

**Kingdee International Software Group Company
Limited**

**Environmental, Social and Governance Report
2017**

1 About Kingdee

1.1 Introduction of Kingdee

Founded in 1993 and headquartered in Shenzhen, Kingdee International Software Group Company Limited (0268.HK) was listed on the Main Board of The Stock Exchange of Hong Kong Limited in 2005. With its management software and Cloud services, Kingdee has served more than 6.8 million enterprises, governments and other organizations. Kingdee has been ranked by IDC as the leader among growth-oriented enterprises in China in terms of market share for thirteen consecutive years, and become the first software enterprise exceeding international competitors with regard to SaaS Cloud services for enterprises.

1.2 Purposes and Targets

With "Acting in all Conscience, with Integrity and Righteousness" as its core values, "Devoted to Serving Enterprises" as its mission, "To Become the Most Reliable Enterprise Service Platform" as its vision and "User-first, Small, Beauty, Fast" product and service belief, Kingdee strives to be the most trustworthy and world-leading Cloud management and big data service provider.

1.3 Corporate Structure

Kingdee International Software Group Company Limited (00268.HK)				
Kingdee Software (China) Co., Ltd.	Shanghai Kingdee Deeking Cloud Computing Co., Ltd.	Shenzhen Kingdee Tianyan Middleware Corp Ltd.	Cargeer	Kingdee Finance

1.4 Scale of Kingdee in 2017

- Total Number of Employees: 6,634
- Kingdee possesses three software parks in Shenzhen, Shanghai and Beijing.
- Revenue: RMB 2,303,458,000, increasing by 23.7% YoY
- Profit: RMB 310,004,000
- Kingdee serves more than 6.8 million enterprises, governments and other organizations.
- No significant change in structure, ownership and supply chain was found in 2017.

2 About This Report

2.1 Overview

- This report is an annual environmental, social and governance report published by Kingdee International Software Group Company Limited (hereinafter referred to as "the ESG Report"), disclosing the key facts about the concepts, significant progress and performance of Kingdee International Software Group Company Limited and its holding companies (collectively referred to as "the Company") on environment, economy, employment and community from January 1, 2017 to December 31, 2017, based on the principles of materiality, quantitative, balance and consistency.
- This report is the annual corporate social responsibility/environmental, social and governance (ESG) Report published by the Company to the public initiatively for the second time.

2.2 Standards of Reporting

- This report is formulated based on Appendix 27: Environmental, Social and Governance Reporting Guide ("ESG Guide") of the Main Board Listing Rules of the Stock Exchange of Hong Kong Limited, and with reference to the core option of Global Reporting Initiative (GRI).
- The contents of this report are determined by a set of systematic programs. It is prepared by such procedures as identifying material stakeholders and ESG-related issues, understanding the opinions of each stakeholder and defining the materiality of issues so as to decide its reporting scope, collect, sort out and summarize relevant materials and data, review the data used in the report and so on.

2.3 Reporting Scope

- Unless otherwise specified, the policies, statements, data and other materials mentioned in this report cover the material business of Kingdee International Software Group Company Limited and its holding companies.
- Unless otherwise specified, the currency in which the financial data are reported is Renminbi ("RMB").

2.4 Definitions

- For the purposes of expression and readability, Kingdee International Software Group Company Limited and its holding companies are referred to as "Kingdee ", "the Company" or "We" in this report.

2.5 -Declaration of Data Source and Reliability

- The data used in this report is derived from official documents, statistical reports and relevant public information of Kingdee International Software Group Company Limited and its holding companies, and the Board of Directors takes responsibility for the truthfulness, accuracy and completeness of the contents herein

2.6 -Confirmation and Approval

- This report was adopted by the Board of Directors on June 28, 2018 upon confirmation of the management

2.7 -Access and Response to this Report

- An electronic copy of this report can be downloaded at www.kingdee.com
- Please email your opinions or advice on the Company's environmental, social and governance performance to IR@kingdee.com

3 Message from the Chairman

Kingdee is a company with the full sense of mission. Since its establishment, we have been dedicated to making the world a better place.

Financial software was Kingdee's initial business, because of which 20 million financial staff in China no longer use abacus. Over the next 25 years since its establishment, we have been redefining management, serving enterprises whole-heartedly and striving to become the most reliable enterprise service platform. Today, in addition to helping enterprises reduce cost and improve efficiency, Kingdee has been funding the non-profit project on Chinese management model research for the past 11 years, which helps Chinese enterprises achieve innovation and promotes the Chinese management model world-widely. We believe that enterprise management is more than controlling. Instead, it should help to activate the goodwill of the staff, inspire and energize them in the corporate ecology. We aim to improve enterprises with our business. Furthermore, we spare no efforts to promote Chinese traditional employees. We hope to imbue everyone with faith, culture and wisdom to improve professional ethics and integrity of our customers, partners and make financing more transparent and eliminate false accounts once and for all.

Technology makes life better. Kingdee, as the earliest manufacturer of enterprise software in China, shifted its business to the Cloud Service with the utmost determination. With Cloud Service, Kingdee is now transforming the traditional working way for 6.8 million enterprises and 80 million users, realizing that everything can get done on our cellphones, which has become a new trend; With Cloud Service, Kingdee is striving to realize paperless office and low carbon emission; With artificial intelligence and big data, the intelligent financial robots developed by Kingdee can free financial staff from their mechanical, repetitive and low-value work so that they can engage in more valuable work such as management accounting and strategy accounting.

In the next two years from 2017, Kingdee will donate one-thousandth of its revenues of Kingdee Cloud, a subsidiary, to the project of Teach for China to improve the quality of the basic education in areas with insufficient education resources. Students in Ya'an Immigrants Classes, funded by Kingdee, is about to graduate from high school soon. Besides, Kingdee has set up a scholarship and made donation to the construction of teaching building. In the next three years, Kingdee will fund the senior talents education program of MBA for Central European International Business School. Kingdee has also set up a school within the company and a research institute named "Conscience" beyond the company to promote traditional Chinese culture and wisdom. We firmly believe that sunshine will eventually warm the heart of everyone and that only with broadened horizon can one be truly visionary.

"All for one, one for all" is the core concept of Kingdee's new generation of Cloud products. We advocate the construction of a new business civilization. We firmly believe that Kingdee can gain greater return from the society through our sincere contributions. By last year, Kingdee has realized the fastest growth over the past five years since its business transition. IDC, an authoritative international institution, has demonstrated that Kingdee has surpassed all

international counterparts and become China's No. 1 enterprise SaaS Cloud Service vendor. Without our transition and innovation over the past 25 years as well as the support from all employees, partners and customers, we would not make such achievement.

If someone asks me, over the past 25 years since the establishment of Kingdee, what has changed and what has not, I would say that the only things has not changed is our original heart of hoping to make the world a better place. With this heart, we have always been passionate for new technologies and ideas because we always hope to help everyone live in a better world.

Xu Shaochun

Founder and chairman of Kingdee International Software Group

4 2017 Development Overview

4.1 Environment

- Energy saving and cost reduction

Use of energy	Beijing	Shanghai	Shenzhen
Power use intensity (kWh/m ²)	32.68	33.10	145.99

- Carbon emissions

	Beijing	Shanghai	Shenzhen
Greenhouse gas emissions (ton of CO ₂ e)	517	205	7,295

In 2017, the greenhouse gas emissions of Shenzhen Park decreased 16.34 tons of carbon dioxide equivalent YoY (based on the carbon verification data of Shenzhen Municipality), which is equivalent to the total amount of carbon dioxides absorbed by the woodland covering an area of 4,466.66 m² (6.7 mu) for a year.

4.2 Employment:

- In 2017, the employees with bachelor and master degrees and above accounted for 78.6% of the total employees in Kingdee.
- The total training hours of the staff amounted to 64,740 hours, which is equivalent to 7.4 years in 2017.
- The morale of employees was rated 91.19 in 2017, increasing by 30% in comparison to 2011.

2011	2012	2013	2014	2015	2016	2017
71.78	71.02	71.89	75.75	84.04	85.71	91.19

4.3 Community:

- Improvement in primary education: In 2017, Kingdee donated RMB 1.5 million to Teach for China as the education project funds for 30 teachers and concluded a Memorandum of Understanding, where Kingdee promised that 1% of the income from Kingdee's Cloud services will be donated to Teach for China, with Teach for China, a non-profit organization for education in the next two years.
- Mutual aid: With the total donation of RMB 36,546.58, Kingdee Mutual Aid Foundation subsidized six employees or partners of Kingdee in 2017. Since its establishment, Kingdee Mutual Aid Foundation has been supported by Kingdee's employees greatly. Through employees' individual donation and charity sale, the Foundation has received the total contributions exceeding RMB 2.3 million, where more than RMB 1.6 million was used to aid employees in need and subsidize public welfare.
- C50 Forum: With "introducing Chinese management model to the world" as its mission, Kingdee initiated and facilitated the establishment of Chinese Management Model 50 Forum (hereinafter referred to as "C50 Forum") to discuss the value of Chinese management and answer the call for modernizing Chinese culture as mentioned in the 19th CPC National Congress Report actively.
- With the mission to found CFO Acting in All Conscience Research Institute, Kingdee not only aims to produce software, but to promote commercial civilization and Chinese traditional culture among its employees, partners and customers, establish the idea of unity of knowing and acting, and accordingly connect with each other mentally.
- To spread its rowing culture, Kingdee has worked with Shenzhen's environmental protection authority to improve the water quality of Dasha River. To support Shenzhen's implementation of Ten Water Improvement Policies, Kingdee has taken Ten Actions with a focus on Shenzhen Bay and Maozhou River to lead the water quality improvement of Four Bays and Five Rivers. Periodic results have been achieved. After treatment, Dasha River which flows into Shenzhen Bay has noticeably improved water quality, and complies with rowing requirements. The first rowing of rowing boats and opening of the terminal are effective proofs of the river giving play to its role.

5 Governance

Upholding its core values of "Acting in all Conscience, with Integrity and Righteousness", Kingdee takes "To Become the most trustworthy enterprise service platform" as its vision, strives for a corporate community of common fate attaches importance to various stakeholders' demands during the development and aims to produce a positive impact on stakeholders, so as to achieve the harmony and unity of economy, society and environment. Therefore, Kingdee has been striving for sustainable development from its inception till now.

Issues involved and their materiality:			
Issue Title	Importance for Stakeholders	Importance for the Company	Total Score
Anti-corruption	4.50	4.66	9.17

As the official publication of Listing Rules: Appendix 27 on December 31, 2015, Kingdee established its ESG management and disclosure system step by step with reference to the regulatory agency's environmental, social and governance (ESG) requirements and connotations as well as the attention paid to listing companies' ESG-related risks and opportunities by the market. Employees from the top management to general staff learn the background, purpose and requirements of the ESG information disclosure guide as well as the future development trend carefully, identify various sources of ESG information and the current management status summarized so far gradually, and further promote real-time, information-based and centralized management of ESG information to help with the achievement of the Company's purpose and responsibility to stakeholders as the basis for future disclosure and a part of the Company's risk control.

5.1 ESG Governance Structure

- At present, Kingdee's ESG governance structure is developing and improving, to which the senior management of Kingdee attaches great importance. Considering Kingdee's current management status, consulting excellent cases well known in the industry and the world, taking Listing Rules: Appendix 27 as guidance and referring to such international sustainable development guides as GRI Standards and ISO 26000, Kingdee has established the prototype of its ESG governance work structure as follows:

ESG Work Level	Staffing	Specific Responsibilities
ESG Leadership	Led by the President and composed of various vice presidents and leaders of branches/subsidiaries	<ol style="list-style-type: none"> 1. Discussing ESG-related risks and opportunities 2. Taking responsibility for ESG information disclosure 3. Allocating resources for the implementation of ESG work 4. Reviewing the performance of ESG work
ESG Management	Composed of the middle management of various functional departments and product business divisions	<ol style="list-style-type: none"> 1. Arranging for employees to implement ESG work 2. Supervising the specific implementation of ESG work 3. Reporting the implementation to the ESG work leading group

ESG Implementation	Composed of the employees assigned by various functional departments and product business divisions	<ol style="list-style-type: none"> 1. Collecting, sorting out and delivering information 2. Performing specific tasks 3. Giving timely feedback on work
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Kingdee is studying the way to keep improving its overall ESG management system by investing more resources in the foreseeable future, and intends to combine its achievements from corporate informationization system and Cloud platform with its ESG information management and disclosure to promote a platform-based Cloud for ESG information management and disclosure.

5.2 Stakeholder Identification and Communication

The Kingdee Business Code of Conduct clearly stipulates that Kingdee should attach importance to various stakeholders and highly value them in Corporate Governance.

5.2.1 Kingdee's employees:

All employees working in Kingdee

- Kingdee treats employees genuinely, shares common destiny and grows together with employees. It actively cooperates with employees in creating wealth, providing employment opportunities, and ensuring the company's financial stability, and encourages employees to increase their participation, such as encouraging employees to start a business in the enterprise, offering employees restricted equity incentive plans and so on.
- The sustainability issues they are most concerned about include health and safety in workplace, promotion channel, equality in workplace, internal communication and information security.
- For our daily communication, Kingdee adopts a flat organizational structure, where employees may communicate with the management directly through such online platforms as Cloud Hub and the management will collect employees' opinions regularly and carry out annual morale research.

5.2.2 Suppliers, Partners:

Suppliers who offer Kingdee Cloud servers, electronic devices and other production materials relating to Kingdee's business; Distributors of Kingdee's products and services

- Kingdee cooperates with its suppliers and partners fairly, to be mutually beneficial with suppliers and partners, and make joint efforts to be bigger and stronger. It improves the procurement model, and prevents corruption and bribery. It creates a supplier bidding environment with orderly competition and reasonable quotations, and protects the interests of suppliers. It treats its partners fairly, and creates a healthy and orderly ecological chain system, to achieve common development.
- The sustainability issues they are most concerned about include complaint handling, support to partners, responsible sales, anti-corruption, information security, occupational health and safety, social contributions and product reliability.
- For our daily communication, a functional department in charge of channel communication management is specially set up to maintain multi-channel communication with distributors. The Procurement Department has a series of complete procedures, including public bidding, supplier audit, supplier warehousing and daily supervision, etc., and regularly communicates with suppliers and understands their needs.

5.2.3 Investors

Kingdee's existing shareholders and potential investors who are concerned about Kingdee's performance

- Kingdee faces shareholders openly and manages jointly with shareholders to make the company grow healthily under the sun, so as to maximize the investment income of shareholders. It actively strengthens the supervision function of shareholders, especially minority shareholders, so as to ensure that the company management does not harm the interests of minority shareholders. It attaches importance to investor relations, increases the transparency of company management information and responds quickly to the questions raised by shareholders.

- The sustainability issues they are most concerned about include information security, compliant handling, responsible sales, supplier product management and corporate culture.
- For our daily communication, the Investor Relations Department will communicate with investors by regular publication of financial reports, organization of shareholders' general meetings and roadshows and other multiple ways.

5.2.4 Product

Users

Users who buy and use Kingdee's products and services

- With the customer-oriented concept, Kingdee achieves a win-win situation with customers. It increases investment in R&D and services, and guarantees the quality of products and services. It promotes the system of technical support and complaint handling, caring for customers' opinions and helps customers succeed.
- The sustainability issues they are most concerned about include labor compliance, environmental impact of products, corporate culture, anti-corruption, product reliability and information security.
- For our daily communication, Kingdee listens to users' voices and offers quality customer service with its comprehensive and detailed customer service guides and sound systems applying to the entire group and every product line.

