

# Vivo Capital Responsible Investment Policy



## 1. Introduction

Founded in 1996, Vivo Capital, LLC (together with its affiliates and subsidiaries, “Vivo” or the “Firm”) is a global investment firm focused on investing in the healthcare sector, managing ~\$5.4bn USD in assets as of 12/31/2022. With operations in the U.S., Greater China, and Singapore, Vivo believes that access to quality healthcare is a fundamental right for all humans.

Recognizing the positive social impact that is implicitly carried with improved healthcare, Vivo seeks to support the expansion of healthcare access via investment in the industry, and to catalyze innovation and growth via the Firm’s “Ecosystem Strategy” through encouraging collaboration and partnership among companies in our global network, with the goal of addressing significant unmet medical needs and contributing to the betterment of human health.

As a fund manager, Vivo recognizes that it bears responsibility for the social impact of its invested capital and seeks to promote socially responsible goals when it engages in investment management activities. In addition, Vivo believes that it can reinforce the theme of social responsibility by identifying investment opportunities in companies that demonstrate a commitment to social responsibility and/or by promoting the establishment of such a commitment in its portfolio companies.

With these goals in mind, Vivo is committed to considering responsible investment practices to incorporate environmental, social, and governance

(“ESG”) criteria in its investment decision-making and management actions. Vivo values the responsible investment initiatives highly as it allows Vivo to assess risk factors holistically, implement better risk management practices, and drive value creation in a sustainable way for its portfolio companies, investors and stakeholders.

## 2. Scope

This Responsible Investing Policy (“Policy”) sets out Vivo’s approach to integrating ESG considerations throughout the entire investment lifecycle. The Policy is applied to the Firm’s various investment strategies broadly. Where appropriate, Vivo will develop tailored approach aligned with this Policy to better support the investment objectives of various strategies or funds. Vivo will aim to integrate and promote its Policy to existing portfolio companies and prospective investments in its Ecosystem.

### 3. Objectives

Vivo believes that it is its social responsibility to incorporate effective ESG considerations in its own operations and investment activities. Therefore, Vivo commits to:

- **ESG integration** - consider environmental, public health, safety, and social issues associated with target companies during investment analysis and decision-making processes as well as during the period of ownership;
- **Stewardship** - seek to grow and improve the long-term sustainability of portfolio companies and to benefit multiple stakeholders, including on environmental, social and governance aspects;
- **Climate change** - assess climate-related risks and impacts and consider embedding sustainability into portfolio companies;
- **Environmental management** - minimize or avoid adverse impacts on the environment when material to business operations in portfolio companies;
- **Human rights** - respect the human rights of those affected by Vivo's investment activities and seek to confirm that its investments do not knowingly flow to companies that utilize child or forced labor or maintain discriminatory policies;
- **Legal compliance** - remain committed to comply with applicable national, state, and local labor laws in the countries in portfolio companies;
- **Corporate governance** - seek to use governance structures that provide appropriate levels of oversight in the areas of audit, risk management and potential conflicts of interest and to implement compensation and other policies that align the interests of owners and management;
- **Transparency and disclosure** - seeks appropriate disclosure on ESG matters in portfolio companies; and
- **Diversity & inclusion** - support diversity, equality, and inclusion initiatives across firm-wide activities, especially in building a diverse talent-pool throughout a supportive working environment.

As a signatory of Principle of Responsible Investments (“PRI”), Vivo is determined to continue its ESG integration efforts with reference to the latest globally standards.

## 4. ESG Governance

Vivo believes that appropriate leadership oversight and the staffing of ESG expertise is essential for successfully carrying out responsible investing initiatives. To achieve this goal, Vivo has clearly defined the roles and responsibilities of two internal ESG groups: the ESG Committee, which comprises of management representatives across divisions to drive strategic direction of Vivo’s ESG approach, and the ESG Working Group, which is responsible for implementing ESG efforts across Vivo’s daily operations and investment lifecycle.

## 5. Approach to Responsible Investment Integration

### 5.1 Materiality consideration

Building on the Firm’s expertise in the healthcare sector and in reference to global standards<sup>1</sup>, Vivo seeks to apply the concept of materiality when assessing ESG factors in connection with portfolio companies. By prioritizing issues most relevant to the healthcare industry, it enables the implementation of risk-adjusted ESG efforts that are aligned with what matters most to Vivo’s stakeholders and to achieve better environmental and social outcomes across our investments.

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<sup>1</sup> Our materiality ESG consideration incorporates the Sustainability Accounting Standards Board (SASB) industry standards, and the International Finance Corporation (IFC) General and Industry Sector Environmental, Health and Safety Guidelines.

## **5.2 ESG Integration Steps**

### Pre-Investment

For each new investment opportunity, our investment team will conduct a screening exercise to exclude business activities which conflict with Vivo's responsible investment commitments.

After an investment target passes the screening, Vivo will deep dive into the potential of the investment target by inspecting the target's risks and opportunities. An ESG assessment will be conducted to understand the target's ESG profile and priorities.

In addition, Vivo interacts with different stakeholders throughout the process, including the representatives of the investment target, external consultants, legal advisors to determine and refine the level of ESG materiality of the target. Material findings from the ESG assessment will be presented to the Investment Committee.

### Post-Investment

Throughout the holding period of the portfolio company, Vivo monitors various ESG issues by performing regular post-investment ESG assessments. Findings from the assessment will help identify key improvement areas and support ongoing engagement with portfolio companies. Where relevant, the Firm will provide support to portfolio company management to implement relevant ESG considerations.

## **6. ESG training**

Vivo recognizes that a workforce that is well-versed and well informed on institutional knowledge related to ESG is critical to investing in and growing healthcare businesses responsibly and sustainably. Regular ESG training and

up-skilling programs will be provided to all staff to ensure this Policy and Vivo's investment strategy are communicated and well aligned internally.

## **7. Transparency and Reporting**

Vivo recognizes the importance of timely reporting and communication on Vivo's ESG efforts with various stakeholders in a transparent manner. Vivo will proactively share relevant investment processes and ESG management, material changes to ESG risks and/or opportunities in relation to the portfolio companies, and any other necessary disclosures upon the request of investors. In the case that any material events occur within Vivo's operations and investment portfolio, Vivo will actively communicate with appropriate stakeholders. Material ESG updates will also be incorporated in formal reporting to investors.