RNI No.35850/80; Reg. No. MCS-123/2018-20; Published on: Every alternate Monday

₹100

Business India

THE MAGAZINE OF THE CORPORATE WORLD

November 14-27, 2022

BUSINESS INDIA · COMMITED TO CLIMATE STEWARDSHIP

COP27 SPECIAL

COP27

Success or Failure?

Going beyond carbon

New frontiers in sustainability commitments are there to be crossed

The landscape of climate commitments by corporates/ businesses is evolving rapidly, as society and governments accelerate their response to the climate crisis. Globally, 7,000+ corporates/ businesses have pledged to accelerate net-zero as a part of the UN's 'race to zero' campaign and 1,400+ have set science-based net-zero targets verified by the 'science-based target initiative' (SBTi). While carbon abatement has been established as the key constituent for mitigating ill-effects of climate change, multiple other associated issues need to be addressed. These include water scarcity, plastic pollution, soil degradation and bio-diversity loss.

According to the UN, about a million species are threatened today with extinction but the fact is that the current response to the impending bio-diversity loss is insufficient. UNICEF assesses that about two-thirds of the global population experiences severe water scarcity for at least 30 days in a year, while over two billion people live in regions with inadequate water supply. The impact of water scarcity could lead to the displacement of around 700 million people by 2030. Another UN agency, UNEP suggests that up to 200 million tonnes of plastic can be found in our oceans and a projected 23-37 million tonnes could be added every year by 2040.

Emergence of ESG compliance and regulations: Today, business stakeholders, investors and regulators are demanding that companies provide an assessment or report on how their businesses are operating in the context of ESG dimensions. This facilitates them to make informed decisions by identifying corporates/businesses prone to risks and/or underperforming on various environmental metrics compared to those adopting sustainable practices. The investors also expect climate commitments to be science-based and linked to the core business strategy of the corporates/ businesses. As of date, more than 270 investors, with $61.3 trillion in assets under management, have signed a pledge with the 'net-zero investors' initiative'; to support the goal of net-zero emissions by 2050.

There are various principles, frameworks and standards that are guiding the ESG reporting. They include 'global reporting initiative' (GRI), 'carbon disclosure project' (CDP), 'task force on climate-related financial disclosures' (TCFD), SASB standards, 'international integrated reporting framework' and 'international sustainability standard board' (ISSB).

Emerging markets have also ramped up their efforts in improving ESG standards aligned to global best practices. India has introduced its own 'business responsibility & sustainability reporting' (BRSR) framework that is mandatory for top 1,000 companies. This framework intends to set standardised and quantitative disclosures on ESG parameters for corporates/ businesses across sectors. BRSR covers nine core principles -- integrity, safety, employee well-being, stakeholder management, human rights, environmental protection, public policy, inclusive growth and consumer engagement to address, which are the key ESG parameters. It is aligned to reporting requirements of TCFD, GRI, CDP and SASB and is inter-operable with most international frameworks. This enables corporates/ businesses already disclosing sustainability reports on these international reporting standards to cross-reference the disclosures required under BRSR.

SANTOSH KUMAR SINGH

KAVYA HARI

Santosh Kumar Singh is managing director, and Kavya Hari, manager, Intellecap

However, an analysis of the various existing ESG reporting standards and allied corporate climate commitments showcases significant focus on climate mitigation outcomes. The scope here to account for other challenges impeding sustainability is limited indeed.

Focus on carbon plus sustainable benefits: Recent developments such as framework for 'taskforce on nature-related financial disclosures' (TNFD), SBTi's guidelines for forest, land and agriculture (FLAG), 'guidelines for planning and monitoring corporate bio-diversity performance' by IUCN, 'the global commitment and circular economy for plastic use', led by Ellen MacArthur Foundation – these are all paving the way for carbon plus initiatives. In India, the scope of environment within the BRSR framework also attributes value to environmental/ sustainable outcomes beyond energy and GHG/ scope emissions reporting including aspects like solid waste management, water consumption and withdrawal, sustainable sourcing, 3R (reduce, reuse and recycle), extended producer responsibility (EPR), and life cycle assessments. Further, the BRSR framework is aligned with sustainable development goals (SDGs), thereby promoting corporates/ businesses to demonstrate their performance on achievement of SDGs beyond their climate commitments.

