



萬桐園

Stock Code: 8199

# 萬桐園

2017

ESG Report

China Wan Tong Yuan  
(Holdings) Limited

中國萬桐園(控股)有限公司



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# Chairman's Statement

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Funeral and burial culture, as one of the most important traditional Chinese cultures, is a kind of the feeling of missing of the living towards the departed. 2017 is the 10th anniversary of Wan Tong Yuan. In the last decade, Wan Tong Yuan has been upholding Chinese filial piety culture that "by cultivating respect for the dead, and carrying the memory back to the distant past, the moral feeling of the people will waken and grow in depth", to construct a blessed place for recalling and bearing feeling together with all people attending funeral ceremonies.

In 2017, we have been actively implementing five development principles of innovation, coordination, green and environmental protection, openness and sharing, carrying out innovation and making progress in ideas, behaviors and working methods to add more elements of environmental protection, humanity and sustainability to funerals, thus perceiving the inheritance of life.

## **Expand more development opportunities.**

Sound operation performance is fundamental to the development of the enterprise, and critical to the expansion of the enterprise's influence in the industry. By taking company listing as an opportunity, focusing on corporate governance, starting with sorting interior management system, regulating corporate behaviors, expanding market development strategies, we have formed a diversified development system and obtains more resources to accelerate the development of the company. At the same time we can provide each customer with satisfactory service by constantly optimizing product quality, and improving company performance by meeting customers' demands.

## **Seek sustainable green development.**

Achieving green ecological environment is our responsibility, which is also beneficial to enterprises for achieving upgrade and transformation. By giving full play to the environmental advantages of our cemetery, we elaborately transform the gloomy cemeteries into greenery parks, vigorously promote environmental-protection funerals and other funeral models, and actively guide the civilized sacrificial offering to achieve "Blue Sky Projects". At the same time have been actively promoting resource recovery and waste reduction principles for reducing the waste of all kinds of resources, achieving environmentally friendly operation and achieving the harmony and unity with natural sources.

## **Harmonious development by bearing social responsibility.**

The ultimate goal of enterprises is not only to seek for self-development, but also to lead the joint development of employees and society. We have established an all-around effective training system and provide multi-channel promotion mechanisms and various recreational and sports activities for helping employees to achieve self-value. At the same time, we have improved the supplier management system for adequate protection of the legal rights and interests of suppliers, taken an active part in all kinds of social welfare and voluntary activities for taking care of the elderly without families and accelerated the harmonious development of communities.

Carrying forward the culture of filial piety and passing on the national spirit. During the last decade since it establishment, Wan Tong Yuan has constantly made contributions to the reform and innovation of Chinese funeral industry and created value for social development by sticking to its original intentions. The next decade also represents a new beginning for the funeral industry, therefore, Wan Tong Yuan will seize the opportunities to spread the life inheritance and lead more people to a happy life. Garden with phoenixes perching on everlasting plane trees!

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# About Us

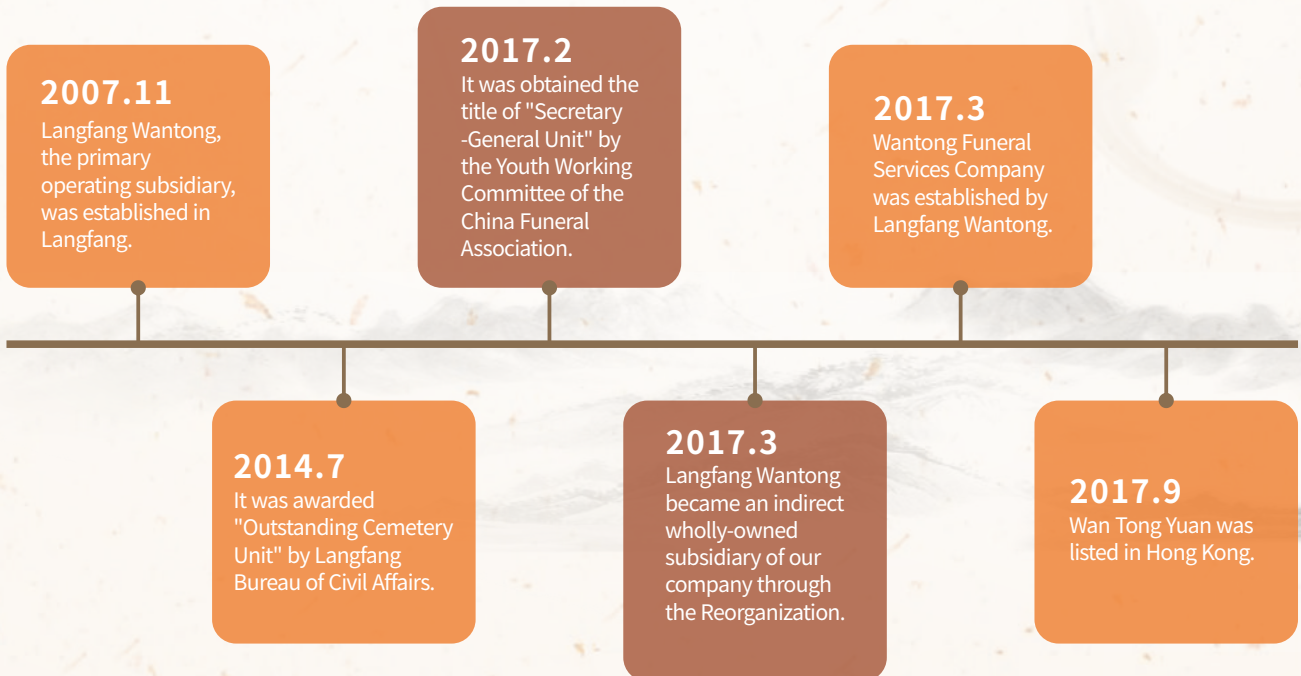
## Company overview

China Wan Tong Yuan (Holdings) Limited (stock code: 8199), founded in Langfang, Hebei in November 2007, is a leading burial service provider in Langfang, with operations covering cemetery operation business, funeral ceremony services, and cemetery maintenance services. Wan Tong Yuan has now developed 20 tomb areas featuring traditional and artistic-style graveyards, which can meet different demands of customers. Wan Tong Yuan is named from "Garden with phoenixes perching on everlasting plane trees", indicating a blessed place for the departed. Wan Tong Yuan dedicated itself to building a venue for keeping the memory and feeling, a cemetery compatible with the natural environment, which shall be accountable as an enterprise cemetery.