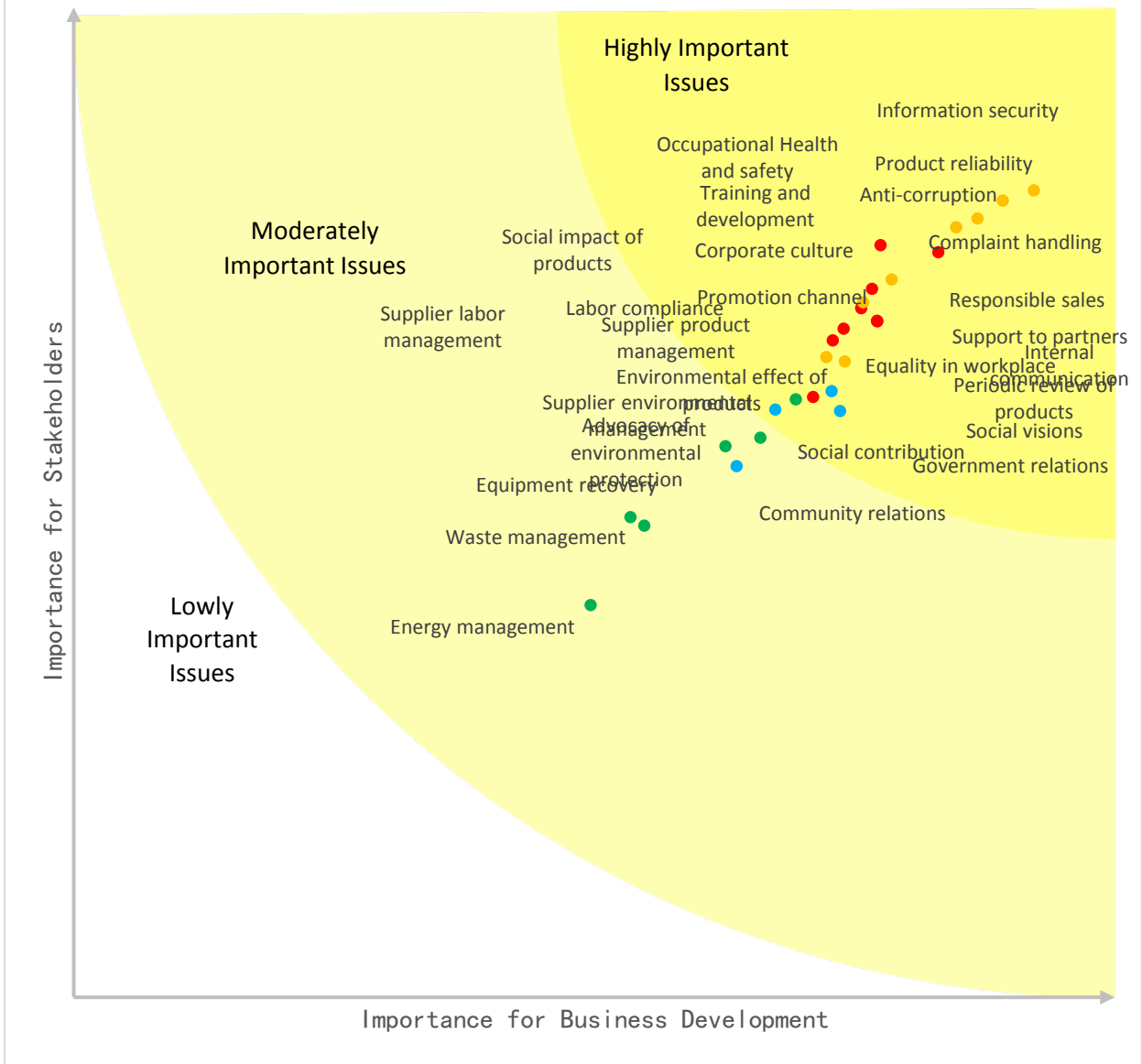
5.2.5 Supervision and Management Agencies, External Intermediaries Social organizations having a partnership with Kingdee (except Kingdee's suppliers), including but not limited to government departments, non-profit organizations and scientific research institutes and academics

- Kingdee carries out compliance management and accepts supervision. Compliant with relevant laws and regulations, it carries out information disclosure, related transactions and other compliance management, and continuously improves the corporate governance level.
- The sustainability issues they are most concerned about include operation compliance, anti-corruption, information disclosure, corporate governance level and social influence.
- It increases communication and contact with all the intermediaries, and provides professional compliance opinions for the company, to ensure the company's regulatory compliance management.

5.3 Material Issues List

Stakeholders' concerns of various issues and their decision on these issues' materiality are the bases for Kingdee to evaluate material issues. In order to obtain stakeholders' views on various issues, Kingdee not only maintains close communication with different stakeholders on a regular basis, but carries out a special materiality evaluation of this report. By questionnaires, interviews and other means, we understood stakeholders' comments and expectations on Kingdee's sustainability performance and compiled material references for these material issues.

Kingdee's Sustainability Issues Materiality Matrix



Classification by Materiality	Issue Title
Highly Important Issues	Information security
	Complaint handling
	Product reliability
	Responsible sales
	Anti-corruption
	Occupational Health and safety
	Support to partners
	Training and development
	Internal communication
	Labor compliance
	Corporate culture
	Equality in workplace
	Promotion channel
	Environmental effect of products
Government relations	

	Supplier product management
	Social impact of products
	Supplier labor management
	Social visions
	Periodic review of products
	Social contribution
Moderately Important Issues	Supplier environmental management
	Advocacy of environmental protection
	Community relations
	Equipment recovery
	Waste management
	Energy management

In this evaluation of material issues, there are 21 highly important issues and 6 moderately important issues, where the issue of the highest importance is "information security" while the issue of lower importance is "energy management", and no lowly important issue is defined.

5.4 Professional Ethics and Construction of a Clean and Honest Enterprise

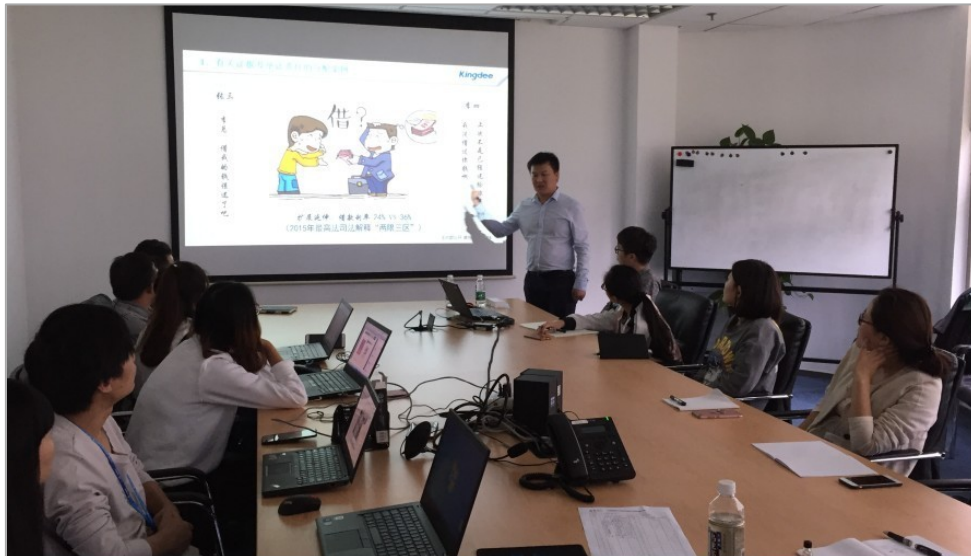
5.4.1 Overall mechanism

Kingdee pays attention to the internal's professional ethics and construction of a clean and honest enterprise all the time. From the induction, every employee is required to finish the online learning of Kingdee Business Code of Conduct. Only when new employees learn the Code and pass relevant examination can they become full members. With trust as foundation, the Code facilitates the creation of a working environment based on mutual trust within the Company. In 2017, the Human Resource Department issued the Kingdee Business Code of Conduct V3.0 and requested employees to keep learning. So far, the number of visitors accessing the online learning system of Kingdee Business Code of Conduct reached 25,000.

5.4.2 Training and advocacy

Through training and education regarding internal control and anti-corruption, Kingdee kept enhancing internal control and building a clean and honest enterprise, publicized laws and regulations to the staff, propagandized and explained the Company's important policies and legal knowledge, urged employees to comply with various rules and regulations and reviewed their compliance and implementation, improved employees' sense of internal control, and continued to strengthen the creation of a clean and honest culture throughout the Company.

- Through Cloud Hub, Kingdee publicized its determination on anti-corruption and legal knowledge to the staff. In 2017, Kingdee carried out 12 advocacy sessions, including training and advocacy sessions regarding anti-corruption and legal knowledge;
- Kingdee carried out online training and assessment, such as the assessment regarding Kingdee Business Code of Conduct, through its Intranet;
- Legal staff carried out on-site advocacy and training regarding legal knowledge as well as important policies and systems. Branches in Nanjing, Shanghai, Fuzhou, Nanning, Guangzhou, Chongqing, Wuhan and other regions organized more than 10 advocacy and training sessions regarding legal knowledge in 2017.



5.4.3 Current management status

In terms of overall integrity management, on the one hand, Kingdee internally promotes the overall internal control atmosphere and improve the quality of employees through the advocacy of “Acting in All Conscience” culture, and has integrity shine into every employee's minds. On the other hand the Legal and Audit Departments of Kingdee enhanced their investigation into internal violations of laws and regulations, and metes out severe punishments to some defaulting employees. Kingdee has punished those defaulting employees who have impaired its interests by warning or terminating their employment contracts in accordance with the Criminal Law of the

People's Republic of China, Kingdee Business Code of Conduct, Employment Contract, Regulations for Prohibition on Employees' Improper Conduct and other relevant management systems prepared by Kingdee.

The Legal and Audit Departments of Kingdee have investigated and punished more than 10 violations of laws and regulations in 2017, and over 20 employees were involved. The cases are categorized as follows::

Violations	Number of Defaulting Employees
Establish a company privately or take a second job as part-time work	9
Establish a company privately and undertake outsourcing business	2
Take a second job as part-time work illegally	1
Fabricate labor relation	3
Engage in a partnership operation illegally	1

5.5 Intellectual Property Rights Protection

As a knowledge-driven enterprise, Kingdee deeply understands that it is crucial to protect intellectual property rights for us and other intellectual property rights owners. This not only represents our respect for knowledge and creativity, but also stands for our position on protecting our own interests from infringement. Kingdee formulated such rules and regulations as the Kingdee Business Code of Conduct, Kingdee Management Measures for Trademarks, Management Measures for Copyright, Management Measures for Patents and Management Measures for Information Security, and gave detailed explanations of and operational provisions on how various departments and employees of Kingdee use the intellectual property rights of other companies and individuals in accordance with laws and regulations and how to protect their own intellectual property rights.

5.5.1 Not infringing others' intellectual property rights

- Kingdee assures that it uses legitimate software in all of its devices. If any employee needs to install some software in his/her computer for work, he/she may apply to Kingdee for unified purchase to ensure the legitimacy of the software to be installed from the origin;
- In the preparation of marketing materials, Kingdee attached great importance to the decision on whether those fonts, pictures, trademarks, texts and other content used in marketing materials infringe the rights and interests of other organizations and individuals, defined various conducts infringing their copyright on words and pictures in the Kingdee Management Measures for Copyright, and made a special program in Kingdee Legal Report to analyze various infringement acts, consequences and inspiration. If any font, picture or other content is misused and published without authorization, Kingdee will take the initiative in arranging for its Brand Department to negotiate with the owner of such intellectual property right for license.

5.5.2 Protecting our own intellectual property rights

- Copyright: In order to protect the copyright on Kingdee's products, we have established and taken online and offline actions. In terms of offline actions, a trans-department team in charge of fighting against piracies was set up, which comprises members from such departments as Legal Department and Audit Department, to confirm clients' qualification and the copyright ownership of the software they used through order system, and ensure the software they used have legitimate copyright through the sales teams nationwide. With regard to online actions, we cooperated with Tmall, JD and other third-party sales platforms to monitor the products, identify sellers by referring to the lowest price and comparing the prices of products sold online, and determine the legitimacy of online agents by conducting financial assistance management, establishing a white list of agents and other means. If any non-compliance is found, we will make a complaint directly to the sales platform and ask the platform to handle and remove related products.
- Trademarks: Kingdee monitors trademark infringement through such measures as monitoring Baidu's keywords involving competitive products, searching and monitoring of important product names and keyword placement. If any potential trademark infringement is found, we will initiate trademark litigation considering the company's scale and the degree of infringement.

6 Economy

The economic benefits brought by Kingdee's business development and the positive effects of its products and services on society are the greatest contribution to of Kingdee's sustainable development.

Issues involved and their materiality:			
Issue Title	Importance for Stakeholders	Importance for the Company	Total Score
Information security	4.63	4.84	9.47
Complaint handling	4.61	4.79	9.39
Product reliability	4.57	4.74	9.31
Responsible sales	4.56	4.70	9.25
Support to partners	4.45	4.57	9.02
Social impact of products	4.28	4.52	8.80
Periodic review of products	4.21	4.48	8.69
Supplier product management	4.18	4.45	8.63

6.1 Kingdee Products

The quality products offered by Kingdee to its customers are the main source of the corporate value, helping the achievement of “To Become the Most Reliable Enterprise Service Platform”

6.1.1 Product Value

- Kingdee Cloud: the first brand in China's SaaS enterprise application software market (source: IDC); and the largest enterprise Cloud service partner of Amazon Web Service (AWS) in China

Kingdee Cloud helps enterprises establish a shared Cloud platform with such new features as connectivity, integration, sharing and intelligence, leading enterprises in reforming their management model and creating corporate value.

Main business scenarios:

- Financial Cloud: accounting system with dynamic extension; centralized management and control of finance by multiple organizations; intelligent bookkeeping management platform; and internationalization of accounting management
- Manufacturing Cloud: collaborative production by multiple factories and organizations; configuration of diversified corporate demands; transparent production and implementation; and refined cost control
- Supply Chain Cloud: cloud processing center of corporate business; flexible and open multi-organization system business; perfect coordination of industrial chain; multi-level management control
- Mobile Office Cloud: comprehensive connection between employees and service providers; full coverage of mobile office services; seamless connection to ERP systems; AI processing
- Omni-channel Cloud: collaborative bridge between enterprises and customers; benefit management mechanism of the entire network; global connection handling capability; on-demand adjustment and preparation

Product Story 1:

"HUAWEI" HUAWEI is the world's leading ICT (Information and Communication Technology) infrastructure and intelligent terminal provider, which is dedicated to bringing the digital world into everyone, every family, every organization, and building the intelligent world interconnecting all things. Kingdee Cloud, together with HUAWEI, helped HUAWEI's consumer terminal business group offline stores and reconstructed the excellent user-oriented experience.

- Whole process monitoring of product sales

Mobile phone, tablet, computer, watch and so on were switched to POS system sales, and the volume of goods delivery on logistics platform and real-time sales of experience store POS system are readily accessible.

- Storefront real-time sales data record

Store managers and FM could view the real-time purchase-sale-stock data on the Kingdee Cloud platform, and grasp all purchase-sale-stock trends.

- The storefront sales efficiency has been greatly improved

It replaced manually ordering by printed receipts, which increased the efficiency of ordering and electronically archived the receipts. The launch of mobile POS let customers do not need to queue up to pay the bills, and they could pay everywhere.

- High integration with WMS

It realized the integration of delivery from channels and receiving in stores, the automatic matching of goods delivery data, and the result confirmation of goods receiving. It realized the real-time transmission of data, and more timely, accurate and efficient delivery.

- Consumer satisfaction collection

The real-time collection and analysis of customer satisfaction and employee satisfaction made the service more accurate and effective, which effectively improved the service quality of shop assistants and consumer satisfaction.

Kingdee Cloud "HUAWEI" completed:

- Mobile terminal UE development in 30 days
- 200+ stores online in a week
- 4700 messages of customer experience feedback in the National Day Golden Week
- 10000+ daily average store trading volume

"Kingdee has been moving fast and resolutely in transition to the cloud, thus bringing about the rapid development in these two years. It is also the transition of Kingdee to the cloud that made it possible for HUAWEI to quickly use Kingdee Cloud in retail and provide services to HUAWEI's customers quickly." - Xu Zhijun, HUAWEI's rotating CEO.

Product Story 2:

As a well-known O2O e-commerce cake brand in China, Bliss Cake always adheres to "100% fresh made". So far, it has offered distribution services in 64 cities and attracted 397 million users. By virtue of supply chain and visualized user analysis, Bliss Cake boasts the ability to achieve cold-chain delivery in two hours throughout the country.

With Kingdee Cloud, Bliss Cake optimized its supply chain management and improved its efficiency dramatically:

- Accurate and high-efficient logistics

Kingdee Cloud assists Bliss Cake in keeping up with the ingredients required every day so that raw materials will never be left overnight. Online application for pick-up and follow-up are achieved in all offline stores, online shopping malls and distribution centers. Relying on the order platform which adopts unified query management, employees can receive the materials needed for the day

the next morning.

- Smooth and convenient collaboration

Kingdee Cloud enables the entire supply chain management to keep abreast of the situation and make allocation in a timely manner. The distributed allocation from the general warehouse to sub-warehouses is a one-step process, with no need for second entry. All the details of goods are at our fingertips even if they are on the way. It realizes smooth collaboration and easy operation at the same time.

- Assured quality

With Kingdee Cloud, Bliss Cake ensures the quality of the food offered by its nationwide partners through comparison and analysis of supply chain standardization. By analyzing data, how much flour, eggs and fruits are needed for every 100 cakes can be estimated accurately. The system will give us a timely warning when the logistics information does not conform to the estimated result.

- Continuous innovation

Kingdee Cloud frees Bliss Cake's employees from massive documents. By generating analysis reports, it helps employees solve problems that are barely found in daily work and enables them to find inspiration from grass-roots work and make innovations and reformation.

- Popularity-driven sales

Relying on Kingdee Cloud Hub, Bliss Cake connects to the WeChat BBS and creates a "Bliss Fan Club" where Bliss Cake has in-depth interaction with its fans in multiple ways, increases the loyalty of fans and promotes online sales. While having in-depth communication with users, it understands users' actual demands clearly and plans its future business development direction accurately.

With Kingdee Cloud, Bliss Cake managed to:

- Process more than 15,000 orders per day;
- Reduce the work load of accountant by half;
- Quicken the approval for business procedures by 50 times
- Accelerate the generation of financial statements by 100 times

"Relying on Kingdee Cloud, we may establish a high-end Bliss Cake integrating offline supply chain, distribution center, online shopping mall and community with massive data. By breaking through the bottleneck of O2O management transformation and realizing high-efficient operation, Bliss Cake is able to achieve zero-inventory production and two-hour distribution, surprising every fan based on their preferences. Together with Kingdee Cloud, we are sending not only cakes but bliss." --Yuan Huohong, CEO of Shenzhen Bliss Mall Technology Corporation

Product Story 3:

HBIS New Material possesses four major production bases, i.e. HBIS New Material (headquarters), Qingdao HBIS Composite Material, Hefei HBIS New Material and Hangang Color-coated Sheet, and 6 high-end customized coated plate production lines, with a comprehensive production capacity of 500,000 tons. Rooted in users, we integrate technology, arts and fashion into products and walk into your life. Combining the advanced concepts and good genes of HBIS Group Co., Ltd. and Haier Group, taking “Creating colorful dreams for a good life” as vision, and “Become a global leader in coated plate industry” as mission, it recognizes its own fallibility, make a disruptive innovation “to provide users with the best coated plate solutions”.

