



The Science Based Targets initiative (SBTi) mobilizes companies to set science-based targets and boost their competitive advantage in the transition to the low-carbon economy. It is a partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). The SBTi call to action is one of the We Mean Business Coalition commitments. The initiative defines and promotes best practice in science-based target setting, offers resources and guidance to reduce barriers to adoption, and independently assesses and approves companies' targets.

The SBTi focuses on the following four key topics:

Builds technical foundations



Scales-up adoption



Conducts independent assessments



Institutionalizes SBTs



Executive summary

This report presents the results and recommendations of the SBTi's independent validation for AkzoNobel NV's GHG emission reduction targets. It provides an overview of the assessment of the company's submitted targets and emissions covered within the targets' boundaries, as well as some guidance on the next steps to implement the targets.

The SBTi has established a set of criteria that all targets must meet to be validated as science-based. The SBTi has assessed AkzoNobel NV's submission against the SBTi's Criteria v4.2 and after careful review has approved the targets. A detailed overview of the criteria is provided in Appendix 2. The approved targets will be listed on the SBTi website as follows:

Dutch multinational paints and coatings company AkzoNobel NV commits to reduce absolute scope 1 and 2 GHG emissions 42% by FY2030 from a FY2020 base year. AkzoNobel NV also commits to reduce absolute scope 3 GHG emissions from purchased goods and services, processing of sold products, and end-of-life treatment of sold products 42% by 2030 from a 2020 base year.



The SBTi classifies targets against the long-term temperature pathways of well-below 2°C and 1.5°C. The SBTi's Target Validation Team has classified your company's scope 1 and 2 target ambition and has determined that it is in line with a 1.5°C trajectory.*

^{*}This assessment corresponds only to the scope 1 and scope 2 portion of the submitted targets, which may or may not cover the most relevant sources of value chain emissions within the company's organizational boundary. To communicate internally or externally about your target ambition level, please consult the messaging and guidance you receive from the SBTi communications team. The analysis that underpins this temperature assessment and classification of targets is presented in Chapter 6 of the SBTi's Target Validation Protocol. An approach to classify the ambition of scope 3 targets is still in development.





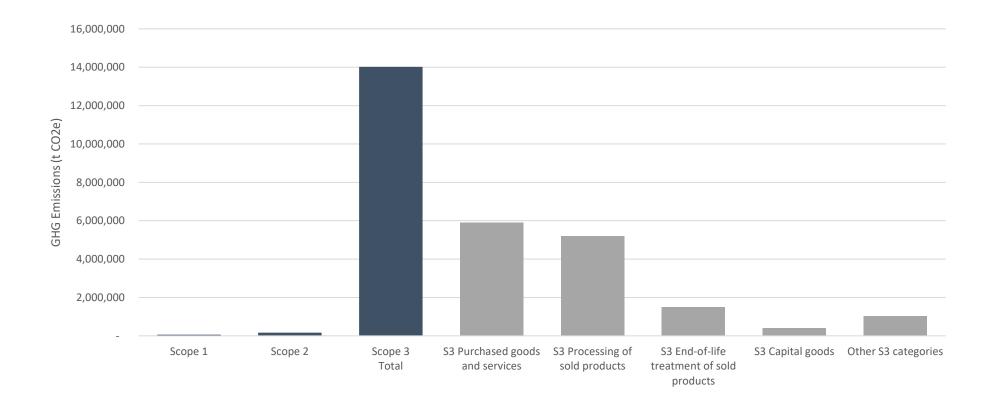






GHG inventory overview

AkzoNobel NV submitted one annual GHG inventory for review by the SBTi. For the base year of 2020 total emissions are 14,245,360 t CO₂e, with scope 1+2 representing 1.58% and scope 3 representing 98.4% of total emissions. The GHG emissions inventory covers all relevant GHG emissions, from all relevant sources and subsidiaries. The GHG inventory is composed exclusively of fossil based emissions, and no biogenic emissions have been reported alongside the GHG inventory.



