

# **Minutes Annual General Meeting of shareholders Akzo Nobel N.V.**

April 25, 2024

## AGENDA

1. Opening
2. Financial year 2023
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  - (b) Implementation of the Dutch Corporate Governance Code 2022
3. Financial Statements, result and dividend
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  - (b) Discussion on the dividend policy
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4. Discharge
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5. Remuneration
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  - (b) Appointment of Mrs. U. Wolf (voting point)
  - (c) Appointment of Mr. W.A. Kolk (voting point)
  - (d) Re-appointment of Mr. B.E. Grote (voting point)
7. Authorization for the Board of Management:
  - (a) to issue shares (voting point)
  - (b) to restrict or exclude pre-emptive rights of shareholders (voting point)
8. Authorization for the Board of Management to acquire common shares in the share capital of the Company on behalf of the Company (voting point)
9. Cancellation of common shares held or acquired by the Company (voting point)
10. Closing

## MINUTES

### Summary of the deliberations at the Annual General Meeting of shareholders (the AGM) of Akzo Nobel N.V. (the Company), held on April 25, 2024, starting at 2:00 pm (CET)

Chairman: Mr. B.J. Noteboom, Chairman Supervisory Board Akzo Nobel N.V.

Secretary: Mrs. C.L. van Meer, General Counsel Akzo Nobel N.V.

#### 1. Opening

The Chairman opens the annual general meeting of shareholders and welcomes all attendees participating in person and virtually. Shareholders are invited to ask questions and are requested to limit their questions to two per topic to ensure an efficient meeting and to allow others to speak. The Chairman notes that the meeting will be held in English.

The Chairman invites Mrs. Van Meer to explain the voting procedure. Mrs. Van Meer explains the voting procedure for the shareholders attending the meeting, both in person and virtually. Shareholders may cast their votes on all voting items during the entire meeting.

The Chairman notes that approximately EUR 63.9 million of the issued share capital is represented at the meeting, which means that approximately 128 million votes may be cast. The level of attendance is approximately 75%.

#### 2. Financial year 2023

##### 2a. Report of the Board of Management for the financial year 2023

The Chairman gives the floor to Mr. Poux-Guillaume.

Mr. Poux-Guillaume comments on the 2023 results. He notes that 2023 was a year in which the Company delivered a clear rebound in performance, beating the targets set at the beginning of the year. Despite facing challenges such as inflation, significant unfavorable currency effects, and volatility in some of its end-markets, AkzoNobel improved adjusted EBITDA by almost EUR 300 million. Volumes stabilized and pricing discipline was demonstrated, increasing the revenue by 5% at constant currency. Mitigating costs in response to inflation was a key priority, and the Company delivered in line with the targets. Together with a reduction in working capital, higher profitability contributed to strong free cash flow performance, which enabled the Company to reduce the leverage ahead of plan. AkzoNobel finished the year with a net debt to EBITDA ratio of 2.7x, a more than 1 turn improvement from the 3.8x of a year before. Mr. Poux-Guillaume continues to share of some of the 2023 highlights, including the acquisition of the Huarun decorative paints business in China and sustainability driven innovation efforts taken in 2023.

Mr. Poux-Guillaume comments on sustainability, noting that AkzoNobel continues to be the leader in the paints and coatings industry in this respect. A slide is shown on AkzoNobel's continuing progress on its key ESG ambitions for 2030. Mr. Poux-Guillaume comments on the solid progress on reducing carbon emissions, improving female representation at executive level, the rollout of social programs and ESG reporting.

Mr. Poux-Guillaume addresses the plans for the current year as well as the mid-term ambitions. Based on current market conditions and at constant currencies, AkzoNobel expects to deliver adjusted EBITDA of between EUR 1.5 and EUR 1.65 billion in 2024. He comments on the ambitions and roll-out of the industrial

excellence program, focused on reducing complexity, enhancing productivity and optimizing our network through investment and modernization at anchor sites.

Finally, Mr. Poux-Guillaume comments on the roadmap for both growth and profitability. AkzoNobel's portfolio shows clear opportunities for organic growth driven by a combination of structural market growth, cyclical tailwinds, and sustainability-driven innovation. Based on this, AkzoNobel believes it can deliver low-single digit volume growth over the mid-term. The Company expects to deliver an adjusted EBITDA margin of at least 16% by 2027, leading to an adjusted EBITDA CAGR of above 6% over that period. AkzoNobel's ambition is to improve the return on invested capital metric from the current level of around 13% to between 16% and 19% in the mid-term. AkzoNobel remains committed to a strong investment grade credit rating and a normative leverage ratio of around 2x, which will enable to regain capital allocation flexibility.

