



Project Summary Information

Date of Document Preparation: 19 May 2021	
Project Name	Sinovation Disrupt Fund
Document Code	P000456
Country	China
Sector/Subsector	Digital Infrastructure
Status of Financing	Proposed
Project Description	Sinovation Disrupt Fund (the “Fund”) is a venture capital fund focused on investing across a range of sectors and applying artificial intelligence (AI) to improve investee company performance. The Fund was formed by Sinovation Ventures, which in addition to its venture capital fund operations has a separate operation, the AI Institute, with extensive in-house AI capabilities.
Objective	The project's objective is to foster the adoption of AI at investee companies across sectors in China and develop AI-use cases for the infrastructure sector.
Expected Results	<p>Project indicators include the following</p> <ul style="list-style-type: none"> o Number of investments into companies incorporating AI applications o Gross AIIB amount invested into companies incorporating AI applications o Number of strategic engagements with infrastructure or technology companies to facilitate the application of AI in infrastructure sectors
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 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</p>

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 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.

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&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.

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&S processes and outcomes as well as E&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&S review of the initial investments to be financed using AIIB funds. Subsequently, AIIB will conduct prior review of investments presenting significant E&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&S monitoring report on the E&S performance of all AIIB-supported investments. AIIB will conduct regular monitoring of the Fund's activities, including visits to selected investments.
AIIB Commitment	Up to USD75 million.
Fund Manager	Sinovation Disrupt Fund Management, Ltd.
Estimated date of first disbursement	3Q 2021

Contact Points:	AIIB	Sinovation Ventures
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Date of Final Review Decision	12 May 2021	
Estimated Date of Financing Approval	August 2021	

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 Environmental and Social Policy in situations when their concerns cannot be addressed satisfactorily through subproject-level GRMs or AIIB Management's processes.</p> <p>Information about AIIB's PPM can be found through visiting https://www.aiib.org/en/policies-strategies/operational-policies/policy-on-the-project-affected-mechanism.html</p>
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