Kingdee Cloud helps HBIS New Material to reconstruct the “intelligent manufacturing + Ren Dan He He Yi”C2M, and achieve a comprehensive digital management and operation system:

- Intelligent production management

Integrate the full-process QR code technology into the manufacturing process, and connect employees, materials, suppliers and all relevant resources through QR codes, transforming from traditional manufacturing era to the Internet-of-things era, realizing a high efficiency and zero error;

Formerly, it takes 90 minutes to send out goods once, and 2 days to check inventory once, and the overdue inventory reaches 1,000 tons. Now, we precisely locate the materials through QR code, quickly sending out goods and reducing the time of goods delivery to 30 minutes once. The inventory verification can automatically figure out the difference and reduce the time of inventory verification to 1 hour. The QR code controls the first input and first output, and reduces the overdue inventory to 100 tons;

- Mobile management and operation

Mobile management communication: communication, interaction, task arrangement, and work collaboration, etc.

Mobile budget adjustment management, quality objection management, and process approval;

Mobile peripheral systems like integrated E-mail and OA;

- Digital managerial decision-making

Combine operating management and Big Data to improve the efficiency of visualized analysis and risk aversion;

Provide strategic Big Data basis to ensure the reliability of decision support and action guide;

- Supplier Collaboration

The supplier collaboration is applied to achieve interconnection with the upstream of industry chain, being highly integrated into the supply chain, reducing the supply cost and improving the sensitivity;

- Comprehensive Reimbursement

An expense budget reimbursement control system is built which supports nearly 1000 reimbursements of the company every month. At the same time, the integration of budget, reimbursement, accounting and online bank payment doubles the efficiency from reimbursement to payment;

- QR code Internet-of-Things connection

Integrate the full-process QR code technology into the manufacturing process, and connect employees, materials, suppliers and all relevant resources through QR codes, transforming from traditional manufacturing era to the Internet-of-things era, realizing a high efficiency, zero error and inventory age control;

- Lean Cost Management

The concept of lean cost management is adopted to ensure a clear cost accounting, and quickly find the cost control points, improve and reduce the cost ;

Kingdee Cloud helps HBIS New Material to:

- Reduce the inventory by 10%
- Reduce the material preparation time by 67%
- Integrate the data of 30+ system cloud terminals
- Extend 16 interface connections
- Support 3,000,000 labels
- Check and approve 10,000 reimbursement records

“We adopt Kingdee Cloud to build a comprehensive and flexible supply chain platform, and achieve Amoeba-type operation results with high efficiency, transparency and profit through precise data statistics!” - Liu Lianmin, Chairman of HBIS New Material

- Jingdou Cloud: one-stop operation and management Cloud services for small and micro enterprises

Service Type:

- Jingdou Cloud V5: a new retail solution for the new generation of Cloud
- Cloud Accounting: a professional financial management tool for small and micro enterprises offering big data-based benchmarking and diagnosis
- Cloud Reimbursement: a cost manager for small and micro enterprises offering mobile management of the whole process
- Bookkeeping Agent Manager V4.0: an integrated management platform specially designed for bookkeeping agents
- Cloud PSI: an one-stop business management tool for small and micro enterprises handling purchase, sales, inventory, receivables and payables professionally and comprehensively
- Cloud Finance & Trade: an integrated management tool for small and micro enterprises offering high-efficient integration of finance and business as well as data sharing among multiple departments
- Jingdou Cloud APP: an APP dealing with business management and mobile office

Customer Story:

Since its inception in 1933 as a bakkwa company in Singapore, BEE CHENG HIANG ("BCH") has become Asia's leading food company with more than 70 outlets in seven countries and regions (including Singapore, Malaysia, China, Hong Kong, Taiwan, Indonesia and the Philippines).

BCH is a typical food chain company with multiple stores, warehouses and branches. So it is difficult to summarize daily sales data, and accountants are always busy with account checking at the end of each month. Previously, they used the installation version of financial accounting software. Since the distance between warehouse and office is relatively far, the remote control system is often disconnected and the maintenance cost is very high. Furthermore, the data cannot be synchronized in real time while the workload of accountants is exceptionally high.

By using Jingdou Cloud's services, BCH is freed from installation, maintenance and upgrading of a professional server according to its business scenarios and management needs, and thus reduces its total operating cost dramatically. After billing for purchase, sales and inventory, the accounting system can extract the documents regarding purchase, sales and inventory directly and generate relevant accounting vouchers by a click. It helps financial staff reduce their workload in re-entering vouchers and improves the accounting efficiency. With a mobile phone only, the manager can check financial and business data as well as the operation of each store. Income, cost, expenditure and profit are clear at a glance, while the internal management analysis report can be generated quickly and accurately at any time. Keeping abreast of the inventory and the popularity of each product through sales ranking, BCH is able to allocate top-selling goods in a timely manner, enhance the promotion of slow-selling goods, and improve the store sales effectively.

"It is extremely inconvenient to check data when I use the installation version previously. But now with Jingdou Cloud, I can check daily revenue, incomings, arrears and other data easily on a mobile phone. Even if I am on a business trip, I can keep abreast of the company's operation. Jingdou Cloud makes me assured." – Feedback from BCH

- Cloud Hub: the first mobile office software for large and medium-sized enterprises in China according to IDC

Product scenarios:

<p>CFO daily schedule:</p> <ul style="list-style-type: none"> - 8: 00 review and approval - 9: 00 fiscal policy publishing - 10: 00 internal control preview - 14: 00 contract reviewing - 17: 00 portable accounts receivables processing - 18: 00 paperworks
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Sales managers and salesmen schedule		
	Sales managers	Salesmen
8: 00	Tasks assignment	Sign up
9: 30	Contracted expenses approval	Expenses reimbursement
11: 00	Operational analysis	Customer visits
12: 00	Meeting on supply and demand	Strategy follow-up
15: 00	Sales strategy deliver	Inventory check
16: 00	Payments tracking	Orders placing
17: 00	Sales reviewing	Sales status review
18: 00	Incentive planning	Daily summary

6.1.2 Scientific Research and Innovation

- Scientific research and innovation achievements

Scientific research and innovation drive Kingdee's continuous development of its own products. In 2017, Kingdee Research Institute has launched some key research and innovation projects as follows:

"Robot Little K": "Little K" is a financial robot launched by Kingdee. With the latest technologies of artificial intelligence such as image recognition, speech recognition, LBS, semantic analysis, rules and process engine and machine deep learning, etc., it can provide companies with multi-scenario and all-round intelligent financial services.

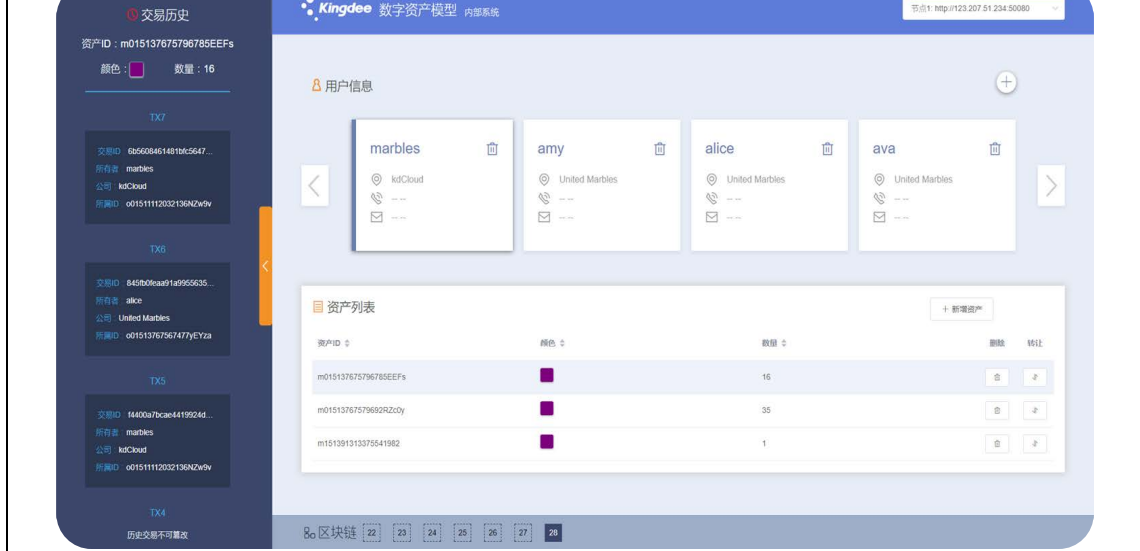


AI Image Recognition: The Cloud Accounting of Jingdou Cloud reduces the manual operations of users during the bookkeeping process by recognizing invoices automatically, and thus realizes intelligent bookkeeping by the following functions:

- Invoice recognition by Invoice Cloud: It supports second intelligent recognition of national value-added tax invoices and generates electronic invoices after recognition. Users can scan the barcode or take a photo through their mobile clients to verify the authenticity of these invoices, and the scanning accuracy reaches 92.6%.
- Invoice verification by Invoice Cloud: It supports real-time verification of national value-added tax invoices, assists in judging the authenticity of invoices and achieves verification in a second. The single-user response time is 2.4s, with the pass rate of 100%.
- AI Voice Broadcast: It specializes in reading out messages or news via voice. As it is equipped with multiple announcers of different genders, different ages and different tones, users can select voices with different speech rates and different emotional expressions according to their needs. With concise interface and simple operation, it adds a "mouth" to your news and enables

your application to speak, making your life more creative.

- Kingdee Blockchain: As a bookkeeping technology originally, blockchain now becomes a disruptive technology that could replace third parties to deconstruct business process and bring about a new business model. The blockchain network is also a special form of "Cloud platform".



6.2 Excellent Service

While making quality products, Kingdee keeps attaching importance to user experience. By improving our own customer service policies continuously, controlling service quality and information security strictly, and unblocking the communication channel with users, we build the most reliable enterprise service platform for more than 6.8 million enterprises and more than 80 million users worldwide with the mission to “serve enterprises whole-heartedly”.

6.2.1 Customer Service Management

Kingdee has developed a series of internal policies to manage customer service, including standards for telemarketing and distributor service. In terms of telemarketing, Kingdee and its subsidiaries have established Management Measures for Telemarketing by the Headquarters' Marketing Department, Work Manual for Hotline (4008-830-830) Operators of Kingdee Software (China) Co., Ltd. and other systems, which standardized the telemarketing process and process behavior management, unified sales process and process management, and implemented the Company's sales system in an efficient, standardized and orderly manner.

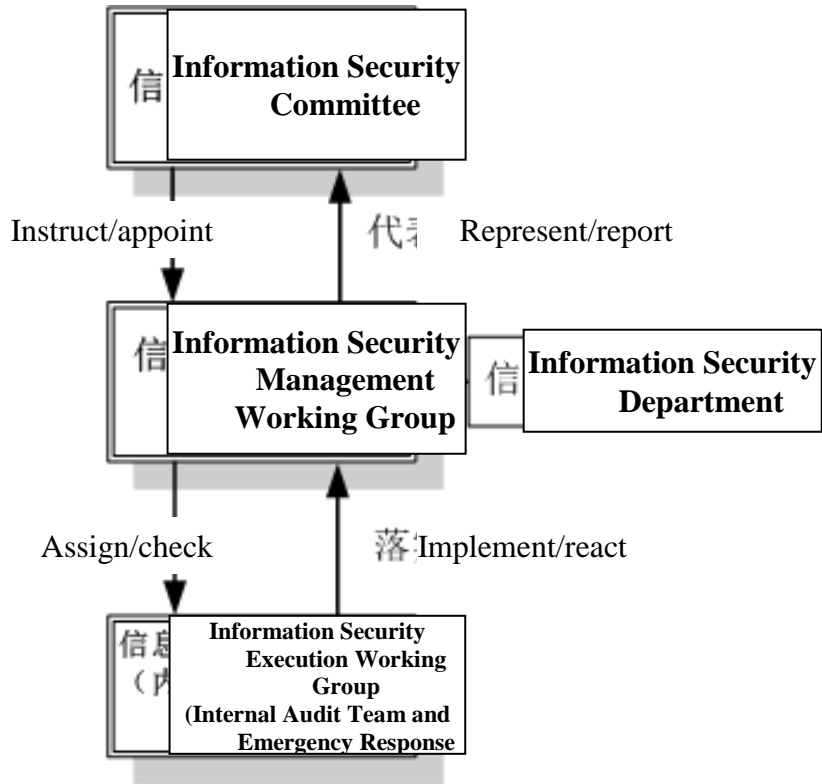
As for the services of distributor partners, Kingdee has established Kingdee Service Code of Conduct to manage the etiquette and behavior of distributor partners' employees when they communicate with customers. The Kingdee Service Code of Conduct standardizes distributor partners' etiquette, service terms, calling behavior, on-site behavior and repair behavior in the process of offering customer service, and proposes the “high-voltage line for behavior”: it is strictly prohibited to provide customers with services in the name of an individual and charge money or objects, it is strictly forbidden to ask for goods or cash from customers, and distributor partners are required to make customers experience quality services during communication, enhance customer satisfaction, and improve the images of both Kingdee and its partners.

6.2.2 User Information Security

Kingdee pays attention to the compliance of product safety and protection of customers' privacy and data all the time, and complies with the legal provisions on personal information protection in the Constitution, General Principles of The Civil Law and Tort Law to assure customers' privacy, protect trade secrets and safeguard customers' interests.

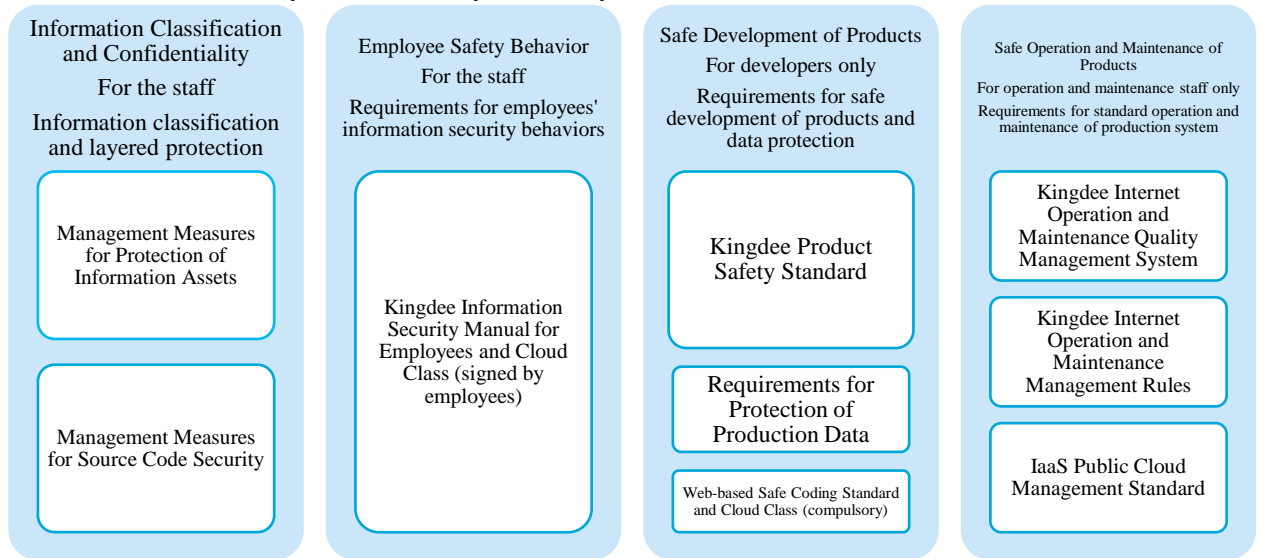
The Company has established the Kingdee Business Code of Conduct, which sets out requirements for employees' responsibilities for "information security and trade secrets". To protect customers' and third parties' information, employees are required to use customers' or third parties' information that is protected or authorized by law to the extent of authorization and request, and not to ventilate, disseminate, use or disclose customers' or third parties' information by other means without the Company's approval and the authorization of customers concerned. As for the safe use of network systems, employees are required not to visit websites that contain anti-government, pornographic, gambling, violent, insulting and defamatory content, spread rumors or have conflicts with the Company's values and business interests through the Company's network system.

- Information Security Organizational Structure The Company has established a three-tier information security organizational structure, including decision-making level, management level and executive level, and promote the Company's information security based on this three-tier information security organizational structure.
 - Information Security Committee (decision-making level): with CEO serving as the director and the management and leaders of various business divisions as committee members
 - Information Security Management Working Group (management level): with representatives of various business divisions and the Information Security Department as the standing executive body
 - Information Security Execution Working Group (executive level): with employees from various organizations and departments as part-time information security administrators taking responsibility for the promotion and implementation of regular work regarding information security.

