AliHealth 阿里健康

2018年環境、社會及管治報告
Environmental, Social and Governance Report

HEALTH

Contents

About This Report

In its 2017 annual report, Alibaba Health Information Technology Limited disclosed its environmental, social and governance information for the first time. This report is the second environmental, social and governance (ESG) report issued by Alibaba Health Information Technology Limited, and will continue to be released on a yearly basis in the future.

Interpretation

For convenience, Alibaba Health Information Technology Limited may be expressed as "Alibaba Health", "the Company", and "We". Unless otherwise stated, the currency in this report is Renminbi (yuan).

Reporting Period

The reporting period is the financial year of Alibaba Health, starting from April 1, 2017 to March 31, 2018. Some contents may exceed this scope.

Data

Unless otherwise stated, all data are sourced from relevant internal statistics of Alibaba Health. Where statistical data align with the financial year they will be expressed accordingly (such as "FY2018") instead of the calendar year (such as "2017"). Unless otherwise stated, all data corresponds to the financial year.

Reporting Guidelines

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide of the Stock Exchange of Hong Kong Limited (HKEX), and also meets the requirements of the Chinese Corporate Social Responsibility Report Preparation Guide issued by the Chinese Academy of Social Sciences and the ISO 26000: Guidance on Social Responsibility (2010) issued by the International Organization for Standardization.

Access to the Report

In order to save paper and protect the environment, we highly recommend that you read the electronic version (in PDF format). This report can be browsed or downloaded at the official website of Alibaba Health (http://www.irasia.com/listco/hk/alihealth/), or at the website of HKEX (http://www.hkex.com.hk). If you need a paper report or have any question, comment or feedback on this report, please contact Alibaba Health by E-mail at alihealth_info@alibaba-inc.com.

CEO's Statement

As the CEO of Alibaba Health, it is my great pleasure to share with you Alibaba Health's achievements and the experiences in implementing its social responsibility program over the past year.

As Alibaba Health explored and made progress in the internet health industry over the past few years, we have been thinking about what society's needs are at present and what we can do for society.

As economic development transitions from a high-speed phase to a high-quality one, Chinese people's healthcare needs are gradually changing. It is more of a change in health outlook, as health is becoming a necessity for families and being equated with happiness and becoming a common life goal for this generation of Chinese. Alibaba Health, as an internet medical and health enterprise, has as its greatest social responsibility helping more people in their pursuit of good health by lowering costs and barriers to entry, thus making this medium of happiness more accessible to a greater number of people. This is our unwavering mission — making good health achievable at the fingertips.

National health is an essential requirement for people's all-round development, a basic condition for economic and social development, and an important hallmark of national strength and prosperity. It is a common pursuit of the general public and one of the fundamentals of China's sustainable development. "Healthy China" is an important strategy for China's next phase of development, and it is driving the in-depth reform of China's pharmaceutical and healthcare system as well as the continued standardization and improvement of China's pharmaceutical industry policies.

In line with the national "Healthy China" strategy, Alibaba Health continued to adapt to the health needs of people in the new era and has been gradually building its pharmaceutical e-commerce, Internet-based medical services and personal health management, intelligent medicine and product tracking businesses, while constantly paying attention to its potential impact on the environment and society.

Building on its achievements in the 2017 financial year, Alibaba Health's philanthropy efforts entered a stage of systematization in the financial year 2018. Firstly, we continue to implement the principle of "integrating public services into business operations" at the business level. When conducting business activities, we provide fair, affordable and accessible medical and healthcare services to the people to fulfill our social responsibilities. Secondly, we established the Alibaba Health Philanthropy Committee to encourage employees to actively participate in public service beyond their working hours in areas such as environmental protection and social assistance, so that more people are awakened to serve the public. Thirdly, for socially disadvantaged groups and the public's urgent pharmaceutical needs, we launched public-spirited activities and products in combination with our own business capabilities such as "Global Pharmaceutical Search Alliance", "Expired Drug Collection Alliance Action" and medical think tank "YiZhiLu" to extend help to a wider range of social groups.

Our sustainable development is dependent on the sustainability of the ecological environment. In financial year 2018, we adopted multiple measures for energy and resource conservation at our offices to implement the concept of green operations. We also installed energy-saving and environmentally friendly refrigeration systems in many large warehouses, which greatly reduced energy consumption and further reduced the negative impact on the environment.

We hope that Alibaba Health's input in terms of social responsibility can meet the needs of the people and evoke people's sense of serving the public. Looking ahead, we will continue to unwaveringly provide all people with more fair, affordable, and accessible medical and healthcare services. We will integrate at depth social responsibility into our business characteristics and business models, and work with all parties to continue forging ahead on the road towards health for all people.

Alibaba Health CEO
Shen Difan

Introducing Alibaba Health

Company Profile

Alibaba Health is the healthcare flagship platform of Alibaba Group Holding Limited ("Alibaba Holding", together with its subsidiaries, "Alibaba Group") and part of Alibaba Group's "Health and Happiness", or "Double H", strategy. Alibaba Health is a Hong Kong Stock Exchange-listed company (stock code "00241").

Alibaba Health actively responds to the strategic decision made by the Fifth Plenary Session of the 18th CPC Central Committee — "to promote the construction of healthy China". By leveraging our advantages and experience in the Internet and big data technologies, Alibaba Health explores the application of "Internet+" in the medical and healthcare industry, while working with partners to form a healthcare platform. We strive to develop health products and services, build Internet-based medical and personal health management platforms, use artificial intelligence and big data analytics to explore smart healthcare, and continue to promote our product tracking business. At present, we have formed four business segments: pharmaceutical e-commerce, Internet-based medical services and personal health management, intelligent medicine and product tracking. Through health technology innovation and information-based service development, we are striving to promote a healthy lifestyle to people and provide them with quality health services and assurance.

Internet-based medical services and personal health management

Pharmaceutical E-Commerce

Healthcare Ecosystem

Intelligent Medicine

Product Tracking

Core Values

Alibaba Health's Mission: make good health achievable at the fingertips

Alibaba Health's Vision: facilitate medicine through big data and use the internet to change the face of healthcare, to provide fair, affordable and accessible medical and healthcare services to 1 billion people

We believe that it is the greatest social responsibility for medical and healthcare companies to focus and make concerted efforts on improving public health . Based on the Outline of the Healthy China 2030 Plan, we focus on its theme of "co-building, sharing, and health for all" to help the country solve major social problems, while gradually combining Alibaba Health's healthcare ecosystem and social responsibility ecosystem and incorporating corporate and social development into the Company's growth strategy. We fully understand the social needs, especially the growing health needs of Chinese citizens. At the same time, we firmly believe that corporate social responsibility should be incorporated in the business model. The Company strives to organically combine its own business, industry engagement and social responsibility to achieve sustainable strategic growth with the main orientation of meeting societal healthcare needs.

Social Responsibility Management

"We hope more people will join Alibaba Health's social responsibility ecosystem and endeavors for a healthy life."
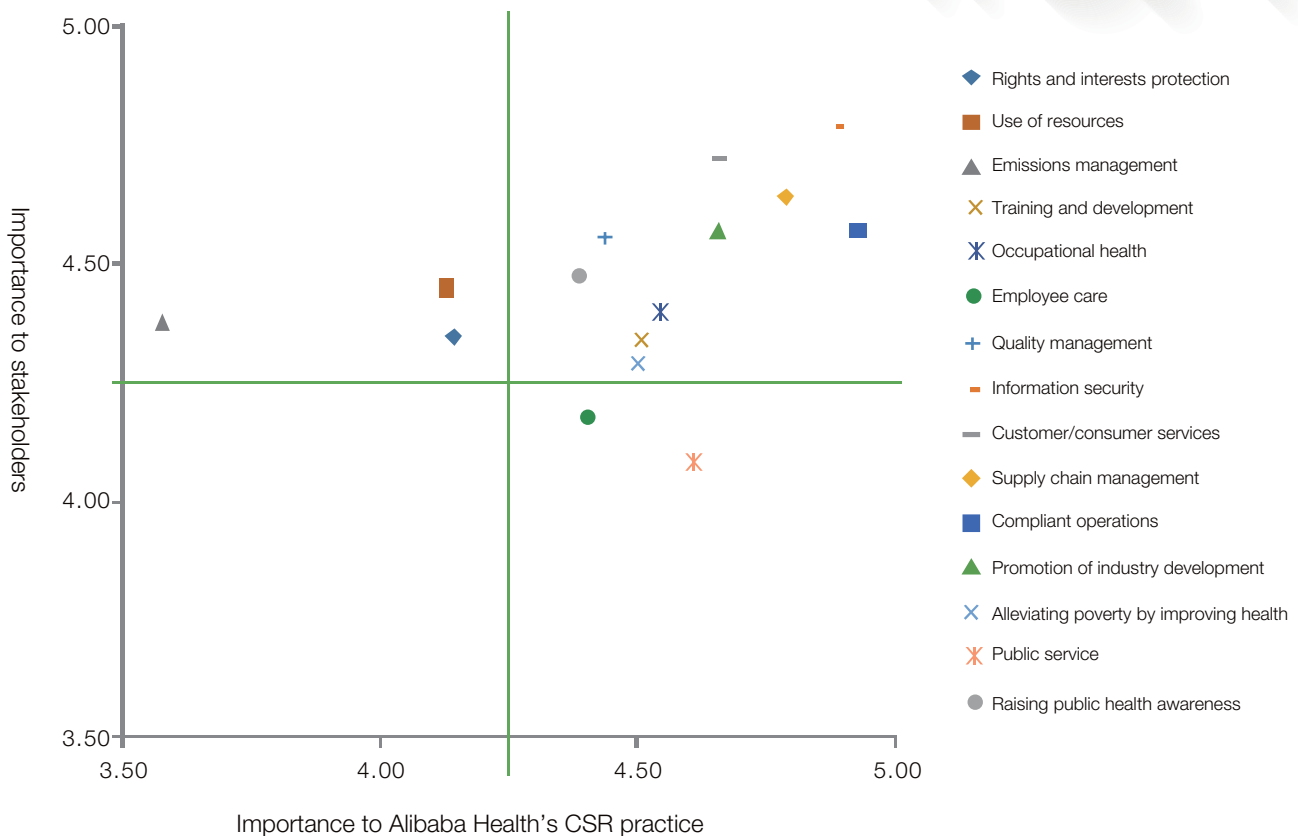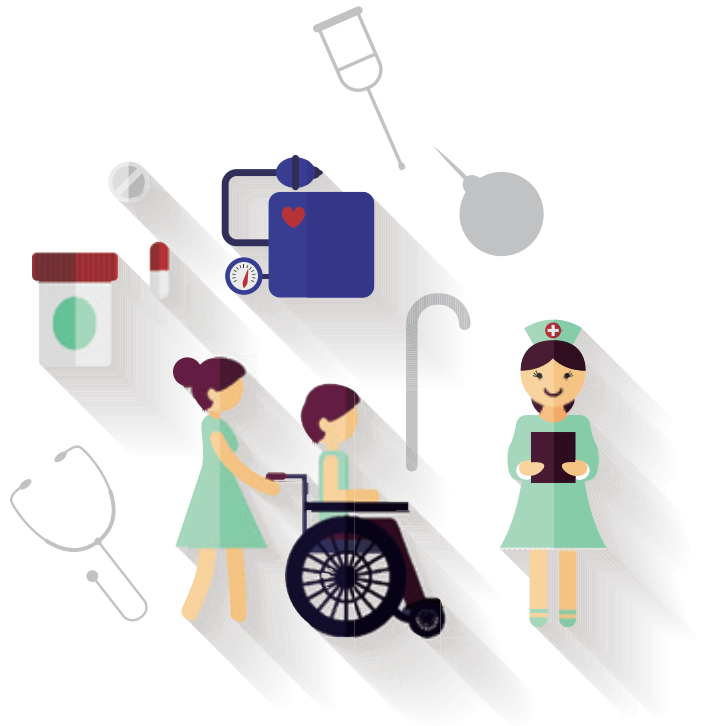

01 Joint Efforts for Health

The effective integration of healthcare ecosystem and social responsibility ecosystem cannot be achieved without the joint efforts of all parties. Alibaba Health actively communicates with partners, employees, customers, investors, the government, media and other stakeholders and seeks multiple ways to work together. Through mutual trust and influence among the parties, Alibaba Health continues to enhance its social responsibility management.

