

# Case study

## Saint-Gobain



Emissions reductions  
Energy efficiency & renewable energy  
Low-carbon products



### GICS SECTOR Industrials

**ANNUAL REVENUE** US \$43,981,860,000<sup>1</sup>

Emissions reduction target <sup>2</sup>	Intensity target—by 2025, 20% reduction of Scope 1 and 2 emissions from 2010 baseline at iso-production.	
Reported emissions (2015)	Scope 1	9,528,115 metric tons CO <sub>2</sub> e
	Scope 2 (location-based)	3,619,635 metric tons CO <sub>2</sub> e
Baseline emissions (2010)	Scope 1	12,976,886 metric tons CO <sub>2</sub> e
	Scope 2 (location-based)	4,461,638 metric tons CO <sub>2</sub> e

### Saint-Gobain, a French multinational

building materials manufacturer, discloses that an internal price on carbon will be used as a decision support tool to prioritize and manage CO<sub>2</sub> action plans. The company discloses that its CO<sub>2</sub> approach features a set of group-wide climate goals, including its current intensity target of cutting 20% of GHG emissions by 2025 from a 2010 baseline, and a new set of science-based emissions reduction targets that are currently under development.

Introduced in early 2016, Saint-Gobain highlights that it expects an internal price on carbon will impact its CO<sub>2</sub> reduction targets through the use of it in:

- Measuring and incorporating the current and anticipated future impacts of regulatory carbon prices into the company’s risk management strategy;
- Identifying growth opportunities in low-carbon innovations, and redirecting capital expenditure and R&D in line with new opportunities; and
- Managing priority actions to reduce CO<sub>2</sub> emissions.

Saint-Gobain discloses that it will use two prices to denote the two ways in which a price on carbon will be applied in the business.

One carbon price will be applied to capital expenditure projects above a certain threshold, to energy source investments, and to energy-related investments at the company’s current sites that consume more than 10GWh annually. In its disclosure to CDP, Saint-Gobain reports that a carbon price will be used in the strategy and plans of its plants that are included in the EU ETS—in order to incentivize investment in energy efficiency equipment so as to manage a worst case scenario that, after 2020, it no longer receives free allowances under the EU ETS, which would lead to higher operational costs.

Another carbon price, markedly higher, will be used to drive investments in R&D that will accelerate the delivery of “breakthrough” technologies. Saint-Gobain reports that the use of a price on carbon in this manner will be instrumental in its business plan to increase market share in energy-saving products for existing-building and new-building markets.

Saint-Gobain reports that its internal price on carbon will be applied to all corporate activities across 66 countries (many of which are not presently subject to regulatory pricing) and will impact the company’s scope 1, 2 and 3 emissions. ▼



Setting ambitious carbon pricing levels that are in line with Saint-Gobain’s objectives contributes to reinforce our commitment to fight for the climate.

**Pierre-André de Chalendar,**  
Chairman and CEO



<sup>1</sup> All annual revenue in USD, 2016 disclosure year. Retrieved September 15, 2016 from Bloomberg terminal.

<sup>2</sup> Companies may have other emissions reduction targets in addition to those listed in these studies.