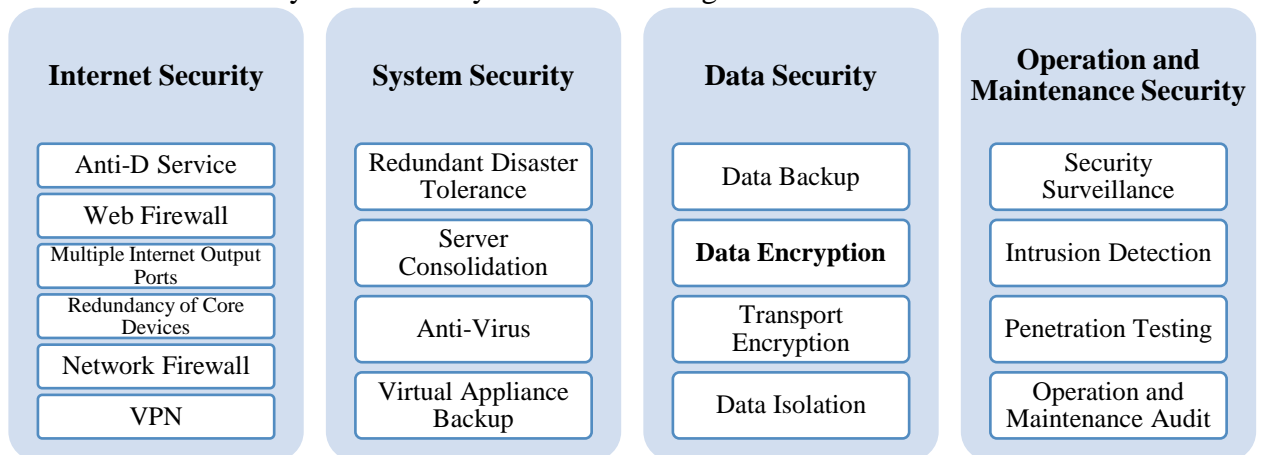


- **Cloud Service Security Assurance System** :As the leading enterprise SaaS (software-as-a-service) application in China, Kingdee Cloud services possess such key attributes as confidentiality, completeness and availability. In order to ensure user data security and business continuity, Kingdee is striving to establish a prevention-oriented Cloud service security assurance system integrating technologies and management with layered defense, including Cloud security governance system and Cloud security technical system. The establishment of this system adopts advanced Internet security technologies with reference to ISO 27001, an international information security management standard, and CSA's Security Guidance for Critical Areas of Focus in Cloud Computing, and complies with national information system security standards at national level.

Cloud Service Security Assurance System – Systems:



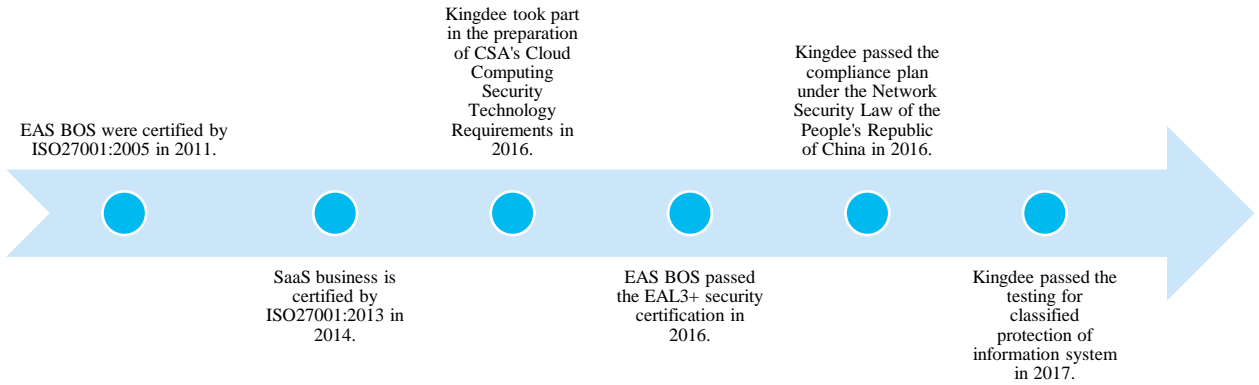
Cloud Service Security Assurance System – Technologies:



By preliminary establishment of an information security system with information security organization as the drive, systems as the basis and technologies as the guarantee, we will keep improving our ability to assure information security in such aspects as compliance, user privacy and data, business application, basic structure, disaster recovery and business continuity, organization and employees as well as management standards and procedures, provide customers with assurance of Cloud service security based on governance system and technical system, and offer users safe, reliable and sustainable enterprise Cloud services.

- Information Security Certifications

Kingdee's information security certifications



With its SaaS Cloud service certified by ISO/IEC27001:2013, a standard for information security management systems, in 2015, Kingdee has become the first SaaS Cloud service provider certified by ISO27001.



Kingdee was granted China Corporate Member by Cloud Security Alliance in 2016 as the only SAAS firm in China, and took part in the preparation of China's Cloud Computing Security Technology Requirements, making a contribution to the entire SaaS Cloud service industry in terms of security.



In 2017, Kingdee's Cloud Hub passed the testing for classified protection of information as required by the Network Security Law of the People's Republic of China and acquired Level 3 certification.



[Case] Kingdee's My Cloud takes the lead in passing ISO 27001 certification, establishing a new benchmark for property information security.

In 2017, Kingdee's My Cloud was certified by ISO27001, a standard for information security management systems audited by British Standards Institution (BSI), an international audit authority, and became the first property SaaS Cloud service provider certificated by the new version of ISO27001:2013 in China. Being certified by ISO27001, Kingdee's My Cloud not only reflects its big concerns and service commitments to customers' information security, but indicates its capacity for customer data security and service availability.

Kingdee's My Cloud is a new generation of property SaaS Cloud service platform. In compliance with ISO/IEC 27001, we have established an information security management system applying to My Cloud's SaaS Cloud services, reduced the information security risks and eliminated customers' concerns in the use of My Cloud's SaaS Cloud services. Kingdee's My Cloud will continue to put itself under the supervision of BSI and customers, keep improving its information security management system and management level, and provide customers with safe, reliable and sustainable property SaaS Cloud services.

6.2.3 Communication and Complaint Handling

Kingdee attaches great importance to the establishment of user communication channel and complaint handling, which are taken as the important base for understanding of customer needs and operation improvement. We submit the complaint analysis report to the management and various responsible units on a monthly basis, and take the results as reference to further optimize customer experience and service standards.

Kingdee has set up sales hotlines, service hotlines, complaint hotlines, Kingdee Community, online service centers, suggestion boxes and other channels for communication with customers. If customers have opinions on Kingdee's implementation service or software development service, the implementation departments will communicate with customers to tackle relevant problems.

In 2017, Kingdee has dealt with the total traffic of 475,300 through its customer service hotline and 5,396 complaints, where the number of complaints made by complaint hotline, e-mail, official letter, Weibo and President Mailbox are 5,321, 58, 5, 10 and 2 respectively.

Customer Complaints

Complaint Hotline	数量
Complaint E-mail	5321
Official Letter	58
Weibo	5
President Mailbox	10
Total	2
Complaint Hotline	5396

- Systematic complaint management

With regard to the standardization of customer complaint procedure, we have established Kingdee Management Measures for Customer Complaints to assure the quality of customer service, standardize the Group's customer complaint procedure, and clarify the responsibilities and duties to be assumed by relevant departments and employees from the headquarters and various units and authorities in charge of operation during the handling of customer complaints. So far, the Company has achieved the systematic management of customer complaint management system, while various operation units could check the complaint analysis and details from various types through KSM CENTER.

In accordance with the impact and seriousness, we classify complaints into two grades: important complaints and general complaints; based on the contents, the complaints can be classified into six types: product management, sales management, delivery management, service management, business practices and comprehensive issues.

We have divided the customer complaint handling procedure into five phases: acceptance, handling, closure and follow-up, management improvement and punishment. The complaints made by customers via telephone, e-mail, website or other channels are entered in the KSM CENTER completely and assigned to the person taking first responsibility for complaint handling from relevant responsible unit based on the types of customer and complaint. The person taking first responsibility for complaint handling should designate a handler within two hours upon receipt of a complaint, and the handler should make a response within four hours upon receipt of the complaint. After solving a customer's issue or having the solution approved the customer, the complaint handler will report the final result to the complaint supervisor and enter it in the KSM CENTER. The complaint supervisor will call the customer back based on the final result and confirm whether the customer is satisfied with the result.

- Customer Service Cloud Platform

In 2017, Kingdee adhered to the Cloud service strategy, quicken the establishment of Cloud customer service projects and built a Cloud platform for customer service. Cloud customer service focuses on the following three objectives:

- To establish a direct service channel for product and mobile clients by instant messaging (IM), and provide customers with intelligent knowledge base and real-time online service;
- To build an one-stop service platform for unified acceptance and handling of all service requests, and try to solve customers' problems once and for all;
- To interact with customers throughout the service, record all the services offered and make them transparent to customers.

After establishment and operation for more than one year, the percentage of online customer service increased month by month, from less than 1% at the beginning of 2017 to 24% as of December, 2017. For some products such as K/3 Cloud, it has reached 50%. Kingdee will continue to focus on the connection with Kingdee Cloud's users and strive for smarter and more efficient Cloud customer service as well as constant improvement in user experience.

6.3 Multi-win Cooperation

In addition to its own steady development, Kingdee have maintained in-depth communication and cooperation with local governments, partners, peers, colleges and institutions, including supporting the construction of information-based governments, taking an active part in industry communication and exploring the opportunity for industry innovation. For such partners as suppliers and distributors, Kingdee proposed to create a corporate community of common fate, achieved "extensive consultation, joint contribution and shared benefits", and assisted partners in Cloud transformation and worked with partners to "move towards the greatness".

6.3.1 Support the Informationization of Government Affairs

As a part of the national infrastructure software industry, Kingdee Tianyan, a subsidiary of Kingdee, has provided several government departments and relevant authorities such as the extranet of NPC government affairs, Supreme People's Court, national solid waste system of the Ministry of Environmental Protection and central regulatory information platform of China Securities Regulatory Commission with independently-developed and reliable software infrastructure and service. In recent years, under the general circumstance governed by endless new concepts such as "Smart City", "Government Big Data" and "Government Cloud Service", Kingdee Tianyan made an active response to the national policies on big data, "Internet+" and "information-based government" and took part in the construction of information-based government and smart city.

As of December 31, 2017, Kingdee Tianyan has completed the construction of such government data integration projects as Information Sharing and Exchange Platform of the Organization Department of the CPC Central Committee, Government-Enterprise Service Platform of Suzhou Industrial Park, Government Information and Data Exchange Platform of Shenyang and Hunan Provincial Extranet, assisted in the innovation of government services, optimization of business procedure and improvement in service quality, which benefited enterprises and the people, provided digital infrastructure through the Ministry of Agriculture, helped with the sharing of and access to department data and resources, promoted development and implementation of big data in agriculture, established a judicial Cloud service model with "Internet+ public legal services" based on the mobile law-governed map, and offered quality, convenient, affordable and impartial public legal services to make business adapt to demands.

In the future, Kingdee Tianyan will continue to help with the innovation and digitalized transformation of government affairs and better implement the national strategies regarding

information, big data and "Internet+" through a series of information-based government construction projects.

6.3.2 Create Value together with the Industry

In 2017, Kingdee promoted industry exchange actively, enhanced strategic cooperation with the external, explored such hot issues of the industry as Cloud service and digitalized transformation, brought more opportunities for the industry by breaking trade barriers, created value with the industry and contributed to the sustainable development of the industry in many ways.

- Promote industry cooperation and communication

In 2017, Kingdee took an active part in all kinds of industry forums at home and abroad with an innovative, responsible and positive corporate image. By striving for a multilateral communication platform, Kingdee kept abreast of the industry trends and realized information sharing.

[Case] Redefinition of ERP: Kingdee attends the Summit Forum of Enterprise Digitalized Transformation with Cloud ERP.

On March 22, 2017, the "Summit Forum of Enterprise Digitalized Transformation with Cloud ERP" was held in Canton Tower, with a number of industry experts such as Rong Yongkang, Vice President of Amazon Global, Sun Yanfei, President of Kingdee China and Zhang Hong, General Manager of EHANG attending, and attracted hundreds of entrepreneurs.

During the forum, Sun Yanfei from Kingdee proposed the "redefinition of ERP". He believed that with the deepening of our supply-side reform and the arrival of IoT era and digital economy era, ERP is ready for upgrading. As a pioneer and leader in the sector of enterprise Cloud service, Kingdee Cloud ERP will enrich and perfect its Cloud enterprise services and provide enterprises with better information-based services

[Case] Xu Shaochun, the Chairman of Kingdee, concludes that Cloud service betters the society in the IT Leadership Summit.

On April 2, 2017, Xu Shaochun, Founder of Kingdee Group, Zhang Chen, CTO of JD Group, Zhang Wenlin, President of Huawei Strategic Department, Huo Jinjie, President of IDC China and other business giants attended the forum with the theme of "Enterprise Cloud Computing and Digitalized Transformation" under the China (Shenzhen) IT Leadership Summit, to discuss the way of Chinese enterprises to realize digitalized transformation under the trend of Cloud service.

As an annual "bellwether" feast of the IT industry, China (Shenzhen) IT Leadership Summit has been held for nine times. Deng Zhonghan, Executive Director of Digital China, Liu Zihong, Chairman of Royole, Wang Guobin, General Manager of tubatu.com and Chen Xiangyu, Founder of iDreamSky, have attended the forum, too.



[Case] "Cloud-based Service -- Introduction to Intelligent Manufacturing of CCRC Zhuzhou Locomotive" Forum: Kingdee gives support to Made in China 2025.

On March 25, 2017, the "Cloud-based Service -- Introduction to Intelligent Manufacturing of CCRC Zhuzhou Locomotive" Forum organized by Kingdee was rounded off in Zhuzhou, Hunan. More than 70 senior executives of the manufacturing industry across the country gathered together to discuss the management transformation of CCRC Zhuzhou Locomotive and have an all-round and multi-angle understanding of the management and operation models adopted by China's leading equipment manufacturer.

The forum takes the reform of the "Internet+" era, the change in operation and management models from Consumer Internet to the later period of Industry Internet, as the background for discussion. Last year, the Internet+ strategy was upgraded to national level, boosting the mutual integration of traditional enterprises and existing Internet enterprises as well as introducing the change in emerging business and management models to traditional enterprises.

Upon the arrival of "Industry 4.0", Kingdee EAS will accelerate the integration of physical and virtual worlds, assisted Chinese manufacturing enterprises in transformation, boosted the transformation and upgrading of Chinese manufacturing industry, and initiated Made in China 2025.

[Case] Together with China Center for Information Industry Development, Kingdee initiates the Cloud Service Alliance of China.

On June 29, 2017, the China Cloud Service Development Forum and the Inaugural Meeting of China Cloud Service Alliance hosted by China Center for Information Industry Development and China Cloud Service Alliance was held in Beijing. As the sub-forum of the 21st Software Product Expo, it has attracted about 200 government leaders and industry experts. Together with China Center for Information Industry Development, Kingdee witnessed the establishment of China Cloud Service Alliance (hereinafter referred to as "the Alliance"), where China Center for Information Industry Development serves as President Unit and ten enterprises including Kingdee, Alibaba Cloud, Tencent, JD Cloud serve as the Vice President Units.

The Cloud service concept advocated by Kingdee is quite consistent with that of the Alliance. In the future, the Alliance will take serving the industry as well as promoting innovation, application and business development as its purposes, integrate such industry resources as technologies, funds and talents, explore the way to develop industrialized Cloud services with enterprises as the subject and funds as the engine by integrating various resources completely, and lead the Chinese brand of Cloud service in going global.

- Help with the preparation of industrial standards

Kingdee had the honor to take part in the preparation of industry standards for Cloud computing security and domestic middleware, making a contribution to the industry's sustainable development.

Kingdee was granted China Corporate Member by Cloud Security Alliance in 2016, and took part in the preparation of China's Cloud Computing Security Technology Requirements, making a contribution to the entire SaaS Cloud service industry in terms of security. Kingdee Tianyan, a subsidiary of Kingdee, takes promoting the innovation and development of China's infrastructure software industry as its responsibility and serves the national information security strategy. In terms of advancing the industry, Kingdee Tianyan took an active part in the preparation of standards for domestic middleware, study on core technologies, transition of core technologies to products and industrialization of core technologies. It has participated in the formulation of the following industry technical standards:

S/N	Standard Code	Standard Name	Published by
1	GB/T 31915-2015	Information Technology - Elastic Computing Application Interface	General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of

			China and Standardization Administration of the People's Republic of China
2	GB/T 29263-2012	Information Technology - General Technical Requirement of SOA-based Application	General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China and Standardization Administration of the People's Republic of China
3	GB/T 29262-2012	Information Technology - Service-Oriented Architecture (SOA) Terminology	General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China and Standardization Administration of the People's Republic of China
4	GB/T 28168-2011	Information Technology – Specification for Message-oriented Middleware	General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China and Standardization Administration of the People's Republic of China
5	GB/T 26327-2010	Implementation Guide for Enterprise Informationization System Integration	General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China and Standardization Administration of the People's Republic of China

- Grasp the opportunity for strategic cooperation

In 2017, Kingdee has established strategic partnership with many partners, grasped the opportunity for strategic cooperation, and made solid progress in technical communication of the industry, innovation of business models and support to industry transformation. This year, Kingdee continued to have in-depth cooperation with AWS in technologies, talents and international market, worked with Advantech to plan the intelligent manufacturing-based IoT, and took the lead in making exemplary progress of the "Internet + Finance" model with WeBank.

[Case] The Second Anniversary Meeting of Strategic Cooperation between Kingdee and AWS China is rounded off.

On April 18, 2017, the Second Anniversary Meeting of Strategic Cooperation between Kingdee and Amazon Connect Technology Services (Beijing) Co., Ltd. ("AWS China") was held in

Shenzhen. Many industry elites, including Sun Yanfei, President of Kingdee China, Zhang Haijun, General Manager of Kingdee China Cloud ERP Business Division and Rong Yongkang, Vice President of Amazon Global, have attended the meeting.

