



福壽園國際集團

FU SHOU YUAN INTERNATIONAL GROUP



福壽園國際集團有限公司  
FU SHOU YUAN INTERNATIONAL GROUP LIMITED

Incorporated in the Cayman Islands with limited liability

# 2016

## SUSTAINABILITY REPORT

Stock code: 01448

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### Report Summary

The Report is the first annual Sustainability Report of Fu Shou Yuan International Group Limited including all affiliated companies (hereinafter referred to as the “Group” or “Fu Shou Yuan”), which covers its work during the period from January 1 to December 31, 2016, and provides a comprehensive description and explanation of Fu Shou Yuan’s performance and management policy in environmental and social aspects and a focused discussion of stakeholders’ concerns and how Fu Shou Yuan, as a leader in the death care industry, lives up to its commitment to sustainable development of the economy, the environment and the society.

During the preparation of the Report, Fu Shou Yuan appointed independent consultants to have adequate communication with our stakeholders in an effort to ensure that the information covered in the Report meet the four basic requirements of the Stock Exchange of Hong Kong Limited (“SEHK”) for the Report, namely, importance, quantification, balance and coherence. The Group will continue to improve information collection for reporting purposes to enhance our performance and information disclosure in terms of sustainable development issues.

### Scope of the Report

The Report probes into Fu Shou Yuan’s business in the aspect of funeral, burial, machinery, and design, and covers all affiliated companies of Fu Shou Yuan International Group Limited.

The Report has been prepared in accordance with the requirements of the Guidance on Environmental, Social and Governance Report issued by SEHK. It covers Fu Shou Yuan’s sustainable development strategies, stakeholders and materiality, as well as Fu Shou Yuan’s sustainable development concepts, sustainable environment, and sustainable relationships with employees and local communities.

Unless otherwise stated, the Report presents the data of the year 2016 and, wherever applicable, the data of the past fiscal years for comparison and analysis. Besides, wherever appropriate, it lists short-, medium- and long-term objectives and indicators.

### Comments and Responses

We would appreciate any comment given by any stakeholder on our sustainability management policy and performance. If you have any comment to make, please feel free to contact us in the following way:

**Email: [SRfeedback@shfsy.com](mailto:SRfeedback@shfsy.com)**

**Address: Unit 709, 7/F, K. Wah Centre, 191 Java Road, North Point,  
Hong Kong Room; or  
1306, Charity Plaza, 88 North Caoxi Road, Shanghai, China**

## CHAIRMAN 'S MESSAGE

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In a rising industry that is full of expectations and opportunities, Fu Shou Yuan , based on the Chinese nation's filial piety culture that advocates the importance of "resuming the civic morality to its proper excellence through careful attention to funeral rites of parents and permanent respect for departed forefathers with due ceremonies of sacrifices", carries people's remembrance of their forefathers, disseminates expectations for generations to come, and assumes the significant responsibilities of inheritance and promotion. Since its inception in 1994, Fu Shou Yuan has been promoting the new cultural concepts of "transforming cemeteries into parks, farewells into beautiful moments, and memorials into commemoration" and become the first to introduce modern forms of memorial. Over the past more than three years since its public listing, Fu Shou Yuan has been committed to creating and developing a modern corporate governance structure, and combining cultural concepts with innovative financing tools and quality services with standardized management, which has established itself as a leading business well recognized by the society, the market, the industry and the government.

In 2017 when the implementation of China's "13th Five-Year" Plan is at a critical development phase, Fu Shou Yuan will enter a new period of leap-forward development. With the supply-side reforms further injecting vitality into the market, Fu Shou Yuan will continue to drive its cooperation with the government and develop mature government-enterprise cooperation models to satisfy the diversified needs of the society. Driven by urbanization and population aging, Fu Shou Yuan will vigorously market pre-need funeral contracts to provide people with integrated death care services. To call for the protection of the blue sky, Fu Shou Yuan has been constantly practicing its development concepts of innovation, greenness and harmony in a range of businesses from land-saving ecological burial to environmental-friendly cremator manufacturing, and has become an outstanding model in performing social responsibilities.

On the basis of summarization and review of sustainable actions taken in 2016 and in previous years, Fu Shou Yuan has profoundly implemented the development concepts of "innovation, coordination, greenness, openness and sharing" put forward by the Central Government of China to release its first Sustainability Report. On such an occasion, we would also like to make our commitment to the public that Fu Shou Yuan will continue to lay a solid foundation for the accomplishment of the dream of building a sustainable company and further facilitate the reforms and innovations in the Chinese death care service profession. On the path to be environmental-friendly, technology-driven, humanistic, customized and sustainable, we aim to make more people understand the importance of inheritance about lives and enable lives to become even more brilliant.

Fu Shou Yuan International Group Limited  
Chairman and Executive Director  
Bai Xiaojiang





## CHIEF EXECUTIVE'S MESSAGE

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As China's largest death care service provider, Fu Shou Yuan not only helps people to make 'farewells to physiological lives', but is also responsible for its industry, and for the society and history where the cemetery lies in. We shoulder four responsibilities, including corporate, social, industry, and historical aspects.

**Corporate responsibility:** Good performance and honest management shows the value of an entity. Fu Shou Yuan has a profound and transcendent philosophical understanding towards the birth of death care industry. We respect and awe life, as well as the beauty of nature and humanism. With continuous innovation on new products and thoughtful services, Fu Shou Yuan helps rest the dead and relieve the living, and wins wide public recognition, while it still keeps the words of stable profitability. Over two decades, Fu Shou Yuan has been thriving, from a local cemetery park to a listed company with a complete product portfolio and business presence across 15 cities.

**Social responsibility:** While achieving its own growth, Fu Shou Yuan also integrates sense of social responsibility on humanism care, environmental protection, and charity into its corporate culture and employee education. Fu Shou Yuan has proactively put forward land-saving burial, and multiple environment-friendly burials. We offer charitable burial to the single elderly and the poor. We build memorial gardens for the remain-donors, and the policemen who died of duty. We also finance poverty students, organize charitable medical diagnosis the elderly in communities, run clubs for bereaved parents and cancer patients, maintain steady long term relationship with suppliers, etc.. With outstanding performance, Fu Shou Yuan has been honored with numbers of awards both home and abroad.

**Industrial responsibility:** A good entity leads the industry to growth. While Fu Shou Yuan learns from advanced culture and concepts abroad, it also shares the achievements with top-caliber talents within domestic industry at the Life-Service Academy it set up. The Academy has been organizing biannual training programs on modern cemetery development for several years, sharing all its management concepts and experiences to the peers. At present, Fu Shou Yuan takes part in eight domestic and joined six international associations. On an annual basis, it organizes peers to attend international expos and forums. It also welcomes peers to visit all its cemeteries, and to study and exchange ideas. Thus Fu Shou Yuan became vane and promoter of the development of China death care industry.

**Historical responsibility:** Special industry distributes Fu Shou Yuan with special historical task. For years, Fu Shou Yuan has been unceasingly exploring its business, meticulously arranging every funeral, and producing every piece of tombstone. We have constructed the humanism memorial museum and the New Fourth Army Square. We have also created "cultural stamps of celebrities in Shanghai" to take records of the development of families, the city, and the nation, which will become precious memories for the descendants.

Everyone in Fu Shou Yuan convinced that only by assuming our corporate, industrial, social and historical responsibilities can we integrate the philosophy about death care into every aspect of our business through aligning with philosophy, target, management and control. Only by remedying individuals' regrets, alleviating the suffering of families, propagating energy across the society, and leaving footprints in the history can Fu Shou Yuan grow to be a sustainable century-old enterprise. Let's develop green and eco-friendly death care services, build a healthy death care ecology and create a beautiful business for lives under the same blue sky.

Fu Shou Yuan International Group Limited  
Executive Director and Chief Executive  
Wang Jisheng



## 2016 HIGHLIGHTS

### Land-Saving and Eco-friendly Burial

In 2016, nine ministries and commissions of China jointly issued the Guidelines on the Implementation of Land-Saving and Eco-friendly burial. Fu Shou Yuan proactively responded to the national policy by advocating environmental-friendly and ecological death care services and fully developing environmental-friendly death care service models. In 2016, environmental-friendly burials accounted for 60% of its business volume.



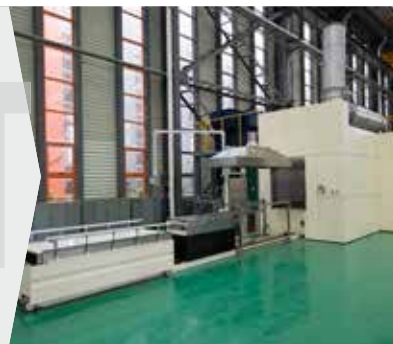
### Life-Service Academy

Fu Shou Yuan will continue to perform the special function of the Life-Service Academy, assume the responsibilities of the industry and provide opportunities for the growth of its employees.



### Environmental-friendly Funeral Equipment

Fu Shou Yuan will further strengthen its input into developing, applying and promoting environmental-friendly cremators to facilitate the industry to address root causes to accelerate pollution prevention and control and reduce emissions of waste gases.



### Pre-need Funeral Contract

In 2016, Fu Shou Yuan International Group formally introduced the concept of "pre-need funeral contract" into the Chinese death care industry. By combining traditional culture with modern service concepts, Fu Shou Yuan has developed customized pre-need funeral contracts that are in line with the current situation of China.

The "Fu Shou Bai Nian (literally happiness and longevity for 100 years)" pre-need funeral contract is intended to establish more standard industrial principles and a better service system to lead the development and reform of the modern Chinese death care industry.



## 1. COMPANY PROFILE

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### **For Life or Death, We Will Be There for You**

As a leading death care service provider in China, Fu Shou Yuan International Group Limited (HK.01448) was founded in 1994 in Shanghai and listed on the Stock Exchange of Hong Kong in 2013. At present, its presence has covered business areas such as cemetery operation and management services, death care services, funeral equipment manufacturing, and funeral facility design and planning.

Since its inception, Fu Shou Yuan has been dedicated

to leading the development and reform of the modern Chinese death care industry in terms of concepts, products, services, culture, art, and science and technology. In the meanwhile, Fu Shou Yuan is also committed to the creation of a place for preserving memories and emotions about lives and a culture-powered enterprise that inherits and promotes traditional values and the performance of its mission as a responsible corporate citizen.

## 1.1 OUR HISTORY

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1994  
-1999

**Startup Period:**

Fu Shou Yuan made painstaking efforts to gain recognition by creating the Humanism Memorial Park and the brand of Fu Shou Yuan.



2000  
-2003

**Exploration Period:**

Fu Shou Yuan developed new business models and expanded cooperation by establishing joint ventures in Anhui and Shandong and starting to offer death care services.



