AkzoNobel

REPORT
2024

Contents

Disclaimer: This PDF of AkzoNobel's annual report is derived from the official version of the company's Report 2024. The European Single Electronic Filing format (the ESEF reporting package) is the official version. The ESEF reporting package is available on our website. In case of discrepancies between this PDF version and the ESEF reporting package, the latter prevails. The auditor's report and limited assurance report of the independent auditor included in this PDF version relate only to the ESEF reporting package.

True Joy is our 2025 Color of the Year. It's an optimistic, yellow shade which was selected after extensive research into design, cultural, economic and social trends.

On the cover: Around 1,500 liters of our Sikkens paint was used to restore the iconic Erasmus Bridge in Rotterdam, the Netherlands, to its original shade of blue.

2024 HIGHLIGHTS

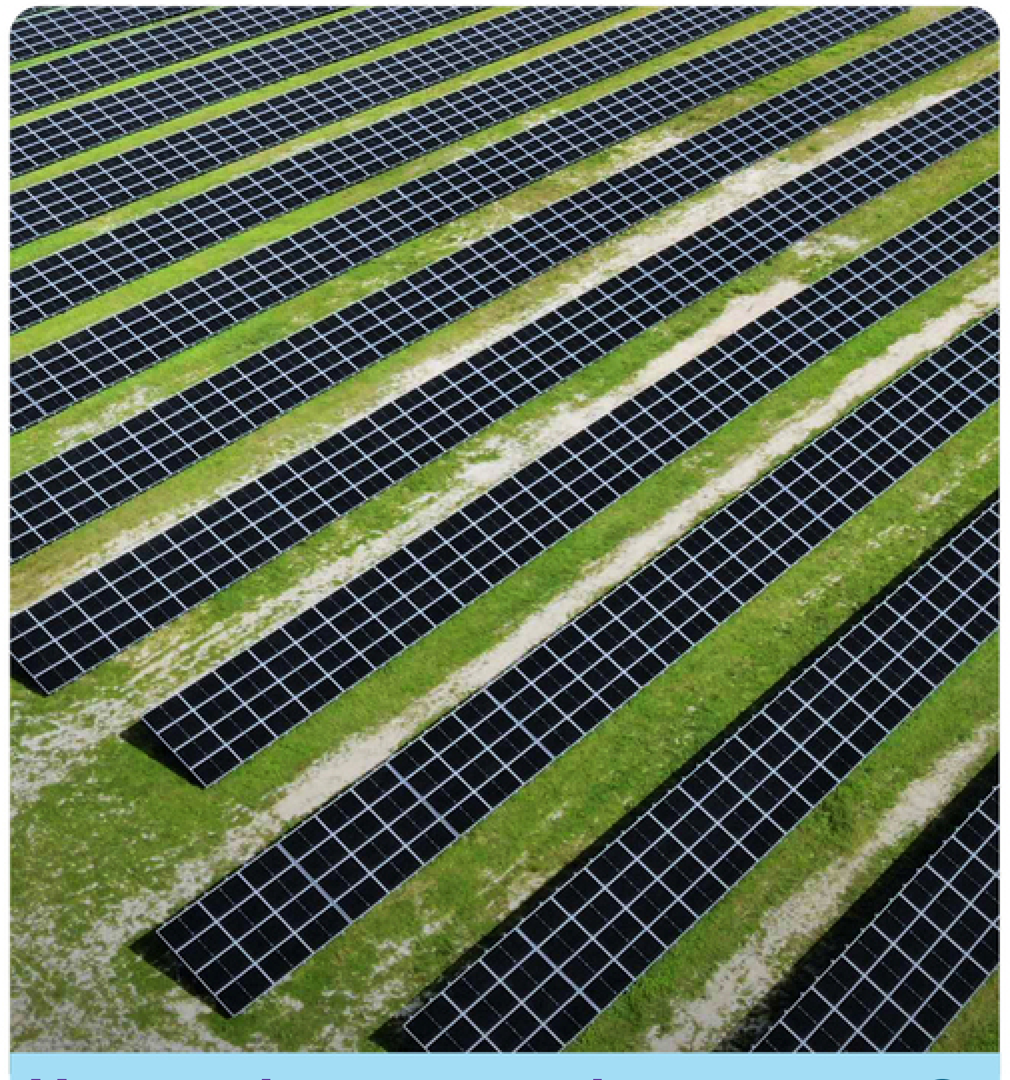
Speeding up innovation in Felling p.47

The sky's the limit for airline partnership p.92

Ashington site wins top awards p.16

Powder Coatings in the fast lane p.18

Supporting Sinopec's global expansion p.41



Huge solar energy plant goes live in Poland p.40

Como project completed p.13

ABOUT AKZONOBEL

Let’s paint the future together

As experts in making paints and coatings, chances are you’re only ever a few meters away from one of our products.

Active in over 150 countries, we’ve set our sights on becoming the global industry leader. It’s what you’d expect from one of the world's most sustainable paints companies, which has been inventing the future since 1792.

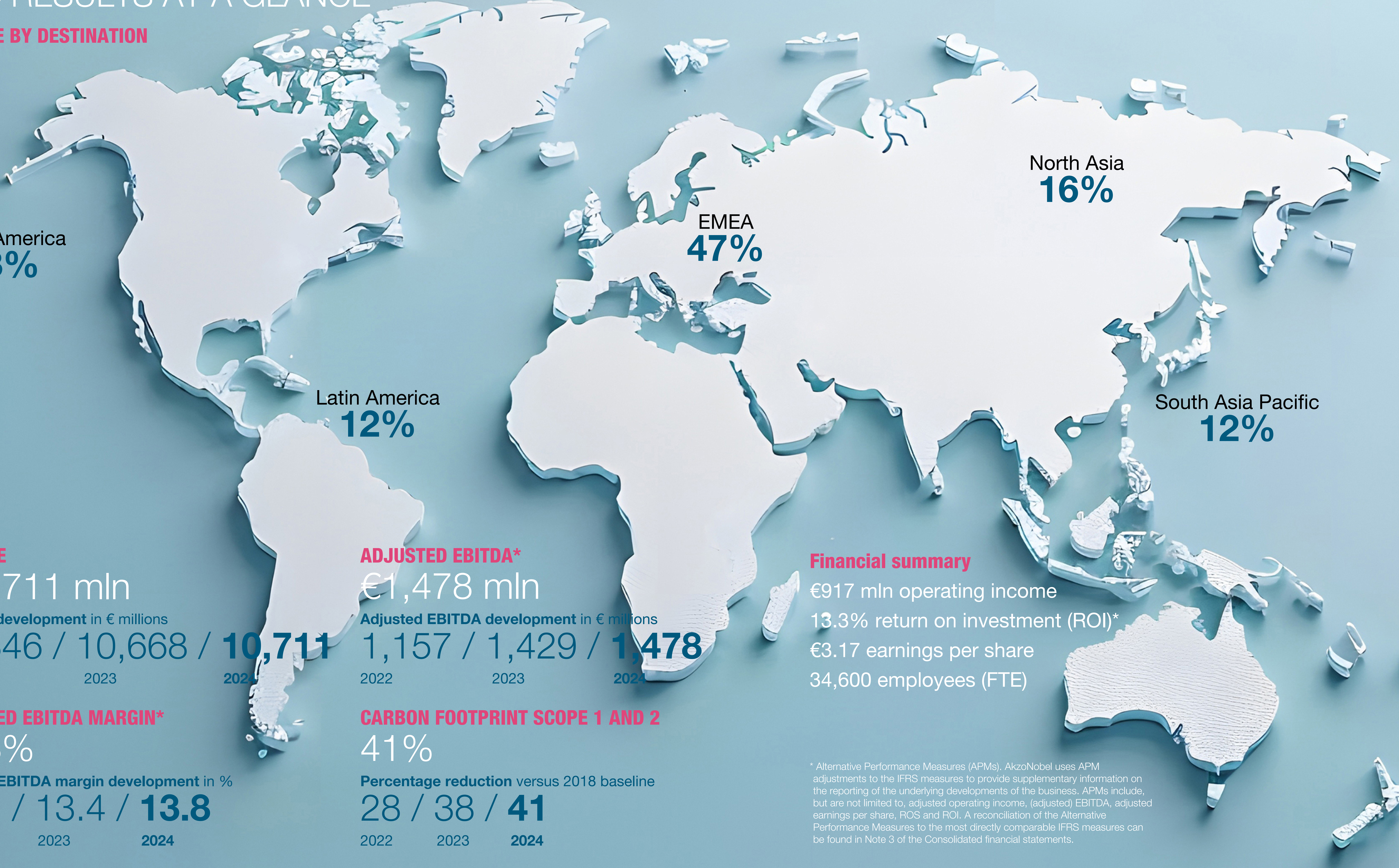
Our world class portfolio of brands – including Dulux, International, Sikkens and Interpon – is trusted by customers around the globe. Helping us to color people’s lives and protect what matters most.

From deep beneath the ocean, to homes, cities, transport and even outer space, our products and technologies are exploring new frontiers. Because every surface is an opportunity.

Let’s paint the future together.

2024 RESULTS AT A GLANCE

REVENUE BY DESTINATION



REVENUE

€10,711 mln

Revenue development in € millions

2022	2023	2024
10,846	10,668	**10,711**

ADJUSTED EBITDA*

€1,478 mln

Adjusted EBITDA development in € millions

2022	2023	2024
1,157	1,429	**1,478**

ADJUSTED EBITDA MARGIN*

13.8%

Adjusted EBITDA margin development in %

2022	2023	2024
10.7	13.4	**13.8**

CARBON FOOTPRINT SCOPE 1 AND 2

41%

Percentage reduction versus 2018 baseline

2022	2023	2024
28	38	**41**

Financial summary

€917 mln operating income
13.3% return on investment (ROI)*
€3.17 earnings per share
34,600 employees (FTE)

* Alternative Performance Measures (APMs). AkzoNobel uses APM adjustments to the IFRS measures to provide supplementary information on the reporting of the underlying developments of the business. APMs include, but are not limited to, adjusted operating income, (adjusted) EBITDA, adjusted earnings per share, ROS and ROI. A reconciliation of the Alternative Performance Measures to the most directly comparable IFRS measures can be found in Note 3 of the Consolidated financial statements.

CEO STATEMENT

2024 was a year of solid organic growth for AkzoNobel as we demonstrated our ability to grow in mixed market conditions. We faced a complex operating environment, with continued inflationary pressure, adverse currency impacts and unstable markets. Although these headwinds spurred competitive intensity and tested our resilience, they also strengthened our determination to control our own destiny by stepping up self-help measures that ultimately boosted our performance.

During the year, we maintained our focus on innovation, developing and bringing to market leading products and services that offer significant benefits to our customers. They included low-bake architectural powder coatings that can withstand harsh weather conditions, combining the ability to perform in the toughest environments while helping customers to lower their carbon emissions. We also introduced an inside spray coating for beverage cans which is free of all intentionally added bisphenols – anticipating evolving regulations – and new coatings specifically designed for use on recycled plastics.

Sustainability continues to drive our innovation, demonstrated by the opening of the world's first purpose-built wind turbine blade testing facility at our Felling site in the UK, and the installation of one of the automotive industry's first hydrogen-powered spray booths at a new training center in Belgium. These pioneering efforts to paint the future highlight the fundamental role of sustainability-driven innovation in our company strategy. AkzoNobel is widely recognized as one of the most environmentally aware companies in the field of paints and coatings. And we're showing it to the world by aligning our ESG disclosures with the Corporate Sustainability Reporting Directive. All the relevant information is available in the Sustainability statements.

Looking at 2024 in more detail, it was a year of mixed market conditions, which became softer as the year progressed. Despite this lack of tailwind, we achieved volume growth of 1%, somewhat below our expectations for the full-year, but ahead of most of our competitors.

Within Coatings, our Marine and Protective business experienced strong demand and clear share gains in marine new-build, with a particularly dynamic Chinese market. Powder Coatings performed very well in flat market conditions, growing volumes and outperforming the market, particularly in the US and China. Automotive and Specialty Coatings started out strong, but slowed down in the second half, due to softer demand in vehicle refinish and lower production rates at the big aircraft manufacturers, despite overflowing backlogs. Our Industrial Coatings business was flat in soft market conditions.

Our Decorative Paints businesses delivered strong volume growth in Latin America and South East Asia, while China experienced a steep decline, due to its real estate market crisis and lower domestic consumption. Deco EMEA was flat, with mixed local conditions delaying the market's return to pre-Covid levels.

Although the operating environment was challenging, we were able to fully restore our ability to deliver, with service levels – measured as on-time, in-full (OTIF) – now at 90%. This was achieved despite driving a host of industrial transformation measures across our manufacturing assets. We're currently optimizing our network, with three Deco EMEA sites having closed in 2024, along with three other sites in Europe and Asia, while we continue to make strategic investments to enhance and modernize our anchor sites around the world. Additional rationalizations will be announced in 2025 and 2026, fully in line with our industrial transformation program, which will outperform its initial €250 million objective by €50 million, and most of which is still to – positively – impact our P&L.

Throughout the year, we focused on removing complexity to become leaner and more agile, eliminating internal roadblocks to growth. This allowed us to simplify our organization and gain new-found efficiencies, leading to a program designed to reduce staffing in our functions by 2,200 people across the company. This SG&A efficiency program – announced at the end of Q3 2024 – is progressing quickly, with most consultations already completed. Implementation will largely be effective by mid-2025. We expect these measures to deliver more than €150 million of gross annual cost savings.

While these are painful measures to implement, with regrettable people impact, their need is well understood across the company, as shown by our Voices survey. We achieved a global participation rate of 89%, with close to 32,000 employees providing feedback. Our employee engagement scored 4 out of 5, consistent with 2023 and well above the external benchmark. Our employee net promoter score (eNPS) – which measures the likelihood of recommending AkzoNobel as a workplace – was above the benchmark by seven points. The input we received will help us create an even better work environment.

Finally, we continue to dynamically manage our portfolio as we work towards higher capital efficiency. We're conducting a strategic review of our business in South Asia, which will explore various strategic options, ranging from partnerships or joint ventures through to mergers or divestments. It represents a major step towards focusing our portfolio on positions of differentiating scale in key markets, enabling better capital allocation.

Looking ahead, we don't expect a significant market rebound in 2025. Our self-help approach is clearly working, and those measures will increasingly contribute to the bottom line while we test our pricing power in flattish end markets. We're making AkzoNobel stronger, more dynamic and more competitive. This will serve us well when our end markets start growing again, putting us on track to deliver on our mid-term ambitions. Our direction is clear and our strengths are real.

On behalf of the entire Executive Committee, I want to thank all our shareholders, customers, partners and other stakeholders for your support throughout 2024. And I also want to thank our people across the world for their ongoing effort and dedication. They continued to demonstrate their wholehearted passion and commitment, and I'm proud to work with them as we take AkzoNobel forward to a new level of success and achievement.

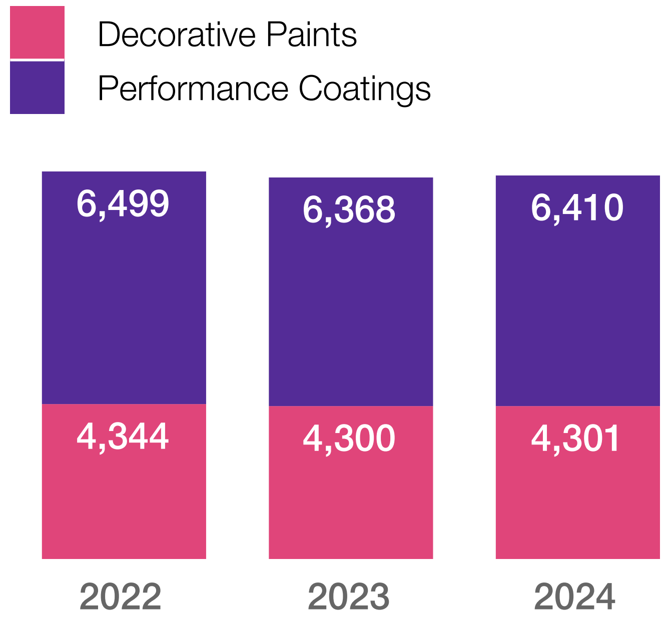
Greg Poux-Guillaume
CEO and Chair of the Board of Management

Our CEO, Greg Poux-Guillaume, had the honor of writing his name into the illustrious history of Rembrandt's The Night Watch. A small group of people who contribute to the ongoing restoration of the painting were invited to the Rijksmuseum in Amsterdam to add their signatures to the artwork's new backing board. As a main partner of Operation Night Watch, we're playing an important role in the painting's extensive conservation and are now woven into its future.

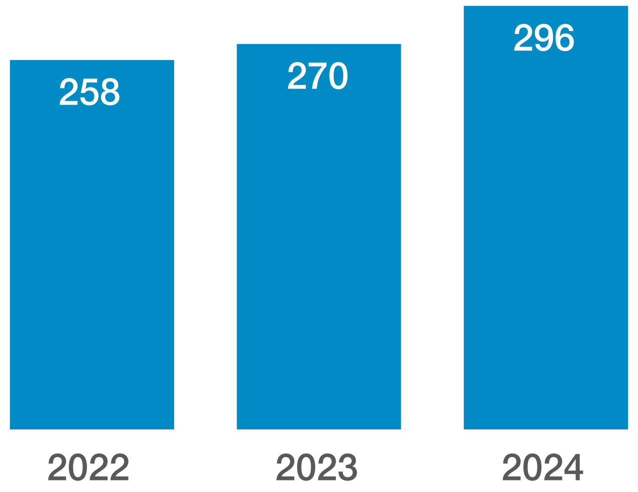
HOW WE CREATED VALUE

We deliver profitable growth by developing innovative, high-performance and more sustainable products that create value for our customers, shareholders, employees and society in general.

Revenue from third parties
in € millions



Innovation investment
Research and development expenses in € millions

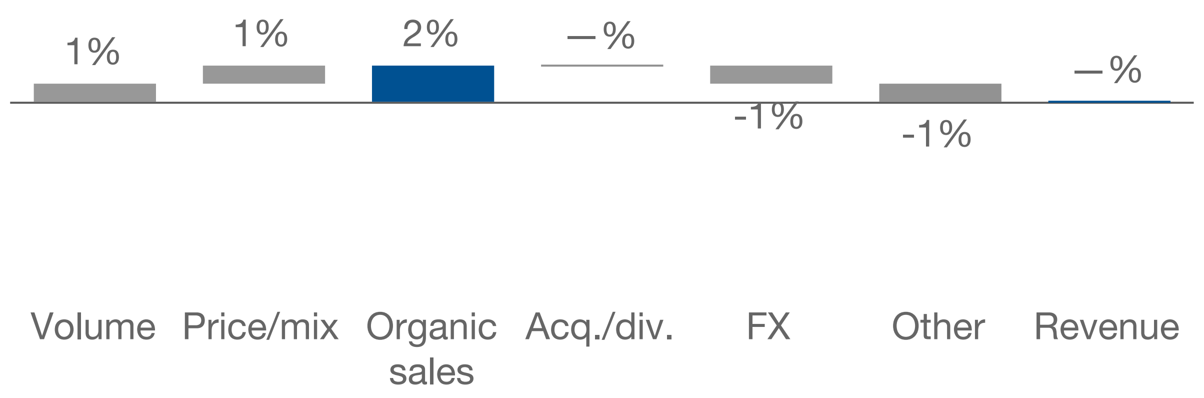


Summary of financial outcomes

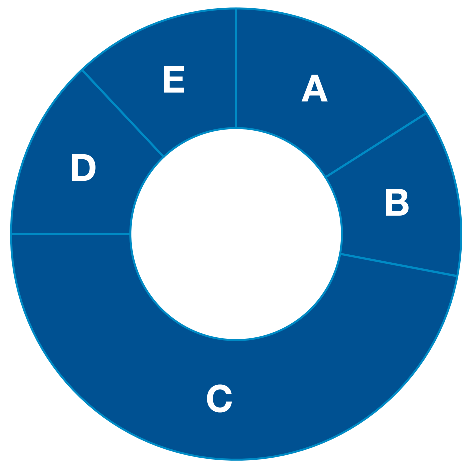
in € millions/%	2023	2024	Δ%
Revenue	10,668	10,711	–%
EBITDA*	1,386	1,288	(7%)
Operating income	1,029	917	(11%)
Identified items*	(45)	(196)	
Adjusted operating income*	1,074	1,113	4%
Adjusted EBITDA*	1,429	1,478	3%
Adjusted EBITDA margin (%)*	13.4	13.8	
Average invested capital*	8,233	8,350	1%
ROI (%)*	13.0	13.3	
Capital expenditures*	286	306	
Net debt*	3,785	3,901	
Net debt/EBITDA*	2.7	3.0	
Net debt/Adjusted EBITDA*	2.6	2.6	
Net cash from operating activities	1,126	673	
Free cash flow*	840	367	
Net income attributable to shareholders	442	542	
Weighted average number of shares (in millions)	170.6	170.7	
Earnings per share from total operations (in €)	2.59	3.17	
Adjusted earnings per share from continuing operations (in €)*	3.07	3.88	

* Alternative Performance Measure: refer to Note 3 of the Consolidated financial statements for more details, including a reconciliation to the most directly comparable IFRS measure.

Revenue development full-year 2024



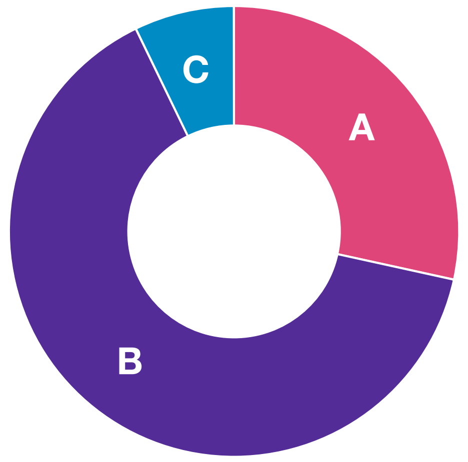
Revenue by destination in %



A	North Asia	16%
B	South Asia Pacific	12%
C	EMEA	47%
D	North America	13%
E	Latin America	12%

Based on full-year 2024.

Capital expenditures* 2024: Total €306 million



A	Decorative Paints	87
B	Performance Coatings	197
C	Corporate and other	22

Capital expenditures are guided to be €350 million for 2025.

* Alternative Performance Measure: refer to Note 3 of the Consolidated financial statements for more details, including a reconciliation to the most directly comparable IFRS measure.

Financial overview

Organic sales were up 2% due to 1% volume growth and 1% higher price/mix. Volume growth was driven by Coatings, with continued growth in Marine and Protective Coatings and Powder Coatings, particularly in China. Volumes in Deco were flat, with growth in LATAM and SESA offset by continued weakness in China. Adverse currencies impacted revenue by 1%.

Operating income at €917 million (2023: €1,029 million) was impacted by identified items of negative €196 million (2023: negative €45 million). Excluding identified items, gross margin expansion more than offset operating cost inflation.

Identified items mainly included restructuring related costs, while identified items in 2023 also included gains from property divestments.

Adjusted EBITDA increased to €1,478 million (2023: €1,429 million). Adjusted EBITDA margin increased to 13.8% (2023: 13.4%).

For business results, refer to Strategy and operations.

Sustainability progress

At AkzoNobel, we're focused on ensuring that the pioneering paints and coatings we supply continue to protect what matters – both now and in the future. We innovate with and for customers and play a progressive and collaborative role in energizing entire industries to advance towards a more sustainable future.

During 2024, we made further progress towards our 2030 key sustainability ambitions. This progress is highlighted in charts throughout this section and further detailed in the Sustainability statements.

Financing income and expenses

Financing income and expenses amounted to negative €102 million (2023: negative €272 million). The €170 million decrease in expenses is mainly due to hyperinflation accounting, the interest impact related to the release of provisions for uncertain tax positions and lower negative exchange rate results.

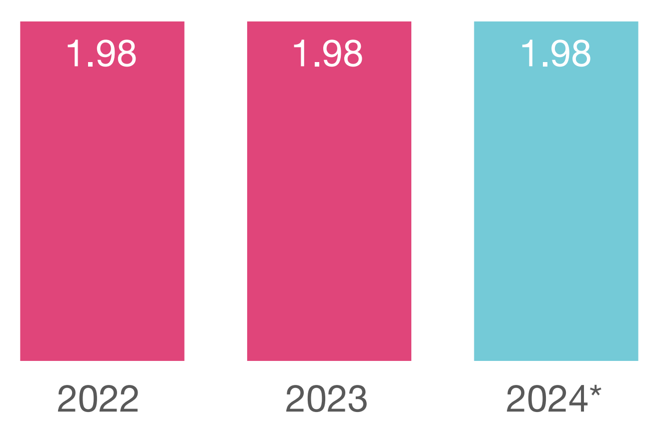
Income tax

The effective tax rate was 29.4% (2023: 37.8%). The tax rate in 2024 was impacted by the release of provisions for uncertain tax positions, derecognition of deferred tax positions and hyperinflation accounting. The net impact of these was an increase in tax rate of 4%.

Shareholders' equity

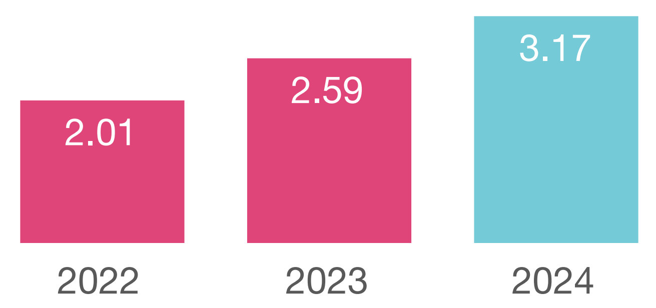
Shareholders' equity amounted to €4.6 billion at December 31, 2024, compared with €4.3 billion at year-end 2023. The main movements in 2024 related to profit for the period of €542 million, currency effects of €132 million positive (net of taxes), offset by movements from dividend of €338 million and actuarial losses of €104 million (net of taxes).

Dividend in €

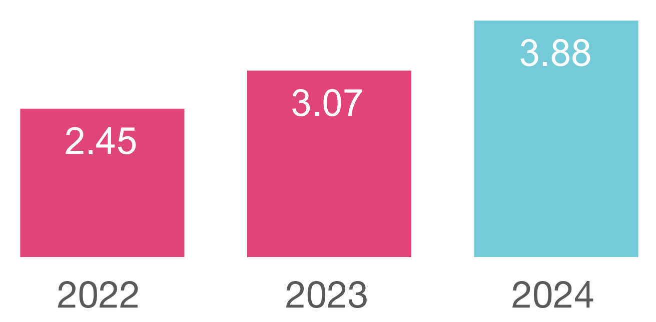


*Proposed

Earnings per share from total operations in €



Adjusted earnings per share from continuing operations* in €



* Alternative Performance Measure: refer to Note 3 of the Consolidated financial statements for more details, including a reconciliation to the most directly comparable IFRS measure.

ENVIRONMENTAL AND SOCIAL

41% 2024 — **50%** 2030 target

Carbon emission reduction
Own operations (baseline 2018, absolute)

12% 2024 — **50%** 2030 target

Carbon emission reduction value chain
Scope 3 emissions, selected Scope 3 upstream and downstream (baseline 2018, absolute)

65% 2024 — **100%** 2030 target

Renewable electricity
Of total electricity used in own operations

26% 2024 — **30%** 2025 target

Female executives

Outstanding share capital

The outstanding share capital was 170.8 million common shares at the end of December 2024. The weighted average number of shares in 2024 was 170.7 million shares.

Cash flow and net debt

Net cash from operating activities in 2024 was an inflow of €673 million (2023: inflow of €1,126 million). The lower inflow was mainly due to higher working capital resulting in an outflow of €206 million (2023: inflow of €254 million).

Net cash from investing activities in 2024 was an outflow of €132 million (2023: outflow of €144 million), which is in line with prior year.

Net cash from financing activities in 2024 was an outflow of €684 million (2023: outflow of €827 million). The decrease in outflow is mainly related to lower outflow from changes from borrowings.

At December 31, 2024, net debt increased to €3,901 million (2023: €3,785 million) due to lower net cash generated from operating activities for the period (€673 million), mainly due to lower payables resulting from inventory reduction. Net debt/EBITDA at December 31, 2024, was 3.0 (December 31, 2023: 2.7), while net debt/adjusted EBITDA was 2.6 (December 31, 2023: 2.6).

Dividend

The dividend policy remains unchanged and is to pay a stable to rising dividend. The final 2023 dividend of €1.54 per common share (2022: €1.54) was adopted at the AGM on April 25, 2024, which resulted in a total 2023 dividend of €1.98 per share (2022: €1.98).

In 2024, an interim dividend of €0.44 per share was paid (2023: €0.44). A final 2024 dividend of €1.54 (2023: €1.54) per common share is proposed.

Invested capital

Invested capital[1] at December 31, 2024, totaled €8.3 billion, up €0.5 billion from year-end 2023. This increase was mainly caused by higher trade working capital (mainly due to lower payables), investments in property, plant and equipment and lower current tax liabilities.

Operating working capital

Operating working capital (Trade)[1] was €1.6 billion at December 31, 2024 (December 31, 2023: €1.5 billion). Operating working capital (Trade) as a percentage of revenue was 15.7% in Q4 2024, compared with 15.1% in Q4 2023, driven by lower trade payables and higher inventories, partly offset by lower trade receivables.

Operating working capital (Trade) in € millions[1]

	2023	2024
Trade receivables	2,187	2,144
Inventories	1,649	1,721
Trade payables	(2,312)	(2,220)
Operating working capital (Trade)	**1,524**	**1,645**

[1] Alternative Performance Measure: refer to Note 3 of the Consolidated financial statements for more details.

Pensions

The net balance sheet position (according to IAS19) of the pension plans at the end of Q4 was a surplus of €0.6 billion (year-end 2023: surplus of €0.7 billion). The development during 2024 was mainly the net effect of higher discount rates and lower plan asset returns in key countries.

Employees

At December 31, 2024, the number of employees (in FTEs) was 34,600 (December 31, 2023: 35,200).

2025 Outlook*

Based on current market conditions and constant currencies, AkzoNobel expects to deliver 2025 adjusted EBITDA above €1.55 billion.

For the mid-term, AkzoNobel aims to expand profitability to deliver an adjusted EBITDA margin of above 16% and a return on investment between 16% and 19%, underpinned by organic growth and industrial excellence.

The company targets leverage below 2.5 times net debt/adjusted EBITDA (below 2.9 times net debt/EBITDA) by the end of 2025 and around 2 times in the mid-term, while remaining committed to retaining a strong investment grade credit rating.

* Outlook is based on organic volumes and constant currencies, and assumes no significant market disruptions.

The streets of Mustafabad in Pakistan became a kaleidoscope of color after we transformed the town as part of a major “Let’s Colour” project. A team of 67 mural artists, painters and volunteers used more than 8,000 liters of our Dulux paint (in 51 different colors) to help give the town a vibrant new identity. More than 1,000 houses were coated with Dulux Weathershield – which can reduce surface temperatures by up to 5°C.

STRATEGY AND OPERATIONS

An overview of our strategy, approach to innovation and the performance of our Paints and Coatings businesses during the year.

For more details on key 2024 figures, see the previous How we created value pages and the segment information in Note 3 of the Consolidated financial statements.

A fantastic way to make the ordinary extraordinary. This vibrant artwork brought a sports court bursting to life in Colombia. It was the first of 20 courts to be renovated across the country as part of a project launched by our Pintuco brand. Created by urban artist José López Rincón, the delightfully colorful design transformed the Belén Zafra neighborhood in Medellín. A great example of helping to promote healthy living by painting a brighter future.

STRATEGY

At AkzoNobel, we operate a global portfolio of Paints and Coatings businesses. Our strategic approach is therefore focused on the specific requirements of different markets and customers, which results in distinct and effective strategies to outperform in the areas where we're active.

We've established the following overarching strategic pillars across our portfolio of businesses:
- Sustainability-driven innovation
- Growth in focus segments and markets
- Industrial excellence and simplifying our execution model
- Active portfolio management

These pillars provide the foundation for our sustainable long-term value creation moving forward and are described in more detail in this chapter.

A major expansion of our largest powder coatings plant was completed during the year. Four new manufacturing lines have been added to our Como facility in Italy, which will help secure supply to customers across Europe, the Middle East and Africa. The extra capacity has been installed in a renovated building – a sustainable reuse of an existing part of the site.

Sustainability-driven innovation

We're committed to capturing the opportunities that sustainability presents as a catalyst for innovation. We recognize that sustainability is driving changes in our industry and believe this aligns with our strengths in innovation and our leadership position in sustainability.

We're developing more sustainable products that differentiate us from competitors, allowing us to gain market share and generate higher margins. We're also focused on accelerating our development efforts and reducing time to market.

During the year, we launched several solutions that demonstrate our focus on driving industry change, especially in our three key end-user segments – the built environment, consumer goods and transport:
- Superdurable low-bake Interpon powder coatings that help protect building surfaces in more challenging environments, supporting our customers in reducing their carbon emissions
- High-performance internal can coating technology which is free of all bisphenols, styrene, PFAS and formaldehyde
- Innovative Resicoat powder coatings technology that provides improved electrical protection for EV battery systems

Growth in focus segments and markets

Our growth strategy focuses on continued investment in growth markets and in segments where we have differentiated positions, such as powder coatings, marine and protective coatings and emerging decorative paints end markets.

As well as complementing our leading positions in the premium segment, we also understand the importance of solid positions in our mid-market segments. This enables us to drive growth, increase scale, achieve higher absolute profit and protect the profitability of our premium offerings. Our approach is tailored to the uniqueness of each segment and focuses on existing AkzoNobel brands, while improving asset utilization of our integrated supply chain.

Our enhanced operational performance is helping us achieve our mid-term growth ambitions. During the year, we invested in capturing these key growth opportunities:
- We significantly increased our capacity for powder coatings through a capacity boost in North America and an expansion of our Como plant in Italy. This helped us deliver on significant specification wins throughout the year
- We also completed a major investment project at our Bac Ninh production plant in Vietnam, which will strengthen our position in Asia and sharpen our focus on more sustainable manufacturing. With total investments exceeding €18 million, five new powder coating lines were added to the multi-site, along with a line for water-based products for the consumer electronics market
- We upgraded an automated production line at our Suzhou site in China to accelerate growth and double capacity for our Marine and Protective Coatings business by 2025

Industrial excellence and simplifying our execution model

We know there's significant value to be gained through improving our operations. We're addressing the bottlenecks in business-critical supply chains, under-investment in key sites and low-capacity utilization, as laid out last year.

During 2024, our industrial excellence program gained traction as we continued to progress towards unleashing the full benefits by 2027. The program aims to deliver cost reduction, enhanced efficiency, improved service levels and heightened overall competitiveness.

Our focus on reducing complexity, enhancing productivity and optimizing our network was demonstrated by the closure of six sites. We're making progress on improving operational efficiency and the debottlenecking of critical assets. This was necessary to address supply chain constraints that impacted our ability to meet customer demand. As a result, OTIF (on-time, in-full) for the company overall returned to 90%, a significant annual improvement.

A newly updated and automated production line was opened at our Suzhou site in China. The improvements were part of a €14 million investment to accelerate growth and double the plant's marine and protective coatings capacity before the end of 2025. The continuous investments in Suzhou reaffirm our commitment to delivering the best solutions, quality and service to our customers.

Incremental to the industrial excellence program, where we're optimizing our manufacturing sites, we're also looking to improve our functional organization. To enhance the efficiency of our functions, we're simplifying operations, accelerating decision-making and streamlining the company's management structure. The plan involves a reduction of 2,200 positions globally. This is a testament to our organization's continued agility amidst an incrementally tougher market backdrop.

We aim to create a seamless experience for both our customers and employees. To achieve this, we're aligning the commercial and industrial sides of our business, simplifying our operating model and decision-making processes, and fostering a culture of end-to-end accountability and efficient implementation.

Active portfolio management

We're actively looking for ways to improve our portfolio in pursuit of synergies and scale, to redeploy capital towards growing our core Coatings businesses. In October, we announced a strategic review of our portfolio with an initial focus on South Asia, where AkzoNobel has a premium, highly profitable position in Decorative Paints, with a strong track record of growth. This portfolio review represents a key step towards focusing our portfolio on positions of differentiating scale in key coatings markets.

Mid-term ambitions:

Adjusted EBITDA margin*
>16%

Return on investment (ROI)*
16-19%

Adjusted EBITDA* growth
CAGR: >6%

Industrial excellence benefit
€300 mln by 2027

Volume growth
CAGR:
+ Low single digit %

Leverage
~2x, strong investment grade

Outlook is based on organic volumes and constant currencies, assumes no significant market disruptions. CAGR on 2023 baseline.

* Alternative Performance Measure: refer to Note 3 of the Consolidated financial statements for more details, including a reconciliation to the most directly comparable IFRS measure.

DECORATIVE PAINTS

2024 OVERVIEW

2024 presented a varied landscape for Decorative Paints, with performance differing across regions. EMEA demonstrated resilience, maintaining performance in flat market conditions. Latin America delivered strong growth, led by Brazil. South East Asia achieved the highest volume growth across regions, driven by robust demand in India and Indonesia. In contrast, China faced significant market weakness, impacting overall performance in Asia.

Organic sales for Decorative Paints were up 1%, due to an increase in price/mix. Volumes were flat, with higher volumes in SESA and LATAM offset by continued market weakness in China. The acquisition of Huarun in China (completed in August 2023) added 1%, while adverse currencies negatively impacted revenue by 1%, resulting in revenue being flat.

Operating income came in at €405 million (2023: €500 million), mainly impacted by identified items of negative €80 million (2023: nil). Identified items in 2024 mainly contained restructuring related costs, while identified items in 2023 also included gains from property divestments. Excluding identified items, margin expansion partly mitigated operating cost inflation.

Adjusted EBITDA at €635 million (2023: €645 million). Adjusted EBITDA margin at 14.8% (2023: 15.0%).

Decorative Paints is comprised of businesses that focus on a full range of interior and exterior decoration and protection products for both the professional and do-it-yourself channels. These include paints, enamels and varnishes, as well as products for surface preparation. We also offer services such as mixing machines, color concepts and advice, along with training courses for applicators. AkzoNobel operates its own sales distribution network in addition to selling through agents and distributors, across three geographical regions.

Revenue in € millions

	2023	2024	Δ%	Δ% Organic*
Decorative Paints EMEA	2,413	2,462	2%	2%
Decorative Paints Latin America	780	825	6%	11%
Decorative Paints Asia	1,107	1,014	(8%)	(9%)
Total	**4,300**	**4,301**	**—%**	**1%**

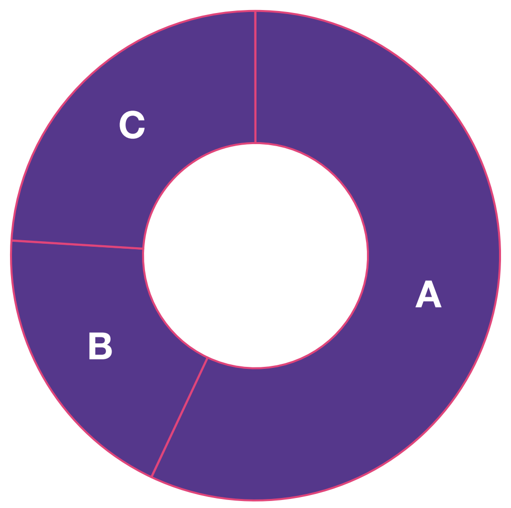
* Alternative performance measure: refer to Note 3 of the Consolidated financial statements for more details, including a reconciliation to the most directly comparable IFRS measure.

Key financial figures

in € millions/%	2023	2024	Δ%
Operating income	500	405	(19%)
Identified items[1]	—	(80)	
Depreciation and amortization[2]	(145)	(150)	
Adjusted EBITDA[1]	645	635	(2%)
Adjusted EBITDA margin (%)[1]	15.0	14.8	
Average invested capital[1]	3,755	3,921	4%
ROI (%)[1]	13.3	12.4	

[1] Alternative Performance Measure: refer to Note 3 of the Consolidated financial statements for more details, including a reconciliation to the most directly comparable IFRS measure.
[2] Excluding identified items.

Decorative Paints revenue by destination in %



A EMEA	57%
B Latin America	19%
C Asia	24%

Key brands

EMEA

Volumes in 2024 remained flat across Decorative Paints EMEA, with no material market recovery observed. While we anticipated a progressive rebound in demand, the year was marked by unusually wet weather across various parts of Europe, which affected our exterior painting season – particularly in the trade segment. These headwinds were offset by resilient demand in our DIY segment.

Latin America

Low single-digit volume growth was achieved in 2024, with momentum gradually building after volumes remained largely flat in the first half-year. Higher volumes were driven by strong growth in Brazil, although this was partially offset by impact from adverse currencies and challenging macro-economic conditions in neighboring countries, including Colombia and Argentina.

Asia

China proved challenging for the Decorative Paints business in 2024, with market demand remaining depressed due to a weak real estate sector and low consumer confidence. Our 2023 acquisition of the Huarun business expanded our access to distribution channels all the way to smaller cities. The integration is progressing ahead of plan and has generated cost synergies, despite these challenging markets. In contrast to China, South East and South Asia saw high single-digit volume growth amid an increasingly competitive environment, which intensified pricing pressure. Demand in India and Indonesia was strong, while Vietnam stabilized after a difficult first half of the year.

Our Ashington site in the UK received two industry awards from the British Coatings Federation. As well as being presented with the Coatings Care Overall Best Performer honor, the site also scooped the Excellence in Training award. The prize for Overall Best Performer was in recognition of outstanding performance, with Ashington having never recorded a lost time injury in 12 years of operation.

PERFORMANCE COATINGS

2024 OVERVIEW

Performance Coatings delivered a solid performance in a year marked by dynamic market conditions, showcasing resilience and adaptability across diverse end markets. Despite varying demand trends in sectors such as automotive and industrial, the business achieved volume growth.

Robust new-build order books drove further recovery in Marine and Protective Coatings, while Powder Coatings maintained growth momentum, despite softer automotive markets in the latter half of the year. Industrial Coatings started the year strong, particularly in Coil and Packaging, although industrial demand softened in the latter half. In Automotive and Specialty Coatings, Aerospace was resilient and overcame OEM challenges. Geographically, China delivered strong performance across most Coatings businesses – in contrast to what we saw in Decorative Paints.

Organic sales were up 2%, driven by higher volumes in most businesses. Price/mix was flat. Unfavorable exchange rates were a headwind, reducing revenue by 1%. Revenue was up 1% compared with the previous year, at €6,410 million.

Operating income of €679 million (2023: €698 million) was impacted by identified items of negative €56 million, mainly due to restructuring related costs (2023: positive €13 million, including gains from property divestments). Gross margin expansion excluding identified items more than offset operating cost inflation. Adjusted EBITDA increased to €913 million (2023: €854 million). Adjusted EBITDA margin increased to 14.2% (2023: 13.4%).

AkzoNobel is one of the world's leading manufacturers and suppliers of performance coatings. Our products are engineered to achieve functional properties such as corrosion control, fouling control, anti-scratch and passive fire protection, while delivering step changes in sustainability. Our Performance Coatings activities are organized into four main businesses: Automotive and Specialty; Industrial; Marine and Protective; and Powder Coatings. Key end markets include general industrials (agricultural and construction equipment, construction-related steel and metal fabrication, pipes, appliances and transportation), energy, packaging, infrastructure and shipbuilding and maintenance.

Revenue in € millions

	2023	2024	Δ%	Δ% Organic*
Powder Coatings	1,377	1,365	(1%)	1%
Marine and Protective Coatings	1,482	1,575	6%	8%
Automotive and Specialty Coatings	1,422	1,434	1%	2%
Industrial Coatings	2,087	2,036	(2%)	(1%)
Total	**6,368**	**6,410**	**1%**	**2%**

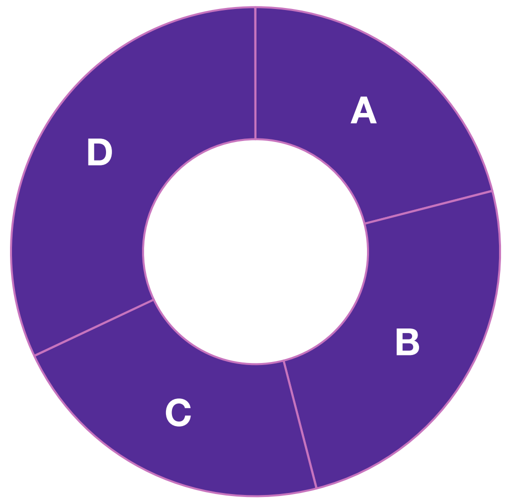
* Alternative Performance Measure: refer to Note 3 of the Consolidated financial statements for more details, including a reconciliation to the most directly comparable IFRS measure.

Key financial figures

in € millions/%	2023	2024	Δ%
Operating income	698	679	(3%)
Identified items[1]	13	(56)	
Depreciation and amortization[2]	(169)	(178)	
Adjusted EBITDA[1]	854	913	7%
Adjusted EBITDA margin (%)[1]	13.4	14.2	
Average invested capital[1]	3,725	3,773	1%
ROI (%)[1]	18.4	19.5	

[1] Alternative Performance Measure: refer to Note 3 of the Consolidated financial statements for more details, including a reconciliation to the most directly comparable IFRS measure.
[2] Excluding identified items.

Performance Coatings revenue by business unit in %



A	Powder Coatings	21%
B	Marine and Protective Coatings	25%
C	Automotive and Specialty Coatings	22%
D	Industrial Coatings	32%

Key brands

AWLGRIP, Chemcraft, Interlux, International, Interpon POWDER COATINGS, RESICOAT, sikkens, WANDA

Powder Coatings
The business delivered resilient performance throughout the year, despite flat overall markets and a notable slowdown in the automotive sector in the second half. We achieved mid single-digit volume growth, driven by our market leadership and product differentiation, particularly in North America and Asia. With strong sustainability benefits, the shift from liquid to powder coatings continued to accelerate across various end markets. Our leadership in lower temperature cure technology – supported by the launch of a new patented technology designed to meet rising customer demand for more sustainable metal effect architectural finishes – further positioned us well for future growth in this business.

Marine and Protective Coatings
Our Performance Coatings portfolio saw the strongest organic growth within the Marine and Protective Coatings business, boasting high single-digit volume growth. This impressive growth was particularly evident in our marine segment, where we captured a larger share in technical new-builds, driven by our customers' increased focus on sustainability. Amid shifting macro-economic conditions and evolving regulatory landscapes, particularly in the US, our Protective Coatings business remained resilient, delivering strong performance across diverse markets and regions, with notable growth in South Asia and the Middle East. Our technology leadership positions also demonstrated strength, especially Chartek passive fire protection and Intersleek, our biocide-free marine foul release coating, which continues to be highly regarded for its fuel and emissions saving benefits. In addition, we launched innovative solutions throughout the year, including Chartek One, Interline 704HS, and Awlcraft 3000, all designed to support customers with reducing complexity, improving productivity and supporting decarbonization.

Automotive and Specialty Coatings
The business saw a slight decline in volume for the year. Our Aerospace Coatings activities performed well, driven by increased demand in aircraft maintenance, although our OEM business faced market challenges. In the second half of 2024, a marked slowdown in EMEA weighed on our Automotive business, while volume performance in Vehicle Refinishes softened throughout the second half, particularly in North America and Europe. Our Consumer Electronics business introduced new soft touch technologies such as Velvet Excimer and Silky Smooth, as well as water-based products that offer enhanced durability.

Industrial Coatings
Volumes for Industrial Coatings remained flat for the year. Although Wood Adhesives achieved volume growth, demand remained muted for Wood Finishes. Packaging and Coil Coatings demonstrated resilience in the first half-year, but this weakened in the second half due to softer industrial demand. Throughout 2024, we expanded our range of next generation, bisphenol-free, PFAS-free and styrene-free technologies to meet and exceed the metal packaging industry's demanding long-term regulatory and sustainability needs.

Motorcycle manufacturers can kick start improved cost and energy savings following the introduction of Interpon A3000 – our first single layer powder coating for two-wheelers. Launched with a specific focus on the Indian market, it helps customers accelerate their efficiency gains without compromising on performance or aesthetics.

Our coatings expertise was used to help construct the first large cruise ship ever to be built in China. The 5,246-passenger Adora Magic City features our International brand's Intersmooth fouling control technology, which was specified on the hull of the milestone vessel.

INNOVATION

Transforming industries with sustainability-driven innovation

Nobody understands surfaces like we do. Our extensive expertise enables us to make the things we see and use every day do more than expected.

We also play a progressive and collaborative role in energizing entire industries to advance towards a more sustainable future. By using the power of paints and coatings, we help customers reduce energy consumption, increase overall efficiency, lower waste and improve safety. This will play an important role in helping them to achieve their own sustainability ambitions.

Our non-stop innovation will help drive us towards our science-based target of reducing carbon emissions across our entire value chain by 50% by 2030 (baseline 2018). We're focused on decarbonizing our value chain, supporting a circular economy and providing our customers with more sustainable solutions. In 2024, we made significant progress in advancing these priorities, developing innovative solutions that support our three major end-user segments – the built environment, consumer goods and transport.

Built environment

This segment accounts for around 39% of global energy-related carbon emissions, and we believe that green buildings will play a vital role in driving a more sustainable future. To support this vision, we continue to develop innovative technologies and solutions that help reduce the environmental footprint of the built environment:

- Architectural customers can now benefit from a new superdurable low-bake powder coating. Interpon D2525 Low-E has been specifically designed to withstand conditions in extreme environments
- Rising demand for more sustainable metal effect architectural finishes prompted us to develop patented particle technology for our new Interpon D Natural Metals range of powder coatings
- We continued to develop and launch solutions that have a positive impact, such as the Angel edition of our Dulux Anndru series, an innovative wall paint which helps to improve indoor air quality and is composed of 48% bio-based ingredients

Consumer goods

We're committed to a future without the use of bisphenols to protect metal packaging. In response to changing legislation and the European food packaging industry's shift towards more sustainable alternatives, we developed new products that meet these needs:

- We launched the Securshield 500 series of easy-open end coatings, as well as Accelshield 300, an inside spray coating for beverage cans which delivers advanced corrosion protection, flexibility and sensory performance. These formulations are free of all bisphenols
- We also developed a professional grade series of coatings designed for products made from post-consumer recycled (PCR) plastics. They offer long-lasting protection for items such as computers, mobile phones and household appliances

Transport

The transport sector is undergoing a rapid transformation, driving the need for innovative coatings that can enhance performance and contribute to energy savings. Our 2024 product launches included:

- Our Resicoat brand developed advanced powder coatings technology which offers improved electrical protection for EV battery systems in just one spray
- Boat owners can now benefit from a revolutionary 3D Color Visualizer, which was introduced by our Awlgrip yacht brand

Driving progress through strategic partnerships

We actively seek to share our knowledge and work with others to overcome many of the challenges our customers and the wider world are facing. We've started a unique collaboration with two industry-leading raw material suppliers to explore how existing formulation practices can be enhanced to significantly reduce the carbon footprint of decorative wall paint. We've also taken on a leading role in the Dutch SusInkCoat project, which is exploring how to make inks and coatings more sustainable.

Investing in our innovation infrastructure

Our ongoing commitment to innovate with impact and bring more sustainable products to the market has been further strengthened by investments in our own infrastructure. At our largest global R&D Center in Sassenheim, the Netherlands, we started building a new technology center for powder coatings and opened a new polymer lab to develop innovative resin technologies. In the UK, we inaugurated the world's first purpose-built wind turbine blade testing facility, which is capable of running simulations at half the speed of sound.

Innovation lies at the heart of our journey to a more sustainable future. By continuously pushing the boundaries of what's possible in paints and coatings, we're not just responding to the challenges of today, but shaping the solutions of tomorrow. As we move forward, our focus on collaboration and decarbonization will remain key to driving progress within and beyond our industry.

Innovation in numbers

~2,900
R&D professionals worldwide

€1.29 bln
spent on R&D (last five years)

2,300+
patents/patent applications

70 laboratories worldwide

SUSTAINABILITY STATEMENTS

This section details our sustainability performance. It explains our ambitions, outlines our approach to creating shared value and shows our performance on key environmental and social indicators.

For additional information, visit: akzonobel.com

Some of the most iconic windmills in the Netherlands are being preserved with help from our Sikkens brand. We've signed a six-year partnership to protect the 18th century windmills at Kinderdijk – a UNESCO World Heritage Site – and restore all 19 to their original colors. Most of them are still inhabited, with one family having been resident for ten generations.

OUR APPROACH TO SUSTAINABILITY

Our Director of Sustainability, Wijnand Bruinsma, spoke to customers in Taiwan about the importance of value chain collaboration when it comes to reducing our Scope 3 carbon footprint.

Setting the standard in sustainability

At AkzoNobel, we're focused on ensuring that the pioneering paints and coatings we supply continue to protect what matters – both now and in the future. We innovate with and for customers and play a progressive and collaborative role in energizing entire industries to advance towards a more sustainable future.

By using the power of paints and coatings – to harness energy, reflect heat, protect surfaces for longer, improve indoor air quality and reduce drag in ships, for example – we can help customers cut their energy consumption, increase overall efficiency, lower waste and improve safety. This will play an important role in driving them towards their own sustainability ambitions. It's about developing real solutions for real-life problems and finding inventive ways to collectively make a positive contribution to our ever-changing world.

We're focused on realizing our target of halving carbon emissions across our value chain by 2030 (baseline 2018). It's one of several ambitions we have, which also include achieving 100% circular use of materials in our own operations by 2030 and having 30% female executives by 2025. During 2024, we reached our target of empowering more than 100,000 people in local communities with new skills. We're proud to have achieved this six years ahead of our original 2030 planning.

Our ambitions are built on three strategic pillars: producing durable solutions in a more sustainable manner; helping our customers become more sustainable; empowering communities and our employees.

Collaborative innovation is essential to our vision. To make the kind of progress we're so determined to achieve, we need to engage in collective action and merge our brainpower with start-ups, academia, suppliers and customers.

By looking beyond the surface and radically rethinking paints and coatings, we can color people's lives, protect what matters and Paint the Future together.

ESG ratings and benchmarks

We constantly monitor our progress to ensure we remain on the right track and work hard to maintain our high standards with leading rating agencies, such as Sustainalytics, EcoVadis and MSCI. This independent acknowledgement recognizes our ambitions and programs and our sustainability leadership in our industry. We annually review the benchmarks we actively participate in, taking into account stakeholder preference, such as investors, suppliers and customers. We prioritize active participation in those benchmarks that help drive continuous improvement and rely mostly on publicly available information. We're proud that we remained a frontrunner in the paints and coatings industry throughout 2024, based on the following ESG rating agencies and benchmarks.

ESG rating agency	Key achievements
EcoVadis	Maintained our highest ever rating from EcoVadis – 82/100 and earned a platinum medal – placing us in the top 1% of 130,000+ companies assessed across all industries around the world
MSCI	Maintained highest possible rating (AAA) for nine consecutive years
Sustainalytics	Maintained the ESG low-risk and top-rated in our industry
FTSE4Good	We featured in the FTSE4Good Index Series for the 19th year running. The series measures performance across environmental, social and governance (ESG) practices

Key partnerships

CHANGE chemistry
WE SUPPORT UN GLOBAL COMPACT
RESPONSIBLE MICA INITIATIVE
TOGETHER FOR SUSTAINABILITY
Dutch Sustainable Growth Coalition
WORLD GREEN BUILDING COUNCIL
BAN LEAD PAINT
RE100 CLIMATE GROUP
CDP

GENERAL DISCLOSURES

BASIS FOR PREPARATION

The Sustainability statements of AkzoNobel N.V. are prepared in accordance with the requirements as included in the Corporate Sustainability Reporting Directive (CSRD), article 29(a) of EU Directive 2013/34/EU, including compliance with the European Sustainability Reporting Standards (ESRS) and the Taxonomy Regulation, Article 8 of EU Regulation 2020/852. On the publication date of our 2024 Sustainability statements, the CSRD had not yet been transposed in national Dutch law. We therefore report in line with CSRD on a voluntary basis. The Sustainability statements are prepared on a consolidated basis. The scope of the consolidation is equal to the scope of consolidation for the Financial statements.

The material impacts, risks and opportunities connected to our own operations and our value chain have been assessed as part of our double materiality assessment (see Impact, risk and opportunity management). A description of the double materiality process is also included in the same chapter.

Time horizons

The reporting period applicable to the Sustainability statements is equal to the reporting period for the financial statements.

Metrics and targets in relation to material sustainability matters

Reported metrics for material sustainability matters as included in the Sustainability statements are derived from several different source data files and reporting systems used by AkzoNobel. The reported metrics have not been assured by an external body other than our assurance provider.

An overview of reporting systems and definitions is included in the Methodology and definitions chapter.

The setting of targets on material topics was approved by the Executive Committee. Factors considered when setting targets include historical conduct and the availability of a baseline. There was no direct external stakeholder involvement in setting targets. The targets we've set are voluntary, apart from the gender diversity target of at least one-third female and one-third male representation of the Supervisory Board, which follows the Dutch Gender Diversity Bill.

Sources of estimation and outcome uncertainty

The preparation of the Sustainability statements requires management to make judgments, estimates and assumptions that affect amounts reported. The estimates and assumptions are based on experience and various other factors that are believed to be reasonable under current circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis. The following metrics have a higher degree of judgment and complexity, for which changes in the assumptions and estimates could result in different results than those recorded in the Sustainability statements:

- Scope 3 emissions (see Climate change)
- Percentage of PCR in plastic packaging (see Circularity)
- Durability of our products (see Circularity)
- Gender pay gap ratio (see Own workforce)

A detailed description of the calculation methodology of metrics can be found in the Methodology and definitions chapter.

Value chain estimation

For the calculation of our Scope 3 emissions, we make use of estimations by means of industry averages. The sources we use to retrieve the industry averages are the CEPE (European Council of the Paint, Printing Ink and Artists' Colours Industry) and Ecoinvent databases (see Climate change for more details). Replacing industry average data to calculate the Scope 3 emissions attributed to our suppliers with supplier specific carbon footprint data is a key driver to improve our data quality. For 2024, 14% of our total Scope 3 carbon footprint (which equates to 31% of our total upstream emissions) was calculated using supplier specific data.

Changes in preparation or presentation versus prior periods

For CSRD disclosure in 2024, we built on the foundation we laid out in the annual report for the previous year. As a result, the Sustainability statements are aligned with the Environmental, Social and Governance presentation requirements of the CSRD. Several metrics have been materially changed, added or eliminated compared with 2023.

In preparing towards CSRD, we decided to discontinue external reporting of the Sustainable solutions metric. This is described in detail on the next page under Sustainable solutions phase out.

The introduction of CSRD also brings new reportable metrics and definitions and/or scope changes to previously reported metrics. These are described in detail in the Methodology and definitions chapter.

Sustainable solutions phase out

AkzoNobel has a solid track record in sustainability reporting. For many years, we've analyzed our product portfolio, using our Sustainable Product Portfolio Assessment (SPPA) framework. We've already been reporting on our eco-premium solutions for more than ten years.

Our SPPA framework is based on the World Business Council for Sustainable Development's (WBCSD) Portfolio Sustainability Assessment. It provides a holistic view of the sustainability characteristics of our product portfolio. This was a much-needed framework at a time when no clear external guidelines existed for measuring and analyzing our product portfolio.

Times have changed, and for the better. Sustainability reporting is standardizing across the world, not least in the European Union with the arrival of the CSRD and the EU Taxonomy. We also see changing societal sentiment, shifting from holistic sustainability statements to more specific sustainability characteristics, in particular related to sustainable product claims. This provides us with the opportunity to reshape how we analyze and report on our product portfolio in a more granular way, following both legislation and societal shifts in expectation.

The SPPA framework took into account the following criteria, the majority of which have now been embedded into the different CSRD reporting requirements: Reduced carbon and energy; Longer-lasting performance; Health and well-being; Reduce, reuse and renew; Less waste. The legislation also aims to provide more comparability between companies, which was not achieved by SPPA due to a low industry adoption rate.

This means we're discontinuing the external reporting of our Sustainable solutions metric. We'll continue to use it as an internal framework to steer our product roadmap development, innovation and value selling to customers. However, from an external reporting perspective, we'll report in line with the CSRD requirements as described above.

The table on the next page shows an overview of the different material topics under CSRD, how they relate to our previous SPPA reporting and where the disclosure can be found in this Report 2024.

Reporting adjustments related to prior periods

No reporting adjustments for metrics such as restatements related to prior periods have been identified.

Use of phase in and transitional provisions

For the reporting year 2024, the following phase in and transitional provisions on Disclosure Requirements, as included in ESRS 1, are applied to the Sustainability statements:

- The requirement as included in ESRS E1-9.67(c) in relation to a breakdown of the carrying value of the undertaking's real estate assets by energy efficiency classes
- The requirements as included in ESRS E2-6 in relation to the share of net revenue made with products and services that are, or contain, substances of very high concern
- The requirement as included in ESRS E5-4 to disclose the absolute weight of post-consumer recycled content in plastic packaging
- The requirement as included in ESRS S1-7 and S1-14 on disclosures related to non-employee workers
- The transitional provision to disclose comparative data as the reporting year 2024 is the year of first-time application of CSRD. Where comparative data is available (either due to historical comparative reporting, or availability of reliable historical data) and where comparative data assists users in understanding trends, we've included comparative data

Incorporation by reference

Some disclosures are incorporated by reference to other parts of the management report. Whenever this is the case, this is clearly indicated. We incorporate the following metrics by reference:

- Description of business and markets served
- Integration of sustainability-related performance in incentive schemes, as well as other compensation indicators
- Diversity in the Supervisory Board and Board of Management
- Role, expertise and independence of the Board of Management and Supervisory Board
- Integration of sustainability risk management into the overall risk management processes
- Note 19 of the Financial statements for the financial effects (environmental costs) from material pollution-related risks

Mapping table: Sustainable solutions categories and corresponding 2024 CSRD disclosure

SPPA category	Topic	Description	Disclosure 2024
Reduce, reuse and renew	Carbon Scope 3 – Circular solutions	Reducing the end-of-life impact of the fossil-based materials in our products. This can mainly be achieved by increasing the amount of renewable materials in our formulations, which can be done through applying bio-based, biomass balanced and recycled materials, among others.	Climate change mitigation – Scope 3 carbon reduction levers
Low VOC	Carbon Scope 3 – Solvent emissions	Release of solvents from our products is an important part of our Scope 3 emissions, which means reduction of solvent emissions represents a key reduction lever. This can be done by switching to water-based products, flat reduction of solvents in our formulations and by thinking along with customers to capture and oxidize the solvents we supply to them, which can be a key area for the application of renewable solvents.	Climate change mitigation – Scope 3 carbon reduction levers
Less waste	Carbon Scope 3 – Process efficiency	Providing customers with the most efficient solution in terms of carbon footprint. For example, we can provide solutions that require less and thinner layers, reduce overspray and increase efficiency.	Climate change mitigation – Scope 3 carbon reduction levers
Reduced carbon and energy	Carbon Scope 3 – Circular solutions; Solvent emissions; Process efficiency and Energy transition	Carbon reduction opportunities resulting from energy transition in our value chain. There's growing availability of raw materials with a reduced carbon footprint. Through our projects and programs on energy transition, we aim to offer our customers lower carbon footprint solutions.	Climate change mitigation – Scope 3 carbon reduction levers
Health and well-being	Priority substances	Under our double materiality, we've assessed "priority substances" as a material topic. Our Priority Substance Program, which we use to identify and control the use of hazardous substances, has been embedded into AkzoNobel's processes for many years. This year, we provide additional transparency in line with CSRD.	Pollution – Priority substances
Longer-lasting performance	Durability	The protection of surfaces and products is a priority for our customers, and our paints and coatings play a pivotal role in meeting their needs. Our work includes developing innovative solutions such as anti-corrosive technologies, enhanced durability, application to new substrates and digital inspection services.	Circularity – Durability and longevity

GOVERNANCE

The role of the management and supervisory bodies

The composition of the management and supervisory bodies ensures sufficient access to expertise and skills with regard to sustainability matters. The composition of the Board of Management is included in the chapter Our Board of Management and Executive Committee, and further information relating to their skills is included under Sustainability on page 97. The composition of the Supervisory Board is described in Our Supervisory Board. The expertise and skills of its members are included in the Supervisory Board skills and profiles. In addition, the oversight of impacts, risks and opportunities by the Supervisory Board is included in the Sustainability paragraph on page 88. The oversight of the impacts, risks and opportunities by the Board of Management is included under Sustainability on page 97 in the Corporate governance statement. The independence of the Supervisory Board is discussed on page 90.

With regards to the naming of our administrative, management and supervisory bodies, as defined by CSRD:
- Administrative and management body: We refer to our Board of Management, consisting of the CEO and CFO
- Supervisory body: We refer to our Supervisory Board

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 Board of Management, operating in the context of the Executive Committee, is responsible for incorporating our sustainability agenda into the company strategy and monitoring the performance through the Operational Control Cycle, as described in the Corporate governance statement. Within the Executive Committee, the Chief Human Resources Officer is responsible for sustainability.

Sustainability is on the agenda of the Supervisory Board on a quarterly basis. Separately, the Audit Committee is kept up-to-date with sustainability reporting developments, including developments in relation to risk management and internal control processes. More information, including on the topics discussed, can be found in the Report of the Supervisory Board and the Corporate governance statement.

Integration of sustainability-related performance in incentive schemes

Goals related to ESG aspects are included in both the long-term incentive (LTI) and the short-term incentive (STI) performance targets for the Board of Management. The LTI ESG targets can be found on page 116 of the Remuneration report in the second table under Performance metrics 2022-2024 LTI Share Plan. The STI ESG targets can be found on page 115 of the Remuneration report in the table STI on personal objectives. Goals related to ESG aspects in remuneration from 2025 onwards can be found in the Remuneration report from page 123 onwards.

Statement on due diligence

The outcomes of the different due diligence processes we have in place with regard to sustainability matters, as described in more detail below, inform us of our material impacts, risks and opportunities. The identification, prevention, mitigation and reporting of these actual and potential impacts is embedded in the way we conduct business.

