



(continued into the Cayman Islands with limited liability)
Stock Code: 03888

KINGSOFT CORPORATION LIMITED

2021 ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT



CONTENTS

| | | | |
|----|--|----|--|
| 2 | About This Report | 17 | Talent Management |
| 3 | Chairman Statement | 17 | Employment and Labour Standards |
| 5 | Honours And Awards | 19 | Talent Development |
| 6 | ESG Management | 24 | Health and Safety |
| 6 | ESG Strategy | 25 | Employee Care |
| 7 | ESG Governance Structure | 29 | Green Operation |
| 7 | Stakeholder Engagement | 30 | Green Office |
| 8 | Materiality Assessment | 31 | Green Awareness |
| 10 | Responsible Operation | 31 | Green Products |
| 10 | Health and Safety of Products and Services | 31 | Green Products |
| 13 | Product and Service Quality | 32 | Environmental Key Performance Indicators |
| 13 | Customer Service Improvement | 34 | Contributing to the Society |
| 15 | Protection of Intellectual Property Rights | 34 | Public Welfare Assistance |
| 15 | Advertising Management | 36 | Supporting Education |
| 15 | Anti-corruption | 38 | Environmental Protection |
| 16 | Supply Chain Management | 39 | Support for the Disaster Areas and Fight Against COVID-19 |
| | | 40 | Appendix : HKEx ESG Reporting Guide Index Table |



ABOUT THIS REPORT

Reporting Scope

The report aims to objectively, fairly and justly reflect the environment, society and governance (“**ESG**”) concept of Kingsoft Corporation Limited (hereinafter referred to as “**Kingsoft**” or the “**Company**”) and its subsidiaries, as well as their remarkable advances and achievements. We will discuss all relevant areas in detail, especially the ESG issues that may exert considerable influence over the sustainability of our business operations and are of concern to our stakeholders. Unless otherwise stated, the report covers Kingsoft Corporation Limited and its subsidiaries (hereinafter referred to as the “**Group**” or “**we**”) — mainly including Beijing Kingsoft Office Software, Inc. (hereinafter referred to as “**Kingsoft Office**”) and Seasun Holdings Limited (hereinafter referred to as “**Seasun Holdings**”). Unless otherwise stated, the report covers the period from 1 January 2021 to 31 December 2021.

Reporting Principles

In preparing this ESG report, the principles of “Materiality”, “Quantitative”, and “Consistency” are applied to define the content of the report and how the information is presented.

Materiality: During the preparation of this report, the Group has identified main stakeholders and key ESG issues of their concern, and made targeted disclosure according to their relative materiality. For more information on materiality assessment, please refer to the sections “Stakeholder Engagement” and “Key ESG Issues Assessment” below.

Quantitative: This report adopts quantitative information to disclose the key performance indicators (“KPI”) in the environmental and social aspects. The measurement standards, methods, hypothesis and/or calculation tools, and the source of conversion coefficient used for the KPIs are explained in their respective paragraphs.

Consistency: The data disclosed in this report adopts the statistical method consistent with previous years, with individual changes explained to ensure consistency.

Preparation Basis

The report is prepared in accordance with the *Environmental, Social and Governance Reporting Guide* set out in Appendix 27 to the *Main Board Listing Rules* (the “**Listing Rules**”) on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Data Source

The information, data and cases cited in this report are all from the Group’s official documents, statistical and financial reports or public documents, as well as other ESG practices collected and summarised by the functional departments of the Group. The Board of Directors is responsible for the authenticity, accuracy and completeness of the content of this report. For information on governance, it is recommended to read in conjunction with the Corporate Governance Report in the Annual Report.

Access to this Report and Feedback Channel

The electronic version of this report is available on the website of the Company (www.kingsoft.com) and the website of the Stock Exchange (www.hkex.com.hk). If you have any comments or suggestions about this report, please email us at ir@kingsoft.com.



CHAIRMAN STATEMENT

2021 is the year when the national goal of “Carbon Dioxide Peaking by 2030 and Carbon Neutrality by 2060” (“**Carbon Peaking and Carbon Neutrality**”) was set sail. As a leading software and internet service company in the current globalization development, we have paid close attention to the impact of the company’s environmental, social and governance (“**ESG**”) performance on the world, have integrated technology and ESG and have given ESG a higher strategic awareness.

In the past year, adhering to the corporate values of “Aiming for the Highest and Down-to-earth”, we established the Environmental, Social and Governance Committee, clarified the Company’s sustainable development code of conduct, established environmental goals related to business operations and enhanced ESG governance. Led by technology, we integrate ESG into business operations and daily management, and practice ESG concepts from four aspects: responsible operation, green operation, talent management and contributing to the society.

In terms of responsible operation, under our group’s philosophy of “Dream — Integrity — Responsibility”, we use games as a vehicle to give full play to our social value as a cultural communication media, passing on historical knowledge, promoting traditional culture and carrying forward positive social energy in our games. As a pioneer of national creation games, JX Online III takes the historical background of the Tang dynasty and relies on the characteristics of the sect to deliver historical knowledge to more than 400,000 players every day through story plots, and a total of approximately 120 million players benefit from it. In addition to cover traditional ethnic music, intangible culture heritage, and physical Chinese costumes in the game, we have also devoted our efforts to create a large-scale national creation project, “Huaxia Style Collection”, which collects and organizes the valuable cultural heritage left behind by our ancestors and reinterprets them through modern art to present the charm of the emerging national trend. In addition, the ancient buildings in Shanxi experienced heavy rainfall, we responded to the appeal of players to put online the praying candles within the game end, and donated all the proceeds from sales to the affected areas to support the restoration of cultural relics and ancient buildings. We have been physically adhering to the “spirit of chivalry” and conveying the belief of “chivalry”, so that players can draw positive energy from the values of JX Online III and guard the “chivalry” in their hearts.

In terms of green operation, while catering to customers’ use scenarios, the Group focuses on a strategy of fully empowering the digital transformation of the corporate office, guided by this strategy, continues to expand “Cloud Office” and “Paperless Meeting” areas and released the “Kingsoft Digital Office Platform”, which combines existing products with cloud to help customers achieve digital transformation with further strengthen business empowerment as well as security management and control; we assist customers in digital encryption and public cloud storage of paper documents in content creation, knowledge management, collaborative office, etc., reducing the waste of paper for approximately 130 billion documents and help achieve the “Carbon Peaking and Carbon Neutrality” goal.

In terms of talent management, we provide a competitive salary system and spare no effort to discover, cultivate and retain talents, improve the talent cultivation mechanism for technological innovation, and build an equal and diverse team. With the aim of cultivating “successors” with corporate DNA, the Group has launched a long-term key talent development program “Kingstar Program” for outstanding fresh graduates, and created a group of high-potential talents covering technical R&D, product, operation and marketing positions in all aspects. Since the program was launched in 2017, 4 batches of trainees have been recruited and trained, of which 2 batches have been appointed and become the core backbone of the team.

In terms of contributing to the society, we listen to communities’ voices, conduct industry-university-research cooperation, cultivate future scientific and technological talents, support for the disaster areas and fight Against COVID-19, take social responsibility. We carried out an experience activity themed on the development of science and technology games — the 4th Seasonal Journey to the West Parent-Child Public Welfare Activity, inviting young people aged 12–15 and their parents to participate, guiding them to understand the interesting process of making games and fostering them to become future technology newcomers.



CHAIRMAN STATEMENT (continued)

We received a letter from a little girl in Sichuan Aba Hope Primary School, in which she said her dream was to be a programmer when she grew up, just like people from Kingsoft, to make the world better with technology. With the inspiration, we are once again deeply aware that technology represents hope for the future.

Looking into to the future, we will never forget why we started and continue to adhere to the principle of “Technological Empowerment”. With the dream of “Born for Innovation, Grow from Technology, Serve for World”, together with more people, we will explore and practice using the power of technology to maintain network and data security, to promote the coordinated progress of the industry, provide a development platform for employees, create perfect experience for users, contribute public welfare to the society, and accelerate the realization of the “Carbon Peaking and Carbon Neutrality” goal.

Last but not the least, I would like to express my gratitude to all stakeholders, including but not limited to the shareholders, the Board of Directors, our employees and partners for staying the course of solidarity and cooperation with us all the way to promote sustainable development! We will forge ahead to live up to our youth and ride the wind and waves forward with fortitude!

