



福壽園國際集團

FU SHOU YUAN INTERNATIONAL GROUP
01448.HK



Compose the Symphony of Life

2017 Sustainability Report

STOCK CODE:01448

福寿园国际集团有限公司

FU SHOU YUAN INTERNATIONAL GROUP LIMITED

Incorporated in the Cayman Islands with Limited Liability

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Preface

Summary of the Report

The Report is the second annual Sustainability Report of Fu Shou Yuan International Group Limited and its subsidiaries (hereinafter referred to as “We”, “the Group” or “Fu Shou Yuan”). It covers our work during the period from January 1 to December 31, 2017. The Report provides a comprehensive description and explanation of Fu Shou Yuan's performance and management policy in environmental and social areas and a focused discussion of stakeholders' concerns. Also, the Report illustrates how Fu Shou Yuan, as a leader in the death care industry, lives up to our commitments to the sustainable development of the economy, environment, and society.

During the preparation of the Report, we spared no effort to ensure the information covered in the Report meets the four reporting principles as required by The Stock Exchange of Hong Kong Limited (“SEHK”), namely, materiality, quantitative data, balance, and consistency.

Scope of the Report

The Scope of the Report is the same as that of the Group's Annual Report and covers Fu Shou Yuan International Group Limited and its subsidiaries.

Reporting Guidelines

The Report was prepared in accordance with the Environmental, Social and Governance Reporting Guide issued by the SEHK and taking into account the concerns of Fu Shou Yuan's stakeholders. The preparation procedures for the Report included identifying and listing important stakeholders, identifying material issues related to sustainability, deciding on the boundaries of the sustainability report, collecting relevant materials and evidence, preparing the Report based on the collected information, and examining the data in the Report. The Group has complied with the “comply or explain” provisions of the Environmental, Social and Governance Reporting Guide in the Listing Rules issued by the SEHK.

Information Sources and Reliability

The information and examples used in the Report are mainly extracted from the Group's

statistics and related documents. The Group has pledged that the Report does not contain any false information or misleading statements, and we are responsible for the authenticity, accuracy, and completeness of the Report.

Confirmation and Approval

The Report was confirmed by the management, and then approved by the board of directors on March 16, 2018.

Report Access and Feedback

The Report is available in simplified Chinese and English for reference. The electronic version of the Report can be found in the “Financial Statement / ESG Information” section of the announcement board on the official website of SEHK or on the official website of Fu Shou Yuan.

We value the suggestions of stakeholders and encourage readers to contact us through the following contact information. Your suggestions will help us further improve our reporting and enhance the overall sustainability performance of the Group.

Address:

Unit 709, 7/F, K. Wah Center, 191 Java Road, North Point, Hong Kong;
or Room 1306, Charity Plaza, 88 North Caoxi Road, Xuhui District, Shanghai

// Message from Management

The year 2017 marks the fourth year after the listing of Fu Shou Yuan International Group in Hong Kong. We have been strengthening our core business, expanding the scope of our business, enhancing our ability to consolidate the industry, and achieving sound growth in our main business. In addition, Fu Shou Yuan, awarded as a National Civilized Unit, is shifting our focus from material civilization to spiritual civilization, stimulating the development of the industry and society, promoting domestic and international integration, and achieving constant breakthroughs in brand values.

Fu Shou Yuan is not only a comprehensive death care service provider, but also an embodiment of memories and emotions, an inheritor of traditional culture, and a corporate citizen with a strong sense of social responsibility. Since established, the Group has firmly pursued the concept of sustainable development “to transform cemeteries into parks, to transform farewells into beautiful moments, to transform treatment into enshrinement, and to transform darkness into splendor”. The Group has, through the Environmental, Social and Governance Implementation Committee and the working team under the Board of Directors, actively coordinated, formulated and implemented various sustainable development policies and measures.

Fu Shou Yuan always operates with green concepts prevailing in all aspects, including collecting and implementing related suggestions of headquarters, branch and subsidiaries, sharing experience in energy conservation, emissions reduction, and pollution control, and coordinating the Group's resources, energy usage and pollution disposal management. The Group has also introduced new types of land-saving burials, including European-style copper plate burials and ecological forest burials. While fully utilizing land resources, the Group has also introduced modern and fashionable elements to provide customers with more customized options.

We attribute our success to the hard work of all our employees. The Group strictly abides by local labor-related laws and regulations, and continuously improves employee welfare, while providing employees with a safe and favorable working environment. By offering employees an open career ladder, and constantly introducing, advocating, and implementing advanced international funeral concepts, we strive to cultivate more industry talent and to help our employees realize their self-value; we also actively participate in various social charity activities covering cultural education, disaster relief, charity, poverty alleviation, environmental protection, and other fields, fully demonstrating the “people-oriented, culture-based” corporate tenet and values. With solid actions to participate in those activities, Fu Shou Yuan has won numerous social and charity awards, and has been highly recognized by all sectors of the society, contributing to the long-term development of both the company and the industry.

Looking forward, Fu Shou Yuan will keep our original mission in mind, seize the opportunities in the death care industry brought by China's urbanization and the aging population, and make contribution to the industry and society. Therefore, we will continue to innovate, upgrade the quality of our products and services, and strengthen operations and management so as to enhance our competitiveness and promote the continued growth of our business. Also, we shall continue to integrate industry resources, expand our business territory, lead the death care industry to a path of sustainable development, and provide the society with better death care services, so that we can achieve greater economic and social benefits!

Bai Xiaojiang

Board Chairman and Executive Director

Wang Jisheng

Executive Director and Chief Executive



Sustainability Highlights

22,663 Burial plots
20,520 Families

Sold 22,663 burial plots; provided 20,520 families with various funeral services

1,836 Employees
6%

1,836 Employees, an increase of 6% compared to 2016

1,477.2 million RMB
16.5%

Revenue was 1,477.2 million RMB, an increase of 16.5% compared to 2016

7.72%

Staff turnover rate of 7.72%

550.2 million RMB
22.7%

Net profit was 550.2 million RMB, an increase of 22.7% compared to 2016

23.17 Hours
60%

Training hours per person was 23.17 hours, a 60% increase compared to 2016

0.91 m² on average
0.45 m² at a minimum

Each burial plot of our cemeteries covers an average area of 0.91 square meters; Each burial plot of our cemeteries in Shanghai and Lingang covers an average area of 0.15 square meters

0

0 Incidents of work injury

611,453 tons

Annual water consumption was 611,453 tons; water consumption per ten-thousand-RMB of revenue was 4.14 tons

85.58%
91.76%

Customer satisfaction rate for service window was 85.58%; customer satisfaction rate for burial services was 91.76%

6,631 MWh

Annual electricity consumption was 6,631 MWh; electricity consumption per ten-thousand-RMB was 44.69 kWh

149,000 RMB

Donated 149,000 RMB in total

3,457 Tons

Generated 3,457 tons of waste, which means every ten-thousand-RMB of revenue generated 23.4 kilograms of waste

567 Suppliers

Fu Shou Yuan used 567 suppliers in 7 provinces and cities across China

41.6%

Green coverage ratio was 41.6%

24 WeChat accounts

We set up 24 certified WeChat official accounts of the Group and affiliated companies to enrich online communication channels

1. Company Profile

1.1 About us

Fu Shou Yuan International Group Limited (HK.01448), founded in Shanghai in 1994 and listed on the HKEX in 2013, is China's largest death care service provider, and the leader and integrator of death care service industry in China. Also, Fu Shou Yuan is a place where memories and emotions are preserved and enshrined, a culture-oriented company that is dedicated to the preservation and promotion of the quintessence of traditional values, and a corporate citizen with a deep sense of responsibilities. At present, our businesses cover various segments such as cemeteries, funeral services, cremation machines, pre-need funeral contracts, planning and design, and life education, and have expanded to more than 20 cities in 12 provinces, autonomous regions and municipalities including Shanghai, Henan, Chongqing, Anhui, Shandong, Liaoning, Fujian, Zhejiang, Jiangxi, Jiangsu and Guangxi.

A. Cemetery Operations

1. Shanghai Fu Shou Yuan: One of the top ten cemeteries in the world and one of the most beautiful cemeteries in the Orient
2. Fu Shou Yuan Haigang Cemetery: The first cemetery in China to introduce the Public Memorial Day and a leading ecological and environmental-friendly cemetery
3. Changzhou Qifengshan International Cemetery: An ecological, sunny, quiet and friendly park-style cemetery, where we have started to promote new life values
4. Chongqing Baitayuan: A large modern humanistic memorial park in western China.
5. Hefei Dashushan Culture Cemetery: One of the new top ten attractions in Hefei and an AAA-level national tourist attraction
6. Huaibei Fu Shou Yuan Memorial Park: An ecological and environmental-friendly humanistic memorial park
7. Shandong Fu Shou Yuan: A provincial national defense education base and a patriotism education base
8. Henan Fu Shou Yuan: The only demonstration unit of commercial cemetery in Henan Province, which is a place which showcases the culture of Central China
9. Anyang Fu Shou Yuan: Located at Wulonggang Mountain in northwestern Anyang City, and committed to developing an ecological humanistic memorial park
10. Luoyang Xianhe Memorial Cemetery: Committed to developing it into the most beautiful humanistic memorial park in the east of Henan Province
11. Jinzhou Maoshan Cemetery: A national advanced unit for the construction of spiritual civilization and the only legal commercial cemetery in Jinzhou
12. Guanlingshan Cultural Cemetery: An art park, known as the "King of the Northeast"
13. Meiling Century Cemetery: The first service provider combining funeral services and humanistic memorial park in Nanchang
14. Wuyuan Wanshoushan: A funeral parlor which provides complete funeral service facilities is established
15. Guangxi Huazuyuan: A cultural theme park upholding the concepts of "Respecting, seeking, memorizing, and being filial to ancestors".

B. Funeral Services

- 1.Shanghai Fu Shou Yuan Funeral Etiquette Services: Implements the concept of “Transforming farewells into beautiful moments” and has set up the independent brand “Funeral Angel”
- 2.Chongqing Anle Hall: The pioneer in China’s modern death care industry, which ranks the first in the death care service market in Chongqing
- 3.Hefei Renben Funeral Services: A funeral etiquette services institute in Anhui and the only legal partner of Hefei Funeral Parlor
- 4.Hefei Huazhijian: A boutique flower workshop
- 5.Xiamen Huaixiang Ceremonial Service Company: The only affiliated death care service subsidiary of Xiamen Funeral Parlor
- 6.Ningbo Yongyi Death Care Service Company: The first company in Ningbo that provides formal and professional death care services

C. Landscape Design

Shanghai Fu Shou Yuan Landscape Design Co., Ltd.: A professional landscape design company with more than ten years experience owned by Fu Shou Yuan International Group Limited.

Beijing Temshine Cemetery Design Group: Provides professional cemetery landscape design and marketing planning.

