

A black and white photograph of several wind turbines on a hillside. The turbines are tall with three blades each, and they are positioned on a ridge. The background is a clear sky. The foreground shows dense vegetation.

actis

2023

TASK FORCE ON CLIMATE- RELATED FINANCIAL DISCLOSURES

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INTRODUCTION

SECTION

1



FOREWORD

It is with great pleasure that I write to introduce Actis inaugural Task Force on Climate-Related Financial Disclosure (TCFD) Report.

Climate change is an urgent global challenge that must be tackled. Already, its effects are keenly felt, and these will only increase in severity as time goes on, affecting all of us today and in generations to come. There is absolutely no doubt in my mind that it is one of the most pressing issues of our time.

Tackling climate change presents a significant challenge, requiring a vast, complex, multi-decade approach at a global level: all sectors of the economy – public, private, and voluntary – have a role to play.

At Actis we understand the magnitude of the challenge as well as the opportunity. We take our responsibility as one of the leading global investors in sustainable infrastructure very seriously. We are responsible stewards of capital on behalf of our partners. We incorporate climate change risks and opportunities into all of our investment decisions. This is not a “nice to have”. It forms a fundamental pillar of how we invest and has done for years.

In addition to being serious custodians of capital, we want to be part of the solution. It is precisely through our investments that we can contribute most deeply to addressing the challenges of climate change and to also realising the opportunities offered by the climate transition. Actis has committed to managing 100% of its assets under management (AUM) in line with a 1.5°C net zero 2050 pathway. We have also set interim targets: 60% of AUM to be aligning with net zero by 2030, and 50% of AUM in 2030 to be invested in climate solutions.

Like many at Actis, I take great pride in our track record so far. Actis has invested in 23 platforms generating renewable energy across 23 countries, with a renewable installed capacity of c.16GW of clean power. In 2023 alone, Actis investments contributed to over 1 million tCO₂e avoided. And it's not just about renewables of course. Actis is also a major investor into vital enabling infrastructure such as electricity grids as well as transmission and distribution networks. For some of our platforms, learning curves are steep so we're working to ensure that knowledge and insights are efficiently shared across our portfolio for the benefit of all.

To inform and deepen our understanding of climate risk and opportunity, we undertook a high-quality, semi-quantitative scenario analysis of our portfolio (225 unique locations), against three warming scenarios, assessing physical climate hazards (acute and chronic) within a 25km radius as well as climate transition risks and opportunities.

The work undertaken in preparation of this report has therefore been both broad and deep, and provides us with an excellent source of analysis to further refine our understanding. As ever, the work goes on, and I look forward to discussing it with our valued partners as we continue to invest to transform infrastructure for a better tomorrow.



Torbjorn Caesar
Chairman and Senior Partner / Actis



ABOUT ACTIS

Actis is a leading global investor in sustainable infrastructure, delivering competitive returns for institutional investors and 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, digitalisation, and supply chain transformation.

The firm's decades of global experience, operational know-how, and strong culture of accountability allow it to create global sustainability leaders at scale. Since inception, Actis has raised US\$25 billion.

We believe that **values drive value**, meaning that by investing responsibly, we create businesses that are more resilient, more efficient, better able to compete for customers and talent alike, well governed, and with a strong social licence to operate. Ultimately, they are more valuable. We create sustainability leaders and embed sustainability across our investment portfolios.

We build value for a better tomorrow.

70+

70+ year heritage

3333GW generation capacity
in our portfolio**13.5**

US\$13.5bn AUM

72

72 portfolio companies

44 investment strategies:
Energy, Long Life
Infrastructure, Real Estate,
and Private Equity**235**

235 exits

17

17 offices

You can learn more about Actis
at www.act.is

About this Report

Year ended 31 December 2023 is our first year of reporting in line with the TCFD recommendations. During this year, we have worked to evaluate and improve our alignment to the recommendations of the TCFD in accordance with UK Financial Conduct Authority (FCA) requirements Policy Statement PS21/24.

In 2023 we focused on continuous improvement of our governance and understanding of climate risks and opportunities and strengthening how this is managed within our investments. We recently committed to aligning 100% of our portfolio to net zero by 2050. Publishing TCFD disclosures fulfils part of our commitment as signatory to the Net Zero Asset Managers Initiative (NZAM).

This year's disclosure describes our approach to governing climate-related topics, how we conducted scenario analysis including summary findings, and broader discussions around risk management and metrics and targets used within our organisation. We are working towards embedding these into our business and using these results to inform decision-making.

Scope

This statement covers Actis Holdings S.à.r.l. and its subsidiaries (together and unless the context otherwise indicates, "we", the "Firm", the "group" or "Actis"). Actis GP LLP and Actis UK Advisers Limited (AUKA) are authorised and regulated by the FCA, and carry on TCFD in-scope business (within the meaning of Chapter 2 of the FCA's Environmental, Social and Governance (ESG) sourcebook) comprising fund management and portfolio management respectively (collectively referred to as "FCA-regulated entities"). One of the purposes of this report is to allow the FCA regulated entities to fulfil their climate-related reporting obligations under Chapter 2 of the FCA's ESG sourcebook.

This Report relates to the activities undertaken by Actis between 1 January 2023 and 31 December 2023, although at times it might reference activities or initiatives undertaken outside this time period including progress made during 2024 where relevant. The policies and practices referred to in this report are, unless otherwise stated, adopted by Actis on a group-wide basis and applied in the relevant jurisdictions in which it operates. The management of climate risks and opportunities within the FCA-regulated entities are wholly aligned with the wider group, except as indicated otherwise.

Unless otherwise stated, the information in the report relates to the investments within Actis portfolio during the reporting period, across Actis's four strategies: Energy, Long Life Infrastructure, Real Estate, and Private Equity.

Actis GP LLP and Actis UK Advisers Limited do not delegate any of their core management or advisory functions. Relevant delegations of authority are set out in [Figure 1](#).

Statement of compliance

The disclosures in this report, including any third-party or group disclosures cross-referenced in it, comply with the relevant requirements set out in chapter 2 of the FCA's Environment, Social and Governance (ESG 2) sourcebook as at 28th June 2024.



Shami Nissan

Partner and Head of Sustainability / Actis



Nisha Raghavan

Partner and Chief Operating Officer / Actis

TCFD INDEX

We have followed the recommended disclosures set out under the TCFD in preparing this report.

GOVERNANCE	STRATEGY	RISK MANAGEMENT	METRICS AND TARGETS
<p>Pages 8–11</p> <p>Disclose the organisation's governance around climate-related risks and opportunities.</p>	<p>Pages 12–25</p> <p>Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.</p>	<p>Pages 26–28</p> <p>Disclose how the organisation identifies, assesses, and manages climate-related risks.</p>	<p>Pages 29–34</p> <p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>
<ul style="list-style-type: none"> A) Describe the board's oversight of climate-related risks and opportunities. B) Describe management's role in assessing and managing climate-related risks and opportunities. 	<ul style="list-style-type: none"> A) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. B) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. C) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. 	<ul style="list-style-type: none"> A) Describe the organisation's processes for identifying and assessing climate-related risks. B) Describe the organisation's processes for managing climate-related risks. C) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management. 	<ul style="list-style-type: none"> A) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. B) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks. C) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

GOVERNANCE

SECTION

2



GOVERNANCE

RECOMMENDED DISCLOSURES

Disclose the organisation's governance around climate-related risks and opportunities.

- A) Describe the board's oversight of climate-related risks and opportunities.
- B) Describe management's role in assessing and managing climate-related risks and opportunities.