Garden with phoenixes perching on everlasting plane trees



## Development history



## Financial overview

A funeral refers to the manner and ceremony for disposing human remains, which is the result of social advancement, as well as an integral part of traditional Chinese culture. China is renowned for being a nation of ceremonies, and the Chinese attach great importance to funerals. Our company mainly engages in selling cemeteries in Langfang, and providing other services related to funeral and cemetery maintenance service. Langfang is one of cities with the fastest growth in Hebei Province, and boosted by the Beijing-Tianjin-Hebei Metropolitan Integration, we plan to achieve whole-industry chain development centered on funerals, and establish a diversified development system to foster the rapid development of the company.



### Funeral services

Our funeral services consist of (1) cemetery sales, including the usage rights for cemeteries, tombstones and other products for cemetery use; and (2) arrangements and holding of funeral rites, design & construction of cemeteries, and tombstone engraving inscription and ceramic photo and other services for landscapes. The funeral service is divided into traditional and artistic funeral services on the basis of cemetery types.

### Cemetery maintenance services

Cemetery maintenance services are an integral part of our burial services, which can maintain a beautiful cemetery landscape. We regularly tidy and patrol the cemetery regularly to ensure a clean and safe environment for visitors. We also regularly maintain our facilities to ensure they are fully functional.

# Communication of Interested Parties

By positively responding to the sustainable development trend and taking the breakthroughs of meeting demands and expectations of government, public, customers, employees and other interested parties, Wan Tong Yuan has constantly enhanced sustainable development awareness, applied the sustainable development concept to daily management and operation, and taken practical steps to accelerate the mutual sustainable development of the enterprises and society.

Interested parties	Hopes and demands	Responding measures
Government	<ul style="list-style-type: none"> <li>· Compliance operation</li> <li>· Compliance taxation</li> <li>· Protect the local environment</li> </ul>	<ul style="list-style-type: none"> <li>· Follow policy changes</li> <li>· Pay tax according to laws</li> <li>· Implement environmental-protection funeral</li> </ul>
Shareholder and investor	<ul style="list-style-type: none"> <li>· Avoid operational risks</li> <li>· Normal information disclosure</li> <li>· Receive return on investment</li> </ul>	<ul style="list-style-type: none"> <li>· Establish the Board of Directors</li> <li>· Maintain the growth of the business and proficiency</li> <li>· Issue 2017 Annual Report</li> </ul>
Customer	<ul style="list-style-type: none"> <li>· Provide high-quality services</li> <li>· Provide high-quality products</li> <li>· Provide information security</li> </ul>	<ul style="list-style-type: none"> <li>· Comprehensive funeral services</li> <li>· Diversified business development</li> <li>· Protect customer's privacy</li> </ul>
Supplier	<ul style="list-style-type: none"> <li>· Perform contracts according to laws</li> <li>· Admittance criteria for suppliers</li> <li>· Accelerate mutual development</li> </ul>	<ul style="list-style-type: none"> <li>· Fair and transparent procurement</li> <li>· Build a responsibility supply chain</li> <li>· Provide fair opportunities and accelerate cooperation and win-win outcomes</li> </ul>
Employee	<ul style="list-style-type: none"> <li>· Salary and welfare guarantees</li> <li>· Occupational health and safety</li> <li>· Fair promotion and development</li> <li>· Work and life balance</li> </ul>	<ul style="list-style-type: none"> <li>· Improve compensation system</li> <li>· Implement employee physical examinations</li> <li>· Establish long-term talent mechanisms</li> <li>· Develop recreational activities for employees</li> </ul>
Environment	<ul style="list-style-type: none"> <li>· Energy savings and emission reductions</li> <li>· Waste disposal</li> <li>· Protect the environment</li> <li>· Resource saving</li> </ul>	<ul style="list-style-type: none"> <li>· Implement environmentally friendly funeral services</li> <li>· Reduce the influence of business activities on the environment</li> <li>· Carry out environmental protection measures</li> </ul>
Community and public	<ul style="list-style-type: none"> <li>· Accelerate the development of communities</li> <li>· Care about vulnerable groups</li> <li>· Community communication</li> </ul>	<ul style="list-style-type: none"> <li>· Organize social activities for the public</li> <li>· Carry out community communications</li> </ul>

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# Corporate Governance

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- Enterprise governance reinforcement
  - Compliance operation
  - Operation level improvement
- 

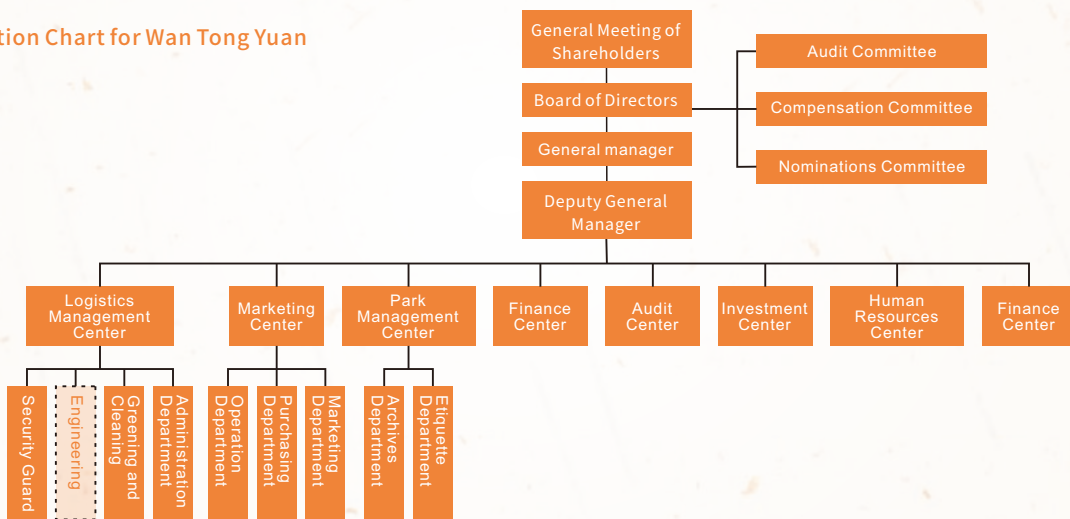


# Enterprise governance reinforcement

Wan Tong Yuan was listed successfully on the Stock Exchange of Hong Kong Ltd. (SEHK) in 2017, which means that Wan Tong Yuan's diversified funeral management concept has been recognized by all sectors of society. Therefore, by taking this as an entry point, we will vigorously lead customers and suppliers for further development.

