

CAPINFO

Capinfo Company Limited

(a joint stock limited company incorporated in
the People's Republic of China with limited liability)

(Stock Code : 1075)



Environmental, Social and
Governance Report

2017

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ABOUT THE REPORT

This report is the second annual corporate Environmental, Social and Governance Report released by Capinfo Company Ltd. The report shows how Capinfo focused on the mission of “growing into a leading smart city service provider” and “innovating IT services for smarter cities and more convenient life” to pursue the maximization of the comprehensive value and performance in economy, environment and society.

SCOPE OF THE REPORT

The report covers Capinfo and its subsidiaries, branches.

NAMING

To facilitate presentation and reading, “Capinfo Company Ltd.” in this report is referred to as “Capinfo” “the Company” and “we”.

REPORTING PERIOD

The report covers from 1 January 2017 to 31 December 2017, and also includes additional information beyond the stated reporting period.

REPORT COMPILATION PRINCIPLES

Reporting Guide of the State-owned Enterprises Directly under the Central Government on Fulfilling Corporate Social Responsibilities of State-owned Assets Supervision and Administration Commission of the State Council. Guidelines to the State-owned Enterprises Directly under the Municipal Government on Fulfilling Corporate Social Responsibilities of State-owned Assets Supervision and Administration Commission of Beijing. Sustainability Reporting Guidelines of the Global Reporting Initiative (ISO 26000 Social Responsibility Guidelines (2010)). Guidelines to the Hong Kong Environmental, Social and Governance (HK-ESG).

DATA SOURCE

All data used in the report come from the Company’s official documents and statistics reports. All the aforementioned data have been reviewed by relevant authorities. Should there be any discrepancy between the CSR report and the annual report, the annual report shall prevail.

MESSAGE FROM THE CHAIRMAN

In 2017, the 19th National Congress of the Communist Party of China (the 19th CPC National Congress) was held, on which President Xi put forward the goal of securing a decisive victory in building a moderately prosperous society in all respects and embarking on a journey to fully build a modern socialist China. As China is entering a new era and embarking on a new journey, the Company is in a significant period of strategic opportunity for great accomplishments.

2017 has been a truly remarkable year for the Company. While promoting transformation, we were faced with complex external environment and increasingly fierce market competition. Despite the complicated situation and challenges, the Company carried out the action themed “emancipating the mind and making greater achievements”, calling on all the employees to handle pressure, tackle problems and forge ahead together with aspiration and confidence. All these work sped up the Company to be “a leading smart city operator”. We made remarkable achievements and our development reached a new stage. During the Reporting Period, the Company recorded a revenue of RMB1,008.31 million a year-on-year increase of 6.19%. Profit attributable to owners of the Company amounted to RMB81.13 million with a year-on-year increase of 13.24%.

In the past year, our new generation smart infrastructure has become safer and more reliable and achieved noticeable progress in business sectors including smart services for government affairs, smart public services, smart city management, smart health care, and smart corporate innovation. We won the network construction project in the office area of Beijing sub-center, making further progress in our core business of e-government affairs. We provided integration services for the security monitoring system of Dongcheng District, expanding business in the security work of smart city management. We took major informatization tasks such as for the point-based household registration management in Beijing, comprehensive reform to remove medicine markups, integration of five certifications and licenses into one consolidated business license (business license, organization code certificate, tax registration certificate, social security registration and statistical registration certificate), integration and transformation of medical care systems for urban and rural residents, as well as cross-provincial hospitalization costs settlement. Our good performance in these tasks have been well recognized. We seized the opportunity to establish a subsidiary in Xiong’an New Area to support the national strategy of development Xiong’an New Area and with a focus on fundamental research. We set up Capinfo Medical Care Information Technology Company Limited to promote business development in smart health care. We have promoted marketing and branding in 2017. We won a series of honors and awards such as the 2017 Leading Chinese Enterprises in IT Services, 2017 Leading Figures in IT Services, Top Chinese Service Providers in Informatization Services, Innovative Chinese Enterprises in Cloud Computing Technology, Top 100 Internet Enterprises in China, and Top 100 Enterprises of Beijing Software and Information Services Industry. We obtained the Level-5 CMMI certification and Level-1 ITSS certification, both of which were the highest levels.

Message from the Chairman

During the Reporting Period, focusing on achieving the strategic goals, the Company adjusted the organizational structure systematically to promote strategic development. Emphasizing improvement of technical capacity, we set up a comprehensive technology platform including product development and software delivery and strengthened audit management, project management as well as financial to realize the maximization of profits. In order to motivate employees to expand business, we also carried out reform of the salary management and performance appraisal system, upheld the principle of “giving fair rewards for hardwork and punishments for idleness”, and gave quantitative evaluation and incentives based on employees’ performance in business expansion, thus motivating all employees to promote business development. We also optimized the outsourcing mechanism and improved outsourcing management to prevent corruption. With a series of adjustments and reforms of systems and mechanisms, we enhanced the overall management and competitiveness.

2018 marks the 20th anniversary of Capinfo. In this new starting point, we will continue to take the mission of building a “digital Beijing” and thus build our brand of smart city services. We will strive to establish an integrated online platform for government affairs, a Capinfo cloud platform meeting customers’ needs, and a city data center, thus building the new generation smart infrastructure unique to Capinfo. We will focus on five major business sectors including smart services for government affairs, smart public services, smart city management, smart health care and smart corporate innovation. With our base in Beijing, we will develop and promote products and services that can be generally applied in smart city management, thus developing business around the country. All employees of Capinfo will work together and to facilitate the Company to be “a leading smart city operator”, making greater achievements in the New Era.

Finally, on behalf of the Board of Directors, I would like to take this opportunity to express my sincere gratitude to the shareholders who give long-term support for the development of the Company, our dedicated staff who make contribution to our growth and people from various sectors who pay continuous attention to the development of the Company.

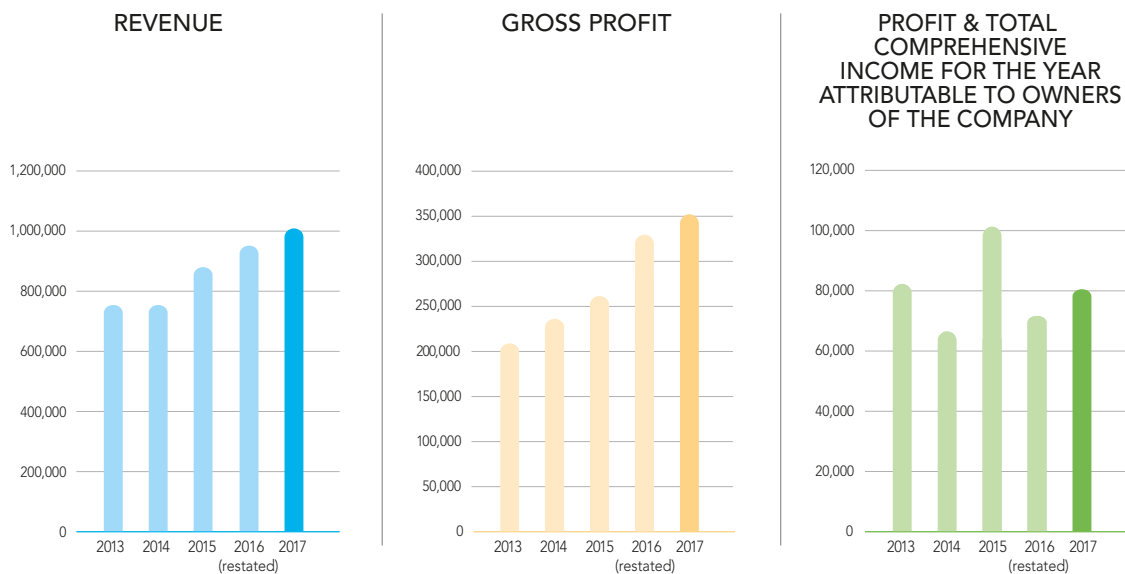
Lin Yankun
Chairman

1. ABOUT US

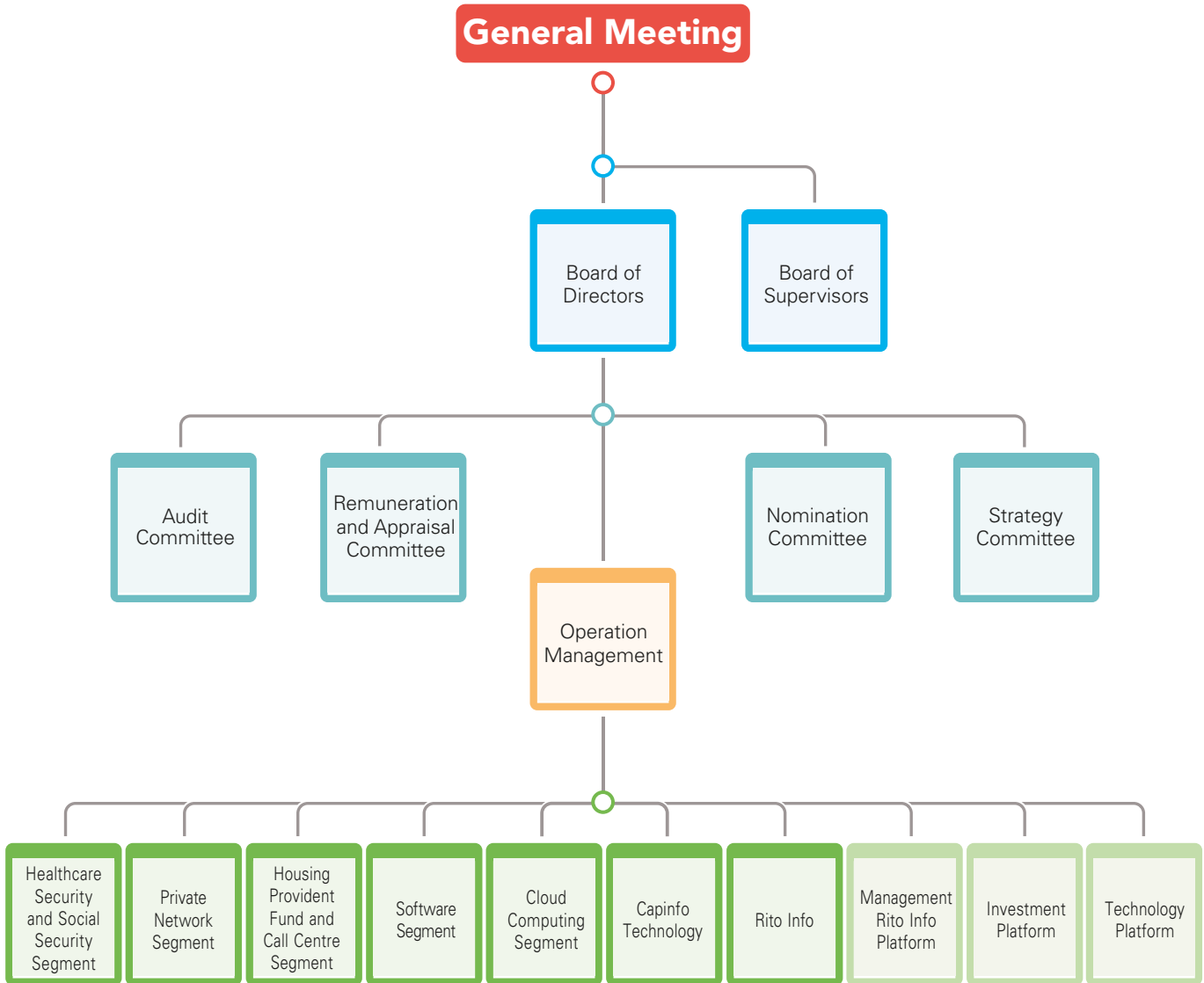
1.1 COMPANY PROFILE

Founded in January 1998, Capinfo Company Limited (“Capinfo” or “the Company”) is a state-owned IT company whose controlling shareholder is BSAM. Capinfo was listed on the GEM of the Hong Kong Stock Exchange in December 2001, and transferred its listing to the Main Board of the Hong Kong Stock Exchange in January 2011.

