

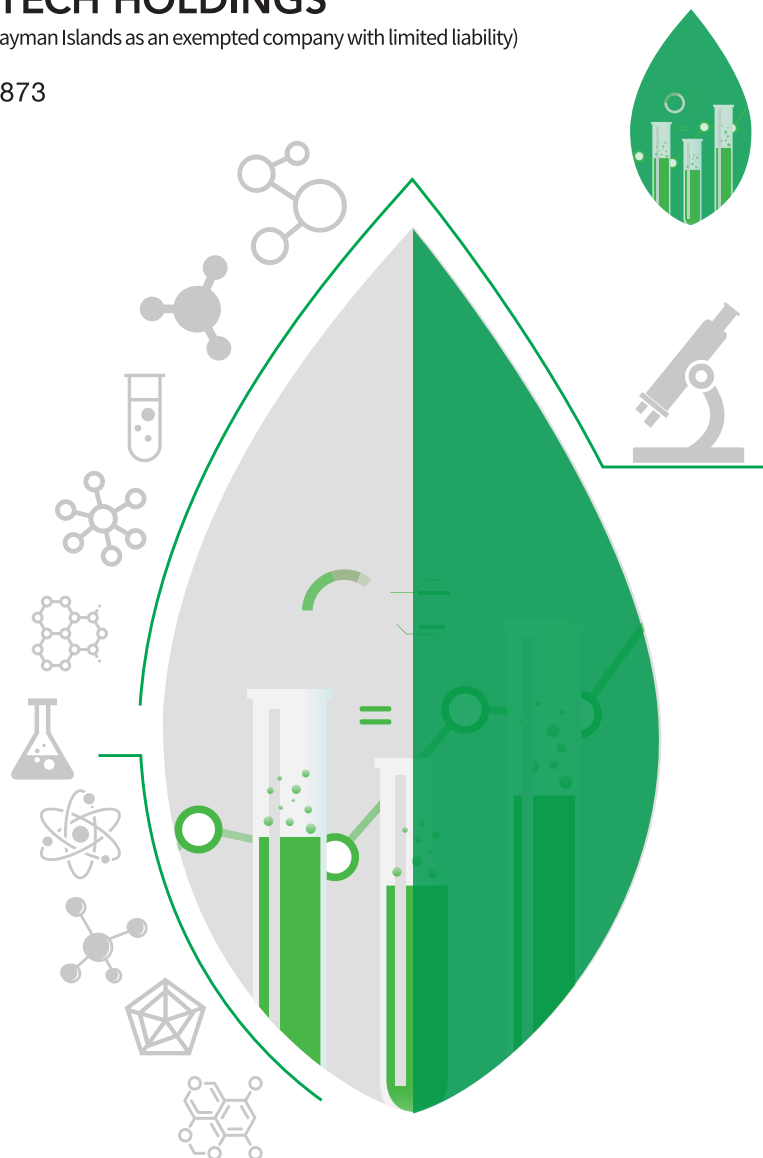


维亚生物科技控股集团

VIVA BIOTECH HOLDINGS

(Incorporated in the Cayman Islands as an exempted company with limited liability)

Stock Code: 1873



2019

ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT

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CHAIRMAN'S STATEMENT

THE PAST YEAR HAS BEEN OF EXCEPTIONAL SIGNIFICANCE TO VIVA BIOTECH.

On May 9, 2019, Viva Biotech completed listing on The Stock Exchange of Hong Kong Limited, unfolding a brand new chapter for our growth. Upholding the mission of “becoming a cradle for promising biotechnology companies around the world”, Viva Biotech has been regarding environmental protection and social responsibility as an integral part of our development strategies. In the Report, we will conduct a practical review on the corporate social responsibilities of Viva Biotech from the perspectives of professional services, management system, business model, industry exchanges and employee structure.

As a world leading Structure-Based Drug Discovery service provider, the Group has been constantly expanding and consolidating cooperation with innovative biotechnology companies around the globe. Throughout 2019, Viva Biotech served a total of over 438 customers, including nine out of the top ten pharmaceutical manufactures globally and 29 world most promising biotechnological enterprises on “Fierce Biotech 15”. We have long been committed to occupational ethics and moral principles through incorporating the scientific, prudent and truth-pursuing oriented professional attitude into our DNA.

The Group also optimizes and enhances the scalability and sustainability of its equity-for-service (EFS) business model. In 2019, the Company received and reviewed more than 600 early-stage innovative drug projects from around the world,



Dr. Mao Chen Cheney
Chairman & CEO



CHAIRMAN'S STATEMENT

witnessed constant expansion of its business partners and scientist team and achieved smooth progress in financing and research and development of its invested and incubated projects. A growing number of innovative drugs are being incubated and fostered through Viva's platform, aiming to address an array of unmet clinical needs with innovative therapies of various promising companies and secure better lives for patients worldwide. The Company takes the initiative in establishing an open and cooperative platform targeting at global biotech innovators to promote organic exchanges and collaboration of the biotech industry ecology. In November 2019, the first Viva Biotech Partnership Summit was successfully unveiled in Shanghai, attaining initial success in establishment of the innovative biotech investment ecosystem. Meanwhile, we continue to maintain communication with investors through roadshows, announcements, websites, official accounts and other channels, so as to ensure transparent, active, timely and effective information disclosure in the attitude and philosophy of accountability towards investors.

While embracing rapid growth in business development, Viva Biotech has always borne in mind public and social responsibilities an excellent enterprise is supposed to undertake. We continue to improve balance between development and environmental management through the strict internal control system and commit ourselves to the green, low-carbon and sustainable development path. Leveraging rigid control over discharge of pollutants and continuous enhancement of environmental protection-related initiatives, we have integrated the green and low-carbon philosophy into every aspect of business operation, in an effort to facilitate the establishment of a resource conservative and environmental friendly society.

We have always attached due importance to our employees along our development path. We adhere to the core concept of nurturing and motivating talents with gratitude. The Group also applies the people-oriented philosophy to various links of talent selection, fostering, access and retaining, pays tributes to the value of each employee and facilitates them to achieve all-round development capitalizing on an appealing corporate culture featuring cohesion, inculcation and accomplishment.

The Report marks Viva Biotech's first environmental, social and governance report after listing on The Stock Exchange of Hong Kong Limited, which not only sets out our achievements throughout the past year, but also boosts our insights into strengthened corporate social responsibilities. In the future, Viva Biotech will continue to optimize construction of capacity and platform and introduce more innovators and entrepreneurs, capital and industry players to each aspect of biotechnology research and development. We will remain true to our original aspiration and keep forging ahead, in a bid to continue to improve the capability of biotechnology research and development services, contribute wisdom to the cause of human health, and actively seek more sustainable channels to give back to employees, customers, shareholders and investors.

Viva Biotech Holdings

Dr. Mao Chen Cheney

Chairman and Chief Executive Officer

July 14, 2020



ABOUT THE REPORT

Description

Viva Biotech Holdings (“**Viva Biotech**”, the “**Company**” or “**we/us**” and, together with its subsidiaries, collectively the “**Group**”) is pleased to issue the first Environmental, Social and Governance Report (the “**Report**”), which is designated to disclose the Group’s performance in aspects of environment, society and governance (the “**ESG**”) during the past year in a transparent and public manner, so as to address the concerns and expectations of various stakeholders regarding the sustainable development management of the Group.

Scope

The Report covers Viva Biotech (Shanghai) Ltd., Jiaxing Viva Biotech Limited and Sichuan Viva Benyuan Biotech Limited; and a time span from January 1, 2019 to December 31, 2019 (the “**Reporting Period**”).

Basis of Preparation

The Report is prepared by the Group in accordance with Appendix 27 Environmental, Social and Governance Reporting Guide of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Guide**”). The Report has followed all the “comply or explain” provisions as set out in the Guide and has been prepared based on the four reporting principles of the Guide, i.e., materiality, quantitative, balance and consistency.

Data Sources and Reliability Statement

Data and cases contained in the Report have been primarily derived from the statistics reports and relevant documents of Viva Biotech. The Report contains no false representation, misleading information or material omission and the Directors of the Company jointly and severally accepts full responsibility for the truthfulness, accuracy and completeness of the contents herein.



ABOUT THE REPORT

Confirmation and Approval

Upon confirmation by the management of the Group, the Report was approved by the board of directors on July 14, 2020.

Channels of Release

The Report is available for reviewing and downloading at the HKEx website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of Viva Biotech (www.vivabiotech.com).

Feedback to the Report

Your valuable comments drive us to make constant progress. If you have any advice to the Report or relevant work performed, please contact the Group via the following means:

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| Tel: +86(0)21 6089 3288

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| Website: www.vivabiotech.com

| E-mail: info@vivabiotech.com



ABOUT VIVA BIOTECH

Business

As a world-leading Structure-Based Drug Discovery platform, Viva Biotech possesses various cutting-edge technologies and a scalable business model to share the upside of our customers' intellectual property value by leveraging the systematic and scientific incubation platform. We provide Structure-Based Drug Discovery services to our biotechnology and pharmaceutical customers worldwide for their pre-clinical stage innovative drug development. Our services cover the full spectrum of our customers' needs for early stage drug discovery, including target protein expression and structure research, hit screening, lead optimization and drug candidate determination.

Our mission is to become a cradle for promising biotechnology companies around the world. We have developed a scalable business model combining the conventional cash-for-service (the “CFS”) model and our unique equity-for-service (the “EFS”) model. Under the EFS model, we provide drug discovery and/or incubation services to selected customers in exchange for equity or economic interests in them, and to certain promising biotechnology companies which we have invested in. By holding equity/economic interest in these selected customers or investees, we can effectively foster the development of these promising biotechnology startups and enjoy the upside of their IP value, while maintaining steady cash inflow generated from services provided to our CFS customers.



Dr. Mao Chen Cheney, Chairman and Chief Executive Officer of Viva Biotech:

substantial investments has been made by Viva Biotech to organically integrate the innovative equity-for-service model and the more traditional cash contribution model. We are striving to build ourselves into a “one-stop” resource center and open cooperation platform for biotechnology startups and create greater value to companies on our platform. I am confident that biotechnology is one of the most promising fields for emerging markets such as the Asia market. Ground-breaking ideas will be the catalyst for successful entrepreneurs in the biotechnology sector.



ABOUT VIVA BIOTECH

As of the end of the Reporting Period, our customer composition was continuously optimized with the number of new customers significantly increased and a customer retention ratio as high as 81%. We have accumulatively provided drug discovery services to more than 438 biotechnology and pharmaceutical customers globally, including over 1,200 independent drug targets and delivered approximately 13,700 independent protein structures.



