



**GARDE**  
Global Alliance for Responsibility, Democracy and Equity



**Raising awareness of CSR instruments and building capacity in CSOs and Trade Unions in selected new member states**

**CSR convergence monitoring**

**Case study report:**

**LAFARGE PERLMOOSER AG**

*Elaborated in co-operation with Ökobüro, Austria*

*May 2006*

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*The Environmental Law Service - Ekologický právní servis*

## 1. Description of the company

### 1.1. Company name

LAFARGE PERLMOOSER AG

### 1.2. Is it a daughter company? If yes, what is the mother company?

LAFARGE PERLMOOSER AG is a daughter company of the international LAFARGE group.

### 1.3. Who owns the company?

The company is quoted at the stock exchange, not further information available

### 1.4. Is this company a contractor, subcontractor, supplier, licensee or distributor of a transnational corporation?

*Please, fill this section in case the company that is object of this questionnaire is not a transnational company itself*

### 1.5. Subject of company's business

In 1833, Léon Pavin, launched an industrial lime production operation, having taken over a business acquired by his family in 1749 with the purchase of the Lafarge domain in south-eastern France, an area known for generations for the quality of its limestone deposits. The company signed its first major international contract in 1864, delivering 110,000 tonnes of lime for the construction of the Suez Canal.

The company grew over the decades and in 2001, following the acquisition of Blue Circle, Lafarge became the world's leading cement producer. Numerous acquisitions and joint ventures in all four Divisions, and on every continent, particularly Asia, have continued to consolidate its world leadership position. In July, 2001, Lafarge was introduced onto the New York Stock Exchange (NYSE).

**Further info:** See [www.lafarge.com](http://www.lafarge.com) and [www.lafarge.at](http://www.lafarge.at)

## 2. Positive or negative company behavior

Please mark one of the two possibilities according to what the case is about. In case of company pro active implementation of CSR and behavior with legal conformity, select "positive". In opposite case, please select negative.

positive     negative

### 2.1. In case you ticked off "positive", please describe, what kind of positive impact the company has.

The company has entered into partnerships with several NGOs to support common projects:

- Cooperation with WWF:

In March 2000, Lafarge and WWF International signed a worldwide partnership agreement.

At the local level, several of Lafarge's Business Units work with the national organizations of WWF on issues such as quarry rehabilitation, climate change, environmental awareness, and

the creation of jobs in relation to sustainable forestry practices. These undertakings have led to the signing of local partnership agreements in Austria, Kenya and China.

Following their first five-year partnership, Lafarge and WWF have committed to a further three years. The new agreement, signed on June 21, 2005, is part of the Group's ambitious sustainable development strategy. The new partnership will focus more on programs on the ground and will give priority to developing local partnerships between Lafarge Business Units and WWF entities in particular countries. Specific budgets will be allocated to these projects.

- Cooperation with Habitat for Humanity International (HFHI) and other co-operations

On January 10, Lafarge expanded its relationship with Habitat for Humanity International (HFHI), a global NGO founded in the United States which helps families in need to build and renovate simple, decent homes. Partner families and volunteers build the homes.

There are also co-operations with other (international) NGOs

**2.2. In case you ticked off “negative”, please describe what kind of negative impact the company has.**

### 3. Geographic dimension

- local  regional  state-wide  
 international  EU-wide

### 4. Short description of the case

*Briefly describe what the core issue of the case. The text should not have more than 1200 characters including spaces.*

From the range of the numerous cooperation activities between WWF and LAFARGE around the world, this case study highlights cooperation activities in Austria and looks more closely into them.

#### **Concluding the agreement on international level:**

1. The first phase of the partnership included commitments and joint work in the following areas:

- to reinforce the environmental policy of Lafarge, by implementing and monitoring annually performance indicators and targets (environmental audits, reduction of fossil fuel consumption, waste recycling, emissions control, etc.),
- to combat the greenhouse effect by curtailing emissions of CO<sub>2</sub>,
- to develop a strategy for the ecological rehabilitation of quarries,
- to heighten awareness amongst the widest possible audience on the importance of environmental preservation through local partnerships such as in Kenya, Austria, France and China.