D. Cremation Machine

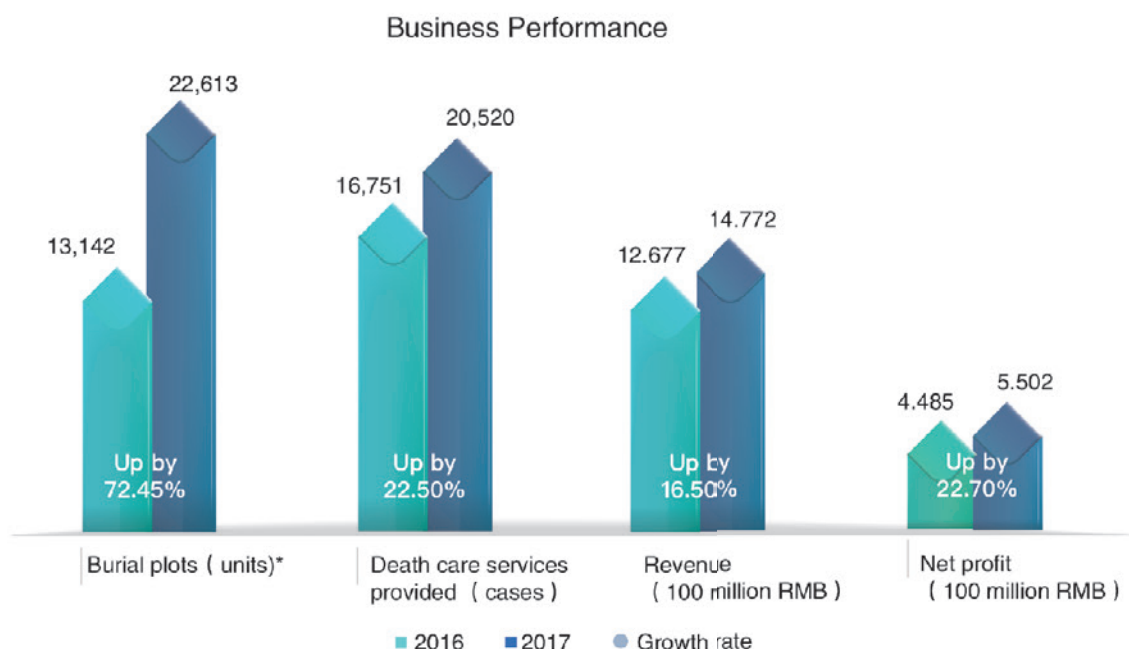
Fu Shou Yuan Environmental Equipment Company Limited: Introduces advanced technology and environmental protection concepts from abroad to manufacture environmental-friendly funeral equipment that meets international standards.

E. Others

Shanghai Fu Shou Yuan Humanistic Memorial Museum: The first humanistic memorial museum in China, which is included in an international funeral heritage conservation project.

1.2 Business Performance

During the reporting period, we have continued to strengthen our core business, improved our service quality and solidified our performance. As before, we have been continuously investing in the landscape and cultural construction of existing cemeteries, improving service quality, and innovating in services, products and methods, which have been widely recognized by our customers. During the reporting period, Fu Shou Yuan has enjoyed remarkable growth in its business performance:



**The quantity includes burial plots sold at very low prices for public welfare purposes or to support tomb relocation funded by local governments*

During the reporting period, with the expansion of the Group, Fu Shou Yuan's brand awareness and experience advantage gradually spread over the whole country. During the reporting period, our main business highlights included:

- We acquired 80% equity interest in Luoyang Xianhe Memorial Cemetery, 60% equity interest in Guangxi Huazuyuan, and 51% equity interest in the Temshine Cemetery Design Group.
- We started death care services at four funeral parlors in Huaibei, Tai'an, Ningde and Lujiang County, Hefei.
- We signed a "BOT" cooperation agreement with the funeral parlor of Gaoyou, Jiangsu Province.
- We are about to put into use the funeral facilities of two projects in Bishan District in Chongqing and Xuancheng City in Anhui Province.
- A total of 1,174 pre-need funeral contracts were signed and received good market response.
- The environmental-friendly cremator was awarded a national invention patent and received great attention from the market during its promotion.

1.3 Corporate Governance

Fu Shou Yuan fully understands the importance of corporate transparency and accountability mechanisms for corporate sustainable development. The Group adopts the Code of Corporate Governance in Appendix 14 to the Listing Rules as our corporate governance guidelines. We are committed to achieving high standards of corporate governance and better performance, and enhancing our corporate image through effective corporate governance procedures. By continuously strengthening our budget management, internal controls, and information system, we have enhanced our internal governance. As a result, our operational efficiency has been significantly improved, operating expense ratio has been declining, and operational risks have also been effectively controlled during our rapid development.

Fu Shou Yuan hopes to become a public company that is law-abiding and conducive to social supervision, and a prospective model for Chinese death care companies. In our efforts against corruption, the Group has set up an internal control department which is responsible for establishing an anti-corruption system and conducting internal risk-based audits to strictly control the corruption risks the company might run into in procurement and land use applications. The internal control department has established the "Anti-corruption Work System", clearly defining bribery, corporate staff accepting bribes, duty encroachment, misappropriation of funds and other corrupt activities that violate national laws, and detailing the management responsibilities, content and methods, reports, and records of anti-corruption and reporting. During the reporting period, the Group had no corruption lawsuits.

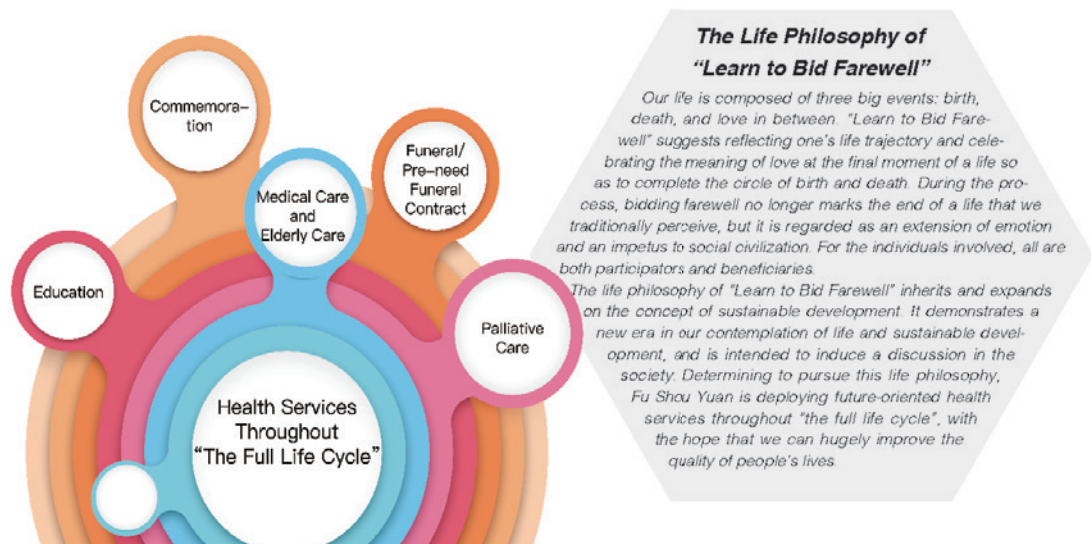
2. Sustainability at Fu Shou Yuan

Over the past more than 20 years, Fu Shou Yuan has been at the forefront of innovation, development and reform of China's modern death care industry in terms of concept, product, environment, service, technology, etc. In recent years, Fu Shou Yuan has also been devoted to environmental protection, making great efforts to innovate and achieve breakthroughs, improve the environment, and benefit the people. Fu Shou Yuan is not merely "a weathervane for growth" in the industry and investment sector in China. Moreover, with our sense of responsibility for the business, society, industry, and history, we have integrated the values of humanism, environmental protection, charity and care into our daily operations to facilitate the long-term growth of the enterprise and the industry.

2.1 Concept of Sustainable Development

Fu Shou Yuan practices the sustainable development concepts of "to transform cemeteries into parks, to transform farewells into beautiful moments, to transform treatment into enshrinement, and to transform darkness into splendor". We hope to deliver to the public with the ideas of respecting the departed, people-orientation, environment protection and harmony, and guide the market to understand the death care service industry from a new perspective. Meanwhile, it is also our hope that Fu Shou Yuan can leverage our influence as the market leader to further enhance the standardization and facilitate the cultural transformation of the industry. Fu Shou Yuan not only provides customized and diversified professional services to meet the needs of different customer groups, it also helps people to seek warmth and strength from memories through humanistic commemorations.

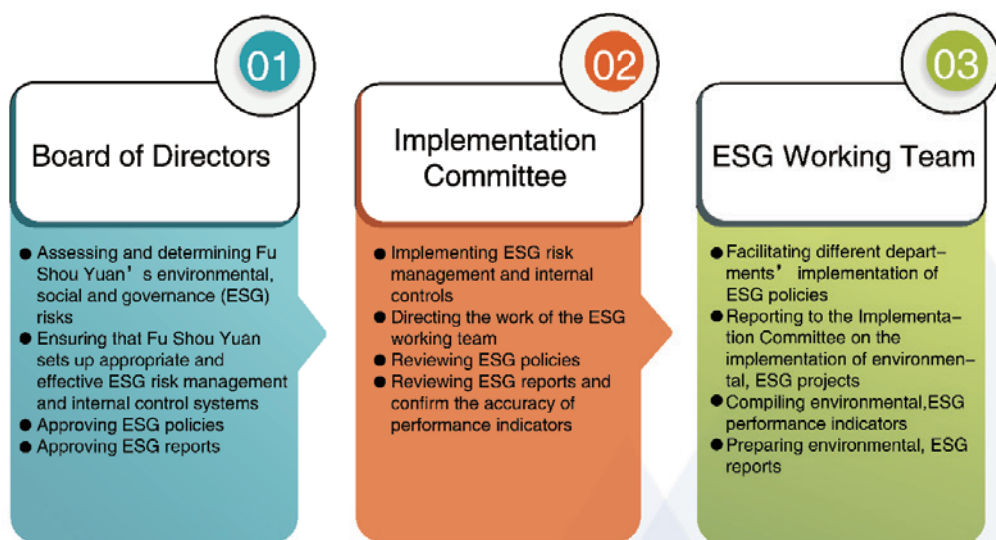
We believe that sustainable death care service is more than planting trees, flowers, and grass, or providing diversified forms of ecological burials such as tree burials, sea burials and lawn burials. It is, in fact, a new topic in "Death Education" concerning how the whole nation and society should face the end of a life's journey. Therefore, in order to lead the trend of the new concept over time, Fu Shou Yuan officially proposed the life philosophy "Learn to Bid Farewell" on Qingming Festival in 2017.



From our point of view, by developing and inheriting thoughts and culture, we cannot stop the aging and death of people's biological life, but still can extend the spiritual one. In the Report, we follow this life philosophy to compile the trajectory of Fu Shou Yuan's sustainable development through three dimensions namely nature, society and spiritual culture, so as to deliver our thoughts and report our actions to society.

2.2 Governance of Sustainable Development

During the reporting period, Fu Shou Yuan's environmental, social and governance working team (hereinafter "ESG reporting team") was in charge of coordinating the implementation of ESG policies and reported regularly to the board of directors and management of Fu Shou Yuan. The organization structure and responsibilities for different roles to promote the governance of sustainable development are as follows:



During the reporting period, the ESG reporting team, together with the head of each functional department, has reviewed the results of Fu Shou Yuan's efforts to promote sustainable development and discuss the future work priorities. In addition, the ESG reporting team conducted field inspections of Fu Shou Yuan's subsidiaries for any potential social and environmental risks, and further assessed the effectiveness of the risk management and internal control systems of Fu Shou Yuan.

During the reporting period, we required every subsidiary to include all environment-related indicators as part of operational data subject to quarterly report and reviews. They are also required to submit the information to the ESG reporting team for assessment, so as to reach our environmental goals. In addition, we have fully implemented the Fu Shou Yuan International Group Supplier Management Measures and the Fu Shou Yuan International Group Annual Tombstone and Related Products Procurement Measures to ensure that the social responsibility performance of suppliers is one of the criteria that we consider when screening and approving suppliers for the Group.

2.3 Communications with Stakeholders

We communicate with different groups of stakeholders through a wide range of channels in our daily operations. Apart from finding out issues that different stakeholders have concerns through transparent and regular two-way communications, and regularly reporting and reviewing the effectiveness of related actions, we hope that we can respond more comprehensively to different stakeholders' concerns through the Report.