FBDD
(Fragment-Based
Drug Discover)
Platform



**Biophysical
Analysis
Platform**



**Antibody
Generation**



**In Vitro
Pharmacology**



ASMS
(Affinity
Selection Mass
Spectrometry
Platform)



SBDD
(Structure-Based
Drug Discovery)
Platform



**Membrane Protein
Targeted
Drug Discovery
Technology**



**Medicinal
Chemistry
Research**



ABOUT VIVA BIOTECH

Honors

-
- **January 2019** – Pudong New District High Growth Headquarters (浦東新區高成长性總部)
-
- **April 2019** – Annual Innovation and Entrepreneurship Award of Pudong New District (年度浦東新區創新創業獎)
-
- **May 2019** – Insight into Zhangjiang Unicorn Enterprise (洞見張江獨角獸企業)
-
- **July 2019** – Top 20 CRO Enterprises of China's Annual Top 100 Pharmaceuticals (年度中國醫藥工業百強CRO企業20強)
-
- **July 2019** – Shanghai Giant Enterprise (上海市小巨人企業)
-
- **December 2019** – Included in the Hang Seng Hong Kong-Listed Biotech Index
-
- **December 2019** – “Outstanding Listed Company” of Zhangjiang S&T Investment (張江科投“卓越影響力上市企業”)
-
- **December 2019** – “Top 10 Public Companies” of VCBeat.top (動脈澎橙獎“年度領袖企業”)



ABOUT VIVA BIOTECH

Culture

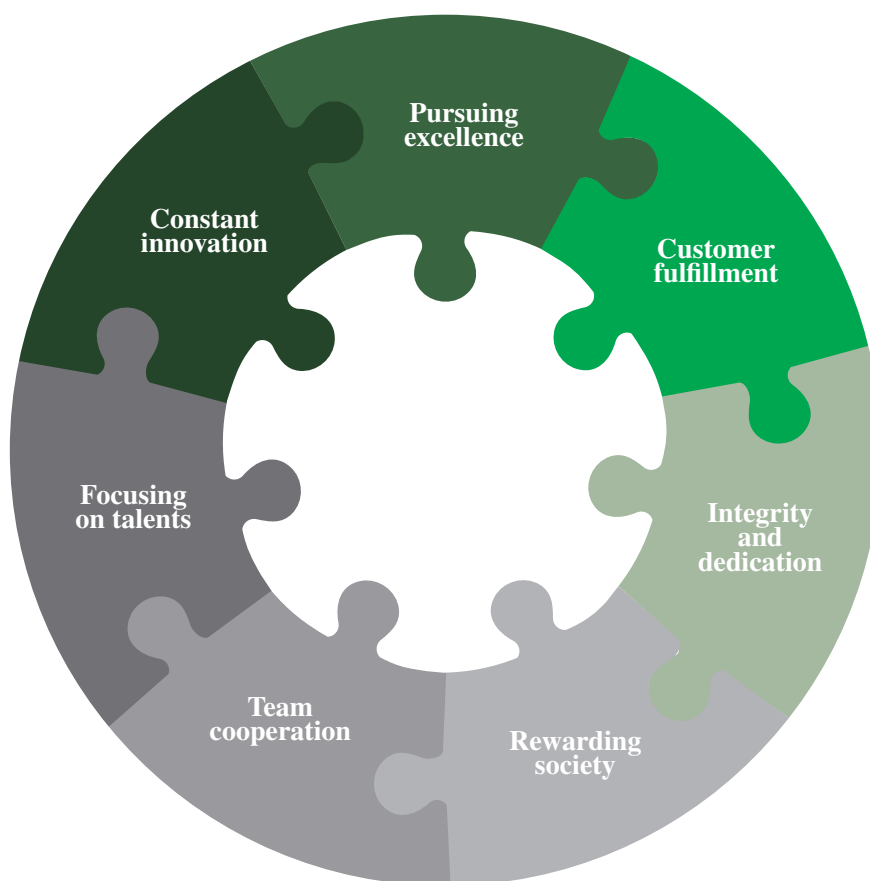
Corporate mission

Becoming a cradle for promising biotechnology companies around the world.

Corporate goal

To become a world-renowned cooperative research and development enterprise with cutting-edge technologies in the biotechnology field.

Corporate Values



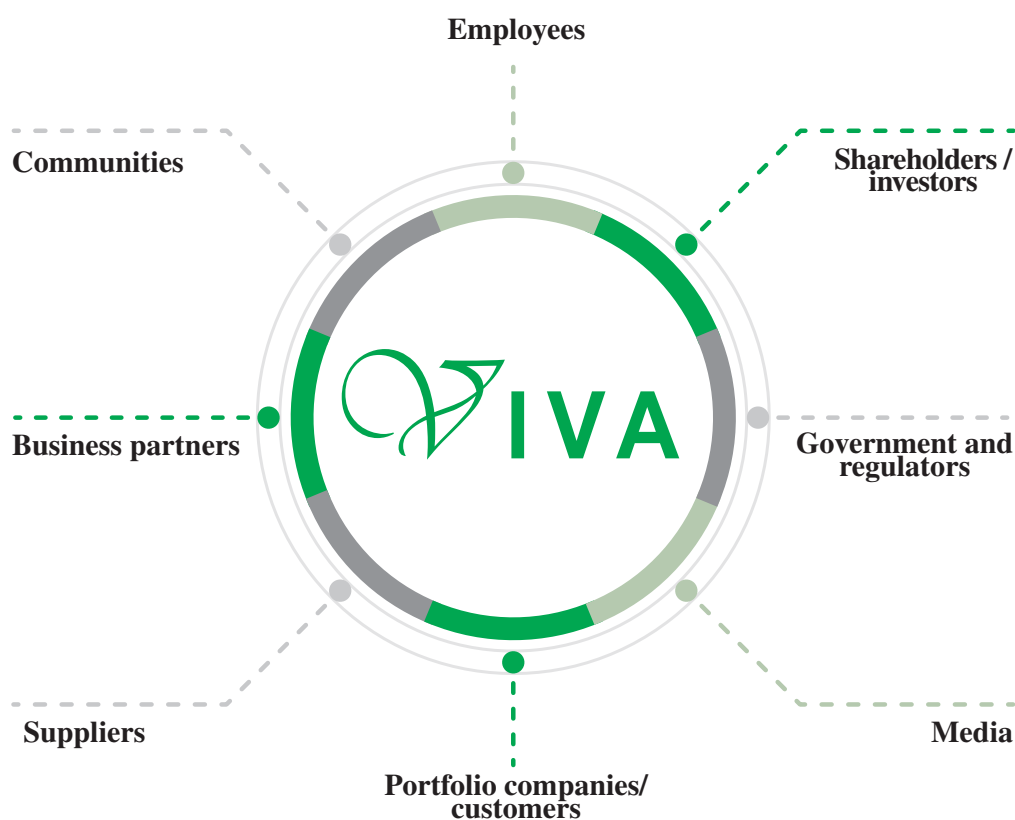


ABOUT VIVA BIOTECH

Materiality Analysis

Stakeholder Survey

The Group regards stakeholders as our companions along the journey for development. We attach great importance to opinions from stakeholders and expect to join hands with them to create new values and improve the corporate social responsibility performance of the Group. We have identified the following eight categories of stakeholders with decision-making powers, impact or close relationships with the Group:





ABOUT VIVA BIOTECH

Stakeholder engagement is integral to the sustainable development of Viva Biotech. During the Reporting Period, we obtained a thorough understanding of opinions and expectations of the stakeholders on the development of the Group to grasp their expectations and demands, maintained communication with stakeholders through various channels, improved our ESG performance and made responses on a regular basis. The table below shows the concerns of stakeholders and relevant communication methods during the Reporting Period.

Stakeholders	Concerns	Communication channels	Frequency
Government and regulators	<ul style="list-style-type: none"> Compliance with laws and regulations Community investment 	<ul style="list-style-type: none"> Cooperation projects with government Patent application Routine inspection 	<ul style="list-style-type: none"> As needed As needed As needed
Shareholders/ investors	<ul style="list-style-type: none"> Information disclosure Financial performance ESG management 	<ul style="list-style-type: none"> General meetings Annual reports and financial statements Results presentation and road-shows Investor meetings Company website, official account and corporate briefings Electronic journals 	<ul style="list-style-type: none"> Regular Regular Regular As needed As needed Regular
Portfolio companies/ Customers	<ul style="list-style-type: none"> Product quality monitoring Privacy and security Intellectual property protection Efficient delivery Increased R&D investment 	<ul style="list-style-type: none"> Questionnaire Customer activities Visits Regular conference call 	<ul style="list-style-type: none"> As needed As needed As needed Regular



ABOUT VIVA BIOTECH

Stakeholders	Concerns	Communication channels	Frequency
Suppliers	<ul style="list-style-type: none"> Procurement policy Fair transaction Sound cooperation 	<ul style="list-style-type: none"> Annual review Bidding 	<ul style="list-style-type: none"> Regular As needed
Business partners	<ul style="list-style-type: none"> R&D platform and investment Supply chain management 	<ul style="list-style-type: none"> Meeting communication Public events (forum and summit) 	<ul style="list-style-type: none"> As needed As needed
Employees	<ul style="list-style-type: none"> Employee benefits Employee health and safety Legal and compliant employment Development potential and platform 	<ul style="list-style-type: none"> Training and team building activities Employee suggestion box 	<ul style="list-style-type: none"> As needed As needed
Media	<ul style="list-style-type: none"> Information security management 	<ul style="list-style-type: none"> Press conference Media interview Other important media activities 	<ul style="list-style-type: none"> As needed As needed As needed
Communities	<ul style="list-style-type: none"> Community environment Charity Community contribution 	<ul style="list-style-type: none"> Community communication meetings Visits and investigations Press releases/ announcements Press conference Media interview 	<ul style="list-style-type: none"> As needed As needed As needed As needed As needed

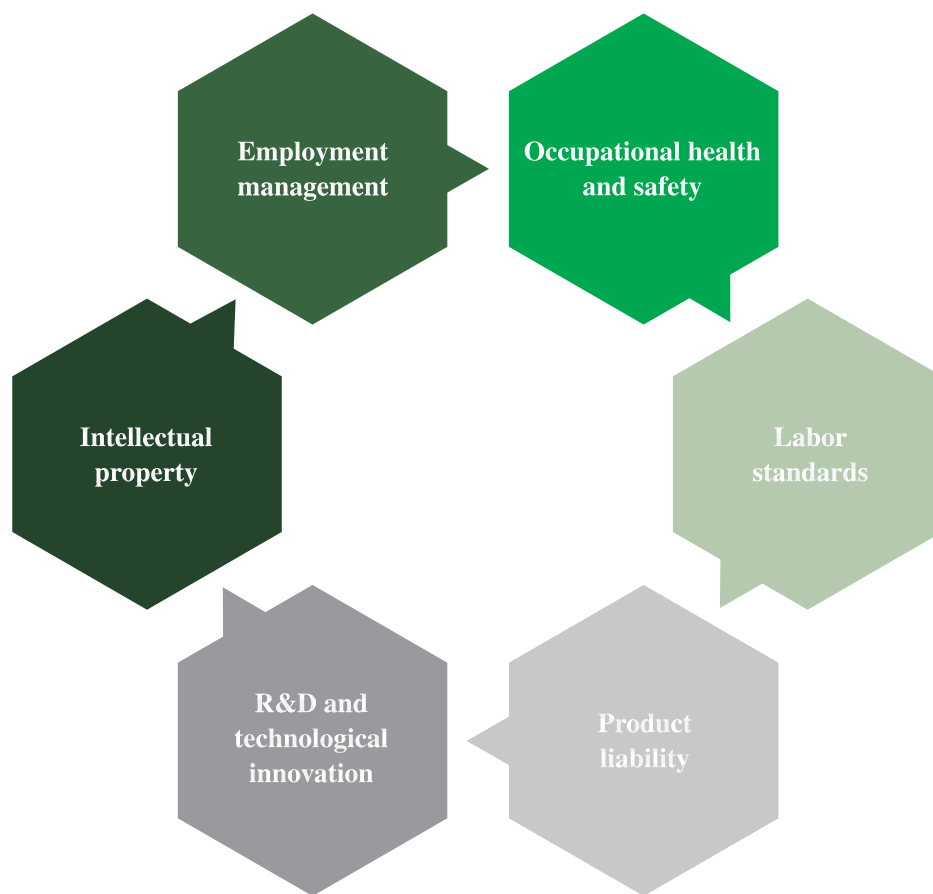


ABOUT VIVA BIOTECH

Materiality Evaluation

Materiality evaluation is of significance for identifying risks and opportunities an enterprise is exposed to and is critical to the formulation of operating strategies and decision-making by the Group. The Group continues to improve the method and processes of materiality evaluation to ensure accurate and full disclosure of issues relevant to sustainable development of the Group and address concerns raised by different stakeholders as to the performance of social responsibilities of the Group.

