



福壽園國際集團

FU SHOU YUAN INTERNATIONAL GROUP
01448.HK



2020

SUSTAINABILITY REPORT

福壽園國際集團有限公司

FU SHOU YUAN INTERNATIONAL GROUP LIMITED
Incorporated in the Cayman Islands with Limited Liability

Stock code: 01448

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Preface

Summary of the Report

The 2020 Sustainability Report (the “Report”) is the fifth 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 period from January 1 to December 31, 2020 (the “Reporting Period” or the “Year”). In order to enhance the comparability and completeness of the Report, part of the content is extended beyond the Reporting Period. 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, social and governance areas in 2020 illustrating how Fu Shou Yuan lives up to its 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 substantially the same as that of the annual report dated April 21, 2021 of the Company (“2020 Annual Report”) and covers the Company and its subsidiaries¹.

Unless otherwise specified, the terms used in the Report have the same definition as those in the 2020 Annual Report.

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 takes into account the concerns of Fu Shou Yuan’s stakeholders.

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 approved by the board of Directors of the Company (the “Board”) on March 26, 2021 upon review, discussion and approval by the Sustainable Development Committee of the Group and the Compliance Committee of the Company, respectively.

Report Access and Feedback

The Report is available in Traditional Chinese and English 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 of Hong Kong Limited 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

Address: Unit 709, 7/F, K. Wah Centre, 191 Java Road, North Point, Hong Kong
or Room 1306, Charity Plaza, No. 88 Cao Xi Road North, Xuhui District, Shanghai

¹ Certain new-built companies have been incorporated into the financial statements of the Year, but given the imperfect ESG information management and collection structure and difficulties in collecting information, they are not included in the scope of the Report and will be disclosed in future sustainability reports.

Message from the Management

Traditional culture has a long history and is a carrier of thoughts to gather people's spirits. As a leader and integrator of China's death care service industry, Fu Shou Yuan is committed to creating a place of life and cultural enterprise that carries memories and emotions, inherits traditional values, and embodies social responsibility at corporate level. On behalf of the board of Directors, I hereby express my heartfelt gratitude to the shareholders and stakeholders for their long-term attention and support to the Group.

The year 2020, under the outbreak of the COVID-19, was a year in which we fought the epidemic together and sent our thoughts via the Internet. In this historical test of all people working together to fight the epidemic, adhering to the corporate spirit of "innovation, truth-seeking, peace of mind and sincerity", the Group launched, as a pioneer, online tomb-sweeping and a series of "Fu Shou Cloud (福壽雲)" products thanks to the rich accumulation of experience and made a breakthrough, which completely broke the distance of space, reminisced about life in a new way, and empowered the traditional death care industry with digital innovative services. Meanwhile, we continue to innovate service items, fully respect the will of life, and launch personalized services to help customers heal grief and feel life.

Being in awe of life, respecting life and caring for life form the core of our industry. Through Shanghai Fu Shou Yuan Public Welfare Foundation, we focus on the development and farewell of life and have carried out public welfare activities such as poverty alleviation, donation to schools, and life education in many places. We have also actively helped our peers in death care industry at home and abroad to overcome difficulties, participated in the activities of associations at all levels in the industry and promoted international ecological integration to explore the future development direction of the industry and drive internationalized and standardized development of the death care industry in China.

"There is no way to accomplish important tasks without talents." We adhere to people-oriented and diversified development concepts, recruit talents with a fair and equal attitude, focus on the employment of disadvantaged groups in society, and assist employees realizing their own values and the brilliance of life through a sound training system and career development channel.

As an inheritor and protector of traditional culture, we take care of the precious spiritual wealth accumulated over time. The Group continues to create a commemorative model with a focus on education and emotion, and makes unremitting explorations to promote the spirit of patriarchs, popularize the history of the city, and heritage the spiritual wealth of mankind. We also pay attention to the long-term value of cultural remembrance, constantly pushing the boundaries to make it more social, and promoting the continuous development of industry culture.

Shrinking the tombstone while enriching the commemoration, Fu Shou Yuan has always led the new trend of green and civilized funerals, protects the green mountains and rivers with green designs and smart devices, initiating cross-border innovation with green life services, and continuing to exert efforts in multiple links of operation to inject more green factors, promoting the development of death care business towards ecology, greenness and benefiting the people, to help achieve carbon emission reduction goals, and to enrich connotation to traditional culture.

The future development of the death care industry is not about land and tombstones, but about cultural cognition and creativity. The future goal of Fu Shou Yuan is to layout a sustainable development blueprint based on Life Service Academy, Humanities Memorial Museum, Public Welfare Foundation, industrial ecosystem and "Fu Shou Cloud (福壽雲)", to promote the continuous improvement of people's livelihood and welfare of life services, and make unremitting efforts to build a closer industry life community. In the future, we will abide by the concept of "running a good enterprise and change the entire industry" and our original intention of bringing high-quality life services to the masses, and continue to lead the development of the industry.

Bai Xiaojiang

Fu Shou Yuan International Group Limited

Chairman of the Board of Directors and Executive Director

Wang Jisheng

Fu Shou Yuan International Group Limited

Executive Director and President

Sustainability Highlights of Year 2020



ECONOMIC ISSUES



ENVIRONMENTAL ISSUES



LABOUR ISSUES



SOCIAL ISSUES

Revenue:

RMB **1,892.5** million
Increase by approximately
2.3% YoY

Water Consumption:

4.19 tons/ten-thousand
RMB revenue

Total Number of Employees:

2,345

Customer Satisfaction Rate of Shanghai FSY:

Service window: **93.84%**
Burial service: **95.91%**

Total Number of Services:

60,474

Energy Consumption:

12.59 MWh/million
RMB revenue

Gender:

Female employee **40.85%**

Charitable Donations:

Charitable and other donations
approximately RMB **1.7** million

Regional Coverage:

45 cities in
18 provinces, autonomous
regions and municipalities

Non-hazardous Waste:

1.50 tons/million RMB
revenue
Decrease by approximately
28% YoY

Training Hours per Employee:

43.47 hours/employee

Public Welfare Contract Procurement:

2,623
Increased by approximately
40% YoY

Greenhouse Gas Emissions:

4.80 tCO₂e/million
RMB revenue

1. Company Governance

Sound corporate governance is the cornerstone and safeguard for the development of an enterprise. The Group always focuses on the standard and efficiency of internal governance. We start from improving the integrity and diversification of the corporate governance structure, to consolidate and further improve the level of corporate governance, so as to enhance corporate competitiveness.

1.1 About Us

Established in 1994, the Group is a professional life service platform and a leader in China's death care service industry, as well as a place of life that carries memories and emotions, a cultural enterprise that inherits traditional values, and a responsible social citizen. Over the past two decades, we have also been at the forefront of industry innovation, committed to breakthroughs in concepts, products, services, culture, art, technology and other aspects, leading the development and change of China's modern death care service industry.

At present, the Group covers burial services, funeral services, machinery, pre-need services, landscape design, Death Care + Internet, life education and other segments. Its business has been expanded to more than 45 cities in 18 provinces, autonomous regions and municipalities in China including Shanghai, Henan, Chongqing, Anhui, Shandong, Liaoning, Fujian, Zhejiang, Jiangxi, Jiangsu, Guangxi, Beijing, Guizhou, Inner Mongolia, Hubei, Gansu, Jilin and Heilongjiang.

The Group was listed on the Stock Exchange on December 19, 2013, and has become a model for China's death care companies to enter the capital market. In December 2016, the Company was officially included into the scope of Shenzhen-Hong Kong Stock Connect and has won many honorary titles successively, including "Top Ten Most Investment-Worthy Brand in Asia", "Forbes Top 100 Potential Listed Enterprises in China", the "Enterprise Social Responsibility Model Award" at China Finance Summit, "Top 10 Charity Projects of the Year in the China Charity Ranking" and the Fourth China Excellence IR" Award for Best ESG". In 2020, the Company has been consistently awarded AA rating in MSCI ESG rating, which takes a leading position among its peers.

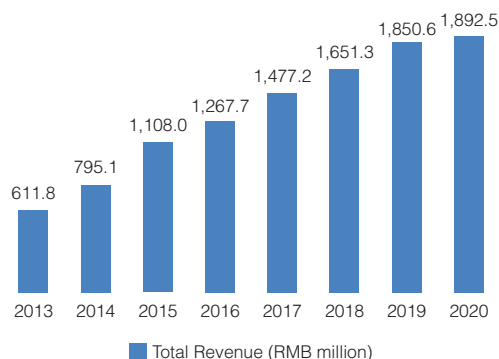
1.2 Operating Performance

On top of the concept of turning cemetery into parks, the Group further developed its core business by continuously optimizing the product mix, expanding the proportion of ecological land-saving products and art tombs, reducing the proportion of traditional tombs, improving land use efficiency, further innovating and increasing the application of new materials, new technologies and new processes for products.

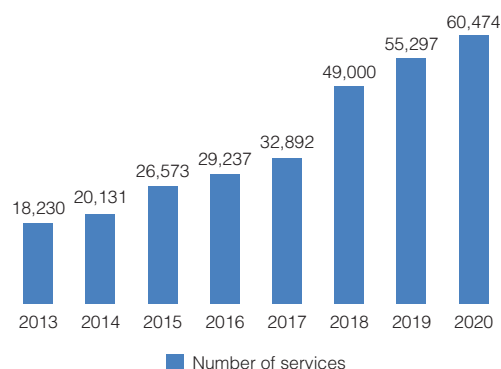
During the Reporting Period, we further expanded our service areas by increasing our regional layout, exploring diverse cooperation models, expanding the scale of funeral services, enhancing the planning and design capabilities of death care facilities and the environment, and seamlessly embedding ecological concepts and cultural elements. We explored Death Care + Internet area, enhanced coordination and cooperation among various business segments, improved service quality, maintained good performance.

In 2020, our revenue increased steadily to RMB1,892.5 million, a year-on-year increase of approximately 2.3%. The number of services² maintained growth since 2013, and reached 60,474 in 2020, representing an increase of approximately 9.4% as compared to 2019.

Total Revenue from 2013 to 2020



Number of Services from 2013 to 2020

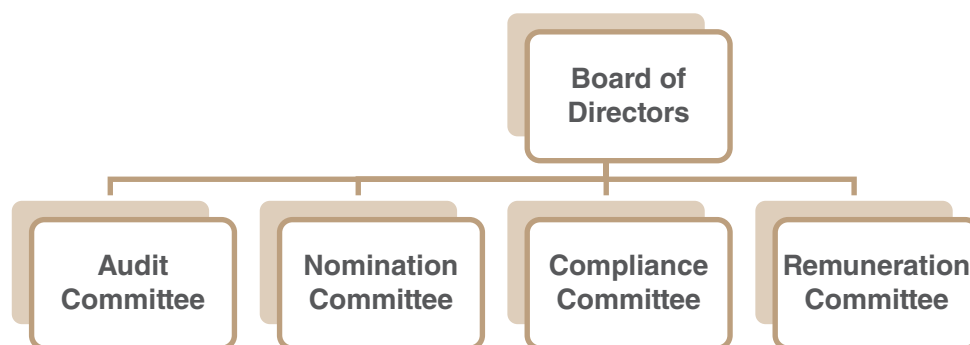


² The number of services is the sum of the number of funeral service customers and the number of burial plots for ordinary business purpose, excluding welfare cemeteries and village relocations.

1.3 Corporate Governance

An enterprise's sustainable development must be based on a sound and complete corporate governance environment. The Company primarily adopts the Code of Corporate Governance in Appendix 14 to the Listing Rules as its corporate governance guidelines, and on this basis, the Group has formulated detailed and efficient corporate governance procedures and established a transparent and traceable corporate governance system which clearly defines its rights and responsibilities, so as to lead the Group to achieve better performance and enhance corporate image through high-level corporate governance.

The Board has in place Compliance Committee, Remuneration Committee, Nomination Committee and Audit Committee to manage and supervise the Company's corporate governance. In 2020, the Company held 9 board meetings in total, and the senior management of the Company reported ESG-related work to directors frequently and conducted training on the new ESG guidelines of the Stock Exchange.



Compliance Committee

Responsible for reviewing and supervising the legal compliance of the Group and ensure that the Group complies with all applicable laws and regulations and corporate governance policies, and responsible for ESG related matters and supervising the work of the Group's Sustainable Development Committee. A total of 3 meetings of the Compliance Committee were held in 2020 to update the terms of reference of the Compliance Committee, incorporate ESG work into its terms of reference, and the updated terms of reference was simultaneously uploaded on the official websites of the Stock Exchange and the Company on August 21, 2020.

Audit Committee

Responsible for assisting the Board in providing an independent view of the effectiveness of the Group's financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board. A total of 2 meetings of the Audit Committee were held in 2020 to review and discuss the interim and annual financial statements, interim and annual results announcements and reports, and make recommendations to the Board on the re-appointment of auditors.