The issues of concern to different stakeholder groups and the communication channels used are as follows:

Stakeholder Groups	Issues of Concern	Communications Channels	Frequency/ Number of times	Comments of Stakeholders
Employees	Employee wages and benefits	Employee performance reviews and interviews	Every quarter	Employees hope that Fu Shou Yuan can continue to pay attention to employee's career development. They also hope that the company can provide more education and training opportunities, and encourage them to participate in more social activities.
	Development and training	Internal publications: Fushou Humanism Fushou Daily	Every quarter Usually every two months	
	Company performance			
Shareholders /Investors	Company performance Impact of industry risks Green death care	General meetings of shareholders	Annual y	Shareholders/investors believe that Fu Shou Yuan can seize the opportunities offered by the market and the industry so that we can achieve sustainable development in terms of social environment and business operations
		Extraordinary general meetings of shareholders	On an irregular basis	
		Investor meetings	Annual y	
		Performance conferences		
		Press releases /public announcements	On an irregular basis	
		Field investigations		
Customers	Guarantee of service quality	Official website	On an irregular basis	Customers are highly satisfied with the quality services provided by Fu Shou Yuan. They hope that we can further enhance the quality of our services.
	Handling of customer complaints	Service managers		
	Compliance with laws and regulations concerning products and services	Instant communication software		
		Social media platforms	Usually daily	
Government and regulatory authorities	Company performance	Field investigations Meetings and interviews	On-demand on an irregular basis for each channel	Governments and regulatory authorities appreciate that Fu Shou Yuan complies with the governments' regulations for the death care industry. They hope that we will continue to make contributions to local economic growth and environmental protection.
	Compliance with laws and regulations concerning marketing			
Partners (including suppliers and service providers)	Company performance	Field investigations Meetings and interviews	On-demand on an irregular basis for each channel	Partners look forward to more exchanges of experiences and insights into the industry with Fu Shou Yuan. They also hope that we can develop and pursue sustainable development with them
	Supplier screening criteria			
Community residents /Organizations /Non-governmental organizations	Contributions to communities	Field investigations Meetings and interviews Instant communication software	On-demand on an irregular basis for each channel	They appreciate the large number of community, cultural and public welfare activities organized by Fu Shou Yuan and hope that our action can induce participation of more social organisations in those activities.
	Impact on surroundings communities			
	Green death care			
Media	Contributions to communities	Press releases /Public announcements	On-demand on an irregular basis for each channel	The media are delighted at the frequency of Fu Shou Yuan's media exposure and the positive reaction we receive from society. They have full confidence in our future development.
	Green death care			
	Business performance			



2.4 Materiality Analysis

During the preparation of the Report, we followed the assessment process of material issues in sustainability, which was set up last year, and conducted surveys by means of questionnaires and in-depth interviews to learn about stakeholders' comments on the report of preceding year and their expectations of the Report this year.

During the reporting period, we broadened the scope of invitation for the employee questionnaire survey to the entire Group including newly acquired companies and invited over 200 external stakeholders to participate in our survey. Finally, we received more than 400 valid questionnaires and conducted telephone interviews or face-to-face interviews with more than 40 stakeholders from different groups.



Apart from material issues of previous year, issues such as corporate culture, training and development, occupational safety and compliance with laws and regulations are also included in the list of the issues about which Fu Shou Yuan's stakeholders were closely concerned this year. We will detail the relevant contents later in the Report.



Compose the Chapter of Nature

Mr. Zhang, an elderly gentleman, lives near the Henan Fu Shou Yuan. Before he moved into a new house in the vicinity of Fu Shou Yuan, he has been extremely worried, like many other people, that his quality of life would be seriously disrupted by the cemetery. In his mind, a cemetery was always associated with a gloomy and depressing atmosphere, flying dust and ashes, and deafening noises of firecrackers. However, after Mr. Zhang has moved into his new house, his perception of cemeteries completely changes, because the cemetery is just like a park! Looking out from his

balcony, he can appreciate the scenery of lakes, wetlands, waterfalls, and rills. When walking around, he can quietly contemplate life. Even on Qingming Festival, Mr. Zhang does not suffer from the noises of firecrackers because people have replaced the disturbing traditional commemorations with civilized and eco-friendly observances such as lighting candles, paying floral tribute and planting willows to remember and honor their departed loved ones. As a result, Mr. Zhang's life is not bothered at all. Every time he invites his friends home, they feel as if he were living by a big park!



Fu Shou Yuan is not only committed to transforming cemeteries into parks, it also strives to create a cemetery culture in which "the natural scenery and cultural landscape enhance each other's beauty". To this end, the concept of green operation is applied to every aspect of the operations of the Group. We strictly manage resource usage and pollutant emissions from our operations, and continue to explore and promote eco-friendly burial forms, so that more people can enjoy clean and beautiful environment, and the society can benefit from it.

We pay great attention to environmental policies and trends in environmental protection at home and abroad, and regard environmental protection as a major component of corporate social responsibility and sustainable development. We are concerned about the challenges posed by issues such as climate changes, energy shortages, depletion of natural resources and environmental pollution. As a result, we make continuous efforts to enhance policies and measures regarding energy conservation, emission reduction and environmental improvement, and to explore more ways to protect the environment, so that we can keep on reducing adverse impact on the environment when we provide our services.

3.1 Green Operation

We adopt an integrated approach to manage energy and resources concerned in our operations. The Engineering Department regularly analyzes the usage of energy and resources, and formulates plans and goals for energy saving. Fu Shou Yuan has more than 20 years of experience which has proven that our green operation concept is in line with our vision of protecting global energy and resources. Through improving our energy and resource management systems, we have been guiding our company to respond to the global energy shortage and the depletion of natural resources.

Increasing Efficiency in Water Usage

As Fu Shou Yuan promotes the planting of green plants in all operating areas, we use water for irrigation, which is an important part of our operating activities. We select different water sources for irrigation in accordance with the local conditions of our subsidiaries at different locations. In addition, we have built detailed feedback channels for water use, through which every subsidiary is required to regularly report its water use to the headquarters. After collecting and analyzing the data, the headquarters determines water use plans for the future. The water used during the reporting period was mainly for irrigation.

Implementing Different Measures Based on Local Conditions to Reduce Irrigation Water Use

When we develop greenery plans, we select plant species that suit local environmental conditions. Take Henan Fu Shou Yuan as an example, we have selected plant species in accordance with the local climates, and scientifically controlled the proportion of trees, lawns, and shrubs. Consequently, a natural balance among a variety of plants is created and a sustainable growth is achieved. As a result, we reached the goal of reducing daily water use for irrigation. We have also installed automated sprinklers and drip irrigation equipment. The refined irrigation method greatly reduces the consumption of irrigation water when compared with irrigation by manual labor.

In areas with unstable climates or in relatively dry zones, we select as many drought-resistant plants as possible, such as the sedum lineare thunb which has strong adaptability and drought tolerance, so that we can reduce the water consumption from manual irrigation while maintaining cemetery greenery.

Using Energy Rationally

Fu Shou Yuan is committed to vigorously promoting energy-saving measures. Considering that our energy consumption mainly comes from purchased electricity, all subsidiaries set their own annual energy-saving targets and track their electricity consumption on a regular basis. Moreover, they formulate reasonable plans to control the use time of electricity, and implement measures to stagger the peak times of electricity consumption. Fu Shou Yuan also requires cemeteries to build a specific energy conservation team to routinely inspect the electricity consumption in different offices, in order to reduce the occurrence of unreasonable low temperature set for air conditioning system and to prevent lighting and other equipment from being set to ready mode in most time. Apart from regular inspections, we also actively enhance employees' awareness of energy conservation. For instance, Shanghai Fu Shou Yuan took an active part in the campaign for energy conservation and emission reduction organized by the government in 2017, and won the "Three-Competing -and-Two-Reduction" energy saving and emission reduction knowledge contest.

We formulate targeted electricity-saving measures after we have collected and analyzed different types of electricity consumption data from each subsidiary, such as the amount of purchased electricity for irrigation and offices equipment in cemeteries. Through implementing a series of measures, such as designing and optimizing irrigation intervals for different seasons, staggering the peak times of electricity consumption, and regulating the upper and lower limits of the indoor air-conditioning temperature, we have succeeded in confining resource consumption to a reasonable range and reducing the occurrence of waste. In the future, we will further reduce the use of natural resources for various purposes by analyzing and cross-checking energy consumption data.

Controlling Emissions of Greenhouse Gases

Adhering to the concepts of green and eco-friendly operation, Fu Shou Yuan has been committed to creating cultural and eco-friendly cemeteries that can be rooted in people's hearts for more than 20 years. Global climate change is an issue that deserves the attention and efforts of all enterprises and individuals. Ever since China formally submitted its Intended Nationally Determined Contribution to the United Nations in 2015, Fu Shou Yuan, like other socially responsible companies in every industry, has regarded the tasks of actively responding to climate change and reducing carbon emissions as one of the major aspects of realizing corporate value and enhancing corporate social responsibility. The main source of our greenhouse gas emissions is the usage of purchased electricity. In order to further reduce the emissions of corporate greenhouse gases and forge an atmosphere for green operation, we are proactively exploring new energy, such as the use of solar LED lawn lights and solar outdoor music players.



Saving Land Resources

Fu Shou Yuan has always been a firm advocate of ecological burials that are eco-friendly and land-saving. We recognize the irreplaceable value and role of land resources in people's lives. With land resources becoming scarce, especially in the first-tier cities where there have been serious shortage of land supply, it is more important than ever to adopt "land-saving burials".



In recent years, Fu Shou Yuan has been vigorously promoting land-saving burials which occupy no or little land space, consume less resources and use less non-degradable material, so as to realize the harmonious development of humans and nature, and to further respond to the principles in the Guidelines on Promoting Land-saving and Ecological Burial jointly issued by 9 ministries including the Ministry of Civil Affairs.

During the reporting period, on the basis of existing burial types offered by us, including flowerbed burial, forest burial, sea burial, wall burial and lawn burial, we have continued to innovate and launch new types of burials, such as

European-style copper plate burials and ecological forest burials. These new types of burials not only incorporate modern and fashionable elements, they also allow the sharing of space by the living and the deceased.

We have made innovations in land saving through various ways. As of December 31, 2017, the average area per burial plot in our cemeteries was 0.91 square meters. In particular, the average area per burial plot was only 0.45 square meters in the two cemeteries located in Qingpu and Lingang, Shanghai.

Starting from 2002, when we first tried promoting land-saving burials at the beginning of our cemetery construction, to 2007, when we officially started promoting them, more and more people recognized and accepted land-saving burials. These types of burial have also moved from being the least popular option to the most popular option at our cemeteries. As a strong advocate of green burials and ecological burials, Fu Shou Yuan has introduced a series of green burial forms such as flowerbed burials and forest burials, and has continuously innovated our services and led a new trend in the market.



Land-saving Wall Burial



2017 Winter Ecological Burial Ceremony

Although "Great Snow", the 21st solar term of the year, had just passed, the scenery surrounding the Dashushan Culture Cemetery didn't look bleak and desolate. On December 9, the 2017 Hefei Winter Ecological Burial Ceremony was solemnly held jointly by Hefei Civil Affairs Bureau and Hefei Dashushan Culture Cemetery, a subsidiary of Fu Shou Yuan. More than 300 family members of the deceased attended the group memorial service and bid farewell to 75 departed people who had permanently returned to nature.



Write down words to express miss and love



Pray for love

Amidst beautiful flowers and flowing music, family members of the departed recalled wonderful moments spent with their loved ones, wrote down their wishes and feelings, and lit candles to pray. At the end of the ceremony, attendees followed the service personnel to the areas for flowerbed and forest burials for the final burial of their loved ones, and created a cozy setting where their dearly departed could rest in peace.

We presented the ecological burial certificates to family members of the departed to recognize the unselfish deeds of both the departed people who had opted for ecological burials and their family members who had chosen to preserve the environment for future generations and to allow the living and the deceased to share greenery resources.




