

Company:	AkzoNobel
Sector:	Materials
Report Year:	2014
Headquarters:	Amsterdam, The Netherlands
Standard Application:	IIRC, GRI G4, SASB, ISAE 3000 / 3810N
Format:	Matrix

Materiality

We have used the principle of materiality to assess the topics to include in this Report 2014, which are current and important for the company and key stakeholders.

In order to determine the materiality of topics, we made a long list of all (more than 200) possible material topics, using the following as our key sources:

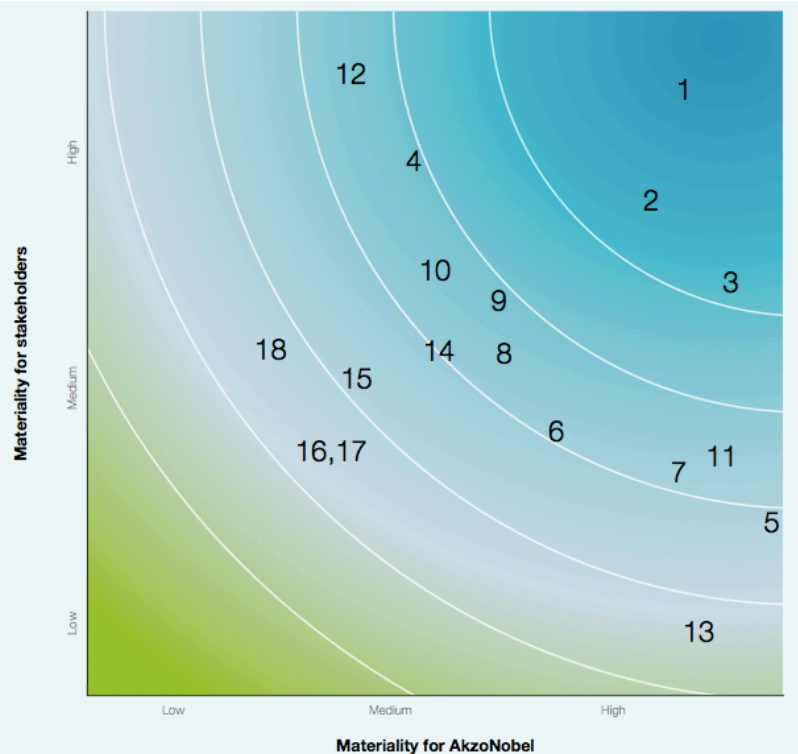
- The AkzoNobel strategy
- The AkzoNobel Report 2013
- Issues raised by investor associations such as the VBDO
- Reporting guidelines and frameworks such as GRI G4 and SASB
- Sustainability ratings agencies such as RobecoSAM and Carbon Disclosure Project
- The most recent reporting of peers
- Media analysis

This long list was then reduced by reviewing the dominance of the topics, before being clustered into 18 final topics which are plotted in the matrix opposite.

A full explanation of each topic featured in the matrix can be found on the next page.



