# Realfin-GIIA
# Global Infrastructure ESG Report
# Q3 2024

REALFIN

Global Infrastructure Investor Association

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### About Global Infrastructure Investor Association

GIIA is the membership body for the world's leading investors in infrastructure, and advisors to the sector, who collectively represent USD 2 trillion of infrastructure assets under management across 70 countries. Our members are investing today to provide the smart, sustainable and innovative infrastructure needed for our communities and economies to thrive. GIIA was established in 2016 to improve engagement between members, politicians, policymakers and regulators with the aim of increasing much needed investment in infrastructure. Learn more at giia.net

# ESG-Related Fundraising Surges Amid Uncertainty

Foreword by Jon Phillips, Chief Executive, Global Infrastructure Investor Association

This year has been defined by a challenging investment environment driven by high interest rates, sticky inflation, looming elections, and critical labour and material shortages.

Political uncertainty in key economies has further fuelled market volatility. In the UK, the commanding majority of the centre–left Labour Party has ushered in a degree of stability and renewed positive sentiment.  This is in stark contrast to the rise of the far right in a number of EU member states. All eyes are now on the US and November 5th, to see which way the world's leading economy shifts with the outcome sitting on a knife-edge creating understandable investor caution and uncertainty.

Yet long-term infrastructure investors have continued to focus on familiar trends that shape infrastructure investment, namely decarbonisation, net zero, sustainability and digitalisation. These trends, despite broader market headwinds, have ensured that ESG-related infrastructure fundraising has surged, reaching US$ 64 billion by the end of Q3 2024 - almost doubling 2023's figures. ESG-related funds now constitute a significant portion of overall infrastructure fundraising, signalling the resilience of sustainable investing.

Whilst the appetite for ESG-related fundraising has improved, the political and media narrative remains challenging. Driven by the growing backlash against ESG, which has gained even more traction in the run-up to the US presidential elections, some investors have dialled down the communication – often referred to as 'green-hushing' - in other words continuing to integrate sustainability into their practices but doing so with less publicity.

Conversely, the EU remains steadfast in its climate ambitions. Public opinion consistently ranks climate change as a priority and, despite rising climate scepticism in some member states, the EU continues its regulatory efforts. It aims to reduce GHG emissions by 55% by 2030 and 90% by 2040. The challenge now lies in implementing these ambitious targets amidst the political and economic landscape.

The APAC region has been notably proactive in regulating ESG. Markets such as Australia, Singapore, Hong Kong and Japan have taken leading roles in developing ESG ratings, enforcing greenwashing regulations, enhancing sustainability reporting and creating sector-specific, decarbonisation pathways. While regulations have been helpful in focusing investors on APAC, elsewhere it is proving burdensome.

This is because of a growing wave of sustainability regulations, driven by the urgent need for transition finance. Countries and their governments are moving at different speeds, with the EU and UK leading the way. In both markets, regulatory changes have had a profound impact on businesses and investors. Reporting obligations are becoming much more extensive, with companies now required to disclose both upstream and downstream impacts of their business operations.

A key aspect of these regulations is that they are extra-territorial. The EU's Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CSDDD) now apply not only to EU-incorporated companies but also to non-EU companies with subsidiaries or branches operating in the EU. These regulations force global companies to comply with stricter ESG reporting standards, even if their primary operations are outside the EU. Furthermore, these regulations require reporting on the entire value chain, increasing transparency and accountability.

Looking ahead, the future of ESG in infrastructure will be shaped by how fund managers navigate these regulatory changes, manage political and economic risks, and continue to integrate sustainability into their strategies - whether publicly or quietly.

Jon Phillips
Chief Executive
Global Infrastructure Investor Association

# The Three Pillars of Social Licence: a Strategic Approach

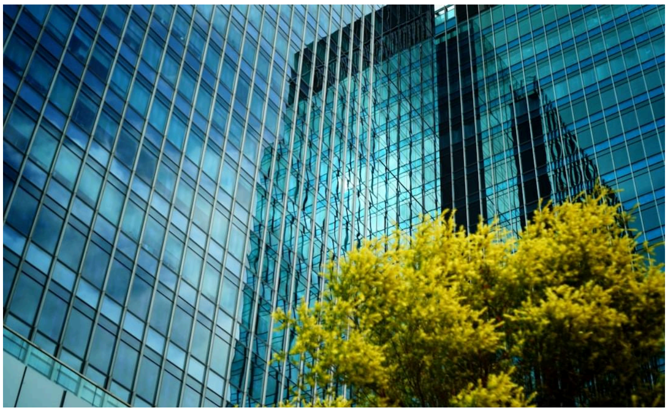
In the search for long-term value, infrastructure investors face multiple challenges in securing and maintaining social licences to operate. This article explores three critical themes that shape the success and resilient value of infrastructure investments:
· geopolitical engagement and project pace
· stakeholder and business partner relationships
· the role of employees in delivering sustainable value

This three-pronged approach strengthens not just the ability to deliver projects, but also how social licence, brand and reputation can combine to create access to future project pipelines. As Deutsche Bank put it in 2019[1], better management of social factors is the best way to derisk portfolios.

**1. Geopolitical engagement and project pace**

The interplay between geopolitical factors, government policy and speed of project development has become a crucial consideration for infrastructure investors.

Dave Ricks, CEO of Eli Lilly, recently highlighted on the BBC's Today radio news programme[2] how the efficiency of planning processes can directly influence choices on where to invest. He noted that the "current [UK] planning processes were an impediment to building factories at speed, unlike in the US and Ireland", where delivery times can be reduced from five to two years.



Energy transition projects face similar pressures to meet urgent national climate targets.

**Christopher Reeves is an Advisor with Field Intelligence**

The narrative around these projects varies globally: in the UK, discussion about the cost advantages of renewable energy differs compared to parts of Asia and Africa, where a focus on affordability and energy security to help with electrification of the economy take precedence.

The UK's newly formed National Wealth Fund[3] is another example of national ambition to accelerate development and manage risks. Opportunities will arise for those who can demonstrate the social value of their projects in the local context.

Some high-level recommendations emerge from this thinking:
· develop comprehensive geopolitical risk assessment frameworks
· design project timelines to accommodate varying regulatory processes
· build strategic government relations at multiple levels
· engage proactively in policy discussions to shape favourable investment environments

**2. Engagement with stakeholders and business partners**
Effective stakeholder engagement and strong business partnerships are key elements in securing social licence and ensuring project success.

Recently, Texas overtook California in the generation of renewable energy[4]. By communicating about renewable energy projects with a focus on job creation, energy affordability and increased resilience, investors have both capitalised on Inflation Reduction Act funding and ligned renewable energy goals with local priorities, making projects more acceptable to communities and policymakers.

Better engaging about the benefits for society can create business advantage, where addressing social issues puts an operator ahead of its competitors in achieving access to new projects, pace of delivery, attraction of partners, talent management and ability to de-risk the cost of capital.

High-level actions for by investors:
· develop tailored communication strategies that resonate with local contexts
· implement transparent reporting on social and environmental performance
· foster long-term relationships with key stakeholders and local businesses
· collaborate with local NGOs and community organisations to address social needs

**3. Workplace culture: delivering social licence and driving sustainable value**

As Richard Manley of CPP Investments noted at a recent GIIA conference on sustainability, "when operators manage it with care, their social licence can increase the value of an investment throughout its lifecycle".  This comment highlights the importance of an aligned culture in management teams, where employees play a crucial, dual role in both delivering social licence and managing the cost of growth and sustainable value creation.