Promoting New Burial Materials

Stone is a widely used traditional material for burial, but its mining and processing are harmful to the environment. By vigorously promoting the use of new eco-friendly materials, Fu Shou Yuan can greatly diversify our product portfolio, and enhance the artistic and humanistic value of its products. It can also reduce customer's expenses, decrease the consumption of non-renewable stone resources, and reduce noise pollution and dust emissions caused by stone processing. In short, the introduction of new burial materials can provide benefits in many ways.

Promoting New Materials and Reducing Resource Consumption

Shanghai Fu Shou Yuan is at the forefront of the industry in exploring the use of new burial materials. In recent years, Shanghai Fu Shou Yuan has actively conducted research and participated in a variety of innovation conferences in the industry. It has introduced new cemetery materials, such as glass, stainless steel, man-made composite materials, and copper to replace traditional stone materials. Caskets made from these new materials, compared with the traditional ones, not only save space, also significantly reduce the consumption of stone and excessive dependence on resources.

For instance, as of December 31, 2017, Shanghai Fu Shou Yuan used a total of 824 caskets built from man-made composite materials, representing a reduction of 131 cubic meters in the consumption of stone resources.

2017	Water Consumption 	Purchased Electricity 	Scope 2 Greenhouse Gas Emissions 
Volume	611,453 tons	6,631,000 kWh	6,382 tons of carbon dioxide equivalent
Intensity	4.14 tons/ ten-thousand-RMB revenue	44.89 kWh/ten-thousand-RMB revenue	43 kg/ ten-thousand-RMB revenue

3.2 Green Value Chain

Fu Shou Yuan strictly complies with laws and regulations such as the Environmental Protection Law of the People's Republic of China, the Prevention and Control of Water Pollution of the People's Republic of China, and the Technical Policies on Urban Wastewater Treatment and Pollution Prevention, to further enhance green operations as well as reduce and eliminate pollution in our operations. According to the requirements for the death care industry set by related regulators, we have vigorously promoted a new trend for civilized funeral services to reduce emissions in daily operations.



The irrigation water used during normal business operations are infiltrated into the ground without causing additional pollution. The other source of waste water is mainly from domestic use which is directly discharged to the municipal pipe network connecting to municipal sewage treatment plants. In addition, for the small amount of waste water generated during the cleaning of the deceased in the Wuyuan and Ningbo funeral parlors, we discharge the waste water after treatment when it meets discharge standards.



The solid waste produced is mainly the sacrificial offering rubbish, household garbage during operations, and the construction and garden waste generated during the development of the parks. In 2017, we continued to make our cemeteries green by reducing waste during operation and making good use of waste. Through our efforts, a total of 3,457 tons of waste was generated within a year, decreased by 6% as compared with last year.



The air emission in the parks of Fu Shou Yuan is primarily originated from the emissions of firecrackers, incense, and joss paper brought by customers without permission. This type of fugitive emissions is not collected or analyzed by professional equipment. For a long time, Fu Shou Yuan has been advocating new trends in civilized funerals. During the reporting period, Fu Shou Yuan reduced air emissions in its parks through promotion, guidance and patrolling efforts, and optimized the environment of the parks, which now has delivered satisfactory results. In areas where traditional burial customs and concepts are persistent, we also provide customers with centralized incineration facilities for disposal of the items left by the deceased. Additional air pollution treatment equipment is also installed to ensure the park's air quality. In the future, we will strive to achieve smoke-free operation of our cemeteries.

Apart from providing our customers with comprehensive and solemn funeral services, we also make every possible effort to identify and reduce pollution in our operations. We have noticed that many common practices during funerals, such as burning incense and floral wreaths and setting off firecrackers, seriously impact on air quality both indoor and outdoor, as well as on residents living in the neighborhood, and harm the respiratory system of family members and guests at funerals. Therefore, we have carried out many measures to reduce the pollution generated during funerals.

**Green
Funeral**

Pollution Reduction in Funeral Services

Environmentally Friendly Smokeless Incense

Funeral parlors affiliated to Fu Shou Yuan have all adopted environmentally friendly smokeless incense altars where smokeless incense and electronic candles are used to avoid pollution and ensure fresh air flowing at funerals.

Recyclable Floral Wreaths

Floral wreaths placed in mourning halls are mostly recyclable. We try to minimize pollution as much as possible in the process of paying tribute to the deceased and prohibit burning floral wreaths after funerals.

Electronic Firecrackers

Taking into account of traditional Chinese funeral culture as well as safety, controllability, and the reduction of air emissions such as carbon dioxide during funerals, we have replaced traditional firecrackers with electronic firecrackers.

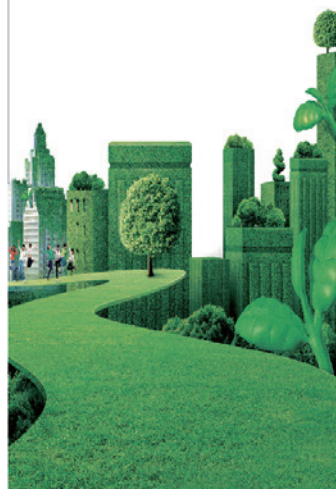
Thanks to our relentless efforts in R&D and optimization of technologies and techniques, we have launched an industry-leading, environmentally friendly and smart cremator named "Jiesheng". This product provides fully automatic control over the cremation process, which can be achieved by pushing a button. It also fundamentally addresses the pollution issues from cremation and has passed standard evaluation and gained approval from professional institutions.

We submitted a patent application for the environmentally friendly and smart cremator during the reporting period and gained an approval from relevant authority in January 2018.

The highly automated, smart and environmentally friendly cremator has been put into use in Wuyuan Fu Shou Yuan, which has improved the air quality and surrounding environment significantly. We have received both domestic and overseas orders for the cremators, which helps to expand our market further. In the future, we will keep on upgrading and optimizing our techniques to ensure that we will continue to lead the industry. We believe that the environmentally friendly smart cremator will bring significant contribution to us in the future.



Environmentally friendly Smart Cremator



We have long been committed to low-carbon and environmentally friendly operations. Shanghai FSY Industry Development Co., Ltd has obtained ISO9001 International Quality System and ISO14001 International Environment Management System certifications. We advocate green and regulated operational practices.

We strictly adhere to the policy requirements of the Civil Affairs Bureau to prohibit burning and setting off firecrackers. Burning dry branches and fallen leaves is also banned. We implement a series of measures, such as no burning, low-carbon transportation and green operation in our cemeteries in different places. We ban and promptly stop family members of the deceased from setting off firecrackers and burning joss paper in cemeteries to reduce air pollutant emission.

Green Burials



No Burning and Firecrackers—— Paying Tribute in an Eco-friendly Manner

In order to prevent the family members of the deceased from feeling disappointed at failing to express their reminiscence after we banned the burning and setting off firecrackers, we took action by enhancing our publicity. We encouraged customers to sign a "Commitment Letter" to raise their awareness of eco-friendly tomb-sweeping practices. To lead the public to change outdated traditions and develop eco-friendly and low-carbon practices of paying tribute, we introduced a variety of innovative practices such as exchanging joss paper for flowers and giving out yellow ribbons, wish cards, heaven postcards as well as paper cranes.

Meanwhile, we have also increased our efforts in patrolling and cooperating with regulators to enforce laws and regulations. During the peak time of tomb-sweeping such as Qingming Festival and Winter Solstice Festival, branches of Fu Shou Yuan in different places formed special patrolling teams, led by responsible persons of the companies, with specialized positions assigned to each team member, and in cooperation or coordination with Civil Affairs Bureau, to prevent the burning and setting off of firecrackers so as to minimize the impact on the environment and residents nearby.

At the same time, we pledge to establish prominent signs on banning burning and firecrackers in prominent locations, complemented by promotional banners and leaflets, to warn customers not to set off firecrackers. We hope to deliver the concept of the smokeless cemetery to each of our customers.

Low-carbon Transportation—— Energy Conservation and Emission Reduction

Fu Shou Yuan uses battery-powered buses to pick up and drop off customers to reduce air emissions and traffic congestion caused by private cars. Such action helps to lower emissions of carbon dioxide and to maintain a quiet and solemn environment in the cemetery.

We encourage tomb-sweeping guests to take public transportation. Our official website and sales and services staff recommend our customers the best public transport to visit our cemeteries.

In Shanghai, we help place "sharing bicycles" at subway station exits and the entrances of our cemeteries. We also arrange shuttle buses that run between subway station exits and entrances of our cemeteries to facilitate the transportation during major festivals as well as protecting the environment.

At Guanlingshan in Liaoning, we have launched free direct shuttle busses for multiple routes, which operate on a regular schedule every day. Meanwhile, we also work with coach companies so that our customers can take the coaches for free and we will cover the cost. During peak tomb-sweeping seasons, such as holidays and festivals, we increase the frequency and routes of the shuttle buses to ease the traffic and improve efficiency while ensuring environmentally friendliness.

We uphold the concept of exploration and innovation, learn advanced gardening techniques and sustainable green development strategies from abroad. We choose plants corresponding to different seasons, and make coordinated plans and layouts based on local conditions. In addition, the layout of the plants is carefully designed according to their growing seasons, different colors, and fragrances, so that green plants and flowers can be seen throughout the year, establishing a greenery culture for cemeteries. As of December 2017, the greenery coverage rate of the Group reached 41.6%.

Ecological Cemeteries



Picturesque AAA Scenic Spot – Guanlingshan Cultural Cemetery

All-dimensional Greenery—— Park-like Environment

All cemeteries affiliated to Fu Shou Yuan have set up all-dimensional greenery landscaping with different themes, which not only enriches the spatial structural level and the aesthetics of the landscape, but also expands greenery coverage.

At the beginning of the construction of these cemeteries, we considered thoroughly and designed the layout for a variety of plants scientifically by planting a combination of flowers and grass, shrubs, trees and vine plants throughout the cemeteries, so that visitors can enjoy the beautiful scenery wherever they stay in our cemeteries.

We have also increased our investment in landscape features. For example, we have transformed the green landscape from a 2-dimensional form to 3-dimensional form by placing moveable pottery jars, wooden planters on lawns and making flowerpots out of discarded tires, aiming at developing ecological cemeteries.


Ecological Park—— Green and Organic

Fu Shou Yuan actively promotes the concept of building ecological gardens. Due to the use of waterlogged compost in nursery gardens and the increasing use of organic fertilizers, the proportion of chemical fertilizers has been reduced year by year. We also constantly reduce the proportion of pesticides by utilizing biological controls, living organisms and their metabolites, to suppress the growth of harmful organisms, so as to avoid the harm of chemical pesticides on water sources, soil, and other living organisms and to reduce damage to the ecological balance.

After regularly pruning trees in cemeteries, we never directly burn the branches and other materials produced. Instead, we transport them altogether to the nursery garden where they are chopped into chips with wood shredders and then recycled to protective mulch.



4 Sustainable Employee Relationships


 Fu Shou Yuan's current achievements would not have been possible without the dedicated work of our employees. Over the years, together with our employees, we have been finding our way, moving forward, growing up, and becoming mature. While driving the rapid development of funeral services in China and promoting our perspective on life and death to the whole society, we strive to maximize our employee value.

Compose the Chapter of Teamwork

Zhang Houshi works as a shuttle bus driver at Shanghai Fu Shou Yuan. It might just be an ordinary job from many people's perspective, but he devotes himself to his work. He works hard every day without complaint, pursuing the spirit of a craftsman honored by every Fu Shou Yuan employee.

