

# INSEAD

Alastair McIntosh & Michel Picard, 'Who is Your Enemy? Lafarge, NGOs and the Harris Superquarry Campaign', in *It's All Our Business: Corporate Responsibility in a Global World*, ed. Kai Hockerts & Luk Van Wassenhove, INSEAD Alumni Sustainability Roundtable, INSEAD Business School, Paris, 2008.

A slightly edited version of this text and other papers will become available as an e-book during 2008.

## **It's All Our Business: Corporate Responsibility in a Global World**

This unique article documents a debate and, indeed, a friendship between an environmental activist and an executive of the world's biggest producer of cement. It comprises a statement of McIntosh's perspective on what happened with the now-abandoned Harris superquarry proposal, Picard's perspective from within Lafarge's head office, and then a joint question-and-answer with a common statement. Those who have been following this debate may find the latter component - from page 15 onwards (17 in the numbering within this PDF) to be of particular interest.

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# It's All Our Business: Corporate Responsibility in a Global World

Corporate responsibility has moved from the front pages of the business press into the core teaching and research efforts of business schools. The quest for innovative approaches to solving social problems while at the same time creating economic value, has become a global phenomenon. This book offers an in-depth and comprehensive discussion of this vibrant area drawing on cutting edge research from both INSEAD faculty and alumni.

The book draws largely on contributions from the **INSEAD Sustainability Executive Roundtable** which was launched in 2003 on the initiative of the INSEAD alumni community. A steering board of nine senior alumni shapes the direction and determines the agenda of the roundtable. The roundtable brings together 25-35 senior INSEAD alumni on the Fontainebleau campus four times a year to discuss business implications of the sustainable development agenda and the sustainability challenges they face in their daily business activities. Roundtables are kicked off by 2-3 keynote speakers. Ensuing discussion is moderated by INSEAD faculty. Participating in these roundtables enables INSEAD alumni who are concerned about sustainable development issues both from a business and a societal perspective to talk to other alumni facing similar issues. Since its inception fifteen roundtable meetings have been held.

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## 2.3 Who is Your Enemy?

### Lafarge, NGOs and the Harris Superquarry Campaign

*Alastair MacIntosh, University of Strathclyde, Visiting Professor, Scotland*

*Michel Picard, INSEAD MBA 81, Lafarge, Vice-President Environment & Public Affairs, France*

#### **Background – The Harris Superquarry**

*Alastair MacIntosh, University of Strathclyde, Visiting Professor, Scotland*

Traditionally, our way of life on the Hebridean islands off north west Scotland revolved around a form of subsistence agriculture known as “crofting”, which is mainly pastoral with sheep and cattle. The fishing industry is also very important, as is the weaving of the famous Harris Tweed – recently made famous in the jacket worn by Robert Langdon of the *Da Vinci Code*. However, this resilient corner of Old Europe, far from the mainstream of the Anglo-Saxon consensus, has been under rapid change during the 20<sup>th</sup> century. Tourism has become a mainstay of the economy as the old ways were no longer proving able to support modern aspirations and became increasingly undermined by changes in agricultural and fisheries policy.

When England’s biggest roadstone company, Redland, proposed the creation of a very large coastal quarry on the island in 1991, many of the residents were delighted. The “superquarry” initially promised some 500 jobs in an economy where unemployment was around 20%. Redland’s plan was partially to demolish a mountain beside the sea, shipping rock possibly as far away as America.

At first perhaps as many as 90% of the people of Harris were enthusiastic. But some were more sceptical. I myself had worked in Papua New Guinea for four years where I had witnessed the effects of large minerals-based development projects on small indigenous communities. This led me to take a lead role in fighting the quarry. During the course of this thirteen-year struggle, Redland’s share price crashed and it was taken over by the French multinational, Lafarge, who are the biggest producers of quarry products in the world. I then helped broker an arrangement that gave Lafarge a “dignified exit strategy” out of what was, after all, a *National Scenic Area* of Scotland. In a surprising twist to the tale I was then invited to address Lafarge’s top management, and asked if I would serve on their Sustainability Stakeholders’ Panel. Was this greenwash and co-option? Or is it part of the way forward for corporate social responsibility that we must all, if we are “consumers” of corporate products, share responsibility for?

This paper will summarise the superquarry story and then focus on the dilemmas raised for activists and NGOs when “the enemy” offers the olive branch.

## The Superquarry's history

Much of the history has previously been documented.<sup>1</sup> Briefly, in 1965, planning permission was granted for a quarry at Lingerabay near Rodel in South Harris in Scotland's Outer Hebridean archipelago. This went undeveloped until, in 1991, the UK's largest roadstone company, Redland Aggregates, applied to open a £70m “superquarry” on the site. They wanted to ship out 10m tonnes a year over 60 years and convert the eastern slopes of the mountain into a new sea loch.

Amidst a growing groundswell of debate, people started to think more deeply about the project. A local referendum in June 1993 revealed 62% support. Promises of hundreds of jobs were becoming less certain in the cold light of scrutiny, and those involved in the fishing and tourism industries asked whether the jobs that would be created might be offset by losses in their sectors. A government public inquiry was called, and a second referendum, held by secret ballot with an astonishingly high 83% participation, revealed that by May 1995 (when the public inquiry was closing) 68% of the population were now opposed.

In December 1997 Redland were taken over by the French multinational Lafarge. The superquarry had been described as Redland's “flagship” project. However, it had become clear to investors that the flagship was being tossed around in cross-winds. The company's share price plunged from 634p in January 1994 before the public inquiry, to 257p ahead of the Lafarge bid in October 1997, and the *Financial Times* described it as having “turn[ed] from glamour stock to basket case.”<sup>2</sup> Some of the protestors were educated to MBA level and had held senior positions in corporate life including merchant banking. They became increasingly aware that the stock exchange could be one of the weapons in their armoury. Indeed, on one glorious day, following a major newspaper exposé of the scale of the proposed development (the quarry would have been fifty times larger than a large British quarry), 8% of Redland's market capitalisation was wiped off the London stock exchange (McIntosh 2004, 161-2).