In the process of materiality evaluation, we have concluded the following issues of materiality after discussion among the management of the Group according to various aspects of the Guides and the Global Reporting Initiative with reference to the analysis and suggestions of internal and external experts, media information analysis, peer benchmarking studies at home and abroad, as well as the contribution to sustainable development, the common concerns of stakeholders and the Group's strategic development:



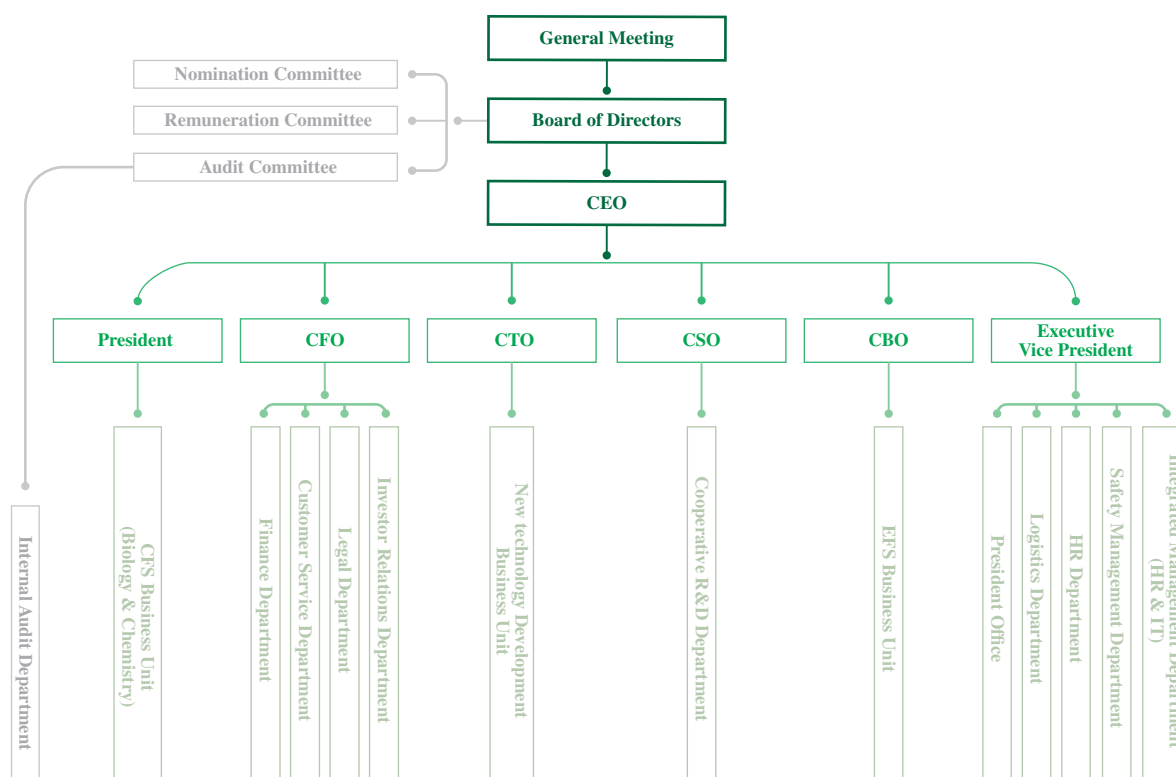


GROUP MANAGEMENT – CREATING CORPORATE VALUE

Well-established Corporate Governance

The Group is committed to maintaining high standards of corporate governance to protect shareholders' interests and enhance corporate value and accountability. The Board of Directors has adopted the principles and code provisions of the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and has also formulated internal policies such as the Articles of Association of Viva Biotech (Shanghai) Ltd. (the “**Articles of Association**”) and the Management Measures of the Audit Committee of the Board of Directors to ensure that the Group's business activities and decision-making procedures are properly and prudently monitored and the governance mechanism is continuously improved.

Management Structure of Viva Biotech



We convene general meetings in strict accordance with the Articles of Association to allow shareholders to fully exercise their rights. The general meeting of the Group is held according to the rules of procedure, and all shareholders are treated equally during the consideration of each proposal to ensure the right to speak of minority shareholders.



GROUP MANAGEMENT – CREATING CORPORATE VALUE

Risk Management and Internal Control

In order to promote the sustainable and healthy development of the Group, we have formulated the Basic Standards for Internal Control, the Risk Management System and established an internal control system to ensure the maintenance of reasonable and effective internal control in accordance with the Company Law of the People's Republic of China and the Articles of Association and based on the actual situation of the Group. The Risk Management System clearly regulates risk management, regularly evaluates business development strategies and internal and external risks of the Company, and continuously monitors and tracks major risks. The Group has appointed responsible units for internal control to conduct regular internal reviews to identify and assess the importance of relevant issues to stakeholders. The Internal Control Department prepares the Internal Control Management Report based on the review and identification information, and reports to the Board of Directors for tiered approval.

Viva Biotech has developed a framework for risk management and internal control, of which various departments and units are summarized as follows:

Board of Directors	Managing and monitoring the risk management and internal control system ¹
Audit Committee	Guiding risk avoidance, supervising and verifying the implementation and effectiveness of risk management and internal control systems
Internal Audit Department	Leading the risk management and internal control of daily operations and establishing a risk avoidance and internal control system to improve the Group's operation and management process and effectively solve and mitigate overall operational risks
Various Departments	Monitoring and managing daily operation process and procedures, identifying major risks, conducting self-inspection and implementing major supervision processes

¹ The Board of Directors of the Group is currently establishing the relevant ESG management framework and will disclose relevant information in the upcoming year's report.



GROUP MANAGEMENT – CREATING CORPORATE VALUE

Operating with Integrity

Viva Biotech adheres to the corporate governance relevant laws and regulations, strictly abides by the code provisions contained in the Corporate Governance Code and roots itself on honesty and trustworthiness, legal compliance, integrity and self-discipline, forming a top-down anti-fraud, anti-corruption and anti-fraud policy orientation and business atmosphere.

The Group establishes an Anti-Fraud Working Group in strict compliance with the Criminal Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China and other relevant laws and regulations, and formulates the Anti-money Laundering Management System and the Anti-fraud Work Regulations, which sets out in detail prohibited behaviors, and establishes corresponding penalties, to promote systematic management of anti-corruption initiatives.

During daily operations, we require our employees to observe laws, adopt strict self-discipline, adhere to integrity and dedication and never seek personal benefits by taking advantage of their authority and positions. Effective communication or training is conducted in various forms (through publicity or internal website) within the Group to ensure that employees receive training on relevant laws, regulations and professional ethics so that they understand the concepts of code of conduct and facilitate employees to distinguish from legal and illegal, moral and immoral behaviors.

The Anti-fraud Working Group of the Group has set up channels such as hotlines and e-mail boxes for reporting professional ethics issues and fraud cases, through which employees at all levels and stakeholders with direct or indirect economic relations with the Group may reflect and report cases of violation of professional ethics or suspected fraud by employees of the Group. The hotline also receives complaints on accounting, internal control or auditing matters. The Anti-fraud Working Group will keep written records of real-name or anonymous reports submitted by employees or external suppliers, and file the reports of fraud cases after reporting and investigation. Should the report involves the senior management of the Group, upon approval by the Board of Directors and the Audit Committee, the anti-fraud staff of the Group and the management of relevant departments will form a special investigation team to conduct joint investigation. External experts will be invited to participate in the investigation as necessary during the relevant investigation and internal control of the business units involved will be assessed and suggestions for improvement will be raised.

During the Reporting Period, the Group did not receive any reports or judicial proceedings against the Group or its employees for corruption, bribery, extortion, fraud or money laundering.



GROUP MANAGEMENT – CREATING CORPORATE VALUE

Responsible Investment

The Group believes that the emphasis and management on strengthening ESG issues will create long-term value for us. Leveraging our leading technology and platform in drug discovery services, Viva Biotech has cultivated and accelerated the growth of biotech startups and the sustainable development of the biotechnology industry through its two-wheel driven cash-for-service (CFS) and equity-for-service (EFS) business models based on the concept of responsible investment.

Prudent Investment Concepts and Strategies – Four Key Indicators Underlying Evaluation of Investment Opportunities

A STRONG ENTREPRENEURIAL TEAM



New drug R&D
experience,
entrepreneurial
experience

BREAKTHROUGH AND INNOVATIVE CONCEPT



Innovative medical
concept

BENEFICIAL TO PATIENTS



Identify unmet
medical needs

MARKET DEMAND



Huge market in the
next five to ten years
is a must

Following the United Nations Sustainable Development Goal of “good health and well-being”, we regard the influence on patients as one of our investment strategies and are committed to better meet the medical needs of patients worldwide through drug discovery services and investment. We also apply the concept of responsible investment to the management process before and after investment, including due diligence, participation in post-investment decision-making and systematic analysis of ESG factors. Through prudent investment procedures, we ensure that investment decisions are responsible to society, environment and investors.

During the Reporting Period, Viva Biotech took the initiative to expand the sources of projects, and the new investment projects covered more frontier and diversified fields and geographical distributions. For example, we strengthened the layout of biological macromolecules, genes and cell therapies. Among the 635 early-stage projects we received and reviewed, 19 new incubation investment projects were finally added after screening and evaluation, and additional investment was made to our existing two incubation portfolio companies. In addition, three incubation investment projects at SPA stage are currently under negotiation.



