

# 4D P&L AkzoNobel

World Forum on Natural Capital



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**AkzoNobel 4D P&L**

# *Introduction to Multidimensional P&L*



# About True Price



## True Price's mission

True Price's mission is to make markets work for sustainable development. It does that by helping organizations measure, value and improve their impact. In addition, True Price contributes together with partners to the development of open source methods for impact measurement and valuation.

## Sectors we work in:



Financial services



Transportation



Construction



Online media



Chemicals



Horticulture



Apparel



Retail



Crop agriculture



Food production



Livestock



Advisory services

## Selection of our service (partners):



Rabobank

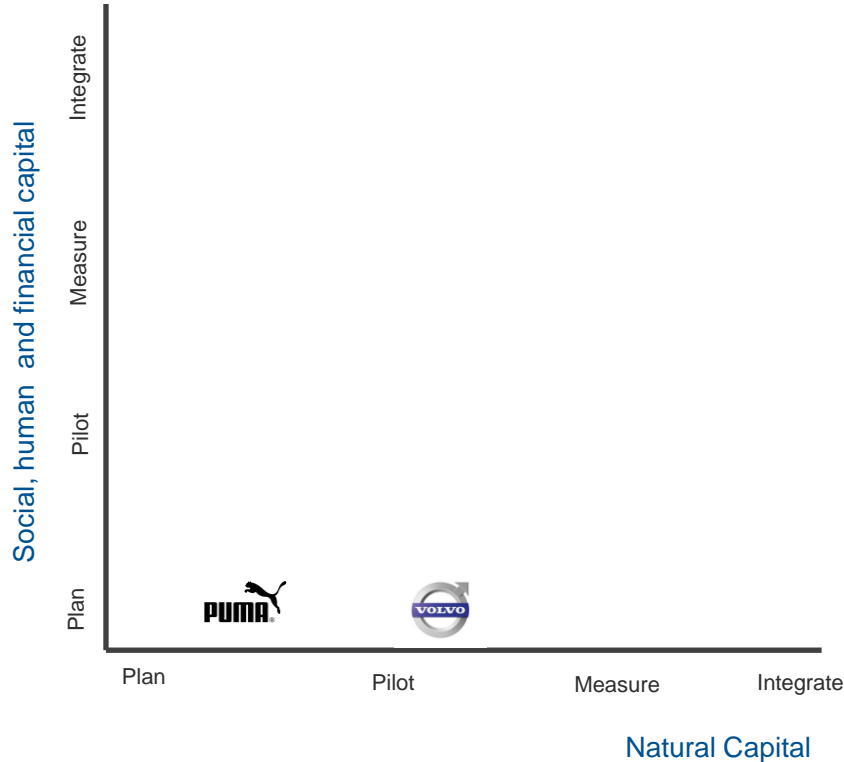


Rijksoverheid

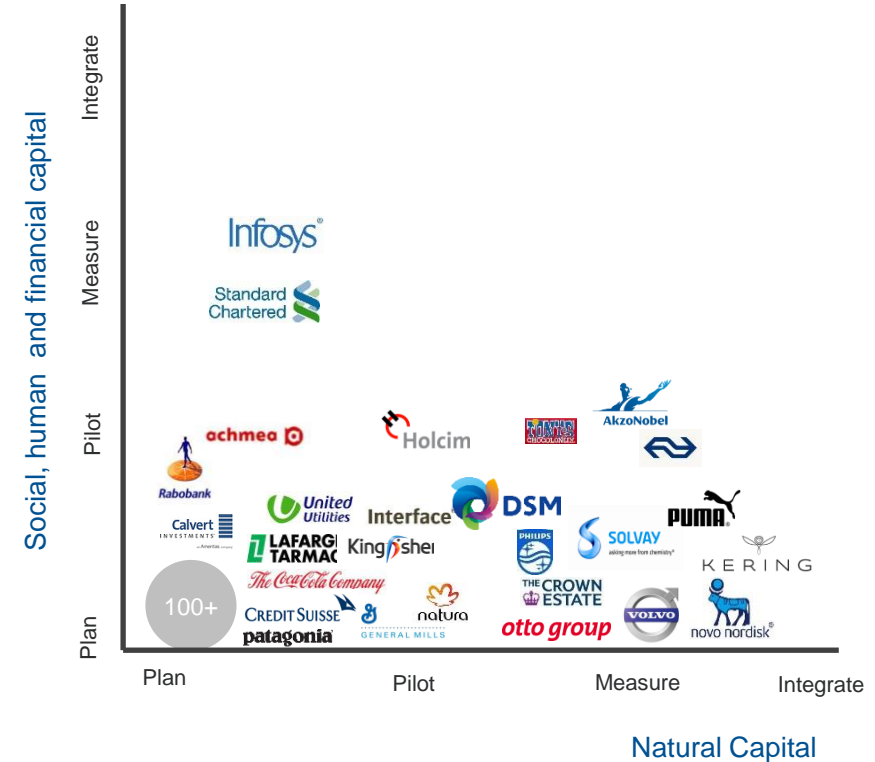


# Businesses increasingly measure and value impact

















Uptake in 2010 (maturity)



