



福壽園國際集團

FU SHOU YUAN INTERNATIONAL GROUP  
01448.HK

# 福寿园国际集团有限公司

FU SHOU YUAN INTERNATIONAL GROUP LIMITED

Stock Code: 01448

2018 Sustainability Report

Embrace **Blessing,**  
Entrench **Harmony**



# CONTENTS

<b>Contents</b>	1
<b>Preface</b>	2
<b>Message from the Management</b>	3
<b>Sustainability Highlights</b>	4
<b>1. Company Governance</b>	5
1.1 About Us	5
1.2 Business Performance	5
1.3 Corporate Governance	5
1.4 Diversity of the Board	6
<b>2. Governance of Sustainable Development</b>	7
2.1 Strategy of Sustainable Development	7
2.2 Governance and Communication of Sustainable Development	7
2.3 Materiality Analysis	9
<b>3. Making Progress Together and Dream for Future</b>	11
3.1 Gathering Talents Everywhere	11
3.2 Supporting Growth and Development	13
3.3 Safeguarding Health and Safety	15
<b>4. Bringing Warmth to the Society with Love</b>	18
4.1 Expansion of People's Livelihood Services	18
4.2 Promoting Industry Development	20
4.3 Leading Life Education	21
4.4 Treasuring the City Memory	22
<b>5. People-Oriented and Service First</b>	24
5.1 Innovative Service Value	24
5.2 Listening to Customers' Voices	25
5.3 Improving Supply Standards	26
<b>6. Green Development and Sharing Harmony</b>	27
6.1 Advocating Ecological Civilization	27
6.2 Practicing Environmental Value	27
<b>Appendix – List of Honors and Awards for Fu Shou Yuan</b>	33
<b>Appendix – List of Major Laws and Regulations for Fu Shou Yuan</b>	34
<b>Appendix – Environmental, Social and Governance Reporting Guide of the Stock Exchange</b>	35

# Preface

## Summary of the Report

This 2018 sustainability report (the “Report”) is the third annual sustainability report of Fu Shou Yuan International Group Limited (hereinafter referred to as “the Company”) and its subsidiaries (hereinafter referred to as “We”, “the Group” or “Fu Shou Yuan”). It covers our work during the Reporting Period from January 1 to December 31, 2018. The Report provides a focused discussion of stakeholders’ concerns, and a comprehensive description and explanation of Fu Shou Yuan’s performance and management policy in environmental and social areas. Also, the Report illustrates how Fu Shou Yuan, as the leading death care service provider, lives up to the commitments to sustainable development.

During the preparation of the Report, we spared no efforts to ensure the information covered in the Report meets the four reporting principles as required by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), 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 2018 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 Stock Exchange (hereinafter referred to as “ESG Reporting Guide”) and considering 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 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” provision of the ESG Reporting Guide.

## 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 15, 2019.

## Report Access and Feedback

The Report is available in English and Simplified Chinese for reference. The electronic version of the Report can be found in the “Financial Statements/ESG Information” section of the announcement on the website of the Stock Exchange 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.

---

Email: [ir@fsygroup.com](mailto:ir@fsygroup.com)

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 the Management

During the five years since listing, our original aspiration has not changed. Fu Shou Yuan adheres to the sustainable development concept of “transforming cemeteries into parks, farewells into beautiful moments, treatment into enshrinement and darkness into splendor”, sticks to high-quality burial services with various of funeral services as breakthrough, remains true to the concept of “Make people pass away respectfully with relief and dignity”, strives to promote the standardization of the death care service industry and guides the thinking about the meaning and continuation of life. On behalf of the Board of Directors of Fu Shou Yuan International Group Limited, I hereby express my gratitude to the shareholders and stakeholders for the long-term attention and support to the Company.

The Group has always been guided by national policies and oriented by economic and social development. High-quality, humane and respectable death care services are not only the respect to the deceased, but also the comfort to the living which is also an important part of people’s good life highlighted in the 19th CPC National Congress Report. This not only requires more diversified products and detailed services, but also raises expectations for the environmental and social impacts that may arise during the process. In order to meet the expectations of all stakeholders, the Group further promoted energy conservation, emission reduction, consolidation and efficiency improvement during the year, strengthened the establishment of harmonious relations with all parties and the development of life education, and took the initiative to assume social responsibilities.

The Group has always regarded the staff as the most valuable treasure, respecting and recognizing the hard work of each employee. In strict compliance with national and local laws and regulations, the Group gathers talents in an equal, innovative and diversified way, motivates talents by implementing transparent and multi-channel promotion system, empowers talents by implementing professional and systematic training system, constantly improves the welfare of employees and maintains the health and safety of employees. The Group also proactively undertakes social responsibilities such as humanities, charity, environmental protection, public welfare, etc. With the support of the Life Service Academy, the Group will actively lead the life education and promote the public welfare activities such as culture memorial, etc. During the year, the Group actively participated in international communication activities as well as acknowledged by a great number of social welfare awards, which is well recognized by all social sectors.

Quality service is the cornerstone of growth. Fu Shou Yuan actively explores and transforms and is significantly oriented by enhancing the synergy between various business segments as well as optimizing product mix and provides customers with high-level and leading services. In addition, the Group has always penetrated the green concept into all aspects of operations, implemented the managing requirements of detailed operation, environmental cremation and green funeral, promoted land saving and ecological products and committed to making every cemetery park a perfect space where people and nature live in harmony. We also extend the green concept to effective management and screening of suppliers and strive to improve the sustainability performance of suppliers.

In the future, we will continue to maintain the steady development of the core burial service sector and deep plough the funeral service sector, in addition to explore and innovate as well as optimize the product mix. We will cooperate with the Government in more aspects, improve the cemetery and funeral facilities by multiple ways of cooperation, expand the business scope, upgrade the managing mode and improve service quality as well as cemetery environment. Meanwhile, we’ll actively fulfill our social responsibility, and be guided by sustainable concept to manage the quality, talents, service and welfare activities to achieve better life !

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

# Sustainability Highlights

<p><b>Revenue :</b> RMB <b>1,651</b> million increase of <b>11.8%</b> YoY</p> <p><b>Total Number of Customers Served :</b> <b>49,000</b></p> <p><b>Regional Coverage :</b> more than <b>30</b> cities in <b>15</b> provinces, autonomous regions and municipalities</p>
<p><b>Water Consumption :</b> <b>2.77</b> tons/ten-thousand RMB revenue, decrease of <b>33.09%</b> YoY</p> <p><b>Purchased Electricity :</b> <b>4.39</b> GWh/million RMB revenue, decrease of <b>2%</b> YoY</p> <p><b>Total Energy :</b> <b>7.50</b> GWh/million RMB revenue</p>
<p><b>Innocuous Waste :</b> <b>2.23</b> tons/million RMB revenue decrease of <b>4.8%</b> YoY</p> <p><b>Greenhouse Gas Emissions :</b> <b>3.85</b> tCO<sub>2</sub>e/million RMB revenue</p>
<p><b>Total Number of Employees :</b> <b>2,235</b> increase of <b>21.73%</b> YoY</p> <p><b>Gender :</b> Female employee <b>42.46%</b></p> <p><b>Work Injury :</b> <b>0</b></p>
<p><b>Customer Satisfaction Rate :</b> Service window: <b>90.64%</b> Burial service: <b>91.96%</b></p> <p><b>Total Number of Suppliers :</b> <b>567</b> in <b>7</b> provinces and cities across China</p> <p><b>“Public Welfare Wills Program” :</b> provided more than <b>500</b> elders with will making consulting services, of which more than <b>60</b> elders finally completed the registration of will making</p>

## ECONOMIC ISSUES



## ENVIRONMENTAL ISSUES



## LABOR ISSUES



## COMMUNITY ISSUES



# 1. Company Governance

## 1.1 About Us

After 24 years of endeavor, Fu Shou Yuan has become the China's leading death care service provider.

During the five years since its listing, Fu Shou Yuan has been expanding and deeply developed its business, covering 5 segments, namely burial services, funeral services, machinery, design services and pre-need services, gradually forming the full industrial chain model. Facing the multi-dimensional and multi-level social needs, Fu Shou Yuan has achieved continuous breakthroughs in concept, product, service, culture, art, technology and innovation. While helping people to live a better life, we have been continuously promoting the development and reform of modern death care service industry in China.

By the end of 2018, Fu Shou Yuan has taken root in more than 30 cities in 15 provinces, autonomous regions and municipalities including Shanghai, Chongqing, Anhui, Shandong, Henan, Liaoning, Fujian, Zhejiang, Jiangxi, Jiangsu, Guangxi, Beijing, Guizhou, Inner Mongolia and Hubei. In the future, we'll participate in the international Expos and forums more actively, strive to build the image as an important speaker at the stage of the international death care service industry, and promote the integration and communication between the domestic and international industry.

## 1.2 Business Performance

During the Reporting Period, we have continued to strengthen our core businesses, optimize the industrial layout, expand the business scale as well as promote the integration of the industry. By means of optimization of product and service quality, product mix and sales channel, Fu Shou Yuan has maintained a steady performance in 2018 with strong momentum for growth.

## 1.3 Corporate Governance

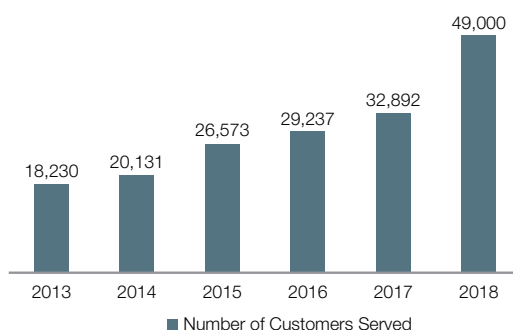
Fu Shou Yuan has been firmly convinced that the sustainable development of enterprises must be based on a sound corporate governance environment and has built a transparent and traceable corporate governance system which clearly defined rights and responsibilities. The Group adopts "the Code of Corporate Governance" in Appendix 14 to *the Listing Rules* as our corporate governance guidelines and formulates detailed and efficient corporate governance mechanism based on the guidelines. The Board of Fu Shou Yuan meets regularly and guarantees at least four-times board meetings each year to formulate the Group's development strategies and monitor operational and financial performance. The Board of Directors comprises the Compliance Committee, the Remuneration Committee, the Nomination Committee and the Audit Committee. The Compliance committee is responsible for approving and discussing the Group's compliance issues and risk management, including the issues of Environmental, Social and Governance (ESG). The Group's senior management

is responsible for implementing the Board's strategy, managing the day-to-day operations, and meeting regularly with the Executive Directors to adjust management initiatives. The Company's committees, centers, departments and subsidiaries shall perform their duties in a manner consistent with applicable laws and regulations and in accordance with the interests of the Group and its stakeholders.

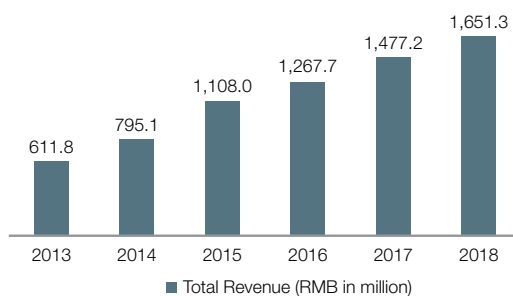
In order to enhance the level of internal governance as well as to control operational risks, Fu Shou Yuan has set up a detailed risk management system, including designing Senior Management Risk Assessment Questionnaire, analyzing the results of risk assessment, planning risk response strategy, following up and monitoring the implementation of countermeasures based on the Company's objectives and operating conditions. Fu Shou Yuan has strictly assessed the risk level of acquisition, included the newly acquired companies into the scope of internal control, improved the risk control system of acquired companies, and implemented the overall management. Fu Shou Yuan has established a three-tier risk management and internal control authorization system which includes the Board of Directors (the highest decision-making institution of internal control system), senior management and management centers of headquarter (risk identification and control institution), and subsidiaries (risk control implementation institution), thereby to ensure the effectiveness and adequacy of risk management and internal control.

### Business Performance since Listing of Fu Shou Yuan

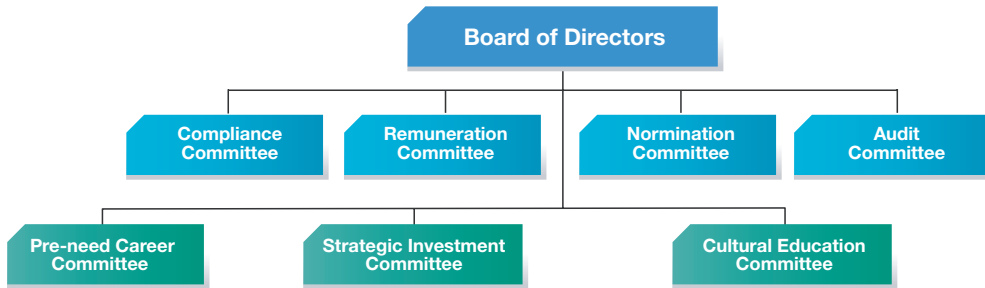
#### 2013–2018 Number of Customers Served



#### 2013–2018 Total Revenue



**Governing Structure of Fu Shou Yuan**



By means of establishing the *Anti-corruption Work System*, we have defined and clarified the acts of corruption that violate the national laws and the Group’s regulation, and have refined the responsibilities, procedures and methods for the management of anti-corruption measures and have strictly controlled possible corruption and bribery that may exist during the procurement and land application process. In accordance with the request of the Board, Fu Shou Yuan has issued *Anti-fraud Work System* during the Reporting Period, which regulates the corrupt practices of the management, employees and third parties and has implemented the monitoring mechanism through particularly established support mailbox and support hotline.

