

Social

This section is about people – the talented people who work for us, and the people in society whom our platforms serve. When it comes to people, we are driven by our core values and our passion to use our technology to solve society's problems.



Human Capital

As of June 30, 2018, we had 86,833 employees. Recognizing that the technology industry in which we operate is a highly competitive market for talent, our ability to recruit, retain, train and reward a talented and diverse workforce is critical to our long-term business success. While we remain competitive in compensating our employees, we believe that people join our company because we offer a clear mission and vision, and we provide not only career development opportunities, but also the opportunity to solve world-class problems at the scale of the Alibaba Digital Economy.

Human Capital *continued*

Our culture values meritocracy over hierarchy, “outside the box” innovation, the spirit of embracing change, optimism and idealism. We commit to maintain a kind and respectful environment so that everyone at Alibaba feels like a family member.

Our values are fundamental to the way we operate and how we recruit, evaluate and compensate our people. These values are:

- **Customer First** – The interests of our community of consumers, merchants and enterprises must be our first priority.
- **Teamwork** – We believe teamwork enables ordinary people to achieve extraordinary things.
- **Embrace Change** – In this fast-changing world, we must be flexible, innovative and ready to adapt to new business conditions in order to maintain sustainability and vitality in our business.
- **Integrity** – We expect our people to uphold the highest standards of honesty and to deliver on their commitments.
- **Passion** – We expect our people to approach everything with fire in their belly and never give up on doing what they believe is right.
- **Commitment** – Employees who demonstrate perseverance and excellence are richly rewarded. Nothing should be taken for granted as we encourage our people to “work happily and live seriously.”

In appraisals, our employees are rated on how well their conduct at work reflects our six core values in addition to business performance, and these value-based ratings will affect employee compensation and promotion decisions.

Anchored by our strong values, our human capital strategy includes:

- a strong focus on recruiting, retaining and investing in best in class technical, professional and managerial talent throughout the business;
- nurturing a diverse and empowered employee base;
- continuous training and development investments for employees to gain a global and growth-oriented mindset; and
- promoting transparency.

Our future area of focus includes more recruitment of international talent as well as international training opportunities for our employees from China. We also commit to continuing to increase the diversity of our employees.

“We talk a lot at Alibaba about maintaining a culture of humility, openness, and equality. The company has lots of influence on the economy and business in China, and extending into the world. But that’s a privilege and a responsibility. So we keep a very close watch on culture here – we even rank employees in their performance appraisals on how well they fulfil our values of customer first, teamwork, embracing change, integrity, passion and, commitment.”

JUDY TONG
Chief People Officer, Alibaba Partner

Photo: Aliway Platform, Alibaba's Intranet and Mobile Platform

Human Capital *continued*

RECRUITING AND RETAINING THE BEST TALENT

We offer competitive compensation and benefits (including retention through equity-based compensation) and provide comprehensive and innovative career development and training for our employees.

We recruit and invest in best in class talent across our business, including engineering, technical expertise in artificial intelligence, quantum computing, cloud computing, digital media, e-commerce and logistics, and world class managerial talent. We are also establishing research organizations around the world, with the aim of improving our capabilities in advanced technologies. Our technology talent is one of the areas that brings us a competitive advantage.

On an annual basis, we conduct surveys of employee satisfaction and engagement to better understand gap areas we need to address and to gauge the overall sentiment of our employees. The results of the surveys are presented to our senior leadership and appropriate actions are taken to address any concerns.

EMBRACING A DIVERSE WORKFORCE

We operate a transparent and inclusive work environment. We believe diversity is fundamental to maintaining our ability to innovate. Gender diversity is deep-rooted in the history of Alibaba and the company owes its success to having strong and effective female leaders. When we were founded in 1999, one-third of our 18 founders were women.

Today, 12 of the 36 partners in the Alibaba Partnership are women, and they take on senior management positions at Alibaba Group and our affiliates. Within our organization, women play prominent leadership roles in, among other things, engineering, product, customer service, risk management, human resources and financial management.

As a company founded in China looking to grow globally, we recruit talent in local markets as well as special programs to develop young international professionals who can eventually play leadership roles in our organization. Alibaba Global Talent Development is a program where we recruit approximately 30 professionals from around the world annually to come to our headquarters in Hangzhou for a two-year



period. The program offers rotational training in our business units in six-month segments as well as classroom and language instruction and, upon graduation from the program, the employee is eligible for a permanent position in one of our business units in China or overseas.

We are a global company and a meritocracy above all else. We do not discriminate on the basis of race, gender, religion or sexual orientation.