GOVERNANCE

Climate-related risks and opportunities are integrated into our investment strategies and processes as well as how we manage our assets. In this section we explain our governance framework and approach to climate risks and opportunities, which sits within our broader sustainability governance, including details on accountability and responsibilities, both Firm-level at Actis, and within our investment portfolio.

2.1 BOARD-LEVEL OVERSIGHT

- **Executive Committee**

Executive Committee (Exco) meets four times a year and is responsible for strategic planning and decision-making on behalf of Actis. Exco comprises Partners across the Firm, including the Senior Partner and Chairman, Chief Investment Officer, Chief Operating Officer, and Fund Heads. More information can be found on our website [here](#). The Head of Sustainability reports on sustainability topics to Exco, ensuring that climate, alongside material sustainability issues, is considered in decision-making. Exco is supported in its sustainability responsibilities and operations by the Management Committee and the Risk Committee.

- **Risk Committee**

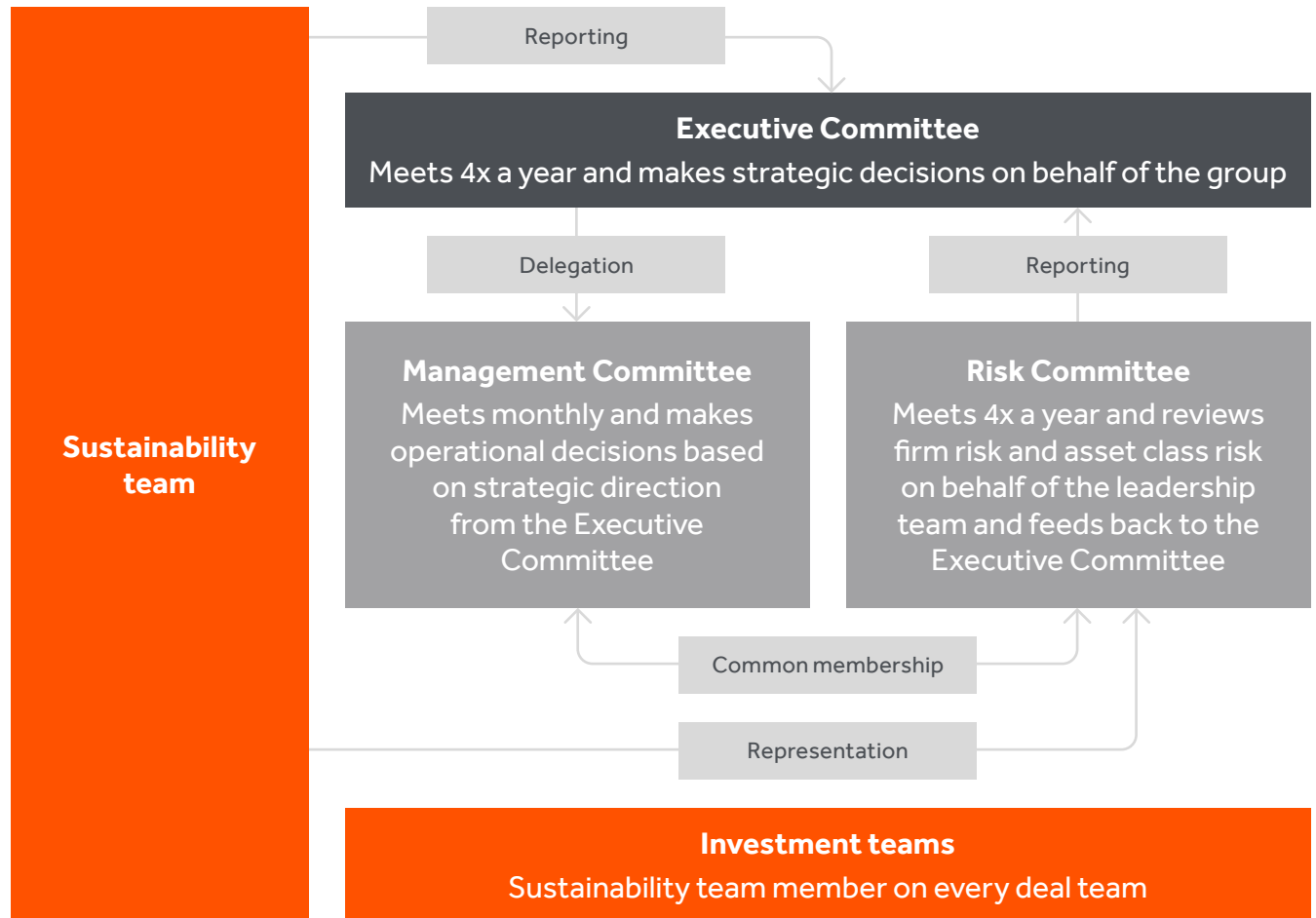
The Risk Committee typically meets four times a year and oversees how key risks are embedded in our risk management framework, at both Firm and fund levels. The Risk Committee is chaired by Actis General Counsel who is responsible for providing key updates after each Committee. A Sustainability Director is a member of the Risk Committee, providing a direct reporting line on behalf of the Sustainability team. The risk management report is a standing agenda item for the Risk Committee. This report covers a broad range of risks that Actis faces, including risks relating to climate change and other sustainability risks. This is described further in [Section 4](#).

- **Management Committee**

The Management Committee meets monthly and is responsible for making operational decisions based on strategic direction from Exco. This includes reviewing and opining on sustainability initiatives, such as those related to regulation, reporting, and strategy. In the context of climate, these have recently related to topics such as our carbon footprint approach and TCFD reporting.

Board-level oversight for AUKA consists of a separate board of directors which is responsible for strategic planning and decision-making on behalf of that entity.

Figure 1: Actis sustainability governance structure



2.2 MANAGEMENT OVERSIGHT

2.2.1 Actis

The Sustainability team, led by the Head of Sustainability, oversees the management of climate-related risks and opportunities across the investment process, portfolio management, and at strategic level for the Firm. Senior accountability is established via direct reporting channels to Investment Committees, Fund Leadership, and deal Partners, described below, ensuring sufficient governance is assigned to oversee investments and strategy.

- **Investment process**

Investment approval and recommendations are overseen by Investment Committees within AUKA comprising Actis Chief Investment Officer, Senior Partner, as well as other Partners within Fund Leadership, with voting membership defined at the Fund level. We have a disciplined approach to investment approval, applying Actis-wide standards, including those related to sustainability, to each stage of the investment process; origination, investment approval/recommendation (a three-stage process involving Screening, Preliminary, and Final Investment Committees), portfolio management, and exit. The Investment Committee is central to decision-making around these processes – being responsible for taking investment decisions for Actis Luxembourg funds and, in the case of UK funds, making recommendations for final consideration by the Investment Approval Committees of Actis GP LLP and Actis LLP, as applicable.

A member of the Sustainability team sits within the deal team for each investment that we consider, working collaboratively with investment professionals to evaluate climate risks and opportunities. Deal teams are led by deal Partners who sit within Funds. As a member of the deal team, the Sustainability team member attends Investment Committees to advise members on material sustainability considerations, including those related to climate.

- **Portfolio management**

Fund leadership together with the Head of Sustainability oversee sustainability performance of investments as well as progress against our net zero targets, described further in [Section 3](#) and [Section 5](#), during quarterly reviews. Deal team members are ultimately accountable to Actis and Fund Leadership for the sustainability performance of portfolio companies.