Jun LEI

23 March 2022



HONOURS AND AWARDS

As a leading software and internet services enterprise in China, Kingsoft continuously optimises its organisational structure and explores technological innovation in this digital era. By exploiting product advantages and embracing digital challenges, we contribute to the rapid development of global digitalisation. With the unremitting efforts of the Group, we were awarded many honours and recognition in 2021.

| Date | Awards |
|---------------|---|
| April 2021 | Kingsoft Office won the “Innovation Award at China Information Technology Expo” |
| July 2021 | Kingsoft Office was awarded “2021 Most Valuable Science and Technology Innovation Board Listed Company” |
| October 2021 | Kingsoft Office released the 1st domestically produced Tibetan office software in China WPS Office — Tibetan Edition |
| October 2021 | Kingsoft Office won the “Huawei Smart Office Ecosystem — Best Collaborative Product” and the “Huawei Smart Office Ecosystem — Best HarmonyOS Ecological Cooperation Product” |
| October 2021 | Season Holdings’ JX World III won the “Ecological Innovation Award” at Huawei Developer Conference |
| November 2021 | Kingsoft Office ranked No.10 in the world in the “2021 Fortune Future 50 List” for the first time |
| December 2021 | Kingsoft Office was awarded “Outstanding Digital Solution Provider of the Year 2021” at China Internet Conference |
| December 2021 | Season Holdings’ Biphase was awarded the “Best Game Mission Design” and the “Best Made for Mobile Game” at the 13th CGDA (China Game Developers Award) |
| December 2021 | Season Holdings’ JX Online III won the “Recognition Award for Game Development Team” , the “Merit Award for Best Original Art & Design” and the “Recognition Award for Best Animated Game” at the 13th CGDA. |
| December 2021 | Kingsoft Office served as the Vice President Unit of Zhongguancun Digital Economic Industry Alliance |



ESG MANAGEMENT

As digital transformation deepens in society at large, sticking to the mission of “Aiming for the highest and Down-to-earth” and focusing on the strategy of developing quality online games, we constantly enrich the value of our core products, increase investment in R&D and expand game categories. We improve user experience by optimising office software and services, and enhance user stickiness with the help of cloud and collaboration services. Looking ahead, we will continue to increase R&D investment, and strengthen technical competence to develop new products and services, so as to promote innovation-driven development. We always strive to provide our users and customers with the best experience and achieve win-win cooperation with our partners.

ESG Strategy

We integrate ESG considerations into our business operations and daily management, and practice the ESG concept from four aspects, namely responsible operation, talent management, green operation and contributing to the society. The Board of Directors conducts periodic reviews of the strategies to examine and ensure their consistency with the Group’s development strategy.

The United Nations Sustainable Development Goals (“SDGs”) aims at guiding countries around the world to solve their development issues in society, economy and environment, and encouraging all sectors of society to contribute to sustainable development. We have identified and prioritised the SDGs relevant to us based on the Group’s business features and integrated them into our ESG concept to guide the Group’s ESG actions.

| | | | |
|---|---|--|---|
| <p>Responsible Operation</p> <p>While providing quality products and services to consumers, the Group attaches importance to information security and privacy protection, so as to ensure the quality of products and services and improve customer service management. We conduct intellectual property protection, and well perform in advertising compliance. In addition, we are committed to implementing effective anti-corruption measures and establishing a sound supplier management system.</p> | <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>  | <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>  | <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>  |
| <p>Caring for Employees</p> <p>The Group establishes effective employee compensation, benefits, development and training system, by providing a good reward and promotion platform. We advocate a healthy work and lifestyle, create an equal and diversified team, and carry out various employee activities to enhance the well-being of the employees.</p> | <p>3 GOOD HEALTH AND WELL-BEING</p>  | <p>5 GENDER EQUALITY</p>  | <p>8 DECENT WORK AND ECONOMIC GROWTH</p>  |
| <p>Green Operation</p> <p>We positively respond to the country’s call for “Carbon Dioxide Peaking and Carbon Neutrality” by integrating green and low-carbon, energy-saving, emission reduction and combating climate change activities into our operation, products and services. We enhance our environmental protection management policies and measures, and promote employees to practice the environmental protection concept.</p> | <p>6 CLEAN WATER AND SANITATION</p>  | <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>  | <p>13 CLIMATE ACTION</p>  |
| <p>Giving Back to the Society</p> <p>As a responsible corporate citizen, we are committed to giving back to society as we develop ourselves. We have undertaken our social responsibilities in various social aspects, including assisting public welfare, education support, environmental protection and combating the pandemic.</p> | <p>3 GOOD HEALTH AND WELL-BEING</p>  | <p>4 QUALITY EDUCATION</p>  | <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>  |



ESG Governance Structure

Statement from the Board

Kingsoft’s Board of Directors is responsible for formulating ESG strategies, reporting ESG performance, and supervising ESG issues. The ESG Committee is accountable to the Board of Directors by assisting it with the decision-making and review of ESG issues. Also, the Committee holds meetings at least once a year to discuss major ESG issues. We have established an ESG organisational structure covering our subsidiaries and departments to better practice the ESG concept, and the relevant functional departments and each subsidiary are responsible for the management and implementation of ESG actions.




Kingsoft conducts materiality assessment at regular intervals. The specific assessment process and results are detailed in the sections “Stakeholder Engagement” and “Key ESG Issues Assessment” of the Company’s annual ESG report, which are reviewed by the Board of Directors. The ESG Committee has assisted the Board of Directors in identifying all major ESG risks associated with the Group, including climate change, information security, privacy protection, human resources, intellectual property management, health and safety compliance of products and services, anti-corruption, etc. We have not only formulated response measures hereto, but also required relevant departments to implement them in their operation and management.

During the reporting year, Kingsoft has set environmental goals related to its business operations, i.e., reducing emissions and resource consumption in daily operations of the office parks. Such goals have been reviewed and discussed by the Board of Directors.

The detailed information on the aforementioned ESG issues has been disclosed in this report, which were reviewed and approved by the Board of Directors on 23 March 2022.




Stakeholder Engagement

We recognise the importance of engaging in communication with stakeholders and regard their views and opinions as a vital driving force to continuously enhance our ESG management. We communicate with stakeholders proactively via various channels to understand and respond to their demands promptly. We have identified our main stakeholders and obtained their opinions and expectations that have an interactive impact on the Group’s operation. These are summarised in the table below.

| Main Stakeholders | Main Expectations | Main Communication and Response Channels |
|--|--|---|
|  Governmental and regulatory authorities | Compliance with laws and regulations Safety and reliability of products Promoting technological progress Serving national interests and people’s livelihood | Inspection and reception Annual report Group’s website Document submission |
|  Investors | Maintaining good operating performance Compliant operation Information disclosure | Shareholders’ general meeting Group’s announcements Reporting of special projects Visitor reception |
|  Customers | High-quality products and services Protecting information security and customer privacy Satisfying the diversified needs of customers | Daily communication with customers Survey on customer satisfaction Handling and feedback of customer complaints |

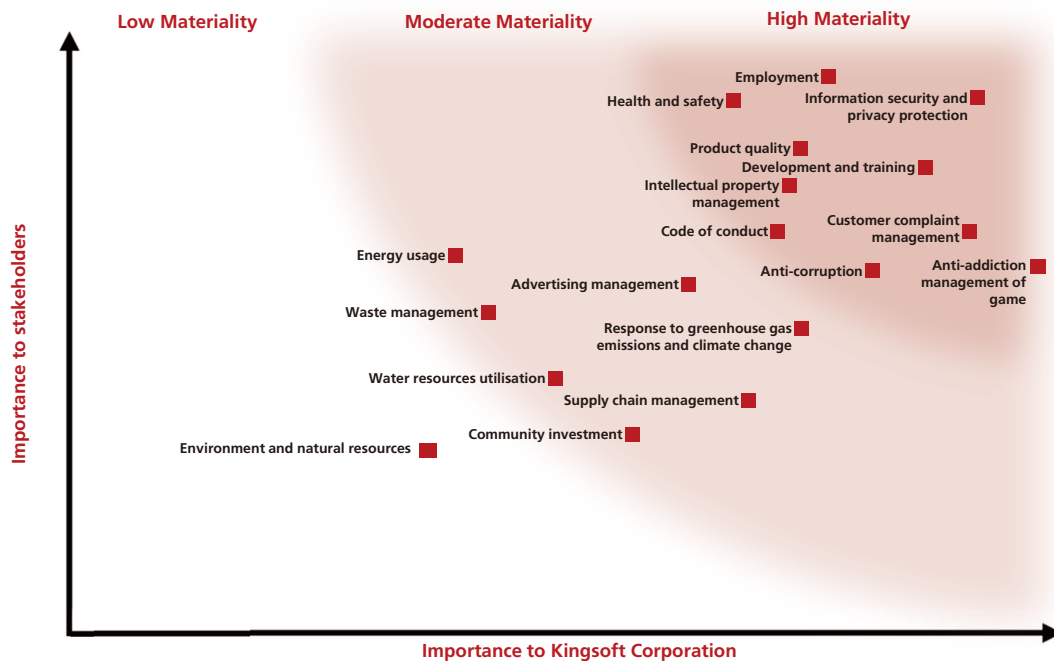


ESG MANAGEMENT (continued)

| Main Stakeholders | Main Expectations | Main Communication and Response Channels |
|---|--|---|
|  Staff | Protecting staff's rights and interests Protecting occupational health Training and development Promotion channels Work-life balance | Staff meeting Platform for staff's suggestions Face-to-face communication Staff training |
|  Suppliers and partners | Open, fair and impartial procurement Fulfilling contractual obligations Mutual benefits and win-win cooperation | Public tendering Face-to-face communication |
|  Community | Community development Public welfare undertakings Environmental protection | Involvement in community activities |

Materiality Assessment

This year, through continuous and effective communication with main stakeholders on their investigation results, following the suggestions from external experts, and understanding the areas of media attention, we have identified all ESG issues related to the Group and assessed their materiality, as well as regarded them as an important reference to the report.