Please see Appendix 1, which provides a full breakdown of the entire submitted GHG inventory.







Overview of your science-based targets

AkzoNobel NV has submitted two targets for review by the SBTi. As scope 3 accounts for more than 40% of total emissions, both operational scope 1+2 and value chain scope 3 emissions are covered by targets. These targets have been assessed against the SBTi's quantitative and qualitative criteria, and have been validated in accordance with the SBTi validation protocol. For approval, a company's targets must comply with all applicable criteria.

After careful review, the two proposed targets were found to meet all criteria in terms of timeframe, emissions coverage, and ambition. The table below provides an overview of each approved target. Appendix 2 provides the complete assessment of how the targets were validated against all SBTi criteria.

Scope 1+2 Targets

Target ID	Scope Coverage	Туре	Base Year	Target Year	Ambition	Boundary Coverage	Method	Validation Result
ABS1	Scope 1+2	Absolute	2020	2030	42.0%	98.0%	Absolute Contraction	Approved

Scope 3 Targets

Target ID	Scope Coverage	Туре	Base Year	Target Year	Ambition	Boundary Coverage	Method	Validation Result
ABS2	Scope 3	Absolute	2020	2030	42.0%	90.0%	Absolute Contraction	Approved









Scope 1 and 2 targets overview

To address AkzoNobel NV's scope 1+2 emissions, one target has been set. The proposed target intends to reduce absolute emissions 42.0% by 2030 from a 2020 base year, and is modelled using the Absolute Contraction approach.

The chart compares the target against two long term Absolute Contraction temperature pathways. The ambition of the proposed scope 1 and 2 target meets the minimum ambition for the 1.5°C pathway in the target year of 2030 and is therefore considered ambitious.



Using the Absolute Contraction Approach, the targets covering scope 1+2 emissions are classified as 1.5°C aligned. The SBTi commends your ambitious 1.5°C aligned target, currently the most ambitious designation available through the SBTi process.





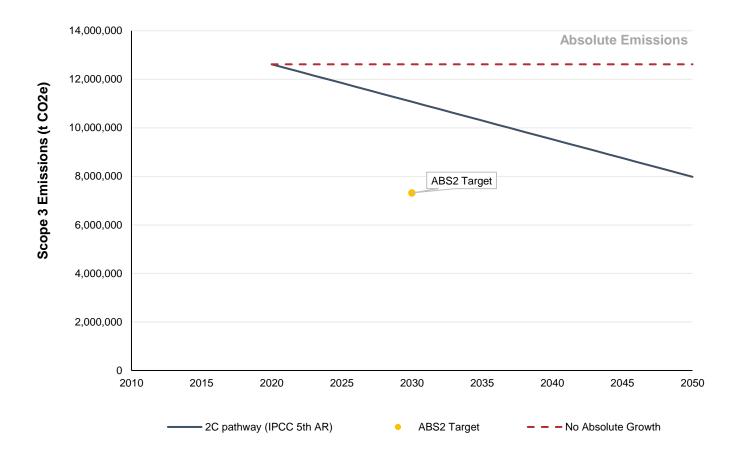




Scope 3 targets overview

To address AkzoNobel NV's scope 3 emissions, one target addressing 90.0% of base year scope 3 GHG emissions has been set.

The target intends to reduce absolute emissions 42.0% by 2030 from a 2020 base year, and is modelled using the Absolute Contraction approach. The graph on the right compares the ambition of the scope 3 target against the minimum absolute emission reduction required to be considered in line with a 2°C pathway. The ambition of the target exceeds the minimum ambition for the 2°C pathway under the Absolute Contraction Approach in the target year of 2030, and is therefore considered ambitious.









