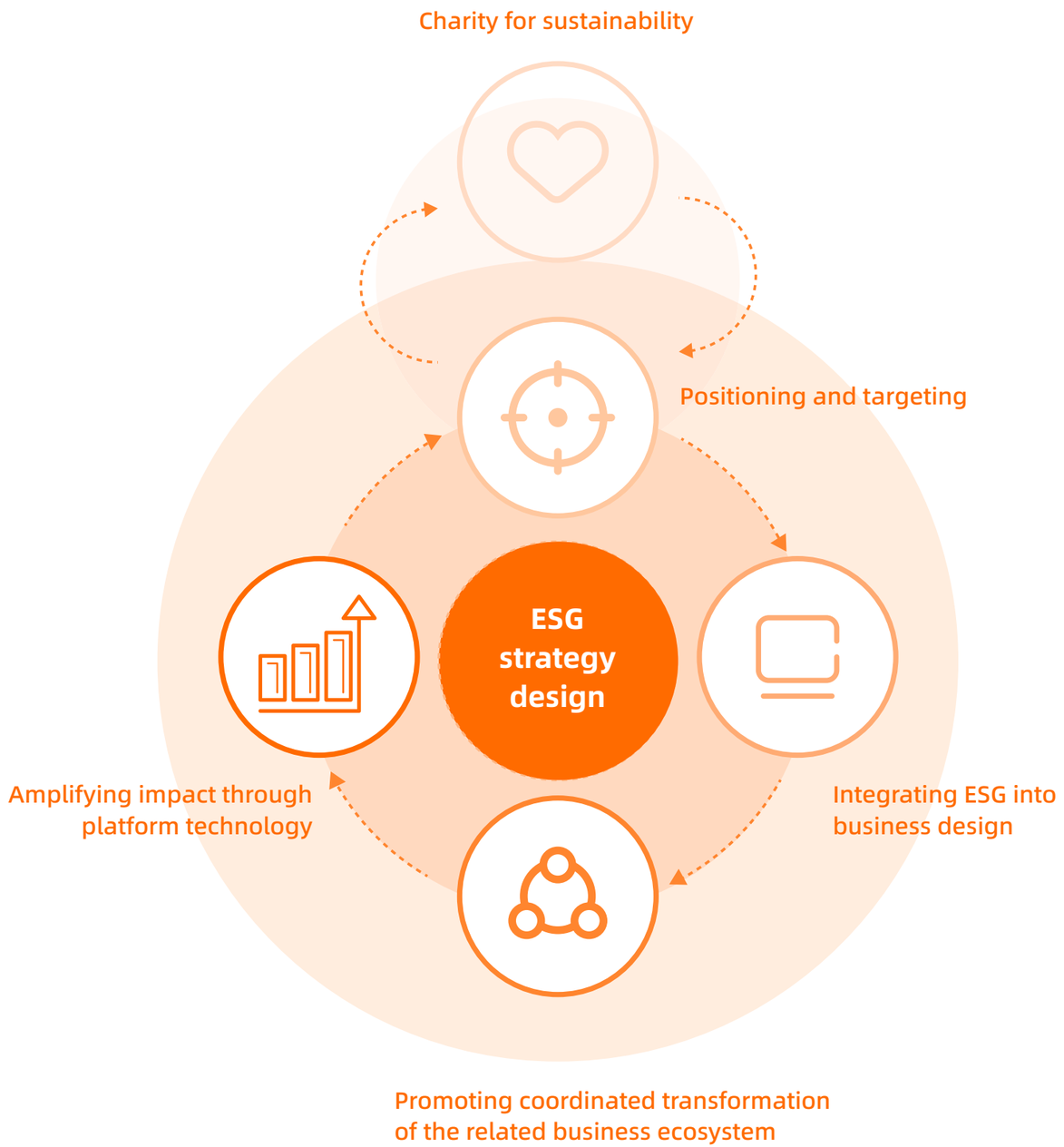
- **Positioning and targeting:** Through extensive communication with relevant stakeholders such as consumers, employees, investors, governments, partners, and communities, and considering the most pressing societal challenges and Alibaba's own characteristics and capabilities, we have identified the issues of greatest priority. We have further clarified our strategic positioning with ESG as central to our core strategy, and we are committed to being a technology company that promotes human well-being and protects the planet, so that people and nature can develop in a sustainable way.

- **Integrating ESG into business design:** Only by establishing social responsibility as a core element of business design, combined with technological and business innovations, can sustainability truly become the engine of enterprise development. This means that ESG goals must be integrated into strategic planning, business positioning, and operations.

- **Promoting coordinated transformation of the related business ecosystem:** With social responsibility as our strategic goal, we should innovate and reform our system from the inside out and across the value chain, together with suppliers, NGOs, and ecosystem partners.

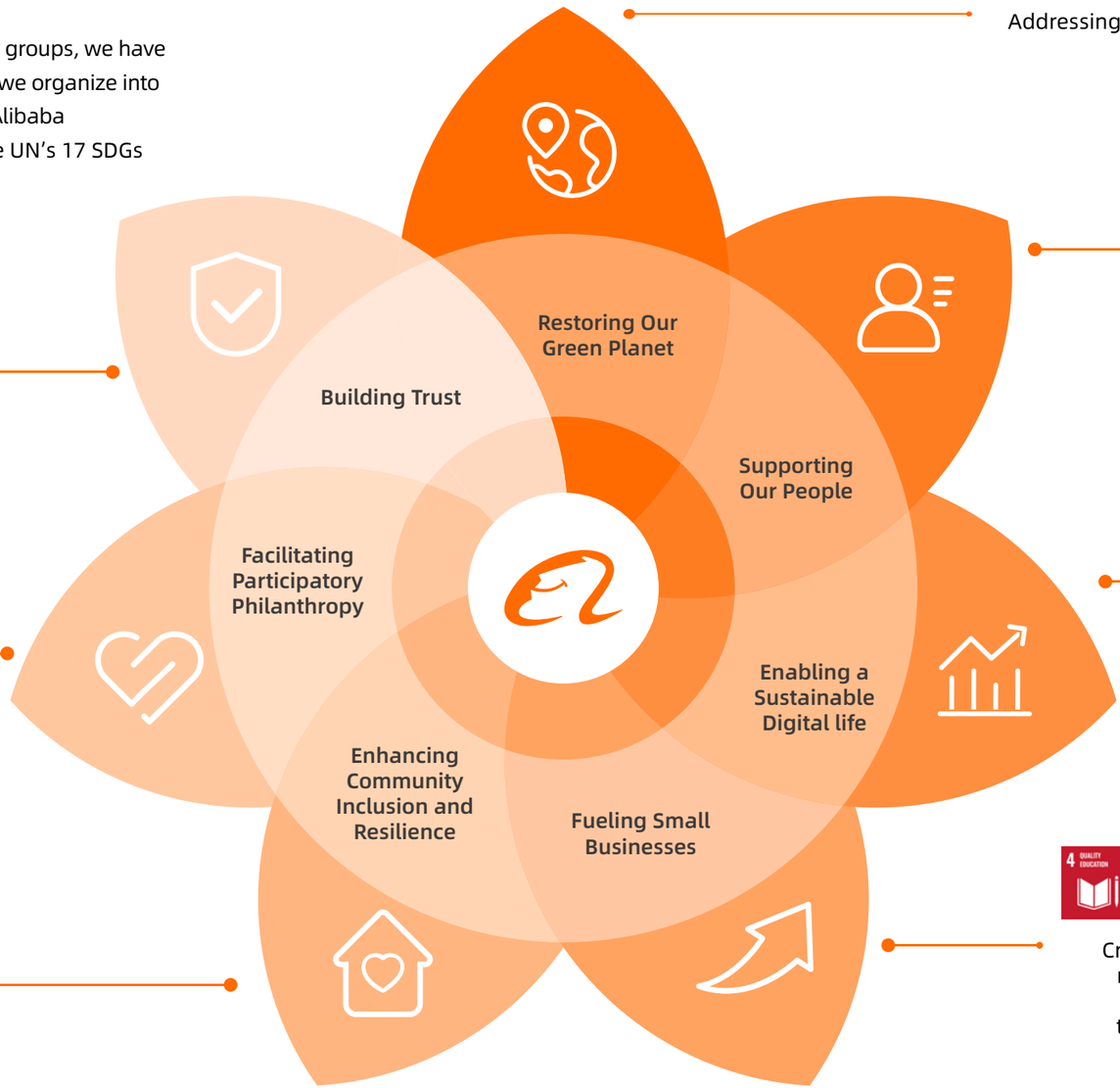
- **Amplifying impact through platform technology:** Platform technology companies can widely reach and connect multiple participants, promoting collaboration between them. This means that the platform can become a facilitator in helping all parties to fulfill their social responsibilities, and truly promote social progress on a large scale.

- **Charity for sustainability:** We coordinate our philanthropic efforts and ESG priorities to complement and go beyond the business and address broader environmental and social challenges.



Alibaba's ESG strategy design: a seven-petal flower

By conducting materiality assessments in extensive exchanges with stakeholder groups, we have identified 22 ESG material issues at Alibaba (for details, see Appendix 4), which we organize into seven action dimensions of our long-term ESG plan. This is represented in our "Alibaba seven-petal ESG flower." The seven strategy goals are closely aligned with the UN's 17 SDGs and China's key development policy initiatives.



Addressing major environmental issues such as climate change.

Building a people-first culture that offers an equal, inclusive, and dignified environment in which every employee can grow and develop.

Leveraging the power of technology to bring a better and more responsible digital lifestyle for everyone.

Creating more growth opportunities for micro, small, and medium enterprises (MSMEs) and entrepreneurs through technology and business innovations.

Sharing dividends of development with disadvantaged groups and underserved regions, and thus building more inclusive and resilient communities.

Fostering a culture of participatory philanthropy by integrating community resources with creative platform innovations.

Building corporate trust by establishing an effective, transparent, and sound governance system; building social trust with ethical technology, and protecting user privacy and data security.

The essence of ESG is to pursue the sustainable development of both human beings and the natural world. This goal is touched on by all the petals: Alibaba needs to build trust with all our stakeholders, with a particular aim of supporting our people internally. With our ecosystem stakeholders working in concert, we can take the steps necessary to restore our green planet while simultaneously providing consumers with a better, sustainable digital life and providing a platform for the development of small businesses. All of these go hand in hand with efforts we must make to enhance the economic inclusion and resilience of communities and simultaneously facilitate everyone's participation in tackling our social challenges.

A summary of our actions in the seven strategy dimensions

I. Restoring Our Green Planet

To help mitigate climate change, the central issue of the present environmental crisis, we have made ambitious carbon pledges that cover our operations (Scopes 1 and 2), our value chain (Scope 3), and our platform ecosystem (Scope 3+). We have been proactive in pioneering the concept of "Scope 3+" to reflect a platform operator's potential and responsibility to go above and beyond its own carbon emissions. In the long run, we are committed to the Science-Based Target initiative (SBTi) that seeks to limit the average global temperature increase to 1.5 degrees Celsius by 2050.

We are fully committed to our pledges and will work relentlessly to speed up our carbon transition in the following directions.

- **Reducing operational and value chain carbon emissions (Scopes 1, 2, and 3)**

We strive to reach operational carbon neutrality via substitution with greener materials and clean energy, digital optimization, and recycling. We apply these procedures to our most carbon-relevant operations, including our work environments, retail stores, cloud computing, and logistics. We actively work with our value chain partners, expanding our sustainable procurement program to reduce Scope 3 emissions. In the Alibaba Supplier ESG Code of Conduct, we encourage our suppliers to establish their own emission reduction plans. We've pioneered more environmentally conscious product categories, such as China's first large-scale batch of certified low-carbon organic agricultural products.

- **Partnering for platform decarbonization (Scope 3+)**

With professional institutions, we jointly published ***Scope 3+ Emissions Reduction: A New Methodology for Corporate Climate Actions Beyond Value Chains***. Under its guidance, we developed a digital carbon reduction measurement system, and launched our carbon ledger platform covering multiple apps, already helping over 20 million users practice carbon reduction. We also launched the "Decarbonization-friendly Action" program in concert with many leading brands.

- **Tackling broader environmental problems**

Beyond carbon emissions, we have also developed programs and targets for tackling other environmental challenges, such as preserving biodiversity, reducing waste, and conserving water.

II. Supporting Our People

Alibaba is a global technology company with diverse and talented employees working in offices across 27 countries and regions. None of our goals can be achieved without them. We strive to be a company that people love to work for, and where they can become better versions of themselves.

To accomplish this, we commit to four actions:

- **Build an equal, dignified, inclusive, and diverse workplace**

We value having a diverse set of people, talents, roles, views, and cultures at Alibaba. We have always had a deep reservoir of female leadership. Women comprise 39% of leaders in our senior management team, and our workforce is evenly split by gender. We eschew hierarchy to promote candid and open communication at all levels, including regular employee chats with our Chairman and CEO, Daniel Zhang.

- **Provide fair and competitive compensation, and "benefits with warmth"**

We retain and advance motivated and talented people with competitive compensation, including salary, bonus, and equity incentive awards. Our benefits package goes above and beyond the average and extends to the families of employees.

- **Provide rich learning and working opportunities that lead to personal growth**

We run a large internal training and development program. In FY2022, the average training time per employee reached 49 hours. We also actively promote internal job mobility, with 7,707 positions filled internally in FY2022, making Alibaba itself a dynamic talent market.

- **Promote people's health and vitality**

We put significant effort into crafting vibrant, healthy workplaces with a happy work culture. We take our employees' safety seriously, with a multi-layered safety and response system.

III. Enabling a Sustainable Digital Life

We are committed to helping consumers achieve better lives in increasingly responsible and sustainable ways. We promote sustainable consumption with the following four characteristics:

- **Diverse consumption**

A better life requires diverse products and services. We run the world's largest consumer market with billions of SKUs on offer, allowing consumers to access a diverse array of products with different functions, brands, price levels, and delivery speeds. Our platforms provide transparent price comparison tools that help consumers find the best value for their money.

- **Inclusive consumption**

We continually extend our services to remote and less affluent regions: more than 70% of new users in China last year came from relatively less-developed regions. We make efforts to ensure digital tools are accessible to traditionally underserved groups, such as senior citizens and people with disabilities. In FY2022, 305,000 visually-impaired users were active on Taobao.

- **Trustworthy consumption**

We are dedicated to high standards for the genuineness, safety, and quality of goods and services on our platform. We are also making consumer privacy protection a top priority. We communicate to our users the scope of data collection with transparency, require user authorization to do so, and facilitate opting out of data-based recommendations at any time. By Aug 15, 2022, our virtual phone number feature had covered over 500 million active consumers on Taobao.

- **Responsible consumption**

We foster responsible consumption on our platforms by banning dangerous and harmful products, promoting a green marketplace of sustainable goods, and encouraging sustainable consumption habits. By the end of FY2022, the Cainiao box recycling program now operates in 315 cities in China.

IV. Fueling Small Businesses

Unlike other recent industrial revolutions, this is an era in which small players can be competitive. We hope that the stakeholder ecosystem we have built with our partners can support the sustained growth of small businesses. For that we act in four directions:

- **Building responsible technologies**

In FY2022, we invested a record of over RMB120 billion in technology-related areas. We believe responsible technology should be efficient, green, advanced, inclusive, and open. For many years we have been consecutively ranked first among Chinese firms in open source activity.

- **Building digital business capabilities and markets for MSMEs**

One crucial feature of our platform is that it builds a dynamic business ecosystem involving tens of millions of consumers and MSMEs. We develop technology-driven market access and business infrastructure allowing MSMEs to be more competitive while retaining their flexibility and vitality.

- **Enabling inclusive employment**

We have created opportunities for over ten million MSMEs on our e-commerce platforms, and an estimated 60 million jobs. We have also made use of the leveling power of technology to create jobs for women and historically disadvantaged groups such as people with disabilities.

- **Promoting responsible production**

We provide our customers and ecosystem partners with state-of-the-art digital technologies and solutions that make their work more efficient, less energy-intensive, and with less waste of resources.

V. Enhancing Community Inclusion and Resilience

The urban-rural socioeconomic divide is the largest inequality challenge in China, a situation paralleled around the world. At the same time, economic development is not sustainable if society, especially disadvantaged groups within it, sees disasters and crises wiping out their hard-earned progress. We strive to enhance the inclusion and resilience of communities by tackling the following two intertwined problems:

- **Facilitate rural digitalization for a more inclusive economy**

First, we continue to spur economic development by building the e-commerce market into rural areas. In 2019, Alibaba was the first technology company to receive the National Poverty Alleviation Organization Innovation Award in China. In 2021, we helped sell RMB128.1 billion of products from 832 counties previously categorized as impoverished under China's national standards, and Alibaba was awarded as a National Exemplary Organization in Poverty Alleviation. Second, we help revitalize rural value chains by bringing much-needed business infrastructure, production technologies, and even marketing and branding skills to rural areas. Third, we dispatch experienced employees as "rural commissioners" and "rural technology officers" to help craft local development solutions. At the same time, we run programs that promote digital education, cultivate rural talent, help to create local jobs, and improve schools and medical facilities.

- **Support the strengthening of community resilience**

We build our own resilience capabilities to support the operation of the business ecosystem and better respond to society's needs during crises. Since the outbreak of the pandemic, we have leveraged our digital capabilities, including in operations, market access, and logistics to support society. These efforts include the procurement and donation of medical supplies and necessities, and the use of our technological capacity to tackle COVID-19. We share technologies to improve disaster forecasts, coordination, and recovery, seeking to promote broader societal resilience. DAMO Academy's Medical AI Team received the award "National Exemplary Organization for Pandemic Response in Science and Technology" from China's Ministry of Science and Technology. Meanwhile, our logistics arm Cainiao worked with partners to distribute over 260 million pieces of medical supplies to over 150 countries, including cold-chain deliveries of life-saving vaccines to 11 developing countries. Cainiao was awarded the Silver Stevie Award for "Most Valuable Enterprise Response" for global COVID-19 efforts.

VI. Facilitating Participatory Philanthropy

Our approach to philanthropy is centered on the notion that public service should be widely participatory. We apply this principle in four key ways.

- **We start with our employees in promoting participatory and multi-layered philanthropy**

Our "Three Hours for a Better World" asks all employees to give at least three hours to a cause annually. In 2022, DAMO Academy created a digital sign-language interpreter to help the hearing-impaired better navigate the world. We support a unique employee-led and elected Alibaba Philanthropy Committee.

- **We draw upon our expertise in technology to directly tackle social issues:** Our engineers and other employees gave their time to build and run the "Reunion System" to help locate missing children. Over the past 6 years, the system has sent alerts for 5,038 missing children and assisted in the recovery of 4,960 of them. In the latest program year alone, we assisted in the recovery of 253 children.

- **We deploy our resources to be a force multiplier and a tool to help those already doing good**

We launched Green Code, a volunteer tech service platform connecting over 330 organizations and 6,000 programmers. Our "XIN 100" philanthropic support program aims to provide 100 projects with resources and skills to enhance their work.

- **We leverage our platforms to involve everyone in philanthropy:** In FY2022, "Goods for Good" engaged over 2.2 million merchants and 500 million consumers in channeling shopping proceeds to charitable projects in line with our social purpose. In recent years, we rolled out "Three Hours for a Better World" to the public, logging over 600 million volunteer sessions.

VII. Building Trust

Becoming a company that earns long-term corporate and social trust from all its stakeholders is imperative if we are to fulfill our social responsibility.

- To earn corporate trust, we have established a transparent and robust system of governance across all levels of the organization. Alibaba benefits from having a dynamic and diverse board of directors as well as a unique partnership system that looks out for the company's mission, vision, and values. In 2021, we set up a three-tier sustainability governance structure to support our ESG actions. We maintain rigorous risk management systems that give us multiple lines of defense to spot and rectify risks. We maintain high standards of business conduct for all of our managers, employees, and partners.

- To earn social trust, we created a Science and Technology Ethics Governance Committee this year to ensure our technologies will always be developed and used for ethical purposes. We strive to be a leader in user data privacy and security protection, which are foundational to our services. In 2015 Alibaba Cloud launched China's first Data Protection Initiative to protect our business customers with three principles: "you own your data; you manage your data; your data is protected." The six pillars of Alibaba Cloud's security protection, including anti-DDoS, web application firewall, cloud security center, cloud firewall, business risk control, and confidential computing, have all received recognition from leading global authorities.

ESG Performance Summary

Restoring Our Green Planet

Clean energy

No. 1 We were the largest buyer of renewable energy among Chinese companies in the BloombergNEF 2021 ranking.

619,944 MtCO2e We achieved 619,944 metric tons of CO2 equivalent (MtCO2e) in emission reductions through energy transition in FY2022.

21.6% Alibaba Cloud saw its proportion of electricity from clean energy reach 21.6% in FY2022.

Resource efficiency

Computing efficiency: from ourselves to users

1.247 Our data centers reached an annual average power usage effectiveness (PUE) of 1.247 in FY2022, an Asia-leading standard.

85.5% Alibaba Cloud can help avoid 85.5% of carbon emissions for customers switching from on-premise equivalents in China.

Green logistics: from deliveries to recycling

15% / 700mn Cainiao applies smart algorithms to help reduce packing box material by 15%. In FY2022 Cainiao worked with partners to reach over 700 million shipments in original packaging.

315 Cities By the end of FY2022, Cainiao has implemented shipping box recycling programs in 315 cities in China.

Platform decarbonization

Scope 3+ We pioneered the concept of Scope 3+ emissions with an ambitious decarbonization target, and jointly released corresponding measurement methodologies with leading professional organizations.

20mn+ We launched a carbon ledger platform that has helped more than 20 million consumers conduct carbon reduction.

19 In July 2022, we partnered with 19 consumer goods brands to launch the "Decarbonization-friendly Action" program, promoting low-carbon consumption.

Supporting Our People

Equality, diversity, and inclusion

49.5% Women make up 49.5% of our over 250,000 employees, and 39% of our board directors and senior executives.

2,007 In FY2022, we employed 2,007 people with physical disabilities.

Learning and career opportunities

Learning and training

59,476 / 49 In FY2022, we carried out 59,476 training sessions averaging 49 hours of training per employee.

Career development

6,496 We set up both professional and management tracks to give employees better long-term development. In FY2022, 6,496 employees reached their "five-year maturity" career milestones.

Diverse opportunities

7,077 In FY2022, 7,077 employees initiated and completed internal job transfers, making Alibaba a dynamic talent market.

Benefits with warmth

28,000 With our new "WeCare" benefits program, over 28,000 employees have taken companionship leave to care for family in the first quarter of 2022.

65,000 Over 65,000 parents of our employees used our free annual medical check-up program, which was recognized as a "Platform Enterprise Worker Care" best practice.

30,390 On the 2021 AliDay, 30,390 family members and friends of employees visited our campuses to experience the working environment and culture.

Best employer

Top 10 We were among the Top 10 Chinese companies in Forbes World's Best Employers 2021 ranking.

Enabling a Sustainable Digital Life

Diverse

Billions of SKUs

We run the world's largest consumption marketplace, providing billions of SKUs on offer to meet the diverse needs of our customers.

Inclusive

70%+ In FY2022, over 70% of our new users in China came from relatively less developed regions.

305,000 In FY2022, Taobao served around 305,000 visually-impaired users.

Trustworthy

900mn We pioneered a "7-day no questions asked" return policy and speedy refunds in China. In FY2022, over 900 million speedy refunds were processed.

0.015% In FY2022, the complaint rate on Taobao and Tmall was 0.015%, with 100% of complaints responded to.

5mn+ We uphold three principles to safeguard user privacy and security - minimal data collection, maximum user awareness and choice, and the strongest user data protection in our products and services. By August 15, 2022, our virtual phone number feature had covered over 500 million consumers on Taobao.

Responsible

300mn+ We established a re-commerce platform with over 300 million users, Idle Fish, supporting the development of a circular economy.

Fueling Small Businesses

Responsible technology

Efficiency

Highest In the 2021 Gartner Solution Scorecard for integrated IaaS and PaaS, Alibaba Cloud received the highest scores in the core evaluations of computing, storage, network, and security (required), separately.

Openness

No. 1 We have long been ranked first among Chinese companies in open source activity and impact. We won the most awards in the China Association for Science and Technology's 2021 open source innovation list.

Advanced

13,000 We have more than 13,000 global patents, most of which are in the core technology fields of cloud computing, artificial intelligence, and so on.

Inclusion

4mn / 10mn Alibaba Cloud provides services to around 4 million enterprises worldwide, and helps tens of millions of MSMEs use cloud computing.

Building digital business capabilities and markets for MSMEs

Tens of millions

Through building a business ecosystem involving tens of millions of merchants and more than 1.3 billion users, we bring unprecedented market opportunities to MSMEs.

9mn / 9mn

Together with partners, we provide diverse digital business capabilities for MSMEs. In FY2022, over 9 million merchants used our Qianniu one-stop digital management platform. Also in FY2022, over 9 million merchants on our platforms benefitted from subsidies or other programs to help MSMEs during the pandemic.

Enabling inclusive employment

60mn We created or supported, directly or indirectly, more than 60 million jobs.

46% There are tens of millions of active MSMEs on our platform, of which around 46% are led by women.

Responsible production

FIRST Since 2021, Taobao was the first domestic e-commerce platform to issue plastic restriction rules and actively promotes the development of high-quality degradable plastic products.

Enhancing Community Inclusion and Resilience

Rural revitalization

Expanding e-commerce market

7,023 / 1,300bn

By 2021, there were 7,023 Taobao Villages and 2,171 Taobao Towns, with sales amounting to RMB1,300 billion in 2021.

832 / 128.1bn

In 2021, 832 counties previously on the national list of impoverished counties achieved a total sales of RMB128.1 billion on our platforms.

Supporting rural value chain development

1,000 / 50,000

By FY2022, Cainiao has established a vast rural logistics network in China, with over 1,000 county-level logistics centers and 50,000 rural village stations.

Rural talent development

27 / 160 We have sent 27 "rural commissioners" and 160 "rural technology officers" to spur rural digital development according to local needs.

110,000 / 2.3mn

We have trained 110,000 rural live-streamers since 2019, and completed 2.3 million rural livestreaming sessions.

National Exemplary Organization in Poverty Alleviation

In 2019, we were the first technology company in China to receive the "National Poverty Alleviation Organization Innovation Award." In 2021, we were named a "National Exemplary Organization in Poverty Alleviation."

Community resilience

In 2021, DAMO Academy's Medical AI Team received the "National Exemplary Organization for Pandemic Response in Science and Technology" award from China's Ministry of Science and Technology.

150+ / 260mn+

Since 2020, we have distributed 260 million items of medical supplies, including COVID-19 vaccines, to over 150 countries. Cainiao received a Stevie Awards silver medal in the "Most Valuable Enterprise Response" category in 2022.

Facilitating Participatory Philanthropy

Everyone's philanthropy

Three hours

In 2015 we launched "Three Hours for A Better World" for all our employees to participate in philanthropy. The program was extended to the general public in 2017.

Technological innovations for social challenges

4,960

Since 2016, the Reunion System we helped build has sent out alerts for 5,038 missing children, and assisted in the recovery of 4,960 of them.

Empowering charities with technology

6,000 / 330

By June 2022, more than 330 charitable organizations and more than 6,000 of our engineers have participated in Alibaba's "Green Code", a platform to match tech volunteers with charitable projects.

Platform-based philanthropy

2.2mn+ / 500mn

In FY2022, our "Goods for Good" program engaged over 2.2 million merchants and 500 million consumers on Taobao/Tmall in channeling shopping proceeds to charitable projects.

Building Trust

Corporate trust

58%

of our board members are independent directors. Three of our four board committees are chaired by independent directors.

Sustainability governance structure

In 2021, we set up a three-tier sustainability governance structure, including a dedicated board-level sustainability committee, an executive-level sustainability steering committee, and an ESG working group.

Risk Management Committee

In 2022, we established the Alibaba Group Risk Management Committee and issued the Alibaba Risk Management General Outline.

Social trust

Science and technology ethics

Science and Technology Ethics Governance Committee

We established our Science and Technology Ethics Governance Committee in 2022 to ensure that Alibaba's technologies always serve ethical purposes, and commit to being useful, reliable, trustworthy, and controllable.

Data security and privacy protection

FIRST

In 2015, Alibaba Cloud launched China's first data protection initiative to serve business customers with 3 principles: "you own your data, you manage your data, and your data is protected."

Security and privacy technological capacity

In the 2021 Gartner Solution Scorecard for integrated IaaS and PaaS, Alibaba Cloud received the highest scores in the security (required) category. Its six key security capacities are highly recognized by authoritative institutions.

Restoring Our Green Planet

We commit to helping conserve and restore the natural world we all rely on as it faces global challenges. Both the digital and green transitions are likely our best tools to address the pervasive environmental and climate crisis and transform our society into a green and low-carbon "circular economy." Through our efforts, we hope to help people have a better chance of living together in a healthy environment with blue skies and thriving ecosystems.

Our environmental actions place a focus on:

- Greening our operations and value chain
- Amplifying decarbonization through our platform ecosystem
- Conserving and restoring nature

Climate commitments and status

Climate risk assessment

To help restore our planet and to sustain our own business, Alibaba has integrated climate risk management into our business strategy and risk management system. In line with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), we work to identify potential risks and opportunities associated with climate change, and improve our capabilities to manage those risks.

Governance

The sustainability committee of Alibaba's board of directors oversees and supervises Alibaba Group's ESG strategy and implementation, including climate risk management and carbon neutrality goals. The sustainability steering committee, led by the board's sustainability committee, works with the ESG working group to plan and implement our ESG strategy.

Strategy

We have analyzed the physical and transition risks of climate change in our businesses and identified strategies for addressing risks, as well as potential opportunities. Our goal for carbon neutrality adheres to the following general principles: direct carbon reduction takes precedence over carbon removal, and carbon removal takes precedence over offsets. This prioritization approach offers the fastest and most effective path to reducing the concentration of greenhouse gas (GHG) in the atmosphere, and is also consistent with the Paris Agreement goals of limiting the global temperature rise to 1.5 ° C.

Risk management

The Alibaba Group Risk Management Committee is responsible for reviewing the relevant risk assessments and making corresponding institutional and management arrangements separately. The Risk Management Committee, chaired by the Chief Risk Officer, continues to incorporate climate risks into the company's overall risk assessment and management system.

Metrics and targets

We have made a three-fold emission reduction pledge covering our own operations, value chain, and platform ecosystem. In addition, Alibaba has committed to the Science Based Targets initiative (SBTi).

To guide our future actions, aligned with the recommendations of the TCFD, we have considered a range of scenarios, including those well below and above a 2° C average global temperature change, to better understand the potential impact of climate change on Alibaba's businesses, communities, and stakeholders.

Carbon neutrality pledges

Alibaba carbon neutrality pledges

In December 2021, we released the *Alibaba Group Carbon Neutrality Action Report*, pledging to:

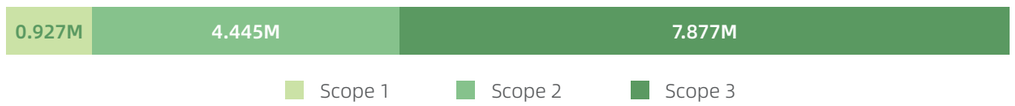
- Decarbonize Alibaba (Scopes 1 and 2): By 2030, we will achieve carbon neutrality in our own operations.
- Green the value chain (Scope 3): By 2030, we will collaborate with our upstream and downstream value chain partners to cut emission intensity by 50% from the base year of 2020. Alibaba Cloud will achieve Scope 3 carbon neutrality during the same period.
- Enable a low-carbon circular digital ecosystem (Scope 3+): Beyond our own operations and direct value chains, we pledge to leverage our digital platforms to encourage even broader participation by stakeholders that can be reached by our efforts. By 2035, we will facilitate 1.5 gigatons of GHG emission reduction over 15 years across Alibaba's digital ecosystem.

Current status of emissions

In FY2022 covering April 2021 to March 2022, Alibaba's GHG emissions totaled 13.249 million metric tons of carbon dioxide equivalent (MtCO2e).[1] Among them, direct GHG emissions (i.e., Scope 1) accounted for 0.927 million MtCO2e, including stationary combustion (such as the use of natural gas), direct fugitive emissions (such as refrigerant leakage), and mobile combustion (company-owned transportation in our retail business). In addition, indirect GHG emissions (i.e., Scope 2) from purchased electricity and heat were 4.445 million MtCO2e, mainly used for operating cloud computing data centers, retail stores, offices, and warehouses.

Indirect GHG emissions along the value chains (i.e., Scope 3) that could be accurately assessed were approximately 7.877 million MtCO2e, consisting mainly of fuel consumption in outsourced transportation and distribution services in the e-commerce business, purchased power in leased data centers, use of packaging and consumables, and employee travel. The inspection was completed by the China Environmental United Certification Center (CEC) and audited by Bureau Veritas.

Alibaba's GHG emissions in FY2022 (in MtCO2e)



As projected in Alibaba's Carbon Neutrality Action Report, our carbon emissions have not yet peaked and are likely to continue rising with business development in the short term. This growth mainly derives from (a) the steady expansion of our core business, such as in cloud computing, globalization, and offline retail stores (b) developments to improve our fulfillment capabilities and user experiences, such as expansion of delivery areas, and (c) new businesses serving emerging customer needs that integrate both offline and online services.

These business activities will require higher power consumption (Scope 2) and more procurement from our supply chain (Scope 3), contributing to an increase in new carbon emissions. We recognize that Alibaba's position as a company that integrates technology, retail, and logistics businesses, with extensive online and offline operations, means that our decarbonization plans must consider the complex interaction of multiple sectors. At the same time, this also creates enormous opportunities for cross-sector innovations in our carbon reduction efforts.

[1] The scope of this inventory is the identified measurable significant source categories in Scopes 1, 2, and 3 GHG emissions within Alibaba's organizational and reporting boundaries in FY2022 under the principle of operational control. The GHG categories covered in this inventory include carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), nitrogen trifluoride (NF_3), and sulfur hexafluoride (SF_6). As a result of the inventory, emissions of five greenhouse gases, CO_2, N_2O, CH_4, HFCs and SF_6, were involved in this reporting period. Please refer to Appendix 3 for Scope 3 emission inventory categories.

Since our pledge in December 2021, we have accelerated our efforts. According to BloombergNEF's rankings, we were the largest purchaser of clean energy in 2021 among all Chinese companies. In the first half of 2022 alone, we purchased more than 800 million kWh of clean electricity, a 150% increase over the full year of 2021. In FY2022, we cut a total of 619,944 tons of carbon emissions by changing our energy mix to include more clean energy. Through our persistent efforts, over this time period, 21.6% of the electricity for Alibaba Cloud was from clean energy, marking a good start for achieving carbon neutrality by 2030. In July 2022, we signed a strategic agreement, including on eight green energy projects, with State Power Investment Corporation (SPIC), the largest developer of clean energy worldwide.

We will continue to advance our decarbonization solutions while maintaining our growth. And our commitment goes far beyond reducing carbon emissions alone. This year we expanded our efforts to a broader set of environmental issues.

We present our environmental efforts and progress in three parts:

- Greening our operations and value chain
- Amplifying decarbonization through our platform ecosystem
- Conserving and restoring nature

Greening our operations and value chain

To achieve our operational carbon neutrality and environmental goals, we lead with our own spaces to make them models of green energy, water conservation, and resource efficiency, and then improve the operational efficiency of important infrastructure such as our data centers and logistics systems.

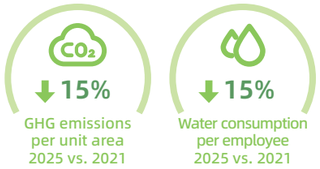
In February 2021, we issued an inaugural US$1 billion sustainability bond. By the end of FY2022, net proceeds of US$352 million had been allocated to erect and refurbish green buildings, and US$451 million to construct energy-efficient data centers.

Sustainable office parks | Green retail stores | Low-carbon and circular cloud | Smart and green logistics | Environment-friendly suppliers

Sustainable office parks

Our green practices start with our office parks. We are actively researching and applying technological innovations that demonstrate ways to be green and low-carbon while providing our employees with more comfortable and vibrant working environments. At our own office parks, we aim to:

- Reduce 15% of GHG emissions per unit area by 2025 compared to 2021
- Reduce 15% of water consumption per employee by 2025 compared to 2021



Low carbon buildings

We follow circular principles with our building design, materials use, and construction, and also continue to uphold with our buildings' daily maintenance processes. All our future new construction will meet the LEED Gold standard and the China green building standard. Energy use monitoring and optimization are automated throughout our buildings using smart sensors and controls. AI models accounting for weather and occupancy help us make dynamic, data-based decisions on energy use. In addition, we have started retrofitting and renovating old buildings for new uses, while ensuring safety and quality. This avoids GHG emissions from demolition and reconstruction.

Avoided emissions from office renovations

In a recent project, we turned an old corporate park into a green, smart, and healthy office space. An estimated 79,000 tons of carbon emissions were avoided compared to a tear down and new construction. We accomplished this with carefully selected approaches, including the efficient use of materials, modular construction, building and decoration integration, ventilation heat energy recycling, and solar installations.