GROUP MANAGEMENT – CREATING CORPORATE VALUE

Five Key Elements for Creating and Developing Biotechnology Enterprises

CRO service	Funds	Specialists	Industrial network	Operation
<ul style="list-style-type: none">Technology-leading CRO platform to provide efficient servicesFacilitating rapid discovery of high quality candidate compounds	<ul style="list-style-type: none">Providing seed and/or round A fundingProviding subsequent financing and financial support	<ul style="list-style-type: none">Business partners (business operations and compliance experts)Science consultants (expert in scientific research and drug development)	<ul style="list-style-type: none">Assisting in mobilizing internal or external resourcesEarly warning of market dynamics	<ul style="list-style-type: none">Laboratories and offices located in multiple major cities around the worldProviding HR/BD/Financing and other supportive services

Drawing upon the concept of responsible investment and EFS business model, we have successfully incubated or invested in 46 early-stage biopharmaceutical innovative projects, covering cancer, metabolic and cardiovascular diseases, central nervous system diseases, skin and eye diseases, influenza diseases and other disease treatment fields.



GROUP MANAGEMENT – CREATING CORPORATE VALUE

Viva Biotech Partnership Summit

On November 8, 2019, the 2019 Viva Biotech Partnership Summit themed “Innovation, Partnership, Growth (始於新 • 合致遠)” was held in Pudong, Shanghai. Founders from over 30 global innovative and biotech companies incubated /invested by Viva BioInnovator (VBI), more than 100 investment institution representatives and R&D and business development professionals of pharmaceutical enterprises, attended the meeting to discuss the rise of global biotech startups from scratch and the commercialization process of “Innovation, Partnership, Growth”. Dr. Mao Chen Cheney, Chairman and Chief Executive Officer of Viva Biotech, said in his opening speech: “Bio-pharmacy, as one of the most potential fields in China at present, is the hotbed for biotechnology startups. With our powerful drug discovery technology platform, Viva Biotech will serve more potential biotech startups and contribute to realizing their great ideas.”

Dr. David Xu, Chief Business Officer of Viva Biotech, introduced the positioning and mode of Viva BioInnovator to the guests present: “Viva BioInnovator focuses on discovering, investing and serving biotech innovation concepts with high medical value worldwide and in various fields of indications. We aim to establish a sound ecosystem through extensive cooperation with investors and industry chains, to create more value for platform companies and realize mutual success for all stakeholders.” At the summit, executives of several well-known investment companies and pharmaceutical enterprises at home and abroad gathered together to discuss scientific research frontier topics in three major fields, namely, innovative drugs in the field of metabolic diseases, new drugs in the field of tumor diseases, and new drugs in the field of CNS diseases, laying a solid foundation for the further industrial cooperation.





GROUP MANAGEMENT – CREATING CORPORATE VALUE

Viva Biotech won the “Top 10 Public Companies” of VCBeat

From December 20 to 22, 2019, the 2019 Future Healthcare 100 conference themed “expansion of life (生命的新增量)”, sponsored by VCBeat and VCBeat Research, was held in Beijing. Viva Biotech was invited to attend the summit and was recognized as one of the Top 10 Public Companies of 2019 Future Healthcare 100 Pengcheng Awards.



Standardized Supply Chain Management

Suppliers are an integral part of Viva Biotech’s business chain and the source of our quality services. The Group is committed to providing customers with high-quality and safe research and development drugs through comprehensive and standardized supply chain management. The Group actively promotes supply chain management, adheres to a fair and impartial cooperation attitude, implements a standardized operation mode of unified planning, inquiry and procurement, standardizes business cooperation processes, and actively communicates with suppliers to establish a cooperative relationship of mutual trust and assistance. We strictly prevent potential corruption in the supply chain and crack down on unfair competition to maintain a fair and justified cooperative relationship.

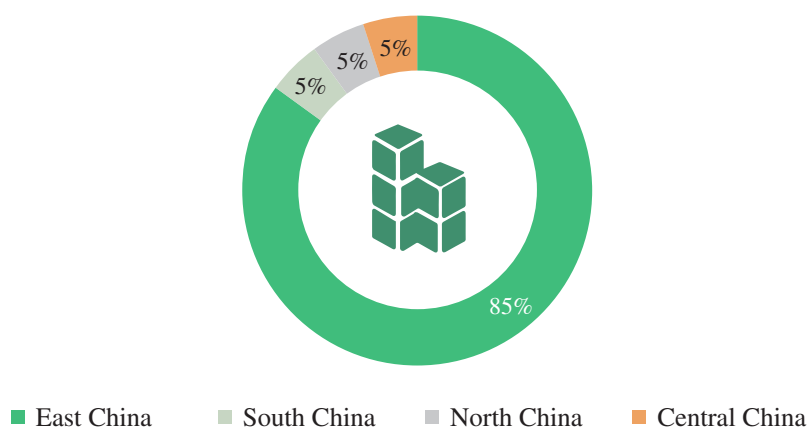
In terms of supply chain management, the Group has formulated Supplier Access Management Regulations to clearly regulate supplier access, selection, classification, acceptance and evaluation management. The purchasing department compiles a list of required raw materials according to internal policies and procedures, evaluates major risks related to relevant raw materials and determines their specifications, carefully selects raw material suppliers and conducts background checks on candidate suppliers. We also attach importance to the environmental and social performance of suppliers. For example, suppliers of controlled chemicals are required to provide licenses for the production, operation or transportation of dangerous goods; and suppliers of products are required to provide ISO 9001 (Quality Management System), ISO 14001 (Environmental Management System), ISO 45001 (Occupational Health and Safety Management System) and other relevant certificates. At the same time, we promote the performance evaluation system for suppliers, through which frequent suppliers are evaluated once a year, while qualified suppliers are reviewed once a year to effectively manage the potential risks in the supply chain. The full purchase process will be archived for internal records and customer review.



GROUP MANAGEMENT – CREATING CORPORATE VALUE

During the Reporting Period, the Group had 881 suppliers, including 876² from mainland China and 5 from overseas. The specific distribution is shown below.

Distribution of Mainland Suppliers



In-depth Industry Cooperation

Viva Biotech roots itself in the biotech industry, focuses on the vertical integration of new drug discovery, research and development and production platforms, accelerates strategic cooperation with the quality CMO (contract manufacturing organization)/CDMO (contract development and manufacturing organization) companies in the industry, rapidly improves the comprehensive service of the Group and enhances the incubation capability of EFS business to secure more CFS customer traffic. Through holding or participating in seminars, forums and other industry exchanges, we set up industry platforms and promote exchanges and cooperation across the borders.

² Including PRC distributors that provide imported equipment.



GROUP MANAGEMENT – CREATING CORPORATE VALUE

Successful Convening of the SABPA E-club Pharmaceutical Chemistry Symposium

In August 2019, the Sino-American Biotechnology and Pharmaceutical Professional Association (SABPA) E-Club sponsored by Viva Biotech was successfully held in San Diego, California, which attracted more than 100 experts, including pharmaceutical chemists and drug developers and representatives of well-known local biopharmaceutical companies. Ms. Gao Yinghong, Executive Director of Business Development and Deputy Business Partner of Viva Biotech attended the symposium and delivered a speech on the topics of “Structure-Based Drug Discovery (SBDD), Fragment-Based Drug Discovery (FBDD), Affinity Screening Mass Spectrometry (ASMS) and Surface Plasma Resonance technology (SPR)”.



2019 Appreciation Reception of Viva Biotech

On October 1, 2019, Viva Biotech successfully held the 2019 annual appreciation reception in Boston, MA, United States. The meeting received a positive response from Boston and surrounding biotechnology circles and attracted approximately 100 peers from the life sciences community. The participants communicated with each other on that pleasant and relaxed night about Viva Biotech’s leading protein and crystallization platform and cutting-edge Affinity Screening Mass Spectrometry (ASMS) technology, as well as its chemical capability and the unlimited potential of incubation investment activities in the future.





GROUP MANAGEMENT – CREATING CORPORATE VALUE

Dr. Ren Delin of Viva Biotech: More Innovative Drugs on Track to Go Global from China

On November 20, 2019, the “Yicai Sci-tech Innovation Conference” and the first “Chinese Creative Award” and the sixth “Huaxin Award” ceremony were solemnly held in Beijing. Dr. Ren Delin, Executive Director and President of Viva Biotech, was invited to attend the activity.

At the forum of New Opportunities for Innovative Drugs, Dr. Ren Delin shared with the guests the development trend of innovative drugs in China. He expressed his belief that, with the support of policies and capital, excellent innovative enterprises in the biotechnology industry represented by innovative drugs are increasingly recognized by the market, and more innovative drugs produced in China will go global in the future.





PRODUCT RESPONSIBILITY – PROMOTING BUSINESS DEVELOPMENT

Reliable Service Quality

Viva Biotech has always paid close attention to the effective improvement of service quality and is committed to providing world leading drug discovery service and developing high-quality and safe drugs catering for customers' needs. The Group strictly abides by relevant laws and regulations and has obtained ISO 9001:2015 quality management system certification to continuously improve the quality control system.

The Group regularly reviews, sorts out and revises internal regulatory documents, and constantly updates quality control standards on risk control, monitoring and measurement control, internal audit and error correction. We have also strengthened the quality concept through staff training and technology research and development, and continuously promoted the improvement of quality management level.

Quality Customer Service

Viva Biotech actively communicates with customers to understand their evaluation of our services and improve the service quality. In order to get an objective and comprehensive understanding of the customer satisfaction evaluation on the service quality of the Group and their needs and opinions and suggestions, the Group formulates the Customer Questionnaire Management Process and conducts customer satisfaction surveys on a regular basis to investigate the service quality, response speed, IP protection and service fees for key and new customers, and to make corresponding internal analysis and rectification on the issues raised.

After years of accumulation and development, the Group has established a robust customer-oriented service system. We have always standardized and improved our service with reference to the highest standards in the industry. For example, customers' inquiry will be addressed within one business day; communication with customers on project progress will be conducted once in a week or two weeks; and customers will be invited for visit and in-depth communication on a regular basis. As of the end of 2019, the Group received numerous praises from dozens of customers.

In order to handle customer complaints in a timely and efficient manner, maintain the image and reputation of the Group, and promote the improvement of service quality, the Group has also formulated the operational procedures for handling customer complaints. The department head will discuss with the project head, the internal control department and the customer service department the reasons for complaint and propose specific solutions thereon. We also summarize and evaluate the customer complaint handling process from time to time, learn from experience and put forward suggestions for improvement, so as to continuously improve the operation management and business operation process, and improve the quality and level of customer service.



PRODUCT RESPONSIBILITY – PROMOTING BUSINESS DEVELOPMENT

Strict Information Security Management

In terms of customer information and trade secrets, in strict compliance with the relevant regulations on information security and privacy protection, the Group has established an information security team and a strict information management system to standardize the Regulations on Confidentiality of Customer Information, define the scope of confidential information of the Group and departments and methods for keeping confidentiality, and formulate methods for dealing with information leaks including written warnings, penalties and termination of labor contracts. The Information Security Team is accountable to the Group's Public Management Department and performs tasks including publishing information security-related documents, conducting information security training, preventing information divulging, and continuously improving the information security process.