Stakeholder	Needs and Expectations	Communication and Response
Government	Compliance with laws and regulations Payment of taxes Support for economic development	Regulatory compliance Proactive tax payment and compliance Implementation of national policies
Investors	Return on investment Business and earnings growth Risk management Information disclosure	Regular disclosure of operational information Investor summit meetings Shareholder meetings
Customers	Provision of quality products and services Meeting customers' diversified needs Value creation for customers	Innovative products Product and service quality assurance Protection of customer information Customer satisfaction surveys
Employees	Protection of employee interests Protection of occupational health Sound career development planning Work-life balance	Competitive remuneration and benefits Employee training Career development planning Provision of fitness facilities and classes
Partners	Open, fair and equitable procurement Contractual compliance	Contractual compliance Open tendering Project cooperation
Environment	Energy saving and emission reduction Ecological protection	Managing emissions Increasing resources and energy efficiency Environmental protection
Society and the Public	Engagement in community development Support for charitable activities	Public services and philanthropy Volunteer services

02 Material Issues

Alibaba Health has improved the process of determining reporting content with reference to the requirements of the Environmental, Social and Governance ("ESG") Reporting Guide of HKEX. We aim to increase interaction with our stakeholders through various means and we have conducted questionnaire surveys of stakeholders. Questionnaire surveys can help us understand more thoroughly the evaluation of various stakeholders on issues related to Alibaba Health's social responsibility, identify and determine stakeholders' material concerns, and eventually determine the extent and scope of disclosure. At the same time, in order to ensure the integrity of questionnaire surveys, we discuss and determine the weighting of each stakeholder. The surveys are done online for greater accessibility to stakeholders and to reduce the negative impact on the environment. Our questionnaire surveys in financial year 2018 returned a total of 169 surveys, which ensured more accurate and complete disclosure of information related to operation and management and furthered Alibaba Health's social responsibility endeavors.

Identifying issues

- Suggestions made by management of the Company
- Analysis and suggestions made by internal and external experts
- Analysis of media information
- Benchmarking study of peers in China and overseas
- HKEX ESG Reporting Guide
- Guidance on Standards of Social Responsibility

Standards of Selection

- Contribution to sustainable development
- Issues of general concern to stakeholders
- Issues emphasized by the corporate social responsibility guidance
- Compliance with the company's needs of strategic development

Materiality Analysis Result

Importance to stakeholders (y-axis) vs Importance to Alibaba Health's CSR practice (x-axis)

Legend:
- Rights and interests protection
- Use of resources
- Emissions management
- Training and development
- Occupational health
- Employee care
- Quality management
- Information security
- Customer/consumer services
- Supply chain management
- Compliant operations
- Promotion of industry development
- Alleviating poverty by improving health
- Public service
- Raising public health awareness

Ubiquitous Healthcare

"Wherever you are, Alibaba Health provides you with healthcare products and services at your fingertips."

As Chinese society transforms from "high-speed development" to "high-quality development", Alibaba Health hopes to do its best to satisfy the society and people's ideals of a healthy life, to allow more healthcare products and services to reach a wider audience in a more convenient way. Whether you are an elderly person or a child who's just learning to speak, you can enjoy assuring and comprehensive healthcare.

1 | One-Stop Healthy Living Services

At Alibaba Health, we want to make "a healthy life" an accessible reality. Using consumers' personalized needs for a healthy life as a starting point, by integrating superior medical services and healthcare product resources and exploring new technologies to reconstructing a new retail model focused on "people, goods and scenarios", Alibaba Health provides consumers with more convenient access to products in different scenarios, and online/offline one-stop solutions for a healthy life in this Internet age.

❶ Convenient Consumption of Varied Pharmaceutical and Healthcare Products

As consumer health awareness continues to increase, consumer needs have also increased rapidly and become more diversified. As a result, healthcare products on the market such as various drugs, nutritional and healthcare products and medical devices have become more abundant. Through different marketing platforms such as Alibaba Health's self-operated pharmacy AliHealth Pharmacy, Tmall Pharmacy, and O2O (Online to Offline) Pioneer Alliance, Alibaba Health brings together quality healthcare product resources to fully meet consumer needs.

In addition, we use a variety of Internet technologies to create new retail consumption scenarios to provide consumers with a more convenient and smooth health-related consumer experience.

❯ AliHealth Pharmacy

Pharmaceuticals are an important category in medicine and healthcare. Alibaba Health Pharmacy provides an effective solution for customers to purchase OTC products online. Consumers can seek professional advice on drug purchases from online pharmacists at any time according to their own medication requirements, using their PCs or their mobile phones, after which they can purchase the drugs online at AliHealth Pharmacy and enjoy convenient home delivery service.

Since AliHealth Pharmacy was launched in September 2016, it has garnered consumer recognition for its diverse product selection and professional and efficient services before and after sales. As at the end of the financial year ended March 31 2018, the number of active consumers of Alibaba Health Pharmacy exceeded 15 million.

10.阿里健康大药房

此生贾名恒以说话为生，从此喉咙成了全身最需要爱护、保护的器官，平时在随身的包里常备上一些润喉生津的药品，通常这些也还能进行牙齿保健，保持口气清新，用量如此之大，有了淘宝，直接在网上下单，有时送到家里，有时送到单位，非常之方便，自然，药房不是医院，拿到真的头疼脑热，还要新方抓药去。

"Inexplicably I make a living by talking and my throat has therefore become the organ most in need of protection. I usually have some lozenges in my handbag which also help with dental care and keep my breath fresh. Because I have to use so many lozenges, I often directly place orders from Taobao (APP) online, sometimes to be delivered to my home and other times to my workplace, which is very convenient. Of course a pharmacy is not a hospital, so if I am really sick, I still have to get a medical prescription"

TV Presenter Kang Hui's Favorite Ten Taobao Stores — No. 10: AliHealth Pharmacy
Kang Hui, the presenter of CCTV "News Simulcast"

手机用户75588
6月5日 22:11 来自 小米Max
从去年八月开始喜欢上买药去阿里健康大药房，咨询过几回药师，药师们都很专业。
今天我要实名表扬阿里大药房药师3495，专业又贴心，希望马云爸爸可以给他（她）涨工资@阿里健康

"Since last August, I've taken a liking to buying medicine online from AliHealth Pharmacy. I have consulted several times with its pharmacists who are very professional.

Today, I'd like to commend AliHealth Pharmacy's pharmacist No. 3495. He or she is professional and caring. I hope Jack Ma can give him or her a pay rise."

- Tmall Pharmacy brings together premium brands and licensed retailers in the healthcare sector, using the Tmall platform to provide consumers with a comprehensive selection of high-quality and good value healthcare products and services.
- We conduct in-depth research of the health needs of different consumer groups so as to provide more targeted product services.

Alibaba Health brings together premium retailers of quality healthcare products and services, displaying these to consumers on Tmall in a transparent and open way, giving consumers more product selection while assisting them to choose the products that they need more accurately and to make better purchase choices.

At the same time, Tmall Pharmacy's online purchase and home delivery with one click model means that drugs can be delivered to consumers quicker, thereby improving consumers' healthcare product purchase experience.

Alibaba Health is focused on building a complete ecosystem of pharmaceutical and healthcare product consumption through the Tmall Pharmacy platform, Working to cater to the needs of the young, the elders, and the special groups, we aim to help each consumer to develop a the correct understanding of health product consumption and enjoy a healthy life through the introduction of easily understandable health education content.

2017 "Singles Day" Shopping Festival

With rising income, Chinese consumers' concept of medical consumption has shifted from "treatment" to "prevention and healthcare." During the Singles Day (November 11th) Shopping Festival in 2017, consumers purchased a large number of healthcare products from T-mall Pharmacy, making the festival an ideal opportunity for people to improve their health and care for their family.

⟩ New Retail

With the advancement of technological innovations such as the mobile Internet and the Internet of Things, Chinese people's concept of consumption has gradually changed. New retail models that reconstruct such commercial elements as "people, goods, and scenarios" are changing consumers' shopping habits gradually. Alibaba is practicing new retail in various fields, integrating online and offline resources to realize data integration and connectivity to will provide customers with a cross-channel and seamless shopping experience. Alibaba Health is following closely, gradually exploring new retail models through technology business model innovation, and establishing an integrated online and offline medical eco-system to provide users with comprehensive and personalized services.

Smart Pharmacies Offer a New Healthcare Consumer Experience

"In this smart pharmacy, I don't have to ask the shop assistant about the use and difference of each medicine. I just pick up a medicine box and its information immediately displays on the shelf. This is really convenient for ordinary consumers who don't have much medical knowledge."

"Not only can I buy medicine here, but there are also many health testing facilities to carry out various physical examinations. Sometimes even if I don't have any medicine to buy, I'd go in to check if there are any changes in my physical condition."

"The pharmacy often holds promotions and events on healthcare. Sometimes I come with my children and elders so that they obtain correct health knowledge."

When consumers come to AliHealth Smart Pharmacy, they can not only buy medicine and consult with pharmacists about medication, but also enjoy integrated pharmaceutical services facilitated by smart health checkup equipment, smart shelves and other new technologies. They can also experience new medical retail models and personally experience an improved pharmaceutical service environment as a result of technological changes.

T-Mall Virtual Try-on of Colored Contact Lenses

In 2017, Alibaba Health launched an application for virtual try-on of colored contact lenses on Tmall Smart Mirror. When consumers come to an offline store, they can stand in front of the mirror to experience a virtual try-on of colored contact lenses. From the mirror, they can observe the c effects of a pair of colored contact lenses in real time. By touching the key under the mirror, they can change to different brands and styles of colored lenses, eliminating the problem that customers could previously only try on the colored contact lenses after purchasing .

The mirror uses YunOS Face-AR technology. With high-performance, high-precision face features, 3D modeling and other technologies, it achieves real-time rendering of colored lenses and realistic and natural AR try-on effects. In addition to the basic try-on service, the mirror offers such services as video playback, photographing, sharing by scanning a QR code, photo printing, and online-offline synchronization of product comment data. Users can also scan a QR code to purchase the products online.

❯ China Pharmaceuticals O2O Pioneer Alliance

- Includes more than 20,000 offline pharmacy stores to provide pharmaceutical O2O services to consumers in over 100 cities throughout China

Alibaba Health's O2O business cooperates with large-scale chain pharmacies, displays information on nearby pharmacies and information on drugs according to a user's geographical location and provides such convenient services as addressing pharmaceutical enquiries, online purchase, and self-service pickup at nearby pharmacies or home delivery. Users can receive the ordered high-quality drugs within one hour, effectively increasing the efficiency in purchasing drugs.

At the same time, Alibaba Health is committed to building local cooperative drugstores into community health service centers so that in addition to medicine purchase, citizens can enjoy additional services such as free preparation of gelatinum asini and free consultation with resident traditional Chinese medicine (TCM) doctors.

"Just knew that I could use Alibaba Health APP to purchase medicine in Guilin, and that is convenient. A touch on the APP and I can have the medicine in 1 hour! I can have disease consultation without going to hospital. For anybody as lazy as me, this is worth a try!"

"It's raining here in Hangzhou. I just had my wisdom tooth pulled out. It hurt like hell so I placed an order at AliHealth Pharmacy. Although it took an hour to receive my order, I felt warm in my heart. The unwavering back and shivering voice of the deliveryman made me feel that someone is keeping an eye on me."

"This is the fastest delivery I've experienced. 20 minutes! Thumbs up to Tongrentang!"

In November 2017, to celebrate the "Singles Day" Shopping Festival, Alibaba Health organized offline pharmacy stores in 30 cities to provide local residents with free consultations, and prepared gelatinum asini on site.

❷ Internet Medical Services at Your Fingertips

"Healthy China" is an important strategy for China's next stage of development. Promoting the establishment of an "Internet + healthcare" medical service system has become a key link in the future development of the national healthcare system. The reform of China's medical and health system continues to deepen as pharmaceutical industry policies become more standardized and improved. The health needs of the public are also diversifying. In addition to traditional medical needs, they hope to obtain more efficient medical and health services. In this context, Alibaba Health is constantly innovating and working to provide patients with accessible medical and health services.