Included below is a description of the specific due diligence processes in relation to human rights and environmental due diligence. For the due diligence process performed to determine our material impacts, risks and opportunities, see Impact, risk and opportunity management.

Human rights due diligence

As part of our core values of safety, integrity and sustainability, we're committed to respecting internationally recognized human rights in all our operations and throughout our value chain. We recognize our responsibility to respect the human rights, including labor rights, of all stakeholders in our own workforce and across our value chain. We're committed to actively and systematically assessing actual and potential human rights impacts, taking action where needed to ensure our impact on people's lives is as positive as possible.

This commitment is in line with the United Nations Guiding Principles on Business and Human Rights (UNGPs), the International Bill of Human Rights (consisting of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights) and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. We support the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

Further support is provided by our human rights framework. It includes policies, a governance structure, a focus on salient issues and (topic-specific) due diligence processes to continuously identify and mitigate (potential) human rights risks and remediate actual impacts. The framework also includes a grievance mechanism to enable, remedy and report on risks and actions. Read more in our Human rights position paper.

Modern slavery statement

We're aware that multiple risks come with a complex and long supply chain, including the risk that modern slavery may exist in these supply chains. Our Modern slavery statement sets out our commitment to prevent modern slavery in our business and supply chain. AkzoNobel has a zero tolerance approach to modern slavery of any kind. We define modern slavery to include child labor, debt bondage, forced labor, human trafficking, servitude, slavery and slavery-like practices.

Global salient human rights issues assessment
From 2023, we've integrated our global salient human rights issues assessment into our yearly CSRD double materiality assessment process (covered in the Strategy section). While we respect all human rights equally, we prioritized certain issues based on severity and likelihood. This has resulted in the salient human rights issues (see table below) for us to focus on and conduct further due diligence. Health and safety and Working time (the latter is part of the salient issue Working conditions) have also been identified as a material topic under the CSRD's double materiality assessment.

Salient human rights assessment

	Upstream supply chain (suppliers)	Own operations	Logistics	Downstream (customers, end-users)
Health and safety	●	●	●	●
Working conditions	●	●	●	
Discrimination and harassment		●		
Negative impact on local communities		●		
Modern slavery	●		●	

Topic-specific due diligence process
We operate continuous topic-specific due diligence processes that help us identify (potential) human rights impacts, on which we both engage and communicate. For example, our Health, Safety, Environment and Security (HSE&S) audits assess the health and safety conditions at our manufacturing sites and stand-alone RD&I locations. Through that same process, we require every location to have a procedure in place that covers processes for stakeholder outreach and external complaints regarding surrounding communities. If members of surrounding communities have a complaint, they can file it directly with the site manager of the relevant location (any complaints are registered and tracked in a central tool), or raise their concerns through our SpeakUp! grievance mechanism.

Another example is our Supplier Sustainability Framework, which includes assessments, surveys and audits of our high-risk suppliers, and is designed to identify and assess sustainability practices, including human rights, in our supply chain. For more information on our high-risk suppliers, please refer to the Suppliers sustainability risk analysis (baseline) definition in the Methodology and definitions chapter.

Human rights due diligence related to modern slavery
With regard to addressing potential modern slavery in our supply chain, we're focusing on both our direct and indirect suppliers. For our direct suppliers, we identify our high-risk suppliers according to our Supplier Sustainability Framework and assess and audit them. More details about this program and our membership of Together for Sustainability (TfS) can be found in the Governance chapter. For our indirect suppliers – where we have to look further in the supply chain due to certain risks – we've conducted in-depth research into our raw materials portfolio and prioritized high-risk supply chains, based on publicly available information from NGOs and government agencies. In 2024, we continued our focus on calcium carbonate, cobalt, copper, fluorspar, mica, talcum and tin supply chains.

Cobalt and tin
As part of our due diligence program regarding materials with potential human rights impacts, we measure the percentage of responses received to our surveys. For cobalt and tin, we also measure the percentage of smelters that are either listed as active or conformant smelters in the Responsible Minerals Assurance Process.

In 2024, we sent out 310 surveys on the minerals, to which 92% responded (2023: 80%).

Of the 112 suppliers who confirmed using tin and/or cobalt necessary for the functionality of the product, 75% disclosed their smelters. In total, 82% of these smelters were either listed as active or conformant smelters in the Responsible Minerals Assurance Process.

Mica minerals
For mica, we've identified 11 mica processors, of which seven participated in the Global Workplace Standard (GWS) program from the Responsible Mica Initiative. Out of the participating processors, four are compliant with this standard. We're working with our suppliers to bring all their processors onto this program and improve towards compliance with this standard.

In addition, through our Responsible Mica Initiative (RMI) membership, we delivered positive impact for workers in the mica value chain in India. The Community Empowerment program is transforming communities in the mica region with initiatives that provide long-term and self-sustainable remedies to the underlying causes of child labor and poor working conditions. Launched in 2018, more than 180 villages and 16,000 households are now benefiting from various programs, including better schools and healthcare delivery, access to more diverse sources of livelihood and receipt of government services.

Through our RMI membership, we – together with many stakeholders and peer companies – commit to:
- Having 100% of processors compliant with the RMI Global Workplace Standard
- Establishing a fair and responsible mica supply chain (including fair living income) in the Indian states of Jharkhand and Bihar
- Eliminating unacceptable working conditions and eradicating child labor in India's mica supply chains by 2030

In the Responsible Mica Initiative, a grievance mechanism is in place with the aim of a fair, timely and objective resolution of grievances relating to the implementation of its mission and operations. The form used to file a complaint is available in English, French, Hindi and Malagasy.

Other minerals
For all other minerals included in the survey (calcium carbonate, copper, fluorspar and talcum), some suppliers confirmed that these materials are sourced from known risk countries associated with forced or child labor. If there are no controls in place, we request

that these controls be put in place (e.g. by means of social audits or visits). In 2024, we received evidence of controls in place or requested site audits as a result of our 2023 human rights due diligence.

Training
For suppliers who deliver raw materials that contain minerals as described previously in this chapter – and who fall under our human rights due diligence program for materials which have high risks of negative impacts on human rights occurring in their supply chain – we provided webinars to explain AkzoNobel's efforts in this area and what we expect from our suppliers. During these webinars, we shared the Responsible Mineral Initiative templates that our suppliers must use to collect information from their own suppliers, as well as using them to share information requested by us. During 2024, a total of 65 individuals attended one of the two webinar sessions across the globe.

Site-level assessments
This year, we went a level deeper than the global approach to identify (potential) human rights issues, and have surveyed 13 of our production sites on topics such as overtime, forced labor, freedom of association and collective bargaining, unequal treatment, and negative impact on surrounding communities. These sites were prioritized based on: a risk rating provided by a third-party supplier (EcoVadis IQ Plus, sustainability intelligence for global supply chains); the number of employees and the magnitude of operations. Findings and follow-up actions from these assessments are expected during the course of 2025.

Further information on our salient human rights issues, our related due diligence activities and mitigating and remediating measures (for example, related to health and safety and working time) can be found in the relevant sections in the Social disclosures in the Sustainability statements.

Incidents, complaints and severe human rights impacts
During 2024, no severe human rights impacts or incidents were reported in our own operations. In addition, the site-level assessments we carried out on 13 sites didn't identify any adverse human rights impacts. For an overview of cases registered through our SpeakUp! mechanism, please see the Integrity and compliance management chapter.

Environmental due diligence

Environmental due diligence is embedded in our HSE&S processes. We have environmental due diligence processes in place for both acquisitions and divestments.

These processes are usually carried out in collaboration with a third-party specialist in the form of:
- HSE&S due diligence for overarching health, safety, environment and security-related topics
- Phase 1 and 2 environmental site assessments for soil and groundwater-related topics. This process is generally carried out in accordance with current (inter)national standards

Risk management and internal controls over sustainability reporting

For a general description of our risk and internal control processes, refer to the Risk management chapter. Controls and procedures related to the management of impacts, risks and opportunities and the decision-making process are being integrated into the overall risk management process as described in the Risk management chapter. Dedicated controls and procedures related to impacts, risks and opportunities are integrated in the relevant internal function.

Internal controls related to sustainability reporting are dependent on the area of reporting, as multiple internal functions contribute to our sustainability reporting, depending on the topic. The majority of reported metrics are prepared by our HSE&S and HR functions. In 2023, we started our implementation plan to prepare a roadmap for the pathway towards reasonable assurance readiness for our sustainability metrics.

This implementation plan included the development of risk and control matrices for the functions contributing to sustainability reporting. These risk and control matrices include an overview of the main risks associated with the underlying processes and metrics and connected mitigating controls. Risks are prioritized depending on the function involved and potential impact of the risk.

Main risks identified when preparing our internal control environment relate to the accuracy and completeness of information, resulting from the fact that the scope of CSRD requires data gathering on multiple metrics that have not been reported in previous years. These risks have been mitigated by implementing controls at both the functional and group level. Controls mainly consist of reconciliation of reported data to source files, analytical procedures and IT general controls.

During 2024, we further developed our internal control frameworks for sustainability reporting within the functions, as well as on group level, to ensure the accuracy and completeness of underlying data in light of the assurance requirements under CSRD. As 2024 was the first year of implementing CSRD, further development of the control environment is expected during the coming years.

STRATEGY

Strategy, business model and value chain

Markets served

AkzoNobel produces paints and coatings, which is classified under NACE Code C20.3. This is a subset of C20 – Manufacture of chemicals and chemical products. The chemicals sector is considered a high climate impact sector in accordance with the Commission Delegated Regulation (EU) 2022/1288.

AkzoNobel's operations are grouped into two main businesses: Paints and Coatings. For a description of our business model and strategy, see the Strategy chapter in the Strategy and operations section. For key markets served, refer to the boxed introduction text at the start of the Decorative Paints and Performance Coatings chapters (pages 15 and 17). We also provide an overview of our business model and interaction with material topics on page 31.

For a breakdown of headcount by geographical area, as well as revenue by destination, please refer to the Regional statistics in the Financial summary.

Legislation on the use of chemical substances is constantly updated. We monitor the permitted use of chemicals as part of our day-to-day operations, to ensure compliance with legislation and adherence to local legislation in relation to banned products.

Interaction with strategy and goals related to product groups

The key element of our strategy that relates to sustainability is halving carbon emissions across our value chain by 2030 (baseline 2018). The target relates to how we formulate, produce, market and sell our products and will have an impact on the way we interact with our suppliers and customers over the coming years. As the majority of our emissions take place outside of our own operations, collaborating with our suppliers and customers is key to achieving our targets. More details can be found in Climate change.

Interests and views of stakeholders

In line with the Dutch Corporate Governance Code 2022, we've published a Stakeholder Engagement Policy, which is available on our website. As detailed in the policy, our key stakeholders are customers, employees, governments and policy makers, industry associations and other partners, investors, suppliers and wider society. We use various methods to engage in dialog with our stakeholders, depending on the nature, purpose and frequency of the interaction.

Engagement methods with stakeholders include (depending on the level of engagement): one-on-one meetings; calls; conferences; roundtables; consultations; roadshows; assessment/audits; surveys; multi-stakeholder initiatives/coalitions. Key topics of this engagement include: company performance and strategy (financial and ESG); business climate; investments; innovation; sustainability; regulation; employee insights.

The main purpose of our stakeholder engagement is that it allows us to foster meaningful relationships with those who play a crucial role in our endeavors. It also helps us address pertinent issues effectively and have a positive impact on the communities where we operate.

The views of these stakeholders shape our strategic decision-making process. As part of our double materiality assessment, we also consulted with representatives from these key stakeholder groups on sustainability-related impacts, risks and opportunities.

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

Material impacts, risks and opportunities and their interaction with strategy and business model

We assessed the impacts, risks and opportunities on environmental, social and governance matters and how these interact with our strategy and business model. This assessment is based on internal and external stakeholder engagement for both impact and financial materiality. It results in an overview of our material impacts, risks and opportunities throughout our value chain.

For details on the material risks, impacts and opportunities, we refer to the separate disclosures as included in the Environmental, Social and Governance chapters. Details on the process steps taken in the double materiality assessment are included in the next paragraph. A mapping from the material risks, impacts and opportunities to the associated ESRS disclosure requirements is also included in this section.

The resilience of our strategy and business model to address our material impacts, risks and opportunities is analyzed for the topics where this is relevant; primarily for climate change mitigation and climate change adaptation. Our resilience is analyzed for the short, medium, and long term by describing how our business model and strategy interact with our carbon reduction levers (for climate change mitigation) and natural hazard impact management (for climate change adaptation). See the chapter on Climate change for more details.

Description of the process to identify and assess material impacts, risks and opportunities

Our risk assessment process to identify and assess material impacts, risks and opportunities for ESG-related topics is structured in line with the requirements of ESRSs. The process of identifying sustainability-related impacts through our double materiality assessment has been performed separately from our enterprise risk management process, as described in the Risk management chapter of the Leadership and governance section. Therefore, no prioritization of sustainability-related impacts has taken place relative to other types of risks.

In 2023, we performed a baseline of our assessment in preparation for CSRD. The outcomes serve as a basis for the updated double materiality assessment which we performed in 2024. Below we provide a description of the process steps taken to prepare the assessment.

In 2023, we gathered and analyzed the background research on potentially material topics to AkzoNobel. For this, we reviewed different sources:
- ESG raters, including their view on material topics for our broader sector and our specific sector, as well as our suppliers and their respective industries
- Sustainability reports of peers, as well as value chain partners, such as suppliers and customers
- The outcomes of our salient human rights issues due diligence process
- Previous years' impact materiality assessments

This input shaped our view on the landscape of potentially material environmental, social and governance impacts, risks and opportunities for AkzoNobel.

During the second phase performed in 2023, we organized several workshops with internal subject matter experts, with the aim of rating and calibrating the potential and actual impacts, risks and opportunities (IROs) for all topics included in the ESRSs[1].

In the workshops, we rated the IROs on severity (scale, scope and irremediability) and likelihood on a 1 to 5 scale. The total scoring per topic (determined as the sum of the scoring on scale, scope and irremediability, multiplied by the likelihood) served as the basis for determining the material topics. Topics with a score of 50 or above were deemed to be material. This assessment was split per value chain area (upstream, own operations and downstream) and per specific activity, business relationship or other factors where relevant. The assessment was performed for the impact on people, as well as the impact on the environment. Financial materiality was also analyzed per topic, based on the same materiality thresholds used for our Financial statements.

During the materiality assessment, we requested participants to address potential entity-specific topics not included in the topics provided in the ESRSs.

In the third phase we performed in 2023, we created a shortlist of material topics based on the outcome of the workshops. We validated the assessment with internal stakeholders (management teams of subject matter experts involved, consisting of, among others, representatives of our environmental, substances, legal, health and safety, and procurement teams) and the CSRD Steering Committee. The Executive Committee validated our double materiality assessment during 2023 and the Audit Committee and Supervisory Board were informed about the process and outcome.

Subsequently, the shortlist of topics has been validated with our external stakeholders (see Interests and views of stakeholders in the Strategy section of the Sustainability statements for an overview of key stakeholders), both potentially impacted stakeholders, as well as users of the information.

We'll annually review the double materiality assessment and update our material IROs based on the outcomes of this review. Every three years, we aim to perform a thorough double materiality assessment, unless an event triggers an early reassessment, for example larger acquisitions or divestments.

In 2024, we updated the thorough double materiality assessment, building on the assessment performed in 2023. The following process steps were taken:
- We assessed whether we had significant changes to the organization or operational structure which would warrant an update of our IROs (e.g. major mergers and/or acquisitions, significant changes in key suppliers, global events etc.). No such events were identified
- We used our 2023 double materiality assessment as a basis and reviewed the material IROs identified in 2023, as well as reviewing the IROs that were not deemed material in 2023. Apart from smaller changes in the definition of our IROs, this review didn't lead to changes to the topics assessed as being material for 2024 reporting
- We've validated the outcomes of the updated double materiality assessment with our key external stakeholder groups (suppliers, customers, investors and employees). This verification didn't lead to any changes to the outcomes of the double materiality assessment

The resulting material topics applicable for reporting in 2024, and the reference to the relevant chapter in the Sustainability statements, are included on page 32.

The double materiality assessment process and the due diligence process may be impacted by changes over time. Therefore, the Sustainability statements and material IROs identified may be subject to change.

We haven't identified material topics related to biodiversity under our double materiality assessment. We did identify indirect material

[1] Application Requirements (AR 16 of ESRS 1).

impacts, such as emissions and waste, which are covered in the relevant chapters.

The land use of a paints and coatings factory is relatively small compared with the footprint of other industries, such as extractive industries or the broader chemicals industry. Based on the IUCN's Key biodiversity areas, none of our production sites are located in areas of significant biodiversity value. We identified indirect impacts, such as GHG emissions and waste, which are reported in the relevant chapters.

We also assessed the dependence on biodiversity and ecosystems in our upstream value chain. This is assumed to become more important when we transition towards more bio-based materials. However, it isn't currently identified as a material topic under our double materiality assessment. We haven't consulted with affected communities in particular on biodiversity. For general engagement with affected communities, refer to the Human rights due diligence paragraph in General disclosures. We haven't considered systemic risks in our assessment.

In addition to the material topics mentioned above, we've identified a number of topics related to either legal requirements or other relevant matters. The topics related to legal requirements mainly consist of reporting requirements on human rights due diligence and diversity and inclusion. Other relevant matters are those which we deem necessary to understand the organizational context AkzoNobel is operating in, and which we consider to be elementary for organizations with our size and impact.

Because these topics aren't considered material as a result of our double materiality assessment for CSRD, we've not included all the related ESRS disclosures to these topics in the Sustainability statements, when implementing CSRD. The related disclosures primarily consist of our policies and procedures in place. The following other relevant matters are included in the Sustainability statements, applicable to our own operations:

- Gender equality and equal pay
- Discrimination and harassment
- Diversity, equity and inclusion
- Freedom of association and collective bargaining
- Whistleblowers
- Bribery and corruption
- Political engagement and lobbying activities

In addition to these other relevant matters related to own operations, we also report on the topic of modern slavery for our upstream operations.

Current and anticipated financial effects of material sustainability risks and opportunities

The current and anticipated financial effects of the material risks and opportunities have been assessed and are not expected to significantly impact our financial position, financial performance and/or cash flows over the short, medium and long term.

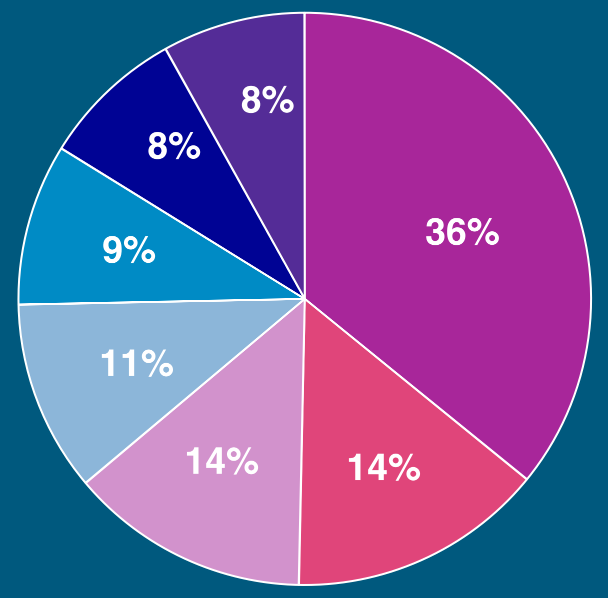
We partnered with the Kunstmuseum in The Hague to stage a major exhibition – the first time works from our Art Foundation have been the main focus of a museum show. They were displayed alongside iconic pieces from the Kunstmuseum's own collection.

Our business model, value chain and interaction with material topics

UPSTREAM

We buy raw materials from suppliers around the world, to mix into our paints and coatings.

Raw materials categories
in % of spend



46%
of our value chain emissions is upstream

Material topics

Environmental
Climate change mitigation and Energy
Priority substances
Circularity and Waste

Social
Health and safety
Working time

OWN OPERATIONS

In our factories, we mix raw materials together to turn them into paints and coatings.

~130
manufacturing sites

~35,000
employees

100+
countries where we're active

1%
of our value chain emissions is own operations

Material topics

Environmental
Climate change mitigation and Energy
Climate change adaptation
Priority substances
Circularity and Waste

Social
Health and safety
Working time

DOWNSTREAM

Our paints serve both professional and DIY markets and include a full range of interior and exterior products. Our coatings are designed to achieve functional properties such as corrosion and fouling control. They serve many end markets, from energy and infrastructure, to transport and packaging.

~40%
Paints revenue

~60%
Coatings revenue

53%
of our value chain emissions is downstream

Material topics

Environmental
Climate change mitigation and Energy
Priority substances
Circularity and Waste

Social
Health and safety
Working time

The table below includes the material impacts, risks and opportunities, as well as a reference to where the related disclosures are included in the Sustainability statements.

Topic – Impacts	Boundary (value chain part)	Time horizon	Description of the material potential impacts	Description of the material actual impact(s)	Reference to chapter in Sustainability statements	Disclosure requirements and associated page numbers in the Sustainability statements
Climate change mitigation and Energy	Upstream	S/M/L	Inability of suppliers to take remediating actions to reduce carbon emissions and/or inability to reformulate to lower carbon feedstocks	Contributes to global warming and not able to contribute to the Paris Agreement	Climate change	DR E1-1 (p. 34) DR E1-2 (p. 34) DR E1-3 (p. 34) DR E1-4 (p. 66) DR E1-5 (p. 66) DR E1-6 (p. 66)
	Own operations	S/M/L	Inability to reduce our carbon footprint through energy efficiency improvements and renewable energy sources			
	Downstream	S/M/L	High-emitting customer segments not mitigating their climate impact			
Priority substances	Upstream	S/M/L	Potential impact of spillage, accidental release and/or emissions	Environmental pollution and potential health impacts	Pollution	DR E2-1 (p. 42) DR E2-2 (p. 42) DR E2-3 (p. 42) DR E2-4 (p. 42) DR E2-5 (p. 42) DR E2-6 (p. 42)
	Own operations	S/M/L	The potential impact of accidental releases and/or discharges is under evaluation			
	Downstream	S/M/L	Inappropriate or unsafe handling of our products			
Circularity and Waste	Upstream	S/M/L	• Potential impact of not moving quickly enough to lower carbon alternatives, such as bio-based raw materials • Potential impact of not transitioning away from virgin raw materials, in particular plastic packaging	Resource use having a negative impact on climate and ecosystems	Circular economy	DR E5-1 (p. 44) DR E5-2 (p. 44) DR E5-3 (p. 44) DR E5-4 (p. 44) DR E5-5 (p. 44)
	Own operations	S/M/L	Inefficient resource use, landfill and loss of potential heat recovery from incineration	Resource use having a negative impact on climate and ecosystems, potential environmental contamination		
Working time	Upstream, own operations and downstream	S/M/L	Excessive working hours for own workers and workers in the value chain	Negative impacts on the health and livelihoods of workers and the risk of modern slavery	Own workforce (for own operations) and Workers in the value chain (for upstream and downstream workers)	DR S1-1 (p. 56) DR S1-2 (p. 56) DR S1-3 (p. 56) DR S1-4 (p. 56) DR S1-5 (p. 56) DR S2-1 (p. 61) DR S2-2 (p. 61) DR S2-3 (p. 61) DR S2-4 (p. 61) DR S2-5 (p. 61)
Health and safety	Upstream	S/M/L	Potential impact of occupational health and safety incidents	Negative impact on the health and safety of people	Own workforce; Upstream and downstream included in the chapter on Workers in the value chain	DR S1-1 (p. 55) DR S1-14 (p. 55) DR S2-1 (p. 61) DR S2-2 (p. 61) DR S2-5 (p. 61)
	Own operations	S/M/L	Potential impact of occupational health and safety incidents			
	Downstream	S/M/L	Inappropriate or unsafe handling of our products			

Topic – Risks and opportunities	Boundary	Time horizon	Description of the material risk/opportunity	Description of the material impact(s)	Reference to chapter in Sustainability statements	Disclosure requirements and associated page numbers in the Sustainability statements
Climate change adaptation	Own operations	S/M/L	Risk of inadequate adaptation of own operations to natural hazards occurring from climate change, including unavailability of water in water scarce areas	Loss of assets and ceasing of operations due to natural hazards occurring	Climate change	DR E1-1 (p. 38) DR E1-2 (p. 38) DR E1-3 (p. 38, 43) DR E1-4 (p. 38, 43)
Circularity and Waste	Downstream	S/M/L	Opportunity to extend durability of our products and therefore durability of substrates	Adding durability to substrates, making them longer-lasting	Circular economy	DR E5-1 (p. 46) DR E5-5 (p. 46)

Interaction of material topics with business model and strategy

Climate change mitigation and Energy

In our own operations, as well as in our value chain, we've identified the impact of contributing to climate change. As we, our suppliers and customers emit carbon emissions, we need to ensure that we do our best to meet our carbon reduction targets, which are in line with the Paris Agreement. This plays into many parts of our company strategy, such as the way we interact with our suppliers and the educational webinars we run to find solutions together, as well as how we do business with our customers. It also applies to how we target energy efficiency programs and renewable electricity deployment in our own operations. We've identified key levers for our Scope 1, 2 and 3 to further reduce the carbon emissions in our value chain.

Climate change adaptation

As a global company, we're exposed to the risk of natural hazards occurring. This risk might increase in the future, due to climate change. This could lead to an increase in, for example, flooding, or could cause heat stress at our manufacturing sites. It could also lead to increased water scarcity. That's why we have programs in place to manage and mitigate these risks.

Priority substances

We use priority substances in certain parts of our portfolio. The potential impact of spillage and accidental release poses the risk of environmental pollution, including potential health impacts. It's our responsibility to mitigate these impacts, both in our own operations and our portfolio, and at customer application level. Impacts related to priority substances are mitigated by correct labelling and appropriate documentation regarding safe handling and use – including storage and disposal, as well as site specific preventive actions to avoid soil pollution.

Circularity and waste

As a manufacturing company, we currently have waste flowing out of our operations. We've set ambitions to minimize waste to landfill and a target to increase circularity in the materials we use. This also applies to the plastic packaging we buy from suppliers for our Paints business. We've therefore set targets to increase the use of post-consumer recycled content (PCR) in plastic packaging, as well as setting targets on waste reduction.

Working time

As a global manufacturing company, we've identified the impact of excessive working hours for both our own workers and workers in our value chain, now and in the future. Although we have more direct impact and responsibility over the workers in our own workforce, we also have a responsibility to help mitigate the impact of working excessive hours in our upstream supply chain. We're addressing this by monitoring adherence to our global working hours policy, as well as monitoring of value chain impact through our sustainability program.

Health and safety

Within our industry – in terms of both our own operations and our suppliers and customers – we've identified the impact of occupational health and safety incidents. This could negatively impact the health and safety of people employed in our own operations, as well as in our value chain. We have processes in place in our own operations to help minimize and mitigate the impact of occupational safety incidents occurring. We also monitor and audit the occurrence of these incidents in our supply chain through our sustainability program. We're committed to ensuring that business activities are conducted to prevent harm to our customers, employees, contractors, the public and other stakeholders.

Circularity and waste opportunity

We have a role to play in making sure that our products help increase the longevity of assets, thereby extending the lifespan of the substrates on which they're applied. As paints and coatings make a vital contribution to extending the lifespan of substrates, our R&D efforts and business model are focused on continuous improvement of the quality of our products, which includes increasing durability.

ENVIRONMENTAL

CLIMATE CHANGE

Materiality and governance

Materiality
Our approach to determining material impacts, risks and opportunities is described in General disclosures. Our assessment identified climate change mitigation and adaptation as material topics for AkzoNobel – mitigation for our entire value chain and adaptation for our own operations only.

Our approach to climate change mitigation

Policy
We're aware that climate change could affect our supply chain, our customers and the way we operate. Therefore, in 2021, we announced our target to reduce carbon emissions across our full value chain by 50% by 2030 (taking 2018 as our baseline), which is approved by the Science Based Targets initiative (SBTi)[1]. This is in addition to our carbon neutral ambition for 2050.

Our targets are aligned with the Paris Agreement, which aims to limit climate change and ensure the global temperature doesn't rise more than 1.5˚C above pre-industrial levels. Our targets will help drive our innovation and collaboration with value chain partners, including customers and suppliers.

Our scope includes two separate targets: halving our carbon emissions from our own operations (Scope 1 and 2), as well as in our Scope 3. Scope 3 covers purchased goods and services (category 1 in the GHG protocol), application and use of our products (categories 10 and 11, including VOC emissions), and end-of-life (category 12). Our Scope 3 target covers around 96% of our total Scope 3 emissions, the remainder consisting of non-material categories.

We consider 2018 a representative baseline year for target-setting for AkzoNobel as no material abnormalities in terms of volume or energy mix occurred in 2018, neither for Scope 3, nor for Scope 1 and 2.

Our carbon emission reduction plan (which is part of our climate change mitigation policy), target and transition plan have been approved by our Board of Management and reviewed by our Supervisory Board. AkzoNobel is not excluded from the EU Paris-aligned Benchmarks.

Climate change mitigation in own operations: Actions, resources and targets

Our decarbonization strategy for Scope 1 and 2 has been further refined this year, as shown in the graph on the next page. For full transparency, we've included the foreseen increase in carbon emissions that come from running the solvent recovery units and emission abatement systems to reduce our environmental impact at our manufacturing sites. These are labelled license to operate (LTO) projects.

Energy efficiency target update
This year we updated our target for energy efficiency from 30% towards a 20% reduction in 2030 (baseline 2018; our carbon reduction ambition remains unchanged). Through improved metering and more granular portfolio-related data analysis, we concluded that our energy efficiency improvement potential is not in line with our ambition. We won't reduce our efforts in energy efficiency programs, however, we think it's important to set targets in line with realistic potential. We'll further extend our focus on energy transition by moving away from fossil fuels to renewables and reduce our carbon footprint.

[1] The SBTi validated our 42% reduction ambition versus a 2020 baseline. Our 50% reduction ambition versus the 2018 baseline refers to the same target.

Three key levers for Scope 1 and 2 reduction

First key lever: Scope 1 and 2 emissions reduction through energy efficiency

We aim to improve our energy efficiency with the following programs:

- Operational excellence by increasing our digital maturity and using energy benchmarking to drive opportunities in shutdown management and operational energy efficiency
- Upgrading assets, based on a multi-year Capex plan for all our major production sites. We ensure that all equipment replacement projects come with energy efficiency upgrades, and we'll prioritize projects that reduce our Scope 1 and 2 carbon emissions
- Production footprint optimization by relocating production from less efficient sites to more efficient sites

Second key lever: Scope 1 and 2 emissions reduction through renewable electricity production and procurement

We aim to maximize our renewable energy production through the installation of on-site solar panels at our locations and prioritize where our electricity-related carbon footprint is the highest. To meet our renewable electricity targets, we're working on contracting additional renewable electricity via Power Purchase Agreements (PPAs) with external parties and will continue to purchase renewable electricity certificates.

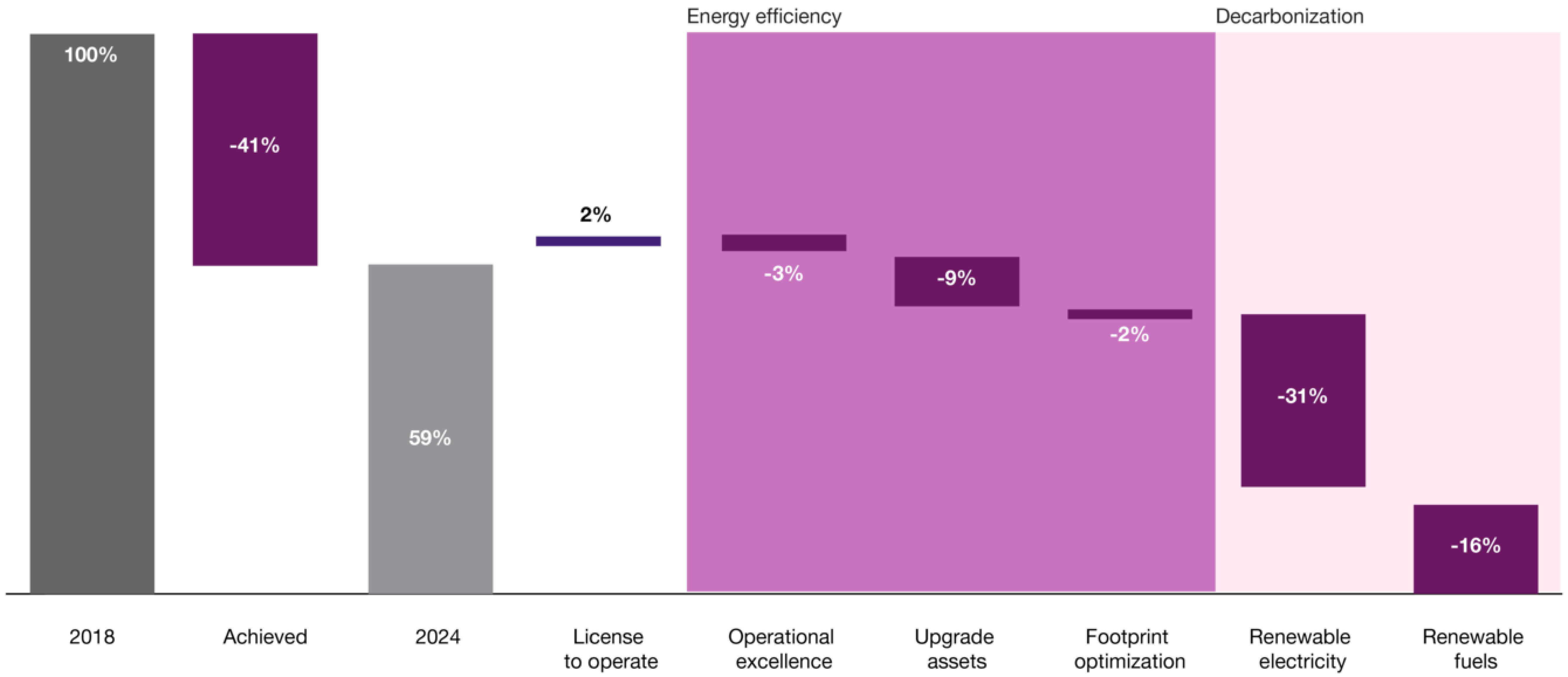
Third key lever: Scope 1 and 2 emissions reduction by transition from fossil to renewable fuels

To become carbon neutral in 2050, we'll shift our fossil fuel consumption towards renewable alternatives, e.g. heat recovery from our compressors and smart electrification with heat pumps. Currently, our fossil fuels are primarily used for building heating and process heating.

Upstream and downstream operations: Scope 3 emissions – Actions, resources and targets

For Scope 3, we're taking action by increasing our sustainable product offering, by innovating in the development of new products and by engaging with our suppliers and customers around the world

Carbon emissions reduction Scope 1 and 2 towards our 2050 carbon neutral ambition



to collectively find solutions towards our target of halving carbon emissions in our value chain by 2030 (baseline 2018). Because reducing our value chain emissions is, for the most part, outside of our direct control, working together with our value chain partners is key to collectively decarbonize.

We recognize that AkzoNobel is highly dependent on the level of commitment demonstrated by both our upstream and downstream value chain partners in reducing their own carbon emissions. In this chapter, we indicate the key levers and highlight the dependencies identified in our value chain. While we continue to push for decarbonization, we continue to operate within a complex value chain consisting of many interdependencies. We recognize this means that both acceleration, as well as deceleration, of our Scope 3 target is – at least partially – outside of our direct control.

During 2024, we continued to integrate sustainability and innovation into our daily business to work towards our targets.

Four key levers for Scope 3 reduction

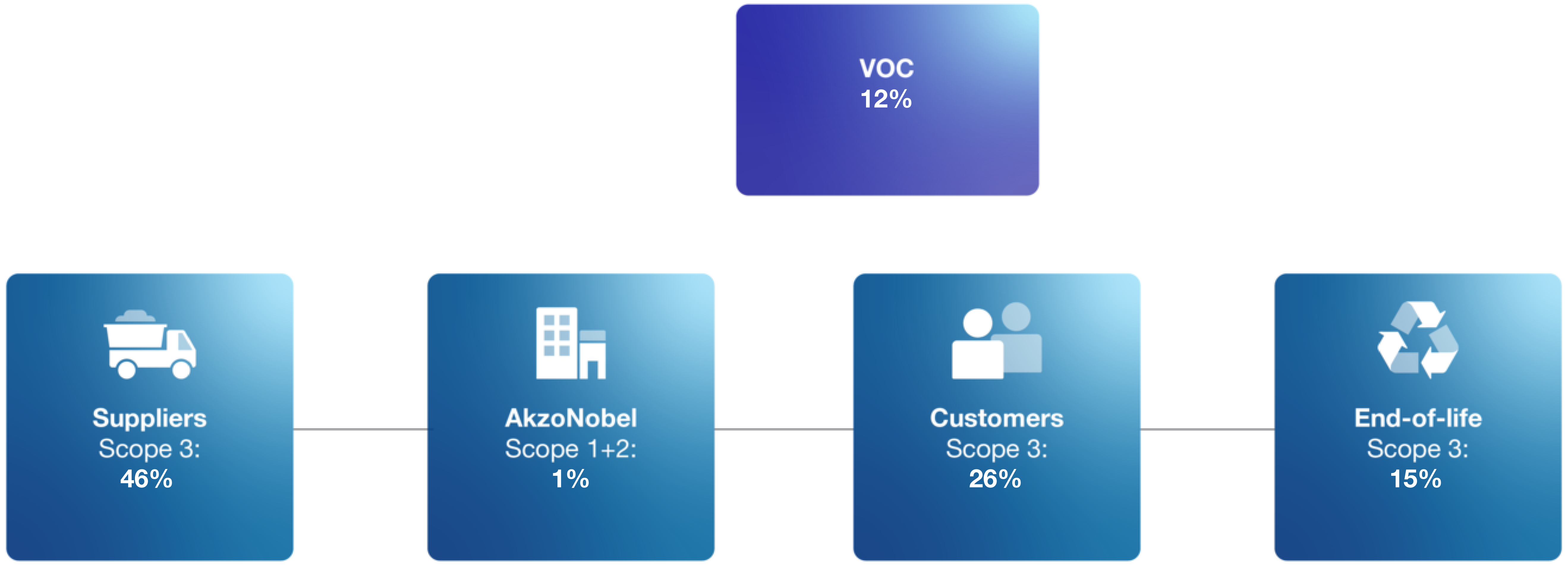
When it comes to reducing carbon emissions across our value chain, we've identified four key levers that should help us achieve the 50% reduction. These levers are: Energy transition; Process efficiency; Reduced solvent emissions; and Circular solutions. Projects related to our Scope 3 reduction are grouped under these four key levers. Although we believe it's important to set strong

Scope 3 targets, we've not yet disclosed detailed plans for 2030 to 2050, to support our 2050 carbon neutral ambition. As we focus our efforts towards halving our emissions by 2030, the plans we've put in place to support our Scope 3 carbon emission reduction levers serve as a base for continued decarbonization post-2030.

Energy transition
Making the materials we buy, and applying and curing the products we sell, requires significant amounts of energy. When suppliers and customers choose to switch to greener forms of energy, we group those initiatives under the Energy transition carbon reduction lever. Many of our suppliers and customers are setting targets for decarbonization themselves, moving to renewable electricity and cleaner sources of powering their processes. This is increasingly leading to growing availability of raw materials with a reduced carbon footprint. Through our projects and programs on energy transition, we aim to offer our customers lower carbon footprint solutions. This lever represents 39% of our overall planned reduction for 2030. This program has been developed to have specific sub-levers for our different regions and segments.

Process efficiency
The processes our customers use to apply and cure the coatings we sell to them has a large impact on our Scope 3 carbon footprint, which we can help reduce by focusing on process efficiency at our customers' locations. Many of our coatings customers use natural gas to cure our products. By collaborating on developing coatings that require less energy to cure, we can offer our customers products that can help lower their carbon footprint and save energy costs. In our Automotive and Specialty Coatings business, demand for ambient and UV curing coatings – which don't require heat to cure – is rising. A 2024 example was coatingAI, a revolutionary software co-developed by our Powder Coatings business. The solution uses artificial intelligence to help customers improve the application process and reduce their carbon footprint. We're looking to collaborate with customers and advise them on carbon reduction strategies for their coating processes, thereby becoming the partner of choice for carbon conscious customers. This lever represents 33% of our overall planned reduction for 2030. This program runs across our different segments, but mostly impacts customers in our Coatings segments, as they have a significant downstream energy consumption impact.

The carbon footprint in our value chain
in % of contribution to overall carbon footprint



Reduced solvent emissions
Release of solvents from our products is a key part of our Scope 3 emissions, which means reduction of solvent emissions represents a key reduction lever. Projects in this area are focused on reducing the carbon footprint of customers who apply our products that contain VOCs. This can be done by switching to water-based products, flat reduction of solvents in our formulations and by thinking along with customers to capture and oxidize the solvents we supply to them, which can be a key area for the application of renewable solvents. A key achievement in this area is our continued efforts to reduce our solvent emissions, through programs such as Waterway. This lever represents 13% of our overall planned reduction for 2030. This program runs across our different segments.

Circular solutions
This lever focuses on reducing the end-of-life impact of the fossil-based materials in our products. This can mainly be achieved by increasing the amount of renewable materials in our formulations, which can be done through applying bio-based, biomass balanced and recycled materials, among others. This lever represents 15% of our overall planned reduction for 2030. This program runs across our different segments.

We're actively running carbon reduction projects throughout the company in these key focus areas, and set up a clear governance structure in 2023 to ensure they're embedded in future plans, such as our R&D pipeline and supplier engagements. We also coupled our executive remuneration to Scope 3 carbon emission reduction for the first time in 2024, marking a key milestone for our company to move towards our 2030 target. More information can be found in the Remuneration report.

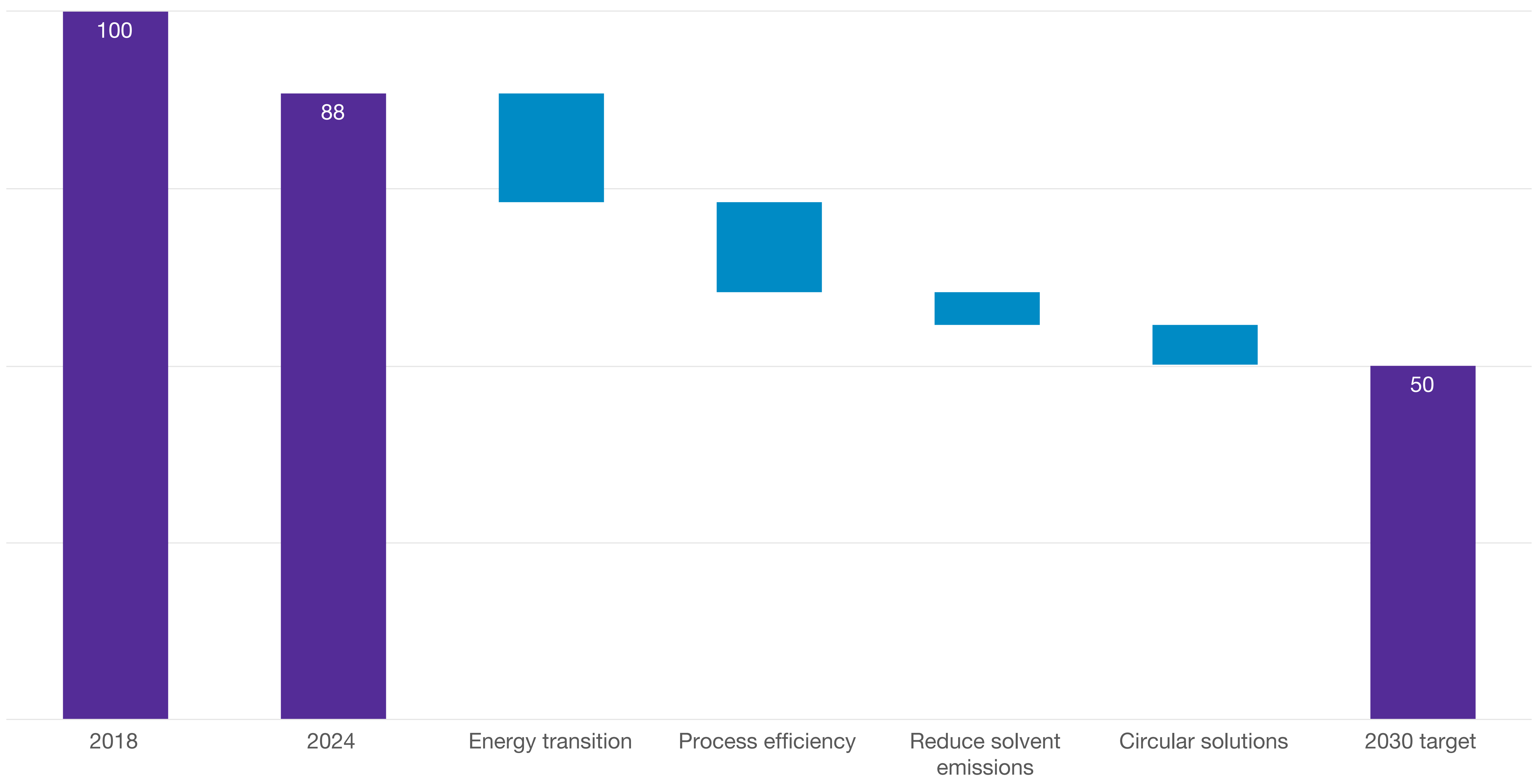
The costs for moving towards our 2030 target are mostly captured in the CapEx investments of our suppliers and, for our Coatings business units, our customers, with limited direct investments required for our own operations. The financial effects, if any, would be captured in our cost of sales.

Supplier engagement
We actively engage with our suppliers to share our ambitions and encourage these key partners to do the same. Key impact areas for suppliers are: increasing process efficiency; moving to renewable energy; and reducing the use of fossil materials and fuels. We also see more intensive collaboration with suppliers on developing new innovative solutions as a key driver towards reducing our full value chain carbon footprint. We held in-depth discussions with more than 20 key suppliers in 2024 on how their plans can support our ambition and how we can collaborate to close any gaps. We continue to work together on joint programs with key suppliers to achieve further carbon emission reduction in our full value chain.

In 2022, Together for Sustainability (TfS) launched the Product Carbon Footprint (PCF) Guideline for the Chemical Industry to ensure a consistent measure of carbon emissions along the value chain in the chemical industry and beyond. To support the secure and trustworthy exchange of PCF data throughout the chemical supply chain, TfS has piloted a PCF data-sharing solution (using Siemens' "SiGREEN" software). The PCF data-sharing solution allows TfS members to request PCF information from their suppliers on purchased materials. We were involved in piloting the solution during 2023 and 2024. We rolled out the solution during 2024 to collect PCF from our suppliers in an efficient way on a larger scale. A total of 158 suppliers are now onboarded on SiGREEN. For 2024, 14% of our total Scope 3 carbon footprint (which equates to 31% of our total upstream emissions) was calculated using supplier specific data.

In 2024, we continued to work with suppliers participating in our Supplier Sustainability Balanced Scorecard (SSBS) program, who represent 80% of our upstream carbon emissions. We request product carbon footprint, waste, energy and greenhouse gas

Carbon emissions reduction pathway – Scope 3 (in percentages)



emissions information, to monitor progress versus our suppliers' sustainability goals. The SSBS helped us hold constructive meetings and discussions with our suppliers to better understand their plans and challenges. We held a live webinar for our top 200 suppliers, when we explained our expectations, such as providing us with supplier specific PCF data, setting their own ambitious targets and engaging with their own suppliers. We also asked them to increase their capabilities through the decarbonization courses offered by the TfS academy. The results of these engagements serve as continued input for our strategy and decision-making processes. For more information on how we work with our suppliers, see Management of relationships with suppliers.

Progress year-end 2024: Scope 3
Our 2024 Scope 3 carbon footprint was down 3% from 2023 (from a rounded 13.1 million tons in 2023 to a rounded 12.8 million tons in 2024). This was driven by mix improvements in our portfolio, as well as more specific carbon footprint data from suppliers, thereby more than offsetting higher purchase and sales volumes. Our Scope 3 carbon footprint was down 12% versus our 2018 baseline. As the

development of new solutions, investments in the value chain and market acceptance take time, we expect the majority of the reduction of our Scope 3 carbon footprint towards the latter part of the decade.

Climate change adaptation

Materiality

We identified climate change adaptation as a critical aspect of our operations. The primary risk involves insufficient adaptation to natural hazards resulting from climate change. This could lead to asset loss and operational disruptions.

Risk assessment

In 2023, we performed a desktop study with the help of Zurich Insurance Group, assessing all our manufacturing sites (~130), as well as a selection of key supplier locations (~50), with regards to physical climate hazards.

To assess criticality, we used the total insured value for our own locations and the total spend value for supplier locations. Our analysis concentrated on high and very high hazard levels across our portfolio, considering various climate scenarios and future time horizons. The climate scenarios applied were SSP2-4.5 (middle road) and SSP5-8.5 (fossil fuel development), with time horizons set for 2030 (near term, combining short and medium term) and 2050 (mid to long term). SSP (Shared Socio-economic Pathways) are scenarios that help model future changes, including climate change. The scenarios used are consistent with AR6, the sixth report from the IPCC. We chose these scenarios as they're widely accepted by the scientific community.

Our locations were analyzed for multiple natural hazards related to climate change, some of which have a higher inherent potential physical risk to our operations than others. In scope were: precipitation, thunderstorms, wind, heat, flood, drought, wildfire, cold waves and hail. The outcome of this assessment has been used as a basis for further analysis around climate risk management, including for future resilience planning. The risk assessment as performed in 2023 was not repeated in 2024.

Risk management: Physical risks

Emergency response planning

In 2024, we began integrating these risks into our enterprise risk management processes. We shared the detailed outcome of the physical climate risk assessment with all our manufacturing site managers. Consequently, we require all sites to update their emergency response plans using the climate risk assessment, detailing the site's exposure to the above-mentioned extreme weather events as a guide. Each site must identify its top three risks and prioritize them in future risk mitigation planning. As part of our regular HSE&S audit process, each site will be audited every three to five years. This evaluation will include an assessment of emergency preparedness, particularly regarding climate change-related increases in natural hazards.

Physical risks and impacts own operations: Environmental and social

We identified two material topics related to environmental and social factors: environmental – water scarcity at water intensive sites; and social – heat stress.

Environmental: Water scarcity

While overall water consumption is not material for AkzoNobel, as indicated in our Report 2023, we'll concentrate our water consumption reduction efforts on our top water intensive sites in areas of high water stress. See the Water and marine resources chapter for more details.

Social: Heat stress

Our employees often work in hot conditions, where they're at risk of heat stress-related illnesses, especially during the summer months. Climate change puts workers at an increased risk, requiring additional health and safety support. To that end, heat stress management guidance was added to our occupational health management system.

The related policy states that our line management is responsible for both ensuring that all employees receive heat stress-related training and for adjusting work practices to address heat stress concerns. This can include, for example, providing drinkable water in adequate quantities, scheduling hot work for cooler periods of the day and offering provisions for workers wearing personal protective equipment (PPE). All relevant employees are required to follow work instructions and training related to heat stress. Currently, we don't have quantified targets related to this impact. The global policy is owned by the HSE&S team.

Upstream physical climate risks

Even though not in scope for materiality, we've carried out natural hazard risk surveys to suppliers that are located in those risk locations to learn what mitigation actions they have in place.

Physical risks own operations: Financial impacts

We assessed the potential occurrence of material financial impacts to our own operations, resulting from climate change. For this assessment, we analyzed the risks of both property damage and business interruption.

Given our approximately 130 manufacturing sites, we assess our risk of business interruption as low and our operations as resilient. This is primarily due to our extensive global distribution network and the relatively low revenue exposure per site, allowing us to shift production when a natural hazard occurs.

We also analyzed historic insurance claims related to natural hazards. Over a period of 20 years, the total indemnity paid related to natural catastrophes was below €10 million. This is the combined sum of property damage and business interruption. Therefore, we don't currently anticipate a material financial effect.

Transition risks

We operate a global portfolio of Paints and Coatings businesses and, as laid out in our Strategy section, our strategic approach is therefore focused on the specific requirements of different markets and customers.

One of our strategic pillars is sustainability-driven innovation. We're committed to capturing the opportunities that sustainability presents as a catalyst for innovation. We recognize that sustainability is driving changes in our industry and believe this aligns with our strengths in innovation and our leadership position in sustainability. For example, our commitment to carbon reduction throughout our value chain has proven to be a catalyst for customer dialog.

We're developing sustainable products that differentiate us from competitors, allowing us to gain market share and command higher margins. We're also focused on accelerating our development efforts and reducing time to market.

When analyzing our climate-related transition risks, we take into account climate change mitigation, technology, market and reputation. Climate change mitigation is reported on separately earlier in this chapter.

We further analyzed potential transition risks during an assessment of long-term trends in 2024. As part of these long-term trends, environmental transition risks were considered, including, but not limited to, climate change. The risks listed below are not considered (acute) material risks following our double materiality assessment, but are provided for information purposes. We also don't anticipate any direct material financial effects from these risks.

The top five transition risks are in:
- The lack of availability of (precious) raw (e.g. bio-based) materials slowing down the use of more sustainable raw materials and more sustainable products
- Infrastructure limitations (e.g. electricity network capacity) hindering us from reaching our sustainability objectives
- Changing legislation (sustainability-driven product or environmental legislation) impacting the company's ability to achieve strategic objectives and its ability to move production (different requirements in different countries/regions)
- Divergence between societal scrutiny and legislation, leading to shifting customer and investor expectations
- Increased divergence in the potentially conflicting trade-off between increased demand for recyclability and inherent long-lasting aspects of our products

Enterprise risk management
Climate risk is also part of our enterprise risk management process, as a strategic risk. In this process, we assess the key risks that could hinder us from achieving our strategic objectives – such as a lack of resilience – and prioritize these risks based on our risk appetite. This proactive approach allows us to identify relevant risks and adapt to, or mitigate, these risks. In addition to our risk management approach, the other focus areas that influence our resilience are (sustainable) operations, innovation and the ability to adapt.

As mitigations we have the following in place:
- A balanced geographic presence with revenue generated from all regions and continued investment focus on higher growth markets to optimize geographic spread and reduce the risk of a certain region (or business) being impacted by climate risk
- Measures to improve our industrial operations by focusing on reducing complexity, improving capacity utilization and investing in the modernization of our sites, helping to mitigate climate risk
- Constant re-engineering of our products and enhancements to our product lifecycle and product change management, increasing our resilience

Internal carbon pricing
We have sustainability assessments in place for all material investment projects. For the last eight years, we've implemented an internal carbon price for these investment decisions, anticipating the impact of any future carbon pricing. Annually, we quantify the potential transition risk impact of any global carbon taxation by multiplying our carbon footprint (Scopes 1 and 2) with the internal carbon price. To analyze different potential scenarios, we calculate the impact using a carbon price ranging from €50 to €150 (per ton), the latter being the suggested UN price on carbon. That range results in an impact well below 1% of 2024 revenues. Our suppliers and customers might be impacted by carbon pricing, which creates both risks and opportunities. For example, we can mitigate the carbon cost impact for our customers by offering sustainable solutions.

GHG emission reduction targets: Scope and methodology

We have a target of 50% carbon emission reduction for Scope 1 and Scope 2 (market-based) by 2030 (baseline 2018, absolute) and a target of 50% carbon emission reduction for Scope 3 by 2030 (baseline 2018, absolute). This is validated by the Science Based Targets initiative and is in line with a 1.5˚C scenario.

Breakdown Scope 1 and 2
Our GHG emissions under Scope 1 are spread over the fuels we use at our sites, with natural gas being the largest contributor. The material emissions from Scope 2 are almost all related to our non-renewable electricity, with only some sites purchasing steam and hot water from external suppliers. We currently have ten sites using electricity generators with non-renewable fuels.

2024 Scope 1, 2 energy and GHG footprint

Scope 1 - Direct emissions	GWh	GHG ($kTCO_2eq$)
Crude oil and petroleum products	36.5	9.2
Natural gas	239.7	48.4
Other fossil sources	0.0	0.0
Renewable fuel sources	1.6	0.0
Self-generated renewable electricity	16.6	0.0
Total	**294.4**	**57.6**

Scope 2 - Indirect emissions	GWh	GHG ($kTCO_2eq$)
Electricity from fossil fuels	177.2	107.2
Steam and hot water from fossil fuels	22.5	4.5
Electricity from nuclear	11.0	0.0
Electricity and hot water from renewables	342.0	0.0
Total	**552.7**	**111.7**

Breakdown Scope 3

Our 50% (absolute) reduction target for 2030 encompasses the following categories, covering around 96% of our total Scope 3 emissions:

- Upstream: Category 1 (purchased goods and services, including packaging)
- Downstream: Category 10 and 11 (application and use of sold products), VOC emissions and Category 12 (end-of-life)

Our 2024 Scope 3 data can be found in the Summary table (GHG emissions table) on page 66.

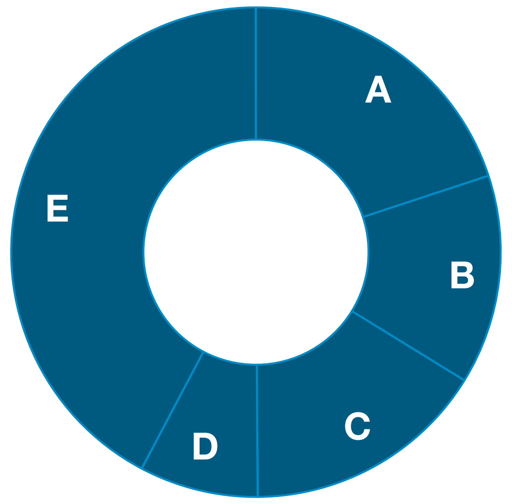
Energy consumption reduction and solar energy

For 2024 versus our 2018 baseline year, our absolute energy consumption (own operations) reduced by 4.8% and our relative energy consumption per ton of production reduced by 8.7%. For 2024 compared with 2023, our absolute energy consumption increased by 0.5%, while our relative energy consumption reduced by 0.8%.

Several energy efficiency measures were taken at our sites in 2024. This included carrying out environmental projects to abate emissions by using regenerative thermal oxidizers (RTOs) and solvent recovery units (SRUs). We also relocated production to more efficient sites, although the full energy efficiency improvements resulting from this won't take effect until 2025. In addition, we'll stop producing resins at some of our resins manufacturing locations in 2025 (e.g. resins manufacturing in Felling in the UK), but since we'll be purchasing more resins, the energy and related GHG emissions will move from Scope 1 and 2 towards Scope 3.

The next two graphs show our regional energy split and energy consumption, absolute and relative, in GWh.

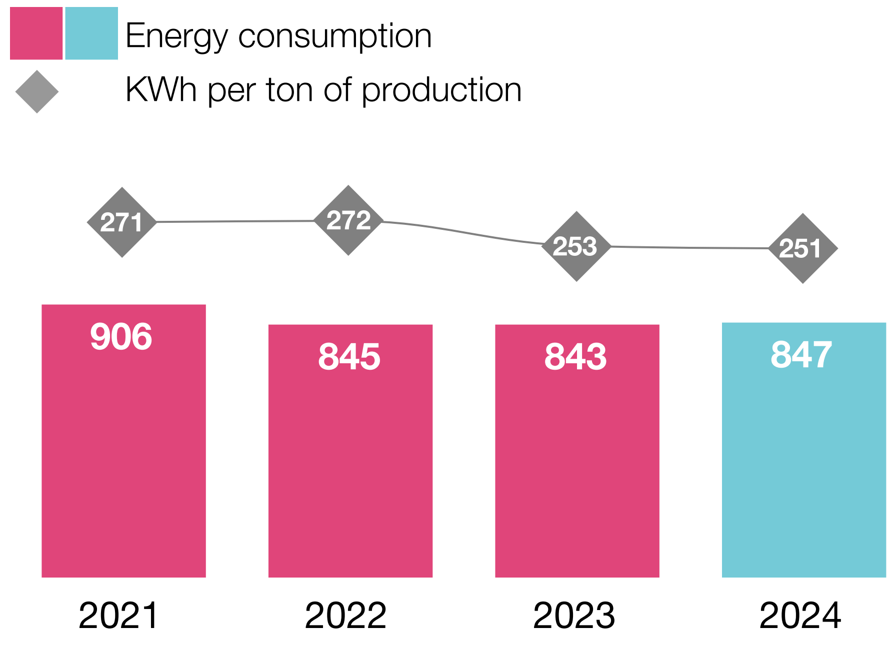
Regional split energy consumption in %



A	North America	20
B	Latin America	14
C	North Asia	16
D	South Asia Pacific	8
E	EMEA	42

In 2024, 3% of our consumed electricity was produced at our sites through solar panels. Generating renewable electricity on-site alleviates pressure on the electricity grid and reduces our carbon footprint and energy costs. In total, 83 of our locations now use 100% renewable electricity and 33 locations are using solar panels to produce renewable electricity. We've currently installed about 33% of our solar on-site potential and have a healthy pipeline of projects for the coming years.

Energy consumption in gigawatt hours (GWh)



Our largest solar energy plant in Europe was inaugurated at the Decorative Paints site in Pilawa, Poland. Covering nearly three hectares, there are 3,551 solar panels, with an installed capacity of 1.9 MWp. They'll provide nearly a quarter of the facility's electricity needs – further powering the company's efforts to transition all our production locations to renewable electricity.

Renewable electricity certificates were purchased in the Americas and Europe and equaled our electricity consumption during the year; no balance or remaining obligation to purchase remained at year-end. Our bundled certificates represent 28% of our electricity consumption and our unbundled certificates 35%. This resulted in a total renewable electricity percentage of 65% at the end of 2024 (2023: 62%). We also transitioned to 100% renewable electricity at all our manufacturing sites in Latin America, and started renewable purchasing in North Asia, now covering 16% of our electricity consumption in the region.

Our Marine and Protective Coatings business signed a Memorandum of Cooperation with Sinopec to support the Chinese energy and chemical company's global expansion while jointly promoting the ongoing transition to green energy. The partnership – which builds on a relationship that first started in the early 2000s – will leverage our global presence and centers on the supply of International high-performance coatings products to Sinopec and its affiliated institutions for overseas construction projects.

Gross Scopes 1, 2, 3 and total GHG emissions

Scope 1 and 2 emissions

In 2024, our combined Scope 1 and 2 emissions (market-based) reduced by 41.4% versus our 2018 baseline. We've already achieved our 2025 interim target of reducing our carbon footprint for our own operations by 25% versus our 2018 baseline. Compared with 2023, we reduced carbon emissions by 5.7%, mainly through purchasing renewable electricity for our China and Latin America regions and improved energy efficiency. Our Scope 1 has reduced by 8.3% since 2018, while our Scope 2 (market-based) has reduced by 50.6%.

Direct CO_2 (Scope 1) in kilotons

2018	2021	2022	2023	2024
62.9	64.5	60.1	59.2	57.6

Indirect CO_2 (Scope 2) in kilotons

	2018	2023	2024
Location-based	N/A	195.3	202.9
Market-based	226.0	120.4	111.7

Scope 3 emissions

A breakdown of Scope 3 emissions, including targets and performance, is included in the relevant chapter and the Summary table.

GHG removals, projects financed through carbon credits and revenue intensity

AkzoNobel does not make use of financed carbon credits outside our value chain. Currently, we don't perform or purchase any offsetting activities for our GHG emissions and we don't make use of carbon removals or storage in our own operations.

Our GHG intensity for both location-based and market-based emissions, measured as total GHG emissions per net revenue, is included in the Summary table.

POLLUTION

Materiality

Our approach to determining our material impacts, risks and opportunities is described in General disclosures. Following our double materiality assessment for ESRS E2 (pollution), Substances of Very High Concern (SVHCs) (ESRS E2-5) has been identified as a material topic for AkzoNobel. The financial effects from material pollution-related risks are included in our environmental costs. See Note 19 of the Financial statements. The impact of SVHCs on our supply chain processes and policies, including the impact of spillage, is included in the chapter on Workers in our value chain.

Our approach to pollution

AkzoNobel commercializes paints and coatings for many different industries and end-markets. The production of paints and coatings by definition entails the use of a large variety of chemicals. Correct classification of our end products is based on detailed information, received from our suppliers, of the components (substances) present in the raw materials we use, which are then incorporated into the paints and coatings formulations. This information includes, but is not limited to, regulatory status, hazard and the amount of the substance present.

This process of correct labelling and appropriate documentation safeguards the availability of necessary information regarding safe handling and use – including storage and disposal.

Pollution of air, water and soil
All our operations are subject to country specific applicable environmental regulations. They therefore operate with an environmental permit or under environmental legislation and are required to comply with applicable discharge criteria for air and water. These permits do not necessarily align with ESRS disclosure requirements for emissions to water and air. In order to gain further insights into the impact of SVHC emissions to water and air, we've engaged an external consultant to design and carry out a monitoring campaign to investigate this further, which might impact our materiality assessment in the future.

In relation to the topic of soil pollution through accidental releases, our existing manufacturing locations have primary containment/ sealed floors that prevent contact with the soil. In addition, we have a secondary containment system and mature process safety management systems in place. Therefore, we don't consider soil pollution as material for our own operations. Despite pollution of air and water not being identified as material under our double materiality assessment, the levels of pollution are currently under assessment through environmental sampling with the help of a third party. We'll re-assess our materiality if the results deem it necessary in the next reporting year. Legacy soil remediation efforts, including the financial provision for remediation, are disclosed in Note 19 of the Financial statements.

Substances of Very High Concern
Substances of Very High Concern (SVHCs) are defined under REACH ((EC) No 1907/2006) and are disclosed through the safety data sheet (SDS) when present above levels of 0.1%. REACH stands for Registration, Evaluation, Authorization and Restriction of Chemicals, a regulation of the European Union, adopted to improve the protection of human health and the environment from the risks that can be posed by chemicals, while enhancing the competitiveness of the EU chemicals industry. The regulation came into force on June 1, 2007.