Nomination Committee

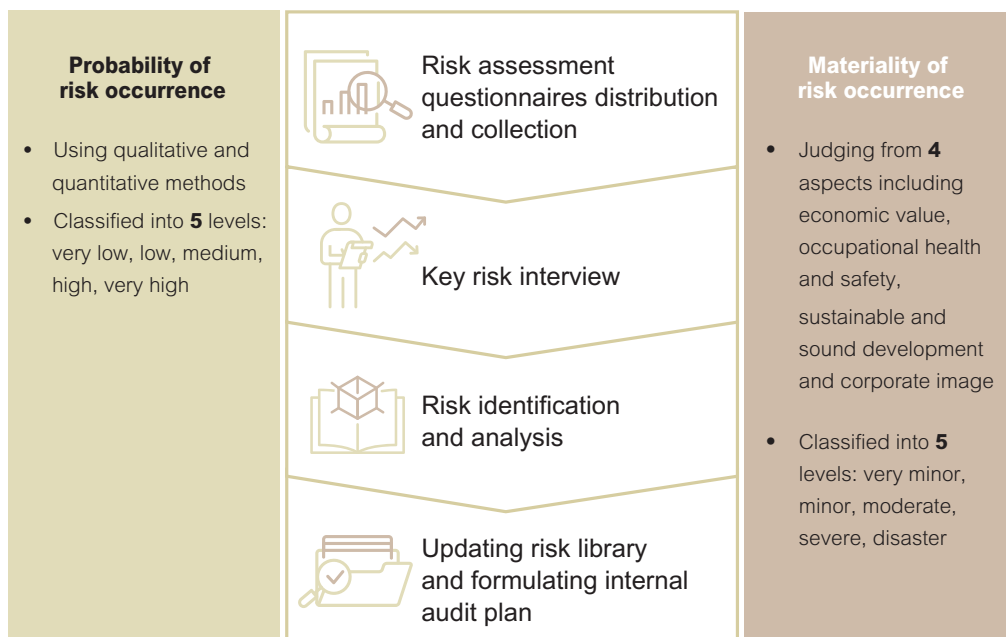
Responsible for planning the nomination policy for consideration by the Board, implementing the nomination policy formulated by the Board, and advising the Board on appointment of candidates to fill vacancies on the Board. A total of 2 meetings of the Nomination Committee were held in 2020, and the re-appointment of directors, the structure, size and composition of the Board, the diversity policy of the Board, and the retirement plan of directors were reviewed and the independence of independent non-executive directors was evaluated.

Remuneration Committee

Responsible for assessing the remuneration of our executive directors and senior management and making recommendations to the board of Directors in this regard, reviewing the performance of senior management and determining their remuneration composition. A total of 2 meetings of the Remuneration Committee were held in 2020.

Risk management

The Group has established a sound risk management and control mechanism to assess the impact of policy risk on the Company and ensure effective and safe operation of the Group through triple control before, during, and after the relevant work has been conducted.



To strengthen internal audit supervision, promote audit rectification, emphasize the seriousness and timeliness of internal audit investigation and punishment of violations, further implement the rights, responsibilities and benefits management of each position and standardize the operation and management behavior of each subsidiary, Fu Shou Yuan formulated the Management Measures for Internal Audit and Punishment to sort out and categorize the problems found in internal audits, and enact different punishment measures for different types of violations. The specific management covers regions (companies) routine audits, special audits, and resignation (employment) audits, report review and administrative penalty review of the group headquarters and subordinates.

Business ethics and anti-corruption

As a leader in the death care industry, Fu Shou Yuan adopts a zero-tolerance attitude towards any violation of business ethics. Fu Shou Yuan always adheres to the principle of integrity in its business operations, and strictly abides by the laws and regulations applicable to the Group's various operating areas and the highest standards of business ethics. We believe that compliance and law-abiding, and conducting business based on values are the foundation of corporate development, and we require every employee to follow these guidelines. Fu Shou Yuan strictly abides by the Criminal Law of the People's Republic of China, the

Company Law of the People's Republic of China, Anti-Unfair Competition Law of the People's Republic of China and other national laws and regulations, formulates the Anti-fraud Work System, which clarifies and stipulates fraud control, reporting and handling routines, remediation and punishment procedures, and resolutely eliminates all violations of business ethics and corruption.

During the Reporting Period, Fu Shou Yuan published tomb prices and opposed unfair competition in accordance with the territorial market conditions and internal system requirements. For death care service procurement contracts and major procurement contracts signed with the government, the Group will agree on relevant integrity clauses or commitments in the transferor's statements and guarantee clauses, and will, as the case may be, adjust the integrity commitment clauses and expand the scope of application in future as appropriate.

The Group has established a unified reporting channel for fraud cases. Management, employees and third-parties may report actual or suspected fraud cases by calling the reporting hotline and sending e-mails. We will conduct anti-fraud investigations on specific cases in accordance with relevant regulations.

In 2020, the Group did not have any cases of violation of business ethics or corruption lawsuits.

1.4 Diversity of the Board

Fu Shou Yuan attaches great importance to the diversity of the Board. In the process of selection, nomination, and establishment of the Board, we fully consider the skills, experience, cultural education, gender, ethnicity, age and other factors of the directors, as well as the advantages and contributions that they will bring to the Group in the future to fully guarantee the rationality and effectiveness of the Board's decision-making.

As of the date of release of the Report, the Board consists of three executive directors, three non-executive directors and five independent non-executive directors, and female directors account for 18% of the Board composition. Among them, in addition to the three founders responsible for the overall strategic planning and business development of Fu Shou Yuan, there are also three non-executive directors with extensive experience in the

manufacturing industry, investment and finance and five independent non-executive directors with unique authority in their respective industries. Independent non-executive directors include the former president of International Federation of Thanatologist Association, senior financial and legal experts, and the former board secretary of a Chinese airline company, which is listed in three places, with nearly 15 years of management experience. It provides assurance of the professionalism, independence and diversity of independent non-executive directors' backgrounds in terms of gender, region, cultural background, professional knowledge skills and experience, and provides guidance for overall corporate development and governance and ensures the rationality of decisions.

Adhering to “people-oriented and culture-rooted” concept and the core value of “perception of life and blooming of life”, Fu Shou Yuan develops the market with effective resource layout and governance system, and promotes industry change with new industry culture, so as to promote the development of the enterprise and become an enterprise that brings benefits to the society, shareholders and employees.

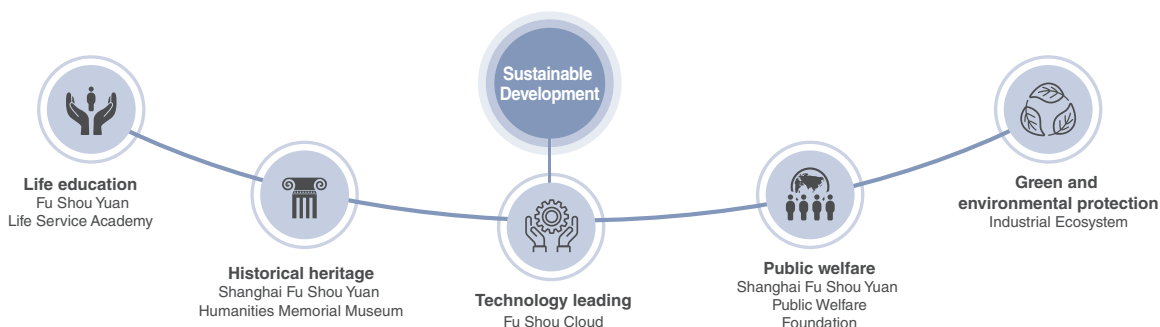
2. Governance of Sustainable Development

Fu Shou Yuan attaches great importance to communicating with stakeholders on sustainable development issues, implanting the concept of sustainable development into our strategic development goals, so as to realize the implementation of sustainable development in our daily business and innovation activities. We are committed to creating an excellent organization that is truly accepted and respected by the society, to truly realize the harmonious symbiosis and coordinated development of the economic and social environment.

2.1 Strategy of Sustainable Development

Fu Shou Yuan is rooted in development strategies including green and environmental protection, public welfare, technology innovation, historical heritage as well as life education, and voluntarily assumes corporate responsibility, industry responsibility, social responsibility, historical responsibility and public responsibility. Fu Shou Yuan follows the sustainable development concept of “transforming cemeteries into

parks, farewells into beautiful moments and sacrifice to memorial”, with a hope to convey the concepts of respect for the deceased, people-orientation, environmental protection and harmony to the public, and guide the market to re-recognize the death care industry. We also hope to continue to play an exemplary role in the industry, further standardize the development of the industry, and promote the transformation of industry culture.



Life education and talent cradle

Life Service Academy aims to cultivate professional management talents and professional technical talents in the modern death care industry, and adhering to the goal of “development”, “inspiration” and “change”, it strives to become a base for talent training and cultural inheritance of the Group, and a booster for innovation, development and change.

Green operation and industry leader

Fu Shou Yuan not only wishes to turn the cemetery into a park and achieve green development of the whole industry chain, but also creates a cemetery culture where “natural beauty and human landscape complement each other”. We deepen the concept of green operation into all aspects of our operations, strictly manage the use of resources and pollution emissions in corporate operations, and continue to explore and promote green and environmentally friendly sacrifice methods, so that more people can share the green waters and mountains for the benefit of society.

Historical heritage and spirit inheritance

Blood relationship between human, social continuity between people, and spiritual inheritance of mankind are collectively referred to as the spiritual life of human. Human life is short, but the inheritance of human spirit

is eternal. The individual demise of a person is a decrease in material, but the continuation of memory is an increase in spirit. Fu Shou Yuan preserves and extends the spiritual life of people, allows the spirit of the deceased to continue to live in the hearts of the living, and become the common spiritual wealth of mankind, with the hope to help the living find warmth and strength from the memory of past life and with hope in life through humanistic memorial.

Technology and innovation leading

Pioneering and innovation, leading the industry forward is the industry responsibility that we have always advocated and proactively assumed. Digital devices and the Internet have gradually changed people’s behavioral preferences and habits. Following this trend, Fu Shou Yuan has launched Internet + Death Care Services” which creates a portal-type integrated service platform and a series of “Fu Shou Cloud” products to provide users with digital death care ecology services and empower traditional industry.

Charity undertakings humanistic care

While realizing its own development, Fu Shou Yuan also actively assumes social responsibilities such as humanities, charity, environmental protection, and public welfare, and continues to devote itself to public

welfare and charity with practical actions to help promote the development of the community and the improvement of social well-being.

Looking forward, Fu Shou Yuan will not forget its original intention. We will continue to innovate, improve the quality of products and services, and strengthen operation management to enhance competitiveness and promote the sustainable and healthy growth of the Group's business. Besides, we will continue to consolidate industry resources to lead the death care industry towards sustainable development.

2.2 Governance of Sustainable Development

In order to better promote the implementation of sustainable development strategy, during the Year, the Sustainable Development Committee (the "Committee") was established within the Group. With the president of the Group serving as director of the Committee and the senior management of the Group serving as members, the Committee regularly discussed, reflected, summarized and carried out ESG-related management work. And it reported to the Compliance Committee according to the annual ESG goals and conducted irregular discussions, workshops or reports as needed. Since then, the three-tier ESG governance structure has been further improved, the rights and responsibilities have been clarified, and the level of ESG governance has been improved. The board of Directors is responsible for assessing and determining the Group's ESG risks, ensuring the establishment of a suitable and effective internal control system, and approving ESG policies and reports. The Compliance Committee regularly reviews ESG management policies, strategies and governance structures, approves major ESG processes and policies, and submits the results to the board of Directors for approval. The Sustainable Development Committee has held meetings during the Year to conduct training, analyzed material issues and discussed goals.

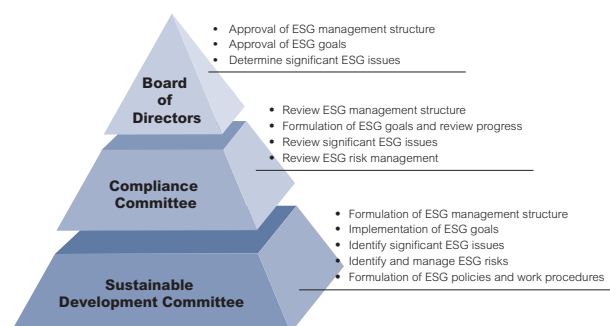


Sustainable Development Committee Meeting

We are also committed to identifying and assessing the climate change risks involved in our operations, and sharing with the management information on national and industry policies to address climate change. We attach great importance to the physical and transitional risks that climate change may bring to our business, and develops a climate change risk response system, striving to turn crises into opportunities, laying a foundation for a reasonable response to climate change risks in the future and seizing opportunities for climate change.

2.3 Stakeholder Communication

Based on the principles of dependence, power and responsibility, and influence with its stakeholders, Fu Shou Yuan has identified 8 types of major stakeholders. We value communication with various stakeholders and actively carry out regular and effective communication with stakeholders to understand the concerns of stakeholders and respond to the demands of stakeholders in a timely manner, and incorporate relevant feedback into the consideration of sustainable development strategy formulation while responding to the concerns of stakeholders through the Report.