TRANSPARENCY IN THE WORKPLACE

We foster an open and transparent work environment through an emphasis on communication and participation. We believe one of the most important skills in good execution is the ability to effectively communicate values, strategies and plans to colleagues.

We have a structured and rigorous employee feedback framework where each employee is reviewed and given feedback on a regular basis – from quarterly to semi-annually, depending on job level. Employee feedback includes not only reviews on performance and values from supervisors, but also 360 degree surveys in the case of managers who manage people, so that the views of junior team members and peers can be heard.



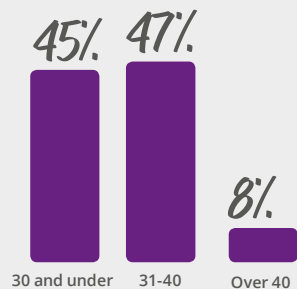
Human Capital *continued*

TALENT SNAPSHOT

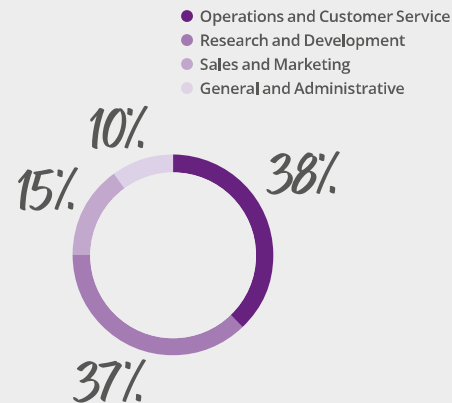
More than one-third of our senior management is female



By Age Group



Full-Time Employees by Function (as of March 31, 2018)¹



Employees are encouraged to use “AliWay,” our online intranet, to freely voice their opinions online. Aliway includes an open forum for discussion and debate about any subject, including strategy, products, company policies and working environment. Posts in this forum are not pre-screened or censored. To encourage responsibility for one’s opinions, the posts are made on a real-name basis, but we make it clear that this would not lead to any retribution.

In addition, members of senior management maintain an “open” email box for the purpose of receiving direct, private feedback from employees. The “open” email provides a channel through which senior management can learn of issues “from the front lines.”

TRAINING

We prioritize continuous learning through a comprehensive training system at all levels. Moreover, we encourage top performing employees within Alibaba to work overseas and encourage international staff to work in China. For senior and mid-level management, we place heads of business units and rising stars into small training groups and offer them modules on our corporate culture and strategy. Our most senior executives, including our chairman and CEO, participate in the teaching of these training groups.

At the end of 2017, we conducted over 2,500 training sessions on 4,000 topics for tens of thousands of our employees across Alibaba. Examples include sessions on Alibaba culture, people management, strategic thinking, product knowledge, data handling, and international business development.



¹ Source: 20 F, p. 186: <https://otp.investis.com/clients/us/alibaba/SEC/sec-show.aspx?Type=html&FilingId=12879202&CIK=0001577552&Index=10000>

Social Impact

We built our business model around our mission – to make it easy to do business anywhere. Hence, a focus on issues such as consumer trust, small business enablement, job creation and empowerment of women entrepreneurs naturally follows from the mission.

Social Impact *continued*

We believe that business should be done in a socially responsible way, and our management explicitly promotes this message to our employees as well as other stakeholders. For example, in our core e-commerce business, we have launched a green logistics initiative that utilizes bio-degradable packaging, tape-free boxes and package recycling bins.

Our culture empowers employees at all levels to use technology and other capabilities to solve social problems. For example, on their own initiative, our engineers conceived and developed the “Reunion” system for tracking and finding missing children in China. The platform leverages many widely used mobile apps from the Alibaba Digital Economy as well as our partners. We are proud of these innovations and we believe that our business model, culture, and our technological capabilities leads us to act in socially responsible ways.

Our business model creates significant positive social impact. We are especially proud of the following effects that our business has on society.

