



MINDSPACE BUSINESS PARKS REIT

ESG Data Book

FY 2022-23

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ESG Data Book – Purpose & Scope

Mindspace Business Parks REIT (hereafter referred to as Mindspace, 'We,' 'Our,' 'Entity') is pleased to present ESG Data Book for Financial Year (FY) 2022-23.

Annually, Mindspace publish its significant financial and sustainability disclosures, as well as its performance and accomplishments, using a annual report and ESG report encompassing the Global Reporting Initiative (GRI) standard and Business Responsibility and Sustainability Report (BRSR).

However, due to evolving ESG reporting frameworks and diverse stakeholder concerns, it's challenging to include all essential performance indicators in a single report. In our commitment to transparency, Mindspace is introducing ESG Data Book for FY 2022-23 to align with the latest global ESG frameworks and trends.

The extent of our ESG highlights closely mirrors the scope of our [ESG Report for FY 2022-23](#), which encompasses five integrated business parks and five quality independent offices within the Mindspace, contributing to 100% of the total revenue.

Economic

Materiality

To prioritize our sustainability efforts, we have developed a materiality matrix. This maps our material topics onto a quadrant based on their importance to our stakeholders and business. We use this matrix to guide our ESG strategy, helping us address concerns that would affect our stakeholder’s satisfaction and business continuity.

Every two years, we perform a materiality assessment that encompasses both external and internal stakeholders. This assessment process undergoes validation by a third-party assurance provider, and the outcomes are approved by senior management.

The materiality assessment is seamlessly incorporated into the Mindspace's Enterprise Risk Management process, where material issues are prioritized within the materiality matrix. Moving forward, our approach to materiality assessment will align with the principle of double materiality.

Risk and Crisis Management

❖ Emerging Risk

| | |
|-------------------|---|
| Risk 1 | Change in Consumer Preference |
| Description | <p>The dynamics of the real estate market are perpetually evolving, largely swayed by shifting consumer demands. This presents an emergent risk attributed to the prospect of a significant transformation in customer expectations and demand from real estate service providers. Various aspects influence these consumer preferences, such as technological innovations, societal shifts, macroeconomic circumstances, and global incidents.</p> <p>A new risk materializing in our industry relates to a sustainable stance in consumer preference. This alteration arises from an escalating consciousness among consumers about the environmental and social repercussions connected to the real estate industry. In sync with their core principles, consumers are progressively opting for options that resonate with their values, in the form of eco-conscious, socially accountable, and sustainable choices.</p> |
| Impact | <p>Reduced demand / Slowdown in the economy or significant competition may lead to:</p> <ul style="list-style-type: none"> • Loss of opportunities. • Decline in market share. • Viability of the business in that segment or region. |
| Mitigation Action | <p>We have implemented array of strategies in our mitigation efforts. Initially, we have assessed our sustainability performance by comparing it to current trends among peers. Secondly, we have identified specific areas for improvement and integrated various sustainability initiatives into our operations.</p> <p>Our involvement in RE 100 exemplifies our dedication to sustainability. Additionally, our assets hold green building certifications from IGBC and LEED. We are also actively engaged in sourcing raw materials locally to align with our broader sustainability objectives.</p> <p>We maintain transparent communication with our tenants as this crucial step provides insight into their needs.</p> <p>This multifaceted approach ensures that we not only stay aligned with changing customer preferences but also actively contribute to environmental sustainability through our operational choices. In doing so, we demonstrate our commitment to both customer satisfaction and responsible business practices.</p> |