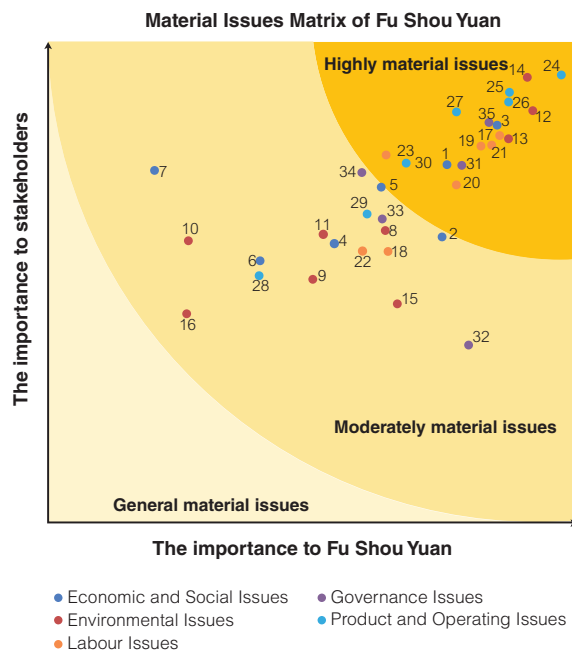
ESG Three-tier Governance Structure

Stakeholder Groups	Issues of Concern	Communications Channels	Frequency/Times
Employees	Occupational health and safety Employment and employee retention Employee performance evaluation and promotion Employee benefits and wages Education and training Diversity and inclusion Human rights	— Employee performance appraisal interview — Internal publications : Fushou Humanism Fushou Daily	— Quarterly — Quarterly — Usually bi-monthly
Shareholders/Investors	Company's business performance Governance structure Sustainable development strategy Risk and crisis management Legal compliance	— Annual general meetings — Extraordinary general meetings — Investor meetings — Performance conferences — Press releases/ Announcements — Field investigations	— Annually — On an irregular basis — On an irregular basis — Semi-Annually — On an irregular basis — On an irregular basis
Customers	Service quality and customer complaints Customer privacy protection Product and service compliance Technology and innovation	— Official website — Service managers — Instant communication software — Social media platforms	— On an irregular basis — On an irregular basis — On an irregular basis — Usually daily
Government and regulatory authorities	Company's business performance Legal compliance Green death care	— Field investigations — Meetings and interviews	— On-demand on an irregular basis for each channel
Partners (including suppliers and service providers)	Supply chain management Raw materials procurement Suppliers assistance	— Field investigations — Meetings and interviews	— On-demand on an irregular basis for each channel
Community residents/ Organizations/Non-governmental organizations	Economic and social contribution Industry trend and policy Traditional cultural heritage Community development Charity and donation Assistance to vulnerable groups	— Field investigations — Meetings and interviews — Instant communication software	— On-demand on an irregular basis for each channel
Media	Economic and social contribution Industry trend and policy Traditional cultural heritage Community development Charity and donation Assistance to vulnerable groups Green death care	— Press releases/ Announcements — Press conferences	— On-demand on an irregular basis for each channel
Capital market rating index	Staff issues Product and operation issues Governance issues	— Regular email communication — Questionnaire response	— On-demand on an irregular basis for each channel

2.4 Materiality Analysis

Fu Shou Yuan has conducted in-depth exchanges with various stakeholders on material issues in 2020 through a comprehensive stakeholder normalized communication mechanism during the Reporting Period through face-to-face communication, telephone interviews, and on-site visits, and in many large-scale roadshows held at home and abroad, we collected investors and other stakeholders' views on our ESG management and disclosure. Meanwhile, during the Reporting Period, we conducted online questionnaire surveys of internal and external stakeholders to assess their level of concern about various related issues, and through analysis, we formed a matrix of materiality issues to understand stakeholders' expectations and requirements on our environmental, social and governance aspects.

Through the above process, we have identified and summarized 35 ESG issues, of which 17 are highly material ESG issues, which constitute the key disclosure part of the Report. We will elaborate on the relevant content in the Report.



Economic and Social Issues			Environmental Issues			Labour Issues		
1. Economic and social contribution			8. Energy utilization			17. Occupational health and safety		
2. Industry trend and policy			9. Resources consumption			18. Employment and employee retention		
3. Traditional cultural heritage			10. Emission management			19. Employee performance appraisal and promotion		
4. Community development			11. Solid waste treatment			20. Employee benefits and wages		
5. Charity and donation			12. Park greening			21. Education and training		
6. Suppliers assistance			13. Land use			22. Diversity and inclusion		
7. Assistance to vulnerable groups			14. Ecological impact and biodiversity			23. Human rights		
			15. Climate change					
			16. Greenhouse gas emissions and pricing					
Product and Operating Issues			Governance Issues					
24. Service quality and customer complaints			31. Governance structure					
25. Customer privacy information protection			32. Sustainable development policy and strategy					
26. Product and service compliance			33. Anti-corruption					
27. Advertising and labelling			34. Risk and crisis management					
28. Technology and innovation			35. Legal compliance					
29. Supply chain management								
30. Raw material procurement								

Compared with previous years, stakeholders' attention to sustainable development governance increased significantly in 2020. We have introduced relevant details in the Report, and will pay close attention to such matters in future, and take them as the direction for further development and improvement.

3

Showing Love and Respect to Beloved Ones and Affect- ing People by Virtue

“The Master said,
‘Filial piety is the root of
all virtue and the stem
out of which grows all
moral teaching.’ ”

The Hsiao King



3. Showing Love and Respect to Beloved Ones and Affecting People by Virtue

Life deserves to be treated better and perception of life and blooming of life are of great importance. Fu Shou Yuan listens attentively and manages with due diligence. Adhering to the concept of “people-oriented and worthy of entrustment”, we interpret the meaning of life and demonstrate the value of life with a respectful heart and solemn ceremony and make what the death care industry does become “colorful, warm, and powerful” through technological innovation, innovative tomb-sweeping mode and space limitation breakthrough.

3.1 Innovative Service Mode

As a death care service provider focusing on the PRC market, Fu Shou Yuan, while maintaining performance growth and actively expanding its coverage, adheres to strategic layout and industry ecosystem optimization and upgrading, and actively explores innovative products and services. We apply digital technology to innovate our business model and advocate online tomb-sweeping and other commemoration methods. Although we stay at home, we commemorate our beloved ones as always.

Death Care + Internet

Fu Shou Cloud adheres to the core concept of “caring for life with science and technology”, through the leading Internet service platform to create a portal-type integrated death care service platform and series of products under “Fu Shou Cloud” to provide users with online digital death care ecology services, empower the traditional death care industry, provide professional “Software as a Service” online solutions for offline business, and promote smart changes in the industry.

During the epidemic, Fu Shou Yuan launched the first-of-class “Fu Shou Cloud” online tomb-sweeping service in its 22 cemeteries, opening up online and offline multi-dimensional memorials, and providing a channel for customers who cannot come to cemetery to commemorate their deceased relatives and friends, truly realizing remote commemoration, through which people can express their longing and the deceased are not neglected amid the quarantine measures.

2020 “Fu Shou Cloud” Qingming Online Group Worship Ceremony

During the Reporting Period, the Group held the 2020 “Fu Shou Cloud” Qingming Online Group Worship Ceremony in conjunction with its cemetery units and funeral services institutions in 19 cities. The theme of the ceremony is “Memorial to the Martyrs, Respect for the Martyrs, and Remembrance of the deceased”, and was broadcast on the “Fu Shou Cloud” platform in the form of “Online Group Worship” without gatherings, offline, and online participation, with a total of more than 12,000 people watched this group worship ceremony online. Through this ceremony, people expressed gratitude and love to their loved ones, paid tribute to the heroes who sacrificed and died in the COVID-19 epidemic and the victims of the compatriots, and solemnly saluted every life that has passed away.



In the winter solstice of 2020, Fu Shou Yuan further launched the “Online Prayer” function on the basis of “Online Tomb-sweeping” and “Online Group Worship”, providing services such as lighting up lights, hanging yellow ribbons, writing blessings, and preparing memoirs. The technology network has doubled the warmth of the winter solstice. In this era of interconnection of all things, “Fu Shou Cloud” fills the gaps between life and death and shares the beauty of the world.

During the Reporting Period, the number of new registered users of the “Online Tomb-sweeping” platform throughout the year was 83,529, providing online sacrifice interactive services for more than 10,000 people and blessing services for more than 40,000 people.

At the 2020 International Sci-Tech Innovation Festival and Global Digital Conference, Fu Shou Yuan won the “Innovation Promoter of 2020” by virtue of the “Fu Shou Cloud” online tomb-sweeping innovation service launched during the epidemic and its exploration and innovation in the field of “Death Care + Internet”.

Privacy protection

Under the “Death Care + Internet” model, Fu Shou Yuan always pays attention to protecting the information of the deceased and the privacy of customers. When collecting customer privacy information, we clarify the purpose and scope of information use to customers, and classify relevant information and set access permissions to ensure information security. By closing the external network access port of the platform firewall, we greatly reduce the risk of the server being exposed to the public network and reduce the probability of being attacked. In addition, Fu Shou Yuan also logically isolates different information systems based on network security principles to reduce the scope of impact of cybersecurity incidents.



Annual Innovation Promoter at 2020 International Sci-Tech Innovation Festival

We have completed the migration of all application servers to the private cloud platform in cooperation with 21Vianet, one of the leading third-party neutral data center operators in China, which, as a data center service provider, provides basic operation and maintenance services such as server hosting and network security, and reorganizes the platform structure to ensure the security of business data and customer data. During the Reporting Period, Fu Shou Yuan did not have any complaints occurred by customer information leakage.

Life spar service

Life spar is a crystal formed by natural coagulation of human ashes through high temperature and negative pressure without adding any additives. Unlike the traditional form of preservation of ashes, spar is not only reduced in volume by 80%, but also greatly extends the storage time. Shanghai Fu Shou Yuan solemnly launched the life spar service project, which will keep the life-long love through spar forever. The life spar is characterized by small in size, beautiful in shape, and easy to carry. It can be preserved for a long time and continue to accompany your family. The thoughts of your loved ones are no longer restricted by region and time, and you can remember the deceased anytime, anywhere. Replacing the “invisible” parting with “tangible” companionship, the unique spar brings us the best emotional memory and a better tribute to life. The promotion of life spar also helps to reduce the volume of ashes, continue life in another way and let the thoughts pass on from time to time, so that customers can enjoy a variety of memorial methods.

Intellectual property rights protection

As of December 31, 2020, Fu Shou Yuan has a total of 28 patent projects, which lead the technological innovation of the death care industry. Meanwhile, we strictly abide by the Patent Law of the People’s Republic of China, the Copyright Law of the People’s Republic of China and the Trademark Law of the People’s Republic of China, fully respect the intellectual property rights of others, and protect our intellectual property rights from infringement through legal means.

During the Reporting Period, the Group has established a trademark management system and gradually strengthened the protection and management of intellectual property. As of the end of the Reporting Period, we have a total of 236 trademarks. We have incorporated the previously successfully registered “Fu Shou Cloud” and “Fu Shou Pre-need”, and the trademarks of the life education segment into our management system for unified management to protect our legitimate rights and interests. In the future, we will also gradually improve its trademark management system, and with the expansion of its business scale, we will build a more comprehensive trademark maintenance platform.



Trademark System of Fu Shou Yuan

3.2 Listening to Customers' Voices

Death care industry is an industry that serves the spiritual and emotional needs of the whole people, and has special value and significance. Adhering to the purpose that “letting farewells become decent and allowing life to continue”, Fu Shou Yuan is committed to improving the quality of death care services, upholding service promises, insisting on the concept of “civil affairs for the people, civil affairs loving the people”, fully practicing humanistic care, and continuously improving high-quality service, to achieve the ultimate service with the heart of craftsman. As a professional life service provider, we gradually improve the high-standard service system of each chain and provide comprehensive and multi-dimensional services. Everything is for the sake of customers, and each is implemented for customers, playing a responsible “ferryman of life and death”.

Customer service

Our professional service team listens carefully to customer needs, explores the integration of humanistic, artistic, green, public welfare, and technological connotations in funeral services, and establishes an independent design section in burial services to empower cemetery memorial, education, research, inheritance and other functions. Meanwhile, Fu Shou Yuan not only cares about “the peace of the passing away”, but also “the happiness of the elderly”. It organizes various “serving the elderly” activities throughout the year, which has long become a “gathering room” for surrounding residents.

The First Session of Service Festival in Haigang Fu Shou Yuan

Haigang Fu Shou Yuan held the first session of service festival in 2020, aiming to warm the whole autumn and winter with heart, and give back to new and old customers with practical actions. In this service festival, the store provided a wealth of snacks and drinks for free; lectures on health and law popularization were held to enhance the elderly's health awareness and awareness of rights protection, and improve their living standards in their later years; the elderly were taught to use smart phones, and trivia classes were held to teach hand-in-hand the elderly functions such as Tik tok, WeChat, mobile payment, and health code search, so they may enjoy the convenience and fun brought by the Internet, and live a happy life in their old age.



Customer Appreciation Activity



New Product Tomb Area Display



Serve the Elderly at Store



Law Popularization Lectures

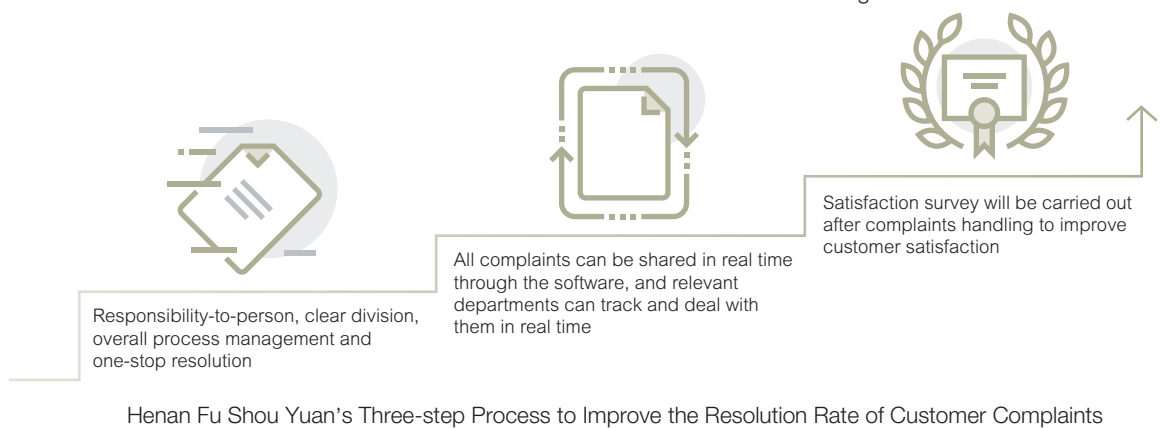
Customer communication

The Group is committed to providing customers with high-quality services that exceed expectations, help customers to realize their long-cherished wishes and let warmth burst out. During the Reporting Period, the satisfaction of our services further improved, and the overall satisfaction remained at a high level. Among them, the service window and the burial service of Shanghai Fu Shou Yuan achieved high satisfaction rates of with 93.84% and 95.91% respectively. In the future, we will continue to implement a very satisfactory evaluation method within the Group to gradually improve the overall service level of the Group.