Uptake in 2015 (maturity)



# Next step is multidimensional P&L

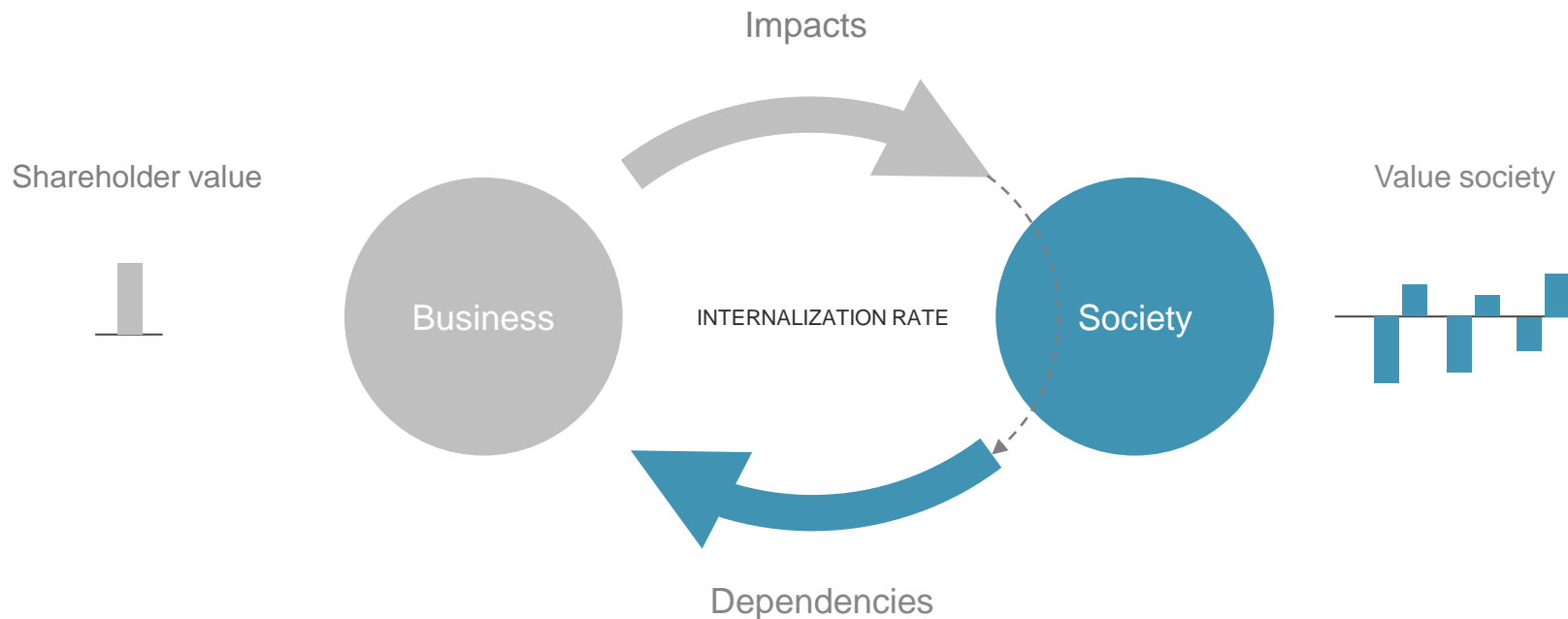
	FINANCIAL CAPITAL				NATURAL CAPITAL				SOCIAL CAPITAL				HUMAN CAPITAL			
	Costs		Benefits		Costs		Benefits		Costs		Benefits		Costs		Benefits	
	Direct	Value chain	Direct	Value chain	Direct	Value chain	Direct	Value chain	Direct	Value chain	Direct	Value chain	Direct	Value chain	Direct	Value chain
 Standard Chartered			■	■												
 SOLVAY					■	■										
 novo nordisk					■	■										
 DSM					■	■										
<b>otto group</b>					■	■										
 puma					■	■										
 bam					■	■										
 Dow							■									
 achmea									■	■	■	■				
 Infosys															■	
 natura			■		■		■									
 ALDI					■	■			■	■						
 Holcim	■		■		■	■	■		■		■					
 Unilever			■	■	■	■	■		■		■	■				
 THE CROWN ESTATE			■	■	■	■	■				■					
 pwc			■	■	■	■									■	
 AkzoNobel	■	■	■	■	■	■	■	■	■	■	■	■			■	■

