

Undertaking Corporate Natural Capital Accounting (CNCA)

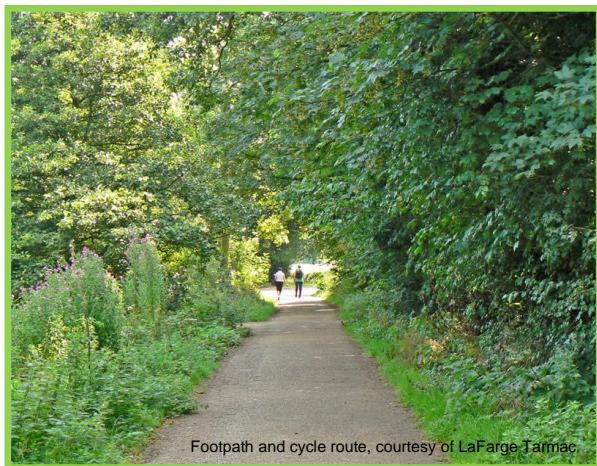
Dr Martyn Kenny, Sustainability Director, Lafarge Tarmac



Lafarge Tarmac chose to pilot CNCA on its Mancetter quarry. While the quarry is nearing the end of its current license for extraction a planning application has been submitted to extend the operational life to 2031. At the end of its operational life the site will be restored to a nature reserve with recreation facilities, in line with Lafarge Tarmac's "net positive" commitment. The pilot provides an example of a site that involves significant capital investment in the natural capital asset and change of use and land cover.

How has your organisation benefitted from participating in the Natural Capital Committee's CNCA pilot?

The CNCA framework provides the opportunity to understand and communicate the full value of a site to the local planning authority, community, and other stakeholders. Illustrating the broader costs and benefits is key to assessing better the true value of a



development. The framework also enables us to build a greater understanding of the benefits derived from natural capital, its importance to business operations, for example, water use, and can help support better decision making.

The account we have produced for the Mancetter site has revealed the value of the benefits the site will deliver following

restoration in 2031 and these have been demonstrated to be significantly greater than the values pre-development.

We are also interested in the ability of the CNCA framework to establish the external benefits the site can deliver for society, since this can provide a starting point for considering the development of new markets and revenue streams for future custodians of the site following restoration.

What resources did you use to complete the pilot?

Given that this was the first time the business has applied the framework, we discovered that gathering the required data was rather more resource intensive than originally envisaged. Overall Lafarge Tarmac put in around 10 days of work to develop the pilot account for Mancetter quarry. This suggests that data acquisition could be a substantial issue for businesses with a large asset portfolio. Notwithstanding this, armed with the experience, we anticipate that rolling it out to other sites may prove less resource intensive than the 10 days required by the pilot.

What was your approach to undertaking the pilot?

The process required the close engagement of colleagues across the organisation, including those in finance and on the operational side. This cross organisational collaboration was vital to the success of the pilot.

In this pilot a bottom up approach was adopted i.e. looking in detail at an



operational site level rather than at the strategic level of the organisation. A proportion of bottom up site level data was available from previous work undertaken with Cranfield University who were engaged to quantify the ecosystems services at Mancetter quarry. However, as available data was not sufficient to populate the natural capital account we also employed a top down approach, using modelling techniques supported by consultants. We are interested in developing a better understanding of the balance between these two approaches for other sites.

What lessons has your organisation learned from undertaking the pilot study?

The main lesson from the pilot is that to support a bottom up approach across an organisation there needs to be

comprehensive base data coverage at site / project level.

The pilot study also demonstrated the benefit of accounting for renewable assets at a site/project level (as opposed to a corporate level) due to the detailed information and analysis this enables. For example, a site/project approach allows the business and community benefits arising from increased biodiversity, amenity and carbon sequestration to be explored using different restoration scenarios. Also, the true value of abstracted water supplies, rather than the cost shown in traditional accounts, is highlighted by this detailed site level approach allowing the business to make more sustainable resource management decisions.

The nature of our organisation and products means that the non-renewable assets, which in our case includes the mineral reserves, are also important as they provide long term benefits to society from the homes, schools, hospitals, workplaces, transport and other infrastructure they create. However, in our view a shortcoming is that these benefits cannot currently be accounted for in the framework and this is an area we are keen to explore further with our partners.

Finally, the pilot has demonstrated that given the complexity of ascribing a recognised value to some of the renewable assets, if an individual site CNCA is going to be meaningful, it is very important to engage local stakeholders with the process.

Would you recommend others to undertake their own CNCA, and if so, what advice would you give them?

Yes, we would certainly recommend others undertaking their own CNCA to develop beneficial insights and aid better decision making. However, we would recommend they ensure that their base data is sufficiently robust and that they agree clear scope and valuation principles for the CNCA at an early stage.

What are your organisation's next steps regarding corporate natural capital accounting?

Lafarge Tarmac will stay engaged and support the development of natural

capital accounting. We have a large portfolio of over 330 sites and are interested in extending the use of the framework across further sites. Given the resource implications, we are considering a phased roll out, prioritising sites so that we can focus on a manageable number at any one time.

The business would also like to continue to explore with partners how non-renewable assets can be accounted for.

For more information on Corporate Natural Capital Accounting or other aspects of the NCC's work, please visit our [website](#), follow us on Twitter: @Nat_Cap_Com, or email the [Secretariat](#).



An arial view of Mancetter quarry

Natural Capital Committee