Capinfo has, through its professional IT service capability and high level of social responsibility, contracted the construction, operation and maintenance of various national key information technology application projects and livelihood projects. This form an IT service mode with unique features, with the businesses of integrated network platform of government affairs, Capinfo Cloud Platform and the innovative big-data service platform as the support. The Company will develop with its efforts in the five types of businesses, which are the smart government affair service, smart livelihood service, smart city management, smart medical and health service, and smart enterprise innovation. With “growing into a leading smart city service provider” as its goal, Capinfo will commit to achieve its corporate mission of realizing fully “innovative plant service, smarter city and easier life”.



1.2 ORGANIZATION STRUCTURE



1.3 CORPORATE CULTURE

Corporate Mission:

To be creative in IT service; To build a smarter city; To make a better life

Corporate Vision:

A leading smart city service operating provider

1.4 SOCIAL RESPONSIBILITY MANAGEMENT

CSR management has become a global trend of economic and social development and an important way for an enterprise to achieve sustainable development. Integrating CSR philosophy into its business operation, daily management and corporate culture, Capinfo has constantly improved the social responsibility management mechanism, set up a platform for communication with stakeholders, and laid a solid foundation for social responsibility management, aiming to achieve balanced economic, social and environmental progress.

The Company has established and improved mechanisms and channels to promote regular communication with stakeholders. By learning and responding to the expectations and requirements of stakeholders such as investors, customers, employees, suppliers, communities and regulatory authorities, the Company communicates with stakeholders about its development and operation, thus gaining their understanding and support and continuously improving CSR management.



1. About us

Stakeholders	Concerns	Communication Mechanisms
Investors	<ul style="list-style-type: none"> • Information disclosure • Corporate governance • Financial performance • Protection of investors' interests 	<ul style="list-style-type: none"> • Improve internal management system • Regular report and announcement • General meeting, meeting of the Board of Directors, meeting of the Board of Supervisors
Government and superior regulators	<ul style="list-style-type: none"> • Security management • Financial performance • Environmental responsibilities • Rights and interests of employees • Public welfare 	<ul style="list-style-type: none"> • Special report • Research and visit • Project cooperation • Working conference • Statistics report
Customers	<ul style="list-style-type: none"> • Service quality • Technological innovation • Information security 	<ul style="list-style-type: none"> • Customers' feedback • Customer relationship management (CRM) • Online service
Employees	<ul style="list-style-type: none"> • Rights and interests of employees • Career development • Remuneration and welfare • Democratic communication 	<ul style="list-style-type: none"> • Staff congress • Labor union • Suggestions, mailbox and Wechat • Staff service center
Suppliers/Peers	<ul style="list-style-type: none"> • Corporate reputation • Sunshine purchase • Communication and cooperation • Industry development 	<ul style="list-style-type: none"> • Business negotiations • Contract and agreement • Training and technical seminar • Forum and conference
Community/Society	<ul style="list-style-type: none"> • Environmental responsibilities • Public welfare • Community development support 	<ul style="list-style-type: none"> • Charitable activities • Volunteer activities

1.5 RESPONSIBILITY OF COURSE



JANUARY

The Company won the bid for the project of the construction project of Beijing Points System for Household Registration.



FEBRUARY

The Party Secretary and the Chairman of the Board of Directors of BSAM Yue Peng visited the Company with his team for studies and research.



MARCH

The Capinfo Institute of the Company held a ceremony of renewing the employment of visiting professors, and 12 experts from San Jose University (聖荷塞大學) were employed as the visiting professors of the Capinfo Institute.



APRIL

The completion was followed by that the system development and testing related to the comprehensive reform of separation of clinic from pharmacy in Beijing were successfully put into operation, trainings and enhanced instructions and the system of the designated medical organizations were officially put into operation and covered for running the works in three phases.



AUGUST

The Company held a signing ceremony for the "Jianbaolife Cooperation Agreement" with the Taikang Insurance Group.



JULY

Capinfo Technology won the bid for the project of the network construction project in the park areas of the Beijing Subsidiary City Center.



MAY

The Company successfully completed the protection works of the International "Belt and Road" Forum.



SEPTEMBER

The Company won the bid for the application demonstration project for the Network of Public Security Video Surveillance in the Dongcheng District.



OCTOBER

During the 19th National Congress, the Company successfully completed technical protection missions for various significant infrastructures and the information system such as the designated data networks of the government and the Internet of Things, the Medical Insurance System and the Social Security Card Project of Beijing, EBeijing, the Capinfo Enterprises Cloud and so on.



NOVEMBER

The Party Secretary and Chairman of the Board of Directors, Lin Yankun led a team to attend an exchange seminar of the Supreme People's Court.



DECEMBER

The Capinfo Hebei Xiongan Branch Company was incorporated.

1. About us

1.6 RESPONSIBILITY AWARDS

- The Company was awarded the “10 Leading Enterprises of IT service in China 2017”
- The Company was ranked as one of the “China Top 100 Internet Enterprises 2017”
- The Company was awarded the “Preferred Information Service Provider in China 2017”
- The Company was awarded the “Innovative Enterprise of Cloud Computing in China 2017”
- The Company was awarded the “Top 100 Enterprises with Overall Strength in Software and Information Service Industry in Beijing 2017”
- The Company was awarded the “Beijing Innovative and Extraordinary Employer of the Year 2017”
- The Company was presented the “WAPI Standard Award for Industry Promotion in 2017”
- The Company was ranked as one of the “China Top 100 Solution Providers in 2017”
- The Company was presented the CMMI Level 5 Certificate, which represents the highest maturity level
- The Company obtained the highest certification level (level 1) of Information Technology Service Standard (ITSS)
- The Company obtained the Certificate for the Standard of ITSS Cloud Computing Service Capability (public cloud and private cloud)
- Beijing-China Website had won the first prize of the Provincial Government Website Performance Assessment for 11 consecutive years
- The website, <http://www.bj148.org/>, built and operated by the Company was ranked as the Most Influential “Internet + Government and Legal Services” Platform in China 2017

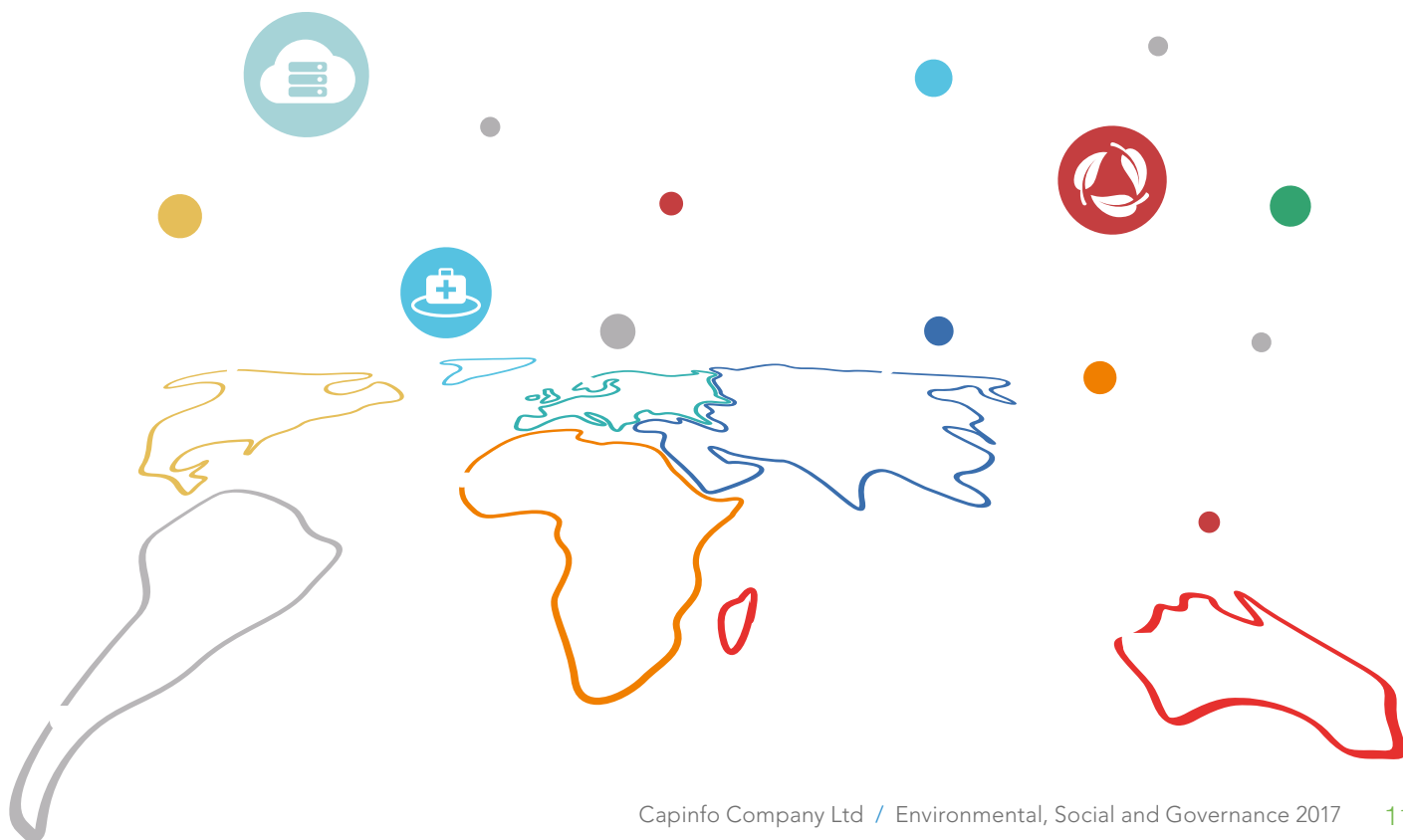
2. BETTER CORPORATE GOVERNANCE – ADHERING TO COMPLIANCE OPERATION

Strictly observing national laws and regulations, relevant regulatory requirements and provisions of *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* (the Listing rules), Capinfo pursues sound corporate governance, and constantly improves its corporate governance practices and procedures with a standardized and improved corporate governance structure, striving to enhance corporate governance. The Company closely follows trends in regulatory changes in China and abroad, and builds a team with professional ethics and integrity.