Valued, monetized, reported impacts of:

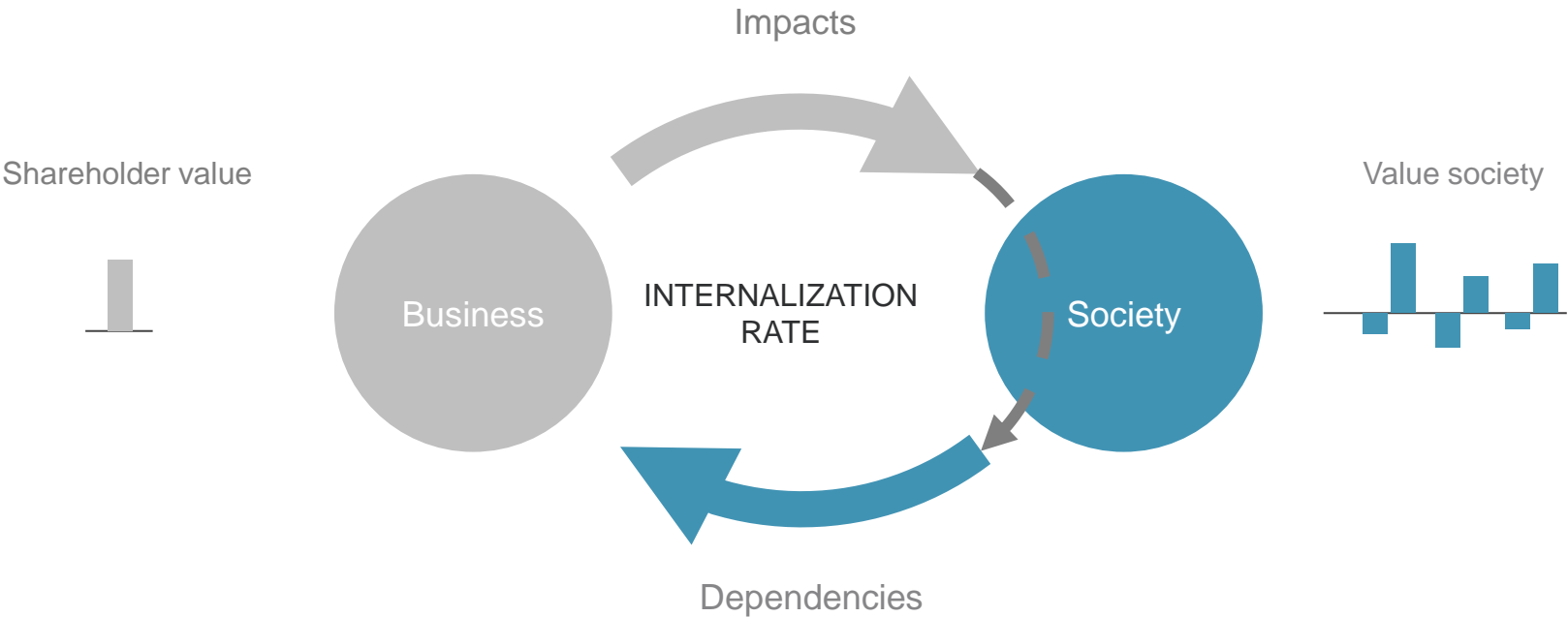
■ one product or plant

■ one or more business unit(s) or entire operation

# Shareholder value vs societal value



# Aligning value creation shareholders and society



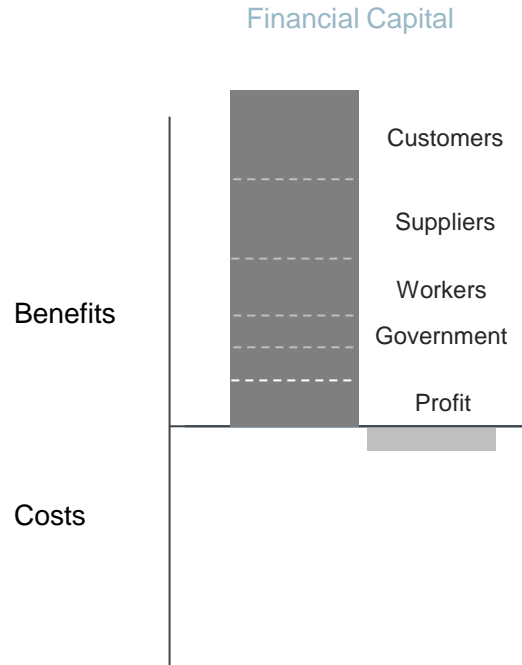


# Traditional shareholder value

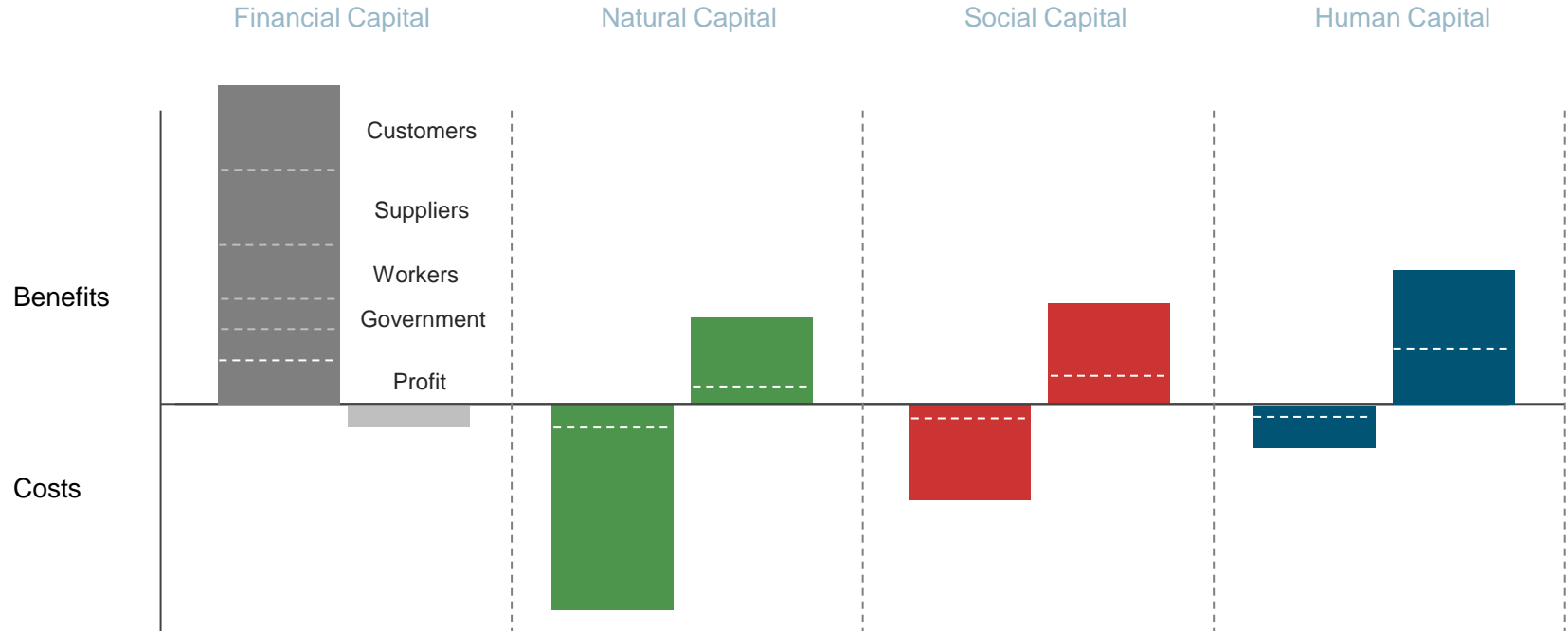
Financial Capital



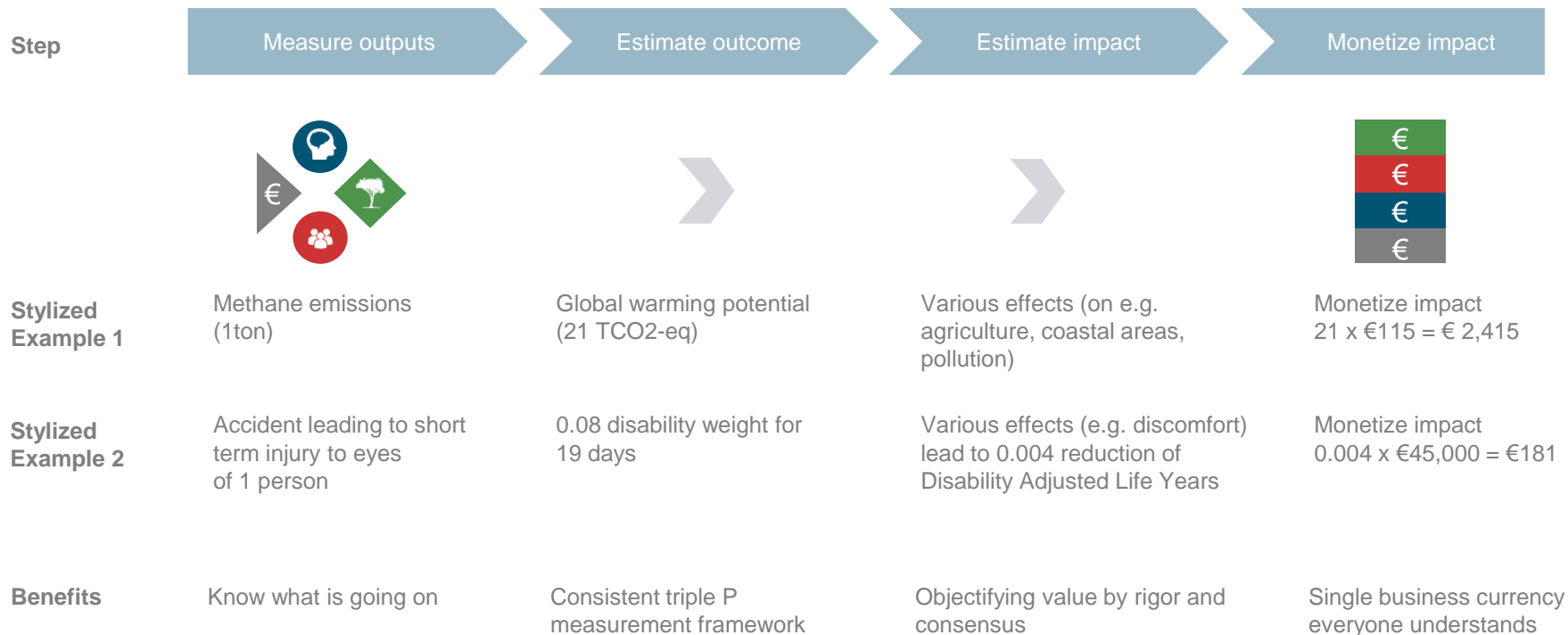
# Including other stakeholders



# Including non-financial capitals



# Impact measurement and