Water

We have fully adopted water-saving hardware and sanitation equipment at our campuses. The 42 hectares of our Xixi Office Park B was designed and built in accordance with "sponge city" standards, recycling 10,763 tons of rainwater in FY2022.

Resource and waste management

We have considered a range of ways to cut resource use. For exhibits in our office parks, we increased the use of recycled materials and reduced decoration and material waste. We set aside recycling areas for packing boxes in on-site post offices. For office electronics such as laptop computers, we encourage our employees to extend their lifespan. We arrange for hazardous waste to be recycled by qualified suppliers in accordance with relevant laws and regulations.

Employee engagement

We cannot reach our ultimate goals without the active engagement of our employees. We encourage sustainable behaviors through education on green consciousness and through systems we've set up.

- **Low-carbon actions in the workplace**

We reward 14 types of energy-saving and carbon-reduction behaviors, such as turning off lights and HVAC in idle spaces, printing double-sided, and recycling cartons. In FY2022, more than 70,000 employees completed nearly 1.13 million carbon reduction actions.

- **Low-carbon commute and travel**

We encourage employees to use public transit. We have installed more than 1,300 electric vehicle chargers.

- **Reducing plastic use in office parks**

We are converting to biodegradable packaging in our dining halls and charge for disposable containers to discourage overuse.

- **Reducing waste**

We have established an internal shopping platform for employees to purchase slightly blemished goods from our platforms.

Working with and within nature

Our global headquarters at Hangzhou Xixi Campus is adjacent to Xixi National Wetland Park, a natural ecosystem brimming with life. Our campus covers 3.2 hectares of natural water body and is designed to preserve most of the location's original wetlands and integrate nature with our office buildings. Special trails wind through the ecosystem and lead to outdoor meeting spaces. Strolling through the complex of natural ridges and knolls along the water, a visitor can smell flowers, hear birds, and spot fish. We are home to more than 100 species of plants, leading some to call our headquarters a natural ecosystem masked as a high-tech office park. The campus was designed to show how people can live in harmony with and be inspired by nature.

Green retail stores

Low-carbon retail spaces

Our retail stores provide space to expand our environmental efforts beyond our offices in ways that touch and engage the public. Striving to be a retail industry leader in energy savings and emissions reduction, we are adopting power-saving technology and continue to shift to more efficient cold chains by upgrading equipment and refrigerants. Below are some examples of our efforts to reduce GHG emissions.

Sun Art Retail

Environmentally friendly refrigerants

To reduce GHG emissions, 17 new stores in FY2022 upgraded to refrigerants with lower global warming potential.[2] To date, a total of 57 stores have completed the upgrade.[3]

Automatic control of exhaust fans

By the end of FY2022, we had upgraded automatic control of exhaust fans in 387 stores, reducing energy consumption by more than 21 million kWh of electricity annually.

Energy-saving controls for moving sidewalks

We completed upgrades for energy efficiency improvement for 1,146 automated sidewalks at 377 stores by the end of FY2022, saving an estimated 20 million kWh of electricity annually.

Automated store energy management

We have installed automatic control systems in all stores to monitor energy use in real-time, annually bringing 10-15% of energy saving for each store, at the level of 700,000 kWh/year on average.

Solar power

Sun Art has installed rooftop solar panel systems at 17 stores, generating more than 11 million kWh of electricity in FY2022. We aim to install solar panels in at least 30 stores in two years, and at all stores by 2030.

[2] Global Warming Potential (GWP) is an indicator of the climate impact of greenhouse gas emissions, indicating the greenhouse effect of a certain greenhouse gas over a certain period of time (20 years, 100 years, 500 years) corresponding to the mass of CO_2 with the same effect, GWP for CO_2=1.0.
[3] From 2011, new stores began to use R404A refrigerant to replace the ozone-depleting R22 refrigerant. In 2018, new stores and remodeled stores used the lower GWP value R448A (GWP=1273) to replace R404A (GWP=3943) refrigerant.

Intime Department Stores

Low-carbon initiatives

A designated energy management team was established to monitor, analyze, and manage energy efficiency and implement technical improvement programs.

In 2021, three Intime department stores completed their air-conditioning upgrade, saving a total of 3.43 million kWh of electricity. Twelve new stores completed the upgrade and went into operation in 2022.

In FY2022, Intime traded 87 million kWh in green electricity, a year-over-year increase of more than 190%, corresponding to around 62,000 tons of emissions reduction.

Awards

- In 2021, Intime Zhongda Store in Hangzhou was recognized as an energy conservation demonstration project.
- In 2021, four stores in Zhejiang Province were nationally recognized as green shopping malls, and eighteen stores were recognized in Zhejiang Province's list of green shopping malls.[4]

[4] Please refer to the two websites as below. http://www.mofcom.gov.cn/article/zcfb/zcgnmy/202102/20210203038331.shtml
http://www.zcom.gov.cn/art/2021/12/1/art_1384587_58933413.html

Water conservation

We have adopted water-saving faucets in all RT-Mart stores, for an expected net saving of about 100,000 tons of water consumption annually. Since 2007, we have built a wastewater storage and circulation system, reducing water consumption by about 1,000 tons per store every year, for a total of 490,000 tons of water annually. Building on these practices, we have also set a target at RT-Mart to decrease average water use by 3% per store in 2025 compared to the base year 2020.

Kunshan RT-Mart Commercial Plaza sustainable design

Sun Art applied sustainable designs at the Kunshan RT-Mart Plaza. Both green building standards and "sponge city" water efficiency principles were followed. In addition, we adjusted the building envelope to reduce energy consumption and increase rainwater recycling. During construction, Sun Art adopted green construction policies to control carbon emissions throughout the life cycle of the project.

Resource and waste management

Our stores have implemented resource and waste management in a variety of ways:

Reduce food waste in retail stores: Sun Art Retail has continued to improve its systems to cut food waste across the entire life cycle including procurement, storage, processing, and sales. In FY2022, our kitchen waste was reduced by 4%.

Reduce material usage: We have adopted digital receipts, label printing, and express order printing to save tens of millions of articles of paper. We encourage merchants to use original boxes for delivery and combine packages through our smart management systems.

Packaging upgrade: Sun Art and Freshippo are providing consumers with recycled bags. Freshippo retail locations have entirely transitioned from plastic to degradable plastic, paper, and recyclable non-woven bags, while Sun Art has introduced degradable plastic bags across all stores.

Low-carbon and circular cloud

Low-carbon cloud services

For the tens of millions of businesses that rely on our platforms, Alibaba's cloud services provide the digital backbone on which the ongoing green transformation can be built. According to the Carbon Trust research report, *Alibaba Cloud's Carbon Benefits*, cloud customers in China can avoid 85.5% of their computing emissions by moving to Alibaba Cloud from on-premise equivalents, largely contributed by the efficiency of our own internet data centers (IDC). [5]

We are innovating continuously to build a "green cloud" as set out in our carbon neutrality commitment, focusing on increased energy efficiency, renewable electricity use, and recycling of energy and resources.

CO_2

↓85.5%

carbon emissions avoided by moving to Alibaba Cloud

Alibaba Cloud helps green the data center

- Alibaba Cloud's Green Data Center is the only cloud computing data center selected by China's Ministry of Ecology and Environment as one of the **2021 Green and Low-Carbon Best Practices**.
- Alibaba Cloud's Green Data Center received the **Green Innovation Recognition of Excellence** from the 2021 Paulson Prize for Sustainability for its energy-efficient practices and achievements.
- In April 2022, Alibaba joined the **Low-Carbon Patent Pledge**, an international alliance for low-carbon technology patent sharing, and made nine key patents for green data center technology free for the use of external parties.

[5] The Carbon Trust is an international professional organization in the field of carbon neutrality.

Energy efficiency

Using a variety of energy-saving strategies, such as artificial intelligence (AI)-powered management algorithms and water-cooling techniques, the average power usage effectiveness (PUE) for our self-operated data centers in FY2022 was as low as 1.247, a leading level in Asia. This represents a win for our business, our clients, and the environment. Looking forward, we aim to keep the annual PUE of self-owned data centers below 1.3.

1.247

annual average PUE

Alibaba Cloud's Panama power system guarantees uptime with less energy waste

Alibaba's self-built data center uses an innovative 10kV uninterruptible power supply system that reduces the distribution link of the system by 66% and improves the efficiency by more than 3% to 97.5% compared with the traditional method. The innovative equipment has been shortlisted for the 2021 National Industrial Energy-Saving Technology Recommendation Catalog.

Using renewable electricity

We are committed to powering our cloud services with 100% clean energy worldwide by no later than 2030. To this end, we are already leading China's technology companies in clean energy transaction volume and usage. BloombergNEF rated Alibaba Cloud first in renewable energy procurement in 2021 with a transaction volume of 269 GWh. In FY2022, Alibaba Cloud's own data centers reduced around 534,000 MtCO2e (metric tons of CO2 equivalent) of emissions by purchasing clean energy and natural gas, with clean energy accounting for 21.6% of its total electricity consumption.

Alibaba Cloud's own data centers reduced around 534,000 MtCO2e of emissions

21.6% of cloud electricity consumed was from clean sources

Recycling of resources and energy

Number of recycled servers
50,000

Extending warranties of
20 million
cores of servers

We recycle a large amount of waste heat generated by our servers. Waste heat from our self-built Alibaba Cloud Zhangbei Data Center is used to heat the adjacent office park and provide municipal heat. The heating load of the first phase of the waste heat utilization project is 21MW, which by the end of next year will reduce carbon emissions by 32,000 tons annually. We also extend the life of our hardware. In FY2022, Alibaba refurbished 50,000 servers to extend the use cycle. Furthermore, we have extended the maintenance of all servers to five years, dismantled scrapped servers, and recycled spare parts, leading to the extension of the warranty of 20 million cores of servers in 2021.

Water conservation

We take advantage of natural air cooling to preserve water. In our Zhangbei Wulan center, with an average outside temperature of only 4°C, we utilize air handling unit (AHU) technology and air cooler systems, reducing the water usage effectiveness (WUE) value to as low as 0.45L/kWh, saving more than 80% compared to traditional cooling tower schemes.[6] Alibaba Cloud has also established a WUE management plan to refine the management of water consumption in various divisions. In FY2022, our reclaimed water recovery reached 11,899 tons and reclaimed water procurement amounted to 359,252 tons.

359,252 tons
reclaimed water procurement

11,899 tons
reclaimed water recovery

Zhangbei Miaotan Industrial Park Data Center upgrade saves over 10,000 tons of water

The Zhangbei Miaotan Data Center implemented a project to introduce a reverse osmosis (RO) sewage system for water treatment, increasing the recycling and utilization of sewage water. The water treatment project was able to reduce sewage discharge of the server building by 35% and reduce supplementary water consumption by 26%. Between its launch in June 2021 and March 31, 2022, the project had already recovered 11,899 tons of water.

Waste management

We have unified standards for solid waste management from our server equipment and require our suppliers to properly treat solid waste and hazardous waste (mainly lead-acid batteries, destroyed hard disks, etc.) in strict compliance with these standards and with regulations.

[6] Water Usage Effectiveness (WUE) is a parameter in the data center that analyzes how efficiently water is being utilized and is the ratio of the annual water usage of data centers to the energy consumption of IT equipment.

Smart and green logistics

The success of our business depends on a vast logistics network that ties together our facilities, stores, ecosystem partners, and consumers. Efforts to make that network smarter and greener are an indispensable part of building a low-carbon circular ecosystem. Cainiao was one of the first companies in China's logistics industry to launch a green initiative. We continue to exert efforts in the four directions of green transportation, green transfer, green packaging, and green recycling, forming a start-to-finish green logistics solution from order generation to parcel delivery.

Cainiao start-to-finish green logistics solution

Green packaging

With help from our business partners and consumers, we can reduce wasteful packaging through optimization, substitution, and recycling. We are promoting delivery using original manufacturer boxes. In FY2022, Cainiao's original box shipping exceeded 700 million pieces. Intelligent carton cutting, packaging algorithms, and AI can further optimize carton models and reduce our use of materials by an average of 15%. We are also experimenting with new materials to replace plastics. In Southeast Asia, Lazada is replacing non-recyclable materials with FSC-certified packaging. To involve our customers in these efforts, we have launched a Cainiao box recycling program to facilitate their recycling of cartons at many Cainiao stations.

700 million+
original box shipping

Green transport

Transport is one of the main sources of carbon emissions, so Cainiao is targeting electrifying land transport and increasing low-carbon air transport in order to reduce its GHG footprint. We plan to replace all short-haul logistics vehicles with electric vehicles by 2030. In Indonesia, along with our partner, Lazada Logistics launched the Blue Vehicle, an environmentally-friendly delivery vehicle which will allow Lazada to transition primarily to electric vehicles in Jakarta. In Vietnam, Lazada is choosing electric bikes to provide delivery services. Alibaba DAMO Academy and Cainiao have also fielded the Xiaomanlv ("little donkey"), an Alibaba L4 autonomous driving vehicle, to facilitate last-mile unmanned deliveries in communities and campuses. Since its launch through March 31, 2022, it has delivered more than 10 million packages.

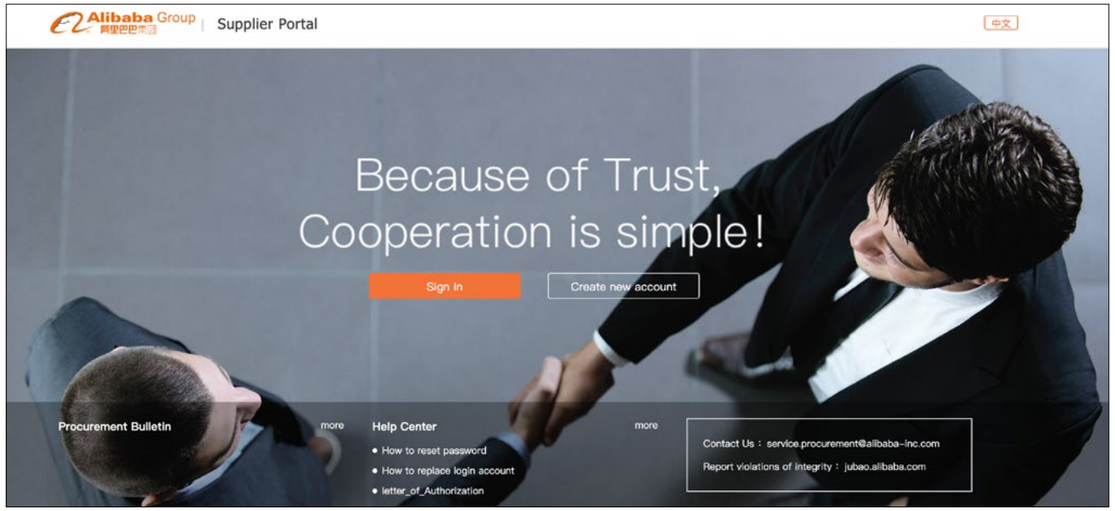
16,000
MtCO2e
emissions reduction

Green transshipment

From the outset, Cainiao has designed its logistics warehouses following high international sustainable site standards. This includes 24.9 MW of solar power capacity installed to date, accounting for 16,000 MtCO2e in carbon reductions in FY2022. Solar will be expanded to all Cainiao logistics warehouses by 2030. Cainiao also uses AI technology to optimize the parcel sub-warehousing process and the door-to-door parcel routes and is experimenting with unmanned smart logistics vehicles in "last mile" distribution.

10 million
unmanned deliveries by Xiaomanlv

Environmental management at suppliers



Our suppliers are key partners in effectively reducing our greenhouse gas emissions and other environmental footprints.

In FY2022, we launched the Alibaba Supplier ESG Code of Conduct, which lays out high standards with respect to environmental responsibilities. More than 10,000 suppliers have already participated.[7] We encourage our suppliers to comply with the Code in six key environmental areas: 1) environmental permits and reports; 2) pollution prevention and resource savings; 3) hazardous substances and waste; 4) greenhouse gas emissions; 5) water resource management; and 6) exhaust gas emissions. We assess the environmental performance of our suppliers by considering their business integrity, information disclosure, and risk management. In these areas, we are setting clear standards, holding our suppliers responsible for making continuous improvements.

10,000+
suppliers signed ESG Code of Conduct

In addition to implementing green qualification requirements for suppliers and a green supplier label management system, we have specifically developed green procurement standards. We actively seek out suppliers with a record of high environmental performance and are also keen to share with them our own best practices to identify the tools for more sustainable operations. In the following table are examples of recent initiatives we have undertaken.

[7] The numbers here refer to suppliers in the categories of media/event/service/engineering/office IT/logistics and those who have completed registration on Alibaba's procurement platform. The statistics are as of May 7, 2022.

Engaging with low-carbon suppliers for Alibaba Cloud

We encourage Alibaba Cloud's suppliers to set their own carbon neutrality goals and action plans and use effective measures to reduce carbon emissions. Alibaba Cloud plans to promote carbon neutrality pilot actions for some suppliers in FY2023, including signing carbon neutrality action agreements and conducting performance appraisals.

Encouraging recycling in materials and packaging in Sun Art

Sun Art classifies and manages office supplies by setting standards for the use of consumables and tracking material usage on a weekly basis. At the same time, suppliers are encouraged to improve packaging efficiency, increase the recycling and reuse of cardboard boxes, and reduce the waste of packaging materials. In FY2022 alone, 124,400 tons of waste cardboard was recycled.

Transitioning to more recycled construction materials

We have cut down our exhibition and outdoor advertising carbon emissions. For example, we are now using reusable materials in the construction of exhibits, with 80% of the materials made of reusable wood.

Piloting low-carbon organic agricultural products in Freshippo

Freshippo actively explores agricultural produce that is both healthy and environmentally friendly and works with organic farm partners. In June 2022, the first batch of 30 types of certified low-carbon organic vegetables was launched in Freshippo stores nationwide. This early pilot shows great potential for the development of low-carbon and low environmental impact agricultural products.

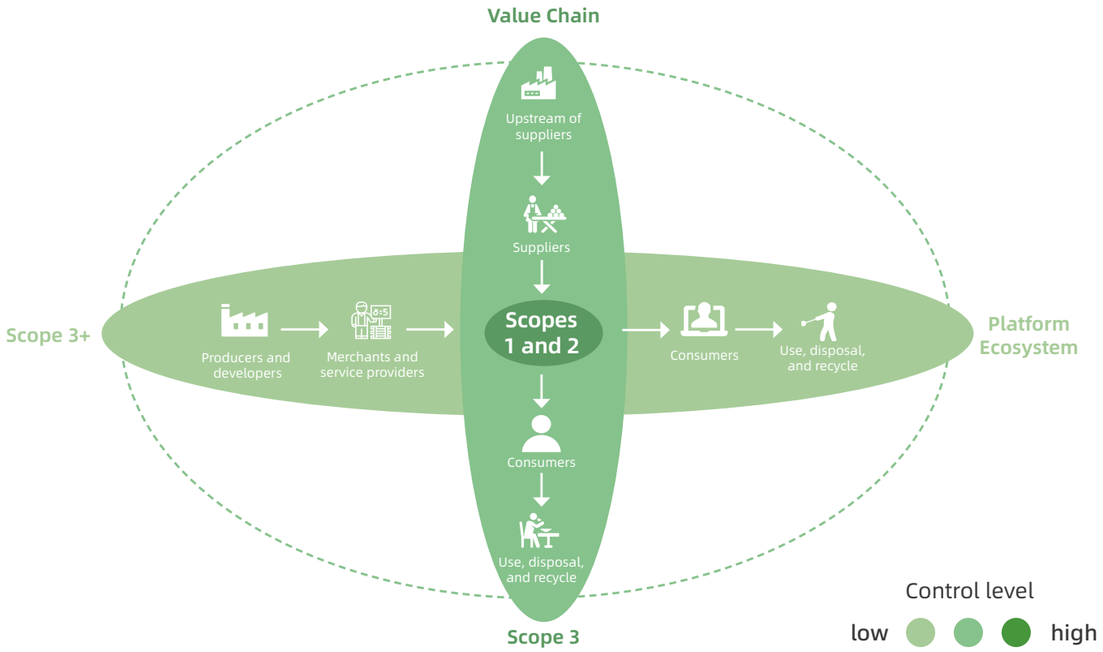
Amplifying decarbonization through our platform ecosystem

Household activity currently accounts for more than 40% of total emissions in China, but an even greater 60% to 70% of emissions in developed nations.[8] To decarbonize at a societal level, we must stimulate demand for and facilitate the transition to low-carbon production that will drive producers to develop greener products at more affordable prices.

At Alibaba, we are well positioned to support the consumer transition to more sustainable consumption, and facilitate enterprises, especially MSMEs, in realizing high-quality development while minimizing their ecological footprint.

In December 2021, we pioneered the concept of "Scope 3+" to measure GHG emissions beyond a firm's own Scopes 1, 2, and 3 definitions. We have done so in an attempt to take on more responsibility for the emissions generated by a wider range of participants in the platform ecosystem.

Given the innovative nature of Scope 3+, we are committed to working with leading institutions and professionals to establish a solid scientific foundation in determining the definition, principles, and measurement methodologies of Scope 3+, and to proactively share our research and methodologies.



[8] Source: *Measures and Approaches for Transforming Consumption Patterns and Developing A Low-Carbon Society in China, 2020,* Ministry of Ecology and Environment of China.

Progress in Scope 3+ decarbonization

December 2021

Alibaba launched the "OPEN C+" carbon reduction measurement to help consumers measure their decarbonization impact.

January 2022

Idle Fish launched a carbon reduction calculator for individuals, along with promotional programs.

February 2022

The Alibaba Carbon Neutrality Expert Committee was introduced, providing professional support and external independent review capacity for the theoretical foundations, measurement methodologies, and implementation methods of Scope 3+ programs.

June 2022

In June 2022, Alibaba launched our "Carbon88" carbon ledger platform.

May 2022

Alibaba participated in the publication of the ***Guideline on Quantification of Emission Reduction Effects of Green and Low-Carbon Behaviors*** to promote consumer adoption of low-carbon behaviors at scale.

By March 31, 2022

Nearly 1,700 firms had adopted Alibaba Cloud's "Energy Expert" to help them save energy, increase efficiency, and move towards carbon neutrality.

July 2022

Alibaba and leading consumer goods companies launched the "Decarbonization-friendly Action" program for consumer products while issuing a guide for how brands can boost their low-carbon products, marketing, and logistics.

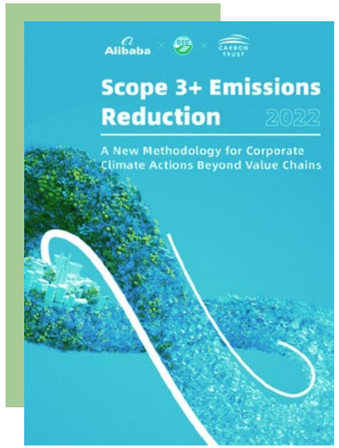
August 2022

China Environmental United Certification Center (CEC) and Alibaba jointly published *Scope 3+ Emissions Reduction: A New Methodology for Corporate Climate Actions Beyond Value Chains,* with expert contributions from the Carbon Trust.

Scope 3+ scientific methodologies

We worked with renowned research institutions and professionals to expand the theoretical and methodological frontiers of scientific carbon measurement. In August 2022, with China Environmental United Certification Center (CEC), we jointly published *Scope 3+ Emissions Reduction: A New Methodology for Corporate Climate Actions Beyond Value Chains*, with expert contributions from the Carbon Trust. In this report we proposed two key principles of decarbonization in Scope 3+.

The essential logic of carbon reduction measurement is to verify the difference in emissions when an entity takes carbon reduction actions compared to the benchmark scenario without such actions. With this basis, we can further divide the measurement of Scope 3+ emissions reductions into two categories depending on the role of the enterprise in the carbon reduction action.



Two categories of decarbonization in Scope 3+

Enabled carbon abatement

Solutions (i.e., products or services) provided by enterprises that enable the same function to be performed with significantly less GHG emissions. Enablement reduces emissions compared to the baseline 'business-as-usual' (BAU) scenario.

Engaged carbon abatement

Scope 3+ emission reduction through engagement means that a company spurs its stakeholders (e.g., businesses and consumers) to reduce GHG emissions that are not covered in the company's own Scope 1, 2, and 3 emissions.

The Scope 3+ engagement category highlights the idea that a platform company can play a prominent role in climate change mitigation by proactively either enabling or engaging with stakeholders to unlock their potential in reducing emissions.

Principles for identifying Scope 3+ emission reduction projects

Based on the two categories, we then establish the principles for identifying Scope 3+ emission reduction projects.

- Such projects must offer emission reduction effects.
- The emission reductions need to be measurable, explainable, and verifiable in accordance with the methodologies developed by professional organizations.

We have actively collaborated with industry-leading certification organizations, such as the China Institute of Standardization, the China Environmental United Certification Center, China Beijing Environmental Exchange, and others, on principles and specific calculation methodologies for Scope 3+ to ensure its reliability and wide applicability, and we seek more partners in this effort.

Scope 3+ actions

Consumer carbon reduction

We launched the "Carbon88" carbon ledger platform in 2022, covering some of Alibaba's most-used apps. By July 2022, over 20 million users had actively participated in carbon reduction through a greener consumption style. The system is built on top of our OPEN C+ engine. Currently, the platform covers more than 70 scenarios. All methods and scenarios have been reviewed and approved by our committee of independent, external experts.

After consumers choose to opt-in, the Carbon88 platform collects data only for the purpose of calculating carbon emissions. The process is designed to fully comply with our principles to safeguard consumer privacy and security: minimal data collection for specific purposes, maximum user awareness and choices, and the best data security protection.

In the future, we aim to promote the carbon ledger platform to help more of our partners better measure and practice carbon reduction.

Carbon88 all-in-one carbon ledger platform

Carbon88 gives consumer a panoramic view of greener living

In March 2022, Taobao introduced a new function for consumers to measure their carbon reduction when buying certified "Energy-Saving and Carbon Reducing" home appliances. By June 30, 2022, over 4,000 merchants had listed 430,000 certified home appliances. During the 6.18 Shopping Festival in 2022, the potential carbon reduction from energy efficient consumer products sold on Taobao and Tmall was estimated to be around 153,000 tons.

Starting April 20, 2022, Ele.me users were able to measure their potential carbon reduction from choosing the "cutlery free" option when ordering takeout. Since then, more than 13 million users have enabled this option in their orders.

Guidance on carbon reduction options in various apps makes it easy for consumers to choose low-carbon actions in everyday life.

Taobao · Amap · Ele.me · Cainiao · Idle Fish

The OPEN C+ consumer carbon reduction computation engine provides measurement services for Carbon88 and will open to the public in the future.

Idle Fish launched the carbon credit project at the end of January 2022, where users can measure potential carbon reduction when buying and selling second-hand goods.

Amap and the Beijing Transportation Commission jointly developed the "Beijing Municipality Mobility-as-a-Service (MaaS) Platform." Users are provided with personalized routing guidance and rewarded for using public transport. In 2021, a total of 24,500 tons of avoided emissions accumulated by users were successfully traded in the carbon markets.

Partnership for scaling up consumer carbon reduction

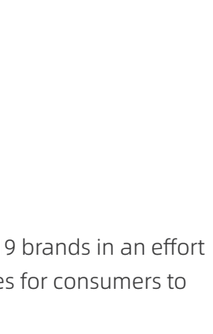
In July 2022, Alibaba jointly launched the "Decarbonization-friendly Action" program with 19 brands in an effort to increase carbon reduction actions in the consumer goods industry and provide incentives for consumers to develop decarbonization habits. Our group set three collective targets:

- Promote more low-carbon goods, from design to production, together with science-based measurements.
- Integrate the supply chain with low-carbon packaging and logistics.
- Enhance consumer awareness and familiarity with green goods through low-carbon marketing.

In the future, the "Decarbonization-friendly Action" program will continue to introduce science-based methods and technologies to support all three goals, increase green consumption opportunities, and provide more brands with long-term carbon reduction guidelines.

Leading brands are joining together for

DECARBONIZATION-FRIENDLY ACTIONS



Alibaba | PEPSICO | P&G | BOSCH 博世 科技成就生活之美 | Colgate 高露洁 | APP 金光集团
康師傅 | 立白科技集团 Liby Science and Technology | Unilever | 良品铺子 BESTORE | MARS WRIGLEY 玛氏箭牌 | 蒙牛
L'ORÉAL CHINA | Nestlé | 伊利 | 亿滋 Mondelēz International | 中国飞鹤 | SHISEIDO

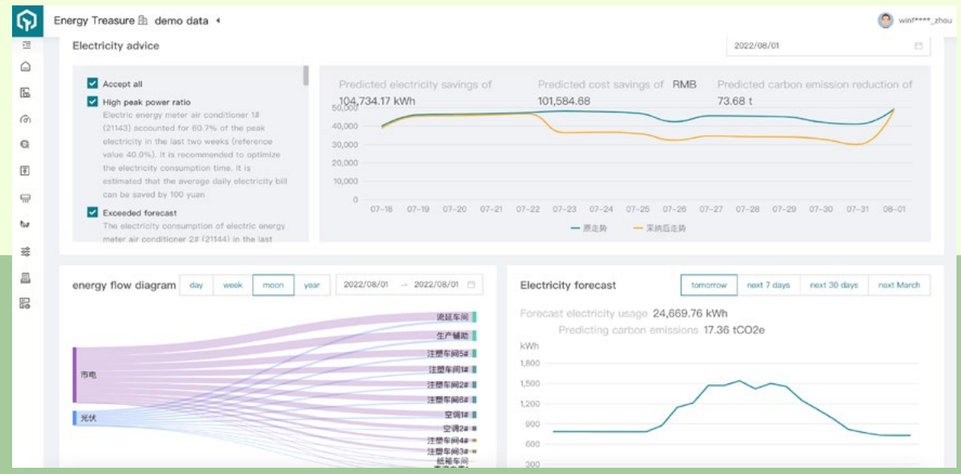
Partial list of participating brands. Ordered alphabetically by Chinese names (Pinyin).

Energy Expert Platform to help green other organizations

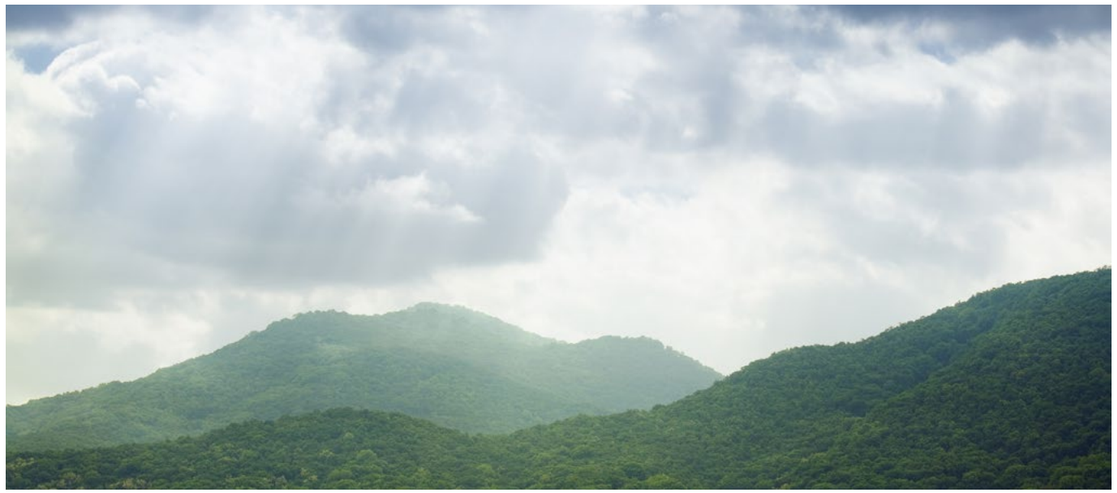
Alibaba Cloud launched the "Energy Expert" platform to help enterprises reduce emissions and increase efficiency. Energy Expert can identify energy inefficiencies and losses and optimize energy use such as in HVAC (Heating, Ventilation, and Air Conditioning) systems through smart algorithms. It also provides suggestions to improve efficiency. As of FY2022, nearly 1,700 companies had already begun to use the Energy Expert platform.

1,700
companies using Energy Expert

Energy Expert allows carbon emissions to be measured in real-time and energy use, such as in HVAC units, to be optimized through smart, learning algorithms



Conserving and restoring nature



Related to the global climate crisis, we also face a series of interlinked environmental crises, from biodiversity losses, ecological degradation, and water and resource scarcity to marine pollution. We work closely with environmental organizations, the public, and other relevant stakeholders to collectively tackle these environmental challenges.

Enhancing biodiversity conservation

Cracking down on the illegal wildlife trade on our platforms

Globally, the illegal trade of wildlife is among the biggest threats to biodiversity. We understand our responsibility as the world's largest e-commerce market and we strictly monitor and take action to prevent the illegal wildlife trade.

We carry out such efforts in three areas:

- Discovering and identifying illegal wildlife trading on platforms
- Cooperating with law enforcement agencies when violations are found
- Carrying out user awareness programs and encouraging users to report and prevent illegal activities

We have banned the sale of more than 30,000 species of wild animals and plants on our platforms, covering species on the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), the List of Key Protected Wild Animals in China, and the List of Terrestrial Wild Animals with Important Ecological, Scientific and Social Value Protected by China. AI helps us identify text, pictures, videos, live broadcasts, and other content that may represent attempts at illicit wildlife sales.

Alibaba's efforts to tackle the trade of wildlife products

2016

Alibaba joined as the first pilot platform for implementing the "Standard for Online Transaction of Wildlife Products," jointly developed by the National Forests and Grasslands Administration, together with other agencies and non-profit organizations.

2018

Alibaba joined the Global Alliance to Combat the Illegal Wildlife Trade
We worked together to educate online users about the illegal wildlife trade, raise their awareness, and empower them to report suspicious wildlife trade information to the platform.

2020

Alibaba launched the Refuse to Eat Wild Animals campaign
Ele.me joined hands with the China Wildlife Conservation Association to carry out this public advocacy campaign and launched a joint initiative with like-minded companies and individuals to actively participate in eliminating the consumption of many wild animals.

2020

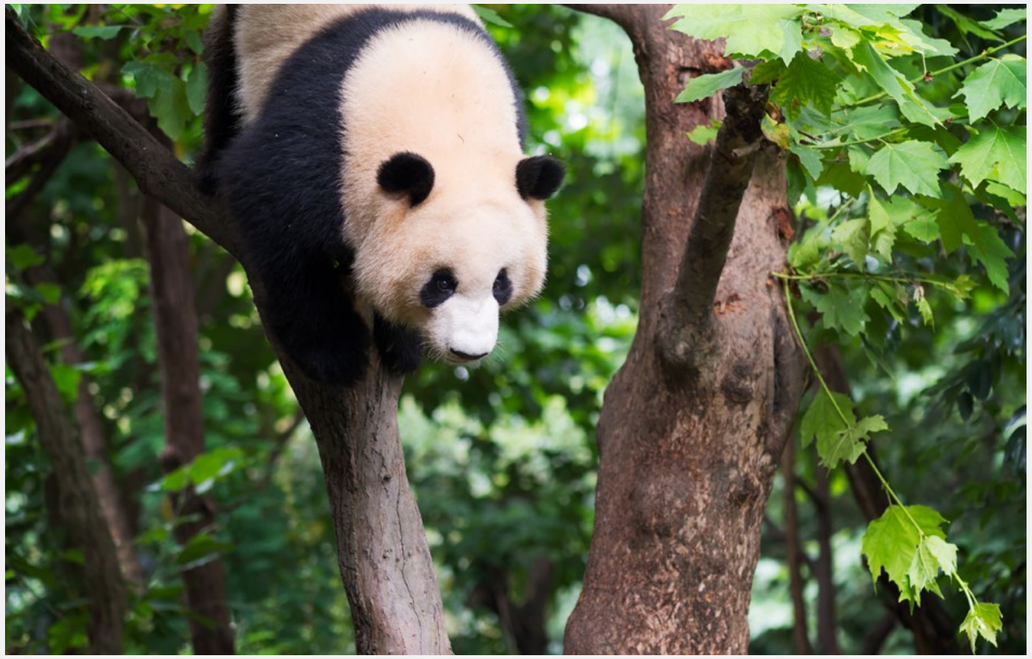
Alibaba jointly launched the GreenNet Initiative
When users search for illegal or harmful products such as "ivory" or "rhinoceros horns" on Taobao, they are directed to educational information and recommendations for legal alternatives.

Digital technology to protect biodiversity

Rapid advances in digital technologies, especially cloud services and AI, have greatly changed society's capabilities for protecting the environment. We apply our technological expertise to provide technical solutions that help make our planet cleaner and greener.

Alibaba's AI-powered mobile terminals help protect endangered animals in Sichuan

The Laohegou Protected Area is one of the best habitats for giant pandas and other rare animals such as Sichuan golden snub-nosed monkeys, forest musk deer, and black bears. Following training with approximately 280,000 photos of 24 key monitored species in Laohegou, the Alibaba Cloud Wildlife AI Identification System can automatically identify and classify different species with an accuracy rate of 99%. Rangers are equipped with modified patrol terminals that reduce their previous workload by 80%. With these patrols now powered by our cloud intelligence technology, the staff have seen a big leap in their ability to identify and locate animals including giant pandas.



