INDIA'S FIRST MAGAZINE ON LEGAL AND CORPORATE AFFAIRS

LEX WITNESS

Volume 12 Issue 2 | July 2021

₹ 100 US $10 UK £6

# THE GLOBAL VACCINE RIDE: CLIQUE OF LEGAL REPUGNANCY?

- APPROVAL MUDDLES
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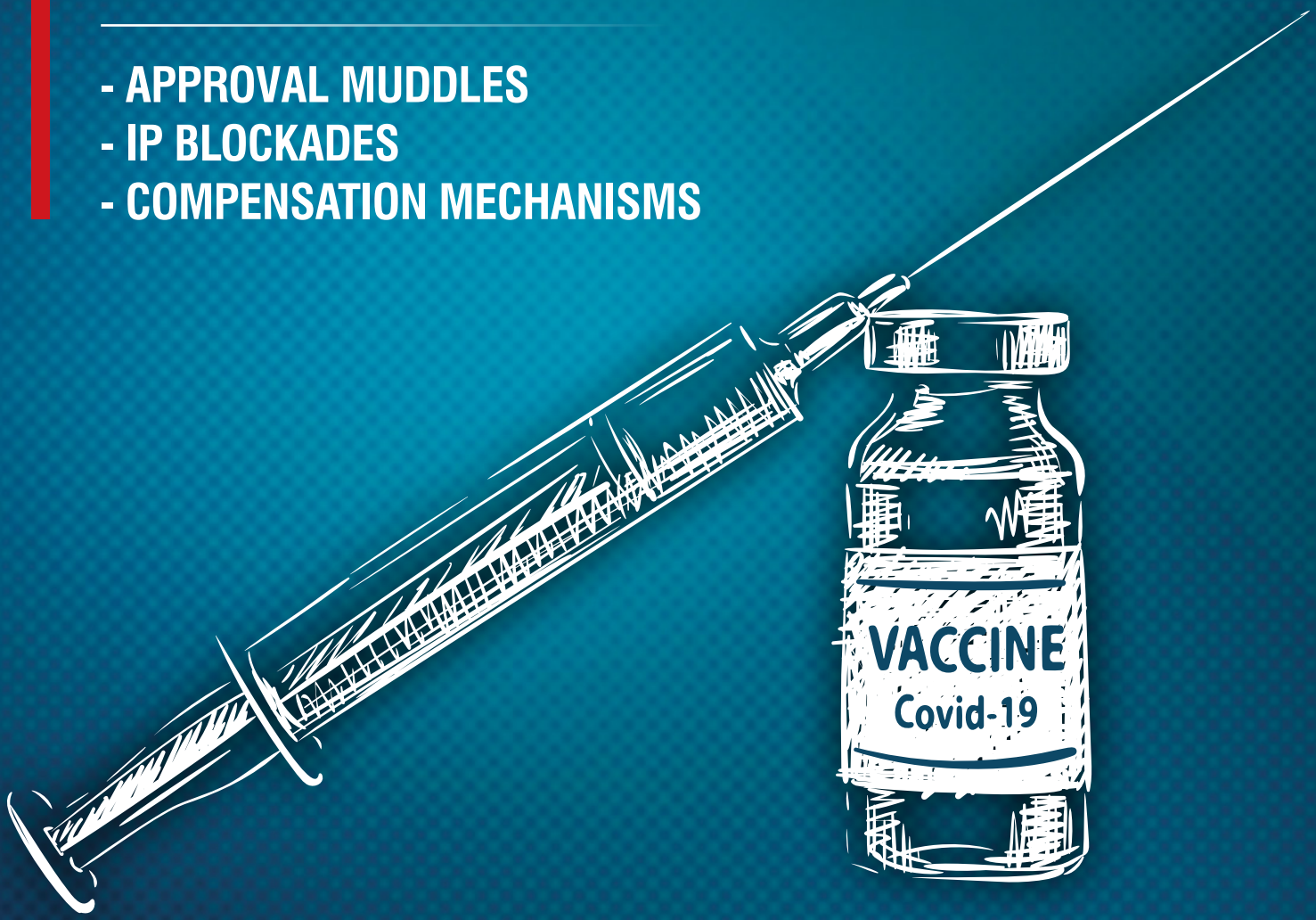

# Being ESG Compliant: A Secret Sauce to Boosting Sales?

**Sonal Verma**

## INTRODUCTION

The construction sector has a substantial impact on most of the industries across the globe, mainly on the industries having relatively high exposure to environmental impacts, social risks and governance issues (ESG).