Leveraging the learnings from the growth of carbon market and pricing mechanisms: As corporates/ businesses begin to account for larger sustainable development aligned outcomes, we could witness a rapid shift in the market with monetisation of environmental assets (like water, bio-diversity, plastic, etc) aligned to existing carbon pricing mechanisms. Carbon markets have

been helping corporates/ businesses to meet their carbon goals. The rise in net-zero targets and carbon neutrality goals by corporates/ businesses has driven demand for carbon credits to an unprecedented height; with the voluntary carbon market hitting a record value of $1 billion worth of carbon credits in 2021. More than 60 per cent of the value of transactions are attributed to sectors with significant co-benefits contributing to SDGs (like clean cooking, agriculture, forestry, land use, household devices etc).

The rising focus on sustainable/ environmental outcomes beyond emission reductions has already begun development of new methodologies or labels/ certifications by independent carbon crediting standards and/or new market-based mechanisms. A few examples include 'plastic waste reduction standard' by Verra, 'gender standard' by WOCAN, 'circular credits mechanism' by BVRIO, 'bio-diversity credits', etc. This new era of credits for allied segments such as bio-diversity credits, water credits, plastic credits is expected to grow rapidly in the near-term. The trajectory of these credits may be more rapid than that of carbon credits, considering the various lessons that may be applied to the former from the latter. Meanwhile, as the standards and guidelines continue to evolve and be established for the carbon market, the same may be replicated for credits from other segments, thereby shortening the route-to-market. Therefore, businesses and investors must take note of these credits as they will be jostling for capital consumption alongside carbon credits sooner than expected. ◆

The impact of water scarcity could lead to the displacement of around 700 million people by 2030

CATAPULTING INDIAN STAINLESS STEEL SECTOR'S GREEN GROWTH

At the very top of the green-growth pyramid for India's metal sector, lies stainless steel. Stainless steel manufacturing is one industry that majorly contributes towards sustaining green production. The metal is widely used across an array of key sectors, including construction, infrastructure, railway, automotive, transportation, processing sector.

Owing to its corrosion resistance, high strength, aesthetic properties, low lifecycle cost, circularity and low maintenance requirement, stainless steel stands out from carbon steel in a unique way. These features, in addition to widespread adoption across a variety of end uses, are expected to fuel India's economic expansion.

As one of India's leading stainless steel manufacturers, we strongly believe that sustainability goes beyond conservation. Having committed to no more investment in thermal energy earlier this year, we have now initiated Project Samanvay along with Ernst & Young (EY) LLP as our partners to achieve our broad Environmental, Social and Governance (ESG) goals, forecast our Green House Gas (GHG) emissions, and establish carbon neutrality targets in line with Science Based Target initiative (SBTi).

The focused initiatives include deploying energy-efficient measures, process reconfiguration, adopting and investing in circular economy principles, improving material efficiency, fleet decarbonization, investing in low-carbon emission technologies for stainless steel production etc. Additional steps include air emission compliance within strict norms prescribed by PCBs, waste heat recovery to reduce consumption of fossil fuels, maximising utilization of renewable energy, reduction in specific energy consumption surpassing PAT targets set by government, advanced digital process controls for ensuring highest product quality with minimal wastage and energy efficient production, and raw material and finished goods movement by rail freight to avoid emissions associated in road transport.

Currently, we have a stainless steel melting capacity of 1.9 million metric tonnes (MMT) at our Hisar and Jajpur manufacturing facilities. We have planned a capacity expansion at our Jajpur facility by FY23 that will take the total melting capacity to 2.9 MMT.

During FY2021-22, we reduced our carbon emissions by 3,100 metric tonnes and initiated a switch from a thermal energy-intensive manufacturing setup to renewable energy alternatives such as solar & wind power, Green Hydrogen, adding electric vehicle fleets, upgrading to energy efficient equipment, and usages of bio-fuels as part of our decarbonization initiatives. With the ongoing efforts in this direction, we aim to catapult our carbon abatement numbers to over 1 lakh metric tonnes.

Jagmohan Sood
Director, Jindal Stainless (Hisar) Limited