



2022

SUSTAINABILITY REPORT



福壽園國際集團

FU SHOU YUAN INTERNATIONAL GROUP
01448.HK

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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Summary of the Report

The Report is the seventh annual sustainability report of Fu Shou Yuan International Group Limited and its subsidiaries (hereinafter referred to as “we”, the “Group” or “Fu Shou Yuan”). It covers our work during the period from January 1 to December 31, 2022 (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 2022, illustrating how Fu Shou Yuan lives up to its commitments to sustainable development.

During the preparation of the Report, 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 2022 annual report published by Fu Shou Yuan on April 25, 2023 (“2022 Annual Report”) and covers Fu Shou Yuan International Group Limited and its subsidiaries.

Reporting Guidelines

The Report was prepared in accordance with the Environmental, Social and Governance Reporting Guide issued by the Stock Exchange (hereinafter referred to as “ESG Reporting Guide”) and with reference to 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 statistical report 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

Confirmed by the management of the Group, the Report was approved by the board of Directors of the Group on March 17, 2023.

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

The funeral service industry carries the most beautiful responsibility for society to take care people's journey of life, spread genuine kindness and attend to people's well-being, gathering up every speck of light in life. As a standard setter and integrator of China's funeral service industry, Fu Shou Yuan is always committed to "taking care life with life" in our warmest essence, creating the perfect grand finale for life with heartfelt services.

2022 was a year of both opportunities and challenges. In the face of China's rapid and intensive aging issue, Fu Shou Yuan shouldered an unshrinkable responsibility as a leading enterprise in the funeral service industry. For more than 20 years, we have been staying true to our corporate spirit of "Innovative, Genuine; Mindful and Sincere", practicing environmental, social and corporate governance responsibilities to proactively carry forward the zeitgeist of sustainable development, with ESG (Environment, Social and Governance) concepts deeply integrated into the Group's development strategy, production and operations, in a bid to promote the healthy development of the funeral service industry.

Every journey ends at some point, and so as life. We believe that "farewell to the physical life, and continuation of the spiritual life", so the Group continues to innovate and expand its cloud series platform to provide comprehensive and heart-warming "farewell" services, applying new technology, new products and new models to pay reverence to every valuable life, so that the deceased can rest in peace and the living will be comforted.

As a "people-oriented and culture-rooted" enterprise, Fu Shou Yuan voluntarily assumes corporate, industry, social and history responsibility. In 2022, we continued to expand the scope of our public welfare services by engaging in assistance and poverty alleviation in many regions through Fu Shou Yuan Public Welfare Development Foundation. It is our aspiration to ride on the strength of public welfare undertakings to promote life education, so that more people can find warmth and strength even having to face lives, thus creating a better perception of life with Fu Shou Yuan's services.

We are well aware of the meaning of guarding life, and therefore have made endless efforts to nurture "life guardians", It is our commitment to ensure that people in Fu Shou Yuan remain true to their original aspirations through diversified training and sound career development system, with a view to empowering life with the strength of people in Fu Shou Yuan.

Under the backdrop of increasing public awareness of environmental protection and the dual carbon national goal (reaching carbon peaking and achieving carbon neutrality) that has been continuously promoted, Fu Shou Yuan keeps tapping the brand value in response to the national strategy of developing a "digital-based economy" and also in continuous pursuit of "Internet Thinking", integrating green technology in conventional businesses and promoting green funeral as a trendsetter for civilized sacrifices.

As an undertaker who deals with the departure of lives, we hope that all the work we go about will give more color, warmth and strength to life. In meeting the expectations of people for human rights, we have learnt to expect newborns with joy and send off the deceased with grace. In the future, as always, Fu Shou Yuan would bear the responsibility of life which is something redeeming for all the divides between the living people and the deceased, so as to build a world that enjoys shared happiness.

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



ECONOMIC ISSUES

Revenue:

RMB **2,171.6** million

Total Number of Services:

86,428

Regional Coverage:

More than **46** cities in
19 provinces, autonomous
regions and municipalities



ENVIRONMENTAL ISSUES

Water Consumption:

4.21 tons/ten-thousand
RMB
almost unchanged compared
with the previous year

Power Consumption:

5.82 MWh/million
RMB revenue

Energy Consumption:

11.68 MWh/million
RMB revenue
Decrease by **22%**
compared with the previous
year

Non-hazardous Waste:

1.97 tons/million
RMB revenue
Decrease by **1%** compared
with the previous year

Greenhouse Gas Emissions:

4.77 tCO₂e/million
RMB revenue
Decrease by **1%** compared
with the previous year



LABOUR ISSUES

Gender distribution:

Female employees
accounting for **41.28%**

Training Hours per Employee:

98.42 hours/employee

SOCIAL ISSUES

Customer Satisfaction Rate:

97%

Total Public Welfare Expenditure:

RMB **3.406** million

Number of Suppliers:

662 suppliers, from
6 regions of the country

Building on an integrity-based sound corporate governance, Fu Shou Yuan continues to improve its board structure and responsibilities, strengthen internal controls and risk management, and maintain the highest ethical standards by relentlessly reinforcing corporate governance to enhance competitiveness and lead the industry.

1.1 About Us

Founded in 1994, Fu Shou Yuan is not only a leading funeral and life technology service provider in China, but also a promoter and a participant in the development and reform of China's death care service industry. Fu Shou Yuan is also a place where memories and emotions are preserved and enshrined, a culture-oriented company that is dedicated to the preservation and promotion of the quintessence of traditional value, and a social citizen with a deep sense of corporate responsibilities. Over the past two decades, we have been at the forefront of innovations in the industry and committed to leading the industry by achieving breakthroughs in concept, product, service, culture, art and technology.

At present, Fu Shou Yuan's businesses cover various fields, such as cemetery operation, funeral service, equipment and supplies, planning and design, pre-need funeral contracts, funeral Internet +, and life education. Our presence has been expanded to 46 cities in 19 provinces, autonomous regions and municipalities including Shanghai, Henan, Chongqing, Anhui, Shandong, Liaoning, Jilin, Heilongjiang, Fujian, Zhejiang, Jiangxi, Jiangsu, Guangxi, Beijing, Guizhou, Inner Mongolia, Gansu, Hubei and Hebei.

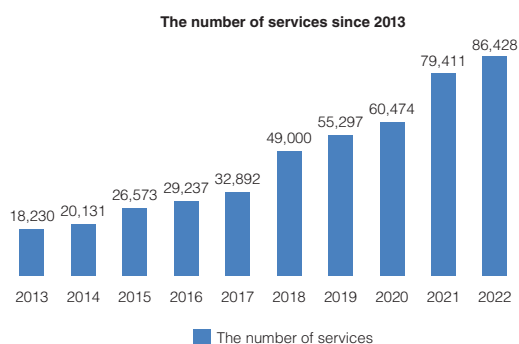
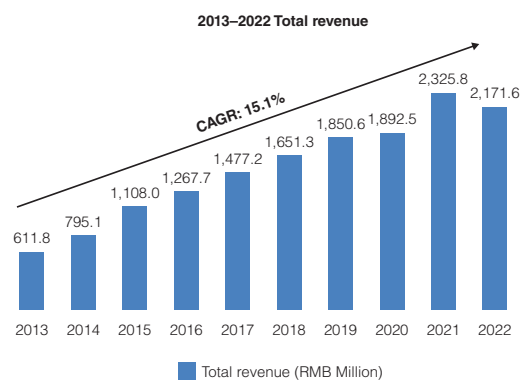
Listed on the Stock Exchange on December 19, 2013, Fu Shou Yuan became a model of compliance management and innovative development of death care service providers in China and was formally included in the Shenzhen-Hong Kong Stock Connect Program in December 2016. During the Reporting Period, Fu Shou Yuan received wide recognition in terms of ESG, and has been consistently awarded AA rating in MSCI ESG rating, taking a leading position among its peers. In addition, the Group has been selected as a constituent of the Hang Seng Corporate Sustainability Benchmark Index for two consecutive years.

1.2 Operating Performance

Facing various kinds of uncertainties, Fu Shou Yuan has always adhered to the mission with faith and enthusiasm, providing customers with the best quality and warmest life services. On the one hand, in order to help customers who are unable to visit the cemetery in

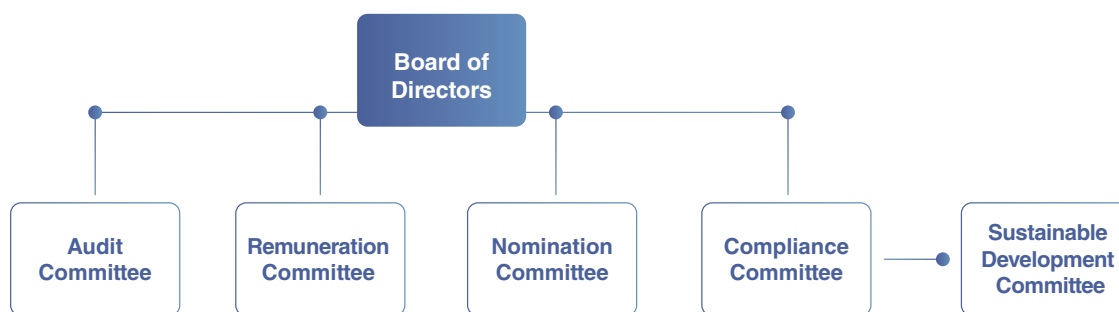
person due to various reasons, we further deepen the modern service capabilities of online digital memorial service. On the other hand, in order to create a sustainable century old cemetery, we have continued to improve the new paradigm for ecological governance green cemetery, and walked in the forefront of the times.

In 2022, Fu Shou Yuan have completed two equity interest acquisitions and continued to expand cooperation and project construction in different important provinces and cities, and two projects under progress and preparation. In product, we empower cemetery and funeral home services through technologies such as intelligent interactive screens, digital rites, and digital twins, with a focus on body related and innovative services, achieving the coexistence of virtual and real, caring, and diverse cemetery and funeral home services. At the same time, we continue to upgrade the industrial chain, expand service boundaries, and involve multiple fields such as environmental-friendly cremation, pre-need services, and landscape design, forming synergies and multiple risk resistance capabilities. Since its listing, Fu Shou Yuan has steadily increased its revenue and profitability, with a CAGR of 15.1% since 2013. The number of services has been increasing year by year, reaching 86,428 in 2022, a year-on-year increase of 12.6%.



1.3 Corporate Governance

To ensure stable operation of the Group and maintain a healthy and good corporate governance environment, Fu Shou Yuan strictly complies with the regulatory requirements of the listing places, adheres to the Corporate Governance Code as set out in Appendix 14 of the Listing Rules of the Stock Exchange and is committed to maintaining high standards of corporate governance by continuously improving its corporate governance structure and sustainable development governance structure, so as to safeguard the sustainable development of the Group.



— Board structure of Fu Shou Yuan —

Audit Committee

Assists the Board in providing independent view on the effectiveness of the Group's financial reporting process, internal control and risk management system.

Oversees the audit process and performs other duties and responsibilities as assigned by the Board.

A total of 2 meetings of the Audit Committee were held in 2022 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.

Remuneration Committee

Assesses the remuneration of the Group's executive directors and senior management and makes recommendations to the Board in this regard.

Reviews the performance of senior management and determines their remuneration composition.

A total of 1 meeting of the Remuneration Committee was held by Fu Shou Yuan in 2022.

Nomination Committee

Plans the nomination policy for consideration by the Board, implements the nomination policy formulated by the Board, and advises the Board on appointment of candidates to fill vacancies on the Board.

A total of 2 meetings of the Nomination Committee were held in 2022.

Compliance Committee

Reviews and supervises the legal and compliance matters of the Group to ensure that the Group's operation complies with all applicable laws and regulations.

Compliance Committee can seek for external advisor's opinion.

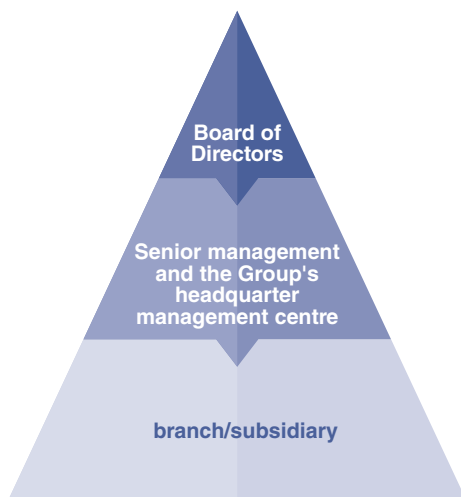
A total of 2 meetings of the Compliance Committee were held in 2022 to approve the disclosure of environment goals of Fu Shou Yuan and the climate change risks it exposes to.