Policy, actions and targets

At AkzoNobel, SVHCs are only used in our products when it's both permitted by applicable legislation and required by the need for the unique properties and performance. Our policy relates to SVHCs purchased and used in our own operations. The policy is reviewed and updated, if necessary, on an annual basis. Monitoring of the substances used in our products is a continuous process conducted by our Product Safety and Regulatory Affairs (PSRA) department. The Executive Committee is accountable for implementation of the policy. Currently, we don't have a generic policy or target for the phase out of all SVHCs, as these add to the unique properties and performance of some of our products.

The total amount of SVHCs procured in 2024 amounted to 23,234 tons, representing <1% of total purchased volumes, based on the substances of very high concern as included in the REACH list as per January 1 of the reporting year. The total amount in the table below doesn't reconcile to this number as certain substances have multiple end-point hazard classes. The total quantity of SVHCs that leave our facilities as products are estimated at 20-40% of the procured quantity of SVHCs and mainly relate to SVHCs with mutagenic and carcinogenic hazard classes.

SVHCs purchased, per hazard class

Hazard class acronym	Hazard class/End-point full name	SVHC volume 2024 (in tons)
ED ENV	Endocrine disrupting properties (Article 57(f) - environment)	8,808
Repro	Toxic for reproduction (Article 57c)	8,721
ED HH	Endocrine disrupting properties (Article 57(f) - human health)	8,168
Eq. LoC ENV	Equivalent level of concern having probable serious effects to the environment (Article 57(f) - environment)	7,356
Eq. LoC HH	Equivalent level of concern having probable serious effects to human health (Article 57(f)	7,356
Muta	Mutagenic (Article 57b)	3,273
Resp. Sens.	Respiratory sensitising properties (Article 57(f) - human health)	1,979
Carc	Carcinogenic (Article 57a)	1,299
vPvB	vPvB (Article 57e)	110
PBT	PBT (Article 57d)	86

The vast majority (>95%) of our SVHC purchases relate to our Performance Coatings business.

WATER AND MARINE RESOURCES

Materiality

Our approach to determining our material impacts, risks and opportunities is described in General disclosures. Considering the relatively low water footprint of the paints and coatings industry, our overall water consumption is considered not material following our double materiality assessment. However, we do strive for continuous improvement in our water usage efficiency at our sites in high water stress areas (HWSAs), as identified in the overall risk assessment of our climate change adaptation.

Policy, actions and targets

We're committed to the responsible use and conservation of water. We strive to reduce water use and encourage the reuse and recycling of water at all our manufacturing sites. Our current focus is on our top ten water withdrawing sites in HWSAs. We'll implement a water focus program in 2025 to analyze the water-saving opportunities of the ten focus sites and site-specific reduction targets will be identified. The water focus program is carried out by a dedicated resource within the Corporate HSE&S team.

The Water and Marine Resources Policy is part of the annual communication of HSE&S objectives and targets. It's reviewed annually and signed off by the leadership team within the HSE&S function.

Water use and consumption in own operations

Overall, the majority of our water is used for cooling purposes (72% in 2024), which is discharged back to the environment. Additionally, we use water as a raw material in (waterborne) paints and coatings (10% of water use in 2024), as well as for general household and sanitation purposes, such as cleaning.

During 2024, we aligned our water definitions with the ESRS requirements. We updated the number of sites located in HWSAs using the Aqueduct water risk atlas developed by the World Resources Institute. For 2024, 59 sites are located in HWSAs under the 2030 Business as usual (BAU) scenario.

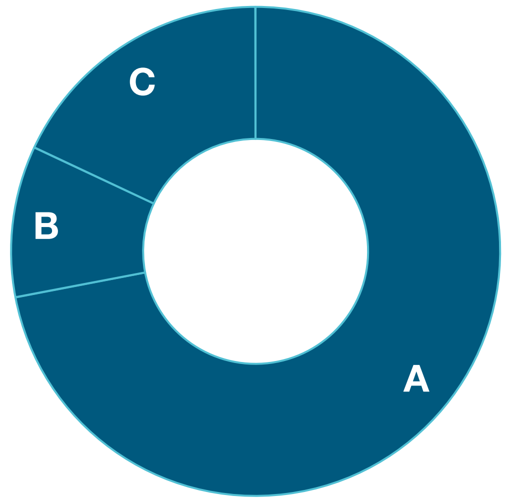
The overall company water withdrawal was 7.7 million m^3 in 2024. The withdrawal at sites located in HWSAs was 13% of total withdrawal.

Our relative water withdrawal was 2.3 m^3/ton of product for 2024 and the relative withdrawal in HWSAs was significantly lower at 0.65 m^3/ton. Our overall water consumption in HWSAs was 0.4 million m^3 in 2024. This represents 52% of the total water consumption. Our water consumption is mainly represented by the water included in our products.

Our exposure to (future) water scarcity was included as part of the climate risk assessment performed during 2023. Currently, there's no potential material financial impact identified to our own operations in water scarce areas. For further elaboration on methodology used, please refer to the chapter on Climate change adaptation.

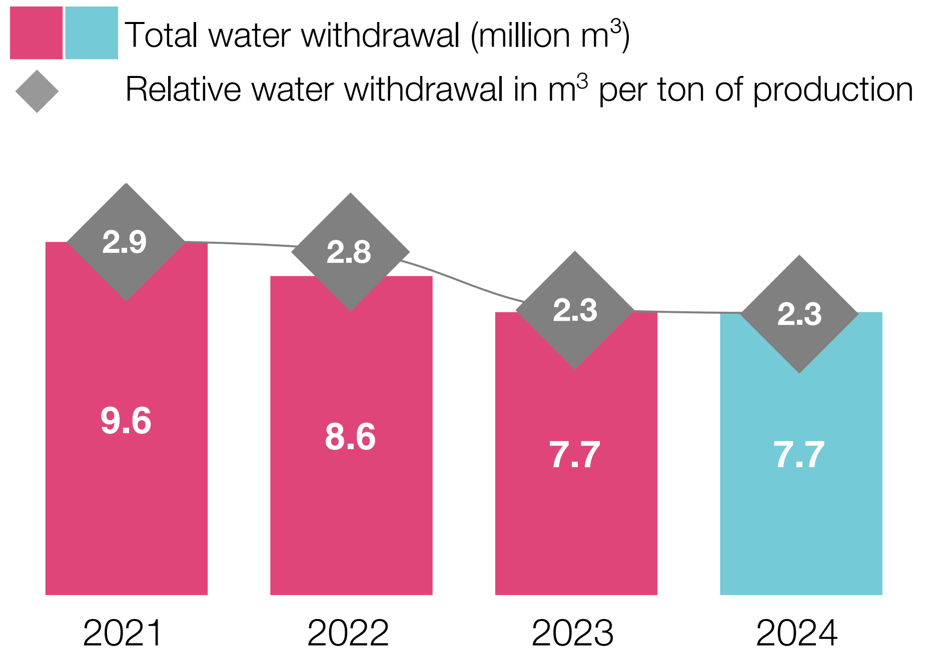
In the coming years, we intend to expand our water consumption reduction efforts at our top ten water consuming sites in HWSAs. We'll also conduct focus studies at these sites to determine the local impacts, including the impacted communities. Although we don't have a specific reduction target, we do have two key focus areas. We'll focus on both further improving the efficiency of the equipment used for cleaning activities and increasing the reuse of process water within our manufacturing process. We're also rolling out plans to collect reliable measurement of our total water recycled and reused to help us track the effectiveness of our actions. This will be a phased approach starting with our focused sites. We've allocated dedicated resources for the implementation of these actions within our HSE&S team.

Water use in % (split by water use purpose)



A	Cooling	72
B	Product	10
C	Other	18

Total water withdrawal



CIRCULAR ECONOMY

Materiality

Our approach to determining our material impacts, risks and opportunities is described in General disclosures.

For Circular economy, the outcome of our materiality assessment focuses on:
- Waste: The impact of inefficient resource use, landfill and loss of potential heat recovery from incineration. This is a material topic for our own operations
- Resource inflows: The impact of not moving away from virgin raw materials in our plastic packaging
- Resource outflows: Opportunity to extend the durability of our products and therefore the durability of substrates

This chapter explains which circularity aspects are important to our operations and value chain, including product portfolio. Actions, resources and targets are detailed in the relevant value chain areas. Bio-based and recycled materials are covered under our Scope 3 carbon footprint disclosure in the Climate change chapter.

For a description of our key products, refer to the boxed introduction text at the start of the Decorative Paints and Performance Coatings chapters (pages 15 and 17). A description of engagement with affected communities is included under the Human rights due diligence paragraph in General disclosures.

This chapter addresses waste first, then resource inflows and ends with resource outflows.

Policies, actions and targets related to resource use and circular economy

Waste management policy and targets

The objective of our waste policy is to minimize our waste by preventing, reusing, recycling and recovering it. We aim to reduce our waste to landfill as much as possible, with a particular focus on reducing hazardous waste to landfill, through elimination, recycling or incineration.

The Waste Management Policy is part of the annual communication of HSE&S objectives and targets. This is reviewed annually and signed off by the leadership team within the HSE&S function.

We also currently have a long-term incentive linked to our target of achieving 100% circular use of materials by 2030. In light of new ESRS definitions, this target will be replaced from 2025 onwards once the vesting period has ended.

In 2025, we'll measure our waste reduction efforts based on the relative total waste (kg waste/ton of production volume), aiming for a 3% reduction versus the 2024 performance.

We'll replace the circular use rate with the new waste disposal intensity rate (WDI), which is defined as the amount of waste directed to disposal (in kilograms) divided by the total production volume in tons. We'll use 2025 as the baseline year for the WDI and a target will be introduced as of 2026 onwards.

Waste management program

In 2024, our overall approach and drive to circularity remained unchanged and we continued to make progress. Our programs are focused on reducing waste directed to disposal, with an emphasis on recycling and reusing waste, while keeping the hierarchy of waste reduction in mind and avoiding landfill where possible.

In 2024, we aligned our definitions and waste classes with the CSRD ESRS E5 reporting requirements.

As a result of the CSRD alignment of the waste categories, for 2024, reconditioned packaging waste (previously not reported) was added to the waste diverted from disposal category.

The newly added waste streams also significantly impacted our total waste produced and reduces comparability of the actual relative waste per ton of product between 2024 and 2023.

During 2024, we continued to work on our ambition to reduce our waste to landfill and increased our efforts to reduce the landfill use at our Grupo Orbis sites, which were acquired in 2022.

Waste reporting process
AkzoNobel manufacturing sites record waste on a monthly basis against ten waste classes (see Waste stream overview on the next page). The numbers reported are based on shipped waste manifests and invoices from service providers. All waste streams are assigned to one of the overarching waste classes (W1-W10) and the sum of all waste streams by waste class are reported and reconciled in our central reporting tool.

Our waste streams

Our primary waste consists of packaging waste, residual paint waste, sludges from waste water treatments, powder fines and general household waste, such as waste from canteens and offices.

In 2024, we generated 96.9 kilotons of waste, of which 52.9% was classified as hazardous waste and 30.6% of the total waste was waste directed to disposal.

The newly added waste categories for reconditioned packaging resulting from CSRD alignment of waste categories (and previously not reported) led to a significant increase of the reported total waste, because they represent 32.1% of the total waste. This also had a positive impact on our annual percentage for circular use, which increased to 73.9%, compared with 55.0% in 2023.

For 2024, our waste directed to disposal (W1-W6) decreased by 12.5% (absolute) mainly through reallocation of waste streams to the waste classes diverted from disposal. Our relative waste directed to disposal per ton of production reduced by 13.6% compared with the 2023 performance.

Total waste diverted from disposal (W7-W10) increased by 23.6% compared with 2023, not considering the reconditioned packaging waste.

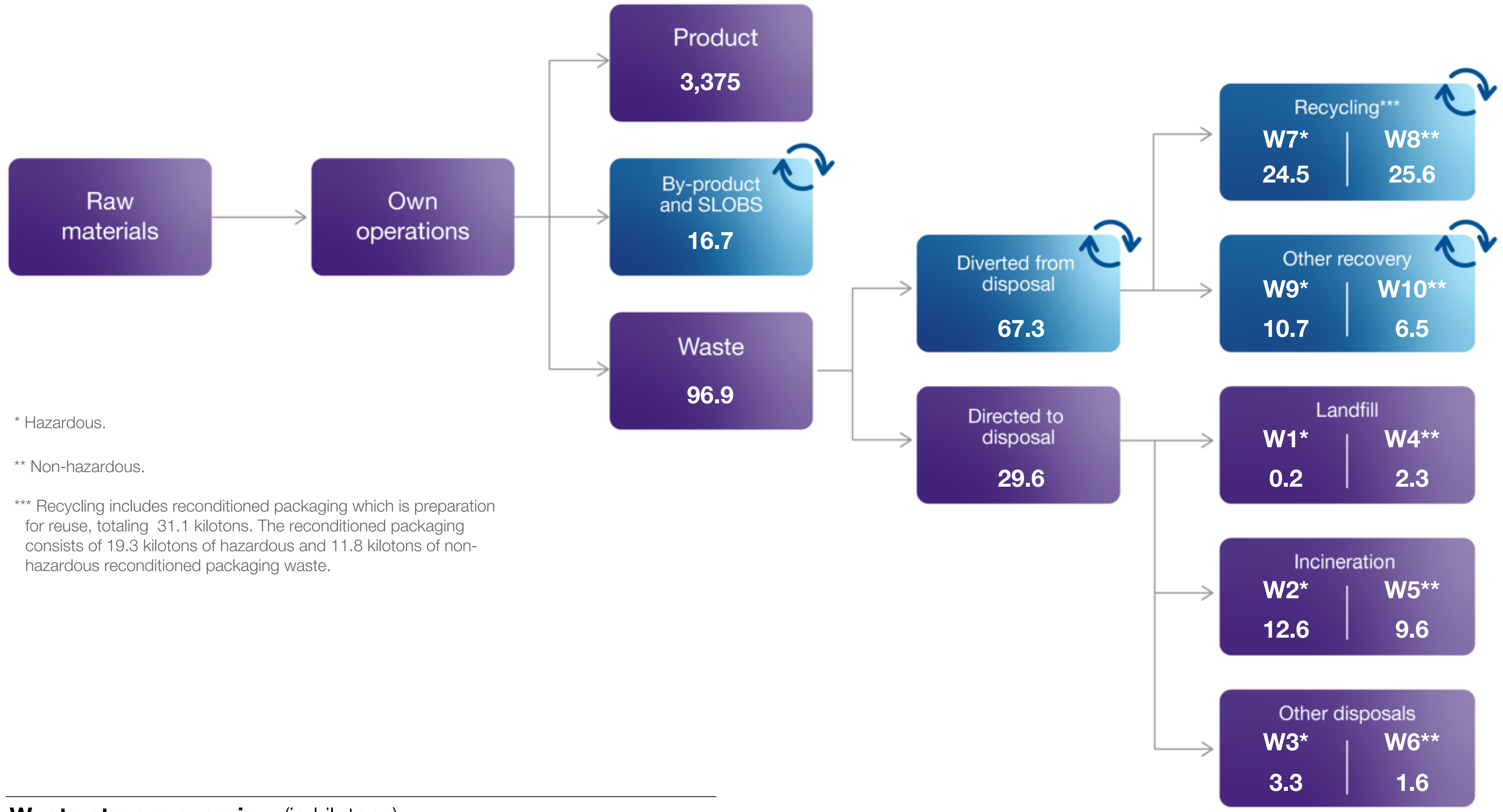
In 2024, our waste to landfill (W1&W4) decreased by 8.1% (from 2,766 tons in 2023 to 2,543 tons in 2024). The relative waste to landfill decreased by 9.3% compared with 2023.

Our focused approach on the former Grupo Orbis sites led to a waste to landfill reduction in the LATAM region.

Overall, we've reduced waste to landfill by 78% (absolute) versus the 2018 baseline and 75% of our manufacturing sites are now landfill free.

We continued to work on reducing our waste streams through numerous reduction initiatives carried out in 2024. This included improving the efficiency of our solvent recovery units, which helps to increase the amount of recovered and reused solvents that would otherwise be disposed of as waste. In addition, we increased our efforts to transfer more unintended outflow from our manufacturing process to by-products reused by third parties. Another example of our reduction efforts was our material optimization process, which is focused on diverting slow-moving and obsolete materials (SLOBs) from scrapping to internal reuse and third-party recyclers and outlets. We drive waste reduction through multi-disciplinary collaboration between our commercial teams, supply chain, manufacturing, HSE&S, our innovation teams and third parties.

Material flow in kilotons



* Hazardous.

** Non-hazardous.

*** Recycling includes reconditioned packaging which is preparation for reuse, totaling 31.1 kilotons. The reconditioned packaging consists of 19.3 kilotons of hazardous and 11.8 kilotons of non-hazardous reconditioned packaging waste.

Waste stream overview (in kilotons)

	Hazardous	Non-hazardous
Waste disposed to landfill	0.2	2.3
Waste disposed through incineration	12.6	9.6
Waste disposed through other disposal operations	3.3	1.6
Total waste directed to disposal	**16.1**	**13.5**
Waste diverted from disposal through recycling	24.5	25.6
Waste diverted from disposal through other recovery operations	10.7	6.5
Total waste diverted from disposal	**35.2**	**32.1**

Resource inflows

Policy
We're focused on increasing the recycled content in plastic packaging used by our Decorative Paints business in Europe. The policy, owned by our Decorative Paints EMEA sustainability team, was adopted in 2020, formalized in 2024 and is reviewed annually. The scope of the policy is the plastic packaging used by AkzoNobel's Decorative Paints Europe business.

Introduction
An overview of the materials bought can be found in the visual Our business model and interaction with material topics on page 31 in the Impact, risk and opportunity chapter. This section on inflows details the material topic of recycled content in plastic packaging.

Plastic packaging
Out of all plastic packaging used, the majority is used by our Paints business in Europe, representing 48% of spend for 2024. In terms of units, the Paints business in Europe represents 54% of units bought[1]. Therefore, we set a target of increasing post-consumer recycled content (PCR) in this specific segment.

Our target is to have at least 50% PCR content in plastic packaging used by our Paints business in Europe by 2025. This target applies to our buckets and excludes lids, as we're currently unable to achieve the right quality of PCR for lids throughout the regions where we operate, although we continue to investigate this. We're also working on trialing PCR lids and already have some signed off and in use, for example in the UK and Spain. We already set this target in 2020, but we treat 2024 as the official baseline year under CSRD.

We continue our collaboration with suppliers to ensure we stay on track to meet our target. If a supplier is unable to provide PCR content in line with our target, we actively look for alternative suppliers to help work towards our sustainability goal. In 2024, the range of PCR in our packs was 25%-90%, and the percentage PCR in all our Paints Europe buckets was on average 43%. We're on track for our 2025 target.

For the regions outside Europe, we've currently set no targets. The estimated range of percentage PCR in the Paints businesses outside of Europe is between 15% and 25%.

Resource outflows: Making substrates last longer

Policy
We're focused on extending the durability of assets we protect through our products. The related policy is owned by the sustainability team and the Director of Sustainability is accountable for its implementation. It was adopted in 2024 and will be reviewed annually. The scope is AkzoNobel's full product portfolio, although by default some segments have an inherent characteristic, making them less suitable for longevity and durability purposes.

Introduction
Paints and coatings make a vital contribution to extending the lifespan of substrates, which effectively means that circularity is built into the benefits they offer. Our products can play a significant role in safeguarding assets by helping to expand the durability of substrates. Therefore, the key opportunity for AkzoNobel, in many market segments, is to extend and expand the durability of the assets we protect through our products.

We aim to provide products with strong durability characteristics, through innovation and value-selling opportunities. We aim to do so through informing our stakeholders of our commitment to durability, supporting the implementation of programs and initiatives with the aim of increasing durability and longevity in the market segments where we operate.

In addition, we continuously monitor the evolving landscape of circularity requirements in our downstream markets, driven by customer, societal and legislative trends (e.g. Ecodesign in the EU). This information is fed into the strategic roadmaps of our businesses.

The way we increase durability, innovate and make our products and substrates last longer differs per end-user segment.

Transport
We supply performance coatings that protect and enhance the durability of ships, cars, trucks, aircraft and yachts. Our products are engineered to achieve functional properties such as corrosion protection, weatherability and protection against wear and tear, all of which enhance the durability of these modes of transport.

Consumer goods
The consumer goods end market includes electronics, appliances, packaging and furniture. Within this sector, customers have set performance requirements on the durability of coatings, such as resistance to abrasion and scratching, heat resistance and the resilience of the aesthetic finish.

For food and beverage packaging, we use our extensive experience in the food contact and beverage markets to minimize the exposure of risks to end-users, while ensuring that single-use items can be recycled at end-of-life. Therefore, for this particular segment, the longer-lasting requirements are not the same as other sectors.

Built environment
Our global portfolio offers solutions for both new-build and renovation. Many of our products have specific functionalities, such as anti-corrosion, weatherability, aesthetic, protection, easy-clean for high traffic resistance, anti-mold technology and anti-microbial properties.

Durability and longevity are essential for the built environment. As well as the paints and coatings we provide to customers in the construction and architectural segment, we also have innovative service concepts that allow customers to inspect coated objects and facilitate preventative maintenance over time.

[1] Due to data quality reasons, we currently exclude Romania from our target. This reduces the coverage from 49% to the reported 48% of plastic packaging spend (based on 2024 spend). For units, the scoping excluding Romania reduced the coverage from 55% to the reported 54% of units bought.

In addition to the SPPA methodology used to evaluate longevity (explained in the Methodology and definitions chapter), we comply with stringent durability norms in the construction industry, for example Qualicoat and AAMA, and we offer specific durability warranties in this sector.

Industrial
Industrial buildings – including manufacturing sites and factories, power sites, data centers and wind turbines – are crucial elements for manufacturing and logistics. Our solutions are made to protect these assets against harsh conditions and the test of time. Functional properties relevant for the industrial sector include heat and fire protection, chemical protection, anti-corrosion and weather protection.

Targets, metrics and 2024 performance
A significant part of our innovation focuses on making products last longer. However, we haven't currently set specific targets for increasing the durability in our portfolio, as we're transitioning to CSRD implementation, so we haven't yet formed a proper baseline to perform our assessment.

In 2024, 15.5% of Paints and 11.8% of Coatings revenue was considered to provide more durability versus the mainstream product in the market for that category.

The assessment coverage of our portfolio was 84.3% for Paints and 76.6% for Coatings. For business units not yet analyzed in full, an extrapolation was made, based on revenue of the analyzed business units.

The methodology for this assessment can be found in the Methodology and definitions chapter.

The world's first purpose-built wind turbine blade testing facility – which is capable of running simulations at half the speed of sound – was opened at our Felling plant in the UK. The multi-million euro investment will support the development of our International protective coatings brand, which supplies wind farms around the globe.

EU TAXONOMY DISCLOSURE

EU TAXONOMY

The Taxonomy Regulation establishes the framework for the EU taxonomy by setting out four conditions that an economic activity must meet in order to qualify as environmentally sustainable.

A qualifying activity must:
1. Meet the definition of the economic activity, as included in the Delegated Acts
2. Contribute substantially to one or more of six environmental objectives, being:
   - Climate change mitigation
   - Climate change adaptation
   - Sustainable use and protection of water and marine resources
   - Transition to a circular economy
   - Pollution prevention and control
   - Protection and restoration of biodiversity and ecosystems
3. Do no significant harm to any of the other environmental objectives
4. Be carried out in compliance with minimum (social) safeguards

The technical screening criteria specify the performance requirements for any economic activity that determine under what conditions that activity makes a substantial contribution to a given environmental objective and does not significantly harm the other objectives. In 2023, all six objectives listed above were further detailed out and are applicable for reporting. Companies are required to report on the proportion of turnover (revenues), capital expenditures (CapEx) and operating expenditures (OpEx) that's associated with environmentally sustainable economic activities, and to what extent these activities are aligned (i.e. contributing to one or more environmental objectives).

The key performance indicators relevant under EU taxonomy are turnover, CapEx and OpEx. For the purpose of the calculation of eligible activities, the following financial information has been derived from AkzoNobel's Consolidated financial statements:

- Turnover under EU taxonomy is equal to consolidated external revenues as reported in our Consolidated statement of income, amounting to €10,711 million
- CapEx under EU taxonomy is the sum of additions in property, plant and equipment (see Note 11 of the Consolidated financial statements), intangible assets (see Note 10 of the Consolidated financial statements) and right-of-use assets (see Note 12 of the Consolidated financial statements) from both investments and acquisitions resulting from business combinations, amounting to €429 million. CapEx as included in the Consolidated financial statements, which amounts to €306 million, includes investments in intangible assets and investments in property, plant and equipment, and excludes the impact from additions to right-of-use assets of €121 million, as well as the impact from acquisitions resulting from business combinations of €2 million. Additions to right-of-use assets are included in the movement schedule on right-of-use assets, as included in Note 12 of the Consolidated financial statements
- OpEx is calculated in accordance with the EU taxonomy as direct non-capitalized costs incurred for the day-to-day servicing of assets, consisting of research and development costs, short-term leases, maintenance and repair costs and other similar costs, amounting to €404 million. This definition differs from OpEx as included in our Consolidated statement of income. The taxonomy OpEx (per EU taxonomy definition above) represents an insignificant portion of our total OpEx (€9,794 million). The EU taxonomy OpEx denominator equals €404 million. As a result, we make use of the materiality exemption for the OpEx KPI as per the Disclosure Delegated Act Annex I, Section 1.1.3.2 and disclose the numerator as equal to zero. No further assessment is performed regarding taxonomy OpEx eligibility or alignment

AkzoNobel's core activity, manufacturing paints and coatings (NACE Code C20.3), is currently not defined as an eligible activity for EU taxonomy, and hence no technical screening criteria have been developed to measure alignment to the environmental objectives. As a consequence, eligible activities were limited in 2024 and mainly related to revenues from activities such as coatings for low carbon technologies and renewable energy and CapEx related to investment in, and renovation of, buildings.

For the determination of eligible revenues and CapEx, we've performed the following activities:
- Reviewed AkzoNobel's activities and pre-identified potential eligible activities
- Provided trainings to personnel involved in data-gathering, explaining key characteristics of the EU taxonomy guidelines and potential eligible activities
- Performed a detailed analysis of the individual taxonomy-eligible economic activities in cooperation with key Finance and Sustainability personnel
- Set up a multi-disciplinary team in charge of supporting and answering questions from personnel involved in data-gathering, as well as reviewing the reported data at a central level
- Consulted with external experts and peers to ensure a correct and consistent interpretation of the legal requirements

The following activities have been identified as eligible (see also the following tables):
- 3.1 Manufacture of renewable energy technologies
- 3.3 Manufacture of low carbon technologies for transport
- 3.6 Manufacture of other low carbon technologies
- 4.1 Provision of IT/OT data-driven solutions
- 5.3 Construction, extension and operation of waste water collection and treatment
- 6.5 Transport by motorbikes, passenger cars and light commercial vehicles
- 7.2 Renovation of existing buildings
- 7.6 Installation, maintenance and repair of renewable energy technologies
- 7.7 Acquisition and ownership of buildings
- 8.2 Data-driven solutions for GHG emissions reductions

Alignment has not been further assessed for these eligible activities, primarily because the identified eligible activities are not material for our business model. In addition, there is currently insufficient data to further assess alignment criteria, due to the fact that it requires obtaining information from third parties and various external verifications.

Therefore, no further work has been performed towards the Do no significant harm (DNSH) and Minimum safeguards (MS) criteria. There has been no change to our business model compared with last year. However, we have performed a more thorough assessment of our activities based on EU taxonomy legislation. As a consequence, we're reporting eligible revenue and an increased amount of eligible CapEx. Because the increases aren't deemed material, we havent restated the comparative figures.

The template disclosure tables as per Annex II of the Environmental Delegated Act are included on the next page. The limited eligibility of our activities is determined by the limited scope of the EU taxonomy for 2024. Despite this inherent non-eligibility, we continue to focus our efforts towards providing more sustainable solutions for our customers.

EU taxonomy CapEx in € mln

	Note in FS	2023	2024
Additions to property, plant and equipment from capital expenditures and acquisitions	11	271	282
Additions to intangible assets from capital expenditures and acquisitions	10	93	26
Additions to right-of-use assets from additions and acquisitions	12	124	121
Total		**488**	**429**

Financial year N	Year			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	**Code (2)**	**Turnover (3)**	**Proportion of Turnover, year N (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular Economy (9)**	**Biodiversity (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular economy (15)**	**Bio-diversity (16)**	**Minimum safeguards (17)**	**Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) Turnover, year N-1 (18)**	**Category enabling activity (19)**	**Category transitional activity (20)**
		€ mln	**%**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**E**	**T**
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	**N/A**	**–**	**–%**														**–%**		
of which Enabling			–%														–%		
of which Transitional			–%														–%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of renewable energy technologies	CCM 3.1	70	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								–%		
Manufacture of low carbon technologies for transport	CCM 3.3	122	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								–%		
Manufacture of other low carbon technologies	CCM 3.6	117	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								–%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**309**	**3%**	**3%**	**–%**	**–%**	**–%**	**–%**	**–%**								**–%**		
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)		**309**	**3%**	**3%**	**–%**	**–%**	**–%**	**–%**	**–%**								**–%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities (B)		**10,402**	**97%**																
TOTAL		**10,711**	**100%**																

Financial year N	Year			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (2)	CapEx (3)	Proportion of CapEx, year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Bio-diversity (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
		€ mln	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	**N/A**	**—**	**—%**														**—%**		
of which Enabling			—%														—%		
of which Transitional			—%														—%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Provision of IT/OT data-driven solutions	CE 4.1	1	—%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								—%		
Construction, extension and operation of waste water collection and treatment	CCM 5.3	2	—%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								<1%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	7	2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								—%		
Renovation of existing buildings	CCM 7.2	24	6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								—%		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	2	—%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								<1%		
Acquisition and ownership of buildings	CCM 7.7	80	19%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								—%		
Data-driven solutions for GHG emissions reductions	CCM 8.2	4	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								—%		
CapEx of Taxonomy-eligible but not env. sustainable activities (not Taxonomy-aligned) (A.2)		**120**	**28%**	**28%**	**—%**	**—%**	**—%**	**—%**	**—%**								**<1%**		
A. CapEx of Taxonomy-eligible activities (A.1 + A.2)		**120**	**28%**	**28%**	**—%**	**—%**	**—%**	**—%**	**—%**								**<1%**		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

CapEx of Taxonomy-non-eligible activities (B)		**309**	**72%**
TOTAL		**429**	**100%**

Financial year N	Year			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	**Code (2)**	**OpEx (3)**	**Proportion of OpEx, year N (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular Economy (9)**	**Biodiversity (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular economy (15)**	**Bio-diversity (16)**	**Minimum safeguards (17)**	**Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year N-1 (18)**	**Category enabling activity (19)**	**Category transitional activity (20)**
		€ mln	**%**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**E**	**T**
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	**N/A**	**—**	**—%**														**—%**		
of which Enabling			—%														—%		
of which Transitional			—%														—%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Remediation of contaminated sites and areas	PP 2.4	—	—%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								3%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)		**—**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**								**3%**		
A. OpEx of Taxonomy-eligible activities (A.1 + A.2)		**—**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**								**3%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities (B)		**404**	**100%**																
TOTAL		**404**	**100%**																

Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

SOCIAL

OWN WORKFORCE

Materiality and governance

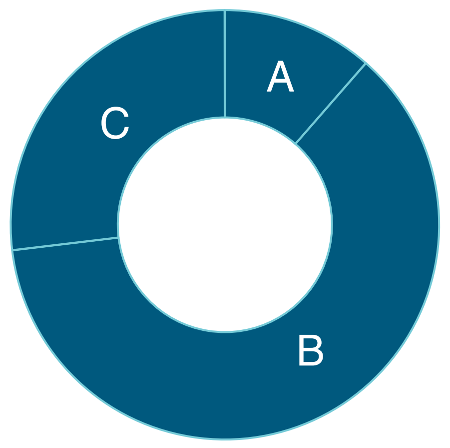
Our approach to determining material impacts, risks and opportunities is described in General disclosures. Our assessment showed two material topics: Health and safety and Working time. Both topics have been identified as material for our full value chain, including our own workforce.

We also provide additional disclosures on topics which are required by other applicable laws or regulations, or whenever the disclosures serve the information requirement needs of our stakeholders. These topics are: Gender equality and equal pay; Discrimination and harassment (including violence); Diversity, equity and inclusion; Freedom of association and collective bargaining.

For 2024, no material people-related impacts from climate change transition plans have been identified.

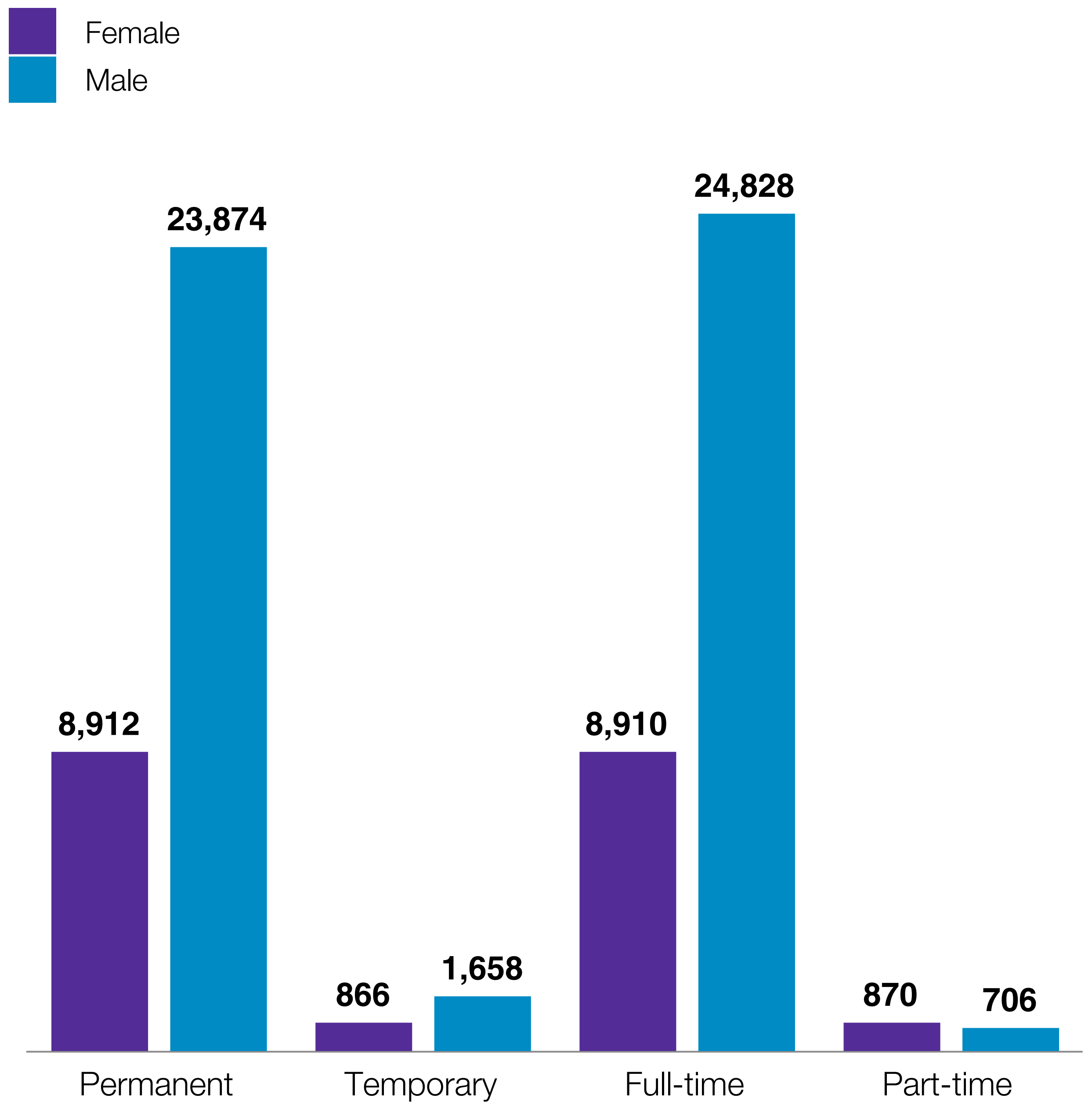
The metrics related to the characteristics of our workforce can be found in the Summary table at the end of the Sustainability statements. We refer to the chapter Methodology and definitions for details on data gathering and reporting systems.

Age distribution of our employees



A	Under 30 years old	11 %
B	30-50 years old	62 %
C	Over 50 years old	27 %

Characteristics of own workforce, in headcount



Material topics

Health and safety

Safety, as one of our core values, is embedded into everything we do. We care deeply about the safety of our colleagues and everyone we work with.

Health and safety policy
Through our Health, Safety, Environment and Security (HSE&S) Policy, we acknowledge our responsibility for protecting the health and safety of our employees, contractors, customers and neighbors, while maintaining the security of our people and assets and protecting the environment. The policy is owned by the HSE&S department and reviewed and updated on at least an annual basis. We're committed to ensuring that business activities are conducted to prevent harm to our customers, employees, contractors, the public, other stakeholders and the environment through rigorous implementation of target setting and monitoring processes, according to the AkzoNobel HSE&S management system.

It's our vision to achieve zero injuries, waste and harm through operational excellence. The environmental aspects, such as waste, energy and emissions, are covered throughout the relevant chapters in the Environmental section, while the health and safety elements are covered in this chapter.

Management programs in the areas of people safety and health, process safety and security help us live up to the highest standards in our activities and at our sites. Our commitment to running our operations safely is underpinned by our Life-Saving Rules and Golden Principle to stop work if conditions or behavior are unsafe.

Processes for engaging with workers
Our workforce at all locations help to establish and implement annual HSE&S plans through workers' representative groups, such as works councils and labor organizations. This ensures that we conform to regulatory requirements and/or the requirements from our ISO certified HSE&S management systems.

Targets related to health and safety
- Fatalities own workforce: Zero
- Fatalities other workers on our locations: Zero
- Serious injuries and fatality frequency own workforce (SIF-F): 3.0

For benchmarking purposes, we continue to monitor the total recordable work-related accident rate for own workforce.

Learning from high potential events
In addition to learning from actual injuries and incidents, we put special emphasis and processes in place to learn from high potential events (HPEs). A high potential event is an incident with a potential high impact, or a near miss (not causing loss or damage) that might have, under different circumstances, resulted in high, major or catastrophic impact.

People safety and health

In 2024, we made further progress with our life-critical procedures and HSE&S roadmap program. We identified locations that need improvement in our own operations and put them on a roadmap with targeted plans and governance, in addition to our focus on functional excellence and capability building.

During 2024, we stepped up the implementation of our lift truck/pedestrian segregation program, taking a risk-based approach to further reduce risk, while our Behavior Based Safety (BBS) approach focused on maturity assessments to drive continuous improvement.

The company-wide monthly Safety Moments for safety awareness also continued. They're used by people managers in team meetings to keep colleagues in all functions and levels of our organization involved in – and aware of – everyday safety hazards and safe behaviors.

We strengthened our life-critical procedures by launching the Guard Your Hands campaign to encourage and engage people in processes designed to help minimize hand injuries.

We also launched the Count On Me For Safety campaign, focused on making every voice count to promote an open culture and team collaboration for learning, finding solutions and improving safety.

Our industrial hygiene and ergonomic programs are actively managed to support a safe work environment and reduce occupational illness-related absenteeism.

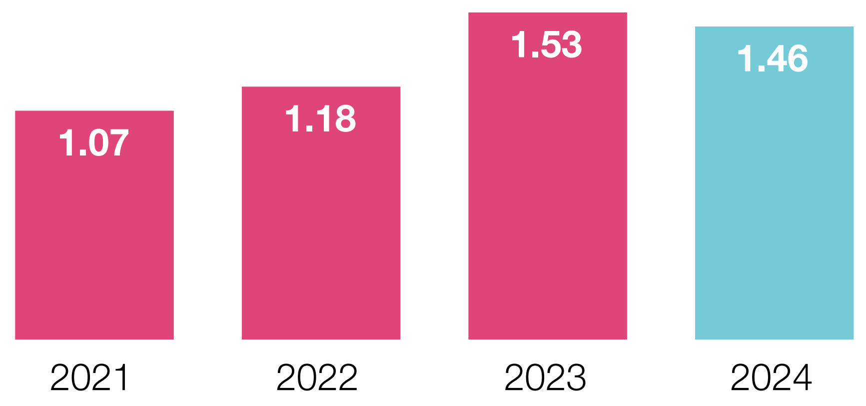
Serious injuries and fatalities
We're deeply saddened to report that one of our sales representatives in Medellin, Colombia, lost their life in a traffic incident after being hit from behind by a dump truck while riding a motorbike.

There were no other serious injuries in 2024. The 2024 SIF-F was 1.4 (our target is less than 3.0).

Total recordable work-related accident rate own workforce
During 2024 there were 107 recordable work-related accidents for our own workforce (2023: 110). The total recordable work-related accident rate for our own workforce decreased to 1.46 (2023: 1.53). The increase after 2022 is due to a relatively high number of work-related accidents at acquired companies. The rate is still at an industry-leading level and we continue to upgrade these acquired sites to AkzoNobel standards as part of their integration.

In 2024, 63% of our manufacturing sites had been recordable work-related accident free for over a year (2023: 63%).

Total recordable work-related accident rate own workforce
(per 1,000,000 hours)



The total recordable work-related accident rate is the number of accidents resulting in a medical treatment case, restricted work case and lost time case or fatality, per 1,000,000 hours worked.

Recordable work-related ill health of employees
During 2024, there were two cases of recordable work-related ill health of employees (2023: zero).

Process safety

We systematically assess, manage and communicate the operational risks of injuries or harm that may result from the work we do.

In 2024, we transitioned from our dedicated Process Safety Management (PSM) improvement project and progressed towards embedding process safety standards. We launched our three-year process safety strategy and plans to achieve leading standards in process safety.

To ensure our people, sites and environments stay as safe as possible, we continued the deployment of our Process Safety Fundamentals for frontline workers, establishing operational practices that help prevent incidents.

During 2024, we continued the deployment of our Basis of Safety standards, with a focus on resins, aluminum bonding and high-speed dispersers. The standards define company expectations for these higher risk activities. Our locations continue to implement equipment modifications via a risk-based approach.

HSE&S management foundation

Our company-wide HSE&S management system is applicable to the whole workforce and is globally certified against ISO 14001 and ISO 45001 standards. The management system consists of policies, procedures, templates and best practices to promote learning across the organization.

HSE&S audits are performed in three-year (for high hazard sites) to five-year (other sites) cycles.

Compliance assurance is a key HSE&S priority because it ensures our license to operate and our business continuity in a fast-changing regulatory environment. Our company-wide HSE&S compliance assurance process is proactive and digitally supported by tools from a global third-party supplier.

Working time

Global Working Hours Standard Policy
As laid down in our Code of Conduct, our working hours and remuneration comply with laws and are fair and just. In addition, in 2024 we finalized our Global Working Hours Standard Policy, applicable to all employees that work under a time registering system. We focused on this group because, based on our double materiality assessment, the impact of excessive working time is mainly applicable for our factory and warehouse employees.

This policy includes – alongside compliance with local laws and regulations on working time – maximum working hours (including overtime) of no longer than 12 hours a day and 60 hours a week for a full-time employee, with at least one 24-hour consecutive period of rest in every seven-day period. Managers of employees not on a time registering system (such as most office workers) are responsible for giving the right example in terms of working hours and helping employees to manage their workload in an efficient and healthy way to avoid excessive working hours. The policy became effective as of January 1, 2025. AkzoNobel's Global HR Director owns this policy, which is reviewed annually.

Processes for engaging with workers on working time
In 2024, we measured our efforts based on Voices survey results for the Workload topic. These results are a direct reflection of the perception of our employees and cover both the employees under a time registering system and those who don't register their time.

We reviewed relevant questions in our Voices engagement survey (reference is made to the Employee engagement paragraph in this chapter). On a global level, the scores related to workload were similar to last year (3.8 out of 5), and slightly higher than the benchmark of manufacturing companies (3.7 out of 5). The survey enabled us to gain insights into employee concerns and identify areas for improvement.

In addition to existing local initiatives on well-being, we also launched a global well-being portal this year, where employees can explore our health and well-being resources. We started by rolling it out in seven countries (Canada, Mexico, US, Brazil, UK, Ireland and the Netherlands), covering almost 31% of our total employees. Going forward, we'll continue our efforts to develop existing portals and expand beyond the above-mentioned countries.

During 2025, we'll implement the Global Working Hours Standard Policy and will start gathering the results and measure our efforts towards compliance. Any findings will be followed up accordingly and potential action plans put in place.

Targets for engaging with workers on working time
Currently, we don't have targets in relation to working time for our own workforce. We're determining how to effectively track compliance with our global working hours rules, which includes considering the root causes.

Other relevant topics

Diversity, equity and inclusion

We continue to work towards becoming a more diverse, equitable and inclusive workplace. With a renewed strategy in place since 2023, we've continued to embed DE&I practices across our processes and behaviors, where appropriate.

Our DE&I position paper can be found on our website. We've set targets related to female executives and employee engagement, both are explained below.

Our Vibe network aims to celebrate ethnicity, inclusivity and our cultural diversity.

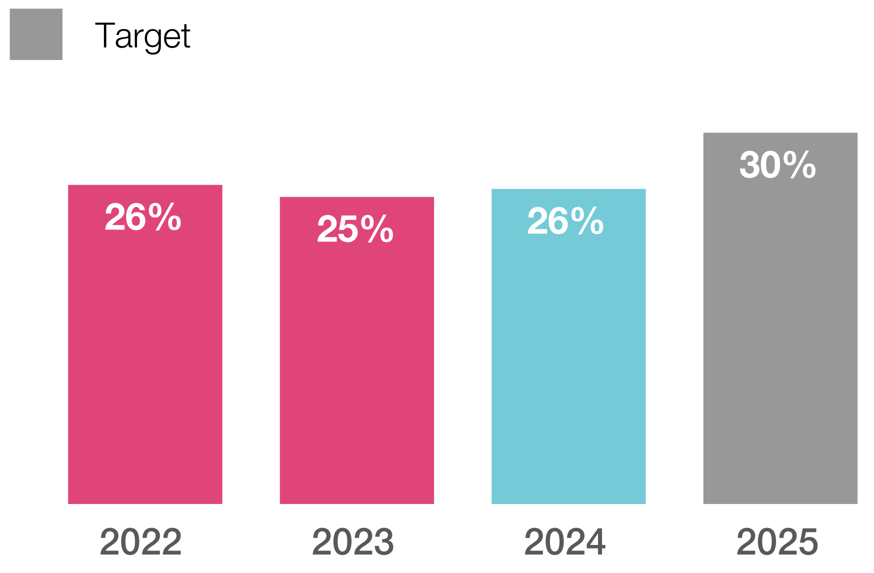
Female executives

We've set a target of reaching 30% female representation at our executive level[1] by the end of 2025. Currently, the female executive ratio is at 26% (78 female executives and 227 male executives). The 1% points increase of the ratio from 2023 showcases our intention and efforts to achieve a female representation that better reflects the organization we envision and communities we operate in. During the year, we also included this target in our senior executive long-term incentive plans (LTI), impacting 8.5% of their total value.

Our people managers have successfully collaborated with our talent management and talent acquisition teams to prioritize internal hiring decisions, further improving the promotion rate of our internal talent. We've also set targets for female representation at middle management levels. This has helped us to increase female representation by 1.3% percentage points in our senior middle management positions.

We also track female representation in our Supervisory Board, Board of Management and Executive Committee. Our plans for reaching our DE&I ambitions are further described in both the DE&I position paper and the DE&I Policy for the executive level, Board of Management and Supervisory Board, which are available on our website. Further information on the targets applicable to the Board of Management and the Supervisory Board can be found in the Corporate governance statement and Summary table. Specifically, the gender composition in the Supervisory Board is available on page 98. The gender composition in the Board of Management is detailed on page 96.

Female executives in %



Percentage of women at executive level. Please refer to the Methodology and definitions chapter of these Sustainability statements for the full definition.

DE&I networks

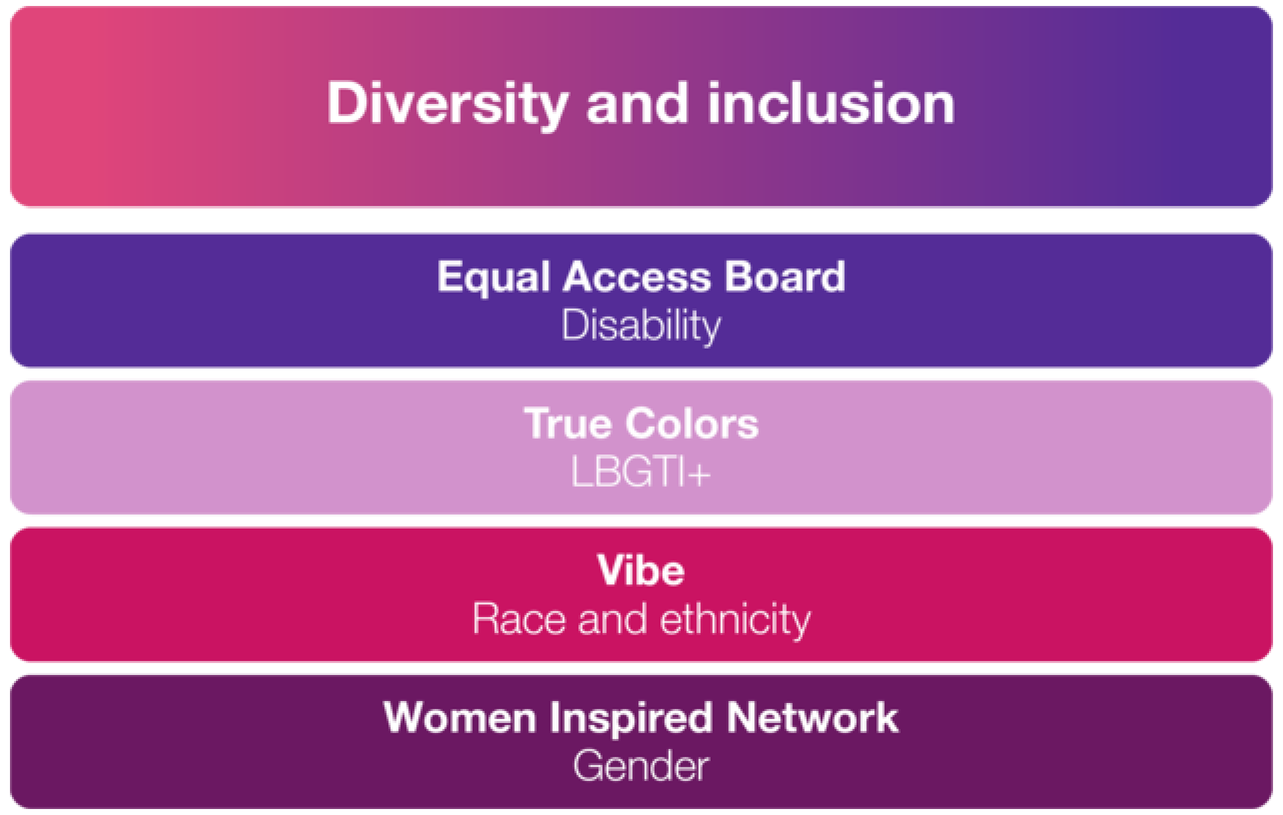
Our DE&I networks organized internal events to cover relevant issues, celebrate diversity and increase awareness of various topics.

One of our networks, known as Vibe, addresses cultural, inclusivity and ethnicity matters. During the year, it focused on highlighting topics such as intersectionality, cultural awareness, religion and migration, bringing together our employees who shared personal and cultural insights. It's now our largest network, with more than 2,000 members and continues to grow.

In addition, we've also launched the DE&I Site Ambassador role, which is designed to connect our employees on the ground with the DE&I topics being addressed in the corporate environment. This group was trained and provided with material and resources to facilitate conversations and increase knowledge and awareness. The first wave onboarded 83 DE&I Site Ambassadors, covering most of our manufacturing sites with more than 100 employees. The remaining sites will be trained in 2025.

[1] Refer to the definition of executive level (top management) in the Methodology and definitions chapter of these Sustainability statements.

Diversity and inclusion employee networks



Building an inclusive workplace
We continue to focus on our manufacturing and supply chain sites to make sure that our production population experience a healthy and inclusive environment. To this end, investments were made to improve the facilities, especially women's bathrooms, showers, uniforms and changing rooms.

In 2024, we took part in the Disability Equality Index together with 542 other companies, participating in India, the UK, the US and Brazil.

Turnover rate
Overall employee turnover in 2024 was 12% (2023: 13%); voluntary turnover remained stable at 7% (2023: 7%). For the definition of the employee turnover rate, please refer to the Methodology and definitions chapter.

Employee engagement
In 2023, we adopted a new employee engagement platform, called Voices.

The Voices engagement survey is carried out once a year for our entire own workforce, regardless of the employee lifecycle stage they're in, and featured 50 questions in 2024.

We achieved a participation rate of 89% (2023: 89%), with close to 32,000 employees taking part and providing their feedback. This enables us to discuss and pinpoint follow-up actions to enhance our work environment by identifying strengths and areas for improvement, in addition to monitoring and analyzing trends.

Employee engagement scored 4.0 out of 5.0, consistent with last year and above the external benchmark average of 3.8. The employee net promoter score (eNPS) is a global standard for organizations to measure employee satisfaction. For eNPS, 0-20 is regarded as good, 20-50 very good, while higher than 50 is excellent. This year, AkzoNobel's eNPS was rated 10, well above the manufacturing companies benchmark by seven points.

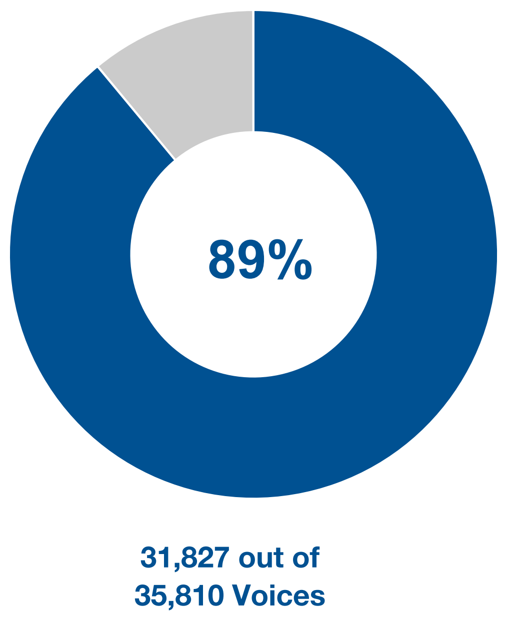
While most of our engagement drivers remained stable, the health driver increased by 0.2 at the organizational level from 2023, which can be attributed to the improvements w'e've made since the previous year.

To help monitor our progress, the 2024 survey also featured a follow-up question asking employees if they'd observed improvements in specific areas. The organization scored 3.5 out of 5.0, reflecting some of the improvements that have been implemented. This score, however, also indicates that there's room for improvement in the follow-up of actions.

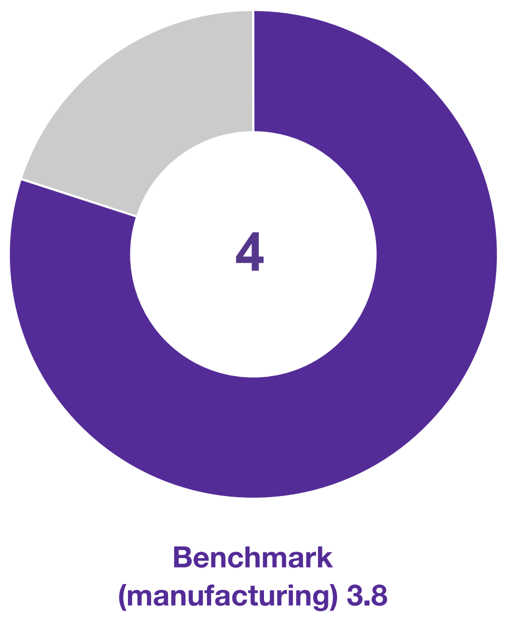
The organization's result for the DE&I drivers was 4.1 out of 5.0, among the highest scores across the company. Compared with 2023, the score was stable, showing an underlying increase of 0.1 for our female population.

The most senior role at AkzoNobel with operational responsibility for ensuring that we properly engage with our employees is the Process Owner Human Resources.

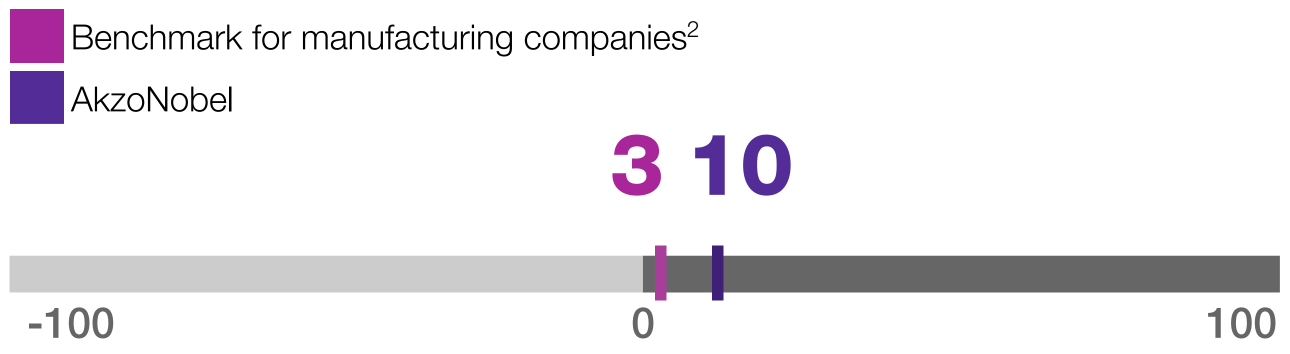
Global participation rate



Global engagement index



Employee net promoter score (eNPS)



Discrimination and harassment

As laid down in our Code of Conduct, we treat people with dignity and respect, and we support diversity and inclusion. Our Code also states that we don't harass or discriminate, whether through culture, nationality, race, religion, gender, disability, association, sexual orientation or age. We strive to foster a culture of dignity and respect, free of harassment and discrimination, as stated in our Human Rights position paper.

Please refer to the Business conduct chapter of the Sustainability statements for more details on the Code of Conduct and our

[2] Based on data from Eletive, our employee engagement platform.

SpeakUp! grievance mechanism, which are among the procedures we have in place to ensure that discrimination is prevented and diversity and inclusion is advanced.

In our Voices survey, we asked our employees whether they're free from bullying or harassment in their workplace, which can be answered anonymously. The global average score on this question was a 4.3 out of 5.0 (2023: 4.3). We also asked whether they felt they were not discriminated against in their workplace, which scored 4.2 out of 5.0 (2023: 4.2) and whether they felt that people of all backgrounds are given the same opportunities in their workplace, which scored 4.1 out of 5.0 (2023: 4.0). If an employee scored this question low (1 or 2 on a scale of 5), the manager and the relevant HR manager would automatically be notified of this, without disclosing the identity of the employee. They can then take appropriate action to address the issue.

We also analyzed SpeakUp! cases related to (alleged) discrimination or harassment in the workplace. In 2024, 84 cases were reported, of which:
- 15 cases were found (partly) substantiated
- 9 were unsubstantiated cases
- 14 were referred to HR to address outside the SpeakUp! process which, after review, were found to involve a separate HR matter (e.g. complaints about noise in the open workspace), rather than a (potential) discrimination and/or harassment related violation
- 2 cases did not have sufficient information, for example the caller hang up or withdrew the call
- 44 cases are still under investigation

Actions taken on the (partly) substantiated cases involved three dismissals, eight mandatory trainings, two warning letters and two cases where the action was not needed, for example due to the person resigning.

Processes for engaging with own workers and workers' representatives about impacts and raising concerns

Our approach to materiality, including the engagement on impacts, risks and opportunities, is described in Impact, risk and opportunity management.

As described in the Integrity and compliance management chapter, our SpeakUp! grievance mechanism offers employees a means to raise allegations regarding compliance with our Code of Conduct and violations of applicable laws and regulations. A dedicated team follows an investigation protocol which adheres to strict principles of confidentiality, respect for anonymity, non-retaliation, objectivity and the right to be heard.

For other concerns that might fall outside the scope of our Code of Conduct, employees can use other formal and informal channels to raise their concerns. Examples of formal channels are the option to raise a formal complaint to works councils, trade unions, occupational health services or committees, trusted persons and harassment committees. The availability of these aforementioned channels can differ, depending on the region or country the employee works in. Examples of informal channels include raising concerns to the relevant line manager, HR or site manager, suggestion boxes at locations, or during town halls held at locations.

Freedom of association and collective bargaining

As laid down in our Code of Conduct, we respect individual rights to freedom of opinion and association, and we respect the right to collective bargaining and co-determination.

AkzoNobel's current percentage of own employees covered by a collective bargaining agreement (CBA) is 40%.

Gender pay gap and total compensation

The gender pay gap was not determined to be a material topic, following our double materiality assessment. However, from a stakeholder information requirement perspective, we include this topic.

In 2024, we performed the calculation of gender pay gap within AkzoNobel. The results found a 3.8% gap in favor of women. We refer to the Methodology and definitions chapter for details on the calculation.

During 2024, we began preparing for the implementation of the EU Pay Transparency Directive, which will become applicable to us after being transposed into national legislation.

For further compensation indicators, such as pay ratios, please refer to page 120 in the Remuneration report.

Training and skills development indicators

Training and skills development was not determined to be a material topic, following our double materiality assessment. However, as we consider it good practice to provide this information, we include this topic.

Talent development
In 2024, we expanded the coverage of our new talent management framework, which is based on an experience-based talent management approach. We believe in a culture that stimulates and facilitates talent sharing, where internal opportunities are offered to our employees. During 2024, the framework was extended to

around 14,000 employees, mostly in managerial roles (40% of the total population as per year-end 2024). From this population, 31% are considered key talent for the organization, and within the key talent identification, 6% are considered high potential talent.

From a gender split perspective, 35.3% are female key talent and 32.5% are female high potential talent; while 64.7% are male key talent and 67.5% are male high potential talent. Key talent represents 11% of our total workforce, while high potential talent represents 2%. Please refer to the Methodology chapter for the key talent and high potential talent definitions.

For 2025, we aim to continue developing our assessed talent and plan for filling the identified talent gaps.

Training hours
We believe that investing in our employees is crucial to our continued growth and success, and we're proud to offer comprehensive training and development opportunities to our teams.

We designed our learning and development framework according to our learning formula of 70:20:10. The most effective way to learn and develop a new skill or behavior is to apply and practice on the job and in real-life situations. When applying the formula, 70% relates to experience and on-the-job learning – such as job shadowing and stretch projects – 20% relates to exposure (e.g. through mentoring and masterclasses) and 10% to formal education. Our total training hours provided relate to the 10% formal education.

In 2024, we provided a total of 112,167 training hours to employees, equipping them with the skills and knowledge necessary to excel in their roles and contribute to the success of our organization. The average number of training hours was 2.54. This only includes training hours for registered learning efforts and excludes compliance-based mandatory trainings.

Transforming the Learning and Development landscape
AkzoNobel is taking steps to evolve from traditional classroom or simple e-learning offerings, to providing newer AI-driven learning technology. In September 2024, we took significant steps to transform our Learning and Development landscape by introducing a new learning and career platform with an emphasis on learning in the service of business and employee career growth. Through this technology investment, we're able to deliver more personalized, data-centric learning experiences. This innovative approach not only focuses on building vital skills the company needs, but also enhances employee mobility within experiential and social learning offerings.

We'll continue to invest in targeted learning strategies which foster a more future-ready workforce, in alignment with the learning needs of our employees.

Performance reviews
The overall percentage of employees who participated in our regular performance review was 96% (women: 98%; men: 96%).

WORKERS IN OUR VALUE CHAIN

Materiality

Our approach to determining our material impacts, risks and opportunities is described in General disclosures. For workers in our value chain, our assessment showed two material topics: Working time and Health and safety. Please also refer to the Statement on due diligence chapter in the General disclosures chapter for disclosures on modern slavery, which serves an information requirement of our stakeholders.

Workers in our value chain include the employees of our upstream suppliers and downstream logistic service providers, as the identified impacts are related to these workers.

Material topics

Policies related to workers in our value chain

The policies described below are relevant to both our material topics, as well as the additional disclosures.

Business Partner Code of Conduct
Our business partners are expected to follow our company's core values of safety, integrity and sustainability. These are set out in our Business Partner Code of Conduct (BP CoC). This code sets out the ethical behavior we expect from anyone we do business with, including our suppliers, distributors and agents. All new business partners are expected to apply the principles laid down in the BP CoC, or apply equivalent principles. These principles include, among other things, respect for human rights, people, process and product safety, fair and just working hours and remuneration, and grievance mechanisms for their employees and other interested parties. Non-compliance with the BP CoC may lead to measures being taken, including termination of the business relationship.

Responsible Sourcing Policy
In 2024, we established a Responsible Sourcing Policy which is built on our Business Partner Code of Conduct. It provides a set of minimum expectations that all our business partners must comply with to conduct business with AkzoNobel.

Partnerships based on responsible sourcing help us mitigate risk and build trust among consumers and stakeholders. AkzoNobel's Responsible Sourcing Policy reflects our commitment of working together with our suppliers towards a long-term, sustainable and successful future for all parties.

The policy covers a wide range of sustainability topics, including but not limited to, working time, health and safety, human rights, environment and the responsible sourcing of minerals. The scope of the policy refers to all direct suppliers with procurable spend across all procurement categories in those regions where we buy materials or services.

Through the implementation of this policy, we commit to respecting the following: the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work; the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises; the Universal Declaration on Human Rights; the UN Guiding Principles on Business and Human Rights; and the Science Based Targets initiative (SBTi).

