



ESG: Important Pillars of Warehousing and Logistics Infrastructure

by: Rajesh Jaggi

Businesses and investors are increasingly working together to address major global challenges. The adoption of environmental sustainability, social inclusion, and a good governance plan can accelerate the operational, cultural, and financial changes needed to future-proof a business. ESG is evolving as a driver for future innovation and opportunities, thereby creating measurable value in the industry and the society at large.

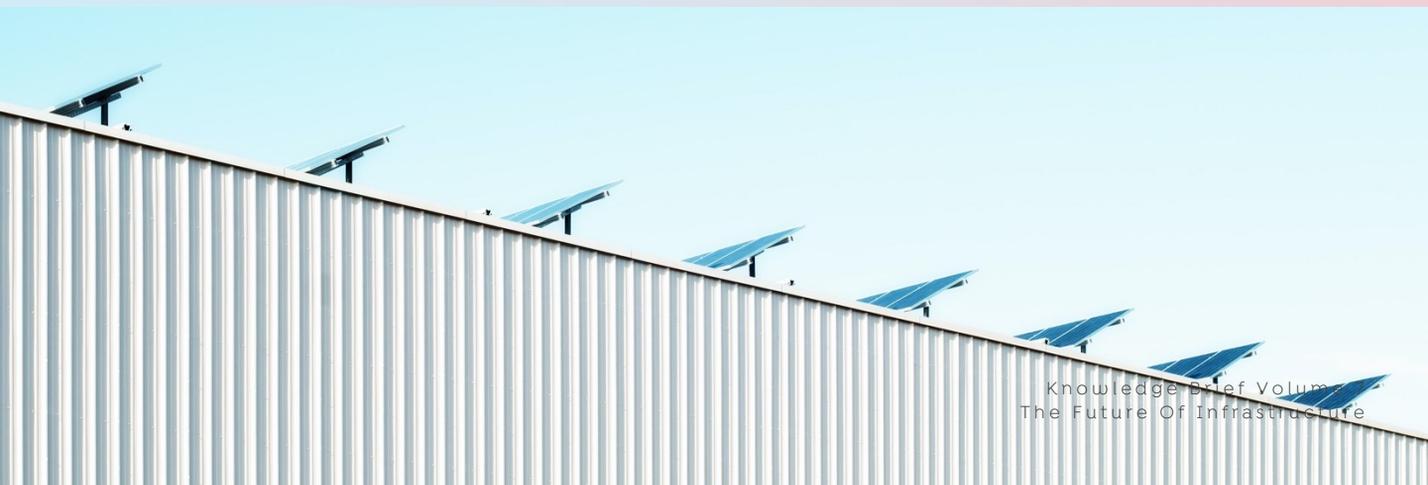
Resource efficiency, climate change mitigation, ethical work practices, and corporate governance are the key elements of the ESG framework. Today, investors and regulators also focus on businesses adhering to environmental and more increasingly social norms. Meanwhile, the Government of India has pledged to achieve net-zero emission by 2070 at the recent COP-26 climate change conference in Glasgow.