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<sup>1</sup> See ECOS 16:1, 1995; 22:1 2001 & 24:2 2003. Also, Friends of the Earth Scotland (1996), *The Case Against the Harris Superquarry*; Mackenzie, A. Fiona D. (1998), “The Cheviot, the Stag and the White, White Rock?": Community, identity, and environmental threat on the Isle of Harris, *Environment and Planning D: Society and Space*, Vol. 16, 509-532; McIntosh, Alastair (2004 revised edn.), *Soil and Soul* (Aurum Press, London). A major recent report compiled by all the major environmental agencies involved is Scottish Environment LINK, *The Battle for Roineabhal: Reflections on the successful campaign to prevent a superquarry at Lingerabay, Isle of Harris, and lessons for the Scottish planning system*, LINK, Perth, 2006 – available in .pdf at [www.scotlink.org](http://www.scotlink.org). The background to the superquarry saga presented in this paper is largely based on a version originally written by me jointly with Jean-Paul Jeanrenaud and Luc Giraud-Guigues of WWF International, and published, along with material written by Lafarge UK and Friends of the Earth (Scotland), in ECOS – journal of the British Association of Nature Conservationists, Vol. 25, Issue, 2, 2004, 44-59.

<sup>2</sup> 14 October 1997, 21 & 25.

The public inquiry concluded that, contrary to promises of up to 500 jobs, only 33 direct and 10 indirect jobs would probably be created for Harris people. The inquiry report which, due to the Reporter's illness and scandalous political procrastination was not published until March 2000, surmised:

“The present remote, peaceful, and traditional ensemble of a semi-natural and crofting agriculture environment would be disrupted by the intrusion of a man made excavation and associated quarry and harbour installations on an enormous scale.... Unless there are overriding reasons relating to national benefit, which is a matter for my conclusions, the acceptance of such an intrusive feature within such an important landscape would set a precedent that would undermine the continued successful operation of policy for NSAs.”

Nevertheless, the Reporter's final conclusion was that forecast demand for aggregate for the *south of England* did in fact justify this “national” interest. However, in November 2000, the Executive of the newly devolved Scottish Parliament rejected that conclusion. The social and environmental arguments had won.

Lafarge, stung by what was clearly a political decision, reacted with further legal process. However, by autumn 2003 the whole thing was becoming like a never-ending bad dream for the community on Harris. The island was suffering affliction from planning blight and the uncertainty was stifling investment in tourism and more sustainable industries. Both the community and the company were in a position of stalemate.

## The French Mutuel Connection

Breakthrough started in August 2002 when Thierry Groussin, the director of training for Groupe Crédit Mutuel, the French mutual bank, contacted me. He ran a small Paris-based futures think-tank, the Co-Evolution Project, and said that he was interested in some of the ideas he'd found in my book, *Soil and Soul*, which he had bought while on holiday in Scotland (This is now available in French translation as *Chronique d'une Alliance: Peuples autochtones et société civile face à la mondialisation*).<sup>3</sup> Would I, he wondered, undertake some training with his bank's senior staff? He wanted them to hear about mutuality in the Hebrides because he believed this would deepen reflection on his own bank's co-operative core values.

In the course of what became several training workshops, it was evident that these French bankers were dismayed at the thought of such a reputable company, in their eyes, as Lafarge, trying to force something on a designated landscape in Scotland that they would probably never attempt in France.

In August 2003 M. Groussin came to Harris. We visited Rodel's medieval Saint Clement's Church dedicated to one whose martyrdom happened to be as a quarry slave, and climbed Mount Roineabhal. At the top of the mountain as his son, Adrian, and I admired the misty view, Thierry pulled out his mobile phone and started calling

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<sup>3</sup> Editions Yves Michel, 2005.

up colleagues connected with Lafarge executives. Did they really know what was going on in their name? Might they be willing to have a meeting with me?

The outcome was a private gathering in Lafarge's Rue des Belles Feuilles Paris headquarters in October 2003. Together with Mme Dominique Viel, an economist with the French finance ministry who is also a member of the Co-Evolution Project, I was introduced to Michel Picard, Vice President for Environmental Issues, and Gaëlle Monteiller, then Senior Vice President Public Affairs & Environment.

I quickly became impressed by their frankness. They generally kept out of local matters in the 75 countries where they operate, but had become aware, they told me, that the superquarry "has become a problem for us." Would I, they concluded after a lunch that included much fascinating shared ground in discussing feminism, religion, and ethics, arrange for them and Philippe Hardouin, Senior Vice President Group Communications, to make a fact finding visit to the Hebrides?

### **Lafarge's Exit Strategy & CSR**

The Lafarge team came to Harris on 16 January 2004. In three meetings chaired by the area's elected councillor, Morag Munro, they listened to all shades of local opinion. In private, they were very frank about how they saw their situation. Indeed, I found it appropriate to ask them not to share with me information that they were not willing for me in turn to share at my own discretion with my personal reference group – that is to say, with other locally-connected people like Quarry Benefit Group chairperson John MacAulay, environmental activists Alison Johnson and Ian Callaghan, and Lafarge's arch-adversaries like Duncan McLaren and colleagues in Friends of the Earth Scotland.

I explained that it could be divisive if I alone was placed in a position of holding privileged information. Information is power, and if some have power while others don't, the seeds of mistrust and possible compromise are set. The Lafarge team continued, nevertheless, in being very open with me. However, by having taken this step it meant that I was free to apply my own discretion in sharing information and not feel obligated in any way. In retrospect, this measure played a vital part in creating all-round trust. All parties closely involved, including the Lafarge executives, have subsequently specifically commented on this. It allowed me to adopt a new role of being the honest broker in the middle without compromising my alternative (and, still, critically poised) 'firebrand' reputation.