AkzoNobel's Chief Procurement Officer (CPO) owns this policy, which is reviewed annually.

Processes for engaging with value chain workers about impacts

In the Governance chapter of these Sustainability statements, we describe how we manage our relationships with suppliers. It also describes how we perform EcoVadis assessments through our membership of Together for Sustainability (TfS) on high-risk and/or high-spend suppliers. In addition, we perform third party, on-site TfS sustainability audits on selected direct raw material and packaging suppliers in high-risk areas. The audits address our material topics, including but not limited to, Occupational Health and Safety, Emergency Preparedness and Working time. The third-party auditors (approved by TfS) are requested to verify document reviews and conduct individual and group interviews. Candidates for these interviews are randomly selected by the auditor, without interference from management.

Targets related to our material topics

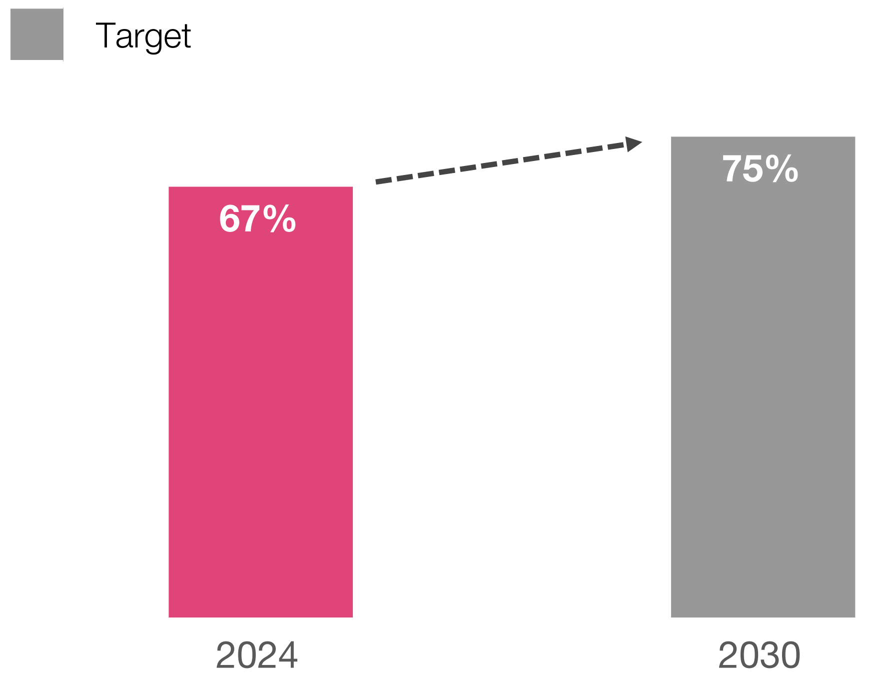
EcoVadis assessments
As part of our TfS membership, we perform EcoVadis assessments on high-risk and/or high-spend direct suppliers, as further described in the Governance chapter of these Sustainability statements. In addition to the minimum total assessment score of 45, our target also includes a minimum score of 50 in the labor and human rights sub-section of these assessments, which covers our material topics of Health and safety and Working time. We ask our suppliers to achieve these scores through an annual assessment. For suppliers meeting our target scores, we grant a validity of three years.

We chose our score benchmark of 50 for the labor and human rights sub-section (which includes metrics on Working time and Health and safety) based on the EcoVadis scoring principles, where a score of 50 is rated as "good". We track how many suppliers meet these requirements through our Sustainability Supplier Program.

For 2024, both the total score and the labor and human rights score were met by 67% of our suppliers (2023: 63%). Our target is to reach 75% of our suppliers meeting both of these scores by 2030.

The labor and human rights score was met by 71% of our suppliers. We don't have a separate target for the percentage of suppliers meeting the minimum score of 50 on the labor and human rights sub-section, since 2024 was the first year we started reporting on this.

Suppliers meeting EcoVadis requirements (in %)



We're considering using the corrective action planning (CAP) tool in EcoVadis for suppliers that have improvement areas on our material topics under CSRD. The aim is to enhance the measurement and follow up of supplier performance on the material topics of health and safety, as well as working time. This is subject to an enhancement of the tool as soon as it becomes available. During 2024, there were no suppliers with whom the contractual relationship was terminated due to our impacts on value chain workers.

Together for Sustainability (TfS) audits
For TfS on-site audits, we achieved a completion of 87% on major and critical findings, of which our material topics on Working time and Health and safety make up the largest share.

Processes to remediate negative impacts and channels for value chain workers to raise concerns

As described in the Integrity and compliance management chapter, our SpeakUp! grievance mechanism offers employees and third parties a means to raise allegations relating to compliance with our BP CoC and violations of applicable laws and regulations. A dedicated investigation team follows an investigation protocol which adheres to strict principles of confidentially, respect for anonymity, non-retaliation, objectivity and the right to be heard. Our partners should provide their employees and other interested parties with a mechanism to raise concerns about violation or potential violation of laws and the values provided in this Code of Conduct. These concerns must be addressed in a fair and transparent way. Our business partners should protect confidentiality and prohibit retaliation against those raising the concern. A review of adherence to this requirement is part of the on-site audits.

In addition, as part of our EcoVadis assessments (described previously), we also ask whether suppliers have implemented a formal grievance mechanism encouraging employees and external stakeholders to report potential violations of the partner's external stakeholder human rights policies.

Other relevant topics related to value chain workers

In addition to our material topics, we also provide additional disclosures on other relevant topics related to value chain workers.

One of these topics is modern slavery, as these disclosures serve an information requirement of our stakeholders. Policies related to our BP CoC and our Responsible Sourcing Policy are also applicable to this topic.

The additional policies in place are described in the following paragraphs.

Policies related to workers in our value chain

Conflict minerals and mica minerals
We have separate position statements on conflict and mica minerals. In these statements, we describe our commitment to responsible sourcing as an important part of AkzoNobel's supplier sustainability strategy. We do our best to ensure that our suppliers' products and components don't contribute to adverse impacts on human rights. We do that by conducting due diligence together with our suppliers into the conflict minerals and mica minerals supply chains, and take appropriate action when necessary. Please refer to the Statement on due diligence under General disclosures for more information.

We're a founding member of the Responsible Mica Initiative (RMI), whose mission it is to establish a fair, responsible and sustainable mica supply chain in India, that's free of child labor by 2030. Via this initiative, we engage with workers in the supply chain, for example through the Supply Chain Mapping and Workplace Standards program and the Community Empowerment program.

GOVERNANCE

BUSINESS CONDUCT

Materiality

We haven't identified any material outcomes related to business conduct. However, in line with good practice, we provide transparency on the matters below.

Corporate culture and business conduct policies

We're committed to leading with integrity in our industry. The Integrity and compliance management chapter sets out in more detail how we establish, develop and promote a corporate culture.

Our Code of Conduct
Our core values define the culture and behaviors that we're committed to embedding throughout AkzoNobel. We have three core values – safety, integrity and sustainability. Our Code of Conduct, which is available in 32 languages, defines the way we live our core values every day. It covers various topics, including anti-bribery and anti-corruption, competition law, conflicts of interest, health and safety and human rights. In addition, our Code of Conduct provides protection against retaliation, as there are no repercussions for reporting breaches of the Code in good faith, even if the report is unfounded.

We carry out Code of Conduct training for all our employees every other year (both online and face-to-face, and tailored to online and offline colleagues), as well as specific training on key risks to targeted audiences. The progress on training is reported to our Executive Committee and Audit Committee on a quarterly basis. This is also supported by a communication program, which focuses on having a strong tone at the top, raising greater awareness and driving improvement. For more information on how we create awareness of our Code of Conduct and SpeakUp! process, please refer to the Integrity and compliance chapter.

Culture of integrity
The regional Integrity and Compliance Managers contribute to further strengthening the culture of integrity. This includes identifying and addressing local risks and cooperating with the business and functional teams to tailor the program to local risks and follow up on internal audit findings and SpeakUp! cases.

Protection of whistleblowers - SpeakUp!
Our SpeakUp! grievance mechanism offers employees and third parties a means to raise concerns relating to compliance with our Code of Conduct. Our dedicated investigation team follows an investigation protocol which adheres to strict principles of confidentiality, respect for anonymity, non-retaliation, objectivity and the right to be heard.

Anyone who believes they've been retaliated against for making a good faith concern can also report such retaliation, which will be investigated as a potential Code of Conduct violation. As set out in the Integrity and compliance management chapter, our Integrity and Compliance SpeakUp! Committee reviews these investigations and also decides on discipline and control improvement actions, as well as monitoring and responding to any trends identified in investigations. If a certain case is substantiated as a result of the investigation, follow up actions and (potential) sanctions are put in place. The number of reports and the status are reported quarterly to the Executive Committee and Audit Committee.

All reports raised through our SpeakUp! channel are tracked and monitored by responding and acting upon any trends identified in the investigations. Additionally, the SpeakUp! process is audited by our Internal Audit team to propose further improvements and ensure its effectiveness. During 2024, no severe human rights impacts and incidents were reported through our SpeakUp! mechanism relating to own workforce and workers in our value chain.

Management of relationships with suppliers

We work with our suppliers to create value and continuously improve our sustainability performance and theirs. We have dedicated programs in place to engage with suppliers on the various subjects.

With regard to social and environmental impacts, all direct suppliers with an annual spend of more than €1,000 (one thousand euros) are requested to sign our Business Partner Code of Conduct. This is a core part of our commercial agreement with our suppliers and enables us to do business based on our core values of safety, integrity and sustainability. In 2023, we implemented an IT solution to automate the collection and filing of the Code of Conduct signatories, which we continued to use in 2024 for new suppliers, as well as updating the Codes of Conduct signed more than three years ago.

For direct suppliers with an annual spend between €250,000 and €1 million, we perform an annual risk analysis, reviewing the country and industry risks our suppliers are exposed to, using a tool from a third-party provider (IQ Plus from EcoVadis). The threshold has been set to ensure it also covers small and medium sized companies. Any suppliers identified as medium high, high or very high through this annual approach are selected for the Together for Sustainability (TfS) Assessment. Suppliers with a spend of more than €1 million are in scope for the assessment irrespective of their abstract risks.

Supplier risk and spend approach

Spend classes	<€250K	>€250K to €1 mln		>€1 mln
Risk analysis (through IQ plus) abstract country and industry risk	—	low/medium low risk	medium high/ high risk	low to high risk

Applicable programs per spend classes

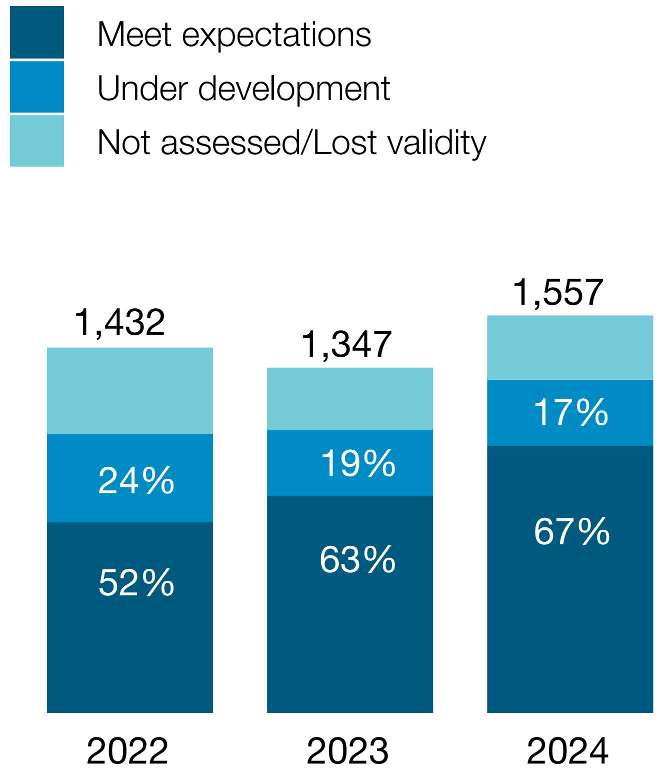
Spend classes	<€250K	>€250K to €1 mln		>€1 mln
BP CoC	All suppliers with an annual spend of €1K or more			
EcoVadis assessments	—	—	All suppliers	
TfS audits	—	—	Selected suppliers	

We tightened our risk analysis criteria in 2024, as mentioned above, by starting to use the IQ Plus tool. We increased the number of suppliers joining our sustainability program from 1,347 to 1,557, covering 84% of our global spend and 97% of our upstream carbon emissions.

Looking at carbon emission mitigation, because 46% of our carbon emissions come from our upstream activities, this is an area where we can make a big impact through collaboration and innovation with our suppliers. More details can be found under Climate change mitigation.

TfS (of which we've been a member since 2013), is a procurement-driven initiative that improves the sustainability performance of chemical companies and their suppliers. The program is based on the UN Global Compact and Responsible Care® principles. The sustainability assessments are performed by EcoVadis, a partner of both TfS and AkzoNobel and covers topics in the areas of environment, labor and human rights, ethics and sustainable procurement, based on international standards.

Suppliers in sustainability program
bar size indicates total number of suppliers



Suppliers in this sustainability program are requested to achieve a total score of 45 and a labor and human rights score of 50 through an annual assessment. We're proud to see an increasing number of suppliers in the program achieving above expectations. Suppliers not yet meeting these thresholds are shown as "under development" in the graph. Complementary to the assessment, we perform third party TfS audits on selected supplier sites in risk regions. In 2024, a total of 25 TfS site audits were performed on our suppliers.

All suppliers have access to the TfS and EcoVadis academy with dedicated courses on sustainability topics in multiple languages. In 2024, 350 suppliers completed 2,225 trainings in either of the two academies (TfS or EcoVadis academy) or attended one of the live webinar sessions presented by AkzoNobel experts. For more information about our approach to human rights in our upstream value chain, see Workers in our value chain.

For indirect suppliers, the TfS program already addresses sustainable procurement activities at our suppliers (our Tier 2 suppliers). In addition, we have a human rights due diligence program to address potential impacts on human rights in our value chain beyond our first tier suppliers. More information can be found in the Statement on due diligence under General disclosures.

As part of our approach to managing our relationship with suppliers, we provide various sustainability trainings to our buyers. These trainings are available via our SuccessFactors learning academy and the TfS academy. We also offered live trainings on carbon emission reduction and the upcoming legislation. In total, 74% of people in procurement completed one or more trainings in any of the formats.

Prevention and detection of bribery and corruption

At AkzoNobel, we're committed to conducting our business fairly, transparently and with integrity. We don't make, offer or authorize bribes or conduct any other form of unethical business practice. We believe in competing on the merits of our products.

Our rules and procedures related to anti-corruption or anti-bribery can be found on our Policy Portal, which is accessible to our employees. The regional Integrity and Compliance Managers provide support for identifying and addressing local risks, and cooperating with the business and functional teams to tailor the program to local risks and follow up on internal audit findings and SpeakUp! cases.

In 2024, we further strengthened our Anti-Bribery and Anti-Corruption program by launching the Donations, sponsorships and hospitality registration and approval tool. We've deployed new online training on critical anti-bribery and anti-corruption topics to increase employee awareness.

Any alleged violation of our anti-corruption or anti-bribery rules and procedures can be reported through our SpeakUp! process (as previously described) and is then investigated by an independent team.

Political engagement and lobbying activities

As a leading paints and coatings company, we participate in the public debate about various topics within our industry. Collaborating with stakeholders is fundamental to what we want to achieve. Our lobbying activities and broader stakeholder engagement are guided by our company strategy and governance and are based on material impacts, including our approach to sustainability. Oversight for these topics lies with the Communications function, reporting to the Executive Committee. AkzoNobel representatives engage directly and indirectly – via trade and industry associations, as well as dedicated sustainability coalitions – with stakeholders globally.

Our main topics are:
- Relationships with (local) governments and communities where the company has operations. This includes identifying trends, obligations and expectations in relation to our license to operate, as well as sharing views in support of a competitive company and industry
- Contribute to the green transition, for example by sharing expertise about value chain carbon footprint reduction and how our products enable others to become more sustainable
- Chemicals and environmental regulation, including sharing our view on risk-based substance management as relevant for paints and coatings products and manufacturing
- Innovation and R&D, in support of an innovation-friendly environment
- International corporate social responsibility, promoting sustainable business practices and policies

We have a global policy in place around donations and sponsorships rules and procedures. It states that we should not promise, offer, give or authorize anything of value, directly or through others, with the intent to improperly influence or reward a business decision. The policy adds that all employees have a responsibility to make decisions in the company's best interest and to ensure that our dealings with (business) partners are objective and not influenced by donations or sponsorships. Our policy dictates that we do not provide donations and/or sponsorships to organizations owned, controlled by, associated with, or at the behest of government officials.

For more information, see our position statements: www.akzonobel.com/en/about-us/position-statements

Akzo Nobel N.V. is registered in the EU Transparency register: ID number: 365563511941-15. Examples of collaborations can also be found on our website: www.akzonobel.com/en/about-us/collaborations-

SUMMARY TABLE

SUSTAINABILITY PERFORMANCE SUMMARY[1]

Chapter	ESRS	DR	Metric name	Unit of measurement	2020	2021	2022	2023	2024	Target 2030
Own workforce	ESRS 2	ESRS 2 General disclosures	Supervisory Board equal gender representation	%					33	
Own workforce	ESRS 2	ESRS 2 General disclosures	Board of Management equal gender representation	%					0	
Own workforce	ESRS 2	ESRS 2 General disclosures	Executive Committee equal gender representation	%					20	
Own workforce	ESRS 2	ESRS 2 General disclosures	Number of employees at executive level	Number					305	
Own workforce	ESRS 2	ESRS 2 General disclosures	Female executives	%	21	22	26	25	26	30 (by 2025)
Own workforce	ESRS 2	ESRS 2 General disclosures	Number of non-executive members	Number					9	
Own workforce	ESRS 2	ESRS 2 General disclosures	Number of employees (headcount) at top management level	Number					305	
Own workforce	ESRS 2	ESRS 2 General disclosures	Percentage of employees at top management level	%					1	
Climate change	E1	E1-5	Total energy consumption related to own operations[2]	MWh	809,000	905,814	844,508	843,146	847,081	711,486
Climate change	E1	E1-5	Non-renewable energy production	MWh					1,475	
Climate change	E1	E1-5	Renewable energy production	MWh	4,801	9,708	12,642	18,077	20,042	
Climate change	E1	E1-5	Energy intensity from activities in high climate impact sectors (total energy consumption per net revenue)	MWh/€					0.00008	
Climate change	E1	E1-5	Total energy consumption from activities in high climate impact sectors	MWh	809,000	905,814	844,508	843,146	847,081	
Climate change	E1	E1-5	Total energy consumption from fossil sources	MWh					475,835	
Climate change	E1	E1-5	Total energy consumption from nuclear sources	MWh					11,092	
Climate change	E1	E1-5	Total energy consumption from renewable sources	MWh	207,684	260,488	272,844	333,540	360,154	
Climate change	E1	E1-5	Fuel consumption from renewable sources	MWh					1,562	
Climate change	E1	E1-5	Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	MWh					341,961	
Climate change	E1	E1-5	Consumption of self-generated non-fuel renewable energy	MWh	4,380	8,759	11,139	15,957	16,631	
Climate change	E1	E1-5	Fuel consumption from crude oil and petroleum products	MWh					36,516	
Climate change	E1	E1-5	Fuel consumption from natural gas	MWh	238,237	270,391	253,859	246,523	239,643	
Climate change	E1	E1-5	Fuel consumption from other fossil sources	MWh					0	
Climate change	E1	E1-5	Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources	MWh					199,676	
Climate change	E1	E1-5	Percentage of fossil sources in total energy consumption	%					56	
Climate change	E1	E1-5	Percentage of energy consumption from nuclear sources in total energy consumption	%					1	
Climate change	E1	E1-5	Percentage of renewable sources in total energy consumption	%	26	29	32	40	43	
Climate change	E1	E1-5	Net revenue from activities in high climate impact sectors	€ millions					10,711	
Climate change	E1	E1-5	Net revenue from activities other than in high climate impact sectors	€ millions					0	

[1] All data points with no data before 2024 are newly reported data points resulting from the first-year implementation of CSRD, with no availability of historical reliable and/or comparative data.
[2] Baseline for total energy consumption as of 2018 is 889,357 MWh.

SUMMARY TABLE

Chapter	ESRS	DR	Metric name	Unit of measurement	2020	2021	2022	2023	2024	Target 2030
Climate change	E1	E1-6	Net revenue[3]	€ millions					10,711	
Climate change	E1	E1-6	Net revenue used to calculate GHG intensity	€ millions					10,711	
Climate change	E1	E1-6	GHG emissions intensity, location-based (total GHG emissions per net revenue)	tCO_2eq/€					0.00126	
Climate change	E1	E1-6	GHG emissions intensity, market-based (total GHG emissions per net revenue)	tCO_2eq/€					0.00125	
Climate change	E1	E1-6	Percentage of Scope 1 GHG emissions from regulated emission trading schemes	%					0	
Climate change	E1	E1-6	Percentage of contractual instruments used for purchase of energy bundled with attributes about energy generation in relation to Scope 2 GHG emissions	%					28	
Climate change	E1	E1-6	Percentage of contractual instruments used for purchase of unbundled energy attribute claims in relation to Scope 2 GHG emissions	%					35	
Climate change	E1	E1-6	Percentage of contractual instruments, Scope 2 GHG emissions	%					63	
Climate change	E1	E1-6	Percentage of GHG Scope 3 calculated using primary data	%				5	14	
Climate change	E1	Other disclosures	Total energy consumption per ton of production	KWh/t	261	271	272	253	251	
Climate change	E1	Other disclosures	Renewable electricity (own operations)	%	40	45	50	62	65	
Pollution	E2	E2-5	Total amount of substances of very high concern that are generated or used during production or that are procured	Metric ton					23,234	
Water and marine resources	E3	E3-4	Water intensity ratio	m^3/€ millions					73	
Water and marine resources	E3	E3-4	Total water consumption	m^3			737,079	804,983	781,087	
Water and marine resources	E3	E3-4	Total water consumption in areas at water risk, including areas of high water stress	m^3					402,782	
Circular economy	E5	E5-4	The % of post consumer recycled plastic (PCR) in plastic packaging Paints Europe	%					43	50 (by 2025)
Circular economy	E5	E5-5	Total waste generated	Metric ton					96,910	
Circular economy	E5	E5-5	Total amount of hazardous waste	Metric ton					51,295	
Circular economy	E5	E5-5	Hazardous waste diverted from disposal	Metric ton					35,231	
Circular economy	E5	E5-5	Hazardous waste directed to disposal	Metric ton					16,065	
Circular economy	E5	E5-5	Non-hazardous waste directed to disposal	Metric ton					13,546	
Circular economy	E5	E5-5	Non-hazardous waste diverted from disposal	Metric ton					32,068	
Circular economy	E5	E5-5	Hazardous waste directed to disposal by incineration	Metric ton					12,567	
Circular economy	E5	E5-5	Non-hazardous waste directed to disposal by incineration	Metric ton					9,568	
Circular economy	E5	E5-5	Hazardous waste directed to disposal by landfilling	Metric ton					190	
Circular economy	E5	E5-5	Non-hazardous waste directed to disposal by landfilling	Metric ton					2,352	
Circular economy	E5	E5-5	Hazardous waste directed to disposal by other disposal operations	Metric ton					3,307	
Circular economy	E5	E5-5	Non-hazardous waste directed to disposal by other disposal operations	Metric ton					1,625	
Circular economy	E5	E5-5	Hazardous waste diverted from disposal by recycling	Metric ton					24,546	
Circular economy	E5	E5-5	Non-hazardous waste diverted from disposal by recycling	Metric ton					25,619	
Circular economy	E5	E5-5	Hazardous waste diverted from disposal by other recovery operations	Metric ton					10,684	
Circular economy	E5	E5-5	Non-hazardous waste diverted from disposal by other recovery operations	Metric ton					6,449	
Circular economy	E5	E5-5	Non-recycled waste	Metric ton					46,744	

[3] This reconciles to revenue as included in the Consolidated statement of income of the Financial statements.

SUMMARY TABLE

Chapter	ESRS	DR	Metric name	Unit of measurement	2020	2021	2022	2023	2024	Target 2030
Circular economy	E5	E5-5	Percentage of non-recycled waste	%					48	
Circular economy	E5	E5-5	Expected durability of the products placed on the market, in relation to the industry average for each product group as % of revenue	%					13.3	
Circular economy	E5	Other disclosures	Circular use of materials	%	57	58	54	55	74	100
Own workforce	S1	S1-6	Total number of employees (headcount)	Number					35,327	
Own workforce	S1	S1-6	Total number of employees - China	Number					4,278	
Own workforce	S1	S1-6	% of Total number of employees - China	%					12	
Own workforce	S1	S1-6	Average number of employees	Number					35,427	
Own workforce	S1	S1-6	Total employee turnover rate	%				13	12	
Own workforce	S1	S1-6	Total employee turnover in headcount	Number				4,657	4,410	
Own workforce	S1	S1-6	Voluntary employee turnover rate	%				7.0	6.5	
Own workforce	S1	S1-6	Voices - employee score on workload	Number				3.8	3.8	
Own workforce	S1	S1-8	Percentage of total employees covered by collective bargaining agreements	%					40	
Own workforce	S1	S1-8	Percentage of employees covered by collective bargaining agreements are within coverage rate by country (in the EEA)	%					62	
Own workforce	S1	S1-8	Percentage of own employees covered by collective bargaining agreements (outside EEA) by region: South APAC	%					28	
Own workforce	S1	S1-8	Percentage of own employees covered by collective bargaining agreements (outside EEA) by region: EMEA	%					59	
Own workforce	S1	S1-8	Percentage of own employees covered by collective bargaining agreements (outside EEA) by region: LATAM	%					56	
Own workforce	S1	S1-8	Percentage of own employees covered by collective bargaining agreements (outside EEA) by region: North America	%					11	
Own workforce	S1	S1-8	Percentage of own employees covered by collective bargaining agreements (outside EEA) by region: North Asia	%					4	
Own workforce	S1	S1-8	Percentage of employees in country (EEA) covered by collective bargaining agreement	%					60	
Own workforce	S1	S1-8	Percentage of employees in country (Non-EEA) covered by collective bargaining agreement	%					26	
Own workforce	S1	S1-14	Percentage of people in own workforce who are covered by health and safety management system based on legal requirements and (or) recognized standards or guidelines	%					100	
Own workforce	S1	S1-14	Number of fatalities in own workforce as a result of work-related injuries and work-related ill health	Number	0	1	0	0	1	
Own workforce	S1	S1-14	Number of fatalities as a result of work-related injuries and work-related ill health of other workers working on undertaking's sites	Number	0	0	0	0	0	
Own workforce	S1	S1-14	Number of recordable work-related accidents for own workforce	Number	78	75	81	110	107	
Own workforce	S1	S1-14	Rate of recordable work-related accidents for own workforce	Number	1.15	1.07	1.18	1.53	1.46	
Own workforce	S1	S1-14	Number of cases of recordable work-related ill health of employees	Number	3	1	1	0	2	
Own workforce	S1	S1-14	Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health related to employees (capped at 180 days)	Number					1,550	

SUMMARY TABLE

Chapter	ESRS	DR	Metric name	Unit of measurement	2020	2021	2022	2023	2024	Target 2030
Own workforce	S1	S1-16	Gender pay gap	%					(3.8)	
Own workforce	S1	S1-17	Number of complaints filed to National Contact Points for OECD Multinational Enterprises	Number					0	
Own workforce	S1	S1-17	Number of severe human rights issues and incidents connected to own workforce	Number					0	
Own workforce	S1	S1-17	Amount of material fines, penalties, and compensation for severe human rights issues and incidents connected to Own workforce	Number					0	
Own workforce	S1	Other disclosures	Serious injuries and fatalities frequency of employees and temporary workers (SIF-F)	Number		2.9	1.5	1.4	1.4	<3.0
Own workforce	S1	Other disclosures	Life-changing injuries of employees and temporary workers	Number		2	1	1	1	
Own workforce	S1	Other disclosures	Training hours per employee	Number					3	
Own workforce	S1	Other disclosures	Percentage of employees who participated in regular performance reviews	%				95	96	
Own workforce	S1	Other disclosures	Voices - Overall employee engagement index	Number				4.0	4.0	
Own workforce	S1	Other disclosures	Voices - Employee net promoter score (eNPS)	Number				11	10	
Own workforce	S1	Other disclosures	Voices - Participation rate	%				89	89	
Workers in value chain	S2	Other disclosures	# Surveys sent on minerals	Number					310	
Workers in value chain	S2	Other disclosures	Mineral survey response rate (%)	%				80	92	
Workers in value chain	S2	Other disclosures	Working time in supply chain (suppliers with minimum score of 50 for the Human rights and labor score)	%					71	
Workers in value chain	S2	Other disclosures	# of individuals from suppliers attending webinars on risk materials	Number					65	
Workers in value chain	S2	Other disclosures	TfS on-site audits performed (cumulative - absolute number)[4]	Number				305	303	
Business conduct	G1	Other disclosures	Suppliers in sustainability program: Under development	%			24	19	17	
Business conduct	G1	Other disclosures	Suppliers in sustainability program: Meets expectations	%			52	63	67	75
Business conduct	G1	Other disclosures	Suppliers in sustainability program: In program	%			77	82	84	

[4] Number of TfS audits including re-audits that have been requested by us or other TfS members.

GHG emissions in tCO_2eq

								Retrospective	Milestones and target year	
	Base year (2018)	**2023[5]**	**2024**	**Change (2024 vs 2023)**	**% Change (2024 vs 2023)**	**Change (2024 vs 2018)**	**% Change (2024 vs 2018)**	**Reduction intensity (2024 vs 2018)**	**2030**	**Annual % Target/Base year**
Scope 1 GHG emissions										
Scope 1 GHG emissions		59,216	57,645	(1,572)	(3)					
Scope 2 GHG emissions										
Gross location-based Scope 2 GHG emissions		195,344	202,927	7,583	4					
Gross market-based Scope 2 GHG emissions		120,421	111,738	(8,683)	(7)					
Scope 1+ 2 GHG emissions										
Gross location-based Scope 1+2 GHG emissions		254,560	260,572	6,012	2					
Gross market-based Scope 1+2 GHG emissions[6]	288,919	179,637	169,382	(10,255)	(6)	(119,536)	(41)	(0.00001)	144,459	4
Total gross indirect (Scope 3) GHG emissions										
Significant Scope 3 categories	14,438,628	13,124,387	12,761,437	(362,950)	(3)	(1,677,191)	(12)	(0.00016)	7,219,314	4
1 Purchased goods and services	6,771,061	6,133,564	5,988,301	(145,263)	(2)	(782,760)	(12)			
10 Processing of sold products (including Category 11: Use of sold products)	5,827,185	5,168,995	4,900,094	(268,901)	(5)	(927,091)	(16)			
12 End-of-life treatment of sold products	1,840,382	1,821,827	1,873,042	51,215	3	32,660	2			
Other Scope 3 categories	466,316	636,219	478,570	(157,650)	(25)	12,254	3			
Total GHG emissions										
Total GHG emissions (location-based)	**14,904,944**	**14,015,166**	**13,500,578**	**(514,588)**	**(4)**	**(1,404,366)**	**(9)**	**(0.00013)**		
Total GHG emissions (market-based)	**15,193,863**	**13,940,243**	**13,409,389**	**(530,854)**	**(4)**	**(1,784,474)**	**(12)**	**(0.00017)**		

Age distribution of our employees
in headcount

Age group	**Number of employees**	**Percentage**
Under 30 years old	4,044	11
30-50 years old	21,786	62
Over 50 years old	9,497	27
Total	**35,327**	

Characteristics of own workforce
in headcount

Gender	**Number of employees**	**Percentage**
Female	9,780	28
Male	25,534	72
Other	13	0
Total	**35,327**	

[5] The Scope 3 GHG emissions calculation for 2023 is based on data from October 1, 2022, until September 30, 2023.
[6] Our carbon emissions reduction target of 50% relates to the combined impact of Scope 1 and 2 carbon emissions.

Characteristics of own workforce in headcount

	Female	Male	Other	Total
Number of permanent employees	8,912	23,874	10	32,796
Number of temporary employees	866	1,658	3	2,527
Number of non-guaranteed employees	2	2	0	4
Number of full-time employees	8,910	24,828	13	33,751
Number of part-time employees	870	706	0	1,576

Characteristics of own workforce in headcount

	EMEA	Latin America	North America	North Asia	South APAC	Total
Number of permanent employees	15,922	4,761	2,991	3,916	5,206	32,796
Number of temporary employees	543	261	1	1,325	397	2,527
Number of non-guaranteed employees	4	0	0	0	0	4
Number of full-time employees	15,008	4,926	2,985	5,241	5,591	33,751
Number of part-time employees	1,461	96	7	0	12	1,576

ESRS 2: EU LEGISLATION DISCLOSURE

ESRS 2: EU legislation disclosure

Disclosure requirement	Included in Report 2024	Material in 2024	Chapter in Report 2024
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Yes	Mandatory disclosure	Corporate governance statement
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)	Yes	Mandatory disclosure	Corporate governance statement
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Yes	Mandatory disclosure	General disclosures
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	No	Mandatory disclosure	Not applicable
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Yes	Mandatory disclosure	General disclosures
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	No	Mandatory disclosure	Not applicable
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv	No	Mandatory disclosure	Not applicable
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14	Yes	Yes	Climate change
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)	Yes	Yes	Climate change
ESRS E1-4 GHG emission reduction targets paragraph 34	Yes	Yes	Climate change
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Yes	Yes	Climate change
ESRS E1-5 Energy consumption and mix paragraph 37	Yes	Yes	Climate change
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Yes	Yes	Summary table
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Yes	Yes	Climate change
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Yes	Yes	Climate change
ESRS E1-7 GHG removals and carbon credits paragraph 56	Yes	No	Climate change
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66	Yes	Yes	Climate change
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c)	No	No	Not applicable
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c)	No	Yes	Subject to phase in
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69	No	No	Not applicable
ESRS E2-4 Amount of each pollutant listed in Annex II of the EPRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	No	No	Not applicable
ESRS E3-1 Water and marine resources paragraph 9	Yes	Only for water use in water scarce areas	Water and marine resources
ESRS E3-1 Dedicated policy paragraph 13	Yes	Yes	Climate change; Water
ESRS E3-1 Sustainable oceans and seas paragraph 14	No	No	Not applicable
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	No	No	Water and marine resources
ESRS E3-4 Total water consumption in m^3 per net revenue on own operations paragraph 29	Yes	No	Summary table
ESRS 2- SBM-3 - E4 paragraph 16 (a) (Biodiversity sensitive areas exposure)	No	No	Not applicable
ESRS 2- SBM-3 - E4 paragraph 16 (b) (Biodiversity land degradation, soil and desertification)	No	No	Not applicable
ESRS 2- SBM-3 - E4 paragraph 16 (c) (Biodiversity threatened species)	No	No	Not applicable
ESRS E4-2 Sustainable land/agriculture practices or policies paragraph 24 (b)	No	No	Not applicable
ESRS E4-2 Sustainable oceans/seas practices or policies paragraph 24 (c)	No	No	Not applicable
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	No	No	Not applicable
ESRS E5-5 Non-recycled waste paragraph 37 (d) (the total amount and percentage of non-recycled waste)	Yes	Yes	Circular economy - Waste
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Yes	Yes	Circular economy - Waste
ESRS 2- SBM-3 - S1 Risk of incidents of forced labor paragraph 14 (f)	Yes	No	General disclosures

ESRS 2: EU legislation disclosure

Disclosure requirement	Included in Report 2024	Material in 2024	Chapter in Report 2024
ESRS 2- SBM-3 - S1 Risk of incidents of child labor paragraph 14 (g)	Yes	No	General disclosures
ESRS S1-1 Human rights policy commitments paragraph 20	Yes	No	General disclosures
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8, paragraph 21	Yes	No	General disclosures
ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	Yes	No	Workers in our value chain
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	Yes	Yes	Own workforce (Safety)
ESRS S1-3 Grievance/complaints handling mechanism	Yes	No	Integrity and compliance management; Governance
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Yes	Yes	Own workforce (Safety)
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Yes	Yes	Summary table
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Yes	No	Own workforce (Gender pay gap and total compensation)
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Yes	No	Remuneration report
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	No	No	Not applicable
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Yes	No	General disclosures
ESRS 2- SBM-3 – S2 Significant risk of child labor or forced labor in the value chain paragraph 11 (b)	Yes	No	General disclosures
ESRS S2-1 Human rights policy commitments paragraph 17	Yes	No	General disclosures
ESRS S2-1 Policies related to value chain workers paragraph 18	Yes	Yes	Workers in our value chain
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Yes	No	General disclosures
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8, paragraph 19	Yes	No	General disclosures
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Yes	No	General disclosures
ESRS S3-1 Human rights policy commitments paragraph 16	No	No	Not applicable
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines paragraph 17	No	No	Not applicable
ESRS S3-4 Human rights issues and incidents paragraph 36	No	No	Not applicable
ESRS S4-1 Policies related to consumers and end-users paragraph 16	No	No	Not applicable
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	No	No	Not applicable
ESRS S4-4 Human rights issues and incidents paragraph 35	No	No	Not applicable
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Yes	No	Governance
ESRS G1-1 Protection of whistleblowers paragraph 10 (d)	Yes	No	Integrity and compliance management; Governance
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	No	No	Not applicable
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	No	No	Not applicable

METHODOLOGY AND DEFINITIONS

Methodology and definitions

The methodology and definition descriptions below are included to provide supplementary information on reported metrics. For further details on reported metrics and definitions, we refer to the European Sustainability Reporting Standards (ESRSs).

Definitions

Environmental

Durability	The way we define durability differs per segment. This can range from corrosion protection, weatherability and protection against wear and tear to resistance to abrasion and scratching and heat and fire protection. We compare the durability of our product versus the mainstream product in the market for that category, as explained in the Reporting processes and methodology in this chapter.
Direct CO_2(e) emissions (Scope 1)	The total greenhouse gas emissions from processes and combustion at our facilities and indirect emissions from purchased energy in absolute measures (Mt CO_2e) and kg CO_2e per ton of production. We apply company established emission factors to calculate CO_2 emissions, which are: Natural gas: 1,885g GHG/m^3; Fuel oil: 3,101 kg/metric ton; LPG: 2,985 kg/metric ton; Other fossil fuels: 202 kg/MWh.
Hazardous waste	Hazardous waste is waste that is classified and regulated as such according to the national, state, provincial or local legislation in place. Locations in countries where no appropriate legislation exists should consult their regional HSE&S manager for advice on hazardous waste classification of the different types of wastes generated.
Hazardous waste to landfill	All hazardous non-reusable waste (in absolute measures (kilotons) and kg per ton of production) as it leaves our premises in the reporting period, sent for disposal to landfill.
Indirect CO_2(e) emissions (Scope 2)	Emissions from transport in our own operations is very limited and therefore not material compared with our other Scope 1 and 2 emissions. As transport is not material to Scope 1 and 2, these exclude transport. We measure and report CO_2 in line with the GHG Protocol. We apply country emission factors licensed through the International Energy Agency (IEA) to calculate CO_2 emissions from purchased electricity from grid suppliers. For the purchased steam and hot water (limited use), we apply a standard company established conversion factor of 202 kg/MWh. The other gases from the GHG Protocol are considered immaterial and not actively measured. For Scope 2 we make a distinction between market based and location-based.
Non-hazardous waste to landfill	All non-hazardous non-reusable waste (in absolute measures (kilotons) and kg per ton of production) as it leaves our premises in the reporting period sent for disposal to landfill.
Percentage circular use of materials	The amount of materials reused by AkzoNobel and third parties (waste diverted from disposal, slow-moving and obsolete materials (SLOB) sold to preferred outlets for remanufacturing/reuse/repurpose and by-products) divided by the sum of total waste, by-products and SLOB (percentage).
Percentage renewable electricity	Percentage of renewable electricity used in our operations. Renewable electricity is electricity that is generated from inexhaustible resources, such as wind, solar, hydro, biomass and tidal. Expressed as the share of total renewable electricity (own generated, plus imported from grid) AkzoNobel uses in its own operations relative to the total electricity consumption.
Total non-reusable waste (number)	Total non-reusable waste is the sum of the quantities of hazardous non-reusable waste and non-hazardous non-reusable waste. Non-reusable waste is waste which is not used for resource recovery, recycling, reclamation, direct re-use or alternative uses (e.g. composting).
Total reusable waste (number)	Total reusable waste is the sum of the quantities of hazardous reusable waste and non-hazardous reusable waste.
Total waste	Total waste in absolute measures (kilotons) and kg per ton of production. Waste is reported as total weight, not dry weight. Waste is any material arising from our routine operations which is not incorporated into final products and not directly released to atmosphere or direct to surface water.
Total waste to landfill	All hazardous and non-hazardous non-reusable waste (in absolute measures (kilotons) and kg per ton of production) as it leaves our premises in the reporting period, sent for disposal to landfill.
Total water consumption	Total water consumption is calculated by deducting total water discharged from the amount of water drawn into the boundaries of the undertaking or facility, also referred to as total water withdrawal over the course of the reporting period. Total water withdrawal is a direct measurement. The total water discharged is estimated based on the water included in the finished product.

Social

Business Partner Code of Conduct	Explains what we stand for as a company, what we value and how we run our business. It brings our core values of safety, integrity and sustainability to life and shows what they mean in practice.
Code of Conduct	Defines our core values and how we work; incorporates fundamental principles on issues such as business integrity, labor relations, human rights, health, safety, environment and security and community involvement.
Employee turnover rate	Rate of leavers compared with total employees at the end of the year. Leavers include the voluntary leavers (early retirement, resignation, termination) and involuntary leavers (dismissal, end of contract, mutual agreement, retirement, death) and excludes leavers due to restructuring.
Executives (top management)	Executive level includes all employees with an executive position grade at AkzoNobel and its subsidiaries, including the members of the Executive Committee who are not members of the Board of Management. Executive level further includes the members of the Board of Management and the Supervisory Board of each of Akzo Nobel Nederland B.V., Akzo Nobel Decorative Coatings B.V., Akzo Nobel Car Refinishes B.V. and International Paint (Nederland) B.V. The company's executives are considered as AkzoNobel's sub-top, as referred to in the Dutch Gender Diversity Bill implemented in 2022.
Female executives	Percentage of women at executive level.
Full-time equivalent (FTEs)	FTEs include the following classes: global assignees, regular employees and trainees.
Key talent	Talent in our framework considered as high potential and/or sustained performance (high potential, high performer and solid potential talent).
Life-changing injuries	The number of life-changing injuries of our own employees and temporary workers. Injuries that are considered life-changing include (but are not limited to): fatalities; coma; some level of permanent disability (including loss of sight or hearing); organ removal; the requirement for ongoing multiple surgeries; lingering trauma; any amputation of digits or limbs; skin grafts and the insertion of plates, pins or screws.
Overall employee engagement index and employee net promoter score (eNPS)	Work engagement is defined as the employee's approach to their workplace. It's the level of commitment to the organization's goals and values, and the motivation to contribute to organizational success with an enhanced sense of well-being. eNPS stands for employee net promoter score. It's a universal way of measuring employee satisfaction and engagement. eNPS is measured using one question: "How likely is it that you would recommend your employer to a friend or acquaintance?" It's the only question in the survey for which the answer options range from 0 to 10, not 1 to 5 (with 10 indicating "Extremely likely" and 0 indicating "Not at all likely"). The purpose of eNPS is to get a quick overview of employee satisfaction. Employees who give a rating of 9 or 10 are defined as Promoters, while ratings of 7 or 8 are Passives and ratings of 0-6 are defined as Detractors. The eNPS is calculated as follows: eNPS = % Promoters - % Detractors.
Serious injuries and fatality frequency (SIF-F)	The number of life-changing injuries of our own employees and temporary workers per 100,000,000 (100 million) hours worked. In the Social chapter, we show the annual performance. This KPI is relevant for AkzoNobel long-term incentives only and is measured against a three-year average.
Suppliers participating in sustainability program	Number of suppliers who performed an EcoVadis online assessment or equivalent (sum of suppliers in line with expectations and under development). In % of baseline, as indicated under Sustainability risk analysis.
Suppliers in sustainability program – in line with expectations	Number of suppliers who meet our expectations in the EcoVadis assessment (in % of baseline as indicated under Sustainability risk analysis): 45 total score and human rights and labor score of 50.
Suppliers in sustainability program – under development	Suppliers who have performed the EcoVadis assessment, but who don't yet meet our expectations. Suppliers have three years to reach the minimum EcoVadis scores (see Suppliers in line with our expectations).
Together for Sustainability (TfS) audits	On-site examination by an independent third-party auditor looking at relevant sustainability practices. Sustainability performance is verified against a defined set of audit criteria on Management, Environment, Health and Safety, Labor and Human Rights, and Governance issues. These topics have been defined by TfS and are tailored to the requirements of the chemical industry.

Governance

Government officials	• An officer or employee of any government, department, agency, bureau, authority, or state-owned or state-controlled entity • Acting in an official capacity for, or on behalf of, any government, department, agency, bureau, authority, or state-owned or state-controlled entity • An official, employee, or person acting on behalf of a government-sponsored or public international organization, such as the European Union, the United Nations or the World Bank • Holding a legislative, administrative, executive, or judicial position, whether appointed or elected; a political candidate • An officer or employee of a political party; a member of a royal family; or a family member of, or otherwise closely associated (whether family or personal), with any of the foregoing Some examples of government officials are public servants, public officials, administrators, police officers, military, judges, public prosecutors, tax or customs officials, employees in state companies, local politicians, political parties, political officials or candidates for political office, members of the royal family, mayors and city council members.

Reporting processes and methodology

Environmental

HSE&S Suite (Enablon)
Each designated environmental location reports their environmental data monthly via the HSE&S Suite, based on local source documentation such as meter readings and invoices. The HSE&S manual includes detailed reporting guidance. The data is authorized at site and regional level and is reviewed by the HSE&S global team.

Renewable energy (electricity and heat)
Location data is extracted from the HSE&S Suite. We're now moving towards renewable electricity (aligning with international standards) and centrally coordinate this in cooperation with our Procurement department. This list is maintained in the HSE&S Suite as a basis for calculation and is validated every year, with a distinction between market-based vs location-based method.

Percentage PCR in plastic packaging
The percentage of recycled content is calculated based on actual volumes, with a forecast for the last two months for the selected MSU, MU or region from the demand organization. The weight is split between virgin plastic and PCR, based on the documentation provided by our suppliers. A check is then performed by our packaging experts. This is a manually-intensive process, which includes dependency on suppliers' information. Currently, we don't disclose the absolute weight of plastic packaging. As this is value chain information, we opt for the use of a phase-in provision.

Methodology portfolio durability assessment
For many years, AkzoNobel has analyzed its full product portfolio using the method of SPPA: Sustainable Product Portfolio Assessment. As indicated in General disclosures, we've phased out the overarching SPPA metric of Sustainable solutions with the implementation of CSRD.

However, we'll continue to use this portfolio analysis tool to determine certain aspects of our products. One of the categories we use to analyze our product portfolio is the Longevity (longer lasting) category, which measures the durability of the product versus the mainstream product on the market.

The assessment is performed annually by dedicated teams in the business units, using a company-wide methodology. A classification for Durable/longer-lasting, compared with the mainstream, should be justified quantitatively. This can be done, for example, by use of lifecycle assessment, company tool, a standard industry test or company measurement, or qualitatively by written justification.

The outcomes are verified at business unit level and reviewed by an internal sustainability specialist. Financial data used in this template is collected from business financial systems, with the main financial data used for the durability percentage calculation being the revenue per business unit.

Substances of Very High Concern
The total quantity of SVHCs that leave our facilities as products are based on purchased volumes, extrapolated based on an assessment of SVHCs with a coverage of ~85% of purchased volumes. The estimations are based on the underlying chemical processes that take place in our business units and the end-use, causing SVHCs to either dissolve or remain in our end-products.

Procurement systems and databases

Business Partner Code of Conduct
The progress on signed Business Partner Code of Conduct (CoC) declarations across AkzoNobel is reported on a monthly basis. All suppliers with purchases over €1,000 annually must sign the CoC or confirm in writing that it has equivalent business principles in place.

All data on suppliers covered by the Business Partner CoC are consolidated at corporate level with the percentage of spend covered extracted from master spend data. It is reviewed at corporate level.

Together for Sustainability (TfS)
- EcoVadis assessment (online)
- TfS audit (on-site inspection)

Number of suppliers covered by assessments and audits is collected and extracted from the EcoVadis and TfS online platform. It's reviewed and assessed at corporate level.

The EcoVadis assessment is a key component of our supplier evaluation process for product related and non-product related suppliers, and logistics providers. In scope are suppliers with global spend >€250,000, those who work in a risk category or country, or have a global spend above €1 million irrespective of their risk rating. Suppliers with a total score <45 and human rights and labor score <50 are required to perform an annual re-assessment until the target score is reached.

The TfS audit is focused on important suppliers based on their location (risk region) and the type of industry.

Scope 3 reporting

Scope 3 carbon emissions methodology
Our CO_2(e) footprint in tons of CO_2(e) including Scope 1 (own operations), Scope 2 (energy consumption) and Scope 3 (upstream) and Scope 3 (downstream).

The footprint includes the six main greenhouse gases defined in the Greenhouse Gas Protocol. Our Scope 3 target relates to four material categories:
- Upstream: Category 1 (Purchased goods and services, including packaging)
- Downstream: Category 10 and 11 (Application and Use of sold products), VOC emissions and Category 12 (End-of-life)

The climate change impact of VOC emissions is included in the cradle-to-grave footprint, due to the impact VOC emissions have within the paints and coatings industry.

We assess our cradle-to-grave carbon footprint annually in accordance with the Greenhouse Gas Protocol Corporate Value Chain Accounting and Reporting standard and the WBCSD

Chemical Sector Working Group Guidelines. Cradle-to-grave includes Scope 1 and 2 and Scope 3 upstream and downstream emissions. The results are given in metric tons of carbon dioxide equivalents, independent of any GHG trades, such as purchases, sales, or transfers of offsets or allowances.

In line with the GHG protocol, the CO_2 quantities calculated for these categories (1, 10, 11, 12 and VOCs), are included in the Scope 3 data reported. The other categories are not included, based on the fact that these categories include a small amount of CO_2 eq. for AkzoNobel as a whole and are therefore considered immaterial.

VOC emissions for Processing and use of sold products, although not mentioned as a separate category in the GHG protocol, has been included as an additional category because VOC emissions take up a significant part of the downstream emissions for the majority of our products and, as a result, a significant enough amount of the carbon emissions as a whole.

Inclusion of associates
Associates don't have a material impact on our Scope 3 reporting.

Approach to incorporating growth
Our approach to incorporating inorganic growth is captured in our internal re-baselining policy, which states that any acquisition impacting our Scope 3 by more than 5% triggers a baseline adjustment and will be disclosed in our annual report. Any impacts below the 5% threshold are for management discretion. A baseline adjustment was reported, for example, with the Grupo Orbis acquisition, for which we disclosed the re-baselining exercise impact in our Report 2023. Inorganic growth is currently not captured in our reduction pathway, but will be compensated and absorbed by the different segments.

Category 1. Purchased goods and services (incl. packaging)
Each of the purchased raw materials is matched with the CO_2 eq/kg related factors of that material, extracted from the CEPE and EcoInvent databases, taking into consideration the concentration of water, solids and solvents. These databases are updated on a regular basis, ensuring up-to-date kg CO_2 eq/kg factors for each of the raw materials used. Supplier data for the Product Carbon Footprint (PCF) can be used to overrule the database (CEPE and EcoInvent) carbon footprint calculation for specific raw materials. Overruling of the database carbon footprint calculation is only performed when the PCF data complies with the GHG protocol and is approved internally, which requires involvement from Procurement and the Sustainability team to assess if the data is of sufficient quality. The PCF numbers supplied by our suppliers are reviewed annually.

Packaging materials are currently not included in our purchased goods and services database and are therefore calculated separately. The amount of CO_2 eq/kg related to packaging per kg of sold product is fixed for each business unit. These data points are validated by each BU annually.

Category 10 and 11. Processing of sold products and use of sold products
For paints, processing and use of sold products is not reported, since there's no energy consumed for curing of these products, and therefore assumes no energy consumption or other relevant carbon dioxide emissions in the application and use phase.

For coatings, for each key value chain (KVC), the power use (MJ) per kg of sold product and natural gas use (MJ) per kg of sold product, and average share of VOC incineration versus open release in application are included in the use-phase models for our segments. These values are multiplied by the sales volumes per KVC to calculate the Category 10 and 11 carbon emissions.

Emission factors for power use and natural gas for all products are assumed to be equal. The CO_2 eq/kg factor for power use (kg/MJ) is based on the IEA world average. The CO_2 eq/kg factor for natural gas (kg/MJ) is taken from DEFRA: Conversion Factors 2019 Full set for advanced users.

In addition, the emissions caused by VOC incineration in the curing processes was added to the application and use stage. VOC carbon content identified based on the raw materials and procurement database was matched with the VOC incineration scenario per business unit.

In 2023, an updated KVC model for the curing process in our Powder Coatings business was implemented. The background and impact for 2023 (and preceding years) is included in our Report 2023.

In 2024, we updated the KVC model for part of our Industrial Coatings and Automotive and Specialty Coatings businesses, which did not have a material impact on our Scope 3 emissions.

Category 12. End-of-life treatment of sold products
For all segments, KVCs indicate the share of raw material reaching end-of-life as part of a product was identified as the mass of the raw material not lost in application and use through release or incineration of VOCs.

Primary data used to determine the end-of-life are the purchased goods database and the sales breakdown for each KVC. The material codes were used to identify fossil and biogenic carbon content of the raw materials not attributed to VOC solvents. The fossil carbon content is multiplied by the factor 3.67, based on the molecular mass of CO_2 (44) and atom of carbon (12).

Category A1. VOC emissions from processing and use of sold products
Volatile organic compounds (VOCs) are emitted as gases from certain solids or liquids, for example from solvent-based paints. Based on IPCC 2013 data, the CO_2 eq/kg factor for VOCs is set by the European Commission (PEF method) at 4.23kg CO_2 eq/kg of VOCs.

All VOCs in raw materials are released in application and are either emitted to the atmosphere or captured and incinerated. The incineration of VOCs is included in the carbon footprint of Category 11 and 12 emissions. For all BUs, the share of VOCs released in application and use are calculated based on the weighted average of the VOCs procured and released to the atmosphere in each considered KVC of the business unit.

Locked-in emissions are taken into account in our Scope 3 calculations.

Social

The Sustainability section of this Report 2024 details, among others, the following themes and indicators.

Employee indicators

HR Data Management system (SuccessFactors)
SuccessFactors is our global HR system for managing employee data, including talent and performance management, recruitment and learning data. The system stores a range of personal and job information, including gender, age, region, management line, salary, job history, etc. SuccessFactors is a real-time system running our processes and forms the basis of monthly or quarterly internal reporting, as well as external HR reporting.

Data is entered and authorized at defined levels in country and business organizations. There are monthly data checks for some aspects, while data quality is being improved. Talent information is updated annually following the end of year review process.

External reporting is managed by the HR reporting and analytics manager, based on defined management reports. Output is reviewed and audited at AkzoNobel HR corporate level. Crunchr, our HR people analytics tool, is used for data visualization and analytics on the source data derived from SuccessFactors.

In line with annual report disclosures under CSRD requirements, we report information on a global scope, at year-end, in headcount.

Characteristics of employees in our own workforce
When reporting on our employees, we include our employees as aligned with FTE reporting in our Financial statements (refer to Note 6 in our Financial statements) per December 31, 2024. No estimation is applied for our employee workforce, as all data points are actual. Our executives (or top management) information is reported on a global scope, at year-end, in headcount. Data is extracted from Crunchr, and is updated on a monthly basis with a data feed from SAP SuccessFactors, our core HR solution.

All people in our workforce that can be materially impacted are included in scope for our disclosures under ESRS 2.

Gender pay gap
When reporting the Gender pay gap, we follow the CSRD mandated definition, which is the difference of average pay levels between female and male employees, expressed as a percentage of the average pay level of male employees.

Pay levels consists of base salary, bonuses (STI/SFI and LTI) and allowances. The base salary is considered for a representative month, and is taken from our HR data management system. For bonuses (actual) and allowances (estimate), payroll data for a representative month is used. We use an estimation for allowances due to a lack of detailed information at central reporting level. We extrapolate the full allowance based on locally applicable allowances in our top five countries (China, Germany, Netherlands, UK and US), covering approximately 60% of our total base salary cost. The impact of allowances on total pay levels is not material.

Health and safety indicators

Reporting process
Each location reports its health and safety data on a monthly basis via the HSE&S Suite (Enablon). The HSE&S manual includes detailed reporting guidance. This includes performance data and progress against company programs, e.g. Behavioral Based Safety and Life-Saving Rules. The data is authorized at local and regional level and internally reviewed and (partially) externally assured at AkzoNobel corporate level. Locations cover the employee population in all our premises, including manufacturing sites, offices, stores/sales offices, etc.

HSE&S Audit summary

HSE&S Audits
The HSE&S Audit Manager monitors progress against an annual plan. Results are reviewed and authorized at AkzoNobel corporate level, then reported to business managers, the HSE&S leadership group and Audit Committee.

PEOPLE AND SOCIETY

Tourists attracted by the power of paint have been flocking to Usiacurí in Colombia. In 2023, our Pintuco Foundation teamed up with the local Governor's Office to decorate 18,200m^2 of the town's rooftops with a macro-mural featuring eye-catching images of birds. The facades of a large number of homes were also repainted. Visitors have been winging their way to the region ever since, with tourist numbers soaring from 400 a month to 24,000. It's had a hugely positive impact on the local economy – renowned for its iraca palm weaving – with 120 new businesses being set up.

AKZONOBEL CARES

For many years, our various social programs have been demonstrating to the world that AkzoNobel cares. People and communities across the globe benefit from the initiatives and programs under our AkzoNobel Cares umbrella, including "Let's Colour", the Pintuco Foundation, Coral Institute, SOS Children's Villages and the Education Fund through our long-standing partnership with Plan International. Local employee volunteers from AkzoNobel work closely with partners to transform communities and make a positive impact. As part of our key sustainability ambitions, we aimed to empower more than 100,000 community members with new skills by 2030. During the year, we were very proud to achieve this ambition, six years ahead of the original planning.

Through our social programs, we're able to positively impact lives and communities in markets where we're present, making the most of our people and products. By using our decorative paints, many of our social programs help to inspire, uplift and re-energize communities, mainly through our global "Let's Colour" initiative. Thanks to the expertise of our people, we're also actively educating, mentoring and training future generations, making it possible for them to broaden their expertise and improve their employment opportunities. In 2024, we staged more than 250 projects and trained over 30,000 people in painting, entrepreneurship, professional skills and soft skills.

"Let's Colour"

We believe in the power of paint to transform lives by uplifting communities and making living spaces more fun, liveable and enjoyable. Our global "Let's Colour" initiative is all about bringing color into people's lives. With our passion for paint, we aim to provide opportunities for people who want to learn, grow and flourish. During 2024, we donated more than 100,000 liters of paint to renovate community living spaces in 25 countries, with over 2,000 employees volunteering their time. A great example was our Mustafabad project in Pakistan (see page 11).

Education Fund

Through our joint Education Fund, established in 1994, we continued to support Plan International during the year. For example, work continued on the Saksham project, in collaboration with the AkzoNobel Paint Academy in Delhi, India. This economic empowerment initiative targets marginalized young people, particularly women, addressing the gap between high market demand for skilled employees and the insufficient number of qualified individuals. So far, the project has equipped 90 vulnerable participants with market-driven skills, fostering sustained employment in the painting sector for 59 young people.

SOS Children's Villages

AkzoNobel is a global partner of SOS Children's Villages. As a member of the Global YouthCan! platform, we work together to support young people at risk on their journey to self-reliance. Through our painter academies and by offering soft skills training, entrepreneurship programs, mentoring and traineeships, we empowered 1,500 young people with new skills in 2024. We also used our paint to refresh living spaces for children growing up in family-like care. During 2024, Colombia joined the partnership, bringing the total to 25 countries involved so far.

Local AkzoNobel Cares programs

Our societal initiatives in India benefited more than 30,000 people in 2024. Parivartan, our flagship education project, helped more than 7,000 children gain better access to education, while vocational skills training empowered over 3,000 underprivileged and disadvantaged youth. More than 22,000 teleconsultations were also provided under our community healthcare program in villages across the country. A key highlight was Project Indradhanush, which aims to improve the livelihoods of women in rural India. In 2024, the initiative raised awareness among more than 40,000 women about opportunities in the paint sector, providing paint application training and empowering 2,000 women with the necessary skills to become independent paint retailers.

In Latin America, our Pintuco Foundation continued to champion the ethos of AkzoNobel Cares, supporting many initiatives throughout Colombia. The non-profit entity, part of the Grupo Orbis acquisition, aims to transform lives by using the power of paint and offers social sustainability projects that also provide (skills) training opportunities for people in local communities. The social projects are developed through alliances with public and private organizations.

We recently established the Coral Institute in Brazil. It was launched as part of the 70th anniversary of our Coral decorative paints brand, and to mark the 15th anniversary of the Tudo de Cor movement, which has already benefited thousands of people across the country. Its first initiative focused on assisting families in Rio Grande do Sul who were recovering from devastating floods. Coral products were used to paint the exteriors of around 130 houses in Vila dos Farrapos, while an important public meeting place was also renovated.

We're helping residents in India cope with living in the world's highest village reachable by a motorable road. Komic is one of three remote communities in the Spiti Valley being protected from the elements by our Dulux Weathershield paint.

LEADERSHIP AND GOVERNANCE

An overview of our leadership and its activities during the year, along with details of our corporate governance structure, risk management, executive remuneration, integrity and compliance management, and AkzoNobel and the capital markets.

Our commitment to safeguarding cultural heritage was highlighted by a project to help preserve historical buildings in the Malaysian city of Malacca. As well as developing a special shade of red to repaint the Stadthuys, our Dulux brand also coated shophouse façades at the popular UNESCO World Heritage Site.

OUR BOARD OF MANAGEMENT AND EXECUTIVE COMMITTEE

1. Grégoire (Greg) Poux-Guillaume • CEO and Chair of the Board of Management and Executive Committee (1970, FR) • Greg joined AkzoNobel in November 2022 as CEO and Chair of the Board of Management, bringing with him 30 years of experience in various industrial businesses and private equity. He was previously CEO of Sulzer (2015 to 2022) and before that, CEO of GE Grid Solutions.

2. Maarten de Vries • CFO and member of the Board of Management and Executive Committee (1962, NL) • Maarten joined AkzoNobel in 2018. He spent the previous three years as CFO at Intertrust Group and TNT Express. He was a member of the Management Board of Intertrust Group and the Executive Board of TNT Express. From 2011 to 2014, Maarten was CEO of TP Vision, and prior to this, held senior positions at Royal Philips Electronics, including Chief Information Officer and Chief Purchasing Officer at Group Management Committee level.

3. Karen-Marie Katholm • Chief Integrated Supply Chain Officer and member of the Executive Committee (1967, DK) • Karen-Marie joined AkzoNobel in September 2021, having held various global leadership roles across sourcing, supply chain and operations. She was previously Integrated Operations Leader for DuPont Nutrition & Biosciences – having joined Danisco A/S (later DuPont) in 2009. Karen-Marie has over 20 years' experience working at various food manufacturers, such as Orkla, United Biscuits and Arla Foods. She's also a non-executive member of the Boards of Directors of NTG Nordic Transport Group A/S and Chr. Augustinus Fabrikker.

4. Armand Sohet • Chief Human Resources Officer (CHRO) and member of the Executive Committee (1965, FR) • Within the Executive Committee, Armand is responsible for Human Resources, Communications and Sustainability. He joined AkzoNobel in July 2023 and has extensive experience heading the HR function of publicly traded companies. He has led transformations in industrial businesses with complex manufacturing operations, but also as the HR partner of multi-channel commercial organizations. Armand was previously CHRO and Chief Sustainability Officer of Sulzer for seven years.

5. Wiebe Wiechers • Chief Development Officer (CDO) and member of the Executive Committee (1980, NL) • Wiebe joined the Executive Committee in November 2024 as Chief Development Officer, overseeing Strategy, M&A, Commercial Excellence, Digital, R&D and the Global Resins business. Since joining the company in 2011, he has held various leadership positions in R&D, business and operations, leading several major group transformation and restructuring programs. Before joining AkzoNobel, Wiebe spent seven years with strategy consulting firm Arthur D. Little in Europe and the US.

6. Charlotte van Meer • General Counsel and member of the Executive Committee (1979, NL) • Charlotte rejoined AkzoNobel in January 2024, having previously worked for the company for over ten years, when she held various roles in the Legal function, including Head of Legal EMEA, Director Legal Corporate and Corporate Secretary. Before rejoining AkzoNobel, she was Chief Legal Officer of metal packaging company Trivium for four years.

7. Daniel Campos • Member of the Executive Committee (1972, BR) • Daniel joined AkzoNobel in September 2015 as business unit Director for Decorative Paints Latin America. During 2024, he assumed the additional responsibility of overseeing the Decorative Paints businesses in Asia. Daniel previously worked at Natura for three years, managing Global Personal Care for the Brazilian health and beauty leader. Before that, Daniel spent 19 years at Procter & Gamble, where he held several positions in general management, sales and marketing.

8. Patrick Bourguignon • Member of the Executive Committee (1965, BE) • Patrick joined AkzoNobel in October 2019 as business unit Director for Automotive and Specialty Coatings. He has more than 35 years of experience, having held several positions across different industries in sales, distribution and general management. Previously, Patrick was with UNILIN for 12 years.

9. Jan-Piet van Kesteren • Member of the Executive Committee (1972, NL) • Jan-Piet joined AkzoNobel in March 2010. In 2017, he was appointed business unit Director for Decorative Paints EMEA. Previously, Jan-Piet was Vice President Foods & Beverages for Unilever's North Africa Middle East business, based in the UAE, following eight years with Unilever in the Netherlands.