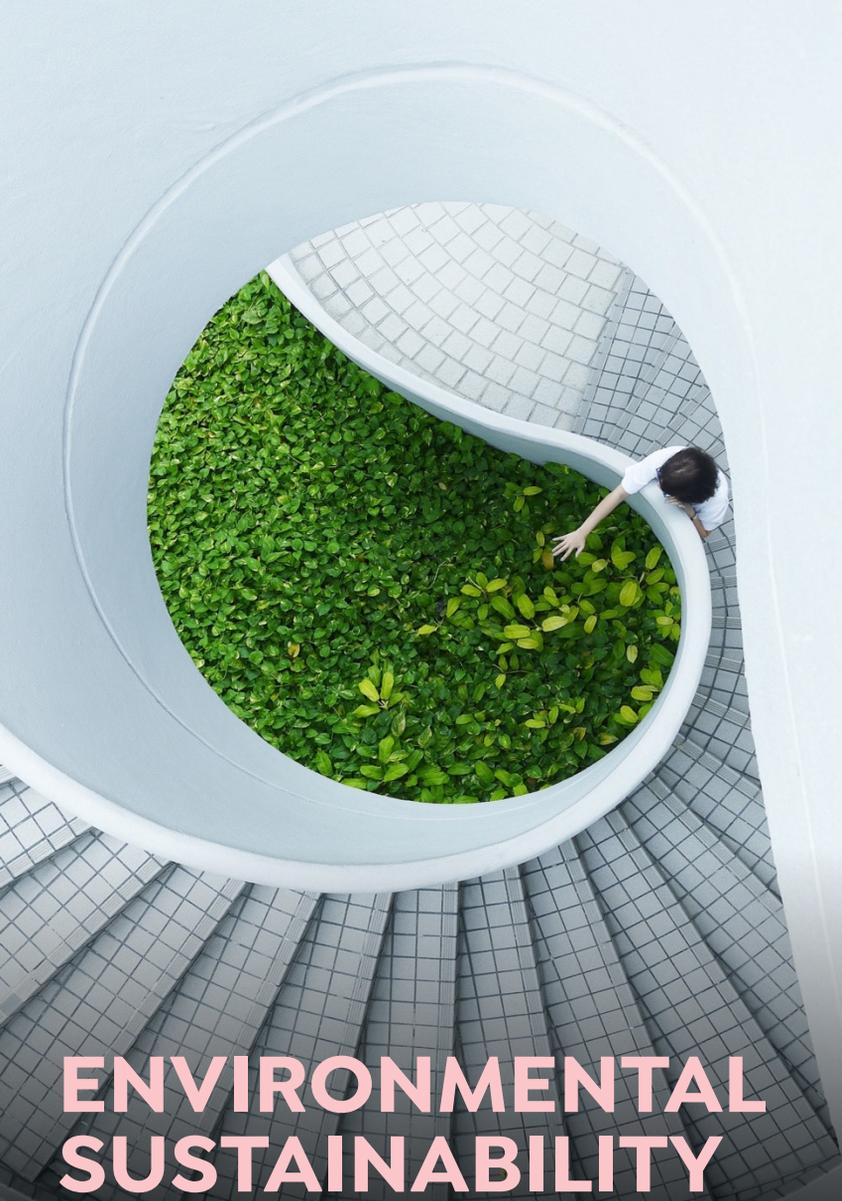
ESG IN REAL ESTATE AND INFRASTRUCTURE

Real estate and infrastructure are closely related. Both these industries are a major consumer of energy and materials, making it the prime contributor to global carbon emissions. The application of ESG standards by both, the developers and the government will benefit operational efficiency, risk management, competitive advantage, and strengthen stakeholder relationships.

Leading companies in the sector have become increasingly aware of the ESG issues and their impact on the environment. They have started sharing their ESG and sustainability goals, action plans and data more openly, in their reporting processes.

Implementing an efficient ESG-focused infrastructure system is vital for the real estate industry. The construction of sustainable buildings and industrial parks with smart technologies and eco-friendly materials can further support the global decarbonization efforts.