By strictly following the regulations and requirements of standard documents related to the Hong Kong Stock Exchange, combined with practical conditions of Wan Tong Yuan, we have established a relatively perfect framework of corporate governance, and further enhanced the governance level to ensure sustainable, steady and sound development by formulating well-defined institutional systems and work procedures.

Organization Chart for Wan Tong Yuan



Note: dotted line frame is a new post in 2018

## Shareholders' General Meeting

We shall convene shareholders' general meetings in strict accordance with the *Corporation Law, Articles of Association, Rules of the Procedure of Shareholders Meeting and Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* to ensure that all shareholders can enjoy their legal rights and interests.

## Board of Directors

The Board of Directors, as the authoritative decision-making body of Wan Tong Yuan, shall be responsible for supervising and managing business and the decision-making direction. The Board of Directors has established three board committees, comprising the Audit Committee, the Remuneration Committee and the Nomination Committee, which can provide support for decision-making to enhance work efficiency. By actively implementing the diversification strategy of the Board of Directors, out of 6 board members generated by voting, there are three independent non-executive directors as well as experts in management and finance, fully utilized the different expertise, skills and experience of the directors. In 2017 the Board of Directors held 6 board meetings and 3 committee meetings.



Board of directors



# Compliance operation

Robust and effective management mechanisms are not only the foundation of enterprise stability, but also the key for providing value for the interested parties. By establishing and maintaining a well-structured enterprise management system and procedures, proactively promoting legal construction, strictly following commercial ethics and accelerating the construction of anti-corruption system, Wan Tong Yuan can ensure sustainable and sound operation.

In 2017 there were no anti-corruption lawsuits.

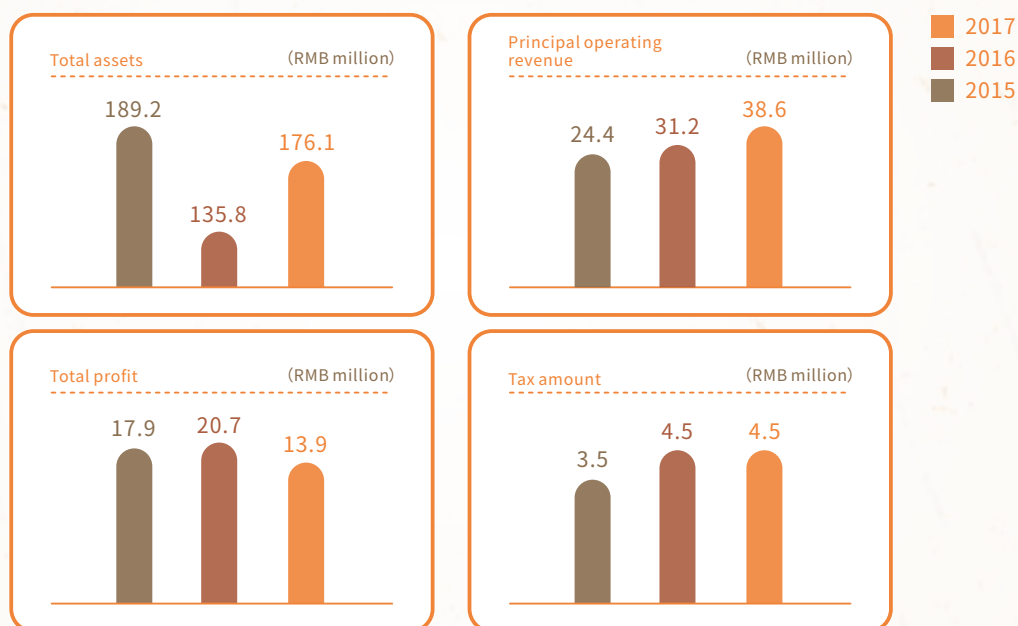
In 2017 there were no cases of major violations of the law, disciplinary rules or regulations.

Legal construction	Business ethics	Anti-Corruption
<ul style="list-style-type: none"><li>◆ We have closely followed the continuous development of the laws and regulations in the funeral service industry to ensure compliance with requirements for legal compliance operation.</li><li>◆ We have continuously improved the capacity for legal risk management and control and innovated legal management methods to provide the company operation with the legal guarantee.</li><li>◆ Strengthened publicity and education work on laws and regulations and have carried out the legal consulting and services for the company's employees.</li></ul>	<ul style="list-style-type: none"><li>◆ Strictly followed market laws and regulations such as the Anti-Unfair Competition Law and Antitrust Law and have competed them effectively.</li><li>◆ Strengthened service management, stopped fraud, handled the relevant formalities according to procedures and issued formal invoices.</li><li>◆ In accordance with open pricing principle, all commodities and services pricing will be disclosed with open and transparent, and was shown on the display wall in service area..</li></ul>	<ul style="list-style-type: none"><li>◆ Established a report phone line, made a clear reporting channel and made the report treatment results clear.</li><li>◆ Strengthened publicity and education, and periodically inspected honesty publicity through honest agreement.</li><li>◆ With regard to design purchasing by tendering and other contracts, we have taken the honest article as a part of signing contract content.</li></ul>



## Operation level improvement

Sound operating performance is the foundation of the enterprise, which is also a key precondition for enterprises achieving sustainable development. By making the listing in Hong Kong Stock Exchange as an opportunity, we systematically reconsolidate the internal management system, optimize service measures, fully enhance the management level for achieving efficient promotion of economic benefits. The revenue of the main business in 2017 has been up to RMB 38.617 million.



