



Project Summary Information

Date of Document Preparation/Updated: 02/23/26	
Project Name	ISQ Growth Markets Infrastructure Fund II
Project Number	P001028
AIIB member	Multi-country
Sector/Subsector	Multi-sector
Alignment with AIIB's thematic priorities	Green infrastructure; Connectivity and Regional Cooperation; Private Capital Mobilization
Status of Financing	Under Preparation
Objective	To mobilize capital and contribute to the development of sustainable infrastructure and enhancement of regional connectivity in AIIB Members in Asia and Latin America ("Latam").
Project Description	<p>The Project proposes a USD50.5 million commitment (including USD0.5 million of estimated equalization interest¹) and co-investment sleeve of up to USD50 million into ISQ Growth Markets Infrastructure Fund II, L.P. ("GMF II", the "Fund"). This is a re-up of ISQ Growth Markets Infrastructure Fund I ("GMF I") which AIIB invested in 2021. AIIB's investments in GMF I has achieved both strong development impact and financial return, which led to the investment proposal for GMF II.² GMF II is the successor fund to GMF I and leverages the same investment strategy and experienced investment team as GMF I.</p> <p>GMF II is an extension of ISQ Global Infrastructure Fund IV ("GIF IV") due to the outsized investment opportunities across emerging markets in Asia and Latam. GMF II targets total fund size of USD3 billion and will primarily focus on mid-market</p>

¹ Equalization is an interest compensation charge that is based on the capital amount from the subsequent investor, at an agreed interest rate, and time apportioned for the time between the initial and subsequent closing. AIIB will be joining the Fund as a subsequent investor and the equalization interest to be paid by AIIB is estimated to be less than USD0.5 million. The estimate is based on the assumptions that: (i) AIIB will commit USD50 million to the Fund with expected closing by March 31, 2026, (ii) ISQ will issue one drawdown before March 31, 2026. The estimate has been made on best effort basis by ISQ and AIIB, but the actual amount might differ. Hence, USD0.5 million is proposed to be included in AIIB's total proposed financing amount to provide buffer for any fluctuations in the estimated amount. The unutilized amount will be canceled at a later stage.

² Past performance is not necessarily indicative of future results.

	<p>infrastructure assets in sectors including renewable energy, digital infrastructure, transportation and urban infrastructure, industrial decarbonization, and utilities. The strategy focuses on a synergistic mix of growth markets across APAC and LATAM, including India, Southeast Asia, Latam and developed Asia.</p> <p>The Fund is managed by I Squared Capital (“ISQ”, the “Fund Manager”), a global infrastructure investor with assets under management (“AUM”) of over USD50 billion.</p> <p>The Fund will be Sustainable Finance Disclosure Regulation (“SFDR”) Article 8 classified.</p>
Expected Results	<p><u>Project Objective Indicators include:</u></p> <ul style="list-style-type: none"> - Private capital mobilized at Fund level - Increase in operational capacity by the Fund’s investee companies, based on company-specific metrics - GHG emissions avoided or reduced by the Fund’s applicable investee companies - Percentage of the Fund’s invested capital used in climate mitigation or adaptation related activities - Percentage of climate-related risk and opportunity reviews at majority-controlled investee companies - Number of projects financed that contribute to cross-border or inter-regional infrastructure links <p><u>Intermediate Results Indicators include:</u></p> <ul style="list-style-type: none"> - Women’s professional development program at GP level - Respectful workplace training at GP level - Employment opportunities at Fund level
Environmental and Social Category	FI
Environmental and Social Information	<p>Applicable Policy and Categorization. AIIB’s Environmental and Social Framework (ESF), including the Environmental and Social Exclusion List (ESEL) and Environmental and Social Standards (ESSs), is applicable to the Project. The Project is categorized as FI, as AIIB’s investment will be made in the Fund, which will invest in subprojects across sustainable infrastructure sectors in emerging markets, including digital infrastructure, power and utilities, transport and logistics, renewable energy, and other core infrastructure. AIIB will delegate to the Fund Manager the responsibility for selection, appraisal, approval, and monitoring of subprojects financed using AIIB proceeds, in accordance with AIIB’s ESF. Consistent with ESEL, investments involving coal mining, coal transportation, or coal-fired power plants, and infrastructure exclusively dedicated to supporting any of these activities, are expected to be excluded. In addition, AIIB is expected to have excuse rights for Category A subprojects. AIIB will conduct prior environmental & social (E&S) review and approval for the first three proposed sub-projects financed with AIIB proceeds and for all activities categorized as Higher Risk, in line with AIIB ESF.</p>

Environmental and Social Instruments. The Fund applies its Sustainability Procedures as its Environmental and Social Management System (ESMS), which is the instrument for this Fund, implemented by the Fund Manager to identify, assess, and manage E&S risks across all Fund investments, including those supported by AIIB. The ESMS is drawn from the Responsible Investment Policy of ISQ³. The Sustainability Procedures are aligned with the IFC Performance Standards (PSs) and apply on a fund-wide basis. It includes E&S screening, categorization, due diligence requirements, development of E&S Action Plans (ESAPs) and E&S Management Plans (ESMPs), and risk-based monitoring. The ESMS also includes requirements for stakeholder engagement, external communication mechanisms, and responsible supply chain considerations. AIIB's due diligence found the ESMS to be materially consistent with the ESF. Certain AIIB specific policy matters such as exclusion list alignment, categorization, disclosure and prior review arrangements will be addressed through applicable legal documentation, without modification to the Fund's ESMS.