| | |
|-------------------|---|
| Risk 2 | Cost Overruns |
| Description | <p>When a project is initiated, a scope is outlined, a plan is devised, and a techno-commercial feasibility analysis is conducted. This provides a roadmap for the project, outlines the technical and economic feasibility of the project considering factors such as costs, market demand, technology availability etc. In essence, the inability to deliver projects to the scope, plan and initial techno-commercial feasibility performed refers to the scenario where a project cannot meet its predefined objectives due to technical, economic, or management issues. This results in delays, cost overruns, quality issues and sometimes complete failure of the project.</p> |
| Impact | <ul style="list-style-type: none"> • Scope Failure: The project did not cover all the aspects, requirements or functionalities initially outlined in the project scope. This can be due to unclear or changing requirements, miscommunication, or underestimated complexity. • Planning Failure: The project deviated significantly from the originally devised plan. This could be due to poor estimation, unrealistic scheduling, inadequate resources, unforeseen challenges, or poor risk management. • Techno-commercial feasibility failure: The economic viability of the project might be challenged due to changes in market conditions, cost overruns, or failure to achieve the expected return on investment. |
| Mitigation Action | <p>In project management, there are always unknown factors and unforeseen events that can have an impact on a project, such as sudden cost increases, market fluctuations, or unexpected difficulties. To handle such circumstances, we allocate a specific portion of the project budget for these uncertainties. To ensure effective management and timely response to issues, we also closely monitor the progress of all our projects. Regular updates on the status, challenges, and performance of each project are compiled and reported to management, helping to identify any potential problems early and decide on appropriate actions immediately.</p> <p>We also opt for turnkey contracts with reputable contractors. This approach not only helps us control the quality and timeframe, but also mitigates financial risks. This strategic decision ensures that the responsibility for successful project completion lies with experienced contractors, further limiting potential adverse impacts on our projects.</p> |

Business Ethics

❖ *Codes of Conduct: Systems/Procedure*

To instil a robust foundation for ethical conduct, every employee must endorse the organization's code of conduct upon joining. Additionally, the Mindspace conducts regular mandatory training sessions to refresh employees' understanding of the code's principles and guidelines.

The code of conduct comprises various essential clauses, each addressing specific aspects of professional behaviour. These encompass explicit directives on information security, anti-corruption and anti-bribery measures, the promotion of non-discrimination and prevention of harassment, guidelines for participating in political and charitable activities, provisions for upholding health, safety, and environmental standards, protocols for managing conflicts of interest, and instructions for maintaining a general code of conduct while carrying out duties.

During the annual performance evaluation, a comprehensive assessment is conducted to ensure adherence to the established code of conduct.

❖ **Political Contribution**

During the fiscal year 2022-23, the Mindspace has not made any financial contributions to any political party.

Supply Chain Management

❖ **Supplier Screening**

At Mindspace, we conduct thorough due diligence on our suppliers, specifically focusing on those deemed significant to our operations. Our supplier screening process encompasses a comprehensive evaluation of various dimensions, including environmental, social, and governance (ESG) criteria, as well as overall business parameters.

This meticulous assessment involves an in-depth analysis of diverse factors such as financial information, the effectiveness of management, governance structure and controls, quality of work, workplace safety, compliance with regulations, and legal considerations. The evaluation is specifically designed to align with ESG principles, ensuring that suppliers adhere to ethical, sustainable, and responsible business practices.

To tailor our approach, we employ a commodity-specific methodology when assessing significant suppliers. This ensures that our evaluation is fine-tuned to the unique characteristics and challenges associated with each category of goods or services. By adopting a thorough and nuanced due diligence process, we strive to build and maintain strong partnerships with suppliers who not only meet our business requirements but also align with our commitment to ethical and sustainable practices.

❖ **Supplier ESG Program, Assessment and Development**

At Mindspace, our approach to supply chain management, strategic sourcing, and procurement practices is firmly rooted in our fundamental commitment to environmental stewardship, societal well-being, and the pursuit of cost-effective procurement strategies. Our supplier screening criteria are thoughtfully crafted to ensure a comprehensive consideration of environmental and societal factors.

We have established a sustainable procurement policy that underscores our commitment to upholding and continually enhancing environmental, social, and governance (ESG) standards across our entire supply chain. The policy acknowledges our role in exerting a positive influence on suppliers, contractors, their employees, as well as the products and services within our ecosystem. This comprehensive policy has received approval and is applicable across the entire Mindspace Group. Under this policy, all suppliers offering goods and services within the Mindspace Group's portfolio are expected to make a concerted effort to align with the principles outlined in the policy and adhere to the Supplier's Code of Conduct. By doing so, suppliers contribute to our collective efforts in promoting sustainability, social responsibility, and governance standards throughout the supply chain. The policy reflects our commitment to fostering a responsible and ethical business environment and emphasizes the shared responsibility we have in shaping a sustainable future.

Our aim is not only to hold suppliers accountable but also to guide and support them in aligning with Mindspace's overarching business philosophy and expectations. Furthermore, we are dedicated to enhancing the capabilities of our suppliers throughout the supply chain ecosystem. We are planning to regularly organize informative sessions with our significant tier-1 suppliers, providing them with the knowledge and tools necessary to meet our sustainability and business performance standards.