We continued to improve our online and offline customer feedback channels, with a complaint suggestion box in the service window, a special complaint hotline, and a dedicated person to collect and track complaints. We are customer-centric and respondent to customer demands in a timely manner in accordance with the requirements of the Customer Complaint Handling Process. In response to the problems or suggestions generally reported by customers, we will focus on discussions and provide optimization measures to continuously improve our service quality. The Group's customer complaints were mainly concentrated on minor damage to items and greening that did not meet customer requirements. A total of 40 customer complaints were received during the Reporting Period, and all of them have been resolved.

Henan Fu Shou Yuan's Three-step Process to Improve the Resolution Rate of Customer Complaints

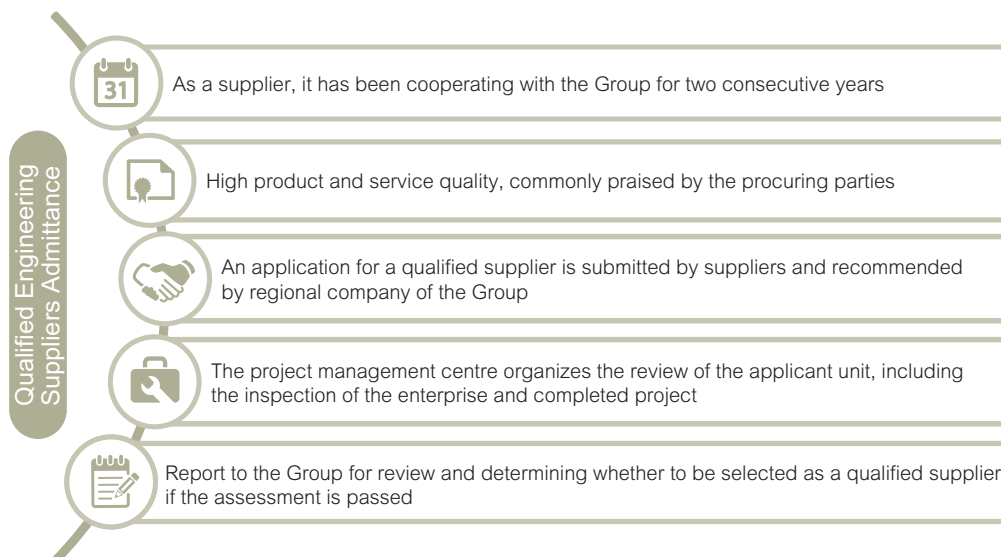
Henan Fu Shou Yuan adopts a three-step process to improve the resolution rate of customer complaint resolution, which effectively increases the speed of complaint, reduces the rate of customer complaints, and resolves 100% of complaints. The satisfaction rates of the two services of Henan Fu Shou Yuan were 92.50% and 96.60% respectively. With the effective improvement of the complaint resolution rate, we have received the banners sent by customers, and the brand awareness of Fu Shou Yuan has also continued to increase in various regions.



3.3 Enhancing Supply Management

Fu Shou Yuan attaches great importance to the establishment of long-term stable and sound relationships with suppliers. While ensuring the quality of products and services, it continues to convey the concept of sustainable value chain, and gradually improves the consideration of supplier's environmental and social factors of suppliers in supplier admittance and supplier assessment.

During the Reporting Period, the Group clarified the level of qualified suppliers in accordance with the Management Measures for Qualified Engineering Suppliers and re-evaluated them every two years.



Procurement and management of bulk supplies

Fu Shou Yuan always advocates green procurement and promotes the environmentally sustainable development of the industry. During the Reporting Period, we carried out group-wide procurement of columbarium units, shrouds and cremation coffins, and evaluated relevant suppliers from their scale, major products, design research and development, and qualification certification, and scored qualified suppliers as finalists. Fu Shou Yuan always promotes green procurement and promotes the environmentally sustainable development of the industry. Therefore, in the evaluation process, it will give priority to the selection of suppliers using new environmentally friendly materials. In the shortlisted scoring process, we incorporated the ISO 14001 environmental management system certification in the scoring of corporate strength.

Preliminary Understanding

Collect the list of existing suppliers of the supplies on sale, and evaluate their qualifications, production capacity, design, research and development, product types, service guarantees, storage and transportation, etc. to have a preliminary understanding of the relevant suppliers of the products currently on sale in the Group

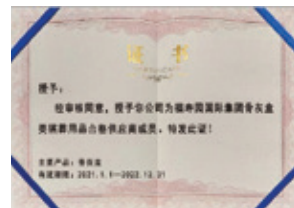
Unified Review



Before carrying out centralized procurement tasks, each region and branch company recommends existing and external suppliers for unified review, including

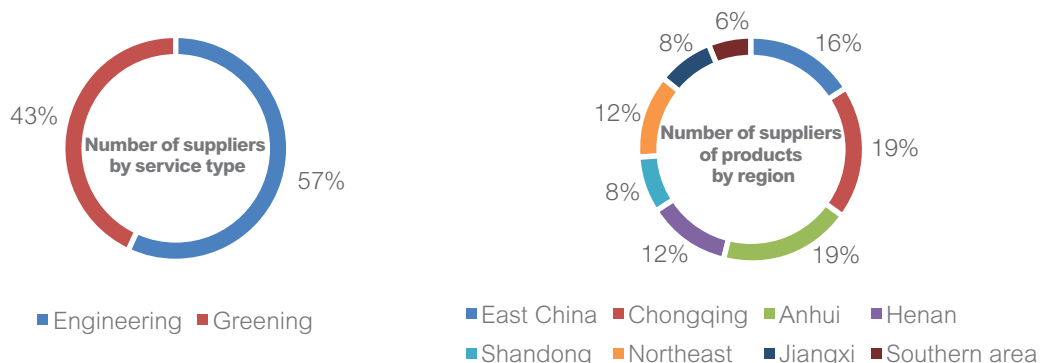
- Qualification and compliance review
- Qualified suppliers shortlisted score
- On-site selection of related supplies

Granting Certificate



Suppliers that pass the review will be granted an admission certificate

Fu Shou Yuan has been improving the management capabilities of its suppliers year by year, making progress and growing together with the suppliers. As of December 31, 2020, the Engineering Management Center of the Group has 122 suppliers in total, classified by service type as follows. Among them, the suppliers of products reached 51, classified by region as follows:



In the future, we will further improve the supply chain management system, improve supplier information management, gradually strengthen the establishment of group procurement standardization, and further promote the sustainable development of the industrial chain.

4

Being Humble and Developing Talents

“It is not difficult to
have talent, but difficult
to make good use of it.”

The History of Ming Dynasty



4. Being Humble and Developing Talents

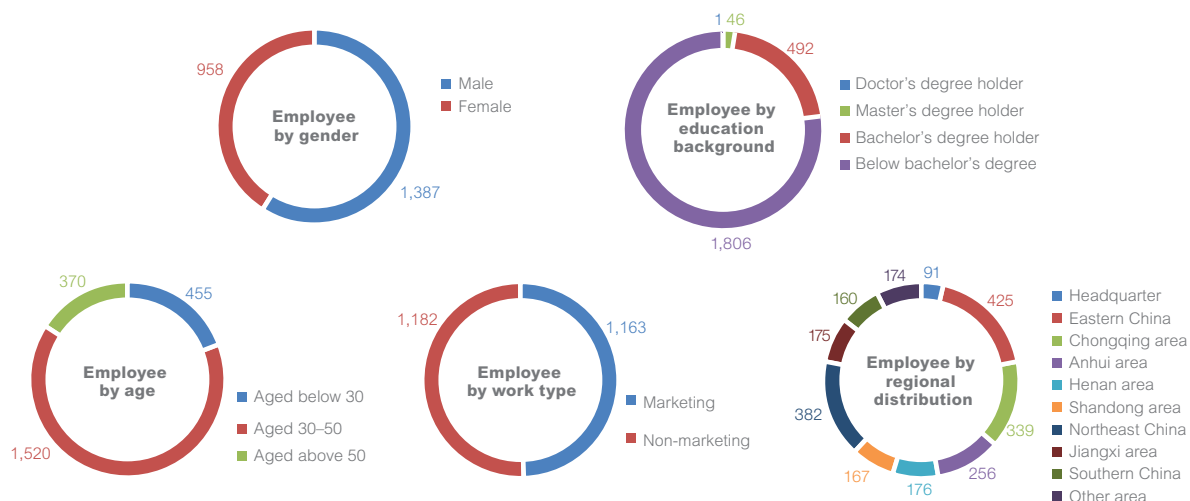
Talent is the most valuable asset of the Company. Fu Shou Yuan always adheres to people-orientation and diversified development concept to create safe, healthy and warm working environment for employees. We continuously improve talent management, treat every employee fairly, and fully respect and protect the legitimate rights and interests of every employee. We implement a multi-channel and multi-directional talent development strategy and have built a comprehensive and scientific training system to satisfy the value needs of employees and create a sense of belonging.

4.1 Flexible Employment Mechanism

Employee overview

Since its establishment, with the expansion of its geographical coverage and business, Fu Shou Yuan has attracted a large number of visionaries to change the industry and the world hand in hand. These employees from different regions and of different types have not only contributed outstanding talents, but also brought vitality to our industry and communities.

We focus on recruiting different professionals according to the business structure, and based on the characteristics of our business, and in premise of maintaining the backbone, we will continue to cultivate new forces, and promote the quality improvement and business innovation of Fu Shou Yuan by utilizing the professional knowledge of highly educated personnel. As of December 31, 2020, Fu Shou Yuan has 2,345 employees.



Affected by the COVID-19 epidemic and other factors, Fu Shou Yuan initiated the improvement of human resources management. Through business process analysis, key position analysis and competency analysis, we clarified the staffing of positions, optimized the staff structure and improved work efficiency. The employee turnover rate of Fu Shou Yuan this Year was 17.06%. In the future, Fu Shou Yuan plans to incorporate employee turnover rate management into one of the key directions of human resource management, continuously optimize the human resource management system, and further enhance our attractiveness to talents and employee satisfaction.

Fair recruitment

During the recruitment process, Fu Shou Yuan strictly abides by the labour laws and regulations promulgated by the state, including the Labour Law of the People's Republic of China, the Employment Promotion Law of the People's Republic of China, the Trade Union Law of the People's Republic of China, the Labour Dispute Mediation and Arbitration Law of the People's Republic of China, the Special Provisions on Labour Protection for Female Employees, the Law of the People's Republic of China on the Protection of Minors and the Provisions on Prohibition of Child Labour and other international and domestic laws and regulations and corresponding practices. It constantly improves the unified recruitment management system, strictly prohibits the employment of child labour, forced labour and any other illegal employment practices. Fu Shou Yuan pays attention to veterans and actively helped a total of 147 veterans to achieve re-employment during the Reporting Period.

Campus Job Fair of Changsha Civil Administration Vocational and Technical School

As more new forces join in the future, innovation in the death care industry is the overall trend of future development.

In December 2020, the on-site campus recruitment of Changsha Civil Administration Vocational and Technical School for the death care industry was officially held in Changsha. Due to its leading position in the industry and its business all over the country, Fu Shou Yuan was favored by students across the country at the campus job fair.



We insist on giving employees fair treatment. We have achieved fairness and authenticity from the talents recruitment to the open competition in the promotion process to the formulation of employee rewards and punishment measures. We do our best to create a good working environment for employees and create a sense of belonging, and employees will never be treated differently due to the gender, age, ethnicity, marital status, family status and religious beliefs. We adhere to the principle of meritocracy. Under the premise of mutual understanding, we fully consider the degree of matching between applicants and positions, and finally make a suitable choice. We also provide each employee with the same growth and development opportunities at work. We put an end to discrimination and harassment among employees, so that every employee can work safely in Fu Shou Yuan.

During the Reporting Period, there are no cases of child labour, forced labour or discrimination in the Group.

Remuneration and benefits

In terms of salary, Fu Shou Yuan provides employees with competitive salary, bonuses, subsidies and benefits, social insurances and housing fund, paid vacation and other basic remuneration and benefits in compliance with laws and regulations such as the Social Insurance Law of the People's Republic of China, the Regulations on Paid Annual Leave for Employees, the Decision of the State Council on Establishing a Basic Medical Insurance System for Urban Employees and the Regulations of the State Council on Working Hours of Employees. In addition, Fu Shou Yuan formulated the Fu Shou Yuan International Group Remuneration Management System, which stipulated remuneration management principles, clarified the salary structure, salary classification and application scope, updated the rank sequence standards, and fixed salary approval and adjustment permissions and release procedures.

- Unify the salary system and sequence of all employees within the Group, strengthen the motivation of employees and promote the flow of talents
- Add regional differences and business differences coefficients to encourage employees to move to funeral companies
- The unified salary approval, adjustment permissions and release procedures within the Group can optimize standardized management of physical enterprises



For female employees, we give preferential treatment and care in accordance with relevant national and local laws and regulations such as the Special Provisions on Labour Protection for Female Employees, the Regulations on the Scope of Prohibited Labour for Female Employees, Notice of the Ministry of Labour on Several Issues Concerning the Fertility Treatment of Female Workers and Measures of Shanghai Municipality on Labour Protection for Female Employees such as providing maternity leave and maternity allowance for pregnant female employees who give birth.

The Group promotes the balance between work and life of employees, and promotes corporate culture and value from material, spiritual and cultural perspective by organizing various employee activities and carrying forward “positive energy” in work and life by encouraging employees to balance work and life and cultivate interest.

4.2 Multi-dimensional Empowerment Development

Career development is the need for the continuous improvement and development of each employee's own quality and potential. Fu Shou Yuan has built a career development platform for employees, and established a three-way career development channel for management, professional technology and culture through Life Service Academy, and adopted corresponding system guarantees and incentive measures, so that employees in different positions may choose from a variety of sustainable career paths.