During the Reporting Period, the Group had no corruption lawsuits.

As the leading death care service provider, Fu Shou Yuan has always stressed the importance of fair competition and integrity of business. We have always followed the relevant provisions of *Law of the PRC against Unfair Competition*, opposing to monopoly and other unfair market practices, actively promoting the standardized development of the industry, and setting up a benchmark image for the entire industry.

**Three-tier Risk Management and Internal Control Authorization System**



**1.4 Diversity of the Board**

Considering the long-term development of the Group, it has adopted diversity policy in terms of the composition of the board, which considerably balances the talents, experience and perspectives when nominating, selecting and appointing the board members as well as evaluating the nominees’ gender, age, cultural and educational background, race, expertise, knowledge, serving terms, qualities necessary for the Group’s business, as well as advantages and contributions to ensure the rationality of the board’s decision.

The Board of Directors is now made up of 10 directors. Apart from the three founders who have worked with the Group through thick and thin, there are also three executive directors with reputable experience in the manufacturing, insurance and financial sectors and four independent directors with reputable authority in their respective industries. Our independent directors include the former president of International Federation of Thanatologist Association, senior financial and legal experts, and the former board secretary of the China Eastern Airline, who has nearly 15 years of management experience. By ensuring the professionalism, independence and diversity of the independent director’s background in terms of gender, region, cultural background, professional knowledge and experience, it provides guidance for the overall corporate development and governance.

Guided by national policies and oriented by economic and social development, Fu Shou Yuan persisted in principles of sustainable development. Focusing on problems such as environment pollution and ecological damage, as well as short plank in the areas of people’s livelihood such as health and elderly care, setting “Run a good enterprise and change the entire industry” as mission and taking innovative death care service as measure, we respond positively to the concerns of various sectors of the society. ‘People’s ever-growing needs for a better life’ has been highlighted in the 19th CPC National Congress Report, as one part of the public wellbeing service system, Fu Shou Yuan will keep improving the service quality, satisfying the needs for “survival, enjoyment and development” and achieve harmonious co-existence with society and nature on the basis of adequate, balanced and sustainable development of the Group.

## 2. Governance of Sustainable Development

### 2.1 Strategy of Sustainable Development

Death care service is one of the public services serving the whole society. Fu Shou Yuan has proactively undertaken the social responsibilities, adhered to the sustainable development concept of “transforming cemeteries into parks, farewells into beautiful moments, treatment into enshrinement and darkness into splendor”, proposed the life philosophy “learn to say good bye” and remained true to our original aspiration, “make people pass away respectfully with relief and dignity”, striving to include the high-quality death care services as an important part in people’s good life. During the Reporting Period, Fu Shou Yuan has further enriched and expanded the strategic meaning of sustainable development concept.

- 1) We believe that the Chinese people’s demand for humane and respectable death care services is an important part of good life and should be satisfied. **Offering better services which meet customers’ need** has been one of our sustainable development strategies.
- 2) We believe that ecological civilization is an inevitable requirement for the harmonious development between men and nature, which further promotes the healthy development of ecological civilization. **Stabilizing the achievements in ecological conservation and also accelerating progress in building ecological civilization** has been one of our sustainable development strategies.
- 3) We believe that the future development of the death care service industry is not only land and tombstones, but also the promotion of social civilization and the cognition and creativity of culture. **Promoting the revolution of the**

**death care industry and popularizing the cultural concept** has been one of our sustainable development strategies.

- 4) We believe that talents are the essential resources and innovation is the crucial driving force. We can only promote talent appreciation and creativity by providing employees with a more comfortable working environment and better training program. **Cultivating talents and promoting industrial innovation** has been one of our sustainable development strategies.

### 2.2 Governance and Communication of Sustainable Development

Responsibility management for sustainable development has always been part of the daily management of Fu Shou Yuan. By increasing the level of management input, accelerating the feasibility assessment process, and strengthening the implementation of supervision, we have continuously incorporated newly acquired companies into sustainable development responsibility training and management scope and enhancing management capacity for sustainable development.

During the Reporting Period, we continuously conducted sustainability management and communication activities. The Board of Directors is responsible for coordinating the ESG management strategy, formulating policies and resolutions. The Implementation committee led by Compliance Committee is responsible for implementing the board’s resolutions and guiding the environmental, social and governance working team (hereinafter “ESG working team”) to implement the control and improvement measures. Our annual ESG work has been regularly reported to the Board of Directors throughout the year by means of summaries before, during, and after relevant work has been conducted.

<b>Board of Directors</b>	<p><b>Responsibilities:</b></p> <ul style="list-style-type: none"> <li>• Assessing and determining Fu Shou Yuan’s environmental, social and governance (ESG) risks</li> <li>• Ensuring that Fu Shou Yuan sets up appropriate and effective ESG risk management and internal control systems</li> <li>• Approving ESG policies</li> <li>• Approving ESG reports</li> </ul>
<b>Implementation Committee</b>	<ul style="list-style-type: none"> <li>• Implementing ESG risk management and internal controls</li> <li>• Directing the work of the ESG reporting team</li> <li>• Reviewing ESG policies</li> <li>• Reviewing ESG reports and confirming the accuracy of performance indicators</li> </ul>
<b>ESG Working Team</b>	<ul style="list-style-type: none"> <li>• Facilitating different departments’ implementation of ESG policies</li> <li>• Reporting to the Implementation Committee on the implementation of ESG projects</li> <li>• Compiling ESG performance indicators</li> <li>• Preparing ESG reports</li> </ul>



## 2. Governance of Sustainable Development

During the Reporting Period, the ESG working team conducted field visits of several newly-established funeral subsidiaries of Fu Shou Yuan, carding the ESG management process as well as assessing their ESG risk. Being the supplement to daily work conducted by Fu Shou Yuan under the background of rapid integration of business model, it ensures the unity and effectiveness of sustainable development management of Fu Shou Yuan.

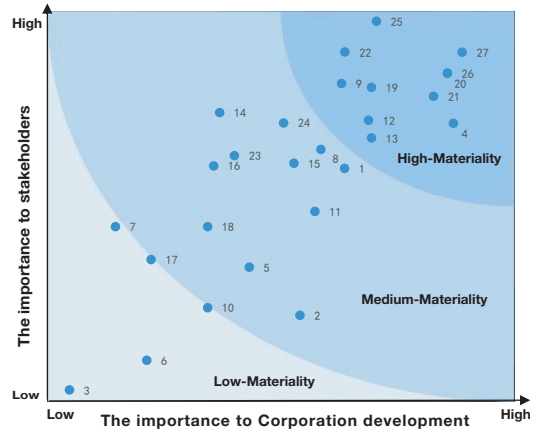
Fu Shou Yuan highly valued the communication with stakeholders, promoted the value and practice of our social responsibility through various channels, understood the appeals of stakeholders, and took measures to reply accordingly. In addition, we hope that through the Report, we can respond to the concerns of stakeholders in a complete way.

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

Stakeholder Groups	Issues of Concern	Communications Channels	Frequency
<b>Employees</b>	Employee wages and benefits Development and training Company business performance	<ul style="list-style-type: none"> <li>– Employee performance reviews and interviews</li> <li>– Internal publications : Fushou Humanism Fushou Daily</li> </ul>	<ul style="list-style-type: none"> <li>– Every quarter</li> <li>– Every quarter</li> <li>– Usually every two months</li> </ul>
<b>Shareholders/Investors</b>	Company business performance Impact of industry risks Green death care	<ul style="list-style-type: none"> <li>– Annual general meetings</li> <li>– Extraordinary general meetings</li> <li>– Investor meetings</li> <li>– Performance conferences</li> <li>– Press releases/ Announcements</li> <li>– Field investigations</li> </ul>	<ul style="list-style-type: none"> <li>– Annually</li> <li>– On an irregular basis</li> <li>– Annually</li> <li>– Semi-Annually</li> <li>– On an irregular basis</li> <li>– On an irregular basis</li> </ul>
<b>Customers</b>	Guarantee of service quality Handling of customer complaints Compliance with laws and regulations concerning products and services	<ul style="list-style-type: none"> <li>– Official website</li> <li>– Service managers</li> <li>– Instant communication software</li> <li>– Social media platforms</li> </ul>	<ul style="list-style-type: none"> <li>– On an irregular basis</li> <li>– On an irregular basis</li> <li>– On an irregular basis</li> <li>– Usually daily</li> </ul>
<b>Government and regulatory authorities</b>	Company business performance Compliance with laws and regulations concerning marketing Compliance with laws and regulations concerning the environment	<ul style="list-style-type: none"> <li>– Field investigations</li> <li>– Meetings and interviews</li> </ul>	On-demand on an irregular basis for each channel
<b>Partners (including suppliers and service providers)</b>	Company business performance Supplier screening criteria Contributions to communities	<ul style="list-style-type: none"> <li>– Field investigations</li> <li>– Meetings and interviews</li> </ul>	On-demand on an irregular basis for each channel
<b>Community residents/Organizations/ Non-governmental organizations</b>	Contributions to communities Impact on surroundings communities Green death care	<ul style="list-style-type: none"> <li>– Field investigations</li> <li>– Meetings and interviews</li> <li>– Instant communication software</li> </ul>	On-demand on an irregular basis for each channel
<b>Media</b>	Contributions to communities Green death care Business performance	<ul style="list-style-type: none"> <li>– Press releases/ Announcements</li> <li>– Press conferences</li> </ul>	On-demand on an irregular basis for each channel

### 2.3 Materiality Analysis

During the Reporting Period, we have organized over 20 on-site talk with stakeholders and collected the opinions from investors about the ESG management and disclosure during non deal roadshows held overseas. Moreover, we have conducted interviews with government officials and institutional investors for further communication. We have combined the focus and expectations of our stakeholders with the results of the previous year's survey and interviews as well as adjusted and updated the matrix of material issues. The matrix of material issues in 2018 is as follows:



Economic Issues	Environmental Issues	Labor Issues
1. Business performance 2. Industry trends and policies 3. Impact of climate change on operation <b>4. Culture and business concepts</b>	5. Energy consumption and emissions of green house gases. 6. Resource usage 7. Emission management 8. Environmental protection and green policy <b>9. Measure to achieve green death care</b>	10. Diversification and equal opportunities 11. Employee wages and benefits <b>12. Occupational safety and health protection</b> <b>13. Employee development and training</b> 14. Human rights protection and prohibition of child labor and forced labor
Community Issues	Operating Issues	Governing Issues
15. local economic development 16. Investment in public welfare and charity 17. Impact on surrounding communications 18. Anti-corruption measures <b>19. Compliance with relevant social laws and regulations</b>	<b>20. Service quality and complaint handling</b> <b>21. Protection of customer privacy</b> <b>22. Compliance with regulations on products and services.</b> 23. Assessment of suppliers' environmental performance 24. Assessment of suppliers' social performance	<b>25. Involvement of BOD in ESG work</b> <b>26. ESG strategy formulation</b> <b>27. Understanding and compliance with relevant ESG laws and regulations</b>

We understand that in addition to material issues of the previous year, the interest of stakeholders to this year's sustainable development governance has increased significantly. We have detailed the relevant contents in the report and will pay close attention to relevant issues in future work as a direction for further development and improvement.

## No regrets for youth and forging ahead

*"I am not a person at ease at all circumstances, nor a pompous person. I wish to grow up with Fu Shou Yuan with a view to have a happy life!"*

The lady in the picture is Ke Ying, the first female funeral parlour director of Fu Shou Yuan. Her growth is as firm as the continuous development and expansion of Fu Shou Yuan.

In 2009, she entered Hefei Dashushan Cultural Cemetery under Fu Shou Yuan, and began to study and develop in death care service industry;

In 2011, she moved to Hefei Renben Funeral Service Company to learn and accumulate the knowledge of the funeral service;

In 2015, she was promoted to department manager, and participated in team management and business expansion, and she was selected as the first batch of "Manager Training Camp" in the same year;

In 2016, she participated in the tough training of "Workshop for Managers" of Fu Shou Yuan;

In 2017, she went to Japan for a peer study. In the same year, she became the director of the Mashan Funeral Parlour in Xuancheng.