### With all-around funeral service for meeting different funeral demands of customers

Different from other funeral enterprises which can only provide basic funeral services or certain /limited service, we can provide customers with a variety of funeral services according to different preferences and budget amounts, and also further expand the market by attracting local customers who prefer to pay a premium for special or customized services as well as customers from neighboring cities with decreasing cost-effective graveyards available.

### Dedicated, experienced and stable management team

We believe that a dedicated, experienced and stable management team can help us to build a long-run development blueprint and sustainably navigate the business strategies and business implementation plans by paying close attention to market trends and customer preferences by virtue of profound insight into the industry.

### Master the strategic development positions

We operate "Wan Tong Yuan" Cemetery, there are other potential customers recommended by Langfang third-party funeral services providers via online cooperation. At the same time, the accumulated local customs, preferences and other funeral knowledge in Langfang also provide a powerful support for launching in Langfang and the Beijing-Tianjin-Hebei Region funeral service market.

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# Products and Services

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- Diversified products
  - Quality service
- 



## Diversified products

In order to meet the different funeral demands of customers, we can provide comprehensive funeral service portfolios and customize special landscape designs and gravestones. As of the end of 2017, we have built 20 tomb areas featuring traditional and artistic-style graveyards, including 18 traditional graveyards with consistent or slightly different design landscapes by means of uniform planning, and two artistic tombs employing special designs and construction materials, which means that customers can select the location, size, design and layout of graves, as well as types and styles of all gravestones and decorations.



Traditional graveyards



Artistic-style graveyards

## Quality control

We attach great importance to the quality of products in the tomb area. We not only check the tombstone before use, but also reject defective tombstone products. We also regularly inspect cemeteries and tombstones and carry out quality maintenance during operation, so as to ensure the quality of funeral services. In order to ensure that quality control is in place, we have established a quality management team to supervise the quality control procedures for the implementation of funeral services, and understand and resolve quality complaints through an after-sales service communication mechanism. There were no major complaints from customers or local authorities throughout the year.

## Protection of intellectual property rights

We fully protect intellectual property and maintain a good public image. As of the end of 2017, we submitted 17 trademark applications in total, of which 8 were successfully registered in mainland China and 1 in Hong Kong. We have not suffered any major claims or disputes that infringe trademarks or other intellectual property rights in the year.

## Quality service

We deepen customer segmentation, customer needs and other research, serve the living and are kind to the dead with more meticulous and intimate services based on the specific needs of customers.



Ceremonial services

### • Funeral service

We provide both traditional and artistic funeral services. Traditional funeral service refers to the use of standardized and prefabricated cemetery or tombstones in the same designated tomb area. Artistic funeral service refers to the use of uniquely designed tombstone, and also offers a wide range of customized services.

### • Funeral rite and ceremony

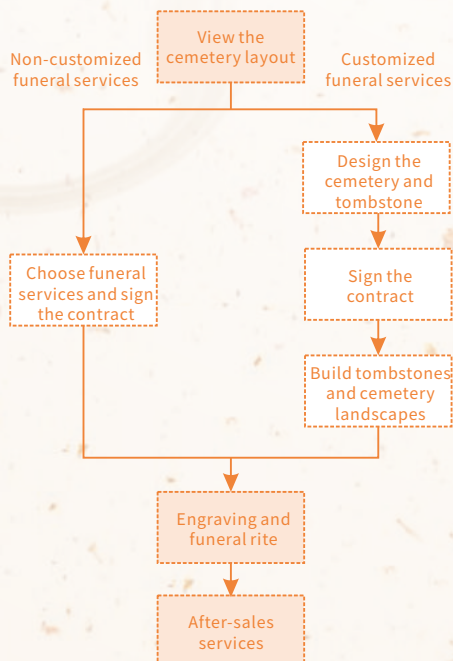
Before we bury bone ashes in the cemetery, we hold personalized funeral rite and ceremony in accordance with the requirements of customers, and pay tribute to the deceased.

### • Cemetery maintenance services

We will clean and patrol the cemetery regularly to ensure a clean and safe environment for tomb sweepers.

## Funeral service processes

We continue to optimize funeral service processes, so that customers can have a convenient and intimate service experience.



### 01 View the cemetery layout

Guide our customers in site visits, so that customers can understand the layout of the cemetery and the optional cemetery, and recommend specific service types and customization suggestions according to the customer's requirements.

### 02 Choose funeral services and make contracts (non-customized funeral services)

The customer selects a specific funeral service and several value-added services, and signs the sales contract.

### 03 Design cemetery and tombstone (customized funeral services)

Provide existing standard tombstone and cemetery design for customers of traditional funeral services to choose; assist in the design of the tombstone and cemetery landscape for clients who opt for customized funeral services.

### 04 Build the tombstone and cemetery landscapes (customized funeral services)

Customize the tombstone and cemetery landscapes according to the style and design style elected by customers. Depending on the style and customized complexity of the tombstones and cemetery, this takes around 45 days to complete.

### 05 Engraving and funeral rites

Assist customers to choose engraving details, dates and ceremonies for the burial, arrange tombstone engraving inscriptions and ceramic photos, hold funeral rites, provide logistical arrangements and other value-added services.

### 06 Post-funeral service

Check the tombstone periodically and repair it when necessary; ther post funeral services, such as grave-sweeping activities and the supply of flowers and offerings.

## Service satisfaction improvements

We actively promote the standardized and transparent management of business processes, and fully safeguard the interests of customers, so as to provide customers with reliable and satisfactory services.

### Transparent consumption

We make the tombs, porcelain images, inscriptions, and burial service prices on the display boards and announce them to customers, so that customers can avail themselves of our services clearly and safely, and ensure that as a consumer, every customer can have the full right to know about the products or services they select.

### Privacy protection

We attach great importance to safeguarding the private information of customers, encrypt customer data files, and manage them using specialist personnel. In principle, non-contractors cannot look through any tomb-related information, which effectively guarantees the confidentiality of customer information and is widely recognized by customers. There were no customer information leakage events in the year.

### Customer satisfaction poll

In order to fully understand the customer's satisfaction with our services, we have specifically added a column for customer evaluation on the notice of the burial service. This helps us to understand the customer's demands and satisfaction in a timely manner and continuously improve the service level.