2004  
-2008

**Development Period:**

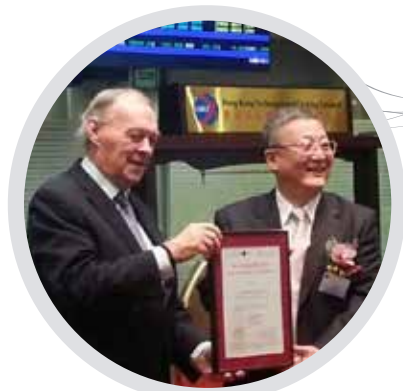
Fu Shou Yuan expanded its brand presence to other regions such as Henan and gained recognition from the society by copying its successful business model across China.



2009  
-2013

**Maturity Period:**

Fu Shou Yuan received remarkable returns in terms of capital and humanistic achievements and was listed on the Main Board of The Stock Exchange of Hong Kong.



2014  
-2016

**Subliming Period:**

Fu Shou Yuan showed its determination to adhere to its initial vision and positioned itself at a new starting point by investing in the manufacturing of environmental-friendly equipment and increasing inputs into charity events.



## 1.2 OUR BUSINESSES

Fu Shou Yuan has set up offices and subsidiaries in provinces and cities such as Shanghai, Chongqing, Anhui, Henan, Shandong, Liaoning, Jiangxi, Fujian, Zhejiang, Jiangsu and Hubei, and will continue to expand its presence to other provinces.





## 1.2 OUR BUSINESSES

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### A Cemeteries

1. Shanghai Fu Shou Yuan – The Group's origin, known as one of the most beautiful cemeteries in the Orient.
2. Shanghai Harbor Fu Shou Yuan – The first cemetery in China to introduce the Public Memorial Day and a leading ecological and environmental-friendly cemetery.
3. Anhui Hefei Dashushan Culture Cemetery – One of the New Top Ten Attractions in Hefei and an AAA-level national tourist attraction
4. Anhui Huaibei Fu Shou Yuan Memorial Cemetery – An ecological and environmental-friendly humanism memorial park
5. Shandong Fu Shou Yuan – A provincial national defense education base and a patriotism education base (military culture)
6. Henan Fu Shou Yuan – A place for the Central Plains culture and an AA-level national tourist attraction
7. Henan Anyang Tianshou Park – A large environmental-friendly humanism memorial park
8. Henan Luoyang Xianhe Memorial Cemetery – A large environmental-friendly humanism memorial park
9. Liaoning Jinzhou Maoshan Cemetery – A model cemetery in China for ecological civilization construction
10. Liaoning Guanlingshan Art Park
11. Chongqing Baitayuan – A large humanism memorial park in western China
12. Jiangxi Nanchang Hongfu Humanism Memorial Park – The first humanism memorial park in Nanchang
13. Jiangxi Nanchang Meiling Century Park – A non-smoking environmental-friendly cemetery located in a tourist attraction
14. Jiangxi Wuyuan Wanshoushan Cemetery – The most beautiful cemetery in the most beautiful countryside
15. Jiangsu Changzhou Qifengshan International Cemetery – An ecological, quiet and friendly park-styled cemetery featuring beautiful sunshine

### B Funeral Services

1. Shanghai Fu Shou Yuan Etiquette Services Co., Ltd. – Created “Funeral Angel” and implemented the concept of “Transforming farewells into beautiful moments”
2. Chongqing Anle Hall – Standing for the modern death care service level in Chongqing
3. Hefei Renben Funeral Service Co., Ltd. – A partner designated by Hefei Funeral Parlor
4. Hefei Huazhijian – A boutique flower shop
5. Xiamen Huaixiang Ceremonial Service Company – A partner designated by Xiamen Funeral Parlor
6. Ningbo Yongyi Death Care Service Company – A modern and professional death care service provider in Ningbo
7. Wuyuan Funeral Parlor – A modern and environmental-friendly funeral parlor

### C Design and Planning

1. Shanghai Fu Shou Yuan Landscape Design Co., Ltd. – A professional landscape design company with more than ten years of work experience
2. Shanghai Fu Shou Yuan Artistic Creation Studio – A professional theme park and product design team
3. Shanghai Fu Shou Yuan Sculpture – A humanism memorial sculpture creation center and a sculpture creation base for the Fine Arts Academy of Nanjing University

### D Funeral Equipment

1. Fu Shou Yuan Environmental Protection Machinery Manufacture Co., Ltd. – An environmental-friendly funeral equipment production base with world-leading technologies



## 1.3 HONORS AND QUALIFICATIONS

As the leader of the Chinese death care industry, Fu Shou Yuan is the first company in China to join the FIAT-IFTA. Besides, Fu Shou Yuan has received remarkable awards in the field of sustainable development. At present, we have more than 300 awards and honors from the government, industry associations, foundations and other institutions. Major corporate social responsibility awards we received in 2015 and 2016 are as follows:

Outstanding Death Care Service Provider of China

Honorary Title of National Model Organization for Landscaping

National Model Worker——Wang Jisheng

Award of 2015 Responsible Brand at China Welfare Day

Award of 2016 Public Welfare and Welfare Innovation  
at China Welfare Day

Award of the 2016 Outstanding Brand Image at China Finance Summit

Award of New Stock with the Greatest Growth Potential of the 2015  
Top 100 HK Awards

2016 IFAPC Outstanding Listed Company Award

2015 Social Caring Pledge

Honorary Title of Shanghai Woman Pacesetter

Awards of Outstanding Shanghai Institutions and Businesses with  
Harmonious Labor Relations and Employee Satisfaction

2015 Outstanding Organization of Work Safety

2016 Outstanding Organization of Energy Conservation and Emission  
Reduction of Zhengzhou



## 1.4 INDUSTRIAL RESPONSIBILITIES

**Wind Vane and Promoter of Industrial Development:** Fu Shou Yuan has always been in the forefront of the reform and development of the modern Chinese cemetery industry. As the executive council member organization of the China Funeral Association, director organization of the Cemetery Working Committee of the China Funeral Association, member organization of FIAT-IFTA, member organization of ICCFA, member organization of NFDA and member organization of ACCA, Fu Shou Yuan learns about international counterparts' business and service concepts and models by attending annual conferences and exchanges by international organizations, and share such information with more domestic and international counterparts. At the same time, Fu Shou Yuan also unreservedly shares its business concepts and management experience with other death care service providers to improve the overall level of the Chinese death care industry.



### • Executive Council Member Organization of the China Funeral Association

The 4th session of the 6th Annual Executive Council Meeting of the China Funeral Association and the Internet+ Forum were held in Hangzhou on December 26th, 2016. Wang Jisheng was present as Vice President of the Association.

### • Director Organization of the Cemetery Working Committee of the China Funeral Association (CFA)

On October 26th and 27th, 2016, the annual cemetery meeting and the exhibition were held in Fuzhou, Fujian Province. Wang Jisheng, as Director of the Cemetery Working Committee, delivered a speech on the Sustainability and the Ecology of Funeral and Burial.

### • Member Organization of FIAT-IFTA

From May 23rd to June 2nd, 2016, Wang Jisheng attended the 2016 ICD meeting of FIAT-IFTA, which was organized by the Canada Funeral Association.

### • Member organization of the ICCFA

From April 13th to 16th, 2016, the annual meeting the ICCFA was held in New Orleans Convention Center, the United States. A group of 12 representatives, including Wang Jisheng, attended the meeting.

### • Member Organization of ACCA

The 29th Annual Meeting of the ACCA was held in Australia on September 26th, 2016. Wang Jisheng delivered a specialized speech.

### • Member organization of the NFDA

On October 23rd, a delegation of 9 people attended the 2016 NFDA Convention and Expo in the States for the 4th year as a member of the NFDA.

### • "Brother Cemetery"

On June 21st, 2016, The unveiling ceremony of "Brother Cemetery" was grandly held by Shanghai Fu Shou Yuan and Parque De Las Memorias, represented by TERESA, Rotating President of FIAT-IFTA and President of South America Funeral Federation.

## 1.4 INDUSTRIAL RESPONSIBILITIES

### Training Class and Professional Seminars of Modern Cemetery in China

By the end of 2016, a total of 35 training classes had been organized with a total of 2,700 participants from 900 death care service providers, contributing to the increase of exchanges among member organizations and death care practitioners and the enhancement of their knowledge and expertise. Thus, the training program is hailed as "Whampoa Military Academy" of the death care industry.

Fu Shou Yuan Life-Service Academy sets up training programs around the country facing the local Death Care administration departments and service organizations, so as to leading the development of the industry and advocating new concepts. It has established partnership with Funeral Institute of Changsha Social Work college and the Life-Culture Institute of Beijing College of Social Administration, to support seminars for charity, and to set up "Death Care Corporate Day " interaction programs, etc.

### Presentation of the New Look of the Chinese Civilization and Change of the Image of the Industry

To lead the industry towards growth is an inescapable mission of a good organization. Our mission is to facilitate the co-advancement and co-development of the Chinese death care industry, set up dialogues with the rest of the world and present the new look of the modern Chinese civilization.

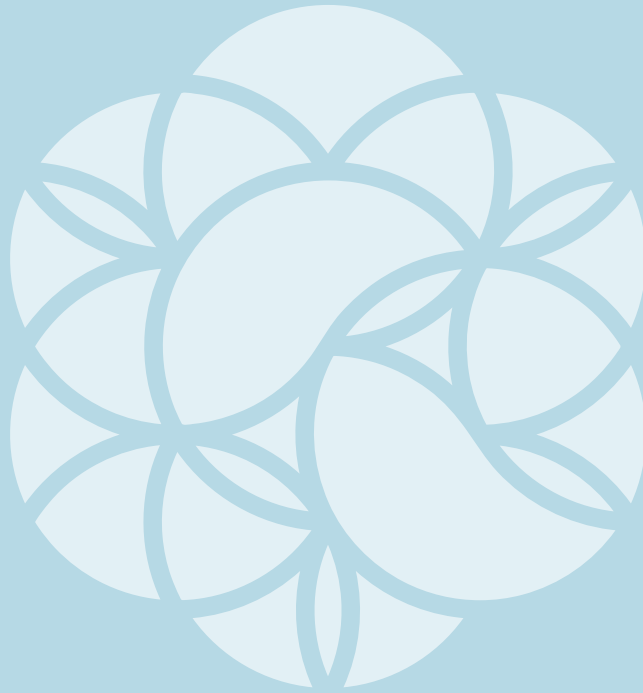
Over the past 20 years, we have been committed to breaking through the traditions and innovating the culture. Fu Shou Yuan performs the industrial responsibility of leading the development of the industry, the social responsibility of paying back to the society and the historical responsibility of protecting and promoting traditional customs. Gratifyingly, such new corporate culture that attaches importance to humanistic care, culture and art is gradually changing people's stereotyped opinions about the traditional death care industry.

