



Everbright's Belt & Road Green Fund Creates an Equity Investment "Flagship" Brand That Fully Adopts ESG Investment Standards

19 September 19 2020 - At the annual meeting of the Green Finance Committee, China Society for Finance and Banking, the Belt & Road Green Fund, led by China Everbright Group, initiated and managed by China Everbright Limited, introduced how to develop an ESG investment system and built the first domestic fully adopted ESG investment standard equity investment fund.

The Everbright Belt & Road Green Investment Fund is one of the summit results officially announced by General Secretary Xi Jinping at the second "Belt and Road" Forum for International Cooperation in April 2019. It is also the only practical result of investment led by commercial financial institutions. The "Belt and Road" initiative provides strong support for the construction of a green financial system. The first "Everbright Belt & Road Green Investment Fund" is the only one that has been approved to use the new theme of "Belt & Road" in China in recent years.

China Everbright's Belt & Road Green Fund launched the first phase of its RMB 10 billion domestic fund, and plans to close for the first time in the near future. The fund adopts a combination structure of "upper level of fund of funds (FoF) + local direct investment funds". Joining with the key provinces and cities along the "Belt & Road" within the country, to help build a new domestic and international dual-cycle development pattern. The fund team will work in conjunction with world-class intermediaries, benchmarked global leading PEs and FoF, design a complete ESG system covering investment decision-making, post-investment management, project exit and other parts, and create the "Flagship" of ESG equity investment through the following three characteristics.

Firstly, adopt the "Green & Positive list" model to formulate investment directions. On the basis of the traditional "negative elimination" ESG investment standard, the fund has made further explorations around the characteristics of its own green financial instruments, and set four key investment directions: Green Environment, Green Energy, Green Manufacturing, and Green Life; also, more than 40 ESG investment screening criteria have been designed for the 12 representative segmentation tracks.

Secondly, amplify the amount of funds and impact of ESG investment from five dimensions. In the vertical plane, the two dimensions of FoF investment and direct investment by invested funds



have been enlarged. Horizontally, promote three-dimensional expansion: direct ESG investment through local direct investment funds of Belt & Road Green Fund; promote ESG investment through collaboration with Everbright enterprises; and actively guide local government LPs to incorporate ESG factors into investment decision-making considerations through cooperation.

Thirdly, fully integrate the green investment principles of the “Belt and Road” initiative. The fund and the "Belt and Road" green investment principles reflect the outstanding synergy of the second "Belt and Road" Forum for International Cooperation. While supporting the development of international competitiveness of domestic enterprises, the fund assists enterprises in establishing and continuously improving ESG systems, in order to promote ESG standards and to "go global" with Chinese technology, equipment and solutions as well as helping domestic enterprises, ESG standard systems and comprehensive docking of the green "Belt and Road" initiative.

ESG is an abbreviation for the three words of Environmental, Social and Governance. ESG standards refer to incorporating these non-financial performances into investment decision-making considerations. Research shows that by realizing the combination of commercial benefits and social value, the long-term performance of ESG investment is more prominent, and downside risks are more controllable.