



CLIMATE & ESG SUSTAINABILITY IMPACT REPORT

**SUNDARAM ALTERNATE ASSETS LIMITED
REAL ESTATE PRIVATE CREDIT FUNDS**



NOVEMBER 2024
STEWARDING RESPONSIBLE INVESTMENTS

Preface

Dear Stakeholders,

It is with great pride that I present our climate & ESG Impact Report, 2024 for Sundaram Alternates. This is a comprehensive overview of our steadfast commitment to creating sustainable impact through integrating Environmental, Social and Governance (ESG) principles across our investment strategies. As a firm with a legacy in private markets, we recognize the evolving preferences of investors who seek to balance financial returns with positive social and environmental impact. At the core of our mission lies the belief that sustainable practices and responsible investments are not only vital for our planet but also pivotal in driving long-term value for all stakeholders.

This year, our efforts have culminated in noteworthy achievements, including embodied carbon savings of 7.76 lakh tCO₂e, substantial energy efficiencies, and the creation of over 40,000 jobs across our portfolio projects. These outcomes underscore our dedication to embedding sustainability within our projects while fostering a meaningful societal impact.

As we move forward, the challenges of climate change and evolving economic landscapes demand proactive and innovative responses. Sundaram Alternates is committed to not only meeting but exceeding global ESG standards through forward thinking strategies, partnerships, and community engagements. By prioritizing green certified projects, supporting affordable housing, and focusing on energy-efficient infrastructure, we aim to build a more sustainable and inclusive future. Our commitment to ESG aligns with the growing interest of investors in sustainable investments, and we believe it is essential for long-term value creation and risk mitigation.

This report is a reflection of our journey, highlighting successes while charting a path for the future. It is also an invitation to our investors, partners, and stakeholders to collaborate with us in amplifying this impact. Together, we can pioneer change that benefits our communities and ensures sustainable growth.

We extend our heartfelt thanks for your unwavering trust and support. Let us continue to shape a legacy of resilient, innovative and truly impactful investing.

Warm Regards,

Karthik Athreya

Director- Strategy, Private Credit

Table of Contents

About the Report	01
Scope & Boundary	02
ESG & Real Estate	03
Our Portfolio	04
ESG Vision, Strategy & Policy	05
ESG Operations, Investment & Governance	08
Impact Insights	13
SA Case Studies	17
Our Team	24
Disclaimer	25

About the Report

At Sundaram Alternates (SA), we believe in investing in a better future. We combine financial acumen with a commitment to sustainability, to deliver exceptional risk-adjusted returns for our stakeholders. We partner with our portfolio companies to drive sustainable growth and create a lasting legacy. Our commitment to driving sustainability through responsible investment practices forms the core of our investment philosophy.

We are committed to reducing the carbon footprint of our operations, positively impacting society and creating long-term value for our stakeholders. In line with this objective, SA has integrated various aspects of environmental, social and governance practices into our credit investment operations.

Our sustainability strategy focusses on three main pillars:



**Environmental
Protection**



**Social
Responsibility**



**Responsible
Governance**

SA has made significant strides in its transformation into a responsible investor. As an asset manager, we aim to enhance the resilience and competitiveness of our portfolio companies, creating shared value for all stakeholders.

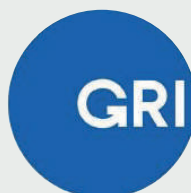
This sustainability report underscores our commitment to responsible investment and strengthens the transparency of our disclosures by providing a comprehensive overview of our ESG framework, roadmap, and the impact of the fund. We are committed to integrating responsible investment practices and making a positive impact on the ecosystem.

Scope & Boundary

This report presents an overview of the impact that our RE Credit Funds III and IV have created in the areas of carbon emission reductions and attempting to create a micro taxonomy that the private credit industry can adopt. The information covered in this report pertains to investments made in our RE Credit Funds until August 2024. The scope of this report covers the residential assets portfolio of both funds mentioned above.

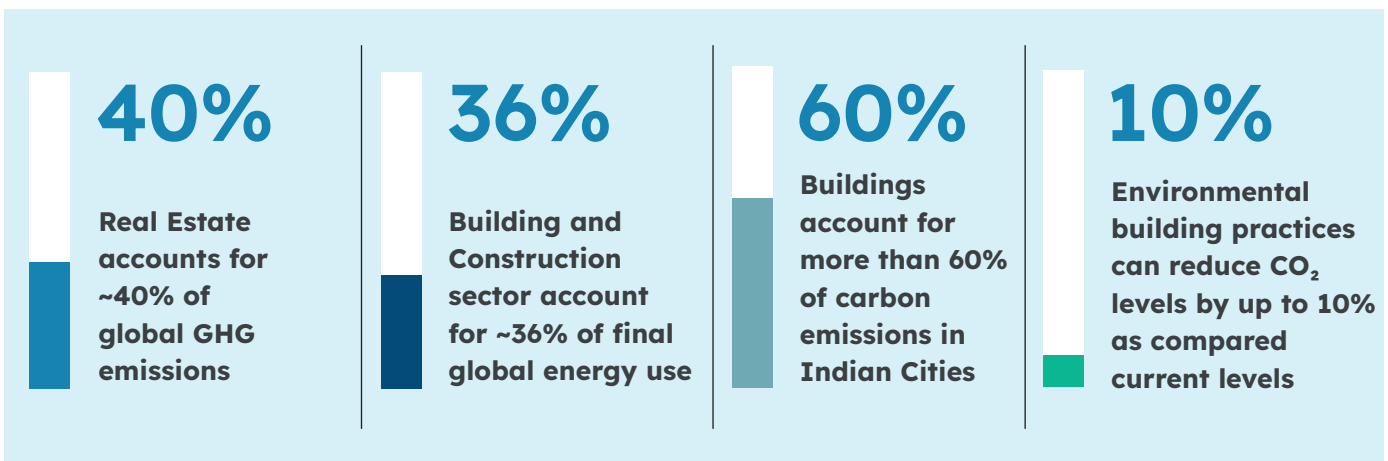
Our ESG policy and management system is designed considering the evolving global sustainability landscape. By adhering to the internationally recognized sustainability disclosure frameworks and the relevant national and local laws and regulations, we ensure transparency, consistency, and comparability in our ESG reporting. Our ESG policy and management system has been developed primarily on the basis of Indian environmental, social and governance regulatory frameworks and has been aligned with the relevant state's laws and regulations, while adhering to global frameworks.