In terms of computer information security management, in strict compliance with laws and regulations, the Group has formulated the Computer Information Security Management Standard, which covers the management requirements for computer data backup, user management, system security, virus prevention and inspection and handling of computer information system security issues, aiming at strengthening the security management of computer information systems, maintaining the information security of the Group and ensuring the stability of the Group's network environment.

Integrity and Compliance Advertisement

In terms of advertisement, in strict compliance with laws, regulations and industry standards, the Group has formulated the Brand Strategy Management System to strictly evaluate, prohibit the legality, authenticity, scientificness and accuracy of publicly released information, the release of deceptive and misleading advertising information and materials, and effectively protect the legitimate rights and interests of customers.

Steadily Pushing Forward Technological Research and Development

Viva Biotech is committed to forging the premium technology platform in the drug discovery industry, attaches great importance to technology research and development, and continuously improves its professional service capability. The Group actively invests in research and development of the latest technologies and platforms in the industry each year and promotes through internal topics. During the Reporting Period, the Group invested approximately RMB45 million in research and development, mainly used for the construction of Structure-Based Drug Discovery (SBDD) Platform, Fragment-Based Drug Discovery (FBDD) Platform, Affinity Screening Mass Spectrometry Technology (ASMS) platform and Membrane Protein Targeted Drug Discovery Technology. In terms of technology platforms, the Group is actively building new technology platforms, including Cryo-Em and Computational Chemistry, and further expanding into technology fields such as new drug discovery of biological macromolecules and biological detection.



PRODUCT RESPONSIBILITY – PROMOTING BUSINESS DEVELOPMENT

Research and Development History of Viva Biotech

2008

Viva Biotech Shanghai was established in the PRC with approximately 50 laboratory technicians.

2009

The gene-to-structure program was developed; the Department of Chemistry and Department of In Vitro Assay were established to start providing Structure-Based Drug Discovery services.

2010

Viva Biotech Shanghai was recognized as a Technically Advanced Service Enterprise (技術先進型服務企業).

2011

A proprietary fragment compound library and the ASMS screening technology was developed and integrated to SBDD services.

2012

GPCRs (G Protein-Coupled Receptors) Membrane Protein Targeted Technology was developed.

2013

Viva Biotech Shanghai was recognized as a High-tech Enterprise (高新技術企業).

2014

A 6,000-membered library targeting GPCRs was developed and started to offer screening services.

2016

Construction of a research center with a gross floor area of approximately 32,000 sq.ft. in Jiaxing, Zhejiang Province was commenced.

2018

An agreement with the People's Government of Wenjiang District of Chengdu City for the development of an additional incubation center was entered into.

2019

Enrolled as Shanghai Pudong New District Top 20 Enterprises for Innovation and Entrepreneurship, being the only enterprise in the pharmaceutical sector; new technology platforms are being continuously developed and constructed, including the construction of Cryo-Em and Computational Chemistry platforms.

During the Reporting Period, the Group obtained 23 registered patents in China and the United States, including invention patents, utility model patents and software patents.



PRODUCT RESPONSIBILITY – PROMOTING BUSINESS DEVELOPMENT

Production Technology of Suspension Stable Transfer Cell Line Antibody

During the Reporting Period, with concerted efforts of the members of the research and development team of the antibody group of the Group, we have made major technological innovations in the production process of FLAG antibody to produce antibodies with stable transfer cell line. Compared with the traditional ascites production method, the new production process will significantly save cost for the Group, shorten the production cycle, simplify the purification steps, render the production arrangement more flexible and greatly improve the production efficiency, which is, therefore, of great significance.

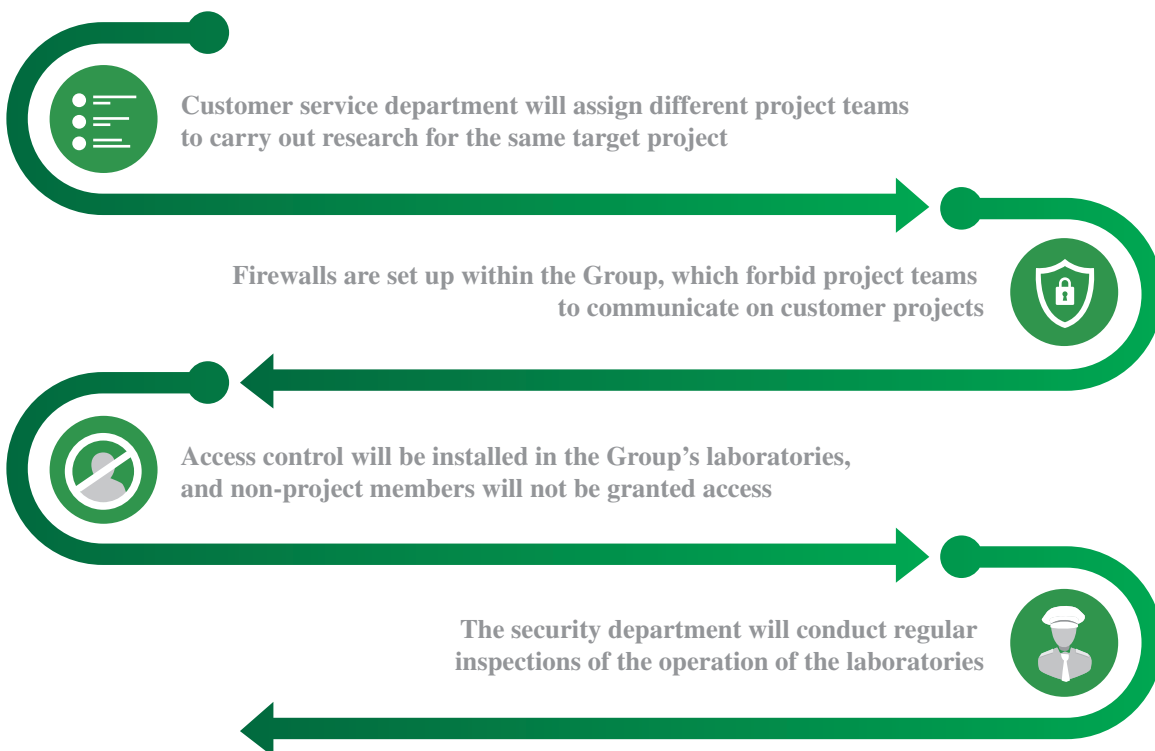
Comprehensive Intellectual Property Protection

As a leading new drug discovery service provider, Viva Biotech attaches great importance to the protection of intellectual property rights in order to obtain patents to protect technological research and development and invention innovation and win the trust of customers, which is the key to the continuous development of our business. In order to better protect the intellectual property rights and patents of customers and the Group in research and development projects, we strictly abide by the Patent Law of the People's Republic of China and the Trademark Law of the People's Republic of China and other laws and regulations, formulated and strictly implemented the Process of Intellectual Property Protection Measures. We will sign a confidentiality agreement with our customers before commencement of a project, encrypt relevant documents and reports, and transmit through encrypted network disks. During the project negotiation, the Group also conducts intellectual property evaluation on the projects on which customers propose to carry out research and development in the Group, and the customer service department will search all the existing and ongoing projects of the Group and provides information on the search results to the research and development department to ensure that there is no risk of intellectual property conflicts between projects.



PRODUCT RESPONSIBILITY – PROMOTING BUSINESS DEVELOPMENT

We have adopted the following intellectual property rights protection measures in accordance with the Process of Intellectual Property Protection Measures:





PEOPLE-ORIENTED – CARE FOR EMPLOYEES

Safe and Comfortable Working Environment

Employee health and safety is the precondition for health of patients. The Group strictly abides by occupational health and safety-related laws and regulations, such as the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, Measures for the Supervision and Administration of "Three Simultaneities" of Facilities for the Prevention and Control of Occupational Diseases of Construction Projects, and Measures for the Supervision and Administration of Employers' Occupational Health Surveillance. Based on the specific conditions of the Group, we have clearly defined the safety responsibilities of the employees, applied the safety and health awareness to all aspects of operation, and committed ourselves to eliminating or reducing various factors endangering the health of employees. In planning the construction of laboratories, the Group will select qualified contractors and use construction materials that meet safety and quality standards to ensure the safe operation of the laboratories, minimize occupational health risks in the workplace, and create a safe, healthy and comfortable working environment for employees to protect their physical and mental health.

In accordance with relevant regulatory requirements, Viva Biotech has formulated the Viva Chemical Laboratory Safety and Operation Specifications to clarify the rules and regulations of the Chemistry Department, common hazards and emergency response plans. Meanwhile, we actively identify occupational health and safety hazards in various activities within the Group, evaluate and determine major risks, so as to carry out effective control. The Group regularly conducts safety inspections, comprehensively examines potential safety hazards, and formulates and implements rectification plans to effectively promote risk prevention.

For employees engaged in radiation-related work, the Group also organizes annual radiation physical examination to eliminate occupational health risks, and transfers positions for employees who are not suitable for radiation-related work as shown in the physical examination results. During the Reporting Period, the Group organized radiological checkups and reexaminations for a total of 20 employees.

In order to improve the safety quality of employees, prevent safety accidents and reduce occupational hazards, we have formulated the Safety Education and Training Management System of Viva Biotech in accordance with relevant regulations, organized regular safety trainings and continuously improved the safety training management of employees. According to the Safety Education and Training Management System of Viva Biotech, the Group stipulates that all employees should receive safety trainings and fire drills, get familiar with relevant safety production rules and regulations and safety operation procedures, so as to master necessary safety production knowledge and safety operation skills required for their posts, and enhance accident prevention, occupational hazard control and emergency treatment capabilities. All employees who fail to receive a qualified rating in safety production training are not allowed to perform their duties. In particular, the Group's principal leaders and safety management personnel must obtain safety qualification certificates after passing safety education and training, and receive retraining for not less than 12 hours each year. Other employees must go through the three-level safety training and education from the Company, laboratories (departments) and teams and groups before taking up their posts, so as to ensure that they have the knowledge and skills of safety operation and emergency treatment of their posts. New employees shall take not less than 24 hours pre-job training.

During the Reporting Period, the Group did not occur any work-related injury or death.



PEOPLE-ORIENTED – CARE FOR EMPLOYEES

Standardized Employment Management

The success of Viva Biotech depends on the shared concept of employees, and only careful research and development creates value for patients around the world. Committed to building a diversified and high-quality talent team and career platform, we strictly abide by the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Social Insurance Law of the People's Republic of China and other relevant labor laws and regulations, and established a reasonable and perfect talent selection and appointment mechanism to provide an open and appropriate working platform for employees.