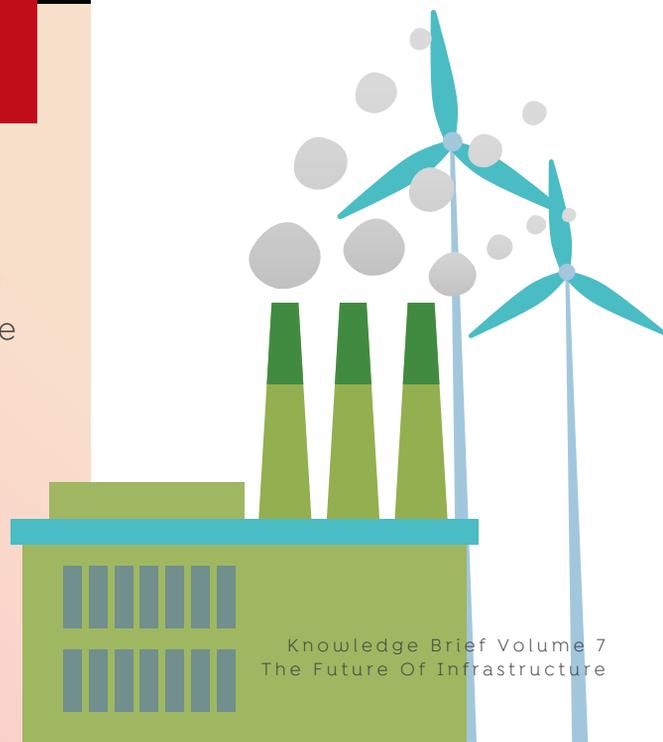




ENVIRONMENTAL SUSTAINABILITY – CONSERVATION OF THE NATURAL ENVIRONMENT

Although the concept of ESG is extremely wide, environment and sustainability play a key role. It includes the approach of a company in managing its physical assets while tackling the issues that affect the environment. Green House Gas (GHG) emissions, pollution, deforestation, water and waste management systems and energy efficiency are matters that a developer can address through sustainable design, construction, and operations of green buildings.

The collective goal should be to continue reducing the environmental footprint fueled by advancements in technology, implementing rooftop solar systems, natural ventilation designs, green material selection, and water savings, in green warehousing. IndoSpace was one of the few businesses that indulged early in green warehousing. In our green initiative, we introduced the rooftop solar project with the intention to use 40 million square feet of roof space into renewable energy. Other technological interventions include – smart sensors, e-charging stations, automation for increased efficiency, drone video footage to showcase site progress and applications for facility management and tenant communication.



SOCIAL INCLUSION - CONSIDERATION OF SOCIETY AND RELATIONSHIP



The ESG policies are not limited to the organization but also cover society and stakeholder relationship. To assess the social sustainability of real estate, attention is extended to:



Supply Chain Management



Employee Health and Safety



Labour Practices



Data Protection and Privacy



Customer Satisfaction

The tenants trust warehouses that follow a sustainable approach and meet ESG commitments. By choosing the right partners, they in turn jointly work together in achieving their sustainability and environmental goals.

In a developing country like India, CSR can play a major role towards social inclusion. Warehouse developers should take additional efforts to understand the community needs and accordingly design and implement CSR projects in the region and create a long-lasting positive impact.

OUR ESG GOALS

2025 ESG Goals



100%
Sustainable Building Certifications



20MWp
Solar Power Installations



100%
Annual Employee Ethics Training



0 Cases
Serious Work-Related Injuries



3%
GHG Emissions Reduction



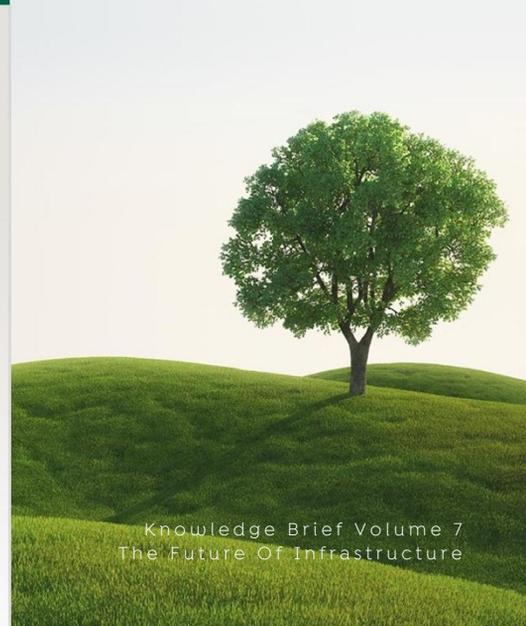
UNPRI
IndoSpace to Become a Direct Signatory to UNPRI



100%
Efficient Lightings/LED Lightings



GRESB
Voluntary Participation in GRESB's Annual ESG Ratings



GOOD GOVERNANCE - STANDARDS FOR THE MANAGEMENT OF AN ORGANIZATION



Covid-19 demonstrated the importance of a well-planned organizational governance, which would cover – board composition, business ethics, bribery and corruption, tax transparency, internal controls, and stakeholder rights. Organizational indicators must include corporate policies, processes, and operations that are comprehensive, fair, and exhibit integrity. Not limited to them, the policies need to extend and include suppliers, vendors, and every person that works for the organization.