SA's ESGMS is in compliance with the global sustainability frameworks



ESG & Real Estate

The real estate sector is poised to undergo a transformative shift towards sustainability. In light of the escalating global climate challenges, the sector is compelled to adopt environmentally responsible practices. By prioritizing energy efficiency, renewable energy integration, and sustainable design principles, ESG screened real estate investments contribute to the global effort to combat climate change.



Financing a Sustainable Future through Private Debt

Private credit plays a pivotal role in the debt stack, serving as a crucial component of real estate financing both in India and across the globe. The integration of ESG criteria into private credit funds marks a significant milestone in advancing responsible investment practices. ESG compliant real estate portfolios have the potential to drive industry-wide adoption of climate friendly strategies, demonstrating leadership in sustainable investing.

At Sundaram Alternates, we recognize our role in fostering sustainable development and have taken foundational steps to minimize the environmental impact of our portfolio operations. Sustainability is a key driver of our business, enhancing both performance and competitiveness.

At an industry level, SA endeavours to be at the forefront of promoting climate and ESG taxonomy in the residential real estate sector, which is the largest segment within the real estate in India. We have introduced several impactful initiatives, including mandating certified green buildings, to ensure our investments align with the overall climate goals of the country. By championing ESG compliant residential real estate investment portfolios, we aim to inspire the industry, align investment decisions with global climate objectives, and contribute to sustainable development.

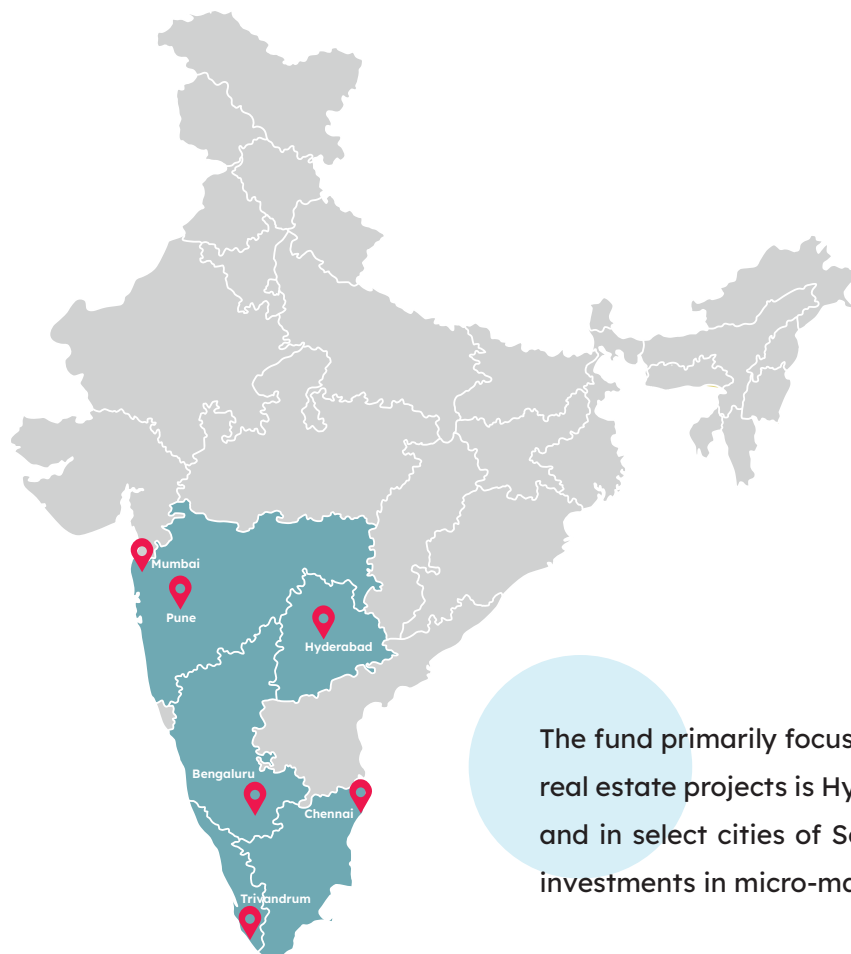
Our Portfolio

Our Sponsor

Sundaram Alternate Assets is a subsidiary of Sundaram Finance which is one of the very few AAA- rated NBFCs in India, with a market cap of ~USD 6 billion. The Sundaram Finance group has a broad presence across sectors including insurance, home loans, equipment finance and asset management, with the latter overseeing listed equities and public market debt with assets of around USD 18 billion.

SA's Real Estate Private Credit Funds

Our Real Estate Credit strategy provides financing for the construction of mid-market and affordable residential real estate projects across key cities in India. Our investment strategies are designed to generate value for all our stakeholders which meet the multiple aims of yield and long-term value creation including sustainability goals. Our investments have catalyzed job creation, facilitated construction of homes for middle income groups, reduced carbon emissions and indirectly improved the availability of associated improved infrastructure. Our business is built around trust, transparency and track record through a well-designed risk management framework.