Environmental Aspects. There could be diverse potential environmental risks and impacts in the projects where the Fund aims to invest in sustainable infrastructure sectors across Asia and Latin America. The pipeline currently comprises largely of digital infrastructure, power and utilities, transport and logistics, renewable energy, etc. The potential material aspects could range from waste generation (hazardous and non-hazardous), wastewater generation, air emissions, noise generation, resources such as groundwater depletion that could impact the local biodiversity, communities and the environment. As AIIB is expected to have excuse rights for Category A subprojects, the potential E&S risks for AIIB financed subprojects and impacts are generally expected to be site-specific, few if any irreversible, and assessed, managed and minimized through the Fund's ESMS, with appropriate mitigation measures.

Social and Gender Aspects. The Fund's investments are expected to generate positive social outcomes across Asia and Latin America by enhancing access to essential services, improving regional connectivity, and strengthening access to clean and affordable energy. Social risks are primarily indirect and associated with subprojects supported by the Fund. These include labor and working conditions, occupational and community health and safety, stakeholder engagement, land acquisition and involuntary resettlement, and potential impacts on Indigenous Peoples, where applicable. ISQ incorporates gender equality and inclusion into its corporate sustainability approach through an Equal Opportunity and Non-Discrimination Policy, which includes anti-harassment provisions supported by a confidential third-party reporting mechanism. ISQ monitors gender-disaggregated employment data annually. Portfolio companies financed with AIIB proceeds are expected to apply IFC PS2-aligned processes to identify and mitigate labor-related risks, including gender-based risks, with relevant measures included in ESAPs and environmental and social management plans (ESMPs) as applicable in line with the Sustainability Procedures.

Occupational Health and Safety (OHS), Labor and Working Conditions (LWC). The Fund's ESMS includes requirements for identifying and mitigating OHS, labor, and employment-related risks. Potential OHS risks include work at

³ <https://isquaredcapital.com/wp-content/uploads/2024/01/ISQ-RI-Policy-01.26.2024.pdf>

	<p>height, electrical work, storage and handling of hazardous materials, and other construction-related or operational hazards that may pose risks to workers and local communities. These impacts are expected to be localized, temporary, and manageable through appropriate OHS plans and measures. The Fund Manager will review relevant policies and procedures during due diligence and integrate appropriate mitigation measures into ESAPs and subproject ESMPs as applicable.</p> <p>Stakeholder Engagement, Consultation, and Information Disclosure. As part of its sustainability approach ISQ engages regularly with stakeholders including through its sustainability reporting, which includes sustainability performance data. As a signatory to the UN Principles for Responsible Investment (PRI), ISQ provides transparency on sustainability commitments. At the subproject level, the ESMS requires stakeholder engagement proportionate to risks and impacts, consistent with ESS 1. Portfolio companies financed with AIIB proceeds will disclose relevant E&S information in an appropriate and timely manner in line with the Sustainability Procedures.</p> <p>Project Grievance Redress Mechanism (GRM). The Fund Manager maintains an internal grievance mechanism and provisions on its website to enable stakeholders to file concerns serving as an External Communication Mechanism (ECM). The Fund's Sustainability Procedures require portfolio companies to put in place employee and community grievance mechanisms, as the GRM at the Project level, to receive, document, and address external concerns. Each portfolio company financed with AIIB proceeds will be required to establish an accessible GRM for workers and affected communities. Information on the subproject-level GRMs, and AIIB's Project-affected People's Mechanism (PPM) will be timely disclosed in an appropriate manner in the project areas.</p> <p>Monitoring and Reporting Arrangement. The Fund Manager will monitor E&S performance of all Fund investments in accordance with the Fund's Sustainability Procedures. The Fund Manager will provide AIIB with an annual E&S monitoring report (semi-annual for higher risk activities) covering all subprojects financed with AIIB proceeds based on agreed format. AIIB will supervise the Fund's E&S performance and that of AIIB-supported subprojects through review of reports, disclosures, and, where necessary, supervision missions and site visits to selected higher risk activities.</p>		
Proposed Approval Amount	USD100.5 million including USD50 million fund commitment, USD0.5 million estimated equalization interest, and co-investment sleeve up to USD50 million		
Fund Manager	I Squared Capital Advisors (US) LLC		
Estimated date of first disbursement	2Q 2026		
Contact Points:	AIIB		ISQ
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Date of Single Review Decision	February 23, 2026
Estimated Date of Financing Approval	March 2026

Independent Accountability Mechanism	<p>The Project-affected People’s Mechanism (PPM) has been established by the AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB’s failure to implement its ESF in situations when their concerns cannot be addressed satisfactorily through Project-level GRMs or AIIB Management’s processes. For information on how to make submissions to the PPM, please visit the https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html</p>
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