High-level takeaways:
· implement comprehensive training programmes on community engagement and social responsibility
· develop clear career pathways for local employees to build their long-term commitment
· encourage employee participation in local community initiatives
· integrate a workforce development plan into the overall project strategy
· balance the cost of talent development with the long-term benefits of a skilled, locally engaged workforce

**Conclusion: integrating the three pillars for strategic advantage**

By integrating the roles of geopolitics, stakeholder engagement and workplace culture into a cohesive project strategy, investors can:
· capitalize on government incentives while maintaining community support
· accelerate delivery timelines without compromising stakeholder engagement
· build resilient portfolios that create long-term value for all parties involved

For infrastructure investors, social licence can be a core part of their investment strategy which in turn builds a powerful competitive advantage in an increasingly complex and scrutinized global environment.
As the industry continues to evolve, those who excel in managing this challenge will be best positioned to deliver projects that create lasting value for investors, communities, employees and governments alike.

1. Deutsche Bank: https://www.deutschewealth.com/en/our-capabilities/esg/what-is-esg-investing-wealth-management/s-in-esg.html
2. BBC: https://www.bbc.co.uk/news/articles/c4ngq10grgzo
3. UK Govt: https://www.gov.uk/government/news/boost-for-new-national-wealth-fund-to-unlock-private-investment

## 03
# Realfin Market Analysis

# Realfin Market Analysis

Global private infrastructure ESG fundraising demonstrated significant and promising activity in Q3 2024 compared to prior periods.

Total capital raised by global private infrastructure funds with ESG characteristics increased by a significant 81.5% year-on-year to USD 15.75 billion in Q3 2024.

Not only was this a significant year-on-year increase, but also a 76.5% increase on a longer-term historical five-year average for the quarter of USD 8.93 billion. Moreover, capital raising was up 23.8% on a consecutive basis against the second quarter.

Particularly notable is that this increase in ESG-related fundraising took place in a quarter where overall global private infrastructure fundraising declined by 47.4% year-on-year to USD 22.33 billion and by 36.6% on a consecutive basis against the second quarter.

**USD 64 bn**

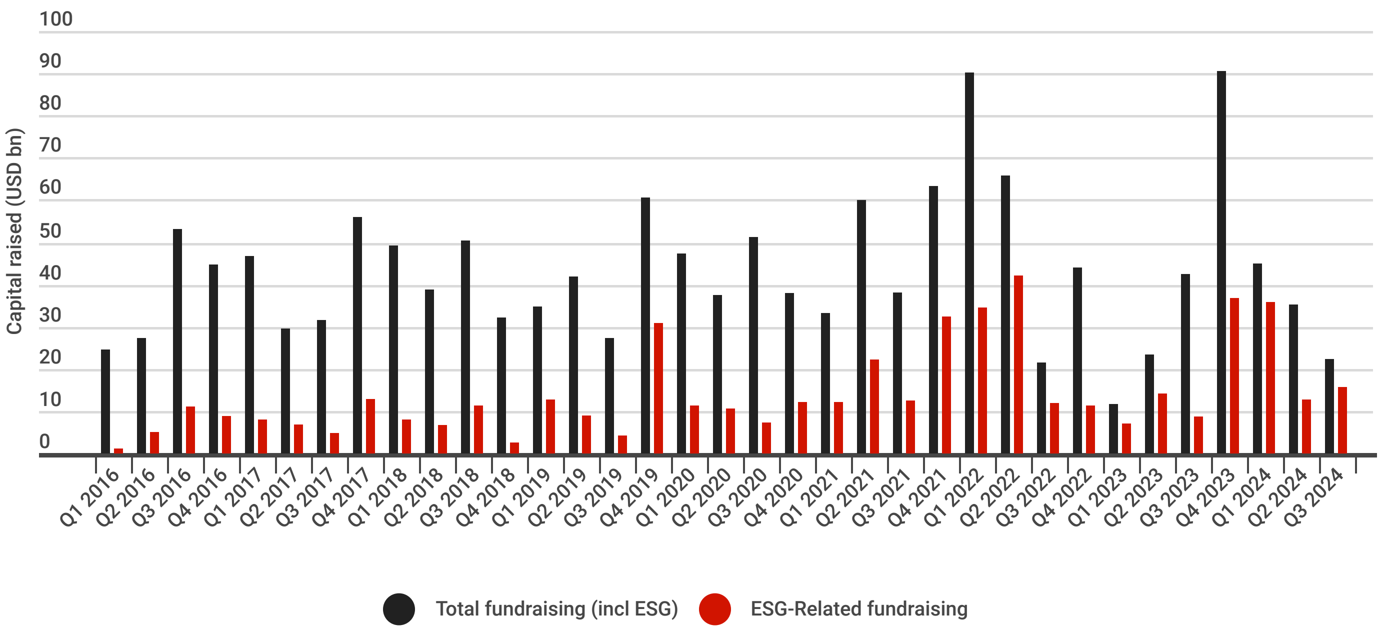
**Unlisted Infrastructure ESG Fundraising in Q1-Q3 2024**

**52**

**Number of ESG Funds Reaching Final Close**

The proportion of private infrastructure fundraising that is ESG-related has therefore increased in Q3 2024, moving up to 70.5% from only 20.5% in the year-ago period. Indeed, ESG-related strategies as a proportion of overall private infrastructure fundraising is at its second-highest rate in Q3 2024, surpassed only by 79.6% in Q1 2024.