As the leader and integrator of the Chinese death care service industry, we have made great efforts to promote innovative concepts such as cultural death care, green death care, non-profit death care and technological death care to guide the Chinese death care industry towards new development directions. During the past 20 years following its inception, there have been hundreds of deceased celebrities resting in peace in Fu Shou Yuan, and multiple group commemoration platforms have been established. Besides, Fu Shou Yuan built China's first humanism memorial museum in 2010. Furthermore, its implementation of the new concept of "cultural cemeteries" has been recognized by the general public.



## 2. SUSTAINABILITY AT FU SHOU YUAN

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We not only provide customized and diversified professional services to meet the needs of different customer groups but also help people to seek warmth and strength from past memories about lives through the form of humanistic commemoration so as to create a better and happier life.

## 2.1 CONCEPT OF SUSTAINABLE DEVELOPMENT

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### **To Transform Cemeteries into Parks**

Traditionally, the Chinese people see cemeteries as places that are gloomy and haunted. Nowadays, with picturesque sceneries, Fu Shou Yuan has been known as “the most beautiful cemetery in the Orient”.

### **To Transform Farewells into Beautiful Moments**

Every life is unique and uncopiable. The death care industry hopes to alleviate people’s pain over the death of beloved ones and to create lasting and beautiful memories about lives. It wants to show respect for the deceased and to inject the strength of life into the living.

### **To Transform Treatment into Enshrinement**

Death care is not about treatment of dead bodies but about enshrinement of memories and emotions. To this end, Fu Shou Yuan has created multiple modern forms of commemoration such as flower commemoration, book commemoration and online commemoration and has established China’s first humanism memorial museum. It will create a spiritual world for the living, which will be an important source of support for their future life and development.

### **To Transform Darkness into Splendor**

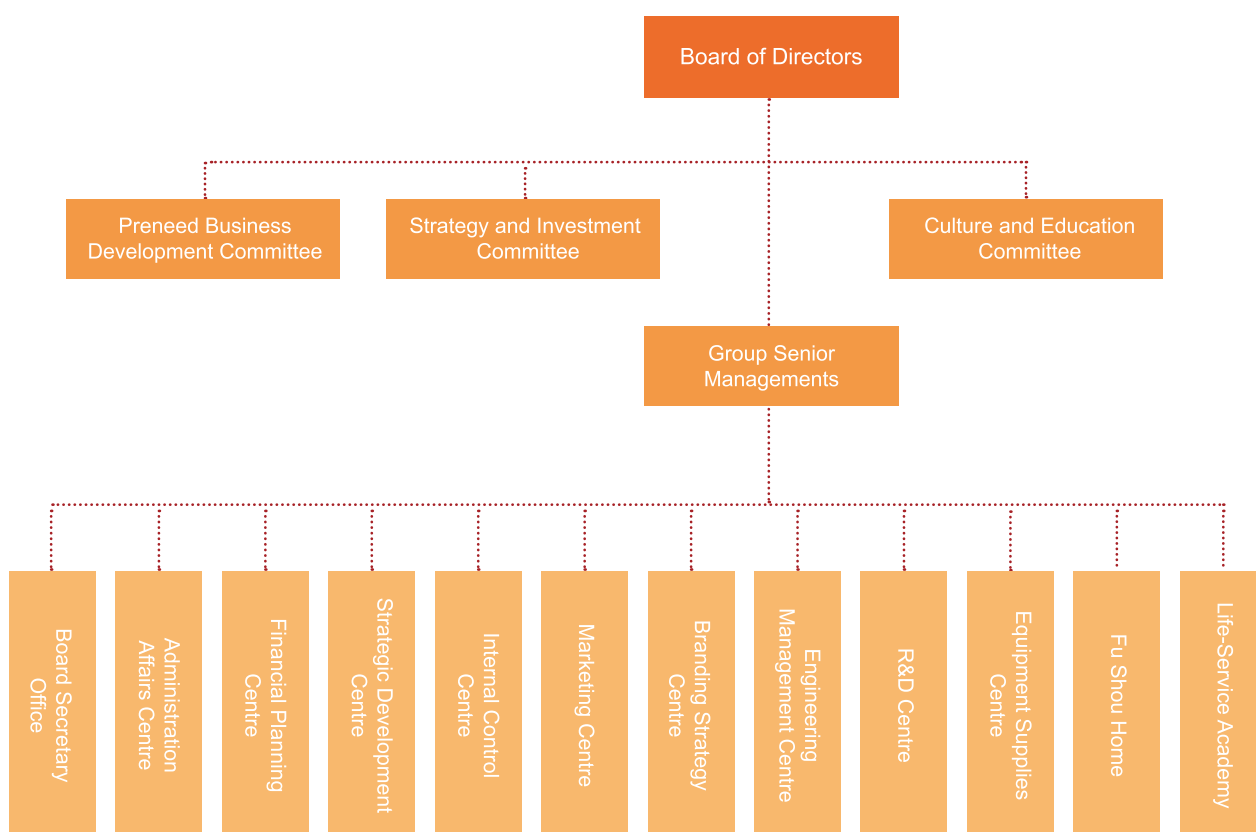
Through charity projects such as free burials of elderly people of no family, commemoration of people donating bodies to the Red Cross, and group memorial ceremonies of Shanghai Cancer Rehabilitation Club, Fu Shou Yuan shows care for people and creates beautiful moments about lives. Besides, the death care industry will promote the modern environmental-friendly and low-carbon lifestyle and advocate and facilitate the ecological civilization development to make the public aware of the importance of keeping beautiful natural sceneries for generations to come.



## 2.2 GOVERNANCE OF SUSTAINABLE DEVELOPMENT

Fu Shou Yuan fully understands how corporate transparency and accountability systems are important for the sustainable development of a company. We apply "Appendix 14: Corporate Governance Code" of the Listing Rules as our corporate governance code and are dedicated to the accomplishment of the highest possible level of corporate governance. Through effective corporate governance procedures, we want to lead the Group to achieve better performance results and improve our corporate image.

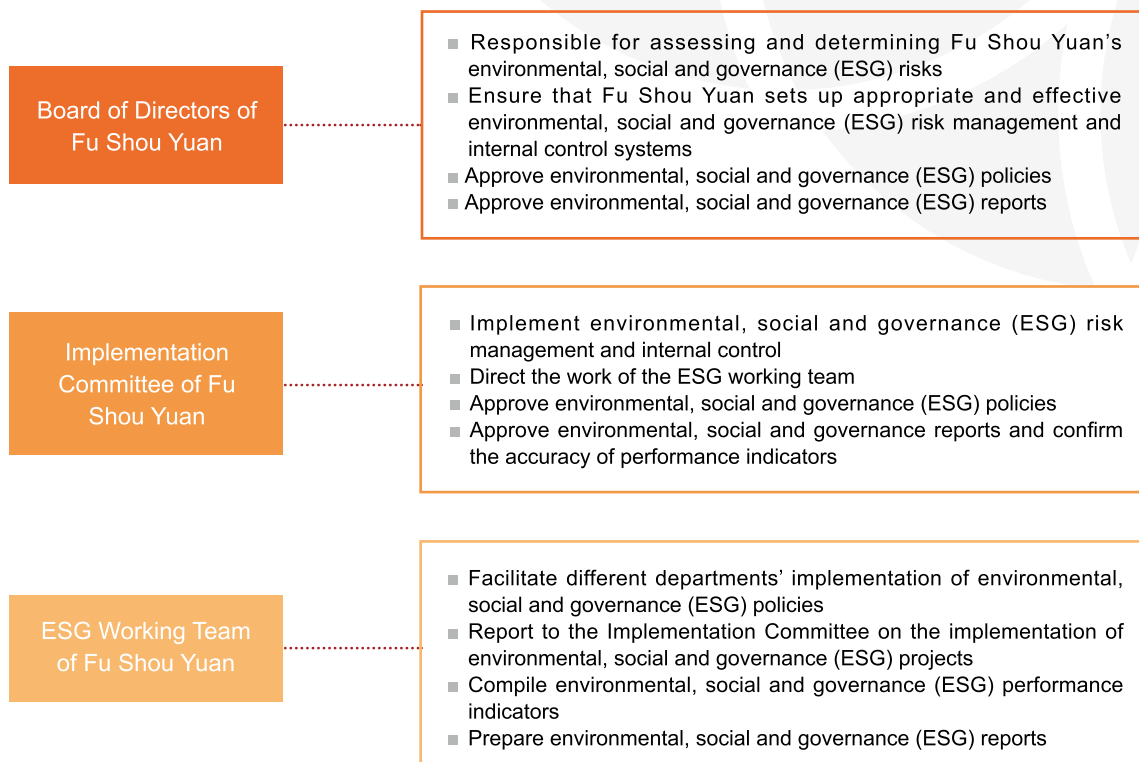
### Corporate Organizational Structure





## ESG Organizational Structure

To effectively implement Fu Shou Yuan's environmental, social and governance (ESG) vision, an ESG working team was set up in February, 2016 to facilitate different departments' implementation of ESG policies. Under the coordination of the Board Secretary Office, the team regularly reports to the Implementation Committee and the Board of Directors of Fu Shou Yuan so as to enable timely assessment and confirmation whether Fu Shou Yuan's risk management and internal monitoring system with regards to environmental, social and governance issues are appropriate and effective. Roles and responsibilities are as follows:



During the year, the ESG team assisted in the development of the Labor Policy and the Supplier Environment and Labor System, which have been approved by the Implementation Committee and the Board of Directors.

## Anti-corruption

The Group has set up Internal Control Department, in charge of anti-corruption supervision and internal risk-control audit. It strictly controls the risks in the process of procurement and land application. The department established Anti-Corruption Regulations, in which it defines corruption as behaviors against national laws including bribes, taking bribes, duty encroachment, capital embezzlement, etc., in which it also elaborates detailed duties on anti-corruption and reporting, as well as the terms and methods of control, report and record. During the year, no corruption was reported to be found.

## 2.3 PLAN OF SUSTAINABLE DEVELOPMENT

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Fu Shou Yuan fully understands the importance of environmental protection, employee development, and community contribution for the long-term and stable development of the death care industry. The mutually complementary sustainable development of environment, employees and communities can help to facilitate Fu Shou Yuan's development and support our vision to extend lives.

### Environment

Over the years, Fu Shou Yuan has long been committed to the development of environmental-friendly, land-saving and ecological death care products and the promotion of ecological and green death care concepts. In the future, Fu Shou Yuan will continue to introduce new land-saving products and further explore modern death concepts and models to alleviate people's concerns and respond to the national strategy of "Building a Beautiful China".

