

CEMENTING RELATIONS

Does the voluntary Cement Sustainability Initiative provide a model for other industries seeking to address issues of social responsibility? BY ADRIENNE MARGOLIS

All over the world, companies are increasingly taking corporate social responsibility (CSR) issues on board, to respond to social and environmental concerns and to meet the expectations of stakeholders. Many businesses now publish annual reports on their progress in this area, but it is often difficult to assess what has actually been achieved and what the impact is on the bottom line.

The cement industry is currently trying to grapple with this. It is the single largest contributor to global warming, and has recently launched a wide-ranging sustainability plan.

The cement sustainability initiative (CSI) started towards the end of 1999 when the three main players in the industry, Lafarge, Holcim and Cimpor, got together to discuss issues connected to sustainable development. Climate change was uppermost in their minds because it was high on the political agenda. There was no global vehicle for the cement industry to deal with issues like climate change, so the companies approached the World Business Council for Sustainable Development (WBCSD) in Geneva for help.

Other companies in the industry then came on board. Between them, the 14 companies now involved control a third of the world's cement production and operate in every country.

Have a good blueprint

Companies in other sectors can learn a lot from the cement industry's experience. Noel Morrin, international environment director at RMC and chair of the CSI reporting and communications taskforce, summarizes the massive and, no doubt, expensive project as follows:

"Independent researchers were brought in and money raised for them to put together a global project. We selected two research organizations, one to do the scoping and the other to work on the detail. It was a disaster.

You lose accountability. Stick with one research body, and make sure you are credible by keeping the research at arm's length.

"We also set up a stakeholder assessment group, led by Mostafa Tolba, ex-director general of the UN environment programme, to ensure that our project was transparent."

Reams of "data"

"By the end of 2001, 13 strands of research looking at aspects of sustainable development in our industry were completed. Each of the 13 sections ran to 100–200 pages. Each section had 40–60 recommendations. It was an undeliverable piece of work. *[Does anything, even safeguarding life on Earth, justify this much paperwork? – ed]*

"We learnt that there are not many organizations capable of doing this sort of research, other than global companies themselves and NGOs that have real expertise. Our major problem was with traditional consultancies. Their reports had to be redrafted, because they bore no relation to reality."

Prioritize

"We condensed 1,500 pages on 13 topics into a 200-page summary document, a 40-page executive document and a 6-page

executive summary. We got more or less what we hoped for.

"Early on, we realized that a lot of other sustainable development initiatives involved research that was commissioned but not followed through. So we had a parallel stream of work to devise an agenda for action. The CEOs of participating companies all signed the blueprint and it meant there was ownership at the highest level."

"It is easy to say, but difficult to do. We ran a series of local workshops in Brazil, Egypt, Portugal and Thailand, involving people who live in the shadow of our factories. We also held workshops looking at the international perspective in the US and Brazil. We had no problem getting local people to turn out, but we could not get policy stakeholders to participate."

Make it manageable

"The 13 strands have turned into five pieces of work, in an agenda for action. We now have to concentrate on priorities. For Latin American and Far Eastern companies, poverty and social inequality need to be addressed, whereas in the richer countries, the focus is on climate change.

"In early November 2002, the CEOs of participating companies met in Washington DC to review the first year of CSI and to plan this year."

"There is a collective effort in five key areas to design management tools. These areas are emissions reduction, fuels and raw materials, workforce, climate protection, employee health and safety, and local impact.

"For each of the five strands, we are developing key performance indicators. By 2005, we will produce the first CSI interim report. By 2006, we will have a CSR report for each of the 14 participating companies. It will describe how they are implementing the five strands. In 2007, we will produce a collective report. Each five years is a stepping-stone and then the whole cycle repeats itself. We will get smarter and get more engagement from stakeholders as we go along."



Noel Morrin

THE PARTICIPANTS



Michel
Picard,
vice president,
environmental
issues,
Lafarge

"In my own company, the cement division has introduced a performance implementation programme. The whole programme is being linked to sustainability, mirroring the recommendations of the CSI as closely as possible. For example, we are introducing better organized systems and more managed systems. Most of the things we are doing were on our agenda, but we are now more motivated.

"Our cement division operates in 45 countries. The sustainability work we are doing is mainly on the production side. Because we are a large company, it needs time. We have a five-year timetable for implementing this programme. We spent a year designing the programme and another year rolling it out – that has just ended.

"One of the best received elements has been shareholder relations. We now have a shareholder programme in each plant. It involves forging links with neighbours, local authorities, conservation authorities and the workers. This has been introduced in 150 plants.

"We are also implementing a carbon dioxide (CO₂) reduction programme. We are working on waste fuels, and on reducing emissions.

"The most important thing is to introduce sustainability into the existing culture, and the challenge is to implement it throughout the organisation. You can't do it everywhere at once in a company of our size. It is a different ball game for a company with just five or six plants."



Barbara
Dubach,
head of
sustainable
development,
Holcim

"We were one of the three companies that initiated this, so we had quite a lot of input into the recommendations.

"We were already doing a lot in this area – for example, reducing CO₂ emissions and using alternative fuels and raw materials. We have global standards but local management, which means that there are different initiatives in different parts of the world. At local level, we have been producing environmental reports for some time.

"Social responsibility includes education and training and liaising with the communities in the countries in which we operate. In poor countries, we help local people build houses. There are fewer regulations, so companies need to do more for the community to keep their licence to operate. In advanced countries, the importance of the community is different and the stress is on the environment.

"We have a clear environmental policy and a CSR policy, and we are increasingly focusing on the need to measure things continuously. We will be producing an interim CSI report in 2005 and a final one in 2007; and have also produced a road map for what we are trying to do.

"What I find interesting is that many external people were surprised about the cement industry getting involved in the sustainable development agenda. We were not in crisis. But we wanted to be recognized as being proactive, and to start early. The process is quite difficult. Every company is quite different. You need to promote the idea of sustainable development. We are getting more and more companies involved. It is a struggle to get the guidelines right, but we want to do more than stick to the lowest common denominator."



Noel Morrin,
international
environment
director,
RMC Group

"We are the tenth biggest cement manufacturer in the world, and operate in seven countries. Some of the things that came out of the CSI exercise were already being implemented because they are just good practice.

"We are now rationalizing some of our operations and introducing new ideas. For example, one of the first things to come out of the project was a software tool designed to show how CO₂ arises in the cement industry. It could be used for current operations, but in our case we've also used it to revise data since 1990. It is very practical and has now been introduced on 400 cement sites, including all of RMC's. It is a common way to measure CO₂ and such a powerful tool that other industries are now looking at copying what we have done.

"The CSI initiative has broken down a huge number of barriers. It has helped give us a sense of direction. It has encouraged information sharing company-wide on things like health and safety. This has improved not just safety but also the bottom line. We could not have harnessed the knowledge otherwise, because different parts of the company are evolving in different ways, in different corners of the world.

"For RMC, climate and biodiversity are the two big issues. The CSI has helped us to take fairly abstract issues and convert them into practical activities. For example, the CO₂ measurement is now included in the international audit function, because it is now seen as a financial opportunity, not just an environmental one. On biodiversity, we are devising a long-term strategy and planning how to manage quarrying."