**Global Unlisted Infrastructure Fundraising: ESG vs Total**

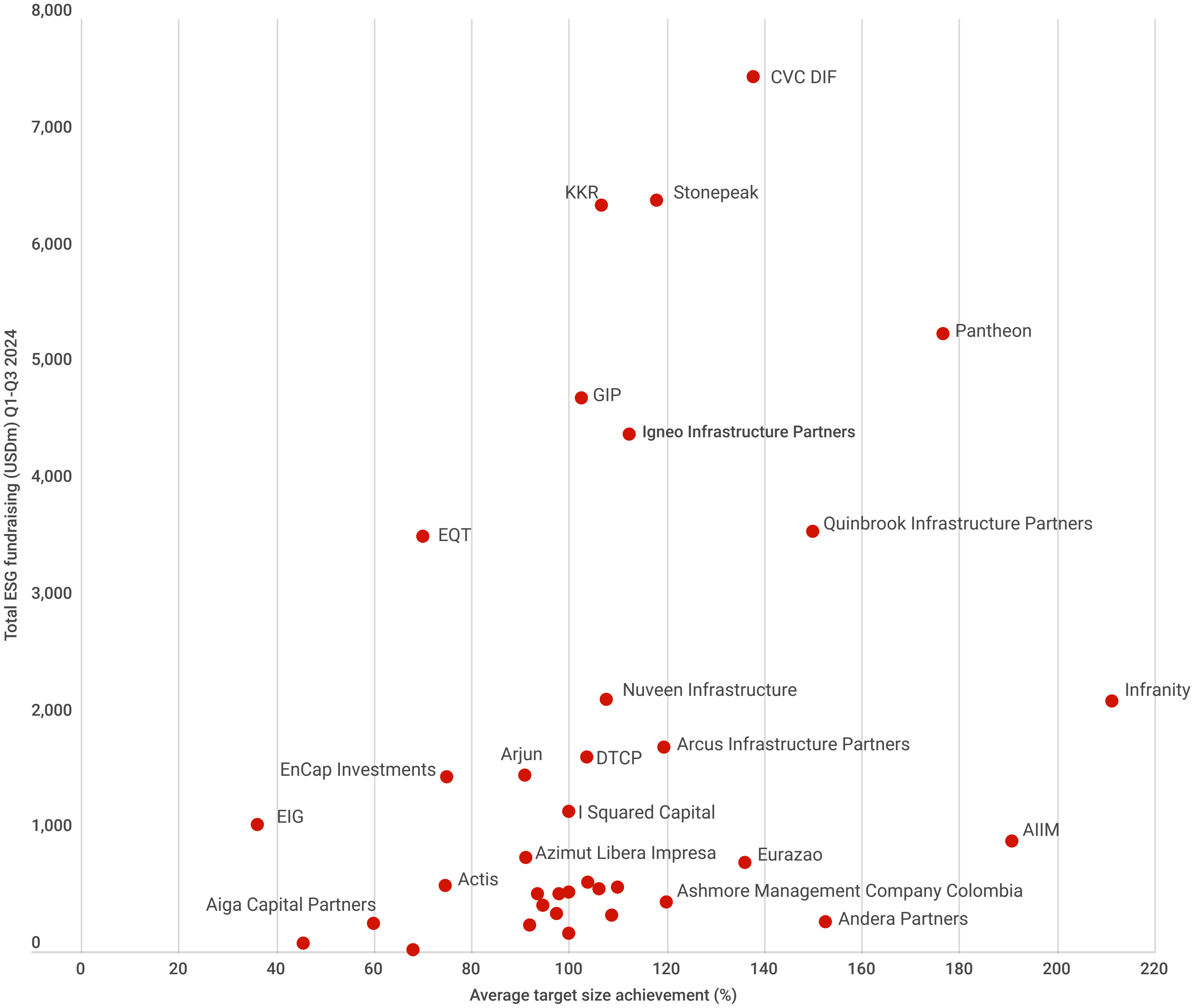



Source: *RealfinX Platform*

### Methodology note

Realfin's Financial Data Analysts obtain ESG designations at fund level through various sources including direct communication with and data submissions from fund managers and extensive secondary research. At the fund level, Realfin records ESG attributes including EU SFDR Article 8 & 9, UN SDG, Impact Investing, Climate Impact and general ESG-relevance. New funds coming to market are assessed as they are launched, while funds' designations may also be removed where relevant.

### Global Unlisted Infrastructure ESG Fundraising (Q1-Q3 2024)




Source: *RealfinX Platform*

Global private infrastructure ESG fundraising has also increased when looking through the broader and more meaningful time horizon of the first nine months of 2024. ESG-related fundraising jumped by 115.0% to USD 64.29 billion in Q1-Q3 2024 compared to the year-ago period.

Moreover, ESG-related fundraising on this basis is also 45.8% up against a longer-term five-year average of USD 44.09 billion.

In fact, ESG-related fundraising as a proportion of total infrastructure fundraising has been trending upwards for some years now, according to Realfin data.

For the first nine of months of 2024 this reached 62.7% of total private infrastructure fundraising, up from 38.6% in the same period in the previous year and up from 34.1% in the longer-term five-year average of 2019-23.

Despite fluctuations in overall ESG-related fundraising volumes and indeed in specific ESG labels, characteristics or frameworks, a longer-term trend is emerging among private infrastructure funds and the institutional investors committing capital to them.

Notable funds that reached final close include Glennmont Clean Energy Fund IV, a core-plus, Article 9 vehicle having reached final close with some EUR 2 billion (USD 2.17 billion) in capital in July 2024. The 10-year, closed-ended fund is focused on renewable energy in markets in Europe, Japan, South Korea and the US. The fund invests in development, ready-to-build and operational assets including offshore and onshore wind, solar PV and supporting technology such as battery energy storage systems (BESS). Examples of limited partners in the fund include inter alia Denmark's Danica Pension, Italian private pension Fondo Pensione a Prestazione definita del Gruppo Intesa Sanpaolo, Japan's Kansai Electric Power and South Korea's KEPCO.

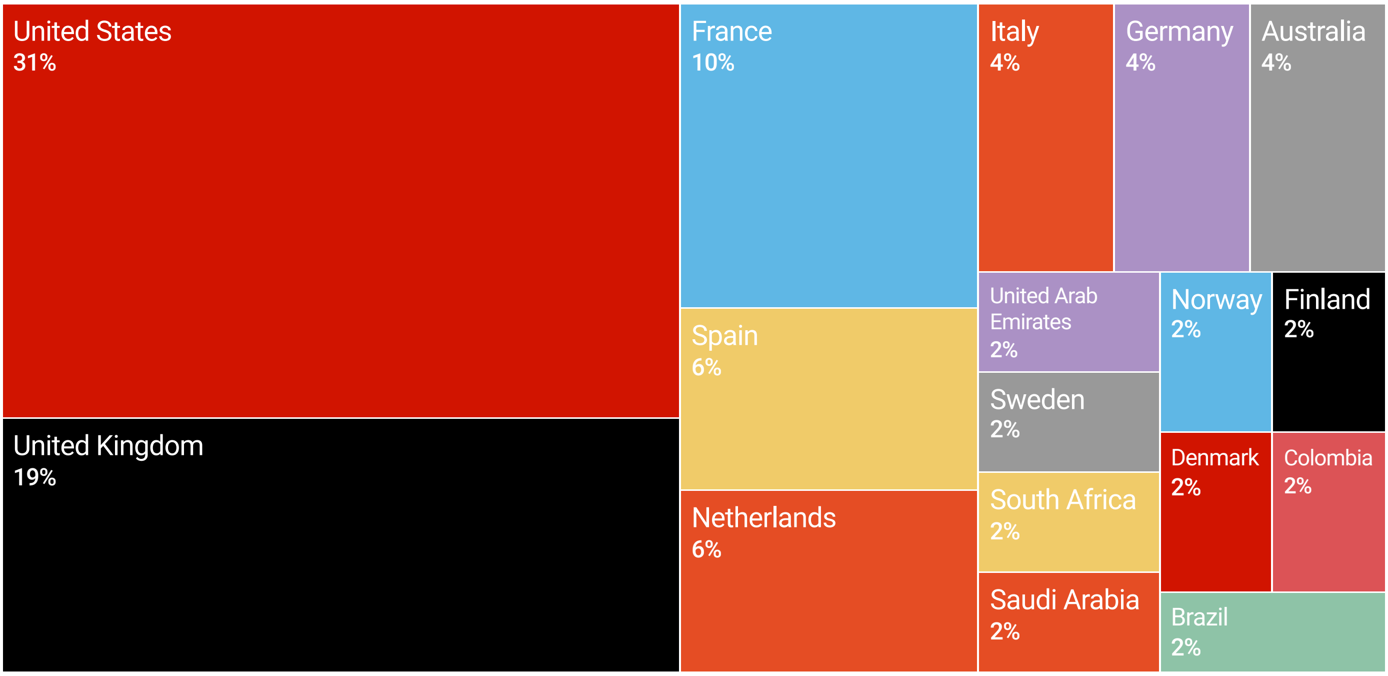
Quinbrook Net Zero Power Fund, another Article 9 designee, reached final close at USD 3 billion against a USD 2 billion target in August 2024. The fund - targeting a net IRR of 15.00% - has attracted investors including Evangelical-Lutheran Church of Finland Pension Fund, Australia's Retail Employees Superannuation Trust, London Borough of Islington Pension Fund, Leicestershire County Council Pension Fund, AP Fonden 4, KLP Group and others.

F2i's Infrastructure Debt Fund I achieved a EUR 500 million (USD 508.24 million) final close in same month as an Article 8 strategy. The diversified vehicle seeks opportunities across energy, digital infrastructure, social infrastructure, transport, waste or water. The fund sought ticket sizes of between EUR 30 million and EUR 50 million - though some exceeded this range - and attracted commitments from investors including private pension Inarcassa, insurer Assicurazioni Generali, Fondazione Cassa di Risparmio di Lucca, Cassa Depositi e Prestiti Spa, Fondazione ENPAM, South Korea's National Pension Service and others.

Nonetheless, the largest proportion of ESG-related infrastructure funds remains those vehicles that incorporate ESG principles or frameworks as a key part in their investment decision-making. These vehicles - which Realfin refers to as 'ESG-Relevant' - have no official designation but make up 28.4% of private infrastructure funds with some type of ESG characteristic to reach final close in the first nine months of 2024.