Environment

Environmental Policy and Management

❖ *EMS: Certification/Audit/Verification*

Mindspace REIT has implemented Integrated Management System which covers 100% of our portfolio and adheres to the following standards: Quality management systems (QMS) ISO 9001:2015, Environmental Management System (EMS) ISO 14001:2015 certified and Occupational health and safety management systems (OHS) ISO 45001:2018 certified.

❖ *Onsite Energy Generation*

Mindspace REIT, being a member of Climate Group's RE100 initiative, is committed to use 100% renewable energy by 2050. In our bid to achieve this objective, we constantly seek out new avenues to increase renewable energy in our overall energy mix.

Mindspace has recently published an internal Sustainability Concept Report, showcasing the sustainable practices in our construction projects. The report explores both passive and active design strategies, emphasizing energy efficiency and environmental impact reduction. Additionally, it provides a thorough analysis of on-site renewable installations, focusing on analysis of solar and wind energy generation. Mindspace aims to integrate these strategies into construction projects, contributing to long-term sustainability goals, cost savings, and achieving net zero.

Till date, we have installed 1.93 MW of rooftop solar, generating 1748 MWh during FY'23 which accounts for 1.68% of the total energy consumption.

Construction waste management

❖ *Construction waste management*

Mindspace REIT has an umbrella ESG policy and a dedicated waste management policy which ensures that all the existing properties and new construction projects adhere to the waste management plan. At Mindspace REIT, we have developed a comprehensive waste management approach which includes the following:

- Minimizing waste at source and optimizing resource use at our operations for reduction of waste.
- Identifying the different categories of waste such as hazardous and non-hazardous and ensuring appropriate handling mechanisms are in place for managing the waste.
- Segregating hazardous and non-hazardous waste streams at source to avoid cross-contamination.
- All the construction waste is brought to this centralized waste facility and is segregated for reuse or sold to responsible third-party recycler. It is transported out of the site with the help of trucks.
- Construction waste to be diverted from landfills for reuse or recycling.
- Ensuring storage of waste (hazardous and non-hazardous waste) in compliance to the relevant legal requirements.
- Adequate signages and necessary fire protection will be provided at the storage yards, along with training of the personnel handling the waste.
- Ensuring waste and debris disposal as per applicable legal requirements.

Climate Strategy

❖ **Climate-Related Management Incentives**

To promote accountability and ownership, Mindspace REIT has linked ESG KPIs with the performance evaluation of the KMPs and Senior Management. The actual progress against the ESG KPIs determines the variable component of their compensation.

The KMPs and senior management including CEO, CFO, lead sustainability officer, asset managers, ESG portfolio managers and dedicated ESG staff has ESG related targets as one of their KRAs with a weightage ranging from 5% to 50%. Achievement / Under achievement of these targets will have a direct linkage to their annual performance appraisal.

| Position | Type of Incentive | KPI |
|---|-------------------|----------------------------------|
| Sustainability Lead Officer | Monetary | ESG, Energy & Emission Reduction |
| Description | | |
| In alignment with the strategic goal setting of Sustainability Lead Officer, ESG has been set out as the pivotal Key Result Area (KRA). The key result areas include ESG targets setting, climate related disclosures like TCFD, sustainability trainings, SBTi and Net Zero targets, Net-Zero energy projects, supply chain assessment and R&D activities. Subsequently, an evaluation of the Sustainability Lead Officer's performance in the ESG related KRAs will be conducted at the conclusion of the financial year. | | |

| Position | Type of Incentive | KPI |
|--|-------------------|------------------------|
| Asset Manager | Monetary | Energy Efficiency & RE |
| Description | | |
| Asset managers tasked with setting energy reduction targets in annual KPIs. Targets encompass a range of initiatives, including projects and processes. Monetary incentives provided Based on individual achievements in meeting energy reduction and renewable energy targets at fiscal year-end. | | |

| Position | Type of Incentive | KPI |
|---|-------------------|---------------------|
| Employees | Recognition | Resource Efficiency |
| Description | | |
| Employees are vital to our organization, actively identifying and implementing resource efficiency projects. Successful completion of these projects is recognized and rewarded, fostering a culture of innovation and efficiency. This environment aims to continuously enhance operations and contribute to sustainability goals. | | |

❖ **Climate-Related Scenario Analysis**

In response to the growing concerns surrounding climate change and its potential impacts on businesses, Mindspace REIT has undertaken a comprehensive climate risk assessment to evaluate the potential vulnerabilities and opportunities associated with climate-related factors. This assessment aligns with the Mindspace's commitment to sustainable and resilient business practices.