Supporting water conservation and security

We believe the protection of water ecosystems and resources is critical - and ought to be a shared endeavor. In 2012, Alibaba Foundation launched "Qingyuan Action" - meaning "water source protection" in Chinese - as a project platform for NGOs to participate in water conservation efforts. Since its inception, the project has supported dozens of environmental NGOs, with more than 200 projects, to carry out regular water environment monitoring. The monitoring covers more than ten river basins and has helped more than 10,000 enterprises conduct environmental conservation.

Improving the water environment in our surrounding communities

In 2018, the Alibaba Foundation and Minsheng Tonghui Charity Foundation jointly launched the "Qiandao Lake Water Fund" project to address agricultural pollution at Qiandao Lake, the water source for Hangzhou and home to 200,000 residents, most of whom are farmers. Non-point source pollution is a common challenge in water management and is a notoriously difficult issue worldwide. We established conservation demonstration areas at the source of rivers and outlets of lakes to reduce pollution by means of source reduction and process interception while scientifically monitoring the areas and establishing practices to balance production and pollution reduction. By the conclusion of the first phase at the end of 2021, the project had promoted the improvement of agricultural management measures on more than 330 hectares of farmland to reduce water pollution. This project was an award-winning environmental protection project in the 2020 China Charity Competition and was also recognized as one of the "100+ Biodiversity Positive Practices and Actions Around the World" by the United Nations Convention on Biological Diversity COP15 in 2021, and included in the United Nations Food and Agriculture Organization (FAO)'s ***Nature-based Agriculture Solutions***. In April 2022, the second phase of the project was launched and plans to assist local governments to expand nature-based solutions and best management practices, explore market-based tools for water conservation through ecological product value creation and a compensation mechanism, and broaden public participation.

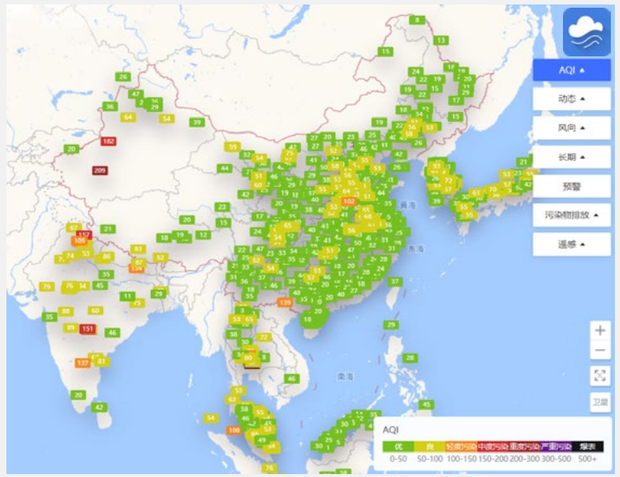
Engaging with stakeholders and citizens to amplify impact

Environmental monitoring network

Environmental information disclosure is the basis for environmental supervision and public participation. We support leading environmental NGOs in China, have established a public environmental information network, and fund institutions such as the Beijing-based Friends of Nature, the Institute of Public and Environmental Affairs, SEE Conservation, the Changsha Green Human Environmental Protection Science Promotion Center, and the Beijing Heyi Institute.

The Blue Map

The Blue Map app, formerly named Pollution Map, is China's first environmental map and by far its largest environmental information database platform. Blue Map 2.0 was jointly developed by the Institute of Public and Environmental Affairs, SEE Foundation, and the Alibaba Foundation. Using big data, Blue Map reports air quality information for 380 cities and also provides wastewater monitoring. Waste emissions information for more than 9,000 waste gas and wastewater discharge sources in China can now be searched in real-time. The public can participate via social platforms in reporting excessive sewage discharge. This gives everyone a part to play in restoring our clear water and blue skies.



Public awareness and participation

Public participation is one of the most effective ways to promote environmental protection. To this end, the Alibaba Foundation has supported the China Nature Education Forum since its ideation in 2012 for nine consecutive years. In addition, we have helped build national and regional networks to educate Chinese citizens about biodiversity conservation and low-carbon living.

Hangzhou Dreamland Nature Center instills love for nature and conservation

In 2017, the Alibaba Foundation, together with the Hangzhou Botanical Garden and The Paradise International Foundation, established the Dreamland Nature Center, an urban nature experience center. The center combines parks, NGOs, schools and universities, and other institutions, providing the space, curriculums, and activities that promote public nature education. As of December 2021, the Center had hosted nearly 1.5 million visitors, developed more than 60 courses, and trained more than 2,000 qualified and officially registered "green vest" volunteers. These volunteers guide the public on free tours to instill love for nature, teach natural sciences, and garner support for protecting the environment. The green vest program was awarded the gold medal at the Fifth National Volunteer Service Competition. The Center was selected as a nature school pilot by the Education Center of the Ministry of Ecology and Environment, and as one of the "100+ Biodiversity Positive Practices and Actions Around the World" by the UN Convention on Biological Diversity COP15 in 2021.

Supporting Our People

Alibaba has thrived entrepreneurially and culturally with a diverse set of people, talents, roles, views, and cultures. We embrace the principle of helping people become better versions of themselves. We believe that how we treat our employees and support their growth will affect how they serve our customers and communities, and determine how sustainably we can develop as a company.

To accomplish this goal, we commit to four norms:

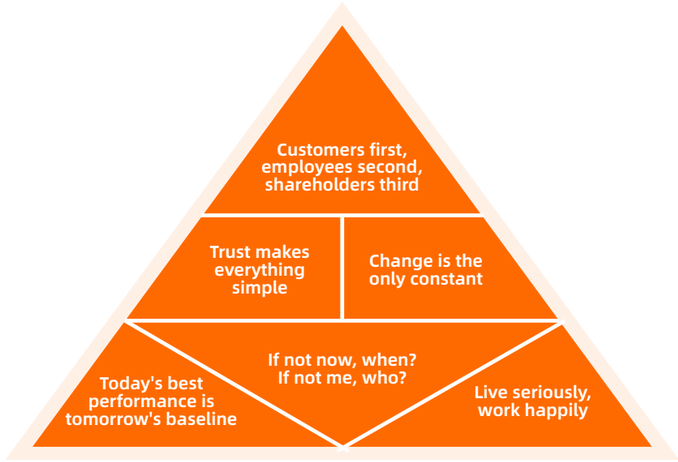
- An equal, dignified, inclusive, and diverse work environment
- Fair and competitive compensation and "benefits with warmth"
- Abundant learning and career opportunities
- Employee health and vitality

An equal, dignified, inclusive, and diverse work environment

When Alibaba was founded over 20 years ago, the original employees envisioned a company different from those they had known before. They imagined a company that embraces a diversity of people, talents, roles, views, backgrounds, and lifestyles, where people could be different and even disagree with each other, yet still work together and challenge one another to learn and grow. They pictured a company that eschews traditional hierarchy for a direct, candid, and collaborative culture. We would not have survived and grown over all these years without such a culture among our people, or "Aliren." Alibaba has developed into a global technology company with 254,941 diverse and talented Aliren as of March 31, 2022, working in twenty-seven countries and regions.

We have **254,941** talented employees working across **27** countries and regions

As a technology company that operates globally, we believe that an equal, dignified, inclusive, and diverse work environment is crucial to unleash the potential of our employees and to help stimulate collaboration. Based on Alibaba's unique culture, we have always tried to adhere to the following people-oriented values:



- **Customers first, employees second, shareholders third**

This reflects our choice of what's important in the order of priority. Only by creating sustained customer value can employees grow and shareholders achieve long-term benefit.

- **Trust makes everything simple**

Complexity begets complexity, and simplicity breeds simplicity. Aliren are straightforward – what you see is what you get. With trust, there is no second-guessing or suspicion, and the result is simplicity and efficiency.

- **Change is the only constant**

Whether you change or not, the world is changing, our customers are changing and the competitive landscape is changing. We must face change with respect and humility. Whether you change yourself or create change, both are the best kinds of change. Embracing change is the most unique part of our DNA.

- **Today's best performance is tomorrow's baseline**

In bad times, we know how to motivate ourselves; in good times, we dare to set "dream targets" (stretch goals). We must challenge ourselves, motivate ourselves and exceed ourselves.

- **If not now, when? If not me, who?**

This was a tagline in Alibaba's first job advertisement and became our first proverb. It encourages employees to think independently, be brave and take responsibility, and be diligent in exploration.

- **Live seriously, work happily**

Enjoy work as you enjoy life; treat life seriously as you do work. If you live with purpose, you will find reward. You make Alibaba different and make your loved ones proud. Everyone has their own view of work and life; we respect our people's choices.

Equality and respect

We promote equality and respect from the hiring process and on to all aspects of our work. We codify our values in internal management rules such as the Alibaba Group Code of Business Conduct, which explicitly prohibits discrimination for any reason or in any form. We aim to provide fair and inclusive growth opportunities for our employees regardless of nationality, race, ethnicity, age, gender, religious belief, or cultural background.

On August 9, 2021, we established Alibaba Group's Working Environment Committee. Reporting directly to the board of directors, it is dedicated to ensuring that we maintain a safe, healthy, and inclusive working environment. Five female senior executives constituted the first committee.

We have set up an office under the Working Environment Committee, one task of which is to independently receive and handle reports of sexual harassment. We also set up the ALI-WE, a working group that promotes a healthy working environment and protects the rights of employees in the workplace. Moreover, the Alibaba Group Code of Conduct against Sexual Harassment was released on October 18, 2021, further emphasizing our "zero tolerance" policy against sexual harassment.

We have established a labor union at the group level in order to better protect the rights and interests of employees and provide them with a fair and healthy working environment.

Diversity and inclusion

We take diversity as a great source of strength. We believe a workplace that appreciates and seeks diversity helps us attract talent and enables employees to contribute and innovate to the best of their ability. The diverse perspectives of employees, including their empathy for different communities and social problems, can enable us to think in fundamentally different ways and improve our products and services.

Gender

By the end of FY2022, our current workforce was evenly split by gender (49.5% female, 50.5% male). One facet of diversity that has always made Alibaba stand out in the technology industry is our deep reservoir of women in leadership roles without whom the achievements of Alibaba during the last 20 years would not have been possible. As of the release date of this report, 39% of Alibaba's board directors and senior executives were women.

Culture

As a global company, we respect and embrace diverse cultures, lifestyles, and ways of working. A diverse and inclusive team is a microcosm of the ecosystem of global participants we serve and cooperate with. Openness and inclusiveness make our team more creative and accountable, so that we can better serve the needs of our customers around the world.

Diverse collaboration

We are aware that technological innovation is not a silo; instead, it must be closely integrated with the commercial markets in order to better serve our ecosystem and the real economy. This not only requires us to have a deep pool of diverse and professional talent, but also highlights the need to facilitate trust and collaboration among different teams.

Women make up 49.5% of our 250,000 strong workforce and 39% of Alibaba's board directors and senior executives.

We employed 2,007 staff with physical disabilities. We implemented 32 accessibility renovations.

We will continue to seek further diversity, not only in terms of gender, ethnicity, and nationality but also views and opinions, which are incorporated into our principles and decision-making. We will strive to respect and tolerate each other's differences and actively seek out and embrace differences with open arms. Such inclusivity will help us recognize our biases and tailor our products and services to maximize our community's diverse knowledge and skills.

Active and collegial engagement

We value the ideas and needs of our employees and are committed to promoting a culture of sharing. "Trust makes everything simple" is one of the values introduced previously that we aim to uphold. We hope that all employees can maintain this culture of simplicity, upholding openness and transparency. Adhering to this principle is the key for us to thrive in a dynamic and unpredictable environment.

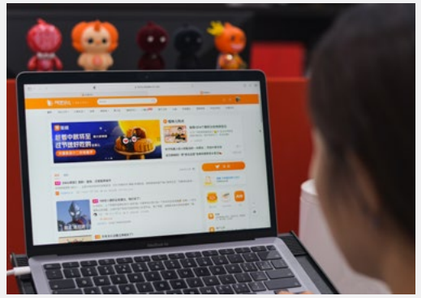
At all levels, we have sought to build a culture of barrier-free interactions, with online and offline activities and technological tools to encourage employees and managers to communicate more frequently, not just in their own departments but across Alibaba. This culture is enshrined from the top management down, as exemplified in regular "Juice with Daniel" meetings between Alibaba Group Chairman and CEO Daniel Zhang and staff, as well as in similar meetings with other executives, including our online and offline International Townhall series that connect worldwide employees with our global headquarters. At all levels, managers are encouraged to post open office hours for colleagues across the company to "book" with them and meet.

Juice with Daniel

A candid and open culture starts from the top. "Juice with Daniel" is one of many avenues through which Alibaba encourages dialogue, and is an important example for other managers to follow. Alibaba Group Chairman and CEO Daniel Zhang sets up regular sessions to facilitate frank communication with groups of employees. In FY2022, eight such sessions were held with summaries made available to all Aliren. Topics of discussions included employee welfare, promotions, job transfers, performance evaluation, customer relations, management practices, and company strategy and actions, among others. In FY2022, 90,435 employees read session summaries, totaling 565,859 pageviews. Conversations in these forums have prompted company policy adjustments and new benefit plans for employees, such as canceling weekly reports, removing employee ranks from directories, more support for internal transfers, travel policy changes, and the launch of companionship and parental leave.

International Townhalls

Aliway



Now running for 13 years, Aliway is Alibaba's lively internal forum where Aliren share and exchange thoughts and experiences, and help each other with questions and problems. Aliway is an open and transparent communication forum, true to Alibaba's values and long-held belief that only candid discussions can bring us long-term value. In FY2022, 123,867 employees were active on Aliway.[1]

Booking

"Booking" is an Alibaba tradition that seeks to break vertical and horizontal barriers between managers and employees, and encourages managers to take the initiative to communicate with employees. Managers open their digital calendars on our Booking system, and employees, including those in other departments, can "book" conversation slots to meet with them. The program facilitates both online and offline communications between managers and employees.

[1] Active employees on Aliway are defined as employees who logged in and browsed the system at least once in FY2022.

Fair and competitive compensation and "benefits with warmth"

We are committed to sharing the fruits of the company's development with our people. In providing compensation and benefits, we are guided by our core value to "work happily; live seriously" and strive to realize our objective of delivering "benefits with warmth."

Professional hiring and recruitment

During our hiring process, we adhere to the principles of equality and fairness. We follow the "Alibaba Hiring Pact," in which we promise to provide all candidates fair access to information and resources, and promote a transparent and friendly recruitment process. We continue to work with various universities and research institutions to recruit talent.

Alibaba respects and protects the rights and interests of employees, follows the Universal Declaration of Human Rights, the International Labor Organization (ILO) Convention, the Labor Law of the People's Republic of China and other international conventions and local regulations on labor and employee rights. We sign labor contracts with employees in accordance with the law, adhere to the principle of equal employment, firmly oppose employment discrimination, and require that the recruitment, promotion, and remuneration of employees be non-discriminatory. We treat employees of different nationalities, races, ages, genders, religious beliefs, and cultural backgrounds fairly and equitably, protect the legitimate rights and interests of female employees, and resist all forms of child labor and forced labor. We let employees equally enjoy their legal rights to labor remuneration, rest and leave, access to labor safety and health protection, social insurance and welfare, etc. For qualified persons with disabilities, Alibaba provides effective and reasonable accommodations required for work in a manner consistent with applicable laws.

We have established internal management codes such as the Alibaba Code of Business Conduct, the Employee Disciplinary System, the Alibaba Group Employee Leave Policy, and the Employee Performance Management System to ensure that employees can work and grow in a fair environment with great prospects.

Alibaba became a party to the UN Global Compact in February 2021, endorsing and supporting the initiative's ten principles (please refer to Appendix 5 for more details) and incorporating them into our corporate strategy, culture, and daily operations.

Ali Star

Being able to recruit the best talent from schools is a major factor in the vitality of Alibaba's technology team. Every year, our "Ali Star" program recruits are the cream of the crop that stand out from tens of thousands of university candidates.

Connecting to the young and talented

Each year, we host enriching programs to attract top talents through the Ali Stars tech talent program at various universities, where we invite senior managers to discuss the future with young students. Once a year, we also organize a series of "Coffee with Alibaba" meetings around campuses, where our employees chat with students about their careers at Alibaba. Our "Minute of Blinding Lights" comedy talk show is one of the most popular student events of the season. Each of our departments presents in the show, and students vote to select their favorite. This gives everyone a taste of each department, while at the same time cultivating an appreciation of Alibaba's lively work culture.

We have rolled out the "Let's Go Interns" platform, whereby we encourage interns to share their life and work experiences. The platform's "Speak Up Interns" activity gets interns to come together to learn from each other's internship experiences and make friends. Through these activities, we offer talented recruits a flavor of our engaging company culture as well as practical help to make a smooth transition from the campus to the workplace.

> These activities allowed me to fully appreciate Alibaba's culture and other aspects of life there, making it much easier for me to blend into the company. And the coffee was delicious!
>
> Yikai Wang, Wuhan University '22

Top 10

Alibaba was ranked among the Top 10 Chinese companies in the Forbes 2021 Global Best Employers.

NO. 1

Alibaba was ranked as the most attractive employer for business and art students in China in Universum's list of the Top 20 Most Attractive Employers for Chinese Students in 2021.

Fair and competitive pay

To build a world-class technology company, we must have highly motivated and skilled employees. To attract and maintain such a team, we have established a process that sets salary and bonus incentives with both internal consistency and external competitiveness. Employees who have worked hard receive recognition for their contribution to the company through a year-end performance-based bonus.

At the same time, we strive to reward employees who can grow with the company in the long run. We do this through equity incentives that align with our belief that sharing the future with employees and cultivating a long-term ethos are fundamental driving forces for the sustainable development of our business. With this in mind, we became one of the first major technology companies in China to commit to widespread employee equity awards.

To maintain fairness in our compensation decisions, we have a systematic and open performance evaluation, conducted semi-annually or quarterly for regular feedback. At the beginning of each period, managers and employees set out clear goals that emphasize consensus within the group and promote a spirit of continuous communication and coaching. Managers and human resources professionals must combine self-evaluations with those from others for a comprehensive review. All results are shared transparently with employees, and if the employee has objections, they can apply to an appeals channel staffed by a dedicated reconsideration team. At the same time, we provide performance feedback resources to ensure that employees can improve and grow.

As part of our open culture, we attach great importance to feedback from employees, regularly measure employee satisfaction, and listen to their voices. In 2022, we distributed 97,827 employee questionnaires seeking feedback on subordinates, managers, partners, and self-evaluations for a 360-degree review. We had a 98% feedback rate for the questionnaires, with employees giving an average evaluation score of 88.66 points (out of 90) for their managers and 85.13 points (out of 90) for their whole work environment, including subordinates and management.

"Benefits with Warmth"

We provide every one of our employees "Benefits with Warmth" to ensure they have peace of mind in and outside of work. They receive the "Complete Journey Care" benefits plan, which goes beyond standard corporate benefits to give employees comprehensive coverage in wealth protection, work-life balance, and health coverage. We are also one of the first among technology companies in China to roll out the hybrid work program.

In terms of health coverage, we provide medical check-up packages for employees and insurance for employees and their children. We have been rolling out to more employees our Carnation Parents program. This plan provides their parents with a free comprehensive medical exam each year and is available in 169 cities in China.

As of FY2022, we had provided insurance for 30,000 employees' children and arranged medical check-ups for over 65,000 parents of our employees. In 2021, the program was featured by the Internet Society of China as a model case of worker benefits.

In 2021, Alibaba launched the "Alibaba WeCare Program" to upgrade our benefits. We added companionship leave, parental leave, and leave for long-term service, while introducing travel subsidies. We have also launched remote hybrid work to try to give people more flexibility in balancing work and home obligations. Over 28,000 employees took companionship leave to care for family in the first quarter of 2022.

A Letter Home

On every Chinese New Year, Alibaba has a long-standing tradition to send a letter and a book to every employee's family. The "Letter Home" and the book shares with them the progress that the company and our Aliren have made over the year.

Ali-versaries
Gifts at 1, 3, 5, and 10 years employment milestones

Flexible work arrangement
Teams are encouraged to try more flexible, hybrid work for one day a week

Holidays
Annual leave, leave for travel, marriage, and personal situations

Employee annual physical examination
Annual health exam for employees

Commercial insurance
Insurance for required and supplementary medical coverage, critical illnesses, accidents, and travel

iHelp
Mutual aid program for employees and their families during emergencies

iHope
Special hardship aid program for employees

iHealth
Physical and mental health consultations, regular health and wellness education

Holiday packages
A Letter Home, Women's Day gift, Mid-Autumn Festival gift packs, etc.

Long-term service leave
For every ten years of employment, employees get 20 additional days of paid service leave to recharge and explore

iHome
Helps employees with down payments on their first homes

Carnation parent care plan
Parents of employees are entitled to an annual health exam

Maternity leave
Maternity and paternity leave, breastfeeding time, and leave for parents of children under the age of three

iBaby & Insurance for kids
Help new parents navigate issues such as school enrollment and provide supplementary medical insurance coverage for kids

Companionship leave
Seven work days of paid companionship leave to spend time with family

Abundant learning and career opportunities

We hope that every Aliren can realize their potential at Alibaba and become better versions of themselves. This means giving them the opportunity to make the most of their abilities and achieve a sense of value, personal growth, and belonging in their work. In this digital era of rapid transformation, providing growth opportunities is of particular significance for their own long-term development.

To achieve these goals, we are committed to becoming an organization for learning and talent development. We strive in two directions: one is to provide a wealth of learning and training opportunities at different career stages and across different professional fields; the other is to provide the right job opportunities, continuous support, and feedback mechanisms to accompany employees as they grow. We also encourage internal talent mobility, making Alibaba itself a dynamic talent market.

A comprehensive talent learning and development system

Based on the concept of "Learning in Alibaba," we have established a set of all-around learning mechanisms, from new talent and professional development, to cultivating leadership and global talent. For all employees, we have built a multi-layered online and offline integrated curriculum and training certification system, facilitating human capital development across different functions.

New talent development

As a company with a strong values-based culture, we want every Aliren to start their journey on the right track. All new employees are enrolled in an immersive 5-day "Dream Academy" to become familiar with our work environment, values, and culture. We combine theory and practice, with presentations, case studies, scenario exercises, counseling, feedback, and other forms of interactive learning.

Leadership development

We focus on the leadership development ladder through programs such as "What Managers Must Know," "Young Leaders Training Camp," and "Executive Coaching." Our goal is for our leaders to inherit Alibaba's management philosophy and values, grow their own capabilities, and cultivate future-oriented leaders.

Professional development

We have set up a number of professional committees in areas such as products, operations, technology, data, marketing, design, risk management, and customer experience, among others to establish professional standards and guidance for employees in various fields. These committees help employees improve their professional skills by creating advanced courses, providing professional certification, organizing exchanges, and sharing best practices.

Global development

In our commitment to becoming a leading global company, we have implemented a global training system and sought to identify talented individuals worldwide. We strive to be more global and provide professional training for employees and managers overseas, focusing on cultural awareness, communication, collaboration, equality, and inclusiveness in multi-cultural environments.

Each business unit also provides a variety of learning resources and development opportunities such as best-practice sharing, rotational programs, professional advancement, coaching and mentorship, and external exchange opportunities. We encourage employees to continue to develop professional knowledge and skills, which are critical in the current era of rapid technological innovation.

We have set up a dedicated team responsible for training new technical recruits, providing coaching in the basics of technical skills, developing learning platforms, and the organization of supportive communities within Alibaba.

Our Singularity Academy focuses on developing the technological capabilities of Aliren. The Academy offers 1,321 courses and 44 systematic learning paths positioned to enable practical and long-term growth. For new hires, we offer systematic pathways that involve courses, exams, and evaluations to improve learning outcomes and facilitate their development of human capital in key areas.

To make learning more convenient and flexible, we provide training in various forms such as face-to-face sessions, online video courses, and livestream broadcasts. In FY2022, we conducted a total of 59,476 online and offline training sessions, with 39,378 sets of learning materials added. A total of 1,080,816 attendances were registered, with participation by 95.29% of employees. The average employee training time reached 49 hours.[2]

We also put emphasis on training new employees and new managers. In FY2022, we conducted a total of 344 offline sessions for new employees, and 145 offline sessions for new managers.

In addition to training opportunities, we upgraded our learning and knowledge sharing platform, seeking to build a community of active learners among our employees.

Training in FY2022

A total of **59,476** training sessions were conducted across the Group

Average training time per employee: **49 hours**

New learning materials added: **39,378 sets**

[2] Statistics refer to formal employees directly managed by Alibaba, as of the end of FY2022.

Supporting and celebrating every individual's career at Alibaba

We hope to provide employees with as many opportunities to create value as possible so that the company and employees can grow together. We assign a senior colleague "big sib" to every new employee to help them integrate into the team, familiarize themselves with the business, and accompany them to grow.

In terms of professional choice, we have set up a dual-track system for career development, through which employees can choose the "professional" or "management" track. The system allows employees to continue to develop in their chosen career direction and helps guide them towards their desired milestones.

For Aliren who have had long tenures with the company, we want to set aside a special moment to celebrate them and their contributions. So, we designed career milestone "Ali-versaries," providing customized gifts for all employees who have worked for one, three, five, and ten years in the company. In particular, we present employees who have served five years a specially designed ring to express our gratitude, and in FY2022 we distributed a total of 6,496 such rings. Starting from 2021, for employees who have served for more than ten years, we provide an additional paid long-term service leave of 20 days, giving them time to recharge and explore.

1

"One Year Aromatic" is like the pleasant aroma of a year-old bottle of wine. A year of service will bring workers a better sense of belonging and identity, and a better understanding of the unique characteristics of the company.

3

"Three Years Mellow" draws an analogy with the mellow taste often described of a three-year-old fine wine. When an employee is "mellow," they will clearly understand the values held in high esteem by the company and closely follow those values.

5

"Five Years Mature" describes employees who, like a fine wine, are considered "mature". It is expected that those employees have successfully internalized the Alibaba spirit into their growth and can influence other people for the better.

10

"Ten Years Vintage" is an honorific given to employees celebrating a long, successful career at Alibaba. Starting from 2021, after ten years of service, employees have an additional 20 days of leave to explore and recharge themselves for the journey ahead.

Encouraging talent mobility

We continue to improve our internal talent transfer system in order to fully encourage free choices and flows of internal talent and provide our multi-talented employees with the best opportunities to fully develop their skills and careers. Through this system, Alibaba itself has become a job market full of skilled professionals and career opportunities. In FY2022, a total of 7,077 employees took the initiative to transfer internally, making Alibaba itself a vibrant talent market full of diverse opportunities.[3]

We also understand that our talented employees will often find external opportunities; therefore we maintain a protocol for handling the departure of staff in a consistent manner that protects their rights. We conduct exit interviews to listen to feedback and suggestions for improvement.

[3] The statistics for internal transfers include formal employees in the businesses directly managed by Alibaba.

Employee health and vitality

We care deeply about the health, well-being, comfort, and safety of our employees and their families, and work on many fronts to safeguard those. We make great efforts to provide employees with beautiful, comfortable, and technology-powered office environments, catering facilities with diverse choices, professional and dedicated medical support and physical training center, and a variety of interest clubs. We also extend our support to families of employees by providing them with health exams, insurance coverage, and counseling services, helping Aliren look after their family.

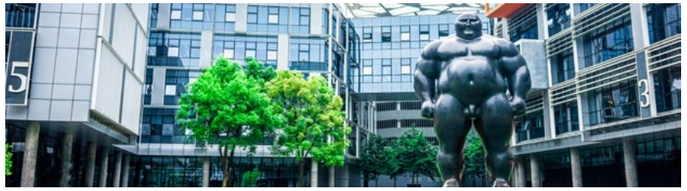
Creating a healthy and vibrant work environment

We want to provide all employees at Alibaba with a comfortable and safe workplace to ensure their well-being as they work to tackle our daily business challenges. We have established the Workspace Research Institute, which implements concepts including sustainability, human-centric design, better office-culture fit, and improved efficiency in our physical and digital workspaces.

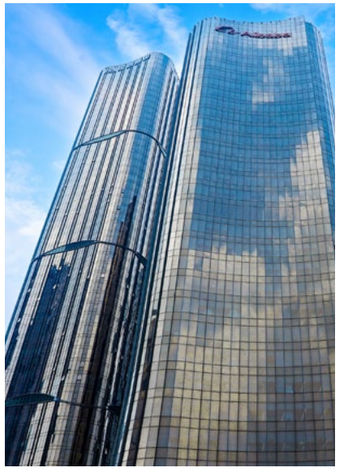
Our headquarters, Xixi Campus in Hangzhou, has a superb ecological environment that incorporates natural elements. There are 3.2 hectares of natural water owing to a natural wetland that is a unique feature of the campus. To better maintain this natural ecology, we meticulously designed outdoor trails in the outdoor space, and created outdoor semi-open meeting and activity spaces to enhance the connection between nature and people. The Hangzhou Xixi B campus (80,000 square meters) meets the standards of the WELL system, and is replete with modern office facilities including adaptive lighting, adjustable-height workstations, fresh-air circulation, and innovative space design such as "mobile art museums," flexible spaces, post offices, and smart office facilities, therefore reducing hassle for employees.

Alibaba currently has 41 corporate offices in 27 countries and regions (select offices pictured below).

Alibaba Xixi Campus, Hangzhou

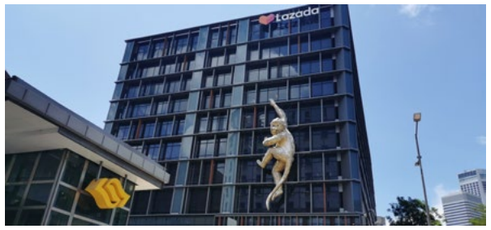


Alibaba Binjiang Campus, Hangzhou



Alibaba Center, Wangjing, Beijing

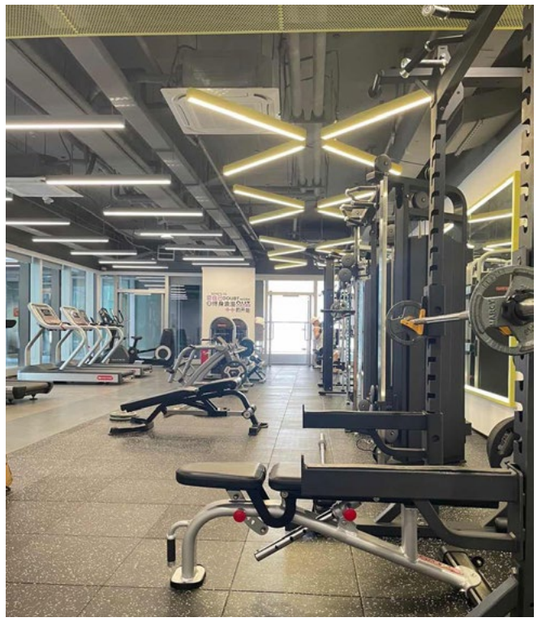
Munich Office, Germany



Lazada One, Singapore

Enhancing the physical and mental health of employees

We strive to support our people's physical and emotional well-being. Our gyms, sports facilities, and wellness centers provide employees with a full range of services, including exercise, relaxation, and health consultation. Those are augmented by services including psychological counseling, mental health-related courses, and seminars on critical matters such as stress management, interpersonal relationships, and positive thinking.



Responding to COVID-19

When the global COVID-19 pandemic struck, our immediate priority was to protect our people. We developed a new set of digital procedures to minimize the risk of employees catching the virus, while at the same time aiming to minimize disruption to their work and lives.

First, we aimed to be responsive and took stricter measures to protect our people. We developed the internal health system "Tenzo Pass Code" to allow employees to report on their health status during the outbreak, helping us to identify potential risks.

Moreover, we provided medical supplies to employees, including distributing personal protection equipment (PPE), setting up COVID testing and vaccination stations in convenient locations, and establishing rules for the use of public facilities within our offices in order to minimize risks to our employees.

Lastly, when there was a shortage of supplies for certain regions, we sent affected employees and their families food items and health supplies.

We also provide professional and targeted health benefits according to the needs of employees, such as care for women and children, free health clinics (including free Chinese medicine clinics), and other activities.

The company operates 24 canteens and dining halls across our campuses, with healthy and nutritious food offerings covering a variety of cuisines. They often provide seasonal foods and special holiday meals. The campuses are full of fruit shops, convenience stores, milk tea shops, and coffee and dessert shops, giving employees places to meet and socialize.

Our employees have founded a variety of interest clubs that we support. The existing Fun Clubs include outdoor sports, photography, film, dance, music, basketball, board games, and drama, among others. All the initiatives are led by individual employees in areas they are passionate about. We provide funding and support for a wide range of team building and social activities, which are an integral part of life at Alibaba.

Alibaba Fun Clubs

Alibaba Fun Clubs are interest clubs led by employees. Our 42 Alibaba Fun Clubs together boasted over 41,000 registered members in FY2022. Among our Fun Clubs, we have competitive sports such as basketball, football, badminton, and kendo, as well as arts societies such as photography, film, music, painting, and drama. We also have more specialized societies such as different book clubs and game clubs. Outside of working hours, there are always groups of people enjoying each other's company. We have programmers moonlighting as song writers, business operators dabbling in street dancing, and designers who become champions on a basketball court. Bringing Aliren together for "living seriously" is what our Fun Clubs are all about.

"510" AliDay

On May 10, 2003, all Aliren were forced to stay at home due to the SARS outbreak. They braved difficulties and fought tenaciously, with tremendous support from their families. May 10th then became the day we celebrate the Alibaba spirit. Since 2005, to commemorate Aliren's dedication, unity, faith, and love, and give everyone an opportunity to come together, we have celebrated the day as **"AliDay."** Across global campuses, the day features a series of activities to bring together our people and their families and friends to experience our vibrant culture firsthand, and to express our appreciation for family members. The highlight of the day is a group wedding celebration in which couples who recently tied the knot can share the blessings of their special day with family, friends, and colleagues. On the Aliday 2021, 30,390 family members visited our campuses to join the celebrations.

"910" Customer Day

"Customers First" is Alibaba's eternal belief no matter how the world changes. The support of our customers gives us the strength and courage to pursue our dreams. Starting from 2015, Alibaba has designated September 10th, the anniversary of our founding, as our annual Customer Day. The day was established to encourage employees and partners to focus on the customer.

Ensuring systems for occupational health and safety

The care and safety of our employees is our paramount concern. We have established and honed a comprehensive safety and security system that is designed to effectively respond to natural disasters, serious accidents, dangers to health, and threats to public safety, ensuring the health of our employees and safe operation of our business.

> The health and safety of employees is our foremost concern. So we engage the 'chivalrous spirit' of Aliren, combined with professional safety instruction and mutual assistance, and encourage our employees to volunteer as fire marshals and first-aid responders. To be able to help oneself and others is the Alibaba way.
>
> Fei Liu, President of General Services Administration of Alibaba Group

Equipping employees with the safety skills to look after each other

The first line of defense in any emergency is having people nearby to help. We have implemented a series of practical training programs. We have life-saving automatic external defibrillator (AED) machines installed at 81 campuses across the country and conduct regular first-aid drills and fire drills. In FY2022, we held 430 fire drills and 431 first-aid drills. Our routine health trainings covered 13,567 workers.

To equip our Aliren with the ability to effectively look after the safety of themselves and others, since 2018 we have trained groups of volunteers as fire marshals and first-aid responders. For the training of first-aid responders, we partner with Alibaba Health, the Chinese Red Cross, and the American Heart Association to educate and enable our employees to better help each other as first responders, shortening the crucial period between an injury and medical treatment. The fire marshals are an integral part of our emergency response force, and also help with our efforts in disseminating emergency knowledge, organizing emergency evacuations, and eliminating fire hazards.

As of the end of FY2022, approximately 1,100 employees had completed training as fire marshals, and 1,700 had done so as first-aid responders. Our program has resulted in Hangzhou Xixi Campus being recognized as a model first-aid training site by Hangzhou Municipality.

ALIBABA FIRSTAID
阿里急救先锋幸福团
让每一个家庭都有一名急救侠!

Enabling a Sustainable Digital Life

We aim to help our customers live a better digital life and make their consumption more sustainable.

To us, sustainable consumption consists of four dimensions:

- Diverse consumption
- Inclusive consumption
- Trustworthy consumption
- Responsible consumption

As a leading global digital consumer platform, it is our responsibility to be clear about what sustainable consumption should be and what we can do to make it possible. In this regard, the United Nation's SDGs help define sustainable consumption by balancing the enhancement of individual well-being with the need for social responsibility. Eradicating hunger is the most basic foundation for attaining these goals, and the next level of support is enabling everyone to improve their health and well-being as they see fit. This better life requires that people be able to access products and services for their diverse needs. It also entails that consumers trust their suppliers, including with the protection of their privacy and data security. Finally, consumption must not harm the environment and society. All of this means that consumers should be able to consume in diverse, inclusive, trustworthy, and environmentally and socially responsible ways.

Attaining these goals remains a daunting prospect. Some people's fulfillment of basic needs are still on the rise, while others are now focused on product quality, variety, and experiences.

We believe that digital technology provides unprecedented potential in delivering the goal of a more diverse, inclusive, and responsible life for everyone.

Diverse consumption

For us, diverse consumption means increasing the range of possibilities for a better life. We want to give everyone access to variety, quality, and affordability, no matter where they live and regardless of their economic circumstances.