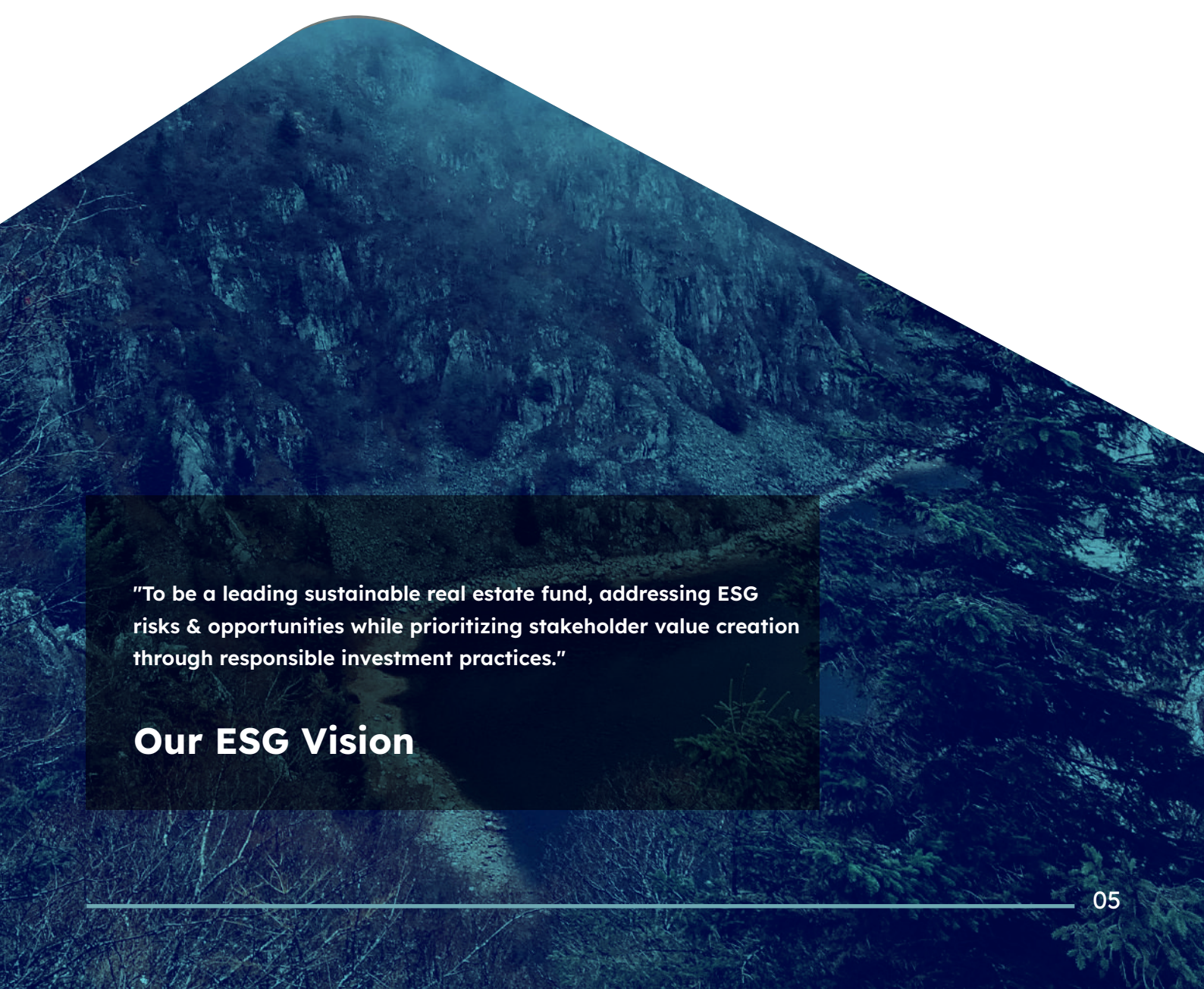
We invest in companies aligned with the transition towards a low carbon economy and prioritize understanding and managing climate-related risks. Our risk management frameworks identify, assess, and prioritize risks throughout our investment process. We continuously seek to improve ESG performance and equip portfolio companies with long-term sustainable strategies.

The fund primarily focusses on investing in residential real estate projects in Hyderabad, Bengaluru, Chennai and in select cities of South India with opportunistic investments in micro-markets of Mumbai and Pune.

ESG Vision & Commitments

SA commits to integrating ESG into the investment decisions by

- Prioritizing environmentally friendly projects that conserve natural resources and reduce greenhouse gas emissions.
- Identify and assess the ESG risks and impacts of investments.
- Encourage portfolio companies to enhance positive ESG impacts and minimize negative ones
- Implement robust internal controls and risk management systems for ESG integration
- Avoid financing activities that do not meet eligibility criteria.
- Monitor, evaluate, and improve ESG performance through appropriate performance indicators.
- To be a thought leader in creating a taxonomy for sustainable credit investing in India, addressing ESG risks & opportunities while prioritizing stakeholder value creation through responsible investment practices.



"To be a leading sustainable real estate fund, addressing ESG risks & opportunities while prioritizing stakeholder value creation through responsible investment practices."