For transition risks we are currently assessing Transition Risks with IEA APS and NDCs qualitative scenario analysis. Our future plans include conducting a thorough climate risk assessment aligned with IPCC scenarios and assessing their fiscal impact on our operations.

For physical risks we have considered three climate scenarios align with socio-economic developments as well as different pathways of atmospheric greenhouse gas concentrations recommended by the Intergovernmental Panel on Climate Change (IPCC). The assessment was done on SSP245 – medium GHG concentration pathway, SSP370 – medium to high GHG concentration pathway and SSP245 high GHG concentration pathway.

These scenarios serve as a tool to assess the robustness of the Mindspace’s ESG strategy and formulate approaches that address both the risks and opportunities associated with climate change. Our climate risk assessment has analysed the risks, opportunities, and strategic impacts of climate change, considering potential physical and transitional climate risks under all low, medium and high emissions scenarios.

In our decision-making processes related to investments and management, we carefully consider potential physical climate impact that could adversely affect Mindspace’s assets or the regions in which they are situated, posing a risk to the asset’s operational capacity. Along with that, potential transitional climate related risk is also being considered in our risk management that may arise from policy, regulatory, or technological changes, as well as shifts in market and stakeholder expectations.

❖ **Climate Advocacy**

At Mindspace, we've implemented a robust management framework to oversee our participation in climate advocacy and engagements with trade associations. Actively engaging in industry dialogues focused on sustainability, we are committed to advocating for the goals outlined in the Paris Agreement.

Our commitment to the Paris climate goals is evident through our collaborations with prominent organizations such as the CII and the US Green Building Council. These associations champion critical objectives like decarbonization and achieving Net Zero emissions, aligning closely with the overarching targets set forth in the Paris Agreement.

In line with our steadfast dedication to sustainability, Mindspace has established an ESG Committee consisting of cross-functional members, from departments such as leasing, asset management, procurement, communications and finance. This committee reports to the Executive Committee.

The ESG Committee is tasked with identifying gaps in previous sustainability initiatives, approve ESG targets, allocating budget and monitoring the effectiveness of implementation. The committee reports progress against ESG Strategy to the Executive Committee on a quarterly basis.

Furthermore, we've established a dedicated Corporate Communication Team to effectively communicate our sustainability stance and initiatives to stakeholders. This emphasizes our dedication to transparency and meaningful engagement.

Social

Labour Practice Indicator

❖ **Workforce Breakdown: Gender / Nationality***

| Diversity Indicator | Percentage |
|--|------------|
| Share of women in total workforce (as % of total workforce) | 19.79 |
| Share of women in all management positions, including junior, middle, and top management (as % of total management positions) | 19.79 |
| Share of women in junior management positions, i.e., first level of management (as % of total junior management positions) | 9.5 |
| Share of women in top management positions, i.e., maximum two levels away from the CEO or comparable positions (as % of total top management positions) | 32 |
| Share of women in management positions in revenue-generating functions (e.g., sales) as % of all such managers (i.e., excluding support functions such as HR, IT, Legal, etc.) | 29 |
| Share of women in STEM-related positions (as % of total STEM positions) | 48.6 |

***100 percent of our workforce’s nationality is Indian**

❖ **Training & Development**

| Particular | FY 2022-23 |
|---|------------|
| Average hours per FTE of training and development | 26 |
| Average amount spent per FTE on training and development (in INR) | 18,500 |