During ownership, a member of the Sustainability team maintains their role as a member of the deal team, and leads on sustainability risk management, value creation, and impact. This includes ongoing engagement with portfolio company management on material topics, and is overseen by Deal partners and Board-level Sustainability Committees, where established. The Sustainability team also undertake an annual review of sustainability performance for each portfolio company, including collecting qualitative and quantitative ESG Key Performance Indicators (KPIs). This data supports ongoing performance monitoring and is used to discharge regulatory and Fund-level reporting commitments on sustainability. More information on data and reporting is shared in [Section 5](#).

- **Strategy**

The Sustainability team leads strategic initiatives related to the Firm's climate approach and strategy. This includes net zero, climate risk management, GHG emissions assessment, metrics and reporting, and regulation. We formed a Net Zero Steering Committee in 2021 to oversee our strategy on behalf of Exco, who are consulted for final approval of key decisions and provided with regular updates, as required. The Net Zero Steering Committee is a cross-functional group, chaired by the Head of Sustainability and includes further representatives from Sustainability, Investor Solutions, and Partners from Actis infrastructure investment strategies (Energy, Long Life, and Real Estate).

2.2.2 Portfolio companies

For each portfolio company, we seek to ensure that there is an appropriate senior hire with responsibility for sustainability. Whilst these roles are determined by and based on specific needs of each investee company, we may support the portfolio company as it recruits roles such as Head of Sustainability/Sustainability Director/ESG Manager to oversee sustainability matters, which includes climate.

Sustainability personnel at portfolio companies typically provide updates to the Board, or Board-level Sustainability Committee, on a quarterly basis. Updates and quarterly reporting relate to performance on material ESG topics, of which climate change is a key aspect.

Further information on how sustainability is integrated into our Risk Management approach, both at investment and Firm level, is described in [Section 4](#).

STRATEGY

SECTION

3



STRATEGY

RECOMMENDED DISCLOSURES

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.

- A) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.
- B) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.
- C) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

STRATEGY

In line with our sustainable infrastructure focus, we consider climate-related risks and opportunities within our investment strategies. Decarbonisation and the energy transition are significant, secular trends which present attractive investment opportunities across our strategies. Equally, there are risks associated with both physical climate change and the low-carbon transition that our investment strategies need to duly consider to avoid adverse impacts.

We consider these risks and opportunities when developing and evolving our fund strategies and value creation plans. For example:

Energy infrastructure

Evaluating broader opportunities across the energy value chain such as energy efficiency, energy storage, and clean mobility, as well as other future energy technologies like green hydrogen, whilst continuing to invest in our core sectors.

Long life infrastructure

Using scenario analysis to understand potential impacts to performance and resilience, reflective of our longer holding period for these assets. This information can then inform operational improvements, adaptation measures, and CapEx planning on decarbonisation interventions in the context of their relative payback period.

Real estate and data centres

Implementing green design features and sourcing renewable or low-carbon power supply to optimise resource efficiency, reduce carbon emissions, and safeguard against energy price rise or carbon tax. Integrating such programmes as part of our strategy to maximise occupancy with blue chip tenants.

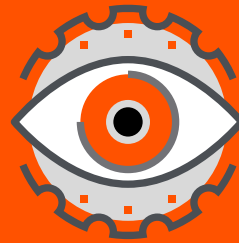
On a deal-by-deal basis, these are then considered in the context of the sector and the market.

3.1 CLIMATE SCENARIO ANALYSIS

3.1.1 Approach and methodology

In 2023, we commissioned AXA Climate to perform climate scenario analysis across our infrastructure portfolio. The methodology used seeks to align with the recommendations of the TCFD, including different scenarios and time horizons for both physical and transition risks and opportunities. The assessment combined a semi-quantitative and qualitative approach that followed a three-step process:

1



Identification

Relevant physical and transition risks and opportunities were identified. The physical items were identified using climate indicators while transition items were identified using internal and external databases for each sector considered.

2



Assessment

Each risk and opportunity was assessed to understand its impact on Actis sectors, and their evolution across three different time horizons and climate scenarios, as described in Table 1.

3



Impact

The risks were then evaluated to understand how they may impact the portfolio companies, relevant sectors, and, by extension, Actis. Qualitative impacts on portfolio companies were described in terms of CapEx, OpEx, and revenues.

The assessment was completed using portfolio information across Actis infrastructure funds as at Q3 2023.

For **physical risks**, asset-level analysis was completed using data taken from global climate models from the Intergovernmental Panel on Climate Change (IPCC). The EU Taxonomy classification for physical climate hazards, incorporating acute and chronic hazards, was used. Pre-defined risk thresholds are applied to hazards and sectors to determine classification of risks as high, medium, or low.

- **Acute hazards**

Acute hazards are event-driven climate shocks, including extreme weather events such as cyclones, droughts, or floods. They may lead to destructive impacts on infrastructure as well on the regions and communities where assets are located.

- **Chronic hazards**

Chronic hazards correspond to long-term shifts in climate patterns that may cause continuous evolution in climate indicators such as sea level rise and water stress. They may lead to impacts such as reduced operational performance, increased maintenance, and changes to workforce productivity.

For **transition risks**, sectoral-level analysis was completed using scenarios from the Network for Greening the Financial System (NGFS) for risks and opportunities including policy initiatives, market shifts, technological changes and reputational risk. Risk and opportunity levels are primarily based on sectoral carbon intensity (i.e., the more carbon-intensive the sector, the higher the value), weighted to corresponding climate indicators in the NGFS scenarios to determine classification as high, medium, or low. The assessment identified and analysed the two most material risks and opportunities for each sector related to the following categories:

- **Policy initiatives**

Policy initiatives that may seek to promote or limit activities that contribute to the adverse effects of climate change, or initiatives that seek to promote adaptation to climate change (e.g. carbon pricing mechanisms).

- **Market shifts**

Market shifts that impact supply and demand for certain commodities, products, and services.

- **Technological changes**

Technological changes that bring about improvements or innovations that support the transition to a low-carbon, energy-efficient economic system.

- **Reputational risk**

Reputational perception associated with changing customer or community sentiments related to an organisation's contribution to, or detraction from, the transition to a low-carbon economy.

Time horizons assessed included baseline, medium-term, and long-term, outlined in [Table 1](#). For physical risks, the long-term horizon is 2050, whilst for transition risks and opportunities it is 2040. Due to inertia in climate change, physical impacts are expected to increase over time, whereas economic transformations associated with the low-carbon transition are less certain further into the future. Hence these timelines for additional conservatism to the assessment. 2030 was selected to provide near-term indications of risks which provide greater certainty and therefore can be more informative in determining response measures. Baseline years were defined according to availability of data and to allow sufficient time between the baseline and 2030 to observe evolutions. For physical risks, the baseline year, 2000, reflects availability of climate data to establish a reference point and, as noted, relative inertia in climate data enables greater visibility of evolutions over longer timeframes.

This work complements our existing understanding of climate-related risks through our [Transition Tool](#), as well as asset-level physical climate risk screening undertaken during or post-due diligence. More information on this can be found in [Section 4](#).

