

GHG targets for cement leaders – but not until 2006

Ten leading cement companies have set out a six-point, five-year action plan to help move the industry towards sustainability. However, the companies, which include leading proponents of greenhouse gas (GHG) emissions trading such as Lafarge and RMC, have deferred setting targets for carbon dioxide (CO₂) emissions until 2006.

Some observers criticised the timetable: "There's a need for clear and ambitious CO₂ targets," says Jean-Paul Jeanrenaud, head of business and industry relations at WWF, an environmental pressure group, who sat on the platform at the plan's launch press conference in Paris on 3 July. "This could quite easily be achieved in a year's time."

"The companies involved want to do this thoroughly," counters Christopher Boyd, senior vice president of environment and public affairs at Lafarge, "and it takes a long time to work out emissions profiles."

However, as part of the action plan, the firms have already developed a CO₂ protocol to standardise monitoring and reporting of

the gas, in conjunction with the World Business Council on Sustainable Development (WBCSD) and US think-tank the World Resources Institute.

The plan is the latest stage of the Cement Sustainability Initiative, which the firms are undertaking in conjunction with the WBCSD. Eight of the 10 company chief executives attended the launch of the plan.

The cement industry accounts for 5% of global CO₂ emissions, is responsible for major local environmental impacts, is energy-intensive and produces substantial sulphur dioxide, nitrous oxide, dioxins and volatile organic compound emissions.

The plan commits the 10 companies, which produce around 30% of the world's cement, to take action on six areas:

- *Climate protection:* develop a CO₂ protocol, investigate the use of market mechanisms to reduce CO₂, report annually on CO₂, set targets by 2006.

- *Fuels and raw materials:* develop guidelines for the use of alternative fuels and raw materials in cement kilns.



Cement Sustainability Initiative: launched by eight of the 10 companies' CEOs

- *Employee health and safety:* set up a health and safety taskforce and information exchange, respond to the taskforce's recommendations.

- *Emissions reduction:* develop an industry protocol for measuring and reporting non-GHG emissions; publicise data by 2006; and set emissions targets.

- *Local impacts:* develop and apply environmental and social impact assessment guidelines.

- *Internal business processes:* develop and apply key performance indicators for the industry, produce interim and full progress reports after three and five years,

integrate sustainable development into existing management systems, and publish a statement of business ethics by 2006.

The plan follows the publication in March of an independent report by the Battelle Memorial Institute, commissioned by the 10 firms, that set out the sustainability issues which face the industry and made recommendations on future action (see *Environmental Finance*, May 2002, pages 20–21).

The 10 firms and the WBCSD are inviting other cement companies to sign up to some, or all, of the plan's action points.

Mark Nicholls

'Sustainability pays', says CIS

Socially responsible investment (SRI) and 'engagement' can deliver financial outperformance, and there is a business case for corporate social responsibility – under certain circumstances, according to new research from the UK's Co-operative Insurance Society (CIS)*. The report also summarises original research commissioned by CIS on 'engagement' strategies and on attitudes of UK retail investors towards SRI.

"We have no doubt that higher social, environmental, ethical and corporate governance standards will lead to higher returns for investors in the long-term," said Chris Hirst, chief investment offi-

cer at CIS, at the launch of the *Sustainability Pays* report on 11 July. "What we've asked is, where's the evidence?"

CIS commissioned For-



Chris Hirst, CIS: "What we've asked is, where's the evidence?"

um for the Future, a UK-based think-tank, to explore whether social, ethical and environmental (SEE) screens can help investors outperform their peers, and whether 'engaging' with companies – where investors encourage firms to improve SEE performance – can add financial value.

An exhaustive review of existing research – covering over 400 studies – led the Forum team to conclude that "the evidence is moving towards an 'SEE effect' that contributes to portfolio out-performance".

The team also found that corporate social responsibility can add value in certain sectors, at certain times. This

strengths the case for a discretionary approach to shareholder engagement, they conclude. The CIS applies an engagement strategy to its entire £23 billion (\$34.5 billion) assets under management.

The insurer also asked Pensions and Investment Research Consultants (PIRC) to carry out research into engagement, which is becoming increasingly popular with investors. PIRC analysed four episodes, including a campaign on access to medicines involving GlaxoSmithKline, and the ousting of the chief executive of UK conglomerate Tomkins, and sets out a framework to help inform future engagement strategies.

James Kirby

* See: www.cis.co.uk/socacc2002/pdf/cisri.pdf for a full version of the report