— Committee functions and summary of key work —

Risk management

Fu Shou Yuan has always attached great importance to corporate risk control, where it established and constantly improved risk management and internal control systems, identified and resisted risks related to corporate operations in multiple dimensions, continuously enhanced the Group's risk prevention awareness, strengthened the Group's risk management capabilities, to ensure that the Group's business activities are conducted in a compliant and efficient manner within acceptable risks, and protect the overall interests of the Group and its shareholders.

Using the Committee of Sponsoring Organizations of the Treadway Commission (COSO) enterprise risk management model as a framework, we have established internal control measures that are in line with our own reality, and have built a three-tier risk management and internal control system that includes the Board of Directors, senior management, the Group's headquarter management centre and each branch/subsidiary.



— Risk Management and Internal Control System of Fu Shou Yuan —

The Group has established a closed-loop management mechanism for identifying, assessing, responding to and inspecting risks in accordance with the risk management system framework to enhance the Group's risk management standards. We comprehensively identified the Group's internal risks from four types of risks, namely system risk, corporate risk, segment risk and personalized risk. The identified risks are evaluated in quadrants and classified as high, medium and low. Based on the assessment results, each department will carry out countermeasures according to the risk priority and materiality rating, and eventually check and confirm if the risks are eliminated to achieve closed-loop risk management.

During the Reporting Period, we comprehensively optimized and updated the Group's internal risk database in accordance with the latest laws and regulations of the industry together with the actual problems encountered in the course of the Group's development over the past three years. In addition, we conducted interviews with key personnel and employees in key positions within the Group to rationalize and analyze the risks the Group is facing, and in turn formulate annual internal audit plans and schemes.

Business Ethics

Fu Shou Yuan is well aware that compliance is the premise of healthy business development. As a leader in the funeral industry, we always uphold the principle of integrity and honesty and are committed to creating a fair and healthy business environment by firmly opposing and eliminating any form of corruption, unfair competition and monopolistic business practices with a "zero tolerance" attitude.

In strict compliance with the *Company Law of the People's Republic of China*, the *Anti-Money Laundering Law of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China* and other applicable laws and regulations and the highest standard of business ethics in each place of operation, the Group has formulated the *Anti-fraud Work System*, which clarifies and stipulates fraud control, reporting and handling routines, remediation and punishment procedures.

During the Reporting Period, the Group issued the *Notice on Certain Matters Concerning the Further Regulation of Funeral Service Enterprises*, which further standardizes the specific content and specific form of product price disclosure for funeral enterprises, while requiring funeral enterprises to establish a dynamic management system for content disclosure to ensure accurate and comprehensive disclosure. In addition, we also launched the adjustment of contract terms and added unrelated letters of commitment or clauses to the purchase tender contracts and grave sales tender contracts signed with suppliers in order to avoid potential business risks and prevent corruption and fraud.

The Group has a centralized reporting channel in place against fraud cases. Any management, employees and third parties of Fu Shou Yuan and its partners can report real or suspected fraud cases through our reporting hotline and emails. Upon receipt of the report, the relevant departments of the Group will promptly commence an investigation into the specific case in accordance with the relevant provisions to

ensure that the Group's operations are carried out in compliance with the law. For the whistleblower's personal information and privacy, we will keep it strictly confidential. Meanwhile, we will firmly safeguard the legitimate rights and interests of the whistleblower through our internal system and provide corresponding legal support for the whistleblower when necessary.

During the Reporting Period, we have established a business ethics feedback complaint channel for suppliers and are planning to further improve the handling of such complaints in our system. As of the end of the Reporting Period, the Group and all employees had not been involved in any litigation cases of violation of business ethics or corruption.

To continuously improve the awareness of compliance with business ethics and create a compliance atmosphere, Fu Shou Yuan has conducted various anti-corruption training and integrity activities to encourage employees to truly understand the importance of business ethics through practice. It has also dedicated itself to promoting anti-corruption awareness and creating an incorruptible environment through anti-corruption training for all employees and the Board, as well as different forms of training activities such as online training, face-to-face communication, special courses and professional lectures.

Anti-Corruption Training

On May 25, 2022, members of the Board received training on sustainability responsibilities from a team of third-party professional lawyers, the contents of which included, amongst others, corporate anti-corruption cultivation. During the same period, the Group organized an online meeting for the management to conclude the analysis of typical anti-corruption cases in 2022, which emphasized the compliance process of anti-corruption incidents, and in turn, strengthened the business ethics compliance awareness of the management of the Group.

During the Reporting Period, our employees received a total of 68 hours of anti-corruption training with 382 employees participating in the anti-corruption training.

1.4 Diversity of the Board

Fu Shou Yuan attaches great importance to the diversity of the Board. In selecting, nominating and establishing the Board, we consider comprehensively from the perspective of diversity by taking into account the gender, age, cultural and educational background, race, professional experience, skills, knowledge, length of service, future benefits to the Group and other qualities of the directors that are necessary to ensure the rationality and effectiveness of the Board's decisions. In accordance with the Board Diversity Policy, Fu Shou Yuan is fully committed to safeguarding the diversity of the Board while enhancing the effectiveness and corporate governance of the Board. The Group maintains a balanced mix of executive and non-executive directors (including independent non-executive directors) on the Board so that the Board is highly independent and could exercise its independent judgment effectively.

As of the date of the Report, the Board consists of three executive directors, three non-executive directors and four independent non-executive directors, among which, female directors account for 20% of the composition of the Board. Among them, in addition to the three founders responsible for the

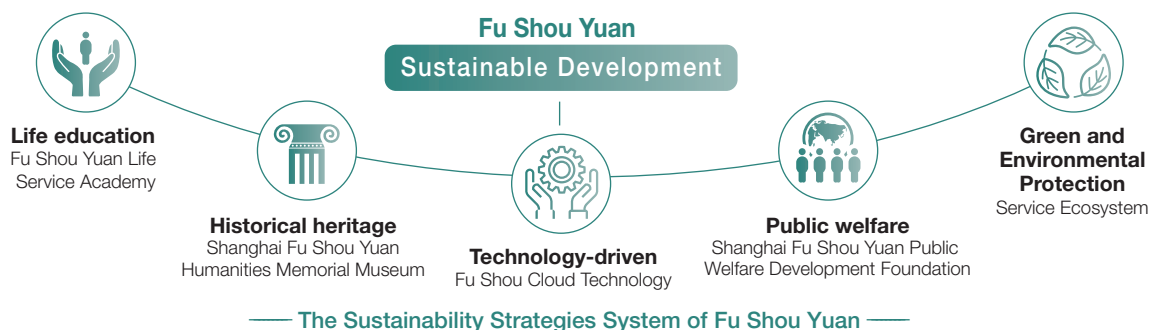
overall strategic planning and business development of Fu Shou Yuan, there are also three non-executive directors with extensive experience in the manufacturing industry, investment and finance, and four independent non-executive directors with authoritative expertise in their respective industries. Independent non-executive directors include senior financial and legal experts, and the former board secretary of large listed company, with many 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, experience and skills, and provides guidance for overall corporate development and governance.

We always adhere to the corporate spirit of "innovation, truth-seeking; peace of mind and sincerity". Leveraging the Group's brand, leading market position and effective resource deployment, not only do we continue to develop the market and expand our vertical service scope, but we also seek and create new service models for the future and expand our funeral services to more regions in China to set the best standard in the industry.

As a promoter and participant of the development and transformation of funeral service industry in China, Fu Shou Yuan has incorporated sustainable development strategies and approaches into the Group’s strategy, actively communicated with stakeholders, and practiced and implemented the concept of sustainable development in various actions. Fu Shou Yuan will continue to capture development opportunities, consistently adhere to sustainable development strategies and actively fulfil its social responsibilities by taking practical actions to help enhance the well-being of people and assist the industry in sustainable development.

2.1 Strategy of Sustainable Development

In line with its development concept of “green and environmental protection, sustainable development”, Fu Shou Yuan persists in sustainable development strategies including green and environmental protection, technology-driven, public welfare, historical heritage as well as life education as its foothold and strives to assume corporate, social, industry, historical and public responsibility by establishing a caring and warm life service system. In 2022, Fu Shou Yuan stepped up efforts in respect of five sustainable development strategies by dedicating itself to becoming the provider of livelihood services, leader in life education, promoter of green and environmental protection, advocate of public welfare and preserver of urban memory through technology empowerment.



Life education

Fu Shou Yuan has been deeply engaged in the life education business for many years, promoting social public welfare popularization projects, breaking through industry boundaries and communicating with the public. During the Reporting Period, Fu Shou Yuan has conducted more than 260 life education courses, lectures, forums and experience activities, which involved 1,600 organizations in total and benefited more than 2 million people. At the same time, Fu Shou Yuan has established the “Etiquette and Relief College of Continuing Education (禮濟進修學院)” with industry-specific and social education functions to further empower talents and lead the development of the industry.

Fu Shou Yuan will continue to promote life education with its unique humanistic advantages, promote the attitude of “living to death”, and guide people to think about the meaning and value of life.

Green and environmental protection

Fu Shou Yuan has put in place the concept of green and environmental protection and continued to explore the road of green development. During the Reporting Period, Fu Shou Yuan actively promoted green funeral culture, continued to invest in the research and development of environmentally friendly cremation machines, and vigorously developed the innovation of land-saving and ecological burial style of “tombstone slimming and memorial capacity expansion” to promote the progress of the four major environmental goals, and was awarded the “2022 Carbon Neutral Enterprise Model” at the International Green Zero Carbon Festival.

Fu Shou Yuan will promote the carbon neutral project from all levels of the enterprise, industry and society. In addition to exploring projects such as construction of a green and intelligent enterprise and achieving voluntary carbon neutrality for the whole group, Fu Shou Yuan will further explore the establishment of industry, national and even international standards for green cemeteries and promote the industry’s transformation to digitalization and greening.

Historical heritage

Fu Shou Yuan attaches great importance to historical heritage, where it connects the deceased and the living, the individual and the city, emotions and memories with a cemetery humanistic memorial museum. During the Reporting Period, Fu Shou Yuan further promoted the construction of humanistic memorials and added and upgraded various functions such as life micro movie production, old photo restoration and life story recording to preserve human images and memories.

Fu Shou Yuan will always advocate the cultural commemoration of life and preserve people's spiritual life and become the common spiritual wealth of mankind.

Technology-driven

Fu Shou Yuan instills new vitality in funeral and extends the boundary of life by utilizing technology, thus setting new trends for memorializing. During the Reporting Period, Fu Shou Yuan vigorously improved the "funeral + Internet" integrated system of "Fu Shou Cloud" to create an intelligent cemetery in the ecological form of "technology + Internet", with a view to providing standardized, transparent, convenient and diversified online services. In addition, the Group utilized technology to create innovative products and held the industry's first "immersive" funeral through audio-visual equipment, Internet and Internet of Things technology.

Fu Shou Yuan will continue to explore new models for the future development of the industry and use Internet technology to carry life and emotions, injecting new connotations into the industry and working hard to enhance the dignity of people's lives.

Public welfare

Public welfare is one of the footholds in Fu Shou Yuan's sustainable development strategies. Over the past 20 years, Fu Shou Yuan has continuously contributed hundreds of millions of dollars in public welfare. During the Reporting Period, Fu Shou Yuan has actively assumed the responsibility of providing livelihood protection services and promoting the sustainable development of public welfare services in the industry. Through the "Fu Shou Yuan Public Welfare Festival", Fu Shou Yuan has built a public welfare platform, expanded public welfare services, and donated, assisted and helped the disadvantaged groups, which has been fully recognized and acknowledged by all sectors of the society.

Fu Shou Yuan will deepen the public welfare business, integrate resources from all walks of life, and lead the sustainable development of the funeral industry. At the same time, Fu Shou Yuan will promote public welfare with heart and soul and spare no effort in safeguarding people's livelihood to strive for a good end of life.

2.2 Governance of Sustainable Development

In order to promote the implementation of sustainable development strategies, Fu Shou Yuan has established a three-tier ESG governance structure to implement ESG in the daily operation of the Group. The Sustainable Development Committee is responsible for establishing the ESG management structure, formulating relevant policies, identifying ESG risks and implementing ESG targets. The Compliance Committee oversees the progress of ESG objectives, regularly reviews ESG management policies, strategies and governance structures, and submits the results to the Board of Directors for review. The Board of Directors participates in the approval of the ESG management structure, objectives and reports, and evaluation of ESG risks to ensure that the Group has appropriate policies and measures in place to address them.

During the Reporting Period, Fu Shou Yuan held two meetings of the Sustainable Development Committee to actively discuss sustainability issues, explore environmental objectives, and identify and assess the significant risks of climate change and its impact on the business. In addition, we exchanged updated information on sustainable development with the management and shared relevant national and industrial policy guidelines. We will continue to review, implement and monitor actions towards target achievement and incorporate climate change-related issues into the long-term planning of our business strategy.



