

WBCSD CEMENT STUDY: THE FINAL REPORT

The US\$4m study of the sustainability of the global cement industry undertaken on behalf of the World Business Council for Sustainable Development is now ready. The report clearly points out a direction for the industry, but the path is not an easy one.

L'étude de 4 millions de dollars US sur les perspectives de développement durable de l'industrie mondiale du ciment effectuée pour le compte du World Business Council for Sustainable Development est désormais terminée. Le rapport indique clairement la direction à suivre pour ce secteur mais le chemin ne sera pas sans embûche.

Die vom World Business Council for Sustainable Development (WBCSD) in Auftrag gegebene 4 Mio. US-Dollar teure Studie zur Nachhaltigkeit der weltweiten Zementindustrie ist fertig gestellt. Der Bericht gibt klare Richtungsvorgaben für die Industrie, der Weg dorthin wird allerdings nicht einfach sein.

El estudio por un importe de 4 millones de dólares sobre la sostenibilidad de la industria internacional del cemento realizado por encargo del Consejo mundial de empresas para el desarrollo sostenible (World Business Council for Sustainable Development) ya está listo. El informe indica claramente la dirección que debe seguir el sector, pero el camino no va a ser fácil.

The largest independent research study ever undertaken into the long-term sustainability of the global cement industry has now been completed and the results are due to be published within the next few weeks. **GCL** Magazine is one of the co-sponsors of the study. The over US\$4m project was conducted on behalf of the Geneva-based World Business Council for Sustainable Development (WBCSD) by the Battelle Memorial Institute in the United States. Study documentation includes more than 1500 pages of material focused on issues of special concern to the cement industry. The report, initiated by ten of the world's leading cement producers representing almost one third of the world's total cement output, is expected to provide the blueprint for sustainable cement production in the 21st century. Completion of Battelle's report is an important step of the

Cement Sustainability Initiative being undertaken by these leading companies.

'Towards a Sustainable Cement Industry' is one of a number of WBCSD member-led projects to examine issues unique to a particular business sector. The response and proposal from the cement companies involved is expected some time in the summer after they have had the opportunity to consider the study's many findings. The detailed recommendations contained in the report and industry comments will be the focus of further articles in this series.

Scope of study

The main aims of the independent research were to identify critical issues for the cement industry today and also pathways forward towards a more sustainable future. The study boundaries were limited to activities primarily associated with cement production, whilst downstream activities like distribution, concrete production and concrete products were addressed only in a limited way. The geographic scope of the study was global and the timeframe for future projections covered the next twenty years. The report has two principal audiences – stakeholders outside the industry and the cement companies themselves. It is the intention of the study to

share information that will help any cement company - regardless of its size, location or current state of progress.

Among the key recommendations of the report is the creation by the industry of a platform for ongoing engagement with industry and external stakeholders to discuss further work on product and process research, educational tools for the industry and stakeholders, and progress toward sustainable development through responsible governance.

Winds of change

Battelle's report highlights major issues for cement producers and the undoubted challenges they face today – and argues that the adoption of sustainable development is vital for their long-term survival and success. Major change is already driving the industry towards sustainable development; consolidation, with global cement companies entering growing markets in developing countries; restrictions on freedom to construct and operate at new sites; increasing regulatory pressure; stakeholders' more vocal expectations about health, safety and the environment; changing customer requirements; and the development of cement products to fill a greater variety of differentiated niche applications.

The report acknowledges that pro-



gressive cement companies have already recognised that sustainability is increasingly vital to their remaining competitive in the future; and that commitment to social responsibility, environmental stewardship and economic prosperity form the key elements of a sustainable business today. These three elements are often referred to as the 'triple bottom line' of sustainable development. Battelle comments, however, that the cement industry as a whole is not yet on a sustainable path in any of the dimensions of the 'triple bottom line' and that barriers still exist to adoption of sustainable development by the industry.

For example, there is still a considerable lack of trust between companies and stakeholders and also resistance to change in product composition by both customers and the manufacturers themselves. In Battelle's view one of the greatest barriers to sustainability is the resistance to change and scepticism typical of many mature industries. The report also acknowledges that it is unrealistic to assume that cement companies should be willing or able to incur significant costs in addressing sustainability issues unless there is a clear business case for doing so. Nevertheless, it emphasises that sustainability is viewed seriously in the marketplace by both customers and shareholders alike and will continue to grow in importance.

Key issues

The study provides a comprehensive assessment of the industry's current status and recommendations for improvement and proposals for further action. It also identifies eight key issues which represent the main areas in which the cement industry can contribute to sustainable development - resource productivity, climate protection, emission reduction, ecological stewardship, employee well-being, community well-being, regional development and shareholder value creation.

Key Issues
Resource productivity
Climate protection
Emissions reduction
Ecological stewardship
Employee well-being
Community well-being
Regional development
Shareholder value creation

and regional development together with a detailed analysis of the strengths, weaknesses, opportunities and threats these issues present.

In Battelle's view, improvements in these areas will undoubtedly contribute to shareholder value creation - including quantifiable reductions in capital and operating costs - as well as strategic advantages such as improved license to operate. However, it also recognises that in order to implement them, improved business processes are essential - principally (1) systematic integration of sustainable development into business strategy, practices and the decision-making; (2) sustainable development-linked innovation, and (3) outreach, engagement and co-operation within and outside the industry - to promote and enable genuine change.

A vision for the future?

The report concludes that the cement industry can best ensure its continuity and prosperity by acknowledging its difficulties, focusing on win-win opportunities to create value for society and working with its stakeholders toward a long-term vision of sustainability - a vision which the industry itself should define. The report recommends a strategic agenda over a twenty-year time frame.

Inevitably some of the detailed recommendations contained in the report may be viewed as controversial - but they demonstrate the complete objectivity and independence which has characterised the work throughout. For example, it suggests that over a reasonable time period, old plants should reduce their emissions profile to meet modern standards or cease operation. Battelle comments that successful implementation of its recommendations requires cement companies to make a commitment beginning at Board and CEO level to integrate sustainable development principles into their business activities. It also accepts that there is no single path toward sustainable devel-

Battelle's vision of the cement industry

By 2020, cement companies have integrated sustainable development into their global operations, are known as innovators in industrial ecology and carbon dioxide management, are regarded as attractive employers, and have established relationships of trust with the communities in which they operate.

opment - that companies will choose the options best suited to their individual business, cultural and financial circumstances.

The way forward

'Towards a Sustainable Cement Industry' suggests that simply maintaining the status quo does not appear to be a tenable proposition because of the risks of rising costs and adverse business impacts. The industry needs to be proactive, not defensively reactive to sustainable development. Cement companies will need to overcome their traditional conservatism and be open to taking calculated risks - and also take on board the fact that the financial community recognises that sustainably-managed companies tend to generate superior economic returns.

The report's overall message is clear - to ensure its long-term success and survival the industry needs to build on and systematise the changes it has already made. The challenge to cement companies is to build sustainable development into all aspects of their business - plant siting, quarrying, plant operation, energy consumption, pollution control, research and development, health and safety, product development and community interaction - and to recognise that in the future companies may ultimately compete on the basis of sustainable development by developing improved processes and novel products to gain competitive advantage. Battelle believes the report offers the cement industry the tools to achieve a more sustainable future.

Information is available at the project web site, www.wbcSDcement.org. GCL