〉 New Doctor-Patient Communication Platform

Alibaba Health aims to break the limitations of traditional healthcare services with Internet technologies and build a doctor-patient communication platform to benefit more consumers. Alibaba Health established Alibaba Health Network Hospital Co., Ltd.* in Guangzhou, which has obtained a medical institution license. Based on the Alibaba Health APP, Taobao, Tmall, and Alipay, Alibaba Health Network Hospital Co., Ltd. organizes professional doctors, licensed pharmacists and other qualified personnel to provide users with comprehensive health consulting services in such forms as graphic and text-based consultation, telephone consultation, question and answer, famous doctor classrooms, etc.

At the same time, Alibaba Health continues to strengthen the training of Internet service methods for professional doctors and other qualified personnel online to improve the quality of medical services and gradually win consumer recognition of health consultations on the Internet platform. In this way, we have seen effective improvement in medical quality and service capabilities, and an increase in the popularity of Internet medical services. Based on a three-tiered medical service system of doctors, offline hospitals, and the Internet hospital, we provide the public with fair, affordable, and accessible pharmaceutical and health services.

By the end of financial year 2018, Alibaba Health had signed a total of nearly 23,000 licensed physicians, licensed pharmacists, and nutritionists to provide online health consultation services. Average daily consultation volume had exceeded 50,000 times.

〉 Healthcare Services Featuring Online and Offline Integration Through Hospitals

In some areas, it is still difficult to register to see a doctor. To address this issue, Alibaba Health actively cooperates with physical medical institutions to provide patients with integrated online and offline medical and health services, to enable a more complete and smoother access to medical services, and to promote further integration of Internet technology and medical services. After the first outpatient visit offline, the patient can return to Alibaba Health's Internet hospital platform to enjoy a series of follow-up services such as medication consultation, drug purchase, and chronic disease management, which diversifies the public's access to health consultation services.

Alibaba Health is also committed to providing consumers with a wide range of medical and health services such as daily care and post-treatment consultation. Consumers are provided with online and offline integrated medical and health services, meeting their personalized and customized needs for health services.

"I really feel it's convenient. I don't need to go to the hospital for common minor problems. I get to know how to treat them through consultations and image views. I hope the platform gets better and better to benefit more people who are as lazy as I am."

"Whenever I feel uncomfortable, I go to Alibaba Health physicians for help...They are so considerate..."

For ordinary consumers, food and drug safety is key to ensuring individual and family health and safety. With the growing demand for tougher regulation of food and drug safety, Alibaba Health adopts new technical means to achieve traceability from origin, distribution to sales. It also provides consumers with an effective tool to enquire about the production sources, thereby safeguarding their right to know.

At the same time, Alibaba Health continually improves the safety management of the products on its platforms. It enhances the overall quality of products sold on the platforms through various quality inspections, thereby providing a solid guarantee for user safety in healthcare product-related consumption.

01 Visible Security — Transparent Laboratory

As people become increasingly concerned about suboptimal health, the public's demand for health foods, dietary supplements, and nutritional supplements is increasing. As demand increases, how to select safe and high-quality nutritional supplements among numerous channels and products has become a challenge for consumers.

Alibaba Health cares about the quality of the products featured on its platforms. It uses various methods such as mystery sampling and third-party quality inspection to test products on multiple platforms. In January 2018, the "Transparent Laboratory" was established to test various kinds of nutritional supplements sold online, and only products that passed the test could be sold on Tmall Pharmacy. In the future, Alibaba Health will conduct special tests for problems found through inspections by food and drug supervision departments and daily inspections on the platforms and on popular products among consumers.

"What we do is to abide by the law and our conscience."

We are deeply worried when we see many medical and healthcare products with quality problems circulated in the market. The vast majority of consumers do not have the experience and knowledge to distinguish between standard and substandard pharmaceutical products. Often, they trust sales personnel and marketing platforms on their purchase. If the products purchased have quality problems, they may be not be effective or worse, exacerbate illness. We hope that we can live up to the trust of our customers by providing more guarantee for our customers and removing all substandard products, so as to establish a "firewall" between consumers and substandard products.

After its preliminary trial operation, the Transparent Laboratory purchased equipment such as ultraviolet spectrophotometers, microplate readers, electrothermal incubators, ultrasonic oscillating extractors, high-speed universal pulverizers, biological safety cabinets, etc. Now it is able to do rapid detection of microorganisms, pesticide residues, illegal additives, etc.

As of April 18, 2018, the Transparent Laboratory had completed testing of a total of 85 products that fall in the three categories of wolfberry, honey, and weight-loss health foods operated by Alibaba Health Pharmacy, cumulatively involving 171 test items on 143 batches.

"To abide by the law and our conscience" is our original intention of creating the Transparent Laboratory. Through various tests that go beyond the minimum legal standards and supervision measures, a conscionable pharmaceutical platform has been built, allowing users to have assurance with every purchase on the platform.

Adventures of the Wolfberry, the "Internet Celebrity of the Year"

Wolfberries have proven nutritional value, making it a standard health food. There are a large number of wolfberry sellers on the market, but how to determine the quality and whether there are problems with food safety pose challenges for the public when they purchase wolfberries. As news floods major media outlets about such problems as "adulteration", "mildew and bugs", "pesticide residue" and "sulfur fumigation", consumers become increasingly doubtful and they need to have a very discerning eye for qualified wolfberries.

In early January 2018, at the Alibaba Health Transparent Laboratory in Hangzhou, a test to distinguish between quality and substandard wolfberries was conducted. The Transparent Laboratory purchased 13 samples from farmers' markets and supermarkets in Beijing, Hangzhou, and Ningxia as well as other e-commerce platforms, and used objective experimental evaluation data to identify qualified wolfberries.

Particle count, projected area and moisture test

For consumer concerns about the particle size of wolfberry, a self-produced imaging system was used to do the count of wolfberries to obtain information on the particle size. With image-making software, the projected area of each wolfberry and the long-to-short axis ratio were obtained, giving a more accurate analysis of the particle size, which helped quickly and effectively identify the uniformity of the wolfberries.

Sulfur dioxide test

Sulfur dioxide detection and UV-visible spectroscopy were performed on samples for the possible coloring by sulfur dioxide in low-grade wolfberries. Fumigated wolfberries can be identified by the residual amount of sulfur dioxide. Ultraviolet spectroscopy can be used to identify whether there is pigment in the fruit.

Pesticide residue test

The sample soaking solution was incubated with enzymes. Enzyme inhibitor method was used to test the wolfberries, and the results of the enzyme inhibition rate of each wolfberry were recorded. If the enzyme activity of any sample reduces, the sample is proven to contain pesticide.

(02) Worry-Free Health — Woodpecker Program

Although online shopping has become a common consumption model, consumers often have doubts about the quality and service of products purchased online, especially those of healthcare products. Purchase and service experience become more important than ever.

Alibaba Health launched the "Woodpecker" program in 2017, hoping to upgrade the service quality of Tmall Pharmacy, and like a woodpecker, to catch "pests" that affect the online shopping experience and protect the public's health-related consumption.

A Ban on Near-Expiration Products

Foods within shelf life can be sold according to national regulations, but many consumers lack the awareness to check the shelf life of foods. After buying drugs and foods near the expiration date, they are prone to forgetting to check the shelf life before taking them, which carries health risks.

Alibaba Health has always placed the interests of consumers at the top of its priorities. In order to fully protect the rights and interests of consumers, the Company launched the "Woodpecker" program that proposes a higher standard for goods near the expiration date, namely that "ordinary foods in categories of health food/dietary supplements and traditional nutritional supplements, domestically made or imported, should not be sold if the remaining period is less than 1/5 of shelf life." To enforce this standard on its platforms, Alibaba Health adopts on-line monitoring and offline sampling to strengthen quality control of sellers, together with a series of effective measures to protect user rights, such as:

- Removing near-expiration foods as the system retrieves data on product shelf life and production date displayed online.
- Checking before the shipment: If the system finds the remaining shelf life of any product does not meet the requirement, the product will be removed online.
- In the process of offline sampling inspection, once a product is confirmed to have violated the ban on near-expiration goods, its seller will be punished by the platform for "false description" according to the rules.
- Once a consumer buys near-expiration products, the platform will support him/her to demand a refund according to the rules.

Making Quality Standards for Adult Products

Whether it is adult sex toys or lubricants, for now there is a lack of national standards to guarantee quality, which makes it hard for users to defend their rights. Alibaba Health, joined by Vkan Certification & Testing Co., Ltd (CVC), Shenzhen Academy of Metrology & Quality Inspection and other institutions, developed such quality and technical specifications for adult products as the Technical Specifications for Adult Sex Toys and the Technical Specifications for Human Body Lubricants to fill the gap of quality standards in the domestic adult products industry.

After being publicized, these quality and technical specifications for adult products serve as mandatory quality standards for Alibaba Health platforms since December 1, 2017. We have also removed inferior goods, requiring that only adult products that meet the standards can be sold on Alibaba platforms. Consumers can refer to the standards in case of consumer disputes. At the same time, Alibaba Health welcomes adult products manufacturers to follow these quality standards, ensuring product quality from the source.

03 Assured Food and Drug Purchase — Traceability throughout the Entire Process

The quality of drugs and foods has always been the focus of consumer attention, as ordinary consumers find it hard to know the source of medicine and food. The development and application of Internet technology makes possible greater transparency of food and drug circulation, while allowing consumers to easily access to information on various products via their mobile phones.

Alibaba Health established its third-party tracking platform "Ma Shang Fang Xin" in 2016. While further improving the drug tracking system, Alibaba Health has extended the coverage of tracking services to food nutritional health, health nourishing products, and other areas. It has achieved traceability across the entire life cycle of the above-mentioned products from production, distribution to use, ensuring that "the source can be verified, circulation can be tracked, and accountability can be pursued." This enhances food and drug safety and increases the protection of public health.

With its advanced QR code tracking technology, Alibaba Health's "Ma Shang Fang Xin" platform has become an influential code-based third-party enterprise tracking platform in China. During the reporting period, as of the end of the financial year 2018, more than 7,500 companies had signed up to the Group's "Ma Shang Fang Xin" platform. The platform already covers 20 industries including food, alcohol, nutritional health products, and cosmetics, representing more than 80% of China's pharmaceutical manufacturers.

At the same time, with the upgrade of domestic consumption and the expansion of import and export trade, Alibaba Health has ramped up its cross-border product tracking services. Merchants directly procure the products from their country of origin and can collect inventory and test report information provided by institutions at that country of origin. Tracking records at key points during the product importation and circulation process are also available to ensure authenticity of the product and its country of origin.

Safety at Your Fingertips

On November 28, 2017, Sanofi, the world's leading biopharmaceutical company, joined Alibaba Health to launch the "Safety at Your Fingertips" project on safe drug use and disease management. The project, built on Alibaba Health's "Ma Shang Fang Xin" platform, integrates the three functions of product tracking, disease education, and disease management. Patients can easily obtain drug information and knowledge on diseases and health management simply by scanning the QR code on the packaging using the Taobao, Alipay or Alibaba Health mobile applications.

The project was first promoted to community health centers, and focused on "general practitioner" services to patients. Online and offline forms of communication were combined to improve patients' health and disease management awareness, as well as disease management capabilities, and to provide scientific and professional medical and health services for patients and their families.
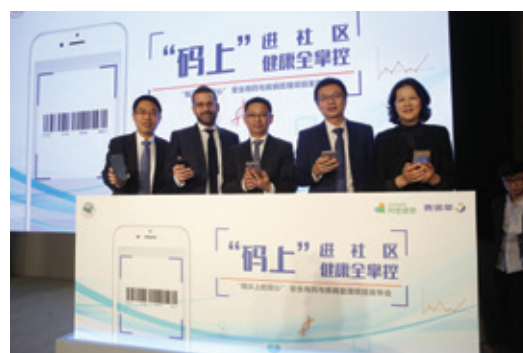
Cross-Border Product Tracking

As people's living standards continue to rise, "consumption upgrade" has become a new choice for many consumers in the new era. To satisfy consumers' demand for more extensive and diversified products, we have introduced high-quality imported products. Imported foods face higher quality control requirements than other imported goods. Imported foods have to go through a series of circulation links from their country of origin, to customs, before they reach consumers' tables. How to ensure the authenticity and safety of products is a common concern for consumers. To enhance consumer confidence in the quality of cross-border goods, we provide tracking services for cross-border goods. Alibaba Health utilizes blockchain technology, unique item code tracking technology, and big data technology to track imported goods throughout the entire process. We also provide Tmall International with tracking technology, bringing together information on production, transportation, customs clearance, inspection declaration, third-party inspections, etc. Each imported product is marked with an individual "ID."