— Fu Shou Yuan’s Three-tier Governance Structure for ESG —

The Board’s Statement	
The Board responsibility	The Board assumes the ultimate responsibility for Fu Shou Yuan’s ESG strategies and performance. The Compliance Committee plays a leading role in formulating ESG strategies, goals and management policies and coordinating the resource deployment for sustainable development goals and their implementation.
Implementation in daily business	In business operations, the Sustainable Development Committee is responsible for the day-to-day implementation and monitoring of the action plans and providing the Compliance Committee with recommendations on strategies, goals and management policies in an effort to incorporate sustainable development concepts into its daily operations.
Risk identification	Fu Shou Yuan’s business nature and the environment in which we operate expose us to a variety of potential risks, which may have an impact on the Group’s sustainable development. The Sustainable Development Committee is responsible for identifying, managing, overseeing and controlling risks and supporting the Board on risk analysis and decision making.
Materiality analysis	We regularly organize internal and external activities to maintain close communication with stakeholders, thereby identifying and assessing ESG issues and prioritizing relevant issues. The priority of our materiality issues is determined by the third-party materiality assessment, and the assessment results have been discussed and approved by the Sustainable Development Committee.

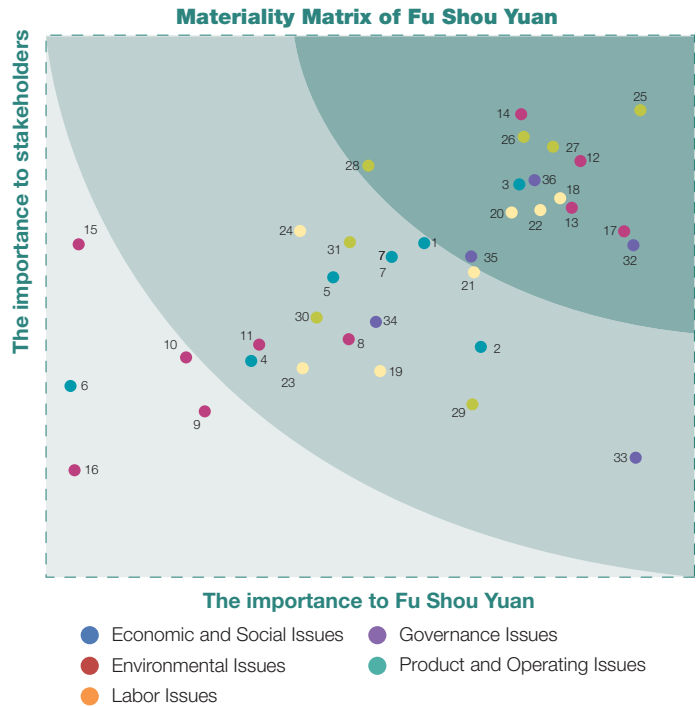
2.3 Stakeholder Communication

We actively conduct in-depth communication with eight types of stakeholders on ESG-related issues, including employees, investors, customers, government and regulators, partners, members of the public, media and capital market rating indices, through regular and irregular communication in various forms such as field surveys, interviews and questionnaires. Such communication mainly involves understanding ESG issues of concern to stakeholders, timely responding to the requirements and demands of different stakeholders, incorporating relevant feedback in the strategic management and operational process, and addressing stakeholder concerns in the Report.

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

2.4 Materiality Analysis

During the Reporting Period, Fu Shou Yuan conducted in-depth exchanges with major stakeholders on the major issues of ESG in 2022 through face-to-face communication, telephone interviews, questionnaire surveys and site visits, whereby we collected opinions and demands from all parties to form a matrix of major issues after thorough analysis. During the Reporting Period, we have identified and summarized 36 ESG issues, 15 of which are the key ESG issues that are the focus of the Report and constitute the key disclosures. We will elaborate on the relevant information in the Report.



Economic and Social Issues	Environmental Issues	Labor Issues
1. Economic and social contribution	8. Energy utilization	18. Occupational health and safety
2. Industry trend and policy	9. Resources consumption	19. Employment and employee retention
3. Traditional cultural heritage	10. Emission management	20. Employee performance appraisal and promotion
4. Community development	11. Solid waste treatment	21. Employee benefits and wages
5. Charity and donation	12. Park greening	22. Education and training
6. Suppliers assistance	13. Land use	23. Diversity and inclusion
7. Assistance to vulnerable groups	14. Ecological impact and biodiversity	24. Human rights
	15. Climate change	
	16. Greenhouse gas emissions and pricing	
	17. Carbon neutrality	

Product and Operating Issues	Governance Issues
25. Service quality and customer complaints	32. Governance structure
26. Customer privacy information protection	33. Sustainable development policy and strategy
27. Product and service compliance	34. Anti-corruption
28. Advertising and labelling	35. Risk and crisis management
29. Technology and innovation	36. Legal compliance
30. Supply chain management	
31. Raw material procurement	



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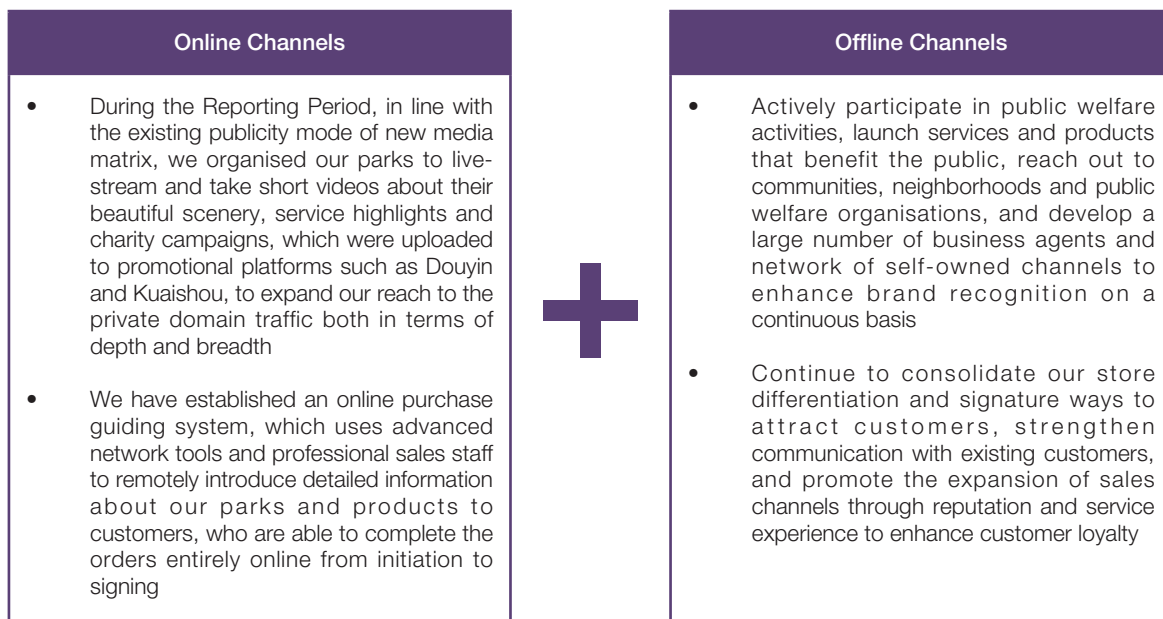
At Fu Shou Yuan, we have high respect for life and unlimited care for customers, and this is why we are committed to creating premises for life that carry lasting memories and profound emotions. Not only does the Group carry forward the magnificent traditional culture, but we are also making continuous improvement, innovation and breakthroughs — with contemporary technology and humanistic care — in our parks' landscape planning, construction, services and products, giving our life services another layer of human touch and supporting people with love in their farewell and remembrance at life's destination.

3.1 Perfecting Services with Quality

Brand Building

In order to build a healthy brand ecology to better reach and serve customers, as well as to popularise the concept of civilised and green funeral, Fu Shou Yuan attaches great importance to the standardisation of marketing management, integrity and responsible marketing. On the basis of compliance with relevant laws and regulations, and based on our internal system, we have standardised the approval process for the price and sales commission of funeral products, where we emphasised on a set of universal requirements in the areas of “funeral, burial, ceremony and deed”, with a view to constantly optimise and adjust our business structure through promoting business integration and standardising marketing procedures. During the Reporting Period, we prepared and issued various policies such as the Sales Pricing Management Measures of Fu Shou Yuan International Group Limited and Sales Discount Management Measures of the Cemetery and Funeral Units under Fu Shou Yuan International Group Limited, in a bid to further enhance the transparency and openness of our price and maintain amicable and stable market relations.

Fu Shou Yuan is always ahead of the curve, therefore, in this era of short video and new media, we use a combination of online and offline marketing channels to convey the Group's pioneering funeral philosophy and sincerity in services to the public.



A Marketing Model Combining Online and Offline Channels

On top of that, in order to enhance the responsible marketing literacy and customer service capability of our marketing staff, we have carried out a series of activities to share experience with and provide training to them during the Reporting Period, which included the sharing session themed “remaining true to our original aspirations while Seeking Changes and New Ideas” in Hefei Da Shu Shan Culture Cemetery, and the sharing session with the theme of “Customer Service Enhancement” in Shandong Fu Shou Yuan, where we urged our marketing team to uphold the idea of ethical and quality marketing from the perspectives of humanistic values, service awareness and corporate culture.

Funeral Services

We value what customers think and feel in our endeavors to give peaceful rest to the deceased and comfort to the living. We control and manage the funeral services with contemporary digital system, a complement to our signature “housekeeping” procedure of one-stop services, guaranteeing that the service process is well organised and considerate.

Digital Management

- Before the commencement of funeral service, Fu Shou Yuan provides visual representation and clear prices of the service plan to customers, who can get an all-round understanding of the entire processes, price list and service details of various service plans through video and electronic interactive interface.
- After the service starts, the information of, among others, identity, “death certificate” and image will be entered to generate 4 QR codes, which correspond to the deceased’s mortal remains, family members, cremains bag and refrigerated compartment. QR scan and information verification are required throughout the service for it to proceed, whereas the deceased’s data will be checked for in various occasions, including but not limited to entering and leaving the venue during wake and farewell ceremony, cremation of remains, placing cremains in bag and cremains distribution, through which, we have achieved a closed-loop management of data in the whole process, thereby eliminating the business risks and emotional harm caused by funeral accidents and unclear responsibilities.

Enhancement Measures for Funeral Services

In addition to the strict management and attentive services in our basic funeral operations, Fu Shou Yuan incorporates diversified heartwarming services in the design of our service facilities and plans, in a bid to uphold our profound humanistic care and contemporary funeral philosophy.

Heartwarming Services in Xuancheng Mashan Funeral Home: Showing Genuine Care in the Nuanced Subtleties

The farewell ceremony is a crucial part of funeral service. Xuancheng Mashan Funeral Home is committed to working on the details to provide emotional support for customers during this poignant time of parting.

- **Economic Farewell Services:** In addition to various funeral halls of different styles and sizes, Xuancheng Mashan Funeral Home also provides economic farewell halls to cater for customers with different financial needs.
- **Soothing Farewell:** We have set up family exclusive rest areas in the cremains waiting hall to provide a private space for family members to communicate, which are also conducive to timely notification of cremation results. The cremains waiting hall is furnished with leisure facilities such as TVs and massage chairs, while refreshments are provided free of charge to alleviate the anxiety of family members during the waiting period.



Family Exclusive Rest Area



Funeral Hall with Seasonal Decorations

Cemetery Services

Though small in size, tombstone and offerings carry the living's mourning through every Ching Ming Festival or the Winter Solstice, as well as at countless moments of lost or days of remembrance. As a life service provider, it is the obligation of Fu Shou Yuan to cherish this heavy trust from our customers.

During the Reporting Period, we upgraded our valet tomb-sweeping service on a comprehensive manner, to better help customers who are not able to pass on their condolences in person at the parks.



We devote ourselves to designing customised service plans for each valet tomb-sweeping service, providing customised bouquets and a wide variety of offering packages for customers to choose from to meet their individual ceremonial needs



We design different seasonal bouquets, offerings and ceremonies for different festivals and anniversaries, such as customised cola and cake for Father's Day, introducing tomb-sweeping in traditional Chinese costume at Mid-Autumn Festival, and using large peonies for bouquets at Mother's Day and lotus flowers and pods at Zhong Yuan Festival

Valet Tomb-sweeping Services

It is precisely because of Fu Shou Yuan's dedication to customer needs that the total number of valet tomb-sweeping cases increased by over 2,400 compared with that of last year during the Reporting Period.

While the tombstone design of Fu Shou Yuan is in line with the contemporary trend of civilised and ecological burial and adopts the concepts of land-saving and artistic design, it has been devoted to innovation in the styles and technique of design.

During the Reporting Period, the product design of Fu Shou Yuan's tombstones incorporates a wide range of aesthetic sensitivity to meet emerging needs.