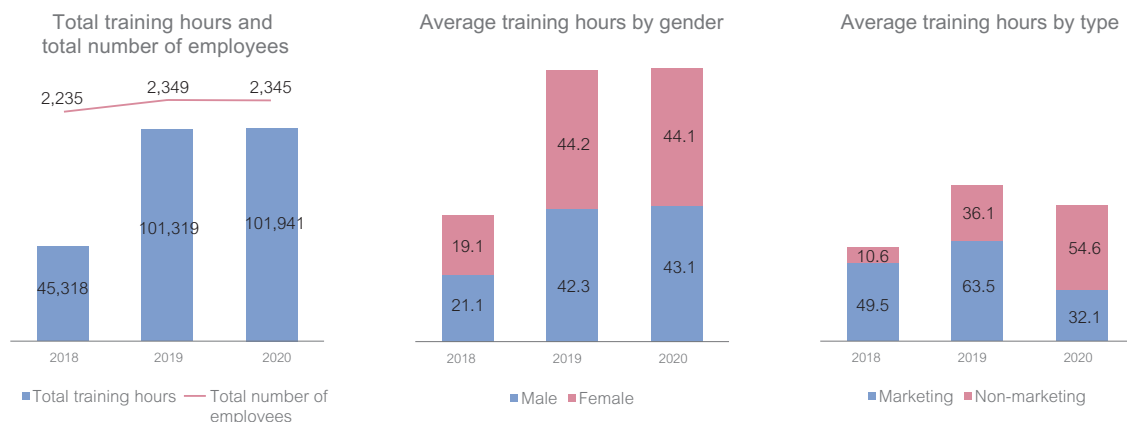


“Fu Shou Yuan Employee at E-learning” 2020 Video Class Competition

Fu Shou Yuan held the “Fu Shou Yuan Employee at E-learning” 2020 video class competition in early April. The Group submitted 101 videos, and finally 9 outstanding works and 3 best organization awards were selected through the Fu Shou Yuan online learning platform, voting and offline expert selection. The activity made full use of the full coverage advantages of the online learning platform, smoothed the communication and interaction channels between the Group and its branches, mobilized the power of the grassroots employees to identify ordinary and special employees.



In 2020, Fu Shou Yuan Life Service Academy organized and completed 25 internal trainings (including online), totaling 548 class hours and 5,452 participants.



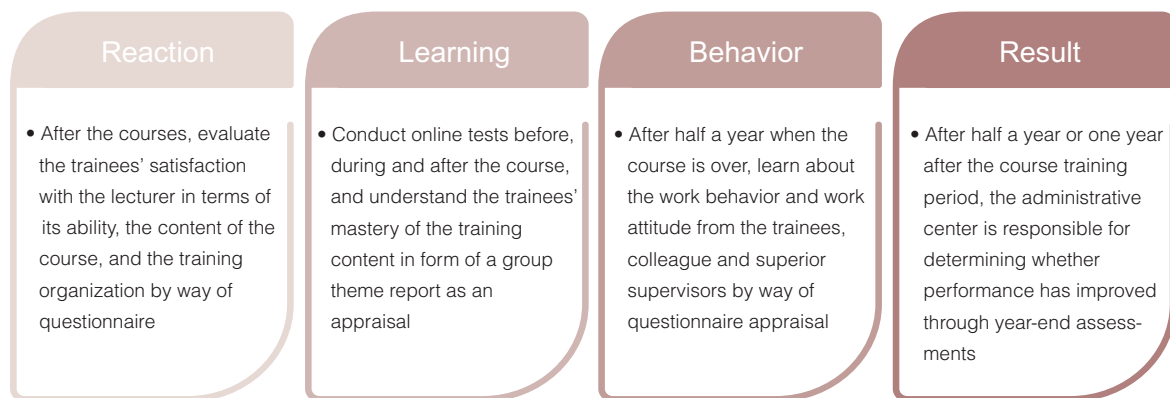
Online learning

The epidemic has not simply been a switch from offline to online activities, but has also influenced and changed the lifestyle of most people. During the Year, we acquired the capability of digital transformation to provide employees of different levels and categories with various online learning solutions. The Group adjusted its training strategy in a timely manner according to the needs of epidemic prevention, tilted the learning form to online, and made learning content on a project basis. According to different learning needs, the Group organizes online and offline education and training, so that employees can continue to learn at work, and realize 100% full coverage of the mobile app of the online learning platform, and publish online learning tasks based on employee level to expand the scope of training while achieving the training effect and benefit more front-line employees.

During the Reporting Period, our online learning platform launched and implemented 9 new online learning projects with 2,463 participants, and launched a total of 261 new online courses. The log-in rate and learning rate of the platform reached 91% and 88.29%, respectively.

Training evaluation system

The Group has a complete training evaluation system. For the content after training, Kirkpatrick Model ("4R", reaction-learning-behavior-result) is used to evaluate the full set of training content on a regular and complete basis.



We carried out work based on the Kirkpatrick Model, realized the full training process management from the pre-training needs survey to the post-training satisfaction survey. We conducted in-training feedback and online testing for all training projects, and completed the development analysis of the trainees.

4.3 Safeguarding Health and Safety

The Group always attaches importance to the occupational safety and health of employees and persists in implementing the requirements of the safety production responsibility mechanism and further enhances the construction and implementation of the occupational health, safety and environmental management systems in strict compliance with national laws and regulations such as the Law on Prevention and Control of Occupational Diseases of the People's Republic of China, the Regulations on Work-Related Injury Insurances, the Opinions on Certain Issues Concerning the Implementation of the Regulations on Work-Related Injury Insurances by the Ministry of Human Resources and Social Security, and the Implementation Measures for the Provisions of the State Council on Working Hours of Employees, the Administrative Measures for Diagnosis and Identification of Occupational Diseases, the Interim Measures for the Supervision and Administration of "Three Simultaneities" for the Occupational Health of Construction Projects and the Food Safety Law of the People's Republic of China. During the Reporting Period, the Group had a total of 2 work-related accidents and 164 working days were lost in work-related accidents without any fatality.

Occupational health

Based on the Company's overall goals and guidelines for health, safety and occupational hygiene, Fu Shou Yuan Environmental Equipment Company Limited, a major industrial production unit of the Group entrusted a qualified occupational health technical service provider in September 2020 to conduct a comprehensive inspection on workplaces with occupational hazards. Based on the test report, we posted warning signs on occupation disease hazard at work areas and positions involving occupational disease hazards, and provided with complete protective tools, such as dust masks, gas masks, and noise-proof earplugs.

Fu Shou Yuan Environmental Equipment Company Limited arranged employees to conduct on-the-job occupational health inspections in November 2020. The results of the inspection showed 0 occupational contraindications and 0 suspected occupational diseases.

In order to strengthen its on-site safety management and eliminate potential accidents, Fu Shou Yuan Environmental Equipment Company Limited organized the general manager and three safety management personnel to participate in a training course for key persons in charge and safety management personnel of non-high-risk companies conducted by third-party training institutions. They have passed the training and obtained the certificate of safety training.

Production safety

To further regulate process, effectively control risks and form a standard management model, Fu Shou Yuan persists in implementing the requirements of the safety production responsibility mechanism in compliance with the Production Safety Law of the People's Republic of China, the Measures for the Administration of Contingency Plans for Work Safety Incidents and other national laws and regulations. The Group's subsidiary Fu Shou Yuan Environmental Equipment Company Limited, as a leading manufacturer in energy-saving and environmental protection death care equipment in the PRC, has formulated Occupational Health and Safety Management Policy, successively passed the ISO 9001 quality control system and ISO 45001 occupational health and safety management system, and comprehensively organized the Company's processes and various management systems.

ISO External Audit Meeting and On-site Audit

From 17 to 20 December 2020, the audit expert team of a third-party manufacturer certification company conducted a four-day external audit on the occupational health and safety management system of Fu Shou Yuan Environmental Equipment Company Limited, which has obtained the safety system certificate issued by the certification company, signifying that it is on track to become an organized, standardized and scientific modern enterprise.

Operation safety

In order to promote the overall sustainable development of the death care industry of the PRC, Fu Shou Yuan strengthens the maintenance of fire protection facilities, strengthens fire protection training for relevant personnel including suppliers, and requires each branch company to organize at least one fire protection training every quarter. In May each year, each branch company conducts self-inspection of hidden dangers in flood prevention, implements flood prevention responsibilities, establishes a flood prevention duty system, and organizes no less than one flood prevention emergency drill before the flood season.



Safety agreement



Safety guidance on greening construction



Safety guidance on cemetery construction



Fire safety knowledge training



Fire extinguisher training



Fire deployment drill

Floods of Chongqing Anle Funeral Parlour in 2020

During the flood disaster in August 2020, Chongqing Anle Funeral Parlour immediately transferred personnel and materials, relocated some materials on the first floor, and carried out relevant clean-up and investigation (electricity, gas and water conservancy) work in a timely manner, and comprehensively recovered the first floor of the Anle Funeral Parlour after the disaster. It



invited professionals to conduct on-site investigations to restore lighting facilities, repair the high-voltage equipment in the power distribution room, replace gas pipelines and kitchen equipment, and conduct elevator inspections. It also performed related post-disaster disinfection work timely.

Precise Deployment of Prevention and Control of COVID-19

On January 22, 2020, Fu Shou Yuan issued the Emergency Notice on Preparing for the Prevention and Control of COVID-19, established an emergency response team for the prevention and control of COVID-19, and successively formulated and issued the Emergency Proposal on COVID-19 Prevention and Body Treatment for Death Care Segment and Guiding Opinions on Strengthening Epidemic Prevention and Control and Stably Promoting Various Work" (No. 1, No. 2) (No. 3) (No. 4), provided detailed reminders on the safety of employees before returning to work.

During the Ching Ming Festival, in accordance with the Guiding Opinions on the 2020 Group Qingming Epidemic Prevention and Control and Safety Management and Control and the 2020 Qingming Publicity and Public Opinion Work Manual, the headquarters were monitored, and relevant members of the Qingming Leading Group were on duty to observe the dynamics of major festival and reception areas and conduct necessary interaction and guidance in real time.

Food safety

Fu Shou Yuan strictly implements food safety management in accordance with laws and regulations such as the Food Safety Law of the People's Republic of China and Operation Standards Concerning Food Safety for Catering Services, and has formulated enterprise management systems such as the Regulations for the Management of Canteens. Many of our places of operation have equipped with canteens that provide working meals for employees. All our canteens have catering service licenses, and all canteen employees have obtained health certificates. We also carry out responsibility-to-person safety risk control for business processes such as procurement, storage, cooking, and sample retention, and conduct regular and random inspections to ensure the health and safety of employees and customers.

4.4 Creating Harmonious Environment

Employee communication

Fu Shou Yuan has established a full range of communication channels for employees to listen to their voices in a timely manner, understand their demands, and solve various problems encountered in production and life. We insist on holding a series of activities such as "Zhu Ge Seminar" and "Video Class Contest", so that the Group's executives have the opportunity to listen to the voices of employees. We also hold communication meetings for existing and new employee, and satisfaction surveys from time to time, to further expand communication channels for employees in different positions, departments, and levels to mobilize their work enthusiasm and improve employee satisfaction.

Employee caring

Fu Shou Yuan is people-oriented. While caring for the work and life of employees, we always keep employees' hardships in mind and introduce care and assistance measures to help employees, so as to promote a positive, healthy and harmonious atmosphere, and enhance employees' sense of belonging, team cohesion and create a responsible and warmer environment.

Caring for Colleagues Assisting Hubei Province



In order to commend and reward 4 grassroots employees in Chongqing for their contributions of assisting Hubei province during the epidemic, we invited them and their families to Shanghai and Hangzhou for a visit and cultivation, paying tribute to these family members for their silent dedication to fighting the epidemic, and conveying warmth with wholehearted affection.

5

Practicing Filial Piety and Forming a Noble Character

“What the Great Learning teaches, is to illustrate illustrious virtue, to renovate the people, and to rest in the highest excellence.”

The Great Learning



5. Practicing Filial Piety and Forming a Noble Character

Always taking the responsibility as the provider of people's livelihood services, the promoter of the orderly and healthy development of the industry norms, and the inheritor of life culture, Fu Shou Yuan forges ahead to serve the society. Over the years, adhering to the basic principle of providing professional, standardized, and high-quality death care services for the masses, we promoted China's excellent traditional culture and modern life culture by taking multi-level, humanistic and etiquette services as a breakthrough and adhering to the original aspiration of "running a good enterprise and changing the entire industry", to actively guide the society to think about the meaning of life and the inheritance of life.

5.1 Expansion of People's Livelihood Services

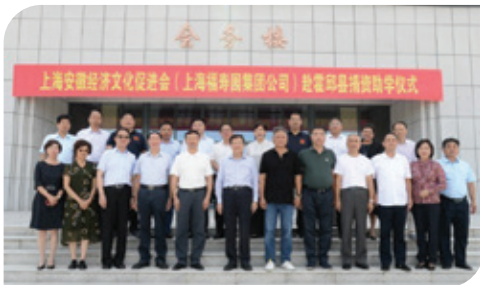
The death care service industry is a special public service industry with endogenous social public welfare, and is an important cornerstone for protecting people's livelihood, a harmonious society, and a beautiful life. Death care is not only about the farewell of the deceased and treatment of the remains, but also to care for the history, family emotions and social tenderness in a respectful, admired and prudent way. We will serve the people's livelihood throughout the entire development history of the Group, and are willing to be permanent practitioners of public welfare.

Public welfare services

Since the establishment of Shanghai Fu Shou Yuan Public Welfare Foundation (the "Foundation") in 2018, the Group has gradually pushed public welfare undertakings to a more standardized and scientific sustainable development stage. The Foundation promotes "delivering charity and love and promoting cross-industry cooperation", with the vision of "perception of life and blooming of life", and the mission of "improving the quality of life and caring for the value of life", practicing the concept of "people-orientation, helping others to help themselves", we unite elites from business, public welfare and all walks of life to jointly build a charitable platform gathering and conveying love.