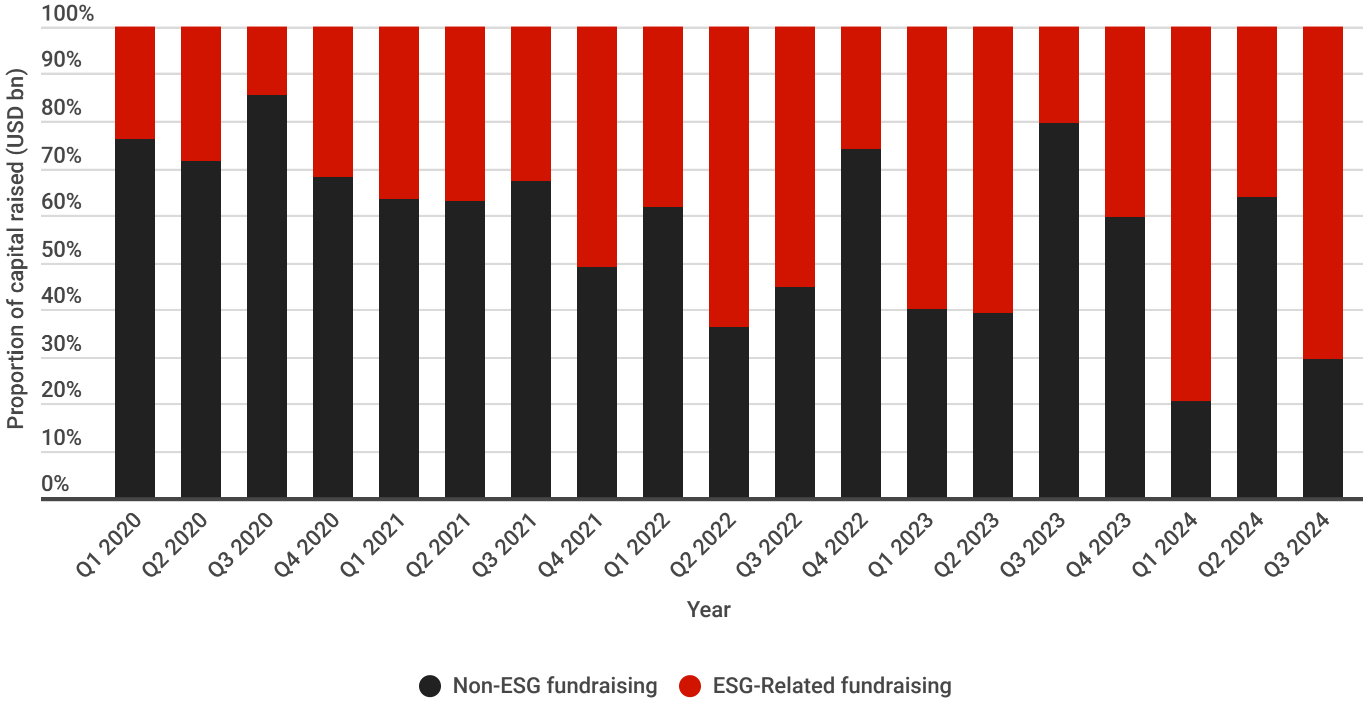
In terms of leading jurisdictions of fund managers with ESG-related funds, the US continues to be home to the largest proportion of such GPs - representing 31% of all managers - with said vehicles to close in the first nine months of 2024. This is followed by the UK, which is domicile to 19% of all fund managers with infrastructure ESG vehicles to close in the period. The rest of Europe quickly accounts for most of the remaining managers, leading with France, Spain and the Netherlands.

**Top Infrastructure ESG Fund Manager Domiciles by Number of Funds (Q1 - Q3 2024)**



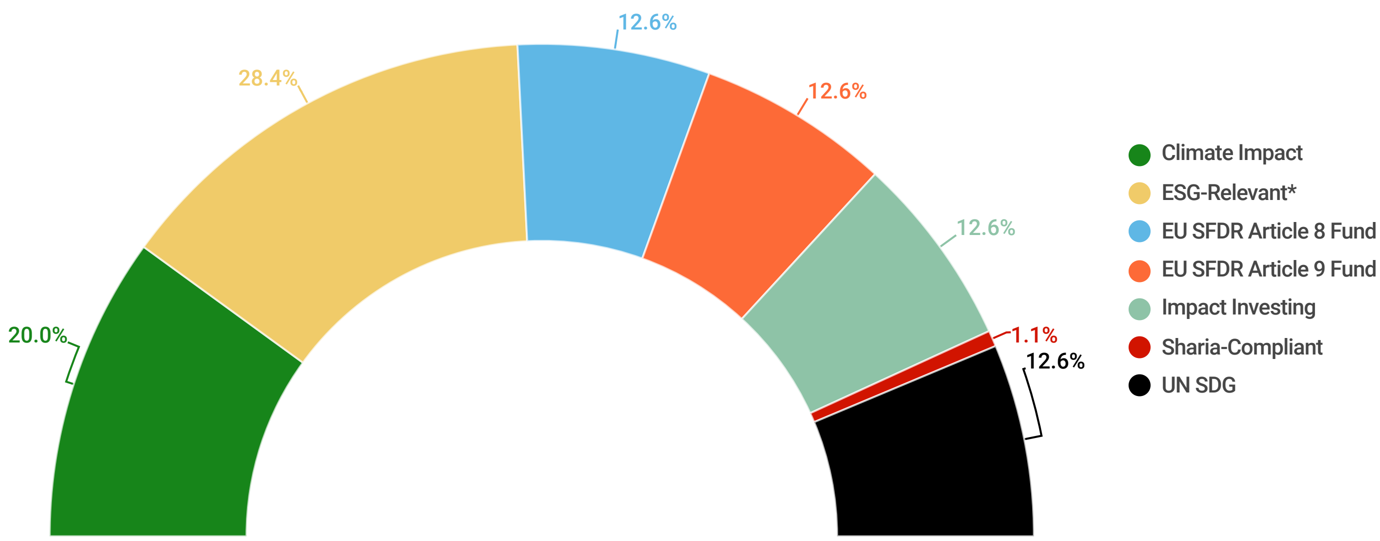

Source: *RealfinX Platform*

### Global Unlisted Infrastructure Fundraising: ESG vs Non-ESG




Source: *RealfinX Platform*

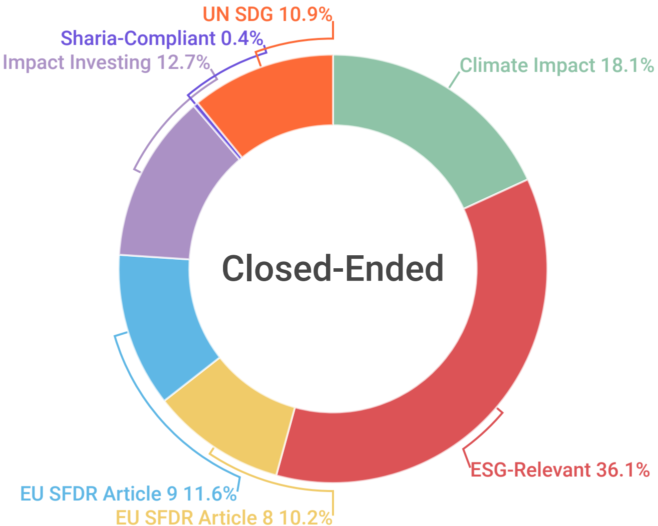
### Unlisted Infrastructure Fund ESG Designations - Q1 - Q3 2024




* Private infrastructure funds that do not have a specific ESG label or category, but do explicitly and significantly incorporate ESG considerations, frameworks or methodology into the fund's investment decision-making.

