

# Cement Industry and Climate Change

## Are we fit the future ?

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# HeidelbergCement in the world

- Turnover 2015: 14 bn €
- 63.000 employees
- 60 countries

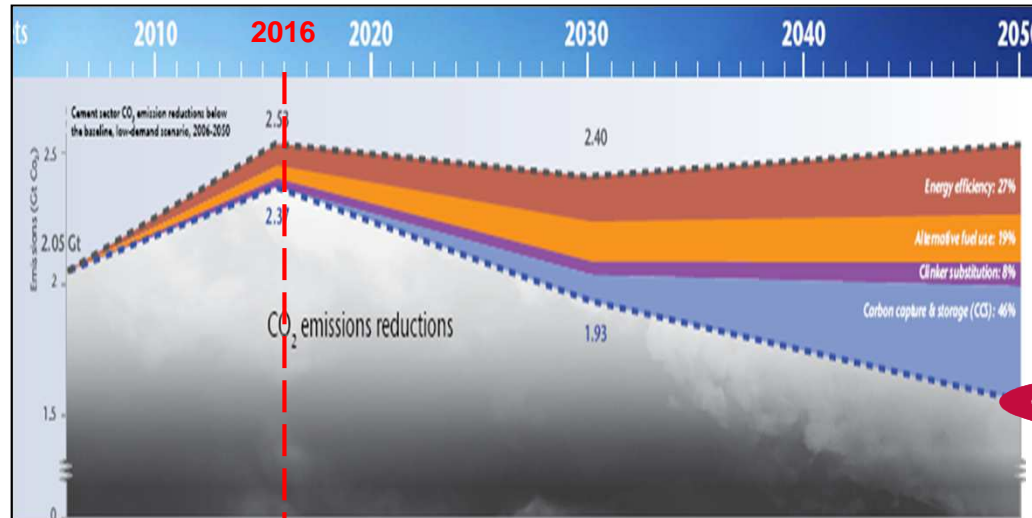


## Capacities 2016:

- Group: more than 3000 sites worldwide
- Cement: 197 m t cement (2)
- Aggregates: 19 bn t reserves (1)

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# Mandatory to deploy CCS/CCU to reach our goals!



## 4 levers to reduce CO<sub>2</sub>

Energy efficiency	27%
Alternative fuels	19%
Clinker substitution	9%
<b>Carbon Capture &amp; S/U</b>	<b>46%</b>



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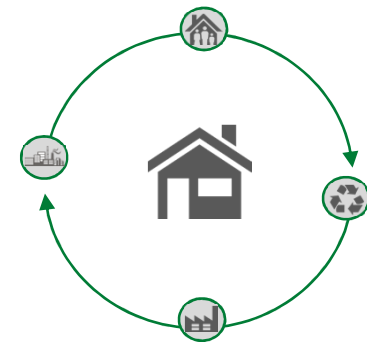
## ■ Global Climate Change

- **The global climate challenge:** CO<sub>2</sub> emission reductions of ~40% by 2030  
Reduction rate of >80% by 2050
  
- **Current discussions around P4 of the EU ETS:**
  - **Carbon leakage protection** Still not confirmed by the EU Commission
    - » Tiered approach, cost pass through
    - » No comparable regulations on imports
  
  - **Benchmarking** Mix of fact based benchmark with political motivated reductions patterns.
  
  - **Incentive for emission reduction investments** No legal predictability for more than half a year.  
Carbon price doesn't accommodate moderate pay back time.  
No political support for geological storage.

**Fundamental system change needed, but will most likely not come !**

## Lessons learned

- **Don't rely too much on political support**
  - Additional burden during EU ETS P4
  - No support for CCS in Europe
  - No real global strategy and support system visible
  - No adequate funding of CCU, etc.
- **Innovation is key - especially for traditional industries**
- **Bad communication can sometime be more harmful than bad performance!**
- **Strict compliance with laws and regulations**
- **The industry has to be highly vigilant about the changes of public perception in order not to “miss the call”! > See power producers in Germany!!**



**Rapid sequence of change requirements is one of the key challenges!**

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# Conclusions for our industry

## Cope with the challenge!

- Acting sustainably is to become top priority for all business activities
- Investments in new / innovative technologies
- Flexibility and pro-active behavior is key to adjust business approach in accordance with political mainstream trends (COP 21 => LCTPI)
- Creation of reliable global strategic alliances also across industry borders to increase recognition and acceptance
- Close contact to be kept with policy makers to improve understanding
- ...



**Prove to the public that cement is more than just grey!**

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## ■ Some key elements of the HeidelbergCement strategy

**There is no single silver bullet:**

**> Multiple different solutions are needed**

- ✓ Continuous improvement of energy efficiency and environmental performance of production facilities
- ✓ Product recycling, use of alternative fuels and raw materials
- ✓ Investments in new and innovative CO<sub>2</sub> mitigating technologies
- ✓ Continuous broadening of sustainable product portfolio
- ✓ Clear definition of own long term ambitions and delivery of top results
- ✓ Demonstrate responsibility for and support of public matters
- ✓ Intelligible communication about own activities and achievements
- ✓ ...



**For any global players Sustainability needs to be part of their DNA**

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**CO<sub>2</sub> will become a valuable asset.....**



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