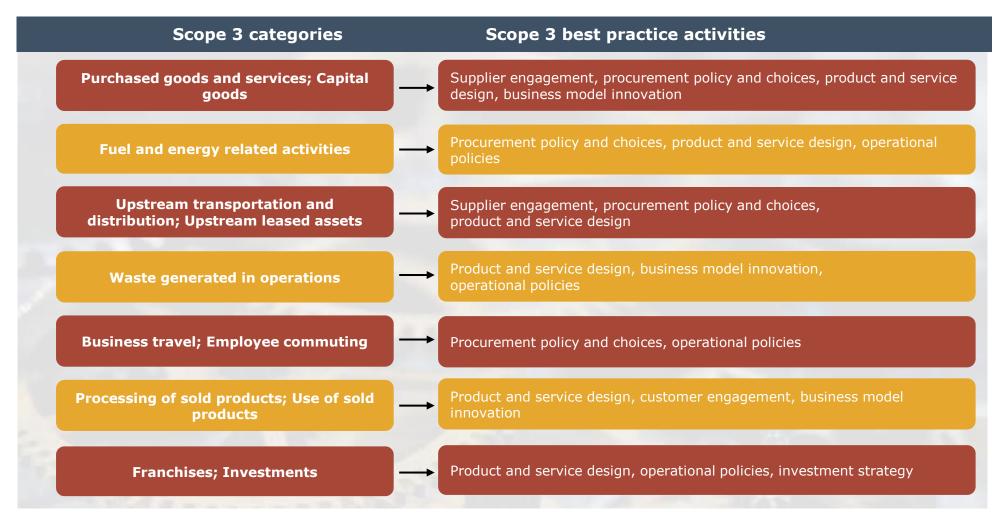


Scope 3 reduction levers

Despite the challenges of addressing indirect emissions, doing so not only has huge potential to prevent the worst impacts of climate change, but can also lead to substantial business benefits. Setting scope 3 targets enables companies to mitigate value chain risks, unlock new innovations and collaborations, and respond to mounting pressure from investors, customers, and civil society.

AkzoNobel NV's GHG inventory highlighted that scope 3 emissions represented 98.4% of base year emissions. The table below highlights the activities that can be undertaken to best address the scope 3 emissions.

For further information, please see the SBTi's best practice guidance on S3 GHG management: report

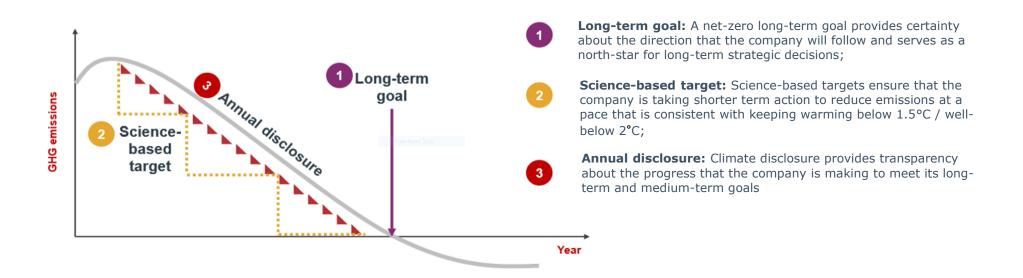


Science-based target recalculation and announcement

Congratulations on your approved science-based targets (SBTs). The IPCC special report on 1.5°C highlighted the necessity to reach net-zero emissions by mid-century. Your SBTs are a key element in setting out on this net-zero decarbonization trajectory while maximizing transparency and accountability throughout.

The next step is for AkzoNobel NV to publicly announce these targets within six months of receiving this approval. Failure to publish within this timeline will require the targets to be resubmitted for validation. In line with SBTi Criteria, AkzoNobel NV must review its target(s) against the latest criteria and guidance in five years, and if necessary, recalculate and revalidate for continued recognition by the SBTi.