At the meeting, Kingdee and AWS China reviewed their cooperation in the past two years and expressed their desire for in-depth cooperation in such aspects as technologies, talents and international market in the future.

[Case] Kingdee and WeBank reach a strategic cooperation.

On March 16, 2017, Kingdee Software (China) Co., Ltd. and Shenzhen Qianhai WeBank have concluded a strategic cooperation agreement for mutual exploration of such innovative services as consolidated payment, corporate member and wallet system.

Relying on the complementary advantages of technologies and recourses, the superiority of WeBank in payment and data finance, and Kingdee's rich experience in Cloud service and big data, Kingdee and WeBank provide general corporate users with an one-stop and on-demand enterprise management Cloud service system. By win-win cooperation, Kingdee and WeBank have facilitated the construction of a national big data center for enterprises and a strong ecosystem for enterprise Internet, taking the lead in making exemplary progress of the "Internet + Finance" model.

[Case] Relying on the in-depth cooperation with Advantech, Kingdee plans the intelligent manufacturing-based IoT actively.

On April, 13, 2017, Kingdee Group and Advantech have concluded a strategic cooperation agreement in Shenzhen for provision of "intelligent manufacturing" and "smart factory" solutions under the framework of "Industry 4.0" with "software + hardware" and "ERP + IoT", aiming to help with the transformation of China's traditional manufacturing industry, upgrading and improvement of enterprises from "manufacturing" to "intelligent manufacturing" and Made in China 2025.

In the future, combining with the pilot and demonstration projects for integrated development of manufacturing and Internet organized and implemented by the Ministry of Industry and Information Technology, Kingdee and Advantech will enhance new momentum for the manufacturing industry's transformation and upgrading with a focus on industry Cloud, industry big data, industry e-commerce, cyber physical systems and the like. Kingdee possesses complete technical superiority in information-based management, industrial big data and industry Cloud, while Advantech has leading advantages in industrial automation, connection of smart factories' equipment to network, SCADA (supervisory control and data acquisition) and other aspects regarding the intelligent system of the industrial IoT. Through win-win, in-depth and complete strategic cooperation, these two companies may provide leading solutions for in-depth integration of manufacturing and Internet and assist the manufacturing of China in accelerating its transformation and upgrading.



6.3.3 Create a Partner Community

Kingdee's sustainable development is inseparable from the support of its value chain partners.

Kingdee looks forward to long-term and stable partnership with distributors and suppliers so as to implement and improve corrective actions, promote partners' upgrading and ultimately achieve win-win cooperation and brilliance by establishing a standard management mechanism.

- Vendor Management

Regarding suppliers as key business partners, Kingdee wishes to establish a long-term stable supply chain through mutual cooperation. Kingdee has formulated an array of internal procedures on tendering, purchases and vendor management in order to manage the supply chain. All suppliers of Kingdee are required to comply with relevant ordinances.

Kingdee has formulated Rules on Tendering Management of the Group to standardize the Company's tendering management, promote fair competition and protect its rights and interests. Engagements of the Purchase Department, Demand Department, Audit Department and Legal Department are necessary for the Group's tendering. In the official cooperation with suppliers, the Purchase Department of the Group will evaluate suppliers. For the purpose of monitoring the compliance of suppliers, the scope and frequency of audit takes into account relevant management system of the Purchase Department. As such, the Audit Department might arrange second party audit on suppliers or engage independent parties to conduct third-party audit on the same according to the audit work plan.

In addition, the Rules on Vendor Management of the Group aims to reduce the total cost of merchandise (including service) procurement, assure the quality of merchandises, lower the risk of supply and achieve centralized vendor management. Accordingly, we require all suppliers to sign the "anti-bribery agreement" and "non-disclosure agreement", which safeguard the long-term close cooperation and lawful interests between the parties.

The Number of Kingdee's Suppliers by Region	
Region	Number of Suppliers
China	412
Overseas	1

- Distributor Management

Kingdee ranked the first among small and micro enterprises in terms of market share for twelve consecutive years and made outstanding achievements in the Cloud service market. All of these achievements are inseparable from the support of its distributor partners. As at 31 December, 2017, Kingdee had 50 branches mainly engaging in marketing and service and had approximately over 2,000 cooperation partners providing consultation, technical support, implementation services and distribution.

Kingdee and its subsidiaries have formulated several rules and regulations to standardize its distributor management and advance the support of distributors, including Ruling and Handling Procedures for Conflicts among Kingdee's Chinese Partners, Management Measures for Assets of Kingdee KIS Customers, Management System for Business Opportunities of Kingdee KIS and Franchise and Management Measures for Product Marketing Partners of Kingdee KIS 2017. With reference to different business types, the partners (which signed the Kingdee Distribution Partner Agreements with Kingdee and thus were officially authorized to carry on operations) can be classified as product marketing partners and value-added service providers. We provide

partners with support in terms of management, training, marketing and services with an aim to seek for mutual development and win-win cooperation of Kingdee and its partners.

In 2017, Kingdee continued to organize four training sessions under the Business School for EAS Partners in East China, North China, South China and Midwest China with 150 partners involved, to improve its partners' operating capacity.



As Cloud service is developed into a general trend, Kingdee will assist its partners in accelerating their Cloud transformation. With Kingdee Cloud, Kingdee's partners will achieve bigger value and turnover. Furthermore, Kingdee will create a community for Kingdee and its partners, offer continuous support and training to its partners' talent building, enhance partners' distribution management, grow together with its partners and facilitate the construction of a corporate community of common fate.

<p>[Case] Kingdee Channel Partner Conference 2017</p> <p>On February 20 and 21, 2017, Kingdee Channel Partner Conference 2017 (hereinafter referred to as "the Conference") was held in Ningbo, Zhejiang, with more than 400 partners attending.</p> <p>In order to achieve mutual transformation with partners and promote the Cloud service market, Kingdee further proposed that it would accelerate the formation of the closed loop in O2O business model and realized complementary advantages with its partners by making an unremitting effort to optimize Cloud products, enhance the brand influence, support and develop key partners of Cloud products, focus on partners' talent building and promote Cloud-based distribution management.</p>

7 Talents

As a knowledge-driven enterprise, Kingdee has always taken its excellent talent team as an important driving force for its achievements today and sustainable development in the future. Continuously reviewing and improving our talent strategies from recruitment, training, community and development to corporate culture and employee care, we have provided employees with a safe, comfortable, innovative and promising career platform.

Issues involved and their materiality:			
Issue Title	Importance for stakeholders	Importance for the Company	Total Score
Occupational Health and safety	4.52	4.55	9.07
Support to partners	4.43	4.57	9.00
Training and development	4.45	4.53	8.98
Internal communication	4.39	4.54	8.94
Equality in workplace	4.37	4.54	8.91
Corporate culture	4.33	4.51	8.84
Labor compliance	4.35	4.46	8.81

7.1 Basic Talent Policy

Compliant and responsible talent management are the bottom line of Kingdee's overall talent strategy.

In strict compliance with the Labor Law of the People's Republic of China and other employment related laws and regulations, Kingdee has further introduced talent management policies in light of the state's talent programs, talent features of information technology industry and its own development. Establishing an overall talent strategy and management system, we are committed to building a passionate, avant-garde and caring talent team believing in Kingdee's core values.

7.1.1 Recruitment

Selecting and recruiting proper talents is an important guarantee for our future corporate development, and allowing new employees to quickly fit into and growing with Kingdee is our responsibility to talents. With standardized talent recruitment management, we are strict with talent recruitment under the talent strategy of Activation, Introduction and Development. High-caliber talents have been continuously introduced to help with our rapid transformation of digitalization and business model, and roll out the development strategy of new model and new Kingdee.

Kingdee's recruitment idea of introducing first-rate talents and talent selection not based on uniform standards reflect our yearning for talents and attitude of talent utilization.

- Kingdee has formulated the Talent Recruitment Management System (《人才招聘管理制度》) which emphasizes the compliance of each recruitment segment, specifies selection standard and qualification description of each position.
- Interviewer selection requirements are also set forth in the Talent Recruitment Management System (《人才招聘管理制度》). Different interview methods are to be developed based on different levels of talents. Interviewer selection criteria should vary to ensure applicability and fairness.
- The Kingdee Qualification Model (《金蝶任职标准模型》) has been formulated based on talent requirements. Requirements on employee duty performance and achievements, knowledge, quality and skills are specified, which have formed the foundation for our recruitment and subsequent employee training.
- Fair and just talent selection regardless of gender, race, age, religious belief is emphasized in the Talent Recruitment Management System (《人才招聘管理制度》) and the Kingdee Qualification Model (《金蝶任职标准模型》) to prevent unfair treatment of applicants and employees.

For new employees to fit into the team and grow as soon as possible, Kingdee will assign a mentor for each new employee. The immediate supervisor and mentor of the new employee will work out key points in probation as per Kingdee's talent criteria and Kingdee Position Description (《金蝶职位职责说明书》) to help the new employee adapt to the new working environment. Induction training will be provided for new employees within one month of employment. The development history, corporate culture, corporate mission and goal will be introduced during the induction training, hoping to allow new recruits to integrate into the talent team.

7.1.2 Labor Dispatch

Labor dispatch is a form of employment in which the employer designates a third party labor dispatch service agency to enter into a labor contract with the labor and dispatch the labor to the employer. It's commonly seen in the Chinese information technology industry. In its designation of third party agency and use of employees under labor dispatch, Kingdee has strictly complied with the Article 66 of the Labor Contract Law which stipulates that "Labor utilization under labor contract is the fundamental form of labor utilization adopted by Chinese enterprises. Labor utilization under labor dispatch is a supplementary form to be used in temporary, subsidiary or alternative positions." We have further introduced the Kingdee Group Labor Dispatch Management Practices (《金蝶集团劳务派遣管理规范》). Employees working for Kingdee under labor dispatch are entitled to benefits same as employees directly recruited by Kingdee, and are expected to sign the same confidentiality agreement as regular employees do. Internal measures have been introduced to regulate Kingdee's utilization of labors under labor dispatch and safeguard the rights and interests of Kingdee employees.

At the same time, Kingdee is strict with the management of labor dispatch service providers. The Purchase Department has worked out comprehensive access and exit principles for labor dispatch service providers in accordance with the Law Law, Law Contract Law, Interim Provisions on Labor Dispatch and Procurement Management System of the Group, and improved the list of labor dispatch service providers. The dispatch service providers used by respective departments of Kingdee must be selected from the list of labor dispatch service providers released by the Purchase Department, so as to ensure that all employees recruited under labor dispatch comply with laws and regulations and our internal practices.

7.1.3 Performance Management

Scientific and definite performance management can provide employees with goals and working motivation, and effectively urge Kingdee to fulfill its commitments to employees. Kingdee has introduced the Performance Management Methods (《绩效管理办法》), elaborating performance management from goal setting, process management, evaluation, feedback and result application. The goals are set and released in the beginning of each year; mentoring is provided in the process; assessment is conducted in the end of each year. For any comments on their own performance, employees may submit their opinions to Yunzhijia every week. Supervisors will review the opinions and give timely feedback.

7.1.4 Employee Communication

As an information technology company, Kingdee has been upholding an open and equal working environment. Zero distance communication with employees is an important channel to realize this goal.

- Employees may submit opinions to any supervisor via Yunzhijia for real-time communication. Furthermore, our Voice Community intranet offers another channel for employees to voice their opinions and provide suggestions anonymously.
- Kingdee Employee Code of Conduct is a guide for active feedback of employees. Any objections on performance management and rank certification can be raised via specific channels.
- The President's Mailbox can also allow employees to directly give their feedback to the top management.
- Kingdee attorneys are also available to provide legal consultancy service to any employee involved in any legal issues.
- Every year Kingdee conducts an employee moral GPS survey and the survey results are an importance reference for management improvement of human resources. The steadily improved GPS survey score since 2011 has indicated employees' recognition of our efforts.

Employee Moral Score (GPS)						
2011	2012	2013	2014	2015	2016	2017
71.78	71.02	71.89	75.75	84.04	85.71	91.19

7.1.5 Employee Composition

- Category	Category
Total number of staff	6,634
By gender	
Male staff	4,367
Female staff	2,267
By type of staff	
Management staff	1,141
Speciality staff	5,493
By educational background	
Associate Degree and below	1,409
Bachelor's Degree	4,793
Master's Degree and above	422
By age	
Aged 29 and below	3,425
Aged 30-49	3,155

Aged 50 or above	54
By region	
Mainland China	6,607
Hong Kong, Macau & Taiwan	25
Overseas	2

*The headcount data is based on the number of persons signing a labor contract with Kingdee as of the end of 2017.

Staff in maternity leave (person)	80
Staff back to work after maternity leave (person)	56
Staff eligible for retirement within the next five years (person)	15

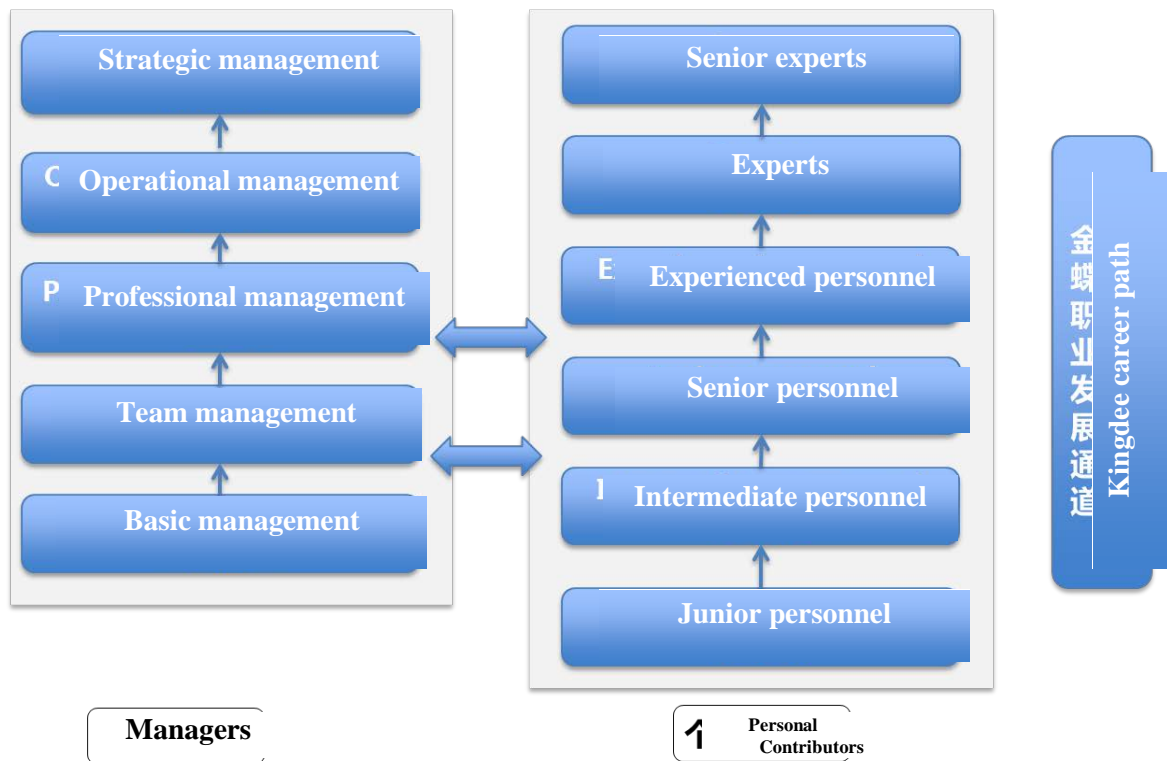
7.2 Development and Training

Effective training for employees is crucial and essential to the career prospects of employees and realization of Kingdee's development goals. Through its multi-layer training system, Kingdee has provided employees of different business lines holding various positions with training required by their current career stage. Moreover, we can furnish training programs for various interests and multi-sided development of employees, and support their pursuit of skill certificates to ensure comprehensive skill improvement in Kingdee.

7.2.1 Employee Development Path

Kingdee has established a well-designed career development path to meet the rapid growth needs of the Company and employees, and offer opportunities for career advancement to talents motivated for self challenging and integrated development.

Two career development channels based on speciality and management constitute the vertical open career development path of Kingdee. Employees may advance vertically, or horizontally to some extent. To provide employees with different possibilities in career development, we encourage core employees of the speciality array interested in management with management potentials to recommend themselves to management positions.



The current general manager of SHR Division of Kingdee was a general software developer. Years of commitment to improving his professional competence for several years, he was later promoted as senior product designer. Working in the marketing and delivery segments later, he has been enhancing his comprehensive abilities and experience (in product R&D, marketing and delivery). Eventually he has made his way to general manager of SHR Business Division.

7.2.2 Employee Training System

Well-designed training policies and training system have always been one of the important reasons for Kingdee's continuous improvement of its high-performing talent team. A list of policies have been introduced to ensure the smooth organization and continuous development of various types of training activities, including Management Measures for Kingdee New Employees Training (《金蝶新员工培训管理方法》), Mentor System for New Employees (《新员工入职导师制》), Kingdee Management Measures for Professional Programs Development (《金蝶专业类课程开发管理办法》), Kingdee Management Measures for Internal Lecturer (《金蝶内部讲师管理办法》), and Kingdee Management Measures for Software Employee Training (《金蝶软件员工培训管理办法》).