2.1 GOVERNANCE FRAMEWORK

In accordance with the relevant provisions of the laws and regulations including *the Company Law and the Listing Rules as well as the Articles of Association*, the Company has constantly developed, improved and effectively implemented work systems and related work processes for the Board and its various specialized committees. The Company keeps improving the effective corporate governance system with general meeting as the organ of highest authority, the Board as the decision-making organ, the Board of Supervisors as the supervisory organ and the management as the implementation organ. The Company has held elections and made recommendations for the Party committee and the commission for discipline inspection, and promoted revision of the Party committee discussion system and the Articles of Association.

In 2017, to further regulate the Company's management of equity investment and investee companies as well as financing, Capinfo formulated basic management systems such as *Administrative Measures on Development Strategy and Planning, Administrative Measures on Investee Companies, and Financing Management System*. Capinfo also revised the *Articles of Association* to make it comply with accounting standards in China so as to improve efficiency and reduce the costs of disclosure, which facilitates the future development of the Company.



2. Better corporate governance – adhering to compliance operation

2.2 INTERNAL CONTROL AND RISK MANAGEMENT

Continuously improving internal management, Capinfo has established and implemented a relatively improved and reasonable internal control system. In accordance with the requirements of the internal control regulation system and relevant rules, the Company has actively coped with identified problems, strengthened supervision and management and maintained effective internal control, gathering strength for the development of Capinfo.

Internal Control System

Control Culture	Establish regulated corporate governance structure, foster the integrity and moral values of employees enhance the competence and control awareness of employees and create good business atmosphere for the Company.
Risk Assessment	Confirm and identify risks relating to the Company as the basis to develop control measures.
Control Measures	Formulate policies and procedures for each business function, including approval, authorization, check, advice, performance assessment, assets safety and division of responsibilities.
Information Communication	Ensure smooth information communication with outside and provide responsibilities reminder for the management to take measures to implement the supervision effectively.
Supervision	Adopt control and risk assessment system and continuously assess and control risks through internal audit and by informing employees of important control process.

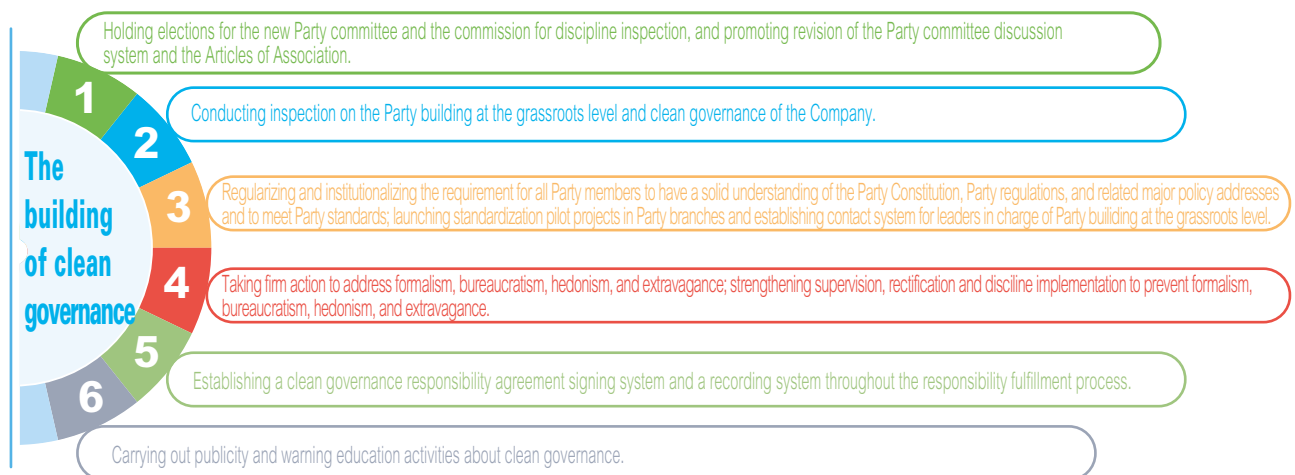
Focusing on strategic transformation, regulatory requirements, operational objectives and the improvement of customers' satisfaction, Capinfo constantly improves risk management and control and promotes the optimization of business structure. In accordance with regulatory requirements and the duties entrusted to the *Articles of Association*, the Board of Supervisors continuously improves the CSR fulfillment, enhances supervision and effectively safeguards the legitimate rights and interests of the Company, shareholders and employees.

2. Better corporate governance – adhering to compliance operation



2.3 CLEAN GOVERNANCE AND ANTI-CORRUPTION

Capinfo enhances its political awareness and implements the anti-corruption responsibility of the Party committee as well as the supervision responsibility of the commission for discipline inspection. Comprehensively strengthening the Party discipline, the Company deepens study and implementation of the underlying principle of the 19th CPC National Congress, the spirit of a series of important speeches made by President Xi Jinping as well as new governance concepts, thought and strategies. Meanwhile, the Company takes its responsibility for effective governance of the Party committee to create an atmosphere of clean governance and integrity. No corruptions occurred in 2017.

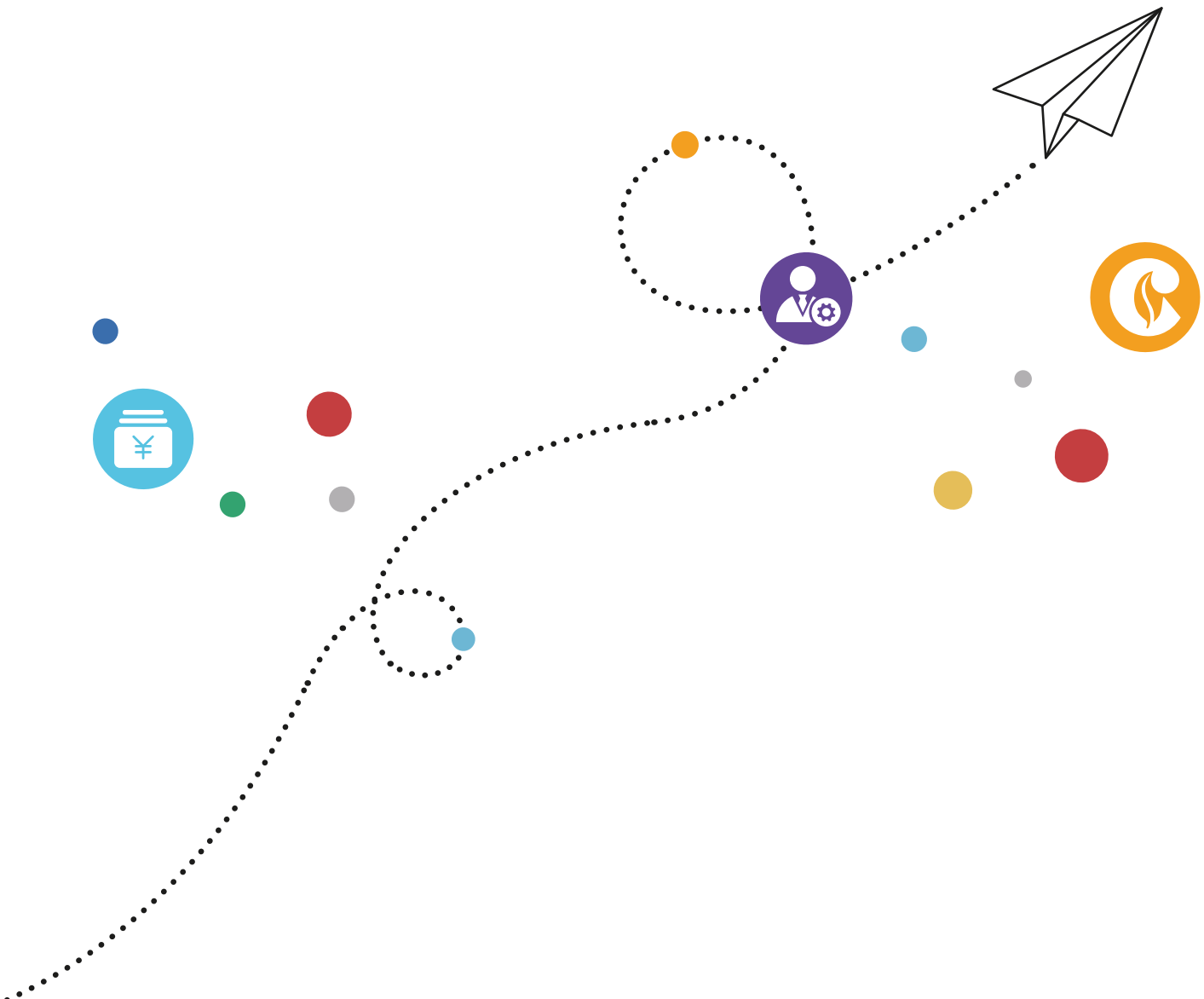


The building of clean governance

2. Better corporate governance – adhering to compliance operation

Case: Studying and implementing the underlying principle of the 19th CPC National Congress

On November 30, the Capinfo Party committee center group came to visit the Party branch of the headquarters. With the theme of “New Era, New Thought, New Journey-Studying the Underlying Principle of the 19th CPC National Congress”, the Party committee center group attended the “Party lecture -- New Era, New Thought, New Journey”, and shared their learning experience. From the Party committee center group to the Party branch secretaries and to the Party branches at the grassroots level, we encouraged all the employees and helped front-line Party members to study and implement the underlying principle of the 19th CPC National Congress, so that they could better promote business development and set a good example as a Party member in making contributions to the Company.



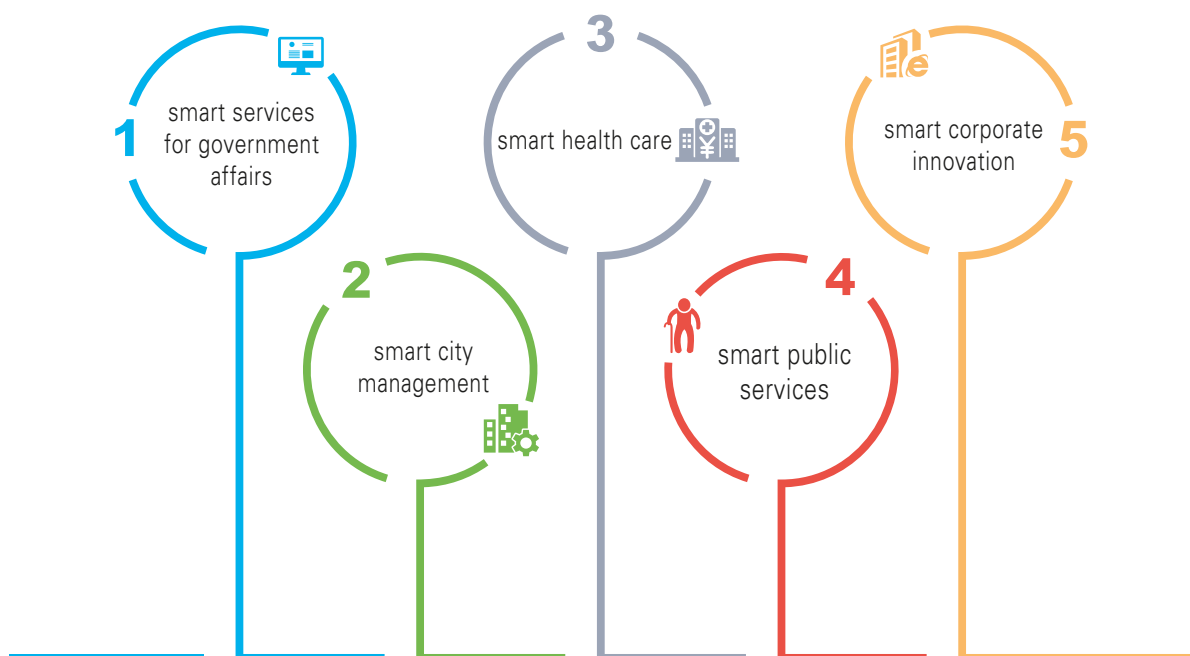
3. INNOVATION-DRIVEN DEVELOPMENT – BUILDING A SMART CITY

Better knowing the importance of innovation-driven growth, Capinfo positions itself as “a leading smart city operator”, continuously increases investments in technological innovation and accelerates the development of platform products. Giving full play to its advantage as “the Cooperation Base for Introduction of High-end Foreign Experts” and “the R & D Center for International Cooperation”, Capinfo improves and develops innovative platforms, builds an open technological innovation base, and expands application promotion, striving to provide high-quality smart services. Pursuing high quality products and services as its core, the Company constantly improves satisfaction and trust of customers.