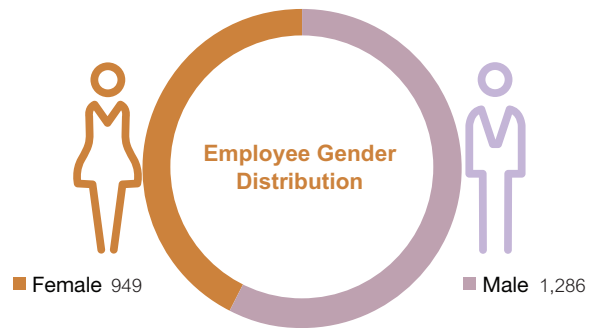
She has attentively passed on the deep experience and ability accumulated over the years to the management of new team, developing a young team with courage to accept the challenge. They integrate humanistic care into customer service to provide customers with one-stop and humanized services. Xuancheng Mashan Funeral Parlour was recorded zero accident in safety production for the whole year and was commended by the Department of Civil Affairs of Anhui Province. The cremation team of Xuancheng Mashan Funeral Parlour was also awarded the title of "2018 Excellent Team" by Fu Shou Yuan.

They are all Fu Shou people to be proud of!



### 3. Making Progress Together and Dream for Future

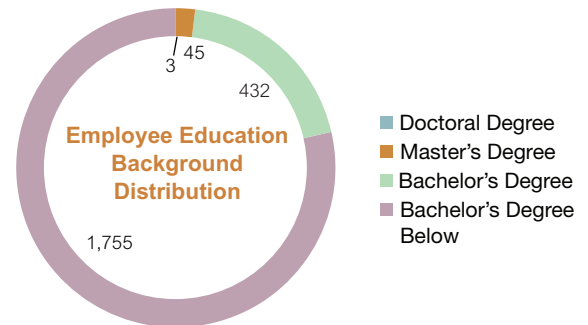
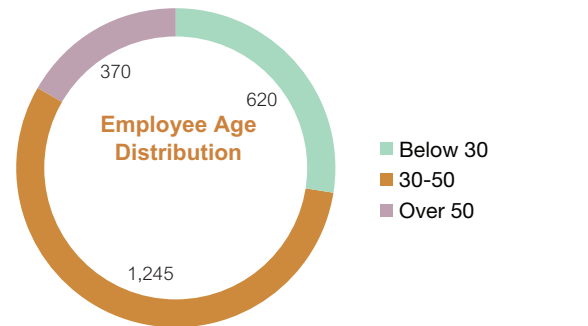
Fu Shou Yuan treats talent as the most valuable asset of the Group, and wishes to attract more excellent job seekers to join Fu Shou Yuan, and is committed to have every employee being trained and well developed in the Group. What we provide to our employees is not just a job, but a career. We adhere to the people-oriented philosophy, develop a diverse and equal internal environment, cherish and care for each employee, respect and protect the legitimate rights and interests of employees. We hope that every Fu Shou people could keep developing and growing in a healthy and safe working environment and give full play to their value.



#### 3.1 Gathering Talents Everywhere

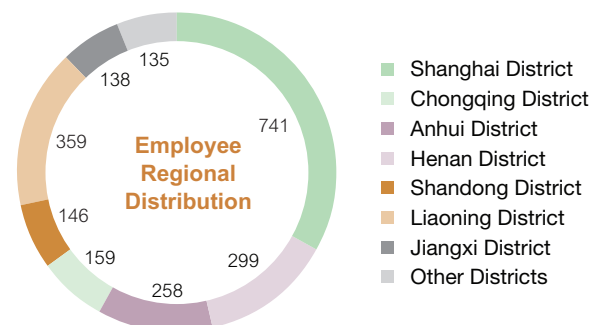
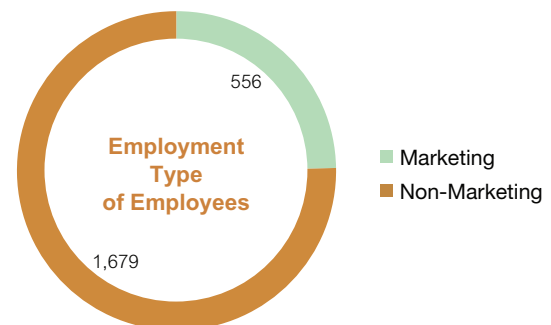
##### 3.1.1 Employee overview

With the expansion of the geographic coverage and industry chain, Fu Shou Yuan has attracted more talents for more job positions. We focus on the reasonable collocation of talents with different types of specialties, and continue to develop new strengths based on the characteristics of the business, and on the basis of maintaining the backbone power. By leveraging on the professional knowledge of employees with high education background, we will facilitate the quality improvement and business innovation of Fu Shou Yuan. As of December 31, 2018, Fu Shou Yuan had a total of 2,235 employees, representing an increase of 21.73% as compared with last Reporting Period, and recorded an increase in the proportion of young employees and female employees.



##### 3.1.2 Protection and welfare

As an employer, Fu Shou Yuan strives to make employees feel their importance to the Company and customers while attaining their own development, and is committed to fulfilling the employees' desire for a better life. We provide employees with competitive compensation and welfare such as salary and bonus, subsidy and welfare, five mandatory insurances and housing provident fund, and paid leave in accordance with laws and regulations including the *Social Insurance Law of the People's Republic of China* (《中华人民共和国社会保险法》), the *Regulations on Paid Annual Leave for Employees* (《职工带薪年休假条例》), the *Decision of the State Council on Establishing a Basic Medical Insurance System for Urban Employees* (《国务院关于建立城镇职工基本医疗保险制度的决定》), and the *Provisions of the State Council on Working Hours of Employees* (《国务院关于职工工作时间的规定》). For female employees, we offer preferential treatment and care to them according to the State and local laws and regulations such as *Special Provisions on Labour Protection for Female Employees* (《女职工劳动保护特别规定》), the *Regulations on the Scope of Prohibited Labour for Female Employees* (《女职工禁忌劳动范围的规定》), *Notice of the Ministry of Labour on Certain Issues Concerning the Fertility Treatment of Female Employees* (《劳动部关于女职工生育待遇若干问题的通知》) and *Measures for Labour Protection of Female Workers in Shanghai* (《上海市女职工劳动保护办法》).



### 3.1.3 Recruitment management

In the process of recruitment and employment, by strictly abiding by the labour laws and regulations promulgated by the State, including the requirements of the *Labour Law of the People's Republic of China* (《中华人民共和国劳动法》), the *Employment Promotion Law of the People's Republic of China* (《中华人民共和国就业促进法》), the *Trade Union Law of the People's Republic of China* (《中华人民共和国工会法》) and *Labour Dispute Mediation and Arbitration Law of the People's Republic of China* (《中华人民共和国劳动争议调解仲裁法》), Fu Shou Yuan actively promotes the sustainable development objective of “employees could support themselves and obtain decent work”. We strictly prohibit child labour, forced labour and any other illegal employment. During the Reporting Period, there was no case of child labour or forced labour occurred in Fu Shou Yuan.

#### Diversity of employees

In Fu Shou Yuan, our employees are never treated differently due to their gender, age, ethnicity, marital status, family status, and religious beliefs. We also provide each employee the same growth and development opportunities at work. We are committed that every employee could work with Fu Shou Yuan at ease.

#### Equality in employees

In the recruitment and employment of new employees, we also treat all applicants with fair standards. We adhere to appoint on a merit basis. Under the premise of mutual understanding, we shall fully consider the degree of matching between applicants and positions they applied, and finally make appropriate choices. Fu Shou Yuan insists on providing fair treatment to all employees. From appointment made on a merit basis in the recruitment process to the open competition for posts in the promotion process, even the formulation of the reward and punishment measures for employees, we conduct in a fair and true manner, and do our utmost to develop a good working environment and create a sense of belonging for employees.

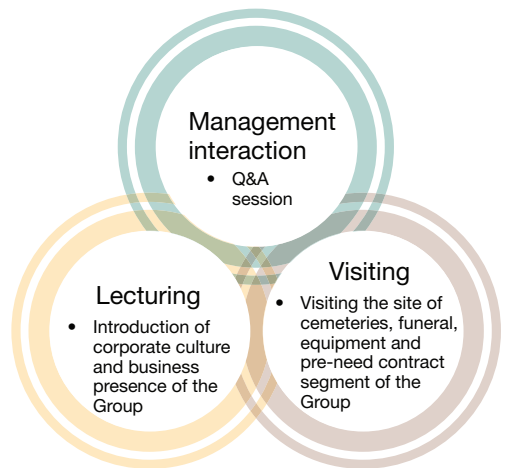
#### Innovation in recruitment

Professional talent is the foundation of all professional business and services. With the development of Fu Shou Yuan in the funeral business, our demand for funeral talent is increasing. In order to promote the healthy development of the industry and enhance the understanding of the corporate culture and style of Fu Shou Yuan for college students, we actively developed innovative recruitment forms and carried out a series of school-enterprise events for students from colleges with fitted major during the Reporting Period.



- Establishment of Enterprise Day for the first time:

During the summer vacation of 2018, Fu Shou Yuan Enterprise Day was open to 40 outstanding freshmen in Changsha Social Work College for the first time. We have customized a week-long wonderful visiting schedule for the students:



In future, we will further expand the scope of the activity to the colleges with fitted major such as Beijing Social Administration Vocational College, Chongqing City Management College and Wuhan Social Work Polytechnic.

- Continuously carrying out the charity course exchange activities of “Death Care Enterprise Day”:

Since 2016, Fu Shou Yuan has launched the “Death Care Enterprise Day” course exchange activities for Changsha Social Work College and Beijing Social Administration Vocational College on a regular basis, which fully reflects Fu Shou Yuan’s full support for death care education and talent training.

In addition, Fu Shou Yuan also granted scholarships and grants to students in death care major, and cooperated with the Death Care Department of Changsha Social Work College to set up a “Life Education Experience Hall” for publicity of life education.

### 3.2 Supporting Growth and Development

The realization of the individual value of employees is one of the corporate value of Fu Shou Yuan. We develop employees with an open and inclusive attitude to enhance themselves in the professional sector and achieve their dreams and aspirations. Fu Shou Yuan provides targeted promotions and development routes for employees with different expertise. The Fu Shou Yuan International Group Remuneration Measures prepared in 2018 was interpreted and successfully approved at the general meeting of employees' representatives of Fu Shou Yuan in December 2018 and has been publicly announced, and will be officially

released in March 2019. The measures unified the remuneration system and sequence, increased regional and business differentiation coefficients, and also reserved the channel system corresponding to the development of different types of talents, namely professional routes and management routes.

#### 3.2.1 Professional training

Fu Shou Yuan has established a complete set of development system from junior to senior level for professional route employees. We conduct employee training through systematic education training, study trips and experience refining.

Skill training



- Improvement of employees' core operations and service skills, and provision of quality standardized services nationwide

Site trips



- Provision of study trip opportunities in terms of domestic and international industry and cross-industry, broaden of the horizons and vision of employees, and exchange and share of what they see and know internally

Experience refining



- Summary and refining of excellent experience, wisdom and knowledge to enhance the business and market development capabilities of new employees

In order to develop the reserve of funeral management in future, Fu Shou Yuan focused on the following funeral service training in 2018:

- **Internal training:**  
In respect of the professional cultivating of the front-line teams of funeral services, Fu Shou Yuan Life Service Academy organized a series of funeral service training, including the integrated management of flower arrangement and funeral services.

- **External training:**  
We arrange employees to participate in the embalming classes, funeral service and venue decoration practical training classes conducted by China Funeral Association.

During the Reporting Period, a total of 204 employees participated in the internal and external skills training. Upon the completion of the training, the participants will conduct teaching in various places by integration of the training results with the local folk cultures, and extend the experience to the whole country.

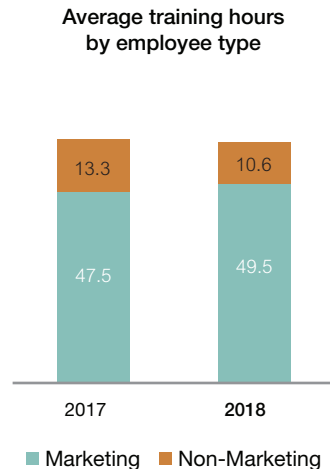
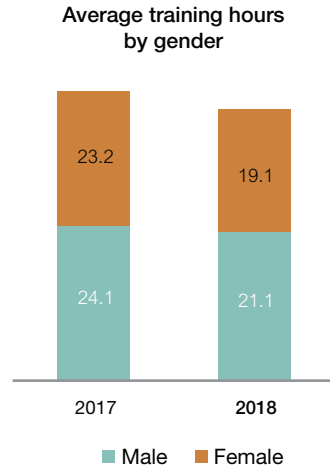
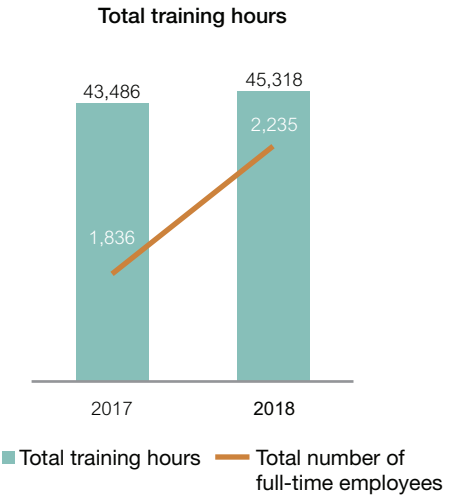
### 3.2.2 Management training

Fu Shou Yuan has further improved the development route from management trainees to general managers. We have set up training courses themed in different categories for the career development needs of employees at different stages. Fu Shou Yuan Life Service Academy is the principal to implement management training, and the main training programs provided include:



Over the years, lots of employees have gradually been promoted to important management positions from the grassroots positions through internal development and training, and passed on their unique experiences to the future generations. They not only experienced the trial and hardship of the Group’s development, witnessed the continuous progress of the industry, but also realized their own growth and development, and became the backbone of the Group’s management.