The outcome of the January visit was a return trip to the Hebrides for us all on 2 April. This time the same Paris trio, accompanied by the two top Lafarge Aggregates UK staff - Dyfrig James, the General Manager and Nigel Jackson, Director of Business Development - came and announced to community representatives the good news of their unconditional withdrawal from Harris.

Speaking to Rob Edwards, the award-winning environmental correspondent for the *Sunday Herald*, Philippe Hardouin said:

“We have to create value for shareholders, but we want to do it by respecting some values. The combination of both dictates our decisions. We recognise that if we are action in the best possible way from an environmental standpoint, we will get a competitive advantage”.<sup>4</sup>

Councillor Morag Munro, responded for Comhairle nan Eilean Siar, the Western Isles’ Council, saying:

“I wish to express my gratitude and the gratitude of this community to you for bringing the uncertainty of the past thirteen years to an end. We are very appreciative of the fact that you came to Harris to see for yourselves and then came back to give your decision directly to the community before anyone else. Your courtesy was greatly appreciated by both supporters and opponents of the project.”

## NGOs and Corporate Social Responsibility

As the dust settled, it became clear it that a great deal had been happening of which many players had been only dimly aware behind the scenes in this debate. My own role had, as Michel Picard put it, “turned the key in the lock” by being in the right place at the right time. But this was possible only because many other hands were already knocking on the door. It hastened what was probably the inevitable, and allowed Scotland’s biggest-ever environmental campaign to be wound up with mutual dignity. Yes, it was a victory for we environmentalists, but it also allowed Lafarge to demonstrate that they do not always put profit first when the welfare of the communities in which they work might be at stake.

Many different people and organisations had been fighting the superquarry from diverse angles, and the primary thrust had come from a coalition of NGOs comprising the Link Quarry Group – including Friends of the Earth Scotland (FoES), Ramblers Scotland, RSPB Scotland, WWF Scotland, Rural Scotland, Sustrans, NEMT and the Scottish Wildlife Trust. What is interesting in terms of campaigning strategy is that while most of these were applying “push” pressure on the company, a simultaneous ‘pull’ process was being effected from the international office of WWF in close liaison with Simon Pepper and his Aberfeldy-based Scottish team.

WWF International, based in Switzerland, had signed a Conservation Partnership with Lafarge in 2000 at which point neither WWF International nor Lafarge in Paris had been aware of the strength of local level controversy surrounding the Harris project. However, WWF soon got strong signals from Simon Pepper in their Scottish office that WWF locally were heading for direct confrontation with Lafarge.

This internal tension between the international partnership, aimed at helping Lafarge

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<sup>4</sup> Lafarge did not want a press conference, but agreed to minimal media contact that I managed with the local Hebridean newspapers and the *Sunday Herald*, the editor of which, Andrew Jaspán, has a particular interest in corporate ethics. See *Sunday Herald* coverage of 4 April 2004 and other media reports on my website at [www.AlastairMcIntosh.com/general/quarry/withdrawal.htm](http://www.AlastairMcIntosh.com/general/quarry/withdrawal.htm) .

to become a cleaner and more responsible company, and the confrontation with Lafarge in Scotland, presented a dilemma as to whether they ought proceed with the partnership. Parts of the WWF network put pressure on WWF International to terminate the cooperation. Other NGOs attacked WWF publicly in the UK media and they were faced with a long letter-writing campaign, initiated by FoES and LINK Quarry Group partners, directed at Claude Martin, WWF International Director General. One letter writer from Dumfries in Scotland urged WWF to end the partnership with Lafarge, as he put it, to: "... support the anti-quarry campaign and to urge Lafarge to stop munching our mountains." WWF International responded in a number of press releases and written replies to NGOs and concerned members of the public by publicly stating their position supporting the opposition to the quarry.

In addition, Lafarge presented the controversy on page 39 of the company's own 2001 sustainability report and included the URL of the LINK Quarry Group's website.

WWF's Director General personally intervened on a number of occasions to attempt to persuade Lafarge's senior management to abandon their plans for Harris. Their regular quarterly meetings were always used as an opportunity to stress opposition to the project and to make suggestions for dignified exit strategies. In all public fora where they presented the Partnership, they reiterated their position, whilst demonstrating their belief that it is crucial to engage with business and industry from within, in the push towards a more sustainable future.

WWF International now believe that by continuing to work with Lafarge during this confrontation, and in spite of negative media attention in the UK, they were able to contribute towards real conservation and sustainable development benefits around the world. This view was endorsed in the final report of the Link Quarry group which said:

There is no doubt that Lafarge made considerable progress in its environmental performance during its partnership with WWF. By the end of 2004, it had reduced its absolute CO<sub>2</sub> emissions by 9.5% in industrialised countries, and globally it had achieved an 11.2% reduction in CO<sub>2</sub> emissions per tonne of cement, compared to 1990 levels. This, in turn, was helping to catalyse change in the wider cement sector, as other companies sought to follow Lafarge's example. Rehabilitation plans of a standard agreed by WWF were in place for 80% of Lafarge's quarries, and environmental audits had been performed for 90% of all Lafarge sites over four years. Recycling had increased and waste disposal to landfill had been reduced across the company's divisions, and alternative fuels provided 8.45% of all Lafarge's energy requirements. (LINK, 2006, 95).