10. Simon Parker • Member of the Executive Committee (1966, UK) • Simon has 33 years of experience in multinational businesses and more than 25 years of experience within Coatings, having been responsible for many business transformations and restructurings in the operating units of AkzoNobel. He joined the company in 1997 and held various business leadership positions before taking over as business unit Director for Marine and Protective Coatings in April 2022.

STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management's statement on the financial statements, the management report and internal controls.

We prepared this Report 2024 in line with International Financial Reporting Standards (IFRS), as adopted by the EU, and the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code.

To the best of our knowledge:
- The financial statements in this Report 2024 give a true and fair view of the assets and liabilities, financial position and profit or loss of our company, and the undertakings included in the consolidation taken as a whole
- The management report in this Report 2024 includes a fair review of the position at December 31, 2024, the development and performance during the financial year 2024 of AkzoNobel, and the undertakings included in the consolidation taken as a whole, and describes our principal risks

The Board of Management is responsible for the establishment and adequate functioning of a system of governance, risk management and internal controls within our company. Consequently, a broad range of processes and procedures has been implemented, designed to provide control by the Board of Management over the company's operations. These include measures regarding the general control environment, such as a Code of Conduct, policies and procedures and authority rules, as well as specific measures, such as a risk management system, a system of controls and a system of letters of financial representation by responsible management at various levels within our company.

All these processes and procedures are aimed at providing a reasonable level of assurance that we have identified and managed the significant risks of our company, and that we meet our operational and financial objectives in compliance with applicable laws and regulations. For a detailed description of the company's internal risk management, please refer to the Risk management chapter.

The Integrity and Compliance function makes policies, rules and procedures available through the Policy Portal, manages the online and face-to-face compliance training program, provides legal expert support and manages investigations related to our SpeakUp! complaints procedure. For a more detailed description of the integrity and compliance framework, please refer to the Integrity and compliance management chapter.

The Internal Control function maintains AkzoNobel's internal control framework, monitors the compliance and includes updates regarding the emergence of new risks. It supports the annual review of the design and effectiveness of the system of governance, risk management and internal controls of the Board of Management. Internal Audit provides comfort to the Board of Management, as well as the Supervisory Board, that our system of risk management and internal controls – as designed and represented by management – is adequate and effective.

While we routinely work towards continuous improvement of our processes and procedures regarding financial reporting, the Board of Management confirms that according to the current state of affairs, to the best of its knowledge:
- The Report 2024 provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems with regard to the risks associated with the strategy and activities of AkzoNobel and the undertakings included in the consolidation, including the strategic, operational, compliance and reporting risks. There have been no material failings in the effectiveness of internal risk management and control systems
- These systems provide reasonable assurance that the financial reporting does not contain material inaccuracies
- It is justified that the financial reporting is prepared on a going concern basis
- There are no material risks associated with the strategy and activities of AkzoNobel and the undertakings included in the consolidation, including the strategic, operational, compliance and reporting risks, or uncertainties that could reasonably be expected to have a material adverse effect on the continuity of the company's operations for the 12-month period after report preparation

We have discussed the above opinion and conclusions with the Audit Committee, the Supervisory Board and the external auditor.

Amsterdam, February 24, 2025

The Board of Management
Greg Poux-Guillaume, CEO and Chair of the Board of Management
Maarten de Vries, CFO and member of the Board of Management

STATEMENT OF THE CHAIR OF THE SUPERVISORY BOARD

BEN NOTEBOOM
Chair 1958, NL

Initial appointment:
2023
Term of office:
2023-2027

Chair of the Supervisory Board of Koninklijke Vopak N.V.;
Vice Chair of the Supervisory Board of Koninklijke KPN N.V.;
Chair of the Board of Trustees of the Cancer Center Amsterdam;
member of the Advisory Board of Stichting ADORE.

2024 was another year of unpredictable markets which required AkzoNobel to demonstrate agile thinking and take decisive action to navigate through an increasingly difficult business climate. Despite the complex operating environment, it was a year of good progress, boosted by management's implementation of a series of targeted self-help measures. The Supervisory Board is confident that the right plans are in place and, while there's still work to do, AkzoNobel remains on track to deliver on its mid-term ambitions.

During the year, it was clear we needed to rely on our own internal improvement efforts and the measures we took enabled the company to grow, despite unfavorable markets. For example, the industrial excellence program introduced in 2023 picked up momentum. It offers a significant opportunity to unlock value by improving operations and there were some important developments in terms of optimizing our network, while also making strategic investments to enhance and modernize our anchor sites.

In addition, the Supervisory Board was pleased to see the company benefit from new strategic initiatives, including the optimization of the functional organization and the strategic portfolio review, which are designed to help drive profitable growth. There's a strong determination to move forward and management is fully focused on considerably improving performance.

From a sustainability perspective, the company made further progress on its carbon reduction ambition, with Scope 1 and 2 decreasing by 41% and Scope 3 by 12%, versus the 2018 baseline. It demonstrates that AkzoNobel is committed to realizing its ambition of halving carbon emissions across the value chain by 2030 (baseline 2018). It's one of several ambitions we have for 2030, which include achieving 100% circular use of materials in our own operations, while our ambition to empower more than 100,000 people in local communities with new skills was achieved in 2024 – six years earlier than planned.

Another notable highlight was the company's results in its Voices survey. For the second year in a row, the level of employee engagement exceeded the industry average, which is an excellent achievement.

During 2024, we strengthened the Supervisory Board by recruiting three new colleagues with significant industry insight – Jaska de Bakker, Ute Wolf and Wouter Kolk. They bring with them a wealth of knowledge and expertise. In the meantime, Jolanda Poots-Bijl and Dr. Pamela Kirby stepped down as members of the Supervisory Board. We thank them for their excellent contribution and total dedication.

As the company moves forward, management continues to work hard on positioning AkzoNobel as a leader in our industry. We have the right momentum going into 2025 and the Supervisory Board is convinced that the right measures are being taken to progress further on our path to profitable growth.

On behalf of the Supervisory Board, I want to thank our shareholders and all other stakeholders for their continued trust in the company, and my Supervisory Board colleagues, the Board of Management and Executive Committee for their efforts during 2024. I'd also like to express deep appreciation for the continued hard work and commitment of AkzoNobel's employees across the world, who helped us to deliver a strong performance in a far from ideal business climate.

Amsterdam, February 24, 2025

Ben Noteboom
Chair of the Supervisory Board

OUR SUPERVISORY BOARD

BYRON GROTE
Deputy Chair
1948,
US and UK

Initial appointment:
2014
Term of office:
2024-2025

Non-executive Director of IHG (InterContinental Hotels Group plc.) and Inchcape plc.

ESTER BAIGET
1971, ES

Initial appointment:
2022
Term of office:
2022-2026

CEO and President of Novozymes A/S; member of the Board of United Nations Global Compact; member of Business Council for the United Nations; member of the Board of Trustees of the US Council for International Business (USCIB); member of the Board of SBTi; Vice Chair of the B Team.

HANS VAN BYLEN
1961, BE

Initial appointment:
2022
Term of office:
2022-2026

Independent Director and Chair of the Board of Directors of Ontex Group NV; non-executive and Chair of the Board of Directors of Etex NV; member of the Supervisory Board of Lanxess AG.

DICK SLUIMERS
1953, NL

Initial appointment:
2015
Term of office:
2023-2025

Deputy Chair of the Supervisory Board of Euronext N.V.; Chair of the Supervisory Boards of Euronext Amsterdam N.V. and NIBC Bank N.V.; member of the Board of Directors of FWD Group Limited; member of the Board of Governors of the State Academy of Finance and Economics; Trustee of the Erasmus University Trust Fund; Senior Advisor to Bank of America Europe DAC.

JASKA DE BAKKER
1970, NL

Initial appointment:
2024
Term of office:
2024-2028

Non-executive member of the Boards of Directors of Prysmian S.p.A. and Nobian Industrial Chemicals B.V.; member of the Supervisory Boards of Redcare Pharmacy N.V. and Stichting The Ocean Cleanup.

WOUTER KOLK
1966, NL

Initial appointment:
2024
Term of office:
2024-2028

Member of the Advisory Board of The LEAD Network to advance diversity; member of the Amsterdam Economic Board.

PATRICK THOMAS
1957, UK

Initial appointment:
2017
Term of office:
2021-2025

Chair of Johnson Matthey plc.; member of the Supervisory Board of Covestro AG.

UTE WOLF
1968, DE

Initial appointment:
2024
Term of office:
2024-2028

Deputy Chair of the Supervisory Board of DWS Group GmbH & Co. KGaA; member of the Supervisory Boards of Infineon Technologies AG and MTU Aero Engines AG; member of the Advisory Board of HSBC Trinkaus & Burkhardt.

REPORT OF THE SUPERVISORY BOARD

Meetings and attendance

The Supervisory Board values the attendance of its meetings by all members. If Supervisory Board members are unable to attend a Supervisory Board or committee meeting, they inform the relevant Chair of their reasons. Supervisory Board members always receive the materials for each specific meeting, allowing them to offer input and discuss any agenda items with the relevant Chair.

In 2024, the Board of Management attended all meetings of the Supervisory Board. The Executive Committee attended the majority of the meetings. Almost all plenary sessions of the Supervisory Board were preceded or succeeded by executive sessions of the Supervisory Board, with and without the CEO in attendance. The Chair had regular one-on-one calls with all Supervisory Board members to discuss individual impressions on the functioning of the Supervisory Board and items covered.

The Supervisory Board aims for all (regular) meetings to be held physically. When needed, virtual participation is made possible with video conference capabilities, enabling Supervisory Board members to perform their role appropriately.

Strategy updates

During 2024, the Supervisory Board continued to allocate adequate time to discuss strategic activities focused on the overarching strategic pillars across the portfolio of businesses. It received regular updates from the Executive Committee on the progress made towards the ambitions of the company's strategy, as well as on the underlying programs supporting the strategy. In September, the Supervisory Board and Board of Management, together with the other members of the Executive Committee, held a two-day strategy meeting. With a focus on sustainable long-term value creation, the Supervisory Board reviewed and advised on the direction and next steps for the company strategy, including the strategic portfolio review, as further described in the Strategy chapter.

Industrial excellence and simplifying execution model

The Supervisory Board regularly received updates on the progress made on the industrial excellence program, focused on reducing complexity, enhancing productivity and optimizing our network through investment and modernization at our anchor sites. The Supervisory Board advised on the changes to the industrial organizational models for the Decorative Paints and Performance Coatings businesses and the improvement of industrial processes.

The Supervisory Board also reviewed and advised on simplifying the execution model. Designed to enhance the efficiency of the functional organization by simplifying operations, accelerating decision-making and streamlining the company's management structure, it involved a reduction of 2,200 positions globally. Further details are included the Strategy chapter.

Functional and business updates

Throughout the year, the Supervisory Board reviewed and discussed updates in Finance, Human Resources, Sustainability and Information Technology. The Supervisory Board received comprehensive market and business updates. In addition, regular updates were received on Integrated Supply Chain performance and the legal matter relating to the Ichthys Onshore LNG project in Australia.

Sustainability

The Supervisory Board views sustainability as an intrinsic value driver in the work of all businesses and functions. During 2024, the Supervisory Board continued to assess sustainability as part of strategy and targets and advised on further embedding related considerations into decision-making. During quarterly updates on sustainability, the Supervisory Board reviewed and advised on the progress made towards the company's sustainability ambitions. The company's response to climate change was reviewed, which is focused on efforts to reduce emissions across the whole value chain (including Scope 1, 2 and 3). Deep dives were carried out for specific topics, such as the social programs, the carbon reduction glidepath and the revision of the Sustainable Product Portfolio Assessment (SPPA).

The company's sustainability ambitions and progress are further considered as part of the business reviews and functional updates, and as part of the Supervisory Board's review of the company's innovation efforts and programs. Further details are included in the Sustainability statements.

Supervisory Board attendance record[1]

	SB	AC	RC	NC
Ben Noteboom	9/9		4/4	5/5
Ester Baiget	8/9	7/8		
Jaska de Bakker[2]	5/5	5/5		
Hans Van Bylen	7/9		4/4	5/5
Byron Grote	9/9	8/8		
Pamela Kirby[3]	4/4		1/1	1/1
Wouter Kolk[4]	5/5		3/3	4/4
Dick Sluimers	8/9		4/4	5/5
Patrick Thomas	8/9	7/8		
Ute Wolf[2]	3/5	4/5		

The table indicates the meeting attendance for the Supervisory Board (SB), the Audit Committee (AC), the Remuneration Committee (RC) and the Nomination Committee (NC). The meetings of the Supervisory Board concern the nine regular, scheduled meetings. No additional meetings were held.

[1] Jolanda Poots-Bijl stepped down as per January 31, 2024. No meetings were held before that time during 2024.
[2] Appointed to the Supervisory Board as per April 25, 2024. Appointed to the Audit Committee as per June 1, 2024.
[3] Stepped down after the AGM held on April 25, 2024.
[4] Appointed to the Supervisory Board as per April 25, 2024. Appointed to the Remuneration Committee and Nomination Committee as per June 1, 2024.

Performance and management planning

Individual Board of Management and Executive Committee performance was addressed in Supervisory Board meetings, following recommendations from the Remuneration Committee. For more details, see the report of the Remuneration Committee.

Discussions on corporate performance were held at each regular Supervisory Board meeting and included business reviews and performance updates from corporate functions. Forward-looking targets were also addressed in light of these reviews. The Supervisory Board diligently reviewed budgets and operating plans, taking into account the macro-economic uncertainty. Following assessments, the proposed budgets and operating plan for 2025 were approved.

During the year, the Supervisory Board was pleased to see the company continuing to benefit from management's strategic initiatives, including optimization of the functional organization and the strategic portfolio review to help drive profitable growth. The nature of this performance and the company's capital allocation priorities were all considered in the Supervisory Board's approval of the dividend proposal. Further details on the 2024 dividend proposal can be found in the Financial information.

Risk management

The Supervisory Board views risk management as an essential mechanism to safeguard the business and assets of the company, and to secure sustainable long-term performance and value creation. As the Supervisory Board sought to assure itself of the robustness of the company's risk mitigation and internal controls, it received multiple risk management updates during the year.

The Board of Management and Executive Committee maintain the risk management framework and system of internal controls. The Supervisory Board and the Audit Committee monitor the implementation of risk mitigating measures for the key risks, as identified by the Board of Management and the Executive Committee during the year by means of risk updates and reviews. Further details are included in the Risk management chapter.

Corporate governance

The Supervisory Board continuously reviews the company's corporate governance and its compliance with the Dutch Corporate Governance Code.

Talent management and succession planning

Throughout the year, the Supervisory Board discussed and undertook detailed succession planning. This included taking the time to discuss its own composition and succession plans in order to ensure continued effectiveness.

With Jolanda Poots-Bijl stepping down as member of the Supervisory Board as of January 31, 2024, and Pamela Kirby stepping down after the 2024 AGM, the Supervisory Board nominated Jaska de Bakker, Ute Wolf and Wouter Kolk for appointment to the Supervisory Board. In addition, Byron Grote was nominated for reappointment to the Supervisory Board for a fourth term of one year. Mr. Grote was initially appointed to the Supervisory Board in 2014. He was reappointed for a second four-year term in 2019 and reappointed for a third term of two years in 2022. He has been Chair of the Audit Committee since April 2015 and Deputy Chair of the Supervisory Board since October 2016. As Chair of the Audit Committee, Mr. Grote led the supervision of the external auditor selection process which was completed during 2024. His reappointment also ensured continuity during the change of the PwC lead partner. Mr. Grote did not take part in the deliberations and voting regarding his own reappointment. The appointments and reappointment were approved at the 2024 AGM.

The requirements of the Corporate Governance Code, the Supervisory Board's profile, skills matrix and its policy on diversity and inclusion were considered throughout these processes. Further information can be found in the report of the Nomination Committee.

The Supervisory Board further discussed and supported the composition of the Executive Committee. This included the appointment of Wiebe Wiechers as Chief Development Officer.

Supervisory Board activities 2024

Q1	Q2	Q3	Q4
• Q4 2023 report, financials and performance • 2023 financial statements, annual report and profit allocation • Assurance report sustainability statements 2023 • External audit report 2023 • Final dividend 2023 • Final budget 2024 • Investor Relations update • Business updates • HSE&S full-year report • Sustainability/ESG update • Integrated Supply Chain update • Ichthys update • Risk management risk session outcomes • Supervisory Board succession planning • Remuneration target setting	• Q1 2024 report, financials and performance • External auditor rotation • Investor Relations update • Business updates • HSE&S update • Industrial excellence update • Sustainability/ESG update • IT strategy update including cybersecurity • Enterprise risk management update • Ichthys update	• Q2 2024 report, financials and performance • Investor Relations update • Business updates • HSE&S update • Strategy review • Industrial excellence update • Optimization functional organization • Industrial organizational models Decorative Paints and Performance Coatings • Site visit Sassenheim, the Netherlands • Ichthys update	• Q3 2024 report, financials and performance • Dividend policy • Interim dividend 2024 • Remuneration Board of Management 2025 • Investor Relations update • Sustainability/ESG update • HSE&S update • Budget 2025 • M&A strategy update • Industrial excellence update • Human Resources strategy update (including Voices survey) • Remuneration policies Board of Management and Supervisory Board • Supervisory Board succession planning • Ichthys update

Independence of the Supervisory Board

Supervisory Board members are required to act critically and independently of one another, the Board of Management, the Executive Committee and the company's stakeholders. Each Supervisory Board member meets the independence requirements of the Corporate Governance Code and completed the annual independence questionnaire addressing the relevant requirements for independence.

Supervisory Board evaluation

To assess its effectiveness, the Supervisory Board carried out an internal performance evaluation of itself, its individual members, its Audit, Remuneration and Nomination Committees, the Chair, as well as the relationship with the Board of Management and the Executive Committee. The process consisted of the Supervisory Board members completing a confidential questionnaire.

In a separate meeting without the Board of Management, the Supervisory Board discussed the results of the evaluation questionnaires and reflected on the improvement areas raised during last year's evaluation. The Supervisory Board also discussed the functioning of the Board of Management and the performance of its individual members. Feedback was provided to, and discussed with, the members of the Board of Management.

The evaluation concluded that the Supervisory Board and its committees continue to operate proficiently. The selection process for attracting and selecting new Supervisory Board members was considered to be functioning well and there's a dynamic and open atmosphere between the Supervisory Board and the Board of Management, as well as the other members of the Executive Committee. Focus items going forward include continued attention for executive succession planning and talent management and the development of the group strategy taking into account stakeholder views.

Financial statements and profit allocation

The Board of Management submitted the report and financial statements, including the report of the Board of Management, to the Supervisory Board for review and approval. The financial statements of Akzo Nobel N.V. for the financial year 2024 were audited by PricewaterhouseCoopers Accountants N.V. (PwC).

The financial statements and the report were extensively discussed by the Audit Committee with the external auditors, in the presence of the CFO, and by the full Supervisory Board with the Board of Management and the Executive Committee. Based on these discussions, the Supervisory Board is of the opinion that the 2024 financial statements of Akzo Nobel N.V. form an adequate basis to account for the supervision provided (see the Financial information). The Audit Committee monitors the follow-up by management on the recommendations made by the external auditors.

The Supervisory Board recommends that the AGM adopts the financial statements as presented in this Report 2024 and, as proposed by the Board of Management, the proposed total dividend for 2024 of €1.98 (2023: €1.98), including a final dividend of €1.54 per share. An interim dividend of €0.44 (2023: €0.44) per share was paid in November 2024. This reflects the continued commitment to providing a stable to rising dividend. The dividend will be paid in cash.

In addition, it is requested that the AGM discharges the Board of Management members from their responsibility for the conduct of business in 2024, and the Supervisory Board members for their supervision in 2024.

Committees of the Supervisory Board

	Audit Committee	Remuneration Committee	Nomination Committee
Ben Noteboom (Chair)		Member	Chair
Byron Grote (Deputy Chair)	Chair		
Ester Baiget	Member		
Jaska de Bakker	Member		
Hans Van Bylen		Member	Member
Wouter Kolk		Member	Member
Dick Sluimers		Chair	Member
Patrick Thomas	Member		
Ute Wolf	Member		

As a long-standing partner of the McLaren Formula 1 Team, we were delighted to see them win the 2024 Constructors' Championship. Our Sikkens brand is the team's Official Partner: Coatings Solutions, continuing a close relationship which first began in 2008.

Audit Committee

Audit Committee activities 2024

Q1	Q2	Q3	Q4
• Q4 2023 report, financials and performance • 2023 financial statements, annual report and profit allocation • External audit report 2023 • Assurance report sustainability statements 2023 • Final dividend 2023 • Review risk management and internal control report 2023 • Internal Audit Q4 2023 report • Final budget 2024 • Investor Relations update • HSE&S audit findings • Pension update • Integrity and Compliance report 2023 • Exposure report • IT/cybersecurity update	• Q1 2024 report, financials and performance • Appointment Head of Internal Audit • Internal Audit Q1 2024 report • Review evaluation external auditor • Review year-to-date audit findings • Review and approval PwC audit plan • Audit fee 2024 • External auditor rotation • Investor Relations update • Treasury update • Tax update • ESG reporting update • Internal Audit strategy update • Integrity and Compliance update • Exposure report • IT/cybersecurity update	• Q2 2024 report, financials and performance • Internal Audit Q2 2024 report • Investor Relations update • Review year-to-date audit findings	• Review Q3 2024 report, financials and performance • Dividend Policy • Interim dividend 2024 • Internal Audit Q3 2024 report • ESG reporting update • Integrity and Compliance update • Budget 2025 • Internal Audit Plan 2025 • Hard close audit report • Investor Relations update • Tax update • Finance transformation update • External auditor transition update

All Audit Committee members have extensive accounting and financial management expertise. Issues discussed in Audit Committee meetings were reported back to the full Supervisory Board in subsequent meetings.

External audit

PwC, AkzoNobel's independent external auditor, reported in-depth to the Audit Committee on the scope and outcome of the annual audit of the financial statements, including the Consolidated financial statements and the Company financial statements and related notes, as well as on the scope and outcome of the limited assurance engagement on the Sustainability statements. The Audit Committee held independent meetings with the external auditor and critically reviewed and constructively challenged their audit approach, fees, risk assessment and audit plan. The Audit Committee performed an annual review of the services of the external auditor, and at each meeting considered and assessed the status of the auditor's independence. In line with mandatory audit rotation regulations, the PwC lead partner in charge of the AkzoNobel account changed as of the audit of the 2024 financial statements.

The selection process for a new external audit firm as part of the mandatory auditor rotation was concluded in 2024. The process was overseen by a selection committee, comprised of two members of the Audit Committee, the CFO, the Head of Internal Audit and other key stakeholders within the company. It encompassed a careful assessment whereby candidate audit firms were evaluated on a range of relevant criteria, including understanding of AkzoNobel's business, the proposed approaches to audit and ESG assurance, the use of technology and the audit fees. For further details on the selection process, the evaluation and the final conclusions, reference is made to the proposal to be made at the 2025 AGM.

Further details on the external auditor can be found in the Corporate governance statement.

Risk management and internal control systems

The Audit Committee reviewed the company's overall approach to governance, risk management and internal controls, its processes, outcomes, financial and sustainability reporting and disclosures. It received regular updates from internal auditors and functions, and was provided with comprehensive risk and internal control reports during the year. In addition, the Audit Committee received periodic updates on the results of testing of internal control effectiveness, related remediation plans and assessments of overall control effectiveness. In its review, the Audit Committee considered the impact of changes to systems, processes and organization, such as the expansion of activities in the company's Global Business Services centers. The Audit Committee also met regularly with senior executives.

In fulfilling its oversight responsibilities in relation to risk management and internal control systems, the Audit Committee also received updates from functions such as Finance, Treasury, Information Technology and Tax throughout the year. In addition, the Audit Committee reviewed the proposed budget and operating plan. During 2024, the Audit Committee received several updates on the IT security framework, including the corporate security program and the security program for the manufacturing sites.

Integrity and compliance

The Executive Committee is responsible for maintaining a culture of integrity and ensuring an effective integrity and compliance program and control framework. Part of these responsibilities are delegated to specific committees and the Integrity and Compliance function. The Supervisory Board's Audit Committee oversees this responsibility and regularly reviews integrity and compliance reports.

Internal audit

The Internal Auditor presented all main audit findings to the Audit Committee and discussed the progress of the audit plan. During the year, the Audit Committee approved Internal Audit's plan and strategy, and also agreed on the budget and resource requirements for the function. The Audit Committee met separately with the Internal Auditor during the year to discuss the results of the audits performed and the status of the follow-up on action plans identified. In 2024, the Audit Committee was satisfied with the effectiveness of the Internal Audit function. With the former Head of Internal Audit taking on another position in the company, the Audit Committee supported the succession of the Head of Internal Audit, which was subsequently approved by the Supervisory Board.

Results and financial statements

Before each publication of the quarterly results and the financial statements, the Audit Committee reviewed the financial results. In addition, the Audit Committee reviewed and commented on the interim and final dividend proposals and on reports and press releases to be published. This was in addition to the work undertaken by the company's Disclosure Committee in reviewing the company's disclosure of potentially share price sensitive information. Based on these discussions, the Audit Committee advised the Supervisory Board on the publications and disclosures, as well as on proposals regarding the interim and final dividends. All quarterly and annual releases of financial results were approved by the full Supervisory Board prior to publication and release.

To ensure its effectiveness and expertise, the Audit Committee was provided with regular updates on IFRS developments and the anticipated impact of these developments on the financial statements. In addition, the Audit Committee reviewed and assessed management assertions made in regard to relevant accounting treatments. The external auditor, as required by auditing standards, also considers the risk of management override of controls. Nothing has come to the attention of the Audit Committee to suggest any material misstatement related to suspected or actual fraud involving management override of controls.

Sustainability reporting

As part of its oversight of the integrity and quality of the company's sustainability reporting, the Audit Committee received updates on the various programs that have been initiated, and on progress made in relation to Corporate Sustainability Reporting Directive (CSRD) compliant reporting. The Audit Committee discussed the approach to the double materiality assessment and the material topics. For more information, see the Sustainability statements.

During 2024, we continued to create flying works of art for China Southern Airlines – one of the largest airlines in China. To date, we've supplied aerospace coatings for more than 650 of the company's planes. The advanced paint technology we supply doesn't just look good, it also offers the kind of performance and endurance that our customers rely on.

Remuneration Committee

Management performance review

The work of the Remuneration Committee during Q1 focused on 2023 performance, individual performance reviews of Board of Management members and the Executive Committee. The Remuneration Committee also reviewed various incentive plans, the economic circumstances and the relative performance compared with top peers.

Remuneration Policy review

The current remuneration policies for the Board of Management and the Supervisory Board were last adopted in full at the 2021 AGM. As required by Dutch law, the remuneration policies are submitted for shareholders' adoption at least every four years. In 2024, the Remuneration Committee and Supervisory Board reviewed the remuneration policies for the Board of Management and the Supervisory Board to assess whether these were still in line with the company's strategy and financial targets, while considering input received from stakeholders. Following such review, the Supervisory Board will submit updated remuneration policies for the Board of Management and Supervisory Board for consideration by shareholders at the 2025 AGM. Further information can be found in the Remuneration report.

Management salary review

The Remuneration Committee reviewed the base salaries and established relevant forward-looking target ranges for variable remuneration of Board of Management members and other Executive Committee members. The base salaries will continue to be assessed in light of market conditions, the reward structures of peer group companies and performance. The Remuneration Committee considered the pay ratios within the company and how these compare with peer group companies. Forward-looking target ranges for variable remuneration of the Board of Management were discussed. Further information can be found in the Remuneration report.

Remuneration Committee activities 2024

Q1	Q2 and Q3	Q4
• Review of management performance 2023 • Approval of 2023 pay-out under Short-term Incentive Plan and vesting of shares under Long-term Incentive Plan • 2023 Remuneration report • Review Remuneration Policy for Board of Management • Review of management base salaries for 2024 • Target setting 2024	• Review remuneration policies for Board of Management and Supervisory Board • Target setting 2024	• Preparation of 2024 Remuneration report • Review of 2024 (preliminary) performance outlook • Review remuneration policies for Board of Management and Supervisory Board

Nomination Committee

Supervisory Board succession

During 2024, the Nomination Committee continued to discuss the size, structure and composition of the Supervisory Board. Following thorough consideration, the Nomination Committee recommended the appointment of Jaska de Bakker, Ute Wolf and Wouter Kolk and the reappointment of Byron Grote to the Supervisory Board for consideration by the shareholders at the 2024 AGM. Following their (re)appointments, and with Jolanda Poots-Bijl having stepped down as member of the Supervisory Board as of January 31, 2024, and the final term of Pamela Kirby having ended in 2024, the number of Supervisory Board members increased to nine.

The Supervisory Board has updated its skills matrix, as shown on the next page. It contains full details of the current Supervisory Board composition. The schedule of Supervisory Board succession and the profiles of the Supervisory Board members can also be found on our website.

Board of Management and executive succession

During 2024, the Nomination Committee was consulted and gave its advice regarding the composition of the Executive Committee and the appointment of Wiebe Wiechers as Chief Development Officer (CDO). The Nomination Committee also considered executive succession planning and talent management.

Nomination Committee activities 2024

Q1 and Q2	Q3 and Q4
• Supervisory Board succession planning • Review (re)appointment scheme • Review composition Supervisory Board committees • Update skills matrix	• Supervisory Board succession planning • Board of Management and Executive Committee succession planning and talent management

Supervisory Board skills and profiles

	B. Noteboom (m)	E. Baiget (f)	J. de Bakker (f)	H. Van Bylen (m)	B. Grote (m)	W. Kolk (m)	D. Sluimers (m)	P. Thomas (m)	U. Wolf (f)
Independent	●	●	●	●	●	●	●	●	●
Consumer goods	●		●	●	●	●			
Industrial	●	●		●	●		●	●	●
Buildings and infrastructure		●	●			●		●	●
Transport					●	●	●	●	
(International) business, commerce, finance/economics	●	●	●	●	●	●	●	●	●
Scientific/information technology experience		●	●		●			●	●
Public sector experience							●		
Management experience	●	●	●	●	●	●	●	●	●
Business strategy planning	●	●	●	●	●	●	●	●	●
Investor relations	●	●	●	●	●	●	●	●	●
Manufacturing experience	●	●	●	●	●	●		●	
Supply chain/logistics experience	●	●		●	●	●			●
Social, environmental, sustainability experience (ESG)	●	●	●	●	●	●	●	●	●
Finance expert	●		●		●		●		●
Four or less external directorships	●	●	●	●	●	●	●	●	●
Dutch/EU national	●	●	●	●		●	●		●
Non-EU national					●			●	
Pensions experience			●				●		●
Business-to-business sales experience	●	●	●	●				●	●
R&D experience		●			●			●	
Legal experience	●								
Industrial/employment relations	●			●		●		●	
Risk management	●		●		●		●		●
Consulting			●				●		

(f) = female, (m) = male

Additional remarks

The members of the Supervisory Board would like to reiterate their appreciation to the Board of Management and Executive Committee, and to all the company's employees around the world, for their outstanding dedication and hard work during the year.

CORPORATE GOVERNANCE STATEMENT

AkzoNobel aspires to the highest standards of corporate governance and seeks to consistently enhance and improve corporate governance performance, emphasizing transparency and a culture of sustainable long-term value creation.

Akzo Nobel N.V. is a public limited liability company (naamloze vennootschap) established under the laws of the Netherlands, with common shares listed on Euronext Amsterdam. AkzoNobel has a sponsored level 1 American Depositary Receipt (ADR) program and ADRs can be traded on the international OTCQX platform in the US.

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 and advises the Board of Management and ensures a strong external presence in the governance of the company. The two Boards are independent of each other and are accountable to the Annual General Meeting of shareholders (AGM) for the performance of their functions.

Our corporate governance framework is based on the company's Articles of Association, the requirements of the Dutch Civil Code, the Dutch Corporate Governance Code (the "Code") and all applicable laws and regulations, including securities laws. The Code contains principles and best practices for Dutch companies with listed shares. Deviations from the Code are explained in accordance with the Code's "comply or explain" principle. For the full version of the Code, visit www.mccg.nl

With the exception of those aspects of our governance which can only be amended with the approval of the AGM, the Board of Management and the Supervisory Board may make adjustments to the way the Code is applied, if this is considered to be in the best interests of the company. Where changes are made, these will be reported and explained in the annual report for the relevant year and discussed at the subsequent AGM.

The company also subscribes to, and applies, the principles of the VNO-NCW Tax Governance Code. Further information on this is available on our website: AkzoNobel's approach to tax. For the full version of the Tax Governance Code, visit www.vno-ncw.nl/taxgovernancecode

Board of Management and Executive Committee

The Board of Management is entrusted with the management of the company. When it comes to the management of our business, it operates in the context of an Executive Committee. The Executive Committee comprises the Board of Management and other key officers of the company, led by the CEO.

The composition of the Executive Committee ensures that functional, operational and commercial expertise is entrenched at the highest level of the organization. Among other responsibilities, the Board of Management defines the company's strategic direction. It establishes and maintains internal policies and procedures for effective risk management and control, manages the realization of the company's operational and financial targets, its sustainability performance and its pursuit of sustainable long-term value creation. In fulfilling their duties, Board of Management members are assisted by the Executive Committee and guided by the interests of the company and its affiliated enterprises, taking into consideration the relevant interests of the company's stakeholders.

The Board of Management takes precedence; all Executive Committee decisions require a majority of the Board of Management members. The Board of Management can decide to reserve decisions for itself. The Board of Management members remain accountable for all decisions made by the Executive Committee. The Board of Management is accountable for its performance to the Supervisory Board and is accountable to the shareholders of the company at the AGM. All Executive Committee members, including the CFO, report to the CEO.

The Supervisory Board has regular, direct interaction with Executive Committee members, and all Executive Committee members attend most Supervisory Board meetings.

The CEO leads the Executive Committee in its overall management of the company. He is the main point of liaison with the Supervisory Board. The CFO is responsible for overseeing AkzoNobel's finances, its corporate control, investor relations and information management.

The tasks, responsibilities and procedures of the Board of Management and Executive Committee are set out in their Rules of Procedure. These rules have been approved by the Supervisory Board and are available on our website. Authority to represent the company is vested in the two members of the Board of Management, acting jointly. The Board of Management has also delegated a level of authority to corporate agents, including members of the Executive Committee. The list of authorized signatories is available from the Dutch Chamber of Commerce.

The Directors of the company's business units and the Corporate Directors in charge of the different functions report to individual Executive Committee members with specific responsibility for their activities and performance.

Appointment

Board of Management members are appointed and removed from office by the AGM. The current Board of Management members were first appointed by Extraordinary General Meetings (EGMs) held in 2022 and 2017, with the CFO having been reappointed for another four-year term at the 2022 AGM. The other Executive Committee members are appointed by the CEO, after consultation with the Supervisory Board. Members of the Board of Management are in principle appointed for a term not exceeding four years, with the possibility of reappointment.

As described later in this chapter, the Meeting of Holders of Priority Shares has the right to make binding nominations for the appointment of members of the Board of Management and the Supervisory Board. However, as the company subscribes to the principles of the Code in general, members of the Supervisory Board and the Board of Management are (with the exception of those circumstances described later in this chapter) appointed on the basis of non-binding nominations by the Supervisory Board. In such cases, resolutions to appoint a member of the Supervisory Board or the Board of Management require a simple majority of the votes cast by shareholders.

Under certain conditions specified in the Articles of Association, shareholders may also be entitled to nominate Supervisory Board or Board of Management members for appointment. Such appointments require a two-thirds majority, representing at least 50% of the outstanding share capital, in order to be adopted at an AGM (or EGM).

Diversity and inclusion

AkzoNobel believes in the strength of diversity and inclusion and, in accordance with the Code, a policy on diversity and inclusion has been adopted for the composition of the Board of Management and the Executive Committee.

The policy on diversity and inclusion for the composition of the Board of Management and Executive Committee is recognized and described in the Diversity, Equity and Inclusion Policy (DE&I Policy) for the executive level, Board of Management and Supervisory Board, as published on our website. The objective of this DE&I Policy is to enrich the Board of Management and Executive Committee's perspective, improve performance, increase member value and enhance the probability of achievement of the company's goals and objectives.

A consistent and structured approach is applied to succession planning for the Board of Management and Executive Committee, taking into account the implementation of the relevant DE&I Policy.

With 100% of the Board of Management members being male, AkzoNobel currently diverges from the gender diversity target of at least 30% female and at least 30% male representation in the Board of Management. This is primarily due to the size of the Board of Management being only two members. This divergence is justified and has ensured the best candidates for the roles were nominated by the Supervisory Board and appointed by shareholders.

AkzoNobel ended 2024 with a gender diversity of 20% female representatives at Executive Committee level. This diverges from the gender target of at least 30% female and at least 30% male Executive Committee members. Succession planning efforts are in place to ensure continued improvement of the gender balance in the future.

Detailed information on DE&I, including targets and plans and initiatives to reach such targets, can be found in the Sustainability statements and on our website.

Outside directorships

Specific rules on outside board positions of the Executive Committee members – which are more stringent than the requirements of the Dutch Civil Code – can be found in the Rules of Procedure.

Conflicts of interest

During 2024, no transactions were reported under which a member of the Board of Management or Executive Committee had a conflict of interest which was of material significance to the company and to the relevant member.

Remuneration

The current Remuneration Policy for the Board of Management was last amended in full following adoption by the 2021 AGM, and last updated at the 2024 AGM. The details of this policy can be found in the Remuneration report. The service contracts of the Board of Management members contain change of control provisions. Further details can be found in the Remuneration report and Note 25 of the Consolidated financial statements. The service contracts of the Board of Management are compliant with the Code. The main elements of these contracts are available on our website.

Operational Control Cycle

The Executive Committee holds regular meetings to discuss the implementation of the company's strategy and functional agendas. Additional meetings are held to discuss specific topics as required. The Board of Management and Executive Committee have delegated authorities to individual Executive Committee members and to certain committees. An Integrated Business Planning (IBP) process is in place across the company's global businesses and functions. IBP provides visibility on the long-term integrated business and financial plan, covering the product portfolio, demand and supply. The monthly IBP cycle ends with a review by the Executive Committee.

Culture

The Board of Management and Executive Committee promote openness and engagement through a SpeakUp! grievance mechanism and have established a Code of Conduct, policies, rules and procedures incorporated in the company's Policy framework, in order to drive a culture of good governance, consistency and functional excellence. The core values of safety, integrity and sustainability adopted by the Board of Management are incorporated in these documents. The Board of Management believes these values contribute to a culture focused on sustainable long-term value creation and actively encourages these values through leading by example.

A strong corporate culture fostering a solid and well-embedded balance between performance and organizational health is highly valued by the Board of Management and Supervisory Board, and is fundamental to AkzoNobel's strategic approach. Our corporate culture forms an important part of discussions involving internal organizational changes and Human Resources strategy updates, as well as any functional updates. Since 2018, surveys have been conducted involving all employees, covering a variety of focus areas, such as our wider organizational health (see Employee engagement in the Sustainability statements). The Executive Committee and Supervisory Board regularly discuss the results of such surveys, the targets and the actions taken to achieve those targets.

For more information on our culture, please refer to the Sustainability statements and the Integrity and compliance management chapter.

Sustainability

The Board of Management, operating in the context of the Executive Committee, is responsible for incorporating the sustainability agenda into the company's strategic approach and monitoring the performance through the Operational Control Cycle. Within the Executive Committee, the Chief CHRO is responsible for sustainability.

Progress regarding sustainability objectives, development, target setting and implementation is reviewed on a quarterly basis by the Executive Committee and the Supervisory Board. Several bodies report via the Director of Sustainability to the Executive Committee and Supervisory Board, including the Raw Material Sustainability Group (RMSG) and the CSRD Steering Committee. Regular deep dives on specific sustainability topics are carried out to ensure there's appropriate expertise in the Executive Committee and Supervisory Board to manage and oversee sustainability-related matters, and to assess any associated material impacts, risks and opportunities (IROs). In addition, training or education for the members of the Executive Committee or the Supervisory Board on ESG-related topics can be arranged upon request. The broad industrial experience from both the CEO and CFO, across multiple regions, businesses and sectors, helps them leverage their expertise and their ability to provide guidance on how AkzoNobel manages the IROs as identified under the CSRD. The Board of Management is kept up-to-date directly by both the Director of Sustainability and the Head of ESG reporting on the process of identifying and managing the IROs. Further details are included in the Sustainability statements.

The Audit Committee takes an active role in assessing the quality and reliability of sustainability reporting and receives bi-annual updates from the CSRD Steering Committee. External auditor PwC has been engaged to perform a limited assurance engagement on the Sustainability statements. Their report can be found in the Financial information.

Committees

Integrity and Compliance governance committees

The Executive Committee is responsible for maintaining a culture of integrity and ensuring an effective Integrity and Compliance program and framework and has delegated part of the responsibilities to specific committees. The Supervisory Board's Audit Committee oversees this responsibility. More details on the Integrity and Compliance governance committees can be found on page 105.

Executive Pensions Committee

The Executive Pensions Committee oversees the general pension policies of AkzoNobel's various pension plans and their financial consequences for the company. The committee is chaired by the CFO and includes the CHRO and senior executives with a background in corporate law, treasury, pensions and rewards.

Disclosure Committee

The Board of Management has established a Disclosure Committee, which consists of senior executives with a background in corporate law, finance and investor relations. The task of the Disclosure Committee is to establish and maintain disclosure controls and procedures, and to advise the CEO, CFO and General Counsel on the accurate and timely disclosure of material financial and non-financial information.

Supervisory Board

This chapter provides an overview of the responsibilities and governance of the Supervisory Board. For an understanding of the activities of the Supervisory Board over the past year, refer to the Statement of the Chair of the Supervisory Board and the Report of the Supervisory Board.

The responsibility of the Supervisory Board is to supervise the policies adopted by the Board of Management and the Executive Committee and to oversee the general conduct of the business of the company. In practice, this means supervising:
- The corporate strategy and sustainable long-term value creation
- The achievement of the company's operational and financial objectives
- The design and effectiveness of internal risk management and control systems
- The main financial parameters, compliance with applicable laws and regulations and risk factors

The Supervisory Board advises the Board of Management and Executive Committee, while taking into account the interests of the company and its stakeholders. Major investments, acquisitions and functional initiatives are subject to Supervisory Board approval.

The Supervisory Board is governed by its Rules of Procedure (available on our website). The Rules of Procedure include the profile and charters of the Committees, which set out the tasks and responsibilities of the Supervisory Board, and its operational processes.

Composition

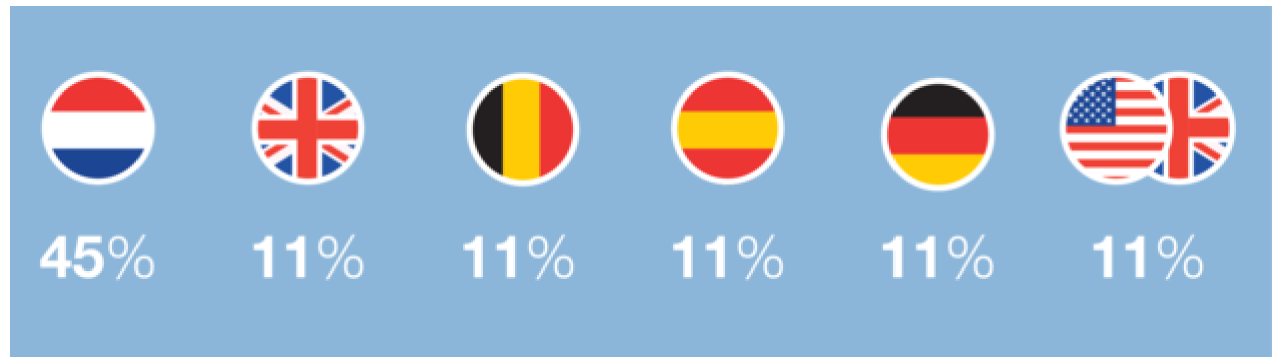
In compliance with the Dutch Civil Code, the Supervisory Board has a balanced composition reflecting the nature and variety of the company's businesses, their international spread and expertise in fields such as finance, economics, societal, environmental and legal aspects of business, government and public administration.

The Supervisory Board maintains a skills matrix, which provides an overview of the skills and experience of the individual members. The skills matrix can be found on page 94.

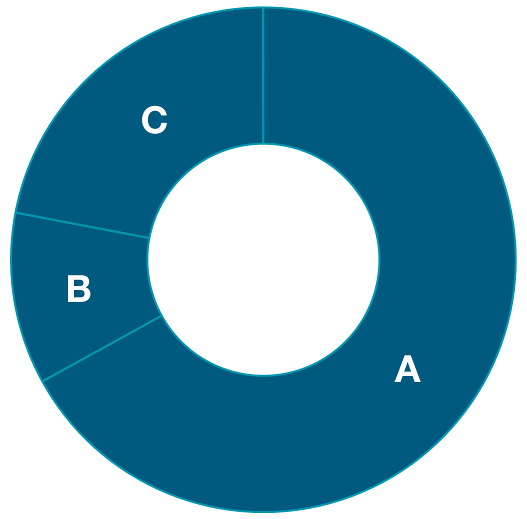
In addition, in accordance with the Code, a policy on diversity and inclusion has been adopted for the composition of the Supervisory Board in the DE&I Policy for the executive level, Board of Management and Supervisory Board. The objective of this policy is to ensure a balanced composition, taking account of nationality, age, gender, education and work background. For 2024, there are no divergences to report. With six male and three female members, the Supervisory Board complied with the requirements of the Dutch Gender Diversity Bill.

Dutch law stipulates that a Supervisory Board member may not hold more than five Supervisory Board positions in large companies or large foundations (as defined by Dutch law), with chair positions counting twice. The Supervisory Board annually reviews the external positions held by its members and Board of Management members to ensure they have adequate time to fulfill their duties and responsibilities towards the company.

Supervisory Board



Tenure in years in %



A 0-4	67
B 5-8	11
C 9-11	22

Appointment

Supervisory Board members are nominated, appointed and dismissed in accordance with procedures identical to those previously outlined for the Board of Management members. When nominating and selecting new candidates for the Supervisory Board, we take into account the Supervisory Board profile and skills matrix, the requirements of the Act on Management and Supervision, the principles and provisions of the Code, as well as the DE&I Policy for the executive level, Board of Management and Supervisory Board. In accordance with the Code, Supervisory Board members are eligible for re-election once for a period not exceeding four years. Members may be re-elected a second time for a period of two years. This period may be extended by two years at the most. In the event of a reappointment after an eight-year period, reasons must be given in the Report of the Supervisory Board. Terms of appointment are based on a reappointment scheme, available on our website. Three appointments and one reappointment to the Supervisory Board were proposed to, and approved at, the AGM held in April 2024.

Induction and training

Following appointment to the Supervisory Board, new members receive a comprehensive induction tailored to their individual needs. This includes extensive briefings about all major business and functional aspects of the company and its corporate governance and compliance requirements. The induction includes meetings with the CEO, CFO, all other Executive Committee members and relevant members of senior management, as well as site visits. This enables new Supervisory Board members to quickly build up an understanding of AkzoNobel's businesses and strategy, as well as the key risks and issues the company faces. In addition, the Chair ensures the Supervisory Board is provided with regular updates, attends business unit deep dives and ensures that the Supervisory Board undertakes training, for example in the area of compliance and ethics and sustainability (reporting). To the extent required, separate training sessions outside of regular Supervisory Board meetings can be arranged by the company.

Conflict of interest

Supervisory Board members may not participate in the discussions and decision-making on a subject or transaction in relation to which they have a conflict of interest with the company. Decisions to enter into transactions under which Supervisory Board members have conflicts of interest that are of material significance to the company, and/or to the relevant Supervisory Board member, require the approval of the Supervisory Board. Any such decisions will be recorded in the annual report for the relevant year, with reference to the conflict of interest and a declaration that the relevant best practice provisions of the Code have been complied with. During 2024, no transactions were reported under which a Supervisory Board member had a conflict of interest which was of material significance to the company and/or to the relevant member.

Remuneration of the Supervisory Board

Supervisory Board members receive a fixed annual remuneration and attendance fee, which is determined by the AGM. According to the Code, it is not possible for members to be remunerated in shares. The current Remuneration Policy for the Supervisory Board was last amended in full following adoption at the AGM in 2021, and last updated at the AGM in 2024. More information on the remuneration of Supervisory Board members and the Remuneration Policy of the Supervisory Board can be found in the Remuneration report and Note 25 of the Consolidated financial statements.

Supervisory Board committees

The Supervisory Board has established three permanent committees – the Audit Committee, Nomination Committee and Remuneration Committee. Information on the activities, composition and attendance of the Supervisory Board members at the meetings of the committees during the year is set out in the Report of the Supervisory Board. Each committee has a charter describing its role and responsibilities, as well as the manner in which it discharges its duties and reports to the full Supervisory Board. These charters are included in the Rules of Procedure of the Supervisory Board. The committees report on their deliberations and findings to the full Supervisory Board.

Shareholders and the Annual General Meeting

The AGM is an integral part of the governance of the company and its system of checks and balances. The AGM reviews the annual report and decides on the adoption of the financial statements and the dividend proposal, as well as the discharge and (re)appointment of members of the Supervisory Board and Board of Management. The AGM is convened by public notice and the agenda, notes to the agenda and the procedure for attendance and voting at the meeting are published in advance and posted on our website. Matters proposed for consideration, approval or adoption are tabled as separate agenda items and explained in writing in advance of the meeting.

These proposals include, where relevant:
- Adoption of the financial statements
- Dividend proposal
- Discharge of members of the Supervisory Board and Board of Management
- (Re-)election of members of the Board of Management and Supervisory Board
- Advisory vote on Remuneration report
- Other important matters, such as major acquisitions or the sale or demerger of a substantial part of the company, as required by law
- Authorization of the Board of Management to issue new shares
- Authorization of the Board of Management to repurchase shares
- Material changes to the remuneration policies of the Board of Management and the Supervisory Board
- Amendments to the Articles of Association (for more details, see art. 57 of the Articles of Association, available on our website)

The company provides remote voting possibilities to its shareholders. Holding shares in the company on the record date determines the right to exercise voting rights and other rights relating to the AGM. All resolutions are made on the basis of the “one share, one vote” principle (assuming an equal par value for each class of shares). All resolutions are adopted by absolute majority, unless the law or the company’s Articles of Association stipulate otherwise. Holders of common shares in aggregate representing at least 1% of the total issued capital, or, according to the Official List of Euronext Amsterdam N.V., representing a value of at least €50 million, may submit proposals for the AGM agenda. Such proposals must be adequately substantiated and submitted in writing, or electronically, to the company at least 60 calendar days in advance of the meeting. Draft minutes of the AGM are made available on our website within three months of the meeting date. The final minutes are made available online within six months of the meeting date.

Share classes

AkzoNobel has three classes of shares: common shares, cumulative preferred shares and priority shares. Common shares are traded on the Euronext Amsterdam stock exchange. Common shares are also traded over-the-counter on OTCQX in the US in the form of American Depositary Receipts (each American Depositary Receipt representing one-third of a common share). On December 31, 2024, a total of 170.8 million common shares and 48 priority shares had been issued. This includes shares held in treasury which cannot be voted on and which are not eligible for dividend. Shareholders owning 3% or more of the issued capital and/or voting rights must report this to the Dutch Authority for the Financial Markets (AFM) as soon as the threshold is reached or exceeded. Relevant reporting by shareholders can be found in the “Register of substantial holdings and gross short positions” at www.afm.nl

The majority of shares in AkzoNobel N.V. are included in a global certificate and held through the system maintained by the Dutch Central Securities Depository (Euroclear Nederland). In the past, Akzo Nobel N.V. also issued (physical) bearer share certificates (Bearer Certificates).

A limited number of Bearer Certificates have not yet been surrendered to Akzo Nobel N.V., although holders of Bearer Certificates are entitled to a corresponding number of shares in Akzo Nobel N.V. It is noted that, as a result of Dutch legislation which became effective as of July 2019, the relevant shares were registered in the name of Akzo Nobel N.V. by operation of law as per

January 1, 2021. Pursuant to this legislation, owners of Bearer Certificates will continue to be entitled to a corresponding number of shares in Akzo Nobel N.V. until January 2, 2026. On that date, their entitlement will expire by operation of law.

Related information

For more details about AkzoNobel shares and Bearer Certificates, contact Investor Relations:
investor.relations@akzonobel.com

The priority shares are held by the Foundation Akzo Nobel (Stichting Akzo Nobel). The priority shares are limited in transferability and profit entitlement (see Note F of the Company financial statements). The Foundation's Board consists of AkzoNobel's Supervisory Board members who are not members of the Audit Committee. The Meeting of Holders of Priority Shares has the nomination right for the appointment of members of the Board of Management and the Supervisory Board, as well as the right to approve amendments to the Articles of Association of the company.

No cumulative preferred shares have been issued to date. Cumulative preferred shares merely have a financing function, which means if necessary, and possible, they will be issued at or near the prevailing quoted price for common shares.

The 2024 AGM authorized the Board of Management for a period of 18 months after that date or, if earlier, until the date on which the AGM again renews the authorization – subject to approval from the Supervisory Board – to issue shares in the capital of the company free from pre-emptive rights, up to a maximum of 10% of the issued share capital. The Board of Management was also given a mandate to acquire and to cancel held or acquired common shares in the company's share capital. The maximum number of shares that the company will hold in its own share capital at any time shall not exceed 10% of its issued share capital.

Anti-takeover provisions and control

According to the Code, the company is required to provide an overview of its actual or potential anti-takeover measures, and to indicate in what circumstances it's expected they may be used. The priority shares may be considered to constitute a form of anti-takeover measure, in relation to the right of the Meeting of Holders of Priority Shares to make binding nominations for appointments to the Board of Management and the Supervisory Board. The Foundation Akzo Nobel has confirmed that it intends to make use of such rights in exceptional circumstances only. These circumstances include situations where, in the opinion of the Board of the Foundation, the continuity of the company's management and policies is at stake.

This may be the case if a public bid for the common shares of the company has been announced, or has been made, or the justified expectation exists that such a bid will be made, without any agreement having been reached in relation to such a bid with the company. The same shall apply if one shareholder, or more shareholders acting in a concerted way, hold a substantial percentage of the issued common shares of the company without making an offer. Or if, in the opinion of the Board of the Foundation Akzo Nobel, the exercise of the voting rights by one shareholder or more shareholders, acting in a concerted way, is materially in conflict with the interests of the company. In such cases, the Supervisory Board and the Board of Management, in accordance with their statutory responsibility, will evaluate all available options with a view to serving the best interests of the company, its shareholders and other stakeholders.

The Board of the Foundation Akzo Nobel has reserved the right to make use of its binding nomination rights for the appointment of members of the Supervisory Board and of the Board of Management in such circumstances. Although a deviation from provision 4.3.3 of the Code, the Supervisory Board and the Board of Management are of the opinion that these provisions will enhance the continuity of the company's management and policies. In the event of a hostile takeover bid, or other action which the Board of Management and Supervisory Board consider adverse to the company's interests, the two Boards reserve the right to use all available powers (including the right to invoke a response time in accordance with provisions 4.1.6 and 4.1.7 of the Code), while taking into account the relevant interests of the company and its affiliate enterprises and stakeholders.

Auditors

The external auditor is appointed by the AGM on proposal of the Supervisory Board. An annual evaluation of the external auditor is reviewed by the Audit Committee and reported on to the Supervisory Board. The external auditor attends all meetings of the Audit Committee, and the meeting of the Supervisory Board at which the financial statements are approved. During these meetings, the auditor discusses the outcome of the audit procedures and the reflections thereof in the auditors' report. In particular, the key audit matters are highlighted. The auditor receives the financial information and underlying reports of the quarterly figures and can comment on and respond to this information. The external auditor is present at the AGM and shareholders may ask questions with regard to the audit.

Auditor independence

The Audit Committee and Board of Management report their dealings with the external auditor to the Supervisory Board annually, and also discuss the external auditor's independence.

Other services

One area of particular focus in corporate governance is the independence of the auditors. The Audit Committee has been delegated direct responsibility for the compensation and monitoring of the auditors and the services they provide to the company. Pursuant to the Audit Profession Act, the auditors are prohibited from providing the company with services in the Netherlands other than "audit services aimed at providing assurance concerning the information supplied by the audited client for the benefit of external users of this information and also for the benefit of the Supervisory Board as referred to in the reports mentioned".

The company has taken the position that no additional services may be provided by the external auditor and its global network that do not meet these requirements, unless local statutory requirements so dictate. In order to anchor this in our procedures, the Supervisory Board adopted the AkzoNobel Rules on External Auditor Independence and Selection and the related AkzoNobel Procedure on Auditor Independence. The aforementioned rules are available on our website.

Internal Audit

The Internal Audit function is mandated to provide the Board of Management, Executive Committee and Audit Committee with independent, objective assurance on the adequacy of the design and operating effectiveness of the Internal Control Framework described below. The Internal Auditor reports to the Board of Management and has direct access to the Audit Committee and its Chair. The function performs its mandate based on a risk-based audit plan, which is approved by the Board of Management and the Audit Committee. It reports the audit findings quarterly to the Board of Management, Executive Committee and the Audit Committee, which culminates in an annual assessment of the quality and effectiveness of the company's internal control systems.

Share dealing rules and rules on disclosure control

In accordance with Dutch law and regulations (including the European Market Abuse Regulation), the company maintains insider lists and exercises controls around the dissemination and disclosure of potentially price sensitive information.

All employees and the members of the Board of Management, Executive Committee and Supervisory Board, are subject to the AkzoNobel Share Dealing Rules, which limit their opportunities to trade in AkzoNobel securities. Transactions in AkzoNobel shares carried out by Board of Management, Executive Committee and Supervisory Board members (including their closely associated persons) are, as and when required, notified to the Dutch Authority for the Financial Markets (AFM). The Board of Management, Executive Committee and Supervisory Board members require authorization from the General Counsel prior to carrying out any transactions in respect of AkzoNobel securities, even in a so-called "open period". In relevant cases, the General Counsel can prohibit carrying out transactions in respect of other companies' securities. In addition, all employees are subject to the AkzoNobel Rules on Disclosure Control.

Internal controls and risk management

Internal controls

The company has adequate processes and procedures for internal controls. The Board of Management and Executive Committee have established several Risk, Control and Compliance Committees, which are explained on page 105. In 2024, we continued to invest in enhancing our Internal Control Framework and processes, including further leveraging system embedded and system enabled controls, standard role design and segregation of duties monitoring, helping us to prevent fraud and reputational damage. An integrated Risk and Internal Control department supports all businesses and functions in their work.

Risk management

Our risk management system is explained in more detail in the next chapter. Reference is made to the Statement of the Board of Management relating to internal risk management and control systems.

These head-turning murals were created in Sweden through our long-standing partnership with Artscape. Venturing beyond the usual urban setting, various buildings in the municipalities of Bromölla, Kristianstad, Kävlinge and Ystad were used as a blank canvas. The artists, who were equipped with our Nordsjö products, took their inspiration from other art forms, such as music, sculpture and photography.

RISK MANAGEMENT

Internal controls

Refer to the previous page for our processes and procedures regarding internal control.

The AkzoNobel Internal Control Framework

Risk management vision and governance

AkzoNobel has a diverse portfolio of brands, geographic footprint and business structure, which means it's important for us to manage risks in a proactive and responsible way. We strive to be a successful and respected company and seek to take a balanced and integrated risk management approach. Risk management is an essential element of our corporate governance and strategy development. We continuously strive to foster a high awareness of business risks and internal control to provide transparency in our processes and operations. AkzoNobel complies with the risk management requirements of the Dutch Corporate Governance Code 2022. The Board of Management and Executive Committee are responsible for managing the risks associated with our strategic objectives and the establishment and adequate functioning of appropriate risk management and control systems (see Statement of the Board of Management).

Risk management framework

Our risk management framework is in line with the Enterprise Risk Management – Integrated Framework of COSO and the Corporate Governance Code. It's an embedded, company-wide activity, focused on the areas of main risk exposure and provides reasonable assurance that our business objectives can be achieved and our obligations to customers, shareholders, employees and society can be met. The process consists of risk appetite setting by the Board of Management to serve as input for our strategy and general risk management approach, followed by structured risk assessments applying a top-down and bottom-up approach, and the management and monitoring of identified risks. The risk management framework is discussed twice a year with the Supervisory Board. For more information on our risk management framework, visit the Risk management section on our website.

Risk management in 2024

AkzoNobel's risk appetite differs depending on the type of risk. We believe we must operate within the dynamics of the paints and coatings industry and take the risks needed to ensure our relevance in the market. At the same time, topics related to our core values and company purpose require a different risk appetite.

During 2024, we held a significant number of enterprise risk workshops across the organization, as well as project, transition and fraud risk workshops. Risks were identified by responsible management teams and functional experts, followed by the definition of adequate mitigating actions. We consider risk assessment and mitigation to be a continuous process, carried out against the background of an evolving risk landscape, which includes short, medium and longer term challenges.

The symbols alongside the risk descriptions that follow represent management's assessment of risk development, compared with 2023. During the assessment, both our internal and external environment were considered. For information related to financial risk management, see Note 26 of the Consolidated financial statements.

Ability to execute =

The risk of misalignment between the business and functions and short term versus long term, leading to inability to support and drive the business agenda and growth plans, resulting in not delivering the set targets.

Mitigating actions:
- Leadership team changed, flattening the organization, increasing business representation in the Executive Committee and consolidating the Commercial and Strategic functions
- Improving our industrial operations by focusing on reducing complexity, improving capacity utilization and investing in the modernization of our sites
- Streamlining the execution model by addressing over-functionalization, including reintegrating R&D into the business units and realigning the Coatings Integrated Supply Chain (ISC) model. This will restore end-to-end accountability and further simplify the structure through delayering

Business continuity ▼

The risk of being unable to respond adequately to a significant business interruption, leading to financial and reputational damage.

Mitigating actions:
- Continue to enhance our business continuity processes and plans, supported by taking Integrated Business Planning to a next maturity level and increasing cross-functional and business collaboration

Cyber security ▲

The risk of significant business disruption and/or inadequate recovery following a cybersecurity attack, leading to production interruption, unauthorized access and disclosure or loss of business sensitive information, financial loss, and/or inability to align or comply with laws, regulations and contractual obligations concerning cybersecurity, which can limit our presence in some regions and markets.

Mitigating actions:
- Continually reinforcing cybersecurity awareness and culture within the entire organization (e.g. phishing tests)
- Strengthening protection, detection and response capabilities on both IT and OT (operational technology) domains by leveraging new technologies. In addition, accelerating the integration of the IT and OT infrastructure from M&A entities where not fully completed
- Improving the capacity for reducing the impact from sophisticated cyber attacks and quickly recovering from them
- Improving our capacity for assessing cyber risks in critical domains and monitoring their remediation
- Increasing the level and quality of partnerships with public and private institutions for improving the security level of our business ecosystem

Geopolitical instability =

The risk that geopolitical turbulence results in declining customer and industry confidence and a decline in key markets and significant losses to our sales and profitability.

- Balanced geographic presence with revenue generated from all regions and continued investment focus on higher growth markets to optimize geographic spread
- Geopolitical assessment as part of investment decisions and medium-term operational planning
- Continue to drive business unit strategic initiatives underpinning the company strategy
- Diversifying our supply chain and managing redundancy

Integrated Business Planning (IBP) maturity =

The risk that we don't reach the required service levels due to inadequate end-to-end planning processes and supply chain infrastructure, leading to loss of existing business and inability to win new business.

Mitigating actions:
- Focus on complexity reduction and improving efficiency of the product portfolio and supply chain
- Increase agility and velocity in the end-to-end process through simplification, cross-company initiatives, digitalization and data-driven modeling
- Stronger performance management via aligned sets of lagging and leading KPIs, and mature IBP governance

Macro-economic crisis =

The risk of a prolonged macro-economic downturn, leading to local currency devaluation, high inflation, customer destocking and a reduction in volume and margin.

Mitigating actions:
- Balanced geographic presence with revenue generated from all regions and continued investment focus on higher growth markets to optimize geographic spread
- Continued focus on operational cost, complexity reduction, margin management and commercial and procurement excellence
- Continue to drive business unit strategic initiatives underpinning the company strategy
- Strategic portfolio review: Redeploy capital to create synergetic scale in areas with clear path to leadership

Non-compliance and litigation ▲

The risk of potential impact of current and future business conduct, Environmental, Social and Governance (ESG) standards, product compliance, safety and environmental regulations concerning existing and legacy operations or assets, which may subject the company to litigation, financial losses, or reputational harm.

Mitigating actions:
- Exposures over a defined threshold are reported, monitored and managed by the AkzoNobel Legal Group (referred to as Legal below) and Finance, and reported to the Audit Committee twice a year
- Developments around business conduct, ESG, product compliance, safety and environmental legislation and the impact thereof on our current and legacy operations and assets are reviewed regularly by Health, Safety and Environment, Sustainability, Legal and Finance
- There's a quarterly process for review of our portfolio of legacy operations and assets, including Integrated Supply Chain, Finance and Legal
- Updates on significant claims and litigation are regularly provided to the Board of Management and Supervisory Board

Pricing and margin management ▲

The risk of lower margins resulting from lower price capture (price execution/increased competitive pressure, as well as increasing tariffs) and/or higher inflation and raw material cost versus plan.

Mitigating actions:
- More data-driven approach, based on value pricing
- Investment in sales capability and focus on commercial excellence
- Continue to closely monitor raw material prices and availability, as well as potential tariff increases

Product portfolio ▼

The risk of lacking a fit-for-purpose product portfolio, leading to a cost base that's too high and an inability to compete in the market.

Mitigating actions:
- Continuing to reduce our product portfolio complexity
- Constantly re-engineering our products
- Enhancement of our product lifecycle and product change management

Supply shortages ▼

The risk of supply shortages of key raw materials, packaging and/or spare parts, resulting in production interruptions, additional cost and muted organic growth.