For further information please go to www.akzonobel.com/sustainability



Sustainability topics

Economic	Importance	Qualitative Information	Quantitative Information	Reported
4 Integrity	High	Insight on policies and procedures	Code of Conduct reporting, Code of Conduct investigation, Compliance monitoring, Code of Conduct training	Report 2014: Integrity and compliance, website
5 Customer needs	High	Insight on end-user segment trends Customer excellence programs	--	Report 2014: How we create value, Strategic performance, Business performance
9 Circular economy principles	High	Renewable energy and raw material programs, waste reuse	Renewable raw materials, Renewable energy	Report 2014: Business performance, Sustainability statements Notes 4 and 5
11 Economic performance and strategy	High	Market segmentation Description of economic performance	Economic performance and strategy	Report 2014: How we create value, Strategic performance, Business performance
13 Product and margin management	High	Operational excellence initiatives	--	Report 2014: Strategic performance, Business performance
17 Resource scarcity/ material availability risks	Medium	Risk description and mitigation actions Renewable energy and raw material programs	Renewable raw materials, Renewable energy	Report 2014: Risk management, Business performance, Sustainability statements Notes 4 and 5
Environmental				
1 Energy, resource use, carbon emissions throughout the value chain	High	Value chain descriptions Insight on impacts throughout the value chain	Resource Efficiency Index, Cradle-to-grave carbon footprint, Renewable raw materials, Energy use, Renewable energy, Greenhouse gas emissions per ton of production	Report 2014: How we create value, Strategic Performance, Business performance, Sustainability statements Notes 4, 5, 15, 16 and website
3 Eco-premium solutions and value chain management	High	Lifecycle assessment value chain impacts Customer partnership solutions	Eco-premium solutions with downstream benefits, Eco-premium solutions VOC in product	Report 2014: How we create value, Strategic performance, Business performance, Sustainability statements Notes 4 and 5
7 Product stewardship	High	Priority substance management Regulatory affairs	Priority substances with management plan, REACH compliance	Report 2014: Strategic performance, Sustainability statements Note 10
10 Sustainability in the supply chain	Medium	Supplier sustainability framework program	Third party audits, Supplier Support Visits, Vendor Policy compliance, Environmental supply chain aspects	Report 2014: Sustainability statements Note 7
12 Climate change	Medium	Climate change risk management, mitigation and adaptation policies	Cradle-to-grave footprint, Greenhouse gas emissions per ton of production	Report 2014: How we create value, Strategic performance, Business performance, Sustainability statements Notes 4 and 5
15 Operational eco-efficiency	Medium	Operational eco-efficiency program and management	Operational eco-efficiency footprint measure	Report 2014: How we create value, Strategic performance, Business performance, Sustainability statements Notes 15-20
18 Biodiversity	Low	Climate change, Pollution control	--	Report 2014: Sustainability statements Notes 3, 5, 15-20
Social				
2 People and process safety	High	Insight on policies and procedures	Reportable injury rate, Behavior-based safety program, Life-Saving Rules, Regulatory actions, Loss of containment	Report 2014: How we create value, Strategic performance, Business performance, Sustainability statements Notes 8 and 9
6 Employee engagement	High	Insight on policies and procedures	Employee engagement survey	Report 2014: How we create value, Strategic performance, Business performance, Sustainability statements Note 12
8 Talent management	High	Insight on policies and procedures	Cross-BU moves of leadership talents, Internal promotion into executive level, Retention of leadership talent, ViewPoint score on learning and growth, Female executives, Female executive potentials, High growth market executives, High growth market executive potentials	Report 2014: How we create value, Strategic performance, Business performance, Sustainability statements Note 12
10 Sustainability in the supply chain	Medium	Supplier sustainability framework programs, Human rights commitment program	Third party audits, Supplier Support Visits, Vendor Policy compliance, Social supply chain aspects	Report 2014: Integrity and compliance, Sustainability statements Note 7
14 Stakeholder engagement	Medium	Framework activities	Sustainability ratings, Agency rankings	Report 2014: Sustainability statements Note 3, website
16 Community involvement	Medium	Human Cities initiative, Community program, Business activities	Projects involved, Volunteers, Donations	Report 2014: Human Cities, Case studies, Strategic performance, Sustainability statements Note 14, website

Independent auditor's report

To the Annual General Meeting of shareholders of Akzo Nobel N.V.

Report on the audit of the Financial statements 2014

Our opinion

We have audited the Financial statements 2014 of Akzo Nobel N.V. (the Company), based in Amsterdam. The Financial statements include the Consolidated financial statements and the Company financial statements.

Materiality

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgment we determined the materiality for the Financial statements as a whole at €64 million. The materiality is determined with reference to consolidated profit before taxation (7.5 percent). In addition, the appropriateness for the materiality was assessed by comparing the amount to consolidated revenue (0.4 percent) and total assets (0.4 percent). We have also taken into account misstatements and/or possible misstatements, if any, that in our opinion are material for qualitative reasons.

Audits of group entities (components) were performed to component materiality levels, the majority of which were based on the relevant local statutory audit materiality which is lower than the materiality for the Financial statements as a whole. In the other cases, component materiality was determined between €30 and €50 million

by the judgment of the group audit team, having regard to the materiality for the Financial statements as a whole and the reporting structure within the group.

We agreed with the Supervisory Board that misstatements in excess of €3 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Amsterdam, February 11, 2015

KPMG Accountants N.V.
E.J.L. van Leeuwen RA

Independent assurance

To the readers of the AkzoNobel Report 2014

Our conclusion and opinion

We have reviewed the information in the Sustainability statements (pages 193 to 245) and in the Compliance and integrity management chapter (pages 122 to 127) (hereafter The Sustainability Reporting), which are part of the 2014 Annual Report (The Report) of Akzo Nobel N.V. (further: the Company).

Judgment in determining material aspects

To ensure that the stakeholders of the Company can base their decisions on the information provided in The Sustainability Reporting its content should be a comprehensive reflection of the Company's material aspects. Material aspects are defined as aspects of which an omission can have a substantial impact on the decisions of stakeholders.

This area was significant to our review in light of the Company's move this year for the first time towards the Sustainability Reporting Guidelines G4 of the Global Reporting Initiative (GRI) and the inherent qualitative judgment in determining material aspects. The GRI G4 guidelines require to put emphasis on the **materiality** principle supported by a structured process in determining the content of the report. Our review procedures included, among others, a review of the process that the Company has implemented to identify the material aspects for The Sustainability Reporting and the ways in which stakeholders' interests were taken into account as part of that. We further reviewed and discussed the Company's

determination of the material aspects. We conducted a media search to compare the results with the material aspects identified by the Company in order to identify any potentially missing material aspects for The Sustainability Reporting.

Amsterdam, February 11, 2015

KPMG Sustainability,
Part of KPMG Advisory N.V.

W.J. Bartels RA, Partner