## **Complicity in Greenwash?**

Lafarge's invitation to me to serve on their Sustainability Stakeholders' Panel came as a considerable personal challenge. On the one hand, they make their money by blowing up often-beautiful natural places. On the other, the company demonstrates a real commitment to social and environmental aspects of corporate responsibility. What's more, as inevitable consumers of corporate products, there is an extent to



which we are all complicit in the impacts of corporations like Lafarge. If we look in the mirror of the corporations, we will see, in part, our own faces. Merely to project our unease onto them and expect them to produce cost-effectively in a competitive environment while not being willing to engage with them from the inside is problematic and, arguably, hypocritical. Engagement might make us complicit with greenwash (i.e. presenting a veneer of policies and achievements to give a false impression of caring for the environment), but to refuse to engage while still making use of quarry products in our everyday lives – the buildings we live in, pavements we walk down, etc. - would be to project one's own complicity onto others who are, perhaps, more honest about their position.

After consulting with key colleagues who had fought against Redland and Lafarge, I therefore agreed to accept the role, but on the understanding that while I would take full expenses including travel and accommodation, I would not accept any remuneration from Lafarge. Full documentation of all this, including the consultation responses from colleagues, is posted for public inspection at <http://www.alastairmcintosh.com/general/quarry/lafarge-panel.htm> .

For the company, opening up to a “critical friend” in this way was also a challenging situation. Some members of senior management suggested that it was “letting Greenpeace loose inside Lafarge”. They had understandable worries both that I would become privy to commercially sensitive information, and that if I subsequently turned against the company again, I could inflict even greater damage from the inside. For others, Lafarge was acting in good faith and so, they argued, they had nothing to hide. What better way than to engage with your industry's critics than to ask them to share their ideas as to how things might be done differently? What better way possibly to gain a competitive edge?

I am not the only person at the biannual Lafarge panel meetings in Paris to take a critical stand. There are also representatives from WWF, from a sustainability NGO, from ethical asset managers, and from trades unions. Progress is often slow and frustrating. That is because the structure of advanced capitalism is such that corporations must succeed competitively to survive. Ethics must ultimately intertwine with profit. If the money-making process falters, shareholders will resort to radical ways of protecting their financial investments in the short term, such as cost cutting that may lead to staff redundancies, and mergers and acquisitions, that may result in medium or long-term negative social consequences. Personally, I deeply question the morality of putting short term financial consideration before the broader welfare of society. I look towards more co-operative and less competitive alternatives, such as the Fair Trade and other movements based on principles of mutuality. However, given the reality of how western economies are presently organised, I have to concede that I have been impressed that senior individuals in a corporation like Lafarge can help tilt the balance at least a little way in an incrementally positive direction. As such, sustainability may not be achievable in the short-term, but we can take some satisfaction in witnessing a raising of the level playing field and with it, a raising of consciousness. It at least shifts change in the right direction.

My own thrust in attempting to influence Lafarge is that I take it for granted that they will continue attempting to operate their quarries to high international standards. My

debate with them is, firstly, on the need to minimise primary resource use and to cease measuring success partly in terms of the volume of rock extracted each year. This goal could be worked towards, secondly, by promoting ecological building standards, environmental legislation and taxes on aggregates. Recycling, substitution and product lifespans must be optimised. Lafarge could help point the way through its lobbying, and by not lobbying against environmental measures. Here is how the Panel resolutely expressed some of these ideas in the latest (2005) Lafarge Sustainability Report. Inasmuch as words make any difference, to have words such as these published in one of the company's official reports demonstrates, I think, that we have not been placed in a position where we have to hide our real opinions:

*The panel affirms Lafarge's robust stance on quarry rehabilitation and restoring biodiversity. However, there are aspects of biodiversity and landscape that carry both human and intrinsic meaning, and which can never be fully restored. As such, we see large-scale quarrying as a fundamental problem, albeit one for which we are all responsible as consumers. We therefore welcome Lafarge's growing integration of its quarrying policies with recognition above in this report that, "The key challenge is to minimize the use of raw materials." And we pose the strategic question: "What corporate policies would be necessary if nearly all new quarrying was to be ceased, and building materials were to be created almost entirely from recycled sources of material?" Just as Toyota have set the goal of developing "the non-polluting, accident-proof saloon" by 2050, with 5% of resources invested in necessary R & D, so the panel looks to Lafarge leading the equivalent for the construction industry.*

Many of Lafarge's executives see such measures as these as being a political function beyond their remit. However, my colleagues and I on the Panel urge them to think again about the fundamental question of corporate strategy, namely: "What is the nature of the business you are in?" If companies like Lafarge can develop their thinking beyond cement, plasterboard and aggregate production, and towards sustainable solutions for the construction industry, we may witness the birth of a genuine industrial ecology. Meanwhile, critical though some of us may be of advanced capitalism, it is part of the world we currently live in, and though we may complain about "lack of alternatives" we are all, to varying degrees, complicit.

In the battle for Mount Roineabhal, Lafarge proved to be a "worthy opponent". At the end of the day they did right by our community, even leaving behind a €50,000 goodwill gesture for local sporting facilities. In the corporate world there are many less-pleasant entities than Lafarge out there. That is why, on balance, I believe it was justified to have become my old enemy's critical friend. If we have to have environmental impacts like quarries on the world, then better they come from people like those in senior positions at Lafarge. We are all compromised in this world, but some endeavour to be less so than others. For that reason I might find myself sceptical of "corporate social responsibility", but equally, I am unable to see ways of improving it given the current human situation. As such, Lafarge have earned my grudging respect.

### ***The Harris superquarry saga seen from Paris ... or How to turn a liability into an asset ?***

*Michel Picard, INSEAD MBA 81, Lafarge, Vice-President Environment & Public Affairs, France*

In 1998, shortly after the English-based public limited company, Redland, was taken over by Lafarge in Paris, I was informed about their project proposal located in Scotland. Clearly, it was a flagship project for them, and a once-in-a-lifetime challenge for our Director of Lands and Planning in UK.