We have formulated the Recruitment Management System, which clearly defines the principles, standards and procedures for the recruitment and allocation of the employees of the Group. In the Human Resources Management Manual, we have standardized the relevant systems including recruitment, compensation, dismissal, promotion, performance appraisal, working hours, holidays, equal opportunities, diversity, anti-discrimination and other welfare to attract outstanding talents and refresh the workforce of Viva Biotech.

The Group recruits talents according to the Recruitment Management System, and sets up recruitment information release, telephone interview, preliminary examination, second interview, general manager's office interview, background investigation and other steps. We sign labor contracts, service contracts, internship agreements or probation agreements with each newly admitted employee based on different conditions of the candidates and in the principles of equality, voluntariness, consensus through consultation and integrity, and strictly implement the terms of the contracts to maintain good labor relations.

The Group strictly abides by relevant laws and regulations, resolutely prohibits child labor and forced labor, and will not allow prison labor. The recruitment system of the Group automatically excludes all applicants under the age of 18, and valid identity documents of applicants are reviewed during the whole process of employee recruitment, approval and registration to ensure the authenticity of information. During the Reporting Period, there were no incidents of child labor or forced labor within the Group.

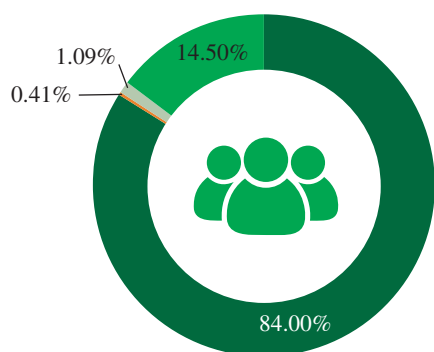
In terms of corporate management, Viva Biotech advocates the concept of equality, focuses on the diversity of talents, and takes reasonable protection on vulnerable groups to meet their demands for rights and interests. We encourage diversity and provide equal job opportunities. Candidates who meet the requirements of the target positions will not be discriminated due to race, gender, age, disability, family marital status, sexual orientation, political and philosophical views, religious beliefs, trade union activities, nationality and other factors, so as to ensure that all employees who join us will be treated equally.



PEOPLE-ORIENTED – CARE FOR EMPLOYEES

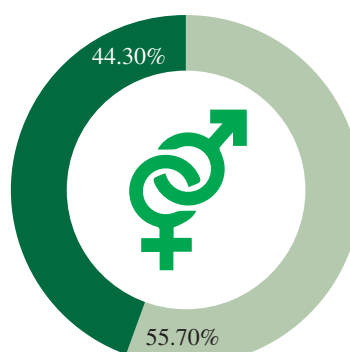
During the Reporting Period, the Group's relevant employment system performed well and no cases of violation of employment-related laws or regulations were received. The Group has 731 employees, with the specific proportions set out below:

By category



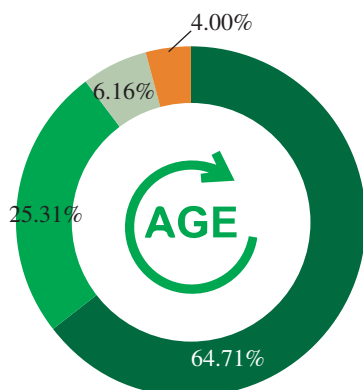
■ R&D personnel ■ Administration and others
■ Sales and marketing ■ Customer service

By gender



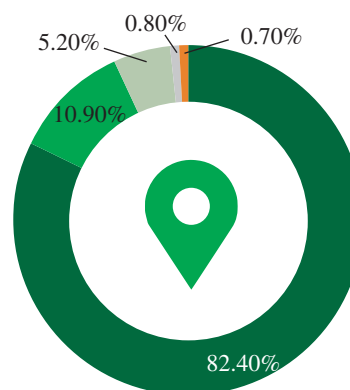
■ Male ■ Female

By age



■ < 30 ■ 31-40
■ 41-50 ■ > 50

By region

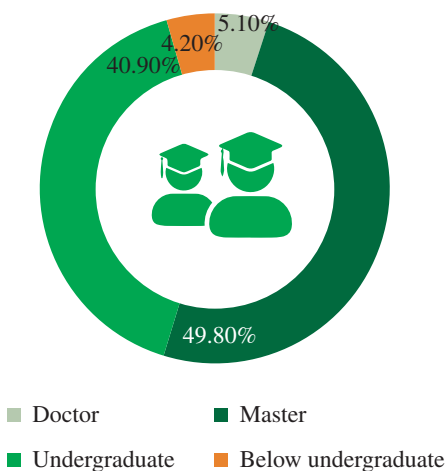


■ Shanghai ■ Jiaxing ■ Chengdu
■ Hong Kong ■ Overseas



PEOPLE-ORIENTED – CARE FOR EMPLOYEES

By educational background of R&D personnel

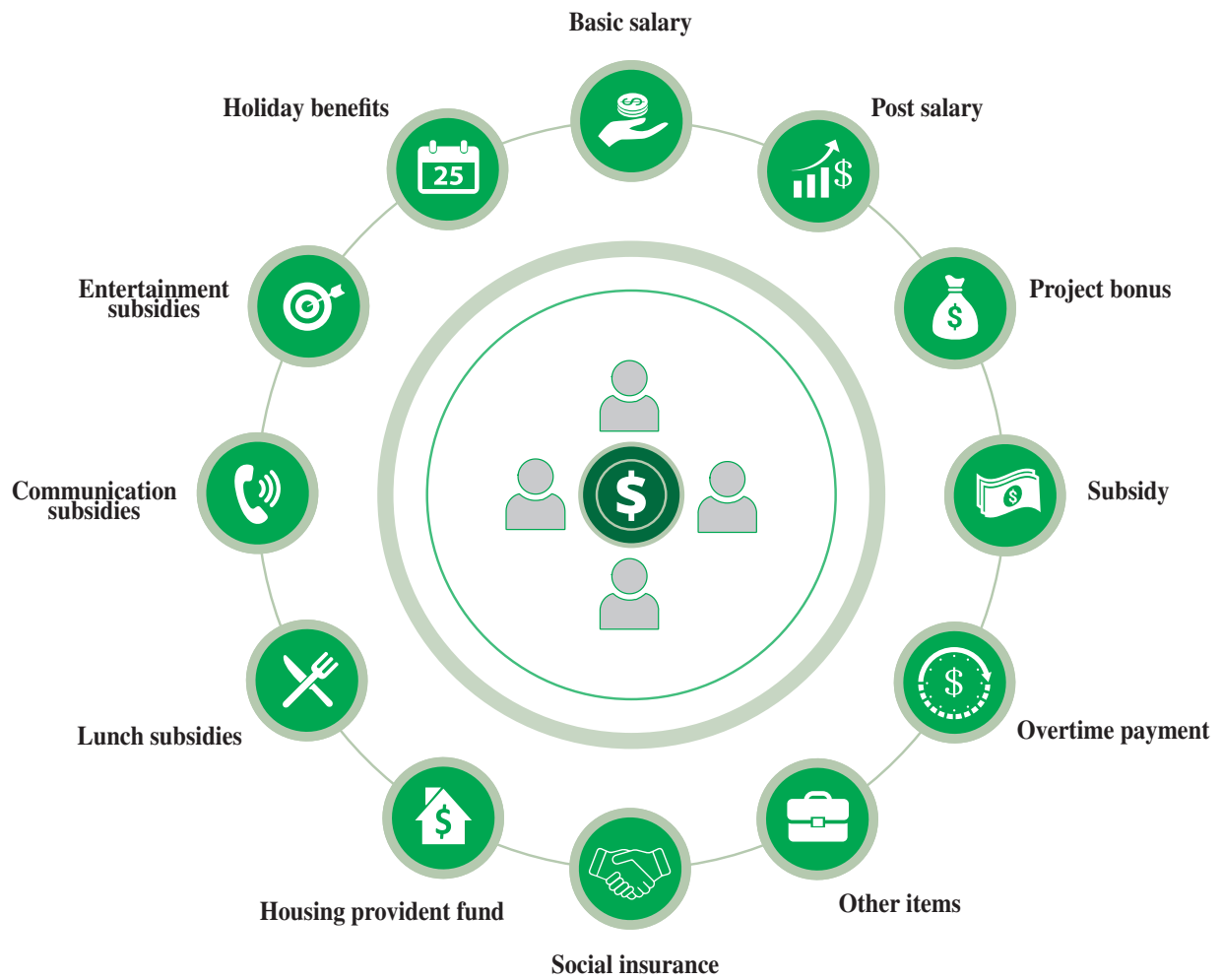


Generous Salary and Benefits

The Group is committed to providing employees with rich, diversified and competitive remuneration, paying attention to employee benefits, stimulating the enthusiasm and creativity of employees, enhancing the cohesion and attraction of the Company, and forging an excellent corporate culture, so as to promote the healthy development of the Company. We have stipulated detailed provisions on the salary and promotion standards in the Human Resources Management Manual, and adjust salaries each year according to relevant national policies, operation status and personal performance to continuously improve and optimize the salary management system. We pay close attention to the changes in salaries in industries and regions and implement a structural salary system. The salary of employees includes basic salary, post salary, project bonus, subsidy, overtime payment and other items. Upholding the principle of equal pay for equal work, fairness and reasonableness, the Group encourages employees at all levels to perform their duties diligently, and work more and earn more within the scope of the Group's jurisdiction and individual capabilities to increase their income. According to the Social Insurance Law of the People's Republic of China and Regulation on the Administration of Housing Accumulation Funds, we pay social insurance and housing provident fund for employees on time, and provide a series of benefits such as lunch subsidies, communication subsidies, entertainment subsidies, etc. to enhance the sense of well-being and belonging of employees. In terms of holiday benefits, according to relevant regulations, in addition to statutory holidays, employees also enjoy paid holidays such as annual leave, sick leave, maternity leave, marriage leave and funeral leave.



PEOPLE-ORIENTED – CARE FOR EMPLOYEES





PEOPLE-ORIENTED – CARE FOR EMPLOYEES

Improving Employee Development Platform

Viva Biotech regards employee development as the driving force for the sustainable development of the Company, devotes itself to nurturing high-quality talents and teams, and provides sufficient development support and space for employees. We have established a sound training system and continuously improved the training system, optimized the career development channel of employees, strengthened the professional capability of employees, realized mutual growth of employees and the Company, and ensured the quality of service and drug research and development of the Group.

