
CRC Energy Efficiency Scheme

Who is AkzoNobel?

AkzoNobel is the largest global paints and coatings company and a major producer of specialty chemicals. We supply industries and consumers worldwide with innovative products and are passionate about developing sustainable answers for our customers. Our portfolio includes well known brands such as Dulux, Sikken, International and Eka. Headquartered in Amsterdam, the Netherlands, we are a Global Fortune 500 company and are consistently ranked as one of the leaders in the area of sustainability. With operations in more than 80 countries, our 55,000 people around the world are committed to excellence and delivering Tomorrow's Answers Today™.

A Commitment to Carbon Reduction

We have ambitious aspirations for carbon reduction, not just within our own operations, but also across the total value chain, striving through continuous innovation to reduce our cradle-to-gate carbon footprint by 20-25 per cent per ton of product by 2020, compared to 2009.

Within our manufacturing facilities, the business has recently invested significantly in our global 'Operational Eco-Efficiency Programme', which seeks to deliver a 30% reduction in energy by 2015 against a 2009 baseline. However energy management and carbon reduction has been embedded at many of our UK operations well before the initiation of this programme and before the conception of the CRC scheme.

The UK is home to a range of AkzoNobel businesses – the largest being our decorative paints and industrial coatings businesses. Other businesses include car refinishes, packaging and powder coatings. Many of our larger sites have been subject to Climate Change Agreements, have a wealth of energy management experience and show a successful history of significant efficiency improvements. But irrespective of their size, all our businesses share the same, aligned vision and commitment to reducing their carbon emissions.

Early Action for CRC

The Carbon Reduction Commitment ("CRC") represented a challenge for AkzoNobel, from an organizational perspective, bringing together energy managers from across the business to work towards a common cause, with an aim of achieving an umbrella framework for the UK entity overall.

Our pro-activity in energy management in previous years, however, put the business in a good position for the Early Action Metric performance, with the Carbon Trust Standard established since 2009 in the Decorative Paints business and a history of smart meter roll-outs across the business, particularly in our Dulux Decorator Store network.

The CRC has created a positive impact on our business energy management approach by further tightening controls over supplier energy data management, especially at smaller sites,

and prompting completion of the smart meter roll-out to those core areas of the business not previously covered. The achievement of a top 5% league table position was also warmly received in the business as recognition for the investment and focus we have had on the carbon agenda to date.

Of course activity has been wider than those aspects covered by the Early Action Metric; projects are abundant across the business from process efficiency improvements, energy efficient lighting, compressed air management, heating management, boiler efficiencies, steam leak reductions, behavioural engagement programmes and more granular sub-metering of electrical energy.

Energy Management and Reduction

One ongoing challenge for AkzoNobel will be maintaining high performance on the league table in future years of the scheme. On announcement of the CRC, the business had an immediate concern that it would be penalized under the scheme for the hard work done on emissions reduction prior to CRC. Each business affected has a history of emissions reduction that will undoubtedly make future reductions more stretching to achieve.

However we are committed to an ongoing reduction programme which we hope will support future performance under the scheme. We recognise that some years will prove harder than others to gain a high league table position but as well as our continuous improvement energy management approach we will be making significant investments in our UK operations in order to ensure we progress towards our targets.

In particular, we recently announced the closure of our Decorative Paints manufacturing facilities at Slough and Prudhoe and the construction of a new plant in the North East of England in order to more quickly respond to changing market and customer demands as well as taking a significant step towards halving the environmental footprint of the UK Decorative Paints' business through designing in high levels of energy efficiency.