Sustainable Finance Framework

Table of Contents

Introduction
2  About Alibaba Group

The Framework
3  Framework Overview
4  Framework Scope
5  Use of Proceeds
6  Project Evaluation and Selection
7  Management of Proceeds
8  Reporting
9  Independent Review

Appendix
10  Eligible Project Categories
Introduction
About Alibaba Group

Alibaba Group Holding Limited ("Alibaba Group", "Alibaba", "we", "us", "our") is comprised of businesses in core commerce, cloud computing, digital media and entertainment, and innovation initiatives. A digital economy has developed around our platforms and businesses that include consumers, merchants, brands, retailers, third-party service providers, and strategic alliance partners. The Alibaba ecosystem generated over US$1 trillion in gross merchandise value in the 12 months ended June 30, 2020.

Our mission is to make it easy to do business anywhere. Our founders started Alibaba Group in 1999 to champion small businesses, in the belief that the Internet would level the playing field by enabling small enterprises to leverage innovation and technology to grow and compete more effectively in domestic and global economies.

We do not pursue size or power, but rather we aspire to be a good company that will last 102 years. We make decisions based on how they serve our mission over the long-term, not by the pursuit of short-term gains. Therefore, taking a long-term approach and having positive social impact are deeply important to us. At Alibaba, we believe acting in a socially responsible way is an integral part of our business model, and that our ultimate goal is to create value for society and help find solutions to society’s challenges. Since our founding, we have been highly committed to supporting and participating in charitable and socially responsible projects that align with our core values and mission, and to establishing an inclusive technology-driven digital economy to extend the benefits of our technological capabilities to the community at large. We have been and will continue to focus on socially important issues such as job creation, poverty relief, rural development, and environmental sustainability.

We have set five-year goals to continue to expand our globalization efforts, serve more than one billion Chinese consumers, and facilitate more than RMB10 trillion of annual consumption on our platforms by the end of fiscal year 2024. We believe these goals put us closer to achieving our vision for 2036: serve 2 billion global consumers, enable 10 million businesses to be profitable and create 100 million jobs.

Note: (1) Gross merchandise value transacted through the Alibaba ecosystem mainly includes amounts transacted through our China retail marketplaces, as well as amounts transacted through our international retail marketplaces and local consumer services.
The Framework
In accordance with our sustainability strategy, we have developed this Sustainable Finance Framework (the “Framework”) in fulfillment of the following guidelines, as may subsequently be amended. It is our intention to follow best market practice as standards develop.

- ICMA Green Bond Principles 2018 (“ICMA GBP”)
- ICMA Social Bond Principles 2020 (“ICMA SBP”)
- ICMA Sustainability Bond Guidelines 2018 (“ICMA SBG”, and together with the ICMA GBP and ICMA SBP, the “ICMA Principles”)
- LMA, APLMA, and LSTA Green Loan Principles 2020 (“GLP”)

Under the Framework, we and/or our subsidiaries may raise from time to time, bond, loan, or other debt-like financing for specific assets and projects that we believe will catalyze positive environmental and/or social benefit (such financing, “Sustainable Finance Transactions”). Examples of Sustainable Finance Transactions include the following.

- Green Bonds, in accordance with ICMA GBP
- Social Bonds, in accordance with ICMA SBP
- Sustainability Bonds, in accordance with ICMA SBG
- Green Loans, in accordance with GLP

Note: (1) The ICMA Principles are voluntary process guidelines widely accepted as the principal reference for the issuance of green, social, and sustainability bonds in the global capital markets. The International Capital Market Association (“ICMA”) serves as Secretariat, assumes administrative duties, and provides guidance for governance.

(2) The Loan Market Association (“LMA”), Asia-Pacific Loan Market Association (“APLMA”), and the Loan Sales and Trading Association (“LSTA”) jointly developed the GLP to provide consistent methodology for use across the green loan market and seek to promote market integrity by clarifying the instances in which a loan may be categorized as “green”. The GLP build on and refer to ICMA GBP, with a view to promoting consistency across financial markets.
Consumers are encouraged to recycle their own packaging at Cainiao posts across China

Alibaba’s focus on accelerating digital transformation has helped organizations overcome offline disruptions and improve online agility in the wake of the COVID-19 pandemic

Framework Scope

This Framework details the following in compliance with the ICMA Principles and the GLP.

- Nature of assets and projects eligible for either financing or refinancing with net proceeds from any Sustainable Finance Transactions and alignment with the United Nations Sustainable Development Goals (“U.N. SDGs”)
- Our approach to assessing prospective assets and projects for alignment with the Framework
- Tracking allocation of net proceeds from Sustainable Finance Transactions and how any net proceeds pending allocation are managed
- How we will report on both allocation and impact
- Review of the Framework and subsequent reporting, each by an independent party with recognized environmental and social expertise

The Framework (and any updates thereto) will be available on https://www.alibabagroup.com/en/ir/esg.
An amount equivalent to net proceeds from each Sustainable Finance Transaction will be allocated exclusively to finance or refinance, in whole or in part, assets and projects aligned with one or more of the following categories (“Project Categories” and such projects, the “Eligible Projects”), as more fully detailed in the Appendix.