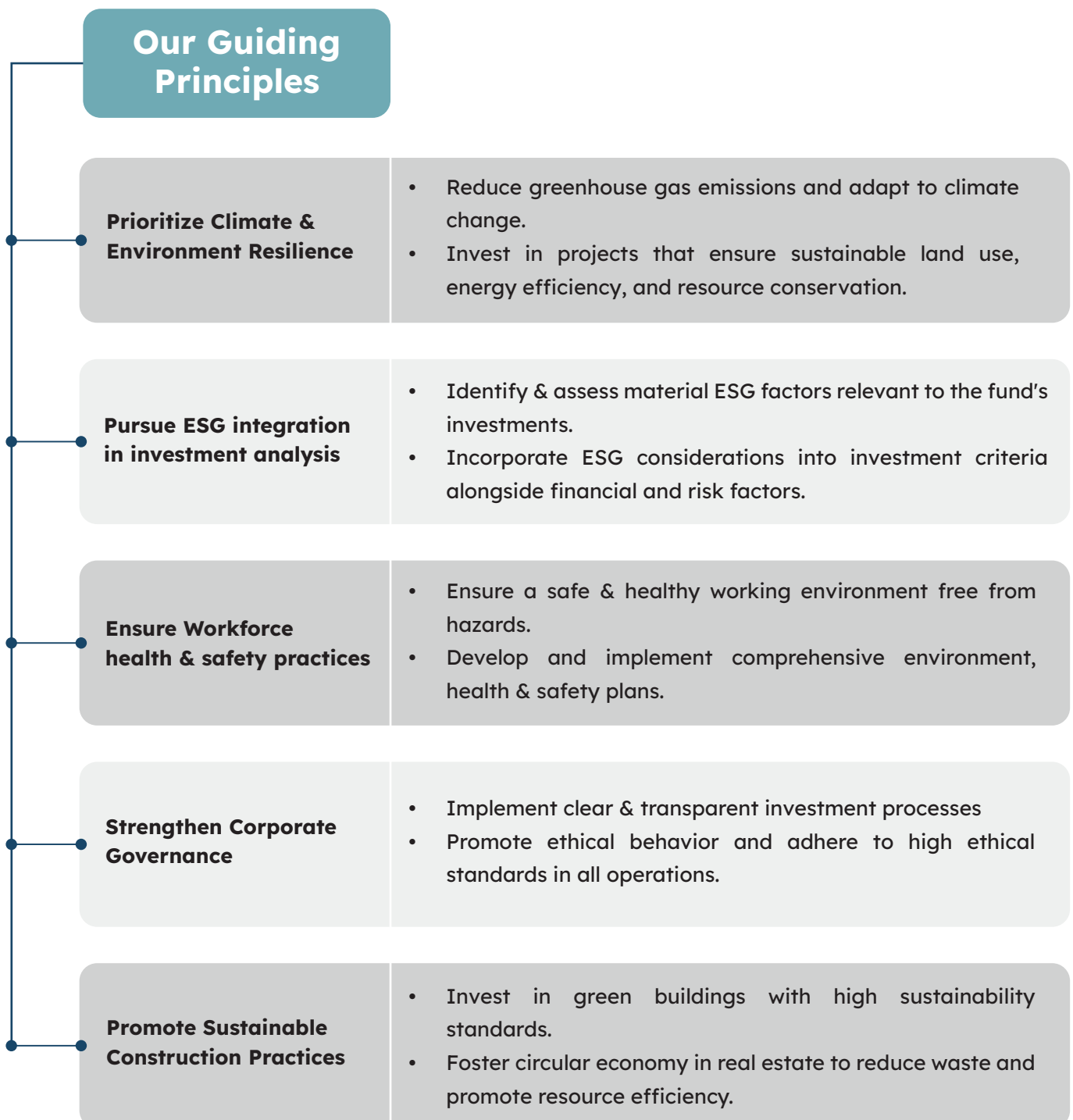
Our ESG Vision

ESG Strategy & Implementation

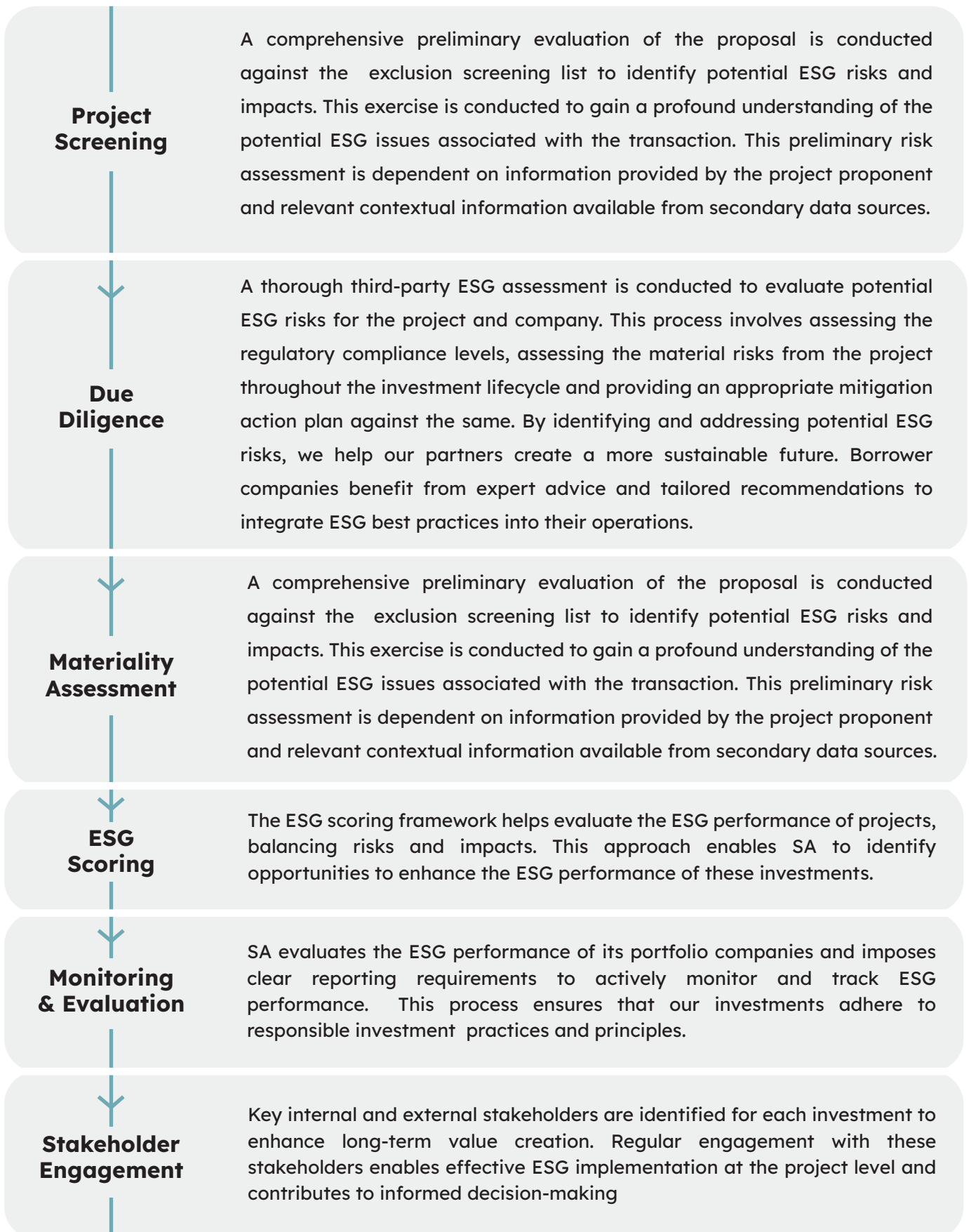
- 
- ESG Policy
 - ESG-MS
 - ESG Integration in Investment Process
 - Materiality Analysis
 - Stakeholders
 - ESG Governance