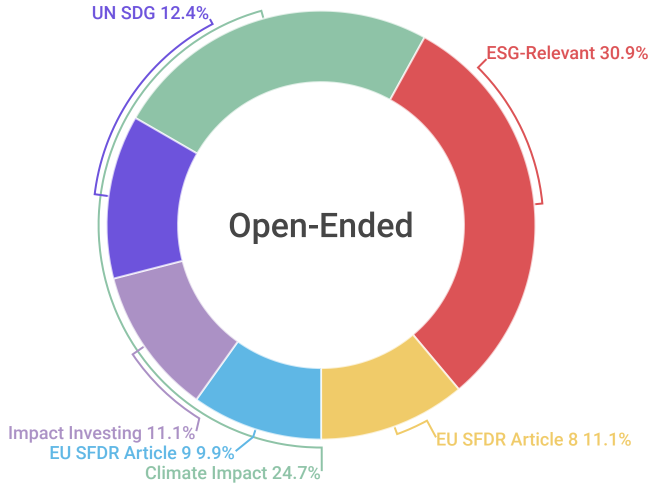
Source: *RealfinX Platform*

### Unlisted Closed-Ended Infrastructure Fund ESG Designations*




* Final Close in Q3 2019 - Q3 2024

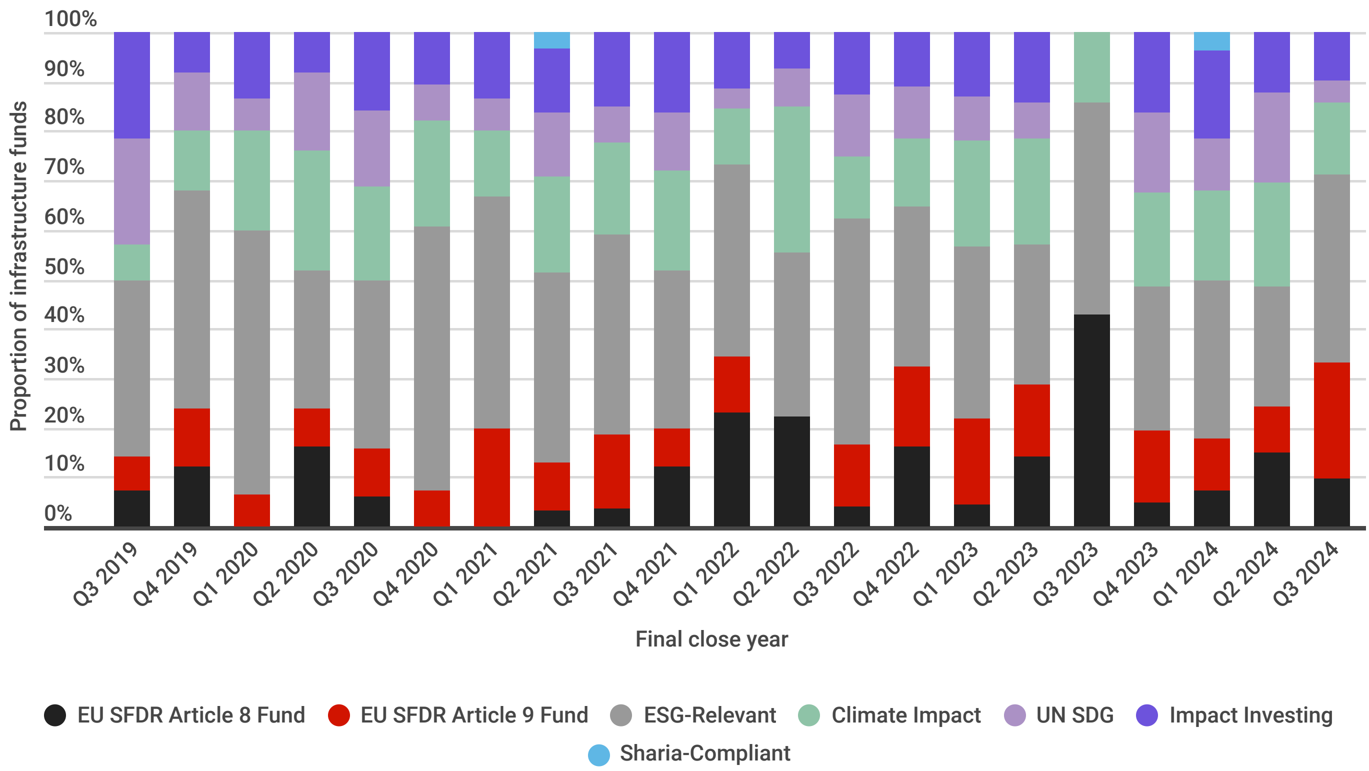
### Unlisted Open-Ended Infrastructure Fund ESG Designations**