In the meanwhile, Fu Shou Yuan will made bigger investments and greater efforts to develop, apply and promote environmental-friendly cremators to accelerate the death care industry's pollution control and waste emission reduction by addressing the root cause.

### Employees

Employees are the most valuable resource and wealth of

Fu Shou Yuan. We will continue to enable our Life-Service Academy to play its special functions to provide constant opportunities for the development of our employees while performing our industrial and social responsibilities.

In addition, Fu Shou Yuan will continue to strengthen professional qualification training to further facilitate the growth and development of our employees to provide a greater source of manpower for the achievement of our future vision.

### Community

In the future, Fu Shou Yuan will continue to advocate humanistic commemoration. By providing services such as pre-need funeral contracts, we want to give people more humanistic care to ensure their satisfactory completion of their journey of life. We want to make people believe that the departure of a life is a new beginning instead of an ending.

Besides, Fu Shou Yuan will continue to participate in charity events and activities to facilitate the development of local communities and the enhancement of social welfare through its own efforts.



## 2.4 VISION FOR SUSTAINABLE DEVELOPMENT

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To lead the death care industry and to create a century-old business have been and will always be Fu Shou Yuan's long-term goal. To this end, Fu Shou Yuan will continue to adhere to the path of sustainable development to achieve the robust, coordinated and sustainable development of the company, the industry and the society.

In 2017, Fu Shou Yuan will focus on the workforce structure adjustment and optimization, the financial structure adjustment and optimization, and the alignment with concepts, goals, and management and control to accomplish further growth and development of the Group.

In the next 10 or more years, Fu Shou Yuan will rely on the financial strengths gained from its public listing and its advanced business concepts and management experience in the death care industry to proactively explore and develop new possibilities to establish new paradigms and models for death care reforms in China.

Looking ahead into the future, Fu Shou Yuan will firmly grasp the opportunities arising from the "new normal" state of the economic development of China, and thoroughly implement the development concepts of "innovation, coordination, greenness, openness and sharing" put forward by the Central Government of China to achieve stable advancement. Besides, Fu Shou Yuan will make use of its strength in brand marketing and its leading market position to expand its death care services to more regions of China and extend its scope of services to establish best practices for the industry. Furthermore, Fu Shou Yuan will continue to enhance international cooperation and exchanges to introduce better death care services into the Chinese death care service industry and to seek and create new death care service models for the future.



### 3. STAKEHOLDERS AND SIGNIFICANCE

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During the preparation of this report, we specifically commissioned an independent consultancy to conduct a materiality assessment to gain a better understanding of different stakeholders' comments on and expectations for Fu Shou Yuan's performance of social responsibilities in the past year as well as the topics of interest to them, and the framework of this report is thus formed in response to the feedbacks from stakeholders. During the period from July to August, 2016, the independent consultancy recovered more than 200 valid questionnaires and conducted telephone interviews or interviews with more than 20 stakeholders from different sectors. This report focuses on discussing Fu Shou Yuan's main business segments in China. There's no revision to any of the information contained in previous reports.

Our materiality assessment is divided into four phases. As shown in the following figure, we first identify environmental, social, and governance issues of materiality that may have an impact on any of the businesses or stakeholders of Fu Shou Yuan, and then prioritize potential issues of materiality and verify and validate the results with the management. Finally, we review the process of the materiality assessment.



## 3.1 MATERIALITY ASSESSMENT

### Materiality Assessment Process

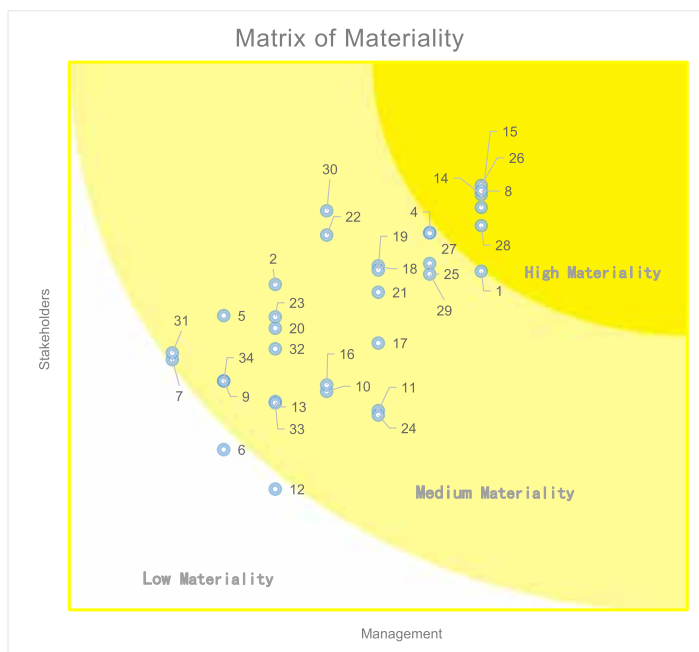
1. Identify potential issues of Materiality	By carefully reviewing internal publications, media analysis, peer benchmarking and other related documents, the independent consultancy identifies potential issues of significance that can reflect the economic, environmental and social impact of any of Fu Shou Yuan's businesses, or can influence stakeholders' assessment and decisions concerning Fu Shou Yuan.
2. Prioritize potential issues of Materiality	Our independent consultancy develops stakeholder communication plans, conducts comprehensive questionnaire surveys and interviews, explores and understands the prioritization of issues of interest to stakeholders, and finally establishes the matrix of significance to analyze and identify truly significant issues.
3. The management validate the results	The independent consultancy submits the results of the matrix of Materiality to the management, confirming the significance of the identified issues and whether their impact is in or outside the company. In the report, we truthfully report Fu Shou Yuan's performance with regards to related issues.
4. Review	Whether the report contains a reasonable description of the impact and sustainability performance of Fu Shou Yuan, and whether the process of preparing the report reflects the intent of the reporting principles. We invited stakeholders to advise in this regard.

Through the above assessment process, we have identified social responsibility issues important to Fu Shou Yuan to form a key part of the report. We will disclose details in the report.



## 3.1 MATERIALITY ASSESSMENT

### Materiality Matrix



### List of Material Aspects

No	Aspects	
1	Economic issues	Business performance
2		Industry risk impact
3		Impact of climate change
4		Culture and business concepts
5	Environmental aspects	Energy
6		Water
7		Material use
8		Land use
9		Waste management
10		Sewage treatment and emission reduction
11		Waste gas treatment and emission reduction
12		Emission of greenhouse gases
13		Cooperation with suppliers to improve environmental performance
14		Cemetery landscaping
15		Green death care

16	Employment and labor aspects	Diversification and equal opportunities
17		Employee Wages and benefits
18		Occupational safety and health
19		Development and training
20		Human rights protection
21	Operating practices	Community contribution
22		Charity
23		Impact on surrounding communities
24		Anti-corruption
25		Compliance with laws and regulations concerning the society
26		Guarantee and assurance of service quality
27		Protection of customer privacy
28		Handling of customer complaints
29		Compliance with laws and regulations concerning products and services
30		Compliance with laws and regulations concerning marketing
31		Suppliers' environmental performance
32		Suppliers' social performance
33		Supplier's performance with regards to the labor code
34		Suppliers' performance with regards to human rights



## 3.2 CONTINUOUS COMMUNICATION WITH STAKEHOLDERS

Fu Shou Yuan has always been committed to the development of a wide range of channels of communication with stakeholders. We believe that transparent and regular two-way communication will help to maintain a harmonious relationship with all parties and enhance mutual trust and respect and will thus help lay a solid foundation for the sustainable development of Fu Shou Yuan. In terms of the decision-making power with regards to, or influence on, or close relations with Fu Shou Yuan (such as contractual relations or geographical relations), we have identified the following key stakeholder groups:

- Employees
- Shareholders / Investors
- Government Agencies
- Suppliers
- Local Communities
- Media

We actively communicate with different stakeholders to understand their concerns and regularly review the effectiveness of the actions taken to improve the channels of communication and to reflect the views of stakeholders in a more comprehensive way. The following table lists the topics of interest to different stakeholder groups during the reporting period.

Stakeholder Groups	Topics of Interest	Communication Channel / Feedback Forms	Frequency / Number of Times
Employees	Employee wages and benefits Development and training Company performance	- Employee performance appraisal and interview - Internal publications (newspapers, magazines)	Internal publications such as "Fu Shou Ren Wen ('Fu Shou News') and "Fu Shou Bao ('Fu Shou Quarterly') are issued respectively every two months and every quarter. Appraisals and interviews are held on an irregular basis
Shareholders / Investors	Company performance Industry risk impact Green death care	- General meetings / extraordinary general meetings of shareholders - Investor meetings - Performance conferences - Press releases / public announcements - Field investigation	The general meeting of shareholders is held once a year, and if there is a major event, a extraordinary general meeting of shareholders will be held. Investor meetings and field investigations are held from time to time
Government agencies	Company performance Green death care Contribution to communities	- Field investigation - Meetings and talks	From time to time
Suppliers	Company performance Supplier screening criteria Community contribution	- Field investigation - Meetings and talks	From time to time
Community residents/ organizations / non-governmental organizations	Community contribution Impact on surrounding communities Green death care	- Field investigation - Meetings and talks	From time to time
Media	Community contribution Green death care Business performance	- Press releases / public announcements - meetings	From time to time

## 4.SUSTAINABLE ENVIRONMENT

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Fu Shou Yuan has always been committed to the creation of a sustainable ecological environment. As a death care service provider, we believe that we should not only seek our own profits but also have a sense of social responsibility to pursue a virtuous cycle.

## 4.1 ECO-FRIENDLY BURIAL

In 2016, nine ministries and commissions of China jointly issued the Guidelines on the Implementation of Land-Saving and Eco-friendly Burial to promote green and ecological death care services. As a leading eco-friendly burial service provider in mainland China, we have built the first humanism memorial park in China, every aspect of the planning and design of which is about the modern death care service concepts of human orientation and respect for lives. So far, we have introduced green burial products such as tree burial, flowerbed burial, lawn burial, wall burial and indoor burial, and our innovative services have set new death care trends. As the earliest cemetery in Shanghai to promote land-saving and eco-friendly burial, Shanghai Fu Shou Yuan has seen the rise of the sales of its green burial products from less

than 20% of the total sales volume to 60% in 2016.

We endeavor to save land and make innovation through multiple ways. As of December 31, 2016, the average burial plot of our cemeteries covers an area of 0.96 square meters, and that of our Dashushan Cemetery in Anhui only covers an area of 0.45 square meters.

