2024

環境、社會及管治報告
ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORT

阿里健康

阿里健康信息技術有限公司
Alibaba Health Information Technology Limited

Contents

ABOUT THIS REPORT

PUBLICATION CYCLE

This is the eighth consecutive Environmental, Social and Governance ("ESG") Report annually prepared and published by Alibaba Health Information Technology Limited.

BASIS OF PREPARATION

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide under Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (HKEX-ESG).

REPORTING PERIOD

The reporting period is from April 1, 2023 to March 31, 2024 (the "Reporting Period" or "FY2024").

SCOPE OF REPORT

The main body of this report is Alibaba Health Information Technology Limited, including all the management and supporting departments of the Company.

REFERENCE

For the convenience of expression, Alibaba Health Information Technology Limited is also referred to as "Alibaba Health", the "Company" or "we" in this report. The "Group" refers to Alibaba Health and its subsidiaries and "Alibaba Group" refers to Alibaba Group Holding Limited and its subsidiaries.

NOTE ON CURRENCY

Unless otherwise specified, the currency in this report is in Renminbi (RMB).

REPORTING PRINCIPLES

Materiality: By referencing ESG issues of international concern, as well as engaging and communicating with stakeholders in different ways, Alibaba Health selects ESG issues that are related to the Company and are prioritized by materiality for review and approval by the board of directors.

Quantitative: The Company collects regular statistics on quantitative key disclosure indicators regarding environmental and social aspects in this report, and summarizes and discloses them at the end of the financial year. For further details, please refer to the relevant sections in this report. This report discloses information on the standards, methodologies, assumptions and/or calculation tools used for reporting emissions/energy consumption, where applicable, as well as the sources of the conversion factors used.

Consistency: The approach to the disclosure of statistics and key performance indicators used in this report is consistent with that in the Company's previous ESG reports. There are no other influencing factors that have comparative significance for this report.

Balance: This report provides an unbiased picture of the Company's ESG performance.

ABOUT THIS REPORT

REPORT VERSION AND AVAILABILITY

This report is released online. You can access and download this report from the following websites:

Website of Alibaba Health: http://www.irasia.com/listco/hk/alihealth/

Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk

MESSAGE FROM SENIOR MANAGEMENT

The year of 2023/2024 was marked by the rapid development of the Internet healthcare field and a surge of user demands. In light of this, Alibaba Health apprehended the industry trends and enhanced its corporate values, with a focus on the evolving user demands and a new healthcare service model that is more comprehensive, professional and convenient. As the preferred public platform for health consumption, we uphold the value of longtermism in honoring our commitment to "making healthcare services accessible and affordable". We are determined to implement the *14th Five-Year Plan on National Healthcare Security (《「十四五」全民醫療保障計劃》)* and offer truly excellent healthcare services to people across the country based on our leading digital technology and operation capabilities.

As a leading player in the Internet healthcare field, Alibaba Health has been reviewing the extent of its own influence. By incorporating internal risk control, integrity management and other issues into the core framework of our corporate governance, and ESG factors into our daily management, we strive to achieve a scientific and effective governance structure with clear delineation of responsibilities to secure a strong development in the long run. Given our industry-leading performances in low-carbon and green economy transitions, we have been included in the "HSI Low Carbon Index" and "Hang Seng TECH Index". As at the end of the financial year ended 2024 ("FY2024"), we have maintained an MSCI ESG rating of "A" for three years in a row, which serves as a recognition from external stakeholders for our ongoing ESG efforts.

We are committed to providing premium products and services, with an emphasis on their quality and safety. Meanwhile, we continue to optimize the development of our customer service system and carry out a rigorous and regulated management of merchants. All these efforts go a long way to foster quality pharmaceutical and healthcare services that serve as the new engine for our business development. In tandem with "Healthy China 2030" and other national policy development, we, without compromising high standards of compliance and quality, continue to expand our user base and product categories, and provide affordable, convenient, efficient and reliable medical and healthcare services to hundreds of millions of families by aligning with their healthcare needs and leveraging Alibaba Group's brand advantages and experiences in digital operation. With the establishment of a product tracking platform, we are moving towards a more intelligent enterprise through the power of digitalization that ensures a better life-cycle management of pharmaceutical products and efficient quality control.

Talents are valuable assets for our sustainable development. We seek to create a corporate culture of diversity, equality and inclusion through a sound management system for benefits and occupational health and safety. In strict compliance with employment principles, we put in place a competitive remuneration and incentive mechanism, as well as a sophisticated OKR (Objectives and Key Results) business management system and performance management model to ensure fair and clear promotion prospects for our employees. Moreover, the establishment of a systematic, comprehensive talent grooming system and "Alibaba Health Academy"^ (阿里健康學院) provides our employees with training and development opportunities of businesses, research and development, operation and other areas.

MESSAGE FROM SENIOR MANAGEMENT

We implement the concept of green operation to the full as we actively echo the "dual carbon" strategies of our country and follow the strategic decarbonization plan of Alibaba Group, with an aim of minimizing the impact of our business activities on the environment. With reference to the *"International Financial Reporting Standards S2 – Climate-related Disclosures"* (《國際財務報告可持續披露準則第2號–氣候相關披露》) issued by the International Sustainability Standards Board ("ISSB"), we identify and evaluate climate change risk while facilitating decarbonization across the entire value chain. Throughout our proactive exploration for a new model of smart healthcare, ongoing enhancement has been achieved in the cooperation with data and logistic service providers; green data centers; establishment of green facilities; and the application and development of green logistics.

Corporate development and social responsibility are equally significant at Alibaba Health. As we expand our presence, we attach importance to regulated management of suppliers and make it our commitment to foster healthy industry development. We also actively contribute to charitable causes in our society by utilizing our own healthcare capabilities. To drive continuous improvement within our suppliers, we keep raising the entry threshold for them and establish a rigorous review and evaluation system. Our "FireEye System"^ (火眼系統) monitors medium-to-high risk suppliers in real time, sends out early warnings and provides financial, legal and other advices in a timely manner. As part of our active efforts to give back to our society, we strengthened our help for children with critical illnesses, enhanced healthcare resources in rural areas, and made greater contribution to public welfare through collaboration within our ecosystems in FY2024. Thanks to Internet technologies and our platforms, more quality healthcare and pharmaceutical resources and services reached the hands of people with greater needs. By drawing on our philanthropic mind, business approach and power of technology, we seek to realize the good vision of "Public Participation in Public Welfare".

Going forward, Alibaba Health will, as always guided by its value proposition of "Life First", tap into the enormous market of active self-care management with the help of the Internet and digital technology, and meet the demand of health services from the wider user community in a convenient and premium manner. Together with its ecological partners, Alibaba Health will explore the latest industry development and promote a sustainable development that achieve economic growth, environmental protection and social inclusion for a healthier and brighter future ahead.

STATEMENT BY THE BOARD OF DIRECTORS

The Company and the board of directors (the "Board") have fulfilled the requirements of the *Environmental, Social and Governance Reporting Guide* of The Stock Exchange of Hong Kong Limited to advance the Board's participation in and decision-making on ESG-related matters. As the top decision-making body responsible for ESG issues, the Board of Alibaba Health is responsible for making decisions on the Company's ESG management approach and strategy, overseeing the strategy, objectives and risks of ESG development, reviewing assessment results of the Company's material ESG issues and ESG report for the current year, and actively embedding sustainable development and ESG requirements into the operation strategies of the Company.

Led by the Board, Alibaba Health has established an effective mechanism for ESG daily management and information disclosure. The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are in charge of the ESG efforts of the Company, while each business unit and department must fulfil ESG-related requirements and report progress of ESG work in a timely manner. Being responsible for ESG information disclosure, the Internal Audit Department communicates and works with business units and departments to prepare and disclose the ESG report.

Alibaba Health attaches great importance to the opinions and expectations of all stakeholders in its operation and ESG management. By consulting management and experts, benchmarking against peers in China and overseas, and through media monitoring, Alibaba Health has reviewed and made adjustment to the materiality of certain issues with the concerns of internal and external stakeholders adopted as the selection criteria. Furthermore, a materiality matrix for FY2024 has been identified, covering highly material issues such as green operation, compliance operation, and customer/consumer protection.

During the Reporting Period, Alibaba Health adhered to the environmental goals set by Alibaba Group in relation to business operations. This report, which discloses in detail Alibaba Health's ESG-related matters during the year, has been reviewed and approved by the Board on June 28, 2024.

COMPANY PROFILE

Alibaba Health – Making Healthcare Services Accessible and Affordable

COMPANY OVERVIEW

Alibaba Health is the flagship platform of Alibaba Group for integrated online and offline medical and healthcare resources, providing one-stop healthcare solutions. The Group stays true to its aspiration in making healthcare services affordable and accessible while adhering to the industry's high standards of compliance and quality control. With this in mind, the Group will continue to consolidate and strengthen its existing competitive strengths and business foundations in healthcare, and prepare for the future by exploring innovative business models and fostering the development of its business segments to align with the evolving needs of its customers. Capitalizing on its leading digital technology and digital operation capabilities that are built on "cloud-based infrastructure", centered around "cloud-based pharmacy" and driven by "cloud-based hospital", the Group seeks to provide affordable, convenient, efficient and reliable medical and healthcare services to hundreds of millions of families.

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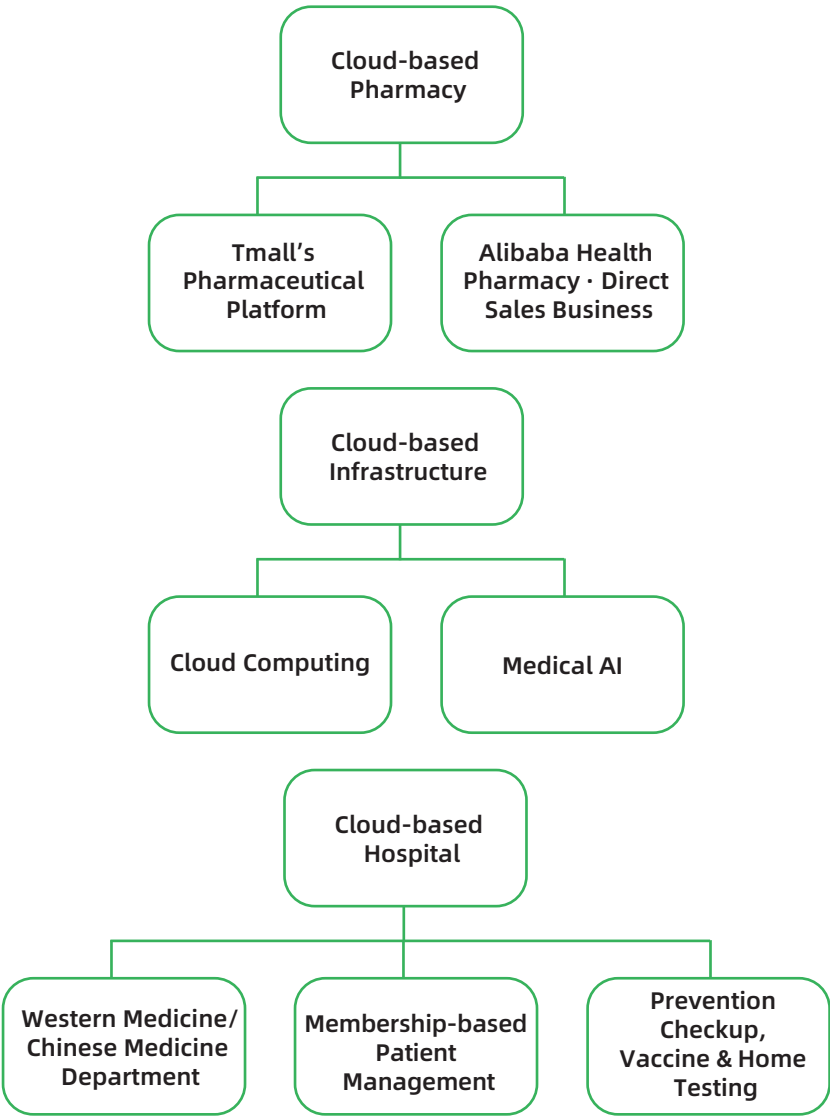
Chart: "Three Clouds" Strategy of Alibaba Health

BUSINESS PROFILE

Alibaba Health is principally engaged in pharmaceutical e-commerce business, healthcare and digital services business, as well as public service activities. Building on its strengths in the Internet and digital technologies, as well as its brand advantages and resources accumulated over the years, Alibaba Health now serves as an important bridge among physicians, pharmaceutical merchants and patients to address the relationship between supply and demand. The Company has also established an online and offline integrated pharmaceutical and healthcare products service platform to further improve user experience and perform its social responsibility.

Pharmaceutical E-commerce Business

- The customer-centric pharmaceutical e-commerce business of Alibaba Health makes full use of its strong brand and resources accumulated over the years. Building on its strengths in e-commerce, big data and cloud computing, Alibaba Health actively expands its partnerships with global pharmaceutical companies, nutritional and healthcare product manufacturers and distributors through a synergistic operation model that integrates its Tmall Healthcare E-commerce Platform, pharmaceutical direct sales business, and ecommerce advertisement business. The Group is committed to providing quality and affordable healthcare solutions to users in needs.

Healthcare and Digital Services Business

- The Group continued to enhance user experience of its healthcare services during the Reporting Period, providing seamless online-to-offline healthcare services (including, among others, TCM, medical checkups, testing, medical consultation, appointment-making, vaccination, dental care, mental care, optometry and nursing) to end users from various channels, such as Tmall, Taobao, Alipay, AMap, DingTalk and Quark. Digital services business includes tracking business and "Ma Shang Fang Xin"^ (碼上放心), the Group's proprietary tracking platform, continued to grow steadily, by offering more value-added services with further penetration into the area of distribution and increasing the coverage of retail terminals.

Corporate Philanthropy

- In FY2024, the Group was actively involved in the public service career. It further strengthened help for children with critical illnesses, enhanced primary healthcare capacity, and made greater contribution to public welfare through collaboration within its ecosystems. By placing equal emphasis on corporate development and social responsibility while undertaking all activities based on the needs of employee and ecological public services, the Group organized and participated in various public service activities, including the "Care campaign for Children Suffering from Methylmalonic Acidemia"^ (檸檬寶寶關愛行動) and "Little Green Umbrella Vaccine Protection Campaign"^ (小綠傘疫苗保護行動). In doing so, it utilized Internet technology and its unique advantages in the digital medicine and healthcare industry to contribute to society.

1 CORPORATE GOVERNANCE

Alibaba Health incorporates various issues ranging from internal risk control to integrity management into the core framework of its corporate governance. Through continuous optimization of the corporate management structure and governance mechanism, the Company will go a long way and create sustainable value for its people, clients and other stakeholders in the long run.

1.1 GOVERNANCE STRUCTURE

In strict compliance with the *Company Law of the People's Republic of China (《中華人民共和國公司法》)* and other relevant laws, regulations and regulatory documents, Alibaba Health has established a scientific and effective governance structure with clear delineation of responsibilities. During the Reporting Period, Alibaba Health maintained the Audit Committee, the Nomination Committee and the Remuneration Committee in compliance with the *Rules Governing the Listing of Securities* on The Stock Exchange of Hong Kong Limited and relevant Code Provisions.
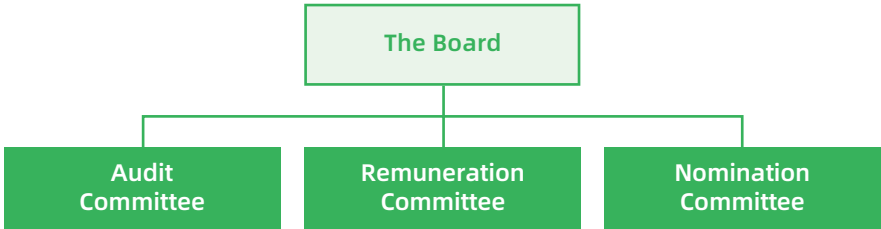
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Chart: Corporate Governance Structure of Alibaba Health

Committees	Main duties
Remuneration Committee	• to make recommendations to the Board on the Company's policy for and structure of remuneration in relation to all directors and senior management, as well as other remuneration-related matters, and on the establishment of formal and transparent procedures for developing its remuneration policy; • to make recommendations to the Board on the remuneration packages of individual executive directors and senior management, including benefits in kind, pension rights and compensation payments, and to make recommendations to the Board on the remuneration of non-executive directors; • to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; • to make recommendations on the review of Alibaba Health's share schemes and/or approve related matters.