Our matrix of services

For many of Alibaba's customers, our platforms are not merely an extra convenience, but make their lifestyles possible. That is why we continuously strive to meet the evolving needs of our diverse customer base, whether these involve food, apparel, travel, entertainment, recreation, or whatever else helps them attain the better quality of life they seek.

Consumers with diverse needs and different demographic backgrounds can all shop for a variety of products "anytime, anywhere" on our digital platforms. They can shop for a vast selection of global goods around the world on Tmall Global. They can also shop for increasingly popular "China-chic" goods, niche and boutique brands, and custom and hand-made goods on Taobao. In FY2022, we provided billions of SKUs to meet the diverse needs of our customers. In addition, consumers can get the best deals using our platforms which source directly from manufacturers and farms on Taobao Deals and Taocaicai. They can trade in second-hand, refurbished, and for-rent goods on Idle Fish, purchase fresh ingredients and sundries on Freshippo, and order rapid-delivery foods and beverages on Ele.me.

Our comprehensive offering satisfies differentiated consumer demands in time-sensitivity and value-for-money

Inspiring love for history through archaeological and cultural products

The archaeological discoveries of Sanxingdui in Sichuan province have amazed the world and inspired a popular fascination for archaeology. On International Museum Day in 2021, Sanxingdui Museum opened its Tmall store with more than 40 products. Nearly 100 museums and galleries now have Tmall stores, including Chinese museums such as the Palace Museum, and international museums such as the Louvre, the British Museum, and the Metropolitan Museum of Art. These sales not only engender appreciation for history and cultural preservation among the public, but also financially support these institutions in their work.

Freshippo Kitchen: freshly made foods combining traditional and modern

Flowered chestnuts and lemon drizzled chicken feet, seafood buckets spiced with green Sichuan pepper, Freshippo x Huguo Temple Mung Bean Milk, and special mooncakes co-created with the National Art Museum of China represent just a few of the cornucopia of tasty delicacies that have flowed from Freshippo Kitchen, which in recent years has become the leading 3R "Ready to cook, Ready to heat, Ready to eat" brand in China. Beyond the 60% of products of Freshippo's own designs, we creatively collaborate with renowned food establishments, talented chefs, viral beverage brands, innovative start-ups, regional specialties, and more. To date, these offerings are available in around 30 cities across China.

Providing high-quality products and services

Our customers' well-being relies not only on the quantity of goods available, but importantly on their quality. We strive to help customers enjoy the best products at the quality they expect. This starts with offering the brands that they want.

We provide consumers with the leading global brands, which have settled in large numbers on Tmall as their "second official website" for product releases and sales. The annual Tmall 618 (June 18) sales festival has become increasingly regarded as a focal point in their sales strategies. In 2022, more than 200 major international brands participated in Tmall 618, with over 300 new products selling out on the first day. Our platforms open the world to Chinese consumers who can effortlessly experience the latest products from global brands.

Our platforms open doors for the fast-rising "China-chic" brands. Products of these brands are inspired and designed in our home market, showcasing the quality and upward trajectory in the value chain of Chinese businesses, a shift from simply Made in China, to Created in China. Their development now gives consumers around the world more and better choices.

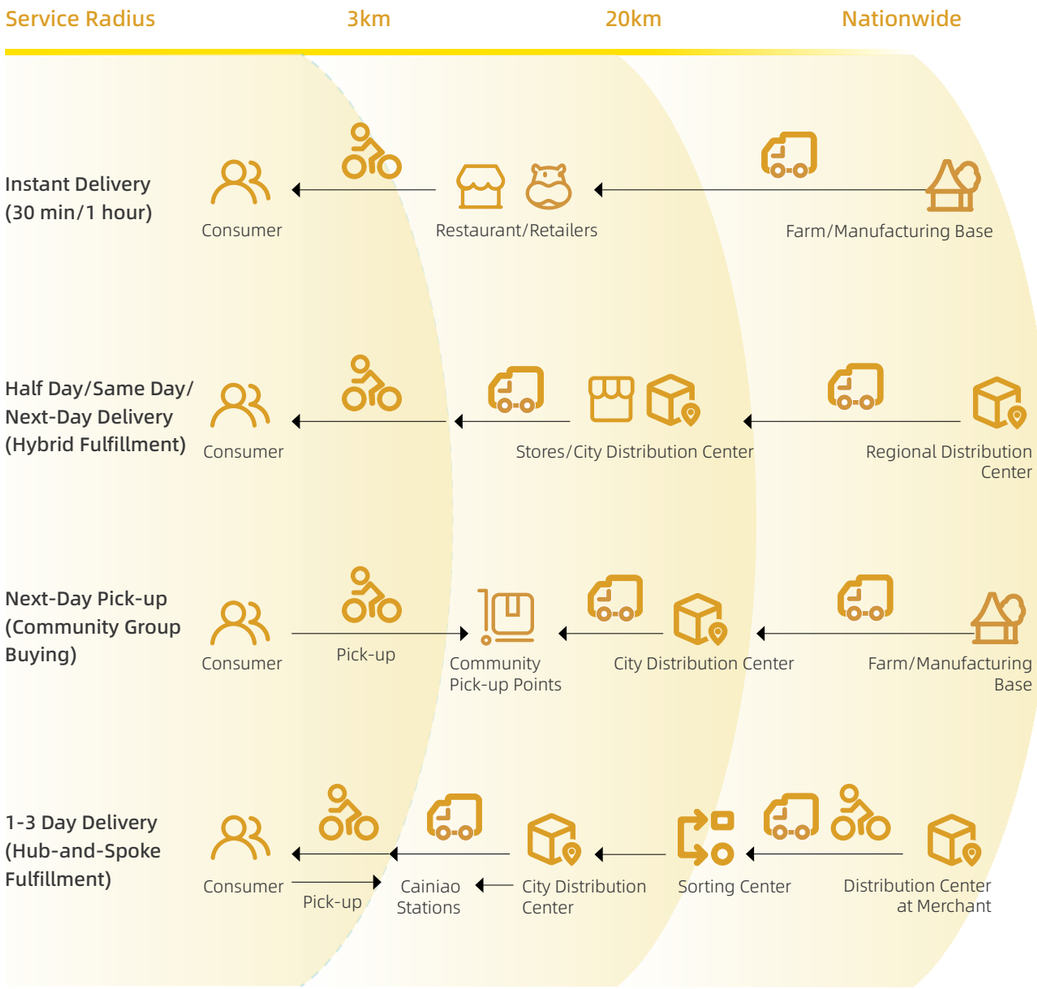
MAKER FESTIVAL 2022

Alibaba has been committed since our founding to championing MSMEs. On our platforms, MSMEs with their many distinctive products can now reach consumers globally. For consumers, this is an era in which the niche, boutique, and varied are increasingly accessible. Tmall Global, which bring the best of the world to Chinese consumers, has been lowering barriers for new sellers and helping overseas small brands to flourish in the large China market.

The "anytime, anywhere" experience

Getting the products one needs when they are needed is a critical component of a better life. This "anytime, anywhere" experience was once only available to the affluent, but now through our technical and logistics infrastructure, these experiences are accessible to many. We provide services including nearly instant, half-day, same-day, or next-day delivery options, as well as next-day pick-up services. In areas traditionally underserved by brick-and-mortar retailers, a world of choice is suddenly on people's doorsteps. Ultimately, we wish for more of our users to have access to the "instant consumption experience."

Alibaba platforms provide consumers with delivery choices matching their needs



Alibaba Health gives users access to quick and convenient medical care

Alibaba Health has created an integrated online and offline sales channel for medical diagnostics and drug purchases. In addition, the entire process of seeing a doctor or other medical professional, previously involving queues and waits, is now available online, including registration, appointments, follow-up consultations, and home delivery. Alibaba Health also leaned on the same integrated medical platform to serve 6.5 million people living with chronic diseases as of March 31, 2022. We are also expanding our offline services, endeavoring to have partnered pharmacies available to all our users.

Lazada introduces same-day delivery services in Manila, the Philippines

In November 2021, Lazada Philippines formally rolled out same-day delivery in Manila. Before then, consumers generally expected a fulfillment cycle of 3-to-5 days. Our new service greatly improved convenience for Filipino shoppers. All manner of goods including daily sundries, health products, and even important tools can be delivered to customers in Manila within a few hours.

Giving consumers better value for money

An important mission of our business is to help consumers attain the best value for their money, which is especially crucial to those aspiring to a better life. We give full play to the advantages of digital platforms to provide consumers with cost-effective goods and services. We identify high-quality manufacturers and assist them in planning and producing cost-effective goods with our market insights. We also continuously improve efficiencies across a vast warehousing and fulfillment network.

We try to bring more value to more diverse consumers through new business models. For instance, Taobao Deals enables manufacturers and brands to sell directly to consumers to meet their needs for value-for-money products. In FY2022, Taobao Deals passed the 300 million user milestone.

We also provide consumers with convenient money-saving functionalities. In 2021, Taobao launched the "Find Similar" function, allowing consumers to compare prices conveniently with similar goods. We launched a "Price Guarantee" feature, whereby consumers may apply for a price-difference refund on certain guaranteed goods if the price drops in the subsequent 90 days. We want to ensure a more transparent and equitable market for our consumers.

Taocaicai brings quality, value, and efficiency to consumers in remote areas

Through Taocaicai, consumers in less affluent and remote regions can enjoy variety and value for many goods that were previously inaccessible to them. Taocaicai has built a pool of more than 700 domestic and global agricultural direct procurement bases to offer over 1 million quality products. While Taocaicai often operates in locations with less developed infrastructure, it builds its warehouses to strict standards, with temperature-controlled storage rooms to help reduce waste and guarantee the freshness and safety of goods.

Inclusive consumption

One of our central aims is to ensure the benefits of the modern digital economy are accessible to all. To ensure that no one is left behind, we pay special attention to bringing the possibility of a better consumer life to underdeveloped areas, especially rural and remote areas, as well as to groups often facing digital challenges, including senior citizens, people living with disabilities, and others.

Serving consumers in rural and remote areas

In FY2022, over 70% of our new annual active consumers in China came from relatively less developed regions (e.g., third-tier cities and below, and more remote areas). This progress has relied on the small town and rural logistics infrastructure we have put great effort into building, which enables us to bring modern commerce to remote areas that often face higher transport costs, lower density, and generally poorer commercial infrastructure. By March 31, 2022, Cainiao had close to 50,000 village stations across the country. These service capabilities and multi-party logistics companies are making a difference in consumers' daily lives, narrowing the digital gap with urban households.

Cainiao Post station breathes new life to the mountain village of Yangla

The village of Yangla in Yunnan Province is surrounded by the snow-capped Hengduan Mountains. After the young Peichu Lurong had lived some time outside the region, he thought about the long trek residents in his hometown had to make to pick up mail. That encouraged Lurong to return home to establish a Cainiao Post station. Each day he makes a round trip of over 100 kilometers to retrieve packages for the 500 inhabitants of his village.

"It's difficult to travel along this winding, snow-covered road, so the delivery center that I manage is the only regular link between the villagers and the outside world. If I were not here, the villagers would be cut off. I'm doing something that really fulfills a pressing need of theirs," he said. The presence of the station has significantly improved the quality of life of the villagers, with newfound online shopping becoming popular, giving them access to a better life.

Ensuring a rich digital life for senior citizens

While China's population continues to age, we know that many senior citizens have found it more difficult to integrate fast-evolving digital tools into their lives. As a result, we continue to specially design services for our senior consumers. We maintain and evolve a set of standards for age-focused features under our "Special Action for Aging and Barrier-free Transformation of Internet Applications." A "senior mode" on a number of our apps incorporates an enlarged display font and a special interface for senior users, greatly improving the ease of use.

Age-friendly innovations in the Taobao app

Taobao senior mode addresses key issues faced by older users, which we call the "three struggles": the struggle to see clearly, the struggle to understand fully, and the struggle to use effectively. We have enlarged display fonts and made our interface easier to read. We designed our voice assistant to cover search, logistics, reminders, phone bills, interactions and other scenarios, simplifying the text-input process for this older cohort. Moreover, we have made it possible for family and friends to quickly share a one-click link to enable senior mode. Furthermore, we have added a special prompt to the payment interface to make the it easier to use and help senior users encountering difficulties in completing their purchases. We even added a feature to allow a family member to pay for them.

Amap's WeCare plan for helping the elderly

In cooperation with the National Office on Aging, our Amap online navigation tool carried out the WeCare Plan for Helping the Elderly. Projects included R&D for specialized taxi functions for seniors, the issuance of subsidies to encourage seniors to seek medical care, the construction of nationwide WeCare taxi assistance stations, and community awareness campaigns for helping seniors. By March 31, 2022, over 1,200 WeCare stations has been built in 9 cities across the country, with over 1,000 additional WeCare stations planned or under construction.

Enabling barrier-free digital consumption

Because technology is all too often designed without taking them into account, the 85 million people living with disabilities in China frequently miss out on the benefits of digital life.[1] We work hard to understand the needs of this group and create digital products and services that are optimized for accessibility.

We established the Taobao Information Accessibility Lab back in 2011, and since then we have built a systematic product monitoring and improvement mechanism for ensuring a barrier-free user experience. We prioritize feedback on user interface (UI) obstacles, and regularly invite our target user base to share their actual experiences and needs.

A range of our products are continuously optimizing their accessible UI. At present, Taobao's app fully supports use by visually impaired users, including text and picture-to-voice functions. In FY2022, Taobao served 305,000 visually-impaired users.

Barrier-free travel

To give people with mobility disabilities easier access to travel and transit, Amap launched the accessibility routing and facility labeling function on its maps in 2017. It works by displaying accessible elevators on subway station maps, and automatically plotting accessible routes for the user with one click. Amap is also the first company in China to develop a "visually impaired mode," making it easier for the visually impaired them to understand real-time road information.

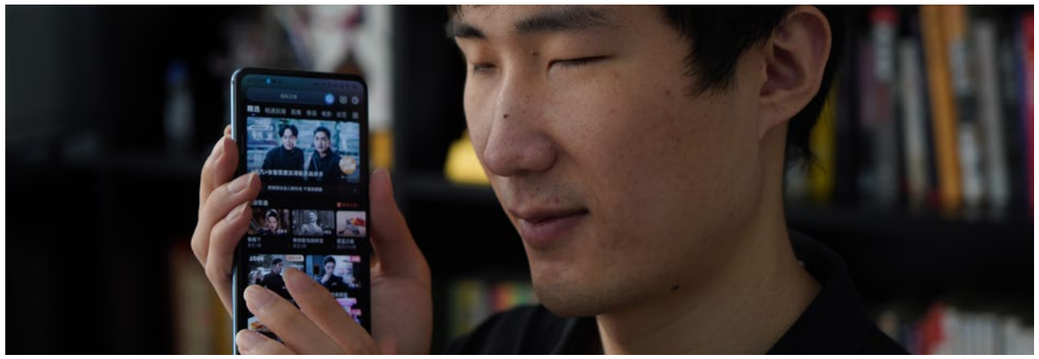
Regular Mode | Visually Impaired Mode | Accessible bathrooms | Accessible elevators

[1] Source: *Outline for Protection and Development of Disabled People during China's 14th Five-Year Plan.*

Barrier-free online theater for visually impaired users

In December 2020, our Youku video hosting platform and the China Braille Library cooperated to launch the first online audio-visual platform for barrier-free services in the industry, and officially launched a "Barrier-free Theater." On International Day for People with Disabilities, we released the barrier-free edition of Youku app with film and television content, especially for short videos. After the version was launched, visually impaired users could use screen reading software to read the information on our interface and select their favorite film and television works through voice commands.

Through collecting extensive feedback from visually impaired users on their pain points with technology, we optimized the video player interaction, providing a much improved accessible viewing experience. In FY2022, nearly 1.5 million viewers watched movies on Youku Barrier-free Theater.



Barrier-free food ordering and payments

Ele.me and Tmall Genie collaborated to enable visually impaired people to order food directly with their voice using the Tmall Genie smart speaker assistant, which includes support for different dialects. In addition, Tmall Genie also supports voiceprint verified payment to allow safe and reliable ease of payment for users with disabilities.

Trustworthy consumption

Enjoying trustworthy consumption is an essential part of a better digital life. We strive to ensure our consumers can have confidence in three areas: product quality and safety, user privacy and data security protection, and responsive service.

Improving product quality and safety

We take seriously our role as the gatekeeper for consumers on our platforms, and we strive to establish clear and enforced rules, while developing and using the latest technology to support this role. We have established a digital quality-assurance mechanism and have taken measures to govern it.

For example, Tmall carries out strict management of merchant platform entry, advertising and quality, inspection and sampling, and so on. We carefully craft and maintain quality control processes that are appropriate for each of our diverse services.

Our quality assurance is underpinned by a full, closed-loop management pathway that introduces advanced technologies such as AI identification and blockchain traceability technology to track and promote quality, transparency, and reliability. We also actively collaborate with consumer groups, regulatory agencies, public-interest organizations, and others, and share our product quality monitoring and management technology to combat counterfeit and shoddy goods.

Digital authenticity system assures consumers through collaborative solution

To improve product reliability for consumers, we have established the Tmall Global Quality Partner Alliance, gathering 91 international and Chinese third-party testing and inspection institutions. We have formulated 25 different international quality standards and covered 100% of imported products listed on Tmall Global, protecting the interests of sellers and providing assurance to consumers. Since 2017, we have been running the Global Traceability Project. By leveraging blockchain and big data technology, it tracks information of the supply chain and links of imported products, including details on production, packaging, transportation, customs declarations, third-party testing, retail sales, and so on. A Tmall Global Traceability QR Code has been labeled on every piece of product that joined the Project, so that consumers have easy access to the information of the imported products, thus consuming with greater confidence.

In January 2017, we established the Alibaba Anti-Counterfeiting Alliance (AACA) to work collectively to tackle the challenge of counterfeit goods by combining the inherent knowledge of brand owners, our intelligent technology, as well as law enforcement and civil legal channels. As of March 2022, more than 1,100 brands from 21 countries have joined the AACA. The alliance not only addresses Alibaba's retail ecosystem and merchants, but also disseminates information and tools to help them protect their rights, and raises public awareness of the importance of protecting the intellectual property of original brands and designs. When infringing stores are spotted in the offline world such as shopping malls, Alibaba's reporting system allows consumers to provide rights holders in the AACA with leads for enforcement.

"Consumer Reporting System" protecting consumers from IP infringement

Counterfeiting not only hurts rights holders, it also harms consumers and erodes their trust. In January 2020, we officially launched the "Consumer Reporting Platform", unifying our online and offline anti-counterfeiting cooperation network and technological capabilities. With support from market supervision bureaus, public safety authorities, and judicial agencies, our system uses digital technology to enable consumers to work in tandem with brands to protect their rights. When consumers notice infringing stores in physical environments, they can access the "Consumer Reporting System" on Taobao and upload pictures of the infringements, the location of the seller, and other information. We then use technology to cross-reference before sending the information to the brand owners for enforcement action.

Protecting user privacy and data security

Protecting the privacy of consumers is the basis for trustworthy consumption. However, maintaining privacy is not just about locking away data. Merchants must understand their customers well enough to ensure that personalized and quality services can be provided.

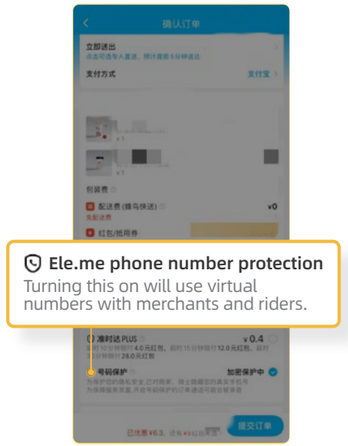
Three principles of consumer privacy protection

We deeply ingrain the concept of privacy protection and data security into our practices, making full use of privacy technology to achieve data sharing in a trusted environment. To this end, we have formulated three guiding principles that we strive to follow: minimal data collection, maximum user awareness and choices, and the strongest user data protection in our products and services.

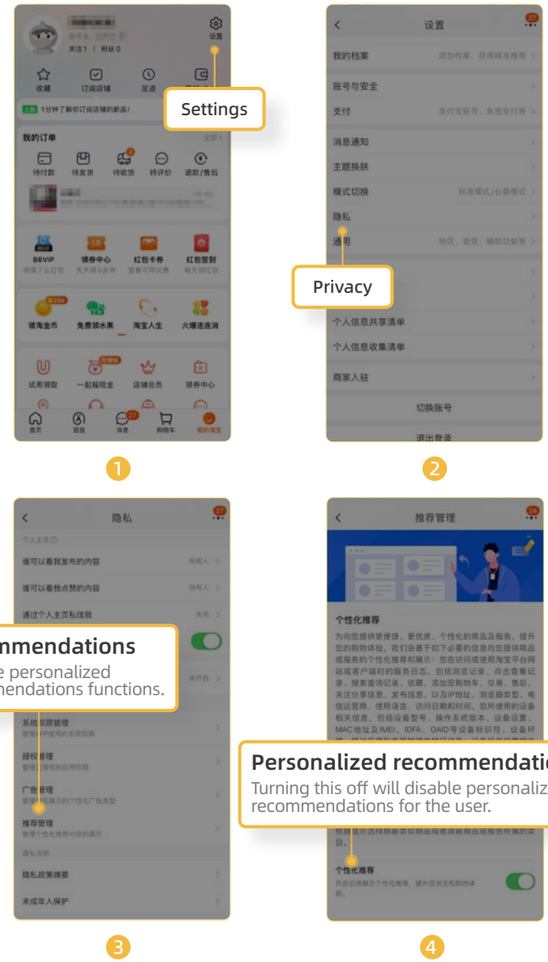
Minimal data collection	• Make users aware of the scope of data collection and its intended uses through clear prompts, pop-ups, and forms. • Once data is collected, strictly protect users' basic rights in areas such as access, inquiry, withdrawal, modification, or deletion. • Develop a range of privacy services and improve privacy management functions, including a privacy-policy inquiry portal, privacy over one's friends, and data consent management and withdrawal.
Maximum user awareness and choices	• Ensure the user's right to know how their data is used: 1) establish an algorithm management system that is transparent to supervision, and can fulfill our legal obligations; and 2) build an algorithm operations mechanism that is transparent and interpretable, ensuring the user's right to know. • Opt-out option: Provide users with the option to easily opt out of personalized recommendations. For example, Taobao has the option to turn off recommendations based on personal data. • Optimize our recommendations: Establish a feedback mechanism for users to ensure that they have the right to offer their opinions on the results of algorithmic decisions.
Strongest user data protection in our products and services	• We keep improving our systems to ensure strong protection of user data in our products. In early 2022, we adopted "virtual phone number" functions for consumer privacy protection in major apps such as Taobao, Amap, and Ele.me. Merchants and service providers contact consumers without knowing their real numbers. On the Taobao app alone, this new function has already covered more than 500 million active consumers.

Privacy Code Protection service

We have developed features and mechanisms on our platforms to ensure that users can protect their personal privacy during the whole process of ordering, payments, and fulfillment. We only transmit data absolutely necessary for fulfillment. In 2022, Taobao introduced its Privacy Code Protection service, allowing users to use a virtual phone number throughout the whole purchase and fulfillment process. Our Amap and Ele.me apps have also introduced free Privacy Code Protection services, allowing complete assurance throughout the process. By August 15, 2022, our virtual phone number feature has covered over 500 million active consumers on Taobao.



Virtual phone number function on Ele.me



Users can easily turn personalized recommendations on or off (Taobao app shown here)

Improving the customer service experience

Communication issues with customer service is a pain point for many customers. Therefore, we seek to provide accessible, timely, and empathetic customer service, resolving the concern of consumers when ordering.

In 2003, we established our Customer Experience Improvement Center, and have continually trained a team of dedicated staff with the goal of resolving customer problems. We adhere to two tenets: first, we make it as easy as possible for users to contact us, and then we focus on resolving their issues as expeditiously as possible.

Our technology-powered methods include a customer service hotline, live online chat rooms, and automated service bots available at the click of a button. Users can easily access customer service portals in all of our apps to request the platform's intervention should any issues arise. We were also among the first in China to launch services such as our 7-day "no questions asked" returns and speedy refunds for customers. In FY2022, more than 900 million orders were refunded, covered by our speedy refund system.

We also streamlined our resolution process. In May 2021, we launched a new complaint handling protocol that empowers our staff to solve user issues proactively. Meanwhile, we strive to prevent the occurrence of issues in the first place by constantly looking for ways to improve product quality, fulfillment, and services. In FY2022, Taobao and Tmall's complaint rate represented just 0.015% of total orders, with a complaint response rate of 100%.

Ultimately, the best customer service is when no customer service is needed, and as such we try hard to prevent issues. Our "New Beacon" user feedback platform collates information on orders, including product quality, delivery service, and after-sale care. This not only helps consumers make better purchasing decisions, but allows sellers to get feedback to improve their products and services.

7-day
No questions asked returns

0.015%
Taobao & Tmall complaint rate

100%
Complaint response rate

Responsible consumption

Responsible consumption means helping consumers achieve better lives while limiting and reducing harmful social and environmental impacts. This covers a wide range of environmentally and socially beneficial consumer practices that we are supporting.

We endeavor to advocate for greater environmental awareness, using our platform to influence and change consumer perceptions and behaviors in multiple arenas. While we promote the adoption of low-carbon lifestyles on the consumer side (refer to Chapter 1, Section 2, Sub-section: Scope 3+ actions), we also stimulate the supply of green goods and discourage environmentally harmful goods.

Fostering responsible consumption

An increasing number of consumers are prioritizing responsible consumption, especially by choosing green products. As such, we are working to promote these sustainably-sourced goods on our platforms, such as energy-saving home appliances, recycled and biodegradable materials, and organic foods.

Through a variety of offline and online channels, we are also helping to popularize green packaging and recycling of our products, in order to promote the green behavior of hundreds of millions of consumers. We will further encourage consumers to practice green consumption behavior by designing green incentives, and continuously expanding the green consumer community.

The rapid increase in the use of packaging, especially plastics, has been an unfortunate by-product of growing consumption. At Alibaba, we have both an obligation and capacity to help forestall this trend. By adopting green packaging, we stimulate a series of positive effects, of which carbon reduction is only one dimension, and which includes knock-on effects like the reduction of plastic pollution.

We strive to make green and simple packaging options more visible. During our 11.11 Global Shopping Festival in 2021, in Taobao's "Green Mall" section, we featured goods with green packaging (non-tape zipper boxes, degradable packaging, and shipping in original boxes), including beauty, food, and other products. If such products are shipped through Cainiao Warehouse, Cainiao will mark their fulfillment details with a "green package" tag. During the 6.18 Shopping Festival in 2022, Taobao, Tmall, and nearly 40 brands collectively advocated for simpler packaging that reduces use of plastic, printing ink, and other packaging materials. Participating brands have integrated both simplicity and environmental awareness into using innovative designs to simplify and reduce packaging.

We also encourage shipping box recycling to increase the lifespan of the packaging. An important channel of participation is through Cainiao's box recycling program which operates convenient box drop-off sites at a number of local Cainiao stations. We worked with our million-strong merchant partners to offer rewards for box recycling. The program currently covers 315 cities in 31 provincial administrative regions.

At Intime Department Stores, we have been replacing taped delivery boxes with the choice of re-usable zipper bags. On 2022 World Earth Day, Intime set up clothes recycling bins in its stores and distributed flowers and coupons to customers who recycled their used clothes.

In November 2021, Alibaba and Unilever jointly launched a campaign to encourage consumers to recycle and reuse plastic bottles at recycling machines by rewarding them with "green energy" points. Plastic recycling machines have been installed at more than 170 Tmall offline stores across the country by July 2022.

Lazada's promotion of responsible consumption in Southeast Asia

In April 2022, Lazada launched its LazEarth campaign in Southeast Asia, collaborating with partner brands to make environment-friendly products easy to access and recognize. These include "green" fashion brands and goods that reduce plastic in manufacturing, packaging, and transportation processes. Lazada aims to encourage more consumers to make responsible consumption choices, especially in the purchase of daily necessities. Lazada and Unilever also jointly launched a three-year sustainable development strategic collaboration, "Easy Green," to promote sustainable products. We have begun experimenting with "Easy Green" labels, focusing on environmentally-friendly products that are biodegradable, renewable, and packaged in "optimized, reduced, or no plastic" ways.

Keeping platform users safe from harm

As an e-commerce platform, we also have a special obligation to ensure our platforms are not used for trade that harms our planet and society.

In 2020, we worked with partners to launch the GreenNet Program for responsible consumption. This works by redirecting searches for certain products - such as banned wildlife products - to webpages from the GreenNet Program. For example, a search for ivory will lead to articles on elephant conservation, while a search for styrofoam containers leads to information on environmental damage from these products. In this manner, we can increase consumer awareness and not only phase these products out of our platforms, but from the rest of society. With some products, we also provide recommendations for responsible alternatives. We have also integrated a reporting system into our platform to allow users to flag environmentally harmful products that are being sold under false pretenses.

We have also worked hard to combat the sale of harmful and violent products and to protect younger and vulnerable users from risks such as fraud, explicit materials, online bullying and abuse, and other risks to their health and well-being. As of June 30, 2022, the GreenNet program has so far displayed information on the risks of harmful products and content to users more than 70 million times, including information on products damaging the environment and health.

> We hope to transform harmful searches into a public educational project that all sectors of society can participate in and make positive contributions to together.
>
> Junfang Zheng, Chief Risk Officer of Alibaba Group

We also take seriously the potential for facilitation of self-harm. In July 2019, several teams at Alibaba jointly introduce the "Life is Precious" project, focused on noticing early warning signs of psychological crisis among users. When sellers are alerted to a risk, such as through a customer searching or asking about self-harm implements, they act as the first line of defense by immediately responding with dissuasion and words of comfort while also contacting trained professionals in Alibaba Safety's suicide prevention team. In the case of a severe emergency, Alibaba will also contact local first responders so that they can intervene and help. Through March 31, 2022, over 4,400 people who have shown signs of distress have received such intervention on our platforms. Beyond that, more than 34,000 people have called the hotline on the project page for psychological counseling.

Building the world's leading circular goods market

Through our re-commerce platform Idle Fish, we strive to create the world's largest market for second-hand goods, and further Alibaba's role in supporting a more circular economy. To date, Idle Fish has over 300 million users, of whom 50% are young "post-1990s" Gen-Z consumers who are steering future trends. These users buy and sell "idle" goods, which are frequently custom-made, niche, and of high-quality. Every transaction guarantees a reduction in the consumption of new resources.

Idle Fish has introduced innovative solutions for many issues faced by re-commerce markets including item standardization, quality control, and dispute resolution. The platform has transformed second-hand trading into a more viable option through a number of creative features. These include linking to other e-commerce platforms such as Taobao and Tmall to offer seamless traceability and information for goods purchased there, quality inspection and appraisal services, a credit system for users and a team dedicated to addressing fraud. A key addition has been the creation of a virtual small-claims court mechanism to resolve disputes and bolster reliability through a form of co-governance which enables users to participate in dispute resolution processes as peer "jurors." These innovations are critical to the successful development of second-hand markets.

Fueling Small Businesses

As a technology-driven platform company, we commit to empowering businesses across our ecosystem, in particular micro, small, and medium enterprises (MSMEs), to become more competitive and generate scalable and inclusive employment. We believe that high-quality digital transformation and development should lead to a world in which "no one will be left behind."

To achieve such goals, Alibaba helps by:

- Developing responsible technologies
- Building digital business capabilities and markets for MSMEs
- Enabling inclusive employment
- Promoting responsible production

Developing responsible technologies

For Alibaba to best fulfill our social responsibilities, we must lean on our core strengths in technological innovation. In FY2022, we spent over RMB120 billion on technology-related expenditures. For this innovation to serve the social good, the technologies themselves must be responsible, which means having high standards of being efficient, environmentally friendly, cutting-edge, inclusive, and open. Here we focus on Alibaba Cloud to highlight our positioning on responsible technology.

Green

- Average PUE 1.247 in FY2022, an Asia-leading standard
- Leading purchaser of renewable energy among Chinese technology firms

Efficiency

- In the 2021 Gartner Solution Scorecard for integrated IaaS and PaaS, Alibaba Cloud received the highest scores in the four core evaluations of computing, storage, network, and security (required), separately

Cutting-edge

- Alibaba had 13,000+ global patents as of the end of FY2022

Inclusion

- Serve over 4 million cloud clients worldwide
- Facilitate operations for around 10 million MSMEs

Openness

- We have been long recognized as the leading Chinese company in open-source activity and impact.

High-performance technologies

The 21st century is the century of digitalization. Fully harvesting the digital dividends for everyone relies critically on driving computing performance higher while using fewer resources such as energy.

As companies move to the cloud, they see major performance and efficiency gains, and reduced reliance on resources, with benefits to themselves and to the environment. Alibaba Cloud is a recognized global leader in cloud services. In the 2021 Gartner Solution Scorecard for integrated IaaS and PaaS, Alibaba Cloud received the highest scores in the four core evaluations of computing, storage, network, and security (required), separately.

Green technologies

Responsible technology should be green, and we strive to be the green leader in cloud technology in China. To achieve this, we will continue to improve the energy efficiency of our hardware, increase the use of clean energy, expand the recycling of waste heat and hardware, and continue to innovate. For more information, please refer to Section 1 of Chapter 1, "Greening our operations and value chain." Aside from improving our own operations, we have also leveraged the cloud to create intelligent tools to help our business ecosystem achieve a green transition. This includes our "Energy Expert," which helps organizations monitor and reduce their energy use. For more information, please refer to Section 2 of Chapter 1, "Amplifying decarbonization through our platform ecosystem."

Technological advances

Maintaining our leadership in core technologies is essential to achieving all our goals. What makes this possible is our people working on the cutting-edge of many foundational technologies. Alibaba currently holds more than 13,000 global patents, with 10,000 in key fields that include cloud computing, artificial intelligence, data technology, and other areas of intense research.

Inclusive technologies

At Alibaba, we strive to make it easy for anyone to start a new business using our cloud and other platforms. More than ten million MSMEs in our platform ecosystem, such as our merchants, use cloud computing to operate their businesses. Besides that, more than four million customers use Alibaba Cloud services globally. In China, one measure of our success is that among the nationally recognized "little giants," - small, leading innovative firms across varied sectors - 65% were using Alibaba Cloud, and 50% of them were using our smart office platform DingTalk, as of the end of FY2022.

MSME cloud onboarding initiative	Feitian program for schools	Support program for MSMEs developing on the cloud
In 2021, we initiated the "Welcome to the Cloud" program for MSMEs, and have helped them in finding office spaces, deploying and using technology, and hiring talent.	We launched the "Feitian Acceleration Program" in 2020, and expanded it in 2021 to provide an equivalent of RMB1.5 billion in free cloud resources over three years. By the end of FY2022, we had provided 640 million hours of computing resources to over 2,200 universities, benefiting 100,000 students and faculty.	Since April 2020, for MSMEs with R&D teams of fewer than 30 staff, we provide free or discounted cloud services, and low-code supporting packages to help them use and customize cloud software efficiently and securely.

Fostering an open community for innovation

Alibaba has been a firm believer in open ecosystems in technology and is an active participant in open-source projects. Alibaba was ranked first for many years in open-source activity and influence among Chinese enterprises. We also received the most awards in the 2021 "Science and Technology Innovation China" Open Source List, launched by the China Association for Science and Technology. InfoQ ranked Alibaba first in their top 10 list of enterprise contributions in their latest report, *China Open Source Development Research and Analysis 2022*. In their list of the top 30 open-source projects, Alibaba alone accounted for 11 projects.

So far, more than 30,000 developers globally have participated in Alibaba-initiated open-source projects. These projects have garnered more than 1 million stars on GitHub and are utilized by companies around the world. Alibaba is also deeply involved in the leading open-source foundations and organizations, including the Open Atom Foundation, Linux Foundation, CNCF Foundation, Apache Software Foundation, and Open Container Organization (OCI), among others. We are supporters of and maintainers of well-established projects such as Linux, MySQL, Redis, JVM, Kubernetes, containerd, Apache Flink, and Envoy.

In 2021, we upgraded our open-source strategy, centering on jointly advancing open-source projects for foundational software and focusing on four major areas: operating systems, databases, big data analytics, and cloud-native technologies. We particularly see cloud technologies as critical to the future of the open-source ecosystem. We will continue our efforts in open-source research, development, and community building, and seek to work with industry peers and community members to make more open-source software available for the benefit of all.

OpenAnolis OS: open-source innovation community for the cloud

OpenAnolis, established in September 2020, is an open-source operating system (OS) community and innovation platform. The community brings together cloud operators, telecom firms, and chip companies, among others, to promote the development of software, hardware, and their applications. By July 2022, Anolis OS had over one million installations. Alibaba Cloud provides network and other resources for the OpenAnolis community such as our own optimized cloud version along with ten years of free long-term technical support.

To foster a culture that values basic science research, Alibaba sponsors activities aimed at stimulating more widespread public interest, improving math and science literacy, and recognizing and nurturing scientific achievement.

