



China Investment Corporation (CIC): A Case Study in Climate Action

Editor's Note: Guided by China's "dual carbon" goals and propelled by breakthroughs in electric vehicles, battery technologies, and renewable energy deployment, the country is emerging as a global leader in climate action. This momentum is reflected not only in the rise of internationally recognized brands such as BYD and CATL, but also in cross-border collaborations such as XPeng's partnership with Volkswagen. Cross-national cooperation is fast becoming a critical pathway for advancing global climate progress. Against this backdrop, China's asset owners are playing a pivotal role. As the world's third-largest sovereign wealth fund, China Investment Corporation (CIC) has, since 2025, fully embedded sustainability into its investment strategy, signaling a comprehensive commitment to climate and sustainable development. This article, authored by Sissi Wang of New York University, is part of the Sustainable Finance Institute's (SFI) global research on asset owners and climate action.

From Reserve Manager to Climate Actor

When CIC was established in Beijing in 2007, its mandate was clear: diversify China's foreign exchange reserves and deliver long-term financial returns. Few would have predicted that, just over a decade later, this sovereign wealth fund—long associated with financial prudence—would emerge as a central player in global climate investment.

The turning point came with the announcement of China's dual carbon goals. For a fund managing more than USD 1.3 trillion in assets, investment choices ceased to be purely financial—they became strategic levers to align markets with sustainability. CIC's transformation since 2017 illustrates how a mega-institution, grounded in traditional finance, has found its footing in the global wave of sustainable investment.

Act I: Strategic Awakening

Initially, CIC's approach to ESG was tentative. In 2017 it launched carbon neutrality and ESG studies—essentially monitoring trends. Within a few years, however, this inquiry became a strategic imperative.

By 2021, CIC released its first corporate-level climate and sustainability strategy. Two years later, it had introduced a Sustainable Investment Policy and an Operational Carbon Neutrality Action Plan, pledging carbon neutrality across its operations by 2025.

The message was clear: as steward of national capital, CIC could no longer passively track ESG trends. It needed to actively channel capital toward sustainable, long-term value creation—without compromising risk management.



Act II: Turning Portfolios into Impact

CIC's strategy is not confined to policy documents. It translates into real-world investment decisions through three main channels:

- **Thematic investment and differentiated strategies:** Public market mandates for ESG indices and active managers; private market commitments to green impact funds, climate vehicles, and forestry carbon sinks. A notable case: investment in an Asian biofuel firm converting waste into energy—an emblem of “decarbonization plus industrial upgrading.”
- **Carbon management:** Asset-level carbon audits and exploratory methodologies for private market emissions, aligning with global best practices and laying the foundation for portfolio targets.
- **Pilot programs:** Biodiversity conservation, rural revitalization, and a decarbonized equity portfolio—all combining finance with broader environmental and social priorities.

Unlike many peers, CIC resists the temptation to reduce emissions on paper by selling carbon-intensive holdings. Instead, it pursues long-term engagement and governance, leveraging patient capital to drive genuine decarbonization.

Act III: Fujian's “Eco-Value Carbon Sink+”

One standout initiative is CIC's “Eco-Value Carbon Sink+” project in Jianyang, Fujian Province.

Spanning 13 towns and 124 villages, the project aims to sequester one million tons of CO₂ equivalent over 20 years, valued at roughly RMB 70 million. Beyond carbon trading, it integrates technology, finance, and sustainability education.

A hallmark is its fair benefit-sharing mechanism, enabling local forestry managers and villagers to participate in revenues. This created jobs and tied climate action directly to rural revitalization.

International observers were struck: it is rare for a sovereign wealth fund to drive a “village-level” carbon model. CIC's approach underscores its dual identity—as both global investor and executor of national strategy.

Act IV: In Dialogue with Global Peers

Placed against its international counterparts, CIC offers a striking contrast:

- **Norway's NBIM:** Its 2025 Climate Action Plan ties financial returns to sustainable development, mandating portfolios align with net-zero.
- **Japan's GPIF:** Expands ESG and impact investment through an open application system.

CIC, by contrast, refrains from portfolio-level net-zero commitments, wary of distorting capital allocation. Its preference: long-term ownership and engagement to encourage corporate decarbonization.



This divergence reflects systemic differences: Western funds emphasize market transparency and disclosure; CIC emphasizes long-term relationships and industrial guidance. Yet by 2025, NBIM, GPIF, and CIC had all adopted comprehensive climate action—signaling sustainable investment’s arrival as mainstream.

Act V: Lessons Learned

CIC’s experience offers several insights:

1. **Climate investment is a necessity, not an option.** CIC’s shift was not voluntary but a structural response to policy, strategy, and market forces.
2. **Sovereign funds have catalytic power.** CIC’s entry into a sector attracts institutional capital, creating multiplier effects.
3. **Long-termism outperforms quick fixes.** CIC favors genuine transformation over cosmetic portfolio decarbonization.
4. **The Chinese model’s distinctiveness.** Linking climate finance with rural revitalization and embedding community benefits provides a replicable template for emerging markets.

Looking Ahead

As the global climate crisis intensifies—spanning energy security, natural disasters, and green industrial competition—sustainable investment has become the dominant theme of capital markets.

CIC’s trajectory demonstrates that mega-asset owners are no longer mere financial managers. They are now central actors in climate governance. Whether through forestry carbon sinks in Jianyang or green funds across global markets, CIC’s story is no longer only about returns. It is about capital actively shaping a sustainable future.

References:

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