He was, understandably, very enthusiastic about it: indeed, it would replace the Mounsorrell quarry which would soon see its deposit of granite depleted.

The project was named Rodel after the village on the southern tip of the Isle of Harris in islands of the Outer Hebrides but actually it was located at Lingerabay, another village, and sometimes this was the name also given to the project.

The rock was exceptional quality anorthosite from Mount Roineabhal – ideal to meet the growing demand for roadstone, coastal defences, and construction aggregates. But the geographical location was distant, and to tell the truth, I did not even try to locate it on the map at that time: I had no reason to.

Redland had originally gone public with their proposal in 1991. But by the year 2000, much had changed in the business environment. Growing global environmental awareness and Lafarge's commitment to be at the leading edge of this within its industry sector had led us into a position where we had, with considerable pride, achieved conservation partner status with WWF International – the world's largest conservation NGO.

Always there is the question as to whether such NGO-industry partnerships in the name of CSR (corporate social responsibility) are what the environmental lobby would call "greenwash" – that is to say, a form of environmental window dressing aimed at looking good in the eyes of stakeholders and avoiding being in the front line of assaults by campaigning NGOs. Unbeknown to Lafarge at the time of the Redland takeover, WWF Scotland echoed concerns of many Scottish environmental NGOs about the scale of the proposed "superquarry" and, especially, its location within a designated National Scenic Area. The bottom line was that our new-found relationship with the Geneva-based WWF International was going to be put to the test. In short, it was clear that we could afford to ignore Lingerabay/Rodel no longer! This placed us in a challenging dilemma. On the one hand, world environmental awareness had changed radically over the previous decade. But on the other hand, Lafarge's policy is that the Corporate Center should minimise interference with local operations. We generally consider that local business units are best positioned to take the initiative and proceed on the basis of their knowledge of the local realities. Accordingly, we kept our hands off and followed the legal battle at a distance – mainly through news in the local press.

Seen from Paris, this whole story was quite complicated. Planning permission had first been applied for on 25 March 1991. A “public local inquiry” was then conducted between 1 October 1994 and 6 June 1995 – the longest ever to have run in Scottish planning history. An inordinate delay then followed as the report was not released until 29 April 1999. It found in favour of the quarry going ahead. However, by this time, Scotland was in the process of acquiring its own devolved Parliament – the biggest constitutional change to take place within the United Kingdom since the Scottish and English parliaments had merged in 1707. The Scottish people’s sense of national pride was running high. Observers on both sides of the superquarry debate could see that the politicians were not anxious to engage with a “hot potato” that would ruffle feathers no matter which way the decision based on the public inquiry recommendation went. Further delay ensued until, finally, on 3 November 2000, the Scottish Executive announced its rejection of the Reporter’s recommendation: contrary to her considered opinion, the superquarry would *not* be given permission to proceed.

Lafarge’s response was to apply for judicial review on grounds that the delays were a violation of corporate human rights, and on 18 October 2000, Lord Hardie ruled in the company’s favour under European Human Rights legislation that had recently been ratified in Britain. He opined that the Scottish authorities were “in breach of their statutory duty by failing to determine the Lingerbay planning application within a reasonable time.” While this had been happening, the company also attempted to revive an old planning permission granted back in 1965. Indeed, the complications and ramifications of the case were becoming enormous. It was all good business for lawyers, but not much to do with my job as Head of Environment for the Lafarge Group in Paris. It was just one project, after all, and only a legal fight as far as I was concerned in one of the 75 countries that my remit covers.

All the most interesting elements, from my point of view, had been developed between 1991 and 1995, from the initial environmental impact assessment, the mining plan and the rehabilitation plan with the compensatory measures. Because these elements had all been developed, debated and submitted to the authorities long before we became involved in the project, I saw no reason why I should review them. They were water under the bridge from a bygone corporate era.

## **Mounting pressure**

That, however, did not absolve us from mounting pressure from the environmental lobby! Our partners at WWF International had been to the site and they came back explaining they had seen golden eagles and that the starkly white rock, once quarried, would leave an everlasting scar on the side of the mountain.

We started to feel irritated. Through this project of our British acquisition, we were clearly being wrong footed in the public relations stakes. We could not accept that WWF were trying to make our strategy for us!

We gradually moved to the conclusion that we would have to make a trip to the Island, at least to witness for ourselves the reports of our “colleagues” at WWF International.

Added to these considerations, our CEO was receiving a considerable volume of letters from people on Harris and elsewhere, all pressing him to give up the project!

By the end of 2002 it had become clear that we could not advise the general management of Lafarge until we had been there and seen for ourselves. We had to evaluate comprehensively the case on our own terms so that we could internally advise our general management.

### **The fact-finding visit**

Alastair McIntosh was going to be an invaluable help in organizing the “fact finding visit”. We wanted to see for ourselves and get an informed opinion of the situation. We did not want to have only the “Redland” point of view: we wanted to meet all the stakeholders and let them tell us their story. We were keen to understand everyone’s concerns and expectations.

We needed someone to introduce us to the island and to the Islanders. We needed to understand the economics, the politics and also the cultural and environmental values of the people of Harris in a Scotland that was undergoing significant political transition. This would be key to helping Lafarge top management make an informed decision.

It happened that I was giving a lecture at a business school in Lyon in May 2003. The seminar was called *Managing for Sustainable Development*. At lunch, a woman by name of Caroline Guidetti came to me and explained that she was in communication with Alastair McIntosh and that he was trying to get in touch with Lafarge in relation to the project in Rodel. I said I was ready to meet him and discuss. Nothing happened after this for a few months !