** Launched in Q3 2019 - Q3 2024

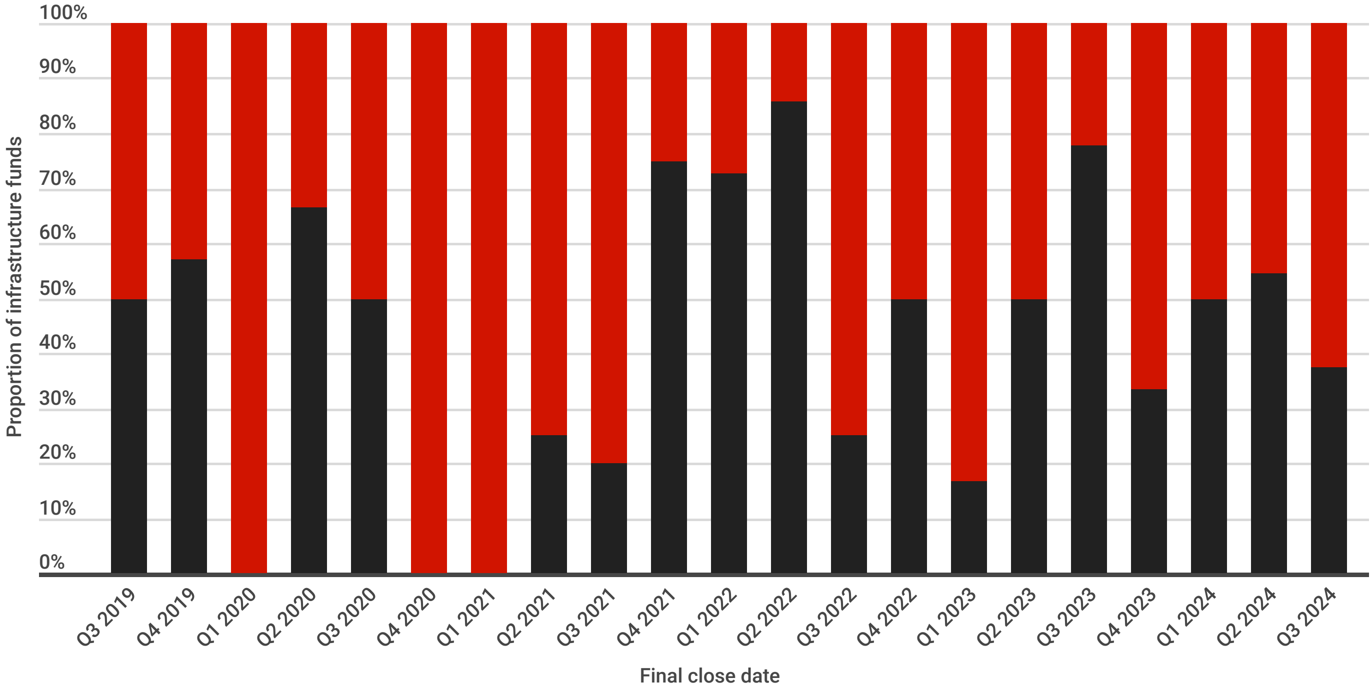
Source: *RealfinX Platform*

### Global Unlisted Infrastructure ESG Fund Designations



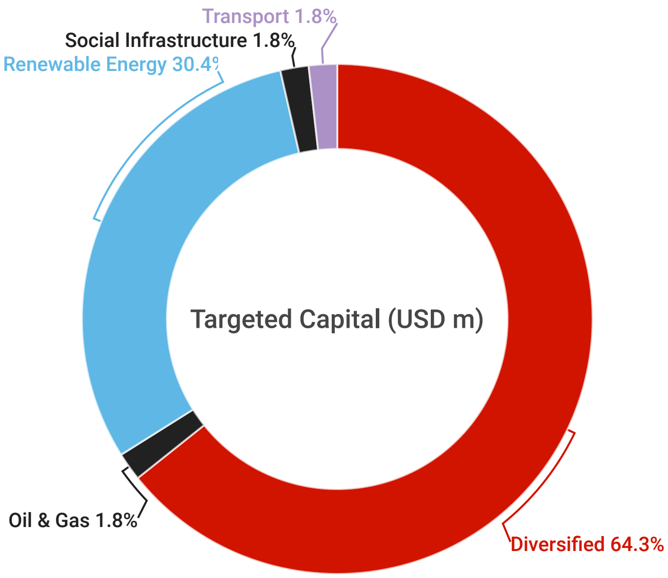

Source: *RealfinX Platform*

### Global Unlisted Infrastructure Funds with EU SFDR Article 8 & 9 Designations

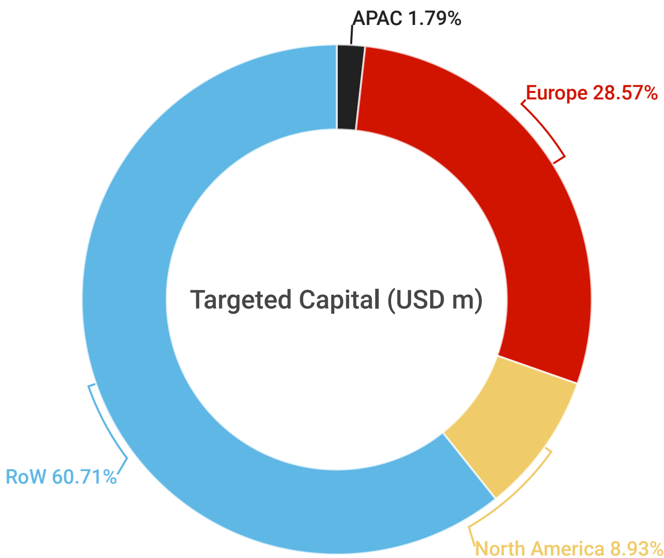



Source: *RealfinX Platform*

### Infrastructure ESG Funds by Target Sector - Q1-Q3 2024 (Number of Funds)

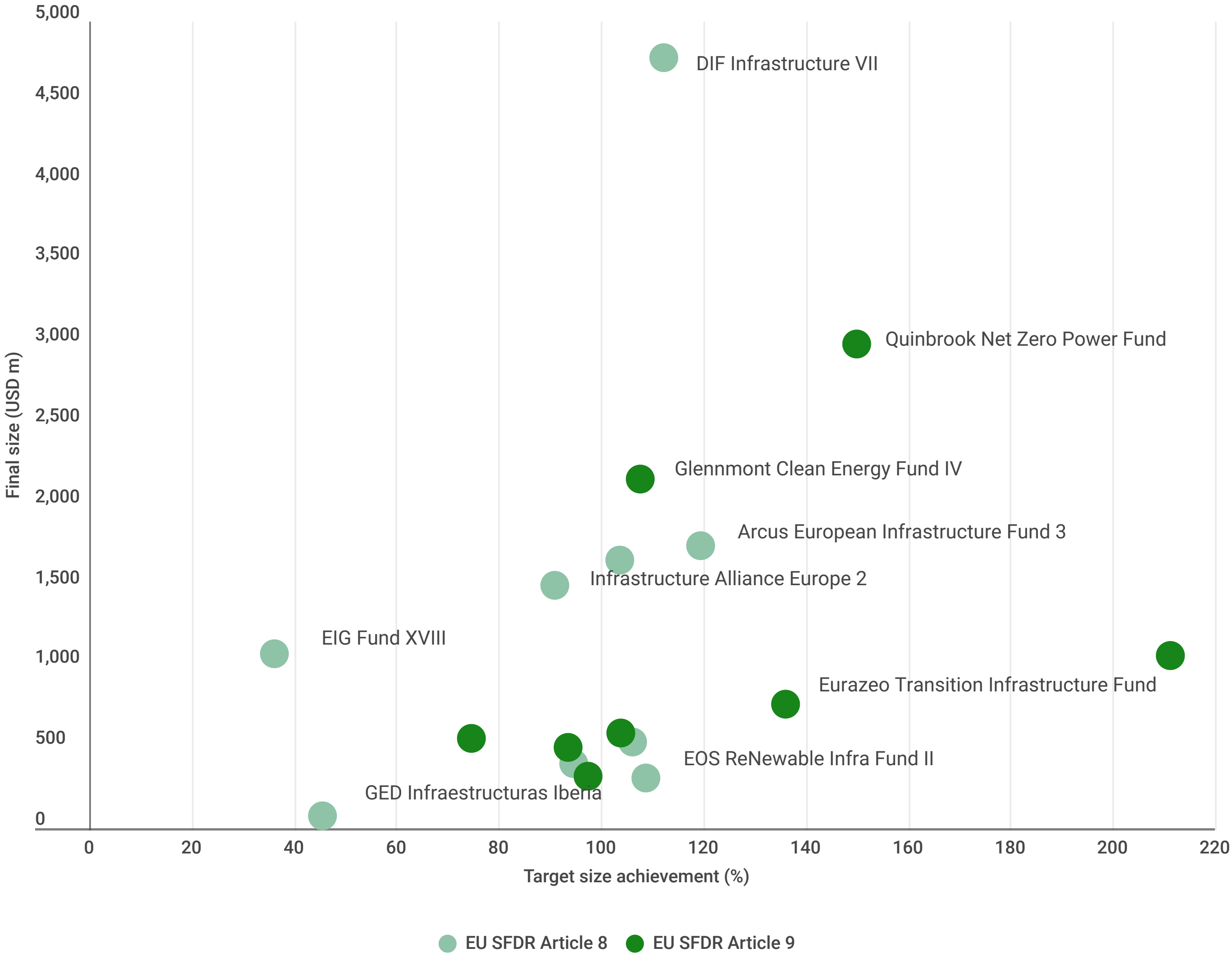



### Infrastructure ESG Funds by Target Geography - Q1-Q3 2024 (Number of Funds)




Source: *RealfinX Platform*

### Global Unlisted Infrastructure Funds with EU SFDR Article 8 & 9 Designations (Q1-Q3 2024)




### ESG fund in focus: DIF Core-Plus Infrastructure Fund III

- Vintage year: 2022
- Target size: EUR 1,500 m
- Fund life: 12 years
- Extension provision length: 3 years
- Domicile: Luxembourg
- ESG category: Climate Impact
- Main sectors: Energy; Oil & Gas; Social Infrastructure; Digital Infrastructure; Transport
- Investment Strategy: transactions ranging from €30-150 million
- Geography: The fund invests with a primary emphasis on Europe and North America
- Example Limited Partners: Los Angeles County Employees Retirement Association; New York State Common Retirement Fund; Los Angeles County Employees Retirement Association; Pennsylvania Public School Employees' Retirement System; Ilmarinen Mutual Pension Insurance Company

# 04
# ESG Strategies & Labelling

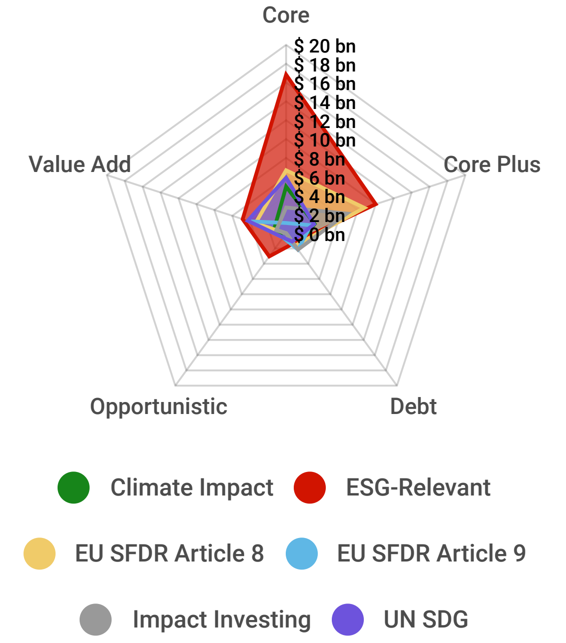
# ESG Strategies & Labelling

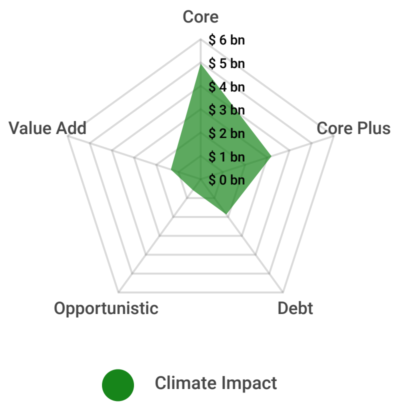
The majority of global private infrastructure ESG fundraising either includes or exclusively uses one of a number of labels or categories that are unaffiliated with both multinational regulations and impact investing. This can be seen in Realfin's comprehensive dataset on infrastructure funds for the five years ending with Q3 2024.

