

 Early Warning System

AIIB-000422

Multicountry: Keppel-Pierfront Private Credit Fund L.P



### Quick Facts

Financial Institutions	Asian Infrastructure Investment Bank (AIIB)
Status	Approved
Bank Risk Rating	FI
Voting Date	2021-09-23
Borrower	Pierfront Capital Fund Management Pte. Ltd.
Sectors	Energy, Infrastructure, Transport
Investment Type(s)	Loan
Investment Amount (USD)	\$ 150.00 million
Loan Amount (USD)	\$ 150.00 million
Project Cost (USD)	\$ 150.00 million



### Project Description

This project seeks to "promote infrastructure private credit as an emerging asset class in Asia" according to the bank document. Through this project, AIIB seeks to mobilise private capital to address the financing constraints of mid-cap companies in infrastructure sector in Asia Pacific. Keppel-Pierfront Private Credit Fund L.P. (the Fund) is a private credit fund which will invest in a diverse range of projects and companies in the infrastructure sector in Asia Pacific

AIIB's Environmental and Social Policy (ESP) is applicable to the project. The project has been placed in Category FI, because the financing structure involves the provision of funds through a financial intermediary (the Fund). AIIB delegates to the Fund Manager the decision-making on the use of AIIB's funds for investments in subprojects that meet the conditions in the project's environmental and social (E&S) documentation which defines the eligibility criteria and investment guidelines. The Fund will implement an Environmental, Social and Governance Policy (ESGP) to guide all its financing.

Out of the six current assets, AIIB may consider investing in four retrospectively, which have been determined to present a medium risk profile (corresponding to E&S category B with a high ESG exposure for the Fund) and one presenting a high-risk profile (corresponding to E&S category A with medium ESG exposure). The overall risk rating of these assets has determined that all transactions were compatible with the recommendation to proceed in accordance with the updated ESGP. The retrospective review indicated that the Fund's loan to a controlling shareholder in a large renewable energy company with a net installed capacity of 6.2 GW of solar, wind and small & medium scale hydropower projects, and a robust pipeline of all three types of generation, required high level of caution on E&S matters, to which the Fund committed.

AIIB will validate the finalized ESGP and conduct a prior E&S review of the initial subprojects to be financed using AIIB funds. Subsequently, AIIB will conduct prior review of subprojects presenting significant ESG risk level where the Fund has medium or low leverage on ESG matters as per the ESGP, including all Category A subprojects, and will receive an annual ESG monitoring report on the ESG performance of all AIIB-supported investments. AIIB will conduct regular monitoring of the Fund's activities, including visits to selected subprojects where possible.



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## Investment Description

- Asian Infrastructure Investment Bank (AIIB)

AIIB total commitment to the Fund comprises of, (i) a commitment of up to USD100 million and (ii) a co-investment sleeve of up to USD50 million for co-investment opportunities alongside the Fund.



### Private Actor Relationship

The Fund Manager's ESGP includes screening, categorizing, ESG risk rating and 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 (ESSs). A member of the Fund Manager's management team will be responsible for the oversight of the ESGP, supported by an investment professional and, to the extent required in the E&S documentation, external specialized E&S resources for conducting E&S due diligence on all investment opportunities. The Fund Manager's staff who are responsible for the oversight of ESGP will undergo training in its implementation.

The Fund Manager will apply eligibility criteria for selection of investments to avoid high risk projects which may have, (i) significant adverse impacts to community health and safety as a result of construction/operation of the assets, (ii) significant number of serious injuries and/or fatal accidents during construction and/or operation of the assets, (iii) involuntary resettlement of people and (iv) impacts on critical habitat, Indigenous Peoples and cultural resources. These sensitive activities are either to be avoided or managed in accordance with AIIB's ESP, including applicable ESSs. The Fund shall not invest in coal-related activities.

The Fund Manager will be required to periodically disclose the names, locations and sectors of subprojects that are being supported by AIIB's financing, subject to regulatory constraints and market sensitivities. Any grievances received by the Fund through the GRM available on <https://www.pierfront.sg/sustainability> will be managed by the ESG officer in accordance with the Clifford Capital Group external grievance mechanism, working together with the relevant Fund Manager representatives to address views of affected people, enquiries or concerns regarding its own ESG processes and outcomes as well as E&S impacts and performance of AIIB-supported subprojects.



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## Contact Information

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## ACCESS TO INFORMATION

You can submit an information request for project information at: <https://www.aiib.org/en/contact/information-request/index.html>

## ACCOUNTABILITY MECHANISM OF AIIB

The AIIB has established the Accountability Mechanism for Project-Affected People (PPM). The PPM provides 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 the ESP in situations when their concerns cannot be addressed satisfactorily through Project level GRMs or AIIB Management processes. Two or more project-affected people can file a complaint. Under the current AIIB policy, when the bank co-finances a project with another development bank, it may apply the other bank's standards. You can refer to the Project Summary Information document to find out which standards apply. You can learn more about the PPM and how to file a complaint at: <https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html>

The complaint submission form can be accessed in Arabic, Bahasa Indonesia, Bengali, Chinese, English, Tagalog, Hindi, Nepali, Russian, Turkish, or Urdu. The submission form can be found at: <https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/submission/index.html>



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## Bank Documents

- [Project Summary \(May 21, 2021\)](#) [\[Original Source\]](#)