Mr. Poux-Guillaume concludes that the recently published Q1 2024 results demonstrated continued volume growth and margin expansion, keeping AkzoNobel on track to deliver on the 2024 outlook, with the industrial excellence efforts set to accelerate in the second half of the year. While AkzoNobel is cautious about the market, it's confident about the momentum and ambitions to drive improved performance for AkzoNobel in the years to come.

The Chairman gives the meeting the opportunity to ask questions.<sup>1</sup>

## **2b. Implementation of the Dutch Corporate Governance Code**

The Chairman notes that on January 1, 2023, the Dutch Corporate Governance Code 2022 (the Code) took effect. The Company's corporate governance framework and systems have been reviewed in the context of compliance with the Code. Where required, certain areas or practices have been updated to comply with the Code.

The Chairman gives the meeting the opportunity to ask questions on this item and concludes that there are no questions.

## **3. Financial Statements, results and dividend**

### **3a. Adoption of the 2023 Financial Statements of the Company (voting point)**

The Chairman then gives the floor to Mr. Izeboud, the lead partner from PricewaterhouseCoopers Accountants N.V. (PWC), to comment on the audit with respect to the 2023 Financial Statements. Mr. Izeboud explains that the audit reports on both the financial statements and the non-financial performance indicators in the sustainability statements are unqualified. PWC has concluded that the information included in the report of the Board of Management is consistent with the results of the audits performed. No material fraud was identified, and the impact of climate change is appropriately included and disclosed. Mr. Izeboud elaborates on the scope of the audit, reliance on the Company's controls, and the key audit matters. Mr. Izeboud continues to address the assurance on sustainability indicators and the progress made on sustainability statements.

The Chairman gives the meeting the opportunity to ask questions on this item.<sup>2</sup>

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<sup>1</sup> The questions and answers related to this agenda item are included in Annex I.

<sup>2</sup> The questions and answers related to this agenda item are included in Annex I.

### **3b. Discussion on the dividend policy**

The Chairman explains that the dividend policy of the Company is to pay a stable to rising dividend.

The Chairman gives the meeting the opportunity to ask questions on this item and concludes that there are no questions.

### **3c. Profit allocation and adoption of dividend proposal (voting point)**

A cash dividend of EUR 1.54 per share is proposed, which together with the interim dividend of EUR 0.44 would equal a total dividend for 2023 of EUR 1.98 per share, similar to the total 2022 dividend.

The Chairman gives the meeting the opportunity to ask questions on this item and concludes that there are no questions.

### **3d. Remuneration Report 2023 (advisory voting point)**

The Chairman asks Mr. Sluimers, Chairman of the Remuneration Committee, to give a presentation on the Remuneration Report 2023.

Mr. Sluimers comments on the improvements made on transparency and readability of the Remuneration Report following ongoing shareholder dialogs. He continues to show a slide including the main elements of remuneration for the Board of Management. In line with the Remuneration Policy for the Board of Management, and salary increases for AkzoNobel employees in the Netherlands, the annual base salary for Mr. De Vries was increased with 3% as per January 1, 2023. To ensure that the salaries of the members of the Board of Management were still at the market median level of the peer group, a broader review of the Board of Management base salaries was performed, resulting in a further increase of the CFO's base salary to EUR 830,00 as per May 1, 2023. The CEO salary remained unchanged as the review confirmed the salary being in line with the market median of the peer group.

Mr. Sluimers comments on the performance related components of the remuneration package. A slide is shown outlining the details of the 2023 performance against the targets for the Short-Term Incentive Plan (STI). STI bonuses are based on the Company's financial performance alongside their individual contributions, which are measured over a year. The achievement on the STI metrics, adjusted OPI and FCF, was above target for both financial targets. The non-financial objectives for the Board of Management were also evaluated above target on average, resulting in an overall above target pay-out in 2023 of 126.48% for Mr. Poux- Guillaume and 101.18% for Mr. De Vries.

The Long-Term Incentive Plan (LTI) incentivizes the Company's performance over a period of three financial years. The vesting of the 2021 LTI plan in 2023 is the first award for which the updated performance metrics, adjusted EBITDA (40%), ROI (20%), revenue growth (20%) and ESG (20%) were in place. In total, this resulted in a vesting percentage of 13.21%. This includes a 7.42% dividend yield and results in 1,634 shares vesting for Mr. De Vries. As Mr. Poux-Guillaume joined AkzoNobel in 2022, no conditional shares were granted to him in 2021.