Table 1: Climate scenario analysis methodology

PHYSICAL RISKS		TRANSITION RISKS AND OPPORTUNITIES	
Scope		Scope	
<ul style="list-style-type: none"> • 225 unique asset locations. • Acute and chronic hazard indicators were computed at asset level, within a 25km radius. 		<ul style="list-style-type: none"> • 10 sectors. • Transition risks and opportunities were identified at sector – and, where available, regional level. 	
Time horizons		Time horizons	
Baseline: 2000, Medium-term: 2030, Long-term: 2050		Baseline: 2020, Medium-term: 2030, Long-term: 2040	
Scenario (IPCC)	Interpretation	Scenario (NGFS)	Interpretation
<p>“Hot House” SSP5–8.5</p>	<p>Worst case scenario, highest risk levels.</p> <p>The SSP5–8.5 IPCC scenario is the most pessimistic scenario. Mid-century warming is projected to reach 1.9–3°C and end of the century warming 3.3–5.7°C.</p>	<p>“Nationally Determined Contribution”</p>	<p>Lowest transition risks, lowest opportunities.</p> <p>This scenario includes all pledged policies even if not yet implemented. It is referred to as the “Business as Usual” scenario.</p>
<p>“Disorderly Transition” SSP2–4.5</p>	<p>Middle of the road scenario.</p> <p>The SSP2–4.5 IPCC scenario is projected to lead to a mid-century warming of 1.6–2.5°C and end of the century warming of 2.1–3.5°C.</p>	<p>“Delayed Transition”</p>	<p>Low risk and opportunity until 2030, higher after.</p> <p>This scenario assumes annual emissions do not decrease until 2030. Strong policies are needed to limit warming to below 2°C. CO₂ removal is limited.</p>
<p>“Orderly Transition” SSP1–2.6</p>	<p>Lowest risk levels.</p> <p>The SSP1–2.6 IPCC scenario is an optimistic scenario regarding physical risks. It is projected to lead to a mid-century warming of 1.3–2.2°C and end of the century warming of 1.3–2.4°C.</p>	<p>“Net Zero 2050” / “Orderly Transition”</p>	<p>Highest transition risks, highest opportunities.</p> <p>This scenario is an ambitious scenario that limits global warming to 1.5°C by 2100 through stringent climate policies and innovation, reaching net zero CO₂ emissions by 2050.</p>

3.1.2 Summary results

PHYSICAL RISKS

Whilst climate hazards have been evaluated across a broad set of scenarios and time horizons, we have initially focused our physical risk analysis under an SSP 8.5 Hot House scenario for 2030. This approach was used to provide a more conservative view of our risk exposure, noting SSP 8.5 is a pessimistic scenario and 2030 provides more certainty and therefore utility than longer-term horizons. Notably, as climate models reflect inherent uncertainty through variability, in 2030 there is also not a material divergence across climate indicators in the three IPCC global warming scenarios, therefore this scenario is considered to provide a reasonable view of the future.

Table 2 presents climate hazard analysis results across Actis sectors. Risk exposure is driven by presence, frequency, and intensity of the climate hazards, and also by the number of assets held within a given sector, meaning that the more assets within a given sector, the higher likelihood of high risk exposure. Whilst Table 2 focuses on high, medium and low-level risks were also identified in the analysis, not presented in this Report.

(i) Acute hazards

Under a Hot House scenario, by 2030, extreme heat is the most prevalent risk observed across all Actis funds. This is followed by flood, drought, wildfire, and tropical cyclones. South and Central America, Middle East and North Africa (MENA), and Asia are the regions with greatest exposure to high risks. Risks identified across Funds have been consolidated at sector level, as presented in Table 2, and show that all sectors in which we invest are exposed to at least one high-risk climate hazard. Transmission and distribution and renewable power generation assets are exposed to the broadest range of hazards, partly driven by having a greater number of assets in these sectors.

In terms of risk evolution, extreme heat has the greatest increase in number of assets exposed between the baseline, 2030, and 2050 under all scenarios, followed by flood, landslides, and wildfire increases. Tropical cyclones are expected to increase in intensity and decrease in frequency in the regions our assets are exposed (Asia and North America). Whilst only a small percentage of our portfolio is exposed to this hazard (~3% of total assets), the potential impacts of such hazards can be significant. Other hazards show relatively few differences between scenarios and lower evolutions by 2050.

Potential impacts associated with these hazards may include:

- Extreme heat could generate higher energy expenses where cooling needs are required and lower revenues for assets with heat-sensitive equipment that may be damaged or operate less efficiently (e.g., solar photovoltaic (PV)). Extreme heat may also generate social impacts and impede on workers health and safety.
- Hazards with destructive effects – such as floods, tropical cyclones, landslides, and earthquakes – could require CapEx for restoration or cause business interruption that impacts revenues. These can also have potentially devastating consequences on local communities, therefore infrastructure design should consider how to avoid exacerbating such impacts should a climate event occur. We have recent examples of actively managing these risks. For example, our Combined Cycle Gas Turbine (CCGT) asset in Bangladesh, Bhola, has undertaken comprehensive flood resilience planning including community resilience measures (see case study). In Japan, mitigating landslide risks has been considered in the designing and siting of solar PV assets.

(ii) Chronic hazards

Under a Hot House scenario, by 2030, water stress is the most prevalent risk and is observed across most of our funds, followed by changing air temperature. The Americas, MENA, South Africa, and Asia are the regions with greatest exposure to high risks. Our portfolio exposure to water stress remains similar in terms of risk levels in all scenarios and time horizons for most funds, which is due to the risk exposure being high at baseline. Conversely, the risk of changing air temperature faces greater evolution across time horizons and scenarios.

Potential impacts associated with these hazards may include:

- Water stress may lead to potential business interruption for assets such as CCGT gas assets or data centres that use water as part of their processes.
- Water stress may lead to higher costs for water-based cleaning processes, such for cleaning solar PV panels, and reduced production capacity, which may impact on revenues.
- Water stress may also impact communities local to assets; if water resources are shared, business operations could place additional stress on people local to assets and their livelihood.
- Assets facing higher average air temperature may be impacted by higher OpEx associated with cooling costs, particularly affecting commercial real estate, logistics, and district cooling. Impacts associated with this hazard are expected to be less material than for water stress.

The methodology looked at physical risks at a regional level (within a 25km radius of our assets' locations). Further analysis at the asset-level is needed to enrich these results so that potential impacts and required resilience can be quantified in financial terms. As noted in Section 4, we advise portfolio companies to mitigate material climate risks identified during due diligence or post-investment through implementing physical resilience measures. The output of the assessment will be used to complement these existing practices.

Table 2: Portfolio sector exposure to high risks of acute and chronic climate hazards under the SSP5–8.5 Hot House scenario by 2030

Risk type	Hazard	Power generation: Renewables	Power generation: Gas	Logistics & warehousing	Real estate: General	District cooling	Transmission & distribution	Data centres	Toll roads
Acute	Extreme heat	●	●	●	●	●	●	●	●
	Flood	●	●	●	●	●	●	●	●
	Drought	●	●	●	●	●	●	●	●
	Wildfire	●	●	●	●	●	●	●	●
	Tropical cyclone	●	●	●	●	●	●	●	●
	Earthquake	●	●	●	●	●	●	●	●
	Storm	●	●	●	●	●	●	●	●
	Landslide	●	●	●	●	●	●	●	●
Chronic	Water stress	●	●	●	●	●	●	●	●
	Changing air temperature	●	●	●	●	●	●	●	●
	Changing precipitation patterns	●	●	●	●	●	●	●	●

● At least one asset exposed to high physical risk ● No assets exposed to high physical risk

Case study

Climate resilience in Bangladesh at Bhola

Bhola is a 220MW Combined Cycle Gas Power Plant located in Bangladesh, part of the Bridgin Power Platform set up under the Actis Energy 5 portfolio to enable energy transition in Asia. Bangladesh is considered vulnerable to physical climate change, with significant risk of coastal inundation as the majority of the country sits below sea level, in addition to other climate hazards such as cyclones and floods.