Committees	Main duties
Audit Committee	• to make recommendations to the Board on the appointment, reappointment and removal of the external auditor, to approve the remuneration and terms of engagement of the external auditor, and to address any questions of resignation or dismissal of such external auditor; • to hold pre-audit discussions with the external auditor about the nature and scope of the undertaking, as well as the relevant reporting obligations; • to review the half-year, annual financial statements, annual and interim reports and accounts before submission to the Board; • to monitor the Company's financial reporting policy, risk management and internal control systems, and to supervise their effectiveness while ensuring they are provided with sufficient resources.
Nomination Committee	• to review the structure, size, composition and diversity of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; • to make recommendations to the Board on the appointment, re-appointment or removal of directors, and succession planning for directors, in particular the chairperson of the Board and the chief executive officer; • to identify individuals suitably qualified to become members of the Board and to select or to make recommendations to the Board on the selection of individuals nominated for directorships; • to evaluate the independence of independent non-executive directors.

To ensure the effectiveness of the Board composition and promote the Company's diversity performance, we have put in place the *Board Diversity Policy*. The Nomination Committee, which is responsible for reviewing annually the structure, size and composition of the Board, takes into account a diversified range of factors, including but not limited to industry knowledge, professional background, experience, gender and age. As at the end of the Reporting Period, the Board of Alibaba Health comprised 8 directors, 4 of whom were females. They were professionals from different industries in Mainland China and the Hong Kong Special Administrative Region of China, well-versed in finance, economy, accounting, healthcare, computer, management and other fields. For biographical details of Board members, please refer to the Company's *FY2024 Annual Report*.

1 CORPORATE GOVERNANCE

1.2 INTERNAL RISK CONTROL

A robust management of compliance risk is critical to the Company's sustainable development. Internal risk control is considered a core part of operational management and business activities at Alibaba Health, where a comprehensive risk management and internal monitoring system, covering strategy, management and operation, has been established in strict compliance with applicable laws and regulations. The Company adheres to a risk management strategy through which it ensures steady growth and sustainable development of the Group's businesses through continual optimisation of its risk management framework, capability and culture". Having adopted a prudent stance in the determination of its risk appetite, the Company integrates its development strategies with its risk appetite and proactively sets risk management objectives, thereby propelling itself towards healthy operation and sustainable growth.

The Company's risk management organizational structure consists of three levels: governance, management and execution. In particular, an interactive risk management mechanism featuring "three lines of defense" is placed on the execution level which deepens the exchange and cooperation between business, risk management and internal audit teams. Internal and external risks in key areas are identified, followed by proactive risk management activities and ongoing enhancement of risk management practices.

It is also the Board's responsibility to review the effectiveness of the Group's risk management system and ensure that risk management controls are sound and effective to safeguard the investment of the Shareholders and the assets of the Group at all times. In connection with this, the Board formed a risk management committee on November 23, 2016 to discharge its role in monitoring and supervising the risk management of the Company.

The Board

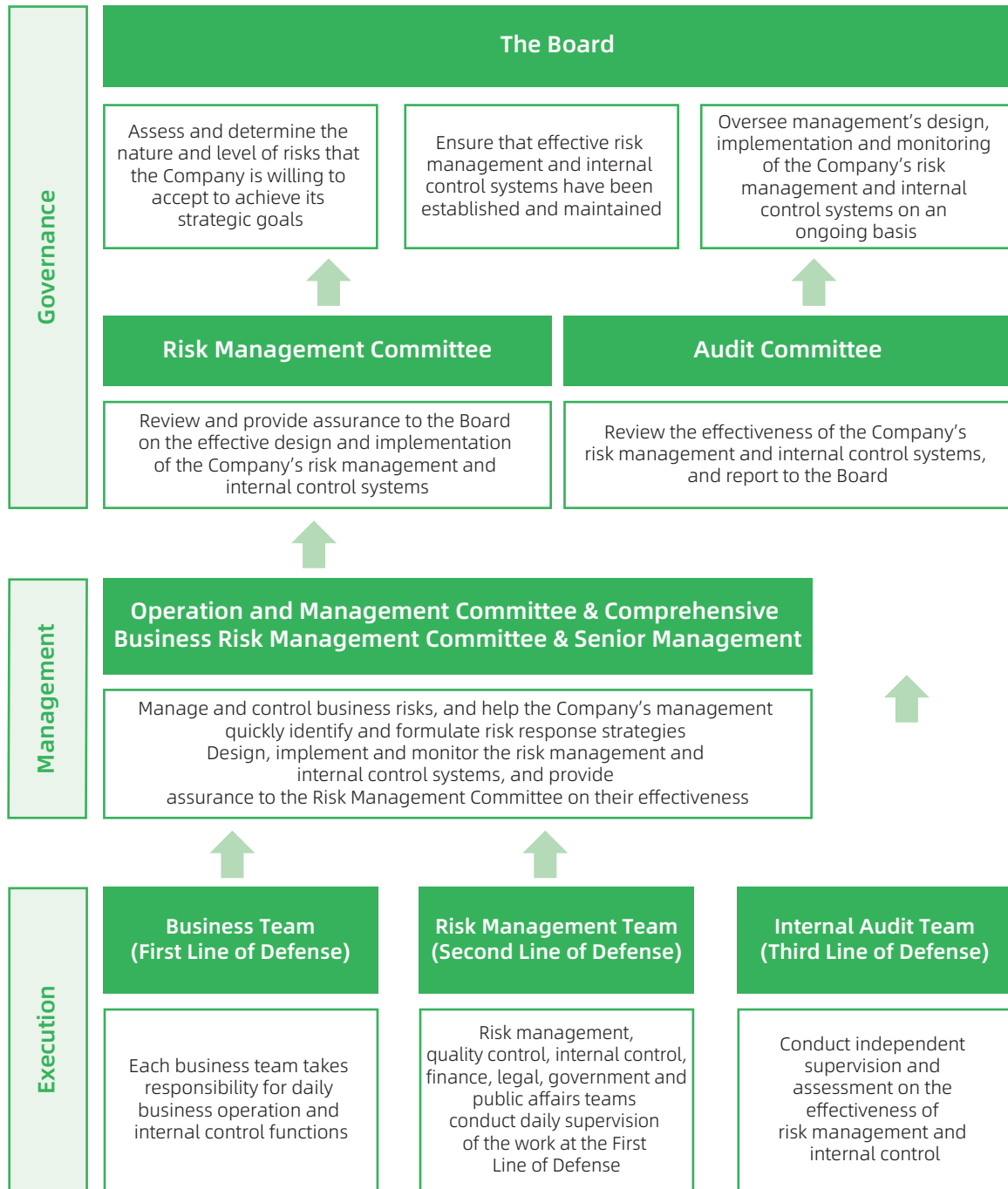| Assess and determine the nature and level of risks that the Company is willing to accept to achieve its strategic goals | Ensure that effective risk management and internal control systems have been established and maintained | Oversee management's design, implementation and monitoring of the Company's risk management and internal control systems on an ongoing basis |

Governance

Risk Management Committee

Review and provide assurance to the Board on the effective design and implementation of the Company's risk management and internal control systems

Audit Committee

Review the effectiveness of the Company's risk management and internal control systems, and report to the Board

Management

Operation and Management Committee & Comprehensive Business Risk Management Committee & Senior Management

Manage and control business risks, and help the Company's management quickly identify and formulate risk response strategies
Design, implement and monitor the risk management and internal control systems, and provide assurance to the Risk Management Committee on their effectiveness

Execution

Business Team (First Line of Defense)

Each business team takes responsibility for daily business operation and internal control functions

Risk Management Team (Second Line of Defense)

Risk management, quality control, internal control, finance, legal, government and public affairs teams conduct daily supervision of the work at the First Line of Defense

Internal Audit Team (Third Line of Defense)

Conduct independent supervision and assessment on the effectiveness of risk management and internal control

Chart: Risk Management Organizational Structure at Alibaba Health

1 CORPORATE GOVERNANCE

Risk identification	• With a focus on key areas and businesses of the Company, the management identifies uncertainties and risk exposures which could prevent the Group from realizing its objectives in major areas, including strategy, operation, quality, customer service, finance, laws, human resources, information technology and data, and reputation.
Risk assessment	• Management and its management team evaluate and rate the identified risks based on the two dimensions of probability and impact and rank them as "high", "moderate" or "low" based on the rating results.
Risk response	• Risk response strategies include risk avoidance, transfer, mitigation and acceptance. Based on the risk identification and assessment results, the management selects appropriate strategies and takes corresponding measures to manage and control risks.
Risk monitoring	• Risk monitoring is to oversee the implementation of risk response measures as well as to continuously improve the effectiveness of internal control activities, which includes ongoing monitoring during daily business operation and regular independent assessment.
Risk reporting	• Risk reporting is to report on the effectiveness of the design and implementation of the risk management and internal control systems to the Company's management, the Board, as well as its Audit Committee and Risk Management Committee.

Chart: Risk Management Processes at Alibaba Health

In order to ensure the implementation of the Group's risk management strategies on an operational level, we have carried out a series of risk response measures, including the standardization of internal control processes, the establishment of a risk assessment mechanism, and the development of risk awareness.

Business process standardization

- The Company undertakes processes and internal control activities at the organizational, operational, financial reporting and IT system levels according to internal control manuals and relevant policies which are published on its policy management platform as reference and learning materials for all employees;
- The Company has established a rules center for Alibaba Health to publicize policies and requirements in respect of the management of partners and businesses.

Risk management performance appraisal

- In order to ensure an effective implementation of its risk management as well as Group-wide risk management strategy, the Company raises all employees' risk awareness, standardizes internal control processes and adopts an accountability mechanism for all employees.

<table>
<tr><td>Risk management communication and training</td></tr>
<tr><td>• The Company ensures the implementation of various operational procedures, policy regulations and internal control activities through related communication and training sessions on risk management and internal control. These are held by means of centralized training sessions, seminars, on-job communication and instructions, online video courses, internal e-mail and online examinations, covering themes such as legal and regulatory compliance, company regime, internal control, integrity, and data security.</td></tr>
</table>

Chart: Risk Management Assurance Mechanisms at Alibaba Health

1.3 INTEGRITY MANAGEMENT

Alibaba Health adopts a "zero tolerance" approach towards corruption by committing itself to legitimate and compliant operation and upholding business ethics. All business activities are carried out in a stringent manner and with a strong sense of social responsibility.

Alibaba Health has established its compliance system with reference to the standard of Alibaba Group and formed teams of professionals well-versed in integrity, internal control, audit, risk control, legal and financial practices. Alibaba Health has also set up a Disciplinary Management Committee, whose members include the CEO, CPO, CFO, COO, CRO, head of legal affairs, and head of integrity. This committee is mainly responsible for the daily supervision of business ethics and anti-corruption issues, including amendments to relevant policies, reconsideration and reporting of employee discipline, as well as routine management of integrity risk. From December 2023 onwards, the head of integrity team at Alibaba Health reports to the head of integrity and compliance from Alibaba Group, with an aim of ensuring a free flow of information and efficient decision-making.

In compliance with the *Company Law of the People's Republic of China* (《中華人民共和國公司法》), the *Anti-Money Laundering Law of the People's Republic of China* (《中華人民共和國反洗錢法》), the *Anti-unfair Competition Law of the People's Republic of China* (《中華人民共和國反不正當競爭法》), the *Interim Provisions on Prohibition of Commercial Bribery* (《關於禁止商業賄賂行為的暫行規定》), the *Anti-monopoly Law of the People's Republic of China* (《中華人民共和國反壟斷法》) and other national laws and regulations, the Company also strictly implements the *Alibaba Health Anti-commercial Bribery Compliance Policy*^ (《阿里健康反商業賄賂合規政策》) and other internal policies that define our moral bottom line and provide all employees with ethical guidance.

1 CORPORATE GOVERNANCE

During the Reporting Period, the Company issued the *Alibaba Health Gift Handling Regulations*^ (《阿里健康禮品處理條例》) and the *Alibaba Health Guidelines for Employee Participation in External Activities Organized by Third Parties*^ (《阿里健康員工參加第三方主辦的外部活動的指引》). Amendments were also made to the *Alibaba Health Code of Business Conduct*^ (《阿里健康商業行為準則》), the *Alibaba Health Rules for and Analysis of Managing Conflicts of Interest among Employees*^ (《阿里健康員工利益衝突管理細則及解析》), the *Employee Discipline System*^ (《員工紀律制度》) and other rules. With these efforts, the Company achieved further improvement in the internal policy system for anti-corruption and compliance, as well as an efficient and robust operation.

Chart: Core Content of the Alibaba Health Anti-commercial Bribery Compliance Policy

Prohibition of facilitation payments	Compliance with gift, entertainment and hospitality requirements
Charity/public service donation and sponsorship	Political donation
Hiring a referred candidate	Interactions with third parties
Management of anti-commercial bribery compliance for self-funded medical institutions	Medical interaction and exchange activities
Conflict of interest	Training and engagement
Books and records	Supervision and review
Reporting of misconduct related to commercial bribery and compliance investigation	Handling non-compliance

Integrity Training

Alibaba Health values the development of integrity culture, seeking to create a corporate environment of honesty and compliance through training on business ethics and anti-corruption. Targeting at various different positions, such as management, functional teams and front-line employees, Alibaba Health customized promotional and educational activities for its integrity policies, such as Code of Business Conduct, Employee Discipline System and Rules for Managing Conflicts of Interest. A designated education mechanism was in place for new recruits who were all required to pass an exam within 30 days upon induction and attend designated offline training organized by the Company on a regular basis.

During the Reporting Period, Alibaba Health held a total of 8 integrity training activities for management, core business departments, employees within our ecology and new hires to reinforce their understanding of business ethics and anti-corruption. Meanwhile, we launched 9 integrity promotional campaigns to spread a corporate culture of integrity, honesty and compliance among all employees. In FY2024, an exam on the Code of Business Conduct was taken by every director and employee, with an attendance rate of 100%. The training hours completed per director and per general employee were 1 hour and 3 hours respectively.

Whistleblowing Management

Riding on the effective management of business ethics, Alibaba Health has established an open and transparent whistleblowing system for compliance, as well as the *Rules for Integrity Reporting*^ (《廉正舉報制度》) to standardize the principles and processes covering acceptance and investigations of reports, protection of whistleblowers and prevention of false accusations. The Company has put in place a diversified anti-corruption whistleblowing mechanism, developed a mobile whistleblowing portal and set up other public channels, such as QR codes, a reporting hotline and email. During the Reporting Period, "Integrity Chatbot"^ (廉正小蜜) was added to DingTalk, where designated personnel were responsible for managing the reporting email and analyzing and distributing whistleblowing information.

Alibaba Health's Integrity Reporting Channels	
Online reporting channel	alihealth.jubao.alibaba.com
Whistleblowing email	Health_Integrity@alibaba-inc.com
Reporting hotline	400–854–5198
DingTalk	Integrity Chatbot^

Alibaba Health has assigned a team of integrity investigators to rigorously assess the validity and relevance of reports immediately after the receipts of reports and carry out corresponding information analysis and investigations. The Company has explicitly undertaken to keep identities and the information of the whistleblowers contained in their reports confidential, while strictly prohibiting any form of retaliation against whistleblowers, so as to safeguard the legitimate rights and interests of whistleblowers. During the Reporting Period, Alibaba Health was not involved in any legal case due to fraud or corruption.

Integrity in Procurement

Alibaba Health upholds the principles of honesty in procurement, during which the *Alibaba Health Anti-commercial Bribery Compliance Policy*^ (《阿里巴巴健康反商業賄賂合規政策》) is strictly complied with and the *Alibaba Group Procurement Guidelines – Supplier Management Rules and Regulations (V2.0)*^ (《阿里巴巴集團採購指引之供應商管理細則規範V2.0》) is continuously refined. When there is a breach of obligation of honesty by a supplier involved in, for example, bribery, improper advantage, bid-rigging, fraud and deception, we will handle it in a serious manner to ensure integrity and transparency in procurement activities.