During the Reporting Period, the training for the employees of the Group was as follows:



During the Reporting Period, the Group enhanced the training efficiency while ensuring the quality of training via various measures:

- (1) Unifying the training system, improving the training system and carrying out targeted training to emphasis on enhancement of the training effect;
- (2) More video training used to streamline training courses and save round-trip time;
- (3) Coordinating training resources and integrating training content to reduce repetitive training.

In future, in terms of training, we will also use information technology to establish an online learning platform, with a view to reduce the geographical training cost, achieve rapid knowledge sharing, and provide efficient tools for building learning organizations. We also plan to realize the dynamic management of talents based on the needs of strategic development and business layout, and gradually establish talent flows of the industry.

### 3.2.3 Balance between work and life

Time has witnessed our growth. Over the past 24 years, more and more Fu Shou people have been working together with the Company, and spend youthfulness and toil of work in their position rewarding the opportunity of development and growth for Fu Shou Yuan. Fu Shou Yuan also proactively advocated the employees to balance the work and life, so as to secure achievements and happiness for themselves.



During the Reporting Period, we also organized a variety of employee activities to encourage communication and exchange among employees, and promote the harmony of their families and cultivation of personal interests. On June 9, 2018,

employees of Fu Shou Yuan took 33 lively and lovely children to visit the Humanity Memorial Park of Shanghai Fu Shou Yuan and held a very special and interesting science class. We also hosted an activity themed “fearless giving” at Chongyuan Temple to help employees work with more calm, unhurried, longer-lasting, stable and generous mindset.

Due to our positive adjustments in the staff structure, the employee turnover rate of Fu Shou Yuan for the year was 15.50%. In future, Fu Shou Yuan will continue to optimize talent management methods, enrich employees’ lives, and provide more targeted training, with a view to enable Fu Shou Yuan to be the first choice of relevant professionals.

### 3.3 Safeguarding Health and Safety

Effective protection of employees’ health and safety is the primary management responsibility of the Company. The safety and health risks of Fu Shou Yuan are mainly from the park fire and traffic accident, the production safety risk in cremation machines workshop and the food safety risk in canteen. We implemented the requirements under laws and regulations such as *the Prevention and Control Law of Occupational Diseases of the People’s Republic of China* (《中华人民共和国职业病防治法》), *the Regulation of Insurance for Labour Injury* (《工伤保险条例》), *the Opinions on Certain Issues Concerning the Implementation of the Regulation of Insurance for Labour Injury by the Ministry of Human Resources and Social Security* (《人力资源社会保障部关于执行<工伤保险条例>若干问题的意见》), and *the Implementation Measures for the Provisions of the State Council on Working Hours of Workers and Staff* (《<国务院关于职工工作时间的规定>的实施办法》), *the Administrative Measures for Diagnosis and Identification of Occupational Diseases* (《职业病诊断与鉴定管理办法》), *the Interim Measures for the Supervision and Administration of “Three Simultaneities” for the Occupational Health of Construction Projects* (《建设项目职业卫生“三同时”监督管理暂行办法》) and *the Food Safety Law of the People’s Republic of China* (《中华人民共和国食品安全法》), so as to discover safety risks in a timely manner, enhance employees’ safety awareness, and proactively create a safe and comfortable working environment for employees. During the Reporting Period, no work injuries or work-related fatalities occurred in the Group. It hence continued its good health and safety performance.



#### Monthly joint safety inspections

- Involving: shelf life of fire-fighting equipment, equipment operation condition, 5S (Seiri, Seiton, Seiso, Seiketsu, Shitsuke), safety in accommodation area



#### Monthly vehicle safety inspections

- Pay much attention to vehicle safety management in accordance with the “Vehicle Management System”
- Internal drivers shall pass the examination before taking up the position and be granted internal driving qualifications



#### Releasing of various safety warning periodically

- Releasing of warnings on property safety, travel safety, food safety and construction safety
- All departments are required to publicize and carry out safety publicity according to the safety related system such as the Fire Emergency Plan

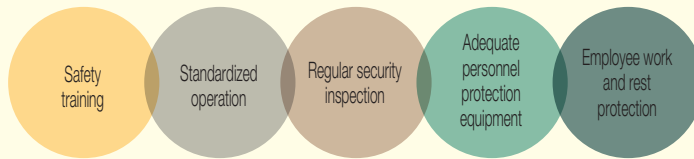


### Safeguarding safety production

Fu Shou Yuan Environmental Equipment Company Limited (hereinafter referred to as “Guangde Company”), a company located in Guangde County, Xuancheng City, Anhui Province, is a leading manufacturer in domestic technology of energy-saving and environmental-friendly death care equipment. Guangde Company has successively passed the ISO9001 quality management system, ISO14001 environmental management system and OHSAS18001 occupational health and safety management system certifications, and has gradually formed a solid enterprise safety system and safety culture.



As a production enterprise, Guangde Company has established a management organization for occupational health and safety work, implemented a responsibility system for production safety, and effectively prevented and reduced the occurrence of work-related accidents by means of:



### Food safety protection

In addition to the routine occupational health and safety protection, the Group also guarantees the nutrition and health of employees at work through providing a safe and quality diet. Fu Shou Yuan applies strict safety control and supervision over its own canteen. We have obtained the catering service licenses for our canteens and restaurants as required by the laws and regulations of *the Food Safety Law of the People’s Republic of China* (《中华人民共和国食品安全法》) and *the Regulations of Operating Rules on Food Safety in Catering Services* (《餐饮服务食品安全操作规范》), equipped with monitoring positions to conduct appropriate accountable safety risk control in business processes such as procurement and cooking, so as to guarantee the safety of employees and visitors of Fu Shou Yuan.

We solidify food safety control by means of policy and system. Taking Chongqing Xijiao FSY as an example, the local employees prepared and issued the HRA-ST-001 Canteen Management Regulations (《HRA-ST-001食堂管理规定》) in a timely manner upon the opening of the park, which set out the requirements for the management on canteen.

#### Food storage

- Food procurement, acceptance and distribution process are under registration;
- Food is stored in categories and separately from non-food items;
- We recorded the storage date and shelf life of the food;
- We arrange regular stock count.

#### Food processing

- We establish specifications for the hygiene and operation of rough processing and cooking;
- We reserve at least 100g sample of food from each meal for more than 48 hours.

#### Personnel management

- On-the-job employees are required to accept a pre-job physical examination and to obtain a Health Certificate, and shall be subject to routine physical examinations every year;
- The employees shall accept the “morning check”. If any of them showed signs of fever, diarrhea and other diseases, he/she shall leave his/her position at canteen until recovery;
- Long hair, long nails, nail polish or jewelry are not allowed at work.

## Passing love all the way and warmer winters accompanying

With the “passing love all the way (一路益爱)”, these elderly who live alone or in the impoverished family could enjoy the one-stop death care services from living wills, ceremonial farewell, ecological funeral to cultural monument, which is also the first preneed service in the whole death care industry that includes “funeral process”. In the winter solstice of 2018, eleven benefited grandparents have signed the “passing love all the way (一路益爱)” charity contract on site, becoming the first batch of contractor with the “appointment” of ecological land-saving funeral in Shanghai. Pre-need is related to people’s livelihood, “passing love all the way (一路益爱)” service is not only a support for the vulnerable groups, but also to the financial underpinning for basic people’s livelihood!



## 4. Bringing Warmth to the Society with Love

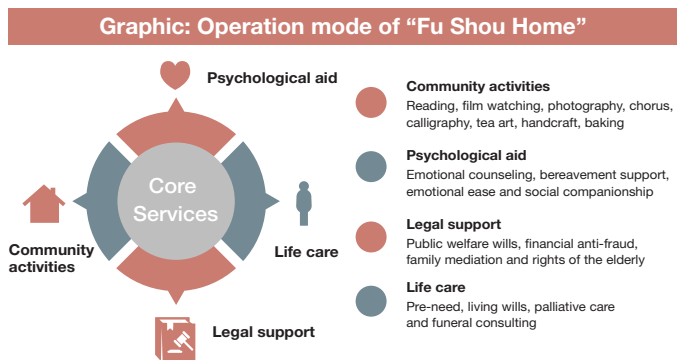
Fu Shou Yuan believes that death care is not only about the treatment of the body, but also the caring for history, family emotions and social warmth through respectful, honorable and considered ways. In the opinion of Fu Shou Yuan, the death care industry is an industry that serves the spirit, emotions, memory and cognitive demands of the whole people and of special value and significance. Therefore, as a people-oriented and culture-based enterprise, Fu Shou Yuan volunteers to assume the corporate, industrial, social, historical and public responsibilities, and devotes itself to be the provider of people's livelihood services, the leader of life education and the preserver of city memory, with a view to enable everything that Fu Shou Yuan has done to become "beautiful and warm".

### 4.1 Expansion of People's Livelihood Services

As a special public service industry targeted at the whole society, the death care industry is of endogenous social public welfare. As a leading enterprise in the death care industry, Fu Shou Yuan has always advocated "making people pass away respectfully with dignity", explored intimate, attentive and meticulous public welfare services, and strived to bring peace and dignity to everyone. Based on the belief of "contributing to the society and benefiting the people's livelihood", Fu Shou Yuan has set up a one-stop public welfare and people's livelihood service platform from pre-need to after death, which provides a solid guarantee for the well-being of society and individuals.

#### 4.1.1 Preneed Caring

As the aging of China's population accelerates, the demand for community endowment services is growing, and the existing practice of elderly care is gradually insufficient. In order to accelerate the realization of the people's livelihood goal that "the elderly would have someone to rely on and somewhere to rest", Fu Shou Yuan officially launched the "Fu Shou Home" together with social service organizations, voluntary groups and professionals, established Life Care Community Service Centre from four aspects including community activities, legal support, psychological aid and life care. "Fu Shou Home" strives to integrate open community interaction space with family life services, so as to enhance the interactions of all ages, and introduces professional team strengths, such as psychological counselors, lawyers, social workers for solving diversified demands of the elderly. By leveraging the "Fu Shou Elderly Club (福寿老友汇)", positioned as an interactive platform for the elderly, established by "Fu Shou Home", it gathers the power of the community to explore the quality life with companionship, happiness and must-dos for the elderly.



#### Love and Companionship for Palliative Care

In June 2018, "Fu Shou Home" and Shanghai Shifangyuan Mental Care Volunteer Association for the Elderly reached a community partnership for jointly developing a volunteer training workstation, and exploring volunteer training and service models for community elder care (hospice care). Since its establishment, the workstation has carried out five "love and companionship" trainings and services, with more than 100 trainees and 2.5 hours per trainee palliative care. In the course of training for the volunteers, the training instructors taught the professional skills of palliative care such as narrative listening, breathing with same frequency, touch and music communication, and emphasized the principle of "love and companionship" in palliative care without analysis, judgment and definition. Through the organization of a localized, community-based and professional palliative care volunteer team, Fu Shou Yuan strived to provide care for the elderly who were seriously ill or disabled and lose their mentality in the community, and accompanied them at the end of life in a peaceful manner.



### Message of Blessedness for a Completed Life

“Funeral matters arrangement” has always been a topic often avoided in the Chinese elder groups, and it has often become a secret anguish of harmonious family life. In respect of the common problem in the society, in early March of 2018, “Fu Shou Home” and China Will Registration Center team jointly established the China Will Registration Center Project Public Welfare Appointment Service Center and launched the “Public Welfare Wills Program”, which targeted at providing free wills consultation, drafting, registration and custodial services for elders over 60 years old. By leveraging the support of a professional legal team, “Fu Shou Home” organized a “Pre-need Planning and Popularizing Law Open Course” in various communities to lead the elderly to understand the importance of property inheritance and will making, and advocated the concept of “Message of Blessedness” of families. As of the end of 2018, the “Public Welfare Wills Program” provided more than 500 elders with will making consulting services, of which more than 60 elders finally completed the registration of will making. In future, “Fu Shou Home” will refine the form of Public Welfare Wills Program, further popularize the awareness of pre-need planning in the community, so that every elder will leave no regrets behind him, and every family will live in harmony and happiness.



### 4.1.2 Public welfare death care service

Fu Shou Yuan gradually developed and enlarged the public welfare death care service and introduced the practice of ecological burials, fully responding to “construction of death care service supply pattern with public welfare-centered, profit-supplemented and land-saving and ecological-driven” put forward by the Ministry of Civil Affairs in June 2018. The public welfare death care projects we currently launched include the red cross remains donors commemorative project (covering seven provinces and cities), Shanghai Nuandongyuan project, Shanghai Cialis Park project, Harbour Cemetery public welfare land-saving and ecological burial project, Hefei ecological funeral service project, Chongqing Biheyuan ecological wall burial project, providing a peaceful and beautiful “post-life garden” for specific groups such as widows, exceptional poverty, remains donors, cancer patients and martyrs.