ESG Policy

SA prioritizes sustainability in investments by integrating ESG factors into our investment analysis for better risk management and investment outcomes. We believe that embedding the environmental, social and governance factors into our investment analysis aligns with our approach towards sustainability, bolsters risk management and helps to improve our investment outcomes. We incorporate the following guiding principles into our ESG strategy.



ESG Management Systems



ESG Integration in Investment Process

- Exclusionary screening of potential investment opportunities
- High-level ESG Risks pre-screening for Investments in pipeline phase
- Third-Party ESG Due diligence along with site visits

Due Diligence

- Include ESG considerations as per company's ESG Policy as a standard practice in Investment Committee discussions
- Include ESG risks and opportunities from Due-Diligence in Investment Memorandum

Investment Decision

- Integrate ESG clauses in the Investment Agreement as Conditions Precedent (CPs) and Conditions Subsequent (CS)
- Seek formal commitments from portfolio companies to adhere to ESG guidelines for mitigating risks identified during due diligence

Investment Agreement

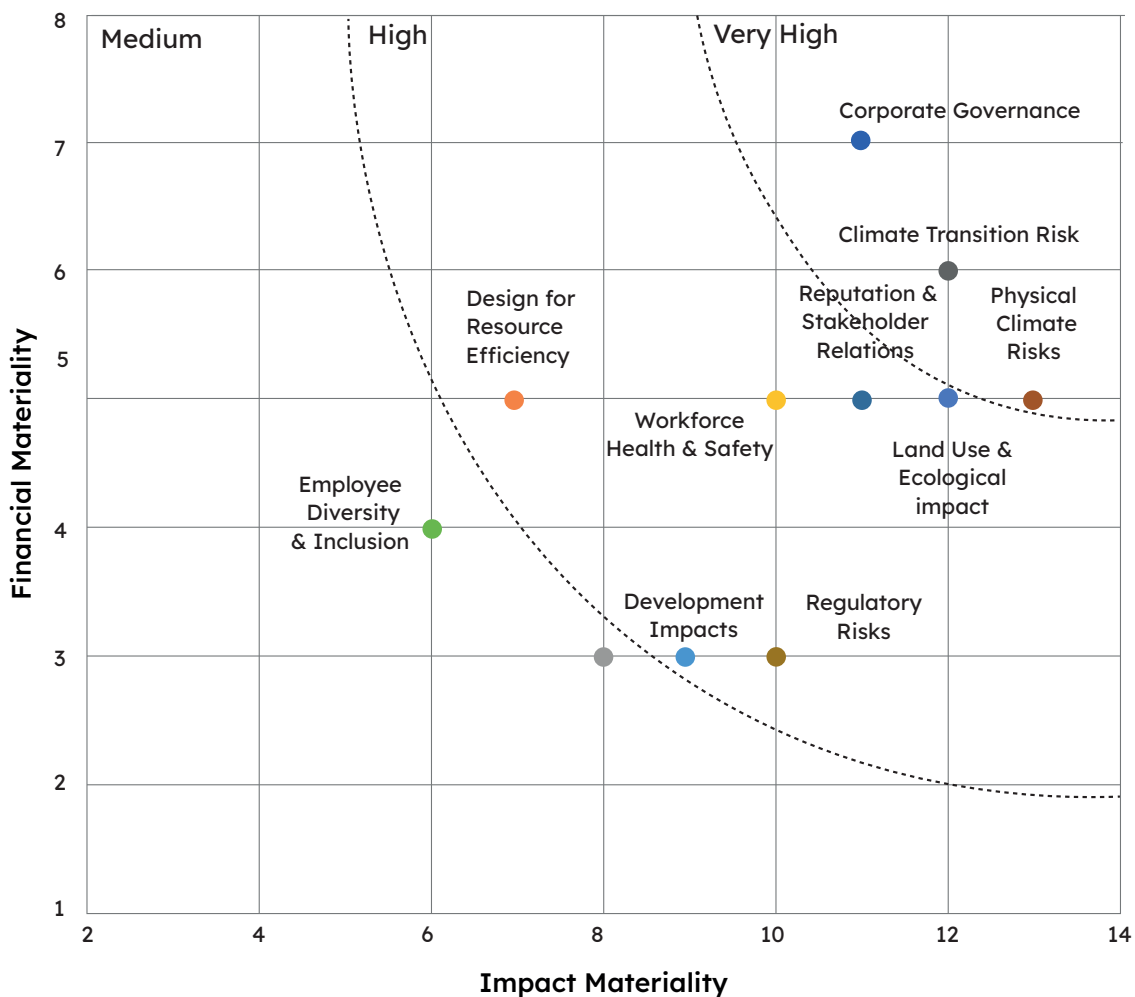
- Collaborate with portfolio companies to set up an ESG program
- Provide portfolio companies with tools to monitor and measure ESG practices
- Collect information on ESG developments from portfolio companies and include in annual review
- Monitor ESG developments periodically and report to LPs