When it comes to his career path, he said, "I started my career in Fu Shou Yuan and now I have been working here for ten years. Although all of our shuttle buses, powered by renewable energy, only run within the working area of Fu Shou Yuan, they follow the same safety standards as the vehicles running on highways, namely, they have all been registered and are subject to regular examination. I feel very safe in the driving seat. Thanks to the training on service standard, we deliver the most comprehensive service to every passenger. I feel very proud every time I hear customers' praise, "All of you bus drivers are so familiar with Fu Shou Yuan, and introduce Fu Shou Yuan in great details. You are such brilliant living business cards for Fu Shou Yuan!"

Although it is not a glamorous job and his outstanding performance is not easily observed, Zhang Houshi, with his simplicity and sincerity, is completely dedicated to his work, which is ordinary but also remarkable at the same time. Under the unanimous recommendation from his colleagues, he was named one of the outstanding employees of the year by the company in Shanghai.

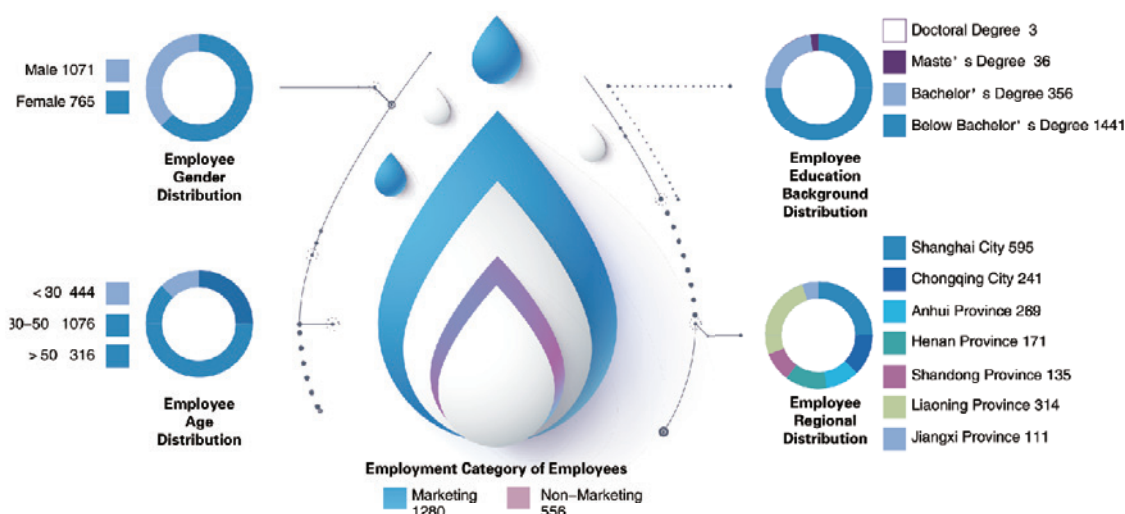


4.1 Employee Overview

We strictly abide by relevant national labor laws and regulations and manage human capital in accordance with the Fu Shou Yuan human resource management system and the five key tasks of “clarifying functions, employing talent, cultivating and using talent, performance management, and talent retention through incentive”.

On December 31, 2017, Fu Shou Yuan had a total of 1,836 employees, an increase of 6% when compared with that of last year.

Our employees come from all over the country and are full of vitality.



We respect the differences between each individual and provide a diversified workplace which allows people from different backgrounds to work together. We provide equal opportunities to all employees in their career paths. Fu Shou Yuan is committed to providing a supportive workplace free from discrimination based on gender, age, marital status, family status, race, or ethnic origin, etc.

Fu Shou Yuan is also committed to providing equal opportunities to every applicant in recruitment process. We adopt open and fair recruitment procedures and resolutely eliminate discrimination on the basis of gender, age, ethnicity, religion, and sexual orientation. After selecting candidates that meet the job requirements and have the competence to perform job responsibilities, we follow approval procedures to hire those who are the perfect fit for the positions. Fu Shou Yuan strictly adheres to the Labor Law and other applicable laws, regulations, and practices, and commits to preventing child or forced labor. Within the reporting period, no case of child labor or forced labor occurred in the Group.

4.2 Salary and Benefit

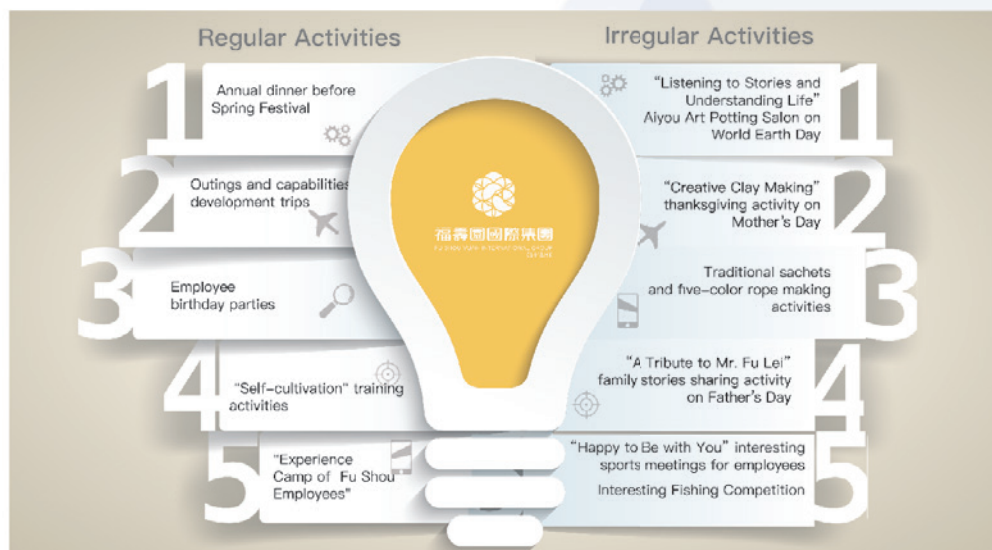
Under the guidance of our “people-oriented” corporate value, we have adopted various methods to enhance employees’ sense of well-being and belonging. We strive to create a dignified living and working environment for our employees through establishing a welfare system covering various benefits.

The benefit system for Fu Shou Yuan employees:

- Salary and bonus
- Five insurances and housing subsidy
- Major festival benefits
- Care and greetings for female employees on holidays (e.g. on Women’s Day or Mother’s Day)
- Subsidies in accordance with laws
- Paid holidays

For female employees, during maternity leave and breast-feeding in accordance with the law, we send our care and blessing by paying them a visit. We also organize activities in which female employees can share ideas and experiences as well as exchange gratitude and blessings on holidays such as Women’s Day and Mother’s Day.

In addition to establishing industry-leading salary and benefit systems, we also hold various activities to enrich employees’ leisure time and to promote team cohesion.



Health and Wellbeing Promotion– Fu Shou Yuan 2017 “Self-Cultivation” Training Program

From September 25 to 28, the 2017 “Self-cultivation” training program was held in two batches at Futuo Temple in Anji, Zhejiang Province. In this event, our employees not only enjoyed the beautiful natural and cultural scenery of Longshanyuan, Bamboo Garden, and Futuo Temple, they also participated in a series of self-cultivation activities, including meditation, Buddhist worship, and vegetarian cuisine.



“Know your own mind and discover your nature, and you will attain the way of Buddha” Mr. Ge Qiansong, Senior Consultant to President of Fu Shou Yuan International Group, shared his thoughts. Then, lecturer Xiang Xuelan gave a speech on “Mind Cultivation and Health Care” in which she shared her experience and thoughts to help us better understand the topics.

In order to enhance our competitive advantages and cultivate internal talent in the long term, we strive to maintain the staff turnover rate at a stable and acceptable level. Regarding to our competitive salaries and welfare and transparent employee communication channel, our staff turnover rate was only 7.72% during the reporting period.

4.3 Education and Development

In order to help employees enhance their personal and professional competence, we continue to focus on the training and development of our employees. Taking into account the characteristics of employees, we provide them with good education and development opportunities by summarizing internal experience and introducing external resources. We have set up transparent employee feedback channels through communications with our employees and collect constructive suggestions, so as to build a diversified, inclusive and vigorous team.

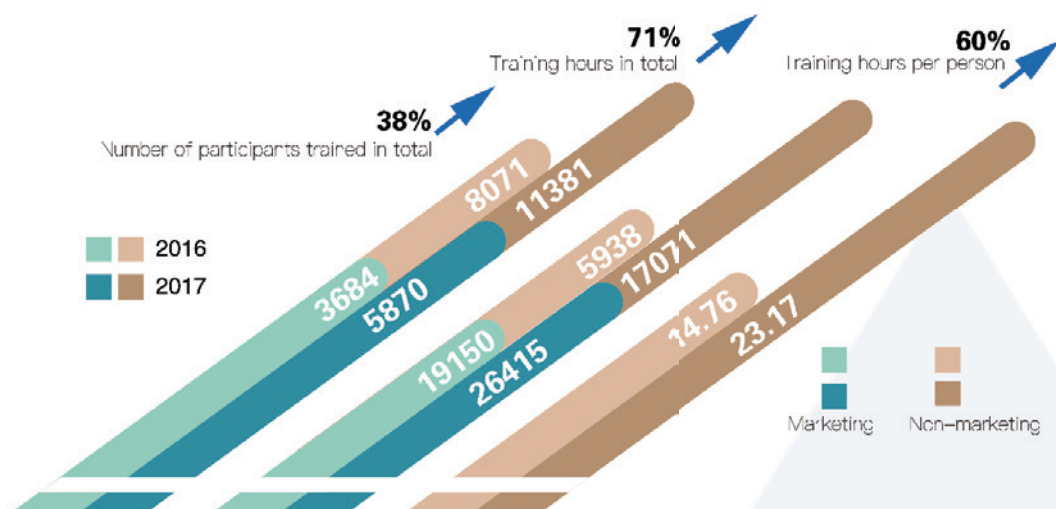
We provide a wide range of education and development opportunities for employees, including training on profession skills, professional ethics, life vision and soft skill enhancement. We aim to improve the competence of our employees in nine aspects, including “forward-looking perspective, passion, determination, diligence and pragmatism, integrity, conscientiousness, respecting others, readiness to share, and professionalism”. Therefore, Fu Shou Yuan has

established a set of internal training programs for employees at all levels, ranging from the basic technical training for new hires, to management training for managers, and leadership training courses for presidents.



Talent competence is an important element to ensure the rapid growth of our business. Therefore, we consider the talent reservation and the improvement of employees' professional skills as the priority of our human resource management.

During the reporting period, Fu Shou Yuan further deepened and refined the content of various systematic training programs based on the working experience of previous year. Through introducing external resources, we also helped employees broaden their knowledge and provide them with cutting-edge ideas and experience to better understand themselves and the future. In terms of the numbers of participants, training hours, and other indicators, we have achieved a significant improvement compared with the previous year.



In the future, we plan to provide more extensive and targeted trainings covering more employees and hours, and further expand the depth and breadth of our training.

Training of Middle Management for Great Success— Fu Shou Yuan 2017, "Workshop for Managers"

On October 28, 2017, the seven-day "2017 Workshop for Managers" was successfully closed. A total of 32 participants from different departments and regional branches received semi-military training in various flexible forms such as lectures by senior executives of the Group and distinguished mentors with years of experience in teaching EMBA courses, practical exercises of case study, and presentations, which enhanced their professional competence and management skills for future management work.



4.4 Work Safety

Safety management is the foundation of Fu Shou Yuan's construction and production management. We pay high attention to the health and safety of employees and strive to create a safe work environment for our employees. We are dedicated to prevent accidents and implement the policy of "safety first, prevention-oriented, comprehensive management".

Fire Safety

Due to the high greenery coverage rate in Fu Shou Yuan and its location in forest terrain, fire safety is our first priority. We actively organize fire drills, conduct fire safety trainings, and provide personal protection equipment and firefighting equipment to ensure the safety of all cemeteries.

Fire Prevention Facilities in Anhui Hefei Dashushan Culture Cemetery

Build a mini-sized fire station equipped with professional fire-fighting equipment: 6 sets of fire helmets, firefighting clothing, rubber boots, safety ropes, and filter gas masks.