Over the summer of 2003, I received a letter from a small Paris-based think-tank, the Co-evolution Project. Dominique Viel and her colleague, Thierry Groussin, mentioned a possibility to meet with Alastair McIntosh. We had several discussions on the phone that lead to the first meeting which we organized in October at our headquarters in Paris. The meeting went very well. We were completely candid with Alastair McIntosh and we were very appreciative of the fact that was willing to go out of his way to make our wish for a site visit a success.

All the details of the visit were discussed in depth over the month of November. On the island, our visit was becoming an open secret and we did not want to leave anything hostage to fortune.

Gaëlle Monteiller, our vice-president Sustainability and Public Affairs, and Philippe Hardouin, Group Senior VP for Communication, made the trip to Harris with me.

Our “fact finding visit” was most interesting. Not only did we see the site and buy some of the famous Harris Tweed, but we met the local community representatives, attending both a meeting of the “pro-quarry” group and another with the “anti-quarry” lobby.

Each party candidly explained how their day-to-day lives would be changed by the project. As Alastair McIntosh had told us to expect, it was striking to observe how both parties were deeply committed to the wellbeing of the local community, but they differed in how this might be achieved.

### **Lafarge decides to withdraw**

I came back to Paris convinced that we had to give up the project altogether and my colleagues thought the same.

I was not too concerned by the environmental considerations and those related to the indelible scar on the landscape: the project would not be commenced for another 10 or 20 years, and other factors would doubtless impact upon the ecological balance of the island and the sea in the meantime.

The quarry would only eat up some 20% of Mount Roineabhal and the scar would be seen by very few people - either those travelling on the island or at sea.

It was, however, the highest mountain in the southern part of the island - with all the spiritual dimension attached to this plus a beautiful medieval church, St Clements, at its foot.

More decisive still, there were, as I saw it, pronounced social aspects.

The positive benefits of the project in terms of the building of a deep-sea harbour and providing jobs for the quarry would only come after 10 or 20 years, maybe even later if demand for aggregates was not there. In the meantime we would have to keep the site merely as a land bank. The people on Harris did not realize that when the jobs would come, it would no longer be for them, and they could not wait that long.

Also the majority of the jobs at the harbour site or at the quarry would not be given to islanders but to workers foreign to Harris who already possessed the skills that we would require. These workers would most likely settle on Harris with their families and possibly disrupt the fragile fabric of social relationships within the Island of Harris where, for example, devout protestant religious observance is a marker of local identity.

But most damaging of all was the planning blight – uncertainty affecting the planning system and local people’s personal investment decisions. The island had already suffered this, and would most likely suffer it for 10 more years to say the least.

From a corporate ethical perspective it was really unfair to impose this economic cost upon the islanders, especially knowing that, eventually to go ahead and activate the project, would entail capital investment at such a level that authorization from Lafarge's top management would be required: and that against a backdrop where, frankly, this project was not seen as a priority in Paris.

I think we preached to the converted, and, not long after we returned from Harris, Paris headquarters requested Redland's English executives to come up with an exit strategy.

Once this had been agreed, we personally made the trip to Harris on 2 April 2004 to announce our withdrawal, because we wanted to make it a dignified exit. We wanted to show the "human face" of Lafarge by announcing the decision to the Community ourselves, rather through the impersonal medium of a press release.

This put an end to our "elbow wrestling" with WWF International and we were thereafter able to work together with them on other more general environmental issues.

Withdrawing from Harris and announcing it publicly was very well received by the Islanders and the NGO community, but we did not just want to leave the island and be remembered for nothing more than an abandoned project. We recognised that people on both sides of the debate had had the good of the community in mind, and this was a uniting value that we, as a company, hold high in our corporate ethos. We therefore wanted to leave a positive contribution, hence a significant donation was made to support the restoration of a playing field in the local township of Leverburgh.

## **Conclusion**

Lafarge operates in a competitive environment. We create wealth by extracting natural minerals from the Earth's crust and turning them into construction materials. This activity is here to stay – for many years to come – and there will be other controversies like that of Harris.

We do not pretend we are perfect. But we do believe in certain things, we have our own company values, and we are never afraid of being challenged and improving our working practices.

Multinational corporations usually regard environmental activists as a threat. They live in a different world, they ignore how business operates, their people sometimes project their own psychological problems with perceived authority onto businesses, and more often than not, they manipulate information in order to paint reality their way and achieve their goals.

When I met Alastair McIntosh, I knew he was an environmental activist and a quite forceful one at times, but I also discovered a man of faith, an honest man, a man I could trust.

Later, after the dispute over Harris was over, I felt he would be a positive contribution to our Sustainability Stakeholder Panel because he would actively challenge us while, at the same time, trying to understand our business model.

After consultation with his campaigning colleagues, and on a basis that carries no remuneration, this is what he has done. Together with the other members of our Sustainability Stakeholder panel, he is demonstrating to our top management that not only it is possible to have dialogue with committed activists, but more importantly, in a constantly changing social and business environment it contributes to guiding our agenda forward. This is bringing tremendous value to the company.



***Epilogue: Alastair McIntosh and Michel Picard look back at the Harris saga three years after***

*AM : Why did you do it? Why did you withdraw? What was the one most influential factor?*

Back in 2002, the situation was becoming untenable for my team in Paris, the pressure was mounting, WWF were after us, our chairman was receiving countless e-mails from angry Scotsmen, Friends of the Earth Scotland were becoming quite aggressive and our reputation was being challenged ... but it seemed that no one wanted to move. The situation was a complete deadlock in Paris but in Scotland, the legal dispute was developing !

The line of communication between the head office and our teams in UK was very tenuous and inaudible at times. Something had to happen in order to give the case more visibility in Paris.

The decision to withdraw was not an easy one, and the visit to Harris was the triggering factor. One of the elements of the decision and probably the most influential was the fact that the whole matter had been handled in a way that was so foreign to us- that was so much in contradiction with all our principles that we could not endorse - and we agreed that we would have had a hard time were we to have supported continuation of the project.