Take Icelandic sea cucumbers as an example. The "Ma Shang Fang Xin" QR code is printed on each box of Icelandic sea cucumbers sold in Hema Supermarket stores in Beijing. Consumers can use the Alibaba Health APP, or mobile Taobao, Tmall or Alipay Apps to scan the code to view various information on the sea cucumbers including the fishing area in the sea, production date, port, inspection and quarantine number, customs declaration number and inspection report, etc. This ensures that consumers buy products from genuine sources, and protects the brand image of the producers. In addition, the tracking code establishes an interactive channel between legitimate producers and consumers, using the tracking result pages displayed after consumers scan the codes with their mobile phones.

Working with Pfizer to Crack Down on Counterfeits

Since entering the Chinese market in 2000, Pfizer's product, Viagra (sildenafil citrate), has been the subject of rampant counterfeiting. Fake Viagra lacks effective safety monitoring in the production process, resulting in improper ratios of ingredients, which may lead to serious side effects, even sudden death, in its users.

In order to protect consumers' safety and crack down on counterfeit and substandard products, on March 9, 2018, Alibaba Health and Pfizer China joined forces to include Viagra on Alibaba Health's "Ma Shang Fang Xin" platform. This provides consumers a new means of checking the authenticity of the drugs and acquiring knowledge on men's health. Consumers need only scan the code on the packaging with the mobile Taobao, Alipay or Alibaba Health Apps to access information on authenticity, directions for use, online disease management, and other services.

3 Health Steward Offering Comprehensive Care

Personal health management is not simply disease treatment and prevention. It is more about integrating health awareness into every aspect of everyday life. However, health management does not happen overnight. The general public needs to fully understand their own health status in a timely manner, and consciously pay attention to health knowledge in all aspects, so as to take effective interventions to prevent the occurrence of diseases.

Alibaba Health deeply understands the public's needs of health management and takes full account of individual health management needs. Using artificial intelligence, big data and other cutting-edge technologies, it has built a health management platform for users to provide comprehensive solutions that assure public health.

01 Your Health Steward — Personal Health Management Platform

Nowadays, the public has begun to realize that health management cannot just rely solely on treatment after getting sick, hence there are increasing derivative demands for high frequency, essential and personalized solutions that focus on illness prevention, such as weight management, pregnancy tracking, children's health monitoring, blood pressure and glucose testing, etc. These require the public to conduct daily tracking and management of their own health status. Adhering to the principle of "being a health steward for everyone", where authorized by users, Alibaba Health automatically analyzes online and offline information on their health and living habits and combines third-party personal health management profiles to generate personal health records and health indicators for them. These records and indicators include health consultation, health data analysis, customized health management and other content, providing users and their family with personalized medical services and full-cycle health management.

Alibaba Health continues to improve the depth of data analysis and the information completeness of its personal health management platform so as to meet the needs of users for more refined personal health management. These users can then be provided with more professional health advice. On the personal health management platform, users can check their own health index at a glance, thereby understand their physical condition. Take weight management as an example, the users can manage their weight loss process. The management platform aggregates the calorie and nutrition information of various foods, and it can automatically calculate the daily calorie intake of users. Users are also provided with professional nutritional advice and customized exercise plans, helping them lose weight scientifically and systematically and achieve better self-management.

苏小小正
2个小时前

讲真，阿里健康的减肥卡片还蛮好用的~有记录食物功能和完整的运动视频，控制好饮食+迈开腿，跟着三分练七分吃，很快就瘦到我的理想重量啦~

"Honestly, Alibaba Health's weight loss tool is quite easy to use. It provides information on food properties and has complete exercise videos. As long as I control my diet and exercise more, and follow a healthy body-building regime, I will have the ideal body weight."

性价比巨高！！！有每天的减肥食谱，运动计划，减肥课程，营养师管家小姐姐也跟得很紧，有什么不清楚的都可以问她，回复的超快！希望在她的监督下，28天后能有一个大的改变！开始入口的确不好找，用了两次之后就轻易就熟了，希望以后入口能更明显就好了~
06.10

"The value for money is remarkable!!! There are daily weight loss recipes, exercise plans, and weight loss courses. The nutritionist also keeps a close watch. Ask her anything you're not clear about, she'll reply in no time! I hope under her supervision I will make a transformative change after 28 days! It was indeed a little difficult to find the access port at the beginning. But I got adept at it after using it twice. I hope to see a more prominent access port in the future."

As of the end of the financial year 2018, the number of active users of our personal health management platform reached 28 million.

② Worry-Free Health － Woodpecker Program

Among the key factors in disease prevention, vaccination is undoubtedly one of the most direct and effective methods. Given the low levels of vaccination among Chinese adults and the public's general lack of awareness about vaccinations, Alibaba Health leveraged on the launch of the cervical cancer vaccine in the domestic market and cooperated with the world's top vaccine manufacturers including GSK, MSD, and China National Biotech Group Co., Ltd. ("CNBG") to jointly build a vaccination service platform, with a view to raising public awareness on vaccination. The platform offers one-stop O2O vaccine-related services to the public, including online education, consultation, and appointment. Consumers can view the phone, address, working hours and other information of their nearby vaccination clinics online.

As of the end of the financial year 2018, the vaccination service platform had covered a thousand vaccination service points in 100 cities in China, and vaccination education had reached an audience of nearly 200 million people.

● Milestones of the Adult Vaccination Service Platform

November 2017	Online vassination appointment service expanded to more than 800 community health service centers in more than 100 cities across the country, including such big cities as Beijing, Shanghai, Guangzhou, and Shenzhen.
December 21, 2017	China's largest vaccine company, CNBG, officially signed onto Alibaba Health's Vaccination Service Platform.
January 2018	Based on the original vaccine service platform, MSD and Alibaba Health further cooperated to promote infrastructure construction for adult vaccination.

- **Comprehensive Vaccination Service Model**

Users can simply open the mobile Taobao APP and use the "vaccine" keyword to enter Alibaba Health's new vaccine service platform. On this platform, users can obtain knowledge on ten types of adult vaccines and corresponding knowledge on disease prevention, and view online information such as the telephone and address of nearby vaccination institutions.

Platform technical services

One-stop solutions including channel for vaccine manufacturers to provide consumer education and vaccine inventory management for vaccination agencies

Online consultation and vaccination appointment

Reducing the consultation workload of vaccination agencies and improving the efficiency of vaccination

Public education and one-stop services from consultation to appointment

Improving disease prevention awareness Chinese people, national vaccination rates, and overall health

"Ruizhi" Adult Vaccination Service System

On August 15, 2017, "Ruizhi Adult Vaccination Service System" ("Ruizhi Project") was officially launched based on the strategic cooperation between GSK China and Alibaba Health. As the first attempt integrating the Internet in the Chinese adult vaccination field, the project will provide users with online services such as disease education and consultation, and appointment for adult vaccination. It is committed to creating a convenient O2O (from online to offline) experience of disease prevention and vaccination consultation. Community health service centers across the country can manage vaccination consultations through this project in a systematic manner, improving service efficiency, reducing costs and workload effectively, thereby optimizing the resources of public health institutions.

CNBG Signing on to the Adult Vaccination Service Platform

On December 21, 2017, China's largest vaccine company, CNBG, formally signed on to Alibaba Health's Vaccine Service Platform. Relying on the professional support from CNBG, the vaccination service platform now incorporates basic information on seven vaccines of hepatitis A, hepatitis B, influenza, typhoid fever, Japanese encephalitis, chickenpox, and pneumonia, and public education content such as a disease encyclopedia and answers to frequently asked questions. In the future, Alibaba Health will work with CNBG to explore information technology applications throughout the vaccine industry chain, and improve the efficiency of the industry's operations using the Internet and big data.

Rabies Vaccination Service

In April 2018, Alibaba Health teamed up with Chengdu Kanghua Biological Products Co., Ltd. (hereinafter referred to as "Kanghua Biological") to conduct in-depth cooperation in areas such as rabies prevention, knowledge popularization, and vaccination appointment. Kanghua Biological carrying the "rabies human diploid cell vaccine" settled in Alibaba Health vaccine service platform to provide consumers with online booking service for rabies vaccination. In addition, consumers can search the keyword "rabies" on the Alibaba Health Vaccine Service platform to view scientific knowledge on etiology, symptoms, treatment, and prevention, they can also find nearby outpatient clinics and obtain free professional consultation on dog-bite injuries.

Step One
Open mobile Taobao or Tmall APP and search for "vaccine service platform" to enter Alibaba Health Vaccine Service Platform

Step Two
Select "rabies" to enter the rabies column where one can view the sources of rabies infection, paths of infection, high-risk groups and preventive measures and other related scientific knowledge

Step Three
- Click on "Learn Details" at the back of the human rabies vaccine (human diploid cells) to learn about the vaccine and find a nearby rabies prevention and treatment clinic that can provide the vaccination
- Click on "Free Professional Consultation" to interact with intelligent robots who will answer your questions

Say "No" to Cervical Cancer

Cervical cancer is the only human cancer which risk can be eliminated by early prevention and treatment. Persistent infection of high-risk HPV (human papilloma virus) is the main risk factor for cervical cancer. In rare cases, high-risk HPV is not cleared by immune cells in the body and gradually affects the cervical cells until cancer is formed. Before the infection of HPV, vaccine intervention can make the body immune to some high-risk HPVs, and to some extent avoid the attack of "cervical cancer." It is an important goal for us to spread knowledge about HPV vaccines to Chinese women, encourage more women to undergo HPV vaccination, and improve the health of Chinese women.

In January 2018, Alibaba Health and MSD China launched a strategic cooperation project called "Say 'No' to Cervical Cancer." By combining both parties' resource advantages in the fields of medical health and big data, such technologies as mobile Internet and artificial intelligence are used to gain insight into Chinese women's health needs in order to provide them with customized and personalized services for prevention-focused cervical health management.

Users need only search "Say No to Cervical Cancer" on the mobile Taobao APP to be able to access the service homepage, where they can search for cervical cancer-related knowledge, knowledge on HPV vaccinations, as well as information on vaccination points around the country. Users can also enjoy interactive real-time consultation with intelligent online robots.

Achieving Health through Knowledge — Health Education

In the medical and health fields, health knowledge is crucial for individuals. Sadly, current medical and health information from different channels is patchy, irrelevant, and uneven in quality. Some is even mixed with false information. Once the patients and their families are misled by such information, the consequences will be very serious. While helping the public to enjoy convenient and efficient medical services, Alibaba Health regards popularizing health knowledge and raising public health literacy as its own social responsibility.

Focusing on providing objective, authoritative, and professional medical and health knowledge as a public service, Alibaba Health provides pertinent health information search tools and health education to targeted individuals via various platforms. Whether it is the 90s generation who are starting to pay attention to health, the middle-aged, the elderly or special groups, Alibaba Health has launched a variety of programs on health education and science popularization for different groups so that the public can obtain more professional, authoritative, objective and effective health knowledge.

Medical Think Tank "Yi Zhi Lu"

Strengthening health education and improving people's knowledge of healthcare are an integral part of the national "Big Health" strategy. In 2018, in conjunction with government agencies, medical institutions, and authoritative media, Alibaba Health established the medical think tank "Yi Zhi Lu". Combining evidence-based medicine, healthcare big data, and humanistic care, Yi Zhi Lu provides users with a wide range of knowledge materials including easy-reading encyclopedic information, in-depth guidebooks on disease and health, expert lectures through videos and animations, the latest information on medical and clinical research, etc. In addition to frontier information, Yi Zhi Lu provides the public with better access to objective, public service oriented, authoritative, and accurate medical and health knowledge that has been edited for the general public to easily read and understand.