Display board of business prices

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# Environmental Accountability

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- Environmental management reinforcement
  - Green funeral and burial promotion
  - Resource usage and emissions
- 



## Environmental management reinforcement

Wan Tong Yuan actively implements the green development concept of "green hills and clear waters are invaluable assets", and bravely undertakes the responsibility of environmental protection. While enhancing operation and management capabilities, it aims to build a green, low-carbon funeral service, integrates environmental protection into the overall operation of the company, vigorously promotes green offices to reduce energy consumption, and comprehensively achieves green and sustainable development by promoting the construction of the cemetery environment.

### Follow the environment Regulations

Our operation has strictly followed the relevant environmental protection laws and regulations in the funeral industry, including discharge supervision, sewage discharge, waste management and disposal, storage and treatment, and has fulfilled the obligations of environment.

There were no major environmental pollution events throughout the year.

### Environmental protection input increase

We have continuously strengthened the management of funeral services and facilities, and have installed the environmentally friendly incinerators to burn paper banknotes and other offerings during the period of tomb-sweeping activity. We have updated and transformed obsolete cremation equipment to reduce pollution of the environment to the greatest extent.

### Clean and beautiful park

We have well designed the cemetery to be like similar park landscapes, and with the flower beds, lawns and woods, the tomb areas and cemetery have been perfectly integrated with the surrounding landscape to provide visitors a comfortable and tranquil environment; meanwhile, we have also periodically cleaned and patrolled the cemetery to maintain a clean and beautiful cemetery landscape.

### Carry out green office

We have devoted to promoting environmental sustainability, following the principles of recovery and reduction and encouraging the employees to use double-sided printing and copying in daily office work, and have established the paper recycling bins and popularized the use of recycled paper. At the same time we have also reduced energy consumption by turning off idle lighting equipment and electric appliances.



A green and beautiful park



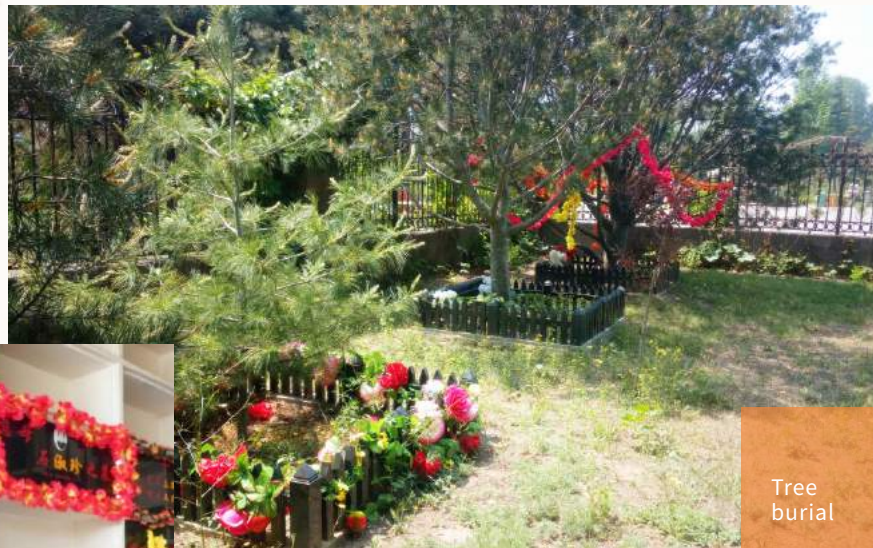
## Green funeral and burial promotion

In 2016, nine governmental departments jointly released the *Guidance Opinions on Driving Land-saving and Eco-burials*, further promoting the concepts of green funerals and ecological funerals in the eyes of the ordinary people. As a practitioner of the green funeral services, Wan Tong Yuan has always been based on green development. It has made land-saving innovations through many ways, and has introduced various ecological burials, such as tree burials and wall burials. This gives funeral services more green environmental association to ensure that cemetery and natural environment becomes increasingly harmonious. In 2017, the company's green funeral business accounted for 22.5% of the total.



### [ CASE ] Support land-saving ecological burial and promote ecological civilization construction

In traditional Chinese culture, the funeral thought of "burials bring peace to the deceased" has always been the mainstream thought. Since the introduction of cremation in China, more and more people have turned their funeral to ecological burial and other forms. In order to better promote the understanding of ecological burials amongst public, during the Tomb-sweeping Festival of 2017, the company held a signing activity for "supporting land-saving and ecological burials and promoting the construction of ecological civilization". By popularizing the knowledge of ecological funerals to the public, the public's misunderstanding of green burials is eliminated. The activity was recognized by the general public, while many citizens also gave their signatures in front of the signature board.



Tree burial



Wall burial

#### Extended reading: green funerals

Green funerals refers to the land-saving interment method of implementing cremation, boosting civilized and simple funeral arrangement, accelerating upgrades and transformation of funeral equipment and initiating pollution-free ecologicalization.

## Resource usage and emissions

We strictly abide by the *Environmental Protection Law* and the laws, regulations, and standards concerning air, water, and soil pollution prevention. In daily operations, we continuously improve the usage benefits of energy and water resources, strengthen the management of various emissions, and strive to enhance environmental benefits, so as to lead the company towards sustainable development

### Emission management reinforcement

We pay close attention to environmental management in operation, properly the waste water, exhaust gas and solid waste generated during the operating process, strictly control the emissions and do our best to reduce the negative impact of the company's operations on the environment and achieve green development.

#### Exhaust gas emission reduction

Wan Tong Yuan's exhaust gas emissions mainly come from firecrackers, and burning incense, and tin foil during the grave-sweeping process. In recent years, through the promotion of civilized sacrifices and environmental protection incinerators, souvenir dust has been greatly reduced. Other exhaust gas emissions are mainly from the direct emissions of fossil fuels (gasoline and diesel). The main components include sulfur dioxide, nitrogen oxides, and particulate matter.

#### Promotion of energy saving and carbon reduction

The greenhouse gas generated by Wan Tong Yuan is mainly produced by direct energy (diesel and gasoline) and purchased electricity, and its main component is carbon dioxide. We attach great importance to the harm caused by greenhouse gas emissions to the environment, actively promote emission reduction management in the park, and effectively reduce greenhouse gas emissions during operation by implementing a number of improvement measures.