Mitigating actions:
- Maintain and further improve strong industry and market intelligence analysis of suppliers and raw material markets
- Drive supply chain network design, end-to-end, from supplier to end customer
- Assess climate change impact and develop mitigation plans for own operations, key suppliers' locations and logistics (see the Sustainability statements)
- Supply chain risk management tool implemented to secure early warnings across the globe
- New raw material risk management approach being rolled out to define risks across regions and business units to further improve mitigation planning

Symbols indicate the following:

Risk assessed to increase.	▲
Risk assessed to remain fairly stable.	=
Risk assessed to decrease.	▼

INTEGRITY AND COMPLIANCE MANAGEMENT

We're committed to leading with integrity in our industry. It's one of our three core values for doing business. We continue to further advance and expand our Integrity and Compliance program to help ensure compliance with laws and regulations, empower and enable our employees to make fair and honest decisions and bring integrity to life.

Below is a summary of the 2024 priorities and key activities, and the outcomes thereof, as required pursuant to the Dutch Decree on the publication of non-financial information.

Governance and organization

The Executive Committee is responsible for maintaining a culture of integrity and ensuring an effective Integrity and Compliance program and control framework at AkzoNobel. The Supervisory Board's Audit Committee oversees this responsibility. The Executive Committee has delegated certain responsibilities to the following working committees and Integrity and Compliance team:

Integrity and Compliance governance committees

The Integrity and Compliance governance committees are at the core of our Integrity and Compliance governance model. We assess the need for committees depending on organizational changes, changes in the risk profile of business units, and regulatory and legislative changes. In 2024, we had committees in place in all eight business units, the Integrated Supply Chain organization and certain specific countries. The committees consist of business unit leadership and key corporate function leaders, including the Integrity and Compliance managers. The committees drive the operationalization of the Integrity and Compliance program into the organization, with a strong focus on prevention. The committees discuss trends, identify, prioritize and address risks and share learnings from investigations to drive continuous improvement. In 2024, each business unit committee conducted an Integrity and Compliance risk assessment. For more information on the Integrity and Compliance risk assessment, see the following Risk management paragraph. The committees meet at least quarterly.

SpeakUp! Committee

The centrally established SpeakUp! Committee is responsible for deciding investigations into SpeakUp! reports involving alleged violations of our Code of Conduct and applicable laws, including decisions on discipline and control improvement actions. The committee ensures transparency and consistency of decisions, including disciplinary actions, throughout the organization. The committee also monitors and responds to trends identified during investigations. SpeakUp! cases are generally decided by the SpeakUp! Committee, with certain limited exceptions: (1) Certain regulatory cases where subject matter expertise is needed, which go to the General Counsel; or (2) Certain lower risk cases which may be decided by the leader of the business unit or function in whose organization the alleged violation occurred. The latter cases are reviewed by the SpeakUp! Committee. In 2024, there were no individual matters or disciplinary actions discussed with the committee that would warrant separate disclosure in the annual report. Should there be material compliance matters, or material internal control weaknesses or improvements in the future, these will be addressed through the Risk, Control and Compliance Committees (see below) and discussed with the Audit Committee and external auditor and, where appropriate, disclosed in accordance with the applicable legal requirements.

Risk, Control and Compliance Committees (RCC)

The RCCs are responsible for supervising the effectiveness of the control environment and reviewing weaknesses in this environment, enabling more robust prioritization and progress. There are eight business unit RCCs and six functional RCCs, in addition to a Group RCC. They each met quarterly in 2024.

Privacy Committee

Responsible for supervising the company's privacy framework and driving the further improvement of the Privacy program. For more information on our key privacy activities, see the following Privacy program paragraph.

Integrity and Compliance team

The day-to-day management of our Integrity and Compliance program is delegated to the Integrity and Compliance team – which is led by the Director of Integrity and Compliance, who reports to the General Counsel. The team includes: experts in integrity and compliance program design; legal experts in the fields of competition law, anti-bribery and anti-corruption, data privacy and export controls and sanctions (which, since 2024, reports into the Director of Integrity and Compliance); as well as our Integrity and Compliance managers in all regions, who drive the implementation and further tailoring of the program to address local risks.

To ensure the company maintains and strengthens its culture of integrity, the Integrity and Compliance team – together with various other functions and stakeholders across the organization – focuses its efforts on the following key areas:
- Help leaders set a strong tone at the top and lead by example
- Drive awareness and ownership of all employees through effective policy management, training and communication
- Design and implement effective controls and monitoring
- Risk management
- Investigations of SpeakUp! matters with a focus on identifying control action items and sharing lessons learned
- Driving continuous improvement

The regional Integrity and Compliance managers contribute to further strengthening the culture of integrity. This includes identifying and addressing local risks and cooperating with the business and functional teams to tailor the program to local risks and follow up on internal audit findings and SpeakUp! cases. The heads of Integrity and Compliance, Internal Control and Internal Audit meet at least quarterly to discuss findings and trends, and to align actions. The Director of Integrity and Compliance also meets at least quarterly with the Human Rights and Sustainability teams to discuss the priorities in these areas and maximize alignment and collaboration.

Risk management

The business unit Integrity and Compliance governance committees play a key role in the Integrity and Compliance risk assessments, which are led by the Integrity and Compliance team. In 2024, the Integrity and Compliance risk assessment process launched the previous year was further standardized and automated. The business unit Integrity and Compliance governance committees were able to vote electronically on key risks, captured in a risk heatmap for each committee. The committees then identified their top three risks during a workshop, after which they defined action plans and owners to mitigate these risks. Each committee has approved its business unit specific risk remediation plan, which were all captured in the new electronic tool. The implementation of the risk remediation plans is monitored quarterly through the same electronic tool. The outcome of all Integrity and Compliance risk assessments serves as the basis to identify the key priorities for 2025 and beyond.

Policy management

All AkzoNobel policies, rules and procedures are available on the Policy Portal. In 2024, in addition to processing periodic revisions of policies, rules and procedures, technology improvements were made to make it easier for users to find and translate policies, rules and procedures, and for the Integrity and Compliance team to monitor policy portal usage.

Communication

In 2024, although no major risks or issues were identified in the SpeakUp! cases, we continued releasing SpeakUp! videos to continuously ensure a strong tone from the top and drive further prevention of wrongdoing. These are short videos in which senior leaders share lessons learned from SpeakUp! cases, as well as guidance for employees on how to prevent future misconduct. In addition, we continued to share ethical dilemmas and launched a new online Integrity and Compliance game to help colleagues address challenging situations and refresh their memory on key risks in the areas of competition law, data privacy law and anti-bribery and anti-corruption. To further strengthen our communications program, a communication dissemination plan has been implemented to ensure we target the relevant audiences via the most appropriate channels.

Training and education

In 2024, a key focus was increasing integrity and compliance awareness. As part of this, the Compliance Fitness Program was launched. It includes “workout cards” designed to be easy to use, understand and assist individuals/teams in addressing frequent challenges related to integrity and compliance topics. The cards are available through various channels, increasing ease of access to the information. Our Code of Conduct training has been revamped and was ready to assign to all new joiners as of January 1, 2025.

Competition law program

During the past year, we continued to prioritize compliance with competition law and fostering a culture of fair competition. The program focuses on educating employees about the importance of competition law compliance through regular training sessions, informative materials, detailed guidelines and bespoke workshops.

In 2024, we emphasized information exchange and market intelligence practices. We've also maintained an open channel for reporting and addressing potential concerns. The competition law aspects of M&A activity and subsequent integrations remain a key focus area.

Privacy program

Various initiatives have been introduced to continuously raise awareness on data privacy. To help our employees adhere to data privacy requirements they face in their respective jobs, we've launched two targeted e-learnings. One is focused on handling personal customer data, and the other on managing personal employee data. To further strengthen our internal data protection culture, we've also launched initiatives to enhance awareness around the notification process for personal data breaches.

Anti-bribery and anti-corruption program

In addition to the previously launched anti-bribery and anti-corruption registration and approval processes for gifts and conflicts of interest, in 2024, we further strengthened our Anti-Bribery and Anti-Corruption program by launching a donations, sponsorships and hospitality registration and approval tool. We also deployed new online training on critical anti-bribery and anti-corruption topics to increase employee awareness.

Third party risk management (TPRM) program

Following the successful pilot of the TPRM program focusing on anti-bribery and anti-corruption in Q4 2023, the program has since been successfully launched in selected business units globally.

The program is largely automated, with integrated continuous screening software and enhanced due diligence reporting features.

Export controls and sanctions

In 2024, we updated our e-learning to reflect the dynamic global export control landscape. As an in-house created training module, it utilizes real world examples and provides employees with a general understanding of export control regulations, how they impact their roles and what to do when faced with such situations.

We continued to improve and expand our monitoring activity. Conducted at order entry, the systems are designed to detect suspicious addresses and sanctions related restrictions. Matches and blocks are reviewed individually by the team and appropriate actions taken.

Monitoring

We have several processes to monitor compliance with our rules and procedures by employees and business partners. Employees are informed about this through the Employee Privacy Statement. Managers are also required to self-assess and confirm compliance with key company controls as part of the internal control self-assessment. The Internal Audit function performs numerous audits on our operations. Their audit plan is risk-based and takes account of prior compliance and internal control findings. Internal audits were also held or covered specific risks – at the request of the Integrity and Compliance team – to validate compliance with our rules and procedures in certain units, or in certain risk areas.

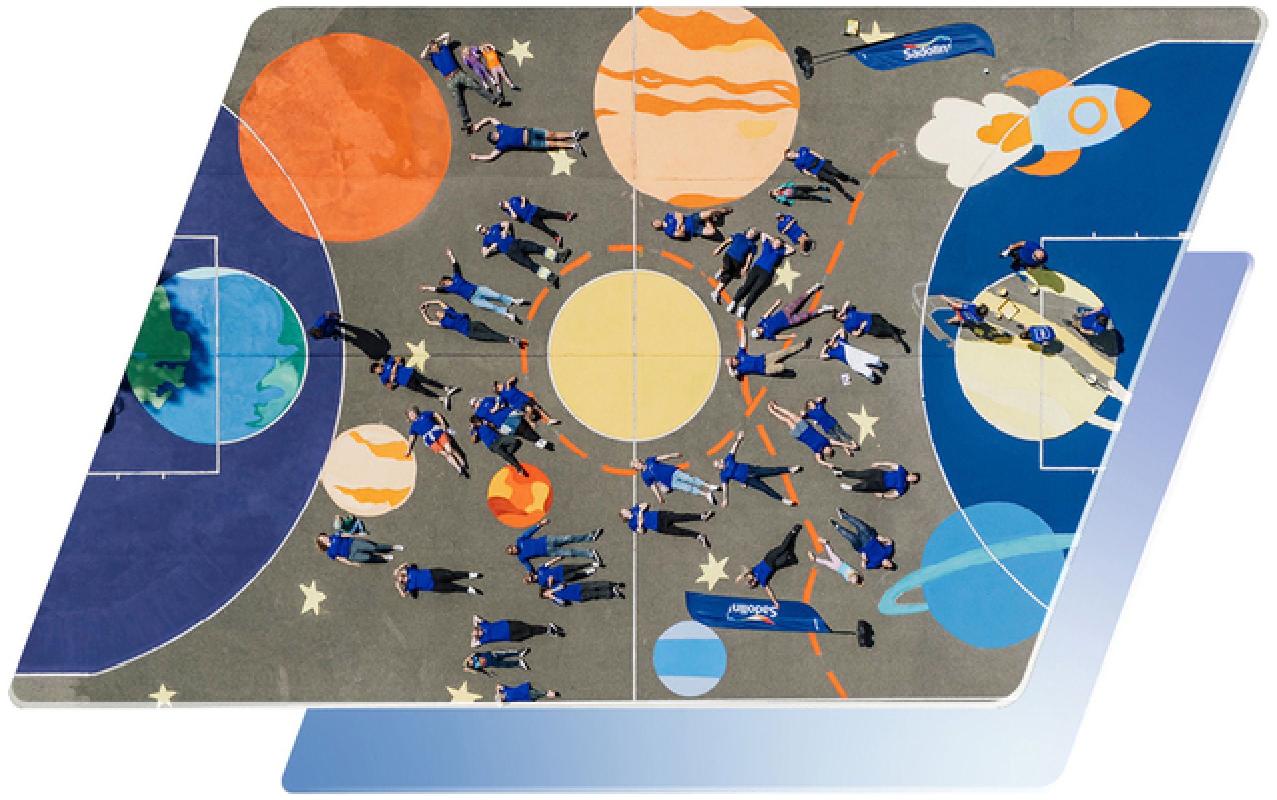
Grievance and investigation

Our SpeakUp! grievance mechanism offers employees and third parties a means to raise allegations relating to compliance with our Code of Conduct and violations of applicable laws and regulations.

Our dedicated investigation team follows an investigation protocol which adheres to strict principles of confidentiality, respect for anonymity, non-retaliation, objectivity and the right to be heard.

Reporting

During 2024, the Director of Integrity and Compliance reported every four months to the Executive Committee and the Audit Committee of the Supervisory Board on material developments of the Integrity and Compliance program. Material investigation matters, if any, are discussed quarterly with our external auditor.



Art student Angelina Paršina's incredible imagination helped our "Let's Colour" initiative go interstellar in Estonia. Her planet concept was selected from dozens of colorful design ideas to transform the basketball court at the Juuru SOS Children's Village. More than 100 volunteers took part in the project, using 87 different colors supplied by our Sadolin brand.

SpeakUp! reports

	2022	2023	2024	2023 Grupo Orbis	2024 Grupo Orbis**
Total reports and alleged violations	350	426	438	19	18
• Integrity	140	174	192	7	7
• Safety	28	40	64	0	0
• Sustainability*	182	212	182	12	11
Dismissals resulting from SpeakUp! reports	25	39	55	3	7
Conclusions SpeakUp! reports:					
• Substantiated	101	132	149	8	10
• Unsubstantiated	83	127	100	9	8
• Other (e.g. referred)	140	187	133	0	0

* Includes employee-related human resources concerns.

** Until September 30 (any cases after that date were registered in SpeakUp, but not separately tracked).

REMUNERATION REPORT

Letter from the Chair of the Remuneration Committee

Dear stakeholders
On behalf of the Remuneration Committee, I'm pleased to introduce AkzoNobel's 2024 Remuneration report. In this report, the company outlines the implementation of its remuneration policies in 2024. The 2024 Remuneration report will be subject to an advisory vote at our 2025 AGM.

Our business context in 2024

The economic environment in 2024 presented numerous complexities, including persistent inflation and volatile exchange rates. Market conditions proved unfavorable in regions such as China and for Industrial Coatings. Despite these challenges, the company achieved growth in Marine and Protective Coatings, Powder Coatings and Decorative Paints in Latin America and South East Asia. AkzoNobel sustained growth throughout each quarter in 2024.

Operationally, 2024 witnessed a significant enhancement in service levels, with substantial improvements in on-time, in-full (OTIF) performance. This achievement underscored the company's commitment to operational excellence, even amid ongoing industrial transformation initiatives.

To enhance agility and streamline operations, the Board of Management focused on reducing internal complexities that hindered growth. A comprehensive organizational simplification program was launched, resulting in the planned reduction of 2,200 functional roles. Announced at the end of Q3 2024, this Selling, General and Administrative (SG&A) efficiency initiative is progressing rapidly. While these measures have regrettable impacts on valued employees, their necessity is broadly understood and supported within the organization.

The company is also conducting a strategic review of its business in South Asia. This review aims to evaluate strategic options, including partnerships, joint ventures, mergers, or divestments. This significant step underlines AkzoNobel's commitment to optimizing its portfolio by focusing on key markets where it holds a competitive and differentiating scale, thereby enabling more effective capital allocation.

Looking ahead, a substantial market rebound is not anticipated in 2025. AkzoNobel's self-initiated measures are yielding positive results and are expected to further strengthen financial performance. In addition, the company is preparing to test its pricing power within relatively stable market conditions. By becoming stronger, more dynamic and more competitive, AkzoNobel is positioning itself for long-term growth when market conditions eventually improve. These strategic efforts reaffirm the Board of Management's dedication to achieving the company's mid-term objectives.

Our stakeholder engagement

The Remuneration Committee is pleased that the 2023 Remuneration report received a positive advisory vote at the 2024 AGM, with a majority vote of 96.51%.

2024 AGM stakeholder engagement

AkzoNobel actively engaged with various stakeholders in preparation for the 2024 AGM to ensure a transparent, inclusive and well-informed decision-making process. This engagement included consultations with shareholders, institutional investors and board members to align on strategic priorities, governance matters and financial performance.

In addition to formal meetings and advisory sessions, AkzoNobel has conducted targeted outreach initiatives, including investor roadshows and proxy advisor discussions. These efforts aim to address stakeholder concerns, foster an open dialog, and incorporate feedback from stakeholders where appropriate. By maintaining an open and proactive approach, the company reinforces trust and enhances stakeholder participation.

Remuneration report disclosure

Following the ongoing stakeholder dialogs, we implemented several changes in our 2023 Remuneration report to improve transparency and readability. Changes included using a new reporting format, structuring the use of tabular and textual information, using more visuals and providing additional context on Remuneration Committee decision-making. We also changed the long-term incentive (LTI) section in accordance with the vesting of the 2021-2023 LTI Plan, as this was the first award for which the updated performance metrics derived from the company's strategic plan were in place.

Decisions made on remuneration

Board of Management

The 2024 remuneration outcomes for the CEO and CFO are determined in accordance with the Remuneration Policy for the Board of Management, which was last amended in full following adoption at the 2021 AGM, and last updated at the 2024 AGM.

In 2024, the CEO's base salary was increased by 5.3% to reflect the fact that the initial salary was set in 2022 and had not been adjusted in 2023. The 5.3% is below the salary adjustments applied for AkzoNobel employees in the Netherlands. Following the increase, the CEO, Greg Poux-Guillaume, earned a base salary of €1,290,000. No changes were made to the base salary of the CFO, Maarten de Vries, as his salary was adjusted in line with the benchmark in May 2023. The CFO received a base salary of €830,000.

In 2024, the achievement on metrics for the short-term incentive was below target for both financial objectives. The non-financial objectives for the members of the Board of Management were evaluated above target on average for the CEO and just below target on average for the CFO. More details can be found in the section on short-term incentives.

The achievement on the metrics of the 2022-2024 LTI Plan was above target on the financial objectives for adjusted EBITDA and ROI, and just below target on revenue growth. Part of the Environmental, Social and Governance (ESG) metrics also showed good performance. Details are provided in the section on long-term incentives.

Supervisory Board

The 2024 remuneration for Supervisory Board members is determined in accordance with the Remuneration Policy for the Supervisory Board, based on amended fees as approved by the AGM in 2024. The Remuneration Committee carried out a benchmark in 2023 on the Supervisory Board remuneration levels. For comparability in board structure and responsibilities, remuneration levels were only compared with those companies in the peer group with a two-tier board. The benchmark used for this exercise did not include US companies, but Dutch and European companies only. Following the outcome of this review, AkzoNobel submitted a proposal to increase the annual retainer and committee fees of the Supervisory Board members at the 2024 AGM. The amended fees take into consideration that the remuneration levels for the Supervisory Board were last amended in 2021.

Implementation of our remuneration policies in 2025

The current remuneration policies for the Board of Management and the Supervisory Board were last adopted in full at the 2021 AGM. As required by Dutch law, the remuneration policies are submitted in full every four years. The Supervisory Board will submit the Remuneration Policy for the Board of Management to shareholders for adoption at the 2025 AGM.

The changes made compared with the previous policy include a proposal to amend the LTI weighting to better align with the company's strategic priorities. Upon adoption of the updated Remuneration Policy, vesting of the conditional grant will be linked to adjusted EBITDA (40%), ROI (40%) and ESG (20%).

Covestro will be removed from the labor market peer group, following the announcement of the intended take-over by state-owned oil company ADNOC, United Arab Emirates.

For new Board of Management members who are attracted from outside the company, the wording of "sign-on" is adjusted to "buy-out" to reflect the practice to merely (partially) compensate new members of the Board of Management for forfeited variable pay at their previous employer.

Additional malus and claw-back triggers related to risk management, individual misconduct and reasonableness and fairness have been added to the updated policy.

Following approval by the AGM in 2024 to increase the annual retainer and committee fees of the Supervisory Board members, no further changes, other than some technical and non-substantial textual updates, are envisioned for the Supervisory Board Remuneration Policy, which will be submitted in full for adoption at the 2025 AGM.

An overview of the remuneration in 2025 is included in the Remuneration Policy for 2025 chapter.

Dick Sluimers
Chair of the Remuneration Committee

Remuneration at a glance – 2024

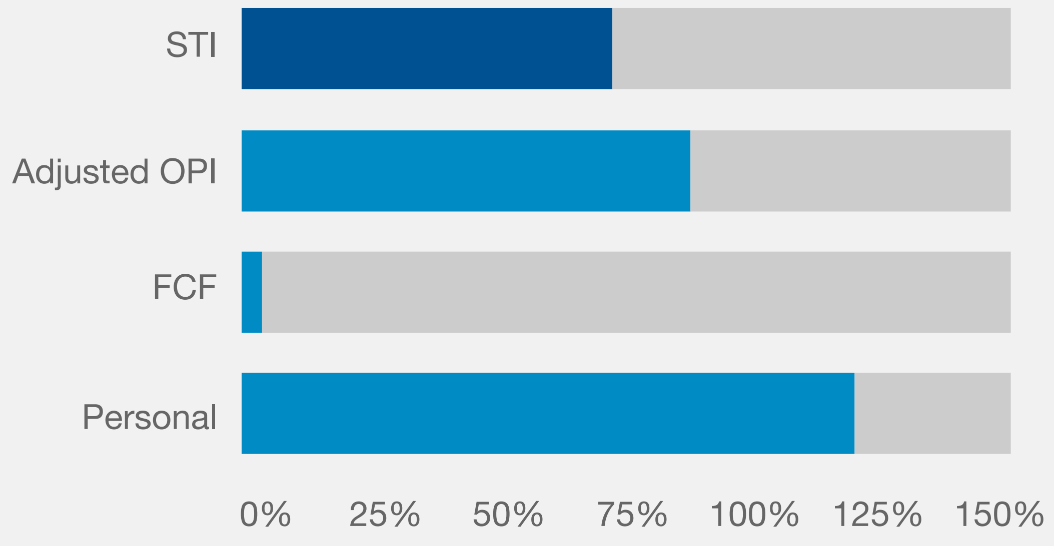
Base salary

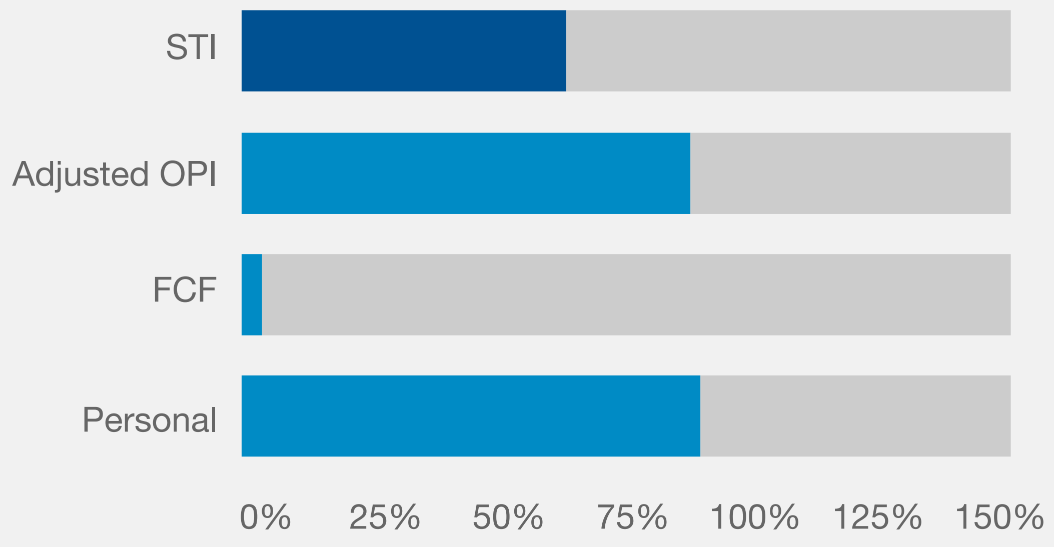
Greg Poux-Guillaume – **€1,290,000**

Maarten de Vries – **€830,000**

Short-term incentive

STI pay-out as % of target



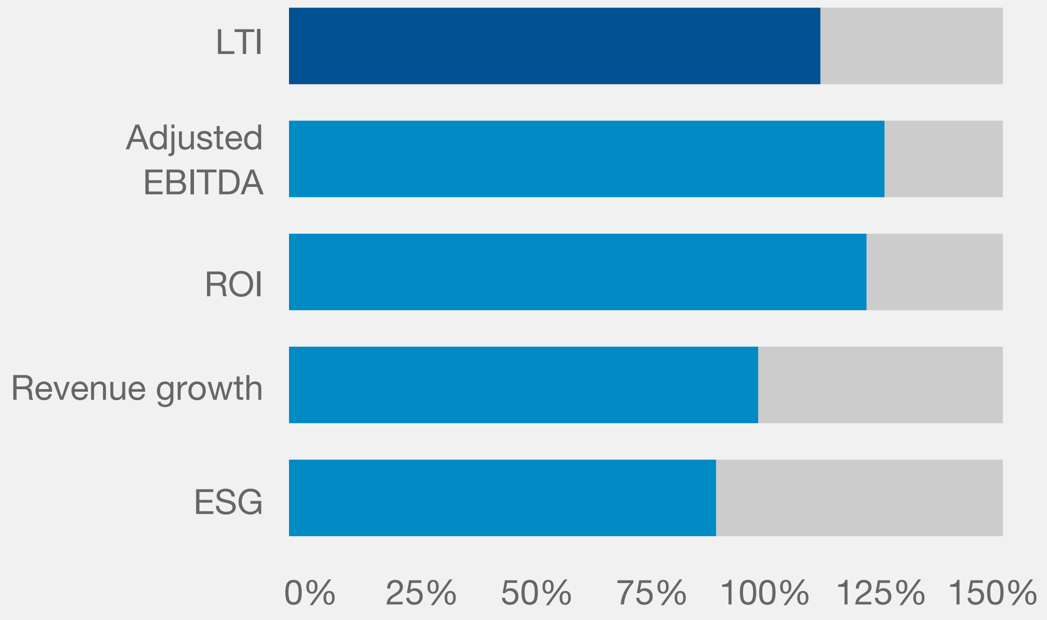


Investment of 50% net STI proceeds

Both the CEO and the CFO have chosen to invest an additional 25% of net STI proceeds in the Share-Matching Plan. Total investment of net STI proceeds equals 50% for both.

Long-term incentive

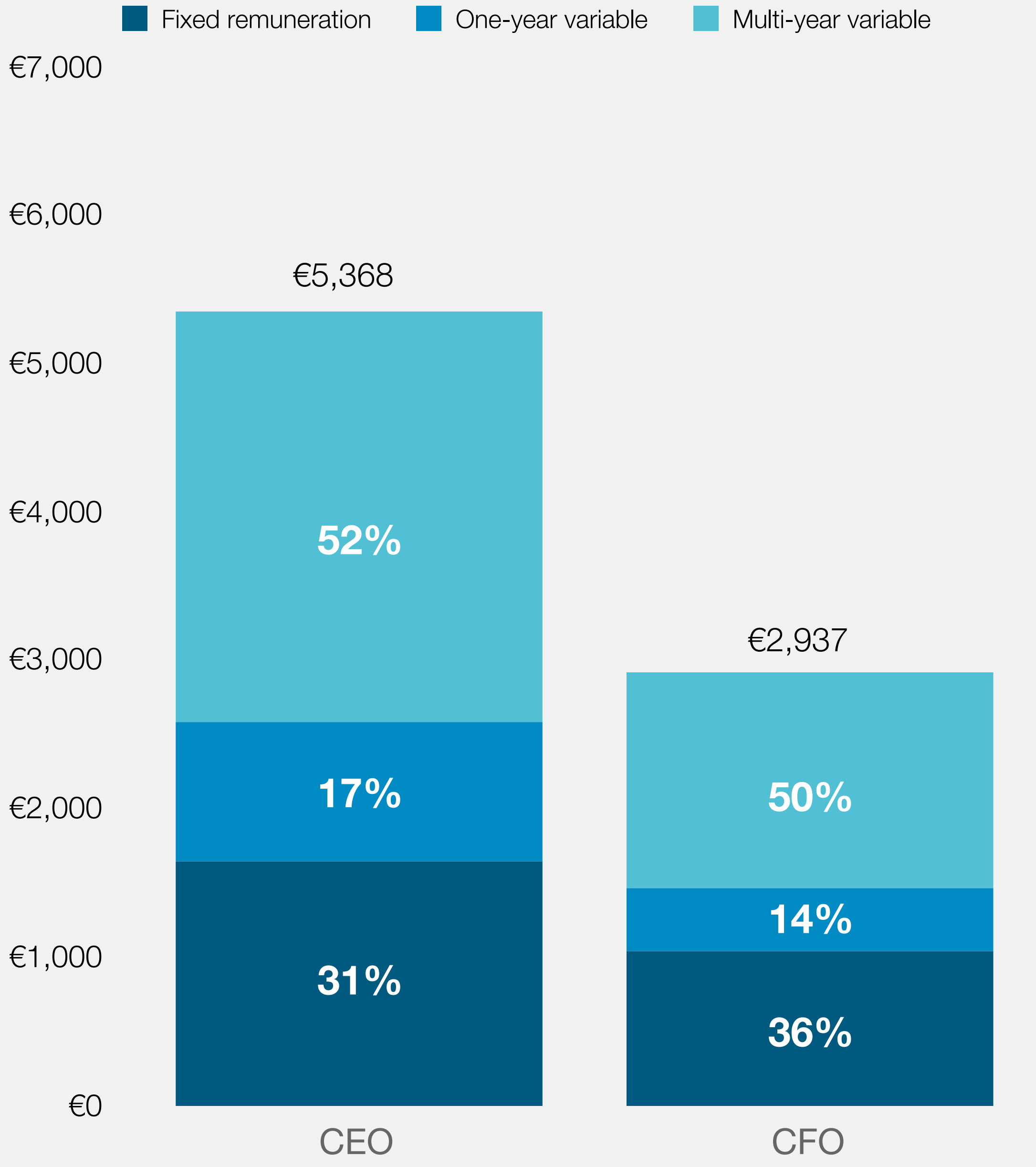
Vesting % of LTI award



Total pay

in € thousands

Total actual remuneration



Total actual remuneration reflects full-year 2024 actual remuneration as reported in the total remuneration table, whereby multi-year variable is on the basis of IFRS 2 expenses.

2024 policy at a glance – Board of Management

The Remuneration Policy for the Board of Management is designed to incentivize the Board of Management to achieve the company's objectives while considering market competitive standards, the ratio between fixed and variable pay, the perspective of shareholders and other key stakeholders, and ESG related contributions of the company.

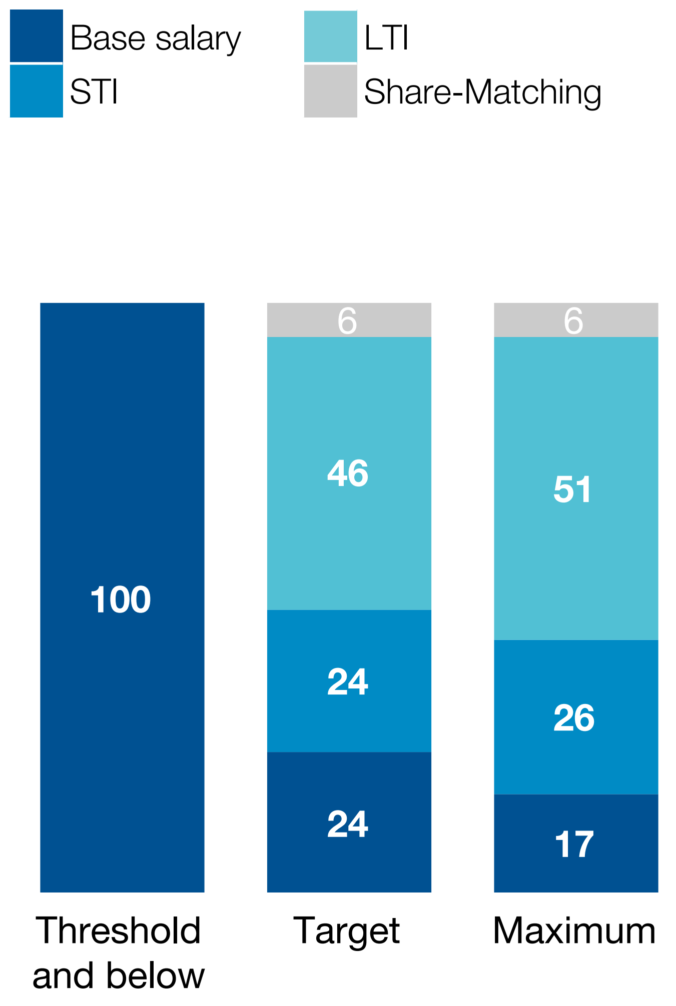
Purpose	Design and link to strategy	Value
Total direct compensation Is the basis for benchmark efforts (i.e. the reference to the labor market peer group).	Base salary and variable income. Variable income concerns the performance-related short-term incentive (STI), the long-term incentive (LTI) and the Share-Matching Plan. In addition, Board of Management members are entitled to certain benefits.	Value of each respective item is specified in more detail below.
Base salary Basic pay for the job.	• Aims to provide a fair and competitive basis for the total pay level to attract high caliber leaders • In-depth benchmark at least every three years • Remuneration increases above the median market level are reserved for Board of Management members who consistently outperform their targets	• Annual amounts CEO: €1,290,000 CFO: €830,000
Short-term incentive Aligning short-term business objectives and business drivers towards sustainable long-term value creation. Driving pay for performance.	• The Supervisory Board sets strategically important operational targets for the respective performance year and determines the extent to which they have been achieved • By ensuring that sustainable long-term value creation is properly reflected in stretched yet achievable targets, the realization of strategic business objectives is addressed • For on-target STI, 70% is linked to financial objectives and 30% is related to quantifiable non-financial objectives	• On-target performance: 100% of annual base salary for CEO and 80% for CFO • Maximum opportunity of 150% of target, i.e. CEO capped at 150% and CFO at 120% of annual base salary • Threshold: no STI pay-out below threshold
Long-term incentive Encouraging sustainable long-term value creation – both absolute and relative to competitors – and to align Board of Management interests with those of shareholders, as well as ensuring retention of the members of the Board of Management.	• Performance shares are awarded every year, to be converted into shares upon realization of pre-defined targets, observing a three-year vesting period. Performance is measured over three financial years, starting with the year of grant • Performance targets are based on company strategy, driving sustainable long-term value creation. 66% of LTI targets are linked to financial goals and 34% are linked to ESG goals • An additional two-year holding period after vesting applies	• The on-target grant equals 200% of base salary for the CEO and 150% for the CFO • Maximum vesting opportunity is 150% of the number of performance shares granted, which equals 300% for the CEO and 225% for the CFO • Threshold: no vesting if performance below threshold
Shareholding requirement Aligning reward to the interests of stakeholders and emphasizing confidence in performance and strategy.	• Members of the Board of Management are expected to build up a shareholding in the company; the minimum shareholding requirement must be accrued in five years • Considered are shares privately purchased and vested shares granted under AkzoNobel share-based compensation plans	• The minimum shareholding requirement is 300% of annual base salary for the CEO and 150% for the CFO
Share-Matching Plan Aligning reward to the interests of stakeholders and emphasizing confidence in performance and strategy.	• The Share-Matching Plan awards shares to Board of Management members for shares they have invested in from their STI proceeds and held over a three-year period • When they retain these shares for three years, the company will match such shares one on one, subject to continued employment	• Members of the Board of Management are required to invest 25% of their STI proceeds (net after tax and other deductions) • They may invest up to an additional 25% (maximum investment is 50% of total net STI)
Pension and other benefits Post-retirement remuneration and other benefits, creates alignment with market practice.	• A company paid contribution, based on age, to allow participation in a private pension plan, as applicable to Netherlands-based employees • Other benefits include sick pay (aligned with Netherlands-based employees) and a monthly transportation allowance of €2,000 • Greg Poux-Guillaume is also eligible for certain transitional benefits (temporary housing and travel reimbursements) to facilitate his transfer from Switzerland to the Netherlands	• Pension contributions for the CEO equal 16.7% of base salary and for the CFO equal 23.2% of base salary

External market context

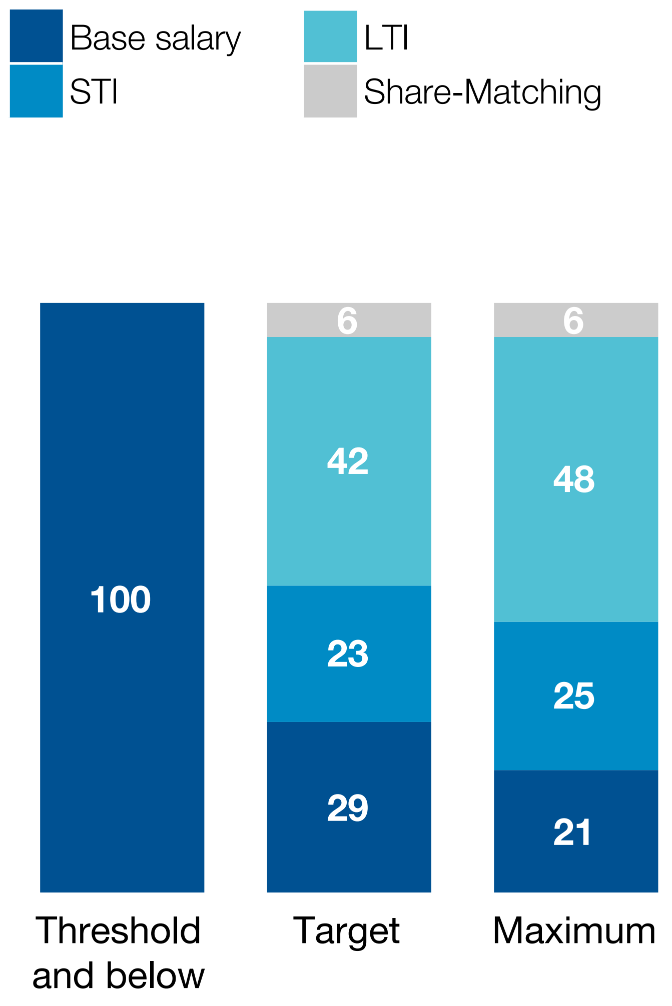
Peer group		Background of the peer group
• Air Liquide • Arkema • ASML • Clariant • Covestro • DSM-Firmenich • Evonik Industries • Givaudan • Henkel • Holcim Group	• Philips • Randstad • RELX • Signify • Sika • Solvay • Wolters Kluwer	• The labor market peer group is used to compare AkzoNobel's remuneration levels with those in similar companies • The group consists of companies of similar scale, complexity and geographic reach to AkzoNobel. The composition is limited to European headquartered companies to reflect local pay practices • AkzoNobel aims to outperform its sector peers and attract and retain high caliber members of the Board of Management. Therefore, the reference point is set at a total remuneration package that positions between the median and third quartile of the peer group (around the median for base salary and STI, between median and third quartile for LTI) • Composition of the 2024 labor market peer group is presented on the left

Remuneration Policy pay-mix

CEO pay-mix in %



CFO pay-mix in %



Remuneration for the Board of Management in 2024

Remuneration of Board of Management for the reported financial year in €

		Fixed remuneration						Variable remuneration								
		Base salary		Fringe benefits[1]		One-year STI		Multi-year variable LTI		Post-contract compensation		Termination and other benefits		Total remuneration		Fixed/ Variable
	Based on	2023	2024	2023	2024	2023[4]	2024[4]	2023	2024	2023	2024	2023	2024	2023	2024	2024
Greg Poux-Guillaume (CEO)[2]	IFRS 2 expenses[5]	1,225,000	1,290,000	153,800	154,700	1,549,380	934,928	1,802,210	2,773,163	204,600	215,400	–	–	4,934,990	5,368,191	31/69
	Market value at year-end[6]	1,225,000	1,290,000	153,800	154,700	1,549,380	934,928	N/A	1,411,906	204,600	215,400	–	–	3,132,780	4,006,934	41/59
Thierry Vanlancker (former CEO)[3]	IFRS 2 expenses[5]	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	Market value at year-end[6]	362,432	–	7,379	–	–	–	272,943	805,122	71,037	–	1,178,750	–	1,892,541	805,122	N/A
Maarten de Vries (CFO)	IFRS 2 expenses[5]	803,200	830,000	34,500	35,400	812,678	421,474	937,038	1,457,838	186,300	192,600	–	–	2,773,716	2,937,312	36/64
	Market value at year-end[6]	803,200	830,000	34,500	35,400	812,678	421,474	122,256	838,797	186,300	192,600	–	–	1,958,934	2,318,271	46/54

1 Fringe benefits consist of car arrangements, social security contributions for Maarten de Vries and Greg Poux-Guillaume and for the latter also temporary housing contributions.
2 Appointed per November 1, 2022.
3 Stepped down per November 1, 2022. Financial elements already reported in the 2022 Remuneration report.
4 In 2023 and 2024, the Board of Management members will invest 50% of their STI proceeds (net after tax) under the Share-Matching Plan.
5 Costs relating to share awards include non-cash expenses of Performance-Related Share Plan and Share-Matching Plan.
6 Market value at year-end for multi-year variable LTI is based on the number of shares that became unconditional during the year, multiplied by the share price of €57.96 at December 31, 2024 (December 29, 2023: €74.82).

This section presents insights into how the Remuneration Policy for the Board of Management was implemented in 2024. Actual remuneration was determined in line with the Remuneration Policy and no derogation of the policy has been applied. The Supervisory Board has conducted scenario analyses when determining the (variable) remuneration outcomes. This included the assessment on remuneration outcomes under the various performance scenarios and the impact of share price development (threshold and below, at-target and maximum).

Base salary

In 2024, the salary of CEO Greg Poux-Guillaume was increased by 5.3% to €1,290,000, reflecting the fact that the initial salary was set in 2022 and had not been adjusted in 2023. The 5.3% increase is below the salary adjustments applied for AkzoNobel employees in the Netherlands. The CFO's salary did not require an increase as his salary was adjusted in line with the benchmark in May 2023. Maarten de Vries earned a base salary of €830,000 in 2024.

Short-term incentives (STI)

Seventy percent of the 2024 STI is measured on financial objectives that reflect the profitable growth the strategy aims for. The remaining 30% is measured on quantifiable non-financial objectives. For the financial objectives, 40% is based on adjusted operating income (OPI) and 30% is based on free cash flow (FCF). For the non-financial objectives, a combination of individual objectives for both the CFO and CEO were selected. These objectives have been organized around three priorities related to people, transformation and portfolio management. The allocation of percentages to each category suggests a balanced approach, reflecting a comprehensive strategy aimed at organizational growth, simplification of the execution model and sustainable innovation.

The first objective relates to people. It was measured on the enhancement of organizational efficiency, employee engagement and the percentage of female leaders in senior executive roles. This objective, which accounted for 40% of the individual objectives, was achieved at 120% by the CEO and 45% by the CFO. In terms of measuring employee commitment, two indicators were used: (1) The rate of commitment, with a target set at the benchmark for industrial companies. This rate was exceeded, with an outcome of 4.0, compared with a benchmark of 3.8. (2) The employee net promoter score (eNPS) dropped by one point compared with last year to 10, and is still well above the benchmark by seven points. The participation rate was once again an impressive 89%. All indicators were measured by an external and independent company.

In terms of increasing gender diversity, progress was made towards achieving the target of 30% women at executive level. The female executive ratio slightly increased to 26%. To create a talent pipeline and be able to promote from within, recruitment of women at the higher middle management levels was encouraged. The percentage of female managers continued to rise in 2024, from 30% to 31.2%.

The third indicator related to organizational efficiency. To enhance the efficiency of its functions, the company is simplifying operations, accelerating decision-making and streamlining the company's management structure. The plan involves a reduction of 2,200 positions globally.

The second objective was industrial excellence, which accounted for 30% of the individual objectives and was assessed at 120%. In May 2024, as part of a multi-year industrial transformation plan, the company announced its intention to close the manufacturing sites of Groot-Ammers (the Netherlands), Cork (Ireland) and Lusaka (Zambia) and transfer the production to other locations in the region. The site in the Netherlands was closed at the end of October 2024. Productivity targets were set for the various AkzoNobel organizations. OTIF (on-time, in-full) passed the 90% mark, a significant annual improvement.

The final personal objective, portfolio management, accounted for 30% and was evaluated at 120%. The focus of this objective was to increase exposure to higher growth segments and drive innovation through sustainability. The company achieved growth in Marine and Protective Coatings and Powder Coatings. During the year, AkzoNobel launched several solutions that demonstrate our focus on driving industry change, especially in our three key end-user segments – the built environment, consumer goods and transport. They included: (1) Superdurable low-bake Interpon powder coatings that help protect building surfaces in more challenging environments, supporting our customers in reducing carbon emissions; (2) High-performance internal can coating technology which is free of all bisphenols, styrene, PFAS and formaldehyde; (3) Innovative Resicoat powder coatings technology that provides improved electrical protection for EV battery systems.

Following the end of the performance year, the Supervisory Board assessed the delivered performance against the targets set. The tables below and on the next page summarize the achieved performance.

STI on financial objectives

Performance metric	Weighting		Threshold	Maximum	Performance	Pay-out (as a % of target)
Adjusted OPI (in € mln)	40%	Corresponding target	673	1,423	1,113	
		Corresponding award	0%	150%	88%	35.20 %
FCF (in € mln)	30%	Corresponding target	350	950	367	
		Corresponding award	0%	150%	4%	1.28 %
Total financial	**70%**				**52%**	**36.48 %**

STI on personal objectives

Objective	Weighting	Metrics	Performance CEO	Pay-out (as a % of target) CEO	Performance CFO	Pay-out (as a % of target) CFO
People	12%	Employee engagement survey – outcome above benchmark for both employee commitment and the employee net promoter score (eNPS). Put in place the means to achieve the target of 30% females at executive level and encourage recruitment of women at highest middle management levels to create a talent pipeline. Organizational efficiency – take out complexity, simplify the organizational structure and foster a performance culture to delayer the organization and reduce cost.	120 %	14.4 %	45 %	5.4 %
Industrial excellence	9%	Start the first plant closures in Europe in 2024. Closures were announced of the manufacturing sites in Groot-Ammers (the Netherlands), Cork (Ireland) and Lusaka (Zambia). The site in the Netherlands was closed at the end of October 2024. Continue to improve OTIF and bring it to an average level of 85%. OTIF passed the 90% mark in 2024, from 85% in 2023 and 70% in 2020. Introduction of the concept of continuous improvement by setting productivity targets for the various AkzoNobel organizations.	120 %	10.8 %	120 %	10.8 %
Portfolio management	9%	Increase exposure to high growth segments. The company achieved growth in Marine and Protective Coatings and Powder Coatings. Sustainable product launches included: (1) Superdurable low-bake Interpon powder coatings that help protect building surfaces in more challenging environments, supporting our customers in reducing carbon emissions; (2) High-performance internal can coating technology which is free of all bisphenols, styrene, PFAS and formaldehyde; (3) Innovative Resicoat powder coatings technology that provides improved electrical protection for EV battery systems.	120 %	10.8 %	120 %	10.8 %
Total personal	**30%**		**120 %**	**36.0 %**	**90 %**	**27.0 %**

Following the performance assessment conducted by the Remuneration Committee, a total pay-out of 72.48% of target is applied for the CEO and 63.48% of target is applied for the CFO. The difference in the achievement on the personal objectives between the CEO and CFO is due to the fact that for the CEO, the People objective metrics were measured in terms of results for the company as a whole, and for the CFO this was a combination of the overall company performance and the finance organization. This results in the following STI pay-out:

- Greg Poux-Guillaume: €934,928
- Maarten de Vries: €421,474

In determining the outcome of the STI elements, the Remuneration Committee applied a reasonableness test in which the actual level of performance was critically assessed in light of the assumptions made at the beginning of the year.

Share-Matching Plan

The Share-Matching Plan reiterates the importance of share ownership, which underpins alignment over the long term. In addition to the required investment of 25% of STI proceeds (net after tax and other deductions), both the CEO and CFO decided to invest another 25%, totaling 50% of total net STI proceeds for 2024.

The Share-Matching Plan was suspended for STI payments made in the years 2019, 2020 and 2021. For this reason, no matching shares were received by Board of Management members in 2024.

Long-term incentives (LTI)

Vesting of the 2022-2024 LTI Plan

Under the 2022-2024 LTI Share Plan, a conditional share grant of 11,844 shares was made to the CFO. The CEO received a conditional share grant of 19,936 shares. This conditional grant has been pro-rated, calculated over the period from the start of employment until the end of the conditional period in December 2024. Under the 2022-2024 LTI Plan, a conditional grant of 25,578 was also made to the former CEO. The 25,578 shares that were conditionally granted in 2022 have been pro-rated, calculated over the period until the end of the management agreement in April 2023, to respectively 11,368 (16/36 of 25,578) conditional shares.

In line with the Remuneration Policy for the Board of Management applicable at date of award, the performance measures (and underlying metrics) were determined as included in the table on the next page.

At date of award, the Supervisory Board has determined for each measure (i) the performance level below which no shares vest; (ii) the performance level at which the target number of shares vest; and (iii) the performance level at which the maximum number of shares vest.

Following the end of the performance period of the 2022-2024 LTI Share Plan, the Supervisory Board assessed the delivered performance against the targets set.

The Supervisory Board set the threshold for adjusted EBITDA at €850 million and the maximum at €1.6 billion. The threshold for ROI was set at 7% and the maximum at 15%. As both adjusted EBITDA and ROI performance were above target in 2024, the corresponding vesting percentage for these specific parts of the LTI are 126% for adjusted EBITDA and 122% on ROI.

Revenue growth as weighted average is compared with a defined industry peer group, consisting of the following companies in the paints and coatings sector: Sherwin-Williams, Nippon Paint, PPG, Axalta and BASF Coatings. Organic growth rates to calculate the performance take into consideration price, mix, volume growth and exclude the effects of exchange rates and mergers and acquisitions. For Axalta and Sherwin-Williams, only organic growth percentage of the Performance Coatings business growth is taken into consideration. Performance on this metric is measured against 33 months following the start of the conditional period for Nippon Paint and BASF Coatings. The Supervisory Board set the threshold for revenue growth at -10.0% and the maximum at 2.0%. With a revenue growth of -0.11% compared with the market, the realization on this metric is 99%.

The ESG targets consist of four equally weighted targets related to our approach to sustainability. Actual performance on Total waste (circular) and Renewable electricity was respectively 74% and 65%, above the maximum target, which resulted in 150% vesting percentage on these ESG metrics. Our Total recordable injury rate landed at 0.28 at year-end, which means no payout will take place on this metric. The performance on Energy use was 1.77, resulting in 60% vesting percentage on this final metric.

Following the performance assessment conducted by the Remuneration Committee, a total vesting – after including the dividend yield of 8.76% during the vesting period – of 122.19% of the conditionally awarded number of shares is applied. This results in the following number of shares vested:

- Greg Poux-Guillaume: 24,360 (based on the pro-rated conditional grant)
- Thierry Vanlancker: 13,891 (based on the pro-rated conditional grant)
- Maarten de Vries: 14,472

LTI on financial objectives

Performance metrics 2022-2024 LTI Share Plan	Measurement approach	Weighting		Threshold	Maximum	Performance	Weighted vesting (as % of conditional grant)
Adjusted EBITDA (in € mln)	As is	40%	Corresponding target	850	1,600	1,478	94.3%
			Corresponding award	0%	150%	126%	
Return on investment (ROI) (in %)	As is	20%	Corresponding target	7%	15%	13.3 %	
			Corresponding award	0%	150%	122%	
Revenue growth (in %)	Organic revenue growth compared with Sherwin-Williams, Nippon Paint, PPG, Axalta and BASF Coatings. For Axalta and Sherwin-Williams, only performance for the coatings business is taken into consideration. Performance on this metric is measured against 33 months following the start of the conditional period for Nippon Paint and BASF Coatings.	20%	Corresponding target	(10%)	2%	(0.11%)	
			Corresponding award	0%	150%	99%	

Performance metrics 2022-2024 LTI Share Plan	Measurement approach	Weighting		Threshold	Maximum	Performance	Weighted vesting (as % of conditional grant)
Total recordable injury rate	Per 200,000 hours, three-year average	5%	Corresponding target	0.25	0.20	0.28	18.0%
			Corresponding award	0%	150%	0 %	
Total waste – circular	As the percentage circular waste of total waste	5%	Corresponding target	60%	68%	74 %	
			Corresponding award	0%	150%	150%	
Energy use (GJ/ton)	Per ton of production	5%	Corresponding target	1.83	1.67	1.77	
			Corresponding award	0%	150%	60 %	
Renewable electricity	Use of renewable electricity (own operations)	5%	Corresponding target	45%	55%	65 %	
			Corresponding award	0%	150%	150 %	

Conditional grant 2024-2026 LTI Plan

As per the Remuneration Policy for the Board of Management, shares are conditionally granted to the members of the Board of Management on an annual basis, following approval from the Supervisory Board upon the recommendation of the Remuneration Committee. The grant level is 200% of base salary for the CEO and 150% of base salary for the CFO. In 2024, the CEO received a conditional grant of shares equivalent to 200% of his annual base salary and the CFO received a conditional grant of shares equivalent to 150% of his annual base salary on January 1, 2024. The grant price was determined based on the average share price of an AkzoNobel common share in the two weeks following publication of the annual results:

- 37,775 shares were conditionally granted to Greg Poux-Guillaume, CEO
- 18,228 shares were conditionally granted to Maarten de Vries, CFO

For both the financial and ESG metrics, the Supervisory Board determined for each target: (i) the performance level below which no shares vest; (ii) the performance level at which the target number of shares vest and; (iii) the performance level at which the maximum number of shares vest. The overview below also sets out the targets as applicable for both our financial and ESG performance metrics.

Vesting of the conditional grant is linked to the three performance metrics presented below.

Performance metrics 2024-2026 LTI Plan

Metrics	Measurement approach	Target (100%)	Weighting
Adjusted EBITDA (in € mln)	As is	Not disclosed*	33%
Return on investment (ROI) (in %)	As is	Not disclosed*	33%
Environmental, social and governance (ESG)	Serious injuries and fatalities, measured over 100 million hours, three-year average.	3	8.5%
	Percentage of female executives as percentage of total executive population.	30%	8.5%
	Final energy use per ton of production (kWh/ton).	251	8.5%
	Cradle-to-grave carbon footprint (Scope 1, 2, and 3) measured as reduction versus 2018 baseline.	13%	8.5%

* Targets for the financial metrics are not disclosed on ex-ante basis given commercial sensitivity. More details about pay-out curves and actual performance will be disclosed on ex-post basis.

Overview of share awards

	Plan	Performance /Vesting period	Award date	End of performance period	End of holding period	Balance at January 1, 2024[1]	Awarded in 2024	Vested in 2024	Forfeited in 2024	Dividend in 2024	Balance at December 31, 2024
Greg Poux-Guillaume (CEO)	ANS2022	2022-2024	January 1, 2022	February 2025	February 2027	21,010	2,678	—	—	672	24,360
	ANS2023	2023-2025	January 1, 2023	February 2026	February 2028	36,067	—	—	—	1,154	37,221
	SMP2023	2023-2026	April 26, 2023	April 26, 2026	April 26, 2028	1,046	—	—	—	—	1,046
	ANS2024	2024-2026	January 1, 2024	February 2027	February 2029	—	37,775	—	—	1,209	38,984
	SMP2024	2024-2027	April 23, 2024	April 23, 2027	April 23, 2029	—	6,088	—	—	—	6,088
Thierry Vanlancker (former CEO)	ANS2021	2021-2023	January 1, 2021	February 7, 2024	February 7, 2026	2,745	—	(2,745)	—	—	—
	ANS2022	2022-2024	January 1, 2022	February 2025	February 2027	11,981	1,527	—	—	383	13,891
Maarten de Vries (CFO)	ANS2021	2021-2023	January 1, 2021	February 7, 2024	February 7, 2026	1,634	—	(1,634)	—	—	—
	ANS2022	2022-2024	January 1, 2022	February 2025	February 2027	12,483	1,590	—	—	399	14,472
	ANS2023	2023-2025	January 1, 2023	February 2026	February 2028	16,552	—	—	—	530	17,082
	SMP2022	2022-2025	April 21, 2022	April 20, 2025	April 20, 2027	1,338	—	—	—	—	1,338
	SMP2023	2023-2026	April 26, 2023	April 26, 2026	April 26, 2028	792	—	—	—	—	792
	ANS2024	2024-2026	January 1, 2024	February 2027	February 2029	—	18,228	—	—	583	18,811
	SMP2024	2024-2027	April 23, 2024	April 23, 2027	April 23, 2029	—	3,194	—	—	—	3,194

[1] The balance of shares at January 1, 2024, includes cumulative dividend. For ANS2022, the cumulative dividend over 2022 and 2023 of 5.39% applies, and for ANS2023 the 2023 dividend yield of 2.74% applies.

Board of Management	Shareholding requirements	2024 base salary	Number of shares held at December 31, 2024	Ownership ratio
Greg Poux-Guillaume	300%	€1,290,000	7,134	32%
Maarten de Vries	150%	€830,000	26,617	186%

Shareholding requirements

Board of Management members are expected to build up a shareholding in the company. The minimum shareholding requirement must be accrued within five years. This includes privately purchased shares and vested shares granted under AkzoNobel share-based compensation plans. The overview on the previous page provides insight into Board of Management share ownership as per December 31, 2024.

Claw back, value adjustment and loans

In 2024, there was no cause for a claw back or value adjustment by the Remuneration Committee. The company does not grant loans, advance payments or guarantees to members of the Board of Management or any family member of such persons.

Former members of the Board of Management

Following the disclosure in the 2022 Remuneration report, termination of Thierry Vanlancker's management agreement was executed in accordance with the management agreement and the Remuneration Policy for the Board of Management. The 25,578 shares that were conditionally granted to Thierry Vanlancker under the 2022-2024 LTI Plan have been pro-rated, calculated for the period until the end of the management agreement in April 2023, to respectively 11,368 (16/36 of 25,578) conditional shares, resulting in a vesting of 13,891 shares as further explained in the LTI section. The total value of all shares that became unconditional during the year is €805,122. This concludes the remuneration due to former CEO Thierry Vanlancker. No vesting of shares will take place in 2025 or thereafter.

Contractual arrangements

The overview below provides insight into the main contractual arrangements of the Board of Management.

Comparative information

Pay ratios

Internal pay ratios are a relevant input factor for determining the appropriateness of the implementation of the Remuneration Policy for the Board of Management, as recognized in the Corporate Governance Code. In 2024, the ratio between the annual total compensation for the CEO and the average annual compensation for an employee was 87.9 (2023: 85.8). This pay ratio was calculated in accordance with the guidance as provided in the Corporate Governance Code. In addition, CEO pay ratios on the basis of median employee remuneration have been calculated.

Board of Management	Initial appointment	Start date current appointment	Period of appointment	Notice period for AkzoNobel	Notice period for the Board of Management	Severance
Greg Poux-Guillaume	November 1, 2022	November 1, 2022	4.5 years*	6 months	6 months	1 time annual base salary
Maarten de Vries	January 1, 2018	April 22, 2022	4 years	6 months	6 months	1 time annual base salary

* Greg Poux-Guillaume was appointed as member of the Board of Management and CEO with effect from November 1, 2022, for an extended four-year term.

Further details on the development of these amounts and ratios over time can be found in the table below.

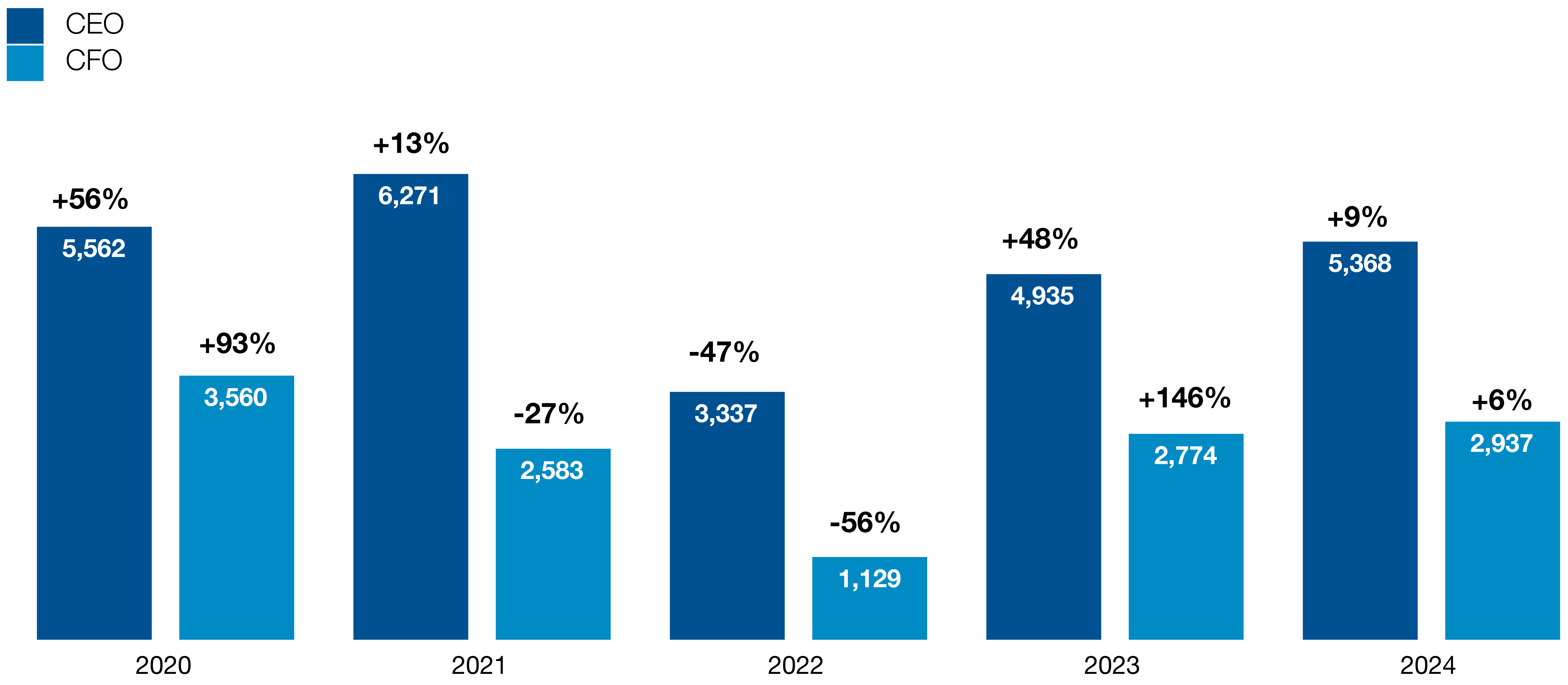
	2020	2021	2022	2023	2024
Average salary per employee*	56,061	54,220	55,840	57,536	61,102
% change average remuneration	2%	(3%)	6%	3%	6%
CEO pay ratio (average)	99.2	115.7	59.8	85.8	87.9
CEO pay ratio % change	53%	17%	(48%)	43%	2 %
CEO pay ratio (median)	126.4	149.0	81.1	115.0	121.7
CEO pay ratio % change	54%	18%	(46%)	42%	6%

* Calculated as employee benefits on a full-time equivalent basis over average number of employees.

Five-year analysis

The overviews below and on the next page provide illustrative insights into the Board of Management remuneration and company performance over the last five reported financial years.

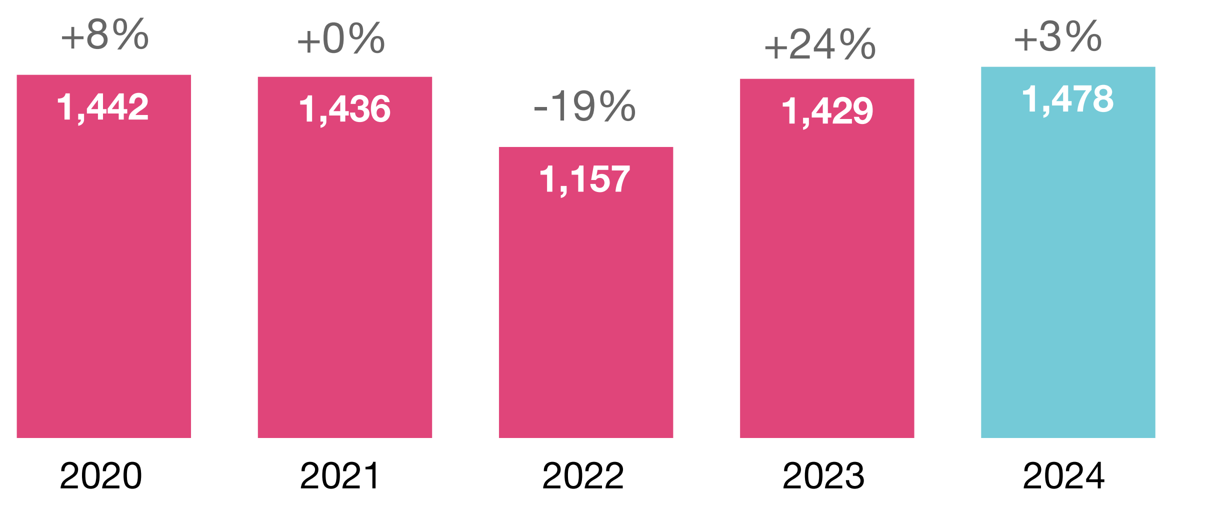
Board of Management remuneration five-year analysis in € thousands
(based on IFRS 2 expenses for multi-year variable). Percentages indicate year-on-year changes.