Yi Zhi Luis a medical knowledge map application that can be conveniently accessed on mobile phones. While ensuring the scientific accuracy of the content, Yi Zhi Lu explains medical knowledge and therapies in a way that is easily understood and applied by patients. Users can input a disease name to easily view information about the disease and related health knowledge which is compiled and approved by an expert team. Users are provided with advice throughout the entire process of disease prevention and treatment including disease prevention, symptom determination, therapeutic regime, clinical guide at national authoritative hospitals to daily care during rehabilitation, further to nutrition and diet and other aspects of generic knowledge on health. Yi Zhi Lu has also innovatively added key information into disease knowledge such as the layout of departments in a hospital, common symptoms by department, and treatment costs to address the actual concerns of patients and their families in the course of treatment.

To date, Alibaba Health has teamed up with top national medical experts to form an expert committee, involving several top domestic medical institutions and nearly 400 medical experts. The disease knowledge base launched in the first phase contains encyclopedic knowledge on nearly 100 common diseases. For 12 high-intensity solid tumors and rare diseases, in-depth guidebooks have been produced to fully present related knowledge. Yi Zhi Lu aims to cover all disciplines across a variety of diseases, and the Big Health field by 2019. It aims to include knowledge on more than 2,500 diseases, symptoms, medical examinations, and medicines, and establish connectivity among different knowledge aspects. In addition, Alibaba Health is committed to providing Yi Zhi Lu to more channels both inside and outside Alibaba Group, allowing more patients to obtain clear medical knowledge from more channels and to actively participate in the treatment.

"Giving Cycles"

In Chinese traditional culture, nourishment has always been an indispensable part of maintaining one's health. Alibaba Health and CCTV jointly produced a documentary entitled "Giving Cycles". The documentary selected nutritional ingredients from six typical environments (forests, oceans, drylands, fields, rivers and lakes, and mountains) supplemented by surrounding species to explain the ecological characteristics of each environment, the wisdom of all things in existence, and the nourishing philosophy of Chinese people. By tapping into the wealth of health knowledge and wisdom in traditional Chinese culture, "Giving Cycles" educates the public about the efficacy of traditional Chinese nutritional supplements, while demonstrating Oriental concepts on nature and health, so that the public can increase their health knowledge and awareness about protecting the environment and respecting nature.

Alibaba Health's Health Campaign for Spring Festival – "Health Guarantees Jubilance"

For the 2018 Spring Festival, Alibaba Health joined by Taobao and Tmall launched a health campaign for people across the country. Based on the Spring Festival Gala and Alibaba platforms, more than 100 million users received health-related gifts from us. In addition, the campaign spread health knowledge to the public in the form of activities on Alibaba platforms, covering more than 30 million users through 16 major Internet channels.

The Emergency Doctor + Alibaba Health Internet Hospital Spreading Knowledge on Emergency

In November 2017, Alibaba Health invited Wang Luodan, the leading actress of TV series Emergency Doctor, to participate in promoting knowledge about Alibaba Health Internet Hospital's online consultation and emergency health situations. We invited Wang to film videos which were broadcasted on multiple platforms including Youku, Alibaba Health and Taobao. We also invited doctors to impart scientific common sense on emergency situations and to provide online consultation to users.

4 Empowering the Health Industry

Alibaba Health has always been striving for the overall progress and development of the healthcare industry. We are fully aware of the importance and necessity of using science and technology to help advance medical technology. Alibaba Health is building a top-class healthcare AI lab based on Alibaba Group's leading technologies of cloud computing, Internet of Things and AI. We work with leading healthcare institutions to develop AI applications to support the healthcare industry.

The development and application of emerging technologies has effectively promoted innovation in and the upgrade of various industries. For the medical industry, new technologies such as mobile Internet, the Internet of Things, cloud computing, and artificial intelligence are used actively to connect medical and health services-related personnel to information, equipment and resources. This enables improved interactions that can ensure that people can receive timely preventive and therapeutic medical services, liberates medical resources, and improves medical efficiency. This will become the trend in the development of the medical industry and will lead to medical services becoming more intelligent and more information-based.

In 2018, Alibaba Health launched a number of projects in the field of intelligence medicine and made progress in areas such as Internet medical alliance, research platform, health scenario simulation platform, clinical decision assistance system, remote video cloud platform, etc. For instance, it established a research data platform in cooperation with medical institutions, generated "virtual patients" through anonymized cases and data, and built an immersive education scenario simulation platform, and developed an AI system "Doctor You" encompassing a series of engines such as chronic disease management, image detection, voice recognition etc. Focusing on the research and development of such cutting-edge technologies as big data, medical AI, and medical alliance, Alibaba Health is offering scientific and technological assistance to strengthen prevention and treatment of serious diseases and to develop the healthcare industry.

01 Big data boosts medical development — Big data-based research platform

With the increasing application of information technology in hospitals, hospital business and management systems are constantly improving. The information center in a hospital will play an important role in information application and management within the hospital, assisting doctors to improve the quality of medical services and enhancing the development of clinical disciplines and clinical research. How to effectively protect user privacy while tapping into the potential value of large amount of medical data that is accumulated in the operation of a hospital and its various departments to meet more diverse demands and to use such data for future health technology development has become an urgent problem.

Alibaba Health and the First Affiliated Hospital of Zhejiang University has developed a scientific research platform based on data life cycles and scientific applications. It can not only break information silos and realize data integration through medical big data cleansing and integration, but also help the integration of clinical research, improve the efficiency of medical record collection and data management, and play an effective supporting role in the establishment of scientific research plans, data collection, and data screening, analysis and management.

02 Medical training enters the virtual era • Medical education scenario simulation platform

Driven by big data technology, hospitals can mine and analyze the massive medical records accumulated over the years. This allows past information and data to re-play their role in boosting the development of medical technologies, thus providing doctors with more comprehensive and in-depth references. Alibaba Health has worked with the Second Affiliated Hospital of Zhejiang University School of Medicine to develop an artificial intelligence-based medical education scenario simulation platform to improve the quality and efficiency of physician training. The system mines the clinical pathology of diseases from medical records and automatically constructs virtual patients. Users can attempt the diagnosis and treatment of a virtual patient in simulated scenarios, thus acquiring medical knowledge, standardizing the operation of diagnosis and treatment, and improving clinical thinking.


3D Model and the virtual patient
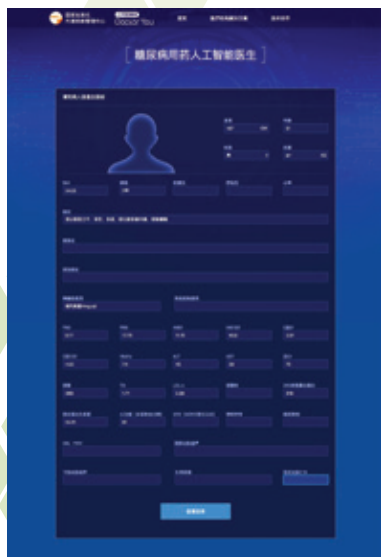
03 Building AI-based medical future — AI system "Doctor You"

"We hope that in ten years' time, medical AI will be able to ease half of doctors' workloads."

In July 2017, Alibaba Health officially released its medical AI system "Doctor You". "Doctor You" which includes intelligent engines for image detection, diabetes and EEG, etc.

The first product of the "Doctor You" series, an intelligent CT pulmonary nodule detection engine, was built jointly by Alibaba Health's algorithm engine team and Alibaba's iDST visual computing team. Through intelligent detection and identification learning from a large number of CT images, the CT pulmonary nodule detection engine is able to assist doctors to effectively identify patients' pulmonary nodules, greatly reducing the time for doctors to read images and make diagnoses, improving doctors' efficiency and minimizing wrong or missed diagnoses. To some extent, this also helps alleviate doctors' fatigue and stress in their intense work environment.

At present, Alibaba Health's CT pulmonary nodule detection engine has reached world-class levels in terms of both performance and cloud service capabilities.
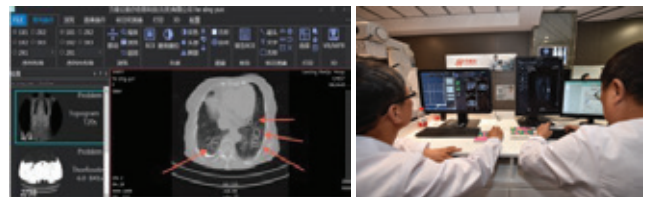
In May 2018, our AI-assisted medication system "Rui Ning Zhu Tang" was launched. It was co-developed by Alibaba Health's Artificial Intelligence Laboratory and Professor Ning Guang, who is an academician of the Chinese Academy of Engineering, Deputy Dean of Ruijin Hospital of Shanghai Jiaotong University School of Medicine and the Director of the National Center for Clinical Research of Metabolic Diseases, and his team. As a new product in Alibaba Health's "Doctor You" series, the system will go on trial operation at the National Metabolic Diseases Management Center (MMC) to provide standardized diabetes medication recommendations to over 100 metabolic diseases management centers nationwide. In the future, it will be expected to benefit more than 10 million diabetic patients, so that they can enjoy standardized and expert services at grass-roots hospitals on their doorstep.

Enhancing Big Health and Public Welfare

"In this age of pursuit of public philanthropy we are seeking to carve out our own unique path to serve the public and to advance public health."

We have always believed in the enterprise value of Alibaba Health to serve the needs of society through our business efforts. Advancing the ideals of Health to build an ever warmer and better society is at the heart of Alibaba Health's ongoing philanthropic practices. We hope all our little efforts can contribute to a society filled with positive energy in the future.

1 Establishing Alibaba Health's Philanthropy System

Guided by Alibaba Group's philosophy of public service, we keep searching for connections between our business models and opportunities to serve the public. Building on our unique strengths in healthcare and big data, we seek to understand and discover societal needs, launch philanthropic projects, develop products for philanthropic causes, as well as encourage our employees to take active roles in philanthropic activities in their own lives. Through all our little actions, we hope to help those in need, to bring the positivity of philanthropy to our society, and raise charitable awareness.

On August 8, 2017, we inaugurated the Philanthropy Committee of Alibaba Health to provide organizational support. By organizing an increasing number of charitable activities, the committee raised charitable awareness in our employees, encouraged more to participate in volunteering, and brought changes to the volunteers as well as society.

In fiscal year 2018, Alibaba Health's employees participated in various charitable activities, totaling to 729 person-times and 1,103.6 hours.

Leveraging on their own characteristics and capabilities, Alibaba Health's business units engaged in many philanthropic projects such as "Global Pharmaceutical Search Alliance" and "Expired Drug Collection Alliance" to help vulnerable group and to address certain urgent public pharmaceutical needs.

"By continuing to leverage on our business strengths in healthcare, we hope to bring more warmth and improvements to our society through our philanthropy efforts"

Mr. Cao Yu, chair of Alibaba Health's Philanthropy Committee:

"Serving the public is a cause to which Alibaba Health has been devoted from its inception. We believe that every enterprise has its own role in society and I would. I very much like to help Alibaba Health shoulder its social responsibilities as an enterprise. This year marks the beginning of Alibaba Health's Philanthropy through Health. We followed the footsteps of Alibaba Group in establishing our Philanthropy Committee. A series of health-oriented volunteer activities has already been implemented. We have received positive feedback and achieved some good results. Serving the public is a continued effort. In the future, we hope to bring more small but wonderful improvements to our society by continued leverage of our business strengths in health and by Philanthropy health efforts through Health."

2 Alleviating Poverty and Creating Warmth

Poverty and diseases seem always intertwined.

The greater Liangshan is known to many in China. The region, north of the Great Bend of Jinsha River, and south of the Sichuan Basin, is generally called Liangshan. This is a high-altitude and barren region long suffering from poverty and underdevelopment. Liangshan Yi Autonomous Prefecture of Sichuan Province, is an old revolutionary base area nestled in this inland and geographically marginal region. It is also an area receiving special support from the central government's War on Poverty initiative as well as an area hard-hit by the AIDS epidemic. In Liangshan, AIDS has become the major illness-related cause of local people's lapse and relapse into poverty. Despite various assistance from all sectors of society in recent years, Liangshan's plight has not significantly improved.