3.1 PROMOTING BUSINESS INNOVATION

Following the national strategies of building China’s strength in cyberspace, and building a digital China and a smart society and seizing the opportunity to promote further integration of Internet, big data, AI and real economy, Capinfo develops a new generation smart infrastructure to meet the needs of building smart cities. The Company innovatively expands and promotes its businesses in smart services for government affairs, smart city management, smart health care, smart public services, and smart corporate innovation around the country. In 2017, the Company recorded a revenue of RMB1,008.31 million with a year-on-year increase of 6.19%. Profit attributable to owners of the Company amounted to RMB81.13 million, representing a year-on-year increase of 13.24%.

With the dual-wheel drive of endogenous development and extension development, the Company promotes “platformization + productization”, leverages the network platform and cloud platform and takes the advantage of data to develop the businesses of Internet + government affairs, smart health care and smart corporate innovation, and enhance our service capability in other regions and industries, thus promoting steady and rapid business development.



Five business sectors of Capinfo

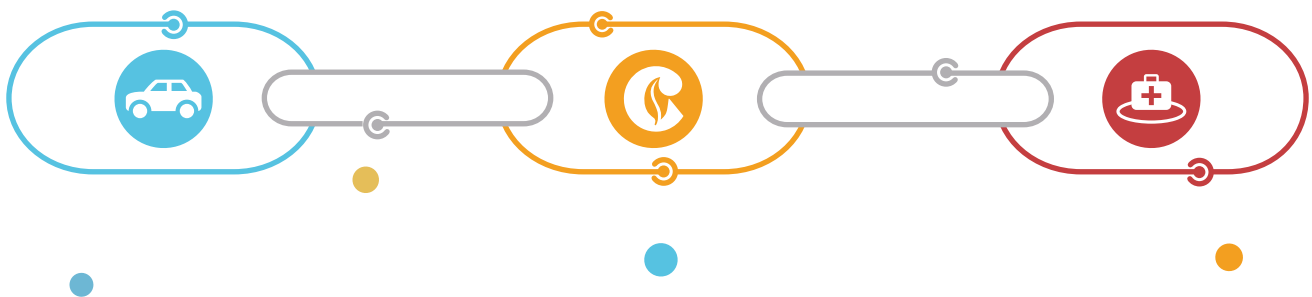
3. Innovation-driven development – building a smart city

Case: Capinfo won the honor of 2017 Top 100 Internet Enterprises in China

On August 3, Capinfo's won the honor of "2017 Top 100 Internet Enterprises" in China with its service project named "Beijing-China". The list was jointly released by Internet Society of China and Information Center under the Ministry of Industry and Information Technology. Exploring the needs for government information, interaction with the government, cultural Beijing, and public service, our "Beijing-China" project is based on the trusted cloud platform and innovative integration with big data, providing one-stop services including top-level design of the system, solutions as well as operation and maintenance. The Company has ranked 1st for its performance in government website development for ten consecutive years. Our project of online Beijing government service center serves as a good model in Internet + government affairs.



Award certificate



3. Innovation-driven development – building a smart city

Case: Lin Yankun, Board chairman and secretary of the Party committee of Capinfo won the honor of “2017 Figure of the Year in E-Government Affairs Services”

On the “2018 Experience Exchange Meeting on Promoting People-Oriented E-Government Affairs” held by E-Government Affairs Council, Lin Yankun, Board chairman and secretary of the Party committee of Capinfo was the sole winner of the honor of “2017 Figure of the Year in E-Government Affairs Services”. She gave a speech themed “Building a great brand with smart technologies for the people, and making new achievements with improved services”. The speech responded to the statement of President Xi Jinping who said that “This people-centered development vision should be upheld throughout cyberspace development”. The speech also noted that under the guidance of the Board and the Party committee, the company have pressed ahead with concerted efforts and made phased achievements. The year 2018 is the starting year to implement the principles of the 19th National Congress of the CPC, and a crucial period for connecting the implementation of 13th Five-Year Plan, Following the underlying principle of pursuing progress while ensuring stability, Capinfo will focus on the coordinated development of Beijing, Tianjin and Hebei, the development of the sub center of the capital and Xiongan New Area, as well as the preparation for the Winter Olympics. With the dual-wheel drive of endogenous development and extension development, we will innovatively establish three platforms including the integrated online platform for government affairs, a Capinfo cloud platform, and a city data center, and focus on five major business sectors including smart services for government affairs, smart services concerning people’s livelihood, smart city management, smart health care and enterprise smart innovation. Thus we promote the rapid upgrading and development of the company and become a leading smart city operator.

3.2 STICKING TO TECHNOLOGICAL INNOVATION

Capinfo continues to strengthen technical capacity development, and respects intellectual property rights. The Company achieves productization of software, raises employees’ awareness to protect intellectual property rights and ensures the healthy development of the Company through formulation of refined industry solutions based on platforms and products.

3.2.1 Supporting technological innovation

Capinfo increases research and development investments and actively explores new technologies. The Company is committed to achieving “productization of industry software and platformization of software products” by improving technological capacity, and expanding new technology businesses including “Cloud Technology, Internet of Things, Big Data, Artificial Intelligence and Mobile Internet” through the dual-wheel drive of endogenous development and extension development. The Company also innovatively expands businesses of new business types, in new regions and targeting new groups, and continuously optimizes management and the incentive mechanism to foster business development. With the four elements including “adding value, consolidating basis, innovating and improving quality”, we are pressing ahead for becoming “a leading smart city operator”.

3. Innovation-driven development – building a smart city



On July 7, 2017, Capinfo cloud platform has passed the Level-3 assessment for the service capacities of public and private service clouds, which was organized by the Ministry of Industry and Information Technology.

3.2.2 Intellectual property protection

Attaching importance to intellectual property protection, Capinfo develops a series of software products with intellectual property rights for e-government affairs, medical care, community service, and enterprise application by constantly improving its R&D capability and gaining technological development experience. Meanwhile, the Company carries out intellectual property trainings, and holds “patent mining seminar” for targeted business department to raise the employees’ awareness of intellectual property rights protection.

Case: IoT of Capinfo wins the third prize of 2017 Beijing Science and Technology Award

In the Beijing Science and Technology Awarding Ceremony and 2018 China Technological Innovation Center Development Meeting held by Beijing municipal Party committee and government, Capinfo’s project of “development and industrialization of the support platform for smart city Internet of Things (IoT) applications in smart city” won the third prize of “2017 Beijing Science and Technology Award”.

The project of “development and industrialization of the support platform for IoT applications in smart city” is an achievement in Internet and IT development, which has made breakthroughs in sensor integration technologies, developed application middleware for IoT, obtained 3 patents and 5 software copyrights and published 4 papers. The platform has been applied in Beijing roadside parking system, urban heating operation and management system and energy consumption monitoring system, which provided support for the IoT applications in Beijing government affairs and public services and effectively improved the efficiency of these applications.

3. Innovation-driven development – building a smart city

3.3 DEVELOPING PRODUCTS OF SUPERIOR QUALITY

Always giving priority to the quality of products and services, Capinfo adheres to and implements the ideal of promoting business development through quality system. Focusing on its strategic objectives, the Company has made continuous efforts to improve the management system and further enhance its core competence in quality management, software development, IT service management and information security management.

3.3.1 Improving quality of work

Capinfo creates value for the society with high quality products and services and improves work quality as a key step for the sound development of the Company. Capinfo strengthens its efforts in building the quality system, constantly optimizes the work management processes, improves the software process capability as well as operation and maintenance service capacity, and keeps enhancing project quality management, thus ensuring the steady improvement of the Company's service quality.

In 2017, Capinfo has further improved its management system, and passed the Level-1 ITSS Operations Maturity appraisal, marking new progress in Capinfo's operation and maintenance service capacity. The Company also passed the CMMI ML5 appraisal which is the highest level for software capability maturity. Meanwhile, we have upgraded standards according to the latest editions of ISO 9001 and ISO 20000, and completed the review of ISO 27001. We have accomplished all the quality objectives. The rate of objective decomposition reached 99.13% and the quality management system generally operated well.



To further improve the skills of operation and maintenance staff and set up relevant regulations, Capinfo Institute organized 2017 ITIL Foundation certification training

3. Innovation-driven development – building a smart city

Case: Capinfo passes the CMMI Level 5 appraisal

In December 2017, Capinfo passed the CMMI Level 5 appraisal and was awarded the CMMI Level 5 certificate by Giuseppe Magnani, CMMI Institute certified lead appraiser. It marked that the Company's software development and management capacity as well as product and service quality met international standards, which also further improved the Company's competitiveness in software development.



CMMI Level 5 Certificate



3. Innovation-driven development – building a smart city

3.3.2 Rigorously enforcement of security management

Adhering to the concept of “safe development”, Capinfo strictly follows relevant national laws and regulations, ensures work safety in business development, and conducts work safety supervision including work safety inspections, emergency response planning and drills, cleaning up lines in the machine room and random inspection of drills. By doing this, the Company raises employees’ awareness of work safety and creates a good atmosphere of work safety.

In 2017, Capinfo carried out internal audit and recertification audit according to ISO 9001, ISO 20000 and ISO 27001 quality management systems as well as ITSS internal audit and ITSS Level 1 appraisal. The audits cover the management, all the centers and relevant standards. Through internal audits we detected 13 non-conformances and 21 observations. The external audit detected 1 non-conformance.

The Company actively promotes the application of the information security management system to integrate information security in daily operation and management. In 2017, the Company successively completed the promotion of security systems in social security operation and maintenance center, cloud computing service center/operation management center of the Beijing-China and cloud computing technology center. The Company also completed the external audit and expansion of the security systems of the Medical Unicom service center, system operation and maintenance center, social security application and service center and Internet technology service center.



Capinfo carries out special trainings on *the cyber security law*, which raised employees’ awareness of cyber security, promoted secure operation and improved Internet service capacity.

