



## **Everbright Belt & Road Green Investment Fund: Aiming at Carbon Neutrality and Practicing ESG**

4 March 2021 — China Everbright Limited ("Everbright" or the "Company", stock code: 165.HK)'s subsidiary fund, the Everbright Belt & Road Green Investment Fund ("Everbright Green Fund"), recently held a meeting with the China Investment Association's Equity and Venture Capital Investment Committee to discuss the understanding and practice of carbon neutrality of Everbright Green Fund.

Everbright Green Fund believes that carbon neutrality is the general development trend of China and the world. In view of this, Everbright Green Fund will make long-term and value investment decisions along the path of carbon neutrality. According to the analysis of Everbright Green Fund, China's carbon neutralization path mainly focusses on energy decarbonization, that is, replacing fossil energy with non-fossil energy, and then industrial decarbonization, including replacing most of industry's energy needs with hydrogen energy, in order to meet the energy needs of the hard-to-electrify parts of the industry. Energy saving and emission reduction, carbon capture and other technological applications are also highlighted areas in terms of technological implementation.

Therefore, Everbright Green Fund aims to proactively lay out high-quality industrial tracks to achieve carbon neutrality, focusing on the following areas:

- The key areas of energy decarbonization include: integration and optimization of photovoltaic and wind power industry chains, new products and technologies, construction and operation of downstream power generation projects, technological breakthroughs and business model innovation in supporting energy storage fields.
- The key areas of transport decarbonization include: structural growth opportunities of new energy vehicle supply chain, core technological breakthroughs, post-sales market (charging pile, electricity exchange) business model innovation and hydrogen energy vehicles, and fuel cell technology breakthroughs.
- The key areas of industrial and building decarbonization include: new technologies for energy conservation and emission reduction, technological breakthroughs in hydrogen production, storage and transportation, business model innovation for prefabricated buildings, and new building materials.
- The key areas of life decarbonization include: plant protein products, bioplastics, biochemical fibers and other new materials for decarbonization, recycling and utilization of plastics and other end-of-life consumer goods and garbage classification.

Everbright Green Fund realizes that ESG is an important approach to carry out green investment and achieve carbon neutrality. Therefore, Everbright Green Fund has built the first equity investment fund in China to adopt the ESG standard completely. The main achievements include:



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1. The fund leads the industry standard and laid the foundation of ESG. The Everbright Green Fund team, together with Ernst & Young and other world-class advisory institutions, has designed an ESG investment system with the characteristics of Everbright Green Fund, creating China's first domestic equity investment fund to fully adopt ESG standards, which has filled the gap in the industry. Of note is that in the investment sector, Everbright Green Fund, on the basis of formulating an ESG negative exclusion list according to the standards of the International Finance Corporation, gives full play to the characteristics of green financial instruments and formulates four major investment directions, namely, green environment, green energy, green manufacturing and green life.

2. The fund plays the role of fund-of-funds ("FoF") and expands ESG dissemination. Everbright Green Fund adopts the combination mode of "upper parent fund + local direct investment sub-fund", through the development of FoF investment and the establishment of local direct investment sub-fund, to guide the invested fund and local partners to carry out ESG investment.

3. With the help of Everbright Group's comprehensive financial advantages, the fund has enhanced the influence of ESG. Everbright Green Fund's experience in practicing ESG can achieve leverage amplification and deepen its impact by means of investment-credit linkage and issuing of green bonds.

4. The fund optimized ESG practice with the help of its industrial support advantages. The industrial layout of Everbright Group in many fields, such as Everbright Environment, China Youth Travel, Cachet Pharmaceutical and Terminus, provides solid industrial support for ESG investment.

To sum up, Everbright Green Fund, generated from the "Belt and Road" summit, promotes the "double cycle" with "internal circulation" and helps to build a green "Belt and Road".

Firstly, we should give full play to the amplification characteristics of the top level parent fund, and invest directly in the sub fund in the important "one belt and one road" node, and cooperate with local state-owned enterprises and listed companies to improve the green low carbon cycle economic development system. At present, direct investment funds in Shaanxi, Tianjin and other places are actively promoting such.

Secondly, the fund promotes "double circulation" by "internal circulation". On the one hand, Everbright Green Fund promotes a higher level of opening to the outside world and introduces overseas technology and overseas enterprises in China. On the other hand, relying on the advantages of the large-scale domestic market, we should focus on cultivating innovative domestic technology and business models, and promote China's technology, services and solutions to "go all out".

Thirdly, the fund promotes cooperation in the "Belt and Road" summit. The Everbright Green Fund and the Green Finance Committee of the China Finance Society ("Green Finance Committee") led the "green investment principle (GIP)" for the second "Belt and Road" International Cooperation Summit Forum. The fund supports the invested enterprises to establish and continuously improve the ESG system, participate in international cooperation, and realize the comprehensive connection between the domestic ESG system and the green "one belt and one road" construction.