At each gate, fire equipment distribution maps are in place to locate the fire prevention facilities in the cemetery.

Equipped with 32 dry powder fire extinguishers in office area.

Equipped with 3 fire-fighting pools, 2 gasoline water pumps, 3 electric water pumps, and 20 fire hoses in the cemetery

3 fire exits in different escape directions.

Fire Safety

Establish comprehensive fire emergency response plans

Appoint responsible personnels for fire prevention and build up fire prevention team at all cemeteries

Set up fire prevention spots in different locations where professional fire equipment is in place.

Daily inspection around the cemeteries and keep records

Check fire equipment regularly and replace or maintain timely

Regular inspection of potential electricity hazards in office areas

Cooperate with the fire department, and organize employees to conduct fire drills each year

Strictly implement the Cemeteries Management Method, Project Notice, Materials Entry and Exit Records and other policies to reduce the risk of fire

Actively cooperate with the fire department to check potential fire hazards, and apply for Hot Work Permit and other relevant documents

Prohibit fires and firecrackers, and place fire warning signs in prominent locations

Use artificial lakes in the cemeteries as a fire emergency water source

Operational safety

Fu Shou Yuan regulates the process of operational safety through a series of effective measures. In addition, we have complete hardware support and operational safety permit system to ensure the work safety of every employee at Fu Shou Yuan. Every year, we organize employee health examinations in accordance with laws and regulations and formulate detail injury prevention plans in response to all potential work-related accidents. During the reporting period, no work-related injury occurred at Fu Shou Yuan.

Oper- ational safety

Maintain and annually inspect all working lifts and escalators in accordance with regulations

Strictly classify the material storage, such as food and non-food, hazardous and non-hazardous materials, and formulate management requirements

Distribute personal protection equipment to construction workers and require them to wear on the site

Provide drinks and medicines to outdoor workers in high-temperature weather

At Wuyuan Wanshoushan Cemetery, in order to reduce the impact of summer rainstorms, sandbags are equipped for emergencies.



In upholding the sustainable development principles, Fu Shou Yuan puts great effort into maintaining relationships with customers and suppliers, and have made great achievements. At the same time, we want to further promote the development of the whole death care industry through our participation and guidance, and to ensure every company fulfill its own social responsibility.

Compose the Chapter of Win-win

Manager Sun's company has been cooperating with Fu Shou Yuan for 15 years. When Fu Shou Yuan became the new leader of the death care industry in China, we created more business opportunities for Manager Sun's company. In addition, our concept of cultural and artistic cemeteries is also consistent with his company's vision. Therefore, to meet our high procurement requirements, his company had to solve technical problems and make breakthroughs in product performance and quality. Manager Sun demonstrated the high performance of his company's products, his cultural and humanistic concepts, and company commitment to

environmental protection. As a result, with high quality products and compatible values, his company passed our assessment and became one of our suppliers. Over years of cooperation, his company has been so confident about its management and quality and very familiar with our annual performance review. During our cooperation with Manager Sun, we also share cutting-edge concepts from home and abroad with him. Driven by Fu Shou Yuan's high standards, Manager Sun and his company have realized sustainable development is not just a concept, but a necessity for company growth and development.





Compose the Chapter of Life – Youth Never Ends – A Special “Homecoming”

This is a special homecoming event. With the peddling in old Shanghai's alleys and the sound of bicycle pedaling, four students come into sight. They put down their schoolbags and get ready for class... During roll call, the teacher calls Yang Xiaolan, who is our “protagonist” for today's memorial service. The audience is a group of elder people with “red scarves”, coming to bid farewell to their classmate, Yang Xiaolan. With the scenarios being played out one by one, the atmosphere relaxes, and memories emerge, as if the lively Xiaolan had never left.

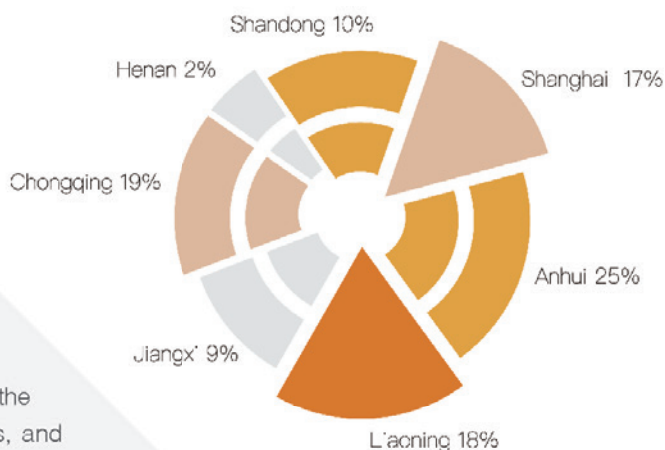
How did this special “homecoming” start? Let's hear from General Manager Zhao Xiaohu:

“Customer care must go beyond materialistic services but reach a spiritual level. During the last time of Mrs. Yang's life, we cared for her and her loved ones just as if we were a big family. Mrs. Yang told us that she hopes Fu Shou Yuan and her classmates could hold the funeral according to her will and let her bid farewell to the world in the way she wanted. Therefore, we made every effort to ensure that she left no regrets at the last station of her life.”



5.1 Supplier Relationships

In order to save resources, control risks, improve working efficiency, and drive our suppliers to improve sustainable development together, we integrate sustainable development concepts into supply chain management. We consider sustainable development as the basic criteria to select and evaluate suppliers, and grow up with them to improve their own ESG management level.



Number of Suppliers by Region

Supplier Management

Fu Shou Yuan always adheres to the principles of "openness, fairness, and justice" as well as "excellence, integrity, and honesty" in procurement and makes sure that all suppliers comply with laws and regulations as well as the related requirements of Fu Shou Yuan.

During the reporting period, we issued Fu Shou Yuan International Group Supplier Management Measures and Fu Shou Yuan International Group Annual Tombstone and Related Product Procurement Measures. These documents integrate the management and evaluation systems of local subsidiaries for bidding and procurement and clarify the centralized supplier management processes for our Engineering Management Center. For products in the same category, we have at least three different supplier candidates to ensure a stable supply chain. Through the above measures, we standardized our procurement process, strengthened our procurement management and optimized our procurement channels. By the end of 2017, the Group has a total of 567 suppliers.



Supplier Assessment

We established the List of Qualified Suppliers according to product categories of our current suppliers. All suppliers on the list must be evaluated by Fu Shou Yuan's supplier management team and inspected by the Financial Department.

Every year, according to the principles of "quantitative assessment, fair competition, and survival of the fittest", our supplier management team evaluates the performance of supplier projects (batches), including service quality, delivery time, price, service promptness, etc. Then, the qualified suppliers are divided into three levels. Higher-level suppliers will receive priority of future procurement, while unqualified ones will be phased out.

When inspecting product quality of suppliers, we also pay attention to upgrading their sustainable development management. Fu Shou Yuan takes initiatives to require stone suppliers to implement environmental-protection measures, including installing sound-proofing equipment as well as drainage and settling basins. In addition, we also encourage suppliers to recycle water as well as to avoid the direct discharge of waste water.

Supplier Access

Before evaluating potential suppliers, we usually organize supplier inspections, including but not limited to, documentation review and on-site inspection.

Through a series of inspection indicators, we phase out unqualified and uncertified suppliers in order to avoid production in individual workshops and to improve product quality.



Cooperation with Suppliers

We are dedicated to maintaining long-term and stable cooperation with suppliers. On one hand, by inspecting all the suppliers in our supplier list every year, we phase out unqualified or non-compliance suppliers, and replace them with better ones. On the other hand, we strengthen cooperation with excellent suppliers who value quality, culture, and sustainable development, and expand cooperation areas and promote employment. We present awards to outstanding suppliers and invite them to participate in industry seminars to achieve a win-win result.

5.2 Customer Satisfaction

With the change in public consumption patterns and the advancement of society, people's needs and expectations of the death care industry are becoming increasingly high, which means we must provide better services if we want to win customers' satisfaction and trust. This is a long journey to go. In addition to actively communicating with customers to understand their needs and establish long-term relationships, we must also evaluate our own performance on a regular basis.

When providing services, we also pay great attention to customers' privacy, so we strictly prohibit employees from disclosing customers' personal information to third parties.

Offline Services

As a death care service provider, our priority is to respect the deceased under the principle of "the deceased come first", which reflects our respect for life and humanity. At the same time, for the grieving relatives, we not only try our best to satisfy their reasonable needs, but also to support and console them emotionally and psychologically in order to relieve their sorrow. During burial services, we actively instruct customers about related processes to make the funeral much smoother. With our warm service, our employees become

reliable and trustworthy people for relatives of the deceased. We also formulate considerate service process to make our customers feel earnestness and sincerity from us.

During the reporting period, focusing on how to improve "farewell" and "memorial" quality, we launched a series of in-depth and popular thematic activities, including pre-need funeral contracts, personalized farewell ceremonies, new product development, diversified memorial methods, etc., which won excellent reputation for the Group.

Online Communication

Through our official website, two official Weibo accounts, 24 official WeChat accounts, and other online communication approaches, we share the newsletters of the Group and the industry, and our thoughts about life. Moreover, we established a platform to interact with customers and make sure their needs and suggestions can be responded in a fast and convenient way..



Statistics about Fu Shou Yuan WeChat Official Account in 2017

24 Validated WeChat Official Accounts

*The Group's only subscription account "Fu Shou Yuan Culture"
All subsidiaries completed the upgrading of official accounts*

40,758 Followers

The data demonstrates our obvious advantages compared to peer companies, reflecting professional operation.

757 Public-issued Articles

Full of content, creative, customer-serving

67% Average Reading Rate

Leading in the industry

284,940 Times Reading

Huge impact and wide spread

Digital Technology Improves Customer Experience

In the highly digitalized age, people can access information in a more convenient way than before. Digital devices and the internet have gradually changed people's preferences and habits. Fu Shou Yuan closely follows this trend – we have launched a series of digitalized services, including all kinds of online services and cemetery hardware devices, which satisfy the needs of all kinds of customers.

■ Already launched

Online service

720 degrees panorama VR cemetery
Distant tomb-sweeping+live streaming

Online memorials

Digital albums

Electronic monument to Red Cross body donation

Outdoor electronic memorial screen for celebrities

H5 cell phone micro public memorial

Digital Museum of Baidu Baiko

The Himalayan FM voice interpretation

Special VR celebrity memorial

□ In preparation

Celebrity database

Self-help visit and interpretation via smartphones

Smart cemetery information system (big data gathering and analysis)

QR code tombstone information system

Memories One-click Away

720 Degrees Panorama VR Cemetery of Fu
Shou Yuan



Dealing with Customer Complaints

Recording History by Sound Storytelling via the Internet

Sound is an important approach for people to hear the world, send information, and share emotion. In order to help more people understand history, to spread stories of life and memories of the past, and to arouse people's "resonance with the times", in September 2017, Shanghai Fu Shou Yuan, together with Fu Shou Yuan Memorial Museum, broadcasted on Himalayan FM, a large online platform for audio sharing. By the end of 2017, we had published 16 audio programs, including 2 albums, Shanghai's Excellent Predecessors, and My Father's Generation. These recordings were completed by our museum staff through the processes of interviewing, recording, and editing, which enabled the experiences and memories of our predecessors to be permanently stored and widely shared online.



