



### Project Summary Information

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| Date of Document Preparation: December 9, 2020 |   |
| <b>Project Name</b>                            | ISQ Growth Markets Infrastructure Fund  |
| <b>Project Number</b>                          | P000396   |
| <b>AIIB member</b>                             | Multi-Country   |
| <b>Sector/Subsector</b>                        | Multi-Sector: energy, utilities, telecom, social infrastructure, transport  |
| <b>Status of Financing</b>                     | Under Preparation   |
| <b>Project Description</b>                     | ISQ Growth Markets Infrastructure Fund (the “Fund”) is a closed-end fund with a target size of USD2 billion. It is an extension of ISQ Global Infrastructure Fund III, due to the quality and quantity of investment opportunities in growth markets. The Fund aims to take advantage of the large number of investment opportunities in the infrastructure sector across growth markets in Asia and Latin America.   |
| <b>Objective</b>                               | To mobilize private capital for sustainable infrastructure development and enhance cross-border connectivity in growth countries in Asia and Latin America, capturing a market risk-adjusted return.  |
| <b>Expected Results</b>                        | Expected result indicators include, among others, amount of private capital mobilized, number of institutional investors mobilized and investee direct employment.  |
| <b>Environmental and Social Category</b>       | FI  |
| <b>Environmental and Social Information</b>    | <p>AIIB’s Environmental and Social Policy (ESP) is applicable to this project. The project has been placed in Category FI, because the financing structure involves the provision of funds through a financial intermediary (the Fund), whereby AIIB delegates to the Fund Manager the decision-making on the use of AIIB’s proceeds for further investing in accordance with the conditions in the Project’s legal documentation to be agreed with the Fund Manager in the form of eligibility criteria and investment guidelines, and applied through an Environmental, Social and Governance System (ESGS) which is to be used as the Project’s Environmental and Social Management System (ESMS).</p> <p>The Fund Manager’s ESGS shall include screening, categorizing, appraisal, contracting and monitoring of investments supported by AIIB in accordance with the ESP, the Environmental and Social Exclusion List, regulatory requirements in the jurisdictions of operation and, where applicable, the AIIB Environmental and Social Standards (ESS). As per this</p> |

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|                        | <p>ESGS, the Fund Manager (i) assesses and quantifies the ESG risks and impacts of potential investees against the applicable ESG regulatory requirements in their jurisdiction of operation and good international industry practices, (ii) defines measures to align their performance with the same, (iii) identifies and enhances ESG-value addition opportunities, (iv) monitors and assesses ESG performance during the investment holding period and (v) reports regularly to the Limited Partners and external stakeholders.</p> <p>Coal mining, coal transportation and coal-fired power plants, as well as infrastructure exclusively dedicated to support any of these activities will be excluded from eligibility for financing under the Project. For all investments supported by AIIB, the Fund will require the establishment of a portfolio company-level ESGS in accordance with the ESP and, where applicable, the ESS, including appropriate processes for timely disclosure of environmental and social (E&amp;S) information, conduct of stakeholder engagement activities, and establishment of subproject-level Grievance Redress Mechanisms (GRMs) to address concerns and grievances from both project workers and project-affected people. The Fund Manager will monitor these aspects as part of its portfolio monitoring process.</p> <p>The Fund Manager will be required to periodically disclose the names, locations and sectors of portfolio companies that are being supported by AIIB's financing, subject to regulatory constraints and market sensitivities. Furthermore, the Fund Manager will be required to create an external communication mechanism to address views of affected people, enquiries or concerns regarding its own E&amp;S processes and outcomes as well as E&amp;S impacts and performance of the portfolio companies invested by the Fund. AIIB will further review and validate the Fund Manager's ESGS and conduct a prior E&amp;S review of the initial investments to be financed using AIIB funds. Subsequently, AIIB will conduct prior review of investments presenting significant E&amp;S risk, including all Category A investments and Category B investments determined to potentially induce a) involuntary resettlement, b) risk of adverse impacts on Indigenous Peoples, c) significant risks to or impacts on the environment, community health and safety, biodiversity, cultural resources or d) significant Occupational Health and Safety risks, and will receive an annual E&amp;S monitoring report on the E&amp;S performance of all AIIB-supported investments. AIIB will conduct regular monitoring of the Fund's activities, including visits to selected investments.</p> |
| <b>AIIB Commitment</b> | AIIB total commitment to the Fund comprises (i) a commitment to the Fund for a maximum amount of USD100 million at first closing; and (ii) a co-investment sleeve of up to USD50 million for co-investing alongside the Fund.   |
| <b>Fund Manager</b>    | I Squared Capital Advisors (US) LLC   |

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| <b>Estimated Date of first disbursement</b> | Q2 2021                   |                       |   |
| <b>Contact Points:</b>                      | <b>AIIB</b>               |                       | <b>I Squared Capital Advisors (US) LLC</b>    |
| <b>Name</b>                                 | Thomas Walenta            | Jingyi Zhang          | Andreas Moon                                  |
| <b>Title</b>                                | Senior Investment Officer | Investment Officer    | Managing Director, Head of Investor Relations |
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| <b>Date of Concept Decision</b>             | July 2020                 |                       |   |
| <b>Date of Final Review</b>                 | December 2020             |                       |   |
| <b>Estimated Date of Financing Approval</b> | Q1 2021                   |                       |   |

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| <b>Independent Accountability Mechanism</b> | <p>The Project-affected People's Mechanism (PPM) has been established by 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 ESP in situations when their concerns cannot be addressed satisfactorily through project-level External Communication Mechanism or portfolio company-level GRMs or AIIB Management's processes.</p> <p>For information on the PPM, please visit the <a href="#">PPM web page</a>.</p> |
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