Mr. Sluimers notes the conditional shares granted to the members of the Board of Management in 2023. These shares will only be released in 2026 if the plan's three-year targets on adjusted EBITDA, ROI, relative revenue growth and ESG are achieved and will also be subject to a further two-year holding period.

Mr. Sluimers explains that the Share Matching Plan was suspended between 2018-2020 and that therefore no matching shares were received by the Board of Management in 2023. However, in 2023 Mr. Poux-Guillaume and Mr. De Vries both invested 50% of their net STI payment over 2022 under the Share Matching Plan. This resulted in 1,046 potential matching shares for Mr. Poux-Guillaume and 792 potential matching shares for Mr. De Vries.

Mr. Sluimers concludes his presentation by commenting on the remuneration of the Supervisory Board. He notes that the members of the Supervisory Board receive a fixed remuneration based on the roles and responsibilities. In accordance with the Dutch Corporate Governance Code, members are not remunerated in shares. Travel expenses and facilities are borne by the Company and reviewed by the Audit Committee. A slide was shown reflecting the remuneration of each of the Supervisory Board members in 2023.

The Chairman gives the meeting the opportunity to ask questions on the items and concludes that there are no questions.

#### **4. Discharge**

##### **4a. Discharge from liability of members of the Board of Management in office in 2023 for the performance of their duties in 2023 (voting point)**

The Chairman gives the meeting the opportunity to ask questions on this item and concludes that there are no questions.

##### **4b. Discharge from liability of members of the Supervisory Board in office in 2023 for the performance of their duties in 2023 (voting point)**

The Chairman gives the meeting the opportunity to ask questions on this item and concludes that there are no questions.

#### **5. Remuneration**

##### **5a. Amendment Remuneration Policy for the Board of Management (voting point)**

The Chairman hands over to Mr. Sluimers, Chairman of the Remuneration Committee.

Mr. Sluimers explains that AkzoNobel's Remuneration Policy for the Board of Management has been designed to attract and retain high calibre members for the Board of Management by offering remuneration that is competitive within the European context, being the labour market reference. To align with the mid-term ambitions, and in accordance with recent discussions with shareholders, the Supervisory Board proposes to amend the Remuneration Policy for the Board of Management by removing revenue growth as a metric for the LTI. Mr. Sluimers explains the rationale for the change and notes that growth remains a priority and is captured in the absolute EBITDA metric which remains. Weights of the adjusted EBITDA and ROI metrics will be adjusted to be 33% each and ESG will be increased from 20% to 34% to confirm AkzoNobel's commitment to its sustainability targets.

Mr. Sluimers continues to explain that an amendment is also proposed regarding the Remuneration Policy for the Supervisory Board. The Remuneration Committee carried out a benchmark in 2023 on the Supervisory Board remuneration levels. Based on the outcome of this review and taking into consideration that the remuneration levels for the Supervisory Board were last amended in 2021,

AkzoNobel proposes to increase the annual retainer and committee fees of the Supervisory Board Members as shown on the slide presented.

Mr. Sluimers concludes that new Remuneration Policies for the Management Board and the Supervisory Board will be proposed to shareholders no later than at the AGM in 2025.

The Chairman gives the meeting the opportunity to ask questions on this item.<sup>3</sup>

**5b. Amendment Remuneration Policy for the Supervisory Board (voting point)**

**6. Supervisory Board**

**6a. Appointment of Mrs. J.M. de Bakker (voting point)**

**6b. Appointment of Mrs. U. Wolf (voting point)**

**6c. Appointment of Mr. W.A. Kolk (voting point)**

The Chairman introduces Mrs. J.M. de Bakker, Mrs. U. Wolf and Mr. W.A. Kolk and comments on the search and selection process. Subsequently Mrs. De Bakker, Mrs. Wolf and Mr. Kolk introduce themselves to the AGM.

The Chairman gives the meeting the opportunity to ask questions on the items and concludes that there are no questions.

**6d. Re-appointment of Mr. B.E. Grote (voting point)**

The Chairman provides a summary of Mr. Grote's background.

The Chairman gives the meeting the opportunity to ask questions on the items and concludes that there are no questions.

**7. Authorization of the Board of Management:**

**7a. to issue shares (voting point)**

The Chairman gives the meeting the opportunity to ask questions on this item and concludes that there are no questions.