DAMO Academy Young Fellows

The DAMO Academy Young Fellowship rewards researchers under the age of 35 for their achievements in basic research and applied sciences, including many interdisciplinary sciences. In addition to cash prizes, winners receive ongoing support from DAMO Academy and Alibaba R&D institutions around the world, as well as data and computing power. Our specialized engineering teams help young scholars channel their initial insights into practical research projects. The Fellowship has become an influential and respected national science award.

The 2021 DAMO Academy Young Fellows

Alibaba Global Mathematics Competition

The Fourth Alibaba Global Mathematics Competition was held in 2022 to promote public interest in mathematics. With minimal entry requirements to garner broad participation, it has attracted over 50,000 participants over the past three sessions.

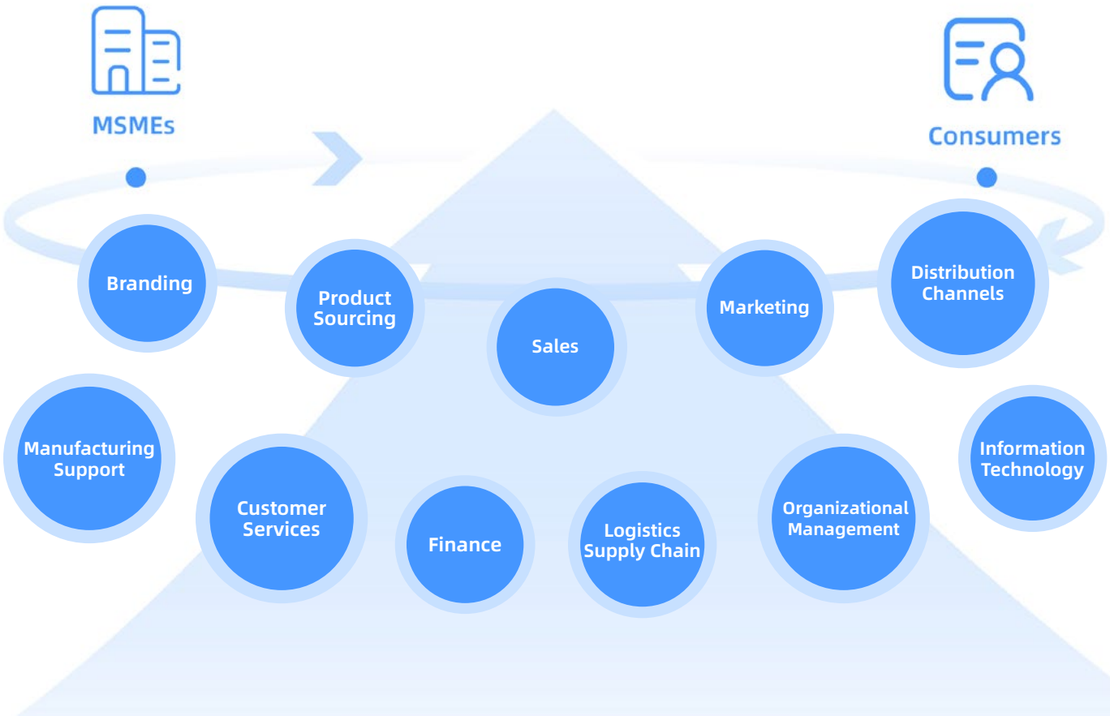
Building digital business capabilities and markets for MSMEs

The UN Sustainable Development Goals see innovation, infrastructure, and industrial development as inextricably linked. Together with our ecosystem partners, we have long been committed to building essential business capacities and dynamic markets, which we call a "business operating system," that supports as many enterprises as possible and "makes it easy to do business anywhere."

Alibaba equips small businesses and their entrepreneurs with many capabilities and market opportunities previously reserved for large corporations, allowing them to successfully compete while maintaining their nimbleness and innovative drive. We continue to build platforms that link MSMEs with various markets and consumers. At the same time, MSMEs using our cloud-based tools can gain access to a host of digital intelligent business solutions, including branding, product sourcing, sales, marketing, distribution channels, manufacturing support, customer services, finance, logistics supply chain, organizational management, and information technology.

In this section, we first cover the impact of our digital intelligent business solutions in several dimensions including starting up, decision support, work collaboration, logistics, financing, intellectual property protection, and training and learning. Then we illustrate our efforts in connecting MSMEs with market opportunities.

A digital "business operating system" for MSMEs



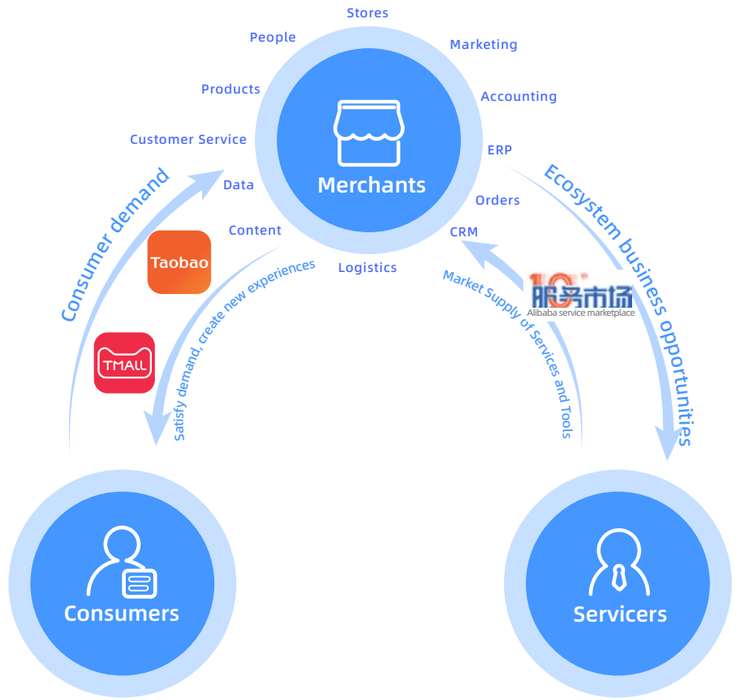
Building digital business capabilities for MSMEs

Digital startup and operations

Alibaba seeks to level the playing field for smaller companies by arming them with corporate management tools that are enterprise-class yet easy to use and manage. Our Taobao service marketplace is a market for digital and intelligent solutions from Alibaba and other solutions providers offering software, content, and supply chain management, among others. By establishing an active third-party ecosystem, we aim to lower the threshold and ease many obstacles for the start-up and digital operations of small businesses.

To further simplify operations for small business owners, besides Tobao's service marketplace, we offer Qianniu as a one-stop management platform for our merchants with a full suite of e-commerce business tools, including goods management, order management, marketing, CRM, cash management, logistics, online operations, business consultation, and data analysis. Users need only a mobile phone to access all the tools anytime, anywhere. In FY2022, more than nine million active merchants on our platforms used Qianniu to manage their stores.

Taobao's service marketplace helps the start-up of businesses



Smart decision-making

Alibaba's Business Advisor, first launched in 2014, is our e-commerce analytics suite to help merchants gain insights about their business and thus improve their decisions. Aside from providing analysis of the business, market dynamics, and competition, Business Advisor also features online coaching and training. Currently, approximately 90% of our merchants with monthly sales over RMB300,000 are users of Business Advisor.

This year, we established a dedicated DaaS ("data intelligence as a service") company, Alibaba Lingyang ("antelope"), that integrates Alibaba's ten years of experience across our businesses to provide small businesses with a matrix of intelligence tools that support business analysis, customer service, data management, and inventory management, among others. These tools help users unlock the growth potential of their data.

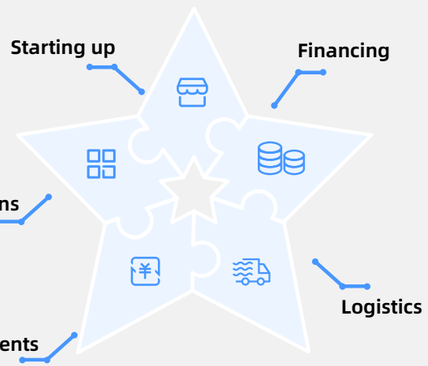
Fee reductions and subsidies to help MSMEs weather COVID-19 disruptions

Small businesses have often been less able to withstand shocks, notably during the COVID-19 pandemic. We have taken a series of measures to help the MSMEs on our platforms, including subsidies, fee waivers, traffic support, and programs to aid logistics and financing. In FY2022, we implemented a number of measures, including subsidies, which covered roughly 9 million merchants on our Taobao and Tmall platforms.

- Subsidies for new merchants: nearly 200,000 new merchants on Taobao and Tmall were granted subsidies.
- Traffic Greenhouse: A plan to support new MSME merchants in gaining exposure to customers.
- Free training is provided by Taobao University.

- Marketing tools free since July 2021 for 1.8 million merchants.
- Business Advisor free since May 2021 for 2.85 million merchants.
- Commissions were waived when merchants broadcast through their accounts.

- Since August 2021, the transaction fees for Huabei and credit cards have been reduced from 1% to 0.6% for Taobao and Tmall merchants.



- Since July 2021, Taobao has changed its merchant security deposits from a fixed to a floating quota to allow for flexibility.
- Interest rate cuts for both credit loans and loans on inventory.
- Interest waived for prepayment during certain periods.

- Freight insurance: From June '21 to Mar '22, average premiums decreased by 12%, benefiting 7.2 million merchants on Tmall/Taobao.
- Shipping fees: household appliance fulfillment costs were reduced, some by over 10%.

> I am very grateful to Alibaba for providing us with these digital tools, which reduces the cost of running a store and gives us the confidence to run it well... Right now, I feel like I'm riding an express train, and our overall performance is at least 20% better than previously.
>
> "Yaoyao YoGa," a merchant on the platform

Smart work collaboration

DingTalk is our digital office communications and application development suite that offers new ways of working, sharing, and collaborating. It now serves users from more than 21 million organizations and 500 million users across the world. DingTalk and its ecosystem of tools have been helping these organizations digitize office operations such as team management, projects, meetings, calendars, financials, inventories, and documents. For small businesses with limited internal IT capabilities, we have developed low-code or even no-code products and services.

In June 2021, DingTalk launched more than 20 free software suites that provide easy-to-use digital solutions for cost reduction and efficiency increases. These covered recruitment, employee training, project management, and so forth, and introduced low-code support for adding user-defined functions. Today, around 70% of DingTalk business users are MSMEs. We made particular efforts to help these businesses keep operating after the pandemic began.

Smart logistics and supply chains

Since 2014, Cainiao has offered fully digitized batch order processing that offered a leap in capabilities for businesses regardless of size.

We have established a cost-effective logistic network that provides diversified logistics services and continuously works to reduce costs and improve logistics efficiency for our customers, which especially benefits MSMEs. In China, Cainiao maintains more than 10 million square meters of warehouse space, and its direct distribution service covers more than 2,800 districts and counties. Meanwhile, Cainiao Global reaches more than 160 countries and regions with its multimodal transport solutions.

We continuously work to optimize the convenience of our services with digital technology. For example, our digital supply chain management system and digitally powered distribution facilities have reduced inventory requirements and improved turnover, while our innovations in unmanned vehicles have also been widely adopted. In March 2022, Alibaba was one of six finalists in the Franz Edelman Award for Achievement in Operations Research and the Management Sciences, recognizing our contributions to the optimization of supply chain management and operations planning - based on integrated forecasting, inventory, and price recommendation algorithms. This made Alibaba the only company in the last 20 years to reach the competition's finals for two consecutive years, and the only Chinese company among the finalists this year.

Smart financing

MSMEs often lack collateral or traditional credit history, which can make obtaining traditional financing an insurmountable challenge. Our ecosystem financing partner uses big data to solve this impediment, assessing credit risk quickly to provide convenient unsecured loans for small businesses.

Intellectual property protection

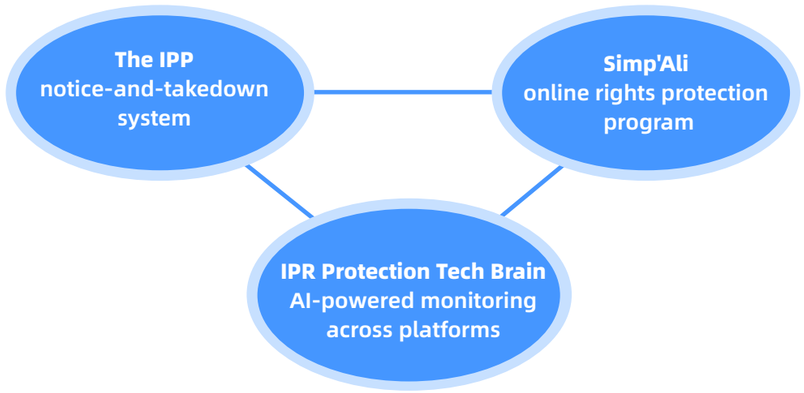
A secure environment for intellectual property rights (IPR) development is key to promoting innovation. Alibaba established an intellectual property rights protection system as early as 2002. Through extensive stakeholder cooperation over the past 20 years, we have built this system into a comprehensive framework. It covers a breadth of protection: from trademarks to many other rights, both online and offline enforcement, supporting large global brands and MSMEs, and combating counterfeiting while developing systems that encourage innovation and originality.

We are continuously improving our IP protection framework

Alibaba is committed to continuously optimizing our sophisticated notice-and-takedown system, the Alibaba Intellectual Property Protection Platform ("the IPP"). We enable protection across a wide range of scenarios encountered by the vast number of rights holders who work with us. As of March 31, 2022, more than 660,000 IP rights worldwide were protected on the IPP, through over 590,000 accounts. Ensuring the effectiveness of the IPP, 98% of takedown requests are acted upon within 24 hours.

In 2020, Alibaba launched the "Simp'Ali" online rights protection program for MSMEs around the world. Simp'Ali simplifies the takedown request procedures for participants in the program, thus improving the efficiency of rights protection, and further strengthening the accessibility of the IPP for those companies with less experience in online reporting.

Alibaba also carries out proactive monitoring across our platforms through our "IPR Protection Tech Brain," with technology that identifies and removes suspected infringing and other potentially problematic products. We continuously upgrade this technology, in collaboration with rights holders.



> Alibaba helped us a lot with online and offline rights protection, which is of special significance for the rapid development of MSMEs.
>
> Xushun Fu, Legal Director of Yatsen Holding Limited

We protect business innovation with our technology

Alibaba innovates and finds new applications for our technologies, such as "IPR Protection Tech Brain," AI Virtual Model, AI tool for trademark generation, digital copyright protection, and invisible video watermarking.

We work in collaboration to tackle IP violations

Alibaba assists law enforcement agencies and rights holders to crack down on counterfeiters and counterfeit goods using intelligent algorithms. In FY2022, Alibaba assisted authorities to carry out offline enforcement, and assisted in the investigation and resolution of 2,802 counterfeiting cases, with a total estimated case value of RMB3.557 billion.

We cooperate with a series of domestic and foreign agencies and industry associations to provide one-stop intellectual property protection for products bearing geographical indications. By March 31, 2022, a total of 170 geographical indication certification marks were being protected.

We worked with businesses to establish the world's first e-commerce anti-counterfeiting alliance, the Alibaba Anti-Counterfeiting Alliance (AACA). The alliance provides a multi-party governance structure to address the problems of counterfeits and infringements, and has established extensive industry influence. As of March 2022, the AACA included more than 1,100 brands from 21 countries.

We work with various industry associations such as the International Anti-Counterfeiting Coalition (IACC), European Federation of Pharmaceutical Industries and Associations (EFPIA), China-Britain Business Council (CBBC), Korea Trade-Investment Promotion Agency (KOTRA), and the Japanese Intellectual Property Group (IPG) in China. Together, these collaborations and industry forums create new models to promote a healthy international e-commerce business environment.

> Alibaba's AI-powered IPR Protection Tech Brain is a great initiative. It is also a leading technology in the industry, and is more effective than traditional methods. Authorities should support AI anti-counterfeiting methods, as they will bolster the industry.
>
> Guangnan Ni, Member of the Chinese Academy of Engineering

Helping Xiangshan's local citrus industry protect their "red beauties"

From 2020, Alibaba Digital County and the Xiangshan local government worked together to build up online sales and marketing for Xiangshan's tasty variety of citrus. In 2021, we upgraded the collaboration to help promote the brands "Xiangshan Citrus" and "Xiangshan Red Beauty." The fruits were marketed and promoted through Freshippo online and offline channels. With new popularity, Xiangshan farmers quickly found infringing versions of their goods, but successfully utilized Alibaba's IPP platform to file takedown requests, allowing them to effectively manage authorized use of the "Xiangshan Red Beauty" brand.

Protecting Italian agricultural products

Through long-term cooperation with the Italian authorities, Alibaba has helped protect the geographical indications of 42 of Italy's most iconic and valuable exports, such as Mozzarella di Bufala Campana cheese, Aceto Balsamico di Modena vinegar, Tuscan extra virgin olive oil, and Chianti Classico red wine.

> **We have a long-standing collaboration with Alibaba Group in fighting infringing geographical indications in the agri-food sector... We have been working successfully with Alibaba for six years and using their reporting system, the IPP Platform, which is a very easy and effective tool.**
>
> Felice Assenza, Chief of the Italian Central Inspectorate for Food Quality and Fraud Repression

AI virtual models promoting legal use of product imagery

Using human models to show clothing can be expensive, time consuming, and sometimes leads to the unauthorized use of modeled product images. Alibaba's "Virtual Model" system, released in 2020, lets merchants use AI generated images of models displaying products such as apparel. Made available without charge to our merchants, Virtual Model is now widely used across several of our e-commerce platforms. As of March 2022, more than 20,000 merchants have used the system to generate more than 390,000 images. The algorithms used in Virtual Model have been commended at top international academic conferences such as CVPR, ACM MM, and AAAI, and are covered by five patent applications.

Training and learning

We want to help MSMEs grow themselves through digital training and data analysis tools. Taobao Education provides online and offline training sessions, which have gathered more than 100 million attendances since 2016. People participating in the training include aspirational learners: business owners, e-commerce players, livestreaming anchors, and students, among others.

Free online courses support entrepreneurial success

- Set up in early 2021, "Taobao Short Classes" provide entrepreneurship training in various skills. More than a thousand three-minute lessons have been produced, with more than 20 million attendances by the end of FY2022.
- More than 1,000 enterprises used our lessons for internal training courses by the end of FY2022.

Building joint digital talent training centers

- Since 2014, Taobao Education has actively supported rural e-commerce by delivering training to entrepreneurs, both through offline and a growing number of interactive online classes. In 2021, a total of 200 courses were added and 7,000 participants were trained.

Bringing opportunities to MSMEs by connecting them to markets

Not only do our digital platforms provide business capabilities to MSMEs, they also connect them to various consumer markets, which lay the foundation for entirely new business opportunities.

Connecting to the domestic market

Across our varied platforms including Taobao, Taobao Deals, Ele.me, and others, the common appeal is in the business and lifestyle ecosystem built by tens of millions of small businesses and many more customers. Our business operating system offers foundational tools that bridge consumers and merchants, and most critically, provides unprecedented market opportunities for MSMEs.

From a Small Stall to a "Super Factory"

14 years ago, a young man from Chaoshan named Xiaowei Li travelled to Shenzhen with 20,000 yuan in his pocket to set up a stall trading in electronic chips. This grew into his own manufacturing firm "Tongheng Weichuang," which specializes in wireless communications and network equipment.

Xiaowei began as an OEM manufacturer, but margins were always thin, and in 2014 he launched products under his own brand. Sales and marketing for smaller manufacturers has always been a challenge. In 2017, his business found the perfect partner for its development with our 1688.com e-commerce platform for producers.

Since settling on 1688, Xiaowei's business has been helped by the platform to navigate a range of growth milestones and challenges, eventually seeing some of his products become top performers on a variety of e-commerce platforms. 1688's advanced e-commerce technology has been of particular help to him during the COVID-19 pandemic by allowing him to fully showcase his products to customers without them needing to leave home and visit his factory. His business was given a further boost by 1688's "Super Factory" brand support and incubation program, launched in 2020, which has increased their online traffic and helped establish long-term supplier partnerships with large clients including Lenovo and Tencent.

> **Before we met 1688, we were just a small OEM factory. Since meeting 1688, we have built a "super factory" now selling over RMB100 million annually.**
>
> Xiaowei Li

Taobao Deals helping firms expand beyond their regional markets

Not long ago, many of the industrial belt manufacturers in Hebei were limited to being only regional businesses due to factors such as logistics costs and branding. With the Taobao Deals M2C (manufacturer-to-consumer) model in operation from 2020 onwards, over 40,000 Hebei brands have now broken barriers.

After Shijiazhuang Chuangmei Carpet Factory opened its Taobao Deals direct-sale store, online revenue grew to account for 40% of total sales. According to factory director Xu Zhang, Chuangmei previously stocked products based on past experience, but frequently faced inventory mismatches. At its worst, this led to a backlog of RMB6 million in raw materials in 2017 due to incorrect forecasting. Now with advance orders from e-commerce, their production is determined by sales, without inventory problems. Moreover, Taobao Deals facilitates the selection of best-selling products. In the past, they often placed 10 bets for one winner. Now, they design new products with data, which helps merchants predict a product's success rate with a high degree of accuracy. In addition, by using the Taobao Deals warehouse, Chuangmei has cut delivery times by an average of 5 hours and logistics costs by 15%.

> **If we use PVC mats to illustrate, previously the costs for retail deliveries were 30 times more than for wholesale. Now we are able to fulfill small orders efficiently and can carry out all orders with a unified standard.**
>
> Xu Zhang, Director of Hebei Shijiazhuang Chuangmei Carpet Factory

Connecting to the global market

We help small businesses achieve their global aspirations in three essential ways: helping global merchants to buy and sell globally, including accessing customers in China; helping Chinese MSMEs to venture overseas; and helping MSMEs outside China to sell more easily in their home markets.

Helping merchants buy and sell globally

In FY2022, there were over 245,000 paying members from China and around the world on Alibaba.com, through which more than 40 million buyers from over 190 countries sourced business or completed transactions.

In 2016, Alibaba proposed the electronic World Trade Platform (eWTP) initiative, aiming to foster more convenient, innovative, and inclusive global trade through digitalization and collaboration. At present, eWTP has launched 10 cooperative projects on four continents. These include promoting cross-border digital commerce, improving digital finance and digital logistics, building the digital Public Service Platform (PSP) to facilitate trade, as well as carrying out digital talent training and technology sharing.

Ethiopian coffee growers sold more than 10,000 packs instantly

In Ethiopia, an estimated 20% of the workforce is tied to the coffee industry. With the COVID pandemic, the Ethiopian coffee industry saw a sudden drop in sales, along with severe disruptions in production and logistics. Many small businesses were deeply affected, so in late 2021, we worked with the local government and international organizations to carry out a project to help some businesses recover. Through training sessions, local MSMEs learned about packaging, online store management, and logistics. In December 2021, this cooperation helped three local Ethiopian coffee brands become the first to successfully onboard with Tmall Global and sell directly into the Chinese market. During Chinese New Year in 2022, these Ethiopian brands launched their first livestreaming promotion, resulting in more than 10,000 packs of coffee being sold in seconds.

Alibaba powers Halil's global dream

In 2011, Halil Erdogmus founded ebebek, the first local e-commerce website for maternal and infant products in Turkey. It has grown rapidly, developing into the No. 1 maternal and infant e-commerce brand in Turkey with a market share of 50%. In June 2019, ebebek became the first Turkish merchant on AliExpress to sell globally and also opened a flagship store on Tmall, and has been growing overseas markets through these global platforms. Erdogmus, who is achieving his dream of "selling to the world," now proudly displays two charts in his office: a world map and a sales chart by country.

Bringing Taobao Villages to Mexico

As a young Mexican studying abroad in China, Andres Diaz Bedolla participated in the eWTP Global Digital Talent (eWTP – GDT) program. While attending this program, Andres was highly impressed by the Taobao villages he visited, such as Bainiu Village, and he felt this model would work well in Mexico too.

In 2020, with the support of the Mexican government and as an eWTP GDT partner, Andres brought the GDT and the Taobao village models to five Mexican states. As of 2021, over 400 university teachers had participated in the eWTP GDT program, learning both theoretical concepts in the digital economy and how to apply best practices. Afterwards, these teachers applied the knowledge they gained from the eWTP GDT program in their own classes, benefiting over 8,000 students. These students were linked with 1,500 local enterprises and small businesses, helping them undergo a digital upgrade to bring their products online, use digital payments, and manage logistics. These merchants are now selling their Mexican specialty products, including Mexican honey, leather goods, and molcajete to global consumers. Andres saw his aspirations reach fruition with a number of these "Mexican digital villages."

Helping Chinese businesses to go global

We continue to make it easier for MSMEs in our home market to access tremendous global opportunities. Our AI translation system can overcome communications barriers in global trade by translating between more than one hundred languages. To help through the ongoing pandemic and other global disruptions, we are providing MSMEs with locked-in prices for shipping by sea this year. We provide services such as a full container load (FCL) limited warranty, compensation for late arrival of trailers at the port, arrival guarantee, and a wide range of rights protection so that businesses can ship without worry.

Helping to navigate Shanghai Port for our merchants

In April 2022, in order to help merchants shipping to and from Shanghai Port during the disruption caused by the global pandemic, we launched a "one-stop solution" for sea and land transportation. This provided integrated logistics solutions for trailers, customs declaration, and full container loads (FCL) to help Alibaba.com merchants. This included the first FCL program targeting shipments to the United States to help reduce friction when shipping to its congested West Coast ports. We have integrated nearly 4,000 lines of trailers from major manufacturing centers to Shanghai Port. We now also provide 24-hour professional customs declaration services with our partners.

Helping HiBREW coffee machines sell all over the world

The Chinese coffee machine brand HiBREW joined the AliExpress platform in August 2019 and has grown into a leading seller. During the pandemic, HiBREW's sales rose nearly 70%.

Kenny, head of the HiBREW brand, attributed this success in expanding overseas to the help of the AliExpress platform: "We used to focus on the European and American markets. After we got on AliExpress, we found that the Middle East market also has a great demand for our machines. Now 60% of the orders on AliExpress come from the Middle East - we would have never predicted this ourselves!"

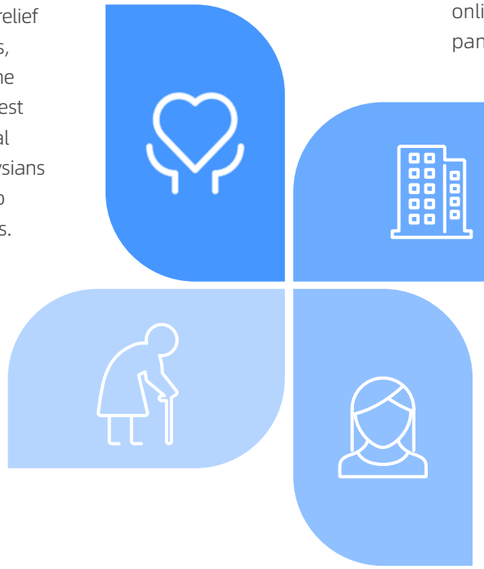
Facilitating e-commerce globally

Building on what we've learned in our home market, we are bringing these tools and capacities to other emerging markets. Lazada's e-commerce business has grown rapidly in Southeast Asia, and the unit is bolstering it with more automated warehouses, sorting centers, and technology-enabled facilities across the region. Lazada has continued to improve its cross-border and "last mile" logistics capabilities. Meanwhile, Lazada University imparts e-commerce knowledge, intelligent marketing, and smart decision-making that can help local sellers adopt better sales plans. Multilingual customer service desks allow sellers to communicate with consumers from all over the world more conveniently.

Assist local community development

Supporting communities
In December 2021, devastating floods hit Malaysia. Lazada quickly responded to support the affected communities, donating to 10 rescue centers nearly 30,000 units of relief supplies including meal rations, bottled water, blankets, hygiene kits, baby supplies, COVID-19 test kits. The LazadaForGood digital giving platform allowed Malaysians nationwide to donate online to NGOs helping with relief efforts.

Helping small businesses
Lazada partnered with government agencies across Southeast Asia to support brick-and-mortar stores to shift online during the COVID-19 pandemic.



Digital inclusion for seniors
Lazada has partnered with a number of local organizations in Singapore to provide digital workshops to help seniors understand new product categories, and the use of services such as mobile payment for online shopping.

Empowering women
In December 2021, Lazada Philippines supported the Angels for Angels project, which aims to empower marginalized women to create Christmas decorations.

Enabling inclusive employment

Creating and promoting quality, inclusive employment is an important way business can contribute to society. This is particularly meaningful when we can provide fair opportunities to historically underrepresented groups, and give people new skills, thus helping them develop. The growth of our platform helps to generate extremely scalable, flexible, high-quality, and inclusive employment compared to traditional businesses.

Large-scale employment

Company direct employment

As of March 31, 2022, Alibaba Group directly employed more than 250,000 full-time employees in 27 countries and regions. While working to make possible all that we do, they continue to acquire and enhance their skills on the job, making themselves increasingly competitive in the digital era.

Platform employment

Our platform ecosystem has gathered together more than one billion consumers and tens of millions of MSMEs and individual workers. Their economic activity drives a series of new job opportunities, such as livestreaming anchors, customer service agents, product marketers, couriers, and so on. At the same time, the many transactions on the platform facilitate the circulation of goods and services, and promote employment in the upstream and downstream businesses such as manufacturing. We see our most important role not as selling products, but as working with myriad stakeholders to develop a vibrant ecosystem with tens of millions of businesses, most of which are MSMEs and individual workers. Helping others obtain opportunity is our best contribution to social value.

According to a research report by the School of Labor and Human Resources of Renmin University of China (henceforth RUC team), our platforms have helped create and promote employment opportunities for more than 60 million workers, hundreds of times the number of our own employees.

The world strums 8 million guitars and a Taobao village rises from poverty

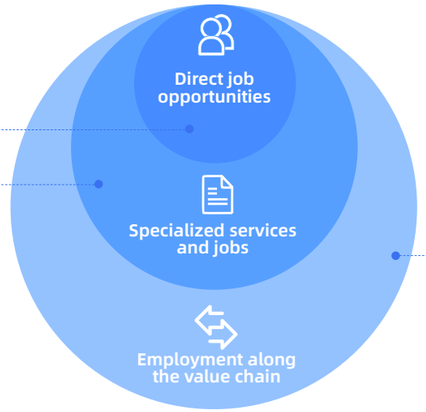
Selling through Alibaba's platforms, millions of guitars are shipped worldwide every year from Zheng'an County, Zunyi, Guizhou Province, nourishing a local economy that creates more than 20,000 jobs in a previously impoverished area. Yujiang Tang, 57, is one such worker. Yujiang works in fulfillment in the factory in front of his home which is part of a Taobao Village. With a stable monthly income of RMB3,000 to RMB5,000, his whole family now worries less about their livelihood. He said: "The job is so good now that it is as if the wind doesn't blow over me and the rain doesn't make me wet (a Chinese proverb). I can take care of the children in my hometown, and I'm very respected by everyone."

Guitar factory worker Yujiang Tang

Tens of millions of MSMEs on our platforms

- Based on recent research, it was estimated that our e-commerce platform had directly brought about at least 20 million jobs in the retail industry, based on micro surveys. And this number keeps growing.[1]
- The food delivery platform Ele.me has also promoted millions of employment opportunities in catering.

Employment opportunities created or promoted by our platform ecosystem



Specialized services and jobs derived from the platform's economic activities

- In 2021, the orders from our e-commerce platform supported more than one million jobs in the express delivery industry.
- According to the RUC team, Taobao Livestreaming has created 1.731 million direct and indirect job opportunities such as livestreaming anchors.
- Food delivery platform Ele.me had created job opportunities for more than one million monthly active food delivery riders as of FY2022.

Promoting the employment of upstream and downstream production and service industries

- In FY2022, the GMV of our platforms in mainland China was RMB7.976 trillion, which represents our platform's role in facilitating these transactions by efficiently matching demand with supply at scale. This then drives employment in the value chain. According to estimates by the RUC team and IDC, the employment opportunities created in this value chain from platform activities are 1.48-2.85 times the direct employment in the platform, which was estimated at over 20 million.
- Fliggy, Taobao Movie, and other service platforms also link and promote more than one million jobs in related industries.

Our platforms help create and promote more than 60 million job opportunities

[1] Source: *Employment system and employment quality in Alibaba's ecosystem*, 2020, School of Labor and Human Resources, Renmin University of China.

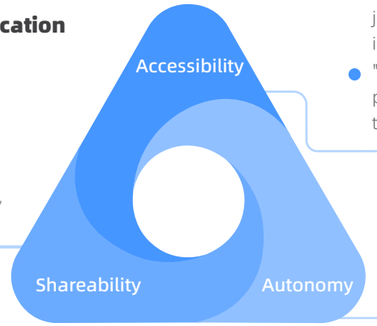
Flexible employment

More and more workers are engaged in various forms of flexible employment made possible by digital platforms, including online customer service, remote doctors, livestreaming anchors, digital planners, and delivery riders, among others. Many forms of digital employment lower barriers to entry, increase job flexibility, and better match individual skills. These new avenues of work, by matching different job needs with skills, help in maintaining more stable and balanced labor markets.

Features of flexible work enabled by the platform[2]

Improve human resource allocation

- Alibaba's "Blue Ocean" employment platform helps restaurants and local shops with "shared employees" or delivery riders.
- "Shared employees" reduce short-term fluctuations in the labor market, such as during the pandemic



Improve eligibility and accessibility

- Our customer service positions provide well-paying jobs to those with disabilities who may face barriers in many traditional industries
- "Remote doctors" bring medical resources to patients anywhere, bringing better medicine to those in rural and underserved areas

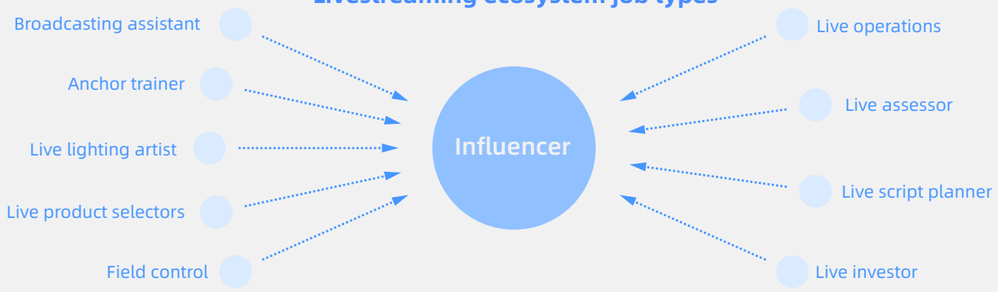
Improve autonomy in work

- Livestreamers can independently choose and manage their workflow
- "Digital planners of small businesses" can decide when and where to work

Growth of livestreaming e-commerce

At the height of the COVID-19 pandemic in early 2020, the emergence of the "stay-at-home economy" promoted the rapid rise of broadcast e-commerce. Overnight, the new profession of livestreaming "anchors with goods" became mainstream. In turn, this burgeoning industry created numerous ancillary careers behind the camera in program production, not to mention in the goods sold. Zhaopin.com reported that the number of positions related to live broadcasting soared 84.0% year-over-year in the spring of 2020. Taobao Live has created an estimated 1.731 million direct and indirect employment opportunities. [3]

Livestreaming ecosystem job types



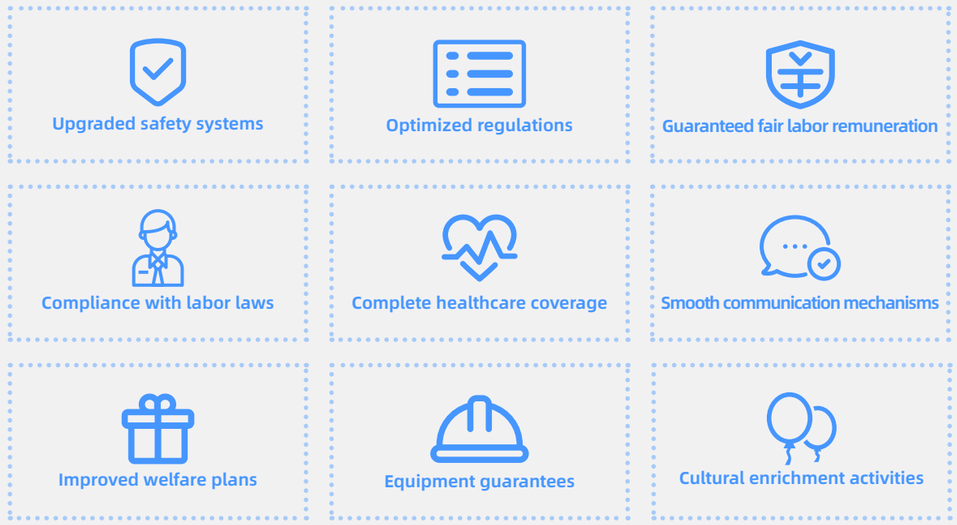
[2] Source: *The quality of flexible employment on digital platforms: A study based on Alibaba's practices. 2021,* School of Labor and Human Resources, Renmin University of China.
[3] Source: *Taobao Live Employment Estimate*, 2020, School of Labor and Human Resources, Renmin University of China.

Ele.me's food delivery platform offers a typical form of flexible employment for its more than one million active riders every month. To ensure their safety and well-being on the job, it has implemented several new and concrete measures.