During the Reporting Period, the Foundation organized public welfare activities such as poverty alleviation, donation and education, and life education in many places. It made its debut on Shanghai Charity Partner Day and won the "2020 Charity Innovation Award" at the 10th China Charity Festival in 2020. Mr. Tan Leon Li-an, the executive director, donated all of his remuneration as a director to the Foundation for the third consecutive years in order to support its development and aid social welfare undertakings.

Practitioners of Public Welfare



In September 2020, Fu Shou Yuan donated a total of RMB500,000 to the Huoqiu County No. 1 Middle School and the Chengguan Town Central Primary School in Huoqiu County, mainly for the construction and development of the facilities after the floods in the two schools. We responded to the central government's call for "targeted poverty alleviation with practical actions", with a hope to encourage students in Huoqiu County, especially children from poor families, to become leaders of society as soon as possible.



The "Shanghai Charity Partner Day" event was established in 2011 and started to upgrade in the direction of the "Charity Partner Month" in 2017. It is an intermediate force in promoting the core values of socialism, creating an environment for public welfare development, and promoting the development of Shanghai's public welfare undertakings. As a new force in Shanghai's charity cause, the Foundation made its debut at the main venue in Shanghai, and participated in the charity brand project exhibition with more than 30 foundations in the city, jointly demonstrating the power of Shanghai's public welfare and charity.

Charity Plan for the Distribution of “Fuyuan Safety Protection Package”

The charity plan for the distribution of “Fuyuan Safety Protection Package” is an internet public welfare fundraising activity initiated by the Group in collaboration with the Professional Working Committee of Mind Care of Chinese Association for Life Care and Shanghai United Foundation (“United Foundation”). It is committed to supporting and nurturing volunteer service projects that provide spiritual comfort and high-quality companionship for the distressed elderly (those who are lonely, loss of companion or their only child, dying of severe illness, etc.) in the community and help the life care culture construction of the community.

“Fuyuan Safety Protection Package” was launched on the United Foundation for the first time during the Ching Ming Festival in 2020, calling on the public to care for the mental health of the elderly in the community during the epidemic and support related volunteer service projects. Fu Shou Yuan fully mobilized employees and customers to participate, raised a total of RMB50,616, and made nearly 1,200 donations. While achieving good social communication effects and positive feedback from the community, it also provides innovative forms for enterprises and employees to participate in social welfare.

“Fuyuan Safety Protection Package” is an innovation of the Fu Shou Yuan Group’s community charity practice. Through coordinating public fundraising foundations, professional psychological care platforms, and community voluntary organizations, the Company integrates multiple resources, deeply taps the volunteer value of employees, and cultivates community life care for the benefit of the elderly.

Palliative care

Palliative demand, as one of the necessary needs for the elderly to be happy in their old age, has always been concerned by the elderly and their families. As a professional life service provider, Fu Shou Yuan found that important units (such as streets, neighborhood committees, nursing homes, social welfare centers, Red Cross, etc.) that carry people’s livelihood services have a huge demand for supportive “palliative” services. Therefore, Fu Shou Yuan actively assumes social responsibilities, adapts measures to local conditions, and designs and formulates personalized palliative solutions for relevant departments and institutions according to the characteristics of each street, town, and institution to support these institutions to improve their service capabilities and provide professional guarantee for happiness in later life of the elderly.

As of the end of 2020, 26 branches under Fu Shou Yuan in 21 cities across 10 provinces have entered into over 40 public welfare contracts with local civil affairs, community streets, and elderly caring service organizations, and pre-arranged pre-need services for 2,623 elderly people who are in poverty, at advanced age and living alone.

“Pre-Planning Consultancy” Project Empowerment

“Pre-Planning Consultancy” project is a public welfare project for pre-need planning and consultation initiated by the Fu Shou Yuan Pre-need Development Center and supported by the Foundation. It aims to promote the concept of pre-need planning to the public, focusing on providing public welfare will, pre-need will, pre-need contract charity consultation and establishment of contracts for the elderly in communities, streets and elderly care institutions.

In order to ensure that the community service teams throughout the Group provide this public welfare service to the elderly in a professional, orderly and efficient manner, from February to March 2020, the Fu Shou Yuan Pre-need Development Center made unified arrangements for deployment, integrated internal and external professional teachers, and formulated professional learning content by arranging relevant employees to participate in online or offline learning based on the teaching progress, to help employees fully understand the connotation and specific service content of the “Pre-Planning Consultancy” project. 66 people in total participated in the online training, and nearly 200 employees participated in the training offline, which realized the full coverage of the “Pre-Planning Consultancy” project training for the community service teams of Fu Shou Yuan.

Since June 2020, the community service teams of more than 20 branches of Fu Shou Yuan have been conducting nearly a thousand of missions and publicity education services on “Pre-Planning Consultancy” in the streets, communities and service institutions of Shanghai, Hangzhou, Ningbo, Hefei, Chongqing, Jinan, Zhengzhou, Xiamen, Nanchang and other places. The community teams explained will, pre-need will, and pre-need contract in a simple way to respond to the elderly’s education needs in terms of law, medical care, and pre-need planning. The content of the course was welcomed by the majority of the elderly.

The Silent World Passes on Love-Chongqing Fu Shou Home Provides Pre-need Services for the Deaf Elderly

As one of the carriers of pre-need services, Fu Shou Home actively integrates into the neighborhood center, serves the surrounding people, and regularly provides a series of services and lectures for the elderly including the Pre-Planning Consultancy, palliative care, housekeeping recommendation, and retirement planning.

After long-term participation in the activities of the Chongqing Fu Shou Home as volunteers of the Association for the Elderly Deaf, the members of the association are basically between 60 and 80 years old, and most of them live on the minimum salary for guaranteed living of the government or meager retirement wages. More than one-third of the elderly have no children, and their old age is in urgent need of support from all walks of life. Therefore, we cooperated with the Chongqing Activity Center for the Elderly Deaf to solve the pre-need problem for the deaf members of the association who have difficulties in life by signing a public welfare contract.

Chongqing Fu Shou Home also invited 200 deaf elderly to visit Chongqing Xiyuan, and the staff led them to tour the garden, took photos, and watched fish. In order to facilitate the answers to the questions of the elderly, the staff also specially invited a sign language teacher as an interpreter. In the future, Chongqing Fu Shou Home will further popularize life education, promote life planning, provide professional and warm life care services, and truly help more needy families.



5.2 Leading Industry Trend

Fu Shou Yuan breaks the shackles of traditional concepts and allows the death care industry to innovate and develop and integrate into society. The death care industry has also been spread and recognized by a wider public, and it has assumed an increasingly important mission to inherit and continue spiritual power. In addition to the promotion of life philosophy, Fu Shou Yuan is also committed to doing practical work for the industry, setting benchmarks, and leading the new trend of the death care industry.

Industry leader

The development concept of the modern death care industry should not only focus on the funeral arrangement and service supply, but also on the innovation of the death care industry, the expansion of life service boundaries, and the improvement of users' life well-being. As a leader and integrator of the death care industry, Fu Shou Yuan pays more attention to its contribution to the industry, promoting the establishment of the industry ecology, and creation of a win-win situation while providing solid services and realizing their self-worth.

“Ecological Inclusion and Cultural Co-creation” — 2020 China Funeral Association Cemetery Work Exchange Conference

The Group actively shares advanced concepts with the industry and jointly promotes the development of the industry. As the director unit of the Cemetery Working Committee of China Funeral Association, we hosted the 2020 China Funeral Association Cemetery Work Exchange Conference. The China Funeral Association Cemetery Work Exchange Conference is one of the most important communication platforms for industry members. It adheres to the tenet of “spreading the latest ideas of enterprises, exchanging practical experience in development, and promoting the healthy development of the industry”, and the principle of “specialization, diversification, and innovation”, and plays a role in continuing to promote China’s death care reform and the healthy development in the death care industry.

The Exchange Conference invited guests from various fields inside and outside the industry to share the latest developments and experience results of the cemetery industry on themes including industry ecology, service upgrades, cultural innovation, and technology applications, and interpreted how the industry promotes sustainable development with innovative thinking and cross-border technologies from such aspects as theoretical research, case practices, development trends, etc.



Online Friendly Interaction with International Associations and Institutions in Death Care Industry

The Group has participated in exchanges in international death care industry for many years, actively promoted the improvement of the industry, and established long-term friendly cooperative relations with multinational death care associations. During the Reporting Period, we proactively strengthened industry care and mutual assistance, assumed social responsibilities and industry responsibilities, maintained interaction and communication with international friendly units, and overcame difficulties together. We conducted many online exchanges to discuss life culture and industry integration, exchange industry innovation and development, which has been unanimously recognized by colleagues in the international industry.



Industry exchange

Fu Shou Yuan grows with the industry together by participating in cross-sector activities, and makes unremitting efforts to build a closer life community. We hope to build a platform for collaborative development by virtue of exchange activities inside and outside the industry, so as to promote the high-quality development of the death care industry.

Joining the 20th Shanghai International Exhibition of Senior Care, Accessories, Rehabilitation Medicine and Healthcare

At the end of October 2020, Fu Shou Yuan made its debut at the 20th Shanghai International Exhibition of Senior Care, Accessories, Rehabilitation Medicine and Healthcare in the name of the Group. As the leader of the death care industry in the Mainland, the Group is also the only death care enterprise among the 301 exhibitors at this exhibition. Different from the public's traditional perception of the death care industry, the theme of this exhibition at Fu Shou Yuan is "Planning and inheritance, customized services for family life planning", and the exhibition design focuses on life and well-being topics such as pre-need planning, life inheritance, peace and care, to bring a "different and warm" experience to the audience.

About 400 people visited the Fu Shou Yuan exhibition area of this exhibition, about 100 people participated in activities in the exhibition area, more than 1,000 promotional materials were distributed, and cooperation negotiations between industry institutions were effectively facilitated. The audience and senior care institutions agreed that our exhibition strategy has bridged the perception distance between death care and elder care to a certain extent, and it has also received the attention and guidance of the government and the media.

Industry heritage

As a leader in the death care industry, we have the responsibility and obligation to contribute to the cultivation of successors in the industry. In order to optimize the allocation of school-enterprise resources, we jointly cultivate the talents needed for the development of death care business, develop a new model of school-enterprise cooperation and strengthen practical training and guidance for interns, and ensure the stability of graduates during their internships. We hope to broaden the employment market in the industry through school-enterprise cooperation and build a better employment service platform for students majoring in death care. Through the "internship + employment" model, more fresh graduates majoring in death care will be able to shine in the professional counterparts, promoting the progress and development of the life service industry. In addition, the Group has set up a scholarship program and actively participates in people's livelihood education to help cultivate successors in the industry. During the Reporting Period, we also actively participated in professional skills competitions and achieved good results, laying a talent foundation for the long-term development of the industry.

"Fu Shou Yuan Scholarship"

Fu Shou Yuan actively strengthens school-enterprise cooperation to promote death care vocational education. In order to help impoverished students majoring in funeral services in the Civil Affairs College, the Group planned and launched a scholarship project. During the Reporting Period, we continued to donate to Life Culture Institute of Beijing College of Social Administration, and awarded the "Fu Shou Yuan Scholarship" to outstanding students, and plan to further deepen school-enterprise cooperation in the future, actively cooperate in the construction of life culture education system, and jointly promote death care vocational education.



Achieving Good Results in the 10th National Civil Affairs Professional Skills Competition

In December 2020, after multiple rounds of competition among outstanding employees from all branches and subsidiaries of the Group, a total of 13 contestants participated in the 10th National Civil Affairs Professional Skills Competition — Cemetery Administrator Professional Competition. In the end, a number of employees won the first, second, and third prizes of multiple competitions and won the title of “National Technical Expert”.

We always adhere to the “people-oriented and culture-rooted” concept, attach great importance to the cultivation of knowledge-based, skilled and innovative talents, and strive to assume corporate, industry, social and historical responsibilities, and have developed outstanding industry talents. In the future, we will further promote the spirit of model workers and craftsmen, build a team of outstanding vocational skills for the industry, promote the high-quality development of death care services, and meet the needs of the people for a better life.



5.3 Inheriting Life Culture

As the inheritor and protector of history and culture, we always regard memorial culture as the gene and blood of Fu Shou Yuan to build a cultural and historical platform for each city. We firmly believe that the future of the death care industry is not about land and tombstones, but about cultural cognition and creativity. We are committed to becoming a Life Service Creative Industry Park, Carrier of Family Culture and Urban Memory Museum, to continuously create long-term value that serves commemoration and emotion.

Fu Shou Monument

Culture injects warmth into the cemetery, and enthusiasm revitalizes the service. The Group actively carries out cultural activities to promote the heroic spirit and pay tribute to cultural pioneers. During the Reporting Period, the Group not only officially completed the commemorative statues of outstanding figures including General Su Yu and Li Bin, a well-known national worker model, but also warmly launched various humanities activities.

The Red Spirit Will Be Passed on Forever

The New Fourth Army Square, located in the Humanities Memorial Park of Shanghai Fu Shou Yuan, was built in 2005 by Shanghai New Fourth Army Historical Research Association and Fu Shou Yuan Group. It is the Red Tourism Base of Shanghai, the learning and education base of “Four History” (Party History, New China History, the history of reform, opening up, the history of socialist development) in Qingpu District) and dual support education demonstration base. In the past 15 years, various activities have been continuously carried out around themes such as the iron army spiritual commemoration, red culture spread, and patriotism education.

On October 12, 2020, the 75th anniversary of the victory of the World Anti-Fascist War and the Chinese Anti-Japanese War, and the 15th anniversary of the New Fourth Army Square, the top ten founding generals, the famous God of War, Su Yu Memorial Statue was unveiled in the New Fourth Army Square. Through the live broadcast on the Fu Shou Cloud platform for the first time, more New Fourth Army veterans, future generations and members of the public who were not able to attend the event can watch together. From Chen Yi, the founding marshal to Ye Ting, the first commander of the New Fourth Army, and to Su Yu, from the neatly arranged veteran memorial square to the memorial venue where the famous New Fourth Army generals gather, the New Fourth Army Square has become a unique memorial venue in Shanghai due to the red culture, and it has also become an important classroom for the majority of party members, cadres and all walks of life to conduct in-depth “Four History” education. The commemorative portraits of Su Yu and his wife were unveiled and completed at the New Fourth Army Square in Fu Shou Yuan, adding a spiritual monument to the “Four History” learning and education base.



