

# As impact reduction efforts move further along the value chain, **trusted partnerships** will be key to driving emissions down

By Chris Cook, AkzoNobel Planet Possible Programme Director  
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The writing had been on the wall long before Norway's US\$890 billion (796 billion euros) government pension fund decided to sell off most of its investments related to coal. When the world's biggest sovereign wealth fund made its move - the largest fossil fuel divestment yet, affecting 122 companies across the world - it continued something of a trend for de-risking portfolios with a low-carbon future in mind.

The previous year, the heirs to the fabled Rockefeller oil fortune, who control around US\$860 million (769 million euros) in assets, set a precedent when the Foundation withdrew its funds from fossil fuel investments as part of a wider divestment movement involving 800 global investors promising to remove US\$50 billion worth of support over the next five years.

It is a situation - reinforced by the Bank of England investigating whether or not fossil-fuel industries pose a threat to the stability of the capital markets - that is forcing companies to re-think their longer-term business strategies. Despite the politics of climate abatement slowly showing signs of alignment, it is this focus on corporate risk - rather than political promises - that seems to have captured the imagination in driving carbon reduction.

However, a renewed consideration for the long-term might well be in vogue, but progress by companies to address their environmental and social impact is still slow. In a post-two degree world, certain crop yields in the US, India and across Africa are expected to decrease by up to 30%; up to 30% of animals and plant species could face extinction; and 30% of the annual sea ice could be lost in the Arctic. If you think about what's required to avoid these scenarios (as described by the likes of the World Bank and National Research Council), we not there yet

- not by a long way.

Yes, the rate of renewable energy deployment is increasing. 2013 saw new clean energy generation overtake conventional fossil fuel and nuclear installations globally for the first time. But the mix of non-renewables has become more carbon intensive in some countries, which is offsetting that.

And for all of the good work being done in businesses to overcome internal budgetary pressures and invest in energy efficiency improvements, tackling internal operational improvements will only get us so far.

It's time for companies to consider the wider impact of their business and look at the entire system that sits beyond their own boundaries. By looking along the value chain of suppliers, manufacturers and raw material providers at one end, and customers and consumers at the other, businesses can understand the bigger picture - and work towards addressing the materials, water and energy being wasted across sectors.

Just 15% of AkzoNobel's total environmental footprint lies within our direct control. So, through our Planet Possible strategy, we aim to work more closely with both our suppliers and customers to find new ways of reducing our overall impact. By 2020, we want our entire value chain to be between 25-30% more efficient.

Central to this is helping our customers be more efficient. For example, our biocide-free coatings prevent organisms from clinging to the hulls of ships, helping shipping companies travel faster, use less fuel and produce less emissions. Our Rediset additives enable asphalt to be laid without the need for high-temperature (high carbon impact) mixing. And our Dulux Weathershield KeepCool, an

exterior paint which can reflect up to 85% more infrared radiation than traditional exterior paints, is helping to reduce energy use in buildings by up to 15%.

By working in partnership with others, it's a lot easier to unlock some of the solutions that are required in this emerging low-carbon, resource-constrained world. Right now, as part of the Together for Sustainability initiative, our chief procurement officer - along with his contemporaries from BASF, Bayer, Evonik, Henkel, Lanxess and Solvay - are exploring ways to build a chemicals industry standard for sustainable supply chains based on current best practice across the sector.

Elsewhere, we are part of a major Dutch consortium exploring how we might use household waste as a feedstock for our chemical plants. We're even looking into the possibility of producing chemicals from beet-derived sugar feedstock - again, working with others.

But enhanced collaboration demands new types of relationships that move beyond the traditional, purely transactional supplier relationships that companies are most familiar and comfortable with. These new partnerships must be based on transparency and trust - and the sharing of costs, risks and benefits.

AkzoNobel, and other leading companies, are proving that limitations to the world's resources and a changing climate do not have to limit ambition and imagination as we strive to do more with less. We have also realized that many of the world's biggest challenges cannot be solved alone. But working with others doesn't have to be daunting. After all, you never know where innovation will come from.