As multi-decade planning is typically beyond the traditional corporate planning time horizon, setting SBTs is a critical activity to set companies on a net-zero decarbonization trajectory. Together with annual disclosure of GHG emissions and progress against the targets, SBTs ensure maximum transparency, accountability and corporate leadership to align with a long-term goal toward net-zero. The SBTi does not currently validate corporate net-zero targets, but is establishing a framework for net-zero target setting.



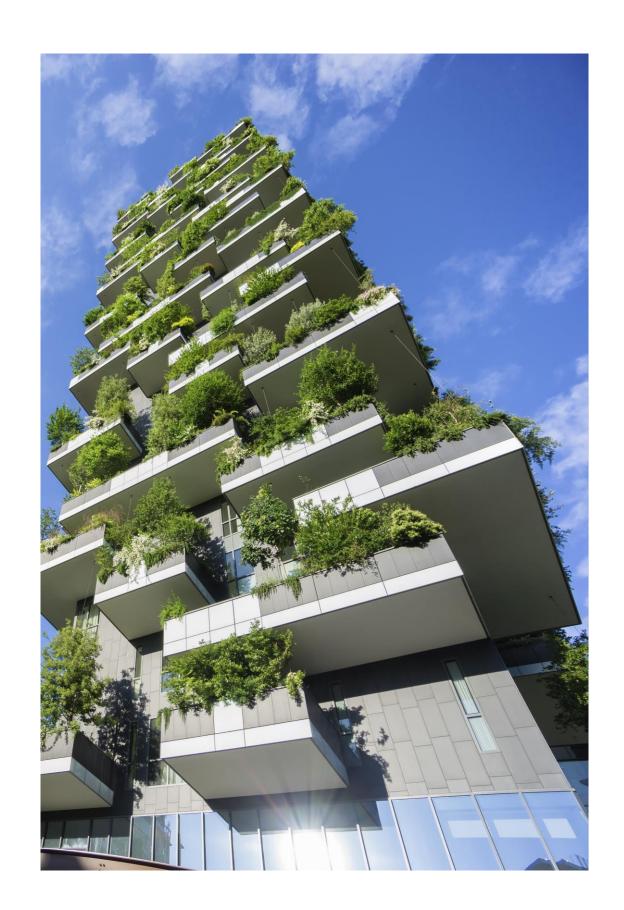
Target temperature alignment

The SBTi assesses submitted targets against three temperature pathways: 2°C, well-below 2°C, and 1.5°C alignment. The most ambitious designation available through the SBTi process is a 1.5°C aligned target. Your company can choose to voluntarily update the ambition of your target if not already in line with 1.5°C.

Voluntary target update process

As your scope 1 and 2 targets have been classified as 1.5°C aligned, the SBTi voluntary ambition process is not relevant. We encourage 1.5°C aligned companies to also strive for the highest ambition possible in scope 3. The Business Ambition for 1.5°C campaign provides another opportunity for companies to demonstrate ambition by extending the 1.5°C classification across all scopes and/or setting ambitious net-zero targets.

The SBTi temperature classification corresponds only to the scope 1 and scope 2 portion of your targets, which may or may not cover the most relevant sources of value chain emissions within your organizational boundary. To communicate internally or externally about your target ambition level, please consult the messaging and guidance you receive from the SBTi communications team.



Join the hundreds of leading businesses committed to unite behind the science and align with a 1.5°C future.

2021 is a critical year for increasing national ambition, to keep 1.5°C within reach. Hundreds more companies must align ambition to 1.5°C and advocate for ambitious NDCs and long-term 1.5°C aligned climate policies.





How can companies join?

The first step is to sign the business ambition for 1.5°C campaign letter.

Companies may commit to one of two options:

Option 1 – Setting science-based emissions reduction targets across all relevant scopes, in line with 1.5°C emissions scenarios

Option 2 – Setting a long-term target to reach net-zero value chain emissions by no later than 2050, alongside science-based targets across all relevant scopes.