《沪城先輩》



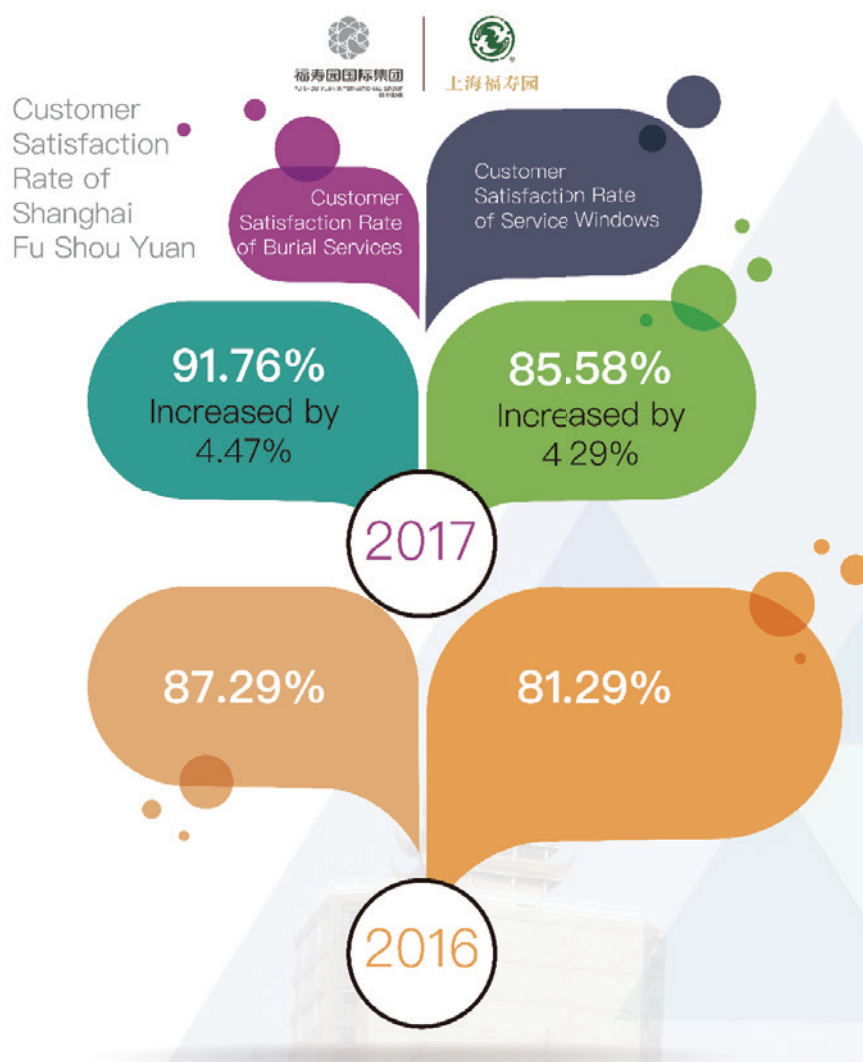
《我的父輩》

After services, we seek feedback from all customers by questionnaires, in which they can rate their satisfaction with our services. We regularly summarize customer complaints and comments to immediately identify the unsatisfied issues in our services. Suggestions from customers are gathered and sorted by region and business department, and finally written into an annual satisfaction study report. We pay close attention to feedback from customers, and provide corresponding responses in our annual service quality goals to improve our service quality and reputation amongst customers. For face-to-face complaints, we have formulated detailed Customer

Complaint Guidelines which presents the routines to handle complaints until settled.

We also offer a complaint hotline and an online platform for feedback. Once we receive a complaint, we immediately appoint responsible staff to verify and make corrections. For potential serious mistakes, we make compensation and promise to be supervised at any time in the future in order to provide our customers a satisfactory experience and stay in trust with us.

We continuously improve service quality and actively deal with customer feedback and complaints in order to satisfy our customers' needs and even exceed their expectations. In recent years, we have maintained a high and continuously improving level of customer satisfaction, as presented in the following chart:





While realizing the Group's own development, Fu Shou Yuan also actively takes on social responsibilities in the areas of humanities, charity, environmental protection, public welfare, etc. Therefore, Fu Shou Yuan continues to be devoted to the public welfare and charity, and helps to promote community development and social welfare through practical actions. While offering burial and commemorative services for special groups, such as the single elderly, the poor body donors, and police officers who died of duty, we also provide a variety of public welfare support, including student aid, volunteer clinics, and anti-cancer clubs for disadvantaged groups in the community. With the above effective measures, Fu Shou Yuan has received several social and public welfare awards and honors, earning outstanding reputation from the society.

We are prepared to take on more social responsibilities.

On June 24th, 2017, Wuyuan County in Jiangxi Province suffered unprecedented heavy rainfall, which triggered a rare flood. The incident is still fresh in the memory of Mr. Feng, general manager of Wuyuan Wanshoushan Cemetery.

"The flood has drowned the entire downtown of the county, and also threatened Wanshoushan Cemetery. Under such emergency circumstance, rather than escape, our employees showed their courage and determination to fight against the flood. Under the rainstorm, we used sandbags to set barriers for key areas in the cemetery before the flood arrived, and effectively isolated the flood from the buildings.

When the threats of the cemetery has just been eliminated, we were immediately informed that, as the rainstorm continued, the damage in Wuyuan County was becoming severe. Many residents became homeless and could only be transferred to temporary shelters, and there was also a food shortage. We immediately contacted the Civil Affairs Bureau to express our intention of all possible assistance. We led employees to work overtime to make food boxes and sent them to the victims overnight. Over the next week, more than 1,500 boxes carrying our conviction to serve and contribution to the community were delivered to the hands of the victims. I felt very fulfilled to express the humanistic love culture of Fu Shou Yuan to the community!"



We will illustrate our thoughts and actions on social responsibilities from public, cultural, historical and industrial

6.1 Public Responsibility

As a leader of the death care industry and with a strong sense of social responsibility, Fu Shou Yuan adheres to the public welfare philosophy of serving the community and society.

For over 20 years, Fu Shou Yuan has actively taken part in all kinds of social and public welfare activities, including charitable donations, poverty alleviation, disaster relief, mental health assistance, environmental protection, life education, and many other fields. We organized and participated in the 2017 "World United for Life" global commemorative activities, the "Filial Piety and Love" variety show on the "Double Nine" festival, the "Calligraphy Inheriting Family Tradition, Remembrance to Honor Ancestors" calligraphy activity, and many other public welfare and charity activities. We also encourage our employees to take part in building the public welfare of community and volunteering to maintain stable community. During the reporting period, the total amount of money donated was 149,000 RMB.

2017 "World United for Life" Global Commemorative Activities

The "World United for Life" global commemoration was initiated by "Latin America Association of Cemeteries and Funeral Services" and launched interactively worldwide. On August 20th, China main venue commemorative event of the 2017 "World United for Life" was held at the Liaoning Guanlingshan Cultural Cemetery. The event also arranged a hiking programs for sponsors. Fu Shou Yuan, according to the number of likes gathered in WeChat "Moments" during the team's walking, donated one RMB for each like. In total, Fu Shou Yuan donated 10,800 RMB to the Liaoning Aging Industry Association. Through this charity walk project, Fu Shou Yuan hopes to spread the values of respecting life and embodying humanism, so that more people can understand the love and integration of our philosophy of life, and make the society warmer and the life better.



The Group vigorously advocates employee volunteering and encourages employees to dedicate themselves to the community and bring the cultural philosophy and dedication spirit of Fu Shou Yuan to the public. In 2017, we organized a series of volunteer activities in different places.

Volunteer Programs

1. On March 14, 2017, "Love Garden" of Shanghai Cancer Rehabilitation Club (Pudong District) ground-breaking ceremony was held.
2. On March 25, 2017, Public Welfare Tree Planting for Burial activity was held.
3. On March 29, 2017, Public Memorial Ceremony of Anti-War Memorial Park was held in Guilin Community.
4. On April 3, 2017, the 3rd Collective Memorial Activity was held in Zhengzhou.
5. On March 26, 2017, Central China Portrait Sculpture Exhibition was held.
6. On March 31, 2017, the 7th Red Cross Body and Organ Donation Memorial in Henan Province was held.
7. On May 5, 2017, Zhengzhou Red Cross Monument Inauguration was held.
8. On May 28, 2017, "Bring Love to Nursing Homes on Dragon Boat Festival" was held.
9. On July 23, 2017, Community Evening Party was held.
10. On August 28, 2017, Double Seventh Festival Caring Activity was co-sponsored with Aixin Senior Care.
11. On October 27, 2017, the 8th China (Liaoning) International Senior Services Expo was held.
12. On October 28, 2017, the staff of Guanlingshan Cultural Cemetery visited the elders in Happiness Elder Convergence on Double Ninth Festival.
13. On November 11, 2017, donation activity for Red Cross on "Double Eleven" day was held.

In 2017, we consistently sponsored students and people in poverty, cared for groups and individuals with needs, and brought hope to students and the community.



6.2 Cultural Responsibility

On the journey of life, "birth, aging, illness, and death" are inevitable. We hope that by providing more humanistic care, more people will realize that the end of life is not the destination, but the beginning of a spiritual life. Through a series of cultural activities, we are promoting the funeral culture philosophy of "saying goodbye to the physiological lives but greeting the spiritual lives" to the public.

"Although the Storms come in winter, we can still feel warm Warmth —11•12 Silent Walkathon"

The Silent Walkathon is a cool and warm creative charity activity. Around the "Double Eleven" day in 2017, Shanghai Fu Shou Yuan, Henan Fu Shou Yuan, and Liaoning Guanlingshan Cultural Cemetery jointly organized a life exploration and caring event to encourage volunteers to walk 12 km in silence in the Fu Shou Yuan Humanism Memorial Park, on the purpose of feeling life and death.

One of the volunteers said, "Starting to walk 12 km in the cemetery and then leaving the Fu Shou Yuan by car, all the scenes along the way are like a movie. Through the whole road, I hear the sound of my breathing and the wind, and gradually I feel my heart beats. The beginning of the activity also represents the beginning of the entire life, and when returning to the starting point, we seem to have reached the elder age just as sunset. I realized that we should live well in every moment of every day. Life is not always smooth, but we should not waste time!"



"Death Talk" – Born to Die and Awe for Life

At the end of 2017, we invited more than 40 teachers, students and international students from tier-2 colleges and the International Education College of Shanghai University of Traditional Chinese Medicine to attend the "Life Education for Universities – Death Talk" activity. The journey to "Learn to Bid Farewell" breaks silence and aims to guide people to respect and have awe for life.



6.3 Historical Responsibility

Fu Shou Yuan calls on the whole society to remember history, and not forget the hard work of our predecessors. We actively carried out cemetery construction and commemorative activities for celebrities, martyrs, and influential individuals. We established the Shanghai Fu Shou Yuan Humanistic Memorial Museum, the "Predecessors and City Memory" cultural forum, the Family History of the Masses series book contributions, and the "Humanism Walk – Visiting the City Memories of Shanghai", and other humanist public activities. We hope to inherit the spirit of influential individuals and predecessors through our activities.

The special industry we operate in gives us a special historical mission. In our internal journals, we publish historical and cultural stories and celebrity biographies on a regular basis. We also created Shanghai celebrity culture stamps and took the initiative to take responsibility for documenting the development of families, cities, and nations, leaving precious memories for future generations.



Fushou Humanism 2017 Summer Issue

"Appreciate the Wonderfulness of Life and Collect City Memory" Shanghai Fu Shou Yuan Humanistic Memorial Museum

Every life that comes to the world is equal. However, there are some outstanding individuals who differ from the crowd as they are more virtuous or brilliant. For more than a decade, Fu Shou Yuan has collected and shared the life stories of deceased prominent community members and elites of generations. We may not have collected valuable treasures, but life and experience are the greatest treasures for us. Each of their belongings is engraved with the glory of life and the memory of cities, which is worthy of descendants' respect and inheritance.