Kingsoft Corporation's 2021 ESG Materiality Issues Matrix

ESG MANAGEMENT (continued)

ESG Issues with High Materiality

- Information security and privacy protection
- Employment
- Health and safety
- Product quality
- Intellectual property management
- Development and Training
- Code of conduct
- Customer complaint management
- Anti-addiction management of game products
- Anti-corruption

ESG Issues with Moderate Materiality

- Advertising management
- Response to greenhouse gas emissions and climate change
- Supply chain management
- Community investment
- Water resources utilisation
- Waste management
- Energy usage

ESG Issues with Low Materiality

- Environment and natural resources



RESPONSIBLE OPERATION

Kingsoft embraces digital transformation in an active manner. For instance, we increase R&D investment to innovate R&D products and optimise customer service to enhance user experience. While improving cybersecurity and advancing industry coordinated development, we have won the approval and trust among users with our superior products and services.

Health and Safety of Products and Services

We devote ourselves to providing users with healthy and safe products and services. We emphasise the importance of enforcing effective information security and privacy protection measures as well as maintain compliance with data privacy protection requirements. At the same time we continuously optimise the internal security management structure, and strengthen the safe operation capability throughout the product life cycle to safeguard the Group's and users' privacy. In our game business, we also improve various management measures in protecting online game users' physical and mental health, primarily minors.

Information Security and Privacy Protection

In strict accordance with the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, the *Personal Information Protection Law of the People's Republic of China*, the *Administrative Measures for Internet Information Services*, the *National Cybersecurity Contingency Plan* and other laws, regulations and policies, as well as relevant national standards such as the *Information Security Technology — Personal Information Security Specification* and the *Information Security Technology — Guidelines for Information Security Risk Management*. We have formulated the *Kingsoft Information Security Management Specification*, the *Kingsoft Cybersecurity and Information Security Contingency Plan*, the *Security Review Process before Launching Application System*, the *Penalty Rules for Information Security Incidents* and other systems and standards. These rules cover cybersecurity organisational structure, management specifications, review mechanism, emergency management, rewards and accountability, etc., which enable the Group to establish an effective cybersecurity system across the board. Based on their respective business characteristics, Kingsoft Office and Seasun Holdings have further developed cybersecurity management guidelines and privacy protection policies, to implement cybersecurity management.

We have established a top-down cybersecurity organisational structure, with the Company overseeing and reviewing the implementation of cybersecurity management and subsidiaries carrying out specific actions. Kingsoft Office has set up a cybersecurity protection system to be responsible for information security decision-making, specific business execution and other functions. The system is composed of the Security Committee and the Security Centre, as well as the security owners from various departments. Likewise, Seasun Holdings has formed a team that consists of a security leader, security engineers, penetration test engineers and security auditors to implement cybersecurity.

We also optimise cybersecurity management throughout the product life cycle, seeking to reduce the overall risk related to network and information security. For example, we conduct code security audits in the security development phase and penetration testing in the security testing phase, respectively. In order to form a closed-loop cybersecurity management system, we have also conducted internal and external defence drills, and developed security emergency plans and emergency response mechanism to ensure business continuity and the security of the information system. To perfect the cybersecurity R&D operating system, each subsidiary has established a multi-layered risk defence mechanism where the linkage between the platforms and devices can enable the system to perceive intrusion activities and send an alert, thus effectively preventing systemic risks. The Group also develops stringent examination standards covering needs assessment, risk assessment, safe design principles and safety acceptance criteria to ensure product safety.

RESPONSIBLE OPERATION (continued)

We place a high priority on the compliance management of user information and data security. In terms of data collection, usage and processing, Kingsoft Office follows the “Minimum and Necessary” principle and relevant provisions in the privacy agreement, and uses user information in a reasonable and transparent manner with full respect for users’ right to know, choose and control their personal information. Users also have the right to modify or delete personal information at their own discretion. Similarly, Seasun Holdings observes the principles of legality, legitimacy and necessity for user data collection, and strictly abides by the Kingsoft’s Network Service Agreement, Software Privacy Policy, etc. The collection of data resources and personal information that are not related to the service is also strictly prohibited. As to data storage and transmission, the two subsidiaries have encrypted their data transmission channels and applied rigorous authorisation over access policies, so as to ensure data integrity, confidentiality and availability.

During the reporting period, all subsidiaries have obtained the relevant cybersecurity certification from external agencies. For instance, Kingsoft Office has been certified by the ISO27001 Information Security Management System, the ISO27701 Privacy Protection Management System, etc. Its Cloud Document and Cloud Account products have obtained the certification of National Cybersecurity Classified Protection (Level 3), while the learning system of quality online course obtained the Classified Protection at Level 2. Seasun Holdings’ core website xoyo.com and its trading platform “Wan Bao Lou” have passed the certification on Classified Protection at Level 3.

We improve the cybersecurity training system on a continuous basis. Whilst the Company formulates general principles, the subsidiaries organise specific training on the basis of their business characteristics under such principles, in an attempt to enhance employees’ cybersecurity awareness. In 2021, Kingsoft Office carried out training for new hires to foster their safety awareness and clarify the red lines of employee privacy and security. With online and offline forms combined, Seasun Holdings has arranged knowledge lectures and training on cybersecurity and data security for veteran and new employees.

Cybersecurity Training



Kingsoft Office Security Awareness Training



Seasun Cybersecurity Seminar



RESPONSIBLE OPERATION (continued)

Prevention from Indulging in Games

In strict compliance with relevant laws, regulations and departmental rules such as the *Law of the People's Republic of China on the Protection of Minors*, the *Provisions on the Cyber Protection of Children's Personal Information*, the *Measures of the People's Republic of China for the Administration of Internet Information Services*, the *Provisions on the Administration of Online Publishing Services* and the *Provisions on Ecological Governance of Network Information Content*, and being actively responsive to the *Notice by the National Press and Publication Administration of Preventing Minors from Indulging in Online Games* and of *Further Imposing Strict Administrative Measures to Prevent Minors from Becoming Addicted to Online Games*, we actively implement management measures to prevent minors from indulging in online games.

To better protect underage and teenage online game users, Seasun Holdings continuously upgrades its real-name authentication system and anti-addiction system. All games have been connected to the real-name authentication and facial recognition system, so that the players' identity and age can be recognised intelligently. If a suspected underage player is found to log in to a game, register an account or top up, the system will pop up identity authentication automatically, and the players who fail to pass the authentication will be included in the anti-addiction supervision system. In addition, Seasun Holdings has also appointed professional customer service specialists to deal with minors' recharge cases. In the event that a minor impersonates an adult to top up, the specialist will help verify the account and related information, and refund the top-up payment. We are doing these for maintaining a healthy online environment and protecting minors from addiction.

Seasun Holdings has not only an information inquiry system of online game real-name authentication but also a parental monitoring system, which allows parents and statutory guardians to get knowledge of how much time their children spend on online games. Beyond that, users can also use this system to check whether their identity information has been fraudulently used by other players. Once the impersonation of another people's identity is discovered, we will take appropriate punitive measures against the account. This year, Seasun Holdings continues to hold various offline publicity activities (e.g., "Summer Camp — Seasun Journey" and "Carnival and Family Day") to prevent minors from being addicted to games, in an effort to build a platform to protect the growth of minors.



Parental Guardianship System Platform for Minors



Age-appropriate Tips and Various Privacy Protection Clauses



RESPONSIBLE OPERATION (continued)

Product and Service Quality

Adhering to the tenet of “User First”, we continuously improve the quality of products and services, and strengthens the quality management throughout the product life cycle.

Kingsoft Office formulates the *Measures for the Management of Digital Assets*, the *Basic Standards for R&D Security and Privacy Protection* and other regulations to ensure software product quality. Also, it conducts a strict compliance review and testing on product quality, focusing on a wide range of factors such as stability, security, suitability, etc. A specialised department has also been established to understand and follow up on customers’ usage of the products, and intervene in time when potential security risks arise.

Seasun Holdings has set up a Project Review Committee comprising CEO, vice president, and director-level leaders, who are responsible for the supervision of projects quality throughout the process, where a quality centre is in charge of the management of product quality. This year, by harnessing big data while complying with relevant laws, regulations and regulatory requirements at home and abroad, Seasun Holdings has optimised its automated product quality control platform to analyse and monitor relevant indicators comprehensively, which contains 25 automated analysis tools for product R&D, product performance, back-end service, product safety, etc. Besides, Seasun Holdings also develops a project quality review process before the product is put on the market, including the quality inspection specifications of product function, performance, security, suitability, stability, privacy compliance and copyright, etc., so as to strictly ensure the product quality. For projects that do not meet the specifications, the Quality Centre will report the problems to the project team and urge relevant departments to rectify.