- <u>Learn more</u>
- Read the campaign FAQs
- View the business leaders taking action

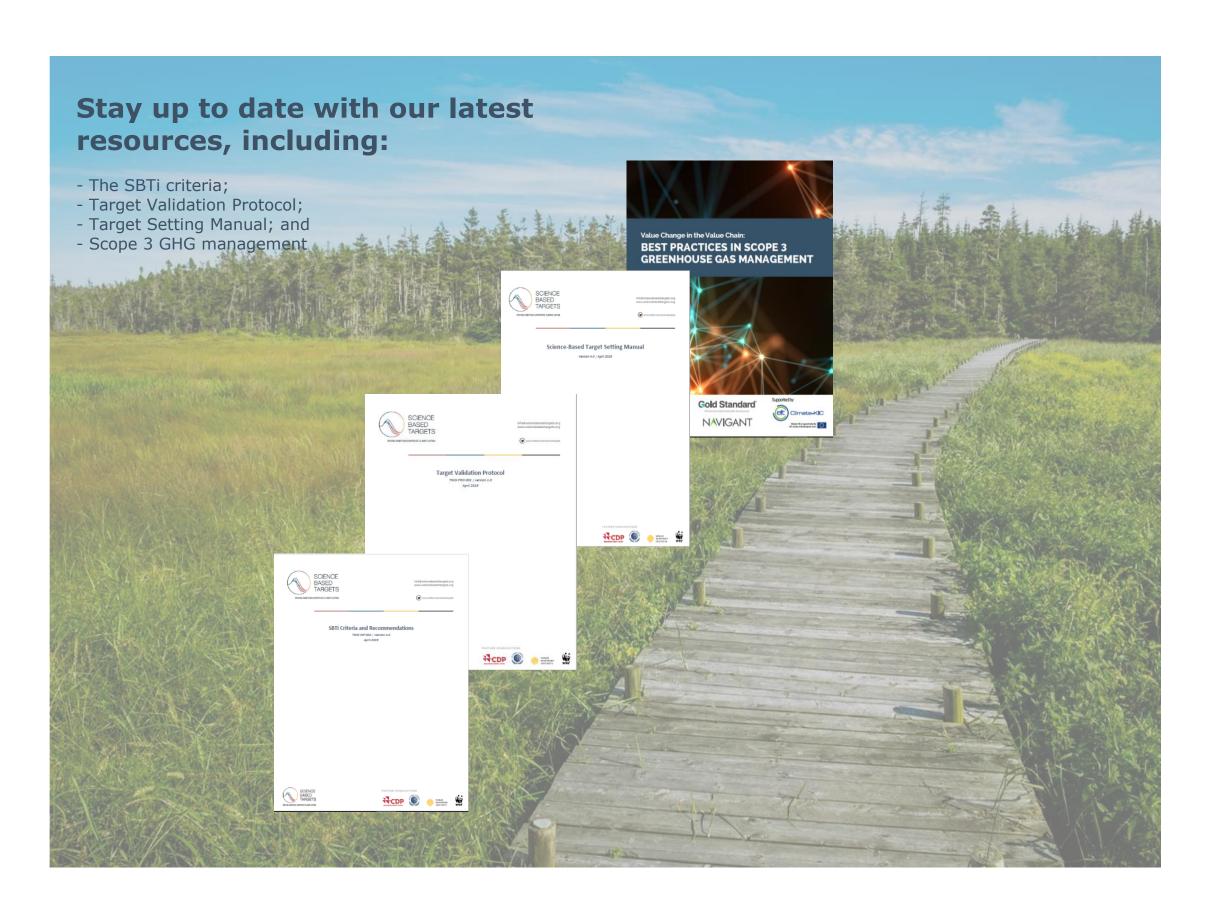
ALIGN YOUR EMISSION REDUCTION GOALS WITH THE

1.5°C PATHWAY

#OurOnlyFuture









Connect

Join us at our upcoming SBTi events <u>here</u>

Connect with us on our social media platforms:





Learn

- Review the latest updates from us with the SB

SBTi blog

- Read our latest <u>resources</u>

Publish

Let our communications team know when you would like your target to be made public on our website.* Browse our communications pack for assets and tips to announce your target.

