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Setting sustainability in stone?

The cement industry has embarked upon a wide-ranging review of its sustainability – but concrete measures have been deferred. **Mark Nicholls** reports

Given its significant environmental and social impacts, the cement industry has received little attention from the environmental movement. But, in a move that plaudits praise as forward-looking, and critics may consider foolhardy, the industry has stuck its collective head above the parapet.

In April, the World Business Council for Sustainable Development (WBCSD) unveiled a report, sponsored by 10 of the largest cement producers, and produced for the WBCSD by US consultancy Battelle, that takes a 20-year view of how to make the industry more sustainable*.

The two-year, \$4 million project was initiated in 1999 by three producers, France's Lafarge, Switzerland's Holcim and Cimpor of Portugal, says Howard Klee, programme manager at the WBCSD in Geneva. "The surprising thing is that no single crisis event triggered this – these firms are genuinely trying to be forward-thinking," he notes.

These three firms were joined by Cemex, from Mexico, Germany's Heidelberg Cement, Italy's Italcementi, RMC in the UK, Thailand's Siam Cement, Taiheyo Cement from Japan and Brazil's Votorantim.

The 10 companies certainly got value for money. Battelle has produced reams of information – one participant in the process claims he has a pile of documents a metre high. But while the report is comprehensive on the sustainability issues facing the industry, and on broad recommendations for addressing them (see box), it deliberately shies away from setting quantifiable targets.

"The idea is [for the 10 companies] to take the material from the report, hold stakeholder meetings, and formulate an action plan – with targets, public reporting, etc – some time in July," says Klee.

Until then, it is impossible to divine how seriously the industry will take the report's recommendations. Participants expect most firms to take on company-specific targets



RMC: not frightened of targets

rather than collective ones. Tim Stokes, head of corporate communications at RMC, says that “I don’t think targets are something we’re frightened of”. Klee adds that the process has had significant buy-in at chief executive level, to the extent that some have returned annotated drafts of parts of the report.

A further question is whether any action plan – and the report’s general recommendations – will be adopted by the rest of the industry. The 10 sponsors produce only 30% of the world’s cement. China is responsible for another 30%, with much of the rest accounted for by small, local producers, says Klee. Some of these participated in the report, and the WBCSD plans to draw other producers into the process, he adds.

For all its comprehensiveness, however, the report has its critics. Stephan Singer, head of the European climate and energy policy unit in Brussels at conservation group WWF, was consulted as part of a stakeholder dialogue process as the report was being prepared. He believes that the report should be shorter and more focused.

“There is too much dilution. For example, the industry’s carbon dioxide emissions are projected to increase four-fold over the next 50 years. We think it should be key, and at the top of the report,” he says.

He also questions whether the report takes sufficient account of what he argues is the fundamental unsustainability of cement production. “Is the industry questioning the production of cement as such? There are other construction materials available – for example, cement is aggressively replacing wood.”

The executive summary does, however, give examples of hypothetical cement companies of the future, including one that has repositioned itself as a “structural materials company” rather than a cement producer.

Such a radical repositioning, while ultimately desirable, is a long-term proposition, says Stokes. “Concrete [of which cement makes up 10–15%] is one of the most basic building materials,” he notes. Each person on the planet consumes one tonne of concrete per year, he says, adding that, across its lifecycle,

The path to sustainability

The Battelle study identifies eight major issues “that will shape the cement industry’s path toward sustainable development improvement” (see chart). It also sets out 10 major recommendations. These are:

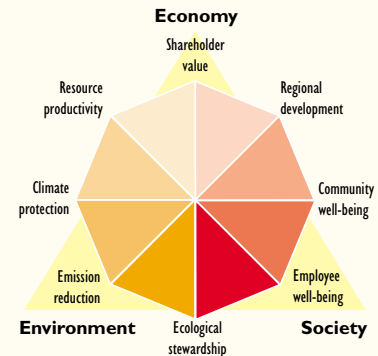
Issue-specific recommendations

1. *Resource productivity* – Facilitate industrial ecology and eco-efficiency in the cement industry
2. *Climate protection* – Establish corporate carbon management programmes, set company-specific and industry-wide medium-term carbon dioxide reduction targets, and initiate long-term process and product innovation
3. *Emission reduction* – Continuously improve and make more widespread use of emission control techniques
4. *Ecological stewardship* – Improve land-use practices by disseminating and applying best practices for plant and quarry management
5. *Employee well-being* – Implement programmes to enhance worker health, safety, and satisfaction
6. *Community well-being* – Contribute to enhancing quality of life through local stakeholder dialogue and community assistance programmes
7. *Regional development* – Promote regional economic growth and stability by participating in long-term planning and capacity-building, especially in developing countries

Enabling process initiatives

8. *Business integration of sustainable development* – Integrate sustainable development principles into business strategy and practices in order to create shareholder value
9. *Innovation* – Encourage sustainable development-related innovations in product development, process technology, and enterprise management
10. *Co-operation* – Work with other cement companies and external organisations to foster sustainable development practices and remove barriers

The Sustainability Compass



cle, concrete is reasonably energy efficient, as well as being recyclable.

Some critics also allege that the report fails to address adequately the link between sustainability and financial performance. It notes that “progress towards sustainability will only occur when there is a clear link to enterprise value.” However, it ducks the issue, stating “the key to sustainable development for cement companies is discovering those links and finding ways to take advantage of them”.

It is also lacking in detailed information on the current ‘sustainable state’ of the industry, says Tatjana Mickasch, a sustainability analyst at SAM Research in Zurich. While the report says that “Battelle has developed an assessment of

the industry’s current status with regard to these sustainable development issues”, it does not go far enough, Mickasch says: “The report could have benchmarked this group of companies – providing data on the eight indicators [see box] – to show precisely where they have to improve.”

Criticisms aside, Klee argues that the report is a bold step from the report’s sponsors. “It’s a slow process, and managing change is difficult – this is a conservative industry. This is a long-term project.”

How the cement industry approaches its plan of action in July will be the first indication of exactly how difficult generating change will be.

*Toward a Sustainable Cement Industry, see www.wbcscement.org