Ownership

Materiality Analysis

At SA, we integrate key social and environmental considerations into our strategy and operations through a robust ESG policy framework, which addresses material topics relevant to the organization and industry. As a proactive asset manager, we recognize the material impact of our operations and embrace our role in driving sustainable growth and future across the real estate sector.

Materiality Assessment



- This materiality map is a visual representation of the factors that we consider impactful to the fund from a financial and impact materiality perspective.
- The relative materiality of the factors indicated on the materiality maps may inform the E&S risk scores and the weights of the E&S factors used in ESG evaluations. They also inform our discussions with our portfolio companies.

Materiality Analysis

Topic	Rationale
Land Use & Ecological Impacts	Significant impact on biodiversity, ecosystems, and local communities and indirect financial effects
Design for Resource Efficiency	Positive impact on resource conservation and reduced operational costs
Workforce Health & Safety	Significant impact on employee well-being and productivity, increased costs and legal liabilities
Development Impacts	Can have both positive and negative impact on communities and property values
Employee Diversity & Inclusion	Positive social and ethical impact, productivity and innovation
Corporate Governance	Positive impact on reputation, investor confidence, and risk management
Physical Climate Risks	Significant impact on property values, operations, and insurance costs
Climate Transition Risks	Significant impact on the value of real estate assets and investment returns
Regulatory Risks	Can have both financial and operational impact, depending on the specific regulations
Reputation and Stakeholder Relations	Significant impact on reputation, and the social license to operate

ESG Governance

The ESG team at SA plays a crucial role in stewarding responsible investment practices. Members across all levels participate in ESG integration and ensuring their effective implementation. This approach helps us to meet expectations which extend much beyond regulatory compliances.

The roles and responsibilities across various levels are as below :



Investment Committee (IC)

- The Investment Committee oversees ESG integration in the investment process.
- They make investment decisions keeping in mind the sustainable objectives and mitigating ESG risks.



ESG Officer

- The ESG Officer leads the ESG team and ensures ESG integration into investment processes.
- He/ She oversees effective implementation of ESG policies, stakeholder engagement, reporting, training, and capacity building.



ESG Analysts

- ESG analysts conduct due diligence, identify ESG risks and opportunities, and prepare reports.
- They track performance, identify improvement areas, assess financial implications, and find investment opportunities aligned with ESG objectives.



Impact Insights

Environment

We prioritize environmental sustainability, resource efficiency, and best practices. By focusing on climate action, we aim to improve performance, enhance credibility, and generate positive financial returns. We are committed to managing physical and transition climate risks, prioritizing green buildings, and building internal capabilities to assess physical hazards.



PORTFOLIO IMPACT

5.71 MILLION SQ.FT

Green Building Projects

~9,290.18 MWh/ YEAR

Energy Savings

~7.67 LAKH M³/ YEAR

Water Savings

~5,495 tCO₂/ YEAR

Operational CO₂ savings

~80,587 KWH

Total Renewable Energy used

~7.76 LAKHS tCO₂e

Embodied carbon savings

Society

Our commitment to creating value for all stakeholders includes prioritizing aspects such as occupational health and safety. We encourage our portfolio companies to go beyond mere regulatory compliances and adopt practices and policies that identify, mitigate, and prevent any risks such as hazards, injuries, accidents, and disease. This demonstrates our commitment to social responsibility and shared value creation.



PORTFOLIO IMPACT

40,000

No. of jobs created

>500

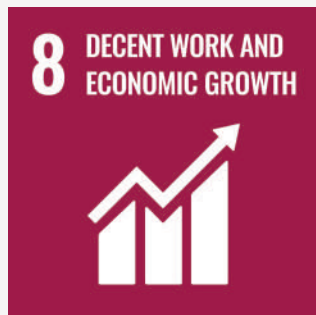
No. of women positively impacted

>20,000

Dwelling units created

Governance

Ethical Governance is a fundamental pillar of our operations. Resilient ESG risk management frameworks are in place to identify, assess, and mitigate potential risks, ensuring long-term value creation while minimizing adverse impacts. Our Investment Committee prioritizes ESG considerations in decision-making, upholding principles of objectivity, fairness, and regulatory compliance. Our comprehensive governance approach encompasses all critical domains, enabling us to navigate challenges and deliver sustainable outcomes.



PORTFOLIO IMPACT

>2,500 TRAININGS ACROSS PROJECTS

No. of safety and environmental awareness training on site

UNPRI, NGBRC, SDGS, IFC-PS, WB-EHS, ILO

Sustainability Principles Alignment

Case Study-I

Beyond Bricks & Mortar – Parkwoods, Thane

Sundaram Alternate Assets (SA) is committed to integrating responsible investment practices into its portfolio companies. This case study highlights the transformation of a real estate project, The Parkwoods in Thane, India, through the implementation of robust ESG strategies and demonstrates how ESG principles can be seamlessly integrated into real estate projects.