### Life is Priceless, and Dedication without Borders



There is a group of adorable people who have not been able to be buried underground after death, but have donated their body organs after death. Fu Shou Yuan has established monuments for body organ donors in Shanghai, Anhui, Shandong, Henan, Jiangsu, Liaoning and Chongqing, and built name memorial walls. At each commemoration day, people from all parts of society and family members of donors will come to commemorate the donors, present flowers and bow to them. Fu Shou Yuan is committed to creating a commemorative space for donors, promoting the spirit of the Red Cross and promoting the sustainable development of body organ donation and modern medicine.

### Blooming at Bishan mountain



In March 2018, the spring comes, “Biheyuan” of Chongqing Xijiao Fu Shou Yuan ushered in the first public welfare ecological burial activity for people in straitened circumstances, and held a professional and solemn collective ashes burial ceremony for 10 people in the Bishan District. The ashes were placed in a degradable urn and later buried in a parterre. As time goes by, the urn is degraded, eventually merges with nature, and blooms at Bishan mountain. This event will be held year after year to reduce the burden on the government and the people with public welfare, environmental protection and high-quality death care services.

## 4.2 Promoting Industry Development

Through the support of the people's livelihood, the promotion of life education and the inheritance of cultural history, Fu Shou Yuan has been progressing forward in the field of public welfare with the attitude of responsibility in the domestic death care service industry. In addition, Fu Shou Yuan also has an inescapable responsibility in promoting the standardized, orderly and healthy development of the industry regulations. For a long time, Fu Shou Yuan has developed a death care system with a cultural content, which inherits the traditional culture of "let there be a careful attention to perform the funeral rites to parents, and let them be followed when long gone with the ceremonies of sacrifice — then the virtue of the people will resume its proper excellence (慎终追远·民德归厚)", and actively participates in international exchange activities and establishes strategic corporations with overseas, so as to drive the upgrade of China's death care service concept and make important contributions to the modernization, civilization and internationalization of the industry.

### "bringing out beauty and paying tribute to lives" — The first exchanges of global women practitioners in death care



On June 18, "bringing out beauty and paying tribute to lives" — the first exchanges of global women practitioners in death care was held. As one of the core parts of the 8th China International Death Care Equipment Supplies Expo, the first exchanges of global women practitioners in death care was hosted by the International Federation of Thanatologist Association, organized by China Funeral Association, and implemented by Fu Shou Yuan. Women practitioners in death care from Asia, Europe, North America, South America, Oceania, Africa and other countries and regions and cross-border guests gathered to discuss women's topics from a diversified and international perspective, such as service, culture and art, and issued the first *Declaration on Global Women in Death Care* (《全球殡葬从业女性宣言》). The purpose of the exchange is to show the world the height of life, the depth of the industry and the warmth of humanity in the death care industry, so that the death care industry could head towards the public and be integrated into life.

During the Reporting Period, various industry activities were organized or participated by Fu Shou Yuan as follows:

#### Domestic exchange activities

The 39th Training Class of Modern Cemetery in China and Seminar for Presidents

The 38th Training Class of Modern Cemetery in China

A delegation led by Nanhua University in Taiwan visited Fu Shou Yuan for exchanging

Conducting exchanges and visiting activities in Taiwan

"Life Education and Death Counseling"  
Peking University Qing Ming Forum

Exchanges and cooperation between Fu Shou Yuan and The Hang Seng Management College, Hong Kong

#### International exchange activities

Attending the 62nd session of the United Nations Commission Meeting on the Status of Women as a representative of International Federation of Thanatologist Association

Visiting the NFDA (National Funeral Directors Association) Headquarters in USA

Participating in the 2018 US ICCFA (International Cemetery, Cremation and Funeral Association) Annual Conference and Expo

Attending the 2018 International Life Etiquette Summit Forum and giving a special speech

The CEO of US Funeral Association visiting the headquarters of Fu Shou Yuan

Heading to Japan for the site visit of funeral facilities  
Participating in the 2018 ENDEX (International Funeral Industry Exhibition) in Tokyo, Japan

Heading for Seoul, South Korea for research and study

Participating in the 31st Australian ACCA (Australasian Cemeteries & Crematoria Association) Annual Conference and Expo

Participating in the 2018 US NFDA Annual Conference and Expo

Participating in the first life and death exhibition in Malaysia

Convening the "Brother Cemetery" communication activity in "Parque De Las Memorias" of Bolivia

### 4.3 Leading Life Education

Fu Shou Yuan believes that life and death are natural state transitions, and death is the spiritual continuation of physical life. The concept of “rebounded from the verge of collapse” could lead the mass to take a more active grasp of life and to live infinitely wonderful in a limited time. While breaking the death taboo through the death care service, Fu Shou Yuan is also fully developing an educational platform for life philosophy and cognition. In 2018, Fu Shou Yuan founded China Fu Shou Yuan Life-Service Academy, which cultivated professional management and professional technical talents for the death care service industry and provided support for the life education practice of the whole society. Relying on the Life-Service Academy, Fu Shou Yuan has been working with the death care industry, education industry, medical care industry and public organizations to carry out various life education activities and actively promote the establishment of a life education community.

#### Discussing life and death



#### “Facing life and death in peace and tranquility” – Peking University Qing Ming Forum

On Qing Ming Festival in 2018, by virtue of the atmosphere of reminiscent of the ancestors through sweeping tombs, Fu Shou Yuan united The School of Health Humanities of Peking University to organize the “Life Education and Death Counseling” Qing Ming Forum with the participation of a total of more than 400 experts and scholars in various sectors and the public. The forum explored the essence of death from humanistic perspective, and achieved the consensus that “good life is not only a wonderful life, but also the peaceful death, facing life and death in peace and tranquility”.



#### “Life comes and goes” – Fudan Life Culture Festival

In April 2018, Fu Shou Yuan Life-Service Academy assisted the Fudan Life Care Association in the Fudan University Life Culture Festival for the first time, and carried out a 28-day activity focusing on the topic of “palliative care” and related life and death. The Life Culture Festival not only invited scholars from different faculties such as medicine, medical care, social policy, religion, and philosophy to interpret the “palliative care” from various perspectives, but also invited front-line medical staff, social workers and volunteers to share their experiences. From theory to empathy, the Life Culture Festival gradually breaks the taboo of view of life and death from the perspective of humanism and humanity, slowly tearing down the wall between life and death in the public mindset.

#### Comprehension of life



#### “Making Life warm with sound” – “Fu Shou Cup • Flower of Life” National Reading Contest

On December 17, 2018, the “Fu Shou Cup • Flower of Life” National Reading Contest Awards Ceremony and Art Performance was held at Shanghai Oriental Art Center. The contest was guided by the Office of the Spiritual Civilization Establishment Committee of Shanghai, and hosted by Shanghai Traffic Radio and Fu Shou Yuan, aiming to “making life warm with sound” and convey the values of life of “love life” of proactivity, health and harmony. Pan Min (潘敏), deputy director of the Propaganda Department of the Shanghai Municipal Committee and director of the Municipal Civilization Office, attended the awards ceremony with participation of more than 800 guests from all sectors of society and audiences, and felt the charm of the reading art and the power of positive life.



#### “Listen to your heart and sense the life” – the silent walking action in cemetery

In November 2018, Fu Shou Yuan held a “silent walking” activity in the cemetery in Shanghai, Chongqing, Anhui, Henan, Jiangxi and Inner Mongolia. “Silent” means keeping silence in the cemetery, feeling the spirituality of life and understanding the normality of life and death. “Walking” means “overcoming the obstacles of life and meeting more beauties in the walking”. More than 2,000 people participated in the walking and wrote “difficult stickers” and “death stickers” before their walking and stick on themselves. While feeling the purification of mind and body in the scenery, they exchanged “good sticker” with “difficult stickers” in the “difficult recycling bins” on them each kilometer along the way, and finally arrived at the terminal with all the good stickers. One participant concluded that “believe in yourself, then you could smile even in the silence!”

### 4.4 Treasuring the City Memory

Fu Shou Yuan regards “building a cultural cemetery and developing a cemetery culture” as an ideal. After years of development, Fu Shou Yuan has built a platform of urban humanity history with integration of humanistic memorial parks, humanities memorial halls and humanities research institutes, and undertaken many functions such as humanistic commemoration, public education, historical research and cultural heritage, and thus continue the spiritual life of Chinese nation. In response to the requirement of “by leveraging the commemorative facilities of funeral service to develop an excellent funeral culture heritage platform”, which was set out in the “Guiding Opinion on Further Promoting the Funeral and Burial Reform and Encouraging the Development of Funeral and Burial Industry” issued by 16 departments such as the Ministry of Civil Affairs in January 2018, Fu Shou Yuan continued to promote the establishment of a number of funeral service commemorative facilities in 2018, and carry out numerous humanities and public activities based on this regard.

The commemoration for martyr and hero is always one of the themes of urban commemoration of Fu Shou Yuan. So far, Fu Shou Yuan has built commemoration gardens like the Memorial Wall for the Soul of the Interpol Police, the Heroes’ Promenade and the New Fourth Army Plaza, Hefei Dashushan Cultural Cemetery Police Soul Wall, Henan Fu Shou Yuan Heroes Memorial Square, Shandong Fu Shou Yuan Old Soldiers Memorial Square, China Anti-Japanese War 50th Anniversary Memorial Park in Guanling Mountain, Liaoning, and Nanshan Fuzuo Changqingtang Revolutionary Memorial Hall. Fu Shou Yuan hopes to mobilize the public to remember the martyrs, to pay tribute to the heroes, to deeply feel the historical responsibility, and to have a deeper thought on the value of personal life.

#### “A whole life spent for the country” – the monument of General Peng Xuefeng is completed



General Peng Xuefeng joined the revolution for 20 years, and sacrificed in the battle of leading New Fourth Army to advance into Eastern Henan. He once established New Four Army Cavalry Regiment, established the New Fourth Army guerrilla detachment camp school, repeatedly defeated the Japanese army, and founded the anti-Japanese newspaper “Dawn report”. He devoted himself to create illustrious battle achievement in national crisis. Therefore, Fu Shou Yuan spent a year designing the monument of General Peng Xuefeng, and finally used the image of riding a horse to show the determined and heroic soldier image of Peng Xuefeng.



On October 12, 2018, the statue of General Peng was completed, coincided with the 40th anniversary of the reform and opening up and the 80th anniversary of the eastern advancement of the New Fourth Army. Fu Shou Yuan donated RMB50,000 red fund to the Shanghai New Fourth Army Historical Research Association and awarded the “Chengzhi” scholarship to the designated primary school. Fu Shou Yuan takes up its historical and cultural responsibilities by creating cultural commemorative spaces, supporting historical research and enhancing educational opportunities.

The cultural celebrity commemoration is also the key of urban commemoration of Fu Shou Yuan. Shanghai Fu Shou Yuan Humanism Memorial Museum is the first memorial hall in China that integrates functions of collection, display, research, communication and education in the sector of humanities commemoration, which collects the life introductions and relics of more than 100 celebrities. In addition, Fu Shou Yuan has held the “Ancient Sage and Urban Memory” Cultural Forum, the People’s Family History series of articles, the “Humanistic Walking — Searching for Shanghai’s Urban Memory”, the sea celebrity culture stamps and other humanities public activities for many years, supporting the keeping of urban memory.

In addition, Mr. Tan Leon Li-an, an executive director of Fu Shou Yuan, donated all of his salary in 2018 to the Shanghai Fu Shou Yuan Humanism Memorial Museum, for supporting the daily maintenance of the museum and promoting various humanities public welfare activities. The initiative reflects the profound understanding of the Board of Directors of Fu Shou Yuan in preserving historical memory and cherishing the spirit of humanity, which is a splendid microcosm of Fu Shou Yuan’s dedication to cultural memorial affairs.

## Courteous care with heart to realize value



A meticulous cleansing ceremony was slowly carried out as the solemn sorrows of the music sounded, the funeral director invited the deceased's family to comb head for the deceased and feel the last true touch, and may the deceased rest in peace through the last journey of life.

"Although I received similar training at school, my hands couldn't help trembling with fear at the beginning of my work. But slowly, I helped families calm down when they were sad or in a panic; while at the time of SPA ceremony, I saw more and more genres. Now, I find that I am really doing a meaningful career!" A "post-90s" girl who works at Ningbo Yongyi Funeral Services Company Limited (hereinafter referred to as "Ningbo Yongyi") said.

Ningbo Yongyi team is not only a creator of the body SPA service in the local area, but also a repurchase rate keeper of 100%. They have done their utmost to create "warm" to pay tribute to the deceased and respond to the sustenance and concern of family members.