Bridgin worked with expert advisors to assess these risks and develop a mitigation plan. A Climate Change and Flood Risk Assessment was commissioned, modelled against baseline, mid-century, and end-century time horizons under a Hot House scenario (IPCC RCP 8.5), using data from the World Climate Research Programme (WCRP) Coupled Model Intercomparison Project Phase 5 (CMIP5) and local sources to project impacts from rainfall, discharge, and sea level patterns. Technical adaptive measures to improve plant resilience to material risks were evaluated, for example establishing an elevation sufficient to withstand sea level rise, upgrading stormwater drainage infrastructure, and reinforcing canal embankments.

Bridgin is also embarking on a pilot program for mangrove restoration/plantation – mangroves reduce waves and storm surges, and serve as a first line of defence against flooding and erosion. There are further potential sustainability benefits in terms of local nature-based carbon removal, enhancing biodiversity, and boosting fish stocks for local fishermen.

Bridgin is further developing a community flood resilience plan involving youth education and infrastructure development:

- Educational initiatives, expected to be completed by the end of 2024, cover first aid, evacuation training, and environmental management during floods.
- Infrastructure development will involve measures such as installing safe water and energy systems in shelters, ensuring food supply during flood incidents, and fostering social inclusiveness for vulnerable groups. Bridgin is collaborating with local stakeholders on these initiatives with the intention to implement them in early 2025.

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TRANSITION RISKS AND OPPORTUNITIES

Our sustainable infrastructure approach, supported by the [Actis Transition Tool](#), directs us to invest in assets that are/ or can be aligned to a low-carbon economy. Nonetheless, our portfolio still faces transition risks and opportunities which vary based on the scenarios and time horizons assessed. Whilst risks have been evaluated across all scenarios and time horizons, we have initially focused our analysis on transition risks and opportunities under a Net Zero 2050 or Orderly Transition scenario for 2030. This approach was used to provide a more conservative view of our risk exposure, noting Net Zero 2050 assumes the most optimistic scenario for the low-carbon transition, and 2030 provides more certainty and therefore utility than longer-term horizons. Comparatively, under the Disorderly Transition scenario, most risks and opportunities only show a notable increase in risk levels after 2030, therefore presenting lower risk in the near term due to the reduced pace of the transition associated with this scenario.

[Table 3](#) presents these results across Actis infrastructure sectors. The analysis focused on the most material transition risks and opportunities at a sector level, as described in [Section 3.1.1](#).

(i) Risks

Under an Orderly Transition scenario, by 2030, the top four transition risks across our portfolio are: increased carbon pricing; regulation on energy efficiency and certification; increased energy/electricity prices; and the cost to transition to lower-emission alternatives. Carbon-intensive sectors such as natural gas generation, data centres, toll roads, and real estate face greater exposure to these risks. Transition risks increase from the baseline across all time horizons under the Orderly Transition and Disorderly Transition scenarios.

Potential impacts associated with these risks include:

- Increased carbon pricing and energy/electricity prices may lead to higher OpEx. For example, data centres and natural gas generation assets may face higher tariffs from energy providers to compensate for their own exposure to higher carbon costs, as well as potential energy/carbon taxes. To the extent that these can be passed on to customers (i.e., data centre tenants), this may still impact businesses through reducing competitiveness relative to lower-carbon alternatives.
- More stringent regulation on energy efficiency may require future CapEx for renovations and adaptation of assets for improved climate/energy performance. This has greater impact on sectors with higher energy consumption, such as data centres, real estate, and district cooling. Similarly, costs may be expected to upgrade equipment to low-carbon/carbon-free alternatives through regulation, changing customer preferences, or higher energy prices, also leading to additional CapEx.

(ii) Opportunities

Under an Orderly Transition scenario, by 2030, the top four transition opportunities across our portfolio are: development of low-emission goods and services; use of lower-emission sources of energy; market shift in customers' preferences; and access to new markets. Both the use of lower-emission sources of energy and access to new markets are amongst the opportunities with the greatest differences in levels (low, medium, high), depending on the scenarios and time horizons. This is partly due to the significant differences in low-carbon investments, depending on the level of ambition driving the transition (i.e., scenarios). Transition opportunities can increase significantly between the baseline, 2030, and 2040 under the Orderly Transition and Disorderly Transition scenarios.

Potential impacts associated with these opportunities include:

- The development of low emission-goods and services may lead to higher revenues for businesses able to engage in lower-carbon transformations, for example renewable power generation companies may be able to access new markets or customers given the important role they play in decarbonisation.
- Using low-emission sources of energy and increasing energy efficiency could lower OpEx through reduced exposure to energy prices and potential carbon taxes. This particularly benefits sectors that are higher energy consumers, such as data centres, district cooling, and real estate, and we are actively considering these across our real estate and data centre sustainability strategies, as well as in our ongoing engagement with our portfolio where these sectors are a focus.
- Shifts in customer preferences can increase demand for low-carbon, energy-efficient solutions. Sectors, such as real estate and data centres, that can develop strategies to offer strong energy and climate performance, would be well positioned to capture market share and higher revenues.

Table 3: Portfolio sector exposure to high transition risks and opportunities, under the Net Zero 2050 scenario

Category	Type	Risk or opportunity	Power generation: Renewables	Power generation: Gas	Logistics & warehousing	Real estate: General	District cooling	Transmission & distribution	Data centres	Toll roads
Risk	Policy	Increased pricing of GHG emissions	●	●	●	●	●	●	●	●
		Regulation on energy efficiency & certification	●	●	●	●	●	●	●	●
	Market	Financial risks related to asset impairment	●	●	●	●	●	●	●	●
		Shift in customers' preferences	●	●	●	●	●	●	●	●
		Cost to transition to lower-emission alternatives	●	●	●	●	●	●	●	●
		Increased energy / electricity price	●	●	●	●	●	●	●	●
Opportunity	Market	Access to broader investment markets	●	●	●	●	●	●	●	●
		Shift in customers' preferences	●	●	●	●	●	●	●	●
		Development and/or expansion of low-emission goods and services	●	●	●	●	●	●	●	●
		Access to new markets	●	●	●	●	●	●	●	●
	Technology	Use of lower-emission sources of energy	●	●	●	●	●	●	●	●
		Promote more efficient buildings and operations	●	●	●	●	●	●	●	●

● Sector is exposed to high transition risk ● Sector benefits from significant transition opportunity ● Sector is not exposed to high transition risk or opportunity

3.2 CLIMATE CHANGE RESILIENCE

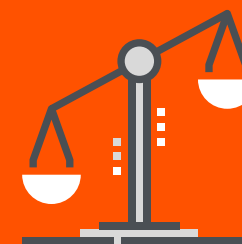
Climate resilience is embedded both in our strategy to invest in sustainable sectors, as well as our ambition to create companies that are sustainability leaders. The efforts that we have described in pursuit of this intend to ensure that we adequately identify, assess, and manage climate-related risks.

The results of our climate scenario analysis, as presented in [Section 3.2.1](#), infer the following regarding our portfolio's resilience to climate-related risks and opportunities:

- In a conservative scenario, whilst high risks were identified for both physical and transition risks, overall, the results showed that our portfolio is resilient, notwithstanding that some sectors present greater exposure than others.
- There is more exposure, in aggregate, to physical risks than transition risks. Overall, there is limited high risk exposure to transition-related risks, demonstrating the resilience of our investment strategies for infrastructure, and the utility of the Actis Transition Tool, as described in [Section 3](#) and [Section 3.2.1](#).

- For physical risks, there is greater exposure in certain sectors such as renewables and transmission and distribution, partly driven by the higher number of assets in these sectors. Trends can be observed across sectors and hazards, which we plan to use to inform improved risk management.
- Several transition-related opportunities exist across our sectors which align with how we have approached value creation initiatives in our investments; notably "use of lower-carbon fuel sources" is consistent with how we build resilience through net zero planning, as described in [Section 3.2.2](#).