Land-saving feature



Artistic design



Craft of colored glass



Craft of stainless steel sculpture



Customer Services

In order to better listen to customers and meet their needs in a more timely manner, Fu Shou Yuan completed the development test and pilot work of customer relationship management system during the Reporting Period, realising the centralised online management of the Group's customer resources. Leveraging on the system's wide array of business development tools and abundant data and information reserve, our customer service capability and customer relationship maintenance have been improved.

With the development of online services and cloud-based products, we attach great importance to the protection of customer information and privacy in strict compliance with the Data Security Law of the People's Republic of China and other laws and regulations, and have expressly stipulated the security management requirements related to the information technology (IT) infrastructure and staff system operation according to the Proposal on the Group's Information Security Guidance (《集團信息化安全指導建議書》) and other systems, warranting the integrity and confidentiality of customer information through a two-pronged approach of data backup and system optimisation, desensitisation of customer privacy data on the system page, set-up of access rights to private information and mechanism of prohibiting export to reduce the risk of customer data leakage. During the Reporting Period, no information leakage incidents occurred.

In addition, Fu Shou Yuan has unified online management of customer satisfaction surveys for 53 companies of the Group. Combining the original on-site satisfaction evaluation, offline questionnaires, satisfaction survey in official accounts, telephone return satisfaction survey and other channels, the Group's headquarters conducted online satisfaction survey for more than 80% of customers for respective business segments, and the survey results are shown by three indicators, i.e. overall satisfaction rate, net value of recommendation for cemetery business and net value of recommendation for funeral business. During the Reporting Period, the satisfaction rate as shown in the monthly survey results remained stable at above 97%, up 2% compared with that of the previous year.

In terms of responses to customers' complaints, we have established a complete process of giving responses, addressing complaints and return visits, and the customer complaint handling team would strictly implement the response process according to the established customer complaint handling standards with sensible assessment of acceded issues and differentiation between after-sales requests and complaints for separate handling. During the Reporting Period, zero effective complaints¹ were received.

In order to consistently gain and enhance the recognition from customers, we have made corresponding improvements and enhancements in response to the feedback and issues received in customer communication and exchange.

In response to such issues raised by some customers as "the entrance of the cemetery is not easily accessible" and "inconvenient transportation", we have introduced free shuttle bus service from metro stations to the entrance of the cemetery

Customers are provided with a total of 107 free services, which could be divided into the seven categories of emotional continuation, grief support, lasting memories, hospice, life care and basic services, covering free access to caring supplies, refreshments, exhibitions and lectures, festival condolence, etc.

Improvements in response to customers' feedback

3.2 Reinforcing Quality Assurance

The quality of products and facilities is the cornerstone of Fu Shou Yuan's premium services to customers. Therefore, we highly value the establishment and implementation of quality standards and conduct proactive management to our suppliers in all aspects.

¹ Effective complaints mean which those incur fee compensation.

Quality Enhancement

The construction of standardisation and uniformity is an important means to improve quality assurance. We released the *Service Product Manual* during the Reporting Period and conducted continuous updates to consolidate our standardisation efforts, thereby giving customers a more direct experience to the quality services and products of Fu Shou Yuan. Besides, we continued to promote the standard unification in cemetery construction. With a series of systems such as the *General Rules for Engineering Construction Management* we have unified the engineering and construction terms, definitions of technical indicators and parameters such as road widths and building areas, which guaranteed that the quality control of construction projects is well organised.

For the quality and safety in the parks, we organised safety and quality inspections to the park environment on a daily basis, with a focus on the loopholes in engineering or property management quality that may be caused by unexpected environmental events. We also established new norms for daily inspections and spot checks for potential safety hazards, where a mechanism is built to delegate clear responsibility to management team across all levels, including the headquarter, different regions, entities and projects. Further, we have organised various regular drills to eliminate safety hazards, in a bid to provide customers with a safe and secure experience during their stay in the parks for tomb-sweeping.

For the quality assurance of cremation machines, on the basis of ISO 9001 Quality Management System certification, we use enterprise resource planning system (ERP) to monitor and manage the entire process from planning, procurement, production, storage to sales. We are also equipped with an inspection team specific for quality check, who has developed standardised process and procedures for the quality inspection of cremation machines, as well as issued and archived quality inspection reports in a standardised manner, to ensure that the cremation machines are in compliance with the industry quality standards without any potential safety hazards, as well as conforming to the user-agreed criteria without any performance defects. They have also improved the standardisation of the entire production process to avoid defective products from flowing out of the production plant, thereby ensuring the quality of final products.

On top of that, we have further optimised the process and improved the performance of our equipment in the following ways: by optimising the cutting process and formulating detailed operation specifications, we have further refined the operation and increased the utilisation rate of plates from 71% to 78%; for the ancillary facilities of cremation machines, we have changed the design concept to use less electronic components and more mechanical parts, thereby improving the equipment's operational stability. During the Reporting Period, there were no recalls related to product quality and safety issues.

Supply Optimisation

We have optimised the supply chain management function through internal organisational restructuring, which facilitates integrated management of upstream and downstream supply chain and the procurement operations of each company in the Group. In this regard, we focused on proceeding the standardised operation procedures of supplier management, where we systematically updated the supply chain management system and optimised or released a series of policies, including the "Supply Chain Management Measures", "Procurement Management System", "Procurement Bidding Management System" and "Supplier Management Regulations".

In addition, Fu Shou Yuan continues to promote unified standards and centralised procurement for various products, incorporating into the Group's centralised procurement catalog such products as vehicles for receiving and transporting mortal remains, the three major longevity offerings and flowers, decorative supplies and memorial items, in a pursuit to unify and standardise the image of Fu Shou Yuan, guarantee product quality, improve sales price control and customer satisfaction.

At the same time, we have formulated the “Hierarchical Management Matrix of Supply Chain Management” to further refine and clarify the requirements of our hierarchical management over suppliers. Pursuant to which, suppliers are divided into three types in terms of management: mandatory control, supervising control and delegated control.

Mandatory Control	<ul style="list-style-type: none"> Equipment, funeral supplies, infrastructure, technical processing and related ancillary services that are closely related to the Group’s major business are subject to mandatory control and under the central management of the Group, where supplier certification, agreement determination and procurement price determination are carried out by the Group’s supply chain management center.
Supervising Control	<ul style="list-style-type: none"> Ancillary products and services that are not closely related to our business and production are subject to supervising control, where the supplier recommendations of regional branches and subsidiaries as well as filing and approval of the Group are subject to regional certification.
Delegated Control	<ul style="list-style-type: none"> Non-business supplies procurement, occasional procurement of individual unit and areas not covered by mandatory control and supervising control are subject to delegated control, where certification are carried out regionally.

Hierarchical Management over Suppliers

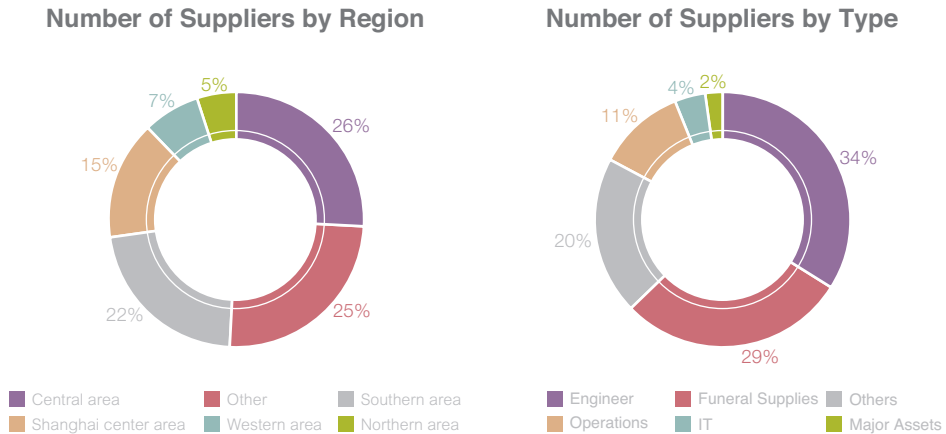
Based on the above hierarchical management model, we strictly control the qualification audit, evaluation and entry of suppliers, and establish an evaluation team at the group level. For long-term procurement and bulk supplies purchases, we conduct supplier evaluations every six months to decide, based on the results thereof, which suppliers to retain, rectify or remove, so as to optimise the supplier structure in a timely manner.

Further, in pursuit of a sustainable supply chain, we spread no efforts to integrate sustainability elements into our supplier management process. We continue to promote the concept of sustainable development to our suppliers, encouraging them to incorporate environmental and responsibility factors into their own operations. At the same time, we make sustainability-related performance an integral part of our supplier access and performance assessment, including but not limited to their performance in respect of environmental risks, social risks and governance risks.

Example of requirements on supplier ESG assessment	<p>Whether discharge permits and production safety permits are obtained from local government</p> <p>Whether non-hazardous materials such as water-based paint and eco-friendly paint are used</p> <p>Whether certification for occupational health and safety management system and certification for environmental management system are obtained</p> <p>Whether there is illegal employment, use of child labor and forced labor</p> <p>Including anti-bribery clauses in contractual agreements</p>
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We conduct the analysis of and evaluation on suppliers based on the above factors on an annual basis. Suppliers with unsatisfactory evaluation results are subject to treatments such as interview, written rectification, share adjustment or elimination.

As of the end of the Reporting Period, the Group had 662 suppliers, of which all suppliers under the Group's collective procurement and certain suppliers not subject to collective procurement, accounting for approximately 16% of all suppliers, have made considerations for environmental and social responsibility factors. The statistics by type and by region are as follows.



3.3 Leading Innovative Services

As a pioneer in the modernisation and digitalisation of funeral industry, Fu Shou Yuan practices the development philosophy of “transforming cemeteries into parks and delivering a beautiful farewell”. By always putting innovative services at the core of our business strategy and service model, we have been making continuous achievements on the innovative front.

Service Innovation

To practise the core concept of “caring for life with technology” in this digital era, Fu Shou Yuan is always improving its digital business and products in terms of diversity and quality, with the forms and mediums of worship constantly being innovated.

Due to the pandemic, many customers who are unable to come to the parks to pay their respects to the deceased could choose to send their condolences through our online tomb-sweeping, online commemoration and cloud obituary services. In order to provide more considerate and satisfactory services to our customers, we adopted a three-pronged approach to enhance our online service capability through the burial ceremony system, worship ceremony system and cloud housekeeping system, which were complemented by physical services to create synergy in providing a more convenient and comprehensive service experience.

Other than the enhancement on our online service capabilities, we have been digitising the physical cemeteries to enhance Fu Shou Yuan's service model, which is an innovative pioneer, in an all-around and comprehensive manner. During the Reporting Period, Fu Shou Yuan's first digitised physical cemetery, Hui Xin Valley, was completed and commenced operation, where we integrate space and emotion with the internet to create a new form to commemorate life.

Hui Xin Valley, a Digitalised Physical Cemetery

A large commemorative screen for on-site memorials is set up along the waterfront of Hui Xin Valley, which also uses digital online memorials, virtual reality and other “internet measures” that weaves together different elements, such as the burial site in the park, memorial ceremony and life stories of the deceased, to permanently preserve the deeds and spirit of those who rest in Hui Xin Valley for later generations’ revisit.

We have designed a unique crystal seal for on-site digital worship. This small “blessing seal”, when placed on top of the loved one’s memorial, will interact with the tombstone to gradually light up the crystal and its socket with an atmospheric glow, giving a unique sentiment to the memorial site. In addition, the crystal seal also serves as a “key” to open the shared altar in Hui Xin Valley, where the descendants can watch an auto-generated short video in memory of their ancestor while reading his/her life stories.



Hui Xin Valley

At the same time, in order to prevent inappropriate behavior in the virtual memorial space or vicious words in the comment section that tarnish life services and hurt public feelings, we will manually censor and filter sensitive words for all virtual memorials, online memorials, and images and texts uploaded by users of the Fu Shou Cloud platform. All users who perform online worship must pass WeChat authorisation and register with their mobile phone number. For any act that violates ethics and laws, we will promptly detect, stop and refer to the relevant departments for further actions.

Product Innovation

During the Reporting Period, we first introduced the service concept of “New Look for the Honored Body”, with pilot program launched in 10 companies permitted to engage in mortal remains, gradually phasing out the refrigerator casket used in body preservation for wake services, while replacing it with a combination of “embalming + paper coffin” to improve service quality.



Mobile Spa Bed for Bodies

It is a moveable equipment for our homebound services. At present, such equipment has been piloted and promoted in 20 companies.

In addition, Fu Shou Yuan continued to strengthen close cooperation with domestic universities to promote product upgrade and optimisation. During the Reporting Period, we cooperated with the scientific research team of Shanghai Jiaotong University to analyse the problems of Type III ash-picking cremator in its practical application. The team has conducted internal temperature field simulation, smoke and air flow field simulation, material selection and structural optimisation of the cremator. On the basis of that, they have redesigned an ash-picking cremator that meets the actual situation in various parts of China, which is still under continuous optimisation.