It appeared very clearly to us that if the project was going to continue, it could never be on terms compatible with Lafarge's carefully cultivated social and environmental ethos. There was too much "history" that would probably never be disclosed to us, too much information was concealed. In other words we could not sufficiently trust the team that had, in the past, built the project up.

If the project was going to continue, it would be run by this same team that had run it for the past 10 years and under similar terms. This would have left us too much in the dark, and with close to no word to say! You see, in my eyes, beyond the environmental issue and beyond the social issue, there was a governance issue and a very fundamental one !.

*AM : How is this story assessed in the company today ? Is it "passé"? Forgotten?*

As you can imagine, there are still mixed feelings within Lafarge about the whole story and the way we handled it. Not everyone is convinced that it was the right thing to do. Not everyone thinks it was a good idea to give up the project, and not everyone thinks we got a fair return for what we lost.

People in the operations, and especially in the UK, claim their mineral reserves are dwindling and are quite bitter that the head office in Paris gave away a hard fought asset so easily and without compensation.

Even at head office, people who are used to fighting battles every day against opponents to projects think that we gave way too readily ! This is not the kind of story that people forget easily. It is stories like this that knit the fabric of interpersonal relations within a large corporation such as Lafarge : by doing what we have done, we have made friends and we have made enemies, but I know this has been the case for you in Scotland too ... when you invited Stone Eagle to testify for instance.

*AM : How do the people in the British operations feel about it ? And how do you feel about it?*

The people in ex Redland are certainly the ones who feel most bitter about the way we terminated the saga. They think we have given away very valuable reserves for the sake of “corporate peace of mind”. To tell you the truth, I am not sure you would be welcome if you try to approach them for a joint initiative like the paper you wrote in ECOS (the journal of the British Association of Nature Conservationists) with Nigel Jackson (Executive Director of Lafarge Aggregates in the UK) in October 2004.

You ask me how I feel about it ? Well to tell you the truth, it is not always easy because at times, I feel there is resentment and a touch of distrust from the operations vis à vis head office.

But as we say in French “il faut assumer” so I accept to bear the responsibility for my contribution to the decision. At the time, it was the right thing to do.

*AM : Are companies like Lafarge forever going to be digging holes in nature?*

As you appreciate, companies like us are delivering essentials goods to a society that wants them. Modern society wants roads, on which to drive faster and safer, we want more airports and also more high speed trains. People want to live in their own houses, we need schools, hospitals, clean water to drink, we want clean rivers, in other words society needs building materials.

This is true here, in old Europe, but even more so in the developing countries where an ever growing population aspire to a better quality of life. These building materials have always come primarily from the ground. And there is plenty of reserve still available! We can turn to alternative construction materials, we can increase the recycling of demolition waste, we can try to be more thrifty when using sand, gravel or cement in buildings, we can ever try to build with other materials like wood, but this will not change the equation : at the end of the day, society will need quarries.

Of course, quarrying has its impact on nature and on people, and we do our best to minimize these impacts before, during and after quarrying: but quarrying is only a step, and after quarrying, a new landscape is created and the site is given back to nature and society.

*AM : Is it just greenwash having me on your Panel?*

You know, when I invited you to sit on our Panel, I did it because I felt you could be a credible member. I was not sure you would accept, but I was sure you would bring value to us because I knew you would be demanding. I did not know you that well at the time, but I had the feeling I could also trust you. This meant I could take the risk of letting you in, to have you meet our top management and let them hear what you have to say, challenge them with ideas that might make them feel uncomfortable, tell them where you would like to see our industry and Lafarge in, say 20 years.

But we should not fool ourselves, Lafarge is not going to change course overnight: we could not, even if we wanted to. But before we make any move, we have to modify our mindset, we have to help our top management change their mindset and I am convinced that sitting with the Sustainability Panel, listening to you and answering your questions is a most valuable step in the right direction.

Of course, we make it public that we have these meetings with you and the other members of the Panel and this is a good thing for our corporate reputation, but at the same time, you have the right to resign from the Panel at anytime if you feel you are wasting your time and if you feel a lack of commitment on our side.

*MP : When did you understand that you had won the battle ?*

The first time I sensed that it might be winnable was in September 1992 when The Scotsman ran a major feature over two days about the proposed superquarry, using graphics to make its scale explicit. The next day I checked Redland's shareprice, and 8% had been wiped off the market capitalisation. I will never know if it really was the bad publicity – the first of its kind – that did this, but it certainly got me thinking that stock market vulnerability was a key weapon in our arsenal, and this was confirmed when you in Lafarge launched your hostile takeover of Redland. The next milestone was on 3 November 2000 when the Scottish Executive announced their rejection of the inquiry reporter's findings. And the final stage was when you came to Scotland, and I could see how receptive you were to the principle of negotiating a dignified exit strategy.

*MP : What did you learn from this, especially in relation to interacting with multinational corporations?*

I learned that the very thing that gives corporations their strength – capital markets – can also be turned against them. They are vulnerable to their social license to operate. More generally, I learned the importance of being prepared to commit to a campaign over a very long period of time without being worn down. In my case, this could be resourced only in a manner that I would describe as “spiritual”, and as you know, my main contribution to the public inquiry was with a Native American Chief and a

Calvinist professor of theology, arguing that the quarry's threat, as we saw it, to the natural and the social environments, was a spiritual issue.