**7b. to restrict or exclude pre-emptive rights of shareholders (voting point)**

The Chairman gives the meeting the opportunity to ask questions on this item and concludes that there are no questions.

**8. Authorization for the Board of Management to acquire common shares in the share capital of the Company on behalf of the Company (voting point)**

The Chairman gives the meeting the opportunity to ask questions on this item and concludes that there are no questions.

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<sup>3</sup> The questions and answers related to this agenda item are included in Annex I.

## **9. Cancellation of common shares held or acquired by the Company (voting point)**

The Chairman gives the meeting the opportunity to ask questions on this item and concludes that there are no questions.

## **10. Closing**

The Chairman asks Mrs. Van Meer whether any questions were submitted via the online voting platform that were not yet addressed and concludes that there are no more questions.

The Chairman asks the meeting to check whether all votes were submitted and pauses for one minute before closing the vote. Four slides with the voting results per voting item are shown on the screen and the Chairman concludes that all voting items have been adopted by the AGM.<sup>4</sup> The Chairman closes the meeting.

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<sup>4</sup> The voting results are included in Annex II.



## Annex I

### Summarized questions and answers discussed during the AGM held on April 25, 2024

#### Agenda Item 2

#### Financial year 2023

(a) Report of the Board of Management for the financial year 2023

#### Question Stichting Mn Services, represented by Ms. S. Kamphuis

Ms. Kamphuis comments on the importance of tax transparency. AkzoNobel subscribes to, and applies, the principles of the VNO-NCW Tax Governance Code (the Tax Governance Code) and the progress made by AkzoNobel towards compliance with the country-by-country (CbC) reporting requirement of the Tax Governance Code is noted. She asks whether AkzoNobel is working towards full CbC disclosure.

#### Answer

*Answered by CFO Maarten de Vries*

AkzoNobel has taken active steps towards compliance with the CbC reporting requirement of the Tax Governance Code. This is reflected in the higher number of key countries reported on (15) versus last year's report, as well as additional data points disclosed. Further steps will be made towards public CbC reporting in accordance with the EU Country-by-Country Reporting Directive (the Directive) that will be applicable as of 2026 over the financial year 2025. Thereafter, AkzoNobel will continue to take further steps towards improving tax transparency and full CbC reporting in accordance with the Tax Governance Code.

#### Questions VBDO, represented by Ms. I. de Beer

VBDO recognizes and appreciates AkzoNobel's acknowledgment of the importance of biodiversity and the disclosure of the biodiversity-related impact within its supply chain, as evident in its position statement on biodiversity. Ms. De Beer notes that AkzoNobel does not identify biodiversity as a material topic in the Annual Report 2023 and asks:

- a. How was the double materiality assessment as part of the implementation of the Corporate Sustainability Reporting Directive (CSRD) performed?
- b. Why was biodiversity not identified as material topic?

#### Answers

*Answered by CEO Greg Poux-Guillaume*

- a. During 2023, AkzoNobel performed its first double materiality assessment in preparation for CSRD. This was done in three phases. The first phase concerned background research on potentially material topics. The second phase concerned workshops with internal subject matter experts to identify and rate impact and risks. In the third phase, the short-listed material topics were validated with internal and external stakeholders and the Executive Committee.
- b. The double materiality assessment performed in 2023 resulted in the overview as set out in the Annual Report 2023. Biodiversity was not identified as one of the eight key material topics. However, it's been indicated that the material impacts that AkzoNobel has on biodiversity are indirect impacts, such as emissions and waste. Risks related to biodiversity continue to be managed by AkzoNobel. Moreover, AkzoNobel continues its efforts on product innovation by offering sustainable products such as biocide-free antifouling paint for the Marine business. The double materiality assessment will be re-evaluated annually.

#### Questions VBDO, represented by Ms. I. de Beer

VBDO emphasizes the importance of living wage, which enables workers and their families to meet their basic needs. Ms. De Beer asks what AkzoNobel's approach is for risk analysis of high-risk suppliers in regards to living wage for workers in the supply chain. She also asks whether AkzoNobel will provide more relevant insight in the next annual report.

#### Answers

*Answered by CEO Greg Poux-Guillaume*

AkzoNobel acknowledges the importance of ensuring a living wage for workers in the supply chain. With regards to addressing material human rights impacts in the supply chain, AkzoNobel focuses on both its direct and indirect suppliers. For direct suppliers, AkzoNobel performs the screening itself using the

Supplier Sustainability Framework. AkzoNobel does not collaborate with direct suppliers that do not meet AkzoNobel's standards in terms of health and safety or modern slavery, an important topic for AkzoNobel.