Human Capital Development

❖ **Employee Development Programs**

| Program 1 | Shikhar: Scaling new heights |
|--|--|
| Description | <p>This is a program aimed at identifying top performers who show potential to be future leaders. Shikhar was launched a year ago and aims to create a vibrant pool of talented performers who can take up leadership positions. As an outcome, employees also get the opportunity to explore functions that are beyond their core. Providing our employees with different opportunities allows us to keep our top performers engaged and encourages them to pursue increasingly enriching careers within the group companies of K Raheja Corp (Mindspace REIT is Sponsored by K Raheja Corp Group).</p> <p>Some of the learning themes that are part of Shikhar are customer delight, people development, innovation, and strategy. The program seeks to encourage the application of learned skills by allocating tailor-made assignments to the participants. It also offers access to specific LinkedIn learning modules. Teamwork and collaboration are encouraged through contextualized workshops and group coaching.</p> |
| Program Objective and Business Benefit | Shikhar was launched a year ago and aims to create a vibrant pool of talented performers who can take up leadership positions. |
| Impact | The Shikhar program, launched a year ago, is proving its quantitative impact by fostering a robust leadership pipeline with increased transitions to leadership positions and accelerated progression. Talent mobility has increased, and the program's scalability is demonstrated by a growing talent pool. The current talent pool identified to be part of this exercise consists of 19 top performers and future leaders. 16% of these have already witnessed role enhancements. In subsequent years we expect these numbers to grow. In subsequent years we expect these numbers to grow. |
| % of FTEs participating in the program | 19 FTEs nominations were received out of which 9 (4.68% of FTEs) were selected basis assessment. |

| Program 2 | Sheroes - Expand your potential: |
|--|--|
| Description | At Mindspace, we want to ensure that our women employees are empowered to take on leadership roles. Our Sheroes program is a 4-month pilot program in which selected women employees are trained for an impactful transition into leadership roles. It serves as a platform for women to take the next step up in their careers. |
| Program Objective and Business Benefit | Our Sheroes program is a 4-month pilot program in which selected women employees are trained for an impactful transition into leadership roles. |
| Impact | Our Sheroes program is a 4-month pilot program in which selected women employees are trained for an impactful transition into leadership roles. This has resulted to skill enhancement namely building network and connection, building executive presence, and managing self & emotions. |
| % of FTEs participating in the program | 4.1% of Full-time employ are participating in this Program, i.e., 21.5% of Full time Women employees. |

Talent Attraction & Retention

❖ Hiring

| | FY 2020-21 | FY 2021-22 | FY 2022-23 |
|---|------------|------------|------------|
| Total number of new employee hires | 4 | 43 | 35 |
| Percentage of open positions filled by internal candidates (internal hires) | 33 | 22 | 49 |

On an average 26,822 INR is the cost of hiring a single full time employ.

❖ Hiring Data Breakdown

| FY 2022-23 | | |
|------------------|-------------------|----|
| Gender | Male | 24 |
| | Female | 10 |
| | Other | 1 |
| Age | <30 | 1 |
| | 30-50 | 31 |
| | >50 | 3 |
| Management Level | Top Management | 3 |
| | Middle Management | 24 |
| | Junior Management | 8 |

❖ Performance Appraisal

Mindspace plays a crucial role in fostering career development opportunities and conducting performance reviews and feedback sessions for employees. The aim is to boost employee engagement, satisfaction, motivation, and retention, fostering a positive work culture. This is achieved through regular performance and career development assessments, conducted at least annually. Our commitment lies in implementing people practices that evaluate individuals based on their strengths and areas for improvement, providing distinctive opportunities and career paths through initiatives like Wellbeing, Building People Capability, Building Skills, Rewards & Recognition, and Diversity & Inclusion.

Mindspace uses the "Management by Objective" approach to evaluate employee performance. At the start of each fiscal year, permanent employees collaboratively establish Key Result Areas (KRAs) or Key Performance Indicators (KPIs) in consultation with their reporting managers, ensuring alignment with business objectives.

❖ Employee support Programs

| Particular | Parental leave (weeks) |
|---|------------------------|
| Paid parental leave for the primary caregiver | 26 |
| Paid parental leave for the non-primary caregiver | 1 |

❖ Employee Engagement

| Particular | FY 2022-23 |
|---|------------|
| % of employees with top level of engagement, satisfaction, wellbeing, or employee net promoter score (eNPS) | 86 |
| % of employees who responded to the survey | 91 |

Occupational Health & Safety

❖ *Absentee Rate*

| Particular | FY 2021-22 | FY 2022-23 |
|----------------------------------|------------|------------|
| % of total days scheduled | 8.37 | 11.61 |
| Data coverage (as % of revenues) | 100 | 100 |

Reference

1. [MSREIT Annual Report 2022-23](#)
2. [MSREIT ESG Report 2022-23](#)