

# **Risk Management Statement**

Kingdee International Software Group Company Limited (hereinafter referred to as "**the Group**", "**the Company**" or "**Kingdee**") is committed to establishing and maintaining a comprehensive risk management system, continuously enhancing its risk management framework, processes, and culture to ensure the Group's long-term growth and sustainable development through improved risk management capabilities.

## **1. Risk Governance Structure**

Kingdee has established a robust risk governance structure. The Board of Directors, as the highest governing body for risk management, is responsible for evaluating and formulating the Group's risk management policies, including risk objectives, risk nature, and risk appetite, while conducting annual reviews of the effectiveness of the Company's risk management and internal control systems. The Audit Committee, established under the Board, is responsible for specifically assessing the design and operational effectiveness of the Group's risk management and internal control systems, ensuring adequate allocation of risk management resources. The CEO Office, as the highest internal management decision-making body, is responsible for implementing risk management policies.

The Company adopts a Three Lines of Defense model for risk management. Business units serve as the First Line of Defense, responsible for risk identification, assessment, and management in daily operations. The Second Line of Defense comprises specialized risk control organizations including the Audit Department, Finance Department, Compliance Department, Legal Department, and Information Security/R&D Security Enablement Department, which conduct comprehensive risk assessment and management from their respective professional domains to ensure effective risk control. The Third Line of Defense consists of the Internal Audit Department, which functions as an independent oversight and evaluation unit reporting directly to the Board's Audit Committee.

## **2. Risk Management Process**

The Company has established a systematic risk management process encompassing four key components: risk identification, risk assessment, risk response, and risk monitoring and reporting. Through various channels including internal audits, security assessments, and market research, the Company promptly identifies potential risks that may impact corporate development. Identified risks are scientifically assessed based on their likelihood and impact to screen for significant risks. Risk-owning

departments develop risk response strategies - including risk avoidance, reduction, sharing, or acceptance - in alignment with the Group's risk tolerance to ensure risk levels remain within acceptable bounds. Specialized risk control organizations maintain continuous monitoring and regular reporting mechanisms to promptly detect and address emerging risks, ensuring risk management effectiveness.

### **3. Risk Management Culture**

The Company places high importance on building a risk management culture, continuously enhancing risk awareness across all employees through systematic training, education, and communication. We have established comprehensive risk reporting and feedback mechanisms, encouraging active participation in risk management from all business units, fostering a comprehensive and collaborative risk management culture.

The Group will continue to enhance its risk management system and strengthen risk management capabilities to provide robust support for the Company's sustainable development.