For indirect suppliers, AkzoNobel has to look further in the supply chain and uses a combination of declarative work and also external sources to perform the screening. Mr. Poux-Guillaume confirms that also for indirect suppliers this is an important topic which is high on AkzoNobel's agenda. Reference is made to the ongoing efforts in relation to mica mining and on human rights commitments made in line with the UN. Mr. Poux-Guillaume explains that AkzoNobel's screening is not yet bullet-proof at this point, but they have not yet seen companies that they should not be working with. AkzoNobel continues to be vigilant on the topic.

#### **Questions VDBO, represented by Ms. I. de Beer**

VDBO commends AkzoNobel for including information on political influence and lobbying activities in the annual report. Ms. De Beer asks about AkzoNobel's policies and procedures regarding political lobbying and what actions it takes when direct or indirect lobby activities are not in line with the green transition. She also asks if AkzoNobel could report on these policies in its next annual report.

#### **Answers**

*Answered by CEO Greg Poux-Guillaume*

AkzoNobel is a member of various trade and industry associations globally in roughly three categories: i) paints & coatings industry associations, ii) business associations, and iii) topical platforms (for example sustainability related). These associations should act in alignment with AkzoNobel's company strategy, including its approach to sustainability. AkzoNobel is conscious that associations take positions representing their entire member community and therefore monitors association behavior and takes action in the rare occasion a misalignment with its interests occurs. As noted by VDBO, AkzoNobel is taking steps already to increase transparency on lobbying. Future further disclosures will be considered.

#### **Questions European Investors-VEB, represented by Mr. D.M. Tomic**

Mr. Tomic raises the difference in margin profiles of the paints and the coatings businesses. He notes that since around 2020 the decorative paints business has been outperforming the coatings business in respect of profitability, whereas it was the other way around before that time. He asks:

- a. Can AkzoNobel comment on the difference in margin development in the paints business and the coatings business and on the expectations going forward?
- b. Can AkzoNobel elaborate on the pricing power in the decorative paints business?
- c. Is the margin decline in the coatings business the result of changes in the strategy for Marine?

#### **Answers**

*Answered by CEO Greg Poux-Guillaume*

- a. The nature of the decorative paints and the coatings businesses, their pricing power and their raw material baskets differ. The decorative paints business is a branded consumer product business with good pricing power. The coating businesses are B2B businesses, more linked to technical specifications with mixed pricing power depending on the end market. As such the impact of the 2020 pandemic and subsequent changing market conditions such as inflation and raw material developments were different between the businesses. The market is only settling down in this respect now. Raw materials only settled in terms of price in the second half of last year, whilst volumes are still recovering in some of the Coatings businesses. It could take another two more years for the margins of both the decorative paints and the coatings businesses to settle.
- b. The decorative paints products are branded products, similar to an FMCG business, and AkzoNobel has pricing power. In the context of the current economic backdrop, it is difficult in some cases to extract additional pricing. For the current year pricing is expected to be flattish with some pluses and minuses. AkzoNobel will continue to aim for its product quality and brand strength to be reflected in the pricing, while maintaining the price elasticity required and being cognisant of continued inflationary pressures in our discussions with distributors.
- c. Taking into account the profitability at the time in the Marine business, a choice was made in the past to change strategy by focusing on marine dry-docking works as opposed to new-build. However, the market has evolved with stronger push towards sustainability and more technical ships requiring higher specification products. AkzoNobel saw the opportunity to re-enter the new-

build market with innovative products, such as biocide-free anti-fouling products, that can be sold at a higher price with better margins.

**Questions European Investors-VEB, represented by Mr. D.M. Tomic**

Mr. Tomic raises the industrial excellence program and asks:

- a. Is the industrial excellence program a more difficult restructuring program compared to prior transformation plans rolled-out over the past six years?
- b. What are the main uncertainties or risks for the industrial excellence program to gain traction and to deliver on the objectives set?