An "Integrity and Honesty Agreement Letter", which clearly stipulates the requirements of business ethics and anti-corruption for suppliers and hence enables a standardized sustainability assessment of suppliers, is signed between the Company and each supplier at the stage of database entry. To achieve comprehensive integrity management and enhance compliance in the supply chain, we have streamlined the whistleblowing channels specified in our supplier portal and procurement contracts and undertaken to keep the information of whistleblowers strictly confidential. During the Report Period, the Company did not experience any incident of corruption in procurement.

1 CORPORATE GOVERNANCE

1.4 COMMUNICATION WITH STAKEHOLDERS

Alibaba Health considers the opinions of various stakeholders extremely important to its sustainable development strategy. To move towards a more socially responsible company on all fronts, Alibaba Health maintains close ties with all stakeholders, including the government, investors, consumers, employees, partners and the public, and seeks to fully understand their ESG needs and expectations through various streamlined channels.

Stakeholders	Needs & Expectations	Communication & Responses
Government	Compliance with laws & regulations Response to national policies Support for economic development Payment of taxes according to laws	Compliance management Implementation of national policies Contribution to economic development Active payment of taxes
Investors	Return on investment Business & profit growth Risk management Information disclosure	Results announcement meetings General meetings Enhancement of internal control compliance Timely disclosure of operating information
Consumers	Quality products & services Healthcare knowledge education Safeguards of privacy and security	Premium pharmaceutical healthcare services Consumer satisfaction surveys Consumer information protection
Employees	Staff benefits assurance Occupational health protection Sound career path Work-life balance	Competitive remuneration package Provision of staff health training Enhancement of career development path Improvement of staff wellness
Partners	Industry advancement and win-win outcome Transparent procurement Honesty in business	Launch of cooperative projects Public tenders Contract fulfillment according to laws
Environment	Energy conservation and emission reduction Mitigation of negative environmental impacts	Strict management of emissions Improvement of efficiency in the use of resources and energy Participation in environmental public welfare activities
Society and the Public	Integration of business operation and public welfare Support for community development	Charitable activities Volunteer services

1.5 IDENTIFICATION OF MATERIAL ISSUES

Committed to "making healthcare services accessible and affordable", Alibaba Health pays close attention to the healthcare needs of its users, and has formed four core pillars for sustainable management that ensure steady business development in the long run by taking into consideration the external and internal ESG-related trends.
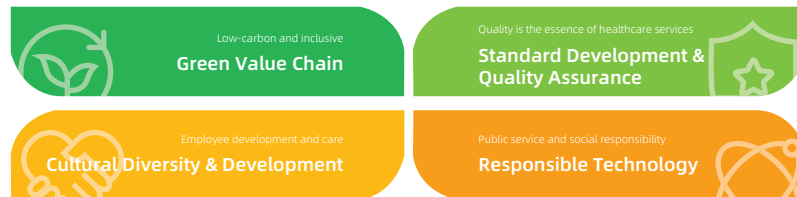

Low-carbon and inclusive **Green Value Chain**	Quality is the essence of healthcare services **Standard Development & Quality Assurance**
Employee development and care **Cultural Diversity & Development**	Public service and social responsibility **Responsible Technology**

Chart: Four Core Pillars for Sustainable Management of Alibaba Health

During the Reporting Period, Alibaba Health prepared a list of ESG issues according to the demands of its stakeholders, its sustainable development pillars, industry trends and market research. ESG issues that have a significant impact on the Company were identified and selected for materiality analysis, eventually contributing to the mapping of the materiality matrix of ESG issues of Alibaba Health in FY2024.

Source of the List of the Issues
– Suggestions made by management of the Company
– Analysis and suggestions made by internal and external experts
– Analysis of media information
– Benchmarking against peers in China and overseas

Standards of Identification & Selection
– Contribution to sustainable development
– Issues of general concern to the industry and stakeholders
– The Company's needs of strategic development

Materiality Analysis Process
– Materiality rating of the issues by stakeholders
– Materiality assessment and decision-making on the issues by the Company's management

Results of Identification
– Prioritization of the issues to create a materiality matrix of ESG issues for the year

Chart: Process of Analyzing Material ESG Issues

1 CORPORATE GOVERNANCE

Materiality Matrix of ESG Issues of Alibaba Health in 2024
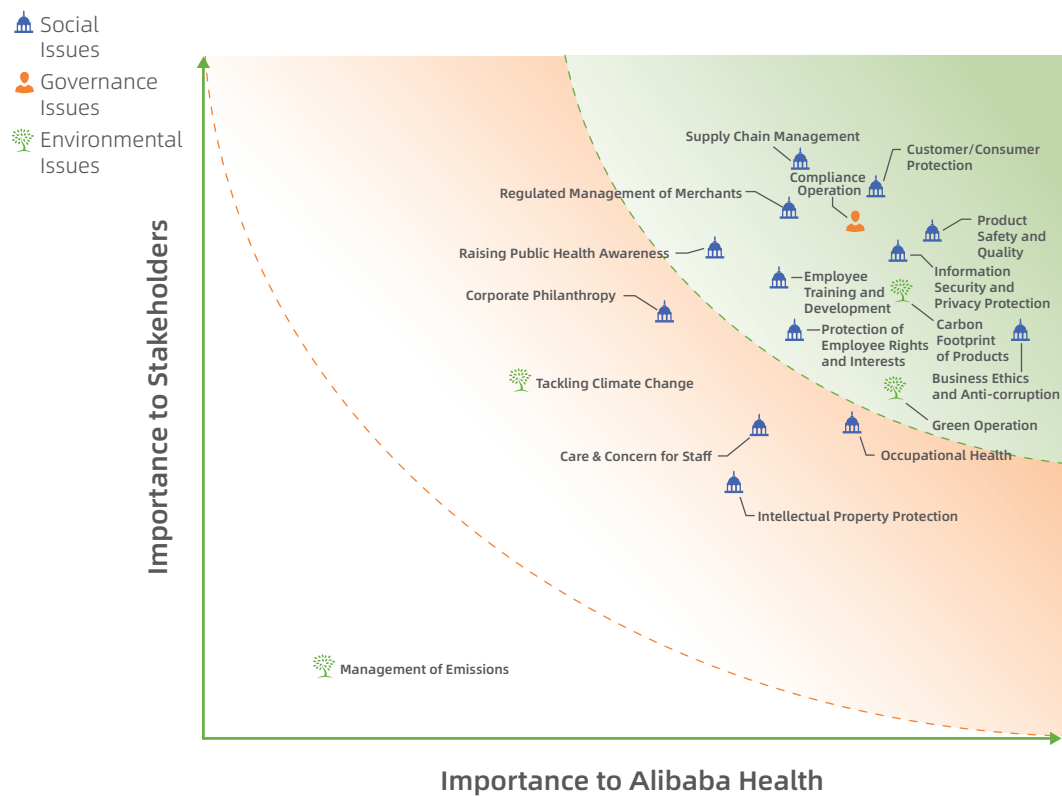
Chart: Materiality Matrix of ESG Issues of Alibaba Health in FY2024

2 STANDARD DEVELOPMENT & QUALITY ASSURANCE

Alibaba Health considers quality the key engine for excellent corporate development. Therefore, we focus on product quality and safety and a rigorous and regulated management of merchants. Building on enhanced customer service standard, information security and intellectual property policies, we provide a seamless online-to-offline platform for pharmaceutical and healthcare offerings.

2.1 PRODUCT QUALITY & SAFETY

Committed to strict quality standards, Alibaba Health ensures that the quality and safety of the products are guaranteed by sound regulations and systems and advanced technological means. We strictly abide by the *Food Safety Law of the People's Republic of China (《中華人民共和國食品安全法》)*, the *Drug Administration Law of the People's Republic of China (《中華人民共和國藥品管理法》)*, the *Vaccine Administration Law of the People's Republic of China (《中華人民共和國疫苗管理法》)*, the *Regulations on the Implementation of the Drug Administration Law of the People's Republic of China (《中華人民共和國藥品管理法實施條例》)*, the *Measures for the Supervision and Administration of Online Drug Sales (《藥品網絡銷售監督管理辦法》)*, the *Measures for the Supervision and Administration of the Quality of Drug Distribution and Use (《藥品經營和使用質量監督管理辦法》)* and other national product quality and safety related laws and regulations. We undertake operational management and quality control in accordance with the *Good Supply Practice for Pharmaceutical Products (GSP) (《藥品經營質量管理規範》)* while continuing to establish the full process of a digital quality management system.

Table: Full process of Quality Management of Alibaba Health in FY2024

Quality Control

- **Quality control throughout the value chain:** We adopted effective quality control measures throughout the value chain covering drug storage, sales and transportation in accordance with the GSP standard to ensure drug quality.
- **Quality management system:** We comprehensively amended our policies, operation rules and documents of roles and responsibilities on quality according to the latest regulations and current state of business. We continued to improve the management of drugs sold online in key aspects such as drug risk control, tracking, storage and delivery, handling of adverse reactions and complaints and whistleblowing, with a view to meeting the needs of the emerging business model. A pharmaceutical online service system was introduced. A management system for reviewing and approving prescriptions for drugs sold online was also established, so as to enhance the professionalism and safety of the sale of medicines.

2 STANDARD DEVELOPMENT & QUALITY ASSURANCE

Product Verification

- **Development of verification standards:** We continued to improve internal standard documents such as the *Standards for Launching Vaccine Products on the Platform of Alibaba Health*^ (《阿里健康疫苗平台商品發佈標準》) and *Technical Specifications for Prohibited Additives in Edible Products*^ (《可食用類產品違禁添加技術規範》) based on the characteristics of specific products sold on our platform, expressly stipulating the usage of additives in each product and preventing prohibited substances.
- **Verification method:** We verified products through our internal "transparent laboratory" and third-party verification organization with professional qualifications.
- **Sampling tests on products:** The Alibaba Health platform adheres to the issue-oriented principle, safeguarding the legitimate rights and interests of its users while conducting sampling tests on the quality of goods on the platforms based on data such as consumer complaints, quality of stores and refund rate. During the Reporting Period, Alibaba Health completed sampling tests on 395 batches of goods sold by merchants on its platforms and identified a total of 101 items for merchants' rectification, with a completion rate of 100%. The scope of the sampling tests covers a wide range of product categories, such as medical devices, healthcare products and supplements, traditional nutritional products and adult goods. Two precautionary and comparative tests were completed on self-operated products, effectively reducing the risk of product counterfeiting.
- **Technology promotion:** In cooperation with consumers, government and other stakeholders, we shared the company's product quality monitoring and management technology, working together to fight against counterfeit and substandard products in the market.

Product Tracking

- **Introduction of technology:** We introduced automated identification with artificial intelligence and blockchain technology for product tracking, so as to ensure effective quality management and monitoring throughout the supply chain.
- **Product tracking platform:** We improved the construction of the third-party tracking platform "Ma Shang Fang Xin"^, exploring the digital pilot circulation of *Drug Testing Report Forms* (《藥品檢驗報告單》), so as to improve the efficiency of drug quality supervision and enhance the level of corporate intelligence through digital capabilities. During the Reporting Period, Alibaba Health uploaded 30,448 drug testing reports through the "Ma Shang Fang Xin"^ platform;
- **Tracking compliance service:** We provided enterprise users and government departments at all levels with efficient and reliable product life cycle tracking services in accordance with relevant tracking standards and specifications set out in national policies, covering diversified functions such as medical insurance cost control and channel management, patient education and drug tracking, with a view to ensuring that throughout the life cycle of drugs circulating within China, its source could be verified, its circulation could be tracked, and its accountability could be pursued.

2 STANDARD DEVELOPMENT & QUALITY ASSURANCE

Product Recall

- **Recall process:** We continued to improve the product recall management system, specifications and standards, so as to ensure the efficiency of drug recall.

We established systems for drug quality enquiry, complaint, information collection and processing in accordance with the *Management Rules for Drug Enquiries*^ (《藥品查詢管理制度》), the *Management Rules for Drug Complaints*^ (《藥品投訴管理制度》), the *Rules for Processing Drug Quality Information*^ (《藥品質量信息處理制度》) and the *Rules for Drug Maintenance*^ (《藥品養護制度》), with a view to ensuring effective detection and identification of information of the drugs to be recalled.	We formulated the *Management Rules for Drug Recalls*^ (《藥品召回管理制度》) for the direct pharmacy business of Alibaba Health in accordance with the rules of the *Administrative Measures for Drug Recalls*^ (《藥品召回管理辦法》), so as to ensure responses to the drug recalls from regulatory authorities and suppliers are made within 8 hours and records of the entire process as required under GSP are maintained.	We formulated the *Management Rules for Destruction of Unqualified Drugs*^ (《不合格藥品銷毀管理制度》), pursuant to which to drugs recalled are collectively destroyed in strict accordance with regulatory requirements, while authentic and complete records of the destruction are maintained.

Chart: Full Process of Product Recall

During the Reporting Period, Alibaba Health reported no incidents of warnings on quality issue, and its direct sales business reported no product recall over health and safety reasons[1].

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[1] Providers on the platforms of Alibaba Health (other than direct sales) recalled products a total of 139 times. The reasons for the recalls were mainly recalls due to regulatory bans or by upstream providers of medicines.

2 STANDARD DEVELOPMENT & QUALITY ASSURANCE

Quality Trainings

Quality management requires the participation of every employee. Attaching great importance to fostering a quality culture, Alibaba Health carried out diversified quality training activities, continuing to spearhead the construction of the Internet healthcare ecosystem, so as to provide patients with more quality-assured products and healthcare services. In FY2024, we conducted more than ten training sessions for employees in the departments of quality control and reviewing, purchasing and operations, including pre-service training, system operation training, training on provider rules and training on the process of introducing new products. More than 100 employees participated in the training.

Table: Internal Quality Training of Alibaba Health

Drug training:	Non-drug training:
• For customer service teams of pharmaceutical products: two themed training sessions on the handling of drug quality complaints, explanation of drug labels and Q&A about common complaint scenarios were held through offline and live streaming; • For drug quality control teams: training was provided on standard management of drug information at initial marketing and standard procedures for processing quality information; • For warehouse operation teams: training was provided on quality control standard for the core processes of drug warehousing, as well as standards for entry and inspection of expiration dates of drugs in the warehouse.	• For operation teams of non-pharmaceutical products: a number of training sessions were held, covering rules and regulatory requirements for non-pharmaceutical products at initial marketing; rules and regulatory requirements for nutritional and food products at initial marketing; penalties for providers; consequences of and penalties for wrong and omitted deliveries; red-line penalties for trickery by merchants and common mistakes; and management standards for direct-delivery warehouse.

2.2 REGULATED MANAGEMENT OF MERCHANTS

Alibaba Health continues to optimize the merchant management system across its e-commerce platforms, developing a series of strict management manuals, covering various aspects such as review of merchant qualification, management guidelines and quality control. We strictly enforced regulatory measures on merchant entry, product quality, advertisement content and product sampling and other aspects, with a view to ensuring the standardization and efficiency of the operation of the platforms. Meanwhile, for different business lines and product categories of Taobao, Tmall Global and Tmall Supermarket, we formulated special management policies and control measures for specific platform merchants, such as medical devices, medical services and consumer healthcare institutions, further streamlining the management of merchants while improving the overall operation of the platform.

2 STANDARD DEVELOPMENT & QUALITY ASSURANCE

Merchants selling medical devices

- We expressly implemented the *Measures for Supervision and Management of Online Sales of Medical Devices*^ *(《醫療器械網絡銷售監督管理辦法》)* and established a strict review and regulation system for qualifications;

- During the entry stage of the merchants: merchants are required to provide qualifications of medical device business, medical device online registration certificates, business licenses and other documents as required;

- During the operation stage of the merchants: merchants are required to provide information about the registration certificate or label of the medical device before launching such products in accordance with Alibaba Health's regulations for launching medical device products, with a view to verifying the authenticity and validity of relevant qualifications.

Medical service providers

- We formulated the *Standards on Admission to Alibaba Health Medical Platform*^ *(《阿里健康醫療平台入駐標準》)*, the *Rules of Alibaba Health on Management of Sourcing of Physical Check/Inspection Providers in Alipay*^ *(《阿里健康支付寶體檢／檢查機構招商管理規範》)* and other admission requirements for medical service providers;

- We conduct a preliminary verification of the qualifications of all medical institutions and physicians admitted to the platform. The final review will be conducted through the website of the National Health Commission of the People's Republic of China ("National Health Commission").

