

Project Summary Information

Date of Document Preparation: August 31, 2020	
Project Name	Lightsmith Climate Resilience Partners
Document Code	P000331-PSI- LUX
Country	Multi-Country
Sector/Subsector	Digital Infrastructure
Status of Financing	Under Preparation
Project Description	<p>Lightsmith Climate Resilience Partners is a specialist growth private equity fund with a strategy focusing on global climate resilience solutions. The Fund plans to make growth equity investments in companies that build resilience to the physical damage and disruption, risk and volatility, and resource scarcity that are being increased by climate change. The Fund is the first dedicated private equity investment strategy focused on climate resilience and adaptation solutions.</p> <p>The Fund will invest based on three premises: (i) climate change is already causing real, substantial damage and loss to businesses and communities globally; (ii) little is being invested systematically to address the adaptation and climate resilience challenge; and (iii) companies exist today that have technologies and solutions that can assess and address the risks and impacts being increased by climate change.</p> <p>The Fund will target the following three types of companies for efficient, sustainable, and resilient infrastructure: (i) software, data and analytics; (ii) technology-enabled products; and (iii) technology-enabled services.</p> <p>AIIB will invest up to USD30 million in the Fund to support and introduce climate resilience technologies in AIIB members.</p>
Objective	The objective is to mobilize capital and bring climate technologies to AIIB members to address climate change adaptation issues.

Expected Results	The Project expects to invest in climate resilient technologies that will help climate adaptation. Indirectly, it will also increase benefits for populations in AIIB members applied with climate resilient technologies identified/scaled through the Fund.
Environmental & Social Category	FI
Environmental and Social Information	<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 Lightsmith Climate Resilience Partners ("LCRP" or the "Fund Manager"), whereby AIIB delegates to the Fund Manager the decision-making on the use of AIIB's funds for investments in portfolio companies that meet the conditions in the Project's environmental and social ("E&S") documentation to be agreed with the Fund Manager in the form of eligibility criteria and investment guidelines, and applied through the Fund's Environmental and Social Management System ("ESMS").</p> <p>The Fund Manager's existing ESMS defines its approach to integrating E&S risks management and value creation opportunities into investments made through the Fund. The ESMS includes processes for 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"), and specifically requires the adoption of the IFC Performance Standards (2012) by its portfolio companies. In addition to the ESMS, the Fund Manager also has an existing Impact Measurement System ("IMS") for assessing and managing climate-change related impact, and translation of these impacts into commercial opportunities in climate mitigation and resilience. The IMS includes guidelines on impact reporting disaggregated by gender, income, and sector profiles, as applicable, for each portfolio company from initial investment through exit. LCRP has appointed an experienced sustainability professional as part of the Fund's management team responsible for day-to-day implementation of the ESMS and IMS and to continuously engage with and monitor portfolio companies.</p> <p>The Fund Manager's investment strategy reduces the likelihood of investments in companies potentially inducing significant E&S risks and potential adverse impacts, including: (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)</p>

	<p>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 ESS.</p> <p>For all investments supported by AIIB, the Fund will require the establishment of a portfolio company-level ESMS proportionate to the E&S risks and impacts of its activities and in accordance with the ESP and, where applicable, the ESS, including appropriate processes for timely disclosure of E&S information, conduct of stakeholder engagement activities, and establishment of portfolio company-level Grievance Redress Mechanisms ("GRMs") to address concerns and grievances from Project-affected people. The Fund Manager will define these aspects in its investment documentation and monitor them 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. The Fund Manager has created an external communication mechanism to address views of affected people, enquiries or concerns regarding its own E&S processes and outcomes as well as E&S impacts and performances of the Fund's portfolio companies.</p> <p>AIIB will conduct prior review of the initial investments and investments presenting significant E&S risk, including all Category A and Category B investments determined to have high impact significance in accordance with the agreed ESMS, and receive an annual E&S monitoring report on the E&S performance of the Fund's portfolio companies. AIIB will conduct regular monitoring of the Fund's activities, including visits to selected portfolio companies where required.</p>
AIIB Investment	Fund commitment of up to USD30 million
Fund Manager	Lightsmith Climate Resilience Partners
Estimated date of first disbursement	Q4 2020

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Date of Concept Decision	November 2019	
Date of Appraisal Decision	August 2020	
Estimated Date of Financing Approval	September 2020	

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 ESP in situations when their concerns cannot be addressed satisfactorily through Project-level or subproject level GRMs or AIIB Management’s processes.</p> <p>For information on the PPM, please visit the PPM web page.</p>
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