



Lessons from steel rating

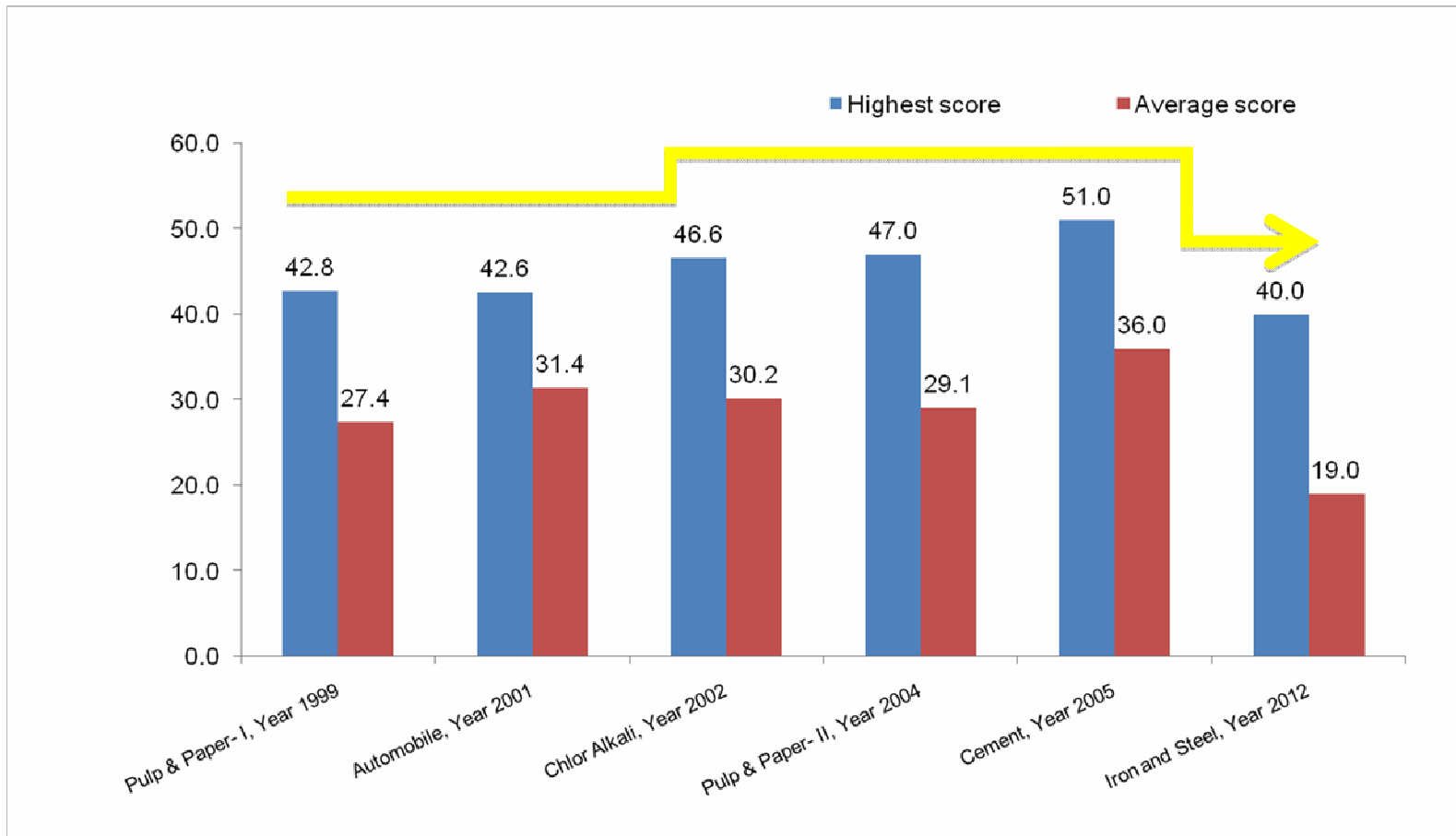
World Environment Day 2012

Where do we stand? Our green
challenges



Growth fever neglecting environment

- Last decade green concerns **have grown** but practice **deteriorated**
- **Best companies found average; sector score lowest**





Slipping: Why?

- Is it because environmental challenges are not worth **investing in**
- Is it because we can boast about greenness without any **accountability**
- Is it because **drivers for change are weak**

No and yes



Pays to be green

- Fact is being green **pays**
- India is resource rich but has huge challenge to meet needs of all
- Resource efficiency is critical
- It will improve cost bottom-line



Economic drivers work

- Top 3 companies all work against economic odds
- Have higher cost of energy; higher cost of raw material. **No captive mines**
- Have to innovate
- Have to reduce energy use and reuse waste to reduce material intensity
- **Driver is economic**
- Environmental benefit is **incidental**



Potential win-win

- Reduce **land** requirements – meet best practice of 150-200 ha/million tonnes: all steel production for next 20 years can be managed. **No more Kalinganagars**
- Reduce **water** requirements – meet global best 1m³/tonne by recycling completely. Become zero-discharge. Grow **without local tensions** of use and pollution



More wins

- Reduce **waste** – do better than even global best of 100 kg/tonne of steel – material efficiency will grow; costs will come down
- Reduce **energy** use – do better than global best of 4.5 Gcal/tonne – set target to reduce energy consumption by half in next 10 years: **cost of production** and **cost of pollution control** decreases big time



Failing: Why?

- Technologies exist
- Is economical to do
- Companies have high profits

- Then why is it not happening?

- **No policy push**
- **No regulatory enforcement**



Regulatory weakness

- Poor monitoring systems
- Weak pollution control boards
- Weak environmental clearance systems — no benchmarks set; no push to improve; no road map
- **Showing in poor performance**



Disclosure is tool

- Public disclosure poorest in this sector
- Correlation between companies who want to share information publicly and green performance
- Worst: **SAIL**
- Disclosure has to be mandatory
- Disclosure part of green certificate



Regulations must be proactive

- Road map for green steel is clear
- Benchmarks exist for what is current practice and what can be done
- Environmental clearance must incorporate this road map so that all new steel plants are driven deliberately towards best technology and best practices
- **Nothing less will do**



Next-gen challenge

- Environment Day 2012
- Need to commit to the following:
 - Re-energize policy and regulatory system so that it can actively push for change
 - Invest in public disclosure and public scrutiny
- **Only way ahead**