As a first step the following environmental performance indicators were developed:

- environmental audits
- quarry rehabilitation
- emissions reduction
- energy consumption

- waste production & recycling
- waste recovery
- alternative / renewable fuels
- water consumption

## 2. Establishing high standards for quarry rehabilitation and biodiversity

For over 30 years, the restoration of sites has been an ongoing concern for Lafarge. The Group has developed expertise to integrate into natural landscapes: the creation of original environment and water zones conducive to the development of specific flora and fauna, treatment of quarry surfaces, replanting of land in high agricultural yield sectors, reforestation or ornamental planting and development of recreation areas.

In the context of their partnership agreement, WWF and Lafarge have defined a strategy to promote the re-establishment of the ecological value of its 800 quarries around the world.

Between 2000 and 2002, WWF was a member of the SQRP (Strategic Quarry Rehabilitation Project) working group within Lafarge that developed the principles for quarry restoration: a methodology that has been adopted throughout Lafarge's global operations since then.

As a result of the partnership, biodiversity was included in Lafarge's environmental policy document when it was redrafted in 2003. By the end of 2004, considerable progress has been made, with Lafarge having implemented plans for restoration of quarry sites in 80% of its operations.

## 3. Committing to ambitious CO2 reduction targets in cement production

In 2001, Lafarge joined the WWF Climate Savers Programme<sup>1</sup> and agreed to a set of greenhouse gas emission reduction targets. The company has committed to:

- a) reducing its absolute CO<sub>2</sub> emissions by 10% in industrialized countries below 1990 levels by 2010, which go far beyond the 5.2% target set under the Kyoto Protocol. This figure includes the accounting for burning fossil fuel based wastes such as CO<sub>2</sub> emissions and therefore this is the important target for WWF.
- b) reducing its absolute CO<sub>2</sub> emissions by 15% in industrialized countries below 1990 levels by 2010. (As Lafarge accounting methods consider fossil fuel based waste products as carbon free, this figure includes the burning of fossil fuel based wastes as CO<sub>2</sub> free).
- c) reducing its CO<sub>2</sub> emissions by 20% per tonne of cement produced worldwide by 2010, discounting carbon from burning fossil fuel based waste products.

### Results to date<sup>2</sup>

Since signing the WWF Climate Savers agreement, Lafarge has made significant progress towards its reduction targets. The figures for 2004 show:

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<sup>1</sup> WWF has established a Climate Savers Programme to cooperate with major businesses prepared to make innovative efforts to mitigate climate change as part of their corporate responsibility. The Programme demonstrates profitable and practical approaches to reducing CO<sub>2</sub> emissions and supports business efforts to implement carbon management strategies.

<sup>2</sup> The results are based on 2004 figures, not yet been certified by external auditors.

- a) an absolute CO<sub>2</sub> emissions reduction of 9.5% in industrialized countries which is on track of the original target of a 10% reduction. The CO<sub>2</sub> emissions reduction should be viewed in the context of increased demand which at the time of setting the targets was projected at 10% for the 1990-2010 period. To date there has been in fact a 3.5% fall in this period in cement production in developed nations, which has helped Lafarge meet its target.
- b) a 11.6% reduction of absolute CO<sub>2</sub> emissions below 1990 levels.
- c) a reduction of 11.2% per tonne of cement compared to 1990 levels. Lafarge is on track to achieve its targets by 2010.

Emissions reduction has been achieved through the following measures:

- Reduction of the use of clinker by substitution with cement like materials (such as fly ash and blast furnace slag<sup>3</sup>)
- Increased energy efficiency by modernizing plants and processes
- Reduction of fossil fuel use by increasing use of sustainable biomass<sup>4</sup> from rice and coffee husks, palm oil waste and increasing the use of renewable electricity for its offices. For example, by the end of 2005 wind turbines will provide 40% of the energy needed at Lafarge's cement plant in Tetouan, Morocco.

The verification process

An independent auditor<sup>5</sup> checks the accuracy and consistency of reported annual emission data. The results are published in Lafarge's Sustainability Report.

**Local initiatives**

The global WWF-Lafarge partnership has resulted in a number of local initiatives in countries where the two organizations operate. These joint co-operations strengthen the worldwide partnership and ensure that WWF experts in the field can help Lafarge develop environmentally sound programmes.