Fu Shou filial piety

Fu Shou Yuan pays attention to the ecological construction of the public spiritual world, continuously enriches the death care spirit, and promotes the ideological culture of filial piety and respect for the elderly. For example, on the occasion of the Double Ninth Festival, Shanghai funeral services team took “filial piety” as the theme and held the “Loving Post on Double Ninth Festival” activity. Meticulously prepared Chongyang Cakes and hot drinks were sent to the elderly as well as festive greetings and blessings so as to create a social folk customs of filial piety and loving relatives.

Caring for Seniors, Good Fortune Accompanying

During the Reporting Period, the “True Love and Eternal Life Companion” series of public welfare activities organized by Xiamen “Fu Shou Pre-need” Social Workers Station entered Xiamen Nursing Homes to take free wedding photos for the elderly and provide them with life planning such as property distribution and medical intervention. Since the establishment of the charity organization, “Fu Shou Pre-need” Social Workers Station has regularly visited the community, nursing homes, and senior activity centers to show condolences to the elderly, build a charity brand of caring for the elderly, and unswervingly practice the original intention of charity. Anyang Fu Shou Yuan and Luoyang Xianhe Yuan in Henan invited new and existing customers to join the wedding photography activity for the elderly on arrival of the Chinese Valentine’s Festival. A total of 20 families participated in the activity.



5.4 Assisting in Epidemic Prevention

At the beginning of 2020, in light of a severe struggle to prevent and control the sudden COVID-19 epidemic, Fu Shou Yuan, as an important force in the life service business, conducted prevention and control in an orderly manner and provided professional services. All Fu Shou people timely devoted themselves to this special “epidemic” period in different places, with firm belief, solid guardianship, and resolute practice to serve far travellers and farewellers and bring the same protection and comfort as in the past, and silently dedicated to the peace and stability of the society.

The Foundation was actively involved in the fight against the “epidemic”, urgently coordinated with overseas friendly companies relying on Fu Shou Yuan’s influence in the global death care industry, for procurement of professional death care epidemic prevention equipment worthy of nearly RMB450,000 from multiple places in Australia, and made donation to death care service units in Wuhan and Tianmen City Red Cross. It also donated anti-epidemic materials and condolences worthy of over RMB150,000 to civil affairs and welfare institutions and hospitals in the Yangtze River Delta to give the “retrograde” (those brave people who are fighting on the front line of the epidemic) the most powerful guarantee and support.

In addition, the Foundation also set its sights on humanistic care under the epidemic. By mobilizing industry resources, experts and scholars in psychology and life sciences at home and abroad, it launched “a series of practical courses on grief counseling in epidemic relief”, “Psychological assistance and life education” and other web-based public welfare classes together with China Association for Social Work Education, Wuhan University and other institutions. Experts and scholars at home and abroad in the field of grief counseling were invited to teach professional knowledge and share practical experience to relevant personnel. Through the development of public psychological counseling, the mental health of medical, police, community workers, death care workers and volunteers who are fighting on the front line of the epidemic has been effectively cared for, and their psychological healing ability during and after the epidemic has been effectively guaranteed.



the Foundation donated epidemic prevention materials to death care service units in Wuhan

6

Following the Laws of Nature

“Man takes his law from the Earth; the Earth takes its law from Heaven; Heaven takes its law from the Dao. The law of the Dao is its being what it is.”

Tao Te Ching

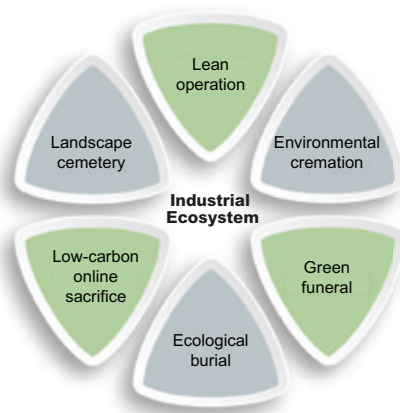


6. Following the Laws of Nature

The laws of nature are not shifted by human subjective will. As the earth is the common and only home of mankind, mitigating climate change and environmental pollution has become a serious problem faced by all countries in the world. As a responsible enterprise, Fu Shou Yuan always leads the new trend of green and civilized funeral management. It continues to exert efforts in multiple links of operation, injects more green genes, continuously promotes the development of death care business towards ecology, greenness, and benefiting the people, and helps achieve China's carbon emission reduction goals.

6.1 Advocating Green Ecology

Fu Shou Yuan insists on promoting green development to create a beautiful environment, promotes green funeral management mode, innovates energy-saving and high-efficiency cremation technology, implements green burial and smoke-free sacrifices, and builds an ecological landscape cemetery. Fu Shou Yuan continuously implements the development strategy of ecological civilization and promotes the green and healthy development of various sections. Fu Shou Yuan always focuses on the environmental management ability of sustainable operation to contribute to the green and ecological environment of the whole death care industry in all around. In addition, we have always been with partners in the death care industry, and united with the public to protect the lucid waters and lush mountains with green life services.



Fu Shou Funeral

Fu Shou Yuan is committed to meeting the public's demand for high-quality death care services and continuously innovating green funeral service models. During the Reporting Period, we took diversified measures to continuously promote green funeral management services, introduced and launched environmentally friendly paper coffins which have the advantages of weight resistance, waterproofing and shortening the burning time and can achieve the effect of energy saving and carbon reduction. While green funeral services enhance the consumer experience of customers, it also makes death care services an integral part of people's better lives.

Fu Shou Smart-manufacture

Fu Shou Yuan always focuses on the concept of "smart and environmentally friendly", is committed to the development of novel environmentally friendly cremation machine, and continues to explore technological innovations for new smart environmentally friendly cremation machine. While meeting the pollutant emission standards of crematorium, we improve the overall environmental protection efficiency of the cremation process, and gradually accomplish the harmonious coexistence of technology and nature in the course of ecological civilization.

During the Reporting Period, we released the third-generation "Jiesheng" environmentally friendly cremation machine (JS-3). The new cremation machine adopts technologies including a symmetrical furnace structure, tail flue, high-pressure oxygen supply, hot air oxygen supply, heat preservation and thickening, which can save gas consumption by 20% and shorten the average cremation time by 20%. The exhaust emission of cremation machine can fully meet the national standard, and its environmental protection indicators and performance level can reach the leading level within the industry. Looking forward, we will continue to break through the technical barriers of cremation machines through cooperation with more universities and enterprises, and continue to set a model for the industry.

Fu Shou Ecological Burial

Green, low-carbon and sustainable development are the needs of the times, and ecological land-saving burial is a choice for the harmonious development of man and nature. Fu Shou Yuan has been at the forefront of the industry in terms of land conservation, environmental protection and green ecology. We vigorously develop ecological land-saving burials and launch land-saving products including indoor burials, lawn burials, forest burials, flower bed burials, three-dimensional burials, waterscape burials, and tower burials, truly achieving ecological conservation of land and making the best use of materials. The space saved by the ecological funeral is used as the greening of the park to improve the surrounding environment, while retaining more resources for a better life in the future, which truly embodies the ecological concept of "Shrinking the tombstone while enriching the commemoration".

“Innovative Ecological Burial • Leading Green Development” Ecological Burial Series Event

During the Reporting Period, a series of ecological burial collection events, namely the “Innovative Ecological Burial • Leading Green Development” led by the China Funeral Association and the director unit of the Cemetery Working Committee, Fu Shou Yuan, were carried out smoothly. After one year, this event collected 211 works, focusing on the ecological burial methods in a broader sense from the four dimensions of ecological burial design, ecological burial examples, environmental protection materials for tomb construction, and ecological cemetery practice. According to the solicitation and evaluation regulations and the results of the online voting, the outstanding practical results from cemetery units across the country have been awarded respectively. In this activity, Fu Shou Yuan won numerous honors including the “land-saving ecological burial” innovative design, “ecological burial” innovative examples, “ecological cemetery” examples and popular cases.



In this activity, our Hefei Dashushan design team pioneered the first-in-industry sunken landscape courtyard land-saving burial, designed a three-dimensional landscape wall burial corridor with customized cultural and creative products, and has primarily built Taining Garden, Huijing Pavilion, Taijing Garden and other art parks, exporting influential industry innovation concepts and design results.



Through this solicitation, we hope to fully inspire new ideas for ecological burial design, stimulate innovation and exploration of new forms, promote the concept of green ecology and sustainable development of modern cemeteries, accelerate the construction of ecological theme parks and burial products, and support and respond to the further advancement of ecological burials.

Fu Shou Online Tomb-sweeping

Fu Shou Yuan vigorously promotes the new death care fashion with the theme of “green, ecology, for the benefit of people, and civilization”, promotes the concept of low carbon, environmental protection, and green sacrifices, and continues to promote the prohibition of burning and release in all parks to reduce the impact on the surrounding residents and the environment caused by the smell and smoke pollution generated by incineration, as well as safety accidents such as forest fires.

During the Reporting Period, we continued to promote the new culture of low-carbon sacrifice through channels such as our official website, WeChat official account, and publicity boards. We launched the “Fu Shou Cloud” online tomb-sweeping service to the public, breaking the time and geographical constraints, opening up online space and offline scenes and services, so that citizens can express their love and feeling of longing to their loved ones under the epidemic without leaving, which may also help reduce the waste gas generated by the citizens traveling and driving to the park.

Fu Shou Planning

Fu Shou Yuan has always adhered to the business philosophy of “transforming cemeteries into parks”, making the “end of life” a warm and tender place to remember and commemorate the beauty of life. We are committed to building the cemetery into a beautiful and reusable ecological garden. On the basis of the cultural memorial garden that carries the educational function, we will increase the attributes of public recreational garden with scientific and technological support, understanding the meaning of life, and improving the happiness index.

Harmonious Harbor, Forest in the City

Located in the urban forest belt of Shanghai Lingang New City, Haigang Fu Shou Yuan, with the concept of “City • Forest • Harmony”, shoulders the mission of urban construction and the social responsibility of creating an ecological environment. The construction of the Haigang Fu Shou Yuan has become an important part of the ecological construction in the Lingang area. The Haigang Fu Shou Yuan has repeatedly cooperated with the government to relocate the tombs by the river and the Anxi Hall for public welfare, returning the green trees, red flowers, clear water and blue sky to the local residents, sweeping away the barren scene with the shoreline landscape and walks in the cemetery on both sides of the bank. The courtyard is decorated with green trees and red flowers. A small bridge sits over the flowing stream where fish flow in the middle. There are burials buried in the scenery for the purpose of letting the lush wood and beautiful scenery become the residence and support of relatives, and letting life return to the tranquil nature. These are the highest praise for life. This is the place where the deceased sleeps, and it is also a place for those who come to memorialize to realize life and heal the soul. The beautiful environment of the cemetery plays the functions of commemoration, memorialization, education, and sightseeing, promotes the harmonious development between man and nature and becomes an important part of urban greening.



In the process of planning the cemetery, Fu Shou Yuan always pays attention to the protection of the original ecology and biodiversity. We contribute to the construction of a beautiful cemetery in various aspects such as soil improvement, vegetation protection, and animal care.



Soil Improvement

The soil in most of our parks is mainly sandy soil, which has poor water retention and is easy to compact. For the new cemetery, we improve on the basis of the original soil, and increase soil fertility by adding base fertilizer and applying organic fertilizer to the soil to ensure the sustainable use of the soil.



Vegetation Protection

During the development of the park, we insist on preserving the original vegetation and the original ecological system to a maximum extent. In the process of weed removal in the park, we select herbicides based on the types of grass and adopt manual weeding instead of large-scale use of biocidal herbicides.



Animal Care

We continuously pay attention to the animals in the park and strive to provide them with an ecological and livable living environment, and provide small animals with warm places that shelter from wind and rain as much as we can.

Hefei Dashushan Won Multiple Awards in the 4th China Flower Border Competition

During the Reporting Period, the award ceremony of the 4th China Flower Border Competition (Holland Flower Cup) sponsored by Chinese Society Flower Bulbs Herbaceous Perennials and the Jiangsu Flower and Tree Association was held in Yancheng, Jiangsu. The “Anzhi Tinglan” theme flower border and “Cemetery Ring Road Flower



Border Series (Songlu Garden)” of our Hefei Dashushan Cultural Cemetery participated in the competition won the Silver Award and Bronze Award, respectively, and the “Best Internet Popularity Award” in online voting.

The China Flower Border Competition is designed to promote the spirit of craftsmanship and build an important carrier for displaying skills for the contestants, demonstrating style, and communicating and learning among flower border practitioners. It is also one of the important brand and series activities in the domestic flower border industry. The winning of three awards embodies the strong cultural and artistic atmosphere and aesthetic value of Fu Shou Yuan.

6.2 Practicing Environmental Protection Concept

Fu Shou Yuan is committed to promoting green operation and development, always focusing on efficient energy conversion, efficient use of resources and efficient regeneration of waste, continuously improving the Company’s environmental management standards, and earnestly fulfilling the promise of building a sound ecological environment.

Energy management

Fu Shou Yuan pays close attention to energy use efficiency, advocates energy structure optimization, equipment technology innovation, and clean energy use, and strives to reduce the comprehensive energy of each operation link and reduce carbon emissions. Our energy consumption mainly comes from purchased electricity. We track power consumption by using our cemetery management visualization platform, with a hope to realize the Company’s energy management model from macro to micro and from management to implementation. During the Reporting Period, we gradually replaced traditional lamps with low-energy LED energy-saving lamps, explored air-conditioning temperature control solutions and reduced the use of official vehicles, and cultivated low-carbon lifestyle habits of staff by promoting green and healthy energy-saving methods.