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The emission of nitrogen oxides is **77.42** kg

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The emission of particulate matter is **7.52** kg

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The emission of sulfur dioxide is **0.12** kg

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### Planted green vegetation

We have continuously improved planting to reduce the greenhouse gas emission by greening trees in the cemetery. In 2017, we planted 17,605 green vegetation in large area, and paved and planted 1,500 m<sup>2</sup> lawns on the bare land.



### Introduced energy saving vehicles

In order to better achieve energy conservation and emission reduction, we have introduced environmental protection battery carts in the park to be used for picking up the visitors, so as to reduce the amount of fossil energy used. In 2017, we introduced 2 energy-saving environmental protection vehicles.



Energy-saving environmental protection vehicles

### Greenhouse gas emissions

Direct (Category 1) carbon dioxide emission is

**200.05** t

Indirect (Category 2) carbon dioxide emission is

**128.28** t

Note: Category 1 refers to direct carbon dioxide emissions from stationary sources (except electric power) and mobile sources (vehicles) fuels burning. Category 2 includes the indirect carbon dioxide emissions caused by the purchased electricity.

### Solid waste management reinforcement

We strictly comply with relevant national laws and regulations, classify, store, and legally dispose of solid waste such as household garbage, kitchen waste, and ritual items generated during operation, so as to ensure that our company's waste discharge complies with environmental standards, and thus reduce negative impacts on the environment.

**3** t of non-hazardous wastes are produced throughout the year

**0.05** ton per person of non-hazardous waste are produced per capita

Non-hazardous waste disposal rate is **100** %

## Rational use of resources

Rational use of resources is of great importance for the sustainable development of the company. In the daily operation, we take the concept of resource saving and utilization, actively promote the improvement measures of energy management and water resource management, and strive to support the development of the company with minimum resource consumption.

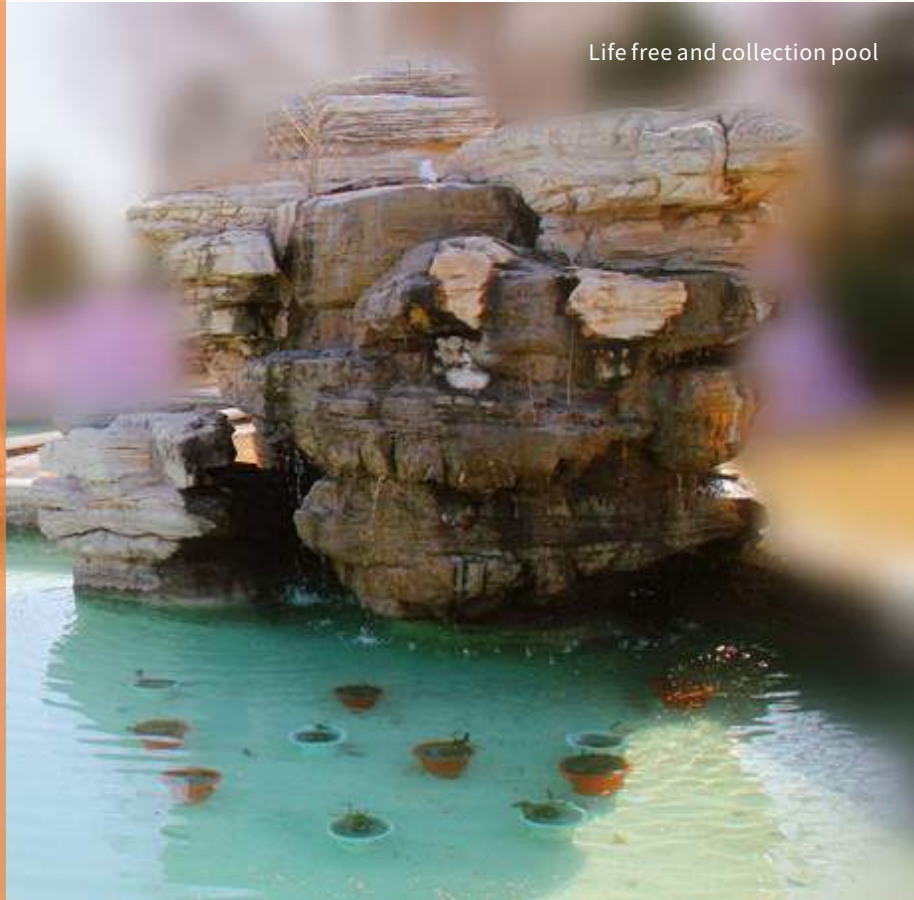
### Energy use

The energy consumed during the company's operations mainly include purchased electricity, diesel oil, and gasoline, which are used for the company's automobiles and daily office. In 2017, the company consumed 2,591.38L of diesel, 6,218.02L of gasoline, and 145,065kWh of the purchased electricity.

### Water resource use

During operation, the main water resources of Wan Tong Yuan are the daily living and office water usage for the park staff, the greenery water of the cemetery and the customers' grave-sweeping water. This waste water can be directly discharged without filtration. We use the constructed free life pond to collect, store and reuse rainwater and snow water, so as to achieve the goal of saving water resources. In 2017, the company's office water was about 200t.