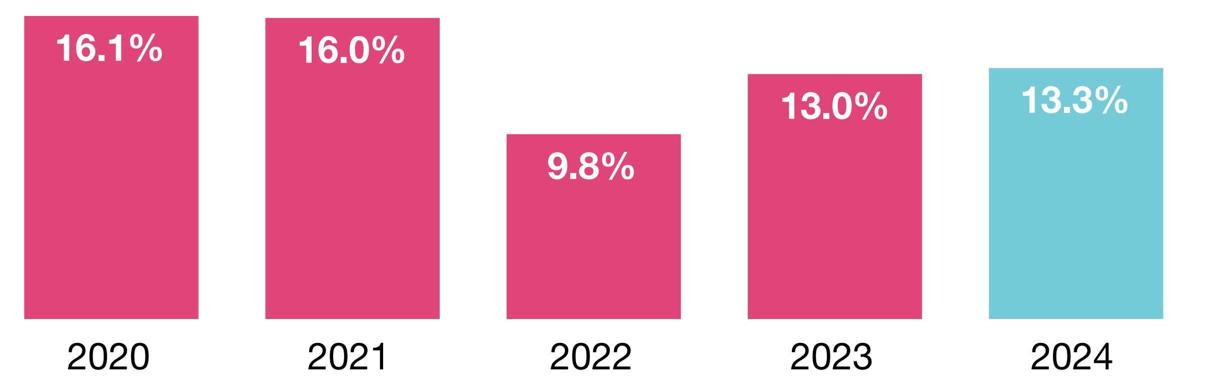
In years of transition, the compensation for the newly appointed Board of Management member has been annualized.

- In 2020, total rewards (including benefits) for the Board of Management included a one-off special payment for the 2020 Performance Incentive Plan, which incentivized improvement on the company's return on sales (ROS). The plan was put in place and approved by the AGM following the divestment of Specialty Chemicals
- In 2021, total rewards (including benefits) for the CEO included a one-off special share grant to compensate for the loss of shares due to the two-year reappointment and the fact that shares granted as from 2021 will only vest on a pro-rated basis
- 2022 presented us with the continued impact of the COVID-19 pandemic, the geo-political consequences of the war in Ukraine, shortages and significant price increases in raw materials and transportation. This volatile business climate had a severe impact on the results of the company. Consequently, all financial components of the short and long-term incentives did not meet the threshold and delivered no pay-out. The annualized total compensation for Thierry Vanlancker reduced by 65% compared with 2021, to €1,912,210 versus €5,514,195 in the previous year. This reflects the fact that his short-term incentive paid out around half and no shares granted under the LTI plan 2020 vested. Compared with 2021, the annualized total compensation for Maarten de Vries reduced by 48%
- In 2023, in response to the challenges posed by an unpredictable macro-economic landscape, we outlined a set of strategic priorities designed to guide us with resilience and adaptability. This resulted in above target pay-out on the financial metrics of the short-term incentive. Vesting under the 2021-2023 LTI Plan was minimal, but the total compensation levels showed a better balance between our commitment to stakeholders and our ability to reward and retain
- 2024 presented a complex economic environment with persistent inflation, volatile exchange rates and unfavorable market conditions in certain regions and segments. As a result, the financial components of the short-term incentives delivered below target pay-outs. Despite the difficult economic environment, we sustained growth throughout each quarter of 2024, resulting in above target pay-out on the 2022-2024 LTI plan

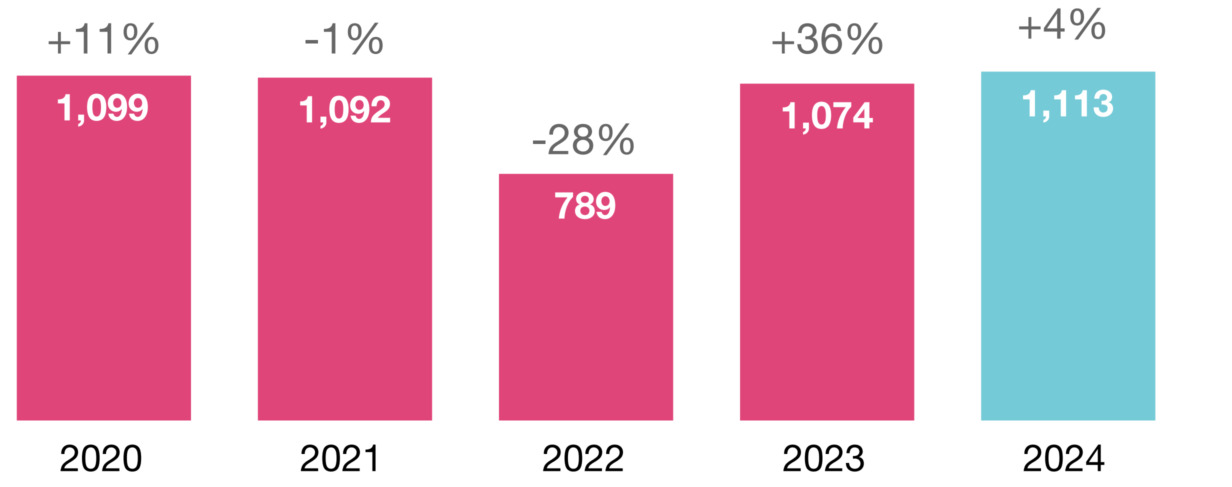
Adjusted EBITDA in € millions
(percentages indicate year-on-year changes)



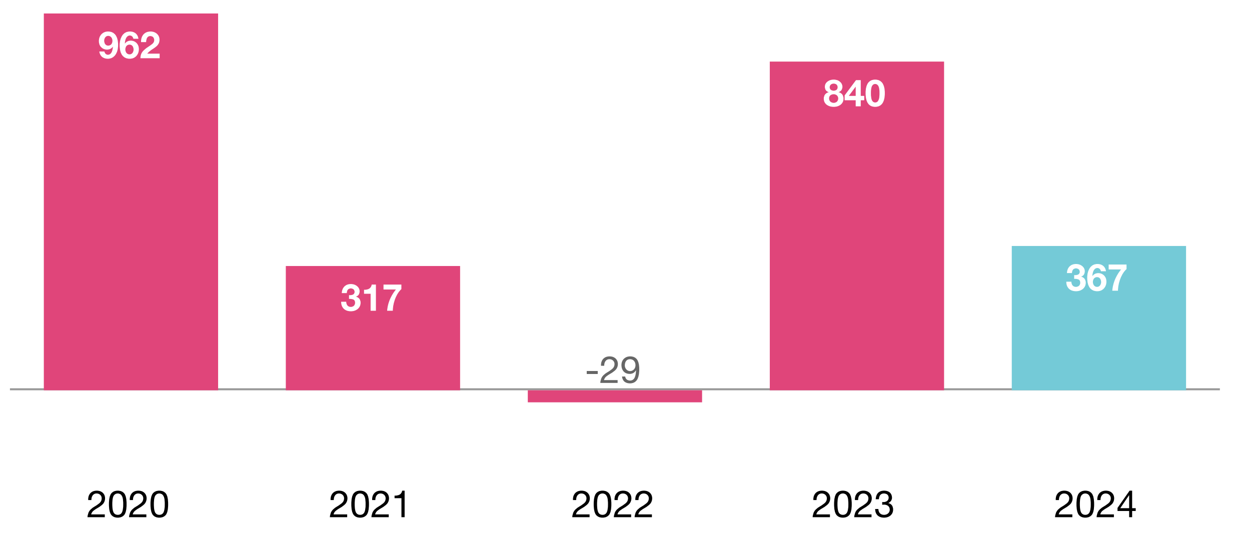
ROI in %



Adjusted OPI in € millions
(percentages indicate year-on-year changes)



FCF in € millions



Policy at a glance – Supervisory Board

Supervisory Board members receive a fixed annual fee for their membership and one or more fixed committee fee(s). In addition, Supervisory Board members receive an attendance fee for Supervisory Board or committee meetings attended outside their country of residence.

The overview below summarizes the key elements of the Remuneration Policy for the Supervisory Board, following the approval of the 2024 AGM to increase the annual fee and committee fees of the Supervisory Board members.

Fixed base fee			**Audit Committee fee**		**Remuneration Committee/ Nomination Committee fee**	
Chair	Deputy Chair	Member	Chair	Member	Chair	Member
€162,000	€100,000	€86,000	€27,000	€22,000	€22,000	€16,000

Fees are benchmarked against a sample of AEX companies and AkzoNobel's European remuneration peer group. In accordance with the Corporate Governance Code, Supervisory Board members are not remunerated in shares.

Attendance fees for meetings outside country of residence and expenses

Continental meetings	Intercontinental meetings	Travel expenses and facilities are borne by the company and reviewed by the Audit Committee
€2,500 per meeting	€5,000 per meeting	

Remuneration for the Supervisory Board in 2024

This section presents insights into how the Remuneration Policy for the Supervisory Board was implemented in 2024. Actual remuneration was determined in line with the Remuneration Policy and no derogation of the policy has been applied.

Actual remuneration of the members of the Supervisory Board

in €	Remuneration	Attendance fee	Committee allowance fees	Total remuneration
Ester Baiget	86,000	12,500	22,000	120,500
Jaska de Bakker[3]	58,593	5,000	14,989	78,582
Byron Grote, Deputy Chair	100,000	15,000	27,000	142,000
Pamela Kirby[2]	27,407	2,500	5,099	35,006
Wouter Kolk[3]	58,593	—	10,901	69,494
Ben Noteboom, Chair	162,000	—	22,000	184,000
Jolanda Poots-Bijl[1]	7,324	—	1,874	9,198
Dick Sluimers	86,000	—	22,000	108,000
Patrick Thomas	86,000	12,500	22,000	120,500
Hans Van Bylen	86,000	10,000	16,000	112,000
Ute Wolf[3]	58,593	2,500	14,989	76,082
Total 2024	**816,510**	**60,000**	**178,852**	**1,055,362**
Total 2023	**716,462**	**72,500**	**153,132**	**942,094**

[1] Until January 31 2024.
[2] Until April 25, 2024.
[3] As of April 25, 2024.

Comparative information

in €	2020	2021	2022	2023	2024
Nils Smedegaard Andersen, Chair[1]	157,500	172,500	182,500	62,308	—
Ester Baiget[2]	—	—	73,956	110,000	120,500
Jaska de Bakker[8]	—	—	—	—	78,582
Sue Clark[5]	87,500	29,492	—	—	—
Byron Grote, Deputy Chair	114,250	120,500	130,500	133,000	142,000
Michiel Jaski[5]	85,000	31,044	—	—	—
Pamela Kirby[3]	87,500	95,000	105,000	107,500	35,006
Wouter Kolk[8]	—	—	—	—	69,494
Ben Noteboom, Chair[4]	—	—	—	109,286	184,000
Jolanda Poots-Bijl[6]	85,000	100,000	100,000	100,000	9,198
Dick Sluimers	90,000	100,000	100,000	100,000	108,000
Patrick Thomas	92,500	102,500	105,000	112,500	120,500
Hans Van Bylen[2]	—	—	70,508	107,500	112,000
Ben Verwaayen[7]	32,775	—	—	—	—
Ute Wolf[8]	—	—	—	—	76,082
Total remuneration	**832,025**	**751,036**	**867,465**	**942,094**	**1,055,362**
% change total remuneration	(13.32)	(9.73)	15.50	8.60	12.02 %

1 Until April 21, 2023.
2 As of April 23, 2022.
3 Until April 25, 2024.
4 As of April 21, 2023, elected as Chair with effect from May 26, 2023.
5 Until April 22, 2021.
6 Until January 31, 2024.
7 Until April 24, 2020.
8 As of April 25, 2024.

Remuneration Policy for 2025

The current remuneration policies for the Board of Management and the Supervisory Board were last adopted at the 2021 AGM. As required by Dutch law, the remuneration policies are submitted in full every four years. In 2024, the Remuneration Committee and the Supervisory Board reviewed the remuneration policies for the Board of Management and the Supervisory Board to assess whether these were still in line with the company's strategy and financial targets, while considering input received from stakeholders. Following such review, the Supervisory Board will submit updated remuneration policies for the Board of Management and the Supervisory Board for consideration by shareholders at the 2025 AGM.

Remuneration Policy for the Board of Management

The Supervisory Board has concluded the Remuneration Policy for the Board of Management is in line with the company’s objectives. The remuneration it provides is balanced and adequate. A revised Remuneration Policy will be submitted to the AGM in April 2025, that takes into consideration:

- No change in base salary will be made for the CEO and CFO
- Metrics applied for STI will remain the same, to support the company’s strategy and will continue to apply in 2025
- Metrics applied for LTI in 2024 were adjusted EBITDA, ROI, and ESG. Metrics applied for LTI in 2025 will remain the same, but to better align with the company’s strategic priorities, a proposal will be made to change the LTI weighting. Should shareholders approve the proposed amendment, vesting of the conditional grant will be linked to adjusted EBITDA (40%), ROI (40%) and ESG (20%)
- Covestro will be removed from the labor market peer group, following the announcement of the intended take-over by state-owned oil company ADNOC, United Arab Emirates
- For new members of the Board of Management who are attracted from outside the company, the wording of “sign-on” is adjusted to “buy-out” to reflect the practice to merely (partially) compensate new members of the Board of Management for forfeited variable pay at their previous employer
- Additional malus and claw-back triggers related to risk management, individual misconduct and reasonableness and fairness have been added to the revised policy document

REMUNERATION REPORT

Greg Poux-Guillaume

Base salary

€1,290,000

Short-term incentives (STI)

2025 STI pay-out opportunity and performance objectives

CEO target: 100% of base
CEO maximum opportunity: 150% of base

Metrics	Measurement approach	Target (100%)	Weighting
Adjusted OPI	As is	Not disclosed[1]	40%
FCF	As is	Not disclosed[1]	30%
Personal objective	Not disclosed[1]	Not disclosed[1]	30%

Long-term incentives (LTI)[2]

2025-2027 LTI vesting opportunity and performance objectives

CEO target: 200% of base
CEO maximum opportunity: 300% of base

Metrics	Measurement approach	Target (100%)	Weighting
Adjusted EBITDA	As is	Not disclosed[1]	40%
Return on investment (ROI)	As is	Not disclosed[1]	40%
Environmental, social and governance (ESG)			20%
Serious injuries and fatalities	Measured over 100 million hours, three-year average	2.8	5%
Carbon footprint	Carbon footprint Scope 1 and 2 measured as reduction versus 2018 baseline	45%	10%
Carbon footprint	Carbon footprint Scope 3 - selected categories: 1, 10,11,12 and VOC, measured as reduction versus 2018 baseline	17%	5%

Maarten de Vries

Base salary

€830,000

Short-term incentives (STI)

2025 STI pay-out opportunity and performance objectives

CFO target: 80% of base
CFO maximum opportunity: 120% of base

Metrics	Measurement approach	Target (100%)	Weighting
Adjusted OPI	As is	Not disclosed[1]	40%
FCF	As is	Not disclosed[1]	30%
Personal objective	Not disclosed[1]	Not disclosed[1]	30%

Long-term incentives (LTI)[2]

2025-2027 LTI vesting opportunity and performance objectives

CFO target: 150% of base
CFO maximum opportunity: 225% of base

Metrics	Measurement approach	Target (100%)	Weighting
Adjusted EBITDA	As is	Not disclosed[1]	40%
Return on investment (ROI)	As is	Not disclosed[1]	40%
Environmental, social and governance (ESG)			20%
Serious injuries and fatalities	Measured over 100 million hours, three-year average	2.8	5%
Carbon footprint	Carbon footprint Scope 1 and 2 measured as reduction versus 2018 baseline	45%	10%
Carbon footprint	Carbon footprint Scope 3 - selected categories: 1, 10,11,12 and VOC, measured as reduction versus 2018 baseline	17%	5%

[1] Targets for the financial metrics and personal objectives are not disclosed on ex-ante basis given commercial sensitivity. More details about pay-out curves and actual performance will be disclosed on ex-post basis.
[2] LTI performance measures subject to shareholder approval at the 2025 AGM.

Remuneration Policy Supervisory Board

The Supervisory Board concluded that the current Remuneration Policy for the Supervisory Board, as last amended in full following adoption at the AGM in 2021 and last updated at the AGM in 2024, is in line with the objectives of the company. Some technical and non-substantial textual updates will be included in the Remuneration Policy that will be submitted to the AGM in April 2025.

AKZONOBEL AND THE CAPITAL MARKETS

Shares

AkzoNobel's common shares are listed on Euronext Amsterdam. We're included in the AEX® Index, which consists of the top 25 listed companies in the Netherlands, ranked on the basis of stock market turnover and free float. During 2024, 108 million AkzoNobel shares were traded on Euronext Amsterdam, with €6.7 billion turnover (2023: volume of 99 million, turnover of €7.0 billion).

We have a sponsored level 1 American Depositary Receipt (ADR) program and ADRs can be traded on the international OTCQX platform in the US. In 2024, 44 million ADRs were traded, with $989 million total turnover (2023: volume of 16 million, turnover of $393 million).

See the table below for stock codes and ticker symbols.

Euronext ticker symbol	AKZA
ISIN common share	NL0013267909
OTC ticker symbol	AKZOY
ISIN ADR	US0101995035

AkzoNobel has 100% free float and a broad base of international shareholders. Based on an independent shareholder analysis, the Distribution of institutional shares chart shows the geographical spread of institutional shareholders, of which the majority are based in the US (60%) and the UK (12%). Around 7% of the company's share capital is held by private investors, many of whom are resident in the Netherlands. Approximately 27% of the company's share capital was held by ESG investors[1].

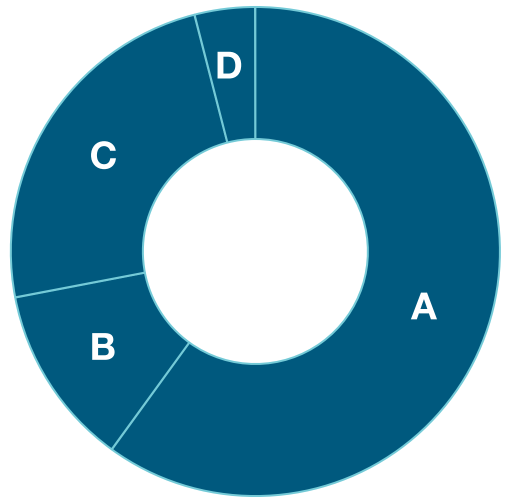
Key share data*

	2022	2023	2024
Year-end (share price in €)	62.56	74.82	57.96
Year-high (share price in €)**	98.50	78.82	75.24
Year-low (share price in €)**	56.22	61.42	52.82
Number of shares outstanding at year-end (in millions)	174	171	171
Market capitalization at year-end (in € billions)	10.9	12.8	9.90
Dividend per share (in €)	1.98	1.98	1.98
Dividend yield (in %)	3.2	2.6	3.4

* Based on Bloomberg share data.
** Based on close value.

The AkzoNobel share price was down 23% at year-end 2024 when compared with year-end 2023. This compares with the AEX, which was up by 12% at year-end 2024. The Bloomberg Global Chemicals Index was down 11%, Bloomberg Europe Chemical Index was down by 12%, and our global coatings peers[2] were down 3% over the same period (see Share price performance graph on the right).

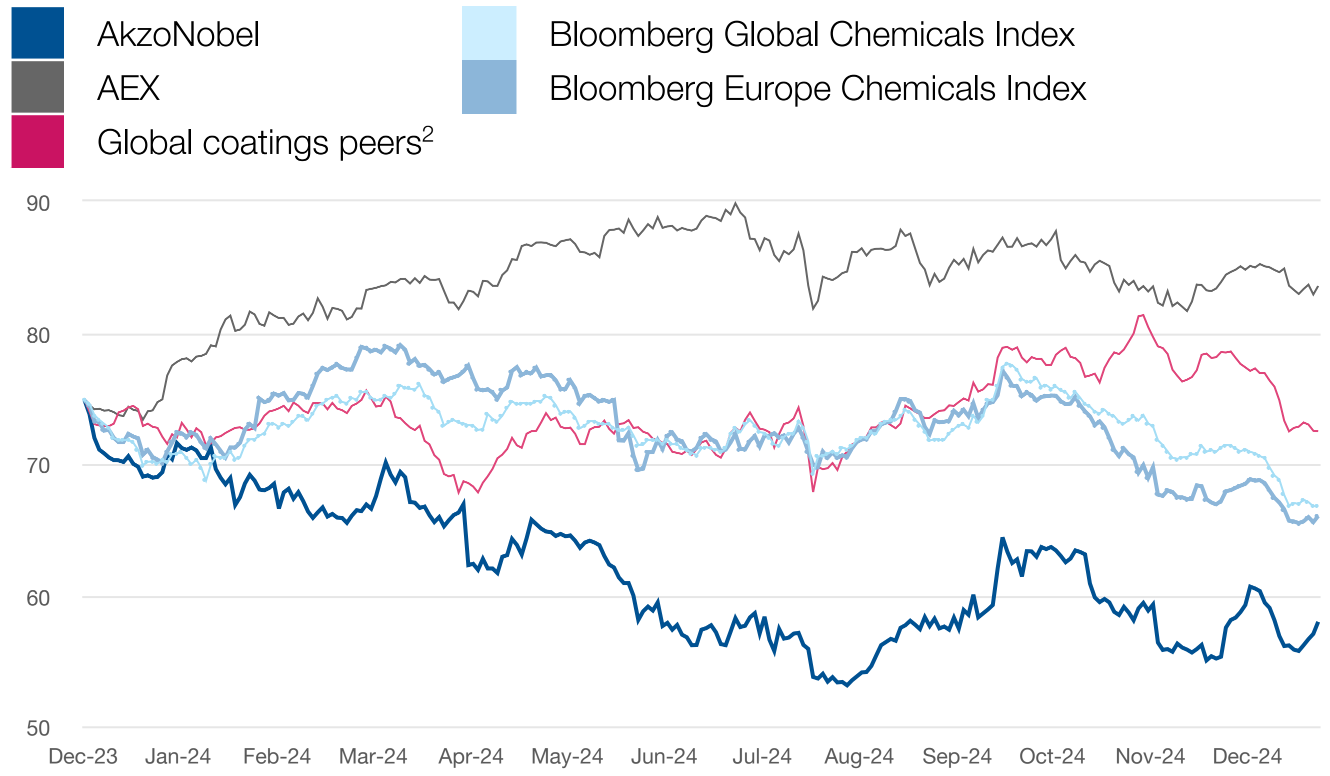
Distribution of institutional shares in 2024 in %



A	US	60
B	UK	12
C	Rest of Europe	24
D	Rest of world	4

Benchmark performance indexed to AkzoNobel share price as of December 29, 2023

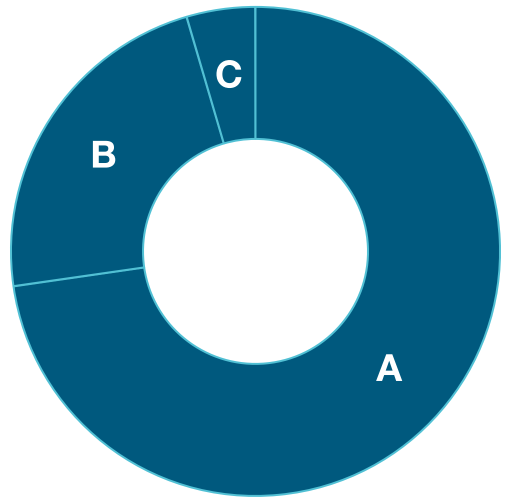
AkzoNobel share price in €



Analyst recommendations

At year-end 2024, AkzoNobel was covered by 22 equity research analysts. An overview of analyst recommendations is shown in the graph below.

Analyst recommendations



A Buy	16
B Hold	5
C Sell	1

[1] As calculated by Nasdaq and includes investment funds that leverage ESG criteria as part of the investment process and measurement. In 2024, Nasdaq changed the calculation methodology, numbers are not comparable with prior periods.
[2] Global coatings peer group includes Asian Paints, Axalta, Berger Paints, Chugoku, Kansai Paint, Masco, Nippon Paint, PPG, RPM, Sherwin-Williams, Skshu Paint.

A number of senior leaders, including our CEO and CFO, welcomed analysts and investors to a special event held at our Powder Coatings site in Como, Italy. As well as enjoying a tour of the facility – AkzoNobel's largest powder coatings factory – the itinerary also included several presentations and a Q&A session.

External benchmarks

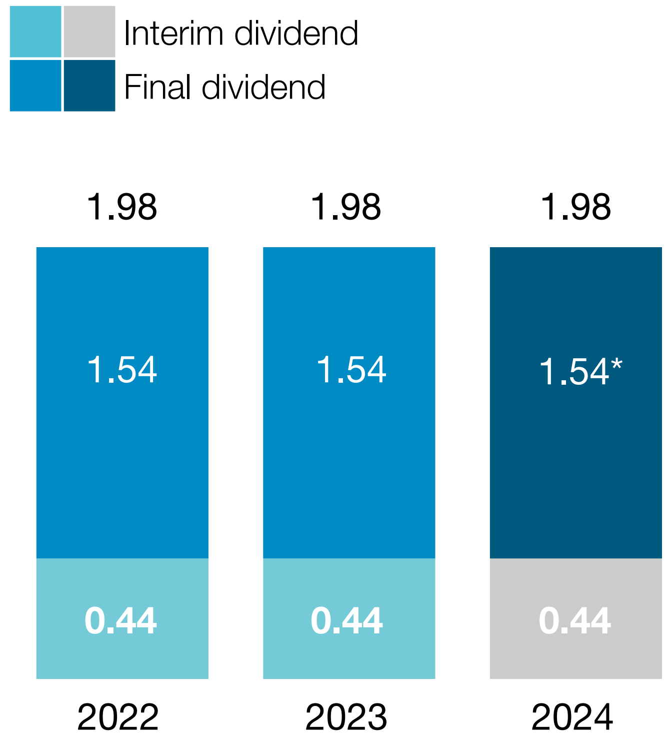
Following 2024 reviews, our ESG performance was reaffirmed by external rating agencies. For example, AkzoNobel maintained the highest possible rating (AAA) from MSCI for the ninth consecutive year, and the company is ESG top-rated by Sustainalytics – the best performance level in the industry. Please refer to the Sustainability statements for a full overview of external sustainability ratings.

Dividend

Our dividend policy is to pay a stable to rising dividend. In 2024, an interim dividend of €0.44 per share (2023: €0.44) was paid. The Board of Management proposes a 2024 final dividend of €1.54 per share, which would equal a total 2024 dividend of €1.98 (2023: €1.98) per share.

The dividend proposed to the 2025 Annual General Meeting of shareholders, following adoption, will be payable as of May 7, 2025. AkzoNobel's shares will be trading ex-dividend as of April 29, 2025. In compliance with the listing requirements of Euronext Amsterdam, the record date for the final dividend will be April 30, 2025.

Dividend in € per share*



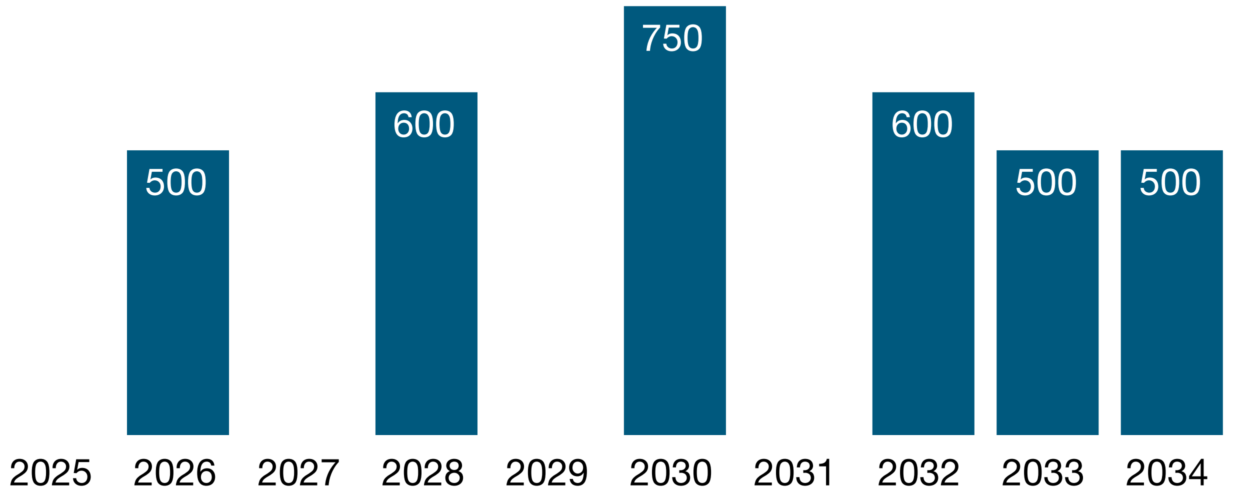
* Proposed

Credit rating and bonds

AkzoNobel is committed to a strong investment grade credit rating. Regular review meetings are held between rating agencies and AkzoNobel senior management. See the table below for the current credit ratings and outlook.

The maturity schedule of outstanding bonds is also shown below.

Bonds maturity in € millions (nominal amounts)



Rating agency	Long-term rating	Outlook
Moody's	Baa2	Stable
Standard & Poor's	BBB	Negative

FINANCIAL STATEMENTS

This section includes a detailed overview of our 2024 financial performance.

Consolidated financial statements

Notes to the Consolidated financial statements

Company financial statements

CONSOLIDATED STATEMENT OF INCOME

in € millions, for the year ended December 31	Note		2023		2024
Continuing operations					
Revenue	4	10,668		10,711	
Cost of sales	5	(6,434)		(6,374)	
Gross profit			**4,234**		**4,337**
Selling and distribution expenses	5	(2,347)		(2,463)	
General and administrative expenses	5	(648)		(655)	
Research and development expenses	5	(270)		(296)	
Other results	5	60		(6)	
			(3,205)		**(3,420)**
Operating income			**1,029**		**917**
Financing income and expenses	7	(272)		(102)	
Results from associates	13	27		23	
Profit before tax			**784**		**838**
Income tax	8		(296)		(246)
Profit for the period from continuing operations			**488**		**592**
Discontinued operations					
Profit/(loss) for the period from discontinued operations			(5)		—
Profit for the period			**483**		**592**
Attributable to					
Shareholders of the company			442		542
Non-controlling interests			41		50
Profit for the period			**483**		**592**
Earnings per share, in €					
Continuing operations					
Basic	9		2.62		3.17
Diluted	9		2.61		3.16
Discontinued operations					
Basic	9		(0.03)		0.00
Diluted	9		(0.03)		0.00
Total operations					
Basic	9		2.59		3.17
Diluted	9		2.58		3.16

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in € millions, for the year ended December 31	2023	2024
Profit for the period	**483**	**592**
Other comprehensive income/(expense)		
Items that will not be reclassified to the statement of income:		
Post-retirement benefits	(149)	(135)
Income tax	38	31
Net effect	**(111)**	**(104)**
Items that may be reclassified subsequently to the statement of income:		
Exchange rate differences arising on translation of foreign operations	(61)	148
Cash flow hedges	34	—
Income tax	(1)	—
Net effect	**(28)**	**148**
Other comprehensive income/(expense) for the period	**(139)**	**44**
Comprehensive income/(expense) for the period	**344**	**636**
Comprehensive income attributable to		
Shareholders of the company	310	570
Non-controlling interests	34	66
Comprehensive income/(expense) for the period	**344**	**636**

CONSOLIDATED BALANCE SHEET, BEFORE ALLOCATION OF PROFIT

in € millions, at December 31	Note	2023		2024	
Assets					
Non-current assets					
Intangible assets	10	4,081		4,049	
Property, plant and equipment	11	1,994		2,122	
Right-of-use assets	12	302		318	
Deferred tax assets	8	512		422	
Investments in associates	13	216		228	
Financial non-current assets	14	1,409		1,274	
Total non-current assets			**8,514**		**8,413**
Current assets					
Inventories	15	1,649		1,721	
Trade and other receivables	16	2,483		2,498	
Current tax assets	8	134		150	
Short-term investments	20	265		165	
Cash and cash equivalents	20	1,513		1,302	
Total current assets			**6,044**		**5,836**
Total assets			**14,558**		**14,249**
Equity and liabilities					
Equity					
Shareholders' equity	17	4,322		4,574	
Non-controlling interests	17	224		242	
Group equity			**4,546**		**4,816**
Non-current liabilities					
Post-retirement benefit provisions	18	423		381	
Other provisions	19	161		160	
Deferred tax liabilities	8	557		491	
Long-term borrowings	20	3,165		3,671	
Total non-current liabilities			**4,306**		**4,703**
Current liabilities					
Short-term borrowings	20	2,398		1,697	
Trade and other payables	21	2,933		2,740	
Current tax liabilities	8	211		120	
Current portion of provisions	18, 19	164		173	
Total current liabilities			**5,706**		**4,730**
Total equity and liabilities			**14,558**		**14,249**

CONSOLIDATED STATEMENT OF CASH FLOWS

in € millions, for the year ended December 31	Note		2023		2024
Profit for the period from continuing operations		**488**		**592**	
Adjustments to reconcile profit for the period to net cash generated from operating activities:					
– Amortization and depreciation	10, 11, 12	357		371	
– Impairment losses	10, 11, 12	4		—	
– Financing income and expenses	7	272		102	
– Results from associates	13	(27)		(23)	
– Pre-tax result on acquisitions and divestments	2	(66)		3	
– Income tax	8	296		246	
Changes in working capital	22	254		(206)	
Changes in post-retirement benefit provisions	18	(40)		(17)	
Changes in other provisions	19	(13)		24	
Interest paid		(167)		(174)	
Income tax paid		(295)		(291)	
Other changes		63		46	
Net cash generated from/(used for) operating activities			**1,126**		**673**
Capital expenditures*	10, 11	(286)		(306)	
Interest received		71		54	
Dividends from associates		13		14	
Acquisition of consolidated companies, net of cash acquired	2	(114)		2	
Investments in short-term investments	20	(64)		(320)	
Repayments of short-term investments	20	142		423	
Proceeds from divestments, net of cash divested		96		1	
Other changes		(2)		—	
Net cash generated from/(used for) investing activities			**(144)**		**(132)**
Proceeds from borrowings	20	5,836		2,807	
Borrowings repaid	20	(6,295)		(3,102)	
Share buyback	17	—		—	
Dividends paid	17	(368)		(385)	
Buy-out of non-controlling interests		—		(4)	
Net cash generated from/(used for) financing activities			**(827)**		**(684)**
Net cash generated from/(used for) continuing operations			**155**		**(143)**
Net cash generated from/(used for) discontinued operations			(6)		(5)
Net change in cash and cash equivalents from continued and discontinued operations			**149**		**(148)**
Net cash and cash equivalents at January 1	20		1,398		1,453
Effect of exchange rate changes on cash and cash equivalents			(94)		(32)
Net cash and cash equivalents at December 31			**1,453**		**1,273**

* Capital expenditures include investments in intangible assets (refer to Note 10) and investments in property, plant and equipment (refer to Note 11).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the company						
in € millions	Subscribed share capital	Cash flow hedge reserve	Cumulative translation reserve	Other (legal) reserves and undistributed profit	Shareholders' equity	Non-controlling interests	Group equity
Balance at December 31, 2022	**87**	**(34)**	**(656)**	**4,936**	**4,333**	**215**	**4,548**
Profit for the period	—	—	—	442	442	41	483
Reclassification into the statement of income	—	46	(4)	—	42	—	42
Other comprehensive income/(expense)	—	(12)	(50)	(149)	(211)	(7)	(218)
Tax on other comprehensive income	—	—	(1)	38	37	—	37
Comprehensive income for the period	**—**	**34**	**(55)**	**331**	**310**	**34**	**344**
Dividend	—	—	—	(338)	(338)	(25)	(363)
Share buyback	(2)	—	—	2	—	—	—
Equity-settled transactions*	—	—	—	17	17	—	17
Balance at December 31, 2023	**85**	**—**	**(711)**	**4,948**	**4,322**	**224**	**4,546**
Profit for the period	—	—	—	542	542	50	592
Other comprehensive income/(expense)	—	—	132	(135)	(3)	16	13
Tax on other comprehensive income	—	—	—	31	31	—	31
Comprehensive income for the period	**—**	**—**	**132**	**438**	**570**	**66**	**636**
Dividend	—	—	—	(338)	(338)	(47)	(385)
Share buyback	—	—	—	—	—	—	—
Equity-settled transactions*	—	—	—	23	23	—	23
Acquisition of non-controlling interests	—	—	—	(3)	(3)	(1)	(4)
Balance at December 31, 2024	**85**	**—**	**(579)**	**5,068**	**4,574**	**242**	**4,816**

* No tax charge in 2024 (2023: €1 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1: General information

Reporting entity and its operations

Akzo Nobel N.V. is a public limited liability company headquartered in the Netherlands. The address of our registered office is Christian Neefestraat 2, Amsterdam; the Chamber of Commerce number is 09007809. We have attached a list of subsidiaries and associated companies, drawn up in conformity with Articles 379 and 414 of Book 2 of the Dutch Civil Code, as an appendix to our annual report. The principal activity of AkzoNobel is the production and selling of paints and coatings.

Basis of preparation

We have prepared the Consolidated financial statements of Akzo Nobel N.V. in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and as adopted by the European Union. The Consolidated financial statements also comply with the financial reporting requirements included in Title 9 of Book 2 of the Dutch Civil Code.

The management report within the meaning of Article 391 of Book 2 of the Dutch Civil Code consists of the following parts of the annual report:
- 2024 results at a glance
- CEO statement
- How we created value
- Strategy and operations
- Sustainability statements
- Leadership and governance: Our Board of Management and Executive Committee
- Leadership and governance: Statement of the Board of Management
- Leadership and governance: Corporate governance statement
- Leadership and governance: Risk management
- Leadership and governance: Integrity and compliance management
- Leadership and governance: Remuneration report
- Financial statements: Note 5 Operating income
- Financial statements: Note 26 Financial risk management

On February 24, 2025, the Board of Management authorized the financial statements for issue. The financial statements as presented in this report are subject to adoption by the Annual General Meeting of shareholders on April 25, 2025.

Going concern

The Consolidated financial statements have been prepared on the going concern basis of accounting. To determine the appropriateness of the going concern assumption, management has assessed the ability of AkzoNobel to continue as a going concern for at least 12 months from the date of preparation of this report (the going concern period) based on an evaluation of, among others, the financial position, expected future cash flows and market developments.

At December 31, 2024, cash and cash equivalents were €1.3 billion. We also assessed the ability of the company to obtain financing, taking into account the company's external credit rating, which we are committed to retain at strong investment grade.

Expected future cash flows are based on the latest forecasts. These forecasts take into account internal and external developments relevant in the assessment of the ability of AkzoNobel to continue as a going concern, including but not limited to market developments, developments in the macro-economic environment (e.g. inflation, see disclosure on impact of inflation in this Note) and climate-related developments (see disclosure on impact of climate change in this Note).

Management's assessment did not lead to uncertainties in relation to AkzoNobel's ability to continue as a going concern during the going concern period.

Impact of climate change

AkzoNobel assessed the impact of climate change on its operations, identifying climate change mitigation and adaptation as key topics.

Climate change mitigation

For climate change mitigation in its own operations (Scope 1 and Scope 2) AkzoNobel focuses on three key levers, being decarbonization through upgrading (energy) inefficient assets, prioritizing renewable electricity purchase and production, and reduction by transition from fossil to renewable fuels. Replaced assets are either divested or impaired. The book value of these replaced assets is typically low.

Prioritizing renewable electricity purchase and production is driven by a focus on on-site solar panels and renewable electricity purchasing agreements. We purchase Renewable Electricity Certificates or Guarantees of Origin, only for actual energy off take, and actively look for off-site power purchasing agreements where possible. During 2024 AkzoNobel did not enter into off-site power purchasing agreements.

To become carbon neutral in 2050, we'll shift our fossil fuel consumption towards renewable alternatives, e.g. heat recovery from our compressors and smart electrification with heat pumps. Currently, our fossil fuels are primarily used for building heating and process heating.

Climate change mitigation measures within the entire value chain (Scope 3) focus on increasing our sustainable product offering, the development of new products and engaging with our suppliers and customers around the world to collectively find solutions towards our target of halving carbon emissions in our value chain by 2030 through four key levers, being energy transition, process efficiency, reduced solvent emissions and circular solutions.

Currently, this decarbonization has no material impact on our financial position and performance. The cost for moving towards our 2030 target is mostly captured in the investments of our suppliers, with limited direct investments required for our own operations. The financial effects, if any, would be captured in our Cost of sales.

Climate change adaptation

Climate change adaptation is critical to our organization, with the primary risk involving insufficient adaptation to natural hazards resulting from climate change, which include heat stress and water scarcity. This risk could lead to loss of assets and operational disruptions.

From a financial perspective, we have assessed the physical risks for our own operations. We assessed the potential occurrence of material financial impacts to our own operations, focusing on heat stress and water scarcity. We currently see no risk of material financial impact. To reach this conclusion, we analyzed the risk related to property damage, as well as the risk related to business interruption.

Given our approximately 130 manufacturing sites, the risk of any business interruption of one or a few sites does not pose a significant interruption risk to AkzoNobel. This is primarily due to our extensive global distribution network and the relatively low revenue exposure per site, allowing us to shift production when a natural hazard occurs.

We also analyzed historic insurance claims related to natural hazards. Over a period of 20 years, the total indemnity paid related to natural catastrophes was below €10 million. This is the combined sum of property damage and business interruption.

Impact from the war in Ukraine and sanctions on Russia

In 2022, following the EU sanctions, the majority of our Performance Coatings activities in Russia were suspended. The residual Russian business since then has been ringfenced. Since 2022, the EU has issued further waves of sanctions against Russia. AkzoNobel continuously monitors sanction developments and takes measures as required. Each year, the measures as implemented have been assessed for their financial reporting impact, if any, under the applicable IFRS accounting standards. This includes, amongst others, compliance with IFRS requirements on consolidation and asset impairment assessments. To date, other than the suspension of the majority of our Performance Coating activities in 2022, there has been no material financial reporting impact as a direct result of the measures implemented. Our business in Ukraine and Russia combined represents less than 2% of our revenue both in 2024 and 2023, of which the vast majority concerned Russia.

Material accounting policies

The material accounting policies as applied throughout the financial statements are described below. Material accounting policies relating to specific financial statement items are included in the respective notes to the financial statements.

Consolidation

The Consolidated financial statements include the accounts of Akzo Nobel N.V. and its subsidiaries. Subsidiaries are companies over which Akzo Nobel N.V. has control, because it is exposed, or has rights, to variable returns from its involvement with the subsidiary and it has the ability to affect returns through its power over the subsidiary. Non-controlling interests in equity and in results are presented separately.

Changes in accounting policies and first-time application

Accounting pronouncements with potential relevance for AkzoNobel, which became effective for 2024, include amendments to IAS 1 “Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants”, amendments to IFRS 16 “Lease Liability in a Sale and Leaseback” and amendments to IAS 7 and IFRS 7 “Disclosures: Supplier Finance Arrangements”. These changes in accounting policies did not have a material impact on our Consolidated financial statements.

Further, in 2024, Pillar Two regulations came into force. The implementation did not have a material impact on the effective tax rate.

Discontinued operations/Held for sale

A discontinued operation is a component of our business that represents a separate major line of business or geographical area of operations that has been disposed of, or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Assets and liabilities are classified as held for sale if it is highly probable that the carrying value will be recovered through a sale transaction within one year, rather than through continuing use.

Foreign currencies

Transactions in foreign currencies are translated into the functional currency using the foreign exchange rate at transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rates at the balance sheet date. The resulting foreign currency differences are included in the statement of income in financing income and expenses. Non-monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at acquisition date.

The assets and liabilities of entities with functional currencies other than euro, are translated into euros (the functional currency of the parent entity) using the exchange rates at the balance sheet date. The income and expenses of entities with functional currencies other than euro, are translated into the functional currency using the exchange rates at transaction date.

Foreign exchange rate differences resulting from translation into the functional currency of investments in subsidiaries and of intercompany loans of a permanent nature with functional currencies other than euro are recorded as a separate component (cumulative translation reserve) within other comprehensive income. These cumulative translation adjustments are reclassified (either fully or partly) to the statement of income upon disposal (either fully or partly) or liquidation of the foreign subsidiary to which the investment or the intercompany loan with a permanent nature relates. Foreign currency differences arising on the translation of a financial liability designated as an effective hedge of a net investment in a foreign operation are recognized in the cumulative translation reserve (in Other comprehensive income).

Exchange rates of key currencies

The principal exchange rates against the euro used in preparing the balance sheet and the statement of income are:

Currency*

	Balance sheet			Statement of income		
	2023	2024	%	2023	2024	%
US dollar	1.11	1.04	(6.1)	1.08	1.08	—
Pound sterling	0.87	0.83	(4.5)	0.87	0.85	(2.3)
Chinese yuan	7.86	7.62	(3.1)	7.67	7.80	1.7

* Foreign currency equivalent of €1.

Hyperinflation economies

When a subsidiary is operating in a hyperinflationary country, the financial statements of this entity are restated into the current purchasing power at the end of the reporting period. In addition, exchange rates at this balance sheet date are used to translate both the balance sheet and the statement of income into euros. Hyperinflation accounting is applied for Argentina and Türkiye based on the historical cost approach and using the Consumer Price Index (CPI). CPI developments for Argentina and Türkiye are included in the table below. For reference, the balance sheet exchange rates for both countries have also been included.

CPI at December 31

Country	2022	2023	2024
Argentina	1,135	3,533	7,694
Türkiye	1,128	1,859	2,685

Balance sheet exchange rates* at December 31

Currency	2022	2023	2024
Argentinian peso	188.62	894.91	1,072.96
Turkish lira	19.97	32.73	36.80

* Foreign currency equivalent of €1.

For a consolidated overview of financial impacts from hyperinflation accounting, refer to Note 7 Financing income and expenses.

Government grants

Government grants related to costs are deducted from the relevant costs in the same period. Government grants to compensate for the cost of an asset are deducted from the cost of the related asset.

New IFRS accounting standards

IFRS accounting standards and interpretations thereof not yet in force, which may apply to our Consolidated financial statements for 2025 and beyond, have been assessed for their potential impact.

These include, among others, amendments to IAS 21 "Lack of exchangeability", amendments to IFRS 9 and IFRS 7 "Classification and Measurement of Financial Instruments", amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity". These changes are not expected to have a material effect on AkzoNobel's Consolidated financial statements.

Further, in 2024, the IASB published IFRS 18 "Presentation and Disclosure in Financial Statements". IFRS 18 introduces, among others, a defined structure of the statement of profit or loss with required subtotals, required disclosures in the financial statements for certain management defined performance measures and enhanced principles on aggregation and disaggregation which apply to the primary financial statements. The implementation date of IFRS 18 is January 1, 2027, with earlier application permitted. We will start with our impact assessment in 2025.

Use of estimates

The preparation of the financial statements in compliance with IFRS accounting standards requires management to make judgments, estimates and assumptions that affect amounts reported in the financial statements. The estimates and assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis.

The most critical accounting policies involving a higher degree of judgment and complexity in applying principles of valuation and for which changes in the assumptions and estimates could result in significantly different results than those recorded in the financial statements, are the following:

- Scope of consolidation, including purchase price allocations for business combinations (Note 2)
- Income tax and deferred tax assets, including recoverability of deferred tax assets and uncertain tax positions (Note 8)
- Impairment of intangible assets (Note 10)
- Post-retirement benefit provisions (Note 18)
- Provisions and contingent liabilities (Note 19)

More details related to the estimates and judgments for these financial statement items are, where relevant, described in the respective notes.

Note 2: Scope of consolidation

Accounting policies

In business combinations, identifiable assets and liabilities, and contingent liabilities, are recognized at their fair values at the acquisition date.

Goodwill in a business combination represents the excess of the consideration paid over the net fair value of the acquired identifiable assets, liabilities and contingent liabilities. If the cost of an acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the statement of income.

Accounting estimates and judgments

Determining the fair value of acquisitions and individual assets and liabilities included therein, requires significant judgment of amongst others future cash flows expected to be generated.

The fair value of brands, customer relationships and know-how acquired in a business combination is estimated using generally accepted valuation methods. These include the relief-from-royalty method, the incremental cash flow method and the multi-period excess earnings method.

The fair value of property, plant and equipment acquired in a business combination is based on estimated market values.

The fair value of inventories acquired in a business combination is determined based on estimated selling prices in the ordinary course of business, less the estimated costs of completion and sale and a reasonable profit margin, based on the effort required to complete and sell the inventories.

Material subsidiaries

The Consolidated financial statements comprise the assets, liabilities, income and expenses of 227 legal entities. We consider legal entities material when they represent, for at least two subsequent years, more than 5% of either revenue, operating income or total assets. Material subsidiaries included in the table below are fully owned at year-end 2024, except for Akzo Nobel India Limited (74.76% owned by AkzoNobel). Refer to Note 17 Group equity for an overview of non-controlling interests.

Material subsidiaries related to continuing operations

Legal entity	Principal place of business
Akzo Nobel Coatings Inc.	US
Akzo Nobel India Limited	India
Imperial Chemical Industries Limited	UK
Akzo Nobel Decorative Coatings B.V.	The Netherlands
Akzo Nobel Coatings S.p.A.	Italy
Akzo Nobel Ltda	Brazil
Akzo Nobel Paints (Shanghai) Limited	China

Acquisitions

On August 1, 2023, AkzoNobel acquired 100% of the shares of Valspar Coatings Holding Co. Ltd., Hong Kong (hereafter: "the Huarun business") for a final purchase price of €70 million (2023: €72 million). The acquisition strengthens our position in China. It will allow us further market segmentation and reinforce our position outside of the premium segment.

The final purchase price allocation as determined in 2024 resulted in €32 million of goodwill (2023: €32 million), non-deductible for tax purposes, €27 million of other intangible assets (2023: €28 million) and €42 million other fixed and current assets (2023: €42 million), excluding deferred taxes. Of the intangible assets, €13 million relates to brands which have finite useful lives (2023: €13 million).

The goodwill is mainly attributable to synergies expected to be achieved from integrating the acquired business into the group. The Huarun business has been integrated in business unit Decorative Paints China and North Asia.

Divestments

In 2024, no material divestments occurred. In 2023, no material divestments occurred either, other than property divestments. Please refer to Note 3 Segment information for more details on the property divestments.

Note 3: Segment information

Accounting policies

We determine and present operating segments based on the information that is provided to the Executive Committee, our chief operating decision-maker during 2024, to make decisions about resources to be allocated to the segments and assess their performance. Segment results reported to the Executive Committee include items directly attributable to a segment, as well as those items that can be allocated on a reasonable basis.

General

In presenting and discussing segmental operating results AkzoNobel uses two operational segments, Decorative Paints and Performance Coatings. Items which are not allocated to either one of these segments, mainly comprise of corporate assets and corporate costs and are reported in "Corporate and other".

Decorative Paints

We provide decorative paints to both the professional and the do-it-yourself markets. We supply a variety of quality products for every situation and surface, including paints, lacquers and varnishes. We also offer a range of mixing machines and color concepts for the building and renovation industry.

The business units in the operating segment Decorative Paints are set up regionally, as the paints business is managed per region. Refer to Note 4 Revenue for a disaggregation of revenues per region.

Performance Coatings

We are a supplier of performance coatings that protect and enhance ships, cars, aircraft, yachts and architectural components (structural steel, building products, flooring), consumer goods (mobile devices, appliances, beverage cans, furniture) and oil and gas facilities. The business units in the operating segment Performance Coatings are set up per product/end market as the segment is managed based on product/end market combinations. Refer to Note 4 Revenue for a disaggregation of revenues per product/end market.

The tables in this Note include Alternative Performance Measures (APMs). For further information, refer to the section Alternative Performance Measures in this Note.

Information per reportable segment

	Revenue (third parties)		Organic sales growth*		Amortization and depreciation		Operating income		Identified items		Adjusted operating income	
in € millions	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
Decorative Paints	4,300	4,301	2%	1%	(145)	(151)	500	405	—	(80)	500	485
Performance Coatings	6,368	6,410	2%	2%	(170)	(183)	698	679	13	(56)	685	735
Corporate and other	—	—			(42)	(37)	(169)	(167)	(58)	(60)	(111)	(107)
Total	**10,668**	**10,711**	**2%**	**2%**	**(357)**	**(371)**	**1,029**	**917**	**(45)**	**(196)**	**1,074**	**1,113**

Information per reportable segment

	Adjusted EBITDA		Adjusted EBITDA margin %*		Invested capital		Total assets		Total liabilities		Capital expenditures		ROI%*	
in € millions	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
Decorative Paints	645	635	15.0	14.8	3,650	3,850	5,835	5,770	1,604	1,302	99	87	13.3	12.4
Performance Coatings	854	913	13.4	14.2	3,641	3,679	6,294	6,224	2,213	2,156	165	197	18.4	19.5
Corporate and other	(70)	(70)			555	745	2,429	2,255	6,195	5,975	22	22		
Total	**1,429**	**1,478**	**13.4**	**13.8**	**7,846**	**8,274**	**14,558**	**14,249**	**10,012**	**9,433**	**286**	**306**	**13.0**	**13.3**

* Organic sales growth, Adjusted EBITDA margin and ROI% for Corporate and other is not shown, as this is not meaningful.

Regional information

	Revenue by region of destination		Intangible assets and property, plant and equipment		Invested capital		Capital expenditures	
in € millions	2023	2024	2023	2024	2023	2024	2023	2024
The Netherlands	315	329	1,210	1,201	1,984	1,783	34	39
Other EMEA countries	4,672	4,727	1,730	1,770	2,474	2,764	102	121
North Asia	1,720	1,668	1,165	1,184	993	1,030	36	34
South Asia Pacific	1,304	1,311	523	554	597	720	63	37
North America	1,379	1,363	631	687	775	962	29	55
Latin America	1,278	1,313	816	775	1,023	1,015	22	20
Total	**10,668**	**10,711**	**6,075**	**6,171**	**7,846**	**8,274**	**286**	**306**

Alternative Performance Measures

In presenting and discussing AkzoNobel's (segmental) operating results, management uses certain Alternative Performance Measures not defined by IFRS accounting standards, which exclude the so-called identified items. Identified items are special charges and benefits, results on acquisitions and divestments, major restructuring and impairment charges, charges and benefits related to major legal, environmental and tax cases, and hyperinflation accounting adjustments for inventory positions that exceed normal operational levels.

As of 2024, identified items include hyperinflation accounting adjustments for inventory positions that exceed normal operational levels. Excluding these removes the excessive shifts between financing income and operating income and as such provides a clearer view of business performance in hyperinflationary environments. Prior period figures have not been restated, as the impact was immaterial.

These Alternative Performance Measures should not be viewed in isolation as alternatives to the equivalent IFRS measures and should be used as supplementary information in conjunction with the most directly comparable IFRS measures. Alternative Performance Measures do not have a standardized meaning under IFRS accounting standards and therefore may not be comparable to similar measures presented by other companies. Where a non-financial measure is used to calculate an operational or statistical ratio, this ratio is also considered an Alternative Performance Measure.

A reconciliation of the Alternative Performance Measures to the most directly comparable IFRS measures can be found in the tables in the remainder of this Note, for those Alternative Performance Measures which are used to assess segment performance.

Alternative Performance Measures related to overall AkzoNobel performance have been included in the respective notes to the most directly comparable IFRS measures:
- Adjusted earnings per share, Note 9 Earnings per share
- Free cash flow, Note 22 Cash flow
- Leverage ratio and net debt, Note 26 Financial risk management

Adjusted EBITDA and Adjusted operating income

Adjusted EBITDA is operating income excluding depreciation, amortization and identified items. Adjusted operating income is operating income excluding identified items. The measures are used to evaluate the performance of the company and its segments. By excluding identified items, the comparability of the operational results increases and financial performance can be evaluated more effectively. Management sees adjusted EBITDA and adjusted operating income as appropriate measures for (segment) performance.

			2023					2024
Decorative Paints	Perf. Coatings	Other activities	Total	in € millions	Decorative Paints	Perf. Coatings	Other activities	Total
500	**698**	**(169)**	**1,029**	**Operating income**	**405**	**679**	**(167)**	**917**
(20)	(30)	(30)	(80)	Restructuring-related costs	(51)	(48)	(45)	(144)
21	49	(27)	43	Acquisition/divestment-related results	(12)	(2)	(9)	(23)
—	—	—	—	Hyperinflation	(15)	(4)	—	(19)
(1)	(6)	(1)	(8)	Other	(2)	(2)	(6)	(10)
—	**13**	**(58)**	**(45)**	**Total identified items**	**(80)**	**(56)**	**(60)**	**(196)**
500	**685**	**(111)**	**1,074**	**Adjusted operating income**	**485**	**735**	**(107)**	**1,113**
(145)	(169)	(41)	(355)	Depreciation and amortization*	(150)	(178)	(37)	(365)
645	**854**	**(70)**	**1,429**	**Adjusted EBITDA**	**635**	**913**	**(70)**	**1,478**

* Excluding identified items.

Restructuring-related costs

Restructuring-related costs primarily relate to costs for accruals for certain employee benefits and for other costs which are directly associated with plans to exit or cease specific activities, closing down of facilities and right-sizing the organization.

In 2024, the restructuring-related costs primarily included costs for the industrial excellence and profitable growth plan programs, whereas in 2023, the costs included various restructuring programs.

Acquisition/divestment-related results

Acquisition/divestment-related results include all results on acquisitions and divestments of businesses, costs directly related to such acquisitions and divestments, and post-merger integration costs. It also includes results of divestments not being part of a business divestment when certain materiality thresholds are met.

In 2024, these costs mainly relate to post-merger integration costs for Huarun and Grupo Orbis, whereas in 2023 they primarily related to the gains on the divestment of the Offenbach site in Germany and the Bangkok site in Thailand.

Hyperinflation

Hyperinflation relates to the hyperinflation accounting impact of inventory positions that exceed normal operational levels. This adjustment is included as from 2024. Prior period figures have not been restated, as the impact for prior periods was immaterial.

Adjusted EBITDA margin

Adjusted EBITDA margin is an operational profit margin. Adjusted EBITDA margin is adjusted EBITDA as a percentage of revenue. The measure provides a clear picture of (the development of) profitability.

Adjusted EBITDA margin

in € millions	2023	2024
Revenue from third parties		
Decorative Paints	4,300	4,301
Performance Coatings	6,368	6,410
Corporate and other	—	—
Total	**10,668**	**10,711**
Adjusted EBITDA		
Decorative Paints	645	635
Performance Coatings	854	913
Corporate and other	(70)	(70)
Total	**1,429**	**1,478**
Adjusted EBITDA margin%		
Decorative Paints	15.0	14.8
Performance Coatings	13.4	14.2
Corporate and other*		
Total	**13.4**	**13.8**

* Adjusted EBITDA margin for Corporate and other is not shown, as this is not meaningful.

(Average) invested capital and Return on Investment (ROI)

Average invested capital is the average of the quarter-end invested capital balances for the last four quarters. Invested capital is total assets (excluding cash and cash equivalents, short-term investments, investments in associates, pension assets, and assets held for sale) less current tax liabilities, deferred tax liabilities, and trade and other payables.

ROI is adjusted operating income of the last 12 months as a percentage of average invested capital. Management uses ROI to assess the efficiency of investments and make informed decisions on how to allocate capital to maximize returns and drive long-term growth.

ROI%

in € millions	2023	2024
Average invested capital		
Decorative Paints	3,755	3,921
Performance Coatings	3,725	3,773
Corporate and other	753	656
Total	**8,233**	**8,350**
Adjusted operating income		
Decorative Paints	500	485
Performance Coatings	685	735
Corporate and other	(111)	(107)
Total	**1,074**	**1,113**
ROI%		
Decorative Paints	13.3	12.4
Performance Coatings	18.4	19.5
Corporate and other*		
Total	**13.0**	**13.3**

* ROI% for Corporate and other is not shown, as this is not meaningful.

Invested capital

		2023				2024			
in € millions	Note	Decorative Paints	Performance Coatings	Corporate and Other	Total	Decorative Paints	Performance Coatings	Corporate and Other	Total
Intangible assets	10	2,465	1,511	105	4,081	2,445	1,514	90	4,049
Property, plant and equipment	11	828	1,133	33	1,994	819	1,270	33	2,122
Right-of-use assets	12	159	85	58	302	169	87	62	318
Deferred tax assets	8	96	115	301	512	71	98	253	422
Financial non-current assets (excluding pension assets)	14	34	174	184	392	43	141	161	345
Working capital*		314	672	136	1,122	544	616	349	1,509
Deferred tax liabilities	8	(246)	(49)	(262)	(557)	(241)	(47)	(203)	(491)
Invested capital		**3,650**	**3,641**	**555**	**7,846**	**3,850**	**3,679**	**745**	**8,274**

* Working capital contains inventories, trade and other receivables, trade and other payables, current tax assets and current tax liabilities.

Organic sales development

Organic sales development excludes the impact of changes in consolidation, the impact of changes in foreign exchange rates and the impact of hyperinflation accounting. The impact of changes in foreign exchange rates is calculated by retranslating the prior year local currency amounts into euros at the current year's foreign exchange rates. Organic sales development provides a better understanding of underlying revenue growth factors. The table below provides a reconciliation between organic sales development and revenue development.

Organic sales development 2024

in % versus 2023	Volume	Price/mix	Organic sales	Acq./div	FX	Other	Revenue
Decorative Paints	— %	1 %	**1 %**	1 %	(1) %	(1) %	**— %**
Performance Coatings	2 %	— %	**2 %**	— %	(1) %	— %	**1 %**
Total	**1 %**	**1 %**	**2 %**	**— %**	**(1)%**	**(1)%**	**— %**

Organic sales development 2023

in % versus 2022	Volume	Price/mix	Organic sales	Acq./div	FX	Other	Revenue
Decorative Paints	— %	4 %	**4 %**	2 %	(7) %	— %	**(1)%**
Performance Coatings	— %	4 %	**4 %**	1 %	(6) %	(1) %	**(2)%**
Total	**— %**	**4 %**	**4 %**	**2 %**	**(7)%**	**(1)%**	**(2)%**

Capital expenditures

Capital expenditures is the total of investments in property, plant and equipment and investments in intangible assets. Reporting on capital expenditures gives insight into the investment in long-term assets.

Capital expenditures

	2023			2024		
in € millions	Investments in PP&E	Investments in Intangible assets	Capital expenditures	Investments in PP&E	Investments in Intangible assets	Capital expenditures
Decorative Paints	97	—	97	87	—	87
Performance Coatings	163	3	166	190	7	197
Corporate and other	5	18	23	5	17	22
Total	**265**	**21**	**286**	**282**	**24**	**306**

Note 4: Revenue

Accounting policies

Sale of goods
AkzoNobel's main business consists of straightforward selling of goods (paints and coatings) to customers at contractually determined prices and conditions without any additional services. Although the transfer of risks and rewards is not the only criterion to be considered to determine whether control over the goods has transferred, it is in most situations considered to be the main indicator of the customer's ability to direct the use of, and obtain the benefits from the asset, and largely also coincides with the physical transfer of the goods and the obligation of the customer to pay.

Variable considerations, including among others rebates, bonuses, discounts and payments to customers, are accrued for as performance obligations are satisfied and revenue is recognized. Variable considerations are only recognized when it is highly probable that these are not subject to significant reversal.

In case of expected returns, revenue is not recognized for such products. Instead, we record a liability for the refund and an asset for the products that will be returned. A provision for warranties is recognized when the underlying products or services are sold, generally based on historical warranty data. Revenue is recognized net of rebates, discounts and similar allowances, and net of sales tax.

Equipment provided to customers
AkzoNobel regularly provides mixing machines, store interior and other assets to its customers at the start of a paints or coatings delivery contract. The delivery of such assets qualifies as a separate performance obligation. Revenue can only be recognized at the moment of transfer of such assets, when there is an agreed sales price or when there is a binding take-or-pay commitment for a minimum quantity of paints or coatings to be purchased by the customer.

Services
AkzoNobel provides certain training, technical and/or support services to customers, as well as shipping and handling activities for its customers. Service revenue is recognized over time when the related services are being provided. When not separately invoiced, part of the sales price of paints or coatings is allocated to such services.

General

The major product lines and geographical regions are as disclosed in the table in this Note.

For the receivables, which are included in Trade and other receivables, reference is made to Note 16 Trade and other receivables.

As at December 31, 2024, and at December 31, 2023, no significant contract assets were recognized.

As at December 31, 2024, the amount of contract liabilities deferred to be recognized over time in 2025 was €4 million (2023: €4 million). These contract liabilities primarily relate to shipping, training and certain technical services, for which revenue is recognized over time. The amount of €4 million included in contract liabilities at the beginning of the period has been recognized as revenue during the year 2024 (2023: €4 million).

Revenue disaggregation

	Decorative Paints		Performance Coatings		Total	
in € millions	2023	2024	2023	2024	2023	2024
Primary geographical markets - revenue from third parties						
The Netherlands	214	222	101	107	315	329
Other EMEA countries	2,199	2,240	2,473	2,487	4,672	4,727
North Asia	543	459	1,177	1,209	1,720	1,668
South Asia Pacific	564	555	740	756	1,304	1,311
North America	—	—	1,379	1,363	1,379	1,363
Latin America	780	825	498	488	1,278	1,313
Total	**4,300**	**4,301**	**6,368**	**6,410**	**10,668**	**10,711**
Major goods/service lines - revenue from third parties						
Decorative Paints Europe, Middle East and Africa	2,413	2,462	—	—	2,413	2,462
Decorative Paints Latin America	780	825	—	—	780	825
Decorative Paints China and North Asia	543	459	—	—	543	459
Decorative Paints South East and South Asia	564	555	—	—	564	555
Powder Coatings	—	—	1,377	1,365	1,377	1,365
Marine and Protective Coatings	—	—	1,482	1,575	1,482	1,575
Automotive and Specialty Coatings	—	—	1,422	1,434	1,422	1,434
Industrial Coatings	—	—	2,087	2,036	2,087	2,036
Corporate and other	—	—	—	—	—	—
Total	**4,300**	**4,301**	**6,368**	**6,410**	**10,668**	**10,711**
Timing of revenue recognition - revenue from third parties						
Goods transferred at a point in time	4,220	4,237	6,169	6,196	10,389	10,433
Services transferred over time	80	64	199	214	279	278
Total	**4,300**	**4,301**	**6,368**	**6,410**	**10,668**	**10,711**

Note 5: Operating income

Accounting policies

Operating income is the income generated from our core business activities, before financing income and expenses, results from associates and income tax. Operating income includes identified items.