Customer Service Improvement

Strictly abiding by laws and regulations such as the *Law of the People’s Republic of China on the Protection of Consumer Rights and Interests* and the *E-Commerce Law of the People’s Republic of China*, we constantly improve our customer service management processes, such as customer complaint handling and customer satisfaction surveys, so as to promptly respond to customers’ diversified needs. Kingsoft Office and Seasun Holdings have formulated the *Complaints Handling Process Specification for Kingsoft Office Customer Service Department* and the *Complaints and Praise Handling Procedures Specification of Seasun Customer Service Department*, respectively, to standardise customer service management.

This year, Kingsoft Office has opened more channels for handling user complaints, which currently includes hotline, email, social platform and the Black Cat platform. We also classify the complaints into different categories, e.g., product complaint, refund complaint and non-functional fault complaint. Besides, Kingsoft Office has stipulated the time limit and responsible persons for different complaint types, requiring customer service staff to respond to users within the required time.

Similarly, apart from the various existing complaint channels (e.g., hotline, email and Weibo), Seasun Holdings further sets up a dedicated customer service team on Enterprise WeChat to enhance user experience, while continuing to improve complaint management and the performance appraisal system for customer service staff. It also collects, summarises and analyses user feedback and complaints, and provides them to the product team periodically for better product design and development. In 2021, Seasun Holdings held a variety of offline activities to maintain a good relationship with players.



RESPONSIBLE OPERATION (continued)

During the reporting period, Kingsoft Office and Season Holdings received a total of 421¹ and 5,492² complaints, respectively.

JX Online III Players Activities



JX Online III Wuhan Players Activities



JX Online III Chengdu Players Activities

Based on the business characteristics, both subsidiaries provide regular training for their customer service staff, for example, Kingsoft Office organises large-scale training every month and conducts weekly routine training to strengthen employees' professional skills; Season Holdings arranges more specialised training, with a total of 22 online and offline training sessions conducted, representing a 30% increase over the prior fiscal year.

During the reporting period, the customer satisfaction rate of Kingsoft Office reached 96.1%³ that of Season Holdings reached 95.4%⁴.

Regular Customer Service Training



Monthly Training for Kingsoft Office Customer Service Staff



Season Customer Service Center Internal Training Sharing Session

- 1 Complaints against Kingsoft Office include discontent over the products, technology and service quality, and requests for solutions or claims.
- 2 The complaints against Season Holdings contain suggestions on products and customer service, as well as requests for compensation, etc.
- 3 This year, Kingsoft Office optimised its "customer satisfaction" indicator system, including "service items" related to customer service and "non-service items" related to product quality.
- 4 Season Holdings' "customer satisfaction" indicator system includes "service items" related to customer service and "non-service items" related to product quality.



RESPONSIBLE OPERATION (continued)

Protection of Intellectual Property Rights

We strictly adhere to relevant laws and regulations, national standards, industry standards and the code of self-discipline to protect intellectual property rights, such as the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China* and the *Copyright Law of the People's Republic of China*.

We continue to strengthen its ability to promote independent innovation and update intellectual property management system by formulating and improving relevant specifications, such as the *Intellectual Property Management Manual* and the *Incentive Policy of Kingsoft for Technology Innovation, Promotion and Introduction and Patent Application*. Besides, the self-developed online management system of domain name, patent, trademark, and copyright has been put into use, which has increased the efficiency of intellectual property management.

In trademark management, the Company works out the *Management specifications of Using Licensed Trademark* to maintain the quality and reputation of the products and services with regular reporting, self-inspection, and review. Based on the existing trademark management system, the management of licensed trademarks of the Group have also been reinforced to protect Kingsoft's brand values, preserve and improve the brand reputation.

In patent management, Kingsoft Office and Seasun Holdings have amended relevant regulations and specifications such as the *Patent Management Regulations* and the *Provisions on the Administration of Patent Bonus and Innovation Promotion Award*. They make a greater effort in the search and analysis of patents throughout the whole production cycle to avoid infringement of others' intellectual property rights. At the same time, they try their best to improve the quality of patents according to the newly revised patent review standards.

Advertising Management

In strict compliance with the *Advertising Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, and relevant laws and regulations, we have formulated the *Measures for the Approval and Administration of Public Promotion* to stipulate the review and the approval process of publicising promotional documents and advertisements in ensuring their authenticity, accuracy, verifiability and non-misleading nature.

We have set up an advertising compliance review team comprising the Legal Department and the Board Secretary's Office to audit the Group's advertising management and strictly regulate advertising and publicising activities. The Legal Department is mainly responsible for reviewing the legality of promotional materials. The Board Secretary's Office mainly evaluates if the proposed promotional materials contravene any requirements of the Listing Rules. We take serious punitive measures against those behaviours and personnel who violate the policies for publishing promotional materials without approval. Kingsoft Office prevents the occurrence of advertising violations by formulating the *Advertising Audit Manual* and strengthening the review of manuscripts. Seasun Holdings develops the *Seasun Holdings Media Management*, aiming to clarify the requirements for publishing and reviewing media content, and standardise the accountability and punishment mechanism.

Anti-corruption

The Company attaches great importance to compliance and integrity management. Strictly abiding by the laws and regulations of the regions in which it operates. We resolutely put an end to all kinds of bribery and corruption to foster an integrity culture and establish a business ethics management system with clear roles and responsibilities. Strictly abiding by relevant laws and regulations such as the *Company Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*. The Company has formulated the policies and relevant measures, such as the *Code of Conduct for Kingsoft's Employees*, the *Regulations of Kingsoft on the Management of Whistle Blowing and Complaints*, the *Punishments Regulations of Kingsoft on Negligence and Pretermission for Leaders*, and the *Regulations on the Administration of rebates of Kingsoft* to ensure the ethical development of the Group. The Audit Committee and Internal Audit Department are responsible for anti-corruption management. To be specific, the Audit Committee is primarily responsible for overseeing the handling of corruption cases and dealing with the cases that may involve the Group's executives, while the Internal Audit Department is in charge of organising and conducting anti-fraud investigations.



RESPONSIBLE OPERATION (continued)

We have organised a series of publicity activities around anti-corruption and business ethics, seeking to create a healthy culture and clean atmosphere in the workplace. In 2021, anti-corruption training was conducted across the Group to inform employees of management requirements and raise their anti-corruption consciousness. The data on anti-corruption training is currently included in employee training statistics, but in the future, we will compile and disclose such data separately.

We encourage entities or individuals to report any behaviours violating the rules and regulations of the Group to our Internal Audit Department through a variety of available reporting channels, including email, the reporting system, reporting hotline, face-to-face, etc. We maintain strict confidentiality of whistle-blower's information such as their identities, contact details and reporting matters, so as to ensure that the whistle-blower will not be retaliated against by the Group or other employees due to legal reporting, i.e., dismissal, demotion, suspension, intimidation, harassment and other unfair treatment. In 2021, there were no corruption or bribery cases filed and concluded against the Group or its employees. We are also not aware of any major cases of employees violating relevant laws and regulations.

Supply Chain Management

Adhering to the laws and regulations such as the *Bidding Law of the People's Republic of China* and the *Regulation on the Implementation of the Bidding Law of the People's Republic of China*, we strengthen supply chain compliance management and work together with suppliers to achieve a win-win situation. The Group have formulated and implemented relevant management standards, including the *Specification on the Group's Supply Chain Purchasing Management*, the *Procurement Control Procedure of Kingsoft Office*, the *Procurement Management Policy for Valuable Materials of Kingsoft Office* and the *Supply Chain Procurement Principle of Seasun Holdings* to effectively regulate and manage certification, acceptance and review processes of suppliers. We also focus on suppliers' integrity management, mandatorily requiring suppliers to commit in writing, and confirm the fulfilment of our integrity standards under the *Letter of Commitment Relating to Supplier Integrity*. We do not conduct business with suppliers with unsatisfactory performance track records.

At the supplier acceptance stage, we consider and assess their performance in product quality, environmental protection, social responsibility, and employees' health and safety. We archive information involving the purchase projects, persons in charge, review, implementation, etc., enhance interim supervision on all purchase projects. We improve closed-loop management of post-accountability. We evaluate their performance in a strict manner through conducting due diligence review on their qualification documents such as quality certification, business license, production license, product certificate and other relevant inspection reports. Qualified suppliers are included in the supplier databases. In addition, we give priority to products and services from suppliers with certification or qualification on environmental protection, such as China Environmental Labelling Products Certification, and China Energy Conservation Products Certification.

At the supplier maintenance stage, we review our cooperation with suppliers on a regular basis. Based on various aspects including delivery time, product quality, after-sales services, product quotation, certification, etc., Kingsoft Office and Seasun Holdings perform an evaluation on annual cooperation with suppliers, through which they give a warning to those suppliers with unqualified products or untimely delivery, and then remove those suppliers with serious violations in delivery. We re-examine qualification on those suppliers without cooperation within one year or with significant changes in personnel costs and operational structure. In 2021, the Group had 2,642 suppliers, 2,612 of which were located in China, and 30 of which were operated overseas, as well as in Hong Kong, Macau and Taiwan.



TALENT MANAGEMENT

Talents are always regarded as the most valuable assets of the Group. We conducts fair and equitable recruitment process, establishes effective employee compensation, benefits and training system, provides a good reward and promotion platform, advocates a healthy work style and lifestyle, creates an equal and diversified team, and carries out various employee activities to enhance the well-being of the employees and achieve a harmonious and win-win employment relationship.