Eligible Projects will comprise investments and expenditures made in the 36 months prior to the relevant Sustainable Finance Transaction in the case of refinancing. Any such financing and refinancing activity will at all times, be consistent with our mission and vision, in addition to our Corporate Governance Guidelines.
Project Evaluation and Selection

We have established a Sustainable Finance Committee (the “Committee”), responsible for the maintenance of the Framework and compliance of all Sustainable Finance Transactions. Our Deputy Chief Financial Officer chairs the Committee comprising members of our Corporate Social Responsibility, Corporate Finance, and Investor Relations teams.

The Committee will from time to time, as required and at least annually, first screen potential Eligible Projects against the eligibility criteria. Once screened and eligibility is confirmed, Eligible Projects will be classified under one of the following portfolios.

- Green Project Portfolio, comprising Eligible Projects that qualify under the Green Buildings, Energy Efficiency, Renewable Energy, or Circular Economy and Design Project Categories
- Social Project Portfolio, comprising Eligible Projects that qualify under the COVID-19 Crisis Response Project Category

The Committee will ensure the amounts classified under the Green Project Portfolio and the Social Project Portfolio will together be equal to or greater than the total net proceeds from Sustainable Finance Transactions then outstanding. Should a change become necessary to the Green Project Portfolio or to the Social Project Portfolio, the Committee will ensure the relevant amount is reclassified.

To the extent expenditures relating to Eligible Projects are at the subsidiary level, amounts recognized in the Green Project Portfolio or the Social Project Portfolio will be adjusted for our pro-rata equity ownership in the relevant subsidiary.
We will deposit net proceeds from each Sustainable Finance Transaction in general funding accounts prior to earmarking of amounts to Eligible Projects. Through an internal register, our Corporate Finance team will track receipt and allocation of net proceeds, in addition to classification of Eligible Projects to either of the Green Project Portfolio or the Social Project Portfolio as more fully described under ‘Project Evaluation and Selection’.

We will temporarily invest net proceeds awaiting allocation in the following (and in any case, we commit to not knowingly place such amounts in greenhouse gas-intensive investments inconsistent with the delivery of a low-carbon economy).

- Cash or cash equivalents
- Short-term investments in accordance with our corporate treasury policy

We will monitor the following information for as long as Sustainable Finance Transactions remain outstanding.

- Terms for each Sustainable Finance Transaction such as: (a) pricing, settlement and maturity dates; (b) currency of denomination and amount then outstanding; and (c) labeling (i.e., Green Bond, Social Bond, Sustainability Bond, or Green Loan)
- Details of Eligible Projects such as: (a) net proceeds amount allocated to each Eligible Project; (b) alignment with the relevant Project Category; and (c) the applicable U.N. SDG(s) we contribute to through each Eligible Project

In the case of divestment or if a project no longer meets the eligibility criteria listed above, the relevant amount will be reallocated to other Eligible Projects. The performance of any of our Eligible Projects will not determine payment of principal and interest on any Sustainable Finance Transaction.
We will report on both allocation and impact on or before the first anniversary of settlement of the first Sustainable Finance Transaction pursuant to the Framework. Such reporting will be available on https://www.alibabagroup.com/en/ir/esg.

We will report at least annually thereafter until full allocation of net proceeds from Sustainable Finance Transactions then outstanding to Eligible Projects (and in timely fashion, if a material amendment is required to past reporting).

**Allocation Reporting**

We will report the following information on the Sustainable Finance Transactions, the Green Project Portfolio, and the Social Project Portfolio.

- Amounts and corresponding percentage shares of (a) net proceeds allocated to Eligible Projects, and (b) net proceeds yet to be allocated
- Of net proceeds earmarked to Eligible Projects, amounts and corresponding percentage shares in (a) the Green Project Portfolio, (b) the Social Project Portfolio, and (c) each Project Category
- Of net proceeds earmarked to Eligible Projects, amounts and corresponding percentage shares aligned with each U.N. SDG

Should an Eligible Project contribute to more than one Project Category, we will attribute apportioned amounts to each relevant Project Category to eliminate the risk of double counting.

**Impact Reporting**

Our reporting will likewise contain the following information as of the relevant date.

- Estimated environmental and/or social benefits resulting from net proceeds earmarked to Eligible Projects
- Methodology and underlying assumption(s) relating to each impact indicator

Should an amount allocable to an Eligible Project comprise a portion of a larger transaction, our reporting will detail impact relating to the pro-rata share of the Eligible Project.

The sample reporting indicators outlined in the Appendix are consistent with current guidance for reporting of environmental and social impact. We intend to adhere to prevailing market practice for impact reporting, subject to availability of information.
Pre-issuance External Review

Sustainalytics has completed a review of the Framework and issued a second party opinion (“SPO”) confirming the Framework’s alignment with the relevant standards referenced herein.


Post-issuance External Review

We expect our post-issuance reporting to include the following.