4. LOW CARBON AND ENVIRONMENTAL PROTECTION – BUILDING A GREEN HOME

Responding to the call of the 19th CPC National Congress to develop green industries, Capinfo strictly carries out national policies and laws related to green development and environmental protection, integrates the idea and actions of environmental protection in each part of its operation based on the environmental management, and establishes an effective green development mode. Furthermore, the Company also spreads the idea of environmental protection and conducts environmental protection projects, encouraging more people to protect the environment.

4.1 ENVIRONMENTAL MANAGEMENT SYSTEM

Valuing the concept that “lucid waters and lush mountains are invaluable assets”, Capinfo strictly abides by the *Environmental Protection Law* continues to improve the environmental protection systems, and fulfills its responsibility of energy saving and emission reduction by strengthening supervision and optimizing the process of energy saving and emission reduction, developing and using energy saving products, promoting circular economy and improving resource utilization efficiency, thus fostering environmental protection. *Capinfo’s Society Responsibility Management System* specifies the approaches and objectives for environmental protection and green development, which helps the Company to establish a sound, effective and systematic green development mode and promotes sustainable development of the Company.

4.2 PRACTICES ON GREEN DEVELOPMENT

Attaching much importance to environmental protection and its impact on the environment, Capinfo takes its technical and business advantage to promote environmental protection and conducts environmental protection projects and activities in collaboration with the government, enterprises and associations, contributing to the protection of lucid waters and lush mountains. The water consumption mainly comes from domestic water used in operation and production, including drinking water, and water for cleaning and greenbelt and the toilets. The product development does not involve water-consuming process and emission of NOX and SO2, thus exerting little impact on water resources and the air.

As of the end of 2017, Capinfo completed the air quality monitoring network upgrading project of Beijing Municipal Environmental Monitoring Center. The Company’s weather alert project completed itemized check before acceptance and was put in trial operation. Based on these achievements, Capinfo expanded its business from air monitoring to water environment monitoring. Then it cooperated with IBM and Beijing Enterprises Water Group on smart water informatization project, and planned to cooperate with the smart environmental protection project of Yanqing District and Xinfenghe smart water platform project.

Case: Capinfo Institute carries out a technological exchange with Drainage Monitoring Center

Capinfo Institute organized experts to take part in the technological exchange in Beijing Urban Drainage Monitoring Center Company. The exchange activity focused on the application of intelligent sensors in environment monitoring, helping Beijing Urban Drainage Monitoring Center learn more about detection technologies abroad and the trend of monitoring development in China and promoting cooperation on the application of environment monitoring technologies.

4. Low carbon and environmental protection – building a green home

Case: Environmental protection task in Beijing-Tianjin-Hebei integration

Capinfo has cooperated with Beijing municipal government on environmental protection projects. By the end of 2017, the Company has signed contracts of environmental protection projects with total value of RMB62.24 million. These projects aim to integrate environmental information such as the quality monitoring data of the air, water and soil, comprehensive observation data, and pollution source data. Once the projects are finished, they will play a central role in pollution detection, monitoring, negotiation and decision making to combat pollution in Beijing-Tianjin-Hebei intergration. Meanwhile, we have strongly supported the informatization of Beijing Urban Drainage Monitoring Center, and monitored the development of networking approaches, tendering of the pollution source monitoring project as well as the promotion of the river chief system. Capinfo introduced the environmental monitoring data processing and analysis system from the national environmental center, thus laying a solid foundation for business expansion in China.

Finished projects

Projects	Pretax income (RMB million)
Beijing air quality alert and decision support platform project	34.98
Air quality monitoring network upgrading project of Beijing Municipal Environmental Monitoring Center	16.80
Beijing surface water environment monitoring capacity development project	5.15
Two-year informatization and software operation and maintenance services for Beijing Municipal Environmental Monitoring Center	3.31
Basic soil monitoring data management services	2.00
In total	62.24

Projects in implementation or following up:

Projects	Value (RMB million)
Phase-1 smart environmental protection in Haidian District	14.00
Smart environmental protection in Yanqing District	20.00
Social monitoring services of Beijing Municipal Environmental Monitoring Center	9.50
Environmental protection big data of Beijing Municipal Environmental Monitoring Center	12.00
Water monitoring capacity of Beijing Municipal Environmental Monitoring Center	42.00
Xinfenghe river smart water development in Daxing District	38.00
Negotiation hall project of Environmental Protection Bureau of Yanqing District	6.70
Smart environmental protection cloud platform of Tianjin Environmental Protection Bureau	27.00
In total	169.20

4. Low carbon and environmental protection – building a green home

4.3 ADVOCATING GREEN AND LOW-CARBON DEVELOPMENT

Capinfo promotes green development mainly by contributing to environmental protection and integrates the concept of environmental protection into every aspect of the work and life, which also encourages employees to protect environment. The Company not only integrates the concept of environmental protection into every aspect of the work, but also raises employees' awareness of environmental protection by organizing relevant activities, so that the employees understand the importance of environmental protection and take actions to protect the environment.

4.3.1 Green office

Capinfo promotes the idea of green office to employees, takes multiple measures to make sure the implementation of green office, and establishes an effective and practical green office mode. In 2017, the headquarters had total power consumption of 508,600 kW·h and saved 177,500 pieces of paper.

Measures to save water and electricity

Saving water	Saving electricity
Repairing leaking taps timely and turning off the tap when leaving	Turning off or locking the screen of computers when they are not in use Turning off lights when leaving, using natural light as much as possible as well as energy-efficient bulbs
Encouraging recycling use of water	Powering off electric equipment to reduce standby power consumption
Using the drinking water as needed and prohibiting other uses	Using air conditioners properly and controlling the temperature Eliminating energy equipment and adopting energy-efficient technologies

4. Low carbon and environmental protection – building a green home

Measures to promote green office

Strengthening the management of office supplies and consumables

Improving working efficiency

Regulating the management and disposal of used equipment

The Company standardizes allocation, procurement and requisitioning system of office supplies. Special personnel are assigned to take charge of the procurement and management of office supplies and consumables

Capinfo is trying to implement paperless office. Based on the advantage of the internet, the Company strives to establish a new office system, which advocates teleconferences and video conferences instead of business trips

Capinfo sets up Assets Management Department to take charge of the disposal of waste information equipment and office equipment. An internal recycle center is set for the centralized disposal of waste battery

4.3.2 Environmental-friendly practices

Apart from promoting green office, Capinfo also organizes environmental protection activities to call on people to support environmental protection. Through various activities, the Company spreads the idea of green development to more people and protects “lucid waters and lush mountains”.

Case: Carrying out “Youth Tree Planting” activity

To improve employees’ awareness and contribute to environmental protection, Capinfo organized young employees to participate in a tree planting activity themed “Green Beijing-Our Actions” in May. Two employees in one group cooperated to plant two saplings. They were all full of passion and played an active role in the activity. The activity not only raised employees’ awareness of environmental protection, but also promoted greening of Beijing.



Tree planting activity

5. WIN-WIN PARTNERSHIP – SHARING A BETTER FUTURE

Capinfo has established an equal, fair and outward supplier management and purchasing system, fostered cooperation with suppliers responsibly and constantly improved supplier management. Meanwhile, the Company maintains close cooperation with its partners so as to advance the development of the industry and realize win-win cooperation.

5.1 SUPPLIER MANAGEMENT SYSTEM

Capinfo, oriented by its corporate business objectives, constantly improves the process specifications of procurement outsourcing, and enhances the process management, acceptance and evaluation of our supply parties (outsourcers and suppliers). In 2017, Capinfo continuously enhanced cooperation with partners. The scheduled delivery rate of the purchased product was up to 100%, and the timely response of service request process was 98.15%.

5.1.1 Improved systems

In 2017, we kept improving in the supplier management system. Based on the evaluation of internal control departments, we updated the *Supplier Management System* to ensure the consistency of policies. Furthermore, we made adjustments to the purchasing management procedure such as the receiving, testing and final acceptance of equipment, which simplified the operation of suppliers.

5.1.2 Supplier selection

Capinfo adopts and constantly improves its strict, open and transparent selection procedures, making sure that relevant regulations comply with current laws and regulations as well as common requirements of the industry. While selecting suppliers, the Company strictly verifies every aspects of suppliers, such as their qualifications, quality assurance ability, supplying ability, and their ability of production control. During the purchasing process, we collect, track and evaluate the information of suppliers’ product quality, delivery time, technical support and after-sale services, etc.

Supplier selection procedure

Purchasing management	Based on the need analysis, the needs of outsourcing or equipment purchase will be determined, highlighting outsourcing application or equipment purchase application
Supplier selection	Through preliminary assessment and review of suppliers, outsourcer assessment comparison, equipment purchase quotation comparison and calling for bid, ect. we assess suppliers in terms of their previous fulfillment records and risk evaluation to select and determine the most suitable supplier
Compliance management of suppliers	We negotiate with the bid winner and conclusive supplier over outsourcing or equipment purchase needs, acceptance standards and relevant work statements, and formulate and sign the supplier contract (agreement) based on mutual consensus.

5. Win-win partnership – sharing a better future

5.1.3 Supplier management

We strictly implement the *Supplier Management System*, strengthen and standardize the process management, acceptance and evaluation to ensure the supplying quality and stability. We also establish a blacklist management system. If suppliers are found violating relevant regulations during the cooperation, we will stop cooperation with them and add them in the blacklist. In 2017, the Company received 48 scheduled deliveries and no delay occurred. We have finished approval of all the 377 items on time and no delay occurred.



Suppliers blacklist management

5.2 CONDUCTING STRATEGIC COOPERATION

Upholding the idea of “cooperation leads to win-win results”, Capinfo maintains current strategic cooperation, and explores new strategic partnerships and cooperation areas. We have opened up more areas of cooperation, created a harmonious and steady cooperation atmosphere, and built a platform for further cooperation with customers and partners. Through cross-industry projects, we have signed strategic cooperation agreements with local governments and enterprises to jointly promote the harmonious development of the enterprise, the government and the city. Meanwhile, in response to the call of resource sharing by Beijing State-Owned Assets Management Company, the publicity planning department of the Company seeks business cooperation with Beijing Shouke Venture Capital Company, a subsidiary of Beijing SMEs Credits Re-Guarantee Company Limited, promotes the coordinated development with peer enterprises.

5. Win-win partnership – sharing a better future

Case: Capinfo conducts strategic cooperation with SOEs directly under Beijing municipal government

Based on its cloud platform for SOEs, Capinfo has further developed its main business of enterprise informationization services and industrial Internet and made breakthroughs in cooperation with SOEs directly under Beijing Municipal Government. The Company signed strategic cooperation framework agreements with Beijing Yiqing Holding Company, Beijing Tong Ren Tang Company and Beijing International Technology Cooperation Center to provide package services including contracted informatization services, consulting services and cloud services, which aimed to provide talent, technology and platforms for enterprise informatization, and help enterprises improve quality, efficiency and security and reduce costs, thus promoting digitalization of the industry. These cooperation agreements marked that Capinfo was well recognized by SOEs, and took another steady step in the in-depth development of its enterprise informatization services. Capinfo will press ahead to create more value in business innovation for users.

Case: Capinfo carries out a special training on connected transactions and horizontal competition

To regulate connected transactions, ensure compliance of information disclosure and avoid horizontal competition, Capinfo carried out a special training on connected transactions and horizontal competition on September 5. By sharing experience about connected transactions and horizontal competition, the training helped raise legal awareness of the management at all levels, and laid a foundation for compliance operation to avoid legal risks.