Vocational training

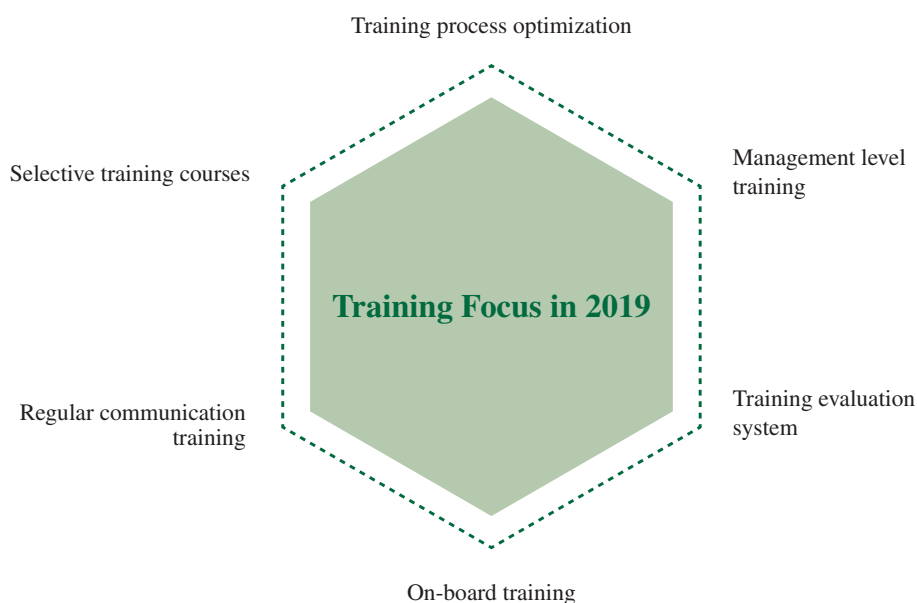
In order to align with the development goals of Viva Biotech and enhance the capabilities of employees, the Group has clarified the training management regulations in the Human Resources Manual and standardized the implementation process of the annual training plan, including the investigation of training requirements, the formulation of the annual training plan, the organization and implementation of the training and the evaluation of the training results. Through strict and standardized process management, the Group has improved the feasibility of the training plan, training organization and service level to ensure satisfactory training results, thus boosting the quality of the Group's employees and enhancing the adaptability and competitiveness of the Company. According to the Group's training demands, we provide appropriate trainings for different training targets, including induction training for new employees, safety training, chemical research and development training, biological research and development training and management training, etc. to meet the diverse training needs of employees and improve their professional skills.

Vocational Training System of Viva Biotech





PEOPLE-ORIENTED – CARE FOR EMPLOYEES



The trainings should clearly define the training objectives and targets, strive for comprehensive coverage and highlight focus. Training content should be continuously enriched in the actual trainings, training forms should be expanded and training process should be optimized to improve the training effect;

With the recruitment of more employees, it was necessary to conduct various training programs before, during and after employment to help them bridge the adaptation period;

To improve the employees' professional awareness and quality, enhance their active working attitude and team communication skills, professionalism and service concept, and strengthen their professional standards;

Based on the management level of management personnel, to improve their active working attitude and team cooperation and communication capability, enhance professionalism and service concept, and strengthen their professional standards;

To strive to provide new employees with basic training within one month of employment, including company introduction, corporate culture, rules and regulations, laboratory safety standards, fire fighting knowledge, etc., to enable them to quickly integrate into the environment of the Company;

To make full use of and integrate external training resources, provide more targeted, practical and effective training courses, arrange relevant personnel to actively participate in learning, and encourage participants to share within the Company to enhance the training effect;

To constantly improve the training process and system, strengthen training assessment and incentive, establish training feedback and effect evaluation mechanism, and improve the training management and implementation system.



PEOPLE-ORIENTED – CARE FOR EMPLOYEES

Depending on the completion of the trainings, the Group regularly conducts assessment and evaluation, and evaluates the overall learning achievement in combination with the subsequent work performance of the trainees to ensure the training effect. We also apply the results of training and assessment as the basis for personnel activities such as job transfer, rank adjustment and performance assessment.

	Employees trained	Number of employees trained	Number of employees	Percentage
By category	Other employees	33	117	28.2%
	R&D personnel	291	614	47.4%
By gender	Female	149	324	46.0%
	Male	175	407	43.0%

Safety Training for Fresh Graduates

In order to further strengthen employees' awareness of fire safety and laboratory safety, make every effort to popularize safety knowledge and improve safety operation skills, Viva Biotech carried out large-scale fire safety training and drills, and a series of laboratory safety standard training during the period from July to August 2019, being the peak season for fresh graduates to commence employment. During the trainings, we launched an all-round safety culture construction for new employees on the topics of basic knowledge of safety in production, cause analysis of safety accidents, laws and rules of safety in production and relevant national laws to strengthen the awareness of safety in production and reduce occupational health and safety risks. The lecturers vividly explained the importance of safety through videos, pictures and live demonstrations based on the fire cases in recent years.

The trainings were easy to understand but with far-fetching significance and the cited cases and knowledge were well comprehended by the employees. The employees further improved their safety awareness and mastered safety skills, such as fire prevention, firefighting, escape, self-rescue and standardized use of dangerous goods and learnt how to ensure the safety of daily experiments, firefighting and coping with emergencies, which strengthened their safety production awareness, and ensured smooth rollout of subsequent work.



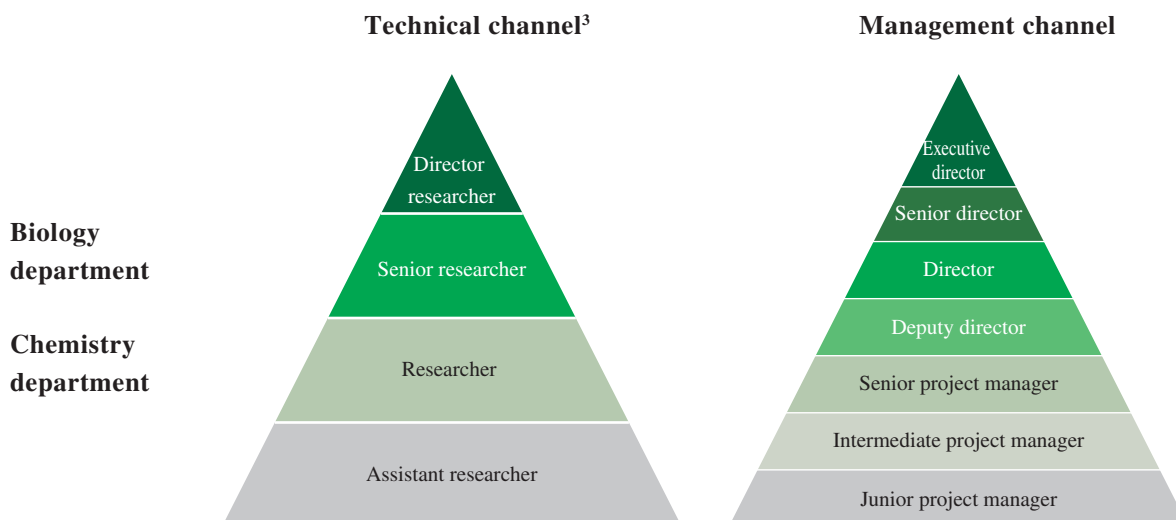


PEOPLE-ORIENTED – CARE FOR EMPLOYEES

Career development

In order to effectively promote the construction of the Group's talent echelon, we attach great importance to the professional development of employees, and have established a dual-channel development path for technical posts and management posts to support employees to make suitable choices based on the development needs of the Company and their own advantages, so as to provide promotion opportunities for employees with both integrity and ability, excellent performance, achievements or special talents.

The personnel of the research and development department of the Group may get promoted through two channels: technical and management path, which go parallel with multiple levels and clear promotion steps.



³ Including multiple levels.



PEOPLE-ORIENTED – CARE FOR EMPLOYEES

In addition, in order to further stimulate the enthusiasm of employees, Viva Biotech also recognizes outstanding teams and employees each year based on their work performance and establishes the following awards:



Team awards

- Best Contributing Department
- Excellent Management Department
- Outstanding Performance Team
- Excellent Project Team
- Excellent Investment Analysis Team
- Excellent Incubator Project Team
- Outstanding Safety Management Team Award
- Excellent Support Group



Individual awards

- Safety Contribution Award
- Excellent Project Manager
- EFS Business Unit Outstanding Individual
- Outstanding Fresh Graduate
- Outstanding Back-Office Supporter



PEOPLE-ORIENTED – CARE FOR EMPLOYEES

Colorful Employee Activities

Cultivating employees' sense of belonging constitutes an important part of Viva Biotech's corporate culture construction. The Group actively organizes sports and recreational activities to enrich the life of employees after work, promote communication among employees, relieve work pressure, enhance employees' connections, improve team cohesion, build harmonious and cooperative working relationships, and enable employees to have a stronger sense of belonging in the dynamic family of Viva Biotech.

10th Anniversary Celebration and 2019 Annual Meeting of Viva Biotech Holdings

The 10th anniversary celebration and 2019 annual meeting of Viva Biotech Holdings was held on January 25, 2019. Various departments, employees of Viva Biotech and guests gathered together to celebrate the grand ceremony of the annual meeting.





PEOPLE-ORIENTED – CARE FOR EMPLOYEES

Zhangjiang Family Carnival

In order to strengthen the emotional communication between employees and their children, on August 24, 2019, Viva Biotech held the family activity themed “surrounding kids with love” together with the preparatory group of Shanghai Scientific Innovation Office Trade Union.



Sports Activities

Viva Biotech organizes employees to take part in the Zhangjiang Cup Football Match to enrich their leisure life, promote communication among employees after work, and establish dynamic teams.





PEOPLE-ORIENTED – CARE FOR EMPLOYEES

Afternoon Tea Birthday Party Activities

Viva Biotech holds afternoon tea and birthday parties on a regular basis, to allow employees to enjoy delicious food, have pleasant chats and entertainment and enhance team cohesion.



Department Team Building Activities

After intense work, departments of Viva Biotech actively organize various activities to enrich employees' life, refresh their body and mind and enhance exchanges.





GREEN OPERATION – ADHERING TO ENVIRONMENTAL PROTECTION

Systematic Green Management

As a good corporate citizen, while focusing on corporate growth, Viva Biotech regards environmental protection and green development promotion as important aspects of corporate responsibility and advocates green management and environmental protection. The Group strictly abides by the Environmental Protection Law of the People's Republic of China, Law of the People's Republic of China on Environmental Impact Assessment, Water Pollution Prevention and Control Law of the People's Republic of China, Atmospheric Pollution Prevention and Control Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes and other relevant laws and regulations. During the Reporting Period, the Group was not aware of any cases of violation of environmental protection laws and regulations.

In order to effectively control the discharge of waste water, waste gas, solid wastes (“**Three Wastes**”) and sundries generated in the production and operation of the Group, reduce the volume of various wastes, mitigate pressure on the environment and maintain environmental quality, Viva Biotech has formulated Environmental Protection Management Rules to clearly define the environmental protection responsibilities and specific management measures for each department. In particular, according to the national and local environmental assessment requirements, we focus on sewage, waste gas and solid waste treatment, and regularly inspect and maintain the treatment equipment to ensure smooth running. We also carry out annual emission tests and conduct strict inspection on Three Wastes generated from laboratories in various regions regularly each year.

Comprehensive Green Action

Resource and energy management

The major resources used in the operation of the Group include water, electricity, petrol and paper. In order to ensure the rational use of resources and reduce operating costs and energy consumption, the Group has formulated the Proposal for Energy Conservation and Emission Reduction to promote a series of green office measures, aiming at cultivating employees' sense of responsibility and environmental protection and creating a sound atmosphere for energy conservation and emission reduction.



