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The composition of the panel tells me that I have to say something about the company and the industry and to be quite practical. Firstly, I want to say that most European companies, or the bulk of European industry, is in favour of a global agreement as soon as possible and is probably also in favour of an agreement which goes beyond what COP 21 will do.

Why is it important for these companies? It is important, firstly, because they understand the challenge for the world, and the long-term interests of these companies are aligned with the long-term interests of the world. Secondly, it is a huge challenge for these companies, and the sooner they know there is an agreement, the less uncertainty there will be and the better they will be able to mobilise themselves, to engage themselves and to optimise the use of their funds.

Climate change is a huge issue, there is no need to repeat this, and a huge issue which it is complex to resolve. We have seen how much time it has taken in the last 10 or 20 years, with the experience of different actions which have been taken in Europe, and we can go further with this experience, but what we have observed is that no agreement means loss of time and remaining uncertainties. More importantly, climate change looks to be the major issue we are talking about, but there are often other priorities which make it less of an issue. The financial crisis made climate change less important, and Copenhagen probably gave the impression that we have more time to think and need more time to develop. Copenhagen was a success for me, of course, because it was about creating awareness, and without awareness there is no result. However, it is clearly so complex that we have to understand that it will take time.

The companies see that it is a divisive issue, because a lot of value is at stake in terms of growth, costs and investments. That is true for the countries, and we see that there are many debates, but it is also true for the companies, because it has an impact on their growth and their competitiveness. It is even more important for companies which are significantly impacted, and I will try to give you some examples.

Therefore, limiting the temperature increase to two degrees will result in very high ambitions. It is good that the ambitions are high, but it increases the efforts we need to make and also the speed with which we must act. There is a speed which is possible and a speed which is more difficult. We are not talking about day-to-day business but about a transformation, and a transformation in one company or one economy – and it will transform the world economy in many aspects – will also be a huge challenge for the companies, the economic world and the private sector.

What is at stake is the energy mix, energy consumption, the emissions caused by the industry, and finally, the type of solutions the companies can bring to the system. Therefore, clearly we need to accelerate, and we also need to find breakthroughs through innovation. Who will do that? Clearly, governments have a key role to play; they have to set the targets, to put stable and consistent regulations in place, and they have to do that while looking at what the others do, because any big difference between what countries do will distort competition. They also have to create a landscape which is adjusted to the cycle. What has been difficult for the ETS in Europe is that it forecast everything but the recession, which brought CO₂ prices down.

The companies are critical to implementing an agreement, because they have to do almost everything, and without them there will be no solutions, no reduction in emissions, and no change in the energy mix. They bring the technologies and the innovation, they are able to raise money, and they can also interact along all the value chains, which is completely critical, and we know that in my company, because it is about construction, and looking at construction, it is an industry which has many different players.

What is a company like ours doing? Firstly, we started to become aware of the problem more than 20 years ago; my predecessor was in Rio. Secondly, being aware of it, we already started to reduce our emissions 15 years ago, and we have achieved a 27% decrease in intensity over that period already, so it is a little more than 1% a year. Ten years ago we launched an innovation programme to say that cement is good, the only product able to glue stones together



and concrete is already contributing to building reliable, sustainable constructions, but it can improve, so we need to look at the solutions for increasing energy efficiency in buildings; we found innovative solutions.

We have done more in engaging our stakeholders, and we have established a fruitful dialogue with NGOs and communities. We have also worked at engaging our sector, and the cement sector is the only one with a sectoral approach. What is this approach? It is first to put a database in place, to define the data, to define the measurement systems, to report and to review and audit the report, which is the foundation of all actions taken to reduce emissions. This group, which is called the Sustainable Cement Initiative, has, with the commitment of its members, already reduced total CO₂ emissions by an amount equivalent to that emitted by a country like Romania, which is not nothing, which is quite substantial.

The last thing which the companies have done, and which they are not alone in doing, is to start cooperating between themselves. There will be no agreement on the details if the companies are not united and have not previously discussed the solutions, the systems, and the regulations which will be most effective. We have engaged in that and we are still engaged in it. Therefore, we are working at transforming our company and our sector, and we are also working at creating growth opportunities. We believe that there is a burden, that there is a constraint, but that there should also be new areas of growth.

I will not talk too much about cities, but looking at public areas, we have talked about governments which will set the rules, but the operational bodies in the public sector are cities, and cities are what will matter in what comes next. Many of the cities which will exist in 2050 do not exist today; probably more than 50% of the existing constructions in 2050 have not been built yet. This will happen in most of the emerging countries, and that is work to be done. You find all the areas pertaining to climate change actions in the cities, whatever they may be, whether transport or construction, which are responsible for 60% of total CO₂ emissions. Most of this comes from cities, and the way cities are planned and the way companies cooperate with cities in advance of their plans is completely critical to making the actions effective and profitable, to help growth and to accelerate progress, and to fight climate change.

Therefore, an effective agreement requires everyone to be aware, and I think we have made huge progress there. We need commitments; COP 21 is bringing these forward, and this is also big progress. We need measurements, reporting and verification. That is a point which is not being underlined enough. You cannot start to speak about values and about sharing without knowing what you are talking about, and today the level of measurement is not enough, which will be a key point of the agreement. It is more important to agree on measurements than to agree on whether the agreement is binding or not; this is the critical point for me.

Finally, we need adequate tools and systems, and here I will talk about carbon pricing, or carbon charges, if you prefer. Carbon pricing is a tool which has shown that it can accelerate emissions reductions; it is also accelerating innovation and is able to create new opportunities. Therefore, it can be a tax and it can be something different, but it is a clear signal, and most European industries have followed the World Bank's recommendation to ask for carbon pricing as soon as possible.

It works, of course, if the signal is clear, if it is consistent over time, if it is stable, and if it does not distort competition, and of course we know that COP 21 will not define the carbon price and will probably not even say that carbon pricing is needed, because it is too early, and sometimes people are much more advanced than that. However, we see clearly that carbon pricing systems are being put in place, and we will have to work very hard to make sure that there are enough links between the different systems and that the revenues of carbon pricing are dedicated to fighting climate change and not going into other pockets.

Therefore, by way of conclusion, it is a huge challenge. I believe that success, as you said, will rely on cooperation and on trust, which will be generated by measurement, by visibility and by consistency over time. We are not talking about a short time but about 25 or 50 years. It will also be generated by innovation, and profitable innovation. The only way to raise private money is to organise a framework where there is money to make, which is critical. We are talking about this USD 100 billion, and much more could come if it is a profitable avenue.



Cooperation and trust, of course, are the result of ad hoc governance, and I will leave this to the other panel members to develop this, but it is true that the capacity to cooperate and anticipate, whether between companies, between companies and cities, or between companies and governments, is completely critical to success. I am not talking about cooperation between governments. The capacity to raise private money is completely critical and will depend on the type of governance. We have made progress in COP 21. There was a type of approach termed business dialogue where companies were invited to give their opinions.

Finally, on governance, climate change is a subject which I see is linked to other subjects in my business that are very important for the world, such as poverty and cities. Combining, at least in a transversal way, how we use climate change actions to reduce poverty and to invest more in building better cities could be a very strong benefit for future growth and for people, and our company sees a business opportunity there.