Creating impact
Sustainability is business

June 2018
Caterina Camerani
AkzoNobel
A leading global paints and coatings company

AkzoNobel’s 2016 revenue in Paints and Coatings
€9.5 bln

Employees at year-end 2016
34,400

Revenue split
59% Coatings
41% Paints

Business activities:
Automotive and Specialty Coatings, Decorative Paints, Industrial and Powder Coatings, Marine and Protective Coatings

Global market size
€100 bln¹

172 billion beer and beverage cans are protected with our packaging coatings each year

We coat 200 million Samsung phones every year and a quarter of all smartphones globally

Our Vehicle Refinish business offers around 80,000 different color formulations

Our decorative paints are distributed by more than 140,000 points of sale

We coated 380 new Airbus and 390 new Boeing planes with our aerospace coatings last year

Our Visualizer decorating app has generated 260 million visualizations

You’ll find us on:
- Sydney Harbor Bridge, Australia
- The London Eye, UK
- The Bird’s Nest Stadium, Beijing, China
- The Maracanã Stadium, Brazil
- Burj Al Arab, Dubai, UAE
- All seven boats in the Volvo Ocean Race

Some of our customers:
Airbus, B&Q, Boeing, Dell, IKEA, Leroy Merlin, Mercedes-Benz, OBI, Philips, Samsung, Whirlpool

Our brands include:

Dulux
International
sikkens
Interpon D
cromadex
Hammerite
**Creating shared value across three dimensions**

**Economic, environmental and social value**
in € billion (estimated)

- Economic capital
- Environmental capital
- Social capital

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**Economic value:** salaries along our value chain, as well as the tax revenue for governments, interest for investors and profit for shareholders

**Environmental value:** CO₂ emissions, fossil resource use, VOC emissions and material resources as key contributors

**Social value:** value related to the knowledge and skill development of employees and their future salary development, as well as injuries at work of employees along the value chain

[www.social-human-capital.org](http://www.social-human-capital.org)
Economic, environmental, and social trends driving growth amplified through impact creation.

Identifying opportunities:
- Define market segments

Building & Infrastructure

Offer creation:
- Sustainable portfolio

Country SDG’s reflected in PESTEL analysis:
- Political
- Environmental
- Social
- Technology
- Economical
- Legal

Impact maximization addressing:
- Environmental, economic, societal needs

Country: China

Sustainability is business

Marketing
Product management
R&D

Qualitative
Quantitative
Monetary

Drive towards more sustainable portfolios

Category
- Eco Premium
- Eco Performer
- Performer
- Transitioner
- Priority
Forest Breath - A breath of fresh air

Impact

Positive impact created > €5 million (based on product sales in China, 2017) through:

- reduction of negative health impact of formaldehyde, germs and bacteria
Revitalization of Favela Santa Marta
output or impact?

Learnings
✓ Positive outcome value created > €1 million:
  ▪ >400 houses painted
  ▪ 68% of inhabitants claims 'improved self esteem / self confidence
  ▪ >200 people trained (hygiene, waste segregation, painters)

✓ Impact only through:
  ▪ Painter employment
  ▪ Waste segregation partnership

✓ Potential impact value across three pillars> €10 million
Multicapitals impact valuation

Benefits

- Strategic management of product portfolio - accelerate exiting value propositions
- Open up new markets
- Manage risk and reduce cost in supply chains
- Stimulate innovation across the value chain
- Provide guidelines for investments
- Improve prioritization of decision-making and speed up improvements
- Improve external transparency and strengthen company’s brand
- Increase internal engagement

Drawbacks

- Standardization and comparability lacking
  - Maturity level of data, data availability & methods still limited (e.g. social capital)
  - Valuation coefficients
  - Baseline
  - Allocation
- Ethical issues
- Sector specificity and materiality
- Limited change incentive when positive financial impact >> S&E negative impact
- Focus on external reporting purposes
Thank you!