Cooperation activities in Austria: Biodiversity - quarry rehabilitation

Significant restoration work has taken place at the Lafarge limestone quarry in Mannersdorf to the east of Vienna. Slopes and embankments have been remodeled, trees have been planted and sanctuaries set up. Over 405 different plant species can now be found in the quarry of which 34% of them are part of the Red List of Austria (a list of threatened species). As a result of the restoration, a number of protected plant species (upright spurge, cutleaf teasel, adriatic lizard orchid, etc) and bird species (such as wood lark, black headed gull, Montagu's Harrier, rook and black woodpecker) have moved into the newly created areas.

Together with WWF, Lafarge Perlmooser designed a computerized monitoring system for restored quarries called the "long-term biodiversity index" (LBI). This index helps to assess the effectiveness of quarry restoration techniques by measuring the number of species and their status. It is also hoped that this can be used to limit the impacts of operational quarries on flora and fauna.

But also the local communities and the people living there have been included. At the beginning of the project people from the surrounding Municipalities were invited to a meeting

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<sup>3</sup> Fly ash and blast furnace slag are by products of coal burning power plants and of the steel industry respectively, and both have the same 'hydraulic binding' properties as cement therefore reducing the required production of clinker.

<sup>4</sup> Biomass fuel is primarily derived from wood and agricultural products

<sup>5</sup> 2002-2003 = Ecofys and 2004-2005 = Price Waterhouse Coopers

to and asked to give their comments on the project. In the local newspaper “Brucker Grenzbote” progress in the project is reported regularly.

The Austrian "prototype" is being tested in Lafarge quarries in Sandrancourt, France with the hope that it can eventually be used in at least 25% of all quarries worldwide.

## **5. Company CSR policy**

*Please write all CSR policy that the company officially claims to fulfill.*

LAFARGE does not commit itself explicitly to CSR, but to sustainable development. LAFARGE group’s webpage contains a comprehensive section on the various issues of sustainable development ([www.lafarge.com](http://www.lafarge.com)).

Under “NATURAL RESOURCE ASSETS” the company states as follows: Natural capital refers to natural resources (land, water, stone, sand) and also includes the Earth’s capacity to absorb our emissions and waste. In this domain, Lafarge competes with other extraction companies, as well as land users such as farmers, landscape protection associations, and even future generations. Our approach regarding natural capital is two-fold:

- First, we intend to protect our natural capital in developing know-how to reduce our negative impacts (in rehabilitating our quarries for example);
- Second, we aim to reduce the cost of access to this natural capital by improving our capacity to obtain permits and gain public acceptance for opening and extending quarries and new plants or for burning waste fuels.

Our competitive advantage in these areas relies on our environmental performance and the way it is perceived by public authorities, activist groups and local communities.

In this context, tackling sustainability issues and going beyond legal requirements make business sense in many fields. However, in some other fields we are unable to tackle sustainability issues alone without compromising our short and medium term profitability.

### **5.1. What does the company state? (for example: Has the company adopted a code of conduct)**

LAFARGE PERLMOOSER AG ([www.lafarge.at](http://www.lafarge.at)) has issued a folder on Mannersdorf plant. There it is stated that the company commits itself to step by step reduction of emissions and to the substitution of Substitution of clinker with cement like materials, increased energy efficiency and reduction of fossil fuels by increased use of biomass

### **5.2. What does the mother company state?**

The environmental section of LAFARGE’s Sustainability Report 2004 (no more recent report available) starts with a summary of the stakeholder consultation, which was carried out prior to finalizing the Sustainability Report. There it stated the stakeholders consider LAFARGE’s CO2 emissions a point of major concern.

The company admits that the company’s CO2 Emissions represent a core environmental pressure which should be tackled. They give detailed data on emission reductions achieved so far and commit themselves to further substantial reductions.