*MP : Are you happy with your participation in our sustainability panel ?*

It is a difficult one for me. There are three aspects to this question. First, is the principle of whether somebody like me should be engaging with corporations or fighting them. The profit motive within a competitive paradigm does not sit comfortably with my own values, which are predicated on cooperation. However, I have to accept that, on average, we in Britain use something like 8 tonnes of quarry products per capita per annum. We all have to take responsibility for that, and so, when I look in the mirror of Lafarge I partly see my own face reflected back. I therefore feel it would be more hypocritical not to engage with a company like Lafarge, whose products we all consume, than to do so. And I have to concede that within the constraints of market forces, it seems to me that you people in senior management at Lafarge take your social and environmental responsibilities very seriously, even though many of you still suffer from what I call "cement tunnel vision" in that I think you over-value the importance of your traditional products as future building solutions. Of course, that is easy for me to say, because I'm not the one having to compete to sell building products in a cut-throat global marketplace where a few wrong moves could make me vulnerable to a predatory take-over!

Secondly, being on the panel lays me open to challenge from environmentalist colleagues. In a recent debate at Strathclyde University I was strongly challenged as to "what this achieves" and whether I am merely a pawn in Lafarge's "green" smokescreen. I can live with those challenges, because when you invited me onto your panel, I consulted with most of my key environmentalist colleagues. Their responses remain on my website. The overwhelming feeling was that I should accept, proceeding with caution, and accepting coverage of full expenses but no other financial incentive. I have set up a special page on my website where I report on my work with the Panel.

Thirdly, being on the panel takes up quite a bit of my time. There's two meetings a year which account for four days including travel, and at least another two days work in reading reports, commenting on them and trying to keep something of a finger on the pulse of the industry. That time commitment is particularly costly to me because I am not in a salaried post. I lost my original job as a lecturer at Edinburgh University because of the superquarry battle and my campaigning for land reform. Before Lafarge got involved with Harris, various key players within the industry had written to the University trying to undermine me. The university appeared to get cold feet and, without any explanation, they closed down the Centre for Human Ecology. That's why we have now resurfaced within Strathclyde University. It was a celebrated case in its time – in all the newspapers and there was even an editorial in *New Scientist* that described us as defending "a tradition of fearless inquiry" (4 May 1996). Anyway, the bottom line is that this has left me in a position since then of living on a low income. I often ask myself why, under these circumstances, I bother subsidising Lafarge with a significant slice of my working year. The answer that consistently comes back to me is that Lafarge "did right" by the island that I grew up on, and that

what I give back is the gift of the mountain in recognition of that doing right. I know that these words will sound rather strange and mystical, but that is the truth, or at least, it is how I justify to myself being of service to Lafarge.

*MP : Is Lafarge playing with fire allowing you access to its policy?*

Potentially, yes. If I ever felt I was being manipulated or used, or that Lafarge was lying about its commitments, I would pull out in a manner that would be damaging. So, yes – you'd then see the fire. But Lafarge, of course, know that. It is a risk that you people have consciously taken on. I think it says something about the quality of who you are that you're willing to run that risk. And it is something that, in turn, stimulates my ethic of responsibility towards you.

Do you remember, Michel, the time that questions of safeguarding commercial confidentiality came up in the Stakeholders' Panel? I was one of those who were unwilling to be bound by a contract of confidentiality as I insisted on remaining free, if necessary, to speak about every aspect of my Lafarge involvement. At the same time, I completely understood that you had to have protection against commercially sensitive information being leaked. The solution that we came up with was to adopt, drawing from the field of community empowerment and participative research, the notion of being "critical friends". We panel members unanimously said that we want the Panel to work for Lafarge. We're not there to sabotage your operations. And on that understanding of critical friendship, we were all able to move ahead in ways that did not contractually bind anybody to secrecy, but which recognised that we all held a fiduciary duty towards the company.

Incidentally, as I wrote that I just verified my sense of the meaning of that word. Here is what came up on Wikipedia. It states the position perfectly: "A fiduciary is expected to be extremely loyal to the person to whom they owe the duty (the "principal"): they must not put their personal interests before the duty, and must not profit from their position as a fiduciary, unless the principal consents. The fiduciary relationship is highlighted by good faith, loyalty and trust, and the word itself originally comes from the Latin *fides*, meaning faith, and *fiducia*. When a fiduciary duty is imposed, equity requires a stricter standard of behaviour than the comparable tortious duty of care at common law. .... It has been said that fiduciaries must conduct themselves "at a level higher than that trodden by the crowd"."

You know, Michel, to me that sums it all up. If we can cultivate those sorts of values towards one another and the world, then we start being part of the solution. We align ourselves with what gives life and creates beauty rather than that which destroys in the name of greed. To me, that's what gives hope for the human condition.

## **Joint Statement**

There are many different ways of trying to live in this world. At the heart of them all is the question of whether or not we take responsibility for the impact that we have,

and that includes whether or not we are willing to live in a system that we may not fully agree with, and admit it. Without such recognition of complicity, we lack the necessary consciousness with which even to start to express care.

Our shared experience of the Harris debate and of service on the Lafarge Sustainability Stakeholders Panel has been a humbling one. We have found it possible to respect differences and yet, to admire what each other and one another's colleagues are trying to achieve within very different frameworks of life. We can both see that neither of us has all of the solutions, and that the problems we are trying to tackle are often bigger than any of us. Like with so many aspects of the global problematique, it is easy to despair and to think of giving up, but if we do that, we lose our humanity, and the opportunity to deepen that humanity.

Neither of us are naïve enough to think that our work in this way will make great inroads to "saving the Earth". But at the same time, the inroads we do make are not insignificant. Beyond saving a mountain in Scotland and enabling a community to keep its future in their hands, we have set an example for others to follow. We have proven that battles are always worth fighting and that even the mighty corporations can have a heart! Working together through the Sustainability Panel helps to hold in place the moral backbone. That helps to win the internal arguments about ethical issues and helps to strengthen our identities and the resolve that follows. It makes room for dialogue, for more understanding, and so for a deepened shared humanity. We see this as the professionalism to which we aspire.