Ele.me develops ways to put delivery riders first, including

- The delivery time slots given on our consumer app have been adjusted to a more flexible range.
- Optimize routes and delivery times based on weather data, to ensure rider safety.
- Riders can independently adjust the upper limit of the pace of orders.
- We required all the riders to be covered by specialized commercial insurance.
- An anti-fatigue alert kicks in after a rider has worked for 4 straight hours, implementing a mandatory break.
- Ele.me opened a psychological counseling service appointment hotline.

Ele.me efforts to protect riders



High-quality employment

Technology has created a net increase in overall labor demand over the past two decades according to the World Bank. Alibaba sees our goal as helping workers not just to find a job but to help them find jobs they want, and to "level up" to a job that gives them higher growth potential, and a better sense of personal and professional satisfaction.

Digital managers

Digital managers use smart digital platforms to set up an organization's digital work suites and business intelligence applications. In September 2021, China's national occupation standard officially recognized digital managers as a profession, with DingTalk participating in drafting the standard. Statistics show that the number of digital managers has grown rapidly and is estimated to total more than 2 million.[4]

AI trainers

AI trainers are specialists who facilitate the training and optimization process for artificial intelligence algorithms to ensure that they are accurate and continue to improve. In November 2021, the Ministry of Human Resources and Social Security (MOHRSS) of China released the National Vocational Skills Standard for "Artificial Intelligence Trainers." Alibaba played a leading role in drafting the standard, which goes into detail on the different categories of algorithms and roles required.

[4] Source: https://wxb.xzdw.gov.cn/xxh/xxhgzdt/202207/t20220727_265617.html

Inclusive employment

Female employment

Digital platforms can help mitigate traditional gender discrimination in employment by enabling all parties to compete on an equal footing. Indeed, our statistics show that nearly half of the tens of millions of merchants on our platforms are operated by women.

E-commerce

About 46% of the tens of millions of e-commerce entrepreneurs active on Taobao are women, as of March 31, 2022. These women not only have job opportunities in e-commerce, but are building their own sustainable businesses with the equalizing power of digital tools.

Sales livestreaming

E-commerce livestreaming offers many women, especially those living outside traditional media markets, potential to develop themselves and their businesses. On our platforms, 78.2% of livestreamers are women, and 31.3% have a high school education or below.[5]

Logistics

Women are nearly 30% of Cainiao employees, with roles across all logistics positions. Tens of thousands of women have started their own businesses joining the Cainiao Post.

[5] Source: *Livestreaming Commerce Talents Report*, 2020H1, Boss Zhipin.

Accessible employment

By creating work that relies less on physical skills or being in a fixed location, digital technology has lowered barriers and opened up many new avenues of opportunities for people with disabilities.

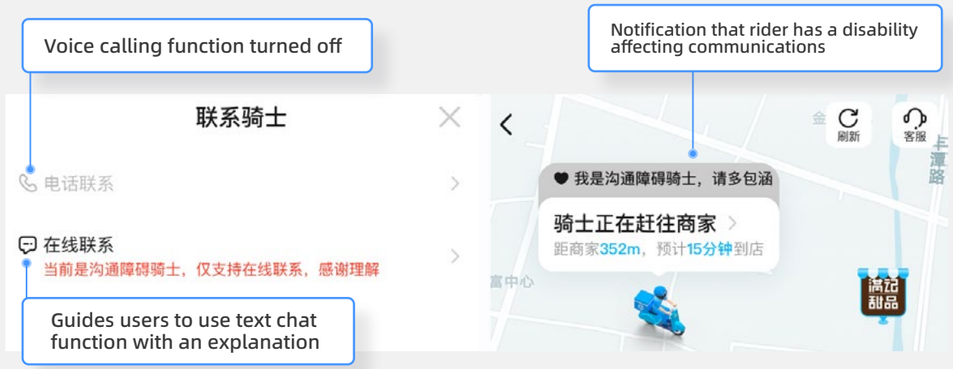
Barrier-free in the Cloud: "Teyun" workers

Alibaba proactively engages with multiple foundations and advocacy groups to accommodate more people with disabilities into our work. We train special-needs workers and have made adjustments to some roles. "Teyun" is a group of flexible workers with disabilities in Alibaba Cloud customer service. In FY2022, a monthly average of over 2,500 people with disabilities were working in Alibaba Cloud customer service. Hui Guo, 32, from Shangqiu, suffered an accident and lost his right hand. In Cloud customer service, he found a new starting point in life. He rose through the ranks in the Henan Zhongmu Cloud Customer Service Center and now earns one of its highest monthly incomes in the center.

"Cloud Customer Service" training center

Ele.me app assists a "silent rider" to be effective and safe

Bin Gao, 28, is a hearing-impaired individual who works as an Ele.me rider, thanks to the accessible functions we have designed. The app will ask its users to use alternate methods of contact, and will make text-based contact with users for him. The app also includes sign language processing technology. Assisted by these features, Bin averages over 40 orders per day.



"Silent Rider" Bin Gao

Promoting responsible production

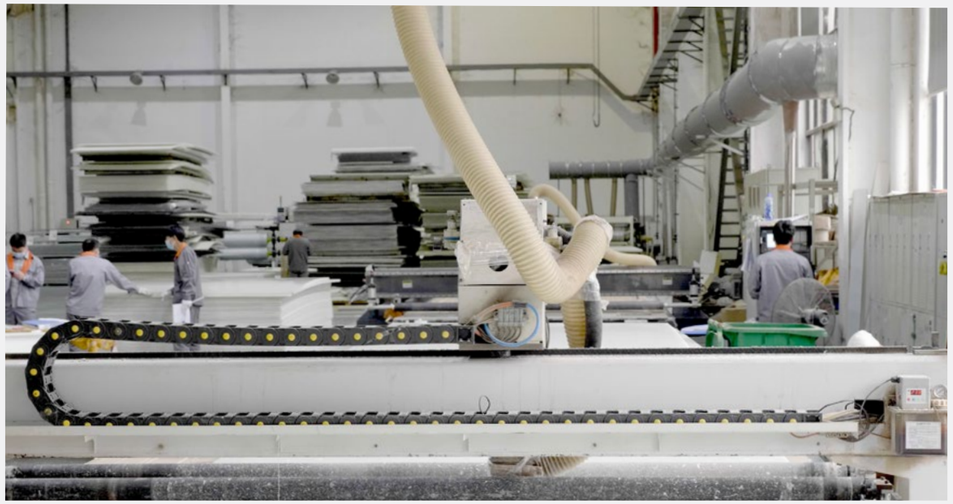
As we help small businesses transform, we strive to help them run operations themselves and produce responsibly, such as through helping them to reduce their energy consumption or to adopt green manufacturing and agricultural practices. Additional details can be found in Chapter 1: "Restoring our green planet."

Providing green digital technologies to MSMEs

Alibaba Cloud launched our energy efficiency platform, "Energy Expert," to help our customers reduce their energy use and aid their low-carbon transitions. The application allows them to see their power use and carbon emissions in real-time. Among other features, Energy Expert helps enterprises run their HVAC more efficiently through self-learning energy-saving algorithms, cutting energy use by roughly 10%. By the end of March 2022, nearly 1,700 companies had started to use Energy Expert.

Energy Expert helps Huazheng Composite Materials implement carbon accounting

Huazheng New Materials is a new and specialized maker of composite honeycomb panels sold to 20 countries and regions globally. With Alibaba Cloud's Energy Expert, the firm can compare and analyze energy consumption, identify abnormal use, recommend energy-saving measures, and identify problems such as minimizing peak power consumption. In one factory alone, Energy Expert helped Huazheng save 170,000 kWh of electricity.



Alibaba's industrial internet powers responsible production

Smart devices are crucial to running factories in ways that are better for the environment and for workers. Our industrial internet platform currently connects to over 1.6 million industrial devices from 36,000 enterprises using 100 sensor types, more than 200 chip models, and more than 300 industry algorithm models, which are integrated with intelligent brains and data centers. These systems help customers in 10 industries make better informed and more intelligent decision-making in production to maximize efficiency and minimize resource use and waste.

Robam Electric "lights-out factory"

Operations for Robam Electric are built on the Alibaba Cloud Internet of Things (IoT) platform, which connects all the 284 automated machines and processes tens of thousands of data points in real-time. This allows the formation of an "intelligent brain" that helps direct the entire process of scheduling the factory, achieving automated coordination between equipment, and removing the need for manual operations. The smart factory, jointly built by Robam Electric and Alibaba Cloud, has improved overall production efficiency by 45% and reduced production costs by 21%.

Fitting 100 waste incinerators with a digital solution

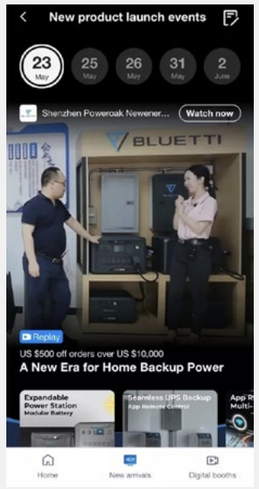
In 2019, Grandblue Environment installed Alibaba Cloud Industrial Solutions (AICS) into incinerators to achieve efficiency in operation. With this technology, their Nanhai plant saw steam flow stability increase by 23%, while manual workload was reduced by 87%. In November 2021, Grandblue installed AICS in their incinerators in Fujian, achieving a 13% increase in steam flow stability.

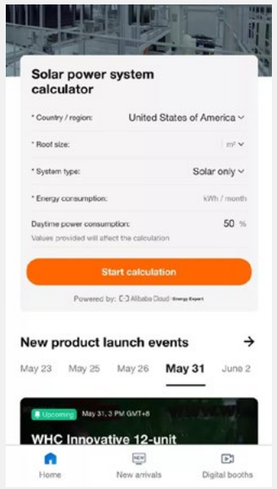
So far, AICS has been installed in 100 incinerators across nearly 30 cities in China. AICS combines big data, AI, and automatic control technologies to enable waste incinerators to operate autonomously, generating an additional 360 million kWh of clean electricity annually, equivalent to the capacity of a medium-sized hydroelectric plant.

Marketing green products to the world

Alibaba's e-commerce platforms can play a critical role in helping manufacturers of greener products reach, educate, and sell in a global market. To help renewable products even further, in May 2022, Alibaba.com launched the Renewable Energy Online Trade Show, the first of its kind in China. Nearly 500 virtual booths representing over 100,000 new energy products welcomed nearly 10,000 buyers on the first day. In the past three years, the cumulative growth rate of the new energy industry on Alibaba.com has leaped ten-fold.

Alibaba 2022 Renewable Energy Online Trade Show





Promoting green and organic agriculture

Alibaba is promoting the growth of resource-saving and environmentally friendly organic agriculture in China. Freshippo helps growers reduce costs and increase efficiency in the "Internet + Agriculture" model by connecting stable consumer demand with guaranteed sales for growers. Since 2020, Freshippo [Organic Fresh] has expanded its number of jointly-built growing areas from an initial 4 to more than 100, covering more than 20 provinces and cities across the country.

Accelerating the transition away from harmful plastics

We are leveraging our platforms to reduce plastics pollution, and we have been tightening bans on harmful plastic products while helping our partners to accelerate the development and adoption of biodegradable alternatives.

Since 2021, Taobao has twice expanded the list of plastic products prohibited on the platform, including styrofoam tableware, plastic cotton swabs, and plastic mulch. We were the first e-commerce platform in China to implement the latest policy, and hold merchants accountable with clear enforcement provisions.

Through our Green Packaging Merchant Support Program, we provide players in this industry segment with systematic support such as start-up guidance, operation support, traffic, and brand exposure to ensure the growth of biodegradable products on the platform. By the end of June 2022, the number of merchants on Taobao and Tmall producing biodegradable plastic bags meeting China's certification standards reached 195, up by 590% year-over-year. Over the same period, sales increased by 745% for biodegradable plastic bags and increased by 58.6% for biodegradable express packages.

Enhancing Community Inclusion and Resilience

The urban-rural socioeconomic divide remains the largest developmental challenge in China, a situation paralleled across the world. At the same time, development will not be sustainable if many people across society, especially people in disadvantaged groups, see years of hard-won gains wiped away by natural disasters and other crises. Accordingly, we commit to fostering rural development and bolstering community resilience as directions to pursue, and will continuously deploy resources and develop new technologies to support progress in these two intertwined challenges.

- Rural revitalization through digital development
- Digitalization for community resilience

Rural revitalization through digital development

One of the most pressing challenges to inclusive economic development is the rural-urban divide. In 2021, the per-capita disposable income of Chinese urban households was 2.5 times that of rural households.[1] Compared to their urban counterparts, rural areas face many growth barriers, including a dearth of market access, value chain integration, trained talent, and technology. This is the largest economic inequality challenge in China and in many parts of the world.

Alibaba primarily helps to redress these imbalances in three ways:

First, by continuing to spur economic development by building China's largest e-commerce market into rural areas to better connect rural and urban economies and markets.

Second, by doing our part to help upgrade rural value chains, and bring much-needed logistics facilities, production technologies, as well as marketing and branding capabilities. By sharing our digital platform and branding programs, we are helping rural communities and their entrepreneurs to meet the growing demand for green and organic products, ecotourism, and authentic cultural goods and services.

Third, by investing in education, job creation, and training that are essential to leveling-up the local talent pool in rural communities as drivers of rural revitalization. One of our unique initiatives is the "rural commissioners" program, whereby we send senior Alibaba staff to rural areas as facilitators experienced with modern commerce, and empower them with Alibaba's resources to design customized local development plans.

[1] According to the National Bureau of Statistics of China, in 2021, the annual per capita disposable income of urban households in China was RMB47,412. For rural households, the figure was RMB18,931.

Building bridges between rural and urban economies and markets

Through our e-commerce platforms, many in rural areas have become active participants in the digital marketplace and in doing so helped to promote development. "Taobao Villages"[2] continue to show the potential value realized when digital technology helps to lower geographic barriers. The number of Taobao Villages grew from 3 in 2009 to 7,023 in 2021, across 28 provinces, autonomous regions, and municipalities. In 2021, sales from these Taobao Villages, together with 2,171 "Taobao Towns,"[3] exceeded RMB1.3 trillion on our platform. In the same year, we helped local residents sell RMB128.1 billion worth of products from 832 counties previously categorized as impoverished under China's national standards.

RMB1,300 billion

in sales in 2021 by 7,023 Taobao Villages and 2,171 Taobao Towns on our platforms.

RMB128.1 billion

in sales in 2021 by 832 counties previously categorized as impoverished on our platforms.

How did we get here?

In 2014 we launched our "Rural Taobao" strategy as Alibaba's first comprehensive program to bring digital connections and e-commerce to rural towns and villages. This dramatically increased the traffic on our platforms between rural and urban areas, helping a number of rural businesses to take root and grow In 2017, we launched the Alibaba Poverty Alleviation Fund, with a focus on five major issues: education, healthcare, women, the environment, and e-commerce solutions. Since 2019, we have run our unique "rural commissioners" program, where senior Alibaba managers are sent to live in rural regions to assess local needs and then develop tailor-made digital solutions for sustainable socioeconomic development. In 2021, we upgraded our rural initiatives with the Alibaba Rural Revitalization Fund and also announced our "Hometown Initiative."

- **2014** Rural Taobao
- **2017** Alibaba Poverty Alleviation Fund
- **2019** Rural Commissioners
- **2021** Alibaba Rural Revitalization Fund Hometown Intiative

> "Alibaba has never thought of its business as planting a seed that will instantly blossom with flowers. For many endeavors, you have to persist for 8-10 years until roots are firmly planted and flowers can bloom."
>
> Trudy Dai, President of Core Domestic E-commerce of Alibaba Group

[2]A village can qualify as a Taobao Village if it achieves annual sales of RMB10 million, and either has more than 100 active e-commerce stores or where at least 10% of local households operate e-commerce stores.

[3]A town can qualify as a Taobao Town if it has at least three Taobao Villages, and either total sales from the town exceeds RMB30 million or the number of active e-commerce stores exceeds 300.

The first Taobao Village in Hubei Province

Yunxi county in the Qinba Mountains used to be one of Hubei province's nine counties in extreme poverty, with a poverty rate that registered at 32.7%.[4] In the village of Xiaying, local official Tingzhou Liu found a path out through e-commerce, promoting the sale of unique local turquoise stones. Tingzhou also supported local families in setting up stores. With these efforts, Xiaying emerged in 2014 as Hubei's first Taobao Village, and by 2017 it became one of the first villages entirely lifted out of poverty in Hubei. Its newfound fame as a Taobao Village allowed villagers to also develop a booming tourist economy, and in 2021, the average annual income in the village had reached RMB25,000.

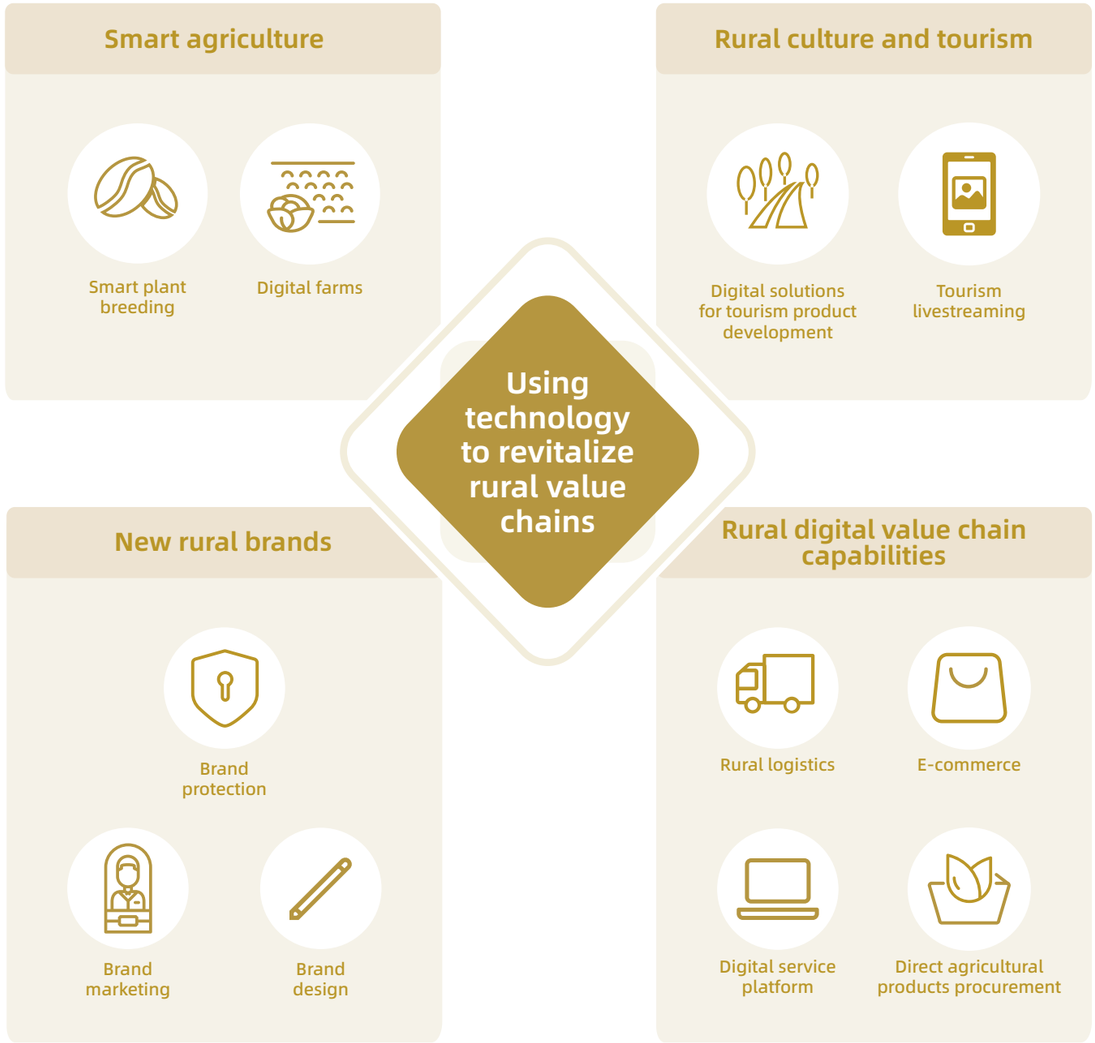
> "E-commerce's biggest impact was introducing to us a new idea. The so called new economy is actually an Internet-powered digital economy."
>
> Tingzhou Liu, Xiaying Village
> National Poverty Alleviation Awardee

In 2019, Alibaba became the first technology company to win the "National Poverty Alleviation Organization Innovation Award" in China. In 2021, Alibaba was named a "National Exemplary Organization in Poverty Alleviation."

[4]Source: http://zt.shiyan.gov.cn/2019ztzl/js50/js50fbh/202007/t20200721_2088038.shtml

Helping revitalize rural value chains

A vibrant and sustainable local economy is the key to rural revitalization. We help to develop the value chains necessary to empower rural industries. Our areas of focus include building capabilities for rural e-commerce, developing rural brands, promoting smart agriculture, and boosting rural tourism.



Agricultural direct purchase model

We build direct procurement rural bases in many areas, in which we apply digitalization to improve research and development, boost production efficiency, and increase product standardization, helping create value across the entire agricultural value chain.

An agricultural procurement network directly connecting farms and customers

Taocaicai's direct purchase model

Jiangsu Daizhuang Freshippo Village

Currently, Freshippo has more than 550 agricultural direct procurement centers in China. We apply our digital technology and market capabilities to promote order-driven production and introduce better standardization and quality control. Since 2019, we have run our "Freshippo Village" model, in which we work with villages using our steady orders to build a stable producer relationship, which helps to promote the standardization, specialization, and digital transformation of production. Freshippo shares its analytics and market insights with producers, helping them to adjust their production efficiently. As of October 2021, there were 136 Freshippo villages nationwide, spread across 19 provinces and regions.

In December 2020, Daizhuang Village became the first "Freshippo Village" in Jiangsu Province. Freshippo meticulously established standards for each type of agricultural product from the village, earning Daizhuang a reputation as a high-quality "brand" among consumers. What began with rice has now steadily expanded to 40 other products, including vegetables and persimmons. This has helped Daizhuang agricultural product sales on Alibaba's platform surpass RMB2 million a year.

> Previously, our high-quality agricultural products couldn't be sold at a great price. Now working with Freshippo, this bottleneck has been addressed. Solving this 'last mile' sales problem has been a major achievement for Daizhuang's modernization of our agricultural business.
>
> Yafu Zhao, Daizhuang Village
> Recipient, National Poverty Alleviation Award

Smart logistics

Cainiao continues to invest to ensure a widely available village service network with local partners. Approximately 50,000 Cainiao rural village stations are helping to improve capacity in more villages to deliver rural products efficiently across China. More than 1,000 Cainiao county-level logistics warehouses have also been built. This includes more than 400 counties formerly on China's national poverty list. In some locations, we have been deploying technology to enable higher-value added processing, for example, in automating functions such as sorting, storage, delivery, and quality control.

Cainiao county-level smart logistics centers

1,000+

Over 1,000 Cainiao county-level smart logistics centers have been built across the country, covering more than 400 counties previously on the national poverty list.

Cainiao's smart logistics boosts farmer competitiveness and improves livelihoods

Majia pomelos are a specialty variety of citrus from Shangrao City in Jiangxi Province and a major local product. The pomelo industry has historically relied on manual labor for sorting, storage, and transportation, resulting in low efficiency and lackluster competitiveness. In 2021, Shangrao partnered with Cainiao to upgrade the production process and logistics of their Majia pomelo. A Cainiao smart logistics center was set up, using an intelligent sorting system to automate quality control and determine fruit pricing. With increased productivity and product consistency, Shangrao's Majia farmers saw revenues increase by 20%.

Establishing digital service platforms to support rural value chains

We deploy our platform resources to provide digitally powered and integrated management of rural value chains. We try to find areas where we can support local businesses in operations or in market access. This includes support in sourcing, production, logistics, sales, and other links along the value chain.

Alibaba provides a digital service platform in Longquan

Longquan Municipality in Zhejiang collaborated with Alibaba to create sets of digital value chains to support four principal local agricultural industries: bamboo, tea, mushrooms, and vegetables. The digital platforms provide local farmers and small businesses with intelligent production advisory, industry and market analysis, marketing and sales functions. This "all-in-one" digital support has helped local businesses increase their online sales by RMB30 million, benefiting 200 farming families. In recognition of the innovative use of technology in rural development, Longquan Municipality was chosen as a trial scheme within the common prosperity policy Initiative by the Bureau of Commerce of Zhejiang Province.

Digitalization helps process lychees better in Lingshan

Lingshan county in Guangxi is famed for its lychees. To elevate their industry to the next level of success, the county partnered with Alibaba to upgrade their entire lychee value chain. Cainiao established a public-use smart warehouse, providing farmers with services including smart sorting, grading, processing, refrigeration, and distribution. Since 2021, this smart warehouse and other improvements have helped the average annual income of over 2,100 local farmers grow to RMB50,000.

After completing upgrades to processing facilities, Longquan and Alibaba are now exploring the planting process.

Lingshan Agricultural Products Smart Warehouse

Assisting brand development in rural agriculture

China's rural regions are home to diverse products and attractions which have increasingly found a market among urban consumers. This trend can benefit substantially from improved branding and market access, which increases awareness and demand for consumers. It also boosts sales and pricing for suppliers, raising rural incomes and boosting rural development. Alibaba is trying to help enable and accelerate this growth.

In 2021, we launched the "Seeking Beauty in Rural Areas" initiative, which gathered over 1,000 professional designers and design profession students across the country to become design officers for social impact. Together they crafted branding for underdeveloped counties to accentuate their cultural heritage and appeal, and help boost market recognition for their local products. To date, the initiative has helped 10 underdeveloped counties create professionally tailored sets of brand designs.

1,000+
designers recruited

10
counties receiving professionally designed regional brands created

How Yijun's regional produce got an overdue make-over

Alibaba dispatched Yahui Liu for a two-year posting as a rural commissioner in Yijun county in Shanxi Province. During his stay, Yahui discovered that Yijun apples and other local products were of exceptional quality, but lacked a brand identification. Their plain packaging did not help.

Yahui brought in Alibaba's "Seeking Beauty in Rural Areas" program. Professional designers created packaging for Yijun using distinctive artwork by local farmers and the region's unique natural scenery and history to make attractive branding designs for the region's apples, walnuts, and corn. At the same time, we helped build a digital marketing campaign for Yijun products on the platform. Through these efforts, the profit margins of Yijun's apples grew by 10%-20%.

Packaging Design for Yijun Agricultural Products

> One could say we didn't design Yijun, but rather "found" it. So our work has a rustic and carefree feel, seemingly as if it hasn't been deliberately designed. That's how you touch people.
>
> Yuning Jiang, chief designer of the Yijun project

Developing smart agriculture

Digital plant breeding

Sustainable agriculture begins with high quality seeds. Alibaba has invested in data storage, statistics, and artificial intelligence (AI) algorithms to help upgrade the traditional plant breeding process to become digitally supported "intelligent breeding."

Chinese Academy of Agricultural Sciences and Alibaba join forces to plant seeds

In June 2021, the Chinese Academy of Agricultural Sciences Institute of Crop Sciences (ICS) and Alibaba jointly launched the "3T Smart Breeding" platform. Founded by a RMB30 million grant from the Alibaba Foundation, the project integrates biotechnology, information technology, and AI for a more powerful seed development process. In the past year, we completed version 1.0 of the platform, which digitized the entire process of plant breeding to allow field trial design, field data analysis integration, and phenotypic and genomic analysis to all be accessed in a single AI-powered system.

Digital farms

We see enormous digitalization dividends for the future of farming and have been actively working to develop digital agriculture solutions. This includes the implementation of Artificial Intelligence of Things (AIoT) technology combined with data analysis. We have designed and deployed digital technology that can help attain higher levels of standardization, productivity, and quality control, to improve their overall yields. By November 2021, we had launched "digital farms" in 12 provinces, autonomous regions, or municipalities.

Anhui Dangshan digital pear farm

Alibaba Cloud and the Zhengzhou Fruit Research Institute (ZFRI) developed a digital planting model for a digitally powered farm growing "Dangshan pears." The system collects real-time data on soil, temperature, and pest conditions and can visualize for farmers via an "Agricultural Knowledge Map" and a "Digital Planting Model" to help their decision-making. The farm is able to achieve more precise nutrition management to increase yields and resilience.

Promoting rural tourism and cultural charms

China's countryside is replete with attractive natural landscapes and cultural heritage. Using both our online and offline businesses, there is much we can do to link agriculture, education, health and wellness, and leisure together to boost local tourism. We believe this is another important avenue for stimulating rural economies by linking them to urban demand. In FY2023, we aim to help build up 10 model rural tourism counties, to help further promote this development and to enable more people to enjoy what the countryside has to offer.

Alibaba boosts agritourism in Hengyi Village

With Alibaba's help, Hengyi Village in Zhejiang Province has managed to ride the agritourism wave in recent years. In order for tourists to experience authentic local eco-agricultural development, Alibaba's Amap app prominently displays local attractions and services on its maps. Since this feature went live on the Amap app in October 2020, over 450,000 tourists have visited Hengyi, stimulating the local restaurant and lodging industry, and encouraging people originally from Hengyi to return home and start businesses.

Putting Pinggu and her blossoms on the maps, and the apps

Alibaba has collaborated with the rural Pinggu District since October 2021 to support their rural revitalization efforts. Pinggu's peach blossoms across its vast expanse of peach trees are an amazing display every year. In April 2022, we held a week-long livestreaming on our platforms so netizens could see peach trees bloom right in front of their screens. The event attracted over 10 million viewers and 170 million reads. The livestreaming also introduced folk customs and other specialties of Pinggu. We built options into our platforms such as "Pinggu One-click Smart Tour" and "Pinggu's Must-Travel List" for those who were inspired to visit.

Building talent and capacity for long-term rural development

One way Alibaba is positioned to support a successful rural economy is by helping to improve digital literacy, especially that of working-age residents, to bolster their employment opportunities. As such, Alibaba is making talent development and capacity building the central focus of our strategy for rural development, which manifests itself in a number of programs:

1. We station Alibaba employees in rural areas with schemes such as our "rural commissioner" and "rural technology officers" programs. These are uniquely valuable programs, by bringing digitally savvy senior managers to places that have lacked such experience before.

2. We establish digital employment and training schemes to create opportunities, building up the local digital economy.

3. Finally, we invest in local educational and medical facilities to create the foundations for long-lasting and sustainable development.

> "First we deliver the world's expertise to rural areas; then we train talented young local people and find opportunities for them in the area; and finally we help to educate the rest of the local population with skills to prosper in the digital era - it's the basic framework of our thinking and the guide for our actions."
>
> Lijun Sun, Director-General of Alibaba Foundation

Bringing digital talents to rural areas

We recognize there is no one-size-fits-all approach for development. In our rural commissioner program, we dispatch experienced Alibaba managers to live on site in order to craft customized local strategies. In 2021, we also sent out "rural technology officers" in a similar vein to tackle opportunities in digitalization.

Rural commissioners

Since 2019, Alibaba has sent a total of 27 rural commissioners with long-term postings to underdeveloped counties in China. These commissioners live alongside the locals and get to know the area intimately, both its challenges and opportunities. This allows them to design specialized development plans in line with local conditions and interests. Leveraging resources across Alibaba, they can establish the concepts, tools, and capabilities to develop these communities.

Rural commissioner uses lever of e-commerce to lift Xunwu out of poverty

Xinxian Ge had worked at Alibaba for 17 years before becoming a rural commissioner in Xunwu county, Jiangxi Province. When he arrived in Xunwu, he brought his experience with digital technology and market knowledge. Xinxian identified marketing as a bottleneck for locals in selling their goods, so one of his main projects was to establish a livestreaming academy, where popular Taobao livestreamers teach classes. As a direct result, more online sellers and digitally savvy farmers have been popping up in Xunwu. A livestream for the area's produce held by Xinxian and a popular livestreamer gathered over 1.6 million views, helping locals to sell almost five tons of passion fruit and cementing a brand recognition among consumers.

Rural technology officers

We have dispatched 160 "rural technology officers," as of November 2021, to seven underdeveloped counties in Shanxi, Sichuan, Hebei, Hunan, and Shaanxi to explore new methods for digitally-enabled rural growth. So far, they have engaged in digital projects related to tree planting, tracking agricultural produce, digital governance, and cultural tourism.

Rural technology officers helped build consumer trust and awareness with data

Alibaba software architect Kang Han grew up in the countryside and has always wanted to find ways to help promote rural China. Kang volunteered for the "rural technology officer" program and was sent to Qingjian in Shanxi province. After surveying the area, he realized that its native high-grade, free-range black pigs had untapped market potential. Kang created a "five million steps" branding concept that used a digital sensor system to record each pig's lifetime steps. When the pork reaches Freshippo's store shelves, consumers can scan a unique code to access a host of information. This gave them confidence in the conditions the animals were raised in and created a connection with the farmers of Qingjian.

Cultivating talent and helping make rural China a better place to work, study, and live

For rural regions to prosper in the long term, they need healthy and self-sustaining economies. That means giving employment and training opportunities to young people to help them move up the economic ladder. Success gives them a real choice to remain in their rural hometowns while enjoying a good job and a better life.

E-commerce provides opportunities for people in their rural hometowns

Interactive livestreaming on Taobao has become an increasingly important sales channel for e-commerce. It also provides a platform for rural entrepreneurs to develop into online influencers, who can not only help themselves but often introduce their hometowns to the broader world in the process. Through our Hometown Initiative and our Rural Livestreaming Program, we have so far trained 110,000 people in rural areas to be livestreamers, and conducted 2.3 million livestreaming sessions.

Qinglong chestnuts and e-commerce pave a new path for rural women

Chestnuts are a popular local product in the vast growing area of Qinglong, Hebei. However, local farmers had long been reliant on re-sellers for market access. With training from the Alibaba Foundation, the village has become a success story not just for e-commerce, but also for women's empowerment.

Due to traditional gender attitudes in Qinglong, most women stay at home. The first move of our rural commissioner Lin Liu was to create a business plan for using e-commerce to sell the local chestnuts. Through her efforts, the popularity of these chestnuts created a sensation throughout the province. She welcomed local women into a new livestreaming office, empowering many of them to introduce themselves to the world, building their own brands in the process. Since then, the industry has created 600 local jobs for local women across the county, with an average salary of over RMB3,000 a month.

> Digitalization is not a vast gulf to be crossed, but it is instead the key to women for being more independent, confident, and self-reliant.
>
> Lin Liu, Alibaba rural commissioner

Creating quality rural digital job opportunities – the Alibaba "Star Plan"

One of the important programs by which we have brought quality jobs to rural areas is through our Star Plan, which helps rural talent find job opportunities at home. As of March 31, 2022, it has covered 45 counties in 15 provinces, helping 9,414 people, over half with post-secondary degrees, to gain employment in their local areas by FY2022. Under this initiative, more young people have been able to realize their desire to find stable jobs without leaving their families.

15 provinces By March 31, 2022, Star Plan sites have been set up in 45 counties across 15 provinces.

9,414 direct jobs By March 31, 2021, the Star Plan provided 9,414 direct jobs.

The digital economy brings professional local jobs to Xunwu

In 2020, we pioneered the "Customer Service County" model in Xunwu, Jiangxi Province. This initiative aims to promote digital employment opportunities for young people in rural areas through training and job creation in the digital service industry. As a result of this initiative, Xunwu has gained 200 direct jobs, with indirect benefits to the entire area. These are jobs that offer higher pay, secure benefits, and a professional life previously unavailable to the county. We have rolled out this program in over 45 counties.

> When I first joined the project, my idea was simply to get a job. Then I realized that the longer I stayed here, the more I was able to achieve and grow at every step, starting from when I was on the front line. I was also pleasantly surprised by my salary. After I began managing the team, I was surprised by my own growth. Now that I am the leader of an entire site, I again surprised others and myself!
>
> Lina He, Customer Service Agent and Manager

Expanding opportunities in education and healthcare to support long-term development

From education to healthcare, we are making efforts to develop local human capital, essential for the rural economy to grow in a sustainable manner.

Rural digital education

Investment in local education resources is a cornerstone of Alibaba's efforts. Over the past few years, we have initiated a series of projects including our "Rural Education Plan" and "Vocational Training Plan," which have given 610,000 rural teachers and students additional training.

"Student Cloud Assistance" program to cultivate rural youths' digital capabilities

In 2021, we announced the launch of the "Student Cloud Assistance" program, which seeks to stimulate children's creativity and skills at an early age, and importantly, to improve their digital literacy. The program builds a number of cloud-based computer rooms in rural schools to provide teaching support and foster a culture of digital knowledge and learning.

Rural vocational education and training

Vocational education is an important path to bridging the necessary skills to promote employment and entrepreneurship. When well targeted, it can be of great help in narrowing gaps in opportunities and incomes for regions and for individual beneficiaries. Since 2014, Alibaba has drawn on our strengths to actively invest in fostering local e-commerce talents and regional e-commerce businesses. By April 2022, we had worked alongside regional governments, enterprises, and local industrial parks to jointly build 71 regional digital-talent training centers, with more than 800 online and offline sessions. To date, the over 150,000 attendances garnered by our training sessions mean a lot of new local digital talents.