Protection of Innovation Achievements

Fu Shou Yuan highly regards the protection of intellectual property rights. While protecting its own innovation achievements, it will never infringe on the intellectual property rights of others, and strictly follow the 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 and other relevant laws and regulations to regulate the design, application and registration process of its own trademarks, products and other intellectual property rights and patents.



Fu Shou Yuan's Trademark Profile

As of the end of the Reporting Period, Fu Shou Yuan had a total of 39 patents and 270 trademarks, of which 1 patent was granted and 12 trademarks were granted during the Reporting Period.



Fu Shou Yuan, while continuing to provide quality services for people's livelihood, has always been committed to promoting social and public welfare in the industry and regards funeral services as an important cornerstone for protecting people's livelihood, harmonious society as well as beautiful and kind life.

The Shanghai Fu Shou Yuan Public Welfare Development Foundation (the "Foundation") has always advocated the power of kindness. By strengthening communication with core public welfare partners in the industry, practicing and innovating public welfare projects related to national public welfare policies, and constantly adjusting the position and goals of the projects, we promote, support and realize Fu Shou Yuan's responsibility and mission for public welfare. During the Reporting Period, we invested more than RMB3.406 million for social welfare charity, and the related beneficiaries exceeded one million people.

During the Reporting Period, the Foundation was awarded the title of "Class 3A" social organization for its efforts to fulfill its social welfare responsibility. Through the healthy operation of the Foundation and the implementation of more public welfare projects, the Foundation will provide more quality social welfare services, create a larger platform, usher in more favorable development, and serve a wider public.

4.1 Expanding Public Services

As a participant and promoter of life service business, Fu Shou Yuan has been striving to assume corporate and social responsibility, connecting public welfare resources around the world, promoting value creation of all parties, and building a warm livelihood public welfare ecosystem and caring service projects for the whole society.

Building a public welfare platform

During the Reporting Period, Fu Shou Yuan continued to promote public welfare projects and built the first "Fu Shou Yuan Public Welfare Festival" integrated with the characteristics of the industry. At the same time, in order to promote the development of the industry, the "Fu Shou Yuan Public Welfare Festival" built a public welfare platform and united a number of social organizations, public welfare groups and volunteer platforms in Shanghai to form a public welfare partnership and jointly explored new forms of public welfare and livelihood services.

"Fu Shou Yuan Public Welfare Festival" joining hands with public welfare partners to build a public welfare platform

At the Fu Shou Yuan Public Welfare Festival, the Foundation formed a charity partnership with eight organizations, each drawing on its strengths in ecology and environmental protection, education and scholarship aid, financial aid and elderly care, hospice care, cultural communication, disaster prevention and mitigation, etc., joining hands with good hearts and good deeds to gather philanthropic power.



Eight charity partners joining hands at the "Fu Shou Yuan Public Welfare Festival"

The Fu Shou Yuan Public Welfare Festival released and registered Fu Shou Yuan's public welfare IP "Appearance Showing Good Fortune" (combining the images of bat and elephant), which represents Fu Shou Yuan's understanding of public welfare and reflects the power of warmth and self-empowerment. In addition, the Fu Shou Yuan Public Welfare Festival premiered the public welfare stage play *Life Dialogue across Time and Space*, and the public welfare song and music video *Make an Agreement with the World*, and invited students from Shanghai Institute of Visual Arts to create graffiti on the public welfare wall to jointly promote the public welfare concept of "being destined to love and having appearance showing good fortune".



The public welfare IP "Appearance Showing Good Fortune"

Organizing Love and Care Projects

The “Fu Shou Yuan Public Welfare Festival” not only promotes the development of the industry to build a platform for public welfare, but also further builds love and care projects and provides various public welfare services for customers.

“Thousand-Yuan Funeral Arrangements” Public Welfare Project

The Shanghai Fu Shou Yuan Humanism Memorial Park launched the public welfare project “Thousand-Yuan Funeral Arrangements”, which provides a complete set of ten death care services such as funeral services, cemetery services and burial services, as well as services to assist in applying for Shanghai’s land-saving ecological burial subsidies to achieve the pioneering initiative “Funeral for Free” for the benefit of the people. The “Thousand-Yuan Funeral Arrangements” project is open to all citizens in Shanghai, giving priority to seven groups, including orphans, survivors of martyrs, disabled soldiers, model workers, centenarians, disabled people, and members of low-income families, further providing public welfare projects for all types of citizens.



Fu Shou Yuan’s Public Welfare Project “Thousand-Yuan Funeral Arrangements”

Establishing the “Special Fund for Respecting Heroes”

The Foundation signed a cooperation agreement with Shanghai Foundation for Military Families and Army Support and Shanghai Yongfu Charity Foundation to jointly establish a RMB6 million “Special Fund for Respecting Heroes”, aiming at caring for heroes and ex-servicemen among the troops and retired soldiers in Shanghai and other beneficiaries with public welfare projects, so that the honor can be passed on, reflecting the social preference program and optimizing the respect service system.

The “Special Fund for Respecting Heroes” is used to support social publicity activities to promote heroic and exemplary deeds, excavation and collection of party historical materials, activities to pay respect to martyrs’ memorial facilities, volunteer services and care activities for martyrs and exemplary figures, and social preferential treatment activities for exemplary figures to facilitate their afterlife, etc.



Special Fund for Respecting Heroes

In the future, Fu Shou Yuan will further promote the development of industry-wide public welfare, connect public welfare resources around the world, promote value creation of all parties, and build a warm public welfare platform for the whole society.

4.2 Spreading the Culture of Life

Fu Shou Yuan actively spreads the culture of life and green funeral culture, cultivates talents in the industry and promotes the industry and international exchanges, and promotes the sustainable development of the industry.

Industry Talent Development

In order to further serve people's livelihood and meet the requirements of various services before, during and after life, Fu Shou Yuan actively built a team of "hospice and funeral social worker assistants" during the Reporting Period. Through education and training and practical management, the team was equipped with the skills to provide hospice and humanistic care for clients in community homes, medical and elderly institutions, forming a "professional hospice and funeral social worker assistants' team" that integrates medical resources, information sharing and referral services.

Li Ji Academy

In order to further cultivate talents in the industry, Fu Shou Yuan has created an innovative enterprise college with industry attributes and social education functions. Li Ji Academy, upholding the principle of "industry serving the society", will spare no efforts to develop higher education of funeral profession, closely follow the demand for funeral industry talents, actively respond to the national proposed academic certificate + vocational skill level certificates (1+X) pilot system, carry out all kinds of funeral professional training with partnering universities, and nurture highly skilled and educated talents for the development of the industry.

During the Reporting Period, Fu Shou Yuan has submitted various materials for approval and will commence operation in 2023 to incubate more outstanding funeral industry talents.



Li Ji Academy

We have always been actively exploring the construction of Party culture education and communication system with humanistic characteristics, hoping to provide more dimensional and high-quality contents and services to the society for promoting the spirit of martyrs, tracing the red culture, and launching thematic education.

International Exchange Events

During the Reporting Period, Fu Shou Yuan conducted diversified international exchange activities with enterprises, industries and senior technicians through online and offline channels to promote the upgrading and innovation of Fu Shou Yuan's life services, products and technologies.

Fu Shou Yuan attended the 2022 ICCFA Annual Convention & Exposition in the U.S.

In October 2022, President of Fu Shou Yuan led a delegation to the U.S. to attend the 2022 NFDA Annual Convention & Exposition and inspect the development of the U.S. funeral industry. The expo focused on the themes of immersive experience, emotional communication, social sharing and industry pride, which complemented the funeral industry's philosophy of "people-oriented".

In addition, representatives of Fu Shou Yuan met with the senior management of NFDA to exchange industry development. The Life Service Academy reached a special certificate and talent training cooperation plan with NFDA. And the Equipment Supplies Management Center inspected leading international products and reached preliminary cooperation intentions.



Fu Shou Yuan attended the 2022 ICCFA Annual Convention & Exposition in the U.S.

Promoting Green Rituals

Fu Shou Yuan vigorously practices green development, actively promotes green ritual culture, and strives to implement civilized memorial events. It adopts the "cloud sends thoughts, rituals with flowers, cloud memorials, space-time mailbox" and other ways to replace the traditional memorial activities, forming new ways of civilized and green rituals. During the Reporting Period, Fu Shou Yuan further promoted the green funeral culture by integrating into the community so that more customers would embrace the new way of green funeral and rituals.

Fu Shou Yuan LinQuan County Funeral Parlor carried out the "promoting change of customs and rituals in the community" campaign

In February 2022, carried out a civilized practice promotion campaign, "Promoting Civilized Practices in the Community, Changing Customs and Rituals" at Jiangziya Citizen Square in Linquan County, Anhui Province. The campaign promoted the "Convention of Civilized Citizens in Linquan County", funeral assistance and centralized and civilized wake policies, and advocated the general public to participate in the change of customs and rituals as well as building a civilized city.

The funeral home promoted the concept and policy of civilized funeral and green funeral to the community by setting up consultation counters, displaying promotion panels, hanging promotion banners, and distributing "Civilized Funeral Handbook", "Civilized Funeral Questionnaire", "Initiatives for Changing Customs and Rituals" and small gifts, etc., and answered the public's concerns about funerals and memorial ceremonies.

The changing customs and rituals campaign bridged the last gap between funeral service institutions and people in need, effectively helping the public to solve the problems in the process of mourning and laying a firm foundation for Linquan to establish a new civilized society.

4.3 Delivering Love and Care through Charity

Over the past twenty years, Fu Shou Yuan has invested hundreds of millions of dollars in social charity, in a wide range of fields, such as targeted poverty alleviation, caring for the disadvantaged, community charity, helping education, spiritual aid, life education, environmental protection, etc., covering more than 40 cities in 19 provinces (autonomous regions and municipalities) across China, with the related beneficiaries exceeding ten million people.

During the Reporting Period, the Foundation continued to focus on children with autism, helped poor villages, and actively showed love and caring through donations and assistance to help various disadvantaged groups to overcome difficulties. Our projects include the “Love under the Blue Sky” organized by the Shanghai Municipal Government and the Shanghai Charity Foundation, the annual donation of civil affairs colleges and universities, the Shanghai Red Cross’s Xi Ai Foundation, the Shanghai Cancer Rehabilitation Club’s Bo Ai Foundation and the Warm Winter Garden, which provides free burial programs, targeted poverty alleviation project in Liaoning, the Shanghai New Fourth Army History Research Association, etc. Fu Shou Yuan has embodied great love for public welfare in all aspects of public welfare, and has continuously provided various public welfare products and services to improve the living conditions for the community in need and disadvantaged groups in society.

The Foundation provided support to Wamu Village, Mengyue Township in Yunnan Province

In May 2022, a donation ceremony to help the collective economy of Wamu Village in Mengyue Township, Longchuan County, Yunnan Province was held in the compound of the township people’s government. Responding to the major national policy of the revitalization of rural areas, the Foundation donated RMB130,000 to the Committee of Wamu Village, Mengyue Township for breaking through the development bottleneck in the village.

Shanghai Fu Shou Yuan took the initiative to liaise with the Mengyue Township government and, in collaboration with the Foundation, contributed RMB130,000 to purchase a JAC medium-size truck worth RMB187,600 together with Wamu Village, adding a new force for the collective economic development of Wamu Village and boosting the development of rural revitalization of Wamu Village to a new level.

In the future, Fu Shou Yuan is determined to connect the corporate sector, the public welfare sector and aspiring people from all walks of life, to jointly build a public welfare engine that brings together charity and kindness, and pass on the power of goodness, and to actively bring warmth to the whole society.



Employees are the foundation of an enterprise and the basis of its development. Fu Shou Yuan adheres to the corporate tenet of “people-oriented and culture-rooted,” always pays attention to and protects the legitimate rights and interests of employees, strives to create a healthy and safe working environment.

5.1 Diversified Employment System

Fu Shou Yuan always places the rights and interests of employees at its core, firmly implements the basic principles of equal employment and anti-discrimination, builds a diverse employment environment, actively seeks diversified benefits for employees, and vigorously enhances employees’ sense of belonging and happiness.

Fair recruitment

The Group strictly abides by the Labor Law of the People’s Republic of China, the Labor Contract Law of the People’s Republic of China, the Employment Promotion Law of the People’s Republic of China, the Provisions on Prohibition of Using Child Labor and other laws and regulations, adheres to the principle of fair recruitment, and continuously optimizes its talent structure by establishing a sound recruitment system and diversifying recruitment channels.

