

# Note 4: Resource Efficiency Index

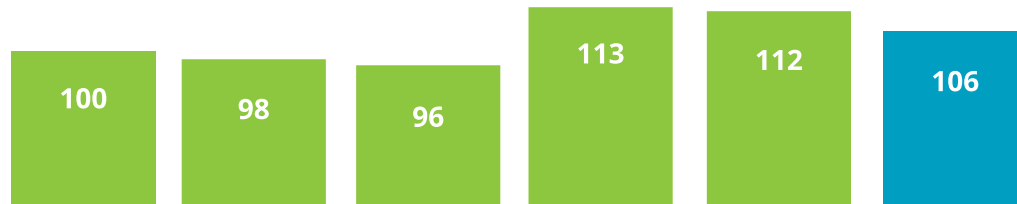
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The Resource Efficiency Index demonstrates how AkzoNobel is driving margin growth which has been de-coupled from resource constraints, thereby reducing short-term costs and long-term risks. The index is defined as gross margin divided by cradle-to-grave [carbon footprint](#) – reported as an index using 2012 as the baseline year.

We selected gross margin as an indicator of added value as it is comparatively stable and captures the financial effects of innovations and commercial improvements. Carbon footprint is an important indicator of resource productivity across our value chains. The Resource Efficiency Index is therefore an integrated indicator of our business imperatives – value selling and resource productivity.

In 2017, our volume grew in all areas. We also acquired an industrial coatings business from BASF. As a result, our carbon footprint increased slightly, even though our emissions per ton of product went down. Combined with a lower gross margin, the Resource Efficiency Index equaled 106 compared with the 2012 baseline of 100.

**Resource Efficiency Index**  
gross margin/CO<sub>2</sub>(e) indexed



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Resource Efficiency Index is gross margin divided by cradle-to-grave [carbon footprint](#), expressed as an index. The index is set at 100 for 2012, since this is the baseline year for our strategic sustainability objectives.

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