Neither poverty alleviation nor health improvement ought to be left behind. In order to provide more impetus to AIDS prevention and control projects as well as poverty alleviation in Liangshan Prefecture, the China Center for Disease Control & Prevention teamed up with Alibaba Health to launch additional support to these projects. Combining a wealth of resources with modern technologies, the support program implemented four projects to reduce health damage caused by AIDS to help alleviate poverty through health improvement.

Internet-based Management Platform for AIDS Prevention

The project uses a Internet-based communication and management tool to improve the efficiency of communication and collaboration in poverty alleviation projects, implement skills training for staff at all levels and achieve mobilized disease education.

Improving the Capabilities of the AIDS Prevention Project

The project set up a publicity & education platform for AIDS prevention and a training platform for medical specialists. Guidebooks and animation videos which simply and plainly illustrate questions on disease and health are applied in helping patients understand AIDS related knowledge and improving doctors' clinical competence.

Alibaba Health's "Ma Shang Fang Xin" Precision Focuses on Poverty Alleviation Projects in Liangshan Prefecture

The project introduces the model of "new e-commerce + poverty alleviation". Through the "Ma Shang Fang Xin" platform, we help Liangshan Prefecture develop and promote local food and other characteristic industries. Using the business ecological resources of Alibaba, including its e-commerce, logistics and finance, we work together with Liangshan Prefecture government and relevant departments to put poverty alleviation into real practice. We try to facilitate the collaboration of the government, enterprises and households, implement the poverty alleviation strategies and provide impetus for the poverty alleviation projects in Liangshan Prefecture.

Financial Support on AIDS Prevention for Poverty Alleviation

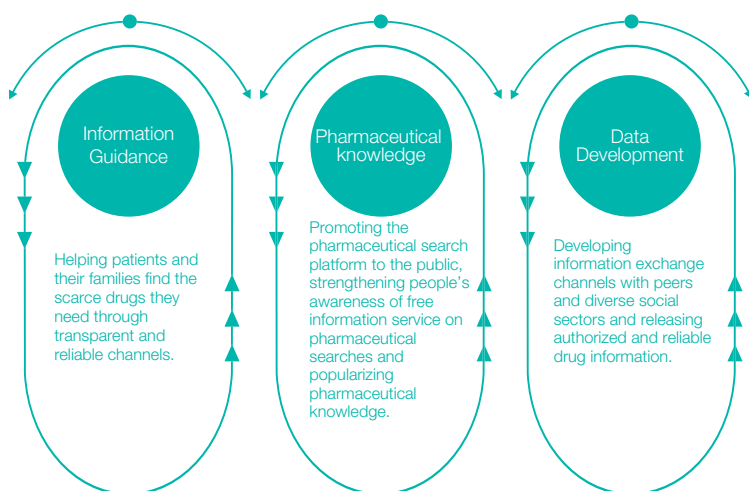Financial support is provided for AIDS prevention officers and is used for motivating HIV-infected people and AIDS patients, in order to push forward the implementation of AIDS prevention and poverty alleviation.

We hope that poverty and AIDS will gradually disappear in Liangshan and, when referring to it in the future, people will only remember it as the hometown of the Yi People and the well-known Torch Festival.

3 | Making Pharmaceutical Searches Easier

With increasing public health needs, the information asymmetry in drug distribution has become serverer, and is especially obvious in the acquisition of scarce pharmaceutical products.

Although scarce pharmaceutical products are needed at low frequency, it is an essential demand that truly matters for the people who desperately need them. With serving the public in mind, Alibaba Health aims to achieve the ultimate goal of "making pharmaceutical searches easy". We established the "Global Pharmaceutical Search Alliance" in partnership with non-profit organizations, medical institutions, pharmaceutical manufacturers, internet applications and media. The Alliance has become "the captain of pharmaceutical search" that seeks to provide better information on medicine-taking and medicine-searching to the public. "The captain of pharmaceutical search" functions actively and effectively in the following three areas:

Information Guidance
Helping patients and their families find the scarce drugs they need through transparent and reliable channels.

Pharmaceutical knowledge
Promoting the pharmaceutical search platform to the public, strengthening people's awareness of free information service on pharmaceutical searches and popularizing pharmaceutical knowledge.

Data Development
Developing information exchange channels with peers and diverse social sectors and releasing authorized and reliable drug information.

On July 26, 2017, phase one of "the captain of pharmaceutical search" was officially launched online on APPs including Alibaba Health, Mobile Taobao and Alipay. Consumers can search generic names or trade names of medicines on the pharmaceutical search page. As of March 31, 2018, more than 1.6 million people have used "the captain of pharmaceutical search service". For those medicines indicating no search results, we also provide manual search service. We receive over 100 medicine manual search requests daily and more than 90% of these requests receive a feedback within 48 hours. Meanwhile, we communicate with cooperative pharmaceutical manufacturers about scarce pharmaceutical products, which facilitate the short-term mass production of these medicines to ensure a relatively sufficient supply in the subsequent period.

Alibaba Health has invested much resources in the project. We hope that this non-profit platform can engage more social resources to help the patients and their families in their search for life-saving medicines and save them from the draining process of aimlessly posting online and travelling long distances. The platform intends to achieve the goal of "no difficulties in pharmaceutical search".

"My brother is a rare disease (hepatolenticular degeneration) patient and needs to take medicine for life. This medicine is a major copper expel medicine, which is very difficult to purchase."

"Looking for a patch to treat Parkinson's disease. My mother used it well in clinical trials in China, but it didn't go on sale in China. It is really painful without this medicine. Hope to find it! Thank you very much!"

"It has been ten years since I got ankylosing spondylitis. I went to the 301 hospital on September 22 and the doctor prescribed the medicine but I live far from Beijing and need your help."

4 | Finding a "Good Home" for Expired Drugs

Household expired drugs are a major source of environment pollution and has been listed in the National Hazardous Waste Category. If handled as non-medical waste, expired drugs cause severe air, soil and water pollution. In addition, there is the possibility that expired drugs end up in the hands of illegal traders or illegal medical institutions, which may cause severe harm to society and public health.

On March 13, 2018, Alibaba Health and Guangzhou Pharmaceutical Group initiated the first nation-wide "National Household Expired Drug Collection Alliance" in partnership with Cainiao Network and domestic leading enterprises in the pharmaceutical industry including Yibao Quanxin Pharmacy, Jointown Pharmaceutical Group, Beijing Tongrentang, Guilong, Yiling, Zhendong, Jianmin, Caizhilin and Qianjin. We endeavor to promote environmental protection and deliver service to the public through the power of technology. We find a "good home" for household expired drugs, to better promote green development and to build a beautiful China.

Through our tracking code technology, we connect upstream pharmaceutical manufacturers and downstream consumers, working as a bridge of communication for enterprises or brands and consumers. Through a series of activities entitled "Expired Drug Collection Alliance Action — Building a Green China" in 17 designated cities across the nation, expired drugs are collected using Cainiao's door-to-door pickup, transported to specific warehouses of Guangzhou Pharmaceutical Group and safely destroyed by qualified factories assigned by the Alliance.

Collecting household expired drugs is a lasting and difficult endeavor. We are considering establishing a long-term mechanism to operate the "Expired Drug Collection Alliance Action" in order to raise the public's awareness of expired drug collection and, in the meantime, to attract more people to participate in Alibaba Health's public interest activities.

"The collection of expired drugs should begin with bit by bit in our daily lives. Proper disposal of expired drugs has important significance to individuals and to the entire society."

Zhang Ling, director of medical e-commerce department of marketing firm, Beijing Tongrentang Technology Development Group, a member of "National Household Expired Drug Collection Alliance":

"Alibaba Health's expired drug collection activities are in line with the philosophy of Tongrentang. This is an activity of great significance and promotional value. The implementation of expired drug collection measures help residents realize that expired drugs have no effects on disease, may cause allergy and even be life-threatening. The continued implementation of expired drug collection measures is focused to prevent the recirculation of household expired drugs in society and the illegal purchase of expired drugs, all of which can further reduce the pollution caused by arbitrary disposal of expired drugs and protect consumers' legal rights in relation to pharmaceutical use. Tongrentang and Alibaba Health will integrate resources of both sides and carry out philanthropy activities in more diversified forms to further explore the integration of online and offline pharmaceutical and healthcare areas."

Li Fan, director of marketing department and deputy secretary general of the marketing club of Guangzhou Pharmaceutical Group, a member of "National Household Expired Drug Collection Alliance":

"Guangzhou Pharmaceutical Group started constructing offline recycle bins for expired drugs, which, however, requires clients to stand in queues at service sites and therefore has limited influence. After cooperating with Alibaba Health, the online channels enable our activities to cover more diversified client groups. We can also better raise and guide clients' awareness, which greatly encouraged their expired drugs collection activities. We hope that in the future the alliance's scale can be further expanded and more pharmaceutical manufacturers can be included in this meaningful endeavor."

5 | Rapid March for Earthquake Relief in Six Hours

At 21:19:46, August 8, 2017, a magnitude 7 earthquake struck Jiuzhaigou, a county of Ngawa Tibetan and Qiang Autonomous Prefecture located in northern Sichuan Province. As the Chinese saying goes — when disaster strikes, help comes from all corners. That same night, Alibaba Health immediately established an emergency team, which organized an earthquake relief group consisting of five pharmacy stores near the Sichuan Province within 6 hours of internal or external communication and collaboration. With the help of the Cainiao Smart Logistics Network, Alibaba Health donated medicines and other medical supplies to the earthquake stricken areas, including medical gauze, band-aid, thermometers, hemostatic spray, ageratum-liquid, etc.

On the day after the earthquake, Alibaba Health appealed to renowned psychologists registered on its platform to provide injured people and affected people with psychological counseling services. With support from almost one hundred psychologists, Alibaba Health opened a green channel for post-disaster psychological counseling, offering those seeking psychological help one-on-one psychological first aid and psychological counseling service. We hoped to use the best of our abilities to relieve acute psychological trauma of affected people, such as anxiety, nervousness and fear caused by the earthquake, to prevent long term or permanent psychological trauma and to help affected people restore confidence and minimize the negative effects of the earthquake.

"I think this 'rapid march' for earthquake relief stimulated our belief in kindness. It greatly moved us and became an unforgettable experience for us".

Zong Hui, an employee from Alibaba Health who joined this earthquake relief activity, said:

"Actually, it is my first time to join an earthquake relief activity, which really moved me. It took only six hours from the preparation to the allocation of goods and materials. Everyone including pharmacy personnel, Cainiao Smart Logistics Network personnel and truck drivers wanted to contribute to earthquake relief. No one felt they could rest until the goods and materials were transported to the affected regions. I think this "rapid march" for earthquake relief stimulated our belief in kindness. It greatly moved us and became an unforgettable experience for us. Alibaba Health is the driving force behind this earthquake relief activity, in which people are encouraged to make contributions and take social responsibility."

Healthy Development, Compliant Operations

We continue to uphold integrity and ethics in our business operation, care for employee growth and development, improve our employee welfare systems, practise energy conservation, environmental protection and green development, continually optimizing our operations and management to achieve common development with our stakeholders in economic, social and environmental aspects.

Ensuring compliance in business operations is a solid foundation for Alibaba Health to achieve sustainable long-term growth. We conduct in-depth review of every aspect of the Company's daily operations, formulate and implement our management systems in accordance with stringent requirements in order to control operational risks and allow employees to focus on their own growth and development.

Business integrity is an important foundation for the sustainable development of an enterprise. Alibaba Health continues to strengthen employees' awareness of anti-corruption, respect intellectual property rights, safeguard data security, exert strict control over product quality, improve customer service, optimize supply chain management and gradually promote responsible purchasing, thus laying a solid foundation for the Company's sound operations.