Employment and Labour Standards

We continue to optimise the recruitment process, actively create an open and fair job-hunting environment, and constantly build a diversified and inclusive talent database, effectively protecting the labour rights of all employees.

Recruitment, Dismissal and Labour Standards

The Group develops internal rules and regulations such as the *Employee Recruitment and Employment System* to protect the legitimate rights and interests of employees compatible with the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China*, the *Social Insurance Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Women's Rights and Interests*, the *Special Rules on the Labour Protection of Female Employees*, the *Law of the People's Republic of China on the Protection of Minors* and other laws and regulations.

Employees of the Group are recruited in accordance with the principles of fair competition, merit-based recruitment and equal opportunities. We prevent discrimination in gender, race, age, nationality, religious beliefs, etc., and offer equal job opportunities to all candidates. This fiscal year, we have developed an intelligent recruitment system covering recruitment steps such as CV-screening, staff-position matching, communications among departments, to optimise the recruitment process. Further, we engage a third party to conduct strict background investigations on candidates to ensure the validity and credibility of their information. We advocate honest job-hunting and create a fair atmosphere. In alignment with the principle of consensus, we enter into relevant contracts with candidates, and firmly prohibit child labour and forced labour. Since the Group's establishment, there has been no occurrence of illegal employments such as child labour and forced labour. As of 31 December 2021, the Group had a total of 7,305 employees.



TALENT MANAGEMENT (continued)

| CATEGORY | 2021 | 2020 |
|--|-------|-----------------|
| By age group | | |
| 30 years old and under | 3,395 | 2,686 |
| 31-50 years old | 3,848 | 3,358 |
| 51 years old and above | 62 | 60 |
| By gender | | |
| Male | 4,757 | 4,045 |
| Female | 2,548 | 2,059 |
| By geographical region | | |
| China | 7,259 | 5,977 |
| Asia-Pacific (excluding China) | 46 | 57 ⁵ |
| By type of employment relations | | |
| Full-time employees | 7,054 | 5,775 |
| Interns | 251 | 329 |
| By level | | |
| Management | 86 | 63 |
| General staff | 7,219 | 6,041 |

The Group places emphasis on talent reserve and talent retention, and makes effort to achieve common growth with employees. During the reporting period, the Group's employee turnover rate⁶ was 19.08%, which is detailed as follows:

Employee Turnover Rate in 2021

| | |
|------------------------------------|--------|
| By age group | |
| 30 years old and under (%) | 19.13% |
| 31-50 years old (%) | 18.84% |
| 51 years old and above (%) | 19.48% |
| By gender | |
| Male (%) | 19.83% |
| Female (%) | 17.62% |
| By geographical region | |
| China (%) | 19.04% |
| Asia-Pacific (excluding China) (%) | 24.59% |

5 In 2021, we improved statistical caliber of total employees numbers in Asia-Pacific (excluding China) and traced total employees numbers in Asia-Pacific (excluding China) in the year of 2020.

6 Statistical calibre of employee turnover rate: Employee turnover rate = Total employee turnover for the current year/ (Total employee turnover for the current year+Number of employees at the end of the period)*100%



TALENT MANAGEMENT (continued)

Working Hours and Holidays

According to the *Labour Law of the People's Republic of China* and the *Labour Contract Law of the People's Republic of China*, we implement an attendance system to manage employees' working hours. Except for national holidays, we provide employees with additional annual leave and paid sick leave. Besides, female employees are entitled to paid maternity leave and other related leave benefits, while male employees are provided with paid paternity leaves.

Anti-discrimination, Pluralism and Equal Opportunities

Employees are treated equally in remuneration, regardless of their ethnicity, race, age, gender, marital status and religious beliefs. The Group enters into labour contracts with employees in accordance with the principle of equality, consensus, honesty and trustworthiness. We conscientiously implement the *Special Rules on the Labour Protection of Female Employees*, assure the rights and benefits of female employees during pregnancy, childbirth and breastfeeding. We also prohibit reduced wages and unreasonable dismissal of female employees due to pregnancy, childbirth and breastfeeding. We fully respect our employees. We promote equality of personality, and reject any form of abusive discrimination.

Talent Development

We attach importance to talent development and talent motivation. We provide a competitive remuneration system, establish a scientific performance appraisal system, and create a variety of training courses, enhancing the competitiveness of employees on a sustained basis.

Compensation and Promotion

We have established a position-based compensation and promotion system with salaries determined in strict accordance with rank, job responsibilities and abilities of employees.

We continue to build and improve the performance evaluation and promotion system. The Group have established a comprehensive performance evaluation process, which covers self-evaluation, peer and supervisor evaluation, and manage performance goals through promised Objective and Key Result (OKR) and challenging OKR, to ensure employees performance is evaluated on an objective and fair basis. Besides, we also conduct regular annual employee performance communications to ensure that every employee has the help and supports they need for their career development.

The Group has established a fair and open promotion mechanism for talents and adheres to the principle of objective and fair selection. The annual promotion results on employees are made by the independent evaluation team after scoring, so as to help employees better leverage their strengths, effectively match talents with positions, and provide a solid talent security for the development of the Company. During the fiscal year, in order to better communicate about promotion with employees, we built a promotion self-declaration mechanism for employees to offer a transparent promotion communication channel.



TALENT MANAGEMENT (continued)

Development and Training

We are committed to building a learning-oriented organisation, adhering to the core goal for staff development. We set up diversified professional training courses covering management, expertise and technical skills. We also build the talent training system to achieve mutual development of the Group and its employees.

During the reporting period, trainings for employees by category were detailed as follows:

| CATEGORY | 2021 |
|--|-------------|
| Percentage of trainees by gender | |
| Male (%) | 83.62% |
| Female (%) | 81.71% |
| Percentage of trainees by rank | |
| Management (%) | 54.65% |
| General staff (%) | 83.29% |
| Average training hours of each employee by gender | |
| Male (hour) | 11.20 |
| Female (hour) | 10.72 |
| Average training hours of each employee by rank | |
| Management (hour) | 7.32 |
| General staff (hour) | 11.07 |

TALENT MANAGEMENT (continued)

The Group offers employee a wide range of training programmes covering “Orientation Training Camp for New Recruits”, “Technical Trainings”, “Middle Management Development Plan”, “Professional Skills Sharing”, “Special Training of Department” and “Management Sharing Programmes”. The Company’s “Kingstar Plan” for management trainees provides them with professional knowledge training on products, operation and marketing, and leadership skills. In 2021, the Company held a total of 32 trainings, including 26 classroom courses and 6 online courses, involving 844 participants.

Staff Training of the Company

Year 2021

Total training held by the Company

32 sessions

Including Face-to-face Courses

26 times

Total

844 participants

Online Courses

6 times



New Employee Boot Camp



Kingstar Manager Development Program



TALENT MANAGEMENT (continued)

Kingsoft Office provides targeted trainings for employees at different levels. Its course evaluation thereafter helps improve training effectiveness. In 2021, Kingsoft Office organised 280 trainings of various kinds, with a total of 1,575.3 hours and involving 10,958 participants. Kingsoft Office focuses on optimising such 4 training programmes as “New Employee Professionalism Training”, “New Sales Staff Training Camp”, “New Manager Training” and “Youth Training Courses”. Kingsoft Office has developed an online learning platform to provide its employee with 1,195 external courses and 2,492 eBook resources.

Training Modules and Training Contents of Kingsoft Office

Senior management training

- ✓ Providing strategic decoding courses for senior management to enhance their professional abilities and team management skills

Middle and front-line management training

- ✓ Improving the training system for youth training courses on a sustained basis, and introducing performance tracking and coaching. Opportunities in internal jobs and the innovation project incubation camp are provided in line with their learning results, empowering young cadres to improve their work and management capabilities
- ✓ Upgrading the extensive training plan to cultivate outstanding managers, systematically improve team management skills including goal management, work division and authorisation, task follow-up, communication, motivation, etc., and strengthen the connection between front-line managers and the business

Professional skills training

- ✓ Improving employees’ soft power and technical level through general soft skills training, front-end development and other technical trainings

Special sales training

- ✓ Upgrading the training content and enhancing the training intensity of new sales staff training camp by introducing comprehensive product knowledge, culture and value, to help new sales staff get started quickly and improve sales skills

Orientation for recruits

- ✓ Improving orientation for recruits to strengthen their comprehensive understanding of the Company for quick adaption to the Company and provide talents for various positions of the Company

TALENT MANAGEMENT (continued)

During the fiscal year, Seasun Holdings further refined its training system concerning various contents and position ranks. Except for four original modules including “Middle and Senior Management Training”, “Front-Line Management Training”, “Professional Skills and Vocational Training for Employees” and “Orientation Training for Recruits”, Seasun Holdings provides two new modules, namely “Corporate Culture and Value Training” and “Anti-Corruption and Confidentiality Awareness Training”, aiming to build a team with strategic vision and strong business ability and to improve the comprehensive professional quality of all staff.