• Management assertions as to allocation of net proceeds from any Sustainable Finance Transaction completed (and then outstanding) to Eligible Projects

• Report from an independent party who will examine and verify our management of the net proceeds from any Sustainable Finance Transaction completed (and then outstanding) and provide assurance as to the compatibility in all material respects of any selected Eligible Projects, to which a portion or all of the net proceeds from the sale of any Sustainable Finance Transaction has been allocated in accordance with the eligibility criteria set forth in the Framework
Appendix
### Project Categories

<table>
<thead>
<tr>
<th>Project Category</th>
<th>Eligibility Criteria</th>
<th>U.N. SDGs</th>
<th>Sample Reporting Indicators</th>
</tr>
</thead>
</table>
| **Green Buildings** | Acquisition, design, construction, or improvement of office space, commercial buildings, or surrounding communities, including the following.  
• Properties certified or qualifying for the following minimum third-party certifications:  
  – Leadership in Energy and Environmental Design (“LEED”) “Gold”  
  – Building Research Establishment Environmental Assessment Model (“BREEAM”) “Excellent”  
  – Chinese Green Building Evaluation Label “2-Star”  
  – Any other comparable certifications  
• Properties in the top 15% of buildings in the region based on absolute emissions performance or primary energy demand | ![11 SDG - Sustainable Communities](image1) ![13 SDG - Climate Action](image2) | • Gross floor area under qualifying third-party certifications, sqm  
• Gross floor area designed to qualify for identified third-party certifications, sqm  
• Annual greenhouse gas emissions, tCO₂e versus local baseline / certification level |
| **Energy Efficiency** | Acquisition, development, construction, operation, or maintenance of energy-efficient facilities and infrastructure, including the following.  
• Data centers with Power Usage Effectiveness (“PUE”) ≤1.5  
• Digitalization and deployment of infrastructure or other network solutions (including Internet of Things, high-speed networks, data analytics, and cloud computing) resulting in ≥15% improvement in energy consumed or emissions generated  
• Cooling equipment (including liquid immersion cooling technology), lighting / electrical infrastructure, and energy storage or management systems in our owned or operated facilities resulting in ≥15% improvement in energy consumed or emissions generated, in any case excluding solutions powered by fossil fuels | ![7 SDG - Affordable and Clean Energy](image3) ![9 SDG - Industry, Innovation and Infrastructure](image4) ![13 SDG - Climate Action](image2) | • Trailing 12-month PUE  
• Annual energy savings, MWh  
• Annual greenhouse gas emissions reduced or avoided, tCO₂e |
## Project Categories (Cont’d)

<table>
<thead>
<tr>
<th>Project Category</th>
<th>Eligibility Criteria</th>
<th>U.N. SDGs</th>
<th>Sample Reporting Indicators</th>
</tr>
</thead>
</table>
| **COVID-19 Crisis Response** | Financial capital and expertise dedicated to combat the COVID-19 pandemic, including the following.  
• Purchases, transportation, or research and development relating to medical equipment, including testing kits and vaccines, and the manufacture or modification of existing facilities to produce, or increased production of health, safety, and hygiene supplies  
• Artificial intelligence technology, computing power, and other forms of technical support extended to research institutions and other organizations with the objective of accelerating drug and vaccine discovery, and enhancing diagnostic capabilities and public health development efforts  
• Merchant relief and rural support programs including waivers or reductions of annual service fees, platform technology fees, and warehousing fees, in addition to providing personnel and logistics support and tools to accelerate digitization, each with the objective of ensuring business and employment continuity | ![SDG Health](https://via.placeholder.com/150) | • Number of health, safety, and hygiene supplies distributed  
• Number of merchants, users, or institutions benefiting from technical support, merchant relief, and rural support programs  
• Amount deployed for technical support, merchant relief, and rural support programs, RMB millions |
| **Renewable Energy** | Acquisition, development, construction, operation, or maintenance of renewable energy projects, or the purchase of renewable energy, such as solar and wind, including the following.  
• On-site facilities  
• Associated energy solutions, including storage installations | ![SDG Renewable Energy](https://via.placeholder.com/150) | • Renewable energy capacity purchased, MW  
• Annual generation of renewable energy, MWh  
• Annual greenhouse gas emissions reduced or avoided, tCO₂e |
### Circular Economy and Design

<table>
<thead>
<tr>
<th>Project Category</th>
<th>Eligibility Criteria</th>
<th>U.N. SDGs</th>
<th>Sample Reporting Indicators</th>
</tr>
</thead>
</table>
|                  | Expenditure related to resource-efficient packaging and distribution, increasing waste diversion from landfills, and reducing waste at the source, including the following. | • Recycling stations and bins installed  
• Waste prevented, minimized, reused or recycled, tons  
• Rate of waste or polluting material prevented minimized, reused or recycled, per cent |  |
|                  | • Development or deployment of recycling or waste collection or management programs (excluding creation or expansion of landfills) such as recycling facilities installed in office spaces, warehouses, logistics centers, commercial buildings, or surrounding communities |  |  |
|                  | • Procurement of recycled or reused materials |  |  |
|                  | • Research and development of more sustainable packaging materials |  |  |