5.3 PROMOTING THE DEVELOPMENT OF INFORMATION INDUSTRY

Giving full play to its overall technology platform, Capinfo follows technology development trends and supports top-level design and informatization planning as well as business development of all segments and innovation in major new businesses. With a market-oriented product development procedure, the Company has created a virtuous cycle of research and marketing, and conducted R&D at the company level and at the segment level, promoting market development of the industry. In 2017, we have conducted two scanning system researches for public security IoT and medical informatization.

Participating in industrial exchanges:

- Capinfo participated in the 2017 Seminar on Smart Government and Information Technology held by China Information Industry Association, and gave the theme speech of “Capinfo’s Internet + Government Solutions”.
- Capinfo participated in the 2017 (the 20th) Beijing Academic Exchange Month for Science and Technology – Beijing-Tianjing-Hebei Intelligent Industry Summit Forum, on which the representative gave a theme speech of “Smart Home-Based Elderly Care Service Platform”.
- Capinfo participated in the competition and won the awards of “Top Chinese Service Providers in Informatization Services” and “Innovative Chinese Enterprises in Cloud Computing Technology”.
- Capinfo participated in the competition for “2017 Leading Figures in IT Services” held by ITSS SA(Information Technology Service Standards Sub-Association).Lin Yankun, Board chairman and secretary of the Party committee of Capinfo won the honor of “2017 Figure of the Year in E-Government Affairs Services”.



5. Win-win partnership – sharing a better future

Case: Participating in the 2017 Seminar on Smart Government and Information Technology

Capinfo participated in the 2017 Seminar on Smart Government and Information Technology held by China Information Industry Association, and gave the theme speech of “Capinfo’s Internet + Government Solutions”, introducing our company development history, technological achievements and resource superiority as well as our businesses related to Internet + government affairs such as government information, accumulation funds, community services, human resources, city operation, eco-environment as well as smart medical care. By analyzing the development, problems and trends of e-government market at home and abroad, the Company paid more attention to introducing the Internet + government solutions and cases covering the city, districts, streets and neighborhood committees. Through the publicity and introduction on this seminar, the Company gained experience and strengthened its motivation to foster the commercialization of Internet + government services during the period of the 13th Five-year Plan, as well as the informatization of government affairs service market.

Case: The CITIC Group talks with Capinfo

Capinfo and the CITIC Group held meeting about business development and the Capinfo cloud platform construction. The CITIC Group shared its experience in innovative development in industrial Internet, CITIC cloud platform and the Party membership dues system. In future, Capinfo and the CITIC Group expected to conduct business cooperation in various aspects and areas such as cloud computing, IoT, industrial Internet, big data platform, medical insurance big data and Party building systems, promote more exchanges and discussions, and lay a solid foundation for the strategic cooperation to come, thus fostering rapid and better informatization of SOEs.

Case: Actively participating in formulation industrial standards

Capinfo actively participated in the research of industrial standards for B-TrunC to take a leading role in the industry. Based on the technological standards and regulations for private networks of IoT implemented during the period of the 12th Five-year Plan, Capinfo led the formulation of technical specifications for access from the IoT data network terminal and B-TrunC network terminal, and expanded the market of access from sensors and terminal services of IoT data network, thus better supporting Beijing city operation.

6. PEOPLE-ORIENTED DEVELOPMENT – MAKING EMPLOYEES’ DREAM COME TRUE

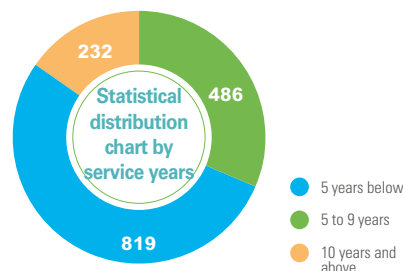
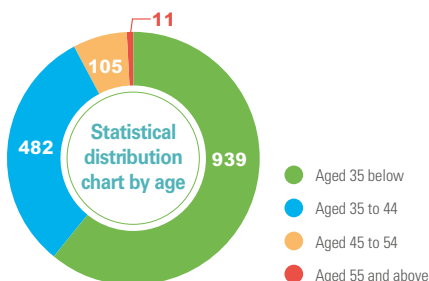
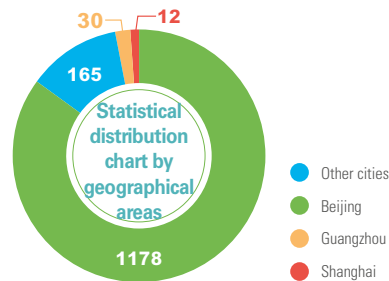
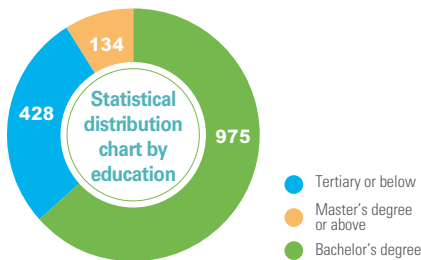
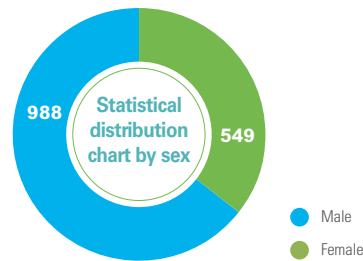
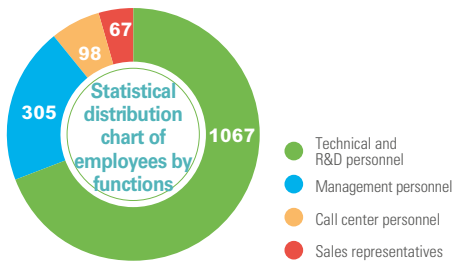
Employees are a great strength and a precious treasure for Capinfo’s development. With the human resources strategy of “attracting, cultivating, motivating and developing the talents”, we attach much importance to the sustainable development of employees, strive to pay employees with due respect and growth opportunities, and provide a safe and healthy working environment for them with a good career development platform and multiple development opportunities. Meanwhile, we care for employees and share the achievements with them.

6.1 PROTECTING EMPLOYEES’ RIGHTS AND INTERESTS

Abiding by the *Labor Law and Labor Contract Law*, the Company adheres to the principle of equal employment, improves the remuneration and welfare system, provides support and care for employees’ development and life, and protects their rights and interests, striving to create a fair and safe working environment.

6.1.1 Sticking to equal employment

The Company gives fair and impartial treatment to employees of different nationalities, races, sexes, religious and cultural backgrounds. Meantime, we give equal pay for equal work, resolutely prohibit the child labor and resist all forms of forced labor. In 2017, the Company had a total of 1,537 employees, among which 1,067 were technical and R&D staff, 305 were functional management at all levels, and 98 were call center staff. The Company had 294 new employees. The employee turnover rate was 16.01% and the labor contract signing rate reached 100%.



6. People-oriented development – making employees’ dream come true

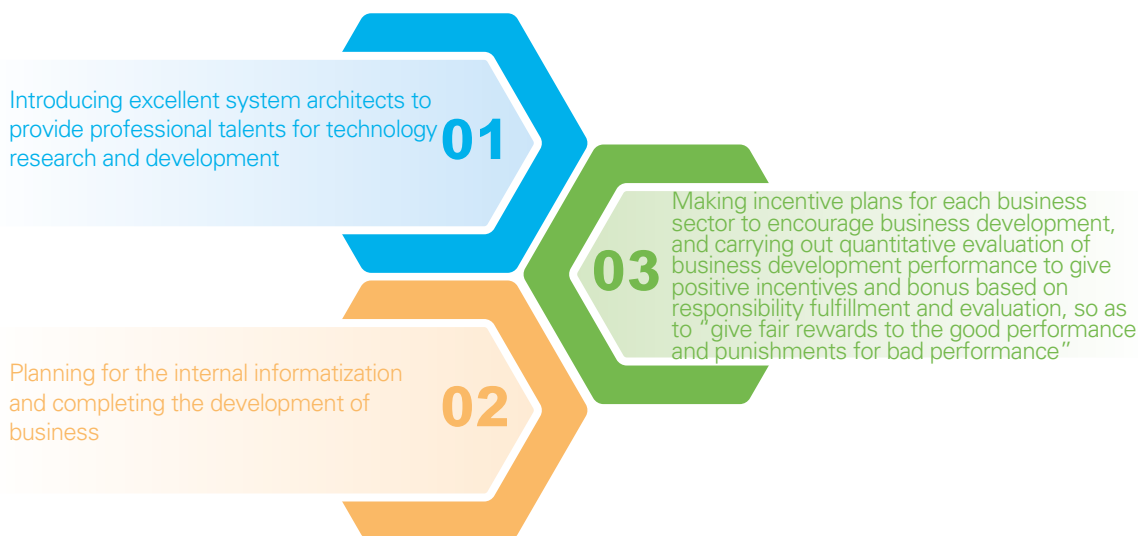
Case: Employer brand helps build the corporate image

On November 24, Liepin.com held the “Excellent Employers” awarding ceremony in Beijing. The core idea of this ceremony was “Work Different – Difference Makes for Excellence”. The ceremony aimed to select employers who represent future development trend, constantly make innovations and reform, and give employees growth and development opportunities. Through the “online poll” and “questionnaires and big data analysis”, Capinfo stood out from the competition with almost 10,000 Chinese enterprises, and won the honor of “2017 Beijing Innovative and Excellent Employer” with its performance in employer image, innovation and reform, remuneration and welfare as well as talent development. As a leading enterprise of Beijing state-owned assets in smart city sector, Capinfo provides good salaries and a well-established vocational training system to attract more talents, and strengthens employees’ sense of belongings with the corporate culture. The Company constantly increases its influence on the talent market and social public with the value of employers, and takes the responsibility to lead industry development, striving for building a “world-class harmonious and livable capital”.

6.1.2 Optimizing compensation and benefits

The Company has established a sound salary management system to enhance the external competitiveness of the salary and improve employees’ sense of belongings. We pay for the staff pension, medical insurance, unemployment insurance, work injury insurance, supplementary medical insurance, supplementary work injury insurance and housing fund. In 2017, employees’ social security coverage reached 100% and average paid leave per employee was up to 10 days.

To promote the implementation of its strategic plan during the period of the 13th Five-Year Plan, the Company started to conduct communication with consulting firms to carefully study the adjustments to organizational structure and the salary system, and carried out a pilot salary reform projects in the Medical Unicom service center to improve employees’ motivation and sense of responsibility.



Measures of the pilot reform in Medical Unicom service center

6. People-oriented development – making employees' dream come true

6.1.3 Promoting democratic management

The Company sets up employee supervisors to ensure that employees have full rights. We have also established a labor union. Labor union members are elected by the employees, who present the employees' opinions and represent them to participate in corporate democratic management.

6.1.4 Caring for health and safety of employees

Caring for the health and safety of employees, the Company strengthens prevention and treatment of occupational diseases and provides employees with working environment and conditions that meet health and safety standards. In the meantime, we organize employees to do physical examination and irregularly carry out trainings on occupational health and safety to improve their safety awareness and ability. In 2017, the Company has invested RMB5,200 in safety education and trainings, and held 12 trainings on work safety with 419 participants. The physical examinations and health records have covered all employees. No major injury accident occurred and the working days lost caused by work injury is 14 days.