## 5. People-Oriented and Service First

As a leading enterprise in death care industry of China, Fu Shou Yuan is committed to integrating modern service ideas and business strategies into the traditional death care service industry, getting in-depth knowledge of customer needs and providing professional, one-stop and personalized services. We hope that through humanities commemoration, we can help people find warmth and strength from the memories of their past lives, create a good and happy life, and become the “forerunner” of death care business transformation.

### 5.1 Innovative Service Value

Fu Shou Yuan provides a complete range of funeral services including planning and execution, focuses on the promotion of modern funeral concepts and interprets the brilliance of life in rich and delicate emotional expressions and ceremonies combining modern and traditional elements. For the sustainable and healthy development of Fu Shou Yuan, we actively adjusted the service layout and continuously expanded and upgraded the scale and quality of the funeral service.

We adopted a variety of service modes to provide quality funeral services to the society and to achieve win-win situation with the whole society.

#### 1. Self-built and Self-operation Mode — Chongqing Anle Funeral Parlour



- First subsidiary in funeral segment of Fu Shou Yuan established in 2002;
- The funeral business is distributed in three areas, namely Yuzhong District, Shapingba District and Baitayuan.
- The title of “Anle Funeral Parlour” has become the pronoun of indoor mourning places in Chongqing.

#### 2. Full Cooperation Mode — Hefei Renben Funeral Service



- In 2008, Hefei Funeral Parlour outsourced selective services other than basic services such as cremation and refrigeration to Hefei Renben Funeral Service through bidding;
- Opened a new and standardized chapter in Hefei’s funeral service industry, and promoted the overall improvement of the local funeral service industry.

#### 3. Joint Venture Mode — Xiamen Huaixiang Condolence Company



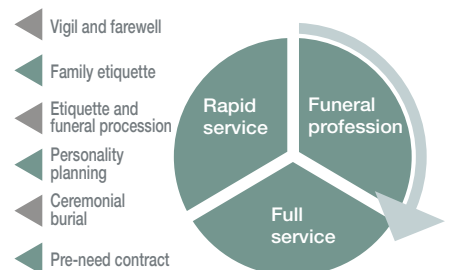
- Established and jointly funded by Fu Shou Yuan and Xiamen Funeral Service Center in 2013;
- Combines advanced modern funeral service technology and concepts with the basic etiquette services of the funeral service center, provides modern funeral services to the society to meet the needs of the mass.

#### 4. BOT (Build — Operate — Transfer) Mode — Chongqing Xijiao FSY



- Fu Shou Yuan reached an agreement with Chongqing Government of Bishan District in 2016 with a franchise period of 50 years;
- Based on BOT mode, the joint venture will be responsible for building, operation and management of the new funeral parlour in Bishan District;
- Strives to create a humanistic memorial park and green funeral buds that meet the needs of the times.

Adhering to the concept of “people-oriented, worthy of entrustment”, the heart of respectful and solemn ceremony, our ceremonial team provides individual and diversified services, and strives to interpret the thickness of life.



Professional etiquette talents, highlighting the brand image of funeral



Funeral director Wang Ling won the third prize



Funeral director Sun Zhihong won the first prize

From November 1 to 4, 2018, 112 funeral assistants from 89 funeral parlours and funeral service centers in 30 provinces, autonomous regions and municipalities across the country gathered at Beijing Social Administration Vocational College to participate in the National Talent Competition — the 8th National Civil Service Industry skills competition, funeral service competition. This is a rare opportunity to compete with the national masters and learn the advanced concepts and skills of the industry.

After four days of fierce competition, the funeral director selected by Fu Shou Yuan won outstanding results. Sun Zhihong, a funeral director of Chongqing Anle Services, won the first prize, and Wang Ling, a funeral director of Hefei Renben Funeral Service Company, won the third prize. This not only affirmed the level of funeral etiquette skills and services of Fu Shou Yuan, but will further promote the construction of the funeral service team in Fu Shou Yuan. After the competition, funeral service of Fu Shou Yuan will be continuously improved, and Fu Shou Yuan will constantly cultivate craftsmen, forge originality, polish artisans and preserve craftsmanship.

5.2 Listening to Customers' Voices

For many years, Fu Shou Yuan has always provided high-quality and solemn services as an important means to enhance the competitiveness of enterprise. As the income level of residents, the level of spiritual civilization and the demand for a better life continue to improve, people's requirements for funeral service quality have been further improved. In view of the strong gathering effect of the funeral industry, Fu Shou Yuan is committed to providing high-quality services in the whole chain, enabling customers to choose a range of services from funeral to tomb, and spreading our reputation in the form of "word of mouth".

Fu Shou Yuan not only provides customers with more detailed and standardized services, but also actively carries forward the culture of humanistic funeral. At the same time, it actively absorbs the advanced service concept of foreign funeral services and continuously improves its service level and market awareness.

5.2.1 Customer service

Fu Shou Yuan always regards "showing respect for the deceased and respect for humanity" as the first requirement of service, and continues to provide customers with quality service and enhance customer loyalty in customer service.

Through cultivation of our own marketing team, we continuously improve the quality of service and more effectively spread the service and cultural concept of Fu Shou Yuan. Now, every marketing person in Fu Shou Yuan is not just a "product salesperson", but also a "brand promoter", "culture promoter", "customer waiter", "industry consultant" and "life planner". In the face of grief-stricken relatives, in addition to providing standard service procedures, we will take the initiative to provide psychological and emotional support, reduce the grief of family members, and show the sincerity of Fu Shou Yuan service from the details.



5.2.2 Customer communication

Fu Shou Yuan has established a variety of feedback channels to collect feedback from customers on our services:

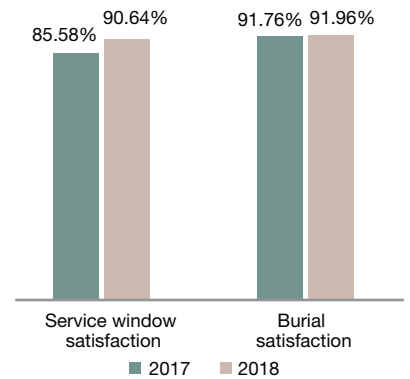
Offline communication feedback channel	Online communication feedback channel	Client review and satisfaction survey
<input type="checkbox"/> Service contact <input type="checkbox"/> Customer Service Specialist <input type="checkbox"/> Complaint Box	<input type="checkbox"/> Customer Service Phone <input type="checkbox"/> WeChat Official Account <input type="checkbox"/> Official Website	<input type="checkbox"/> Random telephone review <input type="checkbox"/> Satisfaction questionnaire <input type="checkbox"/> Processing notification <input type="checkbox"/> Customer relationship maintenance activities

Through the “Customer Complaint Guidelines”, Fu Shou Yuan handled the complaints and suggestions from customers through various channels at the first time, and responded promptly and proposed solutions. Afterwards, we strived to sum up our experience in a timely manner and enhance our future services.



During the Reporting Period, the satisfaction of each service segment of Fu Shou Yuan increased steadily, and the total satisfaction remained at a high level. The satisfaction survey results of Shanghai Fu Shou Yuan remain a steady increase in the burial satisfaction and the service window satisfaction, as shown in the figure.

Customer service satisfaction of Shanghai Fu Shou Yuan



5.2.3 Privacy protection

Protecting the privacy of customers is an important part of Fu Shou Yuan’s concept of “making people pass away respectfully with dignity”. We attach great importance to the safety of information in the process of service, feedback, customer maintenance, etc., formulate corresponding control regulations and train employees. We rely on a basic telecom operator to store the customer information we have obtained in our own computer room and implement corresponding anti-black reinforcement measures to greatly reduce the risk of customer information being stolen and ensure that customer privacy is guaranteed.

During the Reporting Period, Fu Shou Yuan did not receive any reports of violations of privacy or privacy disclosure.

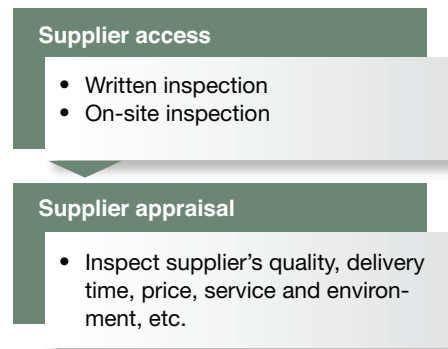
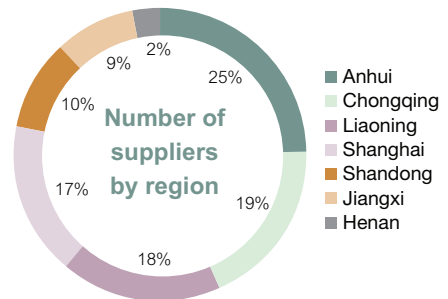
5.3 Improving Supply Standards

Over the years, Fu Shou Yuan has worked closely with suppliers to grow together and build long-term, stable and intimate partnerships, laying a good foundation for continuously providing customers with higher quality products and services. At the same time, Fu Shou Yuan strictly implements the supplier screening process and eliminates suppliers that do not meet the requirements of Fu Shou Yuan.

During the Reporting Period, Fu Shou Yuan continued to implement the “Management Measures for the Suppliers of Fu Shou Yuan International Group”, unified the management standards for bidding and procurement activities of subsidiaries around the country, and improved the management system of the Group’s suppliers.

As of December 31, 2018, the total number of suppliers was 567, mainly distributed in seven provinces and cities, namely Anhui, Chongqing, Liaoning, Shanghai, Jiangxi, Shandong and Henan.

While maintaining close cooperation and communication, Fu Shou Yuan and its suppliers endeavour to adopt higher standards of sustainable development, promote each other and improve together. We regard sustainability as an important condition for evaluating and selecting suppliers, and promoting suppliers to improve their sustainability.



## 6. Green Development and Sharing Harmony

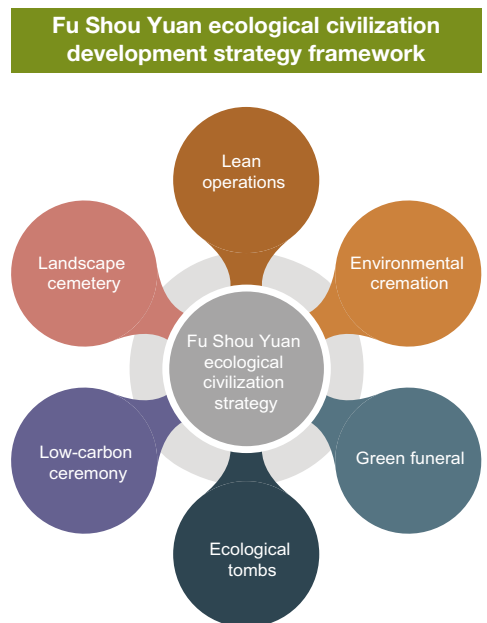
In the context of climate change, energy shortage, natural ecological degradation and serious environmental pollution, Fu Shou Yuan regards environmental protection as an important support for sustainable development and integrates it into all aspects of the industrial chain. From energy and resource management, environmental cremation technology, civilized funeral ceremony, low-carbon burial mode, smoke-free rituals to cemetery ecological construction, Fu Shou Yuan constantly explores more environmental-friendly operating modes and is committed to reducing the impact on environment, maintaining ecological balance and creating green value during the service cycle.

### 6.1 Advocating Ecological Civilization

The 19th CPC National Congress Report stressed that we must establish and practice the concept that lucid waters and lush mountains are invaluable assets. As a responsible listed company, Fu Shou Yuan has been involved in the construction of ecological civilization. Taking the core of improving environmental quality and improving service as the guideline, we constantly improve the systematization, scientification and informatization level of our ecological environment management, and preserve the lucid water and lush mountains for the present and future. By examining the boundaries of various business operations, identifying the links arising from environmental impacts, and tapping into the potential of ecological civilization construction, Fu Shou Yuan has established a basic strategic framework for ecological civilization development.

- **Lean operations:** integrate lean management of energy, resources and emissions involved in the operations;
- **Environmental cremation:** fully develop and optimize cremation technology and processes to alleviate the environmental pressure brought by cremation;
- **Green funeral:** designing low-carbon, environmental-friendly and modern funeral activities to reduce the environmental pollution of traditional funerals;
- **Ecological tombs:** innovate and promote land-saving, material-saving, sustainable funeral methods;
- **Low-carbon ceremony:** implement a ban on ignition and fireworks, minimizing the impact of sacrifices on the environment and surrounding residents;
- **Landscape cemetery:** create a landscape cemetery where nature and humanity coexist, creating a green and ecological garden.

Based on this ecological civilization development strategy framework, Fu Shou Yuan has formulated a complete environmental management policy and corresponding measures, focusing on the overall situation, concentrating on the details, and practicing the sustainable and responsible ecological concept.



### 6.2 Practicing Environmental Value

#### 6.2.1 Lean operation

Fu Shou Yuan always adopts a unified lean management mode for energy, resources and emissions involved in the operation process, and formulates energy, resource management systems and emission management systems. Fu Shou Yuan promoted its subsidiaries to actively obtain ISO9001 quality management system and ISO14001 environmental management system certifications. At present, Fu Shou Yuan has established a property management system and a cemetery management visualization platform to realize data statistics, real-time data feedback and equipment online repair. Based on the statistical results of the data and the actual situation of each operation site, Fu Shou Yuan carried out detailed analysis and on this basis, formulated the next stage of energy conservation and emission reduction targets and plans.