In recent two years, Shanghai Fu Shou Yuan, through innovation, has gradually reduced its use of the natural resource of stone by using colored glaze, stainless steel, artificial composite materials, copper and other materials to replace it.



## 4.1 ECO-FRIENDLY BURIAL

Shanghai Fu Shou Yuan is the first business in the Chinese cemetery sector to obtain ISO14001: 2015 (environmental management system) and ISO9001: 2008 (quality management system) certification.



In addition, we pay great attention to cemetery landscaping, which not only aligns with our business concept of “transforming cemeteries into parks” but also helps to enhance soil and water conservation. In our cemetery, there are more than 220 varieties of plants with approximately 12,500 arborous trees and a lawn area of 90,000 square meters. At present, the average greening rate of cemeteries of Fu Shou Yuan is 52.5%.

Shanghai Fu Shou Yuan is listed among the world’s top ten cemeteries by FIAT-IFTA and is known as “the most beautiful cemetery in the Oriental world”.





## 4.1 ECO-FRIENDLY BURIAL

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### Case Studies:

The land-saving and eco-friendly burial area of the Wenxing Park of Fu Shou Yuan covers an area of only 83 square meters and can accommodate 264 deceased people with a single burial plot covering an area of less than 0.2 square meters and a land-saving rate of 37%. Although it is only a small themed burial ground, it meets the standards of popular international practices in terms of landscape layout and greening design through the use of new materials, combination of sceneries with burial plots and mix of different land-saving burial products such as innovative wall burial and simplistic yet beautiful flowerbed burial to develop a complete neighborhood. In this way, a cosy environment is created for people resting in peace and a greenery-covered for both the living and the dead to enjoy.



## 4.2 CIVILIZED FUNERAL SERVICES

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Fu Shou Yuan's funeral services are designed to dignify the deceased and console the beloved ones. Through high-end customized services, we want to alleviate the pain of the living as much as possible. Apart from providing a comfortable environment, we also make every possible effort to reduce the impact of our services on the environment. In funeral parlors affiliated to Fu Shou Yuan, environmental-friendly smokeless incense altars are used. Traditionally, incense altars are importance places for people to pay tribute to the deceased. By burning incense, family members and other guests can pay respect, and then at the Reminiscence Room, they can put their emotions into words to express their reminiscence about their departed beloved ones. Now, at environmental-friendly incense alters where smokeless incense and electronic candles are used, pollution is prevented, and the air is fresh and clear instead of smoky. Besides, floral wreaths placed in mourning halls are mostly recyclable and reusable, which can further help to minimize the generation of waste during the process of paying respect to the deceased.





## 4.3 ENVIRONMENTAL-FRIENDLY CREMATION

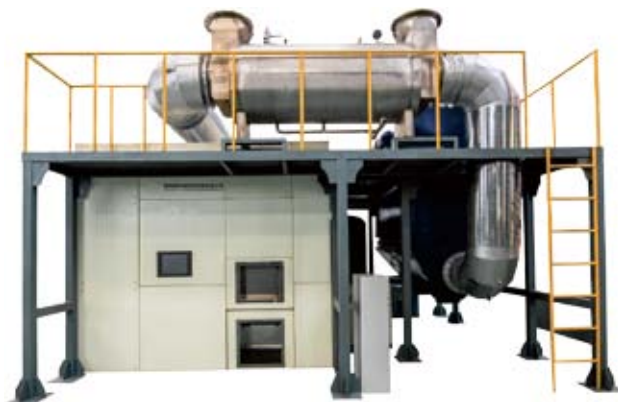
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In response to the environment protection requirement of the Ministry of Civil Affairs and China Funeral Association that emissions from cremators should meet the national standard and in order to diversify our product portfolio and further expand our market presence, Fu Shou Yuan has invested RMB 180 million to build the “Energy-efficient and Environmental-friendly Cremation Equipment Production Site under Sino-Foreign Technological Cooperation” in Guangde Economic Development Zone in Anhui Province, which is officially named Fu Shou Yuan Environmental Protection Machinery Manufacture Co., Ltd., to produce and manufacture advanced energy-efficient and environmental-friendly death care equipment.

Fu Shou Yuan Environmental Protection Machinery Manufacture Co., Ltd. introduces world-leading technologies and is an energy-efficient and environmental-friendly death care equipment manufacturer with cutting-edge technologies in China. It manufactures the most advanced equipment in China, owns leading technologies and has the world's largest production facility.

With an area of 67,000 m<sup>2</sup>, the environmental-friendly cremation equipment production site of Fu Shou Yuan Environmental Protection Machinery Manufacture Co., Ltd. produces 500 environmental-friendly intelligent cremators annually. So far, it has received many awards and honors such as “The Leading Environmental-friendly Manufacturer in Anhui Province”, “Anhui Province's Top 10 Companies in Environmental Pollution Control”, and “Anhui Province's Top 10 Companies in Environmental Protection and Innovation”.





## Fu Shou Yuan Independently Develops Environmental-friendly Cremators

The environmental-friendly cremators independently developed by Fu Shou Yuan are the first generation of environmental-friendly cremation equipment made in China. By adopting the secondary combustion technology, such equipment achieves pollution control and waste emission reduction by addressing the root cause.

On December 25, 2016, the national expert panel for cremator evaluation, organized by the 101 Institute of the Ministry of Civil Affairs of the People's Republic of China and commissioned by Shanghai Civil Affairs Bureau, had the technical review meeting at Fu Shou Yuan Environmental Protection Machinery Manufacture Co., Ltd. in Guangde, Anhui Province to assess the performance of the new environmental-friendly Jiesheng smart cremators. The expert panel had a tour around the production site, carefully examined production and installation processes, and watched the operation demonstration. Besides, they listened in detail to the presentation on the research and development of the smart cremator and reviewed related technical documents. After debriefing, Q & A, and discussion, the panel unanimously agreed to approve the smart cremator and gave their evaluation opinion, according to which, Fu Shou Yuan's Jiesheng smart cremators are in compliance with the parameters and indicators established for the evaluation with its pollutant emission indicators in conformity with the requirements of the Emission Standard of Air Pollutants for Crematory (GB 13801-2015). Besides, the experts believe that Fu Shou Yuan's cremators have achieved fully automatic control over the cremation process and that Fu Shou Yuan has good production, testing and quality assurance capabilities to meet the needs of mass production of cremators. Therefore, they recommend that the promotion and application of such cremators should be accelerated.



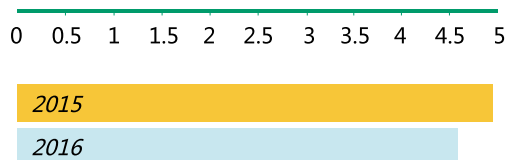
## 4.4 USE OF RESOURCES AND EMISSIONS

Fu Shou Yuan has always adhered to Environmental Protection Act and other laws and regulations with respect to environment protection, persisted in the development of a circular economy and the path of sustainable development. The environmental protection has always been our top priority when it comes to the survival and development of our business. To achieve environmental protection and pollution control, and to prepare the Sustainability Report, we have started our collection of environmental data and statistics.

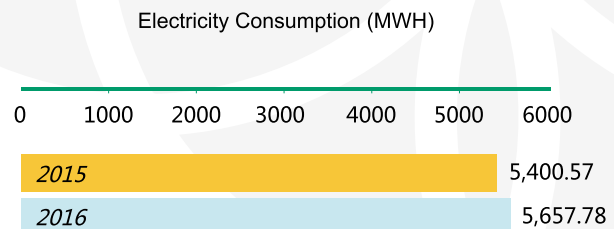
In addition to domestic water, most of the water consumed in our operation is used for cemetery greenery. In 2016, we adopted a great variety of measures to reduce our water consumption for greenery, including building rainwater harvesting systems inside cemeteries to provide a supplementary source of water for greenery, using recyclable water for all the water sceneries inside cemeteries, and terminating the use of some facilities that are huge water consumers.

Electricity Consumption per Unit Output Value:

Electricity Consumption Per RMB-One-Million  
Output Value (MWH / million RMB)



The electricity is the major energy consumed. Electricity Consumption in 2015 and 2016:



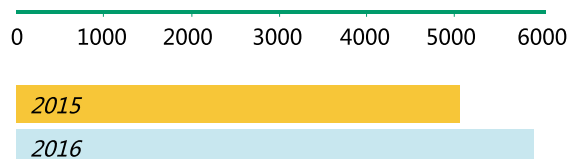
We have always implemented measures for energy conservation and emission reduction in our company. Each year, each branch will establish its own annual target for energy conservation and track electricity consumption on a regular basis. Besides, the company develops plans to reasonably control the electricity consumption times and take measures to stagger peak times of electricity consumption.



Besides, Fu Shou Yuan has also been proactively using renewable energy to replace traditional fuels. For example, solar powered insect traps are installed to effectively catch insects in an energy-efficient and environmental-friendly way, thus reducing the electricity consumption. Shanghai Harbor Cemetery, through the use of the clear energy of ground source heat pumps, transfers ground heat to places where heat is needed in winter for heating and indoor heat back to the ground in summer for temperature reduction and cooling.



Indirect Greenhouse Gas Emissions:(ton, equivalent CO<sub>2</sub>)



Note: Emissions of indirect greenhouse gases (Category II) mainly come from externally purchased electricity.

The solid waste we produce mainly consists of domestic waste and ashes resulting from the combustion of sacrificial offerings. For waste management, we have taken various measures for the reduction of waste generation and the classification and recycling of waste:

- Use fallen leaves as fertilizers in the lawn to reduce waste generation;
- Fertilizers used for greenery are mainly environmental-friendly agricultural manure or leaves and branches, and chemical fertilizers are thus reduced.
- Classification and disposal methods such as "Hazardous VS. Non-Hazardous" and "Recycle VS. Non-Recycle" are used for domestic garbage and other waste.
- Set up waste battery recycling baskets;

To control air pollution resulting from the burning of sacrificial offerings, Fu Shou Yuan has proactively taken appropriate measures by introducing activities such as the free exchange of tin foils for flowers and the use of yellow ribbons and wish cards for praying to promote smoke-free tomb-sweeping. Shanghai Fu Shou Yuan is also working hard to create the first smoke-free cemetery in Shanghai.

## 4.4 USE OF RESOURCES AND EMISSIONS

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### Case Studies:

On 2016's Tomb-sweeping Day, Shanghai introduced to the public the first smoke-free burial ground, namely, the land-saving and eco-friendly burial ground of the Wenxing Park. Any customer choosing the burial ground needs to sign an eco-friendly agreement, pledging no use of environmentally-unfriendly tomb-sweeping forms such as lighting firecrackers or burning tin foils and joss paper. We provide citizens with eco-friendly tomb-sweeping forms such as floral tributes and special praying for them to reminisce about the departed.