Design & Amenities

Green Building

IGBC Gold & IFC EDGE Certification

Social Amenities

D-Mart, HyperCity Viviana Mall

Public Transport

Eastern & Western Express Highways, Proposed Metro Station

Educational Institutions

Podar International School, Orchid International School, Vasant Vihar High School

Employment Avenues

Hiranandani Business Park

Hospitals & Health Care

Hiranandani Hospital Jupiter Hospital

Beyond Bricks & Mortar – Parkwoods, Thane

Case Study

The Challenge

The Parkwoods project is on track to develop a highly efficient, sustainable project both in construction and operations. The project has integrated green principles into the design elements such as open green spaces between blocks, landscaped gardens, waste water recycling plants, waste water recycling and rain water harvesting. The project was an IGBC Gold certified building and is now set to be renewed as IFC-EDGE certified green building and has significant savings of energy, water and sustainable natural designs. The Parkwoods project, while promising, initially lacked certain essential ESG features and policies.

SA's Intervention

In line with our ESG policy and ESG-MS, we prioritize adoption of key ESG key principles and elements such as good Environment, Health & Safety practices on site in our portfolio companies. A comprehensive ESG due diligence was conducted to identify the gaps in the project's sustainability practices. Based on the findings, we worked with the portfolio company to take necessary actions such as

Challenges Encountered

- Absence of an Occupational Health and Safety (OHS) policy at site
- Lack of implementation of an Environmental Management Plan at site
- Missing key management policies, such as a Prevention of Sexual Harassment (POSH) policy

Worker Welfare

- Providing treated drinking water points
- Implementing dust control measures
- Mandating the use of PPE
- Conducting regular safety training and awareness sessions
- Establishing a POSH policy

Environmental Performance

The project incorporated sustainable environment features such as implementation of a site specific environmental management plan which includes measures such as dust prevention control measures, waste segregation and management practices on site.

Beyond Bricks & Mortar – Parkwoods, Thane

Case Study

By prioritizing ESG, SA has not only enhanced the sustainability of the project but also demonstrated the potential for positive impact in the real estate sector. This case study underscores the importance of integrating ESG principles into every stage of a project's lifecycle.

Impact Created

The implementation of these ESG initiatives has led to significant improvements in the project's environmental and social performance:

Enhanced ESG Score:	The project's ESG score according to our policy and ESGMS increased across all three dimensions: Environment, Social, and Governance.
Improved Worker Welfare:	The implementation of OHS policies and practices has created a safer and healthier work environment for employees.
Reduced Environmental Impact:	The project's green building features and renewable energy solutions have contributed to reduced energy consumption and carbon emissions.
Positive Social Impact:	The project has created jobs and contributed to local economic development.

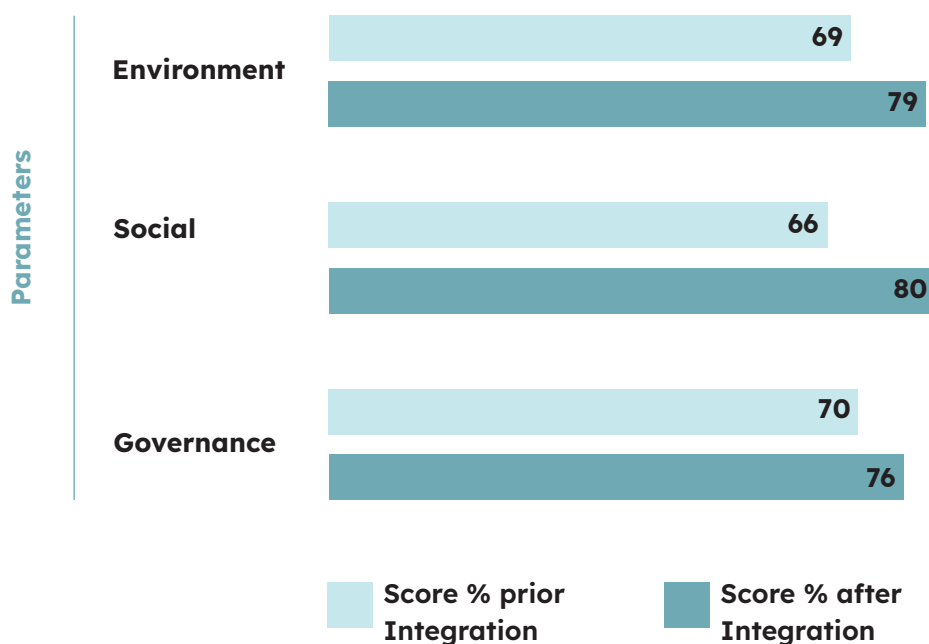
Beyond Bricks & Mortar – Parkwoods, Thane

Case Study

Key Takeaways

The implementation of these ESG initiatives has led to significant improvements in the project's environmental and social performance:

	Early-Stage Engagement & Collaboration:	Early involvement in a project can significantly impact its ESG performance. It also highlights the critical need to work closely with project teams which is crucial for successful ESG implementation.
	Data-Driven Decision Making:	Using data and metrics to track progress and identify areas for improvement is essential. Implementing sustainable practices on site requires long term commitment and investment.
	Creating a Lasting Impact:	The project also highlights the need to drive a lasting sustainable impact through going beyond mere regulatory requirements and adopting the best practices in the sector on site.



Case Study-II

A Sustainable Living Solution- 2getherments, Hyderabad

Sundaram Alternate Assets (SA) is committed to investing in projects that prioritize sustainability and social impact. The 2getherments project, is a prime example of SA's commitment to ESG, is a pioneering development and redefines the concept of sustainable living. The 2getherments project was conceived with a vision of creating a community-centric living space that promotes sustainability, well-being, and social harmony. The project is designed to foster a sense of togetherness and community, while minimizing its environmental impact.

Key Sustainable Features

Eco-friendly Design & Green Spaces: The project incorporates several sustainable design elements, including extensive green spaces, vertical and rooftop gardens enhance the project's aesthetic appeal and improve air quality. Rainwater harvesting and efficient water fixtures minimize water usage. The project also practices segregation of waste and recycling initiatives minimizing environmental impact. The project encourages residents to adopt sustainable practices, such as gardening and composting.