Kingdee's training system is composed of three parts: Leadership, Qualification and Speciality Training.

- Leadership Training: Leadership training targeted on the middle and above management of Kingdee is intended to train business successors of Kingdee and develop reserve members for its senior management team by enhancing their management skills, teamwork skills and vision. The new manager training and high-potential talent training are the key projects of leadership training this year.

- New manager training

Targeted trainees: Newly appointed managers of Kingdee in the year

Program description:

1. Team Leadership Foundation overview: team management, performance management and self management;

Trainee feedback: “It’s helpful to future work, especially in time management and employee communication.” “It helps with self recognition and understanding of what kind of a leader one wants to be. We need to have different leadership types in face with different employees.”

2. Talent Selection and Utilization overview: talent evaluation skills and perfect empowerment

Trainee feedback: “I have understood the meaning of empowerment, and learned to empower employees consistently without intervention.” “The diversified case studies and analysis, and continuous practices help us master the methods and tools. It’s quite practical.”



- High-potential talent training

The six-day training program is based on the following contents:

Corporate culture: Kingdee strategy, corporate culture and acting in all conscience by the president;

Professional skills: Management experience sharing by general managers of outstanding agencies and managers of business divisions;

Personal skills: Key points about teamwork shared by external agencies;

Personal statement: A summary summary on the training commented by senior executives.

High-potential talents will be first assessed and identified by Human Resources Department, and subsequently followed up, and preferentially offered with internal positions.

- **Qualification Training:** Qualification training will be unfolded as per departmental responsibilities based on the two lines of Speciality and Management, with a focus on:

Professional competence training: Kingdee will send employees to technical seminars for exchanges, and introduce innovation programs to enhance their professional competence.

Personal competence: Training programs and sharing sessions on communication improvement and emotion management are organized to enhance the personal competence of employees.

On December 9, 2017, Diejin under Kingdee invited our internal lecturers to give personal competence training for 24 trainees with the purpose of building personal professional influence, enhancing personal professional quality and skills, unleashing personal potentials and creating a broader space for career development.



Trainee feedback: “GRPI model is a thinking tool that has high guiding significance to team management and teamwork.” “The training is relaxing and fun. Through theoretical learning, state inspection and scene simulation, we have learned the importance of GRPI.” “I hope that we can learn more about project management, self control, effective communication, leadership and meditation.”

- **Induction training:** The one-week induction training for new employees recruited from campus recruitment will be held every July; the training training for new employees recruited from social recruitment will be held on a monthly basis.

In 2015, Kingdee launched the CMA certification program, and funded the certification of 38 employees. Thus far, 25 employees have passed the test and 20 of them have obtained the certificate, and 5 employees are applying for their certificate. In May 2017, 8 employees funded by Kingdee passed the CMA. Kingdee has cumulatively subsidized 21 employees for CMA test.

- **Speciality training:** Speciality training is designed to broaden the employees' horizon and give them opportunities to learn about new technologies, hot social issues and advanced ideas. Experts of various industries are invited to impart knowledge on a regular basis. For instance, doctors from the University of Hong Kong-Shenzhen Hospital were invited to Weekend Lecture to promote health and safety knowledge, and industry-leading technology experts were engaged to share the latest technical developments. Furthermore, we have organized the Jike Lundao internal sharing session where employees can exchange their discoveries in product development and enlighten others.

On September 28, the product leader of a domestically famous mobile instant messaging platform joined the Weekend Lecture to give an in-depth analysis on product innovation. Attended by 721 Kingdee employees online and offline, the sharing session was well received.



Trainee feedback:

“It renews my understanding of the model of key product positions, particularly of product innovation methods and innovation management mechanism.”

“It’s quite enlightening to future product planning. We can apply what we learn to our practical work.”

“A more in-depth and systematic insight into user requirements is the fundamental principle for product innovation.”

- ***Employee Training Data***

Category	Training participants (participants)	Training hours (hour)	*Average training hours (hour/person)*
Total number of staff trained	2,072	42,700	6.43
- By gender			
Number of male staff trained	1,433	30,004	6.87
Number of female staff trained	639	12,696	5.60
- By type of staff			
Management staff	303	7,320	6.42
Speciality staff	1,769	35,380	6.44
- By type of training received			
Leadership training	316	8,832	
Qualification training	784	10,908	
Induction training	972	22,960	

*The data of training sessions and hours is exclusive of that in relation to specialized training, health and safety training and anti-corruption training.

*The average training hours are calculated by dividing the total training hours received by this category with the total number of staff of this category.

7.3 Employee Care

As an employer, Kingdee is responsible for and highly concerned with allowing employees to focus on their career and providing them with a solid backing.

7.3.1 Guarantees and benefits

Providing employees with adequate guarantees and due benefits is the responsibility of Kingdee as an employer, and an important factor for employees to work for Kingdee with ease.

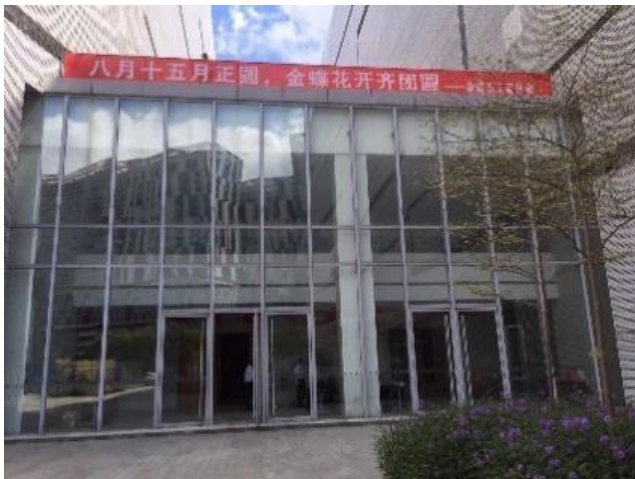
Attaching great importance to employee health, Kingdee has purchased accident insurance, medical accident insurance and supplementary insurance for each employee in addition to the statutory Five Social Insurances and One Housing Fund. Concessional family commercial insurance plan is also available for employees to choose from. Employees suffering from major diseases may apply with the Care & Mutual Assistance Fund set up by Kingdee for subsidies.

In 2017, we granted over RMB 360,000 for one seriously injured employee and four critically ill employees of Kingdee, and one employee of our partner company to help them tide over a difficult patch.



- In consideration that our employees are from all over the country, we have been actively assisting with household registration transfer of employees to allow them to work for Kingdee with ease and enjoy municipal benefits. In 2017, Kingdee helped 105 graduates and 75 talents transfer their household registration to Shenzhen and become Shenzhen citizens. Furthermore, Kingdee has helped employees be accredited as high-level talents of Shenzhen, so as to receive support of Shenzhen Municipal People's Government.
- For employees working in Shenzhen, living in Shenzhen is a major challenge. For this, Kingdee has provided employees with a housing program, and assisted them to apply with the government for public rental housing and house rental subsidy. In 2017, we helped 286 apply for house rental subsidy to reduce their housing costs. At the same time, we push information about Shenzhen affordable housing to employees on a regular basis, and help them apply for affordable housing. In 2017, Kingdee was preparing to build employee dormitory in Songshan Lake, Dongguan 20 km away from Shenzhen Software Park to provide solutions for employees' housing problems.
- To show our care for employees, Kingdee sends gift bags to employees when they move into a new house, get married, have a baby and celebrate their birthday. Gifts will also be sent out during holidays.

Mid-Autumn Event



Lantern Festival Event



Dragon Boat Festival Event



7.3.2 Safety and Health

Although there are no major safety and health hazards in our day-to-day operation, we have provided assurances to keep all employees physically and mentally healthy at work.

- Every year Kingdee will arrange a physical examination for all employees to keep them informed of their respective health conditions. Experts will also be scheduled to give health lectures to share knowledge about prevention of occupational diseases of the industry.

On May 25, 2017, Kingdee invited physiotherapists Yang Xiaoguang, Li Gaoqiang and Li Guangshuo from hospitals to the Weekend Lecture as speakers. They gave a health lecture themed with no more pains from sitting, attracting 384 listeners online and offline.

Trainee Feedback: “We have learned some of the bad sitting postures and their hazards. The sitting posture correction advice is quite meaningful.” “I have learned something about how the body works. I find some suggested exercises quite practical.” “I hope we can have lectures on health preservation, psychotherapy, time management, industry trends and wealth management.”



- An advocate of balanced working and living, we offer team building funds on a regular basis for outdoor activities like hiking. Such sports equipment as rowing machines and ping pong tables have been equipped in the office for employees to relax.
- To prevent health risks caused by decoration pollution of the newly constructed Kingdee Shenzhen Software Park, we have employed an eternal environmental impact assessment company to confirm that there is no pollution of decoration materials before we move our employees to the new office.
- In 2018, Kingdee will work with the University of Hong Kong-Shenzhen Hospital to set up a clinic in Kingdee Shenzhen Software Park and provide our employees with world-class medical service.
- Work Injury Data:

*Work Injuries (Injury)	1
Days lost due to performing duties (Day)	31
Deaths while performing duties (Person)	0

*Work injuries are subject to the affirmation of the Social Security Bureau.

8 Corporate Culture

A conscientious, passionate and socially responsibility technology company supportive of innovation and entrepreneurship, Kingdee is aspired to become the most reliable enterprise service platform under the core values of acting in all conscience, with integrity and righteousness, and the mission of servicing enterprises whole-heartedly. The corporate culture is mainly composed of Conscience Culture, Innovation and Entrepreneurship Culture, and Sports Culture.

Issues involved and their materiality:			
Issue Title	Importance for Stakeholders	Importance for the Company	Total Score
Corporate Culture	4.37	4.51	8.88

8.1 Conscience Culture

Kingdee has earnestly learned and drawn ideas from excellent traditional Chinese culture, including the philosophy of the mind proposed by Wang Yangming to develop its own corporate culture. Taking the core idea of “acting in all conscience” from the philosophy of the mind as the essence of Chinese enterprise management, Kingdee has vigorously promoted conscience culture among its employees. “Acting in all conscience” is to achieve and arouse conscience from the mind. Integrity emphasizes honesty, legal compliance, fairness and justice; righteousness represents altruism, openness, tolerance and win-win. Acting in all conscience is the foundation of integrity and righteousness which reflects conscience.

In 2017, Kingdee made tremendous efforts to root the conscience culture in its business operation. In early 2017, Kingdee organized the Conscience Transmission Event and Yangming’s Former Residence Cultural Root Exploration Tour. Kingdee Yangming Academy completed in the first half of 2017 is the offline school for learning and exchange of the Acting in All Conscience Learning Group of Kingdee and Shenzhen entrepreneurs. Leading by example, the management cadres of Kingdee have been continuously learning and practicing the idea of acting in all conscience, and leading their respective team in the development of acting in all conscience culture. The learning of acting in all conscience has become an integral part of such meetings as Kingdee’s annual business launch conference, interim meetings and partners conferences, and such talent development training programs as high-potential talent training camp, acting in all conscience seed training camp. “Acting in all conscience” has become an important criterion in the assessment of One in One Hundred Excellent Employees, Exemplary Deeds of Kingdee Employees Acting in All Conscience. Kingdee Pictorial dedicated a special issue to acting in all conscience to review Kingdee’s learning and practice of conscience culture and spread a positive mentality.

Established in early 2017, Acting in All Conscience Shenzhen Learning Group has been insisting on a study session twice a week joined by 20 to 80 entrepreneurs, executives and core employees of Shenzhen each time. In 2017, Kingdee hosted 5 Acting in All Conscience study sessions attended by about 1600 participants—Acting in All Conscience (Shenzhen) Learning Sharing Session, 500-member Acting in All Conscience Shenzhen Study Session and Kingdee Users Conference Acting in All Conscience (Shanghai) Learning Sharing Session, Shenzhen Entrepreneur Offline Acting in All Conscience Study Session and the 2nd Entrepreneur Study Acting in All Conscience Forum Shenzhen Learning Sharing Session.

“Be Sharp-eyed and Clear-headed to See the Future” CFO Acting in All Conscience Shenzhen Study

Session

On March 24, 2017, the CFO Acting in All Conscience Shenzhen Study Session themed with “Be Sharp-eyed and Clear-headed to See the Future” and organized by Kingdee CFO Acting in All Conscience Research Institute and other sponsors was held. The event gathered about 100 entrepreneurs and CFOs from all over China to study the philosophy of the mind proposed by Wang Yangming.

The core idea of Yangming’s philosophy of the mind is acting in all conscience and unity of knowing and acting, and it contains great wisdom. To achieve a great business in one’s lifetime, one must cultivate one’s moral character, and be righteous and conscientious. As CFOs of enterprises, we must be sharp-eyed and clear-headed to see the future and identify the situation. In a great era like this, people need to sharp-eyed and clear-headed, bear our sages’ ideas in mind and re-invent them into great genes of corporate culture.

Xu Shaochun, chairman of Kingdee, pointed out, “I am well aware that CFOs are an extremely important group. The purpose of mission of Kingdee CFO Acting in All Conscience Research Institute is to eliminate false accounts. From the perspective of acting in all conscience, we need to establish the idea of unity of knowing and acting, and accordingly connect with each other mentally.”



8.2 Innovation and Entrepreneurship Culture

Innovation is the nature of Kingdee. Innovation-centered, Kingdee encourages every employee to innovate and start their own business to realize personal value and grow with enterprises. Every year handsome awards are given to holders of major innovation results. In 2017, we set up 5 Excellent Innovation Awards for EAS Mobile Distribution, Yunzhijia App Smart Approval, Omni-channel Marketing leading digitalization restructuring & Smart Store Cloud Service Innovation.

The progressive “small, beautiful and quick” micro-innovation programs are launched to encourage involvement of every employee and awards granted by branch companies based on their respective business features every quarter. In 2017, 84 micro-innovation results generated by 201 employees were awarded and 1499 employees joined the Jike Lundao Innovation Sharing. In

addition to innovation awards, Kingdee commended 20 Excellent Figures, 101 Quarterly Incentive Tour Winners and 9 Kingdee Employees Acting in All Conscience.

- The Kingdee Artistic Style Improvement Program is launched to “inspire the employees’ creativity, enhance Kingdee’s artistic style and have them know, appreciate and fall in love with space.” Exploring the infinite possibilities of Kingdee via employees’ proprietary designs to create artistic, fashion and vibrant Kingdee space, the Kingdee Artistic Style Program gathers creative talents of Kingdee to design and renovate Kingdee’s working space and allow employees to work in a space they create.

Starting from December 2016, Kingdee has designated spaces for creation based on a specific theme on an irregularly basis, including conference room, office area, columns and bathrooms. Space designs are solicited via bid invitation. Employees can bid as a project team. The winning project team will receive funds and all support of Kingdee for creative design of the designated space.

In April 2017, employees walking into the Canteen of Kingdee Software Park were instantly drawn by the fluttering butterfly composed of over thousands of colorful bowls, saucers and cups on the entrance wall. This work of imagination came from the User Experience Department of Diejin. It took 3 to 4 months to propose and confirm the creative design, put forward the second and third proposals, and source materials and employ a specialized company for tiling. This period saw the burning of creative sparks, and the dedication and endeavor of the designers for beauty. This butterfly was the work of the first session of Kingdee Artistic Style Improvement Program. As a platform gathering creative talents of Kingdee, Kingdee Artistic Style Improvement Program presents different Kingdee spaces through decorative design and renovation of office spaces.

8.3 Sports Culture

An advocate of passionate and coordinated sports culture, Kingdee believes that all employees should be super healthy, fashion and contributory young people.

Led by the Corporate Culture Department, Kingdee Group Staff Associations (“Associations”) are non-profit internal corporate groups which all staff members can join on their own. The Associations are established to enrich the sparetime cultural and recreational life of staff members, enhance the technical skills of personal hobbies, improve physical and mental health, and strengthen communication and exchange among the staff members. Thus far, Kingdee has founded 15 associations in respective of sports, language, board games and charity, including Rowing Association, Ping Pong Association, Football Association, Dance Association, Yoga Association, English Association, Photography Association, Employee Committee, Employee Care Fund and Kingdee Volunteers Association.

In 2017, Kingdee Associations organized over 1,000 day-to-day events, 14 themed events and 11 external games. Since rowing is a feature of Kingdee, the Rowing Association held themed events and external games in 2017:

8.3.1 Themed Events

- Rowing

- Kingdee's 24th Anniversary Rowing Game: Eight Kingdee teams were trained on the water before the game and tryouts were held on August 3 to select 4 teams out of 8 teams. Another 4 external teams were invited to join the Kingdee Cloud Cup Urban Rowing Friendship Game to compete with four Kingdee teams on August 8. Kingdee China Team 1 won the second place.



- Kingdee Rowing Machine Weight Loss Challenge: Twenty five employees signed up for the Challenge and 29 employees attended the Challenge. Cumulatively 252 participants clocked in and rowed a distance of 2,529,706 meters (2,529.7 km) over 7,093 minutes (118 hours and 13 minutes). Seven employees made it to the end and four of them lost weight. The maximum weight loss reached 5.2 kg by one employee.

- Pingpong:

The 2nd Kingdee Activation Cup Pingpong Championship



- Football:

Kingdee Shenzhen Football League





- Running:
Participated in Vanke Run for Fun



- Dancing:





- Basketball:





9 Society

Led by the core values of acting in all conscience, with integrity and righteousness, Kingdee has been examining whether it has exerted a positive impact on the society and given back to the society in its growth. Therefore, as a provider of management software solutions to enterprises, Kingdee has been actively exploring innovation in Chinese characteristic management models in the hope of developing Chinese Management Models in line of internal developments and adaptive to the rapidly developing economic environment overseas for Chinese enterprises. In addition, volunteer events, educational care and support programs have been organized and attended, to practice our Conscience Culture.