In their sustainability report 2004 (no more recent report available) the company makes commitments not only on the environmental relevance of the production but also on the following issues:

- Procurement
- Product sustainability

## **6. Breach of CSR policy**

*In case you ticked off “positive” at question number 2. of this form, please jump to the question number 11. of this form*

### **6.1. Does company breach its own CSR policy?**

*Please, be specific. Make a list and describe the reason why the company is breaching the CSR policy.*

### **6.2. Have you asked the company to fulfill its CSR provisions?**

## **7. Breach of OECD Guidelines**

### **7.1. Does the company breach OECD Guidelines for Multinational Enterprises?**

### **7.2. What article was breached?**

### **7.3. Did you file a complaint to the National Contact Point?**

### **7.4. Do CSOs in your country know about existence of National Contact Point?**

### **7.5. Does the National Contact Point have a web site?**

**7.6. In case of positive answer to previous question, please make list the information published on the National Contact Point web site.**

### **7.7. Have you asked the company to respect OECD Guidelines?**

## **8. UN Global Compact**

*Please, be specific. Make a list and how the company is breaching the UN Global Compact.*

**8.1. Does the company or it’s mother company support the UN Global Compact? *means: is listed as a company supporting the UN Global Compact?***

### **8.2. Does company breach the UN Global Compact?**

## **9. Legal aspects of the case**

### **9.1. Is there any breach of national law?**

*Please be precise*

**9. 2. Are there any legal steps that your organization or any other organization or individual person have done to oppose the unlawful behaviour of the company?**

**9. 3. Have you been already successful with your legal objections?**

**9. 4. What was the company’s reaction to the legal steps that have been done?**

**9. 5. Are there any other occurrence of violations of the legal framework besides of the description of this case?**

**9. 6. In case of positive answer to your question, please specify if there had been any judicial or administrative proceedings against the company? (in case you are not sure about the answer, don't answer this question)**

#### **10. Public awareness to negative impacts**

**10. 1. Is general public informed about the case, about the company etc?**

**10.2. Who oppose the company activities (local community, NGOs, TUs?)**

**10.3. What are the results of NGOs, TUs, or local community advocacy?**

**10. 4. What was the attitude of public authorities?**

#### **11. Socially or environmentally responsible behavior**

*In case you ticked off "negative" at question number 2. of this form, please go to the question number 13. of this form*

**11.1. Is the positive activity done according to what the company officially proclaims as general CSR policy valid for or its activities, or does the company do it only in your case?**

The cooperation between the LAFARGE group and WWF international aims at covering all respective activities of LAFARGE. The regional co-operation at the location in Mannersdorf is part of a coherent strategy for the whole LAFARGE group.

**11.2. Was there any external pressure (NGOs campaign, community resistance, governmental initiative?) to develop a CSR strategy in this case?**

Cement production often is a matter of conflict between local communities and the company. In the case of Mannersdorf we don't know of any conflicts, neither concerning the cement factory, nor concerning the quarry.

#### **12. Benefits for the company**

*If it is possible directly ask the company's representatives to help you to answer this questions, please do so. If not, and you have insufficient information, please try to estimate and add to your answer: "estimation".*

**12.1. Is there any direct benefit for company from having higher standards?**

Some improvements lead to direct cost reductions and therefore are a direct benefit (e.g. substitution of fuels)

**12.2. Is there any indirect benefit for company from having higher standards?**

The indirect benefits consist e.g. of the reduction of the risk of reputation damage. In a longer term view the company might more easily get permits and have less difficulty with expending their activities in the future.

**12.3. Is there any positive reaction from the site of general public, state representatives, communities, individuals?**



### 13. Relation to public authorities

#### 13.1. Does local, regional, national government or EU Commission support the company in activities happening in your country?

The Mannersdorf cement factory of LAFARGE is the biggest cement factory in Austria (capacity 1 Million tons) and an important employer for the region. Therefore the local government has a positive approach towards the company.

#### 13.2. Is there any connection between the company and local, regional or national government?

No Information available

##### a) formal

*for example a contract*

##### b) informal

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© GARDE (Global Alliance for Responsibility, Democracy and Equity)  
The Environmental Law Service (ELS) - Ekologický právní servis  
Dvořákova 13, 602 00 Brno, Czech Republic  
tel: +420 545 575 229, fax: +420 542 213 373  
e-mail: [brno@eps.cz](mailto:brno@eps.cz) URL: <http://www.responsibility.cz/>

Elaborated in co-operation with Ökobüro, Austria  
Address: Volksgartenstraße 1, A-1010 Wien  
tel: +43 1 524 93 77, fax: +43 1 524 93 77/20  
e-mail: [office@oekobuero.at](mailto:office@oekobuero.at) URL: <http://www.oekobuero.at/>

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