Implementation of Air-conditioning Temperature Control and Energy-saving Solutions

In order to continuously pursue the environmental protection goals of energy saving, consumption reduction and dual energy control, Fu Shou Yuan is committed to exploring diversified energy saving measures in combination with the daily management mode of the park. During the Reporting Period, we continued to deepen the air-conditioning temperature control improvement plan, put forward specific requirements for the opening temperature and set temperature of the air-conditioning in summer and winter, and improved the digital management level of the park through the installation of technical means such as voice-activated switches. Through the air-conditioning temperature control improvement plan, the comprehensive energy consumption of our park can be greatly reduced during the cooling and heating seasons.

The energy consumption of Fu Shou Yuan in 2020 is as follows:

	Unit	Total amount in 2019	Total amount in 2020
Purchased electricity	mWh	8,556	8,395
Coal	ton	217	223
Kerosene	litre	17,761	12,558
Diesel	litre	594,612	651,954
Natural gas	cubic meter	308,447	369,464
Gasoline	litre	398,435	409,175
Comprehensive energy consumption	mWh	22,719	23,819
Comprehensive energy consumption intensity	mWh/RMB million revenue	12.28	12.59
GHG scope I	ton CO ₂ e	3,659	3,967
GHG scope II	ton CO ₂ e	5,876	5,123
Total GHG emission	ton CO ₂ e	9,535	9,090
GHG emission intensity	ton CO ₂ e/RMB million revenue	5.15	4.80

Water resources management

Fu Shou Yuan attaches great importance to the management and use of water resources, and continuously improves the utilization efficiency of water resources. Our water consumption is mainly for greening water and domestic water. For greening use, we continue to strengthen the rational layout of plants in the park, choose drought-tolerant and low-water consumption plants, and advocate a multi-layer structure combining arbor, shrub, and grass, and reduce water consumption for greening while satisfying the green coverage and landscape needs of the park. In addition, we vigorously promote water-saving irrigation in the park, scientifically and rationally select advanced irrigation methods such as droppers, sprinkler irrigation, and infiltration irrigation to achieve water saving, and actively reuse rainwater. Regarding domestic water, we call on everyone to persist in water conservation and reasonable water use in daily work and life, and strive to create a good atmosphere of cherishing, protecting and saving water.

The water consumption of Fu Shou Yuan in 2020 is as follows:

	Unit	Total amount in 2019	Total amount in 2020
Municipal pipeline water consumption	ton	117,445	172,225
Natural water withdrawal	ton	308,600	620,923 ³
Water consumption intensity	tons/RMB0,000 revenue	2.30	4.19

Emission management

Fu Shou Yuan strictly complied with the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Water Pollution, the Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution, etc., actively responded to national waste reduction requirements, and continuously strengthened the control of pollutants, to minimize the environmental load of production and operation activities by taking resource-based measures, and earnestly fulfilled various environmental compliance obligations to actively promote the improvement of the ecological environment.

³

In 2020, we adopted standardized and refined management for natural water intake management. In the process of compliant use of natural waters, we strengthened the monitoring of consumption data, so the consumption increased compared to 2019.

Waste management

The wastes generated during the operation of Fu Shou Yuan are mainly non-hazardous wastes including sacrifice sweeping garbage, domestic waste, and a small amount of construction waste and yard waste such as deadwood and weeds. In order to actively respond to the local government's management requirements for waste classification, we have adopted various measures to reduce waste generation and standardize waste management. During the Reporting Period, we realized the “reduction, recycling and harmlessness” of waste classified collection, treatment and disposal by signing waste removal contract with the Municipal Appearance and Environmental Sanitation Management Office (市容环境卫生管理所), setting up waste sorting bins in the park, carrying out waste sorting training for front-line personnel, and placing waste sorting norms and publicity boards. In addition, we focus on the recycling and reuse of non-hazardous waste to continuously improve the reuse value of resources and reduce end-of-life waste. During the Reporting Period, Fu Shou Yuan produced a total of 2,832 tons of non-hazardous waste.



Waste Classification Initiative

	Unit	Total amount in 2019	Total amount in 2020
Non-hazardous waste	ton	3,843	2,832
Non-hazardous waste intensity	ton/RMB million revenue	2.08	1.50
Hazardous waste	kg	/	488 ⁴
Hazardous waste intensity	kg/RMB million revenue	/	0.26

Exhaust gas

The exhaust gas generated during the operation of Fu Shou Yuan mainly includes exhaust gas from all self-operated cremation machines and unorganized emissions in the cemetery. Regarding the exhaust gas generated by cremation machines, we have continuously strengthened the “green” attribute of environmentally friendly cremation machines through continuous technological innovation and repeated calculations. Meanwhile, we have entrusted third-party monitoring agencies to conduct regular monitoring to ensure that our exhaust gas reaches the national and local emission standards. In response to the scattered waste gas generated during the sacrifice, such as lighting incense, setting off firecrackers, burning paper money, etc., during the Reporting Period, the Group implemented a smoking ban in the entire park, requiring that the burning of tinfoil, coins, paper money, paper bundles and other superstitious products and the setting off fireworks and firecrackers shall be prohibited in all parks, and publicity shall be carried out through official website, WeChat, broadcasting, banners, electronic screens, publicity banners and other channels.



Prohibition of Fire in the Park

⁴

In 2020, we implemented refined management of waste and added a new statistical category of hazardous waste. Our hazardous waste mainly involves waste paint, pesticides, various pesticide bottles, lamps, ink cartridges, batteries and expired medicines, etc.

The exhaust gas emission⁵ of Fu Shou Yuan in 2020 is as follows:

	Unit	Total amount in 2019	Total amount in 2020
Exhaust gas emission	cubic meter	48,620,000	54,645,000
Nitrogen oxides emission	ton	5.64	6.34
Exhaust gas emission intensity	cubic meter/RMB0,000 revenue	262.73	288.75

Waste water

The wastewater generated by Fu Shou Yuan is mainly domestic wastewater from employees' office, restaurants and kitchens, cemetery greening wastewater and funeral wastewater. All our domestic wastewater is directly discharged to the sewage treatment plant through the municipal pipe network for unified treatment. Cemetery greening wastewater is reused or returned to the ground by natural infiltration. For funeral wastewater, we have established a complete set of treatment and emission management mechanisms. Wastewater is collected from the wastewater pipe network to the biochemical adjustment tank. After aerobic reaction, bio-film reaction, drug washing and other processes and UV disinfection, then wastewater will be discharged after reaching the "Water Pollutant Discharge Standards of Medical Institutions" and the first level standard of "Integrated Wastewater Discharge Standards" upon being treated by sewage treatment stations.

⁵ Exhaust gas emission data only includes the exhaust gas produced by self-operated cremation machine.

Appendix — Main Honors, Awards and Qualifications of Year 2020 for Fu Shou Yuan

No.	Awardee	Name of Award	Awarding Time	Issuing authority
1	Fu Shou Yuan International Group Limited	The Most Socially Responsible Listed Company	January 2020	4th Annual Golden Hong Kong Stocks
2		2019 Public Welfare Drive Awards	January 2020	9th China Public Welfare Festival
3		2020 Most Innovative Enterprise	August 2020	China Finance Summit
4		Top Ten Charity Projects of 2020	June 2020	China Charity Ranking
5		Best Training Program	April 2020	11th China Talent Development Awards
6	Shanghai Fu Shou Yuan Industry Group Co., Ltd.	2020 Shanghai Model Group	December 2020	Shanghai Municipal People's Government
7		2019 Special Contribution Award from Shanghai Services Federation	May 2020	Shanghai Services Federation
8		Ecological Burial Innovative Design	October 2020	China Funeral Association
9		Popular Case	October 2020	
10	Changzhou Qifengshan International Cemetery Co., Ltd.	Ecological Burial Innovative Design	October 2020	
11	Henan Fu Shou Yuan Industrial Co., Ltd.	Ecological Cemetery Example	October 2020	
12	Hefei Dashushan Wenhua Lingyuan Co., Ltd.	Ecological Cemetery Example	October 2020	The 4th China Flower Border Competition
13		Ecological Burial Innovative Design	October 2020	
14		Popular Case	October 2020	
15		Silver Award, Bronze Award, Best Internet Popularity Award	November 2020	
16		First and Second Prize	December 2020	10th National Civil Affairs Professional Skills Competition — Cemetery Administrator Professional Competition
17	Shanghai Fu Shou Yuan Industry Group Co., Ltd.	Second Prize		
18	Shanghai Nanyuan Industrial Development Co. Ltd.	First Prize		
19	Henan Fu Shou Yuan Industrial Co., Ltd.	Second Prize		
20	Liaoning Guanlingshan Cultural Landscape Cemetery Co., Ltd.	Second Prize		
21	Helinger County Anyou Ecological Memorial Cemetery Co., Ltd.	Third Prize		
22	Luoyang Xianhe Memorial Cemetery Co., Ltd.	Third Prize		

Appendix – Summary of Major Laws, Regulations and Policies for Fu Shou Yuan

Category	Name
Corporate 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
	Labour 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
	Regulations on Paid Annual Leave for Employees
	Decision of the State Council on Establishing the Basic Medical Insurance System for Urban Employees
	Provisions of the State Council on Working Hours of Employees
	the Special Provisions on Labour Protection for Female Employees
	Regulations on the Scope of Prohibited Labour for Female Employees
	Notice of the Ministry of Labour on Several Issues Concerning the Fertility Treatment of Female Workers
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
	the Law on Prevention and Control of Occupational Diseases of the People's Republic of China
	Food Safety Law of the People's Republic of China
	Work-Related Injury Management Regulations
	Regulations on Work-Related Injury Insurances
	Opinions on Certain Issues Concerning the Implementation of the Regulations on Work-Related Injury Insurances by the Ministry of Human Resources and Social Security
	Implementation Measures for the Provisions of the State Council on Working Hours of Employees
	Administrative Measures for Diagnosis and Identification of Occupational Diseases
	Interim Measures for the Supervision and Administration of "Three Simultaneities" for the Occupational Health of Construction Projects
	Food Safety Law of the People's Republic of China
	Operation Standards Concerning Food Safety for Catering Services
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 Solid Waste Pollution
	Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution
	Noise Pollution Prevention and Control Law of the People's Republic of China
	Law on Prevention and Control of Soil Pollution of the People's Republic of China
	Law of the People's Republic of China on Environmental Impact Assessment
	Regulations on Administration of Construction Project Environmental Protection
	Administrative Measures for Pollutant Discharge Licensing (Trial)
Death care	Regulations on Funeral Management (revised in 2012)
	Guiding Opinions on Promoting Land-saving Ecological Burial
	Guiding Opinion on Further Promoting the Funeral and Burial Reform and Encouraging the Development of the Funeral and Burial Industry

ESG Subject Areas, Aspects, General Disclosures and KPIs			Section
Environmental			
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	6.2 Practicing Environmental Protection Concept
	A1.1	The types of emissions and respective emissions data.	6.2 Practicing Environmental Protection Concept
	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 Protection Concept
	A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	6.2 Practicing Environmental Protection Concept
	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 Protection Concept
	A1.5	Description of measures to mitigate emissions and results achieved.	6.2 Practicing Environmental Protection Concept
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	6.2 Practicing Environmental Protection Concept
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Resources can be used for production, storage, transportation, buildings, electronic equipment, etc.	6.2 Practicing Environmental Protection Concept
	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 Protection Concept
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	6.2 Practicing Environmental Protection Concept
	A2.3	Description of energy use efficiency initiatives and results achieved.	6.2 Practicing Environmental Protection Concept
	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 Protection Concept
	A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	Packing material is rarely involved during the operation.
A3: The Environment and Natural Resources	General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	6. Following the Laws of Nature
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	6. Following the Laws of Nature

ESG Subject Areas, Aspects, General Disclosures and KPIs			Section
Social			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	4. Being Humble and Developing Talents
	B1.1	Total workforce by gender, employment type (e.g. full time or part time), age group and geographical region.	4.1 Flexible Employment Mechanism
	B1.2	Employee turnover rate by gender, age group and geographical region.	4.1 Flexible Employment Mechanism
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.3 Safeguarding Health and Safety
	B2.1	Number and rate of work-related fatalities.	4.3 Safeguarding Health and Safety
	B2.2	Lost days due to work injury.	4.3 Safeguarding Health and Safety
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	4.3 Safeguarding Health and Safety
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	4.2 Multi-dimensional Empowerment Development
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	4.2 Multi-dimensional Empowerment Development
	B3.2	The average training hours completed per employee by gender and employee category.	4.2 Multi-dimensional Empowerment Development
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	4.1 Flexible Employment Mechanism
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	4.1 Flexible Employment Mechanism
	B4.2	Description of steps taken to eliminate such practices when discovered.	4.1 Flexible Employment Mechanism

ESG Subject Areas, Aspects, General Disclosures and KPIs			Section
Social			
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	3.3 Enhancing Supply Management
	B5.1	Number of suppliers by geographical region.	3.3 Enhancing Supply Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	3.3 Enhancing Supply Management
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.	3. Showing Love and Respect to Beloved Ones and Affecting People by Virtue
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	No involvement of products that need to be recalled for safety and health reasons
	B6.2	Number of products and service related complaints received and how they are dealt with.	3.2 Listening to Customers' Voices
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	3.1 Innovative Service Mode
	B6.4	Description of quality assurance process and recall procedures.	Quality assurance and product recalls are not involved.
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	3.1 Innovative Service Mode
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
	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
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	1.3 Corporate Governance
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.	5. Practicing Filial Piety and Forming a Noble Character
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	5. Practicing Filial Piety and Forming a Noble Character
	B8.2	Resources contributed (e.g. money or time) to the focus area.	5. Practicing Filial Piety and Forming a Noble Character



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