valuation method



# Measuring Our Impact in 4D



# Overview of AkzoNobel

€14.3

billion in revenue

47,200

employees

200+

production sites

80+

countries

3

businesses

Decorative Paints

Performance Coatings

Specialty Chemicals

4

end-user segments

Buildings and  
Infrastructure

Transportation

Consumer  
Goods

Industrial

#1

for four years in a row

MEMBER OF

Dow Jones  
Sustainability Indices

In Collaboration with RobecoSAM



## 4D P&L accounting pilot

### Investigate total effect of our business

- Environment, people, society and financial capital
- Profits and Losses (P&L)
- Full value chain

### Business and Location

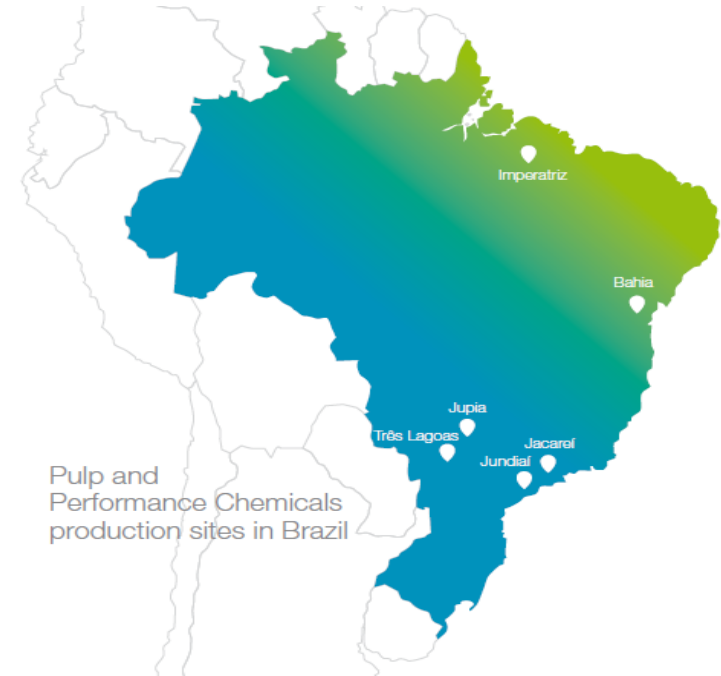
- AkzoNobel PPC: Bleaching Chemicals business in Brazil

### Stage

- Pilot study

### Timeline

- Q3 2014 - Q1 2015



## 4D P&L pilot goals

Go beyond environmental profit and loss

Test a P&L for all four pillars of sustainability

- Environment, **people**, **society** and financial capital

Explore social methods with collaborations





# 4D P&L Pilot – monetized impact across the whole value chain



## Distribution between the “4 Capital Accounts”

- Main profit: Financial capital
- Main loss: Environmental capital
- Societal and people capital are small compared to environmental and financial capital (compared to agriculture, food, textile industry, etc.)

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# 4D P&L pilot improvement opportunities

## Environmental Capital

- Engage with suppliers and customers to reduce their fossil resource use
- Efficiency in energy / resource use