01 Improving Quality Control

Based on its own business characteristics, Alibaba Health has established a complete quality control mechanism and formulated sound management practices and operational procedures for quality control of products and customer service. For self-operated pharmaceutical sales, the Company strictly abides by the Good Supply Practice for Pharmaceutical Products (GSP) in its operations and complies with the corresponding operational procedures at every link of drug circulation. A strict management system has been established in relation to substandard drugs, expired drugs, and drug recalls. For its e-commerce platform business, the Company follows the management practices for quality control of physical goods of Tmall — a business unit of Alibaba Group — and supervises the admission of sellers, the release of product information, product display and promotion in daily operations and commodity prices, and imposes penalties on businesses that violate regulations. For products on its platforms, the Company routinely checks their quality through the Group's "mystery buying" mechanism, which hires third parties to purchase products on the platforms and send them to an external inspection agency to test the quality of the products. Unqualified products will be removed from platforms and relevant businesses will be penalized accordingly. The Company routinely monitors the platforms to identify consumer complaints and fraud and exaggeration in product promotions according to the rules set by the system. This way, high-risk products are identified, followed by reviews of the sellers' qualifications and purchase channels, and corresponding disposal of the unqualified products. In addition, the Company's "Alibaba Health Transparent Laboratory" performs unscheduled quality inspections on specific healthcare products and nutritional supplements sold on its platforms and publicly discloses the testing process and results. During the reporting period, we completed testing of a total of 85 products, cumulatively involving 171 test items on 143 batches.

In respect of quality control of pharmacist and doctor consultations, relevant pharmacists and doctors need to go through a set of standard review procedures before being admitted, including relating to professional examinations, telephone interviews, pre-job training, and verification of qualification certificates. For daily work, the Company has established Standard Operating Procedure (SOP) for pharmacists and doctors to strictly follow in providing consultation services to customers. We have assigned personnel dedicated to following up the status of service orders every day, checking whether the reply is given in a timely manner and whether the quality of reply complies with the SOP. If an emergency situation is identified, the doctor who provided the service will be contacted promptly to address the situation. If the user is dissatisfied with a specific doctor, the user will be compensated by us. We also make regular return calls to users to seek feedback on our services. A quality inspection team conducts service quality inspections of service personnel every month, in which at least three conversation records are sample checked for each service personnel, and all negative reviews are audited. In the end, the service personnel are scored for service quality according to the sampling inspection results. The score is directly linked to performance and salary.

In response to complaints concerning product quality, Alibaba Health formulated Operation Procedures for Customer Complaints Management and Quality Complaint Management System, which stipulate the process of handling customer complaints and requests for return and exchange. In response to complaints on medical consultation, Alibaba Health formulated the Procedures for Handling Complaints and Refund Requests from Users of Alibaba Health Doctors' Consultation Platform, which includes complaint handling and refund conditions and handling procedures.

During the reporting period, Alibaba Health handled a total of 4,917 customer complaints and our customer return request (for health and safety reasons) rate was 0.069%.

02 Information Security Assurance

Alibaba Health attaches great importance to network security and information protection. It has achieved ISO27000 information security management system certification and ISO9000 quality management system certification. Alibaba Health responds to data security risks by taking a systematic approach to prevention and control, and ensures data security at multiple levels including organizational structure, systems and processes, technical means and personnel capabilities.

Alibaba Health has set up a dedicated data security team, and assigned full-time data security personnel in all business departments, which forms a relatively complete data security assurance system covering all business units. In the employee handbook, the Company requires employees to ensure data security and makes use of Alibaba Group's risk alert tools to ensure early detection of high-risk behaviors. Data security leaders assist supervisors, HR, and internal control departments to determine the severity of violations and issue relevant warnings or penalties to relevant employees.

In its daily operations, Alibaba Health follows guidelines to implement data security such as Alibaba Group's Data Security Policy. All data are categorized and managed according to their risk level, and access to such data requires approval. For high-risk data categories, in addition to the approval by those the general data fields are attributed to, approval by those responsible for data security interfaces is also required. For highly sensitive information such as medical data and user privacy, ciphertext retrieval technology is used for special encryption, and the use of such data follows more stringent regulations and control procedures.

Alibaba Health organizes cyber security-related training for all employees from time to time to explain the latest laws and regulations, introduce regulatory priorities for cyber security and share international advanced technologies and experiences, so as to raise the awareness of data security of all employees.

Alibaba Health is also committed to promoting data security standardization in the health industry. During the reporting period, the Company participated in the launch of the project to formulate national standards for information security in the healthcare industry. The project is headed by the National Technical Committee of Standardization of Information Security. The Company also plans to continue to contribute to the development of the standards in the future.

03 Respecting the Intellectual Property Rights

Alibaba Health respects third party intellectual property rights (IPR). According to the provisions of IPR specified in Alibaba Group's Code of Business Conduct, each employee of Alibaba Health must comply with the provisions and conditions and specified in the agreements relevant to proprietary information and inventions signed by Alibaba Group. Third party names, brands, logos, data or software must be used carefully under applicable laws and authorization from intellectual property (IP) holders. No material IP lawsuit occurred during the reporting period.

04 Supply Chain Management

Alibaba Health's procurement for its core business mainly includes drugs, healthcare products and medical devices for its self-operated pharmacy business. For the drugs for its self-operated pharmacy business, the Company has clear requirements for its suppliers and logistics providers to manage and control the quality of drugs at every stage, such as receipt, acceptance check, storage, maintenance, delivery from warehouse, transportation and return, in strict compliance with GSP. It has also designed clear procedures to respond to customer complaints and other emergencies. In 2017, the Company reviewed its risks in each link of drug storage and logistics in its B2B and B2C business. The Company revised and improved five systems including: drug quality management procedures (quality control in drug procurement and supplier auditing are specified) and the management specifications for near-expiration drugs, returned drugs, unqualified drugs and unsaleable drugs.

Medicine Logistics Management

Warehousing

Upon taking delivery, checks shall be performed on whether the mode of transportation fulfils requirements, and the invoices, accounts and goods shall be reconciled. Secondly, inspection shall be performed on each batch of goods, and information such as suppliers, manufacturers and the general name of the goods verified. Finally, in accordance with acceptance requirements, sampling checks shall be performed on each batch of products. For tracked drugs, the tracking QR code shall be scanned, and the resulting data uploaded to the "Ma Shang Fang Xin" platform.

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Product Dispatch

Upon dispatch, further review shall be performed against the sales records; where damage, contamination, abnormal noise, leakage, label loss, expiry or inconsistency of the actual goods with the records is discovered, the goods shall not be dispatched. Review upon dispatch of goods shall be recorded, including information on the purchaser, the general name of the drug, its dosage, specification, quantity, batch number, validity period, manufacturer, dispatch date and quality condition and the person responsible for the review. For tracked drugs, the tracking QR code shall be scanned at the time of dispatch and the resulting data uploaded to the "Ma Shang Fang Xin" tracking platform.

Returned Drugs

There are strict controls on the process of returned drugs for storage. Product quality management is involved at each step of returned drugs for storage, from acceptance of returned drugs, inspection of the returned goods, time limit for storage and shelving, to the handling of goods unqualified for return. In terms of regulation of self-operated warehouse control and management, it is necessary to provide the name of the document and the main contents. A brief description should also be provided in accordance with the prescribed process of the state regulatory agencies. For third party warehousing control and management systems, it is also necessary to provide the name and main contents of the document. If Alibaba Group's policies and regulations apply, such policies and regulations should also be provided.

Third-party Logistics Management

01 Risk control and management system

Operational risks shall be managed through cooperation with state-owned large-scale logistics companies or industry leading carriers, and bulk cargo risks shall be managed in cooperation with the carriers. Overall risks shall be effectively controlled through the use of tender invitations issued to carriers.

02 On-site operation standards

Safety checks shall be performed on vehicles and personnel prior to taking delivery; on-site operations shall ensure personnel safety, orderly operation and sanitary environment; grooming and attire of on-site operators shall be standardized and fire and safety measures shall be in place; on-site coordination between the carrier and driver for the taking of delivery and stock transfer between warehouses and carriers shall be ensured; and standards for stock loading and piling by carrier operators shall be met.

03 Control over time limit for dispatch

General control over time limits for delivery by third-party logistics service providers shall be maintained to ensure good customer experience; abnormal orders shall be identified in a timely manner and properly handled and the relevant data shall be reported daily and weekly; and assessments on the service standards of third-party logistics service providers shall be performed.

Alibaba Health's procurement for its non-core business covers office consumables, advertisement, legal services, marketing, decoration and so on. By establishing Alibaba Health Supplier Management System, the Company has standardized the procedures of supplier database entry and supplier information inputting, and established the supplier rating system, and supplier evaluation and elimination mechanism. Moreover, by establishing the Alibaba Health Procedure for Non-Core Business Procurement, the Company has defined the scope of non-core business procurement, clarified the procedure of initiating and approving the procurement and the scope of different procurement methods, and also specified the process of contract review and approval, inspection and payment. The systems mentioned above are used to manage non-core business suppliers, ensuring that procurement is legitimate and compliant.

Number of Suppliers

Suppliers of principal business (online and offline)	463
Overseas suppliers of principal business	20
Suppliers of non-principal business	86

Alibaba Health attaches great importance to social responsibility management during procurement and actively practices sustainable procurement. All promotion events and online advertisement held by the Company center on healthcare. Regarding such information providers, the Company pays particular attention to the truthfulness and reliability of information. Apart from information review, the Company also invites healthcare experts to supervise and guide such events so as to ensure that the delivered information (especially relevant to healthcare) is true so that we fulfill our responsibility to the public. As for material procurement, Alibaba Health will consider the impact of manufacturing, transportation and storage on the environment in the selection of suppliers. Meanwhile, Alibaba Health prefers buying green products such as energy-saving household appliances and eco-friendly furniture so as to minimize the negative impact of its daily operations on the environment.

04 Business Integrity

Having inherited the core values of Alibaba Group, Alibaba Health has also adopted Alibaba Group's Code of Business Conduct, and 100% of our employees have undergone training during orientation and completed their annual online certification, working with our senior executives in advocating integrity and self-discipline.

In 2017, the Company established Alibaba Health Integrity Team to build a culture of clean governance and spread integrity. On the basis of the Company's business development, the team focuses on employee discipline and business guidelines with an aim to explore and build infrastructure and models to ensure the integrity and compliance of Alibaba Health.

During the reporting period, there was no lawsuit against the Company arising out of fraud and Alibaba Health had 400 person-times of integrity training with an average of 2 hours of training per person.

Alibaba Health Carried Out Numerous Integrity Training Activities to Create an Honest Working Environment

An integrity team in Alibaba Health was established in 2017. Integrity training activities were held to promote clean governance and create an honest and non-corrupt working environment. During the reporting period, 14 integrity training activities were held to interpret rules, and to give employees preventative training by using typical cases and risk events as examples. These training activities have raised awareness of risk prevention and strengthened emergency response capacity. In addition, during the reporting period, the Company also actively promoted clean governance culture education and offered each business division customized coaching and intensive education. 7 activities relevant to customized coaching and intensive education were held in 2017.

> " People are the greatest asset of a company. Alibaba Health safeguards the fundamental rights and interests of employees, improves its training and career development system, cares for employee physical and mental health, creates a relaxed and pleasant working atmosphere, and strives to achieve the common growth of employees and the enterprise. "

2 Growing Talents

⑴ Professional work by professionals

In strict compliance with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and other laws and regulations, Alibaba Health prohibits the employment of child workers and forced labor, and upholds the principles of openness, equality and anti-discrimination in its recruitment, so as to safeguard the rights and interests of its employees. As of March 31, 2018, the number of full-time employees was 484, of whom 45.5% was female.

Employee Structure (persons)		
Number of employees by management hierarchy	Senior management	**12**
	Middle management	**37**
	Junior employees	**435**
Number of employees by age	29 years of age or under	**165**
	30 to 50 years of age	**319**
	51 years of age or above	**0**
Number of employees by gender	Male	**264**
	Female	**220**

"The Internet + Healthcare" is a new application of the Internet in the medical field in an information era. Based on this new business model, the Company has made great efforts to attract talents with Internet or healthcare industry background. Relying on the Internet as a medium and technical means, the Company provides pharmaceutical e-commerce, Internet-based medical services and personal health management, intelligent medicine and tracking and other healthcare services. After years of relentless efforts, the Company has gradually formed a professional and high-quality "Internet + Healthcare" team.

Alibaba Health pays attention to employees' comprehensive training. It provides various training opportunities to continually increase their learning motivation and to promote their career success. According to the characteristics of its own business development, the Company has established a diversified and three-dimensional training system, which cultivates all employees in the aspects of teamwork, flexibility, observation, systematic thinking, creativity, etc., so as to continue improve their capability. While relying on Alibaba Group's training platform, Alibaba Health provides employees with online and offline training opportunities. Alibaba Health evaluates employee performance every six months and provides promotion opportunities twice a year to motivate its employees to continue achieve self-improvement and career development.

