



Getting future ready

Antony Henshaw, chief sustainability officer, Aditya Birla Group takes us through the Group's sustainability initiatives

Why is sustainability important for any business?

Sustainable businesses are the ones that can survive and thrive as environment and social changes take place all around us. The global population has grown from one billion in 1800 to seven billion today and it is forecasted to reach nine billion by 2050. This means that if we continue living and working as we do today the planet will not be able to support our society. As the planetary systems approach their boundary limits, it would inevitably impact many businesses. The expectations of society will rise on aspects like pollution, safety, energy, biodiversity management, water use and human rights. Sustainability is the ability of businesses to manage and take advantage from these externalities while working to improve our own performance and minimise our risks.

How has the sustainability journey of the Group companies been?

All our business leaders have taken the challenge to meet the Group's vision very seriously and a lot of progress has already been made. All our businesses are already taking safety very seriously and are developing and implementing successful safety management systems, which is a good first step to our goal of demonstrating the 'Responsible Stewardship' of operations by causing zero harm to people. Our business leaders are also pushing for better performance in energy, waste and water management and we are looking at our emissions and effluent levels so that we continue to reduce our impacts.

Ultratech, Hindalco, Novelis and Birla Carbon have been communicating their progress on sustainability aspects through their sustainable development reports led by Global Reporting Initiative (GRI) guidelines. More recently, Novelis has expanded recycling facilities and capabilities in all of its operating regions and increased the recycled content in its products by three percentage points to 46% for fiscal 2014, continuing toward the Company's goal of 80% recycled content in its products by 2020. In line with its commitment to sustainable development, the Aditya Birla Group has partnered with

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Columbia University in establishing the Columbia Global Centre's Earth Institute in Mumbai.

What are your observations on the good work done across the Group on sustainability?

Novelis is a good example of a business that has already moved to international standards and integrated the need to conserve resources into its business strategy. Already, almost 50% of their raw material comes from recycled scrap and Novelis is aiming for 80% by 2020. Sizeable investments have already been made in new recycling plants and in new technology to reach their goal. "Evercan" is a new innovation in the design of a beverage can that allows for much easier recycling as it is made from only one type of aluminium instead of the normal two. It has a minimum of 70% recycled aluminium content. This type of circular manufacturing reduces the business' need to consume the planet's resources and this project fully supports the claim that it is "Not just aluminium, Novelis aluminium", which was the tagline of their latest sustainable development report.

UltraTech has been a member of the World Business Council for Sustainable Development's Cement Sustainability Initiative for the past eight years and have made some great strides in safety performance. By building better management systems and, by changing

the way they operate with the introduction of permit to work, lock out tag out and a huge amount of training for employees and contractors, they have succeeded in greatly reducing the number of accidents.

Hindalco is also doing tremendous amount of work on the measurement and understanding of their carbon footprint, the amount of water that they use, and they too are focusing on safety. They have also mapped many of their sites against biodiversity rich areas to understand their potential impacts in this area. Idea, the Groups' telecom company, is working hard to change its energy matrix towards renewables. Idea has about 2000 telecommunications towers which are now powered by solar power or by hydrogen fuel cells instead of diesel and, in our Pulp and Fibre business, a lot of work has been done to gain certification for sustainable forest management. In Canada and Sweden our forests are certified to a variety of recognised standards.

What are the key things that will make a positive difference in making the Group's businesses more sustainable?

Employee involvement is vital to drive sustainability at a fast pace. We need everyone to help to improve our performance in safety, energy reduction, and water management all along our supply chain. Further, talking to experts to find out how international standards will change or evolve in the future is very important because understanding the environmental and social trends will be a key input for our future plans to grow. If we are building a new plant today then we will need to know what the current local and international standards are and then design the plant, keeping in mind the external trends that we see, so that it is future proofed.

At Aditya Birla Group, we have formed a Group Apex Sustainability Committee to lead this process and we have a governance structure in place in each of the businesses. We have recently purchased a world leading software tool, which will be rolled out in coming months. This will help us to better measure, manage and report our activities. Going forward, the Aditya Birla businesses propose to use existing building blocks on sustainability to transition to a more structured approach.

What are the challenges that may influence the Group's ability to leap ahead on the path to sustainability?

The biggest issue is that International standards will keep tightening. If the planet and society are to be sustainable then with nine billion people on the planet, how we impact and interact with each other becomes increasingly important. Local legislation and international standards will have to reduce the allowable levels of pollution, CO₂ and water use as well as improve the way we treat each other by eliminating discrimination. Society will demand this more and more over time and we are already starting to see some of the trends that we will be expected to follow soon.

What is your view on the investment that is the need of the hour in driving sustainability?

There is no question that we will need to invest if we are to drive our businesses in a more sustainable manner but I feel that in many cases we will find a good return on that investment. I think we can look at making investments that will put us in the right place to sell more products and help the environment at the same time. A good example is of the renewable power generation becoming cheaper over time and we will be able to take advantage of that in reducing embedded CO₂ in our products.

Sustainability is amongst the top items on any CEO's agenda today, in any part of the world. Those trans-national corporations based out of emerging markets have to strike a fine balance between aspiring for a homogeneity of sustainability standards with their operations in developed markets and market competitiveness. The challenge would be to look at sustainability initiatives as investments rather than costs and the ability of a corporate to sell its products and services by virtue of its responsible behaviour being an added attribute.”



Rajiv Dube, Director - Group Corporate Services, Aditya Birla Group

Currently, there has to be a trade off in the decision to invest in solar power which is more expensive but the risk is lower and thermal power which is cheaper today may face the risk of increase in cost, if for example, a carbon tax is introduced to limit the burning of fossil fuels affecting climate change. These will be difficult decisions that we will have to make. We might also have to challenge some of the traditional thinking in terms of how we assess the value of our investments in terms of the future versus simply taking the lowest cost option.

Does the future look very gloomy or do you see a positive side where companies can rapidly move towards sustainable actions?

I'm very optimistic about the future. We will see case studies of businesses that have created value for their customers and at the same time become more profitable and more sustainable. In the future, we will increasingly hear from our people that our customers have recognised our innovative ideas. As this happens, they will slowly begin to pay a premium for our products. There will be a move away from traditional low cost commodity thinking to value added thinking. The more we are able to add value in the form of sustainability product attributes in the eyes of all our stakeholders the more robust our businesses will become. A company's ability to survive and thrive as the world changes will be how the best businesses will be judged in the future.

How much is a grass-root level employee or a worker aware about the sustainability initiatives?

At the moment, we are still trying to involve everyone we want to. Senior management has done a lot of work to raise awareness and collect good data because it is important to make decisions based on facts. We have to understand how fast things will change and devise a logical strategy for implementing what we want to do. Many people have also been involved in doing some tremendous work on quality improvement through our World Class Manufacturing programme. At this stage, we are making good progress to help meet our Chairman's sustainability vision. Overall, I'm happy with the progress we have made so far, but there is still a lot to be done and that will require us to think about tomorrow, today! ■