During the Reporting Period, we issued the “Fu Shou Yuan International Group Two-Channel Rank Sequence List” and “Fu Shou Ji Fa (2022) No. 17 Notice on Determining the Positioning and Job Descriptions of Various Management Organizations of the Group” to re-refine the duties and responsibilities of the Group’s positions, take stock of the talent pool and clarify the talents required for the Group’s positions through a new round of post fixation and allocation. We continued to expand our recruitment channels and rolled out new media recruitment and internal competition channels. In addition, we added an internal verification procedure in the recruitment process to enhance the suitability of recruitment candidates for the positions.

Internal

- Refine post fixation and allocation and strive to build a dual-channel ranking and eligibility system
- In terms of internal talent selection, the Group’s Human Resources Center launched the “Internal Talent Competition” plan during the Reporting Period to find high-potential employees for directional training

External

- Continue to broaden recruitment channels, actively promote and implement online channels to interact with new media recruitment, and continue to strengthen campus recruitment efforts in order to attract more young people to join and continuously cultivate new strength
 - Actively cooperate with relevant colleges and universities to provide internship and practice opportunities for potential professionals through professional skills training courses that combine theory and practice with various forms of professional skills competitions, so as to attract and bring in more outstanding talents
-

Internal and external recruitment channels expansion

We also actively cooperate with relevant colleges and universities to provide internship and practice opportunities for potential professionals through professional skills training courses that combine theory and practice with various forms of professional skills competitions, so as to enhance brand image, and attract and bring in more outstanding talents for the Group and the industry.

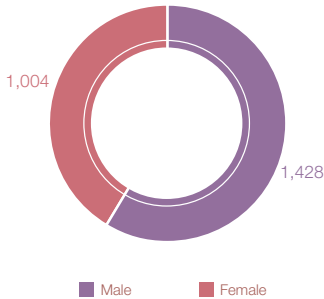
We are committed to eliminating illegal acts such as child labor, forced labor, employment discrimination and workplace harassment. We will strictly check the identification of new employees to avoid child labor and will strictly investigate the candidate background to ensure he/she is of legal age for employment. During the Reporting Period, there were no cases of child labor, forced labor or discrimination in the Group.

At the same time, Fu Shou Yuan focuses on employment assistance for vulnerable groups, and we continue to provide career development platforms and career development opportunities for groups with special needs such as veterans, building and promoting our own employer brand image, while also leading the funeral industry in giving back to society.

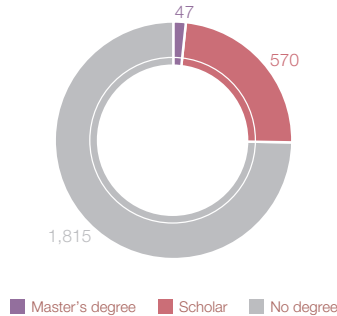
We are committed to creating a diverse and inclusive work environment by continuously optimizing our staff structure and promoting a reasonable distribution of staff by gender, age and region, with a total of 2,432 full-time employees at Fu Shou Yuan during the Reporting Period.

Employee overview

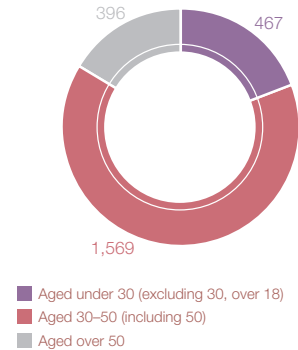
By gender



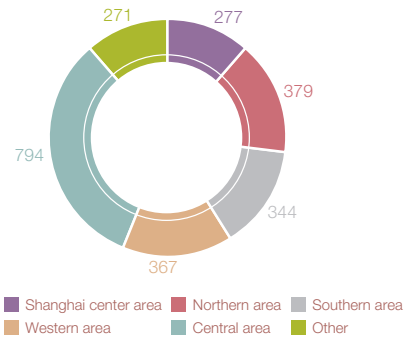
By education



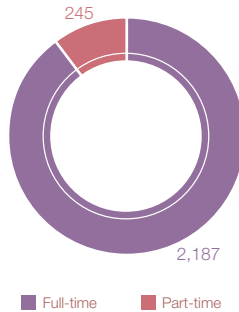
By age



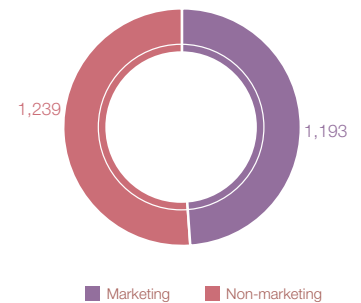
By region



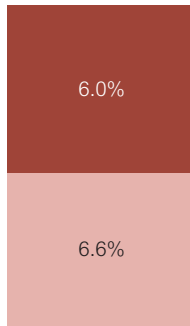
By employment type



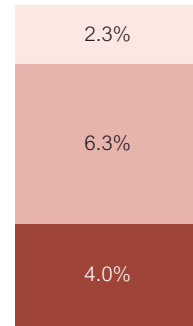
By job type



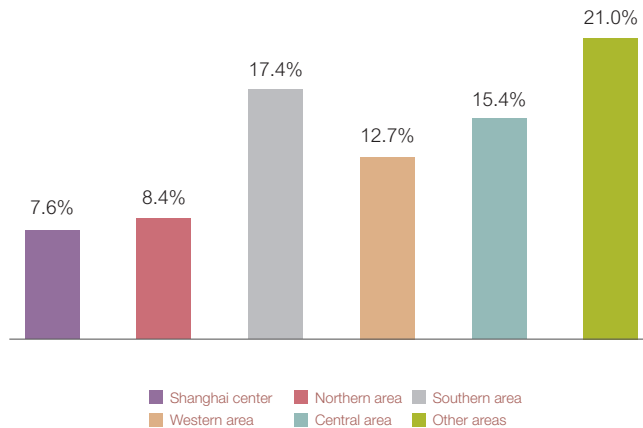
We fully respect the legitimate rights and interests of each employee, and resolutely eliminate any possible discrimination within the Group to ensure that employees are not treated differently because of gender, age, race, ethnicity, academic qualifications and religious beliefs, and strive to create a pluralistic and inclusive corporate environment. During special periods, we continued to promote staff mobility and optimization of staff deployment through various improved employment systems and mechanisms to reduce staff turnover. The staff turnover rate for the Reporting Period was 12.65%, a decrease of approximately 23% from the previous reporting period.

Employee turnover rate
by gender

■ Male ■ Female

Employee turnover rate
by age

■ Aged over 50
■ Aged 30–50 (including 50)
■ Aged under 30 (excluding 30, over 18)

Staff turnover rate
by region

■ Shanghai center ■ Northern area ■ Southern area
■ Western area ■ Central area ■ Other areas

Remuneration and benefits

Fu Shou Yuan adheres to the interests of its employees and seeks to provide them with a wide range of benefits and protection. The Group strictly complies with all relevant laws and regulations in the regions where it operates, and provides all employees with competitive salaries and bonuses, subsidies and benefits, communication allowances, five social insurances and one housing fund, paid holidays, shift changes and rearrangements and other basic remuneration benefits, supplemented by a number of benefits such as communication allowances, medical check-up allowances, high temperature allowances and employee shareholdings in accordance with the Fu Shou Yuan International Group Benefits Management System and the newly revised Fu Shou Yuan International Group Remuneration Management System and the Fu Shou Yuan International Group Remuneration Management Rules. During the Reporting Period, we were planning to provide additional commercial insurance for our employees to enrich their welfare packages.

In addition, we abide by the relevant laws, regulations and management systems such as the Special Provisions on Labor Protection for Female Employees, the Regulations on the Scope of Prohibited Labor for Female Employees, Notice of the Ministry of Labor on Several Issues Concerning the Fertility Treatment of Female Workers, in order to provide benefits to female employees, such as maternity leave, maternity allowance and parental leave and protect the legal rights and interests of female employees. In order to provide more care and attention to our female employees, we also provide a “Love Mummy House” for breastfeeding women at Shanghai Haigang Company.

5.2 Empowering Employee Development

Feats are accomplished by capable people; undertakings proceed because of capable people. Fu Shou Yuan cares about the development of its employees and focuses on empowering them. We are deeply aware of the different needs of our staff, and in order to help them realize their self-worth, we provide a variety of training content and modes for staff at different levels of growth through our career development platform to help them grow.

Diversified training system

The Group has established a comprehensive talent cultivation system and formulated the Education and Training Management Regulations to provide diversified training activities for its staff, offering training programs in three dimensions: cadre administration, professional skills and culture, so as to meet the training needs of different staff in a more targeted manner. In addition, we encourage our staff to receive external training by reimbursing the cost of external training for staff who have obtained relevant qualifications.

Cadre Administration Training

- **General Management Training Courses**

In order to enhance the comprehensive management skills of management positions, Shanghai Haigang Cemetery provided professional comprehensive management courses for middle-level cadres and arranged for them to attend courses such as From Professionals to Management Masters, Blanchard SLII Leadership and How to Become a Coaching Leader. A total of seven management-level employees participated in the course.



Professional Skills Training

- **2022 Professional Skills Training Course and Skills Competition for Funeral Service Providers**

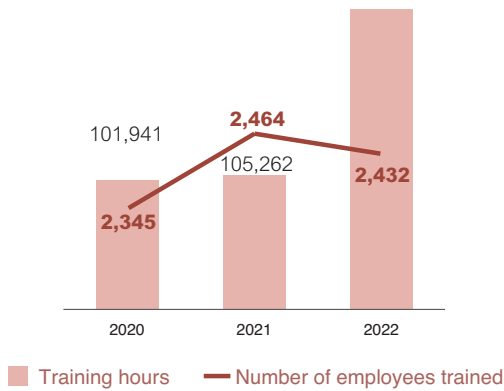
Under the guidance of the Group's Culture and Education Committee, the Fu Shou Yuan Life Service Academy, in conjunction with the Innovative Service and Product Center, organized the Group's 2022 Professional Skills Training Course and Skills Competition for Funeral Service Providers, with the aim of comprehensively enhancing the funeral service skills of staff through this training and competition. The training and competition were attended by 52 employees from 30 subsidiaries of Fu Shou Yuan.



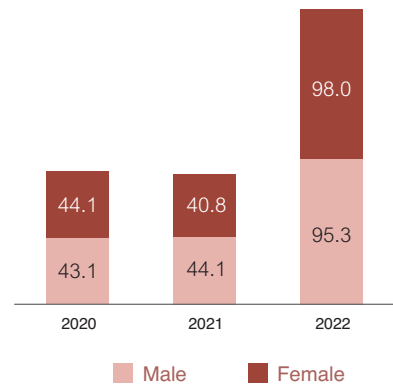
Photos of the training

During the Reporting Period, the number of training hours per employee improved significantly compared to 2021. Details are as follows:

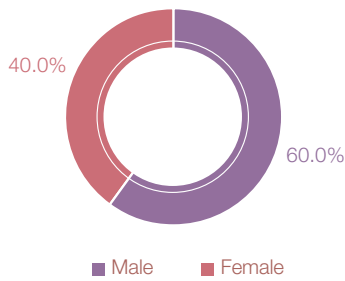
Number of training hours and employees trained in the last three years



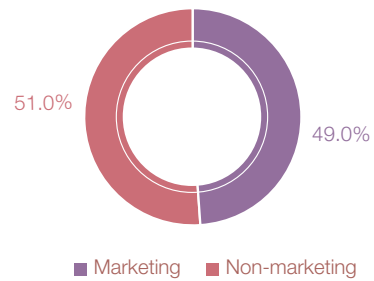
Average training hours by gender



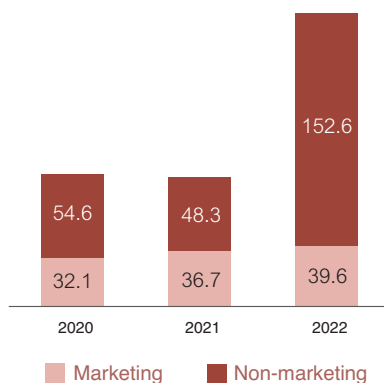
Percentage of trained employees by gender



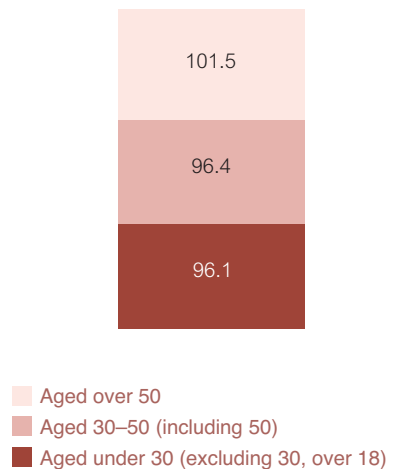
Percentage of trained employees by category



Average training hours by type



Average training hours by age



Staff promotion channels

During the Reporting Period, we established dual career promotion and development paths for both the professional class (P class) and the management class (M class) to fully meet the career development needs of different employees. We further improved our internal performance appraisal system and increased the frequency of performance audits so as to continuously and steadily cultivate quality talents for achieving the Group's strategic goals.