Consumer healthcare institutions

- We developed rules, management standards and verification processes for sourcing consumer healthcare institutions;

- During the entry stage of merchants: we combine qualification verification with site visit to inspect from time to time the management, service and other qualification documents of consumer healthcare institutions, as well as the actual state of their operations, so as to ensure the authenticity of the qualification verification information.

2 STANDARD DEVELOPMENT & QUALITY ASSURANCE

2.3 CUSTOMER SERVICE

Alibaba Health is actively exploring innovative business models based on customer needs, providing convenient online consultation, medicine purchase, health management and other services, reducing users' treatment time and travelling costs, thereby enhancing the convenience of the public in accessing medical and healthcare services. We accelerated the establishment of a customer service communication management system, handled customer complaints appropriately, enhanced our risk-control capacity for safe use of medicines by users, continuously upgraded our customer service experience, so as to provide universal, convenient, efficient and safe medical and healthcare services to hundreds of millions of families.

Customer Service Management

We always take customer feedback as a motivation for improvement while constantly enhancing our service quality. We have developed the *Operation Procedures for Customer Complaints Management*^ (《客戶投訴管理操作規程》) and the *Quality Complaint Management System*^ (《質量投訴管理制度》), along with the issuance of the *Alibaba Health Implementation Plan for Performance Management of Customer Service Outsourcing Suppliers*^ (《阿里健康客服外包供應商績效管理實施方案》) during the Reporting Period to standardize the procedures of customer development, engagement, complaint and other services.

Efforts are made to enhance the development of our customer service system, including ongoing optimization of our platforms and improvement in customer and user satisfaction by collecting their demands and suggestions through a diverse range of channels. Through online and hotline communication channels, we provide real-time services to over 150,000 customers on an average daily basis, allowing them to immediately express their level of satisfaction on the relevant platforms. For unsettled customer issues, customer service officers notify customers of the results through online messages, phone calls and SMSs, and take follow-up action. We perform in-depth analysis of customer review data and VOC[2] scenarios, in order to improve key areas where customer satisfaction is lower. Special training and quality inspection are carried out to strengthen and ensure effective implementation of enhancement measures. In FY2024, customer satisfaction of Alibaba Health increased from 80% to 85% as a result of exploration of customer dissatisfaction and recurring implementation of special improvement measures.

In respect of customer complaints, we have developed a principle of "No Complaint is Left Behind", where a full-chain accountability tracking system covering the occurrence, feedback and conclusion of problems is established to ramp up the time efficiency of tracking for customer services. In FY2024, 289,000 complaints were received, with a response rate of 100%. Compared with FY2023, one-off settlement rate for complaints increased by approximately 10% to around 75%, while the number of customer complaints decreased by 20%. Meanwhile, our customer service department has reviewed the contexts of daily complaints to analyze the features of regulator-specific complaints. By strengthening early intervention and settlement through multi-dimensional evaluation, the incidence of regulator-specific complaints can be minimized.

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[2] Voice of Customer

2 STANDARD DEVELOPMENT & QUALITY ASSURANCE

With an emphasis on nurturing quality customer service officers at our stores and improving their skills, we provide six types of training courses including on-the-job, brand, quality inspection and sale training. Their diversified topics, such as the *Identification and Diagnosis Guidance on Skin Diseases (《皮膚病鑒別診斷指導》)*, *Distinguishing Effects and Concomitant Use of Probiotics (《益生菌的功效區別與聯合用藥》)* and *Guidance on Sale Related to Frequently Used Nutritional Products (《滋補高頻產品關聯銷售指導》)*, improve the professionalism and skillsets of customer services officers at all fronts. In FY2024, 422 trainings on customer service management were carried out, with an accumulated attendance of 7,697 participants.

Pharmacist Service

Alibaba Health continuously raises the management level of its pharmacist team while improving its platform-based service system. In addition to upholding stringent standards when verifying pharmacists to be admitted to our platforms, we continuously enhance consultation services to ensure that each user can be provided with purchasing guidance in a timely and accurate manner. In terms of team-building for pharmacists, we have taken multiple effective measures:

- certificates of qualification and practice certificates of pharmacists are subject to strict verification during admission to ensure the authenticity and reliability of pharmacist information;

- in a bid to improve professionalism, the pharmacist team is regularly provided with professional training courses, which cover, among other subjects, medical knowledge and medication precautions;

- a mechanism has been put in place in which pharmacists are, on a monthly basis, assessed and assigned the 'gold-medal' designation, encouraging them to provide users with better services by enhancing their own service standards.

As at March 31, 2024, more than 220,000 licensed physicians, pharmacists and nutritionists contracted with Alibaba Health to provide online health consultation services, representing an increase of more than 20,000 professionals as compared to FY2023. The average daily number of consultations (excluding prescription) increased to 11,045 during the Reporting Period.

We continue to optimize our pharmacist service system by building on a team of professional pharmacists, who are able to provide online consultation services on a 24/7 basis. In addition to providing platform users with consultation and medication services both before and after purchase, we also offer customized medication guidance services to members of the "Prescription for Chronic Disease Welfare Program". Moreover, we have also developed user-friendly tools such as medication reminders and automatically generated medication plans to fully address users' medication needs.

Medical Consultation Experience

By leveraging its competitive strength in Internet business while factoring in the need to advance its proprietary business, Alibaba Health has successfully established an integrated online and offline medical service model to offer consumers a consultation experience of greater convenience and comfort.

2 STANDARD DEVELOPMENT & QUALITY ASSURANCE

Having undertaken deep-dive analyses of user information enabled by big data and AI technologies, we have made every effort to build an online consultation platform that features online registration, waiting, remote follow-up consultation and home delivery of medicine, providing users with full-fledged and one-stop consultation services. By leveraging on our extensive experience in the technology, channel and operation arenas, we provide chronic disease patients with comprehensive healthcare services at their fingertips to continuously improve healthcare efficiency, service process, while further enhancing our capabilities in healthcare provision. In order to establish a brand-new service channel that connects chronic disease patients with doctors and pharmaceutical companies, our services take a wide range of forms, such as online consultation, follow-up consultation and prescription, quality drug supply, targeted healthcare education, individualized follow-up visits, companion support and comprehensive after-sales support. Meanwhile, in order to reduce the number of consultations and diagnoses to be performed by physicians whose advice our users seek, we have enabled a disease selecting function, allowing customers to describe and select the diseases for which they have pre-purchased drugs before consultation.

Aiming at establishing a new retail system for medical supplies, Alibaba Health has built on its online platforms to further explore offline pharmacy resources for a closer user relationship. We have also collaborated with offline pharmacies to satisfy the consumers' diversified needs in drug purchasing. Furthermore, the actual needs of the elderly remain the base on which we, through elderly-oriented renovation and offline scene adaptation, provide them with smart digital services that are thorough, convenient and efficient.

Case study: Alibaba Health rolls out aging services

In cooperation with Alibaba Foundation, Alibaba Health has leveraged its digital technology strength to roll out a description service featuring easy-to-read and audible drug instructions in large font. This service allows users to access drug-related information, such as description, dosage, symptoms, adverse reactions and contraindication, all available in large print, by scanning the tracking code or "Ma Shang Fang Xin"^ platform on the box and clicking on the "Medicine Instruction". Meanwhile, users can also make use of the audio function, which has effectively addressed those issues facing the elderly in medication safety over the failure to read or understand instructions.

As at the end of the Reporting Period, the product function covered nearly 34,000 drugs with an NMPA ratification number.

Medication Safety

As a testimony to the great emphasis that we place on users' medication safety, we have adopted a layer-based risk strategy where we encourage more users to be reasonable in drug use by relying on the three key functions of reasonable diagnosis, consultation and medication. We have also brought about the function of accurate administration, through which medication suggestions are given on the basis of prescription diagnosis, patient information and drug specifics to ensure medication accuracy and effectiveness.

2 STANDARD DEVELOPMENT & QUALITY ASSURANCE

Case study: Alibaba Health hosts public campaigns on drug safety

Alibaba Health has co-hosted a series of public campaigns with the AACA[3] Pharmaceutical Industry Taskforce^ (醫藥行業工作組) and the Green Internet Plan[4], aimed at encouraging the public to better understand and take drug safety more seriously. Through the "Appraisal by Meng Meng"^ (萌萌鑒點啥) platform, not only have we educated the public about how to properly verify and store drugs, we have also actively produced and released promotional videos about how to mitigate risks caused by improper drug use.

In terms of public opinion and regulatory risks associated with banned drugs and toxic Chinese herbs, the Green Internet Plan displays safety pointers on product search and detail pages, as well as post-purchase instructions to guide consumers on proper drug use. As at the end of the Reporting Period, Alibaba Health organized a total of 697 promotional events, which played a key part in encouraging the public to better understand and take drug safety more seriously.

Picture: "Appraisal by Meng Meng"^, A Public Education Course

Picture: Snapshots of the "Green Internet Plan" Platform

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[3] Alibaba Anti-Counterfeiting Alliance (AACA), a platform under Alibaba Group that specializes in cracking down on counterfeit and shoddy goods, it is committed to safeguarding the rights and interests of consumers and brands, as well as boosting consumer confidence.

[4] Green Internet Plan, a public project co-launched by Alibaba Group and Baidu on November 28, 2020 at the 2020 Digital Governance Summit. This project delivers campaign messages through relevant pages on the platform, which are primarily focused on keywords under three key categories: minors, rare plants and rare animals.

2 STANDARD DEVELOPMENT & QUALITY ASSURANCE

Responsible Marketing

Alibaba Health complies with laws and regulations, such as the *Advertising Law of the People's Republic of China (《中華人民共和國廣告法》)* and the *Provisions for Drug Insert Sheets and Labels (《藥品說明書和標籤管理規定》)*, it adopts a strict approach in managing marketing activities and risks of its customer service teams, ensures the compliance, legitimacy, and authenticity of commercials, and builds consumer trust through responsible marketing.

We have established a scientifically sound mechanism to review and supervise marketing materials in a strict manner, through which our product marketing strategies are subject to stringent risk control, thereby ensuring overall content compliance within the value chain.

- Prior to product launch, we would undertake a compliance review for promotional materials concerning healthcare products, medical devices and non-prescription drugs against our *Advertising Checklist^ (《廣告審查表》)*, and explicitly prohibit merchants from advertising on the platform for prescription drugs or foods for special medical purposes (FSMPs);

- Subsequent to product launch, we would utilize system tools for real-time monitoring over promotional texts of products to ensure the accurate medicine, treatment and service information.

Meanwhile, we conduct regular responsible marketing training for relevant staff on applicable laws such as the *Advertising Law (《廣告法》)* and the *Drug Administration Law (《藥品管理法》)*. Additionally, by setting up a testing mechanism, we have effectively fostered a stronger sense of marketing compliance in the workforce.

2.4 MANAGEMENT OF INFORMATION SECURITY

In attaching great importance to corporate information security and the protection of customers' private data, we continuously enhance the effectiveness of information security governance, improve our technical protection system and raise the awareness of information security, with a view to building a strong line of defense to ensure cybersecurity.

2 STANDARD DEVELOPMENT & QUALITY ASSURANCE

Information Security Governance

Security management system represents a significant underpin of our information security protection. At Alibaba Health, we strictly comply with applicable laws and regulations, including the *Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》)*, the *Regulations on Technical Measures for Internet Security Protection (《互聯網安全保護技術措施規定》)* and the *General Data Protection Regulation (GDPR) (《通用數據保護條例》)*. In accordance with such information security management rules within Alibaba Group, including the *Data Security Specifications (General) of Alibaba Group^ (《阿里巴巴集團數據安全規範(總綱)》)*, the *Information Disclosure Rules of Alibaba Group^ (《阿里巴巴集團－對外數據披露細則》)* and the *Financial Information Security Management Rules of Alibaba^ (《阿里巴巴財務數據安全管理制度》)*, we have formulated the *Data Security Specifications (General) of Alibaba Health^ (《阿里健康數據安全規範(總綱)》)*, the *Management Specifications for Classification and Grading of Data Assets of Alibaba Health^ (《阿里健康數據資產分類分級管理規範》)* and the *Operation Standards for Classification and Grading of Personal Information of Alibaba Health^ (《阿里健康個人信息分類分級操作規範》)*. Alibaba Health has made management requirements regarding data transmission governing each of its subsidiaries, business scenarios and partners, and accelerated in improving its mechanism for managing the security and compliance of internal information.

Alibaba Health embarks on an ongoing journey to improve its organizational structure for information security management. As the final decision-making authority, the Data Decision-Making Committee is in charge of reviewing the key matters relating to the Company's data security, as well as managing and supervising its information and data security. The Data Security Decision-Making Taskforce is responsible for developing data security strategies and principles, approving key matters, and ensuring that the Company's data security strategies are aligned to its overarching strategy. The Data Security Management Taskforce is, in turn, responsible for formulating data security policies, and for supervising the implementation of data security and privacy measures to ensure they are effectively implemented. Key responsibilities of the Data Security Enforcement Taskforce include the implementation, review and daily communication of data security issues, as well as the protection of information security of Alibaba Health's corporate, business, individual privacy, and upstream and downstream data.
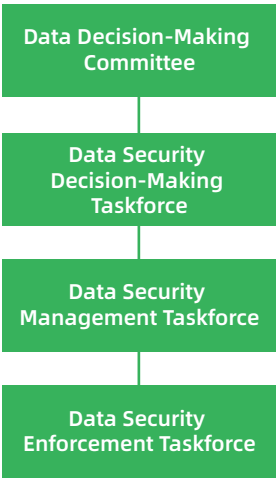
2 STANDARD DEVELOPMENT & QUALITY ASSURANCE

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Chart: Data Security Governance Structure

All infrastructure at Alibaba Health is provided by Alibaba Cloud, who ensures all-around protection for privacy and data security by taking specific measures in relation to technology capabilities and operational management to offer customers a secure and reliable platform setting covering various aspects, including, among others, data centers at the physical layer, hardware security, virtualization execution environments, operating systems and containers. For details on Alibaba Cloud's management measures, please refer to the *2024 Alibaba Group Environment, Social, and Governance (ESG) Report.*

Information Security Operation

Alibaba Health has developed a comprehensive set of data security strategies, it promotes the research and development of key technologies in security protection, with a view to minimizing the risk of data compromise. In addition to having established a model for effective information system management and a mechanism for maintaining business continuity, we take various measures for encryption protection, including, among others, masking and de-identification. In doing so, we have developed a data management process covering all procedures, from data collection and transmission, secured storage, encryption protection, authorized access and use, to destruction.

Meanwhile, we have put in place detailed contingency plans to enable swift response to potential data security emergencies, while regularly executing data recovery plans and drills to enhance our defense capabilities against information security attacks. Moreover, we undertake an annual data security audit, in which we engage third parties for information security assessment based on internal tests, for greater information protection capacity across the board.

2 STANDARD DEVELOPMENT & QUALITY ASSURANCE

Table: Security Assessment Tests of Alibaba Health

Internal tests:	External tests:
• Establishment of procedures and system: conducting privacy compliance inspection of any applet before launch • Tools related to research and development: conducting privacy compliance inspection and penetration test for APP assets	• Going through real-time tests with the participation of over 10,000 data security experts from all over the world by sharing the data security expert team (https://security.alibaba.com/) with Alibaba Group • Mobile APP goes through regular third-party compliance assessment and audit on an annual basis

Alibaba Health actively participates in the certification of its information security management system, which has strongly supported its management of information security services. Alibaba Health, Alibaba Cloud, "Dr. Deer" (a medical consultation system on Alibaba Health's platform) and "Ma Shang Fang Xin"^ (a platform operated under Alibaba Health) have all been certified by reputable institutions both at home and abroad. Among them, the "Ma Shang Fang Xin"^ platform has obtained the highest-level certification in information security for non-banking institutions in China.

Table: Information Security Certification of Alibaba Health

Certified institution	Certification system
Alibaba Health	ISO 27000 information security management system certification[5]
Alibaba Cloud	Registration certificate of level-3 information security protection of information system, Ministry of Public Security and ISO 27001 information security management system certification
"Ma Shang Fang Xin"^ Platform	Registration certification of level-3 information security protection of information system, Ministry of Public Security

Information Security Promotion

To raise the awareness of information security among its staff, Alibaba Health has provided them, in a hierarchical manner, with targeted promotion for building information security awareness and skill training, which cover laws and regulations relating to data security, system requirements, practices, management approaches, compliance assessment, emergency drills, knowledge and skills. In doing so, Alibaba Health has continuously enhanced its internal capacities in identifying and responding to security risks, with a sound level-based training system in place to improve security awareness and skills among its employees.