Important ESG metrics for construction industry are primarily illustrated below but not limited to:

- Land use & ecological impact
- Workforce health & safety and thereafter of the end-user in the construction lifecycle
- Design for resource efficiency
- Community impact of the new construction
- Climate change adaptation

In the recent years, a common feature in cities around the world is buildings designed in a manner that are compatible with sustainable use of resources, thereby contributing to minimal damage to the natural surroundings. As per the Ministry of Statistics and Progamme Implementation (MOSPI), the GDP from the construction sector in the country for the year 2020 saw an increase in its third quarter from INR 1307.50 billion to INR 2231.21 billion[3].

In India, the Real Estate (Regulation and Development) Act, 2016 (RERA) has brought lots of structure in the construction industry across the country, thus making it more organised for fairness & transparency for the end-customer. It is a commercial framework, which has significantly improved the governance quotient of the real estate projects.

An important National Green Tribunal Order of December 2017 had stayed the Government's December 2016 notification exempting construction projects with built-up area of up to 1,50,000 sq. metres from mandatory environmental approval. Against this backdrop, the industry needs to take cues from global ESG principles and make their projects more attractive by reaping the fruits of a sustainable building and being compliant with laws in India.

Experts and thought leaders believe buildings and construction have the potential to contribute to

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faster economic recovery. A COVID-19 Recovery Task Force research confirmed that investment of COVID stimulus funds in green building solutions has the potential to contribute positively towards the global climate crisis[1].

## GLOBAL BACKGROUND ON ESG & SUSTAINABILITY IN THE CONSTRUCTION INDUSTRY

During the United Nations Framework Convention's 21st Conference of the Parties (COP21), the importance of buildings in the international climate change regime was realized. Consequently, the Global Alliance for Buildings and Construction (UNFCCC, 2015) was launched with the mission to reduce emissions and further build resilience by adopting industry best practices in terms with efficient building materials and sustainable technology designs around the world.

With verification and affirmations being crucial at a global level, the US Green Building Council (USGBC) developed the LEED (Leadership in Energy and Environmental Design) certification system in 1998, which offers building owners and operators the right framework of solutions for sustainable building and construction. The green building certification provides a point system approach categorized under Sustainable Sites, Water Efficiency, Energy and Atmosphere, Materials and Resources, and Indoor Environmental Quality. In fact, LEED certified buildings have shown an approximate 25% less energy consumption as compared to the non-certified buildings[3].

## CHANGING LEGAL & GOVERNANCE LANDSCAPE IN INDIA

The Green Business Certification Inc.

(GBCI) spearheads the implementation of the LEED green building program and in 2016, in order to facilitate global growth, the premium organization announced its incorporation in the Indian market. This expansion played a vital role in helping Indian leaders recognize the potential and importance of green buildings.

Some of the milestone initiatives adapted in India towards sustainable construction include-

• The constitution of the Energy Conservation Act, 2001, which led to the formation of the Bureau of Energy Efficiency (BEE), which further formulated the Energy Conservation Building Code (ECBC). A voluntary code established by the Indian Government, ECBC sets forth minimum standards of energy consumption and its efficient usage in commercial buildings. The BEE has also put together solutions that sets appropriate energy labelling of refrigerators, air-conditioners and other appliances.

• As a first, India introduced the Eco-Niwas Samhita, the first energy conservation code in the country for the residential sector. With the aim to promote energy efficiency, the initiative provides tools for performance evaluation of buildings, encouraging cost savings by reduction in CO2 emissions.

• Administered by the Ministry of Environment and Forests (MoEF), the Environmental Clearance procedure affirms the status of a project to minimize the environmental impacts and thereby contributes to green development.