## People Capital

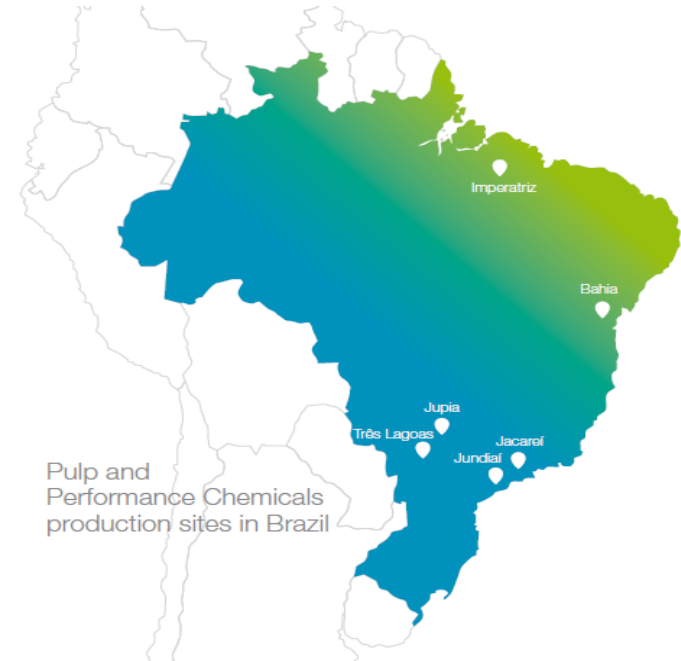
- Staff retention and training

## Social Capital

- Health and safety
- Rights at work
- Work with local communities

## Financial capital

- Grow business to increase financial capital



## 4D P&L pilot outcomes

- Understand value creation in multiple dimensions
- Reducing the negatives and building on positives
- Stimulate innovation along the value chain
- Compare and prioritize issues



“By attaching an economic value to the positive and negative aspects of each dimension, we can gain valuable insights into how we can drive **longer-term value** not only for our shareholders, but also for the environment, people and society at large.”

*Ton Büchner, AkzoNobel CEO*

## **Final Thoughts**

**Sustainability is not about calculating natural capital...**

**But natural capital calculation should initiate real actions leading to change**

**Helping us to deliver our Planet Possible promise of generating more value from fewer resources**





# Thank you



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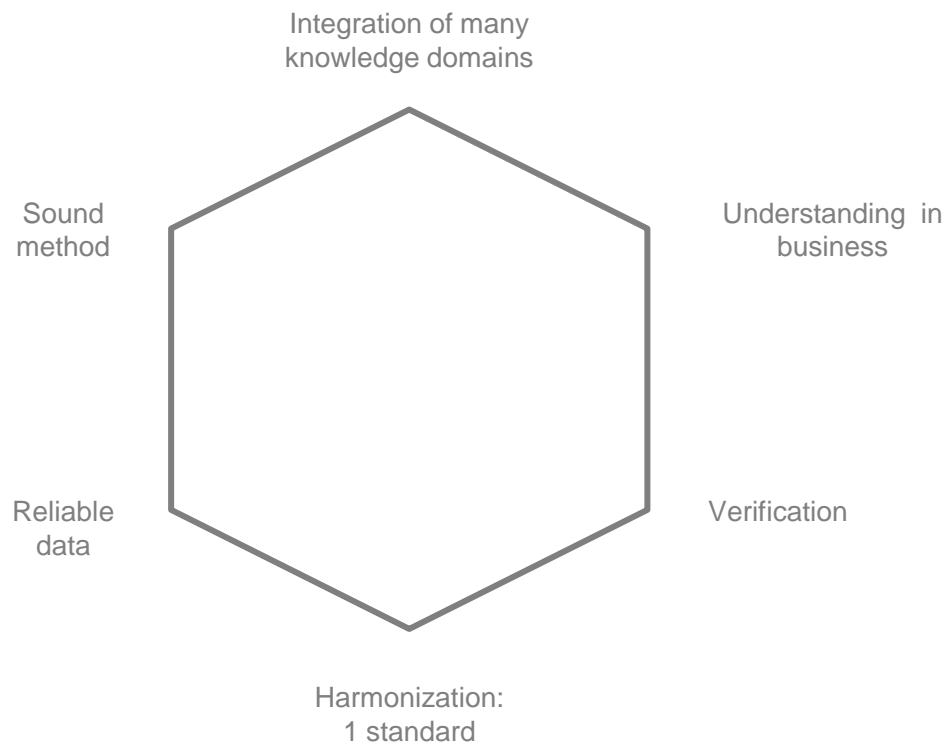
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Twitter: [true\\_price](https://twitter.com/true_price)

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# *Challenges and outlook*



# Outlook: Main challenges





# Current frontiers