Training Modules and Training Contents of Seasun Holdings

Middle and senior management training

- ✓ Conducting standardised employees management and performance management trainings to raise managers’ management concepts and abilities

Front-line management capabilities training

- ✓ Conducting trainings on employee relations restructuring, employment management optimisation and performance management to improve the management level and capability of managers

Professional skills and vocational training for employees

- ✓ Conducting SDC (Seasun Development Conference) training to enhance employees’ professional skills and cross-departmental collaboration abilities

Orientation for recruits

- ✓ Carrying out orientation for recruits to increase their understanding of corporate rules and regulations and improve their professional abilities

Corporate culture and value training

- ✓ Carrying out corporate culture training to encourage employees learn and practice corporate culture and values, and increase their sense of identity of corporate culture

Anti-corruption and confidentiality awareness training

- ✓ Carrying out training on employee code of conduct and compliance to raise their awareness of integrity and information security

Seasun Staff Training



SDC Training



Corporate Culture Training



TALENT MANAGEMENT (continued)

Health and Safety

The Group places a high value on employees' health and safety. We create a safe and pleasing office environment to safeguard their physical and mental health.

Safe Office Environment

In strict compliance with the *Labour Law of the People's Republic of China*, the *Production Safety Law of the People's Republic of China*, the *Prevention and Control Law of Occupational Diseases of the People's Republic of China*, the *Fire Protection Law of the People's Republic of China* and other laws and regulations on occupational health and safety and fire safety in the workplace, we formulated various emergency plans such as the *Management Policy for Office Environment of Kingsoft Software* and the *Measures for the Management of Visitors' Entrances and Exits of Kingsoft Software* to comprehensively safeguard the health and safety of employees in office areas. We continue to strengthen security management of office areas, establish access control and security monitoring to manage entrances and exits strictly, conduct fire safety inspection and fire-fighting evacuation drill regularly, and hold safety and emergency management trainings in the park on a regular basis. In 2021, the number of lost days due to work injury was 207, and both rate and number of work-related fatalities over the past three years were zero.



Building-wide cleaning and disinfection work



Fire Drill



TALENT MANAGEMENT (continued)

We followed the state and local governmental policies on epidemic management for employees' health. We formulated the *Emergency Prevention and Control Plan for Kingsoft in Fight against COVID-19*, asking employees to protect themselves when travelling, reporting body temperature timely and cooperating with local governments to implement quarantine measures. We have strictly carried out disinfection work in office areas to ensure safe and secure resumption of work. We also provide updates on the epidemic for employees to make travel arrangements.

Employees' Mental Health

We are highly concerned about the mental health of our employees. During this fiscal year, Kingsoft Office provided mental health consulting services in various forms, including on-site consultation, mental health lectures and service hotline for psychological counselling, which resolved employees' confusion in their work and life. Further, Kingsoft Office made a progress in EAP (Employee Assistance Program) psychological assistance services, providing mental health examination for over 4,000 employees and issuing the *Employee Mental Health Status Report* for them. A total of 24 on-site consultations and 8 seminars were carried out throughout the year. In addition, Seasun Holdings invites accredited external psychological counselling experts and institutions to provide employees with regular one-on-one and group consulting services, and carries out diversified activities with different themes such as mental health day and mental health salons, to protect employees' mental health.

Employee Care

We actively fulfil our responsibilities as an employer, including building workplace as a home for employees, and providing a smooth employee communication mechanism, abundant employee activities as well as multiple employee benefits.

Employee Communication

The Group advocates open communication with employees, setting up online and offline communication channels to maintain effective communication and timely understand employees' demands. We have established a labour union to collect and track employees' opinions and seek their feedback. We also build an online real-time communication platform within the Group, and conduct one-on-one interviews with business departments to understand employees' ideas. Besides, we offer customer service for employee relations to collect employees' feedback and make targeted improvements. Through various communication channels, employees' requests will be followed up and feedback will be given by the head of relevant departments in a timely manner.

Employee Activities

We always uphold the corporate culture and concept of "Building Kingsoft as home, thinking what employees think and doing what employees need". We encourage employees to balance work and life. We carry out abundant sports activities to help keep their physical fitness and hold special cultural and recreational activities to improve their sense of belonging, creating a happy workplace for employees.



TALENT MANAGEMENT (continued)

We actively carry out various sports activities for employees, provide a special fitness room with specialised trainers for inspection of fitness facilities and for employees to do more exercise in a scientific and appropriate manner and maintain fitness at break or after work.

Physical Activities



Shining Run

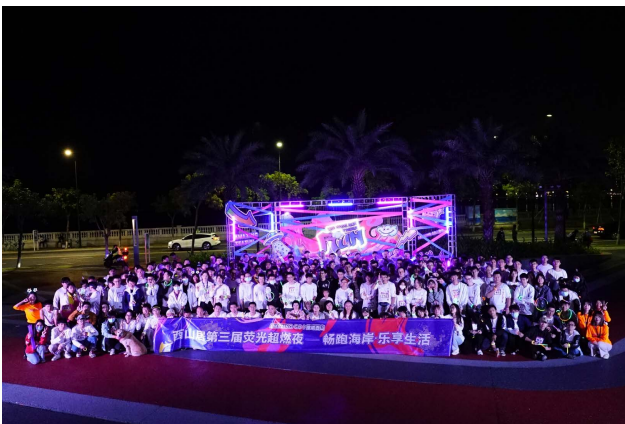


Basketball League Match

In 2021, the Company carried out a hiking activity named "Travel with Kingsoft Spirit", which aimed to drive employees to develop strong bodies, enhance our team cohesiveness and build our corporate culture. Subsidiaries conducted diversified sport activities such as shining run, basketball league match, hiking and biking, and provided a variety of interesting rewards to enhance employees' sense of happiness and fulfilment.



"Travel with Kingsoft Spirit"



Season Shining Run



Season Hiking Activity

Entertainment Activities

We organise various cultural and recreational activities to enhance employees' sense of identity and belonging to the Group. In 2021, we held the "1024 Programmer's Day" to promote our scientific and technological culture of "Technology for Business and Innovation for Survival", which not only presented our care for employees, but also increased their sense of job pride. In addition, we also carried out World Book Day activity and Children's Day activity of "Back to Young" to show our care for employees' physical and mental health. In 2021, Kingsoft Office organised the first innovation competition, where employees actively participated in the form of free teams, and provided a total of 825 creative ideas. The selected ideas are eventually incubated by the Kingsoft Office.



1024 Programmer's Day



1024 Programmer's Day



Children's Day Employee Family Day Theme Celebration



World Book Day Activities



TALENT MANAGEMENT (continued)

Employee Benefits

We are concerned about the physical and mental health of employees and offer a variety of non-remuneration benefits. We have formulated the *Rules on Employee Benefits*, providing employees with various additional benefits, such as festival allowances, wedding allowances and meal allowances. We offer annual physical examinations and supplementary commercial insurance beyond social insurances and housing fund to all employees. We also hold employee birthday monthly celebrations, and provide afternoon tea and personalised gifts for holidays. Furthermore, Kingsoft Office also provides employees with down coats related to Winter Olympics and anniversary shirts, integrating corporate culture into employees' work and life.



Employee Birthday Party



Afternoon Tea

GREEN OPERATION

Pursuant to the *Environmental Protection Law of the People's Republic of China*, the *Energy Conservation Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution* and other laws and regulations on environmental protection and in response to the call of low-carbon development, we integrate energy saving and emission reduction and climate change combating activities into its operation, products and services. The Group also continuously improves its environmental protection management measures and policies, and promotes employees' awareness and practice of environmental protection.

The impact of the Group's operations on the environment and natural resources mainly lies in emissions and resource use of the office buildings. In response to the national call of carbon dioxide peaking and carbon neutrality, we make active response to climate change, by considering using clean energy, and reducing greenhouse gas emissions from our operations. While accelerating carbon neutrality in our own operations, we also assist other organisations in reducing carbon emissions through provision of products and services, and setting realistic environmental goals.

Objective

| | |
|-------------------------------------|---|
| Emission reduction Energy saving | Office in Beijing (Building D and E, Xiaomi Science and Technology Park) would obtain the Leadership in Energy & Environmental Design (LEED) green building certification by 2022 |
| Water saving | Office in Beijing (Building D and E, Xiaomi Science and Technology Park) would apply water-saving faucets in all water equipment by 2022 |
| Waste reduction | Office in Beijing (Building D and E, Xiaomi Science and Technology Park) has implemented 100% garbage classification since 2020 |
| | Office in Beijing (Building D and E, Xiaomi Science and Technology Park) has guaranteed 100% compliant disposal of hazardous wastes every year since 2020 |



GREEN OPERATION (continued)

Green Office

We are committed to a resource-saving and environmentally friendly workplace, and our office buildings in Beijing have obtained LEED V4 and platinum certification.