*All targets must be made public within six months of receiving this report

View our package <u>here</u>

Feedback or questions?

Contact: in fo@science based targets.org

Appendix 1. GHG Inventory

	Baseline Year		Most Recent Year	
	2020		2020	
Emission Category	Emissions (t CO2e)	Share of total emissions	Emissions (t CO2e)	Share of total emissions
Scope 1	57,160	0.4%	57,160	0.4%
Scope 2	168,200	1.2%	168,200	1.2%
Scope 1+2	225,360		225,360	
Scope 3	14,020,000	98.4%	14,020,000	98.4%
1. Purchased goods and services	5,900,000	42.1%	5,900,000	42.1%
2. Capital goods	400,000	2.9%	400,000	2.9%
3. Fuel and energy related activities	100,000	0.7%	100,000	0.7%
4. Upstream transportation & distribution	100,000	0.7%	100,000	0.7%
5. Waste generated in operations	100,000	0.7%	100,000	0.7%
6. Business travel	100,000	0.7%	100,000	0.7%
7. Employee commuting	100,000	0.7%	100,000	0.7%
8. Upstream leased assets	100,000	0.7%	100,000	0.7%
9. Downstream transportation & distribution	120,000	0.9%	120,000	0.9%
10. Processing of sold products	5,200,000	37.1%	5,200,000	37.1%
11. Use of sold products	NA	NA	NA	NA
12. End-of-life treatment of sold products	1,500,000	10.7%	1,500,000	10.7%
13. Downstream leased assets	100,000	0.7%	100,000	0.7%
14. Franchises	100,000	0.7%	100,000	0.7%
15. Investments	100,000	0.7%	100,000	0.7%
Scope 1+2+3	14,245,360		14,245,360	

Appendix 2. SBTi Criteria Overview

Appendix 2 presents an overview of SBTi's assessment of AkzoNobel NV's targets against the SBTi target validation criteria, as well as additional recommendations, key questions resolved, or updates made to the submission that occured during the validation process.

GHG Inventory		Scope 1+2 Targets	Scope 1+2 Targets		Scope 3 Targets		Reporting	
Scopes	✓	Target Boundary	✓	Required Target	✓	Sector Guidance	✓	
Significance	✓	Target Timeframe	✓	Target Boundary	✓	Annual Reporting	✓	
GHG Inventory	\checkmark	Target Ambition	✓	Target Timeframe	✓	Recalculation	✓	
Bioenergy	✓	Methods	✓	Target Ambition	✓			
		Scope 2 Approaches	✓	Methods	✓			

Additional recommendations and notes

AkzoNobel NV should continue to measure and report its Scope 1 and 2 emissions on a fiscal year basis, while reporting its Scope 3 emissions on a calendar year basis. Moving forward, emissions from energy and heat used to cure paints and coatings should be reported under Scope 3 Category 10 (processing of sold products) in all company-wide GHG inventories.

GHG Emissions Inventory and Target Boundary Criteria

Criteria	Result of the Assessment	Compliance
C1. Scopes	The target(s) cover all scope 1 and 2 emissions in the company's GHG inventory, developed in line with the GHG Protocol Corporate Standard, and therefore complies with Criterion 1.	Compliant
C2. Significance thresholds	Targets for scope 1 and 2 emissions cover 98.0% of the company's scope 1 and 2 emissions. The target submission therefore complies with Criterion 2.	Compliant
C3. Greenhouse gases	The GHG inventory and scope 1 and 2 target covers all relevant GHGs and therefore complies with Criterion 3.	Compliant
C4. Bioenergy accounting	The company did not report any biogenic emissions from biomass, thus Criterion 4 is not applicable.	N/A
C5. Subsidiaries	The company included all relevant subsidiary emissions in GHG inventory and target boundary and therefore complies with Criterion 5.	Compliant