Issues involved and their materiality:			
Issue Title	Importance for Stakeholders	Importance for the Company	Total Score
Support to partners	4.45	4.57	9.02
Product social impact	4.28	4.52	8.80
Social vision	4.33	4.46	8.78
Government relations	4.22	4.47	8.70
Social contribution	4.11	4.35	8.46
Community relations	4.07	4.27	8.35

9.1 Chinese Management Model Research

9.1.1 Research Origin

Over the past decade, Kingdee has been exploring Chinese management models, namely, best practices of management in Chinese enterprises. In 2008, Kingdee joined hands with 6 management schools, including China Europe International Business School, Guanghua School of Management, Peking University, to set up Chinese Management Model Research (CMMR) Award. CMMR Excellence Award is expected to assist enterprises summarize and extract their respective management models and allow “Chinese management models rise globally.”

China has entered into a new era from the quantity-focused era to the quality growth era. Accordingly Chinese enterprises have gradually stepped into an era of lean management and systematic management, and developed many excellent business management models. The purpose of CMMR Excellence Award is to explore these successful management models and share them with the world.

9.1.2 Research Results

Since 2008, Kingdee has relied on its core customer groups and probed deep into excellent Chinese enterprises. Through field surveys, communication and discussions with senior executives, we have summarized the factors that make these enterprises excel among the keen market competition in China. Constantly improving our research methods, we have systemized and theorized the successful experience, and eventually shared our research findings with the society to help Chinese enterprises improve their management models.

Over the past ten years, Kingdee has targeted on over 20 industries, investigated carefully over 100 enterprises, interviewed over 1,500 senior executives and released case study reports over 1.5 million characters. Distinctive field survey methods and process have been developed to spread excellent management ideas and promote referential tools and methods.

Long Yongtu, former vice minister of the Ministry of Foreign Trade and Economic Cooperation, former director and secretary general of Boao Forum for Asia and chief negotiation representative of China's accession into WTO, revealed at the China Management Global Forum sponsored by Kingdee that enterprises must see the overall picture of international society and economic development. Government policies shall be observed so as to establish a relationship of mutual respect and support, integrity and uprightness with the government. Furthermore, enterprises are expected to increase efforts in self development, development of corporate culture in particular. Entrepreneurs shall follow heavenly principles and act in all conscience, with integrity and righteousness.

In 2017, Kingdee focused on the forward-looking themes of digital survival and management restructuring. Enterprises with excellent management practices in the digital era have been selected via field surveys, including iFLYTEK, Jingdong Financial Technology, Royole Technology and Beijing Mobike Technology.

Winners of CMMR Excellence Award 2017	
Company Name	Award
Oppl Lighting Co., Ltd.	CMMR Excellence Award
iFLYTEK Co., Ltd.	
Shenzhen Royole Technology Co., Ltd.	
Beijing Jingdong Financial Technology Co., Ltd.	
UBTECH Co., Ltd.	CMMR Most Potential Award
Guangzhou EHang Intelligent Technology Co., Ltd.	
Makeblock Co., Ltd.	
Beijing Mobike Technology Co., Ltd.	

China Management Global Forum 2017 Held in Shanghai
<p>On October 15, the 7th China Management Global Forum 2017 was held in Shanghai. About 300 political and business leaders and figures joined the grand event to explore the new trends of Chinese management in the digital era. Among them were Long Yongtu, chief negotiation representative of China's accession into WTO and president of China Management Global Forum, Professor Chen Chunhua from National School of Development at Peking University, Rotatory CEO Xu Zhijun of Huawei, and Founder and Chairman Xu Shaochun of Kingdee Group.</p> <p>The digital era has again put mankind at a historical position of technology. The emergence of such new technologies as Internet, cloud computing, big data and artificial intelligence and the vigorous force of digital economy have transformed Chinese enterprises from chasers to transcendents in the global arena. It's under such a circumstance that the China Management Global Forum provides a communication platform for entrepreneurs.</p> <p>At the forum, the guests aired their opinions on Chinese enterprises combining technological transformation with management models, including day-to-day management of technology support enterprises, reflections on cloud technology and marketing channels, management and marketing of big data channel enterprises. As the preparator of the forum, Chairman Xu Shaochun of Kingdee revealed that the realization of the great rejuvenation of the Chinese nation is the historical mission of the Chinese entrepreneurs in this generation, and entrepreneurial spirit</p>

will shine in the history process. In the future, Kingdee will renew its brand image, continue to surpass itself, establish the Kingdee ecosystem with cloud service and artificial intelligence, help Chinese enterprises unleash the infinite possibilities and create another Chinese Miracle in the era digital economy.



9.2 Charity Work

Kingdee hopes to give back to the society from multiple aspects. As a knowledge-based enterprise, we are well aware of the importance of education to a country and a nation. Hence, we have focused on elementary education in our charity work in the hope of influencing life via education.

9.2.1 Worked with Beautiful China to support elementary education

- On September 9, 2016, Kingdee and Beautiful China joined the September 9 Charity Day Online Crowd-funding.
- On September 22, 2016, Kingdee volunteers of Caring School Visit went to Raoping Fishing Village Elementary School (a school of Beautiful China Program) and gave three well-prepared lessons.
- On September 24, 2016, Chairman Xu Shaochun of Kingdee made an announcement of donating RMB 1.5 million cash to 30 teachers supporting the Beautiful China Program at the charity dinner party.
- On September 25, 2016, Kingdee volunteers of Caring Guided Tour led the kids on a tour to Kingdee Software Park and Shenzhen Museum.
- On November 11, 2016, Kingdee donated an office venue in Kingdee Software Park to Beautiful China.
- On February 3, 2017, Kingdee worked with Beautiful China to raise funds for education by donating steps on Tencent Charity Platform.
- On March 20, 2017, Kingdee donated computers worth RMB 840,000 to three schools under Beautiful China Program.
- On April 2, 2017, Kingdee joined hands with Beautiful China to raise funds to pay for gifts for the kids at the China (Shenzhen) IT Summit.
- On June 19, 2017, Kingdee and Beautiful China visited Gonghua Town Center Elementary School, Yuanjiang and conducted a survey via communication and exchange to support the development of teaching staff.
- On July 8, 2017, Kingdee entered into a MOU with educational support charity organization Beautiful China, and made an announcement to donate one thousandth of the revenue of Kingdee Cloud in the next two years to Beautiful China, and jointly advance the elementary education of areas short of educational resources based on its technical and resource strengths in cloud computing.
- On September 9, 2017, Kingdee worked with Beautiful China to initiate the Enterprises Donation Crowd-funding as part of the September 9 Charity Day.
- On September 23, 2017, Kingdee made another donation of RMB 1.5 million to 30 teachers supporting the Beautiful China Program at the Beautiful China Charity Dinner Party after the first donation of RMB 1.5 million to Beautiful China in 2016.



9.2.2 Kingdee Ya'an Education & Immigration Class

The Kingdee Education & Immigration Class is a charity program launched by Kingdee Group to send poverty-stricken students excellent in character and learning to county-level middle schools with better educational resources. After the Ya'an Earthquake on April 20, Kingdee set up the Kingdee Education & Immigration Class and an educational fund in Ya'an Tianjiabing School and Ya'an No.2 Middle School in 2013 and in 2016, respectively helping 50 financially-strained students finish middle school and high school.

In September 2016, Kingdee set up Specialized Fund of China Siyuan Foundation for Poverty Alleviation in Minjian Township, Yucheng District, Ya'an to subsidize 50 poverty-stricken students. Every year each poverty-stricken student will be given RMB 1,800 as miscellaneous fees and subsistence allowance. The three-year Program is intended to offer a grant of RMB 270,000. Furthermore, Kingdee donated RMB 30,000 of scholarships to award the top ten students in academic performance and top three students in athletic performance every semester, so as to encourage the students to study harder.

9.2.3 Employee Volunteer Team and Internal Mutual Assistance

Consolidating "conscience culture" in their minds, our employees have voluntarily built a volunteer team and care foundation to provide mutual assistance with local communities and among employees

- Kingdee Volunteer Team

Kingdee Volunteer Team is a volunteer service team composed of Kingdee employees. While core members are responsible for event planning, promotion and execution, proper volunteers are recruited for respective events.

In November and December 2017, Kingdee volunteers respectively prepared supplies and set up energy-refueling stations for Nanshan Half Marathon and Shenzhen International Marathon, ensuring the safety and furnishing supplies for contestants.



- Kingdee Employee Care & Mutual Assistance Fund

Initiated by Kingdee International Employee Committee and managed and operated by the Fund Council, Kingdee Employee Care & Mutual Assistance Fund is a non-profit charity organization established to reach out to service employees suffering from critical illnesses and major injuries with funds raised by donation. Since its establishment, the Fund has received great support from our employees and received over RMB 2.3 million of donations by employee donation and charity sale.

In 2017, Kingdee Employee Care & Mutual Assistance Fund granted over RMB 365,464.58 for 6 Kingdee employees or partners. Thus far, the Fund has donated RMB 1.6 million to our employees and public service programs.

10 Environment

Attaching importance to its own impact on the environment, Kingdee has gradually established its environmental management system as per the requirements of the Environmental, Social and Governance Information Disclosure Guide, Shenzhen carbon verification and related government environmental protection guidelines, and improved in awareness development, data management, and data disclosure. Continuously advancing our cloud platform service, we have been reducing equipment and resource investment and consumption of our product and technology customers from a broader sense, achieving resource and energy conservation for the society and boosting the harmonious development of enterprises and environment.

Issues involved and their materiality:			
Issue Title	Importance for Stakeholders	Importance for the Company	Total Score
Environmental effect of products	4.29	4.39	8.68
Supplier environmental management	4.13	4.32	8.45
Environmental advocacy	4.19	4.25	8.44
Waste management	3.97	4.10	8.07
Equipment recovery	3.95	4.07	8.02
Energy management	3.79	3.99	7.79

10.1 Energy and Carbon Emission Management

10.1.1 Energy Management

As an information technology enterprise, Kingdee primarily attributes its environmental impact to energy consumption in the office areas. Therefore, we have paid high attention to management of energy use to optimize energy efficiency. We have formulated the Energy Use Management System Guide based on JD Energy Conservation and Emission Reduction System and Measures, and standardized such energy conservation measures as air conditioner temperature setting, lighting system and company vehicle use.

In 2017, Kingdee specified energy indicators and management aspects in three software parks, defined management methods for energy consumption data, calculated, monitored and analyzed energy use data. We plan to realize real-time cloud statistics of all energy data in 2018 as an integral part of advancing environmental management system.

Energy use of Kingdee in 2017:			
Type of Energy	Beijing	Shanghai	Shenzhen
Gasoline (L)	52,530	14,524	21,358
Purchased power (KWH)	424,071	182,921	7,638,829
Power use intensity (KWH/m2)	32.68	33.10	145.99

*Gasoline consumption is based on the vehicles owned by Kingdee and its controlled companies only, excluding rented vehicles; purchased power is in relation to the office venues used by Kingdee in Beijing, Shanghai and Shenzhen Software Parks.

10.1.2 Carbon Emission Management

Greenhouse gas emission and its management is an issue of global concern. Not an industrial manufacturer, Kingdee doesn't have massive greenhouse gas emissions. The primary source for its greenhouse gas emissions are indirect greenhouse gas emissions generated by power use in

the parks. Actively responding to the call of Shenzhen Municipal People’s Government since 2016, Kingdee has taken the lead to unfold carbon verification in Shenzhen Software Park. Kingdee has verified its greenhouse gas emission sources and organizational boundary, and passed the inspection of a specialized third-party organization, guaranteeing the accuracy, completeness and availability of greenhouse gas emission information.

The greenhouse gas emissions of Kingdee Software Park (Shenzhen) in 2017 amounted to 7,295.07 tons of CDE, marking a slight decline from 7,311.34 tons of CDE in 2016.

Kingdee’s Greenhouse Gas Emissions in 2017:			
	Beijing	Shanghai	Shenzhen
Greenhouse gas emissions (Ton of CDE)	517	205	7,295
Greenhouse gas emission intensity (Ton of CDE/M2)	0.040	0.037	0.139

10.2 Use of Resources and Waste Management

10.2.1 Use of Resources

Kingdee considers effective resource management as part of its sustainable development goals.

Efforts have been made to actively advance the cloud platform, reducing the needs of office paper to a large extent by storing files in the cloud. A data management system of resource use has been established to calculate major resource types, and continuously optimize the management of resource use by data analysis.

Kingdee’s Use of Resources in 2017:			
	Beijing	Shanghai	Shenzhen
Office paper (KG)	1,260	1,625	6,425
Water consumption (M3)	1,924	6,542	115,547
Water consumption intensity (M3/M2)	0.15	1.18	2.21

10.2.2 Waste Management

In strict accordance with the state’s laws and related regulations on waste management, Kingdee discharges all waste water to the municipal sewage pipe network for centralized treatment. General garbage, recyclable resources, food waste and used electronic equipment are all disposed as per corresponding procedures. We have entrusted our Property Management Company to enter into the Garbage Clearance Contract with a specialized cleaning service provider for garbage collection and disposal.

In respect of office waste like used batteries and used lamps, we have entrusted a qualified specialized company to dispose such waste, and the Purchase Department to file the contracts. In accordance with the Fixed Assets Management System, the waste electronic equipment is handed over to a used electronic equipment recycling company for disposal. Kingdee’s office waste in 2017 is shown as follows:

Type of Waste	Unit	Quantity
Waste electronic equipment	PCE	1,464
Used lamps	Lamp	1,663

In 2017, Kingdee had no waste disposal related violations.

10.3 Environmental Impact

Characteristic of centralized and efficient operation of back-end servers, cloud systems can effectively reduce unit energy consumption, and cut down resource consumption by requirements on front-end server and other equipment configuration. It's based on such role that Kingdee's various cloud systems help enterprise customers decrease related costs and lower their environmental impact. This is also the segment where Kingdee exerts the most active impact on the environment and natural resources.

Case: ["Cloud Platform" Improves Computation Efficiency]

"Cloud Platform" provides a series of platform services to support the rapid establishment and deployment of business systems of Kingdee and its customers, achieve server integration and lower operating costs. Furthermore, "Cloud Platform" can optimize the allocation granularity of computing resources, realize adequate sharing and intelligent dispatching of computing resources. Doubling the resource utilization rate, it can reduce the number of computing equipment, and lower the consumption of IDC power resources.

Case: ["Cloud Reimbursement" Facilitates Mobile Office Operation]

A mobile reimbursement app based on SaaS model, "Cloud Reimbursement" provides whole-process management for fee reimbursement of SMEs. Online application and mobile approval of reimbursement can be realized; real-time alert on reimbursement progress can be provided; financial vouchers can be generated based on the expense account; fee analysis reports can be customized. While saving time and reducing costs for customers, it enhances management efficiency, and decreases resource and energy use.

Case: "Wojia Cloud" Realizes Energy Consumption Management]

A property management platform for property service enterprises, "Wojia Cloud" has been applied by over 500 property projects of SUNAC, Yunnan Juhe Property Service and other enterprises to help realize digital transformation and business model innovation.

In the residential projects of Yunnan Juhe Property Service, "Wojia Cloud" integrated with intelligent energy consumption monitoring device terminal achieves automatic collection and analysis of energy consumption data, and provides digitized basis for decision-making on energy conservation.

Apart from its products, Kingdee has made its contributions to environmental governance of the community based on its sports culture.

Support Environmental Improvement through Sports Culture

Originating from Yangtai Mountain, Dasha River located in Nanshan District, Shenzhen has a drainage area of 92.99 square kilometers and a 13.7-km long main stream. Starting from the exit of stilling pool of the spillway in Changlingpi Reservoir, Dasha River flows from east to west across Changlingpi Village, Fuguang Village, Tanglang Village and Pingshan Village. After conversion with the spillway in Xili Reservoir, it turns and flows from north to south across Zhuguang, Guangqian and Dachong Villages through North Ring Avenue and Shennan Avenue, and empties into Shenzhen Bay at the Binhe Interchange.

This river representative of the charm of Shenzhen is not a natural river. Due to the massive sewage discharges resulting from the large number of residents along the riverway, it was a stinking ditch. Inadequate water treatment efforts had often give the downstream awful stink.

To spread its rowing culture, Kingdee has worked with Shenzhen's environmental protection authority to improve the water quality of Dasha River. To support Shenzhen's implementation of Ten Water Improvement Policies, Kingdee has taken Ten Actions with a focus on Shenzhen Bay and Maozhou River to lead the water quality improvement of Four Bays and Five Rivers.

Periodic results have been achieved. The water eco-environment quality of Shenzhen Bay and other regions has been significantly improved, drawing a large number of rare birds and fish back there and winning the recognition of the community. After treatment, Dasha River which flows into Shenzhen Bay has noticeably improved water quality, and complies with rowing requirements. The first rowing of rowing boats and opening of the terminal are effective proofs of the river giving play to its role.

On June 3, 2017, the Dasha River Rowing Terminal Opening Ceremony was jointly held by China Rowing Association and Shenzhen Rowing Cultural Exchange Center. Dasha River welcomed its first rowing. Shenzhen Rowing Cultural Exchange Center is opened under the active promotion of Founder Xu Shaochun of Kingdee. Led by Xu Shaochun and other entrepreneurs, increasingly more entrepreneurs have been involved in the promotion of rowing and advancement of urban water area opening to facilitate the popularization of rowing.