"Orange Dot Students" program for rural vocational skills development

In 2021, Alibaba launched a vocational skills education platform known as "Orange Dot Students," aiming to help local talent develop new vocational skills. The platform offers teacher training, student practical training, skills certification, job recommendation, cooperative schooling, and provides high-quality employment opportunities. The program has been initially implemented in the mountainous counties of Zhejiang and other less developed regions in China.

Helping to build up local healthcare capabilities

Rural areas must also close the gap in healthcare services. To address this, we are investing in rural medical capabilities and also supporting the training of rural doctors and other medical professionals.

Alibaba Rural Health Plan is one such program. Since the implementation of the plan in 2019, we have helped to set up 50 new clinics and provided equipment support to 574 rural clinics, which collectively serve over 680,000 people.

Training rural medical expertise through our "Medical Butterfly" program

Alibaba Health has joined forces with the County Hospital Presidents Alliance, the Chinese Medical Association, and the China Red Cross Foundation to launch a physician training platform. The project provides doctors in relatively under-developed areas with skills training and information resources, aiming to improve the capabilities of local doctors in the diagnosis and treatment of common diseases, early screening for severe diseases, and improved standards of care for acute and severe conditions. By March 2022, the project had reached 421 county-level hospitals and conducted trainings for county-level hospital doctors that have registered more than 70,000 total attendances through interactive online exchanges and teaching programs covering a wide range of specialized topics.

Providing better patient care through services on the cloud

In January 2020, China's first county-level "Cloud Medical Platform" was officially launched in Tiantai County, Zhejiang Province as a joint project by Tiantai County People's Hospital, Alibaba Health, and Xiniu Medical. This digital medical platform is based around the county's main Tiantai County People's Hospital and connects it with over 100 other medical establishments including township health centers and village clinics. The system provides more professional and effective management of the health records of local residents, improving their experience. It also improves the governance and operations of Tiantai's healthcare system.

Digitalization to support community resilience

Strengthening social resilience is now key to sustainable development. Alibaba seeks to build community resilience in three important ways.

First, we ensure the resilience of our core systems in times of crisis, so that we can support the normal operation of the digital business ecosystem, which relies on our services, and to better support society after shocks.

Second, we actively coordinate our platform ecosystem and resources to aid in disasters.

Third, we work with stakeholders to develop joint solutions and enhance broader, durable societal resilience, developing a host of relevant technologies and sharing them widely.

Ensuring the operational continuity of our digital ecosystem's core capabilities

Cloud services and supply chain logistics are essential foundations of the digital business ecosystem. They are even more critical in times of crisis. We are actively carrying out comprehensive assessments of natural and technical risks, taking seriously our responsibility to ensure stability and continuity in the core functioning of these facilities.

Building resilience into cloud services

We take potential natural disaster risks into careful consideration when designing and constructing our data centers. We are actively innovating to increase the "disaster tolerance" and "fault tolerance" capabilities of infrastructure through the design of hardware facilities and the improvement of our overall planning.

Data center design for extreme conditions

On-site flood control and drainage

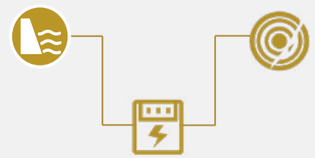
We make sure that our project sites are located above the historical flood high-water mark. To withstand extreme weather conditions that may arise such as heavy rain, the rainwater in the site can be drained quickly through multiple channels such as drainage ditches, roads, and rainwater pipes. This ensures the safety of the site.

Power resilience

Through contingency planning and the installation of backup generators, our Alibaba data centers can operate normally, even in extreme temperatures, high pressure, and power outages.

Seismic resistance

We adopt the key fortification category (Class B) in data center design, and raised the structural seismic level to the first-class seismic standard.



Building resilience in logistics systems and operations

Both natural disasters and global health crises can threaten the integrity of logistics operations, causing supply chain issues that threaten economic production and people's lives. To protect the functioning of our logistics services during natural disasters, Cainiao has made extensive preparations, from the design of our emergency response mechanisms and resource allocation plans, to thorough employee training.

In line with national policies, we develop emergency response mechanisms for various intensities and types of disasters, including earthquakes, typhoons, and heavy rains. Through rigorous training of our employees, we ensure that in the event of a natural disaster, our team is able to rapidly respond to emergency situations.

Cainiao has successfully built an extensive global logistics network with our international partners that connects hubs around the world through our smart digital technology. This network not only enhances our resilience as a company, but also enhances community resilience in response to disasters.

Responding systematically to public health crises

Since the onset of the COVID-19 pandemic in 2020, supply chains have faced numerous challenges. Our first task has been to protect our employees and their families, and then work to help the global community mitigate the impact of the public health crisis on livelihoods and the economy.

Fully supporting society to increase resilience and speed up recovery

Giving essential support to communities during the pandemic by maintaining a well-functioning platform economy

The continuity of logistics services has been of utmost importance to Alibaba since the outbreak of the pandemic in 2020. In cooperation with public agencies, we have strived to ensure that consumers are able to obtain daily necessities. Cainiao successfully deployed emergency logistics in Wuhan, Xi'an, Tianjin, Zhengzhou, Hong Kong, Shanghai, Shenyang, and other cities. We increased the number of pandemic relief public service warehouses and prioritized the distribution of medical supplies and related resources. By the end of FY2022, Cainiao had opened nearly 10,000 square meters of warehouse space devoted to public health supplies, dispatched delivery vehicles 5,000 times, and handled the distribution of more than 30 million pieces of medical supplies, drugs, food, and other urgent supplies.

Aiding small businesses during the pandemic

Alibaba also recognized that MSMEs often face greater risks from supply chain disruptions caused by the pandemic. These include helping them deal with fluctuating demand and blockages in financing and logistics. We rapidly and proactively developed a great number of solutions to meet the needs of our MSME partners during these difficult times.

Technological support

During the pandemic, Alibaba gave enterprises tools to continue operating, from our office collaboration suite DingTalk, to our online marketing and customer engagement through Taobao Live, allowing them to maintain or even expand their businesses with increased digitalization of their operations.

Financial support

We worked with ecosystem partners during the first critical months to advance approximately RMB130 billion in liquidity support to our merchants and to facilitate over RMB12 billion in loans at preferential interest rates to MSMEs.

Supply-chain support

We worked hard to provide smooth logistics for merchants and other partners. For example, in 2020, while global logistics was still impacted by the pandemic, Cainiao Network launched its "US $5, 10-day delivery" shipping service that reduced the delivery time of international parcels to under two weeks.

Helping global society combat public health crises

Donating medical supplies, services, and funds

During the pandemic, we set up a special fund to supply medical supplies. Alibaba Foundation and Cainiao jointly established an information and logistics operation platform for medical supply procurement and donations, both in China and abroad. Through this initiative, we were able to successfully deliver batches of ventilators and PPE to people in the United States, Europe, and elsewhere. In March 2022, Alibaba Foundation also donated HK$10 million to Hong Kong to support the pandemic prevention efforts of medical staff and provide them urgently needed PPE and other critical necessities.

Deploying advanced technology for pandemic relief

To support COVID-19 research, Alibaba Cloud made its computing power available for free to public research institutions to accelerate the discovery of new drugs and vaccines. We also offered cloud-based AI technology applications developed by our research institute, DAMO Academy. This included our CT image analytics solution to improve COVID-19 testing accuracy and detection efficiency, our pandemic prediction solution model that helps predict the size, peak time, and duration of the pandemic in particular regions, and our genome sequencing solution to accelerate COVID-19 diagnosis. In recognition of its contribution, Alibaba DAMO Academy's Medical AI Team received the "National Exemplary Organization for Pandemic Response in Science and Technology" award from the Ministry of Science and Technology.

AI computing resources to accelerate COVID-19 research and development:

Immediately after the COVID-19 outbreak, Alibaba Cloud opened up its AI computing power to all public research institutions, schools, and medical institutions worldwide for virus analysis and vaccine research and development, to help accelerate the research and development process of COVID-19 vaccines.

Genomic analysis for COVID-19 mutation detection:

We developed AI-based technology to accurately detect virus mutations, substantially shortening the duration of genomic analysis of suspected cases from hours to just 30 minutes. We provide free computational and AI platforms to research, analyze, and combat COVID-19 to support public disease control centers and research institutions worldwide.

CT image analysis for more accurate patient diagnosis:

Alibaba's DAMO Academy developed an AI-enabled system that could diagnose COVID-19 in 20 seconds with 96% accuracy. We made this service freely available to many hospitals and other medical institutions across the world.

Ensuring the flow of medical supplies globally through robust logistics services

Cainiao's international logistic network continues to play an important role in maintaining the flow of essential medical supplies around the world. Since the outbreak of COVID-19, we have helped to support global logistics in three main areas:

Maintaining the flow of global medical supplies:

Cainiao opened an "emergency channel" for medical supply requests and donations quickly after the COVID-19 outbreak. Since that time, Cainiao has worked with 50 global logistics companies to help handle the delivery of 260 million medical items to 150 countries during the global pandemic effort.

COVID vaccine distribution to developing countries:

With pharmaceutical cold chain and temperature control technology, Cainiao took on the task of shipping vaccines. Since March 2021, Cainiao has successfully shipped a total of more than one million doses of COVID-19 vaccines to El Salvador, Trinidad and Tobago, Kuwait, Suriname, and other countries in Asia, Africa, and Latin America.

Cainiao warehouse converted to a UN Humanitarian depot center:

Alibaba's DAMO Academy developed an AI-enabled system that could diagnose COVID-19 in 20 seconds with 96% accuracy. We made its service freely available to many hospitals and other medical institutions across the world.

In April 2022, Cainiao Logistics won the 2022 Asia-Pacific Stevie® Awards silver medal in the field of "Most Valuable Enterprise Response" for its outstanding global pandemic prevention efforts.

> I want to thank Cainiao for its efforts to transport and deliver pandemic prevention materials globally when the pandemic triggered trade disruptions of international routes.
>
> Mr. Amir Abdullah, Executive Deputy Director-General of the United Nations World Food Programme

Digital solutions for natural disaster prevention

We continue to deploy our digital technologies to help societies build resilience through improvements in disaster response, recovery, as well as preparation at various levels.

Improving flood response and recovery

We actively apply our digital capabilities to address flood risk management. We initially adapted existing tools in flexible "plug-and-play" ways to help flood prevention and disaster relief. We have now established strategic cooperation with several provinces to explore and jointly develop more robust digital solutions for flood risk control.

Haifeng Zhan, from Taiyang town in Hangzhou, shows her digital safety code.

Zhejiang emergency management platform

In June 2020, Alibaba Cloud created a prototype product for the Zhejiang emergency management platform. The digital platform supports a mini-app through which residents can receive a personalized code. In the event of disasters such as typhoons and floods, the population in the evacuation zone receives alerts in the form of a red code. Residents can also use the code to enter disaster shelters and apply for relief assistance.

Automated flood warning bot

In July 2020, Alibaba Cloud donated an "intelligent flood bot" to the Jiangxi Provincial Department of Water Resources for evacuation notifications and emergency rescue in times of flood. Based on Alibaba Cloud's automated outbound call platform, the bot can make automated voice calls and reminders to quickly reach a large number of people for evacuation, and assist in directing nearby rescue workers to trapped individuals.

DingTalk Flood Control

In July 2020, Alibaba developed the flood control custom solution "DingTalk Flood Control," which was first launched in Hubei, Jiangxi, Zhejiang, and other provinces to support cross-departmental coordination in flood control and flood relief work.

Assisting flood response with our digital technology

Alibaba's DAMO Academy applied advanced AI technology in radar image analysis and developed an online tool to support the flood-level monitoring work of the Ministry of Water Resources. The tools significantly improve timeliness and effectiveness in key flood risk management processes, and have been used by the Water Control Authorities in Jiangxi and Anhui provinces.

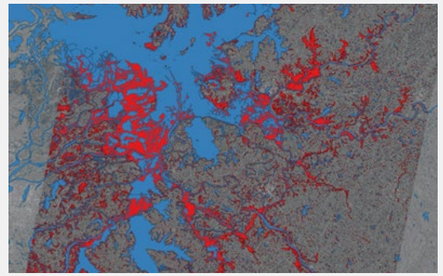


Figure: Poyang lake flood imaging and analysis, with the red areas signaling rises in the water level.

Diverse products and services assist disaster risk management

Beyond research and development in disaster response tools, we have made use of our diverse ecosystem of products and services to ensure the rapid sharing of disaster relief information and the supply of relief materials in a number of disaster scenarios.

We also apply our digital technology to help the public sector better manage disaster risks. In 2019 we helped build a platform for the Ministry of Emergency Management's flood control efforts, with disaster mapping, monitoring, command-and-control, and investigation capabilities. This platform has helped the Ministry to address emergencies ranging from floods and earthquakes to gas explosion accidents in a number of provinces. In October 2020, the Ministry of Emergency Management and Alibaba Group signed a strategic cooperation framework agreement to build an emergency response smart system and further modernize their emergency management capabilities.

In FY2022, Alibaba Foundation gave:

Henan Flood Relief
RMB 100 million

Shanxi Flood Relief
RMB 30 million

Facilitating Participatory Philanthropy

As a builder of sustainable community, we strive to unleash the power of technology to bring people together to tackle our common challenges. We seek to foster a participatory philanthropy that starts with our own employees and expands outward to involve those across our entire ecosystem to "make it easy to do good anywhere" within and beyond the confines of our business.

We work on four levels:

- Philanthropic participation of all employees
- Technological innovations for social challenges
- Empowering charities with technology
- Participatory philanthropy through our platforms

Philanthropic participation of all employees

We want all Aliren, guided by their empathy and social responsibility, to channel their talents and creative thinking to tackle societal problems. As such, we have devoted significant efforts to build a system that inspires them to become involved and allows them to participate in many ways in social causes beyond the business.

Every employee participates

At Alibaba, we try to build a culture where everyone regularly participates in philanthropic activities. In FY2022, we donated RMB550 million to the Alibaba Foundation for charitable causes. Back in 2015, we launched our "Three Hours for a Better World" initiative to ask all Aliren to dedicate at least three hours per year to social causes outside work. Aliren also band together in groups to work on a cause under the "Hugs and Help" umbrella. Founded in 2010, "Hugs and Help" groups now cover a number of fields including environmental protection, animal protection, support for senior citizens and vulnerable groups, and children's education, among others.

Aliren give care and support to the children of Daliang Mountain

Many children in the remote Daliang Mountains of Sichuan are so-called left-behind children, whose parents migrated to cities for economic reasons. The kids often face economic hardships and lack enough adult role models. Chunying Liu, a tech professional at Alibaba who was touched by their needs, started the "Letter to Kids in Daliang Mountain" project two years ago. Chunying's initiative has encouraged over 400 Alibaba employees to join and collectively give loving support to some 260 children. These volunteers help arrange regular deliveries of daily necessities, provide tuition assistance, and keep in touch with the children through a personal penpal system.

> "The winter here is freezing, but I feel warm reading your letter. I hope that when I grow up I can be like you and also help others. Winters won't feel as cold that way."
>
> Lihua Jin, a 4th grade student from Daliang Mountain in the letter to her Aliren penpal

Employees lead our philanthropy

Alibaba welcomes employees to take on more responsibility in many of our philanthropic efforts, contributing their insights on how to best leverage our technology and businesses to catalyze positive social change. A decade ago, Alibaba established a unique system through which every three years our employees elect a philanthropy committee of ten people from their own ranks. These "Alibaba philanthropic partners" actively collect feedback through daily engagement and regular communication with their peers and represent employees in discussions on the direction of Alibaba's philanthropic efforts.

Recognition and support

The "Alibaba Charity List" was set up to recognize and reward outstanding internal teams, individuals, and projects that have made significant contributions to the public good. This year's recognitions focused on three categories: "Addressing Society's Most Pressing Issue," "Most Social Impact," and the "Most Technologically Innovative." More than 300 internal and external judges selected 10 of the most touching and valuable public service projects and recognized 14 individuals. Alibaba helps incubate some of the best projects by setting up a RMB100 million fund. Through these mutually supporting programs within Alibaba, we are dedicated to ensuring our charity programs can grow and help these projects attract internal attention so that like-minded people can join and be inspired.

10
Alibaba projects recognized as the most touching and valuable

14
individual charity stars

2022 Alibaba Charity List of best projects: "Digital Sign Language Interpreter"

People with hearing impairments encounter daily communication challenges. A team at DAMO Academy worked together to create the "Digital Sign Language Interpreter." DAMO used 3D technology to create a virtual sign language interpreter, "Xiao Mo," who translates spoken sentences into sign language on screen. Because sign language is comprised of subtle gestures and regional differences, it remains a technical challenge that requires continuous effort to develop and improve.

Technological innovations for social challenges

> Technology philanthropy has become an important part of Alibaba's ESG strategy and is one of the main means for us to devote ourselves to public well-being. We are promoting technologies that "benefit everyone, are responsible, and are open and shared." We believe there is a lot of potential for technology firms to fulfill their social responsibilities.
>
> Li Cheng, Chief Technology Officer of Alibaba

Many of the world's problems remain unaddressed not only because of a lack of resources, but because of a lack of information flow, coordination, and public awareness. We are well positioned to help various public service groups to address these issues to maximize their effectiveness. By sharing our technologies and know-how in areas such as data gathering, data processing, and visualization, we help improve information flow and resource coordination in this critical effort.

Technology for recovering missing children

For certain social issues, spreading information quickly is crucial. This is exemplified by the distressing cases of missing children. To address this problem, Alibaba helped build the "Reunion System." When a new case of a missing child is reported by authorities, the Reunion System broadcasts the child's information across 25 popular apps to users who are near the child's last known whereabouts, with the alert radius expanding 100km with each passing hour. As of May 15, 2022, the Reunion System had sent out alerts for 5,038 missing children's cases and assisted in the recovery of 4,960 of them. In the last program year alone, we assisted in the recovery of 253 missing children.[1] Nearly 200 Aliren from across 16 business units voluntarily devoted their skills and time to developing and maintaining the system.

We also run a parallel effort for children who have been missing for longer periods. We launched the Amap "Family Search" function that displays the 5,005 free blood collection points across the country that help to perform genetic matches. "Family Search" has helped in the recovery of more than ten thousand missing children.

As of May 15, 2022

the Reunion System had sent out alerts for

5,038

missing children cases

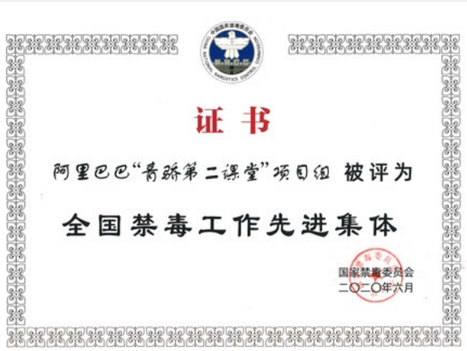
helping in recovery of

4,960

[1] The time period of the latest program year was from May 16, 2021 to May 15, 2022.

Education for drug abuse prevention

In October 2017, Alibaba devoted funding, staff, and technological resources to developing a platform for online drug-use prevention education to reach students in schools. This online education system "Green Bridge Second Classroom" went online in June 2018, and by June 2022 it covered 31 provinces, municipalities, and autonomous areas, reaching 230,000 elementary and middle schools. About 106 million students have participated in over 900 million hours of online classes learning about the dangers of drug use. In June 2020, "Green Bridge Second Classroom" was awarded as a National Exemplary Organization in Anti-Drug Efforts.



By June 2022

31 provincial administrative regions

230,000 schools

Green Bridge Second Classroom covered 31 provinces, municipalities, and autonomous areas, reaching 230,000 elementary and middle schools.

106 million

900 million

About 106 million students have participated in over 900 million hours of online classes.

Empowering charities with technology

Alibaba recognizes the critical role of non-profits and social entrepreneurs in driving wider and positive societal change. Therefore, we are committed to augmenting their capabilities by sharing free, accessible, and affordable technological solutions and services.

Connecting charities with tech know-how

In 2017, Alibaba Cloud engineers created a technical volunteer service platform, "Green Code," to help non-profits with technical needs connect with skilled tech volunteers. As of the release date of this report, more than 330 non-profit organizations and more than 6,000 volunteer programmers have registered. In 2021, Alibaba collaborated with 19 non-profit organizations to jointly launch the "Green Code Camp Low Coding Challenge." Over 300 tech volunteers used simplified and easy-to-manage software code to develop management applications for over 20 charity projects, supporting the digital transformation of these organizations.

Streamlining the Amity Foundation through the power of code

The Amity Foundation, established 36 years ago, is an influential public fundraising charity, which has worked with over 600 partners and benefited over 10 million people. However, it was still relying on traditional time-consuming office processes such as manually filled Excel spreadsheets. Digitization enabled by our "Green Code" platform streamlined their processes, increasing operational efficiency, and freeing up time for their most important work.

"Charities on the Chain" tracks the flow of donations for fundraising trust

We are helping non-profit organizations improve transparency in their operations so as to build public trust and boost fundraising. To do so, we shared our blockchain technology to establish a public-service standard for tracking donations. During the 2020 International Week of Charity in September, Alibaba Foundation launched the first group standard in China for "Public Service Blockchain Technology and Application Specification." As of March 2021, every public charitable donation via Alibaba platforms had been registered on the system. This facilitates trust-building by ensuring the transparency of each donation allocation.

Support program for philanthropies

Since March 2021, our "XIN 100" program has sought to provide all-around support to nurture and assist philanthropic projects whose work aligns with Alibaba's ESG and philanthropic priorities. At this stage, we have set five major areas for "XIN 100" to target: rural revitalization, care for seniors and people with disabilities, helping children, environmental protection, and safety and emergency response. "XIN 100" aims to identify at least 100 major projects every year and bring together a wide range of resources to facilitate their implementation. In FY2022, the "XIN 100" project supported a total of 85 projects from 49 charitable organizations.

Philanthropy for everyone through our platforms

Alibaba's spirit of philanthropy reflects the saying "many hands make light work." As a platform operator, we have the unique ability to develop this type of philanthropy by leveraging our platforms to build volunteering and funding channels that rally everyone together and embed social consciousness in everyday life.

Platform-based innovations in participatory philanthropy

Fundraising is a perennial challenge for many charities, while the public often perceives a lack of convenient and credible channels to make donations. Alibaba's "Goods for Good" is one program that targets both problems by giving merchants the ability to designate and label selected products where a portion of proceeds goes to a verified charitable cause. In line with our participatory approach, this "check-out" donation program aims to integrate social consciousness into regular shopping and touch a wide swath of people in a transparent way.

43 million people
helped by projects funded by the program

47.3 billion
charitable orders

"Goods for Good" donations since inception

> The 'Goods for Good' Program offers merchants like us a great opportunity to go from being just a donor to building up our own philanthropic creed by connecting with charitable causes that share common inspiration with us.
>
> Xiaochun Hua, Head of Philanthropy at Florasis

By integrating commerce, technology, and philanthropy, the program is convenient for donors and makes it easier for participating charities to not only raise new funds but to familiarize new donors with their organizations and projects. Over the past 15 years, more than 8 million merchants have participated in the program, with 47.3 billion orders channeling charitable proceeds to programs that have benefited 43 million people. In FY2022 alone, the program saw more than 500 million consumers and 2.2 million merchants participating.

"Goods for Good" program helps "left-behind" children

The "Companion Mother" project was started by the China Foundation for Poverty Alleviation in order to provide more adult influences for "left-behind children" whose parents migrated to cities for jobs. The project operates on the principle of "one mother; one family; one bond," whereby professional full-time "mothers" in each village coordinate the creation of a supportive "family" unit using funds from the project and other sources. To support this project, Tmall's childcare products channel provided fundraising via the "Goods for Good" program. For every item purchased through the channel that is marked with a "Companion Mother" label, a small portion of the proceeds goes towards the "Companion Mother" project. Over RMB10 million was raised for the project in two years, supporting the creation of sponsor "families" in over 200 villages, and improving the lives of nearly 170,000 children.

Inspired by the "Companion Mother" project, Alibaba and other merchants on our platform began to focus on how to help left-behind rural mothers and children more generally. On April 15, 2021, the Tmall childcare products channel led hundreds of thousands of sellers to start the "China Mothers' Philanthropy Initiative," bringing together the resources of the China Foundation for Poverty Alleviation, the Amity Foundation, the Chunhui Children's Foundation, and other organizations to gain supports for pregnant mothers and children under fourteen in underprivileged areas.

"Goods for Good" sends "Panda Packs" to support children in less developed countries

In 2019, the Alibaba Foundation and the China Foundation for Poverty Alleviation jointly launched the "Panda Pack Project" to send care packages with useful school or household items to children in less developed countries. As of this year, the project has already received over 2.6 billion individual donations. A total of RMB128 million from "Goods for Good" have been raised for programs in Myanmar, Nepal, Ethiopia, Cambodia, Laos, Pakistan, Namibia, Uganda, Mongolia, the Philippines, and Zimbabwe, benefiting over 1 million children. The "Panda Pack Project" is one of the largest international charitable initiatives organized by the non-government sector in China. In 2021, it was recognized as the best poverty relief case at the Global Solicitation on Best Poverty Reduction Practices (Second Call).

Engaging the public in diverse forms of philanthropic participation

To encourage wider public participation in philanthropy, especially beyond just donating money, we have further leveraged our platform to offer the public rich and diverse opportunities to participate in philanthropy.

"Three Hours for a Better World" becomes an open platform for social good

Following the success of our internal "Three Hours for A Better World" for Aliren, we expanded the program to the general public on China Charity Day in 2017. Four years later, the program saw more than 150 million registered participants. Through this program, different charity organizations and public service programs are now getting connected directly with people who want to help.

Diverse opportunities for philanthropic participation

The "Three Hours for A Better World" public service platform opens up a variety of ways to engage citizens in social causes, such as volunteering, livestreaming for fundraising, blood donations, and charitable purchases or direct giving. The platform has specific programs to tackle pressing issues such as poverty alleviation, environmental protection, and pandemic relief. For example, our initiative "Purchase to Help" promotes sale of rural products from poorer regions. Through these programs and more, we have made it easier for individuals to do daily acts of good, already with more than a billion instances of participation.

Encouraging and recognizing participation

Alibaba wants to make it easy not only to give opportunities for public service but also give recognition for such service. We have developed a personal "charity account" that is the only one currently authorized by China's National Civil Affairs Department. We worked with Zhejiang province to launch a charity account for the province. Users can upload, track, and verify their public service across different projects and charities, with the potential to obtain rewards and incentives for their service. We are also working in cooperation with over ten fundraising charities, including Easy Philanthropy and Moving Together, to jointly develop the Guidelines on Measuring Charitable Contribution with the Chinese Volunteer Organization and the Hangzhou Philanthropic Association.

Transforming footsteps into running tracks for young athletes

"Donating Footsteps" on our Taobao app is all it takes to help nurture a potential Olympic athlete. On June 23, 2021, the Winter Olympic Organizing Committee, together with the Alibaba Foundation and the China Poverty Alleviation Foundation announced the "Saving Every Loving Step" 2022 Beijing Winter Olympics philanthropy project. Volunteers who tracked their daily step count were able to accumulate funds to build running tracks at rural schools. By March 2022, over 150 million people had taken part.

Building Trust

Being a company that earns the long-term trust of corporate partners and society is an essential prerequisite for us to fulfill our social responsibilities. To build corporate trust, we observe ethical business practices and comply with all applicable regulations, overseen by an effective, transparent, and diverse corporate governance structure. To build social trust, we advocate ethical technology, and in particular we are dedicated to advancing privacy protection and data security capabilities.

We achieve these goals by:

- Building corporate trust
- Building social trust

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

Building corporate trust

Maintaining an effective and professional corporate governance system

To achieve our mission, building a first-class corporate governance system is just as important as building first-class products and services. A proper governance system leads to decisions that are compliant, professional, efficient, and can most effectively safeguard the long-term interests of all stakeholders.

Alibaba Group's board of directors

Alibaba Group's board of directors currently comprises 12 members, including 7 independent directors and 3 female directors. The board is diverse in terms of gender, culture, professional expertise, and other dimensions, in concert with the ongoing diversification of our business. Our board members possess rich professional backgrounds and industry experience in fields such as retail, computer science, electrical engineering, economics, legal, and business, among others.

Alibaba Group's board oversight structure

With respect to our board of directors, our overriding goal is to maintain effectiveness, independent representation, diversity, and professionalism. Alibaba Group's board of directors currently maintains four committees, including:

Audit committee	Compensation committee	Nomination and corporate governance committee	Sustainability committee
Chaired by an independent director	Chaired by an independent director	Soon to be chaired by an independent director	Chaired by an independent director
100% independent directors	67% independent directors[1]	67% independent directors	50% independent directors
Responsible for managing and overseeing auditing processes and financial reporting by both internal and external teams, as well as approving related party transactions, handling compliance-related internal reports, and supervising Alibaba Group's risk management.	Responsible for evaluating compensation policies, reviewing the performance of directors and executives, approving executive compensation, and administering our equity incentive plan.	Responsible for nominating directors other than those nominated by the Alibaba Partnership, and reviewing the composition of the board of directors. The committee is also responsible for corporate governance and compliance matters.	Responsible for overseeing Alibaba Group's ESG work, which includes identifying and assessing ESG opportunities and risks, ensuring robust formation and implementation of ESG strategic goals, and reviewing ESG-related disclosures.

[1] Compensation committee will soon be comprised 100% of independent directors.

The Alibaba Partnership

After years of exploration, we formally established a partnership system for Alibaba in 2010. The purpose of the partnership is to ensure the continuation of Alibaba's mission, vision, and values. Pursuant to Alibaba Group's Articles of Association, the Alibaba Partnership has the exclusive right to nominate or, in limited situations, appoint up to a simple majority of the members of our board of directors, which has not been exercised to date. Currently, among our 12 board members, seven are independent directors, four are nominated by the Alibaba Partnership, and the remaining director is nominated by our major shareholder.

Alibaba Group's sustainability governance structure

We have set up a three-layer sustainability governance structure.

Board sustainability committee

Our board of directors has established a sustainability committee, chaired by Jerry Yang. The sustainability committee supervises and leads ESG efforts across Alibaba Group. Its responsibilities include identifying and assessing ESG opportunities and risks, ensuring robust formation and implementation of ESG strategic goals, and reviewing ESG-related disclosures.

Sustainability steering committee

Under the supervision of the sustainability committee, we have established a sustainability steering committee (SSC) that is tasked with planning and implementing Alibaba's ESG strategic goals.

ESG working group

The ESG working group is composed of representatives of various business units, and a designated ESG strategy and operations department. The ESG working group is led by the SSC and coordinates with business units to ensure effective accomplishments of ESG strategic goals. It builds and maintains an ESG monitoring system to measure progress.

In the meantime, our Working Environment Committee, Risk Management Committee, and Science and Technology Ethics Governance Committee are also responsible for integrating ESG goals within their respective areas into Alibaba's core operations. Details on the latter two committees are presented later in this chapter.

Risk management system

Our risk management structure consists of the Alibaba Group Risk Management Committee, the Office of Alibaba Group Risk Management Committee, the professional functions "middle office" teams, and the business unit risk management teams.

Alibaba Group Risk Management Committee

- Alibaba Group's Risk Management Committee (hereinafter "Risk Management Committee") is directly led by Alibaba Group's CEO, and is the highest supervisory and decision-making body of Alibaba's risk management system. The Chief Risk Officer currently serves as the chairman of the committee, the General Counsel serves as the vice chairman, while other members include Alibaba Group's Chief Financial Officer, Chief Technology Officer, President of Integrity Compliance Department, President of Public Affairs, and President of Public Relations.

- The main responsibilities of the Risk Management Committee are to, at the group level, build risk management mechanisms, improve risk management systems, formulate risk management strategy, and identify the major risks of Alibaba Group. Furthermore, the committee develops corresponding risk management strategies, and supervises and evaluates the implementation of risk management measures. We have released the *Alibaba Group Risk Management General Guidelines*, which specifies our risk management principles, the rights and responsibilities of each risk management organization, and the risk management requirements for each unit.

- The Alibaba Group Risk Management Committee holds a monthly decision-making meeting for timely discussions and decisions on group risk matter. Special meetings are called to deal with urgent risk issues. The committee reports on Alibaba's risk management work and progress to Alibaba's CEO.

The management office

The management office of Alibaba Group Risk Management Committee is responsible for the construction of Alibaba Group's risk management system, major risk identification and governance, supervision and evaluation and other risk related work.

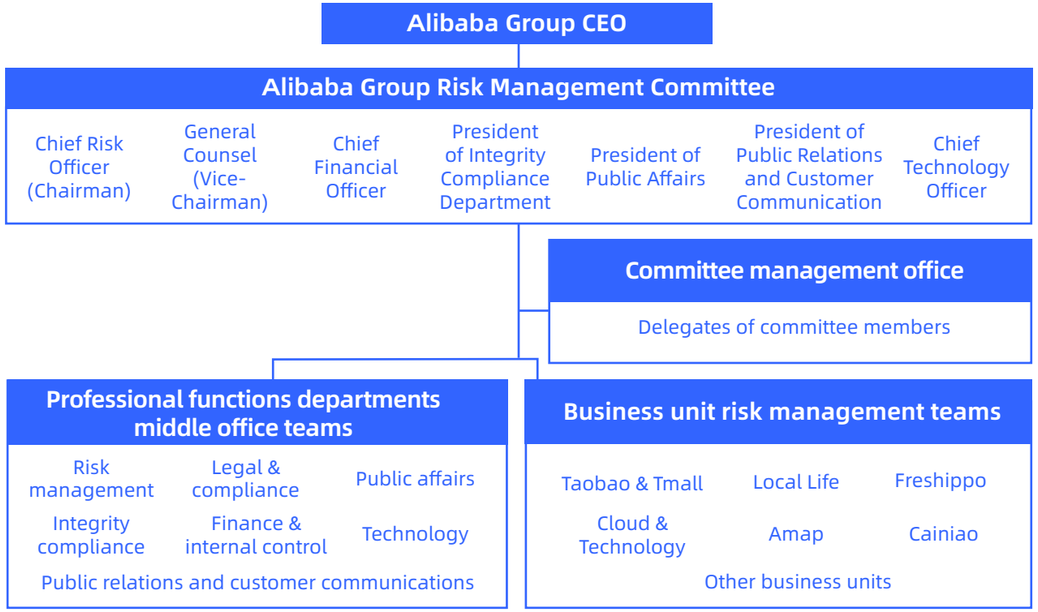
Alibaba Group professional functions departments' middle office teams

Each of our professional functions departments' middle office is tasked with risk management responsibilities, with the presidents of each department ultimately responsible for managing risks. This layer is a crucial component of the risk management system at Alibaba Group, working closely with the Risk Management Committee to carry out risk management duties.

Business unit risk management teams

Each of our business units has their own risk management responsibilities, with the presidents of each business unit serving as the primary leader of risk management. The business unit risk management teams work closely with the Risk Management Committee in performing evaluation and supervision of risk management activities, building the risk management systems for the business, and enforcing risk governance.

Alibaba Group Risk Management Organizational Structure



We also train our employees on risk awareness and risk management capabilities through a layered mechanism so that all employees of the group can contribute to risk prevention and management. At the same time, all the professional functions of the Alibaba Group have set up internal risk feedback channels to support employees to report risks proactively.

At the same time, this risk management system, together with our internal and third-party audit mechanisms, forms a "three lines of defense" mechanism of risk management and control. We have established Alibaba Group's digitized enterprise risk management system, which provides risk visualization and current status reporting of important risk governance and management assessment to help the Risk Management Committee make efficient decisions.

Three Lines of Defense

1st Line	2nd Line	3rd Line
Operations and management	**Risk management**	**Independent audit and integrity investigation**
The first line of defense consists of the management teams at each business unit and is responsible for daily risk operations and management.	The second line of defense consists of Alibaba Group's functional teams, who design and implement risk management strategies and build the internal assessment and control systems.	The third line of defense consists of internal audit, as well as the Integrity Compliance Department to make independent evaluations of the effectiveness of risk management.

Ethical business conduct

Upholding a high level of business ethics is a requirement for every employee, who must commit to conducting their work with compliance, integrity, and in good faith. We are equally committed to ethical practices that maintain fairness, trust, and openness on our platforms and beyond.

Anti-corruption

Since 2009, we have successively formulated a set of rules such as the "*Alibaba Group Code of Business Conduct*," "*Alibaba Group Employee Disciplinary Guidelines*," "*Alibaba Group Conflict of Interest Guidelines and Interpretations*," "*Alibaba Group Gifts Handling Guidelines*," and the "*Alibaba Group Anti-Bribery and Anti-Corruption Policy.*" These codes and policies give guidance to employee behavioral norms and facilitate the company's integrity culture. These requirements are constantly updated and optimized in accordance with compliance requirements and business needs.

Management system

At the management level, we have set up an independent Integrity Compliance Department, which is responsible for corruption investigations, prevention, and educational training. The Integrity Compliance Department reports directly to the Deputy Chief People Officer of Alibaba Group. It also maintains functional independence from other risk control departments such as internal audit and internal control of Alibaba Group. This setup forms a multiple lines of defense mechanism in which functional units can cooperate with each other.

