System of Environmental Economic Accounting

Results from NCAVES Pilot Case Study:

Ambuja Cement & Ambuja Cement Foundation (India)

OECD/UNECE Seminar on SEEA Implementation (11 March, 2021)

United Nations

Ambuja Cement

Ambuja Cement FOUNDATION

Objectives of the pilot

Piloted under the E.U. funded Natural Capital Accounting and Valuation of Ecosystem Services project taking place in Brazil, China, India, Mexico and South Africa.

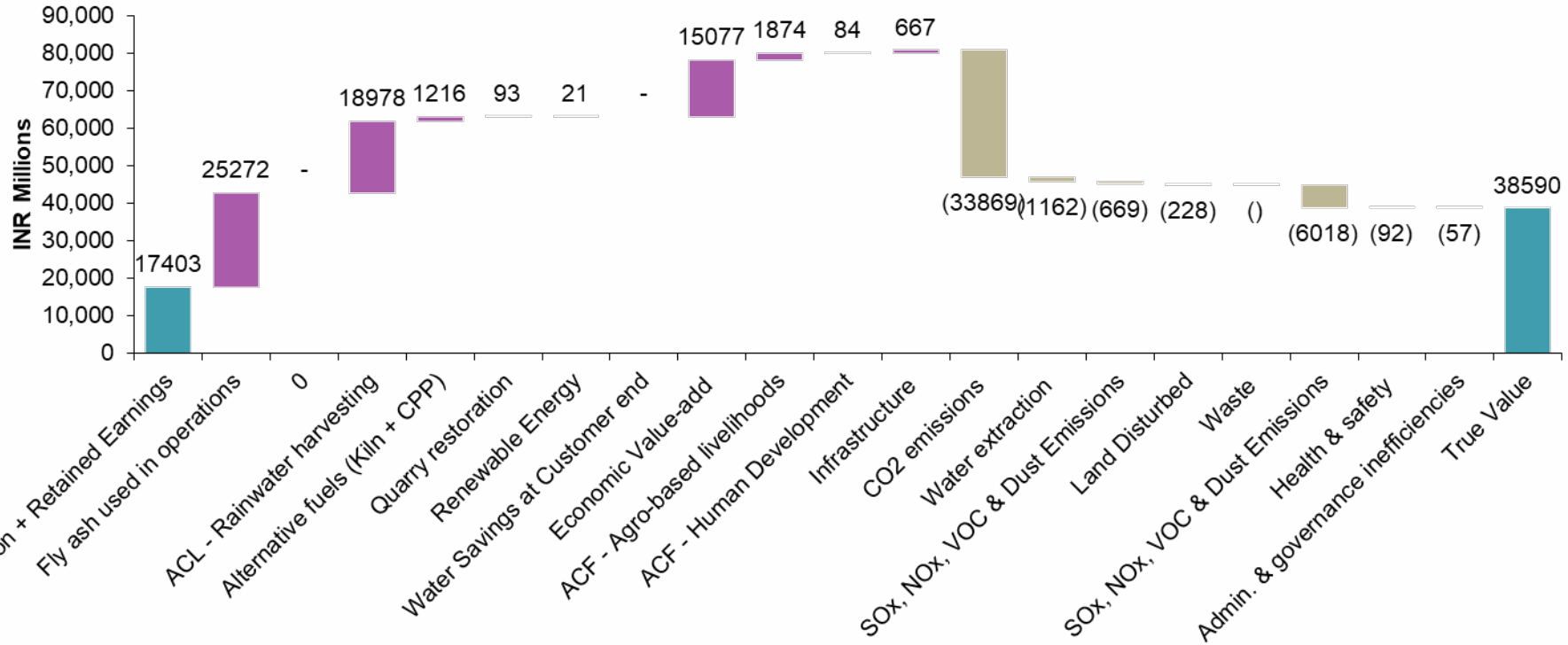
Main objectives:

1. Assess alignment of the natural capital assessment approach applied by Ambuja Cement with the SEEA EA (Ecosystem Accounting) and Central Framework (CF)
2. Explore the extent natural capital data (available in statistical system) can support private sector, either through:
    a. National level data (e.g. from National Statistical Office)
    b. Global data sets / tools
3. Identify opportunities for further alignment:
    a. Concepts and methods
    b. Data (e.g. clarify business requirements for data)

By participating in this pilot of the NCAVES business workstream, Ambuja Cement is the first company having performed a detailed analysis on how the company's natural capital accounting approach aligns with SEEA CF and SEEA EA!

Ambuja's NCA approach (1)

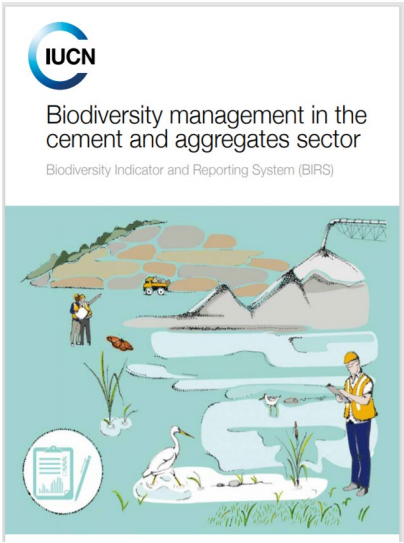
- 2019 Environmental Profit & Loss Account (following KPMG's "True Value")



SEEA

Ambuja's NCA approach (2)

- Biodiversity Indicator and Reporting System (BIRS)
  - > Easy-to-apply system for calculating an **annual biodiversity condition index** at site level, taking into account
  - (1) extent of every habitat type
  - (2) the ecological condition and
  - (3) ecological importance



- Assess all externalities in specific accounts:
  - > Water related -> aim to be "water positive":
    - Water abstraction (-)
    - Water harvest (e.g. check dams; improving efficiency) (+)
  - > Biodiversity (e.g.):
    - Removal of land (-)
    - Rehabilitation of quarries (+); Greening of local sites (+)
- Monetization (for EP&L) based on coefficients (e.g. TEEB database; Trucost)

Main findings (1)

- **Obj 1: Reasonable Alignment of Approaches:**
  - > **BIRS approach is well aligned with extent** and condition accounts (i.e. a spatial approach with project site as Ecosystem Accounting Area)
  - > Good alignment with SEEA CF physical accounts (e.g. on water)
  - > Also, EP&L goes beyond SEEA by monetizing externalities
- **Obj 2: Data Sources**
  - > Ambuja Cement needs a lot of natural capital data, mainly relies on own measurements
  - > Available data sources do not **(yet)** provide the required level of accuracy for site level reporting
  - > Available data sources / global tools may be used for benchmarking (e.g. provide info for watershed in which company is located)

    -> to be further investigated

Main findings (2)

- **Obj 3: Further Alignment / Opportunities for Improvement:**
  - Changes in land use as proxy -> measure / assess individual ecosystem services flows and monetize (in line with SEEA EA framework)
    - Apply more recent coefficients (e.g. ESVD 2020 database)
    - Explore use of national data (Indian EVL tool)
  - Expand BIRS or equivalent approaches from quarries to other parts of ACL's facilities
  - Water account for watershed/aquifer should preferably be compiled by local water / river basin management authorities but:
    - major actors like Ambuja Cement, could provide data.
    - such collaboration may strengthen underpinning of **'Water Positive'** target
  - Communication and collaboration with business community essential in area of NCA

Thanks for your attention!