CREATING JOB OPPORTUNITIES

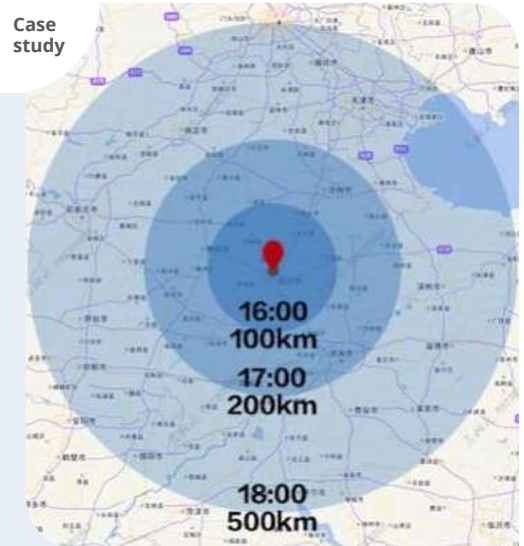
By leveraging technology and innovation, the Alibaba Digital Economy creates employment opportunities for many segments of society. Our platforms provide business opportunities for merchants as well as for service providers in logistics, marketing, consulting, operations outsourcing, training and other online and mobile commerce professions across the value chain.

According to a recent report by China’s Renmin University, Alibaba created 36 million jobs in 2017 via its retail ecosystem, including 14 million jobs for online retailers and 22 million jobs for upstream and downstream sectors such as R&D, design, manufacturing and logistics. In the fiscal year ended March 2018, approximately half of the active sellers on our China retail marketplaces were women. With international expansion of our e-commerce platform to Southeast Asia, South Asia and parts of Eastern Europe, we are bringing job opportunities to these regions by enabling local merchants to do business online.

“Reunion” System for missing children

Using our technological capabilities and our employees’ dedication to social issues, our engineers developed a system that connects our and our partners’ mobile apps to help locate missing children across China. The ‘Reunion’ system leverages Alibaba-operated apps with hundreds of millions of users to crowd-source information, such as our core shopping app Mobile Taobao, our enterprise messaging app DingTalk, our map app AutoNavi, and our payment app Alipay, as well as our partner apps such as Weibo (China’s version of Twitter). Since its initial launch in 2016, this platform has helped law enforcement authorities successfully locate 3,328 missing children, reflecting a 97.6% success rate. The “Reunion” platform has received international attention and supports global efforts on child protection. Alibaba hosted a global leadership conference in 2018 to share the technology and concepts behind our “Reunion” platform with participation from organizations representing over 20 countries.

Case study

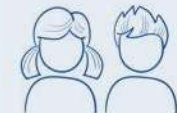


3,328

Missing children located as of May 25, 2018

97.6%

Success rate



Social Impact *continued*

ENABLING SMALL BUSINESSES

In every aspect of our business from e-commerce to local services, we are enabling small merchants to have access to consumers and to operate their business more efficiently through software tools. Over 10 million small businesses transact on our China retail marketplace platforms, and our local services platforms Ele.me and Koubei serve about 3.5 million registered restaurants and other service establishments. In addition, our affiliate Ant Financial has provided credit to around 10 million small businesses that otherwise could not borrow money from banks.

Our international expansion also focuses on small businesses. Our acquired subsidiary Lazada operates e-commerce platforms in six Southeast Asian countries (Indonesia, Malaysia, Thailand, Vietnam, Philippines and Singapore), and helps more than 155,000 local and international sellers as well as 3,000 brands do business on the Lazada platform. We executed on a multi-lateral vision to establish the electronic World Trade Platform (eWTP), a framework for small businesses around the world to participate in global e-commerce trade through lower tariffs, free-trade zones and logistics support. In May 2017, we realized the first step toward our eWTP vision by working with the Malaysia Digital Economy Corporation to launch the first digital free trade zone in Malaysia.

Women Entrepreneurs

The Lakeside Modou Foundation was collectively established by the 12 women partners in the Alibaba Partnership to provide care and a better future to women and children in rural and underdeveloped areas of China. The Foundation started a program, the "Model Mom Entrepreneurship Competition", to highlight female entrepreneurs from disadvantaged backgrounds with the purpose of inspiring other women to start entrepreneurial ventures. The selected winners of the competition are each awarded RMB 200,000 in interest-free loans, online training resources, and one-year tuition-free training at Peking University's entrepreneurship course.



Case study



5,100

Entrepreneurial moms who have received transformative opportunities



25,000

Additional jobs across 10 Chinese provinces and cities resulting from the competition

Social Impact *continued*

FOSTERING ENTREPRENEURSHIP

Following our mission, we aim to make it easy for entrepreneurs to create start-ups, including access to Alibaba Cloud Computing services to reduce IT and operational costs and providing start-up financing. Through our Rural Taobao program, we work with county and village-level communities to facilitate young people starting their own businesses selling products on our Taobao e-commerce platform.

We also devote our resources to supporting entrepreneurship through several not-for-profit programs through the company as well as through personal financial commitments by members of the Alibaba Partnership.