2021 Green Office Performance

Building energy efficiency rate reaches

65%

Percentage of reusable and recyclable materials

10%

The proportion of hot water provided by renewable energy is

60%

Green space design of

20%

Energy Saving and Emission Reduction

We have formulated the *Energy-saving Plan* and the *Management Rules for Turning on/off of Lights* to regulate the energy use for office purpose. We advocate full use of natural light and reduced use of lighting appliances. We use LED energy-saving lamps in all buildings and shut down electronic equipment such as lighting and multimedia light boxes after work. In summer holidays, air conditioners in the office areas are turned off on a unified manner. When weather outside is comfortable, we encourage natural ventilation by turning off air conditioners. In addition, we regularly check and timely maintain the power-consuming components of air conditioners to reduce the power consumption from aging equipment and improve their electricity usage efficiency.

Waste Reduction

We actively promote garbage classification and separate collection of wastes, completely ensuring compliant disposal of wastes. The hazardous wastes involved in the Group's operation, including waste toner cartridges, ink cartridges and batteries generated from office printing equipment, are uniformly recycled by qualified vendors. While the non-hazardous wastes involved in the Group, including office and domestic wastes, are all handled by property management companies.

Water Conservation

We encourage the use of water-saving faucets in our office areas, inspecting faucets and checking water supply valves on a regular basis to avoid dripping and leaking of water equipment.

Green Awareness

We actively promote low-carbon behaviours among employees, and encourage them to pursue a green lifestyle. We put up energy-saving slogans around workplace, advocating for the energy-efficient use of electric equipment such as lamps, air conditioners and computers. We use direct drinking water in a unified manner and avoid purchasing barrelled water to call on our employees to engage in environmental protection behaviours. Moreover, we post publicity materials related to paper-saving in the printing area and encourage employees to adopt double-sided printing. We place waste sorting trash cans in office areas in a unified manner to promote the knowledge of garbage sorting among employees.



Separate trash cans for office areas

Green Products

We develop our products considering green and low-carbon concepts, and constantly support customers' digital and paperless office. Catering to customers' use scenarios, Kingsoft Office continues to expand "Cloud Office" and "Paperless Meeting" areas. Kingsoft Office has launched the "Kingsoft Digital Office Platform" to combine existing products with cloud to further enhance business empowerment and security control, help customers realize digital transformation. In the perspectives of content creation, knowledge management and cooperative office, we assist customers achieve digital encryption and cloud storage, reducing the waste of paper for approximately 130 billion documents.



GREEN OPERATION (continued)

Environmental Key Performance Indicators

Unless otherwise stated, the following data source covers major office buildings located in Beijing, Zhuhai, Chengdu, Wuhan, Dalian and Hong Kong.

Office Buildings

| EMISSIONS | 2021 | 2020 | 2019 |
|--|------------|------------|------------|
| Total direct GHG emissions (Scopes 1 and 2) (tonnes) | 9,598.98 | 9,274.61 | 9,937.27 |
| Total direct GHG emissions (Scope 1) (tonnes) | 220.61 | 272.85 | 546.88 |
| Including: Petrol (tonnes) | 106.28 | 100.09 | 58.15 |
| Natural gas (tonnes) | 114.33 | 172.76 | 488.73 |
| Total indirect GHG emissions (Scope 2) (tonnes) | 9,378.38 | 9,001.76 | 9,390.39 |
| Including: Purchased electricity (tonnes) | 9,378.38 | 9,001.76 | 9,390.39 |
| Total GHG emissions per employee (tonnes per employee) | 1.38 | 1.64 | 1.31 |
| Total GHG emissions per floor area (tonnes per square metre) | 0.12 | 0.11 | 0.11 |
| Total hazardous waste (tonnes) | 0.35 | 0.06 | 0.10 |
| Hazardous waste per employee (tonnes per employee) | 0.000050 | 0.000011 | 0.000017 |
| Total non-hazardous waste (tonnes) | 600.05 | 488.21 | 643.04 |
| Non-hazardous waste per employee (tonnes per employee) | 0.087 | 0.086 | 0.086 |
| ENERGY CONSUMPTION | 2021 | 2020 | 2019 |
| Total energy consumption (MWh) | 17,666.46 | 17,254.92 | 18,379.76 |
| Direct energy consumption (MWh) | 694.27 | 986.72 | 2,559.39 |
| Including: Petrol (MWh) | 109.58 | 103.21 | 59.96 |
| Natural gas (MWh) | 584.69 | 883.52 | 2,499.44 |
| Indirect energy consumption (MWh) | 16,973.19 | 16,268.20 | 15,820.36 |
| Including: Purchased electricity (MWh) | 16,973.19 | 16,268.20 | 15,820.36 |
| Energy consumption per employee (MWh per employee) | 2.55 | 3.04 | 2.42 |
| Total energy consumption per floor area (MWh per square meter) | 0.21 | 0.20 | 0.21 |
| Total water consumption (tonnes) | 114,986.48 | 110,712.16 | 138,533.00 |
| Total water consumption per floor area (tonnes per square meter) | 1.39 | 2.15 | 1.96 |



GREEN OPERATION (continued)

Notes:

1. Due to its business nature, the major emissions of the Group are greenhouse gas (GHG) emissions, arising from NG and electricity converted from fossil fuels.
2. The Group's greenhouse gas inventories include carbon dioxide, methane and nitrous oxide. GHG emissions are measured in carbon dioxide equivalents and calculated based on the *2019 Baseline Emission Factors for Regional Power Grids in China* issued by the Ministry of Ecological Environment of the People's Republic of China and the *2006 IPCC Guidelines for National Greenhouse Gas Inventories* issued by the Intergovernmental Panel on Climate Change (IPCC).
3. The hazardous waste involved in the Group's operation mainly includes waste toner cartridges, ink cartridges and batteries generated from office printing equipment. Waste toner cartridges, ink cartridges and batteries are uniformly recycled by qualified vendors. The non-hazardous waste involved in the Group mainly includes office and domestic waste, which are all handled by property management companies.
4. The non-hazardous wastes involved in the Group's office buildings mainly include domestic wastes, which are handled by property management companies and cannot be individually measured. Therefore, we estimate wastes generated from the operation of the office buildings in accordance with the *Handbook on Domestic Discharge Efficiencies for Towns in the First Nationwide Census on Contaminant Discharge* published by the State Council.
5. The Group mainly uses municipal tap water, and has no issue in obtaining water sources. The current water consumption statistics include those of Xiaomi Science and Technology Park, Zhuhai Kingsoft Park, Wuhan Office and Chengdu Office. Other non-main offices cannot measure water consumption separately because running water costs are included in property costs.
6. Energy consumption is calculated based on the electricity and fuel consumption and the conversion factors in the *National Standards General Principles for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2020)*.
7. Due to the nature of our businesses, the Group does not produce any packaging products, and therefore does not use packaging materials.



CONTRIBUTING TO THE SOCIETY

As responsible corporate citizens, we are committed to giving back to society with original aspiration while pursuing self-development. Listening to communities' voices, we fulfil our social responsibility through cultural development, supporting education, environmental protection, health, and well-being, etc. In 2021, the Group donated a total amount of RMB10,018,470.

Public Welfare Assistance

We provide public welfare assistance to people in areas with unbalanced digital development and limited cultural resources through public welfare donations by giving them digital products and technical support. We pay attention to vulnerable groups, and release public welfare games to convey our care.

Donating software products to help minority regions develop digitally

We continuously provide products and services to facilitate the information-based digital and intelligent development of minority regions and promote balanced cultural development. In 2021, Kingsoft Office released the first domestically produced Tibetan office software WPS Office in China, and provided a free lifetime license of professional edition of WPS Office for the educational systems across Milin County, Tibet Autonomous Region. Moreover, Kingsoft Office, together with Tibet University, set up the "Language Technology Development Laboratory", accelerating the digitalisation and informatisation of minority areas, facilitating relevant industry development of minority areas as well as promoting the diversity and vitality of the community of shared culture for Chinese nation.



Kingsoft Office officially launches Tibetan version of WPS Office at the summit



Kingsoft Office Donates WPS Office Professional Software to Milin County Education System

CONTRIBUTING TO THE SOCIETY (continued)

Developing public welfare games to focus on mental health

We develop products taking into account mental health to promote an appropriate perception of mental health among users. In March 2021, Seasun Holdings launched its first free public welfare game, namely Biphasic. Biphasic depicts individual experiences and emotional dilemmas of patients with bipolar disorder, which, on the one hand, leads players to experience the real life of patients with bipolar disorder in the game, on the other hand, raises social understanding of and concern for such patients outside the game through its good reputation. Biphasic has not only been certified by DBSA (Depression and Bipolar Support Alliance), an international public welfare organization, but also reported by Pocket Gamer, Gamasutra, Game Press and other media in more than ten languages. Biphasic won two awards in China Game Developers Awards (CGDA) and was selected as an exemplar of public welfare by People's Daily Online.



Free public welfare game “Biphasic” produced by Seasun



CONTRIBUTING TO THE SOCIETY (continued)

Supporting education

We cultivate and introduce more talents through education empowerment to inject fresh blood into the industry, boosting the future software industry development.

Donating to hope primary schools to light children's dreams

After the devastating earthquake hit Wenchuan in 2008, we have made donations for rebuilding Kingsoft Primary School (Central Primary School of Siguniangshan Town in Sichuan), and provided continuous assistance for thirteen years to create a comfortable learning environment for the children and promoted educational development in remote areas. In April 2021, to cultivate a culture of "Joyful Learning and Positive Growth" for the children in Kingsoft Primary School, we once again called on all employees to donate their idle books, school things and sports goods to the school. Furthermore, the staff gave an unique digital lesson to the children through intelligent home appliances such as Xiaomi AI speaker and Xiaomi desk lamp, making them experience the convenience and pleasure brought by science and technology.