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[5] The ISO 27000 information security management system certification applies to software research and development, operation and maintenance services on the "Ma Shang Fang Xin"^ drug tracking platform, covering over 80% of the Company's lines of business.

2 STANDARD DEVELOPMENT & QUALITY ASSURANCE

> **Level-based training system for data security at Alibaba Health**
>
> • New employees: data security training;
>
> • Specialized training: annual data security training for major promotions and outsourced employees;
>
> • Personnel involved in data security incidents: data security incidents recap and relevant training;
>
> • All staff (including interns and outsourced employees): campaigns on data security and information confidentiality, with security training and examinations organized for all staff.

Privacy Protection

Alibaba Health has always stayed clear of the red line on security, honoring its commitment to providing users with safe, reliable information services, and comprehensive protection for their privacy. We strictly abide by national laws and regulations, such as the *Personal Information Protection Law of the People's Republic of China* (《中華人民共和國個人信息保護法》), the *Data Security Law of the People's Republic of China* (《中華人民共和國數據安全法》), and the *Provisions on the Protection of Personal Information of Telecommunication and Internet Users* (《電信和互聯網用戶個人信息保護規定》); we follow relevant internal rules, such as the *Data Security Specifications (General) of Alibaba Group*^ (《阿里巴巴集團數據安全規範(總綱)》), the *Information Disclosure Rules of Alibaba Group*^ (《阿里巴巴集團 – 對外數據披露細則》), the *Financial Information Security Management Rules of Alibaba*^ (《阿里巴巴財務數據安全管理制度》) and the *Management Requirements of Alibaba Health for Processing and Protecting Personal Information*^ (《阿里健康個人信息處理及保護管理要求》), and we have formulated the *Data Security Specifications (General) of Alibaba Health*^ (《阿里健康數據安全規範(總綱)》), the *Management Specifications for Classification and Grading of Data Assets of Alibaba Health*^ (《阿里健康數據資產分類分級管理規範》) and the *Operation Standards for Classification and Grading of Personal Information of Alibaba Health*^ (《阿里健康個人信息分類分級操作規範》). At the same time, we have formulated legal statements and privacy policies across our platforms to ensure the effective implementation of requirements for user privacy protection.

Chart: Privacy Policies for Alibaba Health's Platforms

Platform	Policy
"Alibaba Health Pharmacy" applet	*Privacy Policy*^ (《隱私權政策》) *User Service Agreement*^ (《用戶服務協議》)
"Dr. Deer" platform	*Legal Statement and Privacy Policy*^ (《法律聲明及隱私權政策》)
Alipay's healthcare channel	*Legal Statement and Privacy Policy*^ (《法律聲明及隱私權政策》)

By adopting privacy protection measures and practices widely recognized in the industry, the Company has implemented a number of measures for customer data, such as information classification and grading, access control and minimized collection. It enforces encryption for all collected customer data, while continuously enhancing its efficiency in identifying and mitigating privacy risks. During the Reporting Period, Alibaba Health did not record any incidents of customer privacy leakage.

2 STANDARD DEVELOPMENT & QUALITY ASSURANCE

Management measures for customer privacy protection at Alibaba Health

- We have formulated the *Operational Practices of Alibaba Health on Personal Information Collection*^ (《阿里健康個人信息收集操作規範》), in which we specify the scope of customer information to be collected and used and undertake to properly secure relevant privacy data on our platforms, not to divulge or use personal information and data without permission, not to collect personal data from third parties, and to minimize the collection and retention of data;

- We strictly manage access to customer information, which is only granted to authorized data management personnel, whose access operations are kept on database records. We stipulate expressly that all accounts with data security implications shall not be privately assigned to others in order to prevent leakage of customer information;

- We undertake not to lease, sell or provide any personal information to third parties, and to specify details about data collection and scenarios in which such data will be used in the compliance agreement; we only disclose necessary customer information to a third party that the customer has been informed of and authorized, on condition that a written disclosure review has been confirmed, all the while following the principle of "only disclosing the minimum needed";

- We have formulated the *Operational Practices of Alibaba Health on Storage and Removal of Personal Information*^ (《阿里健康個人信息存儲與刪除操作規範》), in which we provide customers with the right to search, supplement, update and remove their personal information;

- We have formulated the *Alibaba Health's Management Requirements for and Operational Practices on Personal Information Security Incidents and Emergency Response*^ (《阿里健康個人信息安全事件與應急響應的管理要求與操作規範》), the *Practices on Emergency Response to Data Security Incident*^ (《數據安全事件應急響應規範》) and the *Practices on External Reporting of Personal Information Leakage*^ (《個人信息泄露事件對外報告規範》). In the event of an emergency such as personal privacy or data leakage, we will take appropriate measures by following relevant plans to minimize the consequences;

- We have formulated a data protection plan applicable to all suppliers and relevant partners exposed to information security, pursuant to which their operational risks are subject to regular compliance assessment and managed based on classification and grading;

- In a bid to raise staff awareness of and capacity for privacy protection, we regularly provide staff with privacy compliance training, including sessions relevant to personnel management, process management and information technology.

2 STANDARD DEVELOPMENT & QUALITY ASSURANCE

2.5 MANAGEMENT OF INTELLECTUAL PROPERTY

Alibaba Health manages its intellectual properties in strict compliance with applicable laws and regulations, such as the *Patent Law of the People's Republic of China (《中華人民共和國專利法》)*, the *Trademark Law of the People's Republic of China (《中華人民共和國商標法》)* and the *Copyright Law of the People's Republic of China (《中華人民共和國著作權法》)*, as well as relevant internal rules, such as the *Guidelines on Intellectual Properties for Foreign Cooperation Projects (2021 Revision)^ (《對外合作項目知識產權指引 (2021年修訂版)》)*, the *Brand Management Rules of Alibaba Health (v1.0)^ (《阿里健康品牌管理規範v1.0》)*, and the *Brand Asset Management Rules of Tmall^ (《天貓品牌資產管理規範》)*. During the Reporting Period, we also updated the *Rewarding System for Innovative Proposals and Patents of Alibaba Health^ (《阿里健康創新提案及專利獎酬制度》)* and the *Rules of IP Legal Affairs Management^ (《IP法務管理規則》)* to effectively manage the creation, protection and utilization of intellectual properties throughout our operations.

In order to foster a workplace for enhancing proprietary innovations, we have established an evaluation committee to review creative proposals in a timely manner, and continued to promote systematic and standardized management in patent application. At the same time, we've introduced a level-based approach to patent management, where all patents are categorized into three levels – strategic, regular and extraordinary, prioritizing resource input and quality control of key cases, creating synergy for greater efficiency in and quality of patent application verification. We encourage all staff to be active inventors and creators, incentivize and reward them in accordance with relevant requirements, and identify innovations worthy of patent protection, with a view to creating competitive edge for our products and services.

Table: Intellectual Property Protection Measures Taken by Alibaba Health in FY2024

Action against infringement	• Alibaba Health made good use of the Group's supplier pool, allowing it to identify infringement of its intellectual property rights through scraping or clue scanning by third-party institutions; • During the Reporting Period, we identified 217 clues and successfully protected our rights in 172 out of 197 cases.
Training on intellectual property	• Thematic training: special training sessions were organized on the World Intellectual Property Day and the Group Compliance Day^ (集團合規日), where relevant information was disseminated to all employees; • Routine training: the Company provided its employees with routine training, whose topics included sharing technical skills and internal technological innovations, ad-hoc tech recaps and branding; • Ad-hoc training: in emergency situations, such as intellectual property infringements, specialized training materials were provided to relevant departments based on specific cases or actual needs.

2 STANDARD DEVELOPMENT & QUALITY ASSURANCE

Internal collaborative management	• Alibaba Health promoted online process management of intellectual properties through cross-departmental collaboration, effectively raised awareness of intellectual property protection among merchants, and assisted brand merchants in taking concrete actions to protect their lawful rights and interests.
Brand protection	• After years of competition, the Company managed to register the word mark and logo of "Alibaba Health" under the medical service category; • Following competition, the Company successfully registered the Tick for Assurance^ (放心勾) logo (Alibaba Health's new logo) under 5 core categories, namely pharmaceutical products, ap, medical devices, pharmaceutical product wholesale and retail, and medical services.
Patent protection	• Intellectual property complaints by relevant stakeholders were timely investigated and reasonably handled in accordance with notifications from Alibaba Group's intellectual property protection platform.
External cooperation in the industry	• Alibaba Health obtained slots for expediting certain patent application as it followed suit of Alibaba Group in further cooperating with Zhejiang Intellectual Property Protection Center and Digital Economy Intellectual Property Protection Center of Hangzhou Protection Center, which in turn, shortened its waiting time for patent approval.

During the Reporting Period, the Company saw a 57% year-on-year increase in patents granted, which amounted to an aggregate of 30 patents, 37% of which under medical e-commerce, 23% under Internet healthcare, 20% under medical AI technology and 10% under tracking code technology.

Table: Intellectual Property Innovations Delivered by Alibaba Health in FY2024

Indicator	Unit	Number for FY2024
Patents applied in the year	set	40
Patents granted in the year	set	30
Aggregate number of patents applied	set	265
Aggregate number of patents granted	set	66

3 CULTURAL DIVERSITY & DEVELOPMENT

Alibaba Health firmly believes that human resources lay the key foundation for sustainability. To honor its commitment to a sound working environment, the Company prioritizes the establishment of a diversified workforce of outstanding talents, for which it continues to improve its employee management system, offering them sufficient training resources, and safeguarding their rightful benefits, personal safety and mental health.

3.1 COMPLIANCE EMPLOYMENT

Alibaba Health strictly complies with applicable laws and regulations, such as the *Labor Law of the People's Republic of China (《中華人民共和國勞動法》)*, the *Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》)* and the *Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》)*, taking concrete actions to safeguard employee interests in accordance with existing rules, such as the *Governance Standards for In-the-Loop Organizations of Alibaba Group^ (《阿里巴巴集團環路組織治理規範》)*, the *Employee Transfer Policy of Alibaba Group^ (《阿里巴巴集團員工轉崗政策》)*, the *Reemployment Management Policy of Alibaba Group^ (《阿里巴巴集團二次僱傭管理政策》)* and the *Internal Referral Policy of Alibaba Group^ (《阿里巴巴集團員工內部推薦政策》)*. The Company firmly abides by the principle of equal employment to eliminate any inequality in hiring and assessment over factors such as gender, age, ethnicity and religious belief. Alibaba Health strictly enforces a standardized labor policies, carefully verifies personal information and conducts background checks. It also strictly prohibits any form of child labor or forced labor, requiring such employment to be terminated immediately upon discovery, and will encourage the affected children to return to school.

As an advocate for pay equity, the Company complies with its internal remuneration management system, and has established a competitive remuneration incentive mechanism to attract and retain outstanding employees. On the basis of annual salary adjustment, bonus and performance-based grant, the Company has established an equity incentive policy for directors, executives and employees to motivate the workforce to participate in its long-term development while allowing them to benefit from its advancement.

We have established a mechanism featuring a wide range of employee benefits. In accordance with standards in force in the jurisdictions where we operate, not only do we contribute to five statutory social insurances and one housing provident fund, take up supplementary medical and other commercial insurance plans for all employees, we also offer adequate pension funds. At the same time, the Company provides employees with paid annual leave, marriage leave, bereavement leave, parental leave and other benefits, caring for staff to enhance synergy and bring them greater joy.

We respect the freedom of association and the right of employees to decide whether to join a trade union in accordance with local laws, engaging in friendly dialogue and collective consultation with trade unions or employee representatives.

3 CULTURAL DIVERSITY & DEVELOPMENT

Table: Employee Composition of Alibaba Health in FY2024

Indicator		Unit	FY2023	FY2024
Total number of employees		person	1,560	1,435
Number of employees by gender	Male	person	866	781
	Female	person	694	654
Number of employees by employment type	Full-time	person	1,551	1,430
	Part-time	person	9	5
Number of employees by management level	Senior management	person	42	31
	Middle management	person	481	415
	Entry-level employees	person	1,037	989
Number of employees by age	29 years of age or under	person	527	445
	30 to 50 years of age	person	1,027	987
	51 years of age or above	person	6	3
Number of employees by geographic location	Mainland China	person	1,559	1,430
	Hong Kong SAR, Macau SAR and Taiwan of PRC	person	1	3
	Overseas	person	0	2

3 CULTURAL DIVERSITY & DEVELOPMENT

Table: Employee Turnover Rate of Alibaba Health in FY2024

Indicator			Unit	FY2023[6]	FY2024
Employee turnover rate	Total employee turnover rate		%	32.56	24.18
	By gender	Male	%	33.72	24.07
		Female	%	31.12	24.31
	By age	29 years of age or under	%	48.20	20.22
		30 to 50 years of age	%	24.63	25.84
		51 years of age or above	%	16.67	66.67
	By geographic location	Mainland China	%	32.52	24.13
		Hong Kong SAR, Macau SAR and Taiwan of PRC	%	100	66.67
		Overseas	%	0	0

3.2 TALENT DEVELOPMENT & TRAINING

As a firm believer of harmonious coexistence and mutual growth between employee and employer, Alibaba Health has set up a comprehensive training system, together with a well-defined promotion path for its employees, who are trained and assessed in a variety of areas, with a view to helping the workforce develop self-motivation, and achieving shared progress for both employee and employer.

Alibaba Health has established Objectives and Key Results (OKR) as the core of its business management system, requiring all managers to take OKR training and sit exams, through which it aims to greatly improve cooperative efficiency and operational quality by helping managers deepen their understanding of the corporate mission. During FY2024, Alibaba Health kept the OKR performance management model in force, having all 100% of employees set their own OKRs through across-the-board distributive communication. Meanwhile, Alibaba Health undertakes a semiannual assessment on employee performance, through which it accurately identifies outstanding employees, whom will be provided with two promotion opportunities each year for realizing their potential, thereby building a team of exceptional talents.

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[6] FY2023 represents the voluntary employee turnover rate.

3 CULTURAL DIVERSITY & DEVELOPMENT

The Company has built a systematic, comprehensive talent training system, which provides comprehensive training plans to help employees find suitable learning materials and objectives. We leverage Alibaba Group's training system to encourage all employees to participate in the leadership management training of "Xia Ke Xing"^ (俠客行), as well as other internal, external and online training, so as to promote their performance and growth potential in daily work, and lay a solid foundation for its long-term development. In FY2024, Alibaba Health's training covered all employees (including full-time and outsourced staff).

Moreover, we have established the "Alibaba Health Academy"^ (阿里健康學院) to invite business and industry gurus from within the industry or the Alibaba Group to seminars, where they share experience on business, R&D and operations, thereby enabling employees to better understand our business and the industry landscape.

Table: Employee training system of Alibaba Health

Applicable categories	Training contents
New hires	• Providing the Induction Training Manual. • Setting up one-on-one motoring between current staff and new hires. • Providing all new hires with closed-door orientation, comprehensive introduction to corporate business and culture, professional industry-specific expertise and extensive exchange with current staff and the management.
Middle management	• Organizing tailored training for different groups to enhance managers' capacity in counseling, coaching and fundamental skills. • Designing operation manuals or online learning courses for managers in relation to OKR, performance and promotion, which are circulated after factoring in specific scenarios, so as to help managers improve their management capabilities in actual operations. • Circulating and sharing best practices in developing fundamental skills from various teams through the "Kung Fu Hall"^ (功夫堂) platform to create more learning and exchange opportunities among staff. • Inviting senior management and industry tycoons to share practical experience in emerging trends, operations and management through live streaming on "Health Academy"^ (健康學院), creating opportunities for staff to network and exchange views with senior management or industry tycoons.
Senior management	• Empowering long-term corporate development by creating multiple opportunities for senior management to exchange views through visits to leading enterprises at home and abroad, exchanges with industry experts, monthly and quarterly management meetings, covering themes such as deep-dives on management methodologies, determination of future development direction and goals, and sharing management experience.