**Answers**

*Answered by CFO Mr. Maarten de Vries*

- a. To unlock value, a more holistic approach was taken. Business by business and region by region, we have worked to identify the issues and to tailor the solutions to the different challenges faced. The challenge for decorative paints in EMEA is very much around footprint and will lead to closures of some of AkzoNobel's plants. Capacity utilization in this region is between 50 and 60 percent while this should be in the high 70s. In some of the coatings businesses, sites are underinvested, and projects here will focus on deploying automation to drive productivity and efficiency, also in AkzoNobel's distribution centres, to unlock capacity. There are different solutions for different challenges which must be taken step-by-step to avoid impacting service level performance.
- b. Proper planning and phased execution of the industrial excellence program should ensure execution capabilities and mitigate the risk of deterioration of service level performance to grow the business as intended. Besides, having a thorough understanding of interdependencies is required to ensure service performance with AkzoNobel's customers.

**Question European Investors-VEB, represented by Mr. D.M. Tomic**

VEB asks for AkzoNobel to comment on the segment capital intensity and what the industrial excellence program will mean for the capital base of the business and AkzoNobel's productivity in both the decorative paints and coatings businesses.

**Answer**

*Answered by CEO Greg Poux-Guillaume*

AkzoNobel's mid-term targets for Return in Invested Capital is between 16 and 19 percent. The increase of asset utilization aimed for differs per business. The decorative paints business in Europe comprises a large industrial network that is underinvested and underutilized. Optimization of footprint and investment in modernization are required to increase capacity utilization. Moving progressively towards the target footprint and becoming more focused on anchor sites, some working capital and complexity will be taken out which should positively impact on capital intensity.

For most coatings businesses, AkzoNobel's challenge is to grow without increasing capital intensity. The high growth potential in many of our Coatings businesses is in reducing complexity and de-bottlenecking with investment in existing sites to unlock extra capacity.

**Question European Investors-VEB, represented by Mr. D.M. Tomic**

Mr. Tomic asked if it is realistic to assume that decorative paints will move towards productivity levels of the coatings businesses, or whether there is a natural limit to that.

**Answer**

*Answered by CEO Greg Poux-Guillaume & CFO Maarten de Vries*

Productivity levels will continue to differ between the decorative paints and coatings businesses taking into account their nature and the seasonality of the business and required proximity to the market. The paints businesses are local businesses. The cost-to-weight ratio is not very favorable because these are waterborne products. As such, these products do not travel very far, meaning that they local sites are needed to serve the local markets. Coating products tend to have a more favorable weight-to-cost ratio, meaning that, for example, vehicle refinishing products for the Chinese market can be produced in Sassenheim. Therefore, AkzoNobel's businesses are organized in different ways and capital intensity is different also, requiring different approaches to the industrial side of these businesses.

Mr. De Vries adds that the paints business is much more seasonal business whilst this does not apply to the coatings business, and which also impacts target utilization levels of the respective assets.

**Question Mr. J.L.M. Reijnen**

Mr. Reijnen notes a recent newspaper article on alleged tax avoidance by chemical company OCI, wherein AkzoNobel is referenced.

**Answer**

*Answered by CFO Mr. Maarten de Vries*

The referenced capital return made by AkzoNobel followed the sale of Specialty Chemicals (in 2018) via a capital repayment and share consolidation, a special dividend, and share buyback program, executed in 2019. Mr. de Vries explains that this concerned a different situation than the context of OCI that is raised as in the newspaper article.

**Agenda Item 3**

**Financial statements, result and dividend**

(a) Adoption of the 2023 Financial Statements of the Company

**Question Stichting Mn Services, represented by Ms. S. Kamphuis**

Ms. Kamphuis comments on recent publicity concerning KPMG Netherlands and the penalty imposed by the Public Company Accounting Oversight Board (PCAOB) for exam fraud. Other audit firms are investigated for similar practices. She asks for response on the matter, and whether the lead partner from PWC, as well as the other members of the PWC audit team, are also subject to investigation by the AFM or the PCAOB.

**Answer**

*Answered by lead partner PWC Fernand Izeboud & Chairman of the Audit Committee Mr. Byron Grote*

Mr. Izeboud stresses the importance of ethics in the external auditor's role. The KPMG investigation in accordance with the recent announcements has been concluded. PWC is also conducting an investigation. This investigation is ongoing, wide in scope and performed under supervision of the regulators. As long as the investigation is ongoing, no further comments can be made. Mr. Izeboud explains that personally he has paid specific attention to instilling a culture of challenge, being challenged and self-challenge in the team responsible for auditing AkzoNobel. Mr. Izeboud adds that he is comfortable with the quality of the audit performed.

