

## **Speech at Roundtable on the Role of Sustainable Finance in High Quality Development of Belt and Road**

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I appreciate the insightful remarks made by Chairman Zhou Xiaochuan and other speakers. I'm going to talk about CIC's experience on investing in Belt and Road projects, and also share my views on the role of sustainable finance in high quality development of the Belt and Road.

At present, with ample liquidity around the globe, the capital raised by PE funds but not yet invested has hit record high. On the other hand, major funding gap exists in localities along the Belt and Road, a problem that was further amplified due to the pandemic. Against the backdrop of rising local protectionism around the globe and the specter of Covid-19, China unwaveringly conducted investment in the Belt and Road countries last year against major headwinds, showing the resilience and potential of such economic cooperation. As a long-term institutional investor, CIC is very positive about the long-term growth prospects of Belt and Road projects, and proactively mined opportunities in this field. Here I would like to share our practices.

**First, advance integration of industry and finance with expertise.** As a financial investor, CIC aims to form partnerships

with enterprises in industries we invest in to jointly avert risks and share returns. For example, we assembled a consortium with such enterprises from the US and Korea to invest in a power generation facility in Vietnam, which has been completed and put into production; We engaged in deep cooperation with two companies associated with maritime shipping from China, and invested in a port in Turkey as a key logistic node, providing strong support for global maritime trade. We also worked with railway construction companies and financial institutions from China and Laos to build the China-Laos Railway, a major move to expand the pan-Asia railway network. In these projects, CIC not only provides long-term capital, but more importantly adds international, market-driven and professional solutions to the mix, including designing reasonable trading structure, finding professional partners, building sound governance structure, and adopting advanced management philosophies.

**Second, mobilize international capital through investment cooperation.** As a unique advantage, CIC's network of partners covers all major investment recipient localities and asset classes. Through deepening strategic and comprehensive cooperation with partners, CIC is able to mobilize international capital to invest in Belt and Road localities. For instance, on the geographic front, against the backdrop of declining PE financing in Central and Eastern Europe in recent years, CIC has continuously funded locally renowned PE funds, and motivated international capital to pay attention to and invest in opportunities in this area. On the front of industry, we looked into establishing infrastructure

investment platforms in regions like ASEAN and Latin America, attracting investment from around the globe. On the front of project, we established multiple investment cooperation mechanisms with experienced investment managers deep-rooted in our investment destinations, persistently increasing the breadth and depth of cooperation.

**Third, develop new ways for investment via bilateral funds.**

We have established multiple bilateral funds that operate on market-driven and professional basis with partners from countries like Russia and Italy. Now we are looking into establishing bilateral funds with regions along the Belt and Road. These bilateral funds will remain commercial, focus on comparative advantages and complementarity, and support invested companies to access China's market. In the meantime, we also take advantage of the edges of both sides to invest in third markets, including in localities along the Belt and Road. Based on our practice, bilateral funds can expand bilateral and regional investment and facilitate cross-border investment cooperation with Belt and Road countries.

**Fourth, enhance sustainable development through responsible investing.**

The Belt and Road Initiative is a long-term endeavor. We remain constantly involved as “patient capital”, and gradually established connections with local partners, striving for great economic and social benefit. We firmly practice ESG investment philosophies, incorporating ESG factors into our investment decision-making framework as key metrics

for selecting partners and making investment decisions. For example, after investing in a logistic facility project, we advanced the investee company to act in alignment with international standards, formulate detailed ESG strategies, cut emissions through various means, and upgrade the local network of logistic facilities. Faced with differentiated national conditions, we remain a responsible investor that respects the interests, concerns and public opinions of investment recipient countries, and invest to support local development.

High-quality development of the Belt and Road initiative requires common involvement and efforts. We hope that countries along the Belt and Road strive to protect the reasonable return of investors by fostering better investment environment and forming a virtuous cycle where optimizing investment and financing mechanisms and promoting local economic and social development are mutually reinforcing. CIC stands ready to strengthen cooperation with international and multilateral institutions, policy-driven financial institutions, and industrial companies to develop new ways for jointly advancing the sustainable investment of the Belt and Road Initiative, and relentlessly inject vigor into its high-quality development.

Thank you!