We also incorporate the integrity of the team into the performance appraisal of each business manager. In the "*Alibaba Group Code of Business Conduct*" and other internal policies, we require the accountability of managers if fraudulent accidents occur in their teams. These efforts make corruption prevention and anti-corruption results core performance indicators in the company's internal management.

Finally, we encourage all employees, business partners, and the public to report instances of corruption and fraud involving Alibaba personnel. We have established many reporting channels, including the official website and dedicated e-mail accounts, and hotlines, among others. We also ensure the whistleblower's personal information and reported content remain confidential within the scope permitted by laws and regulations.

Audit processes

Every quarter, the Integrity Compliance Department discloses fraud cases to our external auditors, carries out follow-up risk management, and responds to questions from our external auditors. In addition, the department reports to the audit committee quarterly on fraud cases and its management of other major risks. The anti-corruption audit is carried out by the legal compliance team. In the meantime, we conduct external audits according to relevant laws. In FY2022, we handled internal investigations of 82 corruption cases and 36 public lawsuits involving employees.

Risk assessment

Our Integrity Compliance Department regularly assesses the risk level of different positions in business departments. They strengthen anti-fraud and anti-corruption education for those in high-risk positions in business units and promote regular job rotations and separation of powers and responsibilities to reduce the risk of fraud and corruption.

Our legal compliance team routinely conducts anti-corruption risk assessments according to relevant laws. The legal compliance team determines the level of anti-corruption risk and formulates corresponding measures.

In addition, we believe that strengthening daily education and training is the best way to manage risk. Therefore, we require all board members and Alibaba employees to complete the certification exam for the Code of Business Conduct and attend integrity compliance training every year.

Code of Business Conduct and Ethics training attendance reached 100% for all board of directors and employees.

100%

Integrity training attendance reached 100% for all board of directors and employees.

100%

Fair competition

We are committed to being a market enterprise that respects, advocates for, and embraces fair competition. With the accelerated development of the digital economy worldwide, new laws and regulations related to the platform and social responsibilities are constantly in development. We sincerely embrace these positive changes, and hope to work with all sectors of society to jointly promote the shared progress of the digital age.

In September 2021, we formulated the Alibaba Group Competition and Compliance Regulations which aims to create the organizational structure and culture for compliance and support for our businesses regarding competition policy. Our efforts include setting up organizational support structures such as dedicated teams with professional staff, designing a competition compliance system, creating risk controls to embed evaluation, and monitoring for competition risks. We maintain a competition compliant culture through continuous training and education.

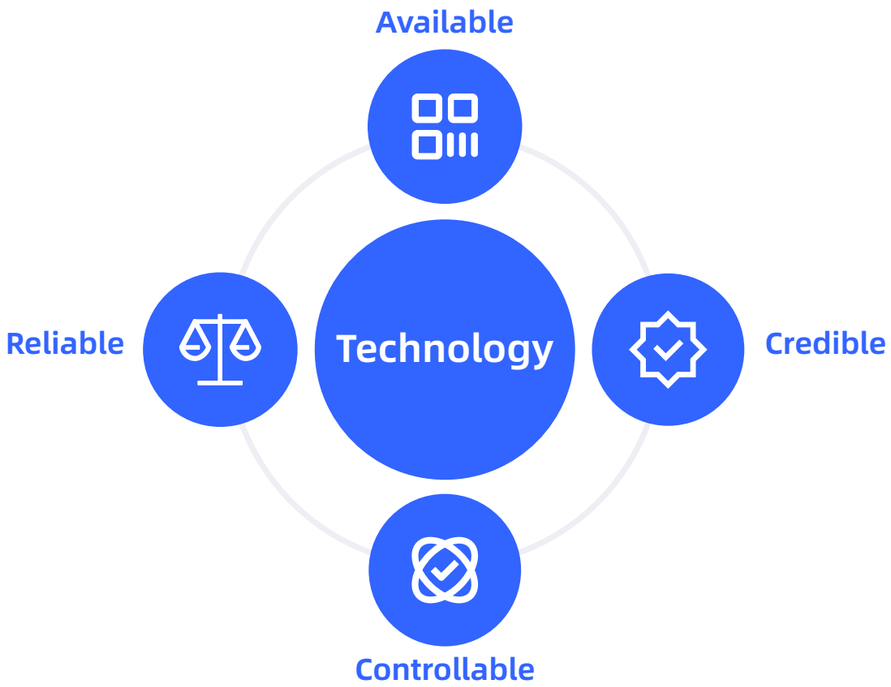
As a platform enterprise, in addition to our own management and operation, it is also our responsibility to guide the tens of millions of merchants on our platforms to operate in compliant ways, compete fairly, and protect the welfare of consumers. We provide merchants with digital compliance tools in their product management and marketing activities in an effort to help them conduct multi-dimensional compliance management.

Based on the spirit of open cooperation, we hope to help build a fair, orderly, open, and inclusive platform business environment, and actively promote interoperability with various platforms to spur innovation, creating opportunities to enable all of society to enjoy digital dividends.

Building social trust

Science and technology ethics governance

Technology needs to be ethical and responsible in order to earn the trust of the public. This year, we established our Science and Technology Ethics Governance Committee (hereinafter the Ethics Committee), led by Cheng Li, Chief Technology Officer of Alibaba Group. The establishment of the committee elevates our technology and science ethics and governance for the development and deployment of technology. The committee's aim is to ensure that technology always serves to advance the well-being of society at large and follows principles of being "available, reliable, credible, and controllable."



In September 2022, we will jointly release the first "Artificial Intelligence Governance and Sustainable Development Practice" white paper with the China Academy of Information and Communications Technology (CAICT). The white paper will explain in detail enterprise-level artificial intelligence governance systems for sustainable development and continue to emphasize the ethics of artificial intelligence and its governance, covering topics such as data security and privacy protection, consumer rights and fairness, deep synthesis governance, and autonomous driving safety, among others.

Privacy protection and data security

For Alibaba, the fundamental prerequisite for earning the trust of our service providers, customers, and other stakeholders hinges on how we protect their privacy and secure their data. This is why privacy protection and data security are a cornerstone of our ESG strategy.

Our privacy and security value proposition

We launched China's first Data Protection Initiative as early as July 2015, advocating for various cloud providers, including Alibaba Cloud, to adopt and follow these three principles to protect the privacy and security of our business customers:

You own your data

Data of developers, companies, governments and other institutions being stored and processed on cloud computing platforms shall be owned by the customers. The cloud computing platforms shall not use such data for other purposes.

You manage your data

Cloud computing platforms have the responsibility and obligation to help ensure data confidentiality, integrity, and availability for customers. We store customer data in their selected data center, and protect their business information in accordance with the applicable legal provisions.

Your data is protected

On Alibaba Cloud's computing platform, customers fully own their business data, as well as the ownership and rights of their user data. Alibaba Cloud strictly executes customer instructions to process their business data, and will not make any unauthorized use or disclosure, except in accordance with customer agreement or for the need to implement legal and regulatory requirements.

Security technology and capacities

Privacy protection and data security are not guaranteed by any single technology but should be considered as a sophisticated interconnected system that requires careful design. We have built a full range of data security capabilities from physical computer rooms to IaaS (Infrastructure as a Service), where we control the security risks through securing the storage, network, and computing, and then our PaaS (Platform as a Service) and SaaS (Software as a Service) layers to create a trustworthy and secure environment. We have taken measures in these areas.

- **Data storage and protection**

We adopt the strategy of combining local data backup and off-site data backup. We back up network data to local storage in real time, and regularly back up important network data to off-site storage. We use auto-recovery, encryption, and other procedures to ensure data writing stability, storage media management, and redundant data backup protection, and have established a complete cloud data redundancy mechanism to ensure that customers will not lose their data, ensuring resilience in case of accidents or malicious attacks.

- **Network data security**

To provide an extra layer of security against attackers and eavesdroppers, we encrypt the data transmission process on the cloud. For this data transmission encryption on the cloud, we protect not only the data "warehouse" but also the data "logistics," meaning the content delivery network (CDN). Alibaba Cloud has more than 2,800 CDN nodes, covering 34 provincial-level regions in China and in six continents around the world, with industry-leading performance.

- **Computational security**

Creating a trusted computing environment from hardware to software is another security mechanism we implement to guarantee the inviolability of computing security for our clients. As early as 2018, we released the trusted cloud hardware security architecture, becoming the earliest cloud vendor in the Asia Pacific region to build trusted computing and confidential computing.

We provide customers with a full range of data protection through confidential computing capabilities across three layers: hardware, virtualization, and application. We also deploy a variety of automated protection tools.

Alibaba Cloud helps the 2022 Beijing Winter Olympics run on the cloud

Alibaba Cloud undertook the historic assignment of supporting the first fully cloud-based Winter Olympic Games in 2022. Our "Olympic Broadcasting Cloud" supported more than 6,000 hours of streamed and broadcast digital content, and maintained the digital infrastructure against security holes and malicious attacks. We achieved zero intrusion and zero data leaks.

Security management system

Governance structure and rules

Beyond our efforts in security technology, it is equally vital that we have principles and processes for data security management. To that end, we have set up a specialized data security decision-making group within our Risk Management Committee. This effort is replicated within each business unit with a "Personal Information Protection Officer" (PIPO).[2]

In hosting the data for millions of organizations, Alibaba Cloud strictly abides by the principle of least privilege and adopts consistent management and control standards to protect customer data from unauthorized access.
To give full transparency to our security processes, we initiated the following three mechanisms:

Third party oversight

We implemented a mechanism for third-party supervision and user experience feedback.

Personal information protection

We established the Personal Information Protection Expert Committee, composed of professionals in law, technology, and other relevant fields.

Product privacy protection

Inviting users and customers to evaluate their experience of the privacy protection functions of Alibaba's products and services.

Transparent internal operation & maintenance (O&M)

In the Data Protection Initiative, Alibaba Cloud has clearly stated the principle that customer business data hosted on the cloud platform is absolutely owned by the customer, and that it should never use such data. Under our "notification-consent" principle, we have established transparent internal operational O&M logs. Customers have access to all of their internal logs, giving them a full disclosure of data access and ensuring there is no "black box" concerning the use of their data.

Recognitions and compliance

In the 2021 Gartner Solution Scorecard for integrated IaaS and PaaS, Alibaba Cloud achieved the highest scores in the core security criteria assessment. Alibaba Cloud's six security capabilities (DDoS protection, web application firewall, cloud security center, cloud firewall, business risk control, and confidential computing) have been recognized by authoritative institutions around the world.

We strive to comply with and enforce all international and domestic laws and regulations related to data security and privacy protection, and establish an internal data security control system. Our protocols are widely recognized within the industry, especially in platform data control and customer data protection. We possess the most authoritative and compliant set of qualifications in the Asia-Pacific region. Some of those qualifications are listed in the following tables.

[2] The business unit PIPO is responsible for supervising the processing activities and protection measures taken by the personal information processor.

China	
Cyberspace Administration of China	Cloud computing service security assessment: E-Government Cloud (Enhanced) Financial Cloud (Enhanced)
Ministry of Public Security	Network security level protection: Financial Cloud (Level 4) Public Cloud (IaaS/PaaS/SaaS, Level 3) E-Government Cloud (Level 3) Safety product sales license
Ministry of Industry and Information Technology	China Academy of Information and Communications Technology Trusted cloud security assessment Big data security assessment
State Administration for Market Regulation	China Cyber Security Review Technology and Certification Center Safety product certification
State Cryptography Administration	Cryptographic Application Security Capability Assessment Public cloud products and services proprietary cloud (Tier 3)

Global	Regions and industries	
ISO 9001 ISO 27001 ISO 27017 ISO 27018 ISO 27701 ISO 29151 ISO 20000 ISO 22301 ISO 27799 BS 10012 CSA STAR PCI DSS TRUSTe SOC1/SOC2/SOC3	**Europe** GDPR EU-US Privacy Shield DPP EU Cloud CoC	**Singapore** MTCS PDPA OSPAR DPTM CBPR/PRP
	USA GxP HIPAA/HITECH MPAA CIS Benchmark SEC Rule 17a-4(f) NIST 800-53/CSF	**Dubai** NESA/ISR **Australia** APRA TPN
	Germany C5 Trusted Cloud TISAX	**Hong Kong, China** HKMA HKIA SFC SRAA PDPO

Appendix 1

ESG Key Performance Metrics

Environment - GHG emissions

Indicator	Unit	Year ended March 31, 2022
Total GHG emissions (Scope 1, 2, and 3)[1]	$MtCO_2e$	13,249,439
Scope 1 emissions[2]	$MtCO_2e$	926,779
Scope 2 emissions[3]	$MtCO_2e$	4,445,238
Scope 3 emissions[4]	$MtCO_2e$	7,877,422
GHG emissions intensity (Total GHG emissions per unit of revenue)	$MtCO_2e$/million RMB	15.5
Scope 1 emissions intensity	$MtCO_2e$/million RMB	1.1
Scope 2 emissions intensity	$MtCO_2e$/million RMB	5.2
Scope 3 emissions intensity	$MtCO_2e$/million RMB	9.2

[1] We apply the principle of operational control to define the boundaries of this GHG inventory. It covers those GHG emissions categories in Scopes 1, 2, and 3 that are both significant for Alibaba in the year ended March 31st 2022 (FY2022) and measurable. The GHG categories covered in this inventory include carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), nitrogen trifluoride (NF_3), and sulfur hexafluoride (SF_6). In the results of the inventory, five greenhouse gases, CO_2, N_2O, CH_4, HFCs, and SF_6, were found in this reporting period. Please refer to Appendix 3 for detailed Scope 3 emission inventory categories.

[2] Scope 1 emissions are mainly caused by direct energy combustion (diesel, natural gas, etc.) and refrigerant fugitives.

[3] Scope 2 emissions are mainly caused by electricity consumption in data centers, retail stores, and office areas.

[4] Please refer to Appendix 3 for Scope 3 emission inventory categories. In FY2022, due to additions of new businesses and other changes in business models, we have expanded the accounting boundary accordingly, including warehouse logistics emissions from Taocaicai, as well as emissions from self-operated logistics of Alibaba.com.

Environment - Energy consumption

Indicator	Unit	Year ended March 31, 2022
Total energy consumption	MWh	8,786,584
Direct energy consumption	MWh	1,721,483
Natural gas	thousands m^3	12,482
Liquefied petroleum gas	tonnes	2.4
Diesel[5]	tonnes	131,687
Gasoline	tonnes	254
Direct energy consumption intensity (Direct energy consumption per unit of revenue)	MWh/million RMB	2.0
Indirect energy consumption: Purchased electricity	MWh	7,065,101
Indirect energy consumption intensity: Purchased electricity (indirect energy consumption per unit of revenue)	MWh/million RMB	8.3
Renewable energy consumption	MWh	464,049
Average PUE of data centers[6]	/	1.247

[5] The usage of diesel consumed by logistics vehicles are estimated values. In the future, we will further improve the accounting and reporting of diesel usage by our own logistics vehicles.

[6] PUE is a ratio of the total energy consumption of a data center to the energy consumption of IT equipment. In this report, it is calculated for data centers within our operational control during FY2022.

Employment – Employee numbers [7]

Indicator		Unit	As of March 31, 2022
Total number of employees		/	254,941
Percentage of employees by gender	Male	%	50.46
	Female	%	49.54
Percentage of employees by age	Below 35	%	50.69
	35-49	%	44.19
	50 and above	%	5.12
Percentage of employees by region	Mainland China	%	92.72
	Hong Kong, Macao, and Taiwan	%	0.44
	Other countries and regions	%	6.84
Number of employees with physical disabilities		/	2,007

Employment – Management diversity [8]

Indicator		Unit	As of March 31, 2022
Percentage of women in management	Management [9]	%	28.15
	Executive management[10]	%	50.00[11]

[7] The scope of the percentage of employees by gender, age, and region and the number of employees with physical disabilities includes formal employees of all the consolidated entities of Alibaba Group.

[8] The scope of employee diversity includes the formal employees in the businesses directly managed by Alibaba Group.

[9] Management refers to employees who are responsible to manage and lead other formal employees.

[10] Executive management comprises the ten highest leadership positions in the Group. The percentage of female executive management = (Number of female executives / Total number of executives of the Alibaba Group) * 100%.

[11] As of the publication date of this report.

Employee health and safety[12]

Indicator	Unit	Year ended March 31, 2022
Number of work-related fatalities	/	0
Work-related fatality rate [13]	%	0
Number of work-related injuries	/	25
Number of workdays lost due to work-related injuries	/	839
Work-related injury rate[14]	%	0.11

Suppliers management

Indicator		Unit	As of March 31, 2022
Number of suppliers[15]	Mainland China	thousands	36.1
	Other countries and regions	thousands	17.2

[12] The scope of employee health and safety includes the formal employees in the businesses directly managed by Alibaba Group. The data come from work-related injuries and deaths recorded by Alibaba's human resources team and are verified by local authorities. In Mainland China, work-related injuries and fatalities are verified by the local human resources and social security bureau.

[13] The work-related fatality rate = (Number of work-related fatalities / Total number of employees) * 100%.

[14] The work-related injury rate = (Number of recorded work-related injuries / Total number of hours worked) * 1,000,000. The statistical scope of number of hours worked includes the formal employees in the businesses directly managed by the Company.

[15] The suppliers here refer to those in the categories of media, events, service, engineering, office IT, and logistics who have completed registration in Alibaba's procurement platform. The regional information is related to the location of the company registration filled in the supplier database, rather than the location where the supplier does business with Alibaba.

Appendix 2

ESG Environmental Data Verification Statement

BUREAU VERITAS Certification

ESG ENVIROMENTAL DATA VERIFICATION STATEMENT

gives to

Alibaba Group Holding Limited

Bureau Veritas Certification (Beijing) Co., Ltd (BVC China) was engaged to conduct an independent verification of the environmental data in ESG report of Alibaba Group Holding Limited (Alibaba Group) registered in Offices of Trident Trust Company (Cayman) Limited, Fourth Floor, One Capital Place, P.O. Box 847, George Town, Grand Cayman, Cayman Islands for the period stated below. This Verification Statement applies to the related information included within the scope of work described below.

The determination of the environmental data is responsibility of Alibaba Group. BVC China's responsibility was to provide independent verification on the accuracy of those data reported, and the underlying systems and processes used to collect, analyze, and review the information.

Boundaries of the reporting company GHG emissions covered by the verification:
- Operational Control
- Headquarter and Branches, Worldwide

Period covered by this verification:
- April 1, 2021 to March 31, 2022

Level of Assurance:
- Reasonable

GHG Verification Methodology:
- Interviews with relevant personnel of Alibaba Group
- Review of documentary evidence produced by Alibaba Group
- Review of Alibaba Group data and information systems and methodology for data collection, aggregation, and analysis; review of information used to determine those environmental data at Alibaba Group Hangzhou Headquarters, and
- Audit of sample of data used by Alibaba Group to determine those environmental data

Assurance Opinion:
Based on the process and procedures conducted, in our opinion, that Alibaba Group has established appropriate systems for the collection, aggregation and analysis of quantitative data for determination of those environmental data for the stated period and boundaries.

Statement of independence, impartiality, and competence:
The Bureau Veritas Group is an independent professional services company that specializes in Quality, Health, Safety, Social and Environmental management with over 190 years history in providing independent assurance services.
No member of the verification team has a business relationship with Alibaba Group, its Directors or Managers beyond that required of this assignment. We conducted this verification independently and to our knowledge there has been no conflict of interest.
The Bureau Veritas Group has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities.

Lead Verifier: Max Zhang

Authorized Signatory

July 21st ,2022

Certification body address: Room 02, 9 / F, West Office Building 1, Oriental Economic and TradeCity, Oriental Plaza, No.1 East Chang'an Street, Dongcheng District, Beijing, China. 100738
Local office address: Rm. B, F4, No.1288, Waima Road, Huangpu District, Shanghai, China. 200011
Further clarifications regarding the verification scope of this statement may be obtained by consulting the organization.
To check this statement validity please call: +86 21 23190319

BUREAU VERITAS Certification

Verified Environmental Data List of Alibaba ESG Report
(GHG Emission, Energy Consumption and Recycled Water Usage)

Environmental data	Value	Unit	Verification criteria
Total GHG emission [1] where:	**13,249,439**	tCO_2e	• ISO 14064-1:2018 Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals • ISO 14064-2:2019 Specification with guidance at the project level for quantification, monitoring and reporting of greenhouse gas emission reductions or removal enhancements • ISO 14064-3:2019 Specification with guidance for the verification and validation of greenhouse gas statements • GHG Protocol Corporate (and Value Chain-Scope 3) Accounting and Reporting Standard • Methodological tool：Tool to calculate the emission factor for an electricity system Version 5.0 • Grid connected renewable electricity generation Version 18.0
Scope 1 GHG emission	926,779		
Scope 2 GHG emission	4,445,238		
Scope 3 GHG emission [2]	7,877,422		
Total GHG emission intensity [3] where:	**15.5**	tCO_2e/million RMB revenue	
Scope 1 GHG emission intensity	1.1		
Scope 2 GHG emission intensity	5.2		
Scope 3 GHG emission intensity	9.2		
Total GHG reduction where:	**619,944**	tCO_2e	
Alibaba Cloud's clean energy purchase [4]	534,393		
Intime's renewable energy purchase	61,845		
Cainiao's distributed solar photovoltaics project [5]	16,122		
Sun Art Retail's distributed solar photovoltaics project [6]	7,584		
Total energy consumption Where:	**8,786,584**	MWh	• AA1000 Assurance Standard • International Standard on Assurance Engagements ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information
Direct energy consumption	**1,721,483**	MWh	
Natural gas consumption	12,482	km^3	
Liquefied petroleum gas consumption	2.4	ton	
Diesel consumption	131,687		
Gasoline consumption	254		
Direct energy consumption intensity [7]	2.0	MWh/million RMB revenue	
Indirect energy consumption: Purchased electricity	**7,065,101**	MWh	
Indirect energy consumption intensity: Purchased electricity [8]	8.3	MWh/million RMB revenue	
Renewable energy consumption	**464,049**	MWh	
Recycled water consumption	**390,527**	ton	

Note:
[1] Data and information supporting the Scope 1, Scope 2, and Scope 3 GHG emissions assertions were historical and, in some cases, estimated in nature;
[2] Scope 3 emission category includes: Purchased Goods & Services, Upstream Transportation and Distribution, Business Travel, Employee Commuting, Upstream Leased Assets, Downstream Leased Assets, Franchises and Investments;
[3] The revenue data is from Alibaba's announcement. (Stock Code:9988. Announcement of the March Quarter 2022 and Fiscal Year 2022 results.);
[4] Boundary: 4 data centers of Alibaba Cloud, located in Hebei, Jiangsu, Guangdong and Inner Mongolia;
[5] Boundary: 6 logistics parks of Cainiao, located in Shanghai, Guangzhou, Hangzhou, Dongguan and Wuhan;
[6] Boundary: 17 stores of Sun Art Retail located in Shanghai, Zhejiang, Jiangsu, Shandong and Yunnan;
[7] The revenue data is from Alibaba's announcement. (Stock Code:9988. Announcement of the March Quarter 2022 and Fiscal Year 2022 results.);
[8] The revenue data is from Alibaba's announcement. (Stock Code:9988. Announcement of the March Quarter 2022 and Fiscal Year 2022 results.).

Certification body address: Room 02, 9 / F, West Office Building 1, Oriental Economic and TradeCity, Oriental Plaza, No.1 East Chang'an Street, Dongcheng District, Beijing, China. 100738
Local office address: Rm. B, F4, No.1288, Waima Road, Huangpu District, Shanghai, China. 200011
Further clarifications regarding the verification scope of this statement may be obtained by consulting the organization.
To check this statement validity please call: +86 21 23190319

Appendix 3

Greenhouse Gas Inventory and Carbon Methodology

This inventory covers Scopes 1, 2, and partial Scope 3 GHG emissions of Alibaba Group in FY2022 within the organizational and reporting boundaries. The types of GHGs involved in this inventory include: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), nitrogen trifluoride (NF_3) and sulfur hexafluoride (SF_6). Through the inventory, five types of GHG emissions including CO_2, N_2O, CH_4, HFCs and SF_6 are involved during the reporting period.

In accordance with1) ***ISO 14064-1: 2018 Specification With Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals***, 2) ***Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard***, 3) ***Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard***, 4) ***ISO 14064-3: 2019 Specification with Guidance for the Inventory and Validation of Greenhouse Gas Statements*** and other applicable laws, regulations, and related standards, we conducted an inventory of Alibaba's GHG emissions and removals during the inventory period (FY2022). GHG emission activity data strictly meet the quality requirements of relevant primary and secondary activity data. The emission factors come from the ***2006 IPCC Guidelines for National Greenhouse Gas Inventories*** published by Intergovernmental Panel on Climate Change (IPCC) in 2006 and ***2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories*** published in 2019, ***2019 China Energy Statistical Yearbook*** and other authoritative references. All processes follow CEC's internal GHG emission inventory quality control procedures, and strictly meet the requirements of the ISO14064-3 standard.

The inventory is based on ISO14064, IPCC guidelines and other applicable laws and regulations. The details are shown below:

- *ISO 14064-1: 2018 Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals*
- *ISO 14064-3: 2019 Specification with Guidance for the Inventory and Validation of Greenhouse Gas Statements*
- *Guidelines for Accounting and Reporting Greenhouse Gas Emissions - China Public Building Operation Units (Enterprises) (Trial)*
- *Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (Revised Edition)*
- *Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard*
- *2006 IPCC Guidelines for National Greenhouse Gas Inventories*
- *2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories*
- *Other applicable laws, regulations and related standards*

Scope	Emission Category	Emission Source
Scope 1: direct emissions from company-owned and controlled resources	Stationary Emissions	Emissions from the use of natural gas of boilers and cookware, and diesel for diesel generators
	Mobile Emissions	Emissions from diesel used in owned vehicles
		Emissions from employee commuting
	Fugitive Emissions	Emissions from leaking fire extinguishers
		Refrigerant leakage
		Leakage of SF_6
Scope 2: indirect emissions from consumption of purchased electricity, heat, and steam	Purchased Electricity	Production equipment and auxiliary facilities / Indirect emissions from electricity used in daily use equipment
	Purchased Heat	Production equipment and auxiliary facilities / Indirect emissions from heat used in daily use equipment
	Purchased Cooling	Production equipment and auxiliary facilities / Indirect emissions from cooling for daily use equipment
Scope 3: all other indirect emissions	Purchased Goods and Services	Packaging materials (plastic products), logistics services (warehouse, distribution), data center operations and maintenance services, data center cloud computing, receipt, poster, etc.
	Upstream Transportation and Distribution	Purchased transportation services
	Business Travel	Emissions from employee travel
	Employee Commuting	Emissions from employee commuting
	Upstream Leased Assets	Warehouse and leased IDC
	Downstream Leased Assets	Self-built office campus and shopping malls for lease, and ticket machine
	Franchises	Cainiao stations and Tmall campus stores
	Investments	Investments in TV plays and shows

Appendix 4

Stakeholder Engagement and Materiality Assessment

Stakeholder engagement

Alibaba actively communicates and works with our various stakeholders, responds to their expectations, and continuously strives to create sustainable value for all. This is the cornerstone of Alibaba's long-term business and ESG agenda. We fully consider the wide range of interrelationships and influence of our businesses and platforms on stakeholders, including consumers, employees, shareholders and investors, and government regulators, as well as business partners, communities, the environment, and other stakeholders. We communicate with them in diverse ways, respond to their concerns and expectations timely, and continuously improve our business and ESG strategies and actions. We maintain open communication channels and healthy relationships with our stakeholders, who provide an invaluable reference for Alibaba to identify the most relevant and important sustainable development opportunities, strengthen our capacities and actions, and improve the quality of information disclosure.

Stakeholder groups	Communication channels
Consumers	• Media and social media communications
	• 7x24 customer service hotline
	• Online and offline surveys, questionnaires, and interviews
Merchants	• Media and social media communications
	• 7x24 customer service hotline
	• Online and offline surveys, questionnaires, and interviews
Employees	• Emails to all staff
	• Communication meetings
	• Staff intranet posts
	• Communication mechanism within business units
	• Training activities and grievance mechanisms
Government and regulators	• Regular communications
	• Special topic discussions and meetings
Shareholders and investors	• Phone calls, face-to-face meetings, and company visits
	• Corporate annual reports, quarterly reports, and announcements
	• Daily reporting and communication on ESG-related issues
Value chain and platform partners	• Supplier training, ESG capability assessment, and communications
	• Industry-specific forums and communication channels
	• Supplier conferences
Communities	• Long-term public welfare projects
	• Daily media communications
	• Social media
	• Non-profit sector forums and events
	• Volunteer activities

Materiality Assessment

Our material issues encompass what matters most to our business, ESG goals, and stakeholders. Maintaining awareness of these issues is critical for identifying and managing our risks and opportunities and effectively responding to stakeholder expectations.

Approach and process

In 2022, under the supervision of Alibaba Group's sustainability steering committee, we carried out a materiality assessment. Through benchmarking analysis and stakeholders engagement, we selected 22 strategic issues conducive to creating sustainable shared values and constructed our materiality matrix.

1. **Identifying issues and benchmarking**

   We first generate a long list of potentially material topics, using the expertise of our external advisors, relevant sustainability frameworks (including GRI and SASB), requirements by stock exchanges (including the Hong Kong Stock Exchange, HKEx), recommendations from rating agencies, domestic and international policies (including the SDGs), and peers best practices, as well as Alibaba's business.

2. **Re ining**

   We carried out further analysis to refine the long list of issues and generate a short list of 22 issues. Our analysis comprised consolidation among the long-listed issues and further assessment on the topics' direct relevance for our businesses, as well as the relevant trends and events related to specific issues.

3. **Stakeholder engagement processes**

   To understand the views of key stakeholders in the short-listed issues, we conducted a series of internal and external engagement and communications activities, including interviews and surveys. We also use existing stakeholder communication channels to provide additional support information.

4. **Prioritization and materiality matrix**

   We analyze stakeholder feedback to understand the importance of each topic to them; similarly, we also analyze the importance of each issue to Alibaba's business and sustainable development strategy. We use the results of the importance assessment to generate a materiality matrix. Based on the degree of importance of each issue to stakeholders and to ourselves, we classified the issues into four categories: prioritize; continue internal efforts; sustain and communicate; monitor, comply, and manage.

The results of the materiality assessment reflect the most important ESG issues faced by our value chain and platform ecosystem stakeholders. While placing issues in a matrix provides insight into our priorities, the relative importance of individual issues often varies by business unit, geographic region, and stakeholder group.

Environmental

1 Energy and GHG emissions
2 Climate resilience
3 Resource circularity
4 Water safety and conservation
5 Biodiversity and ecosystems
6 Waste management

Social

7 Sustainable finance
8 Supply chain management
9 Talent retention and management
10 Human and labor rights
11 Occupational health and safety
12 Diversity, equity, and inclusion
13 Rural revitalization
14 Product and service quality
15 Privacy protection and data security
16 Socioeconomic development
17 Community and social welfare
18 Innovation system

Governance

19 Business ethics and anti-corruption
20 Anti-trust and IP protection
21 Risk management
22 Corporate governance

Appendix 5

Progress of United Nations Global Compact

As one of the world's most influential corporate sustainability initiatives, the UN Global Compact requires companies to conduct themselves as "corporate citizens," calling on them to comply with the ten fundamental principles related to human rights, labor, environment, and anti-corruption, and to take action to advance the implementation of social and sustainable development goals. More than 9,500 companies and 3,000 non-business signatories from more than 160 countries have joined the UN Global Compact. Alibaba became a party to the UN Global Compact in February 2021. Our Chairman and CEO, Daniel Zhang, continues to support UNGC and its principles. We take a responsible, principles-based, and integrated approach and are commited to the UN's development goals, conducting business in a responsible manner, and becoming a strong, long-term partner of the UN to fulfill its commitments to society.

Fields	Principles	Corresponding chapters
Human rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	Supporting our people - An equal, dignified, inclusive, and diverse work environment
	Principle 2: Make sure that they are not complicit in human rights abuses.	
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Supporting our people - An equal, dignified, inclusive, and diverse work environment
	Principle 4: Eliminate all forms of forced and compulsory labour.	
	Principle 5: The effective abolition of child labour.	
	Principle 6: Eliminate discrimination in respect of employment and occupation.	
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges.	Restoring our green planet - Climate commitments and status
	Principle 8: Undertake initiatives to promote greater environmental responsibility.	
	Principle 9: Encourage the development and diffusion of environmentally friendly technologies.	
Anti-corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Building trust - Building corporate trust; building social trust

[1]Source: https://www.un.org/zh/37944

Appendix 6

Report Indicator Index

Reporting Framework	HKEx ESG Indexing	SASB	GRI	TCFD	SDGs
Restoring Our Green Planet					
Climate commitments and status	A1, A1.2, A1.5, A1.6; A4, A4.1		305-1, 305-2, 305-3	Governance-(a), and (b); Strategy-(a), (b), and (c); Risk management-(a), (b), and (c); Metrics and targets-(a), (b), and (c)	
1. Greening our operations and value chain	A1.6; A2, A2.3, A2.4; A3, A3.1; B5, B5.2, B5.3, B5.4	CG-EC-130a.3; CG-EC-410a.2; CG-EC-000.C	302-4; 303-1; 304-1; 305-5; 306-2, 306-4; 308-1	Strategy-(a), (b), and (c)	
2. Amplifying decarbonization through our platform ecosystem	A1.5		305-5		
3. Conserving and restoring nature			304-3	Strategy-(a), (b), and (c)	
Supporting Our People					
1. An equal, dignified, inclusive, and diverse work environment	B1, B1.1; B4		405-1; 408-1; 409-1		
2. Fair and competitive compensation and "benefits with warmth"	B1; B4, B4.1		401-1, 401-2, 401-3; 408-1; 409-1		
3. Abundant learning and career opportunities	B3, B3.1, B3.2		404-1, 404-2		
4. Employee health and vitality	B2, B2.3		403-1, 403-3, 403-4, 403-5, 403-6, 403-7		
Enabling a Sustainable Digital Life					
1. Diverse consumption					
2. Inclusive consumption					
3. Trustworthy consumption	B6, B6.2, B6.4	CG-EC-230a.1	418-1		
4. Responsible consumption		CG-EC-220a.2; CG-EC-410a.2	417-1		

Reporting Framework	HKEx ESG Indexing	SASB	GRI	TCFD	SDGs
Fueling Small Businesses					
1. Developing responsible technologies		CG-EC-000.B			
2. Building digital business capabilities and markets for MSMEs		CG-EC-000.A			
3. Enabling inclusive employment					
4. Promoting responsible production					
Enhancing Community Inclusion and Resilience					
1. Rural revitalization through digital development	B8, B8.1		203-1, 203-2; 413-1		
2. Digitalization for community resilience	A4.1; B8.2	CG-EC-130a.3			
Facilitating Participatory Philanthropy					
1. Philanthropic participation of all employees					
2. Technological innovations for social challenges			413-1		
3. Empowering charities with technology					
4. Philanthropy for everyone through our platforms	B8, B8.1, B8.2		413-1		
Building Corporate and Social Trust					
1. Building corporate trust	B7, B7.1, B7.3		205-1, 205-2, 205-3; 414-2	Governance-(b) Risk management-(b)	
2. Building social trust	B6.5				
Appendix: ESG Key Performance Metrics	A1.2; A2.1; B1.1; B2.1, B2.2; B5.1	CG-EC-130a.1, CG-EC-130a.2; CG-EC-230a.1; CG-EC-330a.3	204-1; 302-1, 302-3; 305-1, 305-2, 305-3, 305-4; 403-9, 403-10	Metrics and Targets-(b)	

Appendix 7

Important Legal Information

This report contains forward-looking statements. These statements are made under the "safe harbor" provision under Section 21E of the U.S. Exchange Act, and as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words or phrases such as "may," "will," "expect," "anticipate," "future," "aim," "estimate," "intend," "seek," "plan," "believe," "potential," "continue," "ongoing," "target," "goal," "is/are likely to" or other similar expressions. These statements include, among other things, those about our ESG strategies and the effectiveness of our ESG strategies and initiatives.

Forward-looking statements involve inherent risks and uncertainties. A number of factors, including those described in Alibaba's annual reports and other filings with the U.S. Securities and Exchange Commission and announcements on the website of the Hong Kong Stock Exchange, could cause actual results to differ materially from those contained in any forward-looking statement.

The forward-looking statements made in this report relate only to events or information as of the date on which the statements are made in this report and are based on current expectations, assumptions, estimates and projections. Alibaba undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date on which the statements are made or to reflect the occurrence of unanticipated events, except as required under applicable law.

Information referenced in this report, including other Internet sites and third-party reports and publications, is not incorporated into this report. For the reader's convenience only, this document may provide the addresses of, or contain hyperlinks to, third-party websites. Alibaba has not reviewed such hyperlinks and takes no responsibility for the content therein.

The inclusion of information in this report should not be construed as a characterization regarding the materiality or financial impact (or potential impact) of that information. For more comprehensive information about our results and operations, including risks that could adversely affect our results of operations and financial condition, please refer to our annual reports and other filings with the U.S. Securities and Exchange Commission and announcements on the website of the Hong Kong Stock Exchange.