Case study



Supporting Hong Kong and Taiwan Entrepreneurs

Alibaba Entrepreneurs Fund is a not-for-profit initiative with a HK\$1 billion fund in Hong Kong and NT\$10 billion fund in Taiwan to provide selected entrepreneurs with capital, technology guidance and mentorship in managing their businesses. We facilitate start-ups that receive funding to develop their business by leveraging the Alibaba Digital Economy, including our e-commerce marketplaces as well as cloud computing and logistics systems.

Entrepreneur funds

NT\$10 BN

The fund invested in Taiwanese start-ups in areas including AI, machine learning, e-sports and augmented/virtual reality.

HK\$1 BN

Hong Kong start-up investment in sectors including FinTech, smart transport, digital health and smart cities



Social Impact *continued*

SOCIAL CONTRIBUTIONS

Generally speaking, corporate philanthropy uses company/shareholder resources to contribute to causes believed by management to be worthwhile. Therefore, there exists the possibility of misaligned incentives or disagreement over philanthropic vision. Yet responsible corporations today must demonstrate that they can make a difference to society through altruism. For these reasons, we firmly believe corporate philanthropy goes beyond charitable giving and must serve as a call to action for our entire workforce as well as participants in our ecosystem.

Our approach to making social contributions is two-pronged. First, as described in many examples in other parts of this report, we take the approach of developing commercially viable projects that are embedded in the services across a wide range of businesses in the Alibaba Digital Economy so that the impact is long-lasting. Through our businesses, our customers including hundreds of millions of consumers and merchants, our employees and other stakeholders implicitly participate in making social impact that is sustainable.

Second, on a not-for-profit basis, Alibaba Group, our employees and the partners in the Alibaba Partnership make contributions of personal time as well as financial and other resources to support national and global-scale causes. We also help selected charitable organizations raise funding by making the vast reach of our user-facing platforms available to them. Here's a sampling of our not-for-profit efforts:

- Since 2010, we have established a special fund to encourage environmental awareness and conservation as well as other corporate social responsibility initiatives. In 2011, we established the Alibaba Foundation, a private charity fund that focuses on supporting environmental protection in China and helping the disadvantaged. In fiscal year 2018, we and the Alibaba Foundation made approximately RMB230 million (US\$37 million) in donations.
- The partners in the Alibaba Partnership have established personal foundations to advance philanthropic causes consistent with the social mission of the company. Among them are the **Lakeside Modou Foundation** established by the 12 women partners and the **Jack Ma Foundation** which focuses on rural education, poverty and entrepreneurship, as described elsewhere in this report.

Helping people out of poverty

We connect rural merchants and sellers to the global marketplace through our platform, giving them additional income channels and helping people who live in rural areas move out of poverty. Our Rural Taobao program involves Alibaba establishing business infrastructure and e-commerce services in rural areas that enable rural residents and businesses to sell high-quality agricultural products to urban consumers. The program generates business and employment opportunities and establishes a two-way distribution infrastructure to connect commerce between cities and rural areas in China. To date, our Rural Taobao program has established service centers in over 30,000 villages and 730 counties in China, including 300 state-designated impoverished counties.

Case study



Rural Taobao program

30,000

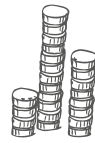
Villages now with service centers

730

Counties to date helped by Rural Taobao program

Social Impact *continued*

- We encourage each employee to dedicate three hours per year to social impact causes, and we motivate our employees to do so by asking them to reflect on what it means to live a purposeful life. Since the establishment of the “3 hours” program in 2015, Alibaba employees have accumulated a total of 482,601 hours for social services.
- Through our platforms, we supported over 1.7 million merchants and over 360 million users to donate to domestic and international charitable projects. We also enabled charitable organizations to raise approximately US\$50 million in donations in fiscal year 2018, which benefited approximately 3.3 million disadvantaged individuals.



US\$50M

Raised by charitable organizations on our platform in fiscal year 2018



1.7M

Merchants and 360+ million users have donated to charitable causes using our platform



482,601

Hours volunteered by Alibaba employees since 2015

Jack Ma Foundation Support for African Entrepreneurs

Alibaba founder Jack Ma established the Netpreneur Prize, a US\$10 million, ten-year program that will grant funding to African entrepreneurs, with the aim of supporting businesses that are growing Africa's nascent digital economy. The Jack Ma Foundation will host an annual competition, with 10 finalists receiving grant funding and access to the community of African business leaders for mentorship and other resources.



Netpreneurs:
The Rise of Africa's Digital Lions

US\$10M

Netpreneur Prize