Scope 1+2 Timeframe Criteria

Criteria	Result of the Assessment	Compliance
C6. Base and target years	The target year of 2030 is between 5 and 15 years from the submission date. The target submission therefore complies with Criterion 6.	Compliant
C7. Progress to date	The required reduction between the most recent year that a GHG inventory is available and the scope 1 and 2 target year is sufficiently ambitious. The target submission therefore complies with Criterion 7.	Compliant

Scope 1+2 Ambition Criteria

C8. Level of ambition	The proposed reduction in scope 1 and 2 emissions is aligned with a rate of decarbonization consistent to keep global temperature increase to 1.5°C compared to pre-industrial temperatures. The target submission therefore complies with Criterion 8.	Compliant
C9. Absolute vs. intensity	No scope 1 and 2 intensity targets were submitted, thus Criterion 9 is not applicable.	N/A
C10. Method validity	The target has been assessed against the Absolute Contraction approach endorsed by the SBTi and therefore complies with Criterion 10.	Compliant

Scope 1+2 Ambition Criteria Continued

Criteria	Result of the Assessment	Compliance
C11. Combined scope targets	No combined scope 1+2+3 targets have been submitted, thus Criterion 11 is not applicable.	N/A
C12. Offsets	The submitted targets do not include offsets, and therefore comply with Criterion 12.	Compliant
C13. Avoided emissions	The submitted targets do not include avoided emissions, and therefore comply with Criterion 13.	Compliant
C14. Approaches	A market-based approach is used to account for scope 2 emissions and to track performance. The target submission therefore complies with Criterion 14.	Compliant
C15. Renewable electricity	No dedicated renewable electricity targets have been submitted, thus Criterion 15 is not applicable.	N/A

Scope 3 Target Criteria

Criteria	Result of the Assessment	Compliance
C16. Scope 3 screening	A complete screening has been carried out with scope 3 GHG emissions accounting for 98.4% of the total emissions, and a scope 3 target has been set. The target submission therefore complies with Criterion 16.	Compliant
C17. Requirement to have a scope 3 target	Relevant scope 3 emissions are 40% or more of total emissions and a scope 3 target has been set, therefore the submission complies with Criterion 17.	Compliant
C18. Boundary	The proposed scope 3 target(s) cover 90.0% of scope 3 emissions and therefore comply with Criterion 18.	Compliant
C19. Timeframe	The target year of 2030 is between 5 and 15 years from the submission date. The target submission therefore complies with Criterion 19.	Compliant
C20. Ambition	The target addressing 90.0% of base year scope 3 emissions meets the minimum ambition requirements of the Absolute Contraction approach, and is therefore considered ambitious. The target submission therefore complies with Criterion 20.	Compliant
C20.1. Supplier or Customer Engagement	No supplier or customer engagement target was submitted for validation, thus Criterion 20.1 is not applicable.	N/A

Scope 3 Target Criteria

Criteria	Result of the Assessment	Compliance
C20.2. Fossil fuel sale, transmission and distribution	The company is not involved in the distribution of natural gas or other fossil fuel products, thus Criterion 20.2 is not applicable.	N/A
C21. Requirements from sector-specific guidance	All relevant sector guidance has been followed and therefore the submission complies with Criterion 21.	Compliant

Reporting, Recalculation, and Target Validity Criteria

C22. Frequency	The company has committed to publicly reporting its company-wide GHG emissions as well as progress against its targets and therefore complies with Criterion 22.	Compliant
C23. Mandatory target recalculation	In five years, AkzoNobel NV must review the approved target(s) and, if necessary, recalculate and revalidate for continued science-based recognition.	Compliant
C24. Target validity	AkzoNobel NV must publicly announce these targets by February 2022 or must revalidate its targets for continued science-based recognition.	Compliant





