

## Chapter 9

# Sustainable Business Development by Responding to Climate Change: A Case of the Tata Group

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### ABSTRACT

*The UN Intergovernmental Panel on Climate Change Report (2007) concluded that the globally averaged net effect of human activities since 1750 has been one of the sources of global warming. The Stern Report (2007) corroborates this statement and states that anthropogenic CO<sub>2</sub> influences the climate and stresses that the cost of mitigating against climate change is significantly lower than the cost of climate change. The Tata group companies have been actively seeking out experiences of other global companies to develop an effective action plan against climate change. The present paper seeks to review the role of the Tata group in addressing and abating the climate change. It further looks at the various Tata group companies like Tata Chemicals Limited, Tata Steel Europe, Tata Communications and Tata Motors and their ways to stay the course towards sustainable development*

### INTRODUCTION

The environment, despite its vast spread and bounty, has only limited cache of resources at its disposal. Climate has been changing naturally at its own pace since the beginning of evolution but presently, it has gained momentum due to inadvertent anthropogenic (manmade) disturbances (Khan et.al., 2009). The UN Intergovernmental Panel on Climate Change (IPCC) Report (2007) concluded that the globally averaged net effect of human activities since 1750 has been one of the sources of global warming. Emissions of greenhouse gases due to human activities like extensive use of fossil fuels, deforestations

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etc. have altered GHG in the atmosphere in ways that are expected to affect the climate. The equally well-known Stern Report (2007) corroborates this statement by declaring that we are now beyond the discussion on whether anthropogenic CO<sub>2</sub> influences the climate and stresses that the cost of mitigating against climate change is significantly lower than the cost of climate change.

India is concerned about climate change since this phenomenon might have substantial adverse impact on agriculture, submergence of coastal areas and increased frequency of extreme events. As a developing economy, India cannot afford the risks and economic backlashes which industrialised nation can. With 27.5 per cent of the population still living below the poverty line, reducing vulnerability to the impacts of climate change is essential (India Climate Change Portal, 2011). The IPCC report (2007) also suggests that India will experience the greatest increase in energy and GHG emissions in the world if it has to sustain the growth rate. To add, the energy needs (nearly 70% of the electricity supply comes from coal fuelled power plants) of the country are met by burning fossil fuels. The International Energy Agency predicts that India will become the third largest emitter of GHGs by as early as 2015.

Climate change presents a real and tangible threat to the world today. It has impacted not just public policy and legislations but also changing market mechanics and behaviour patterns of consumers in key market. It has created a challenging business environment where it leads companies to relook at their businesses. According to Ernst and Young (2008) companies are addressing the issues of climate change on account of one or more of the following four reasons:

- **Cost Reduction Opportunities:** Reducing carbon emission cuts costs. Some people, particularly in an economic downturn, are using it as an opportunity purely to bring down costs, but in a way that it is also perceived as doing the right thing.
- **New Business Opportunities:** Companies are finding opportunities for new services, new products and new ways of doing things in new marketplaces.
- **Regulatory Demands:** Depending on where a company stands in the use of carbon and other greenhouse gases, there will either be a cost or opportunity.
- **Stakeholder Response:** Companies are looking at their competitors and the benefits they are reaping in terms of new products or stakeholder endorsements, or the costs they have saved.

Organizations seem to believe that focusing on climate change will not only lead to sustainability but will lead to emergence of many new opportunities (Mukherjee, 2012; Connell, 2008). A few examples (Mukherjee, 2012) are as follows:

- IKEA sawmill waste, mixed and recycled plastic, produces a strong material that minimizes the use of resources.
- Statoil Hydro built one of the world's earliest carbon capture and sequestration projects in Sleipner in 1996.
- Siemens has developed a portfolio of "recession proof" green businesses.
- Yara has built significant new business around their application technology that removes more NOx globally than the total emission in Norway.
- Wilhelmsen had developed a model of low emission ship which will be powered by solar, wind and natural gas.
- Standard Chartered and Deutsche Bank buttress their position as "lighthouse organizations", given their vital role in providing finance to green business ventures.

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