

Public Information Summary

Host Country(ies)	The Climate Fund has a global mandate with a focus on Asia and Latin America. The current pipeline includes projects in the following countries: India, Indonesia, Philippines, Vietnam, Cambodia, El Salvador Malaysia, Mexico, Dominican Republic, Peru and Brazil.
Name(s) of Fund	ISQ Growth Markets Climate Impact Fund, LP (the “Climate Fund”)
Name of Fund Manager	I Squared Capital Advisors (US) LLC (“ISQ”)
Project Description	The Climate Fund will invest in infrastructure projects that further investee countries’ climate change mitigation and adaption objectives. Prospective investments include renewable energy, smart-grid capabilities, power storage, and energy-efficient infrastructure assets.
Proposed DFC Loan	\$300 million
Target Fund Size	\$1.2 billion
Policy Review	
Developmental Objectives	The Climate Fund is expected to have a positive development impact in Asia and Latin America by providing much needed capital to climate-linked infrastructure assets that will aim to increase renewable energy generation, improve the energy efficiency of datacenters, strengthen, and stabilize power grids, improve water quality and delivery systems, and incorporate sustainable waste management solutions. Predominately focused on lower-middle-income countries, the Climate Fund intends to pursue investment opportunities where it can add value through active management and will promote engagement and partnership between other Climate Fund assets.

Environment and Social Assessment	<p>The capitalization of a fund is screened as a Category D activity for the purposes of environmental and social assessment. Based on DFC's due diligence, the Climate Fund's downstream investments are anticipated to pose medium-to-high environmental and social risks.</p> <p>The Climate Fund involves an investment into a sub-fund that will invest in climate-related infrastructure. ISQ's environmental and social management system ("ESMS") has been implemented under other funds managed by ISQ and was updated recently for the Climate Fund. The Climate Fund has an established procedure for risk categorization, screening, due diligence, and monitoring of environmental, social, and health and safety risks for its projects. The Climate Fund's ESMS requires that environmental and social ("E&S") risks be monitored at the project and country levels with oversight by the Climate Fund. To further strengthen its ESMS, ISQ will be required to 1) address how it performs due diligence and monitoring of its investments against its Supplier Code of Conduct and 2) include additional information on its external grievance process in alignment with IFC Performance Standard 1.</p> <p>The Climate Fund will be responsible for addressing any gaps identified in the environmental and social impact assessment ("ESIA") conducted by DFC or a third-party independent environmental and social consultant ("IESC") working on behalf of DFC in order to ensure adequacy for DFC's disclosure. Any findings during environmental and social due diligence ("ESDD") that were not captured by the Climate Fund's E&S Consultant will need to be added to the environmental and social action plan ("ESAP") for any given Category A project. In addition, DFC or the IESC will conduct an additional E&S monitoring visit to supplement the Climate Fund's required third-party annual monitoring for Category A projects, which will lead to semi-annual E&S monitoring of Category A projects.</p> <p>The Climate Fund has a labor management system in place, which includes a Human Resources Manual and Employee Contracts. The Climate Fund will be required to update its Human Resources Manual to allow for anonymous worker grievances in alignment with IFC Performance Standard 2. The Climate Fund will be required to provide healthy and safe working conditions to its employees in line with PS 2.</p>
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