3 CULTURAL DIVERSITY & DEVELOPMENT

Picture: Alibaba Health Training Session

Table: Employee training at Alibaba Health in FY2024

Indicator			Unit	FY2023	FY2024
Total number of employees trained			person	5,577	6,644
Percentage of employees trained by gender and level (e.g. senior management, middle management)	Total percentage of employees trained		%	100%	100%
	Percentage of employees trained by gender	Male	%	100%	100%
		Female	%	100%	100%
	Percentage of employees trained by level	Senior management	%	100%	100%
		Middle management	%	100%	100%
		Entry-level employees	%	100%	100%
Average training hours of employees			hour(s)	33.27	32.71
Average training hours completed per employee by gender and level	Average training hours of employees by gender	Male	hour(s)	34.15	31.20
		Female	hour(s)	32.18	35.98
	Average training hours of employees by level	Senior management	hour(s)	75.25	72.38
		Middle management	hour(s)	30.14	33.67
		Entry-level employees	hour(s)	33.03	30.25

Meanwhile, we have formulated an employee transfer policy and set up an internal transfer platform, providing employees with open and transparent transfer opportunities, promoting positive talent flows within, and enabling them to pursue greater growth.

3.3 EMPLOYEE HEALTH & SAFETY

Alibaba Health is committed to safeguarding the occupational health and safety of its employees. In strict compliance with the *Occupational Disease Prevention and Control Law of the PRC (《中華人民共和國職業病防治法》)*, the *Safety Production Law of the PRC (《中華人民共和國安全生產法》)*, as well as other laws and regulations, it has set up and implemented an internal emergency management system, in an active effort to create a healthy, safe and comfortable working environment.

3 CULTURAL DIVERSITY & DEVELOPMENT

In order to relieve pressure brought by work and safeguard employees' health, we have arranged a series of education activities, including health talk, physical and mental relaxation, pregnancy school and health fair. We offer psychological counseling by professional third-parties to help employees navigate family, growth and interpersonal relationships, thereby keeping them mentally healthy.

Additionally, in the form of regular checkup, we offer employees and their parents the "Carnation" checkup package. In 2021, this employee care project was selected by the Internet Society of China as an exemplar in its *Proposal for Platform Enterprises to Care for Workers*^ (《平台企業關愛勞動者倡議書》). By providing personalized health management solutions to employees and their parents, this project helps them stay on top of their health conditions in time, creating a healthy and harmonious working and living environment. As at the end of the Reporting Period, the "Carnation" checkup package was available for appointment at institutions across 108 cities, having served the parents of a total of 1,190 employees.

Table: Work-related injuries and fatalities of Alibaba Health in FY2024

Indicator	Unit	Number
Number of work-related fatalities occurred in each of the past three years	Person	0
Rate of work-related fatalities occurred in each of the past three years	%	0
Lost days due to work injury	Day	22

Utilizing its multi-level interactive, flexible and efficient emergency response mechanism and commanding cum coordinating system currently in place, Alibaba Health maintains its emergency response capability to better ensure employees' health and life safety. The Company is also equipped with professional first-aid equipment, which enables quick response to, as well as timely and proper handling of potential employee emergencies, such as expected injuries, diseases or lift malfunctions. In addition, we have launched the "First aider"^ (急救俠) recruitment campaign, through which we encourage our employees to volunteer as first aiders, provide participants with safety and first-aid training, and grant them profession certificates, in a concerted effort to enhance their emergency response capabilities and awareness of self-and buddy-aid.
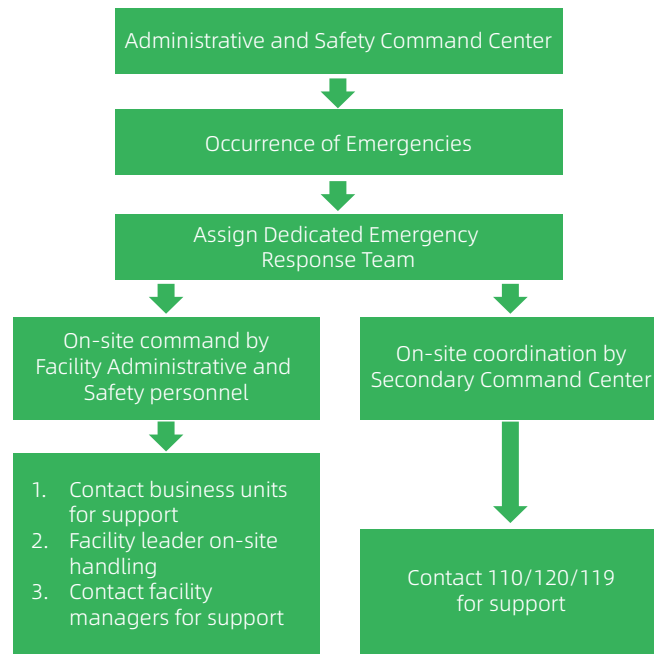
3 CULTURAL DIVERSITY & DEVELOPMENT

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┌─────────────────────────────────────────┐
│  Administrative and Safety Command Center │
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                    ↓
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│         Occurrence of Emergencies         │
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┌─────────────────────────────────────────┐
│      Assign Dedicated Emergency           │
│            Response Team                   │
└─────────────────────────────────────────┘
         ↓                          ↓
┌──────────────────────┐  ┌──────────────────────┐
│ On-site command by   │  │ On-site coordination  │
│ Facility Administra-  │  │ by Secondary Command  │
│ tive and Safety       │  │ Center                │
│ personnel             │  │                       │
└──────────────────────┘  └──────────────────────┘
         ↓                          ↓
┌──────────────────────┐  ┌──────────────────────┐
│ 1. Contact business  │  │                       │
│    units for support │  │ Contact 110/120/119   │
│ 2. Facility leader   │  │ for support           │
│    on-site handling  │  │                       │
│ 3. Contact facility  │  │                       │
│    managers for      │  │                       │
│    support           │  │                       │
└──────────────────────┘  └──────────────────────┘
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Chart: Emergency response mechanism of Alibaba Health

3.4 EMPLOYEE CARE

Alibaba Health attaches great importance to employees' merits and contributions, it constantly provides them with greater humanitarian care, so as to help them achieve work-life balance, and inspire a stronger sense of joy and belonging. We organize a diverse range of cultural and sport activities, such as "Ali Day" and other festival celebrations, enriching employees' cultural life off work. We also organize celebrations and distribute festival gifts during important traditional holidays, such as the Dragon Boat Festival and Mid-Autumn Festival. In order to further strengthen employee loyalty, we hold recognition ceremonies for those celebrating their third or fifth anniversary of service. The Company allows employees in need to take leave for parent-teacher meeting and long-haul travel, it also prioritizes the convenience of pregnant employees, showing them heartfelt care through the provision of nursing rooms, rooms for rest, dedicated seats in canteens and maternity clothing.

3 CULTURAL DIVERSITY & DEVELOPMENT

Picture: On the spot of an Alibaba Health recognition ceremony for employees completing five years of service

Alibaba Health also actively listens to the comments and feedback from employees, creating an atmosphere of information transparency and active engagement. It conducts regular employee studies and satisfaction surveys in order to timely understand and take measures to meet their needs, co-creating corporate culture and work system with employees.

By implementing the concept of sustainable development, Alibaba Health has formulated strategic plans to tackle climate change, with an enhanced focus on green operation, green logistics, green packaging and waste management, demonstrating its commitment to building an environmentally friendly green value chain.

4.1 TACKLING CLIMATE CHANGE

In response to the national goal of "carbon peaking and carbon neutrality", Alibaba Health aims to fully fulfills its social responsibilities and mission in the "dual carbon" era through on-going efforts to improve its climate risk strategy system. The Company actively implements Alibaba Group's carbon reduction strategic plan, taking corresponding measures to achieve carbon neutrality in its own operations, and assists upstream and downstream value chain partners in across-the-board carbon reduction.

Alibaba Group's commitment to carbon neutrality[7]:

- Achieve carbon neutrality in its own operations by 2030 (Scopes 1 and 2);

- Achieve 50% of carbon intensity reduction by 2030, using 2020 levels as baseline, through collaboration with upstream and downstream value chain partners (Scope 3);

- Encourage a wider range of social participation by supporting consumers and enterprises, and drive a cumulative ecosystem-wide emission reduction of 1.5 gigatons in 15 years by 2035 (Scope 3+).

In FY2024, Alibaba Health actively engaged in carbon reduction. It followed the Group's annual target to achieve a carbon intensity of 1.5 tCO_2e/RMB million and actively took related measures to offset carbon emissions, completing a milestone in Alibaba Group's carbon reduction journey.

Identifying Climate Change Risks

Alibaba Health attaches great importance to addressing climate-change issues. With reference to IFRS S2 – Climate-related Disclosures issued by the International Sustainability Standards Board (ISSB), the Company identifies various risks of climate change and formulates targeted responses, thereby minimizing the negative impacts of climate change on its operations.

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[7]   Source: Alibaba Group Carbon Neutrality Action Report_20211217_SC_Final.pdf

4 GREEN VALUE CHAIN

Table: Measures taken by Alibaba Health to identify and respond to climate change risks

Risk type		Risk description	Risk responses
Transformation risks	Policy & regulatory risks	Compliance implications due to increasingly stringent carbon emission disclosure and emission requirements	• Closely monitor latest policy requirements and its own operations' carbon emission • Adopt smart energy management systems to improve energy efficiency in office areas • Urge stores to implement green operation and reduce carbon emission in operation
	Technology risk	Rising operating costs caused by belated transition to low carbon technology	• Continue to improve the circular logistics system, increase the proportion of green logistics and enhance transport efficiency • Actively invest in the research and development of green packaging materials to accelerate packaging material transition
	Market risk	Changes in customer behavior as a result of greater environmental awareness	• Actively carry out product preference research, increase the use of environmentally friendly packaging • Gradually increase the use of green packaging, reduce plastic and paper usage
	Reputational risk	Public doubts about the performance of climate-risk responses	• Continue to convey corporate environmental values to customers, demonstrate the initiatives taken for achieving low carbon emission and environmental protection • Improve the sustainable supply chain management system, strictly verify supplier performance, prevent negative environmental events

Risk type		Risk description	Risk responses
Physical risks	Acute risk	Equipment damage, business interruption, and impact on employee safety caused by extreme weather, such as high temperature, extreme cold and typhoons	• Formulate contingency plans for natural disasters • Formulate contingency plans for drug storage and transportation support • Set up a remote office mechanism
	Chronic risk	Risk of transport disruption, as well as resource or energy shortage caused by rising sea levels and lack of natural resources	• Factor in climate risk assessment and geographical location when selecting sites • Increase use of recycled water to lower water resource dependence

4.2 GREEN OPERATION

Alibaba Health consistently implements the concept of environmental protection, continues to improve the efficiency of its green data centers, establishes smart green facility and promotes green office initiatives, with a view to minimizing its adverse impact on the natural environment.

Green Data Centers

In order to accelerate its digital transition, Alibaba Health relies on the technical advantages of data centers operated by Alibaba Cloud, adopts various measures such as optimizing hardware performance, improving resource utilization rate and enhancing heat-dissipation efficiency, managing to simultaneously achieve high energy efficiency and low emission. The Company has also achieved qualitative improvement in its own green and energy-saving technologies by adopting, among others, clean energy, liquid cooling and resource recycling. In FY2024, the proportion of clean electricity in its self-built, cloud-based smart data centers increased to 56.0%, compared with 53.9% in FY2023. The Power Usage Effectiveness (PUE) of its data centers declined to 1.200 from 1.215 for FY2023, maintaining a leading position in Asia. In FY2024, the General Office of the Ministry of Industry and Information Technology listed Alibaba Cloud Data Center as one of the 50 national green data centers for the year.

4 GREEN VALUE CHAIN

Table: Alibaba Cloud's Awards for Energy Conservation & Environmental Protection in FY2024

Time of award	Award recipient	Awarded by	Award Title/Picture
November 2023	Innovation Team of Alibaba Cloud Data Center	United Nations Industrial Development Organization (UNIDO) Global Call 2023	First Prize Winner, UNIDO Global Call
April 2023	Innovation Team of Alibaba Cloud Data Center	International Exhibition of Inventions Geneva	Silver Medal, International Exhibition of Inventions Geneva
August 2023	Innovation Team of Alibaba Cloud Data Center	Organizing Committee of China Computational Power Conference	China Computational Power Conference Best Academic Paper

Time of award	Award recipient	Awarded by	Award Title/Picture
December 2023	Innovation Team of Alibaba Cloud Data Center	Southern Weekly	 Industry-wide "Low-carbon Solution of the Year"
March 2024	Alibaba Cloud	Chinese Institute of Electronics	 Third Prize, Chinese Institute of Electronics Science and Technology Award
May 2023	Alibaba Cloud	China Academy of Information and Communications Technology	 First Prize,"Xinlv Cup" Innovation Competition – Carbon Peaking & Carbon Neutrality Empowered by Information and Communications Industry

4 GREEN VALUE CHAIN

Green Facility

In an active effort to put the circular development mode into practice, Alibaba Health has built a green, sustainable facility, whose lighting and air conditioning systems have been effectively improved using Internet of Things and big data analysis technology. For example, we proactively use independent water purification systems, install charging pile parking space with distributed photovoltaics, and promote the use of natural light and natural wind, through which we have effectively reduced resource consumption while achieving low-carbon operations.

Energy-saving Technological Renovation Projects of Alibaba Health
• Enabling smart load prediction and control for the three key systems in each facility based on change of weather, population, environment and other parameters through digital renovation of the centralized air conditioning system, lighting system and idle devices by the proprietary "Device Brain"^ (設備大腦), which, when combined with experience in facility operation, management and big data analysis, is aimed at ensuring all devices are shut down when not in use, preventing wasteful practices (e.g. leaving unattended devices running), and significantly reducing energy consumption without compromising a cozy environment;
• Adopting the LED tubes to reduce energy consumption by 30%;
• Undertaking shading renovation of mall domes to contain increase in room temperature caused by high temperature exposure and lower overall energy consumption by 5%;
• Controlling cooling clusters in each facility to reduce the energy consumption of host air-conditioning system by 10%.

Green Office

Alibaba Health abides by the *Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》)*, the *Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》)* and other relevant laws and regulations, it refers to the *Management System for Green Office and Energy Saving and Consumption Reduction of Alibaba Health^ (《阿里健康綠色辦公、節能降耗管理制度》)* currently in force when setting up energy consumption and water consumption targets, so as to implement the green office concept.

Having set up an administrative engineering operation center, the Company continues to optimize its building control systems, operating lighting and air conditioning devices on an as-needed basis in response to variables such as employees, weather and temperature, through which it has successfully reduced energy consumption at night by 10%.

The Company uses an internal OA office system to effectively regulate the use of water, electricity in the office, and the management of office supplies, with a view to ensuring energy-saving practices and creating a paperless office. The Company promotes environmental protection initiatives among employees through posters, advertisements and office groups, all with a view to strengthening their awareness and involvement in environmental protection, as part of its efforts to work with its employees to create a green office environment.