Life free and collection pool



Diesel consumption was

**2591.38** L

Gasoline consumption was

**6218.02** L

Purchased electricity was

**145065** kWh

Water consumption was around

**200** t

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# Employee Growth

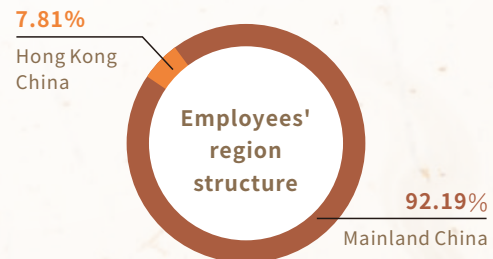
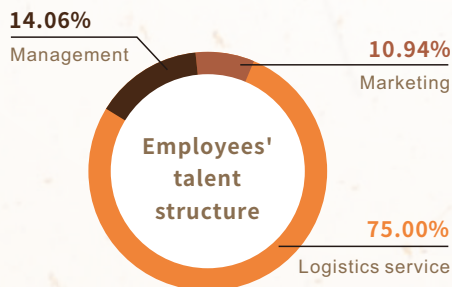
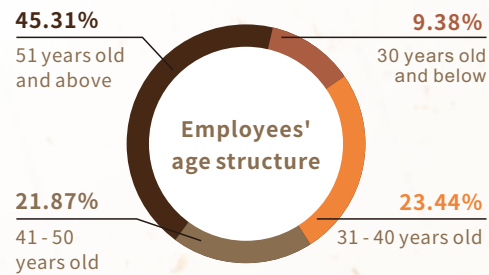
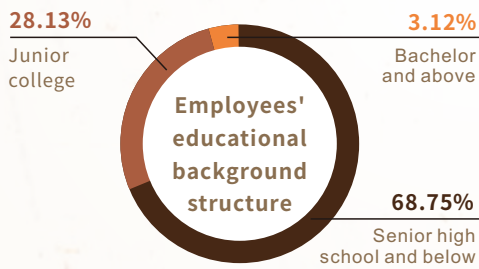
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- Equal employment
  - Salary and welfare
  - Training and development
  - Employee care
- 



## Equal employment

The company strictly enforces the requirements of the *Labor Law*, *Labor Contract Law* and other relevant laws, and always adheres to the principle of equality, openness, and fair recruitment. Problems such as gender discrimination or ethnic discrimination are not allowed. It also implements various regulations to avoid child labor and forced labor, and recruits talented people for the company, so as to provide a fair competitive environment for candidates. In 2017, the signing rate of employee labor contract was 100%, and each employee can enjoy 11 days of paid vacation.



## Salary and welfare

In order to realize the win-win goal "employees receives more income, the company gains more profits, and society achieves steady development", we constantly explore a more scientific compensation and welfare system, so as to provide decent work for employees and guarantee employees' basic rights in a comprehensive way.

### Competitive salary guarantee

- The company conducts research on social income levels from time to time, and strives to match the company's employee income with social market conditions.
- The company appropriately adjusts its performance appraisal standards according to different development stages of the enterprise and ensures its employees' best income.

### Abundant welfare system

- Pay social insurance, commercial supplementary insurance and other employment security.
- Provide employees with a canteen and dormitory, commuter bus, communication subsidy, high temperature subsidy, and other welfare payments.

# Training and development

We pay attention to the professional development of employees, create opportunities for their career development through abundant training courses and broad development platforms, thus stimulating the enthusiasm and creativity of employees and helping them to grow and make progress in their work.

## Employee training

We have actively built a learning organization, and have established two training systems for universal management training and professional skill training for different posts to fully develop the potential for employees and promote the employees' personal development. In 2017, we organized various training on a total of 24 events, with employee coverage of 100%.



Employee training		Training time per capita (h)	Training coverage rate
Gender	Female	27	100
	Male	25	100
Employment type	Marketing	36	100
	Management	24	100
	Logistics service	24	100

## Employee development

As the company has gradually expanded and more and more managers have been needed, we have prepared the talent team plan, established the promotion system and promotion mechanism and made the career development channel smooth to support the employees' career development and make the employees have more clear goals and positive motivation.



## Employee care

Based on a harmonious enterprise culture, the company has continually improved the employees' work and living environment, cared for the employees in all regards, strengthened the employees' sense of happiness and identity and has built an enterprise atmosphere of happy work and harmonious, joint development.

## Occupational health

We are advocates for life, and for this reason we have periodically carried out safety training and publicity and education activities, standardized the company's occupational health management and occupational disease prevention work to make the employees devoted to work with good health and a positive mentality. In 2017, the employees' physical examination rate was 100%.

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0 employee died due to occupational reasons

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0 working days were lost due to occupational injury

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## Employee activities

In order to further stimulate the employees' spiritual and cultural life, we have carried out birthday parties, employee dinners and fun activities, actively built a healthy and positive atmosphere and promoted the employees' cooperative spirit and team cohesion.





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# Community Development

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- Supply chain management
  - Public welfare promotion
- 

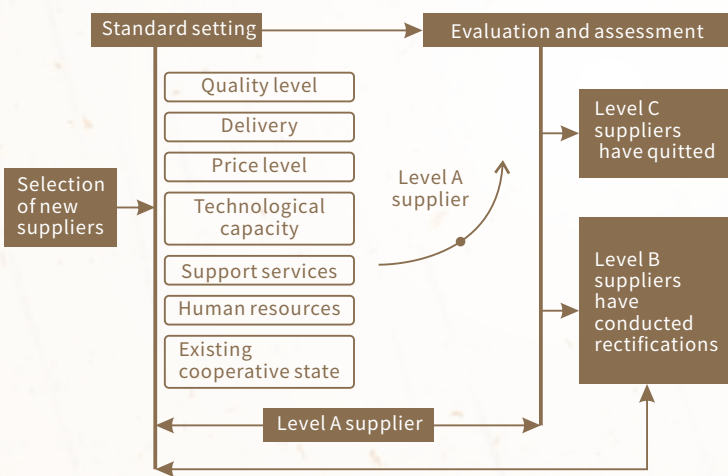


# Supply chain management

Our suppliers mainly include tombstones, ceramic photos, road engineering inside the cemetery and internal decorations. We have adhered to the supplier management policy of paying equal attention to quality and benefit, and have guaranteed the suppliers' rights and interest in an open, fair and just manner by standardizing purchasing management and improving the suppliers' screening and grading mechanism to create value with suppliers together.

**100%** of the suppliers have signed *Honest Purchasing Agreement*

## Supplier evaluation and assessment



There have been a total of 6 suppliers

- 2 suppliers outside Hebei
- 4 suppliers in Hebei



25

# Public welfare promotion

With the idea of giving back to society, the company has actively participated in various social public welfare and charity activities and voluntary services. In 2017, the total amount of the company's charitable donations reached RMB 563,000.

We have encouraged the employees to care for the surrounding communities and give play to their own specialties to return to society. In 2017, the company organized the employees to carry out the activities of making donations to charity, sent warmth to communities and visited elderly persons with no family on many occasions to actively make their own contributions to harmonious communities.



Love activities

**2** hours voluntary service

**100** Service target number

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# About This Report

This report is the first report on environment, society and governance issued by China Wan Tong Yuan (Holdings) Limited. For all interested parties of the company, the report comprehensively discloses the company's concepts, practice activities and effects in the area of environment, society and governance in 2017.