Group Donates to Kingsoft Hope Primary School

CONTRIBUTING TO THE SOCIETY (continued)

Conducting industry-university-research cooperation to cultivate scientific and technological talents

We actively respond to the national call for “Industry-University-Research Cooperation”, fulfilling responsibilities of cultivation of scientific and technological talents. In 2021, We, together with South-Central Minzu University (SCMZU), established a SCMZU-Kingsoft talents practical training camp, jointly cultivating nearly 200 students and providing scholarships and financial support of more than RMB200,000. In addition, we recruited more than 300 prospective students from top universities such as Wuhan University, Huazhong University of Science and Technology and China University of Geosciences to participate in the “Summer Elite Training Camp” that provided free training on software skills, cultivating talents for the software industry.



Kingsoft Office Conducts “Summer Boot Camp”

Starting distinctive camps to incubate creative ideas

We place a high value on the support and cultivation of creative ideas. In 2021, Seasun Holdings successfully conducted the 3rd “SEED Training Camp”, where a camp was in place for college students who aspired to the game industry to learn professional skills of game production. College students are provided with professional training on game design and invited to experience the whole process of game making from creative ideas to the creation of new games on a sustained basis within the SEED Training Camp. There have been nearly 300 participants from home and abroad since its inception.



Seasun SEED Camp



CONTRIBUTING TO THE SOCIETY (continued)

Guidance for teenagers on keeping games in perspective

We care for the growth of the next generation, providing a guidance for teenagers on keeping online games in perspective. In 2021, Season Holdings held the 4th parent-child summer camp named “Seasonal Journey to the West”, where 32 teenager families gathered in Zhuhai Kingsoft Park to experience cybersecurity and game development for three days and two nights. Season Holdings organised diversified activities such as knowledge lecture, psychological salon and game production with recreational teaching methods, which, on the one hand, enhanced teenagers’ understanding of cybersecurity and game industry, on the other hand, won extensive recognition from parents.



Group Photo



Summer Camp Snapshot

Environmental Protection

We encourage users to participate in environmental protection activities based on products. Kingsoft Office organises an activity named “Signatures for Haloxylon Ammodendron Planting”, calling on users of Kingsoft Document to participate in the online signature activity. A total of 10,000 haloxylon ammodendron are donated to the Society of Entrepreneurs and Ecology (SEE), which facilitates desertification controlling in the Alxa region and increases more “green trees” to the earth.



Kingsoft Office organised an activity named “Signatures for Haloxylon Ammodendron Planting”

CONTRIBUTING TO THE SOCIETY (continued)

Support for the Disaster Areas and Fight Against COVID-19

We attach great importance to the disasters and the epidemic, and provide support within our capabilities. In July 2021, after heavy rainstorm hit Henan Province, in response to urgent needs for post-disaster reconstruction and resumption of work, the Group donated a total of RMB8,554,600 and a variety of much-needed supplies to support Henan's post-disaster reconstruction. Kingsoft Office was the one first providing the special registration template of "Help-seeking and Mutual Help during Henan Rainstorm" for use by governments, relief agencies, public welfare organisations and enthusiasts to ease the burden on information collection including rescue and help-seeking and to improve disaster response efficiency. Kingsoft Office also introduced a topic template entitled "Henan Can Make It", including educational PPT and posters themed on flood control, to spread knowledge of flood prevention and raise social prevention awareness. Seasun Holdings prepared 30 tonnes of drinking water supplies, and delivered them to the flood-stricken areas of Zhengzhou, Henan Province within 48 hours for the purpose of rainstorm relief. Seasun Holdings' JX Online III provided permanent time cards and granted the exclusive title of "Heroes in Harm's Way" to front-line anti-epidemic medical staff nationwide, promoting the positive energy of society through the game.



Seasun provided permanent time cards and paid tribute to medical staff.



APPENDIX: HKEX ESG REPORTING GUIDE INDEX TABLE

| Subject Areas, Aspects, General Disclosures and KPIs | | Correspondent Chapters |
|--|--|------------------------|
| Mandatory Disclosure Requirements | | |
| Governance Structure | A statement from the Board containing the following elements: <ul style="list-style-type: none"> (i) a disclosure of the Board’s oversight of ESG issues; (ii) the Board’s ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer’s businesses); and (iii) how the Board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer’s businesses. | P6 |
| Reporting Principles | A description of, or an explanation on, the application of the Reporting Principles (Materiality, Quantitative and Consistency) in the preparation of the ESG report. | P2 |
| Reporting Boundaries | A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change. | P2 |
| “Comply or explain” Provisions | | |
| A. Environmental | | |
| A1 Emissions | | |
| General Disclosure | Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. | P28-P30 |
| KPI A1.1 | The types of emissions and respective emissions data. | P31 |
| KPI A1.2 | Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and, where appropriate, intensity. | P31 |
| KPI A1.3 | Total hazardous waste produced and, where appropriate, intensity | P31 |
| KPI A1.4 | Total non-hazardous waste produced and, where appropriate, intensity. | P31 |
| KPI A1.5 | Description of emission target(s) set and step taken to achieve them. | P28-P31 |
| KPI A1.6 | Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them. | P28-P31 |

APPENDIX: HKEX ESG REPORTING GUIDE INDEX TABLE

(continued)

| Subject Areas, Aspects, General Disclosures and KPIs | | Correspondent Chapters |
|--|--|------------------------|
| A2 Use of Resources | | |
| General Disclosure | Policies on the efficient use of resources, including energy, water and other raw materials. | P28, P29 |
| KPI A2.1 | Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility). | P31 |
| KPI A2.2 | Water consumption in total and intensity. | P31 |
| KPI A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them. | P28 |
| KPI A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them. | P29, P32 |
| KPI A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. | P32 |
| A3 The Environment and Natural Resources | | |
| General Disclosure | Policies on minimising the issuer's significant impacts on the environment and natural resources. | P28-P32 |
| KPI A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | P28-P32 |
| A4 Climate Change | | |
| General Disclosure | Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer. | P28 |
| KPI A4.1 | Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them. | P28 |
| B. Social | | |
| Employment and Labour Practices | | |
| B1 : Employment | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | P16, P18 |
| KPI B1.1 | Total workforce by gender, employment type (for example, full-or parttime), age group and geographical region. | P17 |
| KPI B1.2 | Employee turnover rate by gender, age group and geographical region. | P17 |



APPENDIX: HKEX ESG REPORTING GUIDE INDEX TABLE

(continued)

| Subject Areas, Aspects, General Disclosures and KPIs | | Correspondent Chapters |
|--|---|------------------------|
| B2 Health and Safety | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards. | P23, P24 |
| KPI B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. | P23 |
| KPI B2.2 | Lost days due to work injury. | P23 |
| KPI B2.3 | Description of occupational health and safety measures adopted, and how they are implemented and monitored. | P23, P24 |
| B3 Development and Training | | |
| General Disclosure | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. | P19-P22 |
| KPI B3.1 | The percentage of employees trained by gender and employee category. | P19 |
| KPI B3.2 | The average training hours completed per employee by gender and employee category. | P19 |
| B4 Labour Standards | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour. | P16 |
| KPI B4.1 | Description of measures to review employment practices to avoid child and forced labour. | P16 |
| KPI B4.2 | Description of steps taken to eliminate such practices when discovered. | P16 |
| Operating Practices | | |
| B5 Supply Chain Management | | |
| General Disclosure | Policies on managing environmental and social risks of the supply chain. | P15 |
| KPI B5.1 | Number of suppliers by geographical region. | P15 |
| KPI B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored. | P15 |
| KPI B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. | P15 |
| KPI B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | P15 |

APPENDIX: HKEX ESG REPORTING GUIDE INDEX TABLE

(continued)

| Subject Areas, Aspects, General Disclosures and KPIs | | Correspondent Chapters |
|--|---|---|
| B6 Product Responsibility | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | P9-P14 |
| KPI B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | No material relevance with Group's business |
| KPI B6.2 | Number of products and service related complaints received and how they are dealt with. | P12, P13 |
| KPI B6.3 | Description of practices relating to observing and protecting intellectual property rights. | P14 |
| KPI B6.4 | Description of quality assurance process and recall procedures. | No material relevance with Group's business |
| KPI B6.5 | Description of consumer data protection and privacy policies, and how they are implemented and monitored. | P9-P11 |
| B7 Anti-corruption | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. | P14 |
| KPI B7.1 | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases. | P15 |
| KPI B7.2 | Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored. | P14, P15 |
| KPI B7.3 | Description of anti-corruption training provided to directors and staff. | P15 |
| Community | | |
| B8 Community Investment | | |
| General Disclosure | Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests. | P34-P39 |
| KPI B8.1 | Focus areas of contribution. | P34 |
| KPI B8.2 | Resources contributed to the focus area. | P34-P39 |