Energy Efficiency: The project is distinguished by its ability to operate at peak environmental efficiency by incorporating renewable energy through installation of solar panels and is a model of sustainable modern design. Energy-efficient lighting, appliances, and HVAC systems reduce energy consumption. Solar panels generate clean energy, reducing reliance on traditional sources. The building facade is performance driven to reduce energy demand by passive design. Highly moderated water efficient fixtures are installed across all homes and in common areas. Green spaces are integrated into the fabric of the building. Each house has an inbuilt micro garden that can serve as a vegetable and herb garden for the family.

Community-Focused Amenities: The project offers a range of amenities designed to foster community living and well-being. Common areas like the central court, multi-purpose hall, and entertainment room encourage social interaction. A well equipped gym, yoga studio, and meditation room promote healthy lifestyles. A creche and children's play area cater to the needs of families. The project fosters a strong sense of community among residents through shared amenities and events.

A Sustainable Living Solution- 2getherments, Hyderabad

Case Study

Job Creation: The construction and operation of the project creates varied direct and indirect employment opportunities.

Green Building Certification: The project is designed to achieve an IGBC green building certification.

The 2getherments project is a testament to SA's commitment to sustainable and socially responsible investing. By integrating innovative design, cutting-edge technology, and community-focused amenities, the project sets a new benchmark for sustainable living. This case study demonstrates how real estate development can be a force for positive change, creating a healthier, greener, and more equitable future.

Sustainability Impact Created

20%

Energy-Efficient Infrastructure

Reducing energy consumption by 20% and saving ~54,000 units of electricity annually.

31%

Water Conservation

Saving 31% water for landscaping and flushing. Reducing freshwater demand by 30-40%

124t

Waste Management

Diverting and processing 124 tonnes of waste annually.

Looking Ahead

As we move ahead, the paradigm towards building sustainable and green buildings is moving from a discretionary perspective to a prevailing choice, necessitating our role as funding partners to become more responsible in our investment practices. The term sustainability has become unanimous with successful business all around the world and we aim to incorporate the same in our operations as we share a common ethos for sustainability which is rooted in the belief that businesses should grow coupled with responsible environmental practices and social development. Reflecting on our ESG journey, we duly acknowledge that we still have a long way to go achieve our vision of transitioning to sustainable real estate in India. It strengthens our resolve to attract green capital and create lasting impact for communities, companies and the environment across our investments.

The statements and the information presented in the report on our objectives, projections, estimates and expectations have been made in accordance with relevant laws and regulations, made with reasonable assumptions.

Our Team



**RAMTEJ
BOLLISETTY**

ESG Officer & Investment Manager

Ramtej is a finance professional with over 7 years of experience in real estate funding. He holds a Post Graduate Diploma in Management (Finance) and has completed CFA Level 1. Additionally, he holds a certification in CFA ESG Investing. As a Manager Investments at Sundaram Alternate Assets (SA), he is actively involved in the firm's ongoing real estate Private Credit Funds. He has a proven track record of structuring solutions, closing deals, conducting post-investment monitoring, and maintaining strong relationships with stakeholders.

As an ESG Officer at SA, he is passionate and committed to integrating ESG Principles into the firm's Private Credit strategies



MANOJ SOLAIRAJ

ESG Analyst

Manoj is a finance professional currently responsible for deal assessment, preparation of investment documents and portfolio monitoring for SA's RE credit fund investments in Chennai, Hyderabad, and Bengaluru. Manoj is a CFA Level II rank holder and holds a Bachelor of Commerce degree from PSG College, Coimbatore. He has also successfully completed courses in financial modelling and global financial markets.

Disclaimer

The information contained herein is the property of Sundaram Alternate Assets Limited and is being provided for informational purposes only and may not be relied on as an offer to sell or a solicitation of an offer to buy an interest in any fund. This note is confidential and is intended only for the personal use of the prospective investors to whom it is addressed or delivered and must not be reproduced or redistributed in any form to any other person without the Investment Manager's prior written consent. This document does not purport to be all-inclusive, nor does it contain all the information which a prospective investor may desire. This presentation is neither a general offer nor a solicitation to invest in the AIF, nor is it an offer to sell or a generally solicit an offer to become an investor in the AIF.

The contents of this note are provisional and may be subject to change. In the preparation of the material contained in this note, the Investment Manager has used information that is publicly available, certain research reports including information developed in-house. The Investment Manager warrants that the contents of this note are true to the best of its knowledge, however, assume no liability for the relevance, accuracy or completeness of the contents therein.

The delivery of this note at any time does not imply that information herein is correct as of any time subsequent to its date and the Investment Manager (including its affiliates) and any of its directors, officers, employees and other personnel will not accept any liability, loss, damage of any nature, including but not limited to direct, indirect, punitive, special, exemplary, consequential, as also any loss of profit in any way arising from the use of this document in any manner whatsoever. This note may include certain statements which contain words or phrases such as "believe", "expect", "anticipate", "estimate", "intend", "plan", "objective", "goal", "project", "endeavor" and similar expressions or variations of such expressions that are forward-looking statements. Actual results may differ materially from those suggested by the forward-looking statements due to risks, uncertainties or assumptions.

This note is not an offer to subscribe to the Units and does not solicit an offer to subscribe to Units in any jurisdiction where the offer or sale is not permitted. Past performance indicated may or may not be sustained in the future.

Securities investments are subject to market risks and there is no assurance or guarantee that the objective of the investments will be achieved.

Let's talk!

Write to us at : esg@sundaramalternates.com



SUNDARAM ALTERNATES
— Sundaram Finance Group —

esg@sundaramalternates.com

www.sundaramalternates.com