#### Efficient water use

The water consumption of Fu Shou Yuan is divided into two categories: greening water and domestic water, of which greening water accounts for the majority. As for the greening aspect, in full consideration of the factors such as climate, topography and landscape demand, Fu Shou Yuan scientifically selected plant species and adopted drip irrigation, sprinkler irrigation and other modern way of irrigation to prevent the occurrence of flooding. Fu Shou Yuan has built a natural rainwater collection pool in the areas with sufficient precipitation, and specially set up a rainwater pipe for greening and circulating irrigation and site cleaning. In 2018, we further proposed construction requirements for foreign engineering vehicles. The transportation of sand and gravel must be covered with crepe to avoid dust, and the roads in the park should be cleaned to the maximum extent, thus reducing water consumption. In the office and domestic water supply, Fu Shou Yuan installed induction water valves in various operating sites to reduce water waste.

The water consumption of Fu Shou Yuan in 2018 is as follows:

	Unit	Total amount in 2017	Total amount in 2018
<b>Water consumption</b>	ton	611,453	457,229
<b>Water consumption intensity</b>	tons/RMB10,000 revenue	4.14	2.77

*Note: Partial landscape renovation projects with huge amount of water consumption in 2017 was completed in 2018, and the water consumption was reduced accordingly;*

### Precise energy utilisation

The energy consumption of Fu Shou Yuan is mainly from purchased electricity. The headquarters tracked electricity usage, guided each branch to establish an energy management system and set annual energy conservation goals through the cemetery management visualization platform. Each park of Fu Shou Yuan has set up special energy-saving groups, relying on the Internet of Things Management System to form a unified caliber. Due to the volume increase in new acquisitions of company and old parks, Fu Shou Yuan purchased 7,251 megawatt-hours of electricity this year, up 9% compared to 2017, and the power consumption per RMB million revenue was 4.39 megawatt-hours, down by 2% compared to 2017. With the increase in the business modes of Fu Shou Yuan and the expansion of the industrial layout, the types of energy involved in the Group have increased. The energy consumption of Fu Shou Yuan in 2018 is as follows:

	Unit	Total amount in 2017	Total amount in 2018
<b>Purchased power</b>	megawatt hour	6,631	7,251
<b>Coal</b>	ton	/	275
<b>Kerosene</b>	litre	/	14,030
<b>Diesel</b>	litre	/	96,372
<b>Natural gas</b>	cubic meter	/	204,626
<b>Comprehensive energy consumption</b>	megawatt hour	/	12,380
<b>Comprehensive energy consumption intensity</b>	megawatt hour/ RMB million revenue	/	7.50

*Note: 1. In 2018, we carried out detailed management;*

*2. In 2018, the Group own cremation business increased. The energy in this business operation mainly comes from diesel and natural gas. The above data comes from self-owned cremation machines at operation sites including Chongqing Bishan, Xuancheng Mashan and Jiangxi Wuyuan.*

### Strictly Control Pollution

Fu Shou Yuan strictly abided by the *Environmental Protection Law of the People's Republic of China* (《中华人民共和国环境保护法》), the *Law of the People's Republic of China on the Prevention and Control of Water Pollution* (《中华人民共和国水污染防治法》), the *Law of the People's Republic of China on the Solid Waste Pollution Prevention* (《中华人民共和国固体废物污染环境防治法》), the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution* (《中华人民共和国大气污染防治法》) and *Environmental Protection Tax Law of the People's Republic of China* (《中华人民共和国环境保护税法》), etc. to reduce pollution risks in business activities.

#### Exhaust gas

The waste gas generated in the operation of Fu Shou Yuan mainly comes from unorganized emission behavior in the park. In the process of sacrificing graves, some customers will choose to set off firecrackers, burn paper money, present incense, incinerate remnant stuff of the deceased and other measures to commemorate the deceased, causing on-site air pollution in the park. As such waste gas is relatively scattered and tends to decrease as the park implements a smoke-free sacrificing, it does not constitute a major pollutant in Fu Shou Yuan. During the Reporting Period, Fu Shou Yuan continued to increase environmental protection propaganda and inspections and provided alternative sacrifices and centralized disposal of belongings to reduce the practice of private combustion.

#### Waste water

The greening water used in the operation of Fu Shou Yuan will be reused or returned to the ground by natural infiltration, without additional pollution; the domestic wastewater will be treated by the sewage treatment plant.

### Solid waste

The solid waste generated by Fu Shou Yuan is non-hazardous waste, including sacrifice garbage, domestic garbage, and a small amount of garden waste such as construction waste, bare branches and dead weeds. Fu Shou Yuan advocates customers to bring their own easy-to-disassemble and landfill-degradable items, thus reducing the production of garbage. For all kinds of garbage generated in the park, Fu Shou Yuan has set up a garbage collection system, stipulating organic wastes are landfilled, and wastes can be recycled by third parties, and the rest of the garbage is uniformly handled by government departments. During the Reporting Period, Fu Shou Yuan produced a total of 3,677 tons of non-hazardous waste, which was higher than the previous Reporting Period, mainly due to the increase in business volume and the acquisition of new enterprises.

	Unit	Total amount in 2017	Total amount in 2018
<b>Non-hazardous waste</b>	ton	3,457	3,677
<b>Non-hazardous waste intensity</b>	ton/RMB million revenue	2.34	2.23

### Constrain carbon emission

Climate change is a common challenge facing the world and is closely related to the well-being of everyone. Fu Shou Yuan will regard reducing carbon emissions as an important way to realize the value of corporate environmental responsibility. During the Reporting Period, Fu Shou Yuan reduced carbon emissions by upgrading equipment and seeking new energy sources. It will further promote the concept of "carbon constraint", practice low-carbon models in the areas of funeral infrastructure construction, body treatment, relics burning and ashes placement, and integrate carbon footprint management into the entire industry chain.

	Unit	Total amount in 2017	Total amount in 2018
<b>GHG scope I</b>	tCO <sub>2</sub> e	/	1,371
<b>GHG scope II</b>	tCO <sub>2</sub> e	6,382	4,984
<b>Total GHG emission</b>	tCO <sub>2</sub> e	6,382	6,355
<b>GHG emission intensity</b>	tCO <sub>2</sub> e/RMB million revenue	4.32	3.85

- Note: 1. In 2017, there were fewer greenhouse gases from direct energy consumption, so no statistical disclosure was made on the scope I of greenhouse gases;
2. The 2017 greenhouse gas emission factor is based on the 2017 Regional Grid Default Line Emission Factor. The Regional Grid Average Emission Factor(2012 version), which is currently the latest version, for more accurate calculation of carbon emissions was unified used in 2018.

### 6.2.2 Environmental cremation

Cremation is an indispensable part of funeral services and generates majority of energy consumption and pollution. Since the country promoted cremation in the 1950s, although manufacturing technology of funeral cremation machine in China has made great progress, no major breakthroughs in energy conservation, emission reduction and pollution prevention and control have been made over the years. There are still serious air pollution, soil pollution and water pollution. With the determination to solve the cremation pollution and improve the appearance of China's funeral industry, it takes five years for Fu Shou Yuan to independently develop "Jiesheng" intelligent environmental-friendly cremation machine and series of products, which has filled the gap in the industry and improved the technological innovation capability and international competitiveness of Chinese funeral equipment.

#### Environmental-friendly cremation, bright and clean

"The smoke has disappeared recently and the air has become fresh!" Uncle Liu recalled that when he moved to the village near funeral parlour in Taishan District three years ago, he often saw two strands of black smokes in the direction of the funeral parlour, which sent a strong and pungent smell. The cremation worker Mr. Yang worked for nearly four years at the funeral parlour, also said that he was often smoked by the smoldering machine, chest tightness, shortness of breath and headache due to the daily dealing with the cremation machine, and tolerated the huge sound of the cremation machine while keeping operation. It is completely different now."

"Since its operation, funeral parlour in Taishan District, Tai'an City, Shandong Province has been using two black old-fashioned cremation machines with various problems such as heavy exhaust, high noise and small operating space. After Fu Shou Yuan cooperated with Tai'an Municipal Government to promote the reform of the funeral service, the funeral parlour replaced the original old-fashioned cremation machine with the "Jiesheng" intelligent environmental cremation machine developed by Fu Shou Yuan, and the whole environment changed dramatically. Bright and clean replaces dark and narrow. The two intelligent environmental cremation machines not only start and stop with one button, but also operate in low decibels, and can monitor the cremation state in real time. Mr. Yang sincerely exclaimed, "With the environmental cremation machine, my work intensity and environment have become completely different. I used to be a small slave laborer in the small black house. Now I'm the luckiest cremation worker."

“Jiesheng” intelligent environmental-friendly cremation machine, being an all-in-one technology, has obtained the national invention patent (patent number: 201510863936.1) in January 2018, and more than 20 split technologies have been approved as “utility model patents.” Existing cremation machine technique is mature with stable quality, and has passed the authoritative environmental monitoring of the national expert group of cremation machine, and the emission meets the requirements of GB 13801–2015 “Crematorium Air Pollutant Emission Standard” and relevant EU standards. In order to achieve excellent environmental performance and meet the practical characteristics of the funeral and cremation of China, Fu Shou Yuan vigorously promoted the localization process and achieved the following technological highlight breakthroughs:

**Technology highlights of “Jiesheng” environmental-friendly cremation machine**

<b>Improve secondary combustion</b>	<p><b>Technology:</b> Extended secondary combustion chamber with unique design of secondary combustion chamber structure</p> <p><b>Significance:</b> Extend the residence time of flue gas, and actively eliminate dioxin and other harmful substances from the source</p>
<b>Achieve rapid cooling</b>	<p><b>Technology:</b> Temperature interval and time control are realized, and suitable cooling medium and filter area of heat exchanger are selected</p> <p><b>Significance:</b> The secondary generation of harmful substances such as dioxins is avoided</p>
<b>Low nitrogen burner</b>	<p><b>Technology:</b> Developed a practical burner to improve flame length, rigidity, energy consumption and nitrogen oxide emission concentration</p> <p><b>Significance:</b> Reduce NOx emissions</p>
<b>Blower renovation</b>	<p><b>Technology:</b> Independently developed air blowers with appropriate air volume, wind pressure, noise and energy consumption</p> <p><b>Significance:</b> Break overseas technology monopoly and guarantee equipment delivery time</p>
<b>Data control oxygen</b>	<p><b>Technology:</b> Solved the irregularity of the burned material and the instability of combustion</p> <p><b>Significance:</b> Control combustion by oxygen content, reduce emissions of various harmful substances</p>
<b>Whole-process intelligence</b>	<p><b>Technology:</b> Resolved the uncertainty of incineration using user-friendly operation</p> <p><b>Significance:</b> Reduce user work intensity, optimize operation mode, and achieve one-button start and stop</p>
<b>Remote monitoring system</b>	<p><b>Technology:</b> Comprehensive data collection and recording</p> <p><b>Significance:</b> Achieve precise control and remote fault diagnosis analysis</p>

“Jiesheng” intelligent environmental-friendly cremation machine has been installed in the funeral parlours of Shanghai Qingpu, Jiangxi Wuyuan, Shandong Tai’an, Chongqing Bishan, Anhui Xuancheng, Guizhou Zhengnan and Jiangxi Yanshan, and exported to Russia and State of Mongolia. In the future, Fu Shou Yuan will further increase R&D investment, improve the energy utilization efficiency of cremation equipment, reduce manufacturing costs, and strive to provide low-cost and excellent cremation equipment for economically underdeveloped areas, accelerate the implementation of cremation policy, while strengthening scientific research cooperation, continuing to improve waste gas pollutant emission control level of equipment incineration, and advancing on the path to sustainable cremation machines.

Fu Shou Yuan strictly abides by *the Patent Law of the People’s Republic of China* (《中华人民共和国专利法》), *the Copyright Law of the People’s Republic of China* (《中华人民共和国著作权法》), and *the Trademark Law of the People’s Republic of China* (《中华人民共和国商标法》), fully respects the intellectual property rights of others, and safeguards its intellectual property rights through legal actions. As of 2018, with the focus on research and development of cremation machine, Fu Shou Yuan has a total of 26 patent projects, holding leading position in the industry.

**6.2.3 Green funeral**

Fu Shou Yuan has always actively promoted green funeral, and strictly implemented a series of green safety funeral measures in various funeral parlours, such as changing traditional incense candles into smokeless incense or electronic candlesticks, using crepe wreaths for recycling, and replacing traditional firecrackers, with electronic firecrackers and using electronic braziers, etc. These new for old measures take into account the form and connotation of traditional funeral culture with consideration of safety and environmental protection. In the future, Fu Shou Yuan will also create a unique funeral scene for customers by introducing modern funeral contents such as wish cards, flowers and live soundtracks, and promote the diversification and customization of green funeral services.

