Response from Sinovation Ventures

The Business & Human Rights Resource Centre invited Sinovation Ventures to respond to questions posed by Amnesty International in the course of research for a report into the human rights due diligence of venture capital firms.

- "Risky Business: How leading venture capital firms ignore human rights when investing in technology," *Amnesty International*, July 2021 https://www.amnestyusa.org/wp-content/uploads/2021/07/Risky-Business-How-Leading-VC-Firms-Ignore-Human-Rights-When-investing-in-Tech-Final-1.pdf

The request highlighted the report's finding that Sinovation's ESG policy "does not detail what specific environmental, social and governance standards they take into account in their investment decision-making process, in particular the extent to which these standards incorporate human rights concerns. The ESG policy also states that the firm "monitor[s] these issues in most of our portfolio companies," yet does not provide any details about how such monitoring takes place."

On 9 October 2021, Sinovation Ventures sent the following response:

"Please find a summary of our ESG approaches as below:

1. Policy & Commitments

Considering the length of the full version of our ESG policy, we put a summary of ESG policy on the website. In our daily practice, we use detailed procedures and tools, continuously applied them to cover ESG related risks, e.g. an Industry Screening Checklist to avoid investing in industry with significant negative externalities and a Risk Assessment Tool to identify the ESG risks (human rights risks included) of the portfolio company.

We also have internal policy (included in staff handbook, HR policy, anti-harassment policy, etc.) to protect our employees' human rights. Our Chief Compliance Officer and ESG officer take the responsibility for ensuring compliance with ESG and human rights policies.

2. Due Diligence

Based on the ESG risks identified in initial screening, we perform further investigations (due diligence). During the ESG due diligence, we may use desktop review, site visit and external expert's work to understand portfolio companies' business, and assess portfolio companies' ESG risks.

As post-investment monitoring process of ESG risks, while we ask our portfolio companies to report to us any ESG incidents, we also use a search engine designed by 3rd party company to collect information regarding all our portfolio companies. While we continually pay attention to the ESG risks of our portfolio companies, we have not had any disposal case which is mainly due to human rights issues.

3. Term Sheets

As an early phase document in our investment process, Term Sheet usually does not include ESG criteria because we still need due diligence to identify and assess the ESG risks of the portfolio companies. When the Investment Committee decides to make the investment, which mean the ESG risks are relatively low and controllable, the management of portfolio companies

could be required to make covenant to make improvement on related ESG problems (if applicable) while we move into SPA (Share Purchase Agreement) process.

4. Megvii

We invested in Megvii in 2013 because it is a leading computer vision artificial intelligence technology company. As an investor, we believe that technology is neutral.

To our knowledge, Megvii provided Buzzfeed with clarifications and statements in the 2018 article that were not quoted in your report. As a minority shareholder, we are not in a position to respond officially on behalf of Megvii. You may find Megvii's announcement as below: https://mp.weixin.qq.com/s/Oe83qABLPwEhDVv-j_rmjg"