11 Overview of Sustainable Development Performance

11.1 Policy List

ESG Indicator	Laws and Regulations/Policies	Internal Policies
Environment	<p>Law of the People’s Republic of China on Prevention of Environmental Pollution Caused by Solid Wastes</p> <p>Environmental Protection Law of the People’s Republic of China</p>	<p>JD Energy Conservation and Emission Reduction System and Measures</p> <p>Fixed Assets Management System</p>
Employment	<p>Labor Law of the People’s Republic of China</p> <p>Labor Contract Law of the People’s Republic of China</p> <p>Interim Provisions on Labor Dispatch</p> <p>Employment Promotion Law of the People’s Republic of China</p> <p>Social Insurance Law of the People’s Republic of China</p> <p>Provisions of the People’s Republic of China on Prohibition of Child Labor</p> <p>Law of the People’s Republic of China on Protection of Minors</p>	<p>Talent Recruitment Management System</p> <p>Kingdee Qualification Model</p> <p>Kingdee Position Description</p> <p>Kingdee Management Regulations on Labor Dispatch</p> <p>Performance Management Methods</p> <p>Kingdee Employee Code of Conduct</p>
Health and Safety	<p>Labor Law of the People’s Republic of China</p> <p>Fire Control Law of the People’s Republic of China</p> <p>Production Safety Law of the People’s Republic of China</p> <p>Law of the People’s Republic of China on Prevention and Control of Occupational Diseases</p> <p>Regulations on Workers’ Compensation Insurance</p> <p>Regulations on the Supervision and Administration of Occupational Health in the Workplace</p> <p>Regulations on the Reporting, Investigation and Handling of Production Safety Accidents</p>	<p>Kingdee Employee Code of Conduct</p>
Development and Training		<p>Management Measures for Kingdee New Employees Training</p> <p>Mentor System for New Employees</p> <p>Kingdee Management Measures for Professional Programs Development</p> <p>Kingdee Management Measures for Internal Lecturer</p> <p>Kingdee Management Measures for Software Employee Training</p>
Supply Chain Management	<p>Law of the People’s Republic of China on Bid Invitation and Bidding</p>	<p>Rules on Tendering Management of the Group</p> <p>Rules on Vendor Management of the Group</p> <p>Procurement Management System of the Group</p>
Product	<p>Trademark Law of the People’s Republic of</p>	

Responsibility	<p>China</p> <p>Advertising Law of the People's Republic of China</p> <p>Product Quality Law of the People's Republic of China</p> <p>Law of the People's Republic of China on Protection of the Rights and Interests of Consumers</p> <p>Network Security Law of the People's Republic of China</p> <p>Intellectual Property Law of the People's Republic of China</p>	<p>Ruling and Handling Procedures for Conflicts among Kingdee's Chinese Partners</p> <p>Management Measures for Assets of Kingdee KIS Customers</p> <p>Management System for Business Opportunities of Kingdee KIS</p> <p>Franchise and Management Measures for Product Marketing Partners of Kingdee KIS 2017</p> <p>Kingdee Management Measures for Customer Complaints</p> <p>Kingdee Business Code of Conduct</p> <p>Kingdee Management Measures for Trademarks</p> <p>Management Measures for Copyright</p> <p>Management Measures for Patents</p>
Anti-corruption	<p>Criminal Law of the People's Republic of China</p> <p>Company Law of the People's Republic of China</p> <p>Anti-Money Laundering Law of the People's Republic of China</p> <p>Anti-monopoly Law of the People's Republic of China</p> <p>Anti-unfair Competition Law of the People's Republic of China</p> <p>Interim Provisions on Prohibiting Commercial Bribery</p>	<p>Kingdee Business Code of Conduct</p> <p>Employment Contract</p> <p>Regulations for Prohibition on Employees' Improper Conduct</p>

11.2 Key Performance Indicators List

ESG Indicator	Unit	Total
A1. Emissions		
A1.2 Greenhouse Gas Emissions and Intensity		
Scope I: Greenhouse Gas Emissions (Scope I & Scope II)	Ton of CDE	8,017
Greenhouse Gas Emissions per RMB 1 Million of Revenue	Ton of CDE/RMB 1 Million of Revenue	3.49
Greenhouse Gas Emission Intensity	Ton/m ²	0.072
A1.3 & A1.4 Wastes		
Waste Electronic Equipment (Company-wide)	PCE	1464
Waste Lamps	Lamp	1664
A2 Use of Resources		
A2.1 Total Energy Consumption and Intensity		
Gasoline	Liter	88412
Purchased Power	KWH	8245821
Power Intensity	KWH/m ²	70.59
A2.2 Water Resource Consumption and Intensity		
Total Water Consumption	m ³	124013
Water Consumption Intensity	m ³ /m ²	1.18

A2.3 Resource Consumption		
Office Paper	KG	9310

Notes:

- The environmental data in 2017 includes the data of emissions, resource consumption and carbon emissions generated by Kingdee's business operation, exclusive of that of other companies or rental premises in the Software Park.
- Carbon emissions refer to carbon dioxide emissions only, exclusive of emissions of methane, nitrous oxide and other greenhouse gases from other emission sources.
- As can be noted from its business operation, Kingdee International has no significant waste gas emissions, including emissions of nitric oxide, sulfur oxide and other pollutants regulated by the state's laws and regulations.
- In accordance with the ISO 14064 International Standard for GHG Emissions, direct greenhouse gas emissions (Scope I) are from emission sources directly owned and controlled by the organization, such as emissions of transportation vehicles owned by the organization; indirect greenhouse gas emissions (Scope II) are from indirect energy emission sources, such as greenhouse gas emissions generated from purchased power.
- Carbon dioxide is calculated as per the (Tentative) Guide for Calculation Methods and Reporting Methods of Enterprise Greenhouse Gas Emissions of Other Industries issued by the State Development and Reform Commission. The emission factor of purchased power adopts the Benchmark Emission Factor of Regional Power Grids in China released by South China's regional power grids every year.

	ESG Indicator	Unit	Total
B1. Employment			
B1.1			
	Total number of staff	Person	6,634
Group by Gender	Number of male staff	Person	4,367
	Number of female staff	Person	2,267
Group by Type of staff	Number of management staff	Person	1,141
	Number of speciality staff	Person	5,493
Group by Educational background	Associate Degree and below	Person	1,409
	Bachelor's Degree	Person	4,793

	Master's Degree and above	Person	422
Group by Age	Aged 29 and below	Person	3,425
	Aged 30 to 49	Person	3,155
	Aged 50 or above	Person	54
Group by Region	Mainland China	Person	6,607
	Hong Kong, Macau and Taiwan	Person	25
	Overseas	Person	2
Other Categories	Staff in maternity leave	Person	80
	Staff back to work after maternity leave	Person	56
	Staff eligible for retirement within the next five years	Person	15
B2. Health and Safety			
B2.1			
	Work related deaths	Person	0
	Injuries	Time	1
B2.2			
	Total days lost due to work-related injuries	Day	31
B3. Development and Training			
B3.1			
	Training participants	Participant	2,072
Group by Gender	Number of male staff trained	Participant	1,433
	Number of female staff trained	Participant	639
Group by Type of staff	Management staff trained	Participant	303
	Specialty staff trained	Participant	1,769

Group by Type of training	Leadership training	Participant	316
	Qualification training	Participant	784
	Induction training	Participant	972
B3.2			
	Total staff training hours	Hour	64,740
Group by Gender	Male staff training hours	Hour	30,004
	Female staff training hours	Hour	12,696
Group by Type of staff	Management staff training hours	Hour	7,320
	Speciality staff training hours	Hour	35,380
Group by Type of training	Leadership training	Hour	8,832
	Qualification training	Hour	10,908
	Induction training	Hour	22,960
B3.3			
	Average training hours of staff	Hour/person	6.44
Group by Gender	Average training hours of male staff	Hour/person	6.87
	Average training hours of female staff	Hour/person	5.60
Group by Type of staff	Average training hours of management staff	Hour/person	6.42
	Average training hours of speciality staff	Hour/person	6.44
B5. Supplier Management			
B5.1			
Group by Region	China	Supplier	412
	Overseas	Supplier	1

B6. Product Responsibility			
B6.2			
	Total number of complaints	Complaint	5,396
Group by Complaint Channels	Type of complaint	Complaint	5,321
	Complaint e-mail	Complaint	58
	Official letter	Complaint	5
	Microblog	Complaint	10
	President's Mailbox	Complaint	2
B7. Anti-corruption			
B7.1			
Group by type of violations	Establish a company privately or take a second job as part-time work	person	9
	Establish a company privately and undertake outsourcing business	person	2
	Take a second job as part-time work illegally	person	1
	Fabricate labor relation	person	3
	Engage in a partnership operation illegally	person	1

12 Index to the Environmental, Social and Governance Reporting Guide

Issue	Guide Requirements	Sections	Remarks
A. Environment			
A1 Emissions	General Disclosure	10.1 Energy and Carbon Emission Management 10.2 Use of Resources and Waste Management	A1.1 is not applicable to Kingdee as emissions are not an important aspect for business operation.
	A1.2, A1.3, A1.4, A1.5, A1.6 Key Performance Indicators A1.2, A1.3, A1.4, A1.5, A1.6		
A2 Use of Resources	General Disclosure	10.1 Energy and Carbon Emission Management 10.2 Use of Resources and Waste Management	A2.5 is not applicable to Kingdee as we don't use packaging materials for our products.
	Key Performance Indicators A2.1, A2.2, A2.3, A2.4		
A3 Environment and Natural Resources	General Disclosure	10.3 Environmental Impact	
	Key Performance Indicators A3.1		
B1 Employment	General Disclosure	7.1 Basic Talent Policy	
	Key Performance Indicators B1.1, B1.2		
B2 Health and Safety	General Disclosure	7.3 Employee Care	
	B2.1, B2.2, B2.3 Key Performance Indicators B2.1, B2.2, B2.3		
B3 Development and Training	General Disclosure	7.2 Development and Training	
	Key Performance Indicators B3.1, B3.2		
B4 Labor Rules	General Disclosure	7.1 Basic Talent Policy	

	Key Performance Indicators B4.1, B4.2		
B5 Supply Chain Management	General Disclosure	6.3 Multi-win Cooperation	
	Key Performance Indicators B5.1, B5.2		
B6 Product Responsibility	General Disclosure	6.2 Excellent Service	B6.1B6.1 not applicable to corporate business
	B6.2, B6.3, B6.4, B6.5 Key Performance Indicators B6.2, B6.3, B6.4, B6.5		
B7 Anti- corruption	General Disclosure	5.4 Professional Ethics and Construction of a Clean and Honest Enterprise	
	Key Performance Indicators B7.1, B7.2		
B8 Community	General Disclosure	8.1 Conscience Culture 8.2 Innovation Culture 8.3 Innovation Culture 9.1 Charity Work 9.2 Chinese Management Model Research	
	Key Performance Indicators B8.1, B8.2		

13 GRI Guideline Indexes—Key Items

GRI Guideline Indicator	Description	Citation	Remarks
General Standard Disclosure			
Organization Overview			
102-1	Organization Name	1 About Kingdee	
102-2	Activities, Brands, Products & Services	1 About Kingdee	
102-3	Location of Headquarter	1 About Kingdee	Shenzhen
102-4	Place of Operation	1 About Kingdee	China
102-5	Ownership and Legal Form	1 About Kingdee	A limited company listed on the Stock Exchange of Hong Kong
102-6	Markets	1 About Kingdee	
102-7	Scale	1 About Kingdee	
102-8	Information of Employees and Other Workers	7.1 Basic Talent Policy	
102-9	Supply Chain Description	6.3 Multi-win Cooperation	
102-10	Major Changes of Organization Scale, Structure, Ownership or Supply Chain	N/A	No major changes
102-11	Due Diligence	5.4 Professional Ethics and Construction of a Clean and Honest Enterprise 6.2 Excellent Service 6.3 Multi-win Cooperation 7.1 Basic Talent Policy	
102-12	Covenants Supported	5.4 Professional Ethics and Construction of a Clean and Honest Enterprise 6.2 卓越服务, 6.3 Multi-win Cooperation 7.1 Basic Talent Policy	
102-13	Organizations Joined	2 About This Report 5.1 ESG Management Structure	
Strategy and Analysis			

102-14	Decision-maker's Statement	3 Message from the Chairman	
Morality and Integrity			
102-16	Values, Principles, Criteria and Code of Conduct	3 Message from the Chairman 8.1 Conscience Culture 8.2 Innovation Culture 8.3 Sports Culture	
Governance			
102-18	Governance Structure	5.1 ESG Management Structure	
Communication with Stakeholders			
102-40	Stakeholders of Organization	5.2 Identification of and Communication with Stakeholders	
102-41	Collective Bargaining Agreement	N/A	All employees have joined the Labor Union.
102-42	Stakeholder Identification and Selection Criterion	5.2 Identification of and Communication with Stakeholders	The identification criterion of stakeholders is the mutual influence between stakeholders and day-to-day operation of the Group.
102-43	Communication Methods with Stakeholders	5.2 Identification of and Communication with Stakeholders	
102-44	Key Issues and Concerns Raised by Stakeholders and Responses of Organization	5.2 Identification of and Communication with Stakeholders	
Reporting Practices			
102-45	Entities Included in the Financial Statements; Entities not Included in this Report	2 About This Report	
102-46	Definition of Report Contents and Issue Boundary	2 About This Report	
102-47	Material Issues and List	5.4 Material Issues and List	
102-48	Reason and Purpose of Reiterating Information Mentioned in Previous Reports	N/A	
102-50	Major Changes of Reporting Scope/Scope Boundary	2 About This Report	No major changes of scope and boundary of the report

102-50	Reporting Period	2 About This Report	
102-51	Date of Last Report	N/A	Please refer to the Kingdee International Environmental, Social and Governance Report 2016.
102-52	Reporting Cycle	2 About This Report	
102-53	Contact Information	2 About This Report	
102-54	GRI Items to be Followed	2 About This Report	
102-55	GRI Indexes	12 GRI Guideline Indexes	Key Items
102-56	External Certification	N/A	
Management Methods			
103-1	Explanation of Description and Boundary of Key Issues	5.3 Material Issues and List	
103-2	Management Methods and Their Factors	5.1 ESG Management Structure	
103-3	Review of Management Methods	5.1 ESG Management Structure	
Economic Issues			
Economic Performance			
Management Methods		6.2 Excellent Service	
201-1	Direct Economic Value Generated and Distributed by Organization	6.1 Product Value	
Indirect Economic Impact			
Disclosure of Management Methods		9.1 Charity Work	
203-1	Infrastructure Investment and Supporting Service and Their Impact	9.1 Charity Work	
Purchase Practices			
Disclosure of Management Methods		6.3 Multi-win Cooperation	
204-1	Ratio of Expenditure Generated by Procurement from Local Suppliers	6.3 Multi-win Cooperation	Categorized into domestic and overseas suppliers
Environmental Issues			

Energy			
Disclosure of Management Methods		10.1 Energy and Carbon Emission Management	
302-1	Internal Energy Consumption of Organization	10.1 Energy and Carbon Emission Management	
302-3	Energy Intensity	4 Development Overview in 2017 10.1 Energy and Carbon Emission Management	
Water			
Disclosure of Management Methods		10.2 Use of Resources and Waste Management	
303-1	Total Water Withdrawals by Source	10.2 Use of Resources and Waste Management	Municipal water of different cities is the only water source within the scope of report.
Emissions			
Disclosure of Management Methods		10.1 Energy and Carbon Emission Management	
305-1	Direct Greenhouse Gas Emissions (Scope I)	N/A	Not applicable as Kingdee's business scope involves no massive direct emissions of greenhouse gases
305-2	Indirect Greenhouse Gas Emissions (Scope II)	Development Overview in 2017 10.1 Energy and Carbon Emission Management	
Waste Water			
Disclosure of Management Methods		10.2 Use of Resources and Waste Management	
306-2	Total Waste Weight by Category and Disposal Method	10.2 Use of Resources and Waste Management	
Social Issues			
Employment			
Disclosure of Management Methods		7.1 Basic Talent Policy	
401-1	New Employees and Separated Employees	7.1 Basic Talent Policy	
Occupational Health and Safety			

Disclosure of Management Methods		7.3 Employee Care	
Training and Education			
Disclosure of Management Methods		7.2 Development and Training	
404-1	Average Hours of Training Received Per Employee	7.2 Development and Training	
Local Communities			
Disclosure of Management Methods		9.1 Charity Work 9.2 Chinese Management Model Research	
413-1	Operating Activities of Community Involvement, Community Impact Assessment and Community Development Plans	4 Development Overview in 2017 9.1 Charity Work 9.2 Chinese Management Model Research	
Customer Health and Safety			
Disclosure of Management Methods		6.2 Excellent Service	
413-1	Incidents in Violation of Product and Service Health and Safety Regulations	N/A	No related incident within the reporting period
Customer Privacy			
Disclosure of Management Methods		6.2 Excellent Service	
419-1	Verified Complaints in Relation to Violation of Customer Privacy or Loss of Customer Information	N/A	No related incident within the reporting period
Legal Compliance			
Disclosure of Management Methods		11.1 Policy List	
307-1	Violation of Environmental Laws and Regulations	N/A	No violations within the reporting period
419-1	Violation of Social Laws and Regulations	N/A	No violations within the reporting period