GREEN OPERATION – ADHERING TO ENVIRONMENTAL PROTECTION

Electricity Consumption Management

- Try to use less lighting lamps during hours of good natural light and make full use of natural light sources.
- The air conditioning temperature shall not exceed the standard, i.e., not lower than 26°C in summer and not higher than 20°C in winter. Close doors, windows and ventilation fans when the air conditioner is turned on to prevent running of the air conditioner while doors and windows are open.
- To encourage turning on the air conditioner one hour later at work every day and turn it off 20 minutes before off-duty, when temperature in the office will last for a period of time to the extent that work of indoor personnel is not affected and electricity is saved.
- Use computers according to scientific principles. Turn off unused programs to reduce hard disk workload; adjust the brightness of the monitor to medium to protect the monitor, save electricity and protect eyesight; shorten the period for initiating sleep mode for temporarily idle computers and turn off power supply when the computer is not used.

Water Management

- Cultivate a good habit of using water, enhance the awareness of water conservation, turn the faucet to the smallest angle possible when using water, and turn it off after using to prevent “running” and “dripping” water.
- Encourage employees to obtain drinking water from water dispenser as needed to avoid waste.

Office Supplies Management

- Make full use of network resources to transfer documents and save every piece of paper. Except for important documents, adopt double-sided printing for other materials and avoid printing or copying materials unrelated to work.
- Set up waste paper recycling boxes in the office. Put the paper, waste newspapers, waste books, etc. that have been fully utilized into the recycling box, and make full use of the resources that can be recycled.
- Encourage bringing self-owned cups and save disposable cups. Advocate use of more handkerchiefs, towels, etc. to reduce the use of paper towels.
- Advocate repairing the old and reuse the waste. Repair office supplies, equipment, etc. that can be reused in a unified way to save resources and reduce waste to the greatest extent.

Office Environment Management

- List items that are harmful to human health and the environment and post them in the office. Inform all employees of the storage location and safety instructions of hazardous materials.
- Place photocopiers and shredders in ventilating areas to avoid affecting staff’s office work and prevent noise and air pollution.
- Make full use of office space for greening, place green plants in public areas, beautify the green environment and keep the office environment clean and fresh.



GREEN OPERATION – ADHERING TO ENVIRONMENTAL PROTECTION

The table below sets out the environmental performance⁴ of the Group's use of resource and emissions during the Reporting Period⁵:

Resources Consumption		
Water consumption ⁶	18,503.00	ton
Water consumption density	52.27	ton/RMB1 million of revenue ⁷
Electricity consumption	3,414,394.00	kWh
Electricity consumption density	10,567.61	kWh/RMB1 million of revenue
Petrol consumption	9,710	liter
Petrol consumption density	30.05	liter/RMB1 million of revenue
Greenhouse Gas Emissions		
Vehicle emissions (scope 1) ⁸	22.40	tCO ₂ e
Electricity consumption emissions (scope 2) ⁹	2,083.12	tCO ₂ e
Forestry emission reduction	0.35	tCO ₂ e
Total greenhouse gas emissions	2,105.17	tCO ₂ e
Total greenhouse gas emission density	6.52	tCO ₂ e/RMB1 million of revenue
Vehicle Air Pollutants Emissions ¹⁰		
CO emissions	47.99	kg
NO _x emissions	2.22	kg
SO _x emissions	0.15	kg
PM _{2.5} emissions	0.31	kg
PM ₁₀ emissions	0.32	kg

⁴ Environmental performance data include the Group's headquarters in Shanghai and subsidiaries in Jiaxing, Zhejiang and Chengdu, Sichuan.

⁵ As the Group issues its first ESG report during the Reporting Period, there were no historical relevant environmental data and results.

⁶ The Group's water resources are obtained from the municipal water network and did not encounter any issues related to sourcing water.

⁷ During the Reporting Period, the Group's revenue was RMB323.1 million.

⁸ The greenhouse gas (scope 1) emissions were calculated with reference to the Accounting Methods and Reporting Guidelines of Greenhouse Gas Emissions of Land Transport Enterprises (Trial) issued by the Ministry of Environmental Protection of the People's Republic of China.

⁹ The greenhouse gas (scope 2) emissions were calculated with reference to the Notice on 2018 Carbon Emission Report and Verification and Emission Monitoring Plan-2018 Model Carbon Emission Supplementary Data Accounting Report issued by the Ministry of Ecological Environment of the People's Republic of China in 2019.

¹⁰ The specific vehicle air pollutants emissions were calculated with reference to the Technical Guide for Compilation of Emission Inventory of Road Vehicles (Trial) issued by the Ministry of Environmental Protection of the People's Republic of China.



GREEN OPERATION – ADHERING TO ENVIRONMENTAL PROTECTION

Waste management

The Group is fully aware of the potential risks to the environment caused by improper treatment of hazardous chemical wastes generated in the research and development process. Therefore, the Group strictly abides by relevant laws and regulations, such as Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes and Directory of National Hazardous Wastes when dealing with hazardous waste generated in operation, adheres to the management principle of “unified collection, classified disposal, centralized incineration and elimination of hidden dangers”, establishes and strictly implements the Hazardous Waste Management System and achieves the goal of “reduction, recycling and neutrification” of hazardous waste. In the Hazardous Waste Management System, we have made detailed regulations on the inspection, warehousing, storage, collection and transportation of hazardous wastes to ensure standardized management of each link of hazardous waste treatment. After centralized recycling, the hazardous wastes will be delivered to professional third parties for treatment and transportation, thus effectively reducing the negative impact on the environment. The Safety Management Department of the Group also takes effective occupational protection measures, formulates emergency plans in case of accidents, and actively implements drills.

For non-hazardous wastes generated in the operation of the Group, we strictly follow Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes and make guiding instructions on the collection, storage and treatment of wastes, and classify them into four types: recyclable, hazardous, wet and dry wastes for storage, recovery and unified treatment according to the hazards to the environment and the regulatory requirements for waste classification.



GREEN OPERATION – ADHERING TO ENVIRONMENTAL PROTECTION

Set out below is the environmental performance of waste emissions during the Reporting Period:

Solid Waste

Non-hazardous waste

Waste paper	313.00	kg
Waste paper density	0.97	kg/RMB1 million of revenue
Office waste	1,912.00	kg
Office waste density	5.92	kg/RMB1 million of revenue

Hazardous waste

Laboratory liquid hazardous waste ¹¹	121.00	ton
Laboratory liquid hazardous waste density	0.37	ton/RMB1 million of revenue
Laboratory solid hazardous waste ¹²	25.00	ton
Laboratory solid hazardous waste density	0.08	ton/RMB1 million of revenue
Waste ink cartridge	30	piece
Waste ink cartridge density	0.09	piece/RMB1 million of revenue
Waste fluorescent tubes	50	piece
Waste fluorescent tubes density	0.15	piece/RMB1 million of revenue
Waste electronic products	6	piece
Waste electronic products density	0.02	piece/RMB1 million of revenue
Waste battery	89	piece
Waste battery density	0.28	piece/RMB1 million of revenue

¹¹ Wastes from chemical and biological laboratories in research and development, i.e. wastes numbered 900-047-49 in the National List of Hazardous Wastes.

¹² Wastes containing or contaminated with toxic and infectious hazardous wastes, such as discarded packaging materials, containers and filtration and adsorption media, i.e. wastes numbered 900-041-49 in the National List of Hazardous Wastes.



CONTRIBUTING TO COMMUNITIES – ACTIVELY GIVING BACK TO SOCIETY

The Group is committed to integrating its own business with social benefits, creating economic value while giving back to society and rising up to social challenges. We give full play to our business advantages, vigorously promote joint construction and cooperation with other industries and enterprises, actively participate in social welfare activities, and contribute to communities in various fields.

Run in Blue Charity Activity

Viva Biotech sponsored and actively organized employees to participate in the Run in Blue charity activity on November 23, 2019. The charity activity aimed to support and care for children with leukemia. Through participating in the charity activity, Viva Biotech hoped to spread love to more people in need and continue to pass on love. On the date of the activity, employees of Viva Biotech enthusiastically participated in the running, who were well prepared with the countdown of the activity and shed sweat for love.





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ESG aspects, general disclosures and KPIs			Chapter
Environmental			
A1: Emissions	General Disclosure		Systematic Green Management
	KPI A1.1	The types of emissions and respective emissions data.	Comprehensive Green Action
	KPI A1.2	Greenhouse gas emissions in total and density.	Comprehensive Green Action
	KPI A1.3	Total hazardous waste produced and density.	Comprehensive Green Action
	KPI A1.4	Total non-hazardous waste produced and density.	Comprehensive Green Action
	KPI A1.5	Description of measures to mitigate emissions and results achieved.	Comprehensive Green Action
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Comprehensive Green Action
A2: Use of Resources	General Disclosure		Systematic Green Management
	KPI A2.1	Energy consumption in total and density.	Comprehensive Green Action
	KPI A2.2	Water consumption in total and density.	Comprehensive Green Action
	KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Comprehensive Green Action
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Comprehensive Green Action
	KPI A2.5	Total packaging material used for finished products and with reference to per unit produced.	Not applicable as the business of the Group does not involve packaging finished products.



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ESG aspects, general disclosures and KPIs			Chapter
A3: Environment and Natural Resources	General Disclosure		Systematic Green Management
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Group's business activities have no significant impact on the environment and natural resources
Social			
B1: Employment	General Disclosure		Standardized Employment Management
	KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Standardized Employment Management
B2: Health and Safety	General Disclosure		Safe and Comfortable Working Environment
	KPI B2.1	Number and rate of work-related fatalities.	Safe and Comfortable Working Environment
	KPI B2.2	Lost days due to work injury.	Safe and Comfortable Working Environment
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Safe and Comfortable Working Environment
B3: Development and Training	General Disclosure		Improving Employee Development Platform
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Improving Employee Development Platform



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ESG aspects, general disclosures and KPIs			Chapter
B4: Labor Standards	General Disclosure		Standardized Employment Management
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Standardized Employment Management
B5: Supply Chain Management	General Disclosure		Standardized Supply Chain Management
	KPI B5.1	Number of suppliers by geographical region.	Standardized Supply Chain Management
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Standardized Supply Chain Management
B6: Product Responsibility	General Disclosure		Product Responsibility – Promoting Business Development
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable as the business of the Group does not involve product recalls.
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Quality Customer Service
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Comprehensive Intellectual Property Protection
	KPI B6.4	Description of quality assurance process and recall procedures.	Reliable Service Quality
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Strict Information Security Management



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ESG aspects, general disclosures and KPIs			Chapter
B7: Anti-corruption	General Disclosure		Operating with Integrity
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Operating with Integrity
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Operating with Integrity
B8: Community Investment	General Disclosure		Contributing to Communities – Actively Giving Back to Society
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Contributing to Communities – Actively Giving Back to Society



维亚生物科技控股集团
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