• Under the National Action Plan on Climate Change, the Government of India set in motion numerous initiatives that recognized climate change as a global concern and further established schemes to foster energy efficient technologies and integrate a system of resource management for a sustainable future. Some of these initiatives include missions focused on solar energy, energy efficiency, resource management, sustainable agriculture and so on.

• The National Missions for Green India and Strategic Knowledge for Climate Change aim to build a system that supports the national policies and initiatives focused on mitigation of climate risks and other environmental challenges including protection and restoration of the country's diminishing forest cover.

## INDIAN CASE STUDIES

• Amanora Township in Pune is the first of its kind smart city in the country being the most awarded township with over 250 awards in its name.

• Suzlon One Earth in Pune is amongst the earliest LEED-rated buildings in

the country, it is the first 100% energy campus having significant features that optimize energy consumption.

• ITC Grand Chola in Chennai is the largest hotel to have received the LEED Platinum certification. In addition to its varied features focused on optimum use of resources, the hotel is recognized for having 100% of its energy demands powered by self-owned wind farms.

• Indira Paryavaran Bhawan is the new office building of the Ministry of Environment and Forest (MoEF) in New Delhi. The building has received a platinum rating by LEED certification and a 5-star rating by GRIHA. As compared to conventional buildings, the Bhawan contributes to 70% less energy consumption.

• Godrej Plant 13 Annexe in Mumbai is the first construction project in the country to have received the Zero Net Energy Rating by the IGBC rating system, which denotes that the building is completely self-sustainable.

• Rajiv Gandhi International Airport, Hyderabad, is the first Asian airport to receive a LEED silver rating for its construction having numerous features focused on sustainability and resource efficiency.

## GLOBAL CASE STUDIES

• Built by Tesla, The Michelson, a LEED Gold Certified property in Irvine California is a state-of-the-art energy efficient system which has helped reduce the electricity bills by an average of 9% each month. The power - packed integrated system has not only helped reduce operational costs but also helped address the need for emission reductions.

• 1600 Carling Avenue, Canada is the first building in the country to become certified under the LEED version 4.1 for Building Operations and Maintenance. This new methodology focuses on five data-driven outcomes which helps streamline and empower the sustainable performance of buildings.

• 7MoreLondon, headquarters of PricewaterhouseCoopers was recognized as the first building in London to receive an outstanding BREEAM rating for implementing an energy strategy which helps maintain the carbon footprint as low as possible.

• The BowZed Development, situated in east London is a block of four zero-fossil energy flats whereby each flat receives 40% of its energy from photovoltaic panels on the side of the building and 50% from a micro wind tower on the stair tower.

## CONCLUSION

In the Indian construction market, many real estate players in the country are expected to transition into the green projects segment in the coming years. It appeals to the buying behavior of high disposable income group of urban youth, more particularly in the new construction and new high-rise residential areas. Net Zero Carbon Buildings Commitment from the construction industry would be one key element in the coming decade and ESG would undoubtedly mean more sales.

[1]https://c40-production-images.s3.amazonaws.com/press_releases/images/481_LIVE_Press_release_-_Membership_of_Task_Force_Announcement.original.pdf?1588175622
[2]https://www.greenbiz.com/article/environmental-impacts-green-buildings
[3]https://tradingeconomics.com/india/gdp-from-construction?user=zzalgiers

**Sonal Verma** leads the ESG Practice in the firm as a Partner and Global Leader – Markets & Strategy. With his crossroad working with business & laws – he brings advice & technology for effective change management in the journey of ESG. Sonal is well acclaimed for his work in regulatory & compliance programs over the last decade. He had in the past worked with 1800 plus clients in India and 61 other countries globally. He has worked with the top 3 unicorns and many Fortune 500 companies. His clients have been across different industries, viz. Automotive and OEMs, Pharma and Life Sciences, Manufacturing, Chemical Industry, BFSI, Infrastructure and Utilities (including state-owned PSUs), e-Commerce and Fintech Companies, Diversified Conglomerates etc.