Table: Highlights of Alibaba Health's Green Office Measures in FY2024

Office management	• Storing low-power items, such as pens, notebooks, glue sticks, paper clips, in self-service cabinets and stationery corners to be accessed on demand; energy-draining items can be used upon offline registration • Adopting a scan-and-register approach for bulk use of items during situations of single large demand, such as onboarding or training of multiple new hires • Establishing a points system for "Good Behavior In Good Faith"^ (有心好行為) to encourage employees to voluntarily reduce paper usage • Equipping conference rooms with infrared sensors to monitor their usage through a back-office system and timely release those not in use • Substituting handwritten signatures with electronic forms to promote paperless practices throughout office area
Energy management	• Applying intelligent control systems • Utilizing low-power beverage equipment and scheduling automatic shut down • Installing sunshade curtains to reduce energy consumption of air conditioning
Employees' commuting management	• Encouraging employees to adopt low-carbon commuting • Providing shared bikes and parking spots
Plastic use management	• Promoting the use of biodegradable containers at facility restaurants to replace their non-biodegradable plastic counterparts, charging for disposable containers to reduce overuse

4 GREEN VALUE CHAIN

Table: Resource Consumption and Greenhouse Gas Emission of Alibaba Health in FY2024

Indicator	Unit	FY2023	FY2024[8]
Purchased electricity	kWh	1,482,187.78	3,787,579.62
Electricity consumption per employee	kWh/ employee	986.15	2,639.43
Comprehensive energy consumption[9]	tce	182.16	456.49
Comprehensive energy consumption per employee	tce/employee	0.12	0.32
Total greenhouse gas emissions[10]	tCO_2e	845.29	2,160.06
Greenhouse gas emissions per employee	tCO_2e/ employee	0.56	1.51
Water consumption	ton	11,128.26	25,146.58
Water consumption per employee	ton/employee	7.40	17.52
Paper consumption	ton	1.10	1.86
Paper consumption per employee	ton/employee	0.001	0.001
Total packaging material used for finished products	ton		This indicator is not applicable to Alibaba Health, as its operation does not involve directly providing packaging material for finished products

Waste Management

Alibaba Health strictly abides by the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》)*, the *Beijing Municipal Regulations on the Management of Municipal Solid Waste (《北京市生活垃圾管理條例》)* and other environmental protection laws and regulations. It has formulated the *Management System for Green Office and Energy Saving and Consumption Reduction of Alibaba Health^ (《阿里健康綠色辦公、節能降耗管理制度》)* and other internal systems to enforce waste management. To ensure that the environment is not impacted, the Company has also established a strict waste management system, pursuant to which it strengthens waste

[8] The environmental data is collected from Beijing CITIC Tower (also known as China Zun), Hangzhou Xixitang, Hangzhou Alibaba Park B and other offices in Guangzhou. Alibaba Health changed its office premises in FY2024, energy consumption at the current place of business increased as compared to the previous year.

[9] The comprehensive energy consumption is calculated in accordance with the *General Principles for the Calculation of Comprehensive Energy Consumption GB-T2589 2020 (《綜合能耗計算通則GB-T2589 2020》)*.

[10] Alibaba Health is not involved in any direct greenhouse gas emissions (Scope 1). Indirect greenhouse gas emissions (Scope 2) are from the consumption of purchased electricity. For the emission factors of purchased power, please refer to the *Notice on the Management of Greenhouse Gas Emission Reports of Enterprises in the Power Generation Industry from 2023 to 2025 (《關於做好2023–2025年發電行業企業溫室氣體排放報告管理有關工作的通知》)*, which was published by the Ministry of Ecology and Environment of the People's Republic of China on February 7, 2023.

classification, arranges responsible disposal of used toner cartridges, used ink cartridges and used light tubes, and handles expired drugs recycled in a compliant manner. At the same time, we have installed industrial products such as prefabricated walls, prefabricated toilets and modular conference rooms to achieve standardized construction, reducing industrial waste and other forms of solid waste while improving recycling rate. The Company has set waste reduction targets, and has been managing waste carefully. The operation of the Company in the ordinary course of business has no significant impact on the environment or natural resources.

Table: Highlights of Alibaba Health's Waste Management Measures in FY2024

- Setting up classification waste containers on every floor in the facility office area;

- Assigning professional waste collectors to empty and clean classification waste containers at least twice per day;

- Conducting secondary manual sorting of all wastes collected in the facility, which were sorted into recyclable wastes and non-recyclable wastes to be disposed in designated garbage rooms;

- Setting up two hazardous waste collection points for items such as expired drugs and mercury thermometers; with other IT-side hazardous waste, such as used toner cartridges and ink cartridges, being directly recycled by the IT Department;

- Cooperating with the government and suppliers to explore the "Facilities – Street – Recycling suppliers" tri-party cooperation model, and establish an informatization management system for waste disposal in the facilities, thereby making the entire chain for domestic wastes traceable.

Case study: Recycling Waste Containers for Contribution of Charity

In FY2024, Alibaba Health set up waste container recycling bins in its Guangzhou office area and encouraged its staff to participate in the recycling effort, with proceeds from selling the recycled containers being directed to the "Wish Made Easy"^ (心願便利店) project on the Alibaba Philanthropy platform. As at the date of this report, the sale proceeds had been utilized to turn 4 wishes on the platform into reality.

Table: Waste emission of Alibaba Health in FY2024

Type of waste	Unit	FY2023	FY2024
Hazardous waste	ton	0	0
Hazardous waste generated per employee	ton/employee	0	0
Non-hazardous waste	ton	251.36	172.81
Non-hazardous waste generated per employee	ton/employee	0.17	0.12
Disposal/recycle of expired drugs	ton	46.73	120.4

4 GREEN VALUE CHAIN

4.3 GREEN LOGISTICS

Alibaba Health is committed to contributing to green logistics. Not only has it built a circular logistics system in cooperation with Cainiao Guoguo, it has also participated in developing metric standards of recyclable cargo for the industry, with an aim to drive the industry to recycle packaging materials and reduce their usage. Through technological innovation, rational resource utilization and green cooperation, we continue to optimize our logistics operation, achieving comprehensive coverage from order processing, packaging, transportation, storage to recycling. In FY2024, Alibaba Health applied circular logistics to all stores and distribution centers within its business scope.
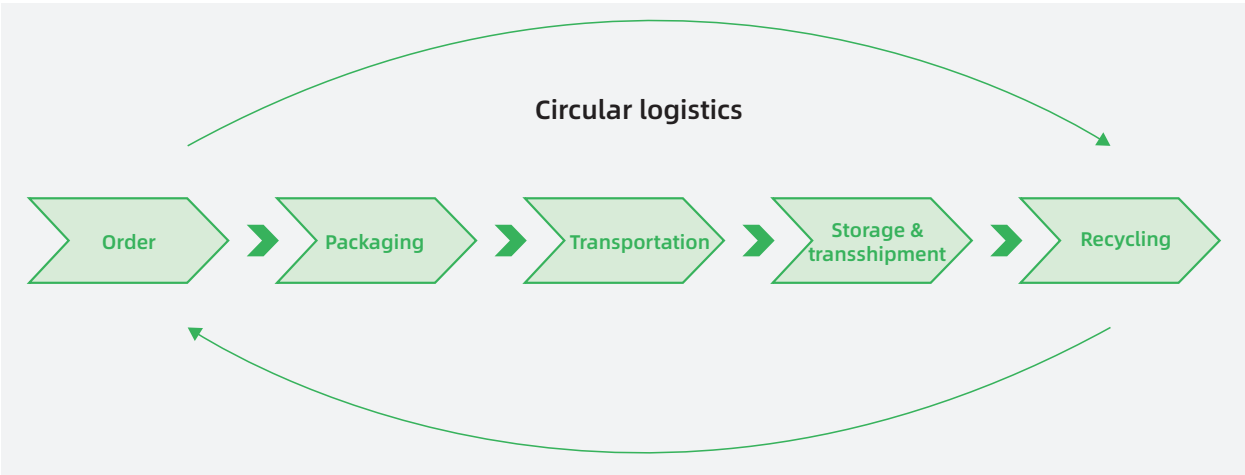
Picture: Circular Logistics System

The Company continues to develop a smart management system throughout its value chain. It uses Internet of Things technology and installs RFID tags to enable real-time tracking of cargo status and location, managing to significantly improve the efficiency of its smart management system for recyclable cargo.
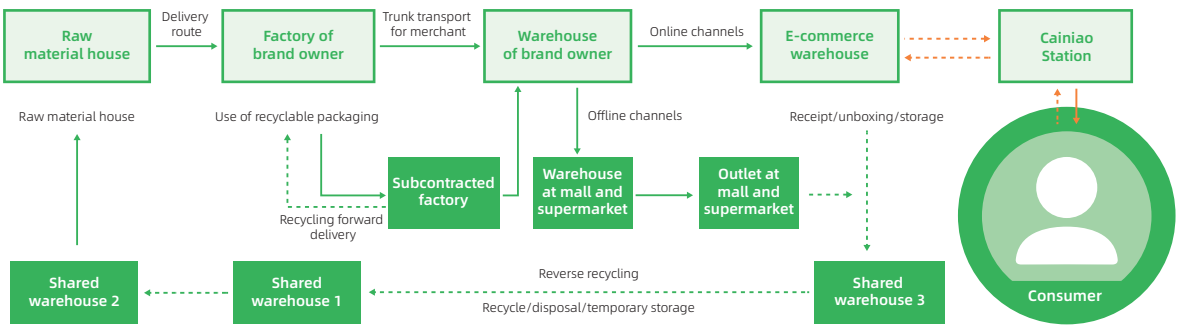
Chart: Smart Management System throughout Our Value Chain

4 GREEN VALUE CHAIN

In sync with Alibaba Group, we actively switched to electric trucks, piloted the use of hydrogen-powered trucks, scaled up our battery-swapping platform, and expanded low-carbon cross-border transportation. In addition, we co-constructed a battery-swapping platform to allow riders easy access to charging and swapping stations, and encouraged more riders to use electric transportation during drug delivery. By taking into account what users actually need, we adopted non-aviation, low-carbon modes for cross-border transportation, and increased the volume of non-aviation parcels. In addition, we researched, developed and deployed smart route planning algorithms into the loop, covering vehicle distribution, warehouse handling and user-end delivery. At the same time, by creating a single shipment for multiple parcels in the form of smart order combination, we have effectively reduced the carbon emissions of our logistics transportation. For FY2024, the proportion of combined orders for Alibaba Health's direct pharmacy business increased from 4.44% to 5.29%.

Table: Smart Route Planning Algorithms Deployed by Alibaba Health in FY2024

Stage	Algorithm optimization
Vehicle distribution	Effectively reduced the number of vehicles deployed and their distances traveled, reducing transport distance by an average of 5%
Warehouse handling	Effectively reduced the walking distance of handlers
User-end delivery	Helped delivery workers plan routes for greater efficiency

Green Packaging

Alibaba Health is mindful of the negative environmental impact caused by the use of packaging materials. The Company is transforming its resource utilization from three dimensions, with a view to minimizing potential plastic pollution. By adopting a tri-focus approach that emphasizes packaging reduction from the source, recycling packaging after use, and replacing plastics with eco-friendly materials, we join partners across our value chain and ecological platform to take concerted actions and drive innovation.

5 RESPONSIBLE TECHNOLOGY

Leveraging its outstanding technological capabilities, Alibaba Health has forged long-term and solid partnerships with suppliers, fostering a bond of trust and achieving mutually beneficial development. Furthermore, the Company leverages its extensive expertise and broad social resources in the Internet healthcare industry, steadfastly dedicating itself to public service activities. Through concrete actions, the Company actively undertakes its social responsibilities and contributes to the well-being of society.

5.1 SUPPLY CHAIN MANAGEMENT

Alibaba Health continuously enhances procurement quality and strengthens the intensity of auditing and regulatory oversight, vigorously mitigating procurement risks, and collaboratively crafting a sustainable green supply chain with its supplier partners. Alibaba Health strictly follows the laws and regulations applicable in its operating regions, including the *Government Procurement Law of the People's Republic of China (《中華人民共和國政府採購法》)*, the *Tendering and Bidding Law of the People's Republic of China (《中華人民共和國招投標法》)*, the *Good Supply Practice for Pharmaceutical Products (《藥品經營質量管理規範》)*. It continues to improve and implement internal supplier management systems such as the *Supplier Management Rules and Regulations of Procurement Guidelines of Alibaba Group^ (《阿里巴巴集團採購指引之供應商管理細則規範》)* and the *Supply Management System of Alibaba Health^ (《阿里健康供貨管理制度》)* and the *Alibaba Health – Settlement Acceptance Management Regulations for Off-site Media Channel Placement^ (《阿里健康-站外媒體渠道投放的結算驗收管理規範》)*, constructing a comprehensive and meticulous supplier management system that covers various processes such as supplier admission, management, and elimination, all with a view to ensuring legal and compliant procurement.

In line with our emphasis on supplier quality control, Alibaba Health standardizes supplier management processes, such as screening, classification, supervision and evaluation, to steadily improve the quality of supplier products, and to establish long-term and stable strategic relationship with suppliers. Our suppliers span various categories including outsourced procurement, market services, professional services, HR services, physical items, IT equipment, hardware and software, logistics services, administrative & integrated services, engineering, event/program production, IT services, travel, and IDC/CDN. We have established supplier management accountability, outlining key points of review and evaluation in the supplier admission process, including qualification and certification, violation cases and penalties, anti-bribery risks, and more. Additionally, we grade and classify suppliers based on the characteristics of different categories, continuously optimizing the process and efficiency of supplier admission management.

The Company continuously elevates the threshold for supplier admission, strictly implementing a review process on qualification of first-time operation for new collaborators, which involves verifying core documents such as business licenses and annual reports. Suppliers that do not pass the review will not be considered for collaboration. For direct-delivery model suppliers, third-party organizations are engaged to conduct comprehensive audits of their warehouses. As at the end of the Reporting Period, 515 suppliers passed the qualification verification, with approximately 180 warehouses completing on-site audits. Following necessary improvements, 11 warehouses that initially fell short of standards were subject to re-verification or, depending on circumstances, termination of collaboration. As at the end of the Reporting Period, we had achieved 100% coverage of the supplier admission review process.

| Essential informatiom provided by supplier | → | Database entry emails sent to supplier by procurement officer | → | Supplier register and complete information submission through the provided link | → | Review and approval completed; database entry accomplished |
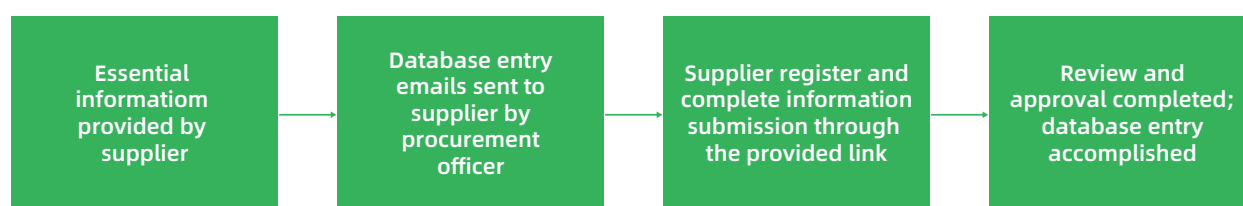
Picture: Supplier Admission Process of Alibaba Health

Alibaba Health implements a stringent review and evaluation system for suppliers. The Company not only puts in place an appraisal system for Original Equipment Manufacturer (OEM) products from self-operated warehouses, covering various aspects such as receipt, inspection, storage, maintenance, delivery, transportation and return, but also inspects self-operated warehouses and OEM plants of the onboarded suppliers throughout the whole chain on a regular basis, with a view to ensuring that the quality of the products meets the standards required. Meanwhile, the Company conducts comprehensive review on suppliers from various dimensions such as creativity assessment, execution quality and service ability. The review is supplemented with on-site visits and post-acceptance service rating to ensure that suppliers meet various qualification requirements. For suppliers in the customer service outsourcing category, we conduct focused assessment and evaluation using Quarterly Business Review (QBR) service data to evaluate delivery quality, site health, and other dimensions, with a view to ensuring high-quality and efficient service provision by the suppliers. For suppliers involving quality issues, we have developed scientific contingency plans tailored to different tiers of suppliers. For first and second-tier suppliers, we collaborate with upstream suppliers to execute recalls in accordance with national regulations; as distributor, for third-tier suppliers, we execute recalls in accordance with instructions from upstream suppliers. In the event of the escalation of recall issues, we will assess the handling based on factors such as the severity of the recalled product's hazards and public sentiment. Meanwhile, our quality control department monitors government announcements on a daily basis, synchronizing recall information with relevant departments to implement measures such as delisting, bans of procurement and sales, and notifying procurement control departments to clear out orders.

5 RESPONSIBLE TECHNOLOGY

The Company also incorporates environmental and social requirements into supplier management to ensure that suppliers conduct their business activities responsibly. We require our suppliers to abide by national and local environmental protection laws, and encourage them to adopt energy-saving and emission-reducing production methods, such as using renewable energy and environmentally-friendly materials. At the same time, we carry out risk identification and evaluation on suppliers in respect of, among others, product quality, business ethics and environmental impact, with a view to comprehensively identifying ESG-related risks in the supply chain and continuously enhancing the ESG management level of suppliers.