### 6.2.4 Ecological funeral

According to the cultural spirit of the Chinese nation, the value and significance of land is unparalleled. “Nostalgic provincialism” “Laid to rest”, as well as living and death are inseparable from the support of the land. However, with the development of modern cities and population growth, land resources are increasingly scarce, and “land-saving burials” have gradually become a new mode under modern demand. As a leading funeral service provider, Fu Shou Yuan, in response to *Guidelines on the Promotion of Land-saving Ecological Burial* (《关于推行节地生态安葬的指导意见》) jointly issued by the nine ministries including the Ministry of Civil Affairs, promotes the planning of cemetery, design of tombs, material manufacturing and peripheral services. A variety of burial forms were promoted, leading the new trend of ecological funeral.

Since the initiative of Shanghai Cancer Recovery Club in 2007, Fu Shou Yuan has successively created a variety of innovative modes such as flower burial, forest burial, sea burial, wall burial, lawn burial, water burial, bronze plaque burial and tower burial. The possibility of ecological funeral is further expanded. While helping entities with modest funerals, Fu Shou Yuan strives to create a “comfort expansion” of spiritual funeral, and retains a unique existence for the deceased by means of farwells to remembrance, life movies, digital archives, etc., for the living to achieve memory and emotional sustenance.

Fu Shou Yuan hopes to lead the public to further understand the advantages and significance of ecological funeral, and to guide more people to choose ecological funeral through innovation and efforts, so that “the foothold of life” becomes environmental-friendly and profound.



Ground burial mode



### 6.2.5 Low carbon sacrifice

For a long time, Fu Shou Yuan adhered to the principle of low-carbon sacrifices, and adopted measures such as ban on ignition and fireworks, low-carbon transportation, and green sacrificing guidance in various parks to create a modern low-carbon smoke-free cemetery and detail green norms in the cemetery operation process. For customers who are accustomed to the traditional form of sacrifice, Fu Shou Yuan creates a pure and convenient environment for the change of customs through the trinity mode of “consciousness cultivation”, “regulatory supervision” and “practice guidance”.

#### Low carbon sacrifice “Trinity” advocacy model

##### Consciousness cultivation

- Instruct customers to sign the “Civilization Sacrifice Commitment Letter”
- Set up a sign of ban on ignition and fireworks at the entrance to the park

##### Regulatory supervision

- Daily routine inspection
- Carry out special inspection in cooperation with civil affairs departments during peak period

##### Practice guidance

- Provide customers visiting the park with cards, yellow ribbon, paper cranes and other sacrificial objects
- Provide free shuttle bus and battery type sightseeing bus for visitors



### 6.2.6 Landscape cemetery

Fu Shou Yuan believes that the background color of life should be bright and colorful, so every corner of Fu Shou Yuan should shine into the sun and be covered with fresh colors. Adhering to the business philosophy of “turning the cemetery into a park” and “merging the natural landscape with the human landscape”, Fu Shou Yuan integrates the idea of landscape construction with the concept of sustainable development to create an ecological, environmental-friendly and organic landscape cemetery culture.

At the beginning of construction, Fu Shou Yuan arranged all kinds of plants in a scientific and reasonable manner, set up the landscaping level according to local conditions, and realized the time and space landscape of “one step, one scene; one meet, one life” (一步一景、一期一会). Meanwhile, to implement the goal of ecological garden construction, Fu Shou Yuan has adopted a variety of organic management measures. For many years, Fu Shou Yuan has reduced soil and water pollution by processing garden waste into cover materials used in winter and increasing the proportion of organic fertilizer used.

#### Ecological construction

Phase I of Humanities Memorial Park of Chongqing Xijiao FSY includes three parts: the funeral parlour, the cemetery and the reservoir. Around the ecological concept, the park planted about 30,000 square feet of turf, more than 3,000 trees and 22,000 square feet of flowers in 2018, all using native plants to form a diverse ecosystem and improving ecological benefits. Aquatic plants such as water lilies are also planted in the reservoir to purify the water.

#### Organic soil

Fu Shou Yuan has modified the soil of Shanghai Qing Pu park in 2018 and has passed the certification of the testing organization. The R&D staff of Fu Shou Yuan has adapted the improved soil to the Qingpu Park. Through the reasonable ratio of peat soil, fine sand, organic fertilizer and nutrient soil, it increases the water permeability, water retention and nutrient of the soil, which is more conducive to plant growth and development.

In the future, Fu Shou Yuan will focus on the sustainability and diversification of the park’s overall ecological environment system, enhance the ecological balance of the park on the basis of beautiful landscapes, and make each cemetery a beautiful place where people and nature can co-exist harmoniously.

## Appendix – List of Honors and Awards for Fu Shou Yuan

### Main Honors and Awards of Year 2018 for Fu Shou Yuan

Awardee	Name of Award	Awarding Time	Presenting Authority
The Group	2017 Eco-Friendliness Model Award	January 2018	The 7th China Charity Festival
	The 9th China Talent Development Award of “2017 Innovation Enterprise Award”	April 2018	China Training Magazine, Review Committee of China Talent Development Award
	2018 (Industry) Influential Brand Award	July 2018	China Finance Summit
	2018 Top 100 HK Listed Companies	September 2018	China-Asia Economic Development Association, One Belt One Road Association, Korea Asia News Group, China Cultural Industry Association, Hong Kong-Mainland International Investment Society
Shanghai Fu Shou Yuan Industrial Development Co. Ltd	Charity Practice Award 2017	January 2018	The 7th Charity Festival
	Safety Demonstration Unit in 2017 in Shanghai City	February 2018	Shanghai Public Security Commission
	Board of Chinese Association For Life Care	March 2018	Chinese Association For Life Care
	Donation Certificate issued by Red Cross Society of China Shanghai Branch	March 2018	Red Cross Society of China Shanghai Branch
	Shanghai Harmony Labor Relations Standard Enterprise	March 2018	Shanghai Municipal Human Resources and Social Security Bureau, Shanghai Federation of Trade Unions, Shanghai Federation of enterprises, Shanghai Entrepreneurs Association, Shanghai Federation of Industry and Commerce
	Practice teaching base	May 2018	Shanghai Institute of Socialism
	Member Unit of Shanghai Services Federation	May 2018	Shanghai Services Federation
	Pioneer Enterprise for Patriotism Education Base of Shanghai 2016–2017	June 2018	Propaganda Department of Shanghai, Shanghai Education Commission, Communist Youth League Shanghai Committee
	Member Units of Pension Service Professional Committee of Shanghai Services Federation	September 2018	Pension Service Professional Committee of Shanghai Services Federation
	National Exemplary Home for Workers	November 2018	All-China Federation of Labour Unions
Shanghai Fu Shou Yuan Funeral Service Corporation	Shanghai Harmony Labor Relations Standard Enterprise	March 2018	Shanghai Human Resources and Social Security Bureau, Shanghai Federation of Trade Unions, Shanghai Federation of enterprises, Shanghai Entrepreneurs Association, Shanghai Federation of Industry and Commerce
Chongqing Anle Services Co., Ltd.	First Prize of Mortician skills competition at the 8th National Civil Affairs Professional Skill Competition (Sun Zhihong)	November 2018	Ministry of Civil Affairs Personnel Department, CETTC
Hefei Renben Funeral corporation	Third Prize of Mortician skills competition at the 8th National Civil Affairs Professional Skill Competition (Wang Ling)	November 2018	Ministry of Civil Affairs Personnel Department, CETTC
Hefei Dashushan Culture Cemetery Co., Ltd.	Anhui Provincial Advanced Hygiene Unit	February 2018	Anhui Provincial Patriotic Health Campaign Committee
	March 8th Flag Bearer of Anhui Province in 2017(Wang Qiong)	March 2018	Anhui Women’s Federation
Changzhou Qifengshan International Cemetery Co., Ltd.	Jiangsu Province Universal Science Education Base	February 2018	Jiangsu Association for Science and Technology,etc
	Garden-like Demonstrative Enterprise of Changzhou	December 2018	Changzhou Landscaping Administration
Shandong Fu Shou Yuan Development Co., Ltd.	“Annual Responsibility Brand” award at the 7th China Charity Festival	January 2018	Review Committee of China Charity Festival
Liaoning Guanlingshan Cultural Landscape Cemetery Co., Ltd.	Civilization Unit of Liaoning Province in 2015–2017	June 2018	Liaoning Province Commission for Guiding Cultural and Ethical Progress

## Appendix – List of Major Laws and Regulations for Fu Shou Yuan

### List of Major Laws and Regulations for Fu Shou Yuan

Category	Name
Governance	Company Law of the People's Republic of China
	(Law of the People's Republic of China on Enterprise Income Tax)
	Anti-Unfair Competition Law of the People's Republic of China
Employment	Labour Law of the People's Republic of China
	Employment Promotion Law of the People's Republic of China
	Labour Contract Law of the People's Republic of China
	Social Insurance Law of the People's Republic of China
	Trade Union Law of the People's Republic of China
	Labor Dispute Mediation and Arbitration Law of the People's Republic of China
	Law of the People's Republic of China on the Protection of Women's Rights and Interests
Intellectual property rights	Patent Law of the People's Republic of China
	Copyright Law of the People's Republic of China
	Trademark Law of the People's Republic of China
Health and safety	Production Safety Law of the People's Republic of China
	Prevention and Control of Occupational Diseases Law of the People's Republic of China
	Food Safety Law of the People's Republic of China
	Social Insurance Law of the People's Republic of China
Environmental protection	Environmental Protection Law of the People's Republic of China
	Environmental Protection Tax Law of the People's Republic of China
	Law of the People's Republic of China on the Prevention and Control of Water Pollution
	Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste
	Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution
Funeral	Regulations on Funeral Management (revised in 2012)
	Guidelines on the Promotion of Land-saving Ecological Burial
	Guiding Opinion on further promoting the funeral and burial reform and encouraging the development of the funeral and burial industry

# Appendix – Environmental, Social and Governance Reporting Guide of the Stock Exchange

## Subject Areas, Aspects, General Disclosures and KPIs

2018  
Sustainability  
Report

<b>A. Environmental</b>		
<b>Aspect A1</b>	<b>Emissions</b>	
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.	6.2 Practicing Environmental Value
KPI A1.1	The types of emissions and respective emissions data.	6.2 Practicing Environmental Value
KPI A1.2	Greenhouse gas emissions in total (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	6.2 Practicing Environmental Value
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).	6.2 Practicing Environmental Value
KPI A1.5	Description of measures to mitigate emissions and results achieved.	6.2 Practicing Environmental Value
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	6.2 Practicing Environmental Value
<b>Aspect A2</b>	<b>Use of Resources</b>	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	6.2 Practicing Environmental Value
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).	6.2 Practicing Environmental Value
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	6.2 Practicing Environmental Value
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	6.2 Practicing Environmental Value
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	6.2 Practicing Environmental Value
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.
<b>Aspect A3</b>	<b>The Environment and Natural Resources</b>	
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	6. Green development and Sharing Harmony
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	6. Green development and Sharing Harmony

## Subject Areas, Aspects, General Disclosures and KPIs

2018  
Sustainability  
Report

<b>B. Social</b>		
<b>Aspect B1</b>	<b>Employment</b>	
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.	3.1 Gathering Talents Everywhere
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	3.1 Gathering Talents Everywhere
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Total employee turnover rate data has been disclosed in 3.2 Supporting Growth and Development, specific classification is planned to further disclose in the future
<b>Aspect B2</b>	<b>Health and Safety</b>	
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.	3.3 Safeguarding Health and Safety
KPI B2.1	Number and rate of work-related fatalities.	3.3 Safeguarding Health and Safety
KPI B2.2	Lost days due to work injury.	3.3 Safeguarding Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	3.3 Safeguarding Health and Safety
<b>Aspect B3</b>	<b>Development and Training</b>	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	3.2 Supporting Growth and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Further disclosure will be provided in the future
KPI B3.2	The average training hours completed per employee by gender and employee category.	3.2 Supporting Growth and Development
<b>Aspect B4</b>	<b>Labor Standards</b>	
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.	3.1 Gathering Talents Everywhere
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	3.1 Gathering Talents Everywhere
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	3.1 Gathering Talents Everywhere
<b>Aspect B5</b>	<b>Supply Chain Management</b>	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	5.3 Improving Supply Standards
KPI B5.1	Number of suppliers by geographical region.	5.3 Improving Supply Standards
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.	5.3 Improving Supply Standards

## Subject Areas, Aspects, General Disclosures and KPIs

2018  
Sustainability  
Report

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 Listening to Customers' Voices
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Recalling related to safety and health is not involved.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	5.2 Listening to Customers' Voices
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	6.2 Practicing Environmental Value
KPI B6.4	Description of quality assurance process and recall procedures.	Recall procedures and quality assurance are not involved.
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	5.2 Listening to Customers' Voices
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.	4. Bringing Warmth to the Society with Love
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	4. Bringing Warmth to the Society with Love
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	4. Bringing Warmth to the Society with Love



福壽園國際集團

FU SHOU YUAN INTERNATIONAL GROUP

01448.HK