ESG factors are often interlinked and together they project the company's performance that assures the warehousing infrastructure is managed and organized more efficiently. Infrastructural improvements and a sustainability governance structure is the key to achieve an integrated ESG approach. Effective governance mechanisms are much needed around emerging topics such as cyber security and data protection.

AMPLIFYING FINANCIAL CAPITAL BY INCORPORATING ESG

In many ways, ESG drives value by enhancing the long-term merit of a company, improving its financial performance while reducing its financing and operational costs. The future of how organizations run and how financial risk is considered will have a significant impact due to climate change. Companies need to start comprehensively assessing the financial risks of climate change in long term business strategy and identifying actions to work on the same

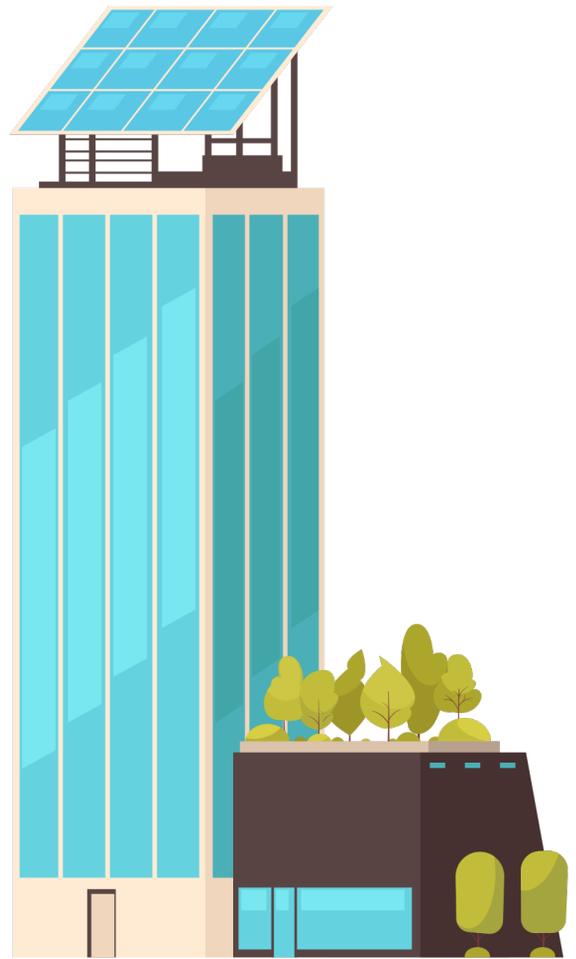
To attract investment in sustainable infrastructure, it is of utmost importance to continue defining the asset class. For example, attaining Grade A warehousing mark is not possible without adopting ESG framework. Companies need to prepare more conforming warehouse design and construction methods and make productive use of resources. Investors, clients, and society are more likely to invest and hire companies that profitably solve problems for the people and the planet rather than creating new problems.



FUTURE AND OPPORTUNITIES

To embed ESG capabilities, companies must implement effective resource management and build sustainable facilities. Companies also need to map carbon footprint to minimize the social impact of business. Existing assets would need retrofit strategies so that they too consume less resources during operational lifetime. Furthermore, ensuring steps such as adopting artificial intelligence (AI), automation, and planning and designing activities that incorporate technological innovation, to name a few, can aid in fulfilling ESG goals. Any new development can align to global best practices / frameworks on net-zero.

Today, the demand for green energy infrastructure has surged. Innovation in engineering is lowering the cost of green building infrastructure. Infrastructure, facilities, and other physical asset decisions present a company with a chance to realize its goals while lowering costs and increasing value. Organizations that grab this opportunity while including physical infrastructure asset management into their long-term planning will flourish in a greener future.