Case: Strengthening safety education to raise safety awareness

To further improve the ability of the Company and employees to respond to and deal with emergencies, we carried out safety education to raise employees' safety awareness. On September 5 and the afternoon of September 12, Capinfo organized call center staff and safety officers of all centers to take part in the fire fighting and emergency evacuation drills in Reide office and the Universiade Village headquarters in Quantum ginza. During the 15-minute drill, all the 53 call center staff and 62 safety officers accomplished this task and got to safe area quickly and efficiently within the given time. The drills improved employees' awareness of fire control safety and also their ability to cope with emergencies.



Fire drill

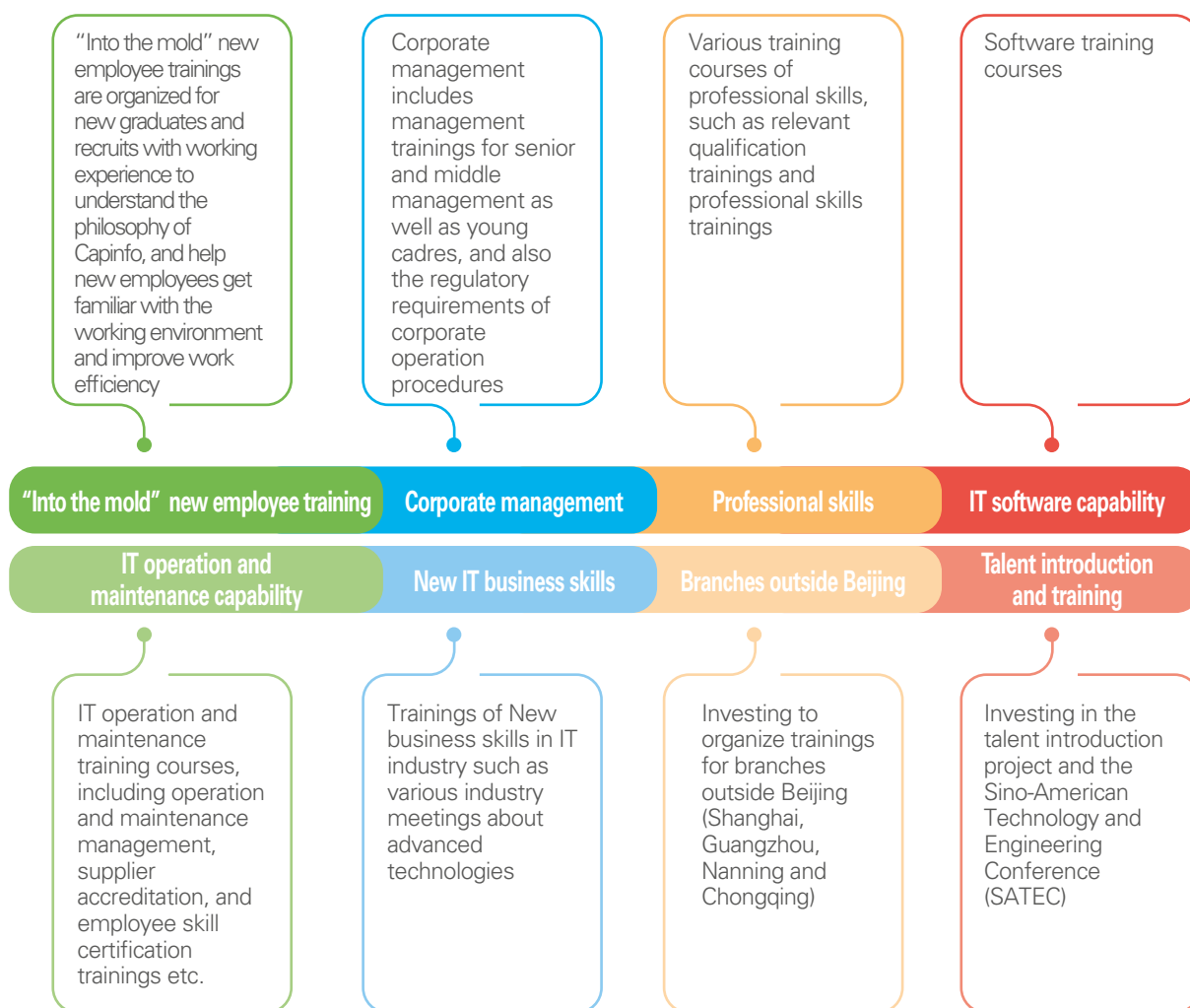
6. People-oriented development – making employees’ dream come true

6.2 PROMOTING DEVELOPMENT OF EMPLOYEES

Attaching much importance to talent development, Capinfo creates more development opportunities for employees, provides them with a broad development platform and carries our diversified trainings to promote development of employees.

6.2.1 Improving the training system

To ensure the implementation of the talent development plan during the 13th Five Year Plan, we have established a sound vocational training system to help employees’ growth. Actively carrying out the trainings, the Company formulated a new training plan for 2017 based on the survey and needs of all the business centers and subsidiaries of Capinfo, which included 102 courses of 8 main classes (47 internal training courses and 55 external training courses). In 2017, we provided 6.64 training hours per person. Senior management, middle management and young cadres amounted to 1.4%, 5.9% and 45% respectively of the participants of corporate management trainings.

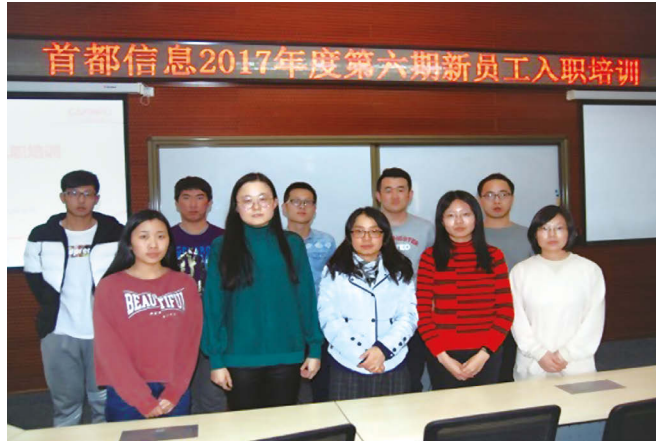


Diversified training system

6. People-oriented development – making employees’ dream come true

Case: Capinfo Institute organizes 2017 orientation training for new employees

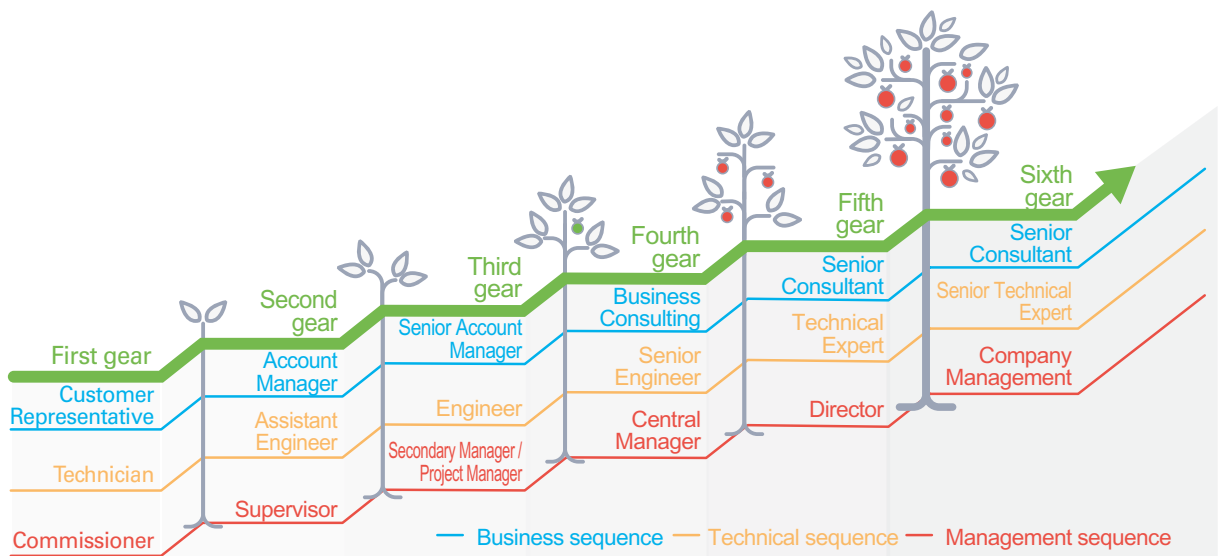
To help new employees get more familiar with the Company as soon as possible, Capinfo Institute organized 2017 (the sixth) orientation training for 12 new employees in the training room at the ground floor of the Universiade Village headquarters. Five employees from functional management departments introduced the Company profile, business scope, financial regulations, office network, personnel system, salary and benefits, quality management system, information security and fire control safety, which helped new employees systematically learn about the daily work procedure and relevant systems.



Group photo of the orientation training for new employees

6.2.2 Promoting career development

To provide a good career development channel and a broad career development platform, the Company has set up a career development system of “three channels and six levels”, striving to create a fair work environment and promote development of employees.



Career development system of “three channels and six levels”

6. People-oriented development – making employees’ dream come true

Case: Developing young cadres to promote the reform and development of the Company

In February 2017, the publicity planning department organized a public planning team with 24 young employees from all the business centers, who joined the team voluntarily. Focusing on topics about the capital informatization development forum, marketing salon, “mass entrepreneurship, innovation—Micro patent” competition, brochures, and company publicity film, the publicity planning team totally worked out 10 plans from different groups, and selected the best one by voting through the WeChat. Then the plan was reviewed by the leaders and put into implementation. While promoting the publicity of the Company, this activity also cultivated young cadres, thus laying a foundation for the Company’s reform and innovation in the new era.

Case: Capinfo launches the 2017 young caliber training camp



Group photo of the young caliber training camp

On the morning of March 27, Capinfo launched the 2017 young caliber training camp, which selected 21 excellent young cadres by “self-recommendation and recommendation”, and they need to pass the written test, interview and evaluation. The selected cadres took temporary posts of executive assistants to managers in different centers or departments. The training camp took targeted measures to help the participants overcome their weaknesses in abilities and knowledge, and

recommended relevant books to help them learn more, read more and think more outside the camp, so as to cultivate versatile talents.

6. People-oriented development – making employees’ dream come true

6.3 CARING FOR EMPLOYEES’ LIFE

The Company carried out various cultural and sports activities that employees enjoy, aiming to help employees relax themselves in the spare time, be more motivated, balance their life and work, and live their lives with a happy and peaceful mind, thus improving their sense of happiness.

6.3.1 Enriching employees’ life

By organizing the tree planting activity and various sports activities, the Company brings entertainment among teams to employees, relaxes their mind and unites the employees, creating a harmonious and comfortable atmosphere.