Our recent scenario analysis work will be used to enhance our existing approaches to managing climate risk and opportunity; we are engaging stakeholders within Actis and our portfolio companies to share results. These will be used to inform both our strategy, risk management practices (i.e., during due diligence) as well as indicative adaptation and resilience measures, and where we may benefit from undertaking more detailed, asset level analysis. We intend to undertake scenario analysis in the future to fold in new assets and to refine our understanding of our exposure to risk and opportunity. As described, this "top-down" exercise led by Actis complements ongoing "bottom-up" initiatives at our portfolio companies.



In a conservative scenario, whilst high risks were identified for both physical and transition risks, overall, the results showed that **our portfolio is resilient**, notwithstanding that some sectors present greater exposure than others.

3.2.1 Identifying and managing transition risks in our investment process through the Actis Transition Tool

In 2021, we worked with Systemiq to develop the Actis Transition Tool. The Tool evaluates transition risks at the sub-sectoral level, using scientific pathways for net zero by 2050 such as the International Energy Agency and Bloomberg New Energy Finance. Assets are classified according to their alignment to the net zero transition, as illustrated in Table 4.

We use the Transition Tool systematically during due diligence on all “Olive” and “Smart Olive” investments, to ensure that our strategies and decisions reflect relevant transition-related risks and can therefore be better positioned for risk management and value creation opportunities associated with the low-carbon transition. For more information, watch the explainer video [here](#). Physical climate risks are also considered during our due diligence, as described in [Section 4](#).

See also [Section 2.2.1](#) on how sustainability considerations (including climate-related risks and opportunities) are identified as part of our investment process, and [Section 4.1](#) for details of how risks are identified during due diligence.

3.2.2 Net zero planning

Our net zero commitments (detailed in [Section 5](#)) contribute to building resilience to transition risks within our portfolio. We believe that net zero-aligned assets are increasingly attractive to sophisticated financial and strategic buyers, which now commonly evaluate commercial risks and costs associated with the low-carbon transition. These can relate to implementing decarbonisation or adaptation measures that might be needed to build climate resilience into investments but can also be presented through more complex challenges that require fundamental rethinking of the business model and strategy to ensure long-term sustainability and profitability.

Portfolio companies are working to develop Net Zero Business Plans, which would typically comprise the following:

1. Scope 1 and 2 GHG emissions assessment, with optional screening for material Scope 3 emissions, for baseline and forecasted emissions per business as usual growth.
2. Analysis of emissions trajectory against science-based pathway.
3. Costed decarbonisation interventions, as available, considering the relative marginal abatement opportunities.
4. Oversight by Sustainability Committee and sign-off by the Board for inclusion in the business plan.

Table 4: Actis Transition Tool classification

Transition Tool classification	Transition alignment	Example sector(s) and transition thesis
Green	Aligned with a net zero economy.	Renewables, battery energy storage systems (BESS), and transmission and distribution that are critical to a net zero energy system.
Smart Olive	Assets with high transition opportunity, which are not currently aligned to net zero, but can be transitioned as part of the value case.	Data centre that can be switched to a renewable power supply and/or improve its resource/ power efficiency.
Olive	Assets with lower transition opportunity, which are not aligned to net zero, but have a role in the transition.	Natural gas generation that cannot be aligned to a net zero energy system but provides critical infrastructure in the near term to enable energy access, security, and penetration of renewables.
Grey	Assets that are misaligned and will not have a role in a net zero economy.	Oil. We will not invest in these sectors.

Case study

Creating value through decarbonisation planning at Rack Centre

Rack Centre is a carrier neutral data centre operator located in Nigeria, invested from Actis Africa Real Estate Fund III. An existing 750kW facility was acquired at Rack Centre powered by diesel generation. Under Actis ownership we doubled IT capacity to 1.5MW and total facility power to 1.7MW, simultaneously undertaking feasibility assessment of a variety of decarbonisation options including switching to gas-powered generators, addition of on-site renewables, and utilising grid power.

We identified gas-powered generators as the preferred option to provide alternative, lower-carbon power, based on commercial and technical feasibility. Having switched the power source to gas, annual carbon emissions reductions are expected to exceed 20% and deliver material OpEx savings.

Rack Centre was also the first data centre in Europe and MENA to achieve sustainability certification from IFC EDGE for resource efficiency measures. These included specifications for low-carbon building materials as well as energy-efficiency measures such as LED lighting, heat recovery, light reflection, and smart monitoring which equally can reduce carbon and OpEx.



www.rack-centre.com





Clean drinking water provided by Eolicas Babilonia



Drainage system (channels and ponds) at solar site of Nozomi



Cooling systems at Emicool

3.2.3 Adaptation and resilience in our portfolio

Climate adaptation measures can reduce vulnerability and boost the resilience of our portfolio companies/assets as well as their local communities, mitigating climate-related financial risks to Actis. Identifying such opportunities takes place during due diligence and/or portfolio management, taking a risk-based approach, and the results are evaluated and integrated into design (for greenfield assets) and/or improvements (for operating assets). Examples include flood barriers, drainage systems, water-efficient cooling equipment and nature-based solutions. Risks that are less material from an operational continuity perspective are further assessed during the ownership period and implemented over time.

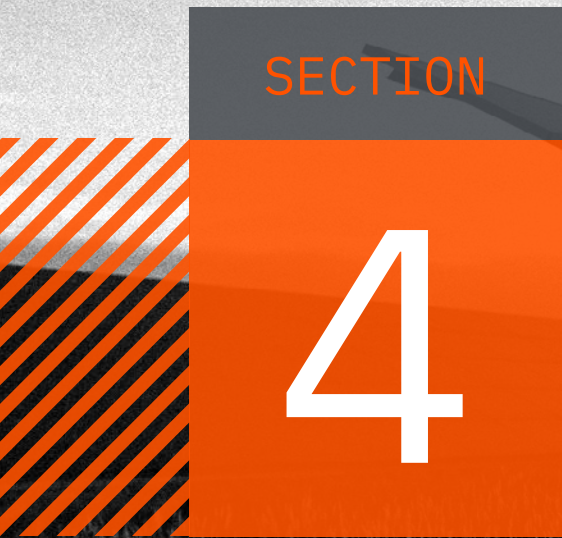
Climate adaptation can also feature as a dimension of community investment strategies for our portfolio companies, recognising that our investments can be located in regions with climate risk exposure and/or vulnerability. Our portfolio companies are supporting initiatives such as upgrading cyclone shelters, piloting mangrove restoration, and providing access to clean drinking water.

Many of the sectors that we invest in can also contribute to climate adaptation at a system level, representing opportunities for Actis. For example, Emicool provides centralised, district cooling to customers in the United Arab Emirates (UAE). Centralised cooling systems are more energy-efficient and therefore less carbon-intensive than conventional, on-site systems. Cooling demand is high in the UAE for much of the year due to extreme temperatures, meaning cooling can be deemed essential infrastructure, for which lower-carbon systems offer an adaptation solution.

RISK MANAGEMENT

SECTION

4



RISK MANAGEMENT

RECOMMENDED DISCLOSURES

Disclose how the organisation identifies, assesses, and manages climate-related risks.

- A) Describe the organisation's processes for identifying and assessing climate-related risks.
- B) Describe the organisation's processes for managing climate-related risks.
- C) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

RISK MANAGEMENT

Climate-related risks are integrated into our risk management framework for the Firm and our investments. This forms an integral part of our efforts towards effective governance, as well as how we build and sustain value in our investment decision-making and portfolio management.