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**Time period** The time period of this report mainly covers the company's performance in the areas of environment, society and governance during the period from January 1, 2017 to December 31, 2017. In order to strengthen report's comparability and foresight, parts of the content and data have been extended.

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**Report range** With China Wan Tong Yuan (Holdings) Limited as an entirety, this report has included businesses such as cemetery, funeral and design planning.

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**Reference basis** This report has been prepared mainly by referring to the stipulations related to explanation in case of not observing and suggested disclosure in the Guidance of Report on Environment, Society and Governance (ESG Guidance) of the Hong Kong Stock Exchange.

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**Content selection** All the data and cases used in the report are from the company's formal documents, statistical reports or related public data. We have fully communicated with interested parties to ensure that the report information conform to the requirements for principles of significance, quantization, balance and consistency in ESG Guidance.

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**Name description** For the convenience of expression and comprehension, China Wan Tong Yuan (Holdings) Limited in this report is also referred to as "Wan Tong Yuan", "the Company" and "We."

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**Report acquisition** The report has been released in electronic form, and you can access the company's website (<http://www.lfwt.com>) to download and read. There are two versions of the report – one in Chinese and one in English. If there are any doubts about the content, the Chinese version shall prevail.

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# ESG Index

Aspect	Indicator Description	Pages/Remarks	Description
<b>A. Environmental</b>			
<b>A1: Emissions</b>			
General Disclosure	Information on policy and 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 nonhazardous waste.	● P15-P16	
A1.1	The types of emissions and respective emissions data.	● P17-P18	
A1.2	Greenhouse gas emissions in total (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	● P18	
A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity ((e.g. per unit of production volume, per facility).	● P18	
A1.4	Total nonhazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	● P18	
A1.5	Description of measures to mitigate emissions and results achieved.	● P17-P18	
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	● P18	
<b>A2: Resource Utilization</b>			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	● P19	
A2.1	Direct and/or indirect total energy consumption by type (e.g. electricity, gas or oil) (in 1,000 KWH) and intensity (per unit of production volume, per facility).	● P19	
A2.2	Water consumption in total and intensity (per unit of production volume, per facility).	● P19	
A2.3	Description of energy use efficiency initiatives and results achieved.	● P19	
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	● P19	
A2.5	Total packaging materials (in tons) used for finished products and with reference to per unit produced where applicable.	● ———	(N/A)
<b>A3: Environment and Natural Resources</b>			
General Disclosure	Policies on minimizing the issuer’s significant impact on the environment and natural resources.	● P18-P19	
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	● P19	
<b>B. Social</b>			
<b>Employment and Labour Practices</b>			
<b>B1: Employment</b>			
General Disclosure	Information on the policies and 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.	● P21	
B1.1	Total number of workforce by gender, employment type, age group and geographical region.	○ P21	
B1.2	Employee turnover rate by gender, age group and geographical region.	○ P21	
<b>B2: Health and Safety</b>			
General Disclosure	Information on the policies and 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	

B2.1	Number and rate of work-related fatalities.	<input type="radio"/>	P23	
B2.2	Lost days due to work injury.	<input type="radio"/>	P23	
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	<input type="radio"/>	P23	
<b>B3: Development and Training</b>				
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	<input checked="" type="radio"/>	P22	
B3.1	The percentage of employees trained by gender and employee category(e.g. senior management, middle management).	<input type="radio"/>	P21	
B3.2	The average training hours completed per employee by gender and employee category.	<input type="radio"/>	P22	
<b>B4: Labour Code</b>				
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	<input checked="" type="radio"/>	P21	
B4.1	Description of measures to review employment practices to avoid child and forced labor.	<input type="radio"/>	P21	
B4.2	Description of steps taken to eliminate such practices when discovered.	<input type="radio"/>	—	(N/A)
<b>Operating Practices</b>				
<b>B5: Supply Chain Management</b>				
General Disclosure	Policies on managing environmental and social risks of the supply chain.	<input checked="" type="radio"/>	P25	
B5.1	Number of suppliers by geographical region.	<input type="radio"/>	P25	
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	<input type="radio"/>	P25	
<b>B6: Product Liability</b>				
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	<input checked="" type="radio"/>	P11 P13	
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	<input type="radio"/>	—	(N/A)
B6.2	Number of products and service related complaints received and how they are dealt with.	<input type="radio"/>	P12	
B6.3	Description of practices relating to observing and protecting intellectual property rights.	<input type="radio"/>	P11	
B6.4	Description of quality assurance process and recall procedures.	<input type="radio"/>	P11-P12	
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	<input type="radio"/>	P13	
<b>B7: Anti-corruption</b>				
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	<input checked="" type="radio"/>	P8	
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	<input type="radio"/>	P8	
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	<input type="radio"/>	P8	
<b>Community</b>				
<b>B8: Community Investment</b>				
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities to take into consideration the communities' interests.	<input checked="" type="radio"/>	P25	
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	<input type="radio"/>	P25	
B8.2	Resources allocated (e.g. money or time) to the focus areas.	<input type="radio"/>	P25	

Note: the icon of ● means “comply or explain” provisions, the icon of ○ means recommended disclosure provisions.

# Feedback Form

Dear readers:

Thank you for reading the *Environmental, Social and Governance report 2017 of China Wan Tong Yuan (Holdings) Limited*. To better satisfy your needs, provide you with more valuable information, help us to improve our social responsibility performance, and enhance our ability and standards in fulfilling our social responsibility, we sincerely hope you provide your valued opinions by giving us feedback in the following ways.

Our contact information:

Address: 36/F, Tower Two, Times Square 1 Matheson Street, Causeway Bay, Hong Kong

Tel: 29128720

Fax: 29522332

Your evaluation to our report: (Please tick in the corresponding boxes)

	Very good	Good	Fair	Bad	Very bad
What do you think about this report in reflecting the company's economic, environmental and social performance and its significant impact?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
What do you think about the clarity, accuracy, and completeness of information and indicators disclosed in the report?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
What do you think about the content arrangement and style design of the report?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Which parts of the report are you most interested in?

Which information do you think should be reflected but not included in the report?

Do you have any suggestions for our future environmental, social and governance report?





# 萬桐園

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