

REMUNERATION POLICY FOR THE SUPERVISORY BOARD AS OF 2021

This Remuneration Policy for the Supervisory Board (the “Policy”) will, after approval of the AGM, become effective from 1 January 2021 (retro-actively). The Policy will remain effective until a new Policy is approved, which will be proposed to shareholders no later than the AGM in 2025.

STRATEGIC CONTEXT OF THE POLICY

AkzoNobel is building its future on a long and proud heritage of more than 200 years, our core behaviors and our values of safety, integrity and sustainability. The Company has a clear strategic focus to become the benchmark in paints and coatings with strong global brands, leading market positions and a balanced geographic exposure across all regions. We strive to outperform our competitors, to deliver a solid return to our shareholders and to achieve sustainable value creation over the long term for all our stakeholders. This policy provides the framework for recruiting and retaining members for our Supervisory Board qualified to meet the challenges our strategy sets.

POSITION AND ROLE OF THE SUPERVISORY BOARD

Akzo Nobel N.V. is a public limited liability company established under the laws of the Netherlands, with common shares listed on Euronext Amsterdam. The Company’s management and supervision are organized under Dutch law in a so-called two-tier system, comprising a Board of Management solely composed of executive directors and a Supervisory Board solely composed of non-executive directors. The Supervisory Board supervises the Board of Management and ensures a strong external presence in the governance of the Company.

The Supervisory Board’s composition reflects both society at large and the markets in which the Company operates. It shall be constituted in a balanced manner so as to reflect the nature, variety and international spread of the Company’s businesses. Diversity criteria include gender, nationality, age, expertise and experience. Each member must be able to act critically and independently of the others and shall not represent the interest of any constituency.

REMUNERATION OBJECTIVES

In order to recruit and retain qualified Supervisory Board members and ensure a Supervisory Board with a balanced composition, the remuneration should be attractive and competitive. In compliance with the Dutch Corporate Governance Code remuneration reflects the responsibilities and the time spent, is not depend not be dependent on the results of the company and is not awarded in shares.

CHANGES IN POLICY

The Supervisory Board has evaluated the remuneration policy and has concluded that the structure of the remuneration is satisfactory. As to the level of the fixed fees, a reference, an external consultant has carried out a benchmark of Supervisory Board membership fees versus AEX companies and AkzoNobel’s European remuneration peer group. Based on this benchmark the board concludes that the level of the fixed fees, that have remained unchanged since 2014, falls short of a competitive level. The Supervisory Board therefore has proposed to increase the fixed fees for the membership of the board, for the Chairman by EUR 20,000 and for the deputy-chair and the members by EUR 15,000. Committee fees and the attendance fee for meetings outside the country of residence remain unchanged.

COMPOSITION REMUNERATION PACKAGE

Supervisory Board members receive

- a fixed annual fee for their membership of the Supervisory Board
- a committee fee for membership of the committees they are member of
- an attendance fee for any Supervisory Board or committee meetings they attend outside their country of residence.

Fixed fee & Committee fee

Base fee Supervisory Board			Audit Committee fee		Remuneration C'tee and Nomination Committee	
Chairman	Deputy-chair	Member	Chairman	Member	Chairman	Member
€ 150,000	€ 93,000	€ 80,000	€ 25,000	€ 20,000	€ 20,000	€ 15,000

Attendance fee & expenses

Supervisory Board members receive an attendance fee dependent on the country of residence. The fee for joining a meeting outside the country of residence, but within the same continent is € 2,500 per meeting. The fee for joining a meeting outside the continent of residence is € 5,000 per meeting. Travel expenses and facilities for members of the Supervisory Board are borne by the Company and reviewed by the Audit Committee.

EMPLOYMENT AGREEMENTS

Members of the Supervisory Board are nominated by the Supervisory Board and appointed by the AGM for a period of four years and may then be reappointed once for another four-year period. The Supervisory Board member may then be subsequently be reappointed again for a period of two years, which appointment may be extended by at most two years. In the event of a re-appointment after an eight-year period, reasons should be given in the report of the Supervisory Board. The Supervisory Board annually evaluates its own functioning and that of its members.

Members of the Supervisory Board are employed on a service contract, recorded in an appointment letter that summarizes their task and the remuneration they are to receive under the remuneration policy. The Company does not grant loans, advance payments or guarantees.

Supervisory Board members may resign before the end of their term of appointment at their own request or by decision of the board. In case of premature resignation, no notice period and no severance arrangements apply.

CONSIDERATIONS IN DRAFTING THIS POLICY

In drafting this remuneration policy, the Supervisory Board has considered:

- The interest of all stakeholders;
- The principles and best practices of the Dutch Corporate Governance Code 2016 and the revised EU Directive to encourage long-term shareholder engagement (SRD II).

With these considerations the Supervisory Board is of the opinion that it has secured the required public support for this remuneration policy.