4.1 MANAGING CLIMATE RISK

4.1.1 Risk identification and oversight

As described in [Section 2](#), the Risk Committee is responsible for overseeing Firm- and investment-level risk on behalf of Exco. The Sustainability team identify and assess sustainability risks generally, and climate change related risks specifically. The highest priority risks are tabled for discussion at Risk Committee. In relation to climate, risks considered by Risk Committee will encompass physical and transition risk and how they may impact our investment strategies and/or portfolio, as well as the Firm's competitive positioning and ambitions on strategic topics such as net zero, regulation, and reporting.

4.1.2 Managing climate risk in our investments

Sustainability and climate-related considerations are incorporated throughout our investment cycle, from origination to exit.

INVESTMENT APPROVAL

As described in [Section 2](#), sustainability is integrated into our investment approval process:

- **Screening**
New investments are screened for alignment with our sustainable infrastructure mission and against our Sustainability Policy, included here: [Actis Sustainability Policy](#). Climate-related risks are identified at this stage through desktop review by the Sustainability team and key considerations are reported at the Screening Investment Committee.

- **Due Diligence**

Subject to Investment Committee approval, we work with external advisors to undertake sustainability due diligence, including assessment of physical and transition climate risks. For transition risks, we use the Actis Transition Tool, described in [Section 3.2.1](#), to evaluate the alignment of investments to a net zero economy. Where such risks are material, complex, or necessitate further analysis, we commission more comprehensive climate change risk assessments. Aspects likely to adversely affect investment performance are assessed pre-investment decision so that costs (such as those related to climate mitigation or adaptation measures) can be incorporated into valuations. Key findings from the due diligence assessment, as well as results from the Transition Tool, are communicated to deal teams and deal Partners. These are summarised in Investment Committee papers, with mitigating actions defined for risks, and presented during Preliminary and Final Investment Committees, respectively.

PORTFOLIO MANAGEMENT

Following acquisition, as per our stated process, we continue to monitor material climate-related risks for each investment. Based on the results of the due diligence, we include specific climate change actions either in the post-investment 100-day plan or the environmental and social action plans. These describe and prioritise actions to address findings and to progress alignment with applicable international standards, such as International Finance Corporate Performance Standards 1–8. Direct and indirect aspects that are less material, yet can serve to maximise business continuity, are assessed during the ownership phase to strengthen the resilience of the business over time. This could include decarbonisation or adaptation measures, as described in [Section 3.2](#), that can contribute to operational or financial performance, or provide community benefits, but address lower priority risks.

As described in [Section 2](#), the Sustainability team and investment professionals work together to ensure that the portfolio company's management team implement and oversee the identified actions as well as respond to risks as they present or evolve (for example, one-off destructive climate events). This includes identifying and scoping assessments on climate change risks, considering existing work or results from due diligence and based on materiality of risks. Actions can vary from CapEx investments and operational and technical improvements to strategic transition planning for the business. In addition, we ensure portfolio company management systems and procedures incorporate climate change risks, for example via an Environmental Social Management System or similar. Governance is as per [Section 2](#), and measurement and reporting are as per [Section 5](#).

EXIT

Our Sustainability team facilitates exit by screening potential buyers for ESG considerations, signing off on any outstanding risks through an exit checklist, commissioning vendor due diligence, public reporting and/or advising the portfolio company on any material risks that could impact exit. Where material climate risks or opportunities exist, we seek to demonstrate understanding and management of these, including key initiatives implemented to date and how they have impacted the business, governance arrangements, performance, residual risks and mitigation plans, and (as applicable) overall alignment with the equity story.

As mentioned earlier, we measure and monitor key climate-related metrics, and these are utilised to support the exit process by sharing emissions avoidance or reduction, improved asset performance, or revenue uplift (e.g. from carbon credits or renewable energy certificates).

EDUCATION AND TRAINING

Building capacity enables us to collectively make more informed decisions towards a common objective of achieving strong sustainability performance alongside financial returns. The Sustainability team plays an important role in ensuring that key stakeholders, such as Firm leadership, investment professionals, Investor Solutions, and portfolio company management, are provided with training, engagement, and capacity building on relevant sustainability issues. Selected recent examples of capacity building related to climate change have included:

- In 2023, Actis hosted a webinar on net zero implementation delivered to CEOs, CFOs, and Heads of Sustainability for our Energy and Long Life Infrastructure portfolio companies.
- In 2023, we held an in-person session on physical climate risk with portfolio company colleagues, including operational and sustainability management and C-level executives.
- Issuance of guidance materials developed in-house as well as external good practice sources, via our best practices portal, accessible to our portfolio companies.

METRICS AND TARGETS

SECTION

5



METRICS AND TARGETS

RECOMMENDED DISCLOSURES

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

- A) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.
- B) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions and the related risks.
- C) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

METRICS AND TARGETS

Climate impact metrics and targets underpin our strategic priorities to contribute to climate solutions and align our portfolio to net zero. We track our performance through ongoing monitoring and review and are focused on establishing robust data measurement and reporting practices across our businesses.

5.1 CLIMATE IMPACT METRICS

MEASURING AND MONITORING PERFORMANCE

Metrics and progress against key initiatives (such as net zero), are collected and reported quarterly and annually through different channels, described further in Section 2. In 2022 we adopted Reporting 21, an ESG software platform, to mature our reporting systems and process for collecting and managing portfolio data. KPIs were developed for use across our portfolio, based on sustainability reporting standards as The Global Reporting Initiative (GRI) and The Greenhouse Gas Protocol Corporate Standard (GHG Protocol), as well as relevant regulations such as the Sustainable Finance Disclosure Regulation.

Climate-related metrics and targets for different investments include both standard and bespoke KPIs and therefore vary. Examples include: GHG emissions, emissions intensity, emissions reductions/or savings, emissions avoided, and revenues generated from Carbon Credits and Renewable Energy Certificates. Where possible, these are linked to financial indicators, for example OpEx savings from carbon reductions. Actis does not use an internal carbon price. Climate-related metrics and targets can be indirectly linked

to remuneration both for Actis and its portfolio companies through respective performance-based bonus schemes. These often include sustainability-linked performance targets which can be linked to climate-related initiatives.

Climate metrics presented in this section are for the Actis group, including the FCA-regulated entities.

ESG Data Convergence Initiative (EDCI)

Actis joined the EDCI and has reported since 2022. The initiative promotes harmonisation of ESG reporting metrics in the private equity industry. Actis aligned its climate-related metrics with EDCI. Metrics include GHG emissions performance; asset and fund information provided to EDCI facilitates their generation of benchmarks.

5.1.1 GHG emissions

We engage a third-party advisor to calculate our total GHG emissions on an annual basis. The results of the assessments are summarised in Tables 5 and 6. The assessments cover Actis corporate operations, Scope 1, 2, and 3 emissions (since 2019) and Scope 3 Category 15 “Investments” (since 2021). The methodologies used for the GHG emissions calculations follow the GHG Protocol and the Partnership for Carbon Accounting for Financials (PCAF). Per the PCAF methodology, Actis portfolio emissions are reported for our share of GHG emissions based on the equity and debt held in the investments, representing our financed emissions.

The data used to calculate our GHG emissions is source-level data from Actis offices and portfolio companies, and where this is not available, estimations are derived from methodologies using relevant assumptions and proxy data. The weighted data quality score for both the investment portfolio and corporate operations assessments has improved yearly, reducing the need for use of benchmarks and estimations. We look to improve data quality for our investment portfolio through engaging portfolio companies on bottom-up GHG assessments, using source-level data.