Mr. Grote adds that AkzoNobel follows the developments and takes this into account in the ongoing tender and selection process for a new external auditor to be appointed as for the audit of the 2026 financial statements, subject to approval at the AGM in 2025.

**Questions European Investors-VEB, represented by Mr. D.M. Tomic**

Mr. Tomic raises the recurring key audit matter (KAM) on "ongoing transformation of the organization, systems, processes and controls", which is included in the independent auditor's report for the fifth consecutive year. He asks for PWC to share its observations, the recommendations on the KAM to the Audit Committee, to what extent these differ from prior years and whether PWC is satisfied with the follow-up on PWC's feedback by AkzoNobel. He also asks whether Mr. Izeboud expects the topic to be removed as a KAM in the near future.

**Answers**

*Answered by lead partner PWC Fernand Izeboud*

The designation of the KAM's is assessed annually and the aim is to make them specific to the company and its operations. During 2023, the maturity and ongoing impact of transformation projects after implementation were discussed. One of the elements discussed during 2023 was project maturity and ongoing impact after implementation. Another reason for having this as a recurring KAM is that often projects are multi-year projects. Mr. Izeboud noted that having transformation as a KAM is not intended as a comment on duration as such. If a company would start a new series of transformation projects that might make transformation as a continued KAM, while if the situation is considered stable, it might be removed. He will leave it to Mr. Van Ameijden, his successor as lead audit partner, to conclude on that.

On controls and control effectiveness, Mr. Izeboud notes that in-depth procedures were carried out into IT General Controls (ITGCs), which were deemed reliable. On the remainder, PWC has a substantive approach meaning that PWC does not do in-depth work to establish controls effectiveness. As such, there are no specific recommendations in that area. The Company itself has processes and procedures for the assessment of the effectiveness of its internal control systems. Results of testing of internal control effectiveness, related remediation plans and assessments of overall control effectiveness are shared during meetings of the Audit Committee which PWC attends and comments are in line with PWC's general observations globally. Noting that PWC did not actually audit the internal control on financial reporting, overall PWC has not identified material weaknesses. PWC issues an independent auditor's board with required communications on audit findings. It includes their observations and does not encompass have specific recommendations. Discussions with management are considered robust.

**Question European Investors-VEB, represented by Mr. D.M. Tomic**

Is the industrial excellence program expected to impact the nature and scope of the audit of the financial statements 2024?

**Answer**

*Answered by lead partner PWC Fernand Izeboud*

PWC assesses the impact of planning and execution of the industrial excellence program to appropriately take this into account in the audit approach.

**Question European Investors-VEB, represented by Mr. D.M. Tomic**

Mr. Tomic asks whether the Company is conservative in regards to outlook on working capital intensity.

**Answer**

*Answered by CFO Maarten de Vries*

Working capital was around 15% at year-end 2023. Further normalization is forecasted by year-end 2024, whilst the Company remains committed to return to a normalized level of around 13% in mid-term. Further potential on inventory optimization and its impact on the working capital will be assessed as the industrial excellence program progresses.

**Questions European Investors-VEB, represented by Mr. D.M. Tomic**

Mr. Tomic notes the contingent liability in regards to claims brought against the Company relating to the Ichthys Onshore Project in Australia. He asks about the timing of the mediation efforts. He also asks if AkzoNobel deems communication on the matter in the Q1 2024 report appropriate, taking into account share price impact.

**Answers**

*Answered by CEO Greg Poux-Guillaume*

Mr. Poux-Guillaume explains that the information on the Ichthys Onshore Project included in the Q1 2024 report and the share price movement should be disconnected. The analyst reports on Q1 2024 cover a number of items. The contingent liability item led to least amount of questions. Main trigger of the price movement is that there is usually about EUR 80 million profitability delta between Q2 and Q1. With AkzoNobel delivering EUR 360 million EBITDA in Q1, ahead of the expectations, the market considered AkzoNobel's expectations for Q2 conservative taking into account the usual profitability delta. Mr. Poux-Guillaume explains that the market backdrop is still volatile. Regarding the claims relating to the Ichthys Onshore Project, Mr. Poux-Guillaume emphasizes that AkzoNobel contests liability for the issue and is defending in full. It also contests the size (quantum) of the alleged damages. Mr. Poux-Guillaume further explains that, by nature, information on public legal cases, are available to everyone on the internet. With the developments in the court ordered mediation happening in Q1 2024, the note on this contingent liability (which was already included in the Annual Report 2023) was updated accordingly.