## 5. SUSTAINABLE EMPLOYER-EMPLOYEE RELATIONSHIP

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Fu Shou Yuan adheres to the value of people orientation and is grateful to all of our employees for their dedication and hard work. Our goal is to constantly maximize our employee value and enterprise value.

## 5.1 EMPLOYEE OVERVIEW

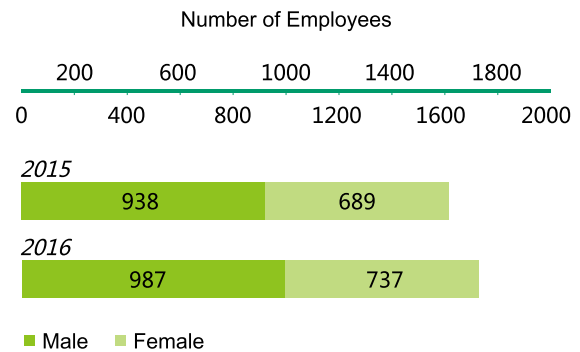
As of December 31, 2016, Fu Shou Yuan had a total of 1,724 employees, up by 6% when compared with last year.

2016 Fu Shou Yuan Workforce Profile:

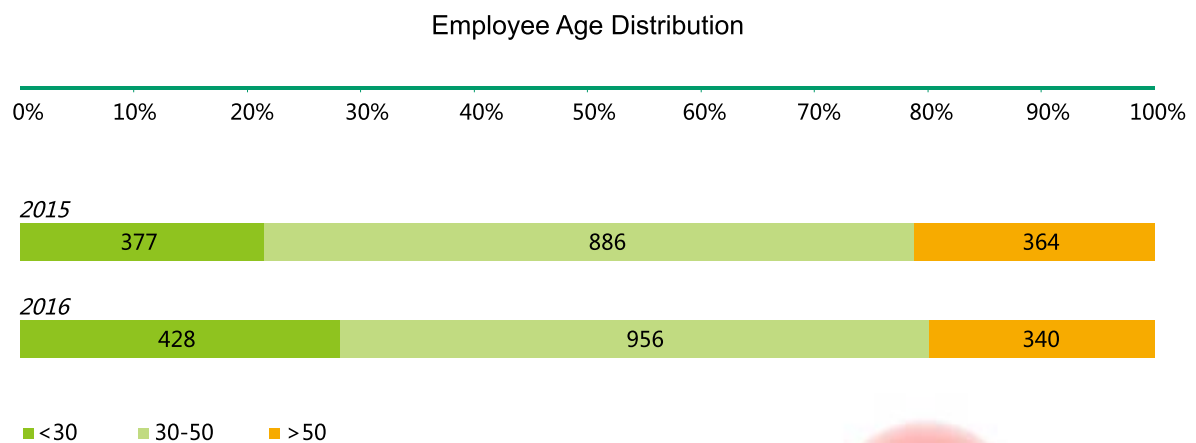
Total number of employees: 1,724

Male 987

Female 737

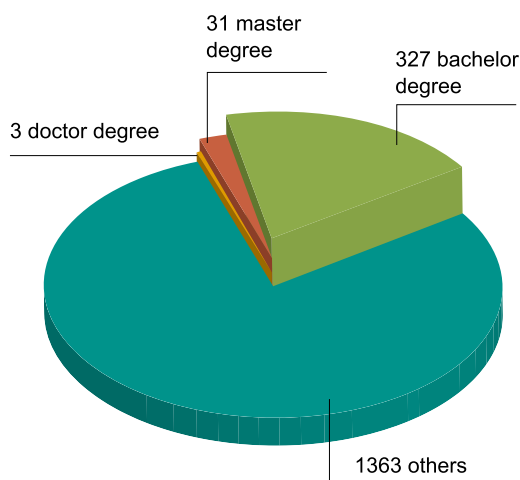


**This year, we will recruit more young employees into our workforce. The number of employees by age bracket is as follows:**

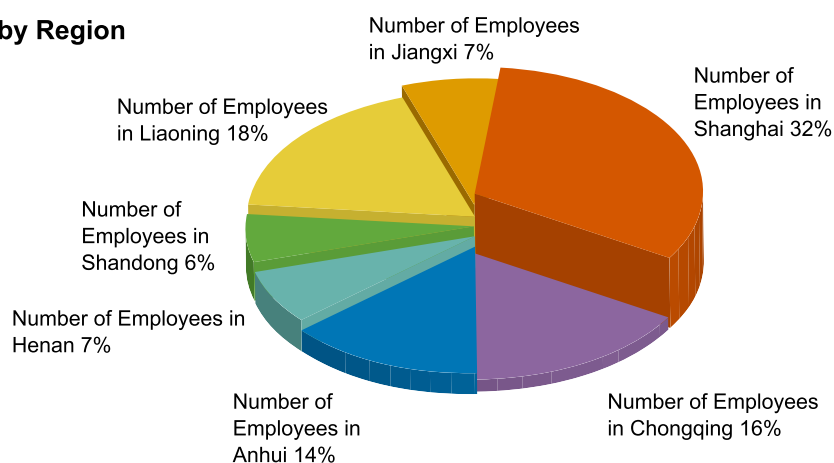


## 5.1 EMPLOYEE OVERVIEW

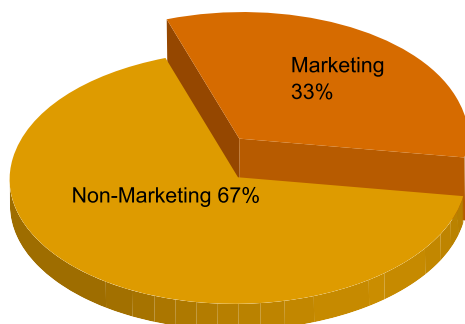
**Number of Employees by Education Background**



**Number of Employees by Region**



**Number of Employees by Employment Category**



Fu Shou Yuan strictly abides by the Labor Law and other applicable laws, regulations and practices and treats all job candidates as equal regardless of sex, age, race, religious belief, and sexual orientation. We adopt open and fair recruitment procedures to hire talents. On the basis of sorting out candidates that meet applicable job requirements with capabilities to perform job responsibilities, we employ the most suitable ones subject to the approval procedure of the organization.

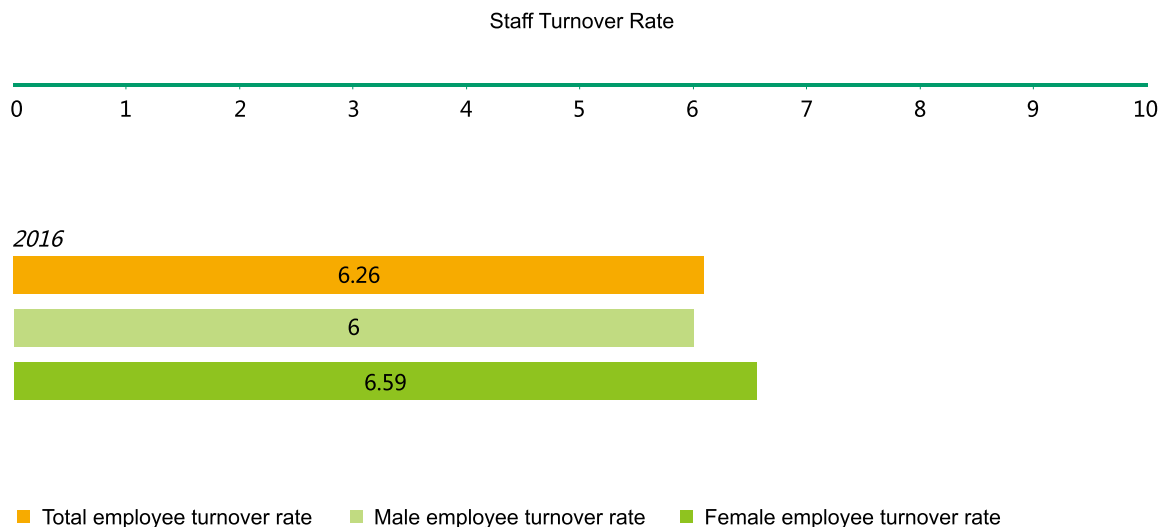
In the recruitment process, Fu Shou Yuan is committed to creating equal opportunities for every job applicant. Meanwhile, we promise to prevent child and forced labor. In each region, we tend to recruit local employees to better facilitate the local economic development.

## 5.2 WAGES AND PERFORMANCE

Since the establishment of Fu Shou Yuan, we have been constantly improving the human resources management system, and have developed the employee handbook and rules and regulations concerning incentives, discipline, vacation and leave, executive management, and recruitment and dismissal management.

Since the establishment of the trade union of the Group in 2005, it has signed three types of special collective contracts with the company on behalf of employees, including group contracts, salary negotiation contracts and contracts for the protection of female employees' interests. Besides, it also provides employees with free dormitories, reading rooms and gyms. A sports meeting is held every year to enrich the leisure time of the employees.

Our culture and competitive remuneration and benefits are the key to retaining our employees, and in 2016, our staff turnover rate is only 6.26%.



Note: Staff turnover rate = Number of employees who left during the year / (number of employees at the beginning of the year + number of employees at the end of the year) × 100%

## 5.3 EDUCATION AND DEVELOPMENT

Fu Shou Yuan considers the staff as the company's most valuable assets and hopes that every employee can achieve good development in the company. Therefore, we provide a wide range of education and development opportunities for the staff, including training on professional skills, professional ethics, visions and beliefs, the situation and tasks, and soft power enhancement, and strive to equip our employees with nine competences, including far-sightedness, passion, determination, diligence and pragmatism, honesty and credibility, conscientiousness and accountability, respect for others, readiness to share, and professionalism, to constantly facilitate the enhancement of the qualities of our employees.

Apart from providing death care practitioners with systematic business training, the Life-Service Academy is also responsible for the training and education of the employees of Fu Shou Yuan. We have developed a set of internal training programs for employees, ranging from the basic technical training for rookies to the training course for president.

1. Seminar for presidents. Designed for leadership team members of the headquarters and regional branches of Fu Shou Yuan with the focus on comprehensive training of capabilities.
2. Training class for general managers. Designed for those in positions of deputy general managers and above that are in charge of regional branches with the focus on work priorities for specific phases.
3. Workshop for managers. Designed for middle management personnel of the headquarters and local branches that have the potential to be promoted with the focus on the improvement of management skills and case studies.
4. Training camp for managers. Designed for all middle management personnel of the headquarters and local branches with the focus on the corporate ethos, concept dissemination and competence improvement.
5. Technical training. Designed for professional technicians and management personnel of the Group with the focus on the development and enhancement of professional knowledge and skills.
6. Orientation for new employees. Designed for new employees of newly acquired or merged companies or the Group with the focus on the corporate culture, systems, standards, process output and training.