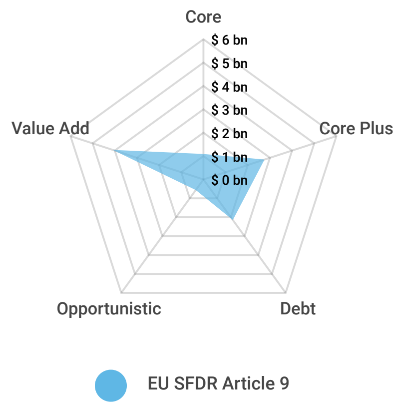
For this broad group of 'ESG-Relevant' category funds, value add and core are the most common styles deployed, attracting a total of USD 40 billion and USD 25 billion in aggregate fundraising over the period. Climate impact funds targeting core and EU SFDR Article 8 funds targeting value add are the only other fund styles that cumulatively reached the USD 20 billion mark.

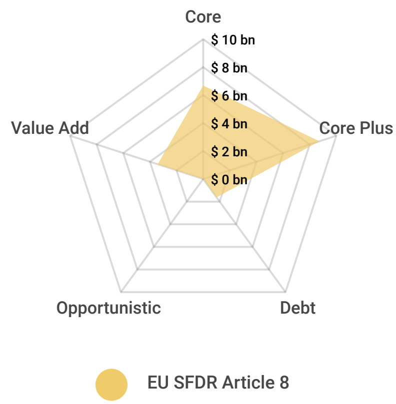
It is interesting to note that the riskier value-add style is associated with the more climate-conscious dark green SFDR Article 9 label, whereas the so-called light green SFDR Article 8 label is associated with the more defensive core plus and core strategies.

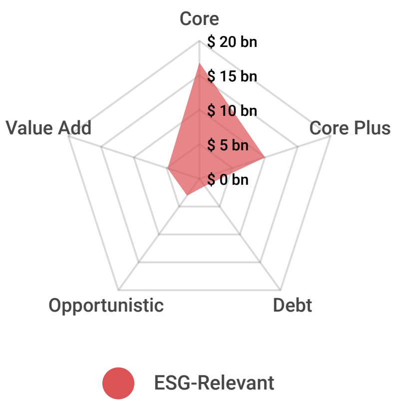
**Closed-ended ESG Fund Strategy Distribution - Total Fundraising Q1 2024-Q3 2024**

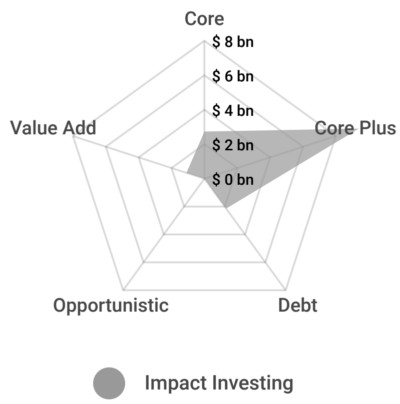


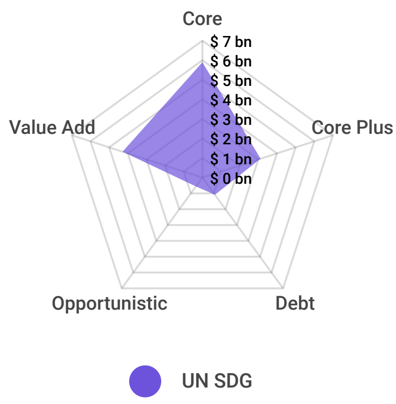



# 05
# Realfin ESG Rankings

# Realfin ESG Rankings

**Selection of Unlisted Infrastructure ESG Final Closes - Q1-Q3 2024**

| | Fund | Manager | ESG Characteristics | Geographic Targets | Final Size (USD m) |
|---|---|---|---|---|---|
| | KKR Asia Pacific Infrastructure Investors II | KKR | ESG-Related | Multi-Region | 6400 |
| | Pantheon Global Infrastructure Fund IV | Pantheon | ESG-Related | Global | 5300 |
| | DIF Infrastructure VII | CVC DIF | EU SFDR Article 8 | Global | 4775 |
| | European Diversified Infrastructure Fund III | Igneo Infrastructure Partners | Impact Investing | Europe | 4444 |
| | EQT Active Core Infrastructure | EQT | ESG-Related | Multi-Region | 3557 |
| | Stonepeak Asia Infrastructure Fund | Stonepeak | Climate Impact; ESG-Related; UN SDG | Asia Pacific | 3300 |
| | Stonepeak Opportunities Fund | Stonepeak | ESG-Related | Multi-Region | 3150 |
| | Quinbrook Net Zero Power Fund | Quinbrook Infrastructure Partners | EU SFDR Article 9 | Multi-Region | 3000 |
| | Global Infrastructure Partners Australia II | Global Infrastructure Partners | Impact Investing | Asia Pacific | 2643 |
| | DIF Core-Plus Infrastructure Fund III | CVC DIF | Climate Impact; ESG-Related | Multi-Region | 2604 |

Source: *RealfinX Platform*

## Top 20 Global Infrastructure ESG Fund Managers, Five Years to Q3 2024

| Rank | Domicile | Fund Manager | Capital Raised (USD m) |
|---|---|---|---|
| 1 | | BlackRock | 49,688 |
| 2 | | EQT | 39,794 |
| 3 | | Brookfield Asset Management | 27,400 |
| 4 | | KKR | 25,400 |
| 5 | | Macquarie Group | 23,879 |
| 6 | | Copenhagen Infrastructure Partners | 21,318 |
| 7 | | Partners Group | 20,989 |
| 8 | | I Squared Capital | 16,430 |
| 9 | | CVC | 11,095 |
| 10 | | Ardian | 9,438 |
| 11 | | Stonepeak | 9,200 |
| 12 | | Generali Group | 7,482 |
| 13 | | Blackstone | 7,478 |
| 14 | | Groupe BPCE | 6,616 |
| 15 | | Swiss Life | 6,532 |
| 16 | | General Atlantic | 6,060 |
| 17 | | Schroders | 5,826 |
| 18 | | Storebrand Asset Management | 5,674 |
| 19 | | Goldman Sachs | 5,600 |
| 20 | | InfraVia Capital Partners | 5,459 |

Source: *RealfinX Platform*

## Top 20 Global Infrastructure ESG Legal Advisers, Five Years to Q3 2024

| Rank | Domicile | Legal Adviser | Capital Advised (USD m) |
|---|---|---|---|
| 1 | | Loyens & Loeff | 71,653 |
| 2 | | Kirkland & Ellis | 52,480 |
| 3 | | Sullivan & Cromwell | 38,653 |
| 4 | | Simpson Thacher & Bartlett | 37,405 |
| 5 | | Debevoise & Plimpton | 35,629 |
| 6 | | Fried Frank | 28,792 |
| 7 | | Weil, Gotshal & Manges | 22,676 |
| 8 | | Plesner | 21,905 |
| 9 | | Paul, Weiss, Rifkind, Wharton & Garrison | 19,879 |
| 10 | | Clifford Chance | 18,937 |
| 11 | | Goodwin Procter | 16,904 |
| 12 | | Elvinger Hoss Prussen | 16,301 |
| 13 | | Bae Kim & Lee | 16,283 |
| 14 | | Simmons & Simmons | 16,091 |
| 15 | | Bruun & Hjejle | 13,335 |
| 16 | | King & Wood Mallesons | 13,066 |
| 17 | | Clayton UTZ | 8,733 |
| 18 | | Gibson, Dunn & Crutcher | 5,870 |
| 19 | | Latham & Watkins | 5,606 |
| 20 | | Burness Paull | 5,586 |