Case: 2017 Fitness activity themed “More Walks, Be Healthier”



Group photo of the mountain-climbing activity

On June 16, 2017, Capinfo organized the mountain-climbing activity themed “More Walks, Be Healthier” with nearly 200 participants in BaiWangShan Forest Park. We recorded time for each group, climbed the mountain according to the planned route and reached the top at last. During the process, some employees walked fast, while some strolled. They all enjoyed the beautiful scenery in mountains while chatting, and felt happy to do exercises. This activity showed employees’ optimistic and positive attitudes to life, promoted communications between colleagues and made the teams more united.



6. People-oriented development – making employees’ dream come true

6.3.2 Caring for employees

The Company organizes various activities to care for employees and their children. The Company cares for the physical and psychological health of female employees and protects their legitimate interests and rights as well as their special interests. The Company also sends warmth to staff abroad. We provide assistance for employees who get into difficulty because of serious diseases or accidents to ease the economic pressure on them and their families, thus creating a family atmosphere of mutual help and friendship and building a love bridge between the Company and employees.

Case: Capinfo takes more actions to care for employees and their children



Activity of caring for the next generation

After the theme lecture on children’s health named “Care for the next generation of Capinfo” and the free clinic activity, the Company carried out this theme activity, which represented the response and implementation to the call of resource sharing by Beijing State-Owned Assets Management Company.

To care for employees, their children and their life, and show its responsible corporate image, Capinfo cooperated with Beijing Beiao Group and Capital Healthcare Group to conduct the “dog day applications” activity to care for the health of employees and their children. Professional doctors were invited to Capinfo Institute to distribute the applications and give instructions. Employees of the Company took part in this activity and used the applications.

6. People-oriented development – making employees' dream come true

Case: The “sending warmth” group visits the Digital Beijing Building

The Company launched the activity of “sending warmth to employees outside the company” again. A group led by Lin Yankun, Secretary of the Party committee, visited 28 employees in the operation management center of the Beijing-China despite the cold weather. The visit group learnt about their work and life conditions, and listened to their suggestions and opinions to the business of the Company. The employee Wang Peng, felt that the visit group was like families and had a sense of belonging. He also felt more confident in the development and operation of the Beijing-China project. Tan Xiaoqing, another employee got touched. She said, “I have been working here for ten years. The company leaders always visit us in the coldest days of the year, which brings us a sense of happiness. We are more and more like a family...”. The visit group thanked the employees for their hard work, sent them gifts and also hoped them to work harder and promote the company’s good tradition of dedication to work.



“Sending warmth” activity for employees



7. COMMUNITY ENGAGEMENT — BUILDING A HARMONIOUS SOCIETY

Keeping its responsibility in mind, Capinfo contributes to the society and creates value for local communities while pursuing business development. Giving full play to its own strengths, the Company promotes local development, actively participates in social welfare activities and helps regions in need as much as possible, showing a responsible corporate image.

7.1 SUPPORTING COMMUNITY DEVELOPMENT

The Company responds to the needs of communities and improves community development with its own strength and support from the society. Combining our strength with social issues, we contribute to the community and promote community informatization and development with our advanced technologies.

Case: Helping juveniles in difficulty

In September 2015, Beijing Municipal Bureau of Civil Affairs released the *Notice on Further Conducting the Pilot Project of Social Protection for Juveniles in Need in Beijing*, emphasizing that “civil affairs departments need to strengthen the organization and guiding for social protection for juveniles and build a coordinated assistance system covering the city, district (county), street (town) and neighborhood committee (village)”. The assistance management center of Beijing Municipal Bureau of Civil Affairs entrusted Capinfo to developing a “Beijing social assistance system for juveniles in need” according to its requirements. The Company set up a series of mechanisms including prevention, reporting, emergency response, evaluation and assistance and intervention in guardianship, established a data base with records for each of the juveniles and timely updates, and built a security system covering the city, district, street and neighborhood committee. With these efforts, we promoted the prompt coordinated response of different departments and the establishment of a real time data system covering all juveniles in need in Beijing. Now the data system is mature and has been put into operation.



Social assistance management platform system (Web version)



Mobile services (APP)

7. Community engagement – building a harmonious society

7.2 PAYING CLOSE ATTENTION TO PUBLIC WELFARE

Capinfo always believes that “the wealth of the enterprise comes from the society and it is the enterprise’s responsibility to repay the society”. The Company constantly promotes the development of corporate culture to make employees feel proud and raise their sense of social responsibility. The Company also takes active actions in public welfare with a great sense of social responsibility, cares for those in need, and sows the seed of love and warmth, striving to create a better society.

Case: Internet coffee machine- a new donation experience

To make employees feel proud of the Company and raise their sense of social responsibility, Capinfo set an Internet vending coffee machine in the reception area on the 12th floor of Universiade Village office building, so that employees could get high quality and inexpensive freshly brewed coffee whenever they are working, attending a meeting or visiting the customers. The company publicity film is played on the screen of all the coffee machines of this brand. Buying one cup of coffee with WeChat Wallet means donating RMB one to the Hope Primary Schools. All the donations will be sent to Hope Primary Schools at the end of the year. This activity shows the image of a “new SOE”, laying a good foundation for corporate culture development and brand building.



Internet coffee machine

INDEX TABLE OF THE SEHK ESG

Environmental			
Aspect	Index number	Index content	Report location
A1: Emissions	General Disclosure	relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	P22
	A1.1	The types of emissions and respective emissions data.	not involved
	A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	not involved
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	not involved
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	not involved
	A1.5	Description of measures to mitigate emissions and results achieved.	not involved
	A1.6	Description of how hazardous and non-hazardous waste are handle reduction initiatives and results achieved.	not involved
A2: Use of Resources	General Disclosure	Policies on efficient use of resources including energy, water and other raw materials.	P22
	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).	not involved
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P22
	A2.3	Description of energy use efficiency initiatives and results achieved.	not involved
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	not involved
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	not involved
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	P22
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P24-P25

Index Table of the SEHK ESG

Social			
Aspect	Index number	Index content	Report location
B1: Employment	General Disclosure	relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	P31-P32
	B1.1	Total workforce by gender, employment type, age group and geographical region.	P31
	B1.2	Employee turnover rate by gender, age group and geographical region.	P31
B2: Health and Safety	General Disclosure	relating to providing a safe working environment and protecting employees from occupational hazards. (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	P33
	B2.1	Number and rate of work-related fatalities.	No deaths due to work-related
	B2.2	Lost days due to work injury.	P33
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	P33
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	P34
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P34

Index Table of the SEHK ESG

Social			
Aspect	Index number	Index content	Report location
	B3.2	The average training hours completed per employee by gender and employee category.	P34
B4: Labour Standards	General Disclosure	relating to preventing child and forced labour. (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	P31
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	P31
	B4.2	Description of steps taken to eliminate such practices when discovered.	undisclosed
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	P26-P27
	B5.1	Number of suppliers by geographical region.	undisclosed
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	P26-P27
B6: Product Responsibility	General Disclosure	relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	P15-P18
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	undisclosed
	B6.2	Number of products and service related complaints received and how they are dealt with.	undisclosed
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	P18
	B6.4	Description of quality assurance process and recall procedures.	undisclosed
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	undisclosed

Index Table of the SEHK ESG

Social			
Aspect	Index number	Index content	Report location
B7: Anti-corruption	General Disclosure	relating to bribery, extortion, fraud and money laundering. (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	P13
	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.	P13
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	P13
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.	P40
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	P40-P41
	B8.2	Resources contributed (e.g. money or time) to the focus area.	P40-P41

OUTLOOK

In 2018, we will keep upholding and applying a new vision of development. We will adapt, grasp and lead the new normal of economic development. Positioning itself as “a leading smart city operator”, the Company will firmly carry out the innovative development strategy with motivation and aspiration, promote platformization and productization, and make innovations in business models, striving to accomplish the goal of “adding value, consolidating basis, innovating and improving quality”, achieve transformation and upgrading during the period of the 13th Five-Year Plan, and take a leading role in smart city services.

Compliance: We will strictly adhere to the business ethics and the principle of integrity, advocate the law-abiding and compliance corporate culture, enhance risk control, and strengthen efforts in anti-corruption to build a disciplined and advanced organization. We will improve the corporate governance structure, simplify the management chain, and improve operation efficiency. We will strengthen the capability of management and control, optimize the organization and governance mechanism, and ensure informatization and security to better serve to social and economic development.

Innovation: Based on the development of the new generation infrastructure platform, we will take “innovation” as the internal driving force for development, explore new ways to improve innovation capacity, promote the upgrading and diversified development of business, and foster productization, platformization, and national wide expansion. We will establish an integrated technological innovation system that covers the whole industrial chain, accelerate the development of new technologies, new industries and new forms of business in smart city construction, and focus on building a national research center and lab, so as to build an integrated platform of industries, universities and research institutes, inspire internal innovation vitality and lay a solid foundation for development of the Company.

Environment: We will implement the principle of “giving priority to environmental protection”, improve the environmental management system and strengthen management of environmental risks. We will take actions to save energy and reduce consumption, and explore a green development model. We will develop energy saving products, improve energy efficiency and reduce emissions to achieve our goal of environmental protection. We will carry out diversified environmental publicity activities and actions, promote green office and protect biodiversity. We will develop a green and environmental friendly corporate culture, and raise employees’ awareness of environmental protection, thus safeguarding sure the harmonious development of the company and eco-environment.

Supply chain: We will continue to optimize supply chain management, integrate resources along the supply chain and improve supplier management, aiming to develop a green and sustainable supply chain. With professional support and targeted trainings, we will constantly enhance the core competitiveness of the dealers, design a series of detailed measures to promote supply chain management, build a diversified, sustainable and responsible supply chain for meeting the increasingly fierce competition. We will improve smart city development capacity, and cooperate with operators, leading enterprises and industrial alliance to give full play to our technology strength and provide better services to the society.

Employees: Adhering to the “people-oriented” principle and equal employment, we will improve the talent selection and employment mechanism as well as build a sound management system for the reserve cadres to meet the requirements of the modern corporate system. We will support the development of employees, improve communication opportunities for employees, protect their legitimate rights and interests and build a diversified, inclusive and secure career development platform. We will carry out trainings for the staff to create a learning enterprise and coordinate the development of talents; we will care for employees’ life and health to meet their multi-level needs and to create a warm and harmonious working environment and culture.

Communities: We will fulfill our social responsibility and steadily promote the work of poverty alleviation. We will make good use of our own advantages in funds and technology to contribute to local economic, community and education development. We will actively participate in public welfare activities and encourage our employees to participate in volunteer activities. We will continue to care for the education and growth of the disadvantaged teenager group, focus on disaster relief, poverty alleviation and education support, and thus build a responsible corporate.



OPINION FEEDBACK FORM

For constantly improving our company social responsibility work, we desire to receive your feedback, which becomes the crucial basis for improvement and advance of our work quality. We sincerely hope that you could give us some precious advice and suggestions on this report and our work.

Your information:

Name: _____ Company/Institution: _____

Phone Number: _____ E-mail: _____

Your comments:

1. What do you think about the whole report:
 great good fair not good bad
2. What do think of the report content:
 very rich rich fair not enough rare
3. What do you think of the quality of the report content:
 very high high fair low very low
4. What do you think of the layout design:
 very reasonable reasonable fair not good bad
5. What are your advice and suggestions on the Company's CSR work and the compilation and release of the CSR report:

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