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**

![Chart showing scores over years for different industries](chart.png)
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 1m$^3$/tonne by recycling completely. Becomezero-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