IndoSpace has been ranked in the leadership quadrant by renowned bodies like **EDGE** and **IGBC** as a Green Champion for our domain knowledge, innovation, and ESG impact. At IndoSpace, we look forward to consistently cooperate with our stakeholders and social ecosystems, as part of our commitment to make businesses ESG compliant. Our goal is to achieve 100% sustainable buildings and LED lighting, reduction of minimum 3% GHG emission, and zero consequential injuries by the year 2025.



ABOUT THE AUTHOR:



Rajesh Jaggi

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Everstone Group

Rajesh Jaggi is the Vice Chairman - Real Estate, at the Everstone Group, one of Asia's premier investment groups focused on domestic investments in India and Southeast Asia, and cross border North America - Asia investments.

Rajesh joined Everstone in 2012 as a partner and is responsible for all real estate investments and operations of the group. He has over 25 years of real estate leadership experience in India, including strategic planning, acquisitions, finance, sales and marketing, legal, and project and facility management services.

Under his leadership, Everstone Group's industrial real estate business - IndoSpace, - has become the pioneer and the largest developer and owner of Grade A industrial and logistics real estate in India and has taken the total commitment to India to above US\$ 3.2 billion. IndoSpace is the only pan -

India developer of modern industrial real estate and has a portfolio of 49 million square feet across 44 logistics and industrial parks with a marquee tenant profile consisting of blue-chip, multinational conglomerates such as IKEA, Amazon, Nissan, DHL, DB Schenker, Delhivery, Steelcase, Ericsson, Bosch, and Aptiv. These facilities are in and around nine major industrial corridors /consumption hubs - Delhi NCR, Mumbai, Pune, Bengaluru, Chennai, Ahmedabad, Coimbatore, Anantapur, and Rajpura - and well connected through rail, road, air, and sea.

In 2020, Euromoney magazine ranked IndoSpace amongst the top three overall Real Estate Developers in India for the second year in a row and named it the 'Best Developer of Industrial/Warehouse Real Estate in India' for the sixth year in a row. In the same survey, IndoSpace was also awarded the 'Best Innovative Green Developer in India' for 2020, based on IndoSpace's continuous efforts to integrate sustainability and adopt sustainable technology to reduce carbon footprint.

IndoSpace has also been named the 'Firm of the Year - India' thrice in a row by the respected 'PERE' magazine, the real estate arm of PEI, at PERE Awards 2021.

In 2018, IndoSpace formed a strategic long-term partnership with GLP, the leading global provider of modern logistics facilities and technology-led solutions. GLP has over US\$ 100 billion assets under management. Through this partnership, GLP has become an investor in IndoSpace Core, a joint venture established in 2017 by IndoSpace and Canada Pension Plan Investment Board (CPPIB) focused on acquiring and developing modern logistics facilities in India. CPPIB initially committed approximately US\$ 500 million to IndoSpace Core.

Rajesh is also a Young Presidents' Organization (YPO) member in the YPO Gold Mumbai Chapter since 2013. Before joining Everstone, he was the Managing Director of Peninsula Land Limited, a USD 400-million market capitalization listed real estate company, where he led the successful commissioning of projects that totalled 28 million square feet of real estate across residential, commercial, and retail space.

Recently under Rajesh's guidance, Everstone Group has established 'EverYondr' - a joint venture with the Yondr Group, a global leader, developer, owner-operator, and service provider of hyperscale data centers, to develop and operate data centers in India and support hyperscale clients and service in the fast-growing Indian market. EverYondr has already received commitments of \$500 million and will seek to raise an additional \$500 million to take the final capital commitment to US\$1 billion.

Rajesh is a graduate of the University of Mumbai and an alumnus of F.W. Olin Graduate School of Business at Babson College, Boston. He was featured as one of India's Hottest Young Executives by Business Today magazine (February 8, 2009 issue) - recognition for his contribution to leading Peninsula from a local Mumbai-based developer to a notable national player.