The investment portfolio GHG emissions assessment comprises Scope 1, 2, and 3 emissions of portfolio companies, and these have been measured separately to corporate operational emissions. These form the most significant contributor to Actis emissions. KPIs measured in this calculation include:

- Attributable absolute emissions (Scope 1, 2, and 3) at the asset and portfolio level (tCO₂e).
- Attributable emissions intensity (Scope 1 and 2) at the asset, fund, and portfolio level (tCO₂/\$m invested).
- Weighted average carbon intensity (WACI) (Scope 1 and 2) at the asset and fund level (tCO₂e/\$m revenue).

Table 5: Actis portfolio attributable emissions

GHG emissions & climate-related metrics – Investment portfolio	2021	2022	2023
Total portfolio attributable Scope 1 & 2 emissions (tCO ₂ e)	1,571,818	6,523,547	5,412,472
Total portfolio attributable Scope 3 emissions (tCO ₂ e)	1,894,963	2,698,390	4,221,666
Total portfolio attributable Scope 1, 2, & 3 emissions (tCO ₂ e)	3,466,781	9,221,937	9,634,137
Total portfolio intensity Scope 1 & 2 (tCO ₂ e/\$m invested)	295	1,271	1,127

Table 6: Actis corporate operations emissions

GHG emissions – Corporate operations	2019	2022	2023
Scope 1 (direct) emissions (tCO ₂ e)	74	165	137
Scope 2 (indirect electricity) emissions (tCO ₂ e)	475	394	341
Scope 3 (other indirect, excluding investment portfolio) emissions (tCO ₂ e)	5,271	3,190	7,289
Total (tCO ₂ e)	5,819	3,748	7,767

We seek to improve the GHG intensity of our portfolio and corporate operations year-on-year:

- **Portfolio emissions**

The work being undertaken by our portfolio companies on net zero, in line with our targets (as described in the [Section 3](#), and further in this section), incorporates emissions reductions and/or low-carbon growth in line with a net zero 2050 pathway. See the [case study](#) on recent decarbonisation achievements at our portfolio company, Serena.

- **Corporate operational emissions**

When establishing or relocating an Actis office, it is our policy, where possible, to select energy-efficient certified buildings and office refurbishments that have a core objective of reuse and energy efficiency.

Case study

Decarbonisation at Serena

Serena has an operating portfolio of approximately 2,800MW of wind, solar, and hydropower, located in Brazil and the United States. In 2023, Serena's Board approved a Decarbonisation Plan. In 2023, Serena achieved an 80% reduction in Scope 1 and 2 emissions against a 2021 baseline. This was achieved through optimising stationary combustion equipment, replacing fossil fuels with biofuels in fleet vehicles achieving 40% ethanol consumption, and standardising operations and maintenance for air conditioning units.

For Scope 3, Serena selected a group of their suppliers, representing over 60% of their operational assets' supplier base, to begin educational engagement with on their carbon inventories and emissions reductions. Serena also internally engaged colleagues on reducing emissions via their internal communication platform, sharing initiatives on ethanol-switching for company-leased vehicles, and creating a carpooling scheme for employees in the São Paulo Head Office.

The logo for Serena, featuring a stylized 'S' icon followed by the word 'serena' in a lowercase, sans-serif font.

www.us.srna.co



5.1.2 Avoided emissions

We contribute to decarbonisation by investing in sectors which enable the avoidance or reduction of GHG emissions. We measure the positive climate impact of these investments.

In 2023 our portfolio generated over 11,000 GWh of renewable power, representing an equivalent of 1,084,148 avoided tCO_{2e} across our renewables businesses.

For renewable energy power producers, avoided emissions can be calculated by multiplying the financed generation of electricity (kWh) by the operating margin of the grid emission factor of the country in which the power is consumed. The operating margin is the emission factor that refers to the group of existing power plants whose current electricity generation would be affected by the renewable project activity. Operating margin grid emission factors are publicly available and produced by the International Financial Institutions. In 2023 these measurements were pro-rated to Actis interest by applying an attribution factor that determined our share, using the PCAF methodology. Prior to 2023, the Actis methodology was not aligned to PCAF for attribution and therefore not pro-rated to Actis share.



1,084,148

In 2023 the renewable power our portfolio generated represented an equivalent of **1,084,148 avoided tCO_{2e}** across our renewables businesses.



11,000

In 2023 our portfolio generated over **11,000 GWh** of renewable power.

5.2 Targets

To achieve our commitment to net zero by 2050, with a 1.5°C-aligned pathway, we have established interim targets for 2030, described in the adjacent boxes.

As Actis grows, it is likely that our operational and portfolio footprint will increase. Thus these targets play an important part in ensuring that our growth is in line with broader goals of decarbonisation and achieving net zero, and that investments made are contributing positively to the low-carbon transition globally.

60%

60% of AUM to be aligning with net zero by 2030

Net zero alignment means managing assets in line with a science-based decarbonisation pathway for Scope 1, 2, and material Scope 3 emissions, consistent with net zero by 2050 or sooner. This needs to also be supported by adequate governance, strategy, targets, and reporting.

50%

50% of AUM to be invested in climate solutions by 2030

For Actis, climate solutions are investments that are critical to enabling net zero through reducing greenhouse gas emissions by decarbonisation or energy efficiency – as defined by the Institutional Investor Group on Climate Change (IIGCC). For example, this would include solar PV, wind, transmission and distribution networks, and green hydrogen.

For more information on our net zero targets see our NZAM disclosure [here](#).

LOOKING AHEAD

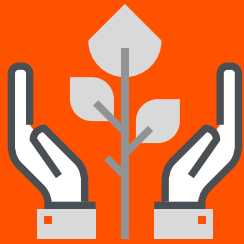
SECTION

6



LOOKING AHEAD

As we look ahead to the next 12 months, our focus will be on continuing to progress the following items on our climate agenda:



Enhancing climate risk management

- Engaging our portfolio and key internal stakeholders on our recent climate scenario analysis to advance priority actions and enhance understanding of results.
- Evaluating opportunities with our portfolio to deepen analysis of material risks and impacts.
- Integrating outputs into our strategy, risk, and portfolio management.



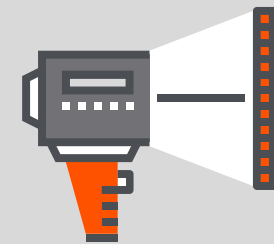
Advancing net zero alignment across our portfolio

- Supporting procurement and net zero strategy work with external advisors.
- Providing management – and Board-level oversight of Net Zero Business Plans.
- Developing decarbonisation/ low-carbon growth strategies.



Strengthening climate data

- Gaining better coverage of bottom-up GHG emissions assessments across our portfolio for Scope 1, 2, and material Scope 3 emissions.
- Maturing our Firm-level GHG emissions assessments approach through technological advancements in our data collection and management.



We look forward to sharing an update on these efforts in our next TCFD Report.

LEGAL NOTICE

The views expressed in this report should not be considered as advice or a recommendation to buy, sell, or hold a particular investment. They reflect opinion and should not be taken as statements of fact, nor should any reliance be placed on them when making investment decisions. This communication was produced and approved in June 2024 and has not been updated subsequently. It represents views held at the time of writing and may not reflect current thinking. Actis funds are available only to professional investors.

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This report includes non-financial metrics that are subject to measurement uncertainties resulting from limitations inherent in the nature and the methods used for determining such data. The selection of different but acceptable measurement techniques can result in materially different measurements. The precision of different measurement techniques may also vary. The information set forth herein is expressed as of June 2024 and Actis reserves the right to update its measurement techniques and methodologies in the future.