We utilize the Alibaba Health "FireEye System" to monitor medium-to-high risk suppliers in real time and send out warnings of potential risks promptly. We also timely advise on financial, legal and other matters to drive continuous improvement among suppliers. For non-compliant incidents, we adopted four different levels to determine the types of violations, which are subsequently blacklisted, eliminated, frozen, warned or suspended according to contracts or integrity agreements to rigorously regulate supplier behavior.

In addition, Alibaba Health has established a transparent and open mechanism for communication with suppliers, facilitating effective communication through various channels to maintain long-term and stable partnerships with suppliers.

Alibaba Health Supplier Communication System:

- Formal written communication: Emails and letters

- Phone/video conferences: Discussing daily issues and conducting regular monthly and quarterly meetings

- Face-to-face meetings: On-site visits and industrial exhibitions/seminars

We conduct periodical reviews of key procurement projects through visits and interviews as well as online sharing sessions on a quarterly basis, and carry out annual reviews and communication, to ensure that both parties have a clear understanding of the collaboration status. In addition to offering training sessions to suppliers of our direct business each year that cover, among others, products first-time operation rules, supplier management system, warehouse management regulations and promotion and training on supplier system operation, we also assist them in improving their quality capabilities, thereby fostering more robust partnerships based on mutual benefit and reciprocity. Meanwhile, we actively conduct training for suppliers of non-operational business. In FY2024, we organized 6 such sessions, which proved effective in facilitating in-depth exchanges of views and mutual empowerment.

Table: Quality Training Sessions for Suppliers of Alibaba Health

- For suppliers of non-pharmaceutical products: Conducted training on penalties before the promotion of the 11.11 Global Shopping Festival, covering topics such as penalty rules, cases analyses and optimization recommendations of penalty TOP modules, covering over 500 participants;

- For newly onboarded suppliers: Communicated and advocated basic supplier management regulations, involving 14 suppliers in total, recording a participation rate of 100% and an examination attendance rate of 76%;

- For all suppliers of non-pharmaceutical products: Conducted iterative training on textual description standards of non-pharmaceutical products with a participation rate of 59%; conducted training on penalties of non-pharmaceutical products with a pass rate of 68% in exams; conducted training on changes in first-time operation rules of new products, providing detailed introductions and explanations on the new "Powers of Attorney Agreement of Production Manufacturers";

- Training on changes of system: Prior to the launch of brand licensing productization functions, reiterated issues regarding expiration and off-chain problems with brand authorization, covering a total of 1,157 participants.

Table: Number of Suppliers by Geographical Region of Alibaba Health in FY2024

By geographical region	Direct business	Non-operating business	Total
Mainland China	1,267	342	1,609
Overseas, Hong Kong SAR, Macau SAR and Taiwan	263	2	265

5.2 CORPORATE PHILANTHROPY

Adhering to the principle of promoting goodness through business, Alibaba Health actively responded to the implementation of the "Healthy China" strategic plan, placing equal emphasis on corporate development and social responsibility, taking the initiative to initiate, organize and participate in various public service activities, thereby contributing to the community with its unique advantages in the digital medicine and healthcare industry.

5 RESPONSIBLE TECHNOLOGY

We have established a comprehensive public service management system, starting from employee and ecological public services, and continue to promote the relief for children with serious illnesses and care projects for patients with rare diseases, as well as the improvement of primary healthcare through our medical and healthcare capabilities. We join hands with platform merchants, charity organizations, and other social forces to contribute to charity activities. In FY2024, Alibaba Health devoted a total of 35,503 hours to social welfare projects, and the total amount of donations reached RMB1.47 million.

Employee Engagement in Public Service

Alibaba Health encourages every employee to take action for public service, and provides monthly self-operated thematic public service opportunities for management, senior employees and newcomers. We also share information on external public service activities on a daily basis, and foster public service culture through multiple online and offline channels. In September 2023, Alibaba Health issued a letter to all employees titled "3 Hours of Public Service for Everyone"™ (踐行人人公益3小時), motivating every employee to adhere to the public service commitment of "3 hours of volunteer service per person per year", and in particular, encouraging and advocating the development of public service activities in healthcare.
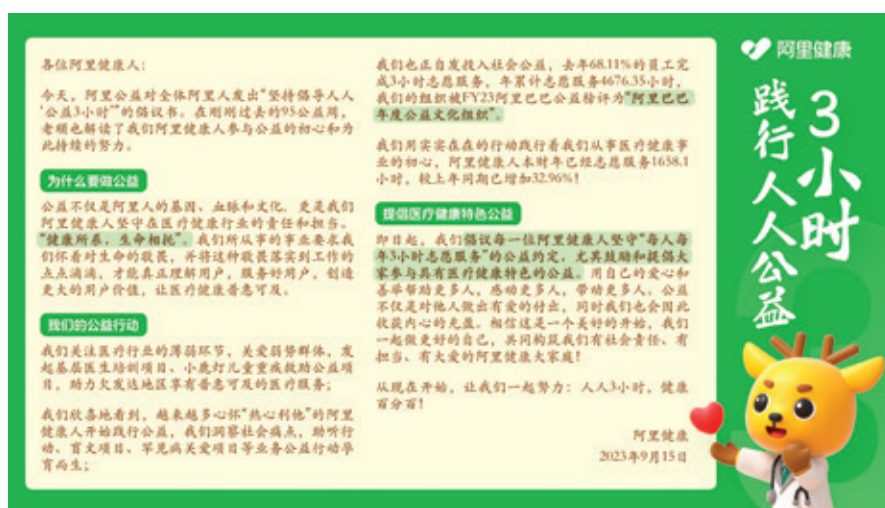
Picture: Alibaba Health's "3 Hours of Public Service for Everyone" initiative for all employees

We initiated and participated in a number of healthcare public service projects, leveraging our resource advantages in the healthcare sector to provide multi-level healthcare services and assistance to the community. To fulfil our mission and responsibility of "making healthcare affordable and accessible", we integrate Internet technology and platform capabilities while promoting quality medical and pharmaceutical resources to reach more people in need.

To alleviate the medical and financial burdens of families with children suffering from serious illnesses, we set up the "Xiao Lu Lantern"™ (小鹿燈) Children's Serious Disease Relief Platform, and cooperate with local medical institutions to launch public service charity clinics for children with such illnesses.

Case study: "Xiao Lu Lantern"^ children's serious disease relief public service project

To help children suffering from serious illnesses and their families, Alibaba Philanthropy and Alibaba Health Philanthropy, together with renowned medical experts and authoritative public service organizations, jointly launched the "Xiao Lu Lantern"^ Children's Serious Disease Relief Platform. Through the establishment of a three-tier network of "counties – townships/towns – villages" and a proactive relief model, the project is committed to providing medical support to families with children suffering from serious illnesses, including the access to medical channels, connection with quality diagnostic and therapeutic resources, as well as assistance with diagnostic and therapeutic costs.

As of March 31, 2024, we had invested more than RMB39 million in the "Xiao Lu Lantern"^ project, launched more than 186 charity clinics in 57 underdeveloped counties in 16 provinces across the country and the mountainous counties in Zhejiang Province, and provided assistance to 1,967 eligible children with illnesses. The project was recognized as the "Case of the Year Award" in the 18th People's Corporate Social Responsibility Award and became the "Active Relief" highlight in the "Birth Defects Intervention and Relief Programme", an award-winning programme of the 12th China Charity Award of the Ministry of Civil Affairs of the People's Republic of China.

Picture: "Xiao Lu Lantern"^ public service project has been awarded multiple honors

We continue to provide pharmaceutical assistance services to the community, leveraging social resources to create a one-stop service platform for patients with rare diseases. Through an enhanced online platform, we facilitated easier access to medication and medical care, visualizing information on medication costs and reimbursement of costs through local health insurance.

5 RESPONSIBLE TECHNOLOGY

Case study: Care Campaign for Children Suffering from Methylmalonic Acidemia^

As the 17th International Rare Disease Day approached, we once again organized a public service concert for rare diseases. Joining hands with Mead Johnson China, Sainte and other milk powder companies, we launched a care initiative for special medical formulas for rare diseases to further promote the Care Campaign for Children Suffering from Methylmalonic Acidemia^, so as to address the challenges in and burden arising from the purchasing special medical milk powder for patients suffering from methylmalonic acidemia and propionic acidemia.

Picture: "Sing for Rare" charity concert for rare diseases

Our commitment to giving back to the community is demonstrated by our healthcare assistance in various forms, such as training and empowerment for primary healthcare doctors, which aims to alleviate the burden on patients due to illness and bolster their confidence in treatment.
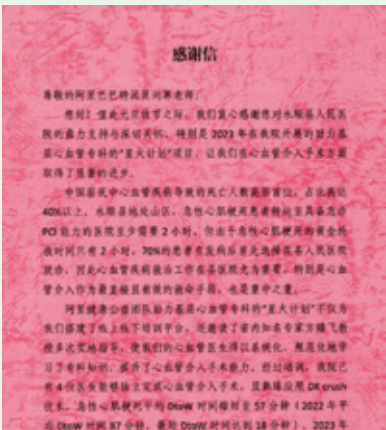
5 RESPONSIBLE TECHNOLOGY

Case study: The "Spark Programme"^ (星火計劃) – a public service project offering training to primary doctors

The weak capacity of primary medical care in underdeveloped areas has been a concern of Alibaba Philanthropy and Alibaba Health Philanthropy. "Spark Programme"^, which focused on improving primary cardiovascular specialties, was launched to address this issue. Through the establishment of an online learning platform, connection with the offline training base and integration of industry expert resources, primary doctors and managers were provided with convenient and efficient learning tools and quality training content. As of March 2024, more than 4,200 cardiovascular interventional doctors had been trained through the online training platform. Several on-site coaching visits to Yongshun and Qinglong counties were also organized under the project, guiding primary doctors to learn professional knowledge in a systematic and standardized manner, so that they can enhance their cardiovascular interventional surgery capabilities.

Picture: Training at primary chest pain center

Picture: Appreciation letter from Yongshun County People's Hospital

Case study: Aidou Rehabilitation Homes public service project

Since May 2023, joining hands with the Ling Feng Foundation of Beijing, Alibaba Philanthropy and Alibaba Health Philanthropy have set up a total of 20 "Aidou Rehabilitation Homes" in Fuping and Julu counties in Hebei Province, donating 16 types of medical equipment for health management and rehabilitation services to each home, while organizing long-term support for village doctors by senior doctors. Through these initiatives, free health management and rehabilitation services were provided to people with chronic diseases, post-stroke sequelae and people with disabilities in rural villages at their doorsteps. In FY2024, all 20 homes in Fuping and Julu achieved 100% active operation and served 50,347 local residents.

Picture: Rehabilitation Homes providing healthcare services to the elderly

Ecological Empowerment

Committed to the goal of promoting "public welfare", Alibaba Health mobilizes various forces, including the merchants and social welfare organizations, to empower charity activities. It harnessed the full potential of the resources of the pharmaceutical and healthcare industry and platform advantages, integrating charity into social life seamlessly.

In June 2023, as part of its efforts to advocate increased societal care for the visually impaired community, Alibaba Health unveiled the world's first customized font, "Alibaba Health Font", featuring Braille-to-Chinese conversion and phonetic annotations functions. This innovative tool enables everyone, regardless of their knowledge of Braille, to effortlessly transcribe it using Pinyin. In November 2023, "Alibaba Health Font 2.0" was officially launched at the China International Copyright Expo. This advancement endowed the Braille phonetic font with the capability of translating between Chinese and English, along with proofreading abilities, while allowing everyone to download it for free or commercial purposes. "Alibaba Health Font" has received numerous awards both domestically and internationally, including the 8th China Design Intelligence Awards (DIA).

5 RESPONSIBLE TECHNOLOGY

In FY2024, we collaborated with multiple parties to launch the "Little Green Umbrella Vaccine Protection Campaign"^ and the "Finger-Prick-Free Campaign"^ (不扎手指行動), ensuring concrete protection for the public health daily.

> **Case study: Little Green Umbrella Vaccine Protection Campaign^**
>
> In September 2023, through a collaboration with the China Women's Development Foundation, Alibaba Foundation and caring merchants on the platform, Alibaba Health Vaccine and Alibaba Health Philanthropy launched the charity campaign "Family Support Action – Winning the Battle Against Cervical Cancer in the First Moment"^ (家庭支持行動 – 保護宮頸贏在第一時), providing cervical cancer prevention services for girls from underprivileged families. On December 7, the initiative was upgraded to the "Little Green Umbrella Vaccine Protection Campaign"^, forging alliances with all merchants providing vaccine products on all platforms of Alibaba Health. It continues to advance cervical cancer prevention efforts, extending health security to a greater number of women.
>
>
>
> Picture: Vaccination under the Vaccine Protection Campaign

Case study: Alibaba Health launches "Finger-Prick-Free Campaign"^

In June 2023, Tmall Healthcare Platform joined hands with Alibaba Health Philanthropy, the China Primary Health Care Foundation and Sinocare to launch the "Finger-Prick-Free Campaign"^, which aimed to provide convenient and comfortable blood glucose monitoring services for diabetic patients at work, reduce the burden of sugar control and improve the quality of life through three initiatives: a 150-day blood glucose monitoring campaign; free trials of continuous glucose monitors; and specialist consultations on the blood glucose level.

Picture: Poster for Finger-Prick-Free Campaign^

^   For identification purpose only

ESG INDEX

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Environmental			
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	47/54
	A1.1	The types of emissions and respective emissions data.	54–55
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) total greenhouse gas emissions (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	54
	A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	55
	A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	55
	A1.5	Description of emission target(s) set and steps taken to achieve them.	47
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	54–55

Scope of Environmental, Social and Governance, General Disclosures and Key Performance Indicators (KPI)			Pages
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	52
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	54
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	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	52–53
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	52–53
	A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	54
A3: Environmental and Natural Resources	General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	47
	A3.1	Description of the significant impact of activities on the environment and natural resources and the actions taken to manage them.	47–57
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	47
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	48–49

ESG INDEX

Scope of Environmental, Social and Governance, General Disclosures and Key Performance Indicators (KPI)			Pages
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	38
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	39
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B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	43
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	44
	B2.2	Lost days due to work injury.	44
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	44–45
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	40–41
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	43
	B3.2	The average training hours completed per employee by gender and employee category.	43

Scope of Environmental, Social and Governance, General Disclosures and Key Performance Indicators (KPI)			Pages
B4: Labor Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	38
	B4.1	Description of measures to review employment practices to avoid child and forced labor.	38
	B4.2	Description of steps taken to eliminate such practices when discovered.	38
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	58
	B5.1	Number of suppliers by geographical region.	61
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	59
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	58–60
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	60

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Scope of Environmental, Social and Governance, General Disclosures and Key Performance Indicators (KPI)			Pages
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	21–23
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	23
	B6.2	Number of products and service-related complaints received and how they are dealt with.	26
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	36–37
	B6.4	Description of quality assurance process and recall procedures.	21–23
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	30–35
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	15–16
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	17
	B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	17
	B7.3	Description of anti-corruption training provided to directors and staff.	16

Scope of Environmental, Social and Governance, General Disclosures and Key Performance Indicators (KPI)			Pages
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	62/67
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	62/67
	B8.2	Resources contributed (e.g. money or time) to the focus area.	62

FEEDBACK FORM

Dear Reader,

Greetings!

Thank you for reading this report. We sincerely welcome any opinions and suggestions you may offer on the report, so that we can keep improving our abilities and standards for ESG practices!

Please answer the questions as follows by marking "√"

1. In relation to Alibaba Health, which of the following applies to you?

    ☐ Government ☐ Investor ☐ Employee ☐ Customer ☐ Supplier/Contractor ☐ Partner

    ☐ Peer ☐ Community & Public ☐ Media ☐ NGO ☐ Others (please specify)

2. How would you rate the overall ESG performance of Alibaba Health?

    ☐ Excellent ☐ Good ☐ Average ☐ Poor

3. What's your overall rating for the report?

    ☐ Excellent ☐ Good ☐ Average ☐ Poor

4. How would you rate the quality of ESG information disclosed in the report?

    ☐ Excellent ☐ Good ☐ Average ☐ Poor

5. How would you rate the structure of the report?

    ☐ Highly reasonable ☐ Relatively reasonable ☐ Average ☐ Less than reasonable

6. How would you rate the layout and presentation of the report?

    ☐ Excellent ☐ Good ☐ Average ☐ Poor

7. What are your expectations regarding Alibaba Health's ESG effort?

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