Shanghai Fu Shou Yuan Humanistic Memorial Museum is the first professional museum in China's cultural memorial field that integrates the functions of collection, exhibition, research, exchange, education and is equipped with first-class facilities. Covering an indoor exhibition area of 2,000 square meters, the museum, through the theme halls of "A Psalm of Life" and "Stories of Life", presents the approximately one hundred modern Shanghai celebrities that rest in Fu Shou Yuan. In the past seven years, Shanghai Fu Shou Yuan Humanistic Memorial Museum is free to the public. When visiting the museum, visitors can also enjoy free guide service, film & TV viewing, book reading, themed lectures, educational activities and so on. The museum has become a familiar public cultural place for citizens.

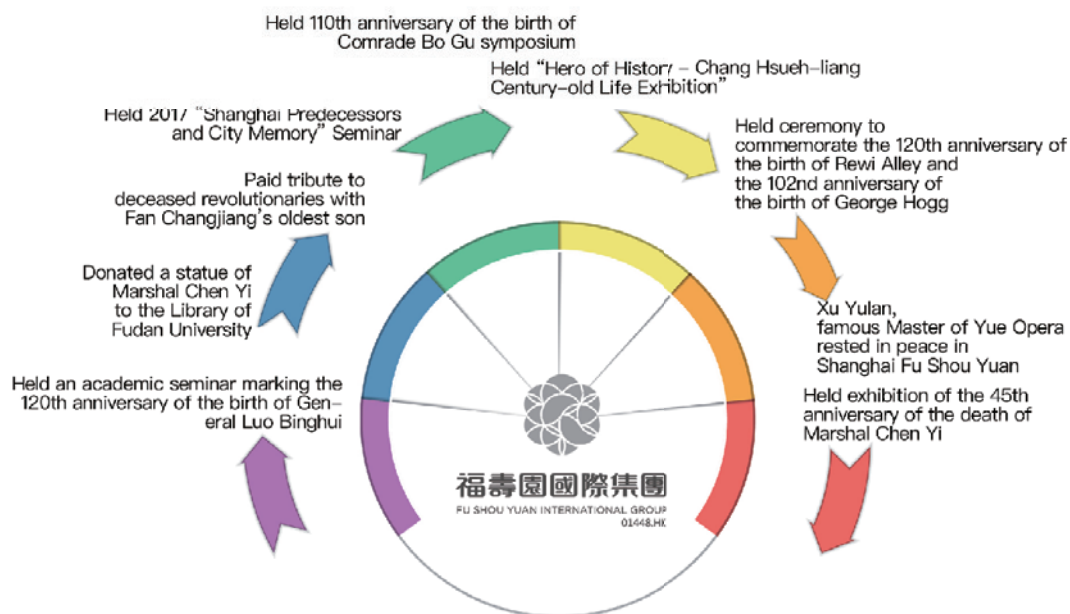


The Opening of "Chang Hsueh-liang Memorial Hall"

As a patriotic general in Liaoning Province, Chang Hsueh-liang was famous in history for initiating the Xi'an Incident. However, he was buried in a foreign country after his death. The people of his hometown were eager to see that General Chang could rest in peace in Liaoning. In this context, we took the initiative to visit the United States and invite the descendants of Chang Hsueh-liang to our cemetery, which eventually led to this good event. The Guanlingshan Cultural Cemetery invested 6 million RMB to build the Shaoshuai Tomb in November 2016 and invested nearly 20 million RMB to reconstruct the Puyuan Hall into the Chang Hsueh-liang Memorial Hall to display Chang Hsueh-liang's centennial life. With an area of 2,900 square meters, the memorial hall officially opened to the public on June 18, 2017. Fu Shou Yuan hopes that through our own efforts, more people can remember history, learn the good character and spiritual strength from martyrs and predecessors. We also hope to stimulate people's positive feelings of "paying tribute to martyrs, wise men, and ancestors" and take our own historical responsibility.



Over twenty years ago since the establishment of Fu Shou Yuan, more than 600 celebrities have rested in our cemeteries. We also set up several collective memorial platforms, such as New Fourth Army Square, Memorial Wall for Deceased Criminal Police, Monument for Organ Donors, etc. Also, we held regular commemorative activities and exhibitions. This new development approach has gradually changed the public stereotype of the death care industry.



6.4 Industrial Responsibility

An outstanding company leads the growth of the industry. Fu Shou Yuan continues to learn advanced death care culture and concepts from home and abroad, and specially set up the Fu Shou Yuan Life-Service College. Through introducing, lecturing, and implementing advanced death care concepts, we have trained more senior management professionals for the industry and promoted the sound development of enterprises and the whole industry. Fu Shou Yuan has been organizing bi-annual training programs on modern cemetery development for several years, sharing management concepts and experience with peers. During the reporting period, Fu Shou Yuan joined two domestic and six international death care industry associations. On an annual basis, we organized international expos and forums for peers and invite them to our cemeteries for visit, study and ideas exchange. We took the responsibility to direct and promote the development of China death care industry.

Industrial activities during the reporting period that Fu Shou Yuan organized or participated in:

Hosting or Leading Industry Training

Hangzhou Civil Affairs Bureau "Civil Enforcement
and Death Care Services Training Class"

36th Training Class of Modern Cemeteries in China

37th Training Class
of Modern Cemeteries in
China&President's Workshop

Participating in Industrial Exchanges and Seminars

Attended Japan Kansai Death Care Industry
Expo

Visited Japan for cultural and education
exchanges.

Attended ACCA Annual Conference for the
15th consecutive year

Participated in Latin America's 3rd International
Cemetery and Death Care Industry Symposium

Received the company president of Cypress
Lawn Cemetery and Funeral Home Participated
in the 48th International Council of Direction
(ICD) Meeting of FIAT-IFTA

Participated in the Asia Funeral and Cemetery
Expo&Conference 2017

Received visitors from the Japanese Institute
of Integrated Research on Marriages&Funeral
Memorials

Visited Ancestry,the world's largest genealogy
company

Our female employees attended the
Conference of the United Nations Commission
on the Status of Women

Participated in the 2017 Outreach Session of
President Working Conference of CFA

LIST OF HONORS AND AWARDS (AT PROVINCIAL OR MUNICIPAL LEVEL OR ABOVE) FOR FU SHOU YUAN

No.	Award Winner	Name of Award	Awarding Time	Presenting Authority
1	The Group	2016 Group Charity Award	2017.1	The Sixth Chinese Charity Festival
2	Shanghai Fu Shou Yuan	2016 Top 100 Corporate Taxpayers in Qingpu District	2017.1	Qingpu People's Government of Shanghai Municipality
3	Shanghai Fu Shou Yuan	2016 Top 100 Corporate Taxpayers in Qingpu District (Continuous Contribution Award)	2017.1	Qingpu People's Government of Shanghai Municipality
4	Shanghai Fu Shou Yuan	2016 Advanced Group of Mass Prevention and Control in Qingpu District	2017.1	Office of the Qingpu District Committee of Comprehensive Management of Public Security Shanghai Municipal Bureau of Public Security Qingpu Branch
5	Shanghai Fu Shou Yuan	2016 Shanghai Safety Demonstration Unit	2017.2	Shanghai Municipal Committee of Comprehensive Management of Public Security
6	Shanghai Fu Shou Yuan	2012-2015 Shanghai Greening Advanced Group Title	2017.3	Shanghai Greening Committee Shanghai Human Resources and Social Security Bureau Shanghai Greening and City Appearance Administration
7	Customer service center of Shanghai Fu Shou Yuan	2017 National Outstanding Career Woman	2017.4	All China Women's Federation
8	Shanghai Fu Shou Yuan	Integrity Creation Enterprise (2017.11-2018.2)	2017.5	Shanghai organizing committee of Enterprise integrity Creation Activity Shanghai Funeral Industry Association
9	Shanghai Fu Shou Yuan	Shanghai Funeral Industry Association Vice President Unit	2017.5	Shanghai Funeral Industry Association
10	Shanghai Fu Shou Yuan	Shanghai Funeral Industry Association Director Unit	2017.5	Shanghai Funeral Industry Association
11	Shanghai Fu Shou Yuan	Shanghai Funeral Industry Association Group Member	2017.5	Shanghai Funeral Industry Association
12	Shanghai Fu Shou Yuan	Shanghai Cooperation and Exchange Youth May 4th Medal for Group	2017.5	Communist Youth League Shanghai Cooperation and Exchange System Work Committee
13	Shanghai Fu Shou Yuan	2015-2016 Shanghai Civilized Unit	2017.6	Shanghai Municipal People's Government
14	The Group	NFDA Honorary Member Medal	2017.6	National Funeral Directors Association (NFDA)
15	The Group	2017 Advanced Unit of Publicity	2017.9	China Philanthropy Times Newspaper Offices Funeral Editing Department
16	The Group	Top 100 Innovative Brands of Listed Companies in China	2017.9	Organizing Committee of Asia Brand Ceremony
17	The Group	Top 100 Brands of China	2017.9	Organizing Committee of Asia Brand Ceremony
18	The Group	Gratitude for the Donation of Chen Yi Bronze Statue	2017.10	Fudan University Library
19	The Group	Copper Sponsor Accreditation Certificate	2017.10	ACCA
20	Shanghai Fu Shou Yuan	National Civilized Unit	2017.11	National Commendation Meeting of Spiritual Civilization Construction
21	The Group	Certificate of Brand Value	2017.12	Asia Xingyun Brand Management (Beijing) Co.,Ltd

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Subject Areas, Aspects, General Disclosures and KPIs		2017 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.	3.1 Green Operation 3.2 Green Value Chain
KPI A1.1	The types of emissions and respective emissions data.	3.2 Green Value Chain
KPI A1.2	Greenhouse gas emissions in total (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.1 Green Operation
KPI A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Hazardous waste is rarely generated during the operation.
KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.2 Green Value Chain
KPI A1.5	Description of measures to mitigate emissions and results achieved.	3.1 Green Operation 3.2 Green Value Chain
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	3.2 Green Value Chain
Aspect A2	Use of Resources	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	3.1 Green Operation
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).	3.1 Green Operation
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	3.1 Green Operation
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	3.1 Green Operation
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	3.1 Green Operation
KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	Packing material is not involved during the operation.

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Aspect A3	The Environment and Natural Resources	
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	3.1 Green Operation 3.2 Green Value Chain
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3.1 Green Operation 3.2 Green Value Chain
B. Social		
Employment and Labor Practices		
Aspect B1	Employment	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	4. Sustainable Employer-Employee
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	4.1 Employee Overview
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	4.2 Salary and Welfare
Aspect B2	Health and Safety	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.4 Work Safety
KPI B2.1	Number and rate of work-related fatalities.	4.4 Work Safety
KPI B2.2	Lost days due to work injury.	4.4 Work Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	4.4 Work Safety
Aspect B3	Development and Training	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Training refers to vocational training. It may include internal and external courses paid by the employer.	4.3 Education and Development

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KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	4.3 Education and Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	4.3 Education and Development
Aspect B4	Labor Standards	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	4.1 Employee Overview
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	4.1 Employee Overview
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	4.1 Employee Overview
Operating Practices		
Aspect B5	Supply Chain Management	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	5.1 Supplier Relationship
KPI B5.1	Number of suppliers by geographical region.	5.1 Supplier Relationship
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	5.1 Supplier Relationship
Aspect B6	Product Responsibility	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	5.2 Customer Satisfaction
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Owing to product characteristics, recalling is not involved.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	5.2 Customer Satisfaction
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	3.2 Green Value Chain
KPI B6.4	Description of quality assurance process and recall procedures.	Owing to product characteristics, recall procedures are not involved.

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KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	5.2 Customer Satisfaction
Aspect B7	Anti-corruption	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	1.3 Corporate Governance
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	1.3 Corporate Governance
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	1.3 Corporate Governance
Community		
Aspect B8	Community Investment	
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	6. Sustainable Community Relationship
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	6. Sustainable Community Relationship
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	6. Sustainable Community Relationship



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