Establishment of the Organizational Performance Group	<ul style="list-style-type: none"> During the Reporting Period, the Group established a working group on organisational performance, with the Group's Human Resources Center taking the lead in organising monthly follow-ups and interviews on organisational performance in accordance with the "Fu Shou Yuan International Group Organisational Performance Management Measures".
Organization of Performance Assessment	<ul style="list-style-type: none"> Organizing performance assessment on a quarterly basis and following up on a monthly basis: at the beginning of each month, the Human Resources Center collects organizational performance data from 20 Level 1 administrative units, including the Strategic Operations Committee, the Culture and Education Committee, 13 functional centers and 5 regions.
Performance follow-up	<ul style="list-style-type: none"> Follow-up content and dimensions: Comparing targets and actual achievements of the PBC¹ set at the beginning of 2022, identifying gaps between targets and actual achievements, confirming completed items (green light), in-progress items (yellow light) and left-behind items (red light).
Feedback	<ul style="list-style-type: none"> Subsequent improvement and feedback: In the monthly performance communication and coaching, each organisation submits a performance improvement plan (PIP) for the following month based on the performance results, which is analysed in terms of data, phenomena, reasoning, discussions and actions.

Fu Shou Yuan Performance Appraisal System

5.3 Protecting Health and Safety

The health and safety of employees are at the core of the management of Fu Shou Yuan. We strictly abide by the 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, and other relevant laws and regulations, implement the requirements of the production safety responsibility mechanism and continue to optimize the construction of the safety management system to safeguard the health and safety of our employees. During the Reporting Period, the Group had a total of 5 work-related injuries and the number of days lost due to accidents was 147. There were no accidents leading to the death of employees in the past three years.

The Group has passed the verification of ISO 45001 Occupational Health and Safety Management System, continuously improved the safety management system, firmly complied with the Group's internal Production Safety Management System, and carried out various safety education and training activities, safety self-inspection actions, etc. to enhance staff safety awareness and ensure staff safety.

Specialized Safety Training



Training on the concept of group prevention and treatment



Emergency response training



Risk hazard training

¹ PBC: Refers to business goals, management goals, and personal development goals

5.4 Building a Happy Life

Fu Shou Yuan continues to build a happy and better future for employees by attaching importance to the management of employee satisfaction. Through the construction of more open dialogue channels, better care mechanisms, more practical forms of support and more diversified staff activities, we help employees realize their self-worth and feel the warmth of the Company in an amicable and loving working environment.

Employee communication

We focus on listening to the voices of our employees and respect any opinions and suggestions that are helpful to the development of the Company, and have established multiple communication channels to listen to our staff and understand their demands in a timely manner. Employees can raise issues and requests through the supervisory hotline, email and OA system, and we will classify employee requests into different categories, and different departments will be responsible for communication, evaluation, follow-up and resolution. We also regularly collect employees' voices, communicate with them at close range and answer questions, and provide a smooth communication channel for colleagues in different positions, departments and levels of the Group, as a basis for enhancing employee satisfaction and optimizing related work. As at the end of the Reporting Period, the employee satisfaction score was 4.15 (on a 5-point scale).

“Heaven Ferryman” Lu Shijun

Lu Shijun is a cremationist from the Mashan Funeral Home of Fu Shou Yuan Group. Whenever he talks about his job, you will feel great respect for his sincere and earnest attitude. “It is a meaningful job. The cremator is the last stop in a person's life and it has a door closest to heaven. I stand in front of this door to be the last watchman of life.” This is his heartfelt message and his reverence for life. Cremationists also have a huge responsibility to shoulder, and they are trying to face the grief and challenges of death just as much as the families of the deceased.



Heaven Ferryman Lu Shijun

Employee care

Fu Shou Yuan cares about its employees and will remember the hard work of each and every one of them. During the Reporting Period, we organized diverse employee care activities through the Employee Care Group.



During the March 8th Women's Day, Shanghai Haigang Cemetery, organized a DIY activity



Shanghai Fu Shou Yuan organized employees to carry out competition activities with the theme of “Thriving Strivers.”



水

During the Reporting Period, Fu Shou Yuan successfully reached its environmental goals, and has established some new ones in relation to resource usage and waste gas emission:

	Energy Consumption	Greenhouse gas emissions	Water Consumption	Waste	Resource usage	Waste gas emission
Goals	Reduce electricity consumption intensity	Reduce greenhouse gas emissions and achieve zero carbon neutrality by 2030	Reduce water consumption intensity	Improve waste recycling	Reduced average stone use per tombstone	Promote zero-smoking cemeteries and increase the proportion of zero-smoking cemeteries
Present conditions	Decrease in electricity consumption intensity in 2022	Decrease in both total greenhouse gas emissions and intensity in 2022	Decrease in both total water consumption and intensity in 2022	Increase in waste recycling rate	(First year target set)	(First year target set)

6.1 Creating Ecological Funerals

Fu Shou Yuan is committed to implementing the green concept of ecological funeral in all aspects of the value chain of the industry. At the demand and operation end, we reach our customers through various channels to cultivate their green consumption habits and modern funeral concepts; at the design and supply end, we continuously launch alternative service solutions for environmental funerals and develop various new eco-burial service solutions and products. Meanwhile, in relation to the management and construction of the park, for the short term, we carry out the management regulations of the park, which prohibit burning and smoking, to reduce the waste generation and pollution emission in the park; for the long term, we restore and transform the local ecological environment of the park, and actively build a century-old ecological cemetery.

Ecological Tomb Design Practice

Following the Guiding Opinions on Promoting Land-Saving Ecological Burial (《關於推行節地生態安葬的指導意見》) issued by the Ministry of Civil Affairs of the People’s Republic of China, and centering on the design concepts of land-saving, miniaturization, and environmental protection, we reduce land occupation in various ways.

Reconstruction and Protection of Ecological Parks



Abandoned mine on Qifeng Mountain, Fu Shou Yuan Changzhou before and after greening modification

6.2 Practicing Green Operation

Fu Shou Yuan is committed to promoting green operations and development, with energy saving and consumption reduction as the focus of low carbon operations.

Energy Saving and Consumption Reduction

Fu Shou Yuan pays close attention to the efficiency of energy usage and strives to reduce the comprehensive energy consumption in all operational aspects. In compliance with the laws and regulations, including the Law of the Peoples Republic of China on the Conservation of Energy Resources (《中華人民共和國節約能源法》), we actively carry out energy saving and emission reduction practices throughout our value chain and operations.

Green Office

We have launched peak electricity consumption facilities inspection and maintenance work

LED energy-saving lights, sound-controlled lights, and temperature control of air conditioning are popularized in the park

Green Transportation

Initiated the transition plan of shuttle buses and short buses to new energy vehicles in the park

Through measures such as reducing non-essential official vehicles and encouraging employees to commute to work in a green and healthy way

Energy saving and consumption reduction measures

During the Reporting Period, the energy saving numbers of Fu Shou Yuan are as follows:

	Unit	Total amount in 2020	Total amount in 2021	Total amount in 2022
Purchased electricity	mWh	8,395	11,293	12,628
Coal	ton	223	294	40 ⁴
Kerosene	litre	12,558	11,026	11,527
Diesel	litre	651,954	753,999	512,149
Natural gas	cubic meter	369,464	514,057	443,054
Gasoline	litre	409,175	484,655	329,139
Comprehensive energy consumption ⁵	mWh	23,819	32,389	25,366
Comprehensive energy consumption intensity	mWh/RMB million revenue	12.59	13.92	11.68
GHG scope I	ton CO ₂ e	3,967	4,876	3,154
GHG scope II	ton CO ₂ e	5,123	6,288	7,202
Total GHG emission ⁶	ton CO ₂ e	9,090	11,164	10,356
GHG emission intensity	ton CO ₂ e/ RMB million revenue	4.8	4.8	4.8

⁴ In 2022, some subsidiaries of Fu Shou Yuan replaced coal boilers with electric boilers, which led to a significant drop in coal consumption.

⁵ The comprehensive energy consumption is calculated based on the General Principles for Calculating Comprehensive Energy Consumption GB/T 2589-2020.

⁶ The GHG emission is calculated using the latest national grid average carbon emission factor of 0.5703 tCO₂/MWh issued by the Ministry of Ecology and Environment for consultation on the Methodology and Reporting Guidelines for Corporate Greenhouse Gas Emission Accounting for Power Generation Facilities (Revised Version 2022).

Sustainable Water Usage

Fu Shou Yuan always attaches great importance to the effective management and efficient use of water resources, and constantly improves its own water resource utilization efficiency. While in strict compliance with the Water Law of the People's Republic of China and other laws and regulations, we have simultaneously set a sustainable water consumption target of decreasing water consumption intensity, and will further strengthen water management measures to continuously optimize the use of water resources. During the Reporting Period, there is no any issues in sourcing water and no any violation for water use.

- | | |
|----------------------------------|--|
| Office water | <ul style="list-style-type: none"> Post water-saving slogans and daily education and publicity methods to encourage employees and customers to save water and use water rationally, and strive to create a good atmosphere of loving, protecting and saving water |
| Water for garden greening | <ul style="list-style-type: none"> Make full use of water-saving irrigation methods such as drip, sprinkler and soakaway irrigation, and fully reuse rainwater and river water to continuously reduce waste and improve the efficiency of use The park will select and plant drought-resistant plants as much as possible, and improve the efficiency of greening water through the combination of trees, shrubs and grasses in a compound structure |

Water Conservation Measures

During the Reporting Period, the usage of water resources by Fu Shou Yuan is as follows:

	Unit	Total amount in 2020	Total amount in 2021	Total amount in 2022
Municipal pipeline water consumption	ton	172,225	325,264	131,515
Natural water withdrawal	ton	620,923	651,760	778,470
Water consumption intensity	ton/RMB0,000 revenue	4.19	4.20	4.21

Green Emissions

Pollution control and emission reduction is an important means to protect the environment and reduce the impact of the company's own operations. On the basis of strictly following laws and regulations such as the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Law of the People's Republic of China on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), and the Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution (《中華人民共和國固體廢物污染防治法》), Fu Shou Yuan has formulated the "Three Wastes" emission management regulations to carry out high-standard pollutant management and treatment work, weaken the impact of production and operation activities on the global environment and reduce the load of production and operation activities on planet Earth.

The waste generated during our operation is mainly non-hazardous waste, including ritual waste, domestic waste, a small amount of construction waste, dead branches and weeds and other garden waste. During the reporting period, Fushouyuan produced a total of 4,267 tons of non-hazardous waste, a decrease of approximately 7.6% compared with the previous reporting period. In daily management, we actively carry out waste classification collection and disposal based on the goal of "reduction, recycling and harmless disposal". We entrusted the municipal environmental sanitation management office to carry out garbage removal and transportation, set up garbage classification bins in the park, carry out garbage classification training for employees and post the publicity page of garbage classification specification in the park. Moreover, we focused on the recycling and reuse of non-hazardous waste to continuously improve the reuse value of resources and reduce end-of-life waste.

To address the potential hazards of hazardous waste, on the basis of complying with the Standard for Pollution Control of Hazardous Waste Storage (GB18597-2001), the Technical Code for Collection, Storage and Transportation of Hazardous Waste (HJ2025-2012) and the Standard for Pollution Control of General Industrial Solid Waste Storage and Disposal Sites (GB18599-2001) and other relevant laws and regulations in the operation area, Fu Shou Yuan strictly promotes the standardization and refinement of waste disposal and management in accordance with the management requirements of the local government for waste classification, and is committed to reducing from the source the generation of hazardous waste in the production and operation process.

During the Reporting Period, the waste generation numbers of Fu Shou Yuan are as follows:

	Unit	Total amount in 2020	Total amount in 2021	Total amount in 2022
Non-hazardous waste	ton	2,832	4,617	4,267
Non-hazardous waste intensity	ton/RMB million revenue	1.5	1.99	1.97
Hazardous waste	kg	488	327	270
Hazardous waste intensity	kg/RMB million revenue	0.26	0.14	0.12

The main source of waste gas in the daily operation of Fu Shou Yuan is the waste gas generated by the self-operated cremation machine and the fugitive emission of waste gas in the cemetery. Regarding the exhaust gas generated by cremation machines, through the improvement of the centralized treatment of the exhaust gas and the process improvement of the exhaust gas purification system, we have continuously strengthened the reuse and recovery of exhaust emission, so as to make the cremator greener and more environment friendly.

Exhaust gas purification process optimization of cremation machines

During the Reporting Period, based on the current status of different funeral parlors and business differences, we have carried out the optimization of purification equipment and realized various forms of centralized exhaust treatment solutions such as “one for two” and “one for three” to continuously reduce the overall construction cost and operation cost of the exhaust purification workshop.