The Company provides a three-day "AliHealth Welcomes New Arrivals" orientation training to all new hires. In the training it promotes its corporate values and culture, comprehensively introduces the Company's business and provides employees with training manuals to help them quickly adapt to their new work environment. The Company has designed two types of training for mid-level employees (who lead business lines and are core talents in the team). The first is professional training. According to the different specialties of the employees, the training system is divided into two categories: product and technology. The Company organizes its employees to participate in regular training communication and discussion activities as well as invites external experts to share their advanced industry experiences. Second is training and experience-sharing activities to promote the leadership and management ability of all middle-level employees. Through the manager training program, monthly management meetings and other activities, the senior management of the Company discusses the future development, shares their management experiences, promotes cohesiveness and enhances strategic leadership, which has helped to build a solid foundation for the Company's stable, long-term growth.

At the same time, the Company makes full use of Alibaba Groups's sophisticated training system to support employees to participate in trainings organized by the Alibaba Group and invites Alibaba Group's senior management to the Company to hold training programs. Based on their needs, employees can participate in the Group's "Three Axes" training activities, and can also use the Alibaba Group's online learning platform for self-learning. The Company organizes regular "Alibaba Health Evening School" training activities for all employees, and invites Alibaba Group's business elites to give lectures on the company's business, research and development (R&D), operations, policies and other issues. During the reporting period, "Alibaba Health Evening School" training topics included block chain, Internet intellectual property protection, legal risks in "Singles Day" promotion, etc.

During the reporting period, more than 600 Alibaba Health workers participated in trainings, with an average of 76 hours of training per person.

Alibaba Health's Training Data by Employee's Level		
	Percentage of Training	**Average Training Hours**
Senior Management	100%	**36**
Middle Management	100%	**144**
Grassroots Employees	100%	**58**

02 Creating a Pleasant Working Environment

Alibaba Health upholds people-oriented principles and respects and protects the lawful rights and interests of all employees. In strict compliance with the relevant national laws and regulations and Alibaba Health's policies of recruitment and management, it upholds equal employment, prohibits all kinds of discrimination and forced labor, and provides equal employment opportunities and reasonable remuneration for its employees. It signs labor contracts with its employees under relevant laws, pays their social insurance on a timely basis, effectively protects their lawful rights and interests, and strives to establish responsible employment and harmonious labor relationships.

Alibaba Health cares about the occupational health and safety of its employees, provides all its employees with benefits such as retirement, medical care, unemployment, work injury and maternity insurance and social security housing provident fund, and also purchases additional supplementary medical insurance. The Company arranges free medical check-ups for its employees every year to help them keep tabs on of their physical health. The Company provides paid leave for pregnant female employees, lactating rooms for nursing female employees, leave of absence to attend parents-teacher meetings for employees with underage children, and travel leave for employees who have to travel far to go to their hometowns during the holiday season. The Company also provides all employees with meal allowance and free shuttle bus service, as well as providing employees working overtime with free nutritional supplements, travel expenses reimbursement and other benefits.

Alibaba Health continues Alibaba Group's concept of "working happily and living seriously", creating a relaxed, pleasant and civilized working atmosphere for its employees. The Company organizes anniversary ceremonies for employees who have worked with us for one year, three years and five years. It also organizes group celebrations and gives out small gifts on Women's Day, Dragon Boat Festival, Mid-Autumn Festival, Christmas, etc., as well as employees' birthdays. Every year the Company carries out "Singles Day" campaign to raise team morale and create a happy working atmosphere. The Company holds an annual dinner every year, during which employees from three office locations can get together to review their achievements in the past year and share the joy of their success. On May 10 of every year — Ali Day, employees can participate in Alibaba Group's wedding activities. At the end of each year, their family members will receive gratitude gifts such as "Ali Letter".

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The Company Holds Commemorative Activities to celebrate Employees' "One Year of Service", "Three Years of Service" and "Five Years of Service"

Continuing the tradition of Alibaba Group, the Company organizes a celebration at the end of each month to award those employees who have completed one year and three years of service a "One-Year Service" badge and a "Three-Year Service" jade pendant respectively. During the reporting period, the Company arranged for employees who completed five years of service to attend Alibaba Group's "Fifth Anniversary of Service", who were awarded a "Five-Year Service" ring on three occasions. The Company also invited Alibaba partners who have worked for Alibaba for more than 10 years to share their experiences. Through a variety of interactive activities, the Company works hard to strengthen employees' sense of belonging and identity, and to maintain a harmonious relationship between employees and the enterprise.

3 Environmental Protection

Alibaba Health actively responds to climate change by focusing on environmental protection and incorporating the concept of green operations into all aspects of its operations. It has adopted various effective measures to reduce its impact on the environment.

With a high emphasis on energy and resource conservation, Alibaba Health practices green office operations. The Company uses LED energy-saving lamps and prefers to purchase energy-saving environmentally-friendly equipment and office decoration materials. Through inspections, it promptly switches off unnecessary lighting and electrical facilities and sends energy-saving alerts through chat groups to employees from time to time. In 2017, the Company installed more video conference systems, enabling all conference rooms to accommodate video conferences, and effectively reduced unnecessary business trips. During the reporting period, Alibaba Health's headquarters held a total of 1,353 video conferences. In the aspect of saving paper, all business cards of the Company are made of recycled paper; waste paper bins are set up in the office area to recover single-side printed papers for secondary re-use. In 2017, the Company realized electronic approval of administrative documents, saving a lot of paper. In addition to reducing its own energy and resource consumption, the Company participates in the "Earth Hour" environmental protection movement initiated by the World Wide Fund for Nature (WWF) every year, during which it turns off unnecessary electric lights and power-consuming equipment for an hour to support the movement for mitigation of global climate change and arouse a sense of responsibility in the public to protect the earth.

During the reporting period, the Group used such energy sources as electricity, gas, and outsourced thermal power and other resources such as municipal water supply and office paper.

Alibaba Health's Energy and Resource Consumption in FY2018[1]		
Indicator	Consumption	Density (consumption per employee)
Electricity (kWh)	350,469	724.11 kWh/person
Water (tons)	5,341.7	11.04 tons/person
Office Paper (tons)	0.949	0.00196 tons/person

Alibaba Health's emissions mainly include greenhouse gas emissions generated by energy consumption and discharge of office sewage. The main wastes generated are waste toner cartridges, waste lamp tubes, waste batteries, waste paper, and other office consumables and domestic waste. In 2017, we collected a total of 5 kilograms of discarded drugs through our recycling bins at our stores and disposed of 1.705 tons of discarded drugs.

During the reporting period, Alibaba Health produced a total of 353.7 tons of carbon dioxide equivalent in greenhouse gas emissions[2]. All domestic sewage produced was discharged to the municipal sewage treatment plant through the municipal sewage pipeline network. Alibaba Health-produced hazardous solid wastes (used cartridge cartridges, waste lamp tubes, waste batteries, etc.) are regularly disposed of by qualified external agencies. Other general wastes are regularly collected and disposed of by property management companies.

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[1] The scope of electricity, water and office paper consumption includes only Alibaba Health Information Technology (China) Limited, CITIC 21CN Company Limited and Alibaba Health Pharmaceutical Limited.

[2] The greenhouse gas emissions includes only the indirect emissions from electricity and water consumption. The consumption data scope includes only Alibaba Health Information Technology (China) Limited, CITIC 21CN Company Limited and Alibaba Health Pharmaceutical Limited. The carbon emission factor is taken from SASAC Regional Electric Grid Emission Factor (2015).

Alibaba Health Adopts Energy-Saving and Environmentally Friendly Refrigeration Systems in Multiple Large Warehouses
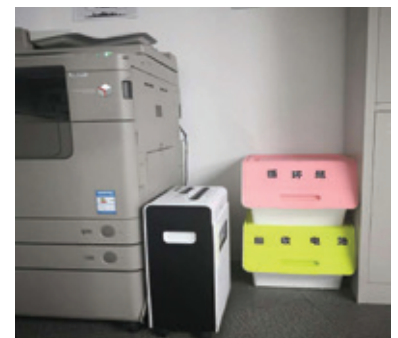
As an important component of warehouse energy consumption, the refrigeration system has attracted increasing scrutiny from Alibaba Health's warehousing and logistics operations team. Many large warehouses of the Company use a centralized cooling system to control the temperature of the warehouse, which effectively improves the space utilization rate and further improves the cooling efficiency. At the same time, this refrigeration system uses cold water in place of traditional refrigerant as a cold source. The cold water circulation system can replace traditional compression refrigerators to reduce the power consumption. By using natural cold source-featured centralized cooling systems for warehouse cooling, power consumption can be reduced by about 30%–40% throughout the year. At the same time, by using water instead of traditional artificial refrigerant as a cold source, the impact of artificial refrigerant emissions on the environment can be avoided.

Alibaba Health sets up recycling bins to encourage employees to recycle used batteries and used paper

To reduce the impact of office work on the environment, the Company has set up multiple recycling bins in its printing rooms to recycle used batteries and single-side printed paper. For discarded batteries, the Company contacts qualified third-party environmental protection companies to collect and dispose of them on a regular basis. Since many employees have raised the difficulties in disposing of discarded batteries used at home, the Company encourages employees to bring their own discarded batteries to the Company for recycling. For recycled single-side printed paper, when the collected amount accumulates to a certain point, the paper is made into manual notebooks for employees to use.

Index of HKEX ESG Reporting Guide

KPI	Disclosures	Page
A. 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.	37–38
A1.1	The types of emissions and respective emissions data.	37
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	37
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	37
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	37
A1.5	Description of measures to mitigate emissions and results achieved.	37–38
A1.6	Description of how hazardous and non- hazardous wastes are handled, reduction initiatives and results achieved.	37
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	37–38
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).	37
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	37
A2.3	Description of energy use efficiency initiatives and results achieved.	37–38
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	37
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	37–38
A3.1	Description of the significant impact of activities on the environment and natural resources and the actions taken to manage them.	37–38

B. Social

B1 Employment and Labour Practices

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.	33–34
B1.1	Total workforce by gender, employment type, age group and geographical region.	34
B1.2	Employee turnover rate by gender, age group and geographical region.	—

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.	35
B2.1	Number and rate of work-related fatalities.	—
B2.2	Lost days due to work injury.	—
B2.2	Description of occupational health and safety measures adopted, how they are implemented and monitored.	35

B3 Development and Training

General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	34
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	34
B3.2	The average training hours completed per employee by gender and employee category.	34

B4 Labour 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 labour.	33
B4.1	Description of measures to review employment practices to avoid child and forced labour.	33
B4.2	Description of steps taken to eliminate such practices when discovered.	—

B5 Supply Chain Management

General Disclosure	Policies on managing environmental and social risks of the supply chain.	32
B5.1	Number of suppliers by geographical region.	32
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	29–32

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.	28
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	28
B6.2	Number of products and service related complaints received and how they are dealt with.	28
B6.3	Description of practices relating to observing and protecting intellectual property rights.	29
B6.4	Description of quality assurance process and recall procedures.	28
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	29
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.	32
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.	—
B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	32
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.	22
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	22–24
B8.2	Resources contributed (e.g. money or time) to the focus area.	22–26

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Feedback Form

Dear Reader,

Thank you for reading Alibaba Health's 2018 ESG Report. We highly value your feedback regarding our social responsibility management, practices and report. Your opinions and suggestions are important to supporting our efforts to improve our corporate social responsibility management and practices. We look forward to hearing from you!

Please answer the questions as follows by marking "✓"

Do you think this report can reflect the significant impact of Alibaba Health on the economy, society and environment?

Very much ☐   Average ☐   Very little ☐

Do you think the analysis of the relationships between stakeholders identified in this report and Alibaba Health is accurate and complete?

Very much ☐   Average ☐   Very little ☐

Do your think the information in this report is complete?

Very much ☐   Average ☐   Very little ☐

Do you think the information in this report is readable?

Very much ☐   Average ☐   Very little ☐

Open question

We welcome your opinions and suggestions on Alibaba Health 2018 ESG Report:

Your contact information

Name   _____

Company: _____

Job title: _____

Phone: _____

E-mail: _____

Fax: _____

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