On the timing of the mediation efforts, Mrs. van Meer explains that these took place over a short period of time starting end of February / beginning March.

**Agenda Item 5****Remuneration**

(a) Amendment Remuneration Policy for the Board of Management

**Question European Investors-VEB, represented by Mr. D.M. Tomic**

Mr. Tomic ask for clarification on the motivation for the proposal to remove revenue growth as one of the performance metrics for the LTI referred to in the Remuneration Policy for the Board of Management.

**Answer**

*Answered by Chairman of the Remuneration Committee Dick Sluimers & Chairman of the AGM Ben Noteboom*

The revenue growth metric being relative is considered reasonable. AkzoNobel aims to grow at least in line with its relevant markets. The revenue growth metric was however based on a calculated competitive benchmark based on competitors' limited disclosures. Lack of market information resulted in assumptions having to be made to render competitors' information comparable, due to different geographical spread and/or later publication of financial results by some of the companies part of the peer group, making the KPI less objective and less reliable. Growth remains a priority and is captured in the absolute EBITDA metric which remains.

**Question European Investors-VEB, represented by Mr. D.M. Tomic**

Mr. Tomic asks why the change is put forward to shareholders now, instead of next year at the AGM 2025 when a new Remuneration Policy for the Board of Management will be proposed.

**Answer**

*Answered by the Chairman of the AGM Ben Noteboom*

For the reasons explained and to have a better policy in place, the Supervisory Board deems it appropriate to propose the change now.

## Annex II

## Voting results of the Annual General Meeting of Akzo Nobel N.V., held on April 25, 2024

Agenda item	For	%	Against	%	Abstain	No vote	Total <sup>i</sup>
3a. Adoption of the 2023 Financial Statements	126,084,649	<b>100.00</b>	2,774	<b>0.00</b>	1,640,914	4,141	127,732,478
3c. Profit allocation and adoption of dividend proposal	127,622,906	<b>99.92</b>	98,989	<b>0.08</b>	6,442	4,141	127,732,478
3d. Remuneration Report 2023 (advisory vote)	123,115,423	<b>96.51</b>	4,445,795	<b>3.49</b>	167,119	4,141	127,732,478
4a. Discharge of the members of the BoM	121,872,713	<b>97.32</b>	3,361,001	<b>2.68</b>	2,494,623	4,141	127,732,478
4b. Discharge of the members of the SB	121,614,243	<b>96.78</b>	4,050,754	<b>3.22</b>	2,063,340	4,141	127,732,478
5a. Amendment Remuneration Policy for the BoM	119,228,284	<b>93.92</b>	7,719,543	<b>6.08</b>	780,510	4,141	127,732,478
5b. Amendment Remuneration Policy for the SB	125,030,927	<b>97.90</b>	2,680,084	<b>2.10</b>	17,326	4,141	127,732,478
6a. Appointment Mrs. J.M. de Bakker	125,234,318	<b>98.40</b>	2,041,709	<b>1.60</b>	452,310	4,141	127,732,478
6b. Appointment Mrs. U. Wolf	102,782,968	<b>80.76</b>	24,493,284	<b>19.24</b>	452,085	4,141	127,732,478
6c. Appointment Mr. W.A. Kolk	122,046,546	<b>95.89</b>	5,229,706	<b>4.11</b>	452,085	4,141	127,732,478
6d. Re-appointment Mr. B.E. Grote	105,702,881	<b>83.05</b>	21,573,373	<b>16.95</b>	452,083	4,141	127,732,478
7a. Authorization for the BoM to issue shares	124,487,200	<b>97.47</b>	3,235,761	<b>2.53</b>	5,376	4,141	127,732,478
7b. Authorization for the BoM to restrict or exclude pre-emptive rights	124,086,524	<b>97.15</b>	3,635,637	<b>2.85</b>	6,176	4,141	127,732,478
8. Acquisition of common shares in the share capital of the Company	126,620,753	<b>99.50</b>	630,269	<b>0.50</b>	477,315	4,141	127,732,478
9. Cancellation of common shares held or acquired by the Company	127,496,389	<b>99.82</b>	227,281	<b>0.18</b>	4,667	4,141	127,732,478

As on March 28, 2024 (record date):

Total number of issued share capital: 170,629,613 common shares and 48 priority shares.

The total number of voting rights: 170,629,613 voting rights on the common shares and 38,400 voting rights on the priority shares.

Percentage of voting rights represented: 74.84%

<sup>i</sup> Total votes that could be cast based on attendance