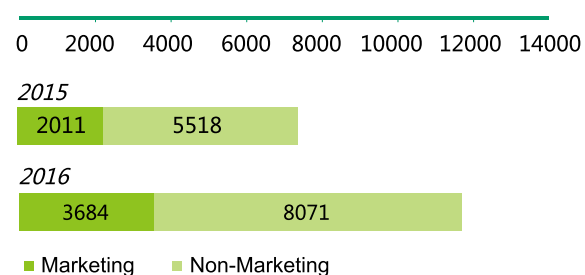




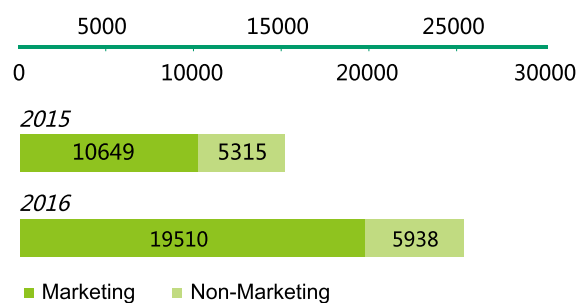
**Training provided by the Group in 2016:**  
**Number of participants trained in total: 11,755**  
**Training hours in total: 25,448 hours**  
**Training hours per person: 14.76 hours**  
**Staff training coverage: 100%**

Compared to 2015, we provided a wide range of systematic training programs through the establishment of the Life-Service Academy, which were greatly improved not only in number of person trained, but also in training hour.

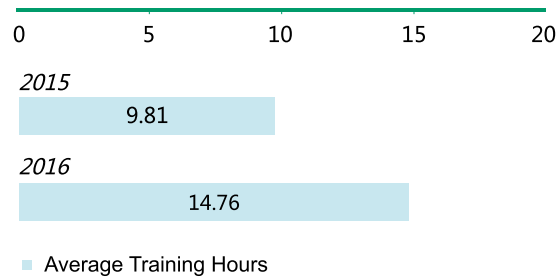
Number of Participants by Training Category



By Total Training Hours



By Training Hours Per Person



## 5.3 EDUCATION AND DEVELOPMENT

### **“The General Manager Gives a Speech” Training Series themed with “To Facilitate My Growth with Your Wisdom”**

On August 26, 2016, Fu Shou Yuan officially launched the training series, “The General Manager Gives a Speech”, with the theme of “To Facilitate My Growth with Your Wisdom”.



### **Training Class for General Managers**

March 2016, the first training class for general managers was held.

### **Training Camp and Seminar for Managers**

In 2016, a total of two training camps for managers were held and the closed training model was adopted. Innovations and improvements were achieved in the planning of each training camp. One seminar for managers was also held in 2016, in order to motivate the middle managements.



### **Diversified Training Contents**

In September, 2016, the “Spiritual Cultivation” training program, organized by the Life-Service Academy of Fu Shou Yuan with the assistance from the Administration Affairs Center, Shanghai Fu Shou Yuan and Changzhou Fu Shou Yuan, was held in Maoshan, Jiangsu to help employees to improve their philosophical understanding of the businesses of Fu Shou Yuan and their service awareness.



## 5.4 TEAM CULTURE

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In the big family of Fu Shou Yuan, all employees enjoy equal respect and care. On the one hand, the group should actively take various measures to safeguard the safety and health of employees in daily work. To guarantee employee and park safety, provide adequate safety measures and eliminate potential safety hazards, we have established our emergency response plan, fire management system, security management mechanism and transportation safety mechanism. We organize employees on related posts to participate in semi-annual fire-fighting training and fire drill, and regularly inspect all kinds of fire equipment to guarantee their normal service. Relying on its unremitting efforts, Shanghai Fu Shou Yuan, formerly a "Safety Unit in Shanghai", is upgraded to "Safety Demonstration Unit in Shanghai".

On the other hand, we actively organize various employee activities, from which employees can feel home-like warmth. Fu Shou Yuan takes "calmness and sincerity, settlement and peace" as its moral values, that is, every employee's life has the whereabouts and every employee's spirit has its entrustment, so that they can settle down and get on with their life pursuits.



## 5.4 TEAM CULTURE

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### Soft power building series activities of the group

In April, 2016, the seminar kicked off, followed by group learning and reporting by various centers. After that, the sharing of “craftsmanship”-themed stories by various centers was conducted in the form of newcomer welcome party, and awards were presented to those excellent storytellers.



### “Venue Decoration and Ceremony Hosting” skills competition

To practice the spirit of innovation and practicability of the group and promote the professional exchange and technical training work of the death care service unit, 2016 “Venue Decoration and Ceremony Hosting” skills competition was organized, and, through the exchange among colleagues, the goal of simultaneously improving the service capabilities of various entities within the unit was ultimately realized.



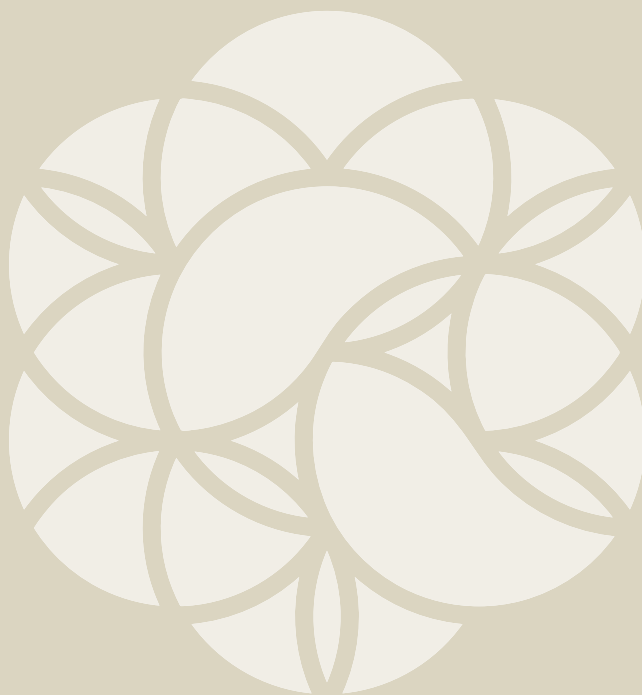
### Employee development of group headquarters

In May, 2016, the group organized its first employee development activity at the headquarters level. The activity effectively deepened the exchange and communication among various departments and strengthened the cohesion of the team.



## 6. SUSTAINABLE COMMUNITY RELATIONSHIP

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Fu Shou Yuan adheres to the business philosophy of "parting the physiological lives and greeting the spiritual lives", and while fulfilling the commitments to make profits and promote the modern transformation & upgrading and innovative development of the entire industry, it also has the courage to undertake its social responsibilities and give back to society.



## 6.1 COMMUNITY ACTIVITIES

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As a responsible social citizen, Fu Shou Yuan throws itself into all kinds of community care activities in cities where it has established its branches, and earnestly practices what it advocates to spread positive energy with love.

### **Public welfare activity of “World United for Life-Walking for Love”**

The branches of Fu Shou Yuan distributed in Jiangxi, Shanghai, Chongqing, Henan, Anhui, Shandong, Jinzhou, Shenyang and Xiamen actively answered the call of the group, and jointly organized the public welfare activity of “World United for Life- Walking for Love”.



### **Fu Shou Yuan volunteers helping Xiamen with rebuilding work after Typhoon Meranti**

After the striking of Xiamen by Typhoon Meranti on September 15, 2016, the volunteers of Fu Shou Yuan immediately went into action, brought a whole box of LED torches to Mingzhu Nursing Home which had been out of electricity for more than 48h. From September 17 to 20, they assisted nursing home and community in clearing up trees and branches, clearing out roads and carrying out other post-disaster rebuilding work.



### **“Walking for Love”, Fu Shou Yuan International Group sponsoring a well-known parent-child public welfare hiking activity in Shanghai**

On November 19, 2016, as a benevolent enterprise, Fu Shou Yuan International Group participated in “Charity Walk”, a well-known parent-child public welfare hiking activity in Shanghai, called and organized 13 families together to constitute the Fu Shou Team to personally experience the delight in participating in public welfare activities.



## 6.2 CHARITY AND PUBLIC WELFARE

Since its establishment, Fu Shou Yuan has actively taken part in all kinds of social and public welfare activities, including charitable donations, poverty alleviation, disaster relief, environmental protection, cultural education and many other fields.

Fu Shou Yuan aims to provide assistances to many people in need in our society through participating in these public welfare activities. It's also the sincere hope of the group that, through cooperating with communities, a charitable cooperation can be established with all segments of the society to help more needy groups and more significantly improve the social environment.

As of December 2016, Fu Shou Yuan had launched **57** public welfare and charity programs, and the total amount of money donated had reached **5,660,000** RMB, from which a total of **177,345** people had benefited.

### Representative programs:

Program name	Time
Nuandong Park Free bone ash placement/death care program	Since 1995
Model worker monument park Free bone ash placement program	Since 2008
"Soul of Criminal Police" memorial wall program	Since 1999
Shanghai Red Cross Body donor memorial program	Since 2002
Scholarship program of Funeral Institute of Changsha Social Work College	Since 2003
"Chengzhi Scholarship" program of Tianmashan Primary School	
Collective memorial program of Shanghai Cancer Rehabilitation Club	Since 2005
New Fourth Army Square red memorial program	Since 2005
Shanghai Humanism Memorial Museum	Since 2010
Life-Culture Institute of Beijing College of Social Administration	Since 2016

### Nuandong Park:

Elders of no family and of needy families are two social groups most needing our care and assistance. The "Nuandong Park" opened by Shanghai Fu Shou Yuan in its public welfare park aims to provide free land-saving tree burials to these two types of elders in Shanghai. The three parks, each designed with 160 spots, can accommodate a total of 480 funeral urns. The bone ash placement uniformly adopts the form of deep burial of degradable funeral urns, each occupying an area of 0.47m<sup>2</sup> on average. Compared with ordinary death care mode, this practice can save a land area of 255m<sup>2</sup>. As of 2016, 289 citizens had received assistance.



## Body donor memorial program of the Shanghai Branch of the Red Cross Society of China

Fu Shou Yuan began to participate in the body donation cause of the Shanghai Branch of the Red Cross Society of China in 2002, and since the completion of the first body donor memorial monument in China in the same year, March 1 has become an annual memorial day for common memorial of body donors in Shanghai and in the whole society, and also the best platform to propagandize the body donation cause. As of 2016, the program had helped a total of 8,789 citizens.



## Land-saving programs embodying its public welfare nature

Shanghai Fu Shou Yuan has combined such promotion with the development of public welfare parks, and devoted itself to caring for needy groups and providing public services.