Source: *RealfinX Platform*

## Top 20 Global Infrastructure ESG Placement Agents, Five Years to Q3 2024

| Rank | Domicile | Placement Agent | Capital Advised (USD m) |
|---|---|---|---|
| 1 | | Mitsubishi UFJ Alternative Investments | 69,100 |
| 2 | | LarrainVial | 42,879 |
| 3 | | Fund Placement Israel | 42,609 |
| 4 | | PICTON | 39,444 |
| 5 | | Campbell Lutyens | 36,452 |
| 6 | | KB Financial Group | 34,302 |
| 7 | | Spire Capital | 33,217 |
| 8 | | NH Investment & Securities | 28,778 |
| 9 | | FIRSTavenue | 26,414 |
| 10 | | Goldman Sachs | 24,729 |
| 11 | | UBS | 24,380 |
| 12 | | Macquarie Group | 22,064 |
| 13 | | Mitsubishi Corporation | 22,000 |
| 14 | | Greshler Finance | 21,087 |
| 15 | | Selinus Capital | 20,599 |
| 16 | | Allen Partners | 17,953 |
| 17 | | CFJC | 17,933 |
| 18 | | JP Morgan Chase | 17,629 |
| 19 | | Brookfield Asset Management | 17,400 |
| 20 | | Morgan Stanley | 16,171 |

Source: *RealfinX Platform*

# 06
# Guest Q&A
# Actis

# Q&A with Actis

Actis is a leading global investor in sustainable infrastructure, delivering measurable positive impact for the countries, cities and communities in which it operates. Actis invests in structural themes that support long-term, equitable growth in defensive, critical infrastructure across energy transition, digitalization transition, and supply chain transformation. The firm's decades of global experience, operational know-how and strong culture allows it to create global sustainability leaders at scale.

Actis was was formed in July 2004, as a spinout of CDC Group established by the UK Government in 1948 to invest in developing economies in Africa, Asia, and the Caribbean. Its global investment heritage is why it is very much at home investing across the globe, whether it's in real estate or energy infrastructure.

Realfin spoke to James Magor, Director of Sustainability on why sustainability is an excellent route to de-risking a project, why AI can be both bane and antidote to the energy markets, and Actis' push to nurture sustainability leaders.

Q: What does sustainable mean to Actis?

A: The UN defines sustainability as meeting the needs of the present without compromising the ability of future generations to meet their own needs. We subscribe to that, but then convert that into an investment philosophy: we seek to grow or create businesses that are more resilient, more innovative, better able to deliver societal and environmental benefits, remain vital and critical for longer and ultimately become more valuable.

Q: What characteristics do you look for in an investment opportunity?

We seek "sustainability leaders"; those who maintain high international standards of governance and integrity, avoiding and minimizing risk. We believe such companies outperform their peers and deliver superior financial performance. They do this by being more competitive, efficient, resilient. They have a stronger social license to operate. They attract the best talent, have access to a lower cost of capital for growth and superior stakeholder relations. Companies like that are our North Star.

Q: Actis has developed its own impact measurement tool. How does it work?

A: We launched the tool in 2019. It's based on the dimensions of impacts that were developed by the impact

James Magor is Director of Sustainability at Actis

management project. It aligns with the Operating Principles for Impact Management, which we were a founding signatory of. It works at the beginning of an investment, identifying what are the positive contributions that a project or company is making towards environmental and social sustainability and then seeking to define how significant that positive impact will be. We then look to measure it through the life of the investment.

For example, we might say that providing new renewable energy generation capacity will a improve access to power in that country because there's a strong correlation between power consumption and GDP per capita. Equally, as it's renewable energy, it's contributing to climate change mitigation. And because we're creating a new company, we're creating jobs.

> "At the asset management level, it's about how we put in place action plans, targets, and the right KPIs to follow those action plans through."

Q: Given your exposure to energy, how important is a just transition to Actis?

A: We look at the just transition in terms of how we ensure those employed in sectors that become obsolete during the transition can retrain, to benefit from the clean energy economy. If you're living near a wind or solar power plant, you should derive some benefit from that as well. We consider any of the negative impacts of renewable energy development too.

Q: What aspect of sustainability is the hardest to measure?

A: It's more about the value of de-risking. It is difficult to measure when we think about the time and the money we spend on community development, for example. But we do that for strong commercial reasons, because we believe it protects the development, the construction, the operation of infrastructure assets. If people are benefiting from it, they are less likely to disrupt or oppose that piece of infrastructure, so we spend time thinking about that type of de-risking. Perhaps the best measurement is the testimony from our buyers who value our work in managing risk.

> "We're seeing the energy transition happen everywhere in the world, but the pace of that in Asia is eye watering."

Q: How important is good communication of sustainable objectives?

A: It's vital, but there is a spectrum in terms of how important it is. To some investors, sustainability is critical to their decision making. To others, perhaps that they're more neutral or on the fence, but the thing that unites our investors is how sustainability is contributing to more successful investments. We don't integrate sustainability because of some mission or a greater sense of purpose. We do so because we believe it improves the performance of our investment. And we've got 20 years of evidence to support that.

Q: How frequently do you do communicate this?

De-risking and value creation forms part of our quarterly fund reporting, just as every other aspect of investment management does. We provide an annual sustainability report which goes into much more depth into the performance of our investments. We view this as a point of differentiation within the market.

Q: Have you noticed any change in investor expectation since your time at Actis?

A: Recognition of the role that sustainability must play in both in risk management and value creation has increased enormously over time. I've been with Actis approaching nine years, and the quality of conversation and depth we go into with our investors is remarkable. That's speaks to the importance of sustainability in terms of driving financial value. If you think about the energy transition as a global dominant sustainability theme or secular trend, then how you intend to capitalise on those sustainability tailwinds is an important question we would answer to all our investors.

Q: What investments pose potential dilemmas?

Take AI for example. Data storage facilities are providing a huge opportunity for our renewable energy platforms. They are the off takers to our wind and solar plants, and that's an exciting place to be. And, interestingly, the growth in digital technology is essential for developing those wind and solar plants in the first place. We also invest in distribution networks, and we've seen firsthand that trying to integrate distributed and intermittent power sources into an electricity network and keep that network stable is just not possible without digital technology. So, AI is creating the demand for power, but it's also part of the solution that allows renewable power to grow.

Q: What's the most exciting market you working in?

A: It's like picking your favourite child, isn't it? But the one I'm most excited about is Asia. Its potential is enormous. We're seeing the energy transition happen everywhere in the world, but the pace of that in Asia is eye watering.

Q: How are you able to keep effective tabs on your investments?

We're a hands-on investor. We're a builder and operator and are led by engineers. We like the boots on the ground approach, and that extends from due diligence right the way through to exiting our investments. We're a relatively small firm, 120 investment professionals, but spread across 17 global offices. We value that local on the ground presence that our investment teams have been born and brought up and educated in their markets. They are supported by our operations and sustainability teams that get involved from the outset in every investment.

## Contact

Nikola Yankulov
Head of Research & Data Operations
Realfin
nikola.yankulov@realfin.com

Mary Hunter Hieronimus
Institutional Relationship Manager
Realfin
mary.hunter.hieronimus@realfin.com

Vlad Benn
Policy & Research Manager
Global Infrastructure Investor Association
vbenn@giia.net

www.realfin.com
contact@realfin.com