As for the exhaust gas purification technology optimization, we have introduced a new purification process and adopted a highly efficient denitrification and dioxin removal catalyst to further enhance denitrification effectiveness and dioxin removal intensity, thereby steadily reducing the emission of nitrogen oxides in exhaust gas and continuing to lead the industry in ultra-low emission practices on the basis of being better than the national standard limits.

In order to continuously monitor our own pollutant emissions, we have actively implemented a 24-hour online exhaust emission testing system to facilitate owners and relevant departments to check and monitor whether the exhaust emissions meet environmental requirements, and we have taken the lead in applying it to the Fu Shou Yuan Crematorium in Macau Road and plan to extend it to all areas. At the same time, Fu Shou Yuan regularly commissions third-party testing organizations to conduct continuous testing of our own emissions, and the test results show that our emission levels are below national standards.

In addition, for the scattered waste gas generated by traditional rituals such as burning ghost money, on the one hand, we strictly implement the policy of no smoking and no discharge in the park to eliminate them from their very source; on the other hand, through the alternatives of virtual rituals and green rituals, customers can spontaneously give up the traditional methods of rituals that are not environmentally friendly, and form a habit of green rituals.

During the Reporting Period, the waste gas emissions of Fu Shou Yuan are as follows:

	Unit	Total amount in 2020	Total amount in 2021	Total amount in 2022
Exhaust gas emission	cubic meter	54,645,000	61,070,000	90,030,000
Nitrogen oxides emission	ton	6.34	7.08	6.75
Exhaust gas emission intensity	cubic meter/ RMB0,000 revenue	288.75	262.57	414.58

The wastewater generated by Fu Shou Yuan in the course of daily operations mainly comes from three sources, namely the domestic wastewater from employees' office activities, canteens and kitchens, cemetery greening wastewater and funeral wastewater. All our domestic wastewater is discharged to the sewage treatment plant through the municipal pipe network for unified treatment. Cemetery greening wastewater is reused or returns to the ground by natural infiltration or evaporates naturally. For funeral wastewater, after the treatment of a leading sewage treatment facility in the industry, it is collected from the wastewater pipe network to the biochemical adjustment tank and finally discharged upon further procedures, such as disinfection, and confirming that the waste water meets the “Water Pollutant Discharge Standards of Medical Institutions” and the first level standard of “Integrated Wastewater Discharge Standards”. Due to the foregoing reasons, there is no hazardous or polluted waste water discharged by Fu Shou Yuan.

6.3 Addressing Climate Change

Responding to climate change is not only the embodiment of corporate responsibility, but also an important part of a company's efforts to protect its sound operation and achieve sustainable development. Based on the actual situation of its own operation, Fu Shou Yuan actively responds to the national "dual-carbon" strategic goal, and has established a comprehensive governance system according to the Task Force on Climate-related Financial Disclosures (TCFD) framework, formulating specific solving strategies. In the detailed work of risk management, we not only manage and control indicators and targets, but also focus on practical actions and targeted plans that can be implemented, actively respond to and manage climate change risks and opportunities from the group risk management level, mitigate the negative impact of climate change risks on Fu Shou Yuan, and assume corporate responsibility in the global climate change.

Types of risks	Names of risks	Descriptions of risks	Responding measures
Transition risk	Law and Regulation risk	The regulations and policies related to ecological burial have become stricter, bringing higher environmental costs and increased compliance risks to the industry	<ul style="list-style-type: none"> Strictly follow the crematorium pollutant emission standards Continue to promote the construction of smoke-free cemeteries Enhance the overall environmental performance of the cremation section and optimize and upgrade the equipment
	Technology risk	The impact of technological improvements or innovations resulting from the transition to a low-carbon, energy-efficient economy	<ul style="list-style-type: none"> Research and develop new environmentally friendly cremation machine technology innovation, and continuously improve the tail gas treatment process Promote the development and implementation of intelligent IoT, online rituals, and virtual cemeteries
	Market risk	The market for environmentally friendly cremation, green burial, and landscape cemetery has created demand for more new products such as festival ground burial, ecological burial, etc.	<ul style="list-style-type: none"> 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 Launching Hui Xin Valley digital cemetery and outdoor funerals, music funerals and other scenarios to meet market demand
	Reputation risk	Green and low-carbon has become the mainstream consensus, and the company's negative events in the low-carbon economic transformation may affect the company's brand image and market confidence	<ul style="list-style-type: none"> Strictly implement the development strategy of ecological civilization and promote the green and healthy development of all sectors We actively promote the concept of green development, and through online and offline marketing channels, we are able to develop a green, low-carbon and sustainable brand image of Fu Shou Yuan.
Physical risk	Acute risk	Flood risk: operation sites located in East China and other areas with rainy seasons and frequent typhoons may encounter problems such as damage to cemeteries, deterioration of ashes, and loss of urns	<ul style="list-style-type: none"> Strengthen pre-disaster preparedness, such as temporary housing and tree reinforcement across the relevant region Improve disaster response work, such as real-time monitoring of water levels Carry out post-disaster restoration work, such as investigations of electricity facilities etc.
	Chronic risk	Drought risk: operating sites in northern, northeastern and central China with low annual precipitation may increase the pressure on irrigation water and the risk of fire during sweeping	<ul style="list-style-type: none"> Establishment of a firefighter patrol mechanism to prevent fires Optimize water-saving irrigation systems to save water in drought seasons Insist on the concept of "appropriate trees for local conditions" and choose local native species that are easy to survive, drought-resistant and compatible with the local ecosystem.

No.	Award-winning Company	Name of Award	Awarding Time	Issuing Authority
1	Fu Shou Yuan International Group	The 6th Annual Golden Hong Kong Stocks Ceremony “The Most Socially Responsible Listed Company”	January 2022	Zhitongcaijing
2		Listed Company Social Responsibility Award	January 2022	The 11th China Charity Festival
3		Outstanding Chairman of Labor Union (Li Weijun)	February 2022	Shanghai Lingang Industrial Park Labor Union
4		2022 Digital Innovation Leadership Award (“Huixin Valley” project, a digital smart cemetery)	July 2022	11th Financial Summit
5		2022 Carbon Neutral Model Enterprise	August 2022	2022 International Green Zero-Carbon Festival
6		An AA rating in the Wind ESG rating list of Hong Kong stock listed companies	October 2022	Wind
7		“Annual Information Disclosure Award” 2022, Golden Award	December 2022	GURUCLUB
8		2022 Annual (Top Ten) Influential Public Welfare Projects	December 2022	The 5th Social Responsibility Conference
9		Excellent corporate communication cases in the 2022 China Economic Media Integration Development Summit Forum	January 2023	Economic Media Association of China
10	Chongqing Fu Shou Yuan Xiyuan Industrial Co., Ltd.	“AAA-grade” Enterprise for Harmonious Labour Relations in Chongqing	January 2022	Chongqing Municipal Human Resources and Social Security Bureau
11		Municipal Hut of Motherly Love	February 2022	Changzhou General Labor Union
12		The Best Service Post for Red Cross in the New Era	May 2022	Chongqing Red Cross
13		Member of Chongqing Cultural and Tourism Association	July 2022	Chongqing Cultural and Tourism Association
14	Qinzhou Huazuyuan Investment Co.,Ltd.	Charitable Donation Unit	January 2022	Qinzhou Civil Affairs Bureau

Category	Name
Corporate governance	Company Law of the People's Republic of China
	Anti-Money Laundering Law of the People's Republic of China
	Anti-Unfair Competition Law of the People's Republic of China
	Law of the People's Republic of China on Enterprise Income Tax
	Civil Procedure Law of the People's Republic of China
	Advertising Law of the People's Republic of China
	Law of the People's Republic of China on Administrative Punishment
	Regulations of the People's Republic of China on the Administration of Registration of Market Entities
Employment	Labor Law of the People's Republic of China
	Labor Contract Law of the People's Republic of China
	Employment Promotion Law of the People's Republic of China
	Social Insurance Law of the People's Republic of China
	Trade Union Law of the People's Republic of China
	Labor Dispute Mediation and Arbitration Law of the People's Republic of China
	Provisions on the Prohibition of Using Child Labor
	Special Provisions on Labor Protection for Female Employees
	Law of the People's Republic of China on the Protection of Women's Rights and Interests
	Regulations on Paid Annual Leave for Employees
Provisions of the State Council on Working Hours of Employees	
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
Data security	Data Security Law of the People's Republic of China
	Privacy 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 Regulation
	Regulations on Work-Related Injury Insurances
Environmental protection	Law of the Peoples Republic of China on the Conservation of Energy Resources
	Environmental Protection 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
	Law of the People's Republic of China on Environmental Impact Assessment
	Regulations on Administration of Construction Project Environmental Protection
	Regulation on the Administration of Pollutant Discharge Licensing
Death care	Regulations on Funeral Management
	Implementation Rules of the Law of the People's Republic of China on Land Administration

General Disclosures and KPIs		Section	
A Environmental			
A1: Emissions	General Disclosure: policies on air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.		6.2 Practicing Green Operation
	A1.1	The types of emissions and respective emissions data.	6.2 Practicing Green Operation
	A1.2	Greenhouse gas emissions in total and, where appropriate, intensity.	6.2 Practicing Green Operation
	A1.3	Total hazardous waste produced and, where appropriate, intensity.	6.2 Practicing Green Operation
	A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	6.2 Practicing Green Operation
	A1.5	Description of measures to mitigate emissions and results achieved.	6.2 Practicing Green Operation
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	6.2 Practicing Green Operation
A2: Use of Resources	General Disclosure: policies on the efficient use of resources, including energy, water and other raw materials.		6.2 Practicing Green Operation
	A2.1	Direct/or indirect energy consumption by type in total and intensity.	6.2 Practicing Green Operation
	A2.2	Water consumption in total and intensity.	6.2 Practicing Green Operation
	A2.3	Description of energy use efficiency initiatives and results achieved.	6.2 Practicing Green Operation
	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 Green Operation
	A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	Not disclosed as 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.		6.1 Creating Ecological Funerals
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	6.1 Creating Ecological Funerals
A4: Climate Change	General Disclosure: policies on identifying and responding to major climate related matters that have and may have an impact on the issuer.		6.3 Addressing Climate Change
	A4.1	Description of the major climate related issues that have and may have an impact on the issuer, and response actions.	6.3 Addressing Climate Change
B Social			
B1: Employment	General Disclosure: information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.		5.1 Diversified Employment System
	B1.1	Total workforce by gender, employment type (e.g., full-time or part-time), age group and geographical region.	5.1 Diversified Employment System
	B1.2	Employee turnover rate by gender, age group and geographical region.	5.1 Diversified Employment System

General Disclosures and KPIs			Section
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.		5.3 Protecting Health and Safety
	B2.1	Number and rate of work-related fatalities during the past three years (including the Reporting Year).	5.3 Protecting Health and Safety
	B2.2	Lost days due to work injury.	5.3 Protecting Health and Safety
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	5.3 Protecting 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.		5.2 Empowering Employee Development
	B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management and others).	5.2 Empowering Employee Development
	B3.2	The average training hours completed per employee by gender and employee category.	5.2 Empowering Employee Development
B4: Labor Standards	General Disclosure: information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.		5.1 Diversified Employment System
	B4.1	Description of measures to review employment practices to avoid child and forced labor.	5.1 Diversified Employment System
	B4.2	Description of steps taken to eliminate such practices when discovered.	5.1 Diversified Employment System
B5 : Supply Chain Management	General Disclosure: Policies on managing environmental and social risks of the supply chain.		3.2 Reinforcing Quality Assurance
	B5.1	Number of suppliers by geographical region.	3.2 Reinforcing Quality Assurance
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	3.2 Reinforcing Quality Assurance
	B5.3	Description of practices for identifying environmental and social risks in each link of the supply chain, where the practices are being implemented, how they are implemented and monitored.	3.2 Reinforcing Quality Assurance
	B5.4	Describe the practice of promoting the use of environmental protection products and services when selecting suppliers, where the practices are being implemented, how they are implemented and monitored.	3.2 Reinforcing Quality Assurance
B6: Product Responsibility	General Disclosure: information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		3.1 Comprehensive Services with Quality 3.3 Leading Innovative Services
	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.	3.1 Comprehensive Services with Quality
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	3.3 Leading Innovative Services
	B6.4	Description of quality assurance process and recall procedures.	No involvement of products that need to be recalled for safety and health reasons
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	3.1 Comprehensive Services with Quality

General Disclosures and KPIs		Section
B7: Anti-corruption	General Disclosure: information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	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
	B7.3 Description of anti-corruption training provided to directors and employees.	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.	4 Fu Shou Yuan: Bring About Harmony in Society
	B8.1 Focus areas of contribution (e.g., education, environmental issue, labor needs, health, culture, or sports).	4 Fu Shou Yuan: Bring About Harmony in Society
	B8.2 Resources contributed to the focus area (e.g., money or time).	4 Fu Shou Yuan: Bring About Harmony in Society



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