- In 1995 and 1996, Fu Shou Yuan started providing free bone ash placement to elders of no family and of needy families;
- In 1997, it built the first "Model Worker Monument Park" in China, which provides free bone ash placement for model workers above municipal level and their spouse;
- In 2002, it completed the first body donor memorial monument in China, which carves the names of the body donors at Shanghai Branch of the Red Cross Society of China;
- In 2005, it built the New Fourth Army Square, which provides eco-friendly burial and name engrave free of charge to the veterans from New Fourth Army;
- In 2006, the "Hope and Love Forest" was built, which provides flower bed burials at RMB 800 to members of cancer club, and free tree burials to those with extreme financial difficulties.



## Providing free public welfare death care services to body and organ donors

In September, 2016, the Chongqing Branch of the Red Cross Society of China and Fu Shou Yuan signed the "Strategic Cooperation Agreement of Chongqing for Human Body & Organ Donation and Public Welfare Death Care" at the 2016 Human Organ Donation Promotion Meeting of Chongqing. The agreement officially established the strategic partnership between the Chongqing Branch of the Red Cross Society of China and Fu Shou Yuan in the field of public death care. Fu Shou Yuan will provide free mourning hall and relevant preferential service policies for the donors of body, cornea, skin, bones, blood vessels and other human organs in Chongqing.



## 6.3 PRODUCT RESPONSIBILITY

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### **Say farewell to the deceased, and serve the living.**

Fu Shou Yuan attaches extremely great importance to customer services, and conducts monthly call-back interviews for customer satisfactory survey. Based on the results of interviews and the summary and analysis of customer opinions, it conducts regular internal communication, and provides feedback to customers.

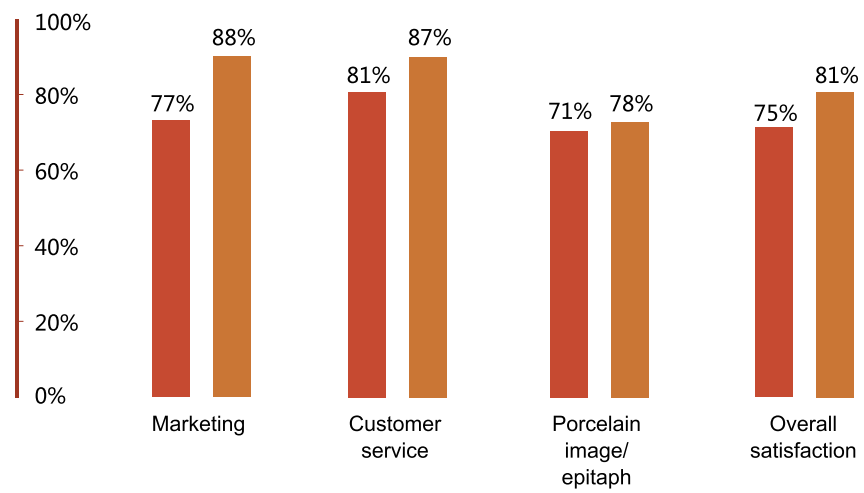
After two years of unremitting efforts, Shanghai Fu Shou Yuan has kept improving in providing better service, handling customer complaint and responding to customer feedback in a timely manner. In 2016, Shanghai Fu Shou Yuan surveyed customer feedbacks in terms of service windows and burial services. According to the survey results, the customer satisfaction of service windows presented a better overall trend than that in 2015, and that the customer satisfaction of burial services exceeded 82% on average.



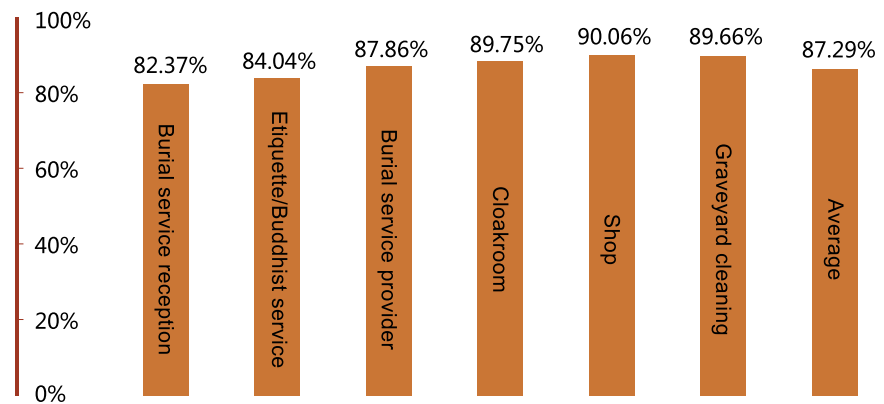


### Customer satisfaction of service windows:

■ 2015 ■ 2016



### Customer satisfaction of burial services:





## 6.3 PRODUCT RESPONSIBILITY

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### **“Acknowledgements to the past, taking on a new journey”- 2016 Customer Gathering of Hefei Dashushan Culture Cemetery**

On the morning of July 16, a tea party was organized for the old and new customers of the cemetery, including ante-mortem graveyard and single-side graveyard customers. The activity aimed to conduct in-depth communication with customers, and give back for the support received in the past.



### **Featured “Pre-need Funeral Contract” Service**

In 2016, Fu Shou Yuan formally introduced “pre-need funeral contract” into the Chinese death care industry, and, through combining traditional culture with modern service concepts, it aimed provide customized “Fu Shou Bai Nian” pre-need funeral contract that would fit well with China’s basic situations, that is, pre-need funeral contract of Fu Shou Yuan. Our goal in 2017 is to establish more normalized industry code and a more perfect service system, and to lead the development and reform of the Chinese modern death care industry.

Affiliated to Fu Shou Yuan, Shanghai Fu Shou Humanistic Public Welfare Service, Hefei Dashushan Culture Cemetery, Hefei Renben Funeral Service Co., Ltd. and Chongqing Anle Hall have all launched their special “pre-need funeral contract” service programs to provide more humanistic “hospice” care, so that the customers can choose their own way to say goodbye to this world.

Pre-need funeral contract refers to the contract signed by a person to properly arrange the death care matters of his own or his family through the one-stop death care service, covering lifetime consultation of death care ceremony, mourning farewell, subsequent care, etc.

It is the final planning and agreement of a person about his life, and has some similarities to the will in the traditional sense. However, compared to a last word such as “Dispense with all unnecessary formalities”, “pre-need funeral contract” provides contracted agreement about post-mortem death care services, so that both the person signing the contract and his or her family can more calmly face the coming death, which can be a very positive attitude”, as remarked by Wang Kaiyu, a well-known sociologist.



## 6.4 MANAGEMENT OF SUPPLIERS

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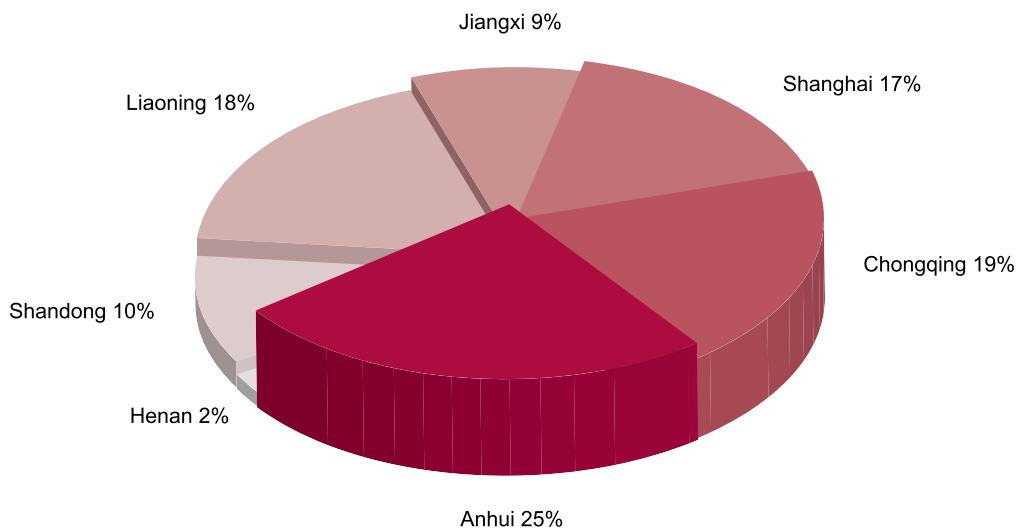
Our suppliers mainly include tombstone producers, landscaping companies and so forth. Fu Shou Yuan has a complete set of purchasing system with regard to suppliers, which can not only safeguard the interests of Fu Shou Yuan and its customers but also give an impetus to suppliers. The group conducts evaluation on suppliers of the last year, includes qualified ones into the list of Qualified Suppliers, defines the service scope and responsible person of each supplier, and guarantees the product and service quality and interests of suppliers.

To support local economy, Fu Shou Yuan tends to purchase from local suppliers. As of December 31, 2016, Fu Shou Yuan has a total of 567 suppliers, most of which are local.



## 6.4 MANAGEMENT OF SUPPLIERS

### Number of suppliers provided by regions



### Joining hands with suppliers for common progress

In 2016 and before, environment or labor standard has not yet been included into criteria for screening suppliers. For the purpose of further improving the screening standard on suppliers and joining hands with them for common growth, we have established our Environment and Labor System for Suppliers in this year, and clearly defined suppliers' environmental protection and labor measures as one standard on supplier selection. This system will be formally implemented in 2017.

- It specifies that suppliers are forbidden to force labor or employ child labor, and shall comply with applicable local or national laws and regulations in force of the place of employment or labor relation.
- Suppliers shall reasonably and constantly reducing the discharging of waste water, emission of exhaust gas and hazardous solid wastes.
- Fu Shou Yuan expects its suppliers to protect environment, cherish natural resources, and fight against climate change, in the business with Fu Shou Yuan as well as with other companies.

## Index of the Environmental, Social and Governance Reporting Guide of SEHK

Subject Areas, Aspects, General Disclosures and KPIs		2016 Sustainability Report
A. Environmental		
Aspect A1	Emissions	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	4.1 Eco-friendly Burial 4.2 Civilized Death Care 4.3 Environmental-friendly Cremation 4.4 Use of Resources and Emissions
KPI A1.1	The types of emissions and respective emissions data.	4.4 Use of Resources and Emissions
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.4 Use of Resources and Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	N/A, no hazardous waste during business activity
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	-
KPI A1.5	Description of measures to mitigate emissions and results achieved.	4.4 Use of Resources and Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	4.4 Use of Resources and Emissions
Aspect A2	Use of Resources	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	4.4 Use of Resources and Emissions
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	4.4 Use of Resources and Emissions