Cost of sales
Cost of sales comprises the costs of purchase, conversion and other costs incurred to bring the products sold into the condition and location to be ready for sale. This includes the cost of raw materials, labor, warehousing of raw materials, production overhead and changes in inventory provisions for raw materials and semi-finished goods.

Selling and distribution expenses
Selling and distribution expenses comprise the costs associated with promoting and selling products or services, as well as delivering them to customers. These costs include sales, marketing, distribution, warehousing of finished goods, supply chain management costs and changes in inventory provisions related to finished goods.

General and administrative expenses
General and administrative expenses include costs for support functions and other general and administrative expenses.

Research and development expenses
Research and development expenses include costs incurred in the process of developing new products, or improving existing products. Development costs are capitalized as an internally generated intangible asset, if it is probable that sufficient future economic benefits will be generated by the development.

Other results
Other results include items not considered to be normal operational items (from ordinary activities); it includes gains and losses that cannot be reported in any of the categories above, amongst others impairment of goodwill and results on certain divestments.

Development of operating income

Operating income at €917 million (2023: €1,029 million) was impacted by €196 million negative identified items, mainly related to restructuring related costs (2023: €45 million negative, which also included gains from property divestments). Excluding these items, gross margin expansion more than offset operating cost inflation.

Refer to Note 3, section Alternative Performance Measures, for more details on restructuring related costs and acquisitions/divestments.

Costs by nature 2024

in € millions	Employee benefits	Amortization	Depreciation	Purchases and other costs	Total
Cost of sales	(583)	(1)	(166)	(5,624)	(6,374)
Selling and distribution expenses	(1,078)	(51)	(94)	(1,240)	(2,463)
General and administrative expenses	(293)	(21)	(18)	(323)	(655)
Research and development expenses	(209)	(5)	(15)	(67)	(296)
Other results	—	—	—	(6)	(6)
Total	**(2,163)**	**(78)**	**(293)**	**(7,260)**	**(9,794)**

Costs by nature 2023

in € millions	Employee benefits	Amortization	Depreciation	Purchases and other costs	Total
Cost of sales	(550)	(1)	(150)	(5,733)	(6,434)
Selling and distribution expenses	(991)	(52)	(94)	(1,210)	(2,347)
General and administrative expenses	(279)	(22)	(19)	(328)	(648)
Research and development expenses	(186)	(5)	(14)	(65)	(270)
Other results	(2)	—	—	62	60
Total	**(2,008)**	**(80)**	**(277)**	**(7,274)**	**(9,639)**

Note 6: Employee benefits

Accounting policies

Salaries and wages are recognized in the statement of profit and loss in the period when an employee has rendered services to AkzoNobel.

The accounting policies for post-retirement costs are described in Note 18 Post-retirement benefit provisions.

AkzoNobel has a performance-related and a restricted share plan, as well as a share-matching plan, under which equity-settled shares are granted to certain employees. The fair value is measured at grant date and amortized over the three-year period during which the employees normally become unconditionally entitled to the shares with a corresponding increase in shareholders' equity. Amortization is accelerated in the event of earlier vesting or settlement.

Salaries, wages and other employee benefits

Salaries and wages increased in 2024, mainly due to wage bill inflation and an increase in severance costs.

Salaries, wages and other employee benefits in operating income

in € millions	2023	2024
Salaries and wages	(1,573)	(1,702)
Post-retirement cost	(138)	(145)
Other social charges	(297)	(316)
Total	**(2,008)**	**(2,163)**

Share-based compensation

Share-based compensation relates to the equity-settled performance-related share plan and the restricted share plans, as well as the share-matching plan. Charges recognized in the 2024 statement of income for share-based compensation amounted to €23 million and are included in salaries and wages (2023: €18 million).

Performance-related and restricted share plans

Under the performance-related share plan and the restricted share plans, a number of conditional shares are granted to the members of the Board of Management, members of the Executive Committee, executives and certain other employee categories each year. The number of participants of the performance-related share plan and the restricted share plans at year-end 2024 was 694 (2023: 666). The shares of the performance-related and restricted share plan series 2021-2023 have vested and were delivered to the participants in 2024.

The performance targets for the conditional grant of performance-related shares of the Board of Management and the Executive Committee (series 2022-2024 and 2023-2025) are linked to revenue growth (20%), adjusted EBITDA (40%), ROI (20%), and Environmental, Social and Governance (ESG) KPIs (20%). The performance targets for the conditional grant of performance-related shares of the Board of Management, the Executive Committee, and the executives (series 2024-2026), are linked to adjusted EBITDA (33%), ROI (33%), and Environmental, Social and Governance (ESG) KPIs (34%). For the Board of Management and the Executive Committee, a two-year holding restriction after vesting applies. The executives have no holding restriction.

The plans for the executives (series 2022-2024 and 2023-2025) and certain non-executive employee categories are restricted share plans without any performance conditions, whereby the conditional grant of shares will vest upon the condition that they remain in service with the company during the three-year vesting period. A one-year holding restriction after vesting applies for the executives.

The conditional shares of the 2022-2024 performance share plan for the AkzoNobel participants vested for 112.35% (series 2021-2023: 12.30%), including dividend shares of 8.76% (series 2021-2023: 7.42%), the final vesting percentage amounted to 122.19% (series 2021-2023: 13.21%).

The share price of a common AkzoNobel share at year end 2024 amounted to €57.96 (2023: €74.82).

Fair value of performance-related and restricted shares

The fair value of the performance shares of the 2024-2026 grant to executives, amounting to €63.75, is based on the opening share price on April 2, 2024, of €69.52 and the expected dividend yield of 2.85%.

The fair value of the restricted shares of the 2024-2026 grant to non-executives, amounting to €50.87, is based on the opening share price on July 1, 2024, of €56.60 and the expected dividend yield of 3.50%.

The fair value of the performance-related 2024-2026 grant for the Board of Management and the Executive Committee, based on the opening share price on April 25, 2024, amounts to €62.80.

Fair value performance-related shares in €

Series	Opening share price per:	Fair Value[5]	Share price	Dividend yield
2021 - 2023	April 22, 2021[1]	103.20	103.20	NA
2022 - 2024	February 23, 2022	88.28	88.28	NA
2022 - 2024	October 3, 2022[2]	57.70	57.70	NA
2023 - 2025	February 23, 2023	69.26	69.26	NA
2023 - 2025	July 3, 2023[3]	74.78	74.78	NA
2023 - 2025	January 2, 2024[3]	74.82	74.82	NA
2024 - 2026	April 2, 2024	63.75	69.52	2.85 %
2024 - 2026	April 25, 2024[4]	62.80	62.80	NA

[1] Date of the AGM at which the new LTI performance criteria for the Board of Management were approved.
[2] Date on which Mr. Poux-Guillaume started working for AkzoNobel.
[3] Dates on which the member of the executive committee started working for AkzoNobel.
[4] Date of the AGM at which the new LTI performance criteria for the Board of Management were approved.
[5] No market conditions, hence the fair value is equal to share price taking into account dividend yield, if applicable.

Share-matching plan

The members of the Board of Management and the members of the Executive Committee are eligible to participate in the share-matching plan. Under certain conditions, members who invest part of their short-term incentive payment in AkzoNobel shares may have such shares matched by the company one-on-one. During 2024, no potential matching shares were matched as the members of the Board of Management and the members of the Executive Committee were not eligible for matching shares on the 2021 series. In 2024, the members of the Board of Management and the members of the Executive Committee invested part of their 2023 short-term incentive in AkzoNobel shares, leading to 15,816 potential matching shares. The total number of matching shares outstanding per December 31, 2024, is 19,329. For an overview of the matching shares outstanding for the members of the Board of Management per December 31, 2024, we refer to the Remuneration report.

Fair value of matching shares

The fair value of the matching shares of €61.59 was based on the opening share price on the investment date of April 23, 2023, being €67.36, discounted for expected dividends over the vesting period (dividend yield: 2.94%).

Share plans of AkzoNobel employees

Share plan	Performance/ Vesting period	Award date	Vesting date	End of holding period	Balance at January 1, 2024	Awarded in 2024	Vested in 2024	Forfeited in 2024	Dividend in 2024	Subject to performance condition	Unvested in 2024	Subject to holding period	Balance at December 31, 2024
2021 – 2023 Restricted Share Plan E*	3 years	1/4/2021	1/4/2024	1/4/2025	130,855	—	(130,707)	(148)	—	NA	—	130,707	—
2021 – 2023 Performance Share Plan	3 years	1/1/2021	1/1/2024	1/1/2026	8,663	—	(8,663)	—	—	—	—	8,663	—
2021 – 2023 Restricted Share Plan NE*	3 years	1/4/2021	1/4/2024	NA	24,020	—	(23,240)	(780)	—	NA	—	—	—
2022 – 2024 Restricted Share Plan E*	3 years	1/4/2022	1/4/2025	1/4/2026	143,425	173	(11,530)	(8,902)	—	NA	123,166	123,166	123,166
2022 – 2024 Performance Share Plan	3 years	1/1/2022	1/1/2025	1/1/2027	62,047	7,906	—	—	1,986	71,939	71,939	71,939	71,939
2022 – 2024 Restricted Share Plan NE*	3 years	1/4/2022	1/4/2025	NA	44,217	—	(696)	(2,765)	—	NA	40,756	—	40,756
2023 – 2025 Restricted Share Plan E*	3 years	1/4/2023	1/4/2026	1/4/2027	225,745	173	(8,284)	(25,476)	—	NA	192,158	192,158	192,158
2023 – 2025 Performance Share Plan	3 years	1/1/2023	1/1/2026	1/1/2028	104,795	8,196	—	—	3,850	116,841	116,841	116,841	116,841
2023 – 2025 Restricted Share Plan NE*	3 years	1/4/2023	1/4/2026	NA	63,025	—	(320)	(4,135)	—	NA	58,570	—	58,570
2024 – 2026 Performance Share Plan E*	3 years	2/4/2024	2/4/2027	NA	—	203,647	(410)	(21,838)	—	181,399	181,399	—	181,399
2024 – 2026 Performance Share Plan	3 years	1/1/2024	1/1/2027	1/1/2029	—	114,401	—	—	3,661	118,062	118,062	118,062	118,062
2024 – 2026 Restricted Share Plan NE*	3 years	2/4/2024	2/4/2027	NA	—	43,760	—	(540)	—	NA	43,220	—	43,220
Total					**806,792**	**378,256**	**(183,850)**	**(64,584)**	**9,497**	**488,241**	**946,111**	**761,536**	**946,111**

* E means executive plan; NE means non-executive plan.

Number of employees

Average number of employees during the year total AkzoNobel

In FTEs	2023	2024
Decorative Paints	14,000	14,100
Performance Coatings	17,600	17,800
Corporate and other	3,300	3,500
Total	**34,900**	**35,400**

Average number of employees during the year in the Netherlands

In FTEs	2023	2024
Decorative Paints	600	600
Performance Coatings	1,100	1,100
Corporate and other	700	700
Total	**2,400**	**2,400**

Number of employees at year-end

In FTEs	2023	2024
Decorative Paints	14,300	13,600
Performance Coatings	17,500	17,500
Corporate and other	3,400	3,500
Total	**35,200**	**34,600**

The average number of employees (in FTEs) working outside the Netherlands was 33,000 (2023: 32,500). In 2024, the number of employees (in FTEs) decreased to 34,600 people (year-end 2023: 35,200 people).

Note 7: Financing income and expenses

Accounting policies

Net interest on net debt is measured using the effective interest method.

Financing income related to post-retirement benefits includes the interest on the net defined benefit liability/asset. Interest on provisions contains the movement of provisions as a result of the passage of time, as well as the impact from changes in discount rates.

Exchange rate results contain the FX results on derivatives, loans, receivables, payables and other financial liabilities.

The gain or loss on net monetary position is a hyperinflation accounting metric and reflects the gain or loss of purchase power by either having a net monetary liability or net monetary asset position. It includes the restatement of non-monetary assets and liabilities, equity and items in the statement of profit and loss.

Financing income and expenses

Financing income and expenses

in € millions	2023	2024
Net interest on net debt		
Financing income	69	61
Financing expenses	(192)	(187)
Net interest on net debt	**(123)**	**(126)**
Other financing income and expenses		
Financing income related to post-retirement benefits	33	27
Interest on provisions	(1)	(3)
Exchange rate results	(128)	(47)
Hyperinflation: gain/(loss) on net monetary position	(46)	15
Other items	(7)	32
Net other financing income and expenses	**(149)**	**24**
Total financing income and expenses	**(272)**	**(102)**

Net financing expenses for the year were €102 million (2023: €272 million). Significant variances include:

- Exchange rate results were negative €47 million (2023: negative €128 million). In 2023, these contained €36 million negative result on cash flow hedging contracts, related to the previously anticipated acquisition of Kansai Paints Africa (refer to Note 26 Financial risk management for more details); the remainder of the decrease in exchange rate results is largely related to the Argentinian peso
- Hyperinflation: the net gain on monetary position was €15 million (2023: negative €46 million). The change compared to prior year is the result of the company moving from a net monetary asset to a net monetary liability position in hyperinflation economies
- Other items increased by €39 million, mainly due to the interest impact related to the release of provisions for uncertain tax positions (refer to Note 8 Income tax for more details)

Interest income from financial assets measured at amortized cost (including the loan to Pension Fund APF in the Netherlands) amounted to approximately €10 million in 2024 (2023: €5 million). The remainder was generated by financial assets measured at fair value through profit and loss.

The average interest rate used for capitalized interest was 2.3% (2023: 2.1%). Capitalized interest was negligible in both 2024 and 2023. The average interest rate on total debt was 3.4% (2023: 3.2%).

Impact hyperinflation accounting

The impact of the application of hyperinflation accounting and the use of end of period rates to translate the statement of the income statement, is shown in the table below.

Hyperinflation accounting

in € millions	2023	2024
Revenue	(64)	67
Operating income	**(54)**	**(47)**
Net interest on net debt	17	—
Exchange rate results	54	(3)
Hyperinflation: gain/(loss) on net monetary position	(46)	15
Financing income and expenses	**25**	**12**
Profit before tax	**(29)**	**(35)**
Income tax	(48)	(18)
Profit for the period	**(77)**	**(53)**
Attributable to		
Shareholders of the company	(65)	(43)
Non-controlling interests	(12)	(10)

Note 8: Income tax

Accounting policies

Income tax expenses comprise both current and deferred tax, including the effects of changes in tax rates. In determining the amount of current and deferred tax, we also take into account the impact of uncertain tax positions and whether additional taxes may be due. Income tax is recognized in the statement of income, unless it relates to items recognized in other comprehensive income or equity.

Current tax includes the expected tax payable and receivable on the taxable income for the year, using tax rates enacted or substantively enacted at reporting date, as well as (any adjustments to) tax payables and receivables with respect to previous years.

Deferred tax is recognized using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated financial statements. We do not recognize deferred tax for the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences related to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future and we can control the timing of the reversal of the temporary difference. Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

AkzoNobel has applied the exemption for recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Measurement of deferred tax assets and liabilities is based upon the enacted or substantively enacted tax rates expected to apply to taxable income in the years in which temporary differences are expected to be reversed. Deferred tax positions are not discounted.

Accounting estimates and judgments

Recoverability of deferred tax assets
The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income against which the deductible temporary differences, unused tax losses and unused tax credits can be utilized. Significant judgment is involved in determining this future taxable income.

When assessing the recognition of deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will be realized. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

More details on the estimates and judgments related to the recoverability of deferred tax assets can be found in the respective section of this Note.

Uncertain tax positions
Liabilities for uncertain tax positions are recognized if and to the extent it is probable that additional taxes will become due, and the amount can be measured reliably.

Significant judgment is involved in the determination of such liabilities. Probability is assessed by applying interpretation of legislation and relevant case law.

More details on the estimates and judgments related to uncertain tax positions can be found in the respective section of this Note.

Effective tax rate

Pre-tax income from continuing operations for the year amounted to a profit of €838 million (2023: €784 million). The net tax charges related to continuing operations are included in the statement of income as shown in this Note and amount to €246 million (2023: €296 million), leading to an effective tax rate of 29.4% (2023: 37.8%).

Classification of current and deferred tax result

A breakdown into current and deferred tax expenses and a split of the main categories is provided in the table below.

Classification of current and deferred tax result

in € millions	2023	2024
Current tax expense for		
The year	(277)	(259)
Adjustments for previous years	(28)	62
Total current tax expense	**(305)**	**(197)**
Deferred tax expense for		
Origination and reversal of temporary differences and tax losses	57	14
(Derecognition)/recognition of deferred tax assets	(47)	(64)
Changes in tax rates	(1)	1
Total deferred tax expense	**9**	**(49)**
Total	**(296)**	**(246)**

Adjustments for previous years in 2024 were mainly related to the release of provisions for uncertain tax positions, while in 2023 adjustments for prior years mainly related to true-ups as a result of tax audits.

Origination and reversal of temporary differences and tax losses is driven, among others, by timing differences between recognition and payments for provisions, timing differences on depreciation and amortization for tax purposes versus the consolidated financial statements and tax loss carryforwards utilized against profits of the year or new tax losses incurred.

The derecognition of deferred tax assets in 2024 and 2023 mainly relates to technical tax limitations to deduct interest. In 2024, it also includes the derecognition of tax losses carried forward outside of the Netherlands, that could no longer be recognized because of reduced future interest income due to (planned) repatriation of funds to The Netherlands.

Effective tax rate reconciliation

In 2024, the effective income tax rate based on the statement of income was 29.4% (2023: 37.8%). A reconciliation between the effective tax rate and the weighted average statutory income tax rate is provided in the table.

Effective tax rate reconciliation

in %	2023	2024
Corporate tax rate in the Netherlands	25.8	25.8
Effect of tax rates in other countries	(1.7)	(0.8)
Weighted average statutory income tax rate	**24.1**	**25.0**
Non-taxable income	(2.8)	(2.6)
Non-deductible expenses	2.2	1.6
Non-refundable withholding taxes	1.4	1.8
(Recognition)/derecognition of deferred tax assets	6.0	7.6
Adjustments for previous years	3.5	(7.4)
Hyperinflation impact	3.2	3.5
Deferred tax adjustment due to changes in tax rates	0.2	(0.1)
Effective tax rate	**37.8**	**29.4**

Non-taxable income in both 2024 and 2023 was mainly related to incentives in various countries.

Non-deductible expenses are related to certain non-deductible costs in various countries.

The impact of non-refundable withholding tax on the tax rate is dependent on our relative share in the profit of subsidiaries in countries that levy withholding tax on dividends and on the timing of the remittance of such dividends. Based on the Dutch tax system there is a limited credit for such taxes.

The derecognition of deferred tax assets in 2024 and 2023 mainly relates to technical tax limitations to deduct interest. In 2024, it also includes the derecognition of tax losses carried forward that could no longer be recognized because of reduced future interest income due to (planned) repatriation of funds to the Netherlands.

Adjustments for previous years in 2024 were mainly related to the release of provisions for uncertain tax positions, while in 2023 adjustments for prior years mainly related to true-ups as a result of tax audits.

The net effect of hyperinflation accounting in Argentina and Türkiye combined in 2024 is an increase in tax rate of 3.5% (2023: 3.2%). This mainly relates to the restatement of reserves, which results in a non-taxable, non-cash impact on the effective tax rate.

Origination of deferred tax assets and liabilities

Deferred tax assets and liabilities originate from temporary differences in various balance sheet line items, as well as from tax credits and tax loss carryforwards. The tables show the origination of deferred tax assets and liabilities, and the movements thereof, for the financial years 2024 and 2023.

Origination of deferred tax assets and liabilities 2024

in € millions	Balance at January 1, 2024	Changes in exchange rate	Recognized in income	Recognized in equity/Other comprehensive income	Acquisitions	Balance at December 31, 2024
Intangible assets	(533)	1	4	—	—	(528)
Property, plant and equipment	49	1	(23)	—	—	27
Financial non-current assets	(247)	(12)	(6)	41	—	(224)
Post-retirement benefit provisions	85	—	(2)	(10)	—	73
Other provisions	28	—	(5)	—	—	23
Other items	91	—	6	—	—	97
Temporary differences	**(527)**	**(10)**	**(26)**	**31**	**—**	**(532)**
Tax credits	222	—	12	—	—	234
Tax loss carryforwards	260	4	(35)	—	—	229
Deferred tax assets (liabilities)	**(45)**	**(6)**	**(49)**	**31**	**—**	**(69)**

Origination of deferred tax assets and liabilities 2023

in € millions	Balance at January 1, 2023	Changes in exchange rate	Recognized in income	Recognized in equity/Other comprehensive income	Acquisitions	Balance at December 31, 2023
Intangible assets	(521)	9	(16)	—	(5)	(533)
Property, plant and equipment	57	17	(24)	—	(1)	49
Financial non-current assets	(272)	(4)	7	22	—	(247)
Post-retirement benefit provisions	76	—	(7)	16	—	85
Other provisions	25	(1)	4	—	—	28
Other items	126	(3)	(28)	(1)	(3)	91
Temporary differences	**(509)**	**18**	**(64)**	**37**	**(9)**	**(527)**
Tax credits	206	—	16	—	—	222
Tax loss carryforwards	240	(37)	57	—	—	260
Deferred tax assets (liabilities)	**(63)**	**(19)**	**9**	**37**	**(9)**	**(45)**

Reconciliation deferred tax assets and liabilities to the balance sheet

The table below provides a reconciliation of the total deferred tax amounts for each of the originating items to the deferred tax asset and liability positions as included in the balance sheet.

Deferred tax assets and liabilities per balance sheet item

	December 31, 2023			December 31, 2024		
in € millions	Net balance	Assets	Liabilities	Net balance	Assets	Liabilities
Intangible assets	(533)	9	542	(528)	14	542
Property, plant and equipment	49	123	74	27	174	147
Financial non-current assets	(247)	11	258	(224)	14	238
Post-retirement benefit provisions	85	88	3	73	76	3
Other provisions	28	38	10	23	34	11
Other items	91	107	16	97	118	21
Temporary differences	**(527)**	**376**	**903**	**(532)**	**430**	**962**
Tax credits	222	222	—	234	234	—
Tax loss carryforwards	260	260	—	229	229	—
Tax assets/liabilities	**(45)**	**858**	**903**	**(69)**	**893**	**962**
Set-off of tax	—	(346)	(346)	—	(471)	(471)
Net deferred tax positions	**(45)**	**512**	**557**	**(69)**	**422**	**491**

Deferred tax assets recoverability assessment

The projections used to assess recoverability are, in general, based on a projection of ten years. Specific facts and circumstances per country may lead to shorter or longer projection periods being used. Growth in profitability is projected using GDP growth, adjusting for specific factors affecting profitability of our operations within the country.

The amount of deferred tax assets considered realizable could change if future estimates of projected taxable income during the carryforward period, or other variables, are revised. The majority of the amount of the non-current portion of deferred and current taxes will be recovered or settled after more than 12 months.

The derecognition of deferred tax assets in 2024 and 2023 mainly relates to technical tax limitations to deduct interest. In 2024, it also includes the derecognition of tax losses carried forward that could no longer be recognized because of reduced future interest income due to (planned) repatriation of funds to the Netherlands.

At year-end 2024, approximately 75% (2023: approximately 70%) of the recognized deferred assets concerned the UK, the Netherlands and Germany.

The vast majority of the tax credits of €234 million (2023: €222 million) is related to withholding tax credits in the Netherlands. While we expect that we are able to generate sufficient profits in the Dutch fiscal unity to realize these credits, the amount which can be utilized per year is limited due to additional criteria which apply for tax credit utilization. As these tax credits have an unlimited expiration period, we have applied a projection period beyond our normal 10-year horizon.

From the total amount of recognized net deferred tax assets, €102 million (2023: €151 million) is related to entities that have suffered a loss in either the current or the previous year and where utilization is dependent on future taxable profit in excess of the profit arising from the reversal of existing taxable temporary differences. This assessment is based on management's long-term projections and tax planning strategies.

In 2024 and 2023, deferred tax assets not recognized include €638 million of tax loss carryforwards (2023: €548 million) and €74 million of non-deductible interest (2023: €44 million). The losses in the tables on tax losses carried forward hereafter are gross amounts, with the tax impact included in the last column of the table.

A deferred tax liability is recognized for taxable temporary differences related to investments in subsidiaries, branches and associates and interests in joint arrangements, to the extent that it is probable that these will reverse in the foreseeable future. The expected net tax impact of the remaining differences for which no deferred tax liabilities have been recognized is €56 million (2023: €47 million).

Expiration year of loss carryforwards 2024

in € millions	2025	2026	2027	2028	2029	Later	Unlimited	Total	Deferred tax
Total loss carryforwards	1	4	6	59	26	40	3,149	3,285	844
Loss carryforwards not recognized in deferred tax assets	(1)	(1)	(5)	(10)	(11)	(27)	(2,389)	(2,444)	(615)
Total loss carryforwards recognized	**—**	**3**	**1**	**49**	**15**	**13**	**760**	**841**	**229**

Expiration year of loss carryforwards 2023

in € millions	2024	2025	2026	2027	2028	Later	Unlimited	Total	Deferred tax
Total loss carryforwards	1	1	4	5	76	51	3,009	3,147	808
Loss carryforwards not recognized in deferred tax assets	—	—	(1)	(1)	(1)	(17)	(2,153)	(2,173)	(548)
Total loss carryforwards recognized	**1**	**1**	**3**	**4**	**75**	**34**	**856**	**974**	**260**

Uncertain tax positions

Our assessments of uncertain tax positions are based on our best estimate of how the tax authorities concerned are likely to evaluate and respond to the cases in question, taking into account expert advice. Uncertain tax positions for which liabilities have been recorded, mainly relate to international transfer pricing and deductibility of expenses.

In certain cases, uncertain tax positions are related to disputes with tax authorities. Such cases are usually strongly contested and defended by the company, often assisted by outside counsel and/or experts.

Impact OECD Pillar Two framework

AkzoNobel is within the scope of the OECD Pillar Two rules. Pillar Two legislation was enacted in the Netherlands, and is effective for AkzoNobel as of January 1, 2024. The 2024 current tax expense related to Pillar Two is approximately €1 million, which is attributable to earnings in a limited number of countries.

Income tax recognized in equity

The following table shows income tax items recognized in equity by category.

Income tax recognized in equity

in € millions	2023	2024
Currency exchange differences on intercompany loans of a permanent nature	(1)	—
Share-based compensation	(1)	—
Post-retirement benefits	38	31
Total	**36**	**31**
Current tax	(1)	1
Deferred tax	37	30
Total	**36**	**31**

Note 9: Earnings per share

Accounting policies

Basic earnings per share is calculated by dividing the profit for the period attributable to shareholders of the company by the weighted average number of common shares outstanding during the year, adjusted for any repurchased shares.

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding during the year for the diluting effect of the shares of the performance-related share plan, the restricted share plan and the share-matching plan.

Adjusted earnings per share represents the basic earnings per share from continuing operations excluding identified items, after taxes.

General

Profit for the period attributable to the shareholders of the company was €542 million (2023: €442 million).

Profit for the period

in € millions	2023	2024
Profit before tax from continuing operations	784	838
Income tax	(296)	(246)
Profit from continuing operations	**488**	**592**
Profit for the period attributable to non-controlling interests	(41)	(50)
Profit for the period from continuing operations attributable to shareholders of the company	**447**	**542**
Profit for the period from discontinued operations attributable to shareholders of the company	(5)	—
Profit for the period attributable to shareholders of the company	**442**	**542**

Weighted average number of common shares

Number of shares	2023	2024
Issued common shares at January 1	**170,428,331**	**170,600,675**
Effect of issued common shares during the year	145,224	128,195
Shares for basic earnings per share for the year	**170,573,555**	**170,728,870**
Effect of dilutive shares		
For performance-related and restricted shares	761,918	871,692
For share-matching plan	3,283	12,313
Shares for diluted earnings per share	**171,338,756**	**171,612,875**

Earnings per share

in €	2023	2024
Continuing operations		
Basic	2.62	3.17
Diluted	2.61	3.16
Discontinued operations		
Basic	(0.03)	0.00
Diluted	(0.03)	0.00
Total operations		
Basic	2.59	3.17
Diluted	2.58	3.16

Adjusted earnings per share

Adjusted earnings per share is an Alternative Performance Measure used to provide additional insight into the underlying profitability of the company. It helps comparing performance over time, as well as to industry benchmarks and peers. For more details on Alternative Performance Measures refer to Note 3, section Alternative Performance Measures.

Adjusted earnings per share*

in € millions	2023	2024
Profit for the period attributable to shareholders of the company from continuing operations	488	592
APM adjustments to operating income	45	196
APM adjustments to interest	44	(21)
APM adjustments to income tax	(13)	(54)
Non-controlling interests	(41)	(50)
Adjusted profit from continuing operations attributable to shareholders of the company*	**523**	**663**
Weighted average number of shares (in millions)	170.6	170.7
Adjusted earnings per share from continuing operations (in €)	3.07	3.88

* Refer to the glossary for definitions of the APMs.

Adjustments to operating income

For details on the adjustments to operating income, refer to Note 3, section Alternative Performance Measures.

Adjustments to interest

Adjustments to interest include the interest impact of identified items, amongst others the impact of discounting of provisions related to identified items, and hyperinflation accounting impact.

In 2024, these adjustments mainly related the hyperinflation accounting impact of inventory positions that exceed normal operational levels.

Adjustments to interest in 2023 mainly related to the wind down of the cash flow hedges related to the previously anticipated acquisition of Kansai Paints Africa. Refer to Note 26 Financial risk management for more details.

Adjustments to income tax

Adjustments to income tax include the tax impact of identified items as well as certain specific income tax identified items, for example the ACT case. The UK ACT case is a group litigation case the company participates in ("Franked Investment Income litigation/case"; filed in 2003) in order to seek recovery of Advance Corporation Tax.

In 2024, adjustments to income tax mainly related to the tax impact on the identified items included in interest and operating income. Further, €14 million related to the ACT case.

In 2023, adjustments to income tax amounted to a net tax charge of €13 million, which mainly related to the tax impact on the identified items included in interest and operating income.

Note 10: Intangible assets

Intangible assets

in € millions	Goodwill	Brands	Customer lists	Other intangibles	Total
Balance at January 1, 2023					
Cost of acquisition	1,405	2,288	1,127	179	4,999
Cost of internally developed intangibles	—	—	—	268	268
Accumulated amortization/impairment	(28)	(223)	(654)	(290)	(1,195)
Carrying value at January 1, 2023	**1,377**	**2,065**	**473**	**157**	**4,072**
Movements in 2023					
Acquisitions through business combinations	34	16	26	(4)	72
Investments - including internally developed intangibles	—	—	—	21	21
Amortization	—	(17)	(31)	(32)	(80)
Impairments, including reversals thereof	—	—	—	(1)	(1)
Hyperinflation adjustment	10	17	—	—	27
Changes in exchange rates	9	(64)	23	2	(30)
Total movements	**53**	**(48)**	**18**	**(14)**	**9**
Balance at December 31, 2023					
Cost of acquisition	1,458	2,255	1,151	180	5,044
Cost of internally developed intangibles	—	—	—	273	273
Accumulated amortization/impairment	(28)	(238)	(660)	(310)	(1,236)
Carrying value at December 31, 2023	**1,430**	**2,017**	**491**	**143**	**4,081**
Movements in 2024					
Acquisitions through business combinations	3	—	(1)	—	2
Investments - including internally developed intangibles	—	—	—	24	24
Amortization	—	(17)	(32)	(29)	(78)
Hyperinflation adjustment	5	10	—	—	15
Changes in exchange rates	5	11	(8)	(3)	5
Total movements	**13**	**4**	**(41)**	**(8)**	**(32)**
Balance at December 31, 2024					
Cost of acquisition	1,472	2,274	1,136	190	5,072
Cost of internally developed intangibles	—	—	—	287	287
Accumulated amortization/impairment	(29)	(253)	(686)	(342)	(1,310)
Carrying value at December 31, 2024	**1,443**	**2,021**	**450**	**135**	**4,049**

Accounting policies

Intangible assets are valued at cost less accumulated amortization and impairment charges. Intangible assets with an indefinite useful life, such as goodwill and certain brands, are not amortized, but tested for impairment annually.

Intangible assets with a finite useful life, such as licenses, know-how, certain brands, customer relationships, intellectual property rights, software expenditures (in as far as AkzoNobel controls the software configured or customized) and capitalized development costs, are capitalized at historical cost and amortized on a straight-line basis over the estimated useful life of the assets, which generally ranges from 5 to 40 years for brands with finite useful lives, 5 to 25 years for customer relationships, and 3 to 15 years for other intangibles. Amortization methods, useful lives and residual values are reassessed annually.

Research expenditures are expensed as incurred.

Impairment
We assess the carrying value of intangible assets, property, plant and equipment and right-of-use assets whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable as a result of e.g. changes in cash flow forecasts, damages, market developments or environmental and climate change risks. In addition, for goodwill and other intangible assets with an indefinite useful life, the carrying value is reviewed at least annually or when circumstances indicate the carrying amount may be impaired. If the carrying value of an asset or its cash-generating unit exceeds its estimated recoverable amount, an impairment loss is recognized in the statement of income on the functional level of the asset impaired.

Except for goodwill, we reverse impairment losses in the statement of income if and to the extent we have identified a change in estimates used to determine the recoverable amount.

Accounting estimates and judgments

The cash flow projections used in the value in use calculations for the annual impairment test for goodwill and other intangibles assets with indefinite life, require significant judgment. The various judgments and estimations are described in the Annual impairment testing section in this Note.

The assessment for impairment is performed at the lowest level of assets generating largely independent cash inflows. For goodwill and other intangible assets with an indefinite life, we have determined this to be at business unit level (one level below operating segment).

For intangible assets excluding goodwill and other intangible assets with indefinite useful life, estimates are required to determine the (remaining) useful lives.

General

Brands include both brands with indefinite useful lives and brands with finite useful lives. Brands with indefinite useful lives are almost fully related to Dulux, which is the major brand, due to its global presence, high recognition and strategic nature. Other intangibles include licenses, know-how, intellectual property rights, software and development cost.

Both at year-end 2024 and 2023, there were no material purchase commitments for individual intangible assets. No intangible assets were registered as security for bank loans.

Acquisitions through business combinations

No material additions from acquisitions were recorded in 2024. The additions from acquisitions in 2023 primarily relate to the acquisition of the Huarun business, China. Refer to Note 2 Scope of consolidation for disclosures on acquisitions.

Annual impairment testing

Goodwill and other intangibles with indefinite useful lives are tested for impairment at business unit level (one level below segment level) annually or whenever an impairment trigger exists, applying the value-in-use method.

The impairment test is based on the five-year plan, which contains euro-denominated cash flow projections for each of the business units. After the five-year plan period the terminal growth rate is applied, unless a different approach would be more appropriate. Elements considered to determine if a different approach would be more appropriate include high growth/emerging economies, geographic expansion opportunities, introduction of new product ranges and opportunities from market consolidation. In 2024, no exception was applied. In 2023, this exception was applied for Decorative Paints China and North Asia and for Decorative Paints South East and South Asia.

Macro-economic developments and other relevant variables (e.g. inflation, geopolitical uncertainties, climate risks) are closely monitored to ensure that the impact on the estimated future cash flows is reflected in the models which are used to assess the value of AkzoNobel's asset base. The impact of climate change did not have a significant effect on the estimated future cash flows.

Goodwill and other intangibles per business unit

	Goodwill		Brands with indefinite useful lives		Other intangibles with finite useful lives		Total intangibles	
in € millions	2023	2024	2023	2024	2023	2024	2023	2024
Decorative Paints Europe, Middle East and Africa	106	110	836	836	126	116	1,068	1,062
Decorative Paints Latin America	179	169	90	90	193	164	462	423
Decorative Paints China and North Asia	32	32	643	663	35	32	710	727
Decorative Paints South East and South Asia	7	7	208	217	10	9	225	233
Powder Coatings	155	149	—	—	34	35	189	184
Marine and Protective Coatings	210	213	—	—	96	91	306	304
Automotive and Specialty Coatings	301	304	—	—	150	144	451	448
Industrial Coatings	440	459	—	—	125	119	565	578
Corporate and other	—	—	—	—	105	90	105	90
Total	**1,430**	**1,443**	**1,777**	**1,806**	**874**	**800**	**4,081**	**4,049**

The key assumptions used in the projections for annual impairment testing are:
- Revenue growth per year: based on actual experience, analysis of markets and GDP growth, and expected market share developments based on management's long-term projections
- Margin development per year: based on actual experience and management's long-term projections
- Weighted average cost of capital per year: the pre-tax discount rate determined per business unit, reflecting current market assessments of the time value of money and the risks specifically associated with the business unit

Key assumptions 2024

in % per year	Average revenue growth 2025-2029	Pre-tax weighted average cost of capital 2025-2029
Decorative Paints	2.3% - 4.9%	9.8% - 13.4%
Performance Coatings	2.9% - 4.4%	9.7% -10.1%

Key assumptions 2023

in % per year	Average revenue growth 2024-2028	Pre-tax weighted average cost of capital 2024-2028
Decorative Paints	2.4%-5.8%	10.8%-15.3%
Performance Coatings	2.0%-3.6%	10.7%-11.2%

For all business units, a terminal value was calculated based on long-term inflation expectations of 2% (2023: 2%). The estimated pre-tax cash flows have been discounted to their present value using a pre-tax weighted average cost of capital. Discount rates have been determined for each business unit and range from 9.7% to 13.4% (2023: 10.7% to 15.3%), with a weighted average of 10.4% (2023: 11.5%). Both the long-term inflation expectations and the discount rates are reflective of the inflation expectation in the eurozone.

In 2024 and 2023, no impairment charges were recognized in relation to the annual impairment test.

In addition to the annual impairment test, sensitivity tests were performed to assess the impact of changes in the key assumptions revenue growth (50% lower), margin development (1 percentage point lower) and weighted average cost of capital (1 percentage point higher).

As in the previous two years, given the continued uncertainty in the macro-economic environment, additional sensitivity tests have been performed in order to assess the impact of more severe adverse changes in key assumptions.

Both the regular sensitivity tests and the additional sensitivity tests show that the changes in key assumptions would not cause carrying amounts to exceed recoverable amounts for any of the business units, except for Decorative Paints China and North Asia.

Impairment of specific intangible assets

Periodical evaluations are performed in order to ensure timely detection of triggers that might indicate impairment of specific assets. Whenever such triggers are noted, the related assets are assessed for impairment as appropriate. In 2024 and 2023, no significant impairment charges were recorded in relation to specific assets.

Note 11: Property, plant and equipment

Property, plant and equipment

in € millions	Land and buildings	Plant equipment and machinery	Other equipment	Construction in progress and prepayments on projects	Assets not used	Total
Balance at January 1, 2023						
Cost of acquisition	1,658	2,208	923	373	11	5,173
Accumulated depreciation/impairment	(826)	(1,585)	(784)	(3)	(7)	(3,205)
Carrying value at January 1, 2023	**832**	**623**	**139**	**370**	**4**	**1,968**
Movements in 2023						
Acquisitions	5	1	—	—	—	6
Divestments	(14)	(3)	(3)	(1)	(1)	(22)
Investments	2	8	2	253	—	265
Transfer between categories	70	145	40	(255)	—	—
Depreciation	(44)	(101)	(32)	—	(1)	(178)
Impairments, including reversals thereof	(1)	(2)	—	—	—	(3)
Hyperinflation adjustment	29	13	1	8	—	51
Changes in exchange rates	(40)	(21)	(9)	(23)	—	(93)
Total movements	**7**	**40**	**(1)**	**(18)**	**(2)**	**26**
Balance at December 31, 2023						
Cost of acquisition	**1,656**	**2,310**	**904**	**354**	**10**	**5,234**
Accumulated depreciation/impairment	**(817)**	**(1,647)**	**(766)**	**(2)**	**(8)**	**(3,240)**
Carrying value at December 31, 2023	**839**	**663**	**138**	**352**	**2**	**1,994**
Movements in 2024						
Divestments	(5)	(2)	(2)	—	—	(9)
Investments	2	8	3	269	—	282
Additions to asset retirement obligations	2	—	—	—	—	2
Transfer between categories	54	163	50	(267)	—	—
Depreciation	(43)	(116)	(33)	—	(1)	(193)
Hyperinflation adjustment	18	8	2	5	—	33
Changes in exchange rates	2	3	3	5	—	13
Total movements	**30**	**64**	**23**	**12**	**(1)**	**128**
Balance at December 31, 2024						
Cost of acquisition	1,737	2,438	932	365	10	5,482
Accumulated depreciation/impairment	(868)	(1,711)	(771)	(1)	(9)	(3,360)
Carrying value at December 31, 2024	**869**	**727**	**161**	**364**	**1**	**2,122**

Accounting policies

Property, plant and equipment are valued at cost less accumulated depreciation and impairment charges. Costs include expenditures that are directly attributable to the acquisition of the asset, including borrowing cost of capital investment projects under construction.

Depreciation is calculated using the straight-line method, based on the estimated useful life of the asset components. The useful life of plant equipment and machinery generally ranges from 10 to 25 years, and for buildings ranges from 20 to 50 years. Land is not depreciated. Other equipment contains assets with a useful life ranging from 3 to 20 years. In the majority of cases, residual value is assumed to be not material. Depreciation methods, useful lives and residual values are reassessed annually.

Costs of major maintenance activities are capitalized and depreciated over the estimated useful life. Maintenance costs which cannot be separately defined as a component of property, plant and equipment are expensed in the period in which they occur. Asset retirement obligations are recognized in the periods in which sufficient information becomes available to reasonably estimate the cash outflow.

Refer to Note 10 Intangible assets, for a description of the accounting policies for asset impairment, which equally apply to property, plant and equipment.

Acquisitions through business combinations

No material additions from acquisitions were recorded in 2024. The additions from acquisitions in 2023 primarily relate to the acquisition of the Huarun business, China. Refer to Note 2 Scope of consolidation for disclosures on acquisitions.

Investments in property, plant and equipment

In both 2024 and 2023 we invested in multiple large projects. In 2024, this included investments in a new Industrial Coatings plant in Barcelona, Spain, and continued investments in our Wood Coatings site in High Point, US. In 2023, investments included the upgrade of a Powder Coatings plant in Gwalior, India, and a new plant in Hanoi, Vietnam.

Impairment of specific property, plant and equipment assets

Periodical evaluations are performed in order to ensure timely detection of triggers that might indicate impairment of specific assets. Whenever such triggers are noted, the related assets are assessed for impairment as appropriate. In 2024 and 2023, no significant impairment charges were recognized.

Note 12: Leases

Accounting policies

As a lessee, we assess whether a contract is, or contains, a lease at inception. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. Right-of-use assets are measured at costs less accumulated depreciation and impairment losses, adjusted for any remeasurements.

For contracts that contain a lease component, we allocate consideration based on relative stand-alone price, with the exception of lease cars where non-lease components are not separated.

Short-term leases and low value leases are expensed on a straight-line basis over the lease term.

Refer to Note 10 Intangible assets, for a description of the accounting policies for asset impairment, which equally apply to right-of-use assets.

General

AkzoNobel mainly leases land, office spaces, stores and cars. Some leases provide for additional rent payments that are based on changes in local price indices.

Some property leases contain extension options exercisable by AkzoNobel up to one year before the end of the non-cancellable contract period. We have estimated that the lease liability would increase by less than 20%, if we would exercise the extension options which are currently not included in the valuation of the lease liability. This excludes so-called “evergreens” or perpetual leases.

Total net cash outflow from financing activities related to leases recognized on the balance sheet was €114 million (2023: €107 million). Net cash outflow for leases not recognized on the balance sheet was €21 million (2023: €21 million).

Refer to Note 26 Financial risk management for the maturities of lease liabilities.

Right-of-use assets

in € millions	Land	Buildings	Other	Total
Balance at January 1, 2023				
Cost of acquisition	64	393	117	574
Accumulated depreciation/impairment	(22)	(204)	(57)	(283)
Carrying value at January 1, 2023	**42**	**189**	**60**	**291**
Movements in 2023				
Acquisitions	15	–	–	15
Additions/modifications	2	61	46	109
Disposals	(1)	(5)	(6)	(12)
Depreciation	(2)	(63)	(34)	(99)
Changes in exchange rates	(2)	2	(2)	(2)
Total movements	**12**	**(5)**	**4**	**11**
Cost of acquisition	77	399	123	599
Accumulated depreciation/impairment	(23)	(215)	(59)	(297)
Carrying value at December 31, 2023	**54**	**184**	**64**	**302**
Movements in 2024				
Additions/modifications	1	71	49	121
Disposals	–	(5)	(4)	(9)
Depreciation	(2)	(64)	(34)	(100)
Changes in exchange rates	1	3	–	4
Total movements	**–**	**5**	**11**	**16**
Cost of acquisition	77	424	130	631
Accumulated depreciation/impairment	(23)	(235)	(55)	(313)
Carrying value at December 31, 2024	**54**	**189**	**75**	**318**

The table below shows the total impact from leases on our profit and loss account.

Income/(expenses) recognized in profit and loss

in € millions	2023	2024
Depreciation right-of-use assets	(99)	(100)
Impairments for right-of-use assets	–	–
Interest expense on lease liabilities	(7)	(9)
Short-term lease expenses	(14)	(13)
Expenses relating to low-value assets	(5)	(6)
Variable lease expenses	(2)	(2)
Total expenses	**(127)**	**(130)**

Impairments of specific right-of-use assets

Periodical evaluations are performed in order to ensure timely detection of triggers that might indicate impairment of specific assets. Whenever such triggers are noted, the related assets are assessed for impairment as appropriate.

In 2024 and 2023, no significant impairment charges were recognized.

Note 13: Investments in associates

Accounting policies

Associates are accounted for using the equity method and are initially recognized at cost. The Consolidated financial statements include our share of the income and expenses of the associates, whereby the result is determined using our accounting principles. When the share of losses exceeds the interest in the investee, the carrying amount is reduced to nil and recognition of further losses is discontinued, unless we have further legal or constructive obligations.

The total value of investments in associates at December 31, 2024, amounted to €228 million (2023: €216 million) and consisted of our equity share of €227 million (2023: €214 million) and loans granted of €1 million (2023: €2 million).

Balance sheet information of our share in associates

	Associates	
in € millions, at December 31	2023	2024
Condensed balance sheet		
Non-current assets	108	115
Current assets	163	159
Total assets	**271**	**274**
Shareholders' equity	214	227
Non-current liabilities	8	5
Current liabilities	49	42
Total liabilities and equity	**271**	**274**

Profit and loss of our share in associates

	Associates	
in € millions	2023	2024
Condensed statement of income		
Revenue	209	222
Profit before tax	38	33
Profit for the period	**27**	**23**

In 2024, the results from associates amounted to a profit of €23 million (2023: €27 million). No significant contingent liabilities exist related to associates. The largest associate of AkzoNobel is Metlac S.p.A, incorporated in Italy. None of the associates are considered individually material to the group.

Note 14: Financial non-current assets

Accounting policies

Pension assets are accounted for in accordance with IAS 19; for more details on the accounting policies refer to Note 18 Post-retirement benefits.

Loans and receivables are initially measured at fair value plus transaction costs. Subsequent measurement is at amortized cost, using the effective interest method, less any impairment losses.

Other financial non-current assets contain different types of financial instruments, for which treatment is dependent on the specific facts and circumstances of these assets. For more details on the accounting policy with regards to classification, measurement and impairment of financial assets, refer to Note 26 Financial risk management.

Financial non-current assets

in € millions, at December 31	2023	2024
Pension assets	1,017	929
Loans and receivables	180	158
Other financial non-current assets	212	187
Total	**1,409**	**1,274**

Financial non-current assets can be broken down as per the table above. Pension assets (€929 million) relate to pension plans in an asset position (2023: €1,017 million). Excluding pension assets, financial non-current assets amounted to €345 million (2023: €392 million).

Loans and receivables include the subordinated loan granted to the Pension Fund APF in the Netherlands valued at €91 million (2023: €90 million).

Loans and receivables are considered to have low credit risk; the impairment provision recognized during the period was limited to 12 months expected losses, which was less than €1 million in both 2024 and 2023.

Note 15: Inventories

Accounting policies

Inventories are measured at the lower of cost and net realizable value. Costs of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to the present location and condition. The costs of inventories are determined using weighted average cost.

Inventories

in € millions, at December 31	2023	2024
Raw materials and supplies	579	601
Work in progress	91	101
Finished products and goods for resale	979	1,019
Total	**1,649**	**1,721**

Inventories can be broken down as per the table above. Of the total carrying value of inventories at year-end 2024, €14 million was measured at net realizable value (2023: €10 million). In 2024, €64 million was recognized in the statement of income for the write-down of inventories (2023: €86 million), while €19 million of write-downs were reversed (2023: €20 million). There are no inventories subject to retention of title clauses.

Note 16: Trade and other receivables

Accounting policies

Trade receivables are initially measured at fair value plus transaction costs. Subsequent measurement is at amortized cost, using the effective interest method, less any impairment losses. Positions are netted if there is an intention to set off and when netting is legally enforceable.

FX contracts are measured at fair value through profit and loss, unless hedge accounting is applied. Other receivables contain various types of (financial) assets, for which treatment is dependent on the specific facts and circumstances of these assets.

For more details on the accounting policy with regards to classification, measurement and impairment of financial assets, refer to Note 26 Financial risk management.

General

Trade and other receivables can be broken down as per the table below.

Trade and other receivables

in € millions, at December 31	2023	2024
Trade receivables	2,187	2,144
Prepaid expenses	39	42
Tax receivables other than income tax	154	167
FX contracts	14	16
Other receivables	89	129
Total	**2,483**	**2,498**

Ageing and impairment of trade receivables

Ageing of trade receivables

in € millions, at December 31	2023	2024
Performing trade receivables	2,040	2,003
Past due trade receivables		
< 3 months	118	113
> 3 months	68	62
Allowance for impairment	(39)	(34)
Total trade receivables	**2,187**	**2,144**

Trade receivables are presented net of an allowance for impairment of €34 million (2023: €39 million). In 2024, €15 million of impairment losses were recognized in the statement of income (2023: €14 million) and €9 million was reversed (2023: €8 million). Since the total amount of impairment losses under IFRS 9 is not significant, no separate disclosure was made in the statement of income.

Allowance for impairment of trade receivables

in € millions	2023	2024
Balance at January 1	**42**	**39**
Additions charged to income	14	15
Release of unused amounts	(8)	(9)
Utilization	(8)	(11)
Currency exchange differences	(1)	—
Balance at December 31	**39**	**34**

Note 17: Group equity

Accounting policies

Shares are classified as equity and recorded at the value of the proceeds received. Own equity instruments that are bought back (treasury shares) are deducted from equity. Incremental costs that are directly attributable to issuing or buying back own equity instruments are recognized directly in equity, net of the related tax.

Dividends are recognized as liability when they are declared.

Composition of share capital at year-end 2024

in €	Authorized share capital	Subscribed share capital
Priority shares (48 with nominal value of €400)	19,200	19,200
Cumulative preferred shares (200 million with nominal value of €0.50)	100,000,000	—
Common shares (500 million with nominal value of €0.50)	250,000,000	85,392,319
Total	**350,019,200**	**85,411,519**

Composition of share capital at year-end 2023

in €	Authorized share capital	Subscribed share capital
Priority shares (48 with nominal value of €400)	19,200	19,200
Cumulative preferred shares (200 million with nominal value of €0.50)	100,000,000	—
Common shares (500 million with nominal value of €0.50)	250,000,000	85,300,338
Total	**350,019,200**	**85,319,538**

Outstanding common shares

Number of shares	2023	2024
Outstanding at January 1	**174,375,227**	**170,600,675**
Issued in connection to performance-related share plan, restricted share plan and share-matching plan	172,344	183,963
Shares cancelled related to share buyback from previous year	(3,946,896)	—
Outstanding at December 31	**170,600,675**	**170,784,638**

Weighted average number of common shares

Number of shares	2023	2024
Weighted average number of common shares	**170,573,555**	**170,728,870**

Subscribed share capital

For further details on subscribed share capital, refer to Note F Shareholders' equity in the Company financial statements.

Cash flow hedge reserve

The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges, pending subsequent recognition in the statement of income or in the initial cost or other carrying amount of a non-financial asset or non-financial liability.

Cumulative translation reserve

The cumulative translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, as well as from the translation of intercompany loans with a permanent nature and liabilities and derivatives that hedge the net investments in a foreign subsidiary.

Equity-settled transactions

Equity-settled transactions relate to the performance-related and restricted share plans and the share-matching plan, whereby shares are granted to the Board of Management, Executive Committee, other executives and certain non-executive employee categories. For details on share-based compensation, refer to Note 6 Employee benefits.

Dividend

Our dividend policy is to pay a stable to rising dividend. In 2024, an interim dividend of €0.44 (2023: €0.44) per common share was paid. We propose a 2024 final dividend of €1.54 (2023: €1.54) per common share, which would equal a total 2024 dividend of €1.98 (2023: €1.98).

Share buybacks

In 2023, 3.9 million shares were cancelled which were repurchased in 2022. In both 2024 and 2023 no shares were repurchased.

For further details on weighted average number of shares, refer to Note 9 Earnings per share

Non-controlling interests

None of the non-controlling interests are considered individually material to the group. The effects of share transactions with non-controlling interest shareholders are recorded in equity insofar these do not lead to changes in control.

Non-controlling interests

		2023		2024	
Group entity	**Partner at year-end 2024**	**%**	**Equity stake in € millions**	**%**	**Equity stake in € millions**
Akzo Nobel India Limited, Kolkata, India	Publicly held, India	25.24	55	25.24	50
PT ICI Paints Indonesia, Jakarta, Indonesia	PT DWI Satrya Utama, Indonesia	45.00	32	45.00	30
Akzo Nobel Kemipol Kimya Sanayi ve Ticaret A.Ş., Izmir, Türkiye	Altan, Eyyüp and other family members	49.00	24	49.00	30
International Paints of Shanghai Co. Ltd, Shanghai, China	Shanghai Huayi Fine Chemical Co. Ltd and China National Shipbuilding Equipment & Materials Corp.	49.00	21	49.00	22
Akzo Nobel Saudi Arabia Ltd, Dammam, Saudi Arabia	Yousuf Bin Ahmed Kanoo Co. Ltd, Saudi Arabia	40.00	16	40.00	20
Akzo Nobel Paints (Malaysia) Sdn. Bhd., Kuala Lumpur, Malaysia	Permodalan Nasional Berhad, Malaysia	40.05	17	40.05	19
Akzo Nobel UAE Paints L.L.C., United Arab Emirates	Kanoo Group, United Arab Emirates	40.00	11	40.00	17
Akzo Nobel Oman SAOC, Muscat, Oman	Omar Zawawi Establishment LLC, Oman	50.00	12	50.00	12
Société Tunisienne de Peintures Astral S.A., Megrine, Tunisia	Several people	40.00	10	40.00	11
International Paint (Korea) Ltd, Busan, South-Korea	Noroo Holdings, South Korea	40.00	6	40.00	8
Akzo Nobel Coatings S.A., Casablanca, Morocco	Société Industrielle de Peinture and several people	40.00	5	40.00	5
Others			15		18
Total			**224**		**242**

Note 18: Post-retirement benefit provisions

Accounting policies

Defined contribution plans
Contributions to defined contribution plans are recognized in the statement of income as incurred.

Defined benefit plans
Most of our defined benefit pension plans are funded with plan assets that have been segregated in a trust or foundation. We also provide post-retirement benefits other than pensions, including healthcare and welfare plans, to certain employees, which are generally not funded.

Valuations of both funded and unfunded plans are carried out by independent actuaries, based on the projected unit credit method. Post-retirement costs primarily represent the increase in the actuarial present value of the obligation for projected benefits, based on employee service during the year and interest on the net defined benefit liability/asset.

When the calculation results in a benefit to AkzoNobel, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is available if it is realizable during the life of the plan, or on the settlement of the plan liabilities. The effect of these so-called asset ceiling restrictions and any changes therein are recognized in Other comprehensive income.

Remeasurement gains and losses, which arise in calculating our obligations, are recognized in Other comprehensive income. When the benefits of a plan improve, the portion of the increased benefits related to past service by employees is recognized as an expense in the statement of income immediately. We recognize gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

Interest on the net defined benefit liability/asset is included in financing expenses related to post-retirement benefits. Other charges and benefits recognized are reported in operating income, unless recorded in other comprehensive income.

Accounting estimates and judgments

In order to perform the necessary actuarial calculations for assessing defined benefit obligations, certain assumptions must be made regarding interest rates, projected pension increases, life expectancy and healthcare cost inflation. These calculations are conducted by external actuaries using market information such as corporate bond returns and yield curves, to determine appropriate discount rates, as well as mortality tables and inflation rates to establish assumptions for future salary and pension growth.

Introduction

Post-retirement benefit provisions relate to defined benefit pension and other post-retirement benefit plans, including healthcare or welfare plans. The largest defined benefit pension plans are the ICI Pension Fund (ICIPF) and the Akzo Nobel (CPS) Pension Scheme (CPS) in the UK which together account for 85% of defined benefit obligations (DBO) and 90% of plan assets. Other pension plans include among others the largely unfunded plans in Germany, the plans in the US and certain other smaller plans in the UK. The benefits of these pension plans are based primarily on years of service and employees' compensation. The funding policy for the plans is consistent with local requirements in the countries of establishment. We also provide certain healthcare and life insurance benefits to retired employees, mainly in the US and the Netherlands.

Governance

Governance of the benefit plans is the responsibility of the Executive Pensions Committee. This committee provides oversight of the costs and risks of the plans including oversight of the impact of the plans on the company in terms of cash flow, pension expenses and the balance sheet. The committee develops and maintains policies on benefit design, funding, asset allocation and assumption setting.

Pension plan de-risking

Almost all of the defined benefit plans have been closed to new members since the early to mid-2000s, although in many plans long-serving employees continue to accrue benefits. For plans in the US, benefit accrual is frozen and employees participate in defined contribution plans for future service. In countries where plans are closed, new employees are eligible to join a defined contribution arrangement. In countries in high growth markets, pension schemes currently are not material. Unless mandated by law, it is our policy that any new plans are established as defined contribution plans.

The most significant risks that we run in relation to defined benefit plans are investment returns falling short of expectations, low discount rates, inflation exceeding expectations, retirees living longer than expected and legislation changes. The assets and liabilities of each of the funded plans are held outside of the company in a trust or a foundation, which is governed by a board of fiduciaries or trustees, depending on the legal arrangements in the country concerned. The primary objective with regards to the investment of pension plan assets is to ensure that each individual plan has sufficient funds available to satisfy future benefit obligations in accordance with local legal and legislative requirements. For this purpose, we work closely with plan trustees or fiduciaries to develop investment strategies. Studies are carried out periodically to analyze and understand the trade-off between expected investment returns, volatility of outcomes and the impact on cash contributions. We aim to strike a cautious balance between these factors in order to agree affordable contribution schedules with plan fiduciaries.

Plan assets principally consist of insurance (annuity) policies, long-term interest-earning investments and investment funds with holdings primarily in quoted equity securities. Our largest plans use derivatives (such as index futures, currency forward contracts and swaps) to reduce volatility of underlying variables, for efficient portfolio management and to improve the liability matching characteristics of the assets. Limits have been set on the use of derivatives which are periodically subject to review for compliance with the pension fund's investment strategy.

In line with our proactive pension risk management strategy, we seek to reduce risk in our pension plans over time. We evaluate potential de-risking opportunities on an ongoing basis. Future de-risking transactions may have both cash flow and balance sheet impacts which may be substantial, as had some of the de-risking actions already taken. The cost of fully removing risk would exceed estimated funding deficits.

Between 2014 and 2023, ICIPF and a smaller UK plan, the ICI Specialty Chemicals Pension Fund (ISCPF), have invested in annuity buy-in contracts that aim to hedge all key risks related to their pensioner populations. In November 2022, CPS also invested in an annuity buy-in contract that aims to hedge all key risks related to 39% of their pensioner liabilities.

In April 2023, the Trustee of the ISCPF entered into a further annuity buy-in agreement with Pension Insurance Corporation plc. It covers, in aggregate, €168 million of pensioner liabilities (insurer valuation). The buy-in involved the purchase of a bulk annuity policy under which the insurer will pay to ISCPF amounts equivalent to the benefits payable to all remaining pensioner and deferred members. The pension liabilities remain with, and the matching annuity policies are held within, ISCPF. The accounting impact of the transaction is a lower valuation of the plan assets giving a reduction in other comprehensive income of €51 million.

By purchasing bulk annuities, the ICIPF, CPS and ISCPF Trustees have taken significant steps in actively de-risking liabilities and reducing the risk that AkzoNobel will be required to contribute additional cash in the future.

CPS also has an insurance contract to hedge longevity risk in respect of a portion of its pensioners not impacted by the recent buy-in transaction.

Regulatory developments

On November 25, 2020, correspondence between the Chancellor of the Exchequer and the UK Statistics Authority (UKSA) was published regarding the future of the Retail Price Index (RPI) measurement of inflation. With effect from February 2030 onwards, increases in the RPI will be aligned with those under the Consumer Prices Index (CPI) with owner occupiers' housing costs (CPIH). Broadly this is expected to result in RPI inflation being 1% lower in the longer term than under the existing methodology. The inflation assumption continues to be calculated using a market breakeven inflation rate and the CPI inflation assumption, on which the benefits of some plans are based, is set with reference to RPI. Until 2030, the CPI inflation assumption is calculated as 1% below RPI and from 2030 onwards as 0.1% below RPI.

The Virgin Media Ltd versus NTL Pension Trustees decision, handed down by the UK High Court on June 16, 2023, has implications for the validity of trust deeds of amendment between 1997 and 2016. In July 2024, the Court of Appeal upheld the original June 2023 High Court decision and further court cases are scheduled to clarify the scope of the judgments. High-level reviews have been carried out by the UK defined benefit scheme trustees, assessing whether relevant deeds were validly executed. The conclusions of the reviews which have been shared with AkzoNobel show only very limited potential effects on member benefits if the judgment is upheld. For this reason, and because of the uncertain application of the judgment, no changes have been made to the defined benefit obligation.

Defined contribution plans

The remaining pension plans primarily represent plans accounted for as defined contribution plans. This includes, among others, the Pension Fund APF in the Netherlands and the 401k Plan in the US.

The ITP2 plan in Sweden is financed through insurance with the Alecta insurance company and is classified as a multi-employer defined benefit plan. As AkzoNobel does not have access to sufficient information from Alecta to enable defined benefit accounting treatment, it is accounted for as a defined contribution plan. Contributions in 2024 were nil (2023: €1 million). Alecta's funding ratio is normally allowed to vary between 125% and 175%. The most recently quoted ratio at September 2024 stood at 163%.

The expenses of all plans accounted for as defined contribution plans in AkzoNobel totaled €101 million in 2024 (2023: €90 million).

Other post-retirement benefit plans

AkzoNobel provides certain healthcare and life insurance benefits to retired employees, mainly in the US and the Netherlands. The risks to which the US healthcare plans expose AkzoNobel include the risk of future increases in the cost of healthcare which would increase the cost of maintaining the plans. The benefit payments to retirees under the Dutch plan are frozen. Both plans expose AkzoNobel to the risk of a decline in discount rates, which increases the plan obligations, and longevity risk as the plans generally pay lifetime benefits.

DBO at funded and unfunded pension plans

Of the €8,956 million of defined benefit obligations, €8,863 million relates to pension plans, with the table below specifying the funded and unfunded amounts.

DBO at funded and unfunded pension plans*

in € millions, at December 31	2023	2024
Wholly or partly funded plans	9,137	8,620
Unfunded plans	270	243
Total	**9,407**	**8,863**

* Excludes other post-retirement benefit plans.

Reconciliation to the balance sheet

The 2024 closing net balance sheet position of €505 million net asset (2023: €549 million net asset) includes the pension plans (€598 million net asset; 2023: €652 million net asset) and other post-retirement plans (€93 million liability; 2023: €103 million liability).

Reconciliation to the balance sheet

			2023			2024
in € millions	DBO	Plan assets	Total	DBO	Plan assets	Total
Balance at the beginning of the period	**(9,582)**	**10,193**	**611**	**(9,510)**	**10,066**	**556**
Statement of income						
Current service cost	(22)	—	(22)	(30)	—	(30)
Past service cost	(1)	—	(1)	(1)	—	(1)
Settlements	13	(13)	—	2	(2)	—
Net interest (charge)/income on net defined benefit (liability)/asset	(455)	488	33	(427)	454	27
Cost recognized in statement of income	**(465)**	**475**	**10**	**(456)**	**452**	**(4)**
Remeasurements recognized in Other comprehensive income						
Actuarial (loss)/gain due to liability experience	(131)	—	(131)	(14)	—	(14)
Actuarial (loss)/gain due to liability financial assumption changes	(233)	—	(233)	618	—	618
Actuarial (loss)/gain due to liability demographic assumption changes	256	—	256	16	—	16
Actuarial (loss)/gain due to buy-ins	—	(51)	(51)	—	—	—
Return on plan assets (less than)/greater than discount rate	—	10	10	—	(742)	(742)
Remeasurement effects recognized in Other comprehensive income	**(108)**	**(41)**	**(149)**	**620**	**(742)**	**(122)**
Cash flow						
Employer contributions	—	63	63	—	48	48
Employee contributions	(2)	2	—	(2)	2	—
Benefits and administration costs paid from plan assets	793	(793)	—	799	(799)	—
Net cash flow	**791**	**(728)**	**63**	**797**	**(749)**	**48**
Other						
Acquisitions/divestments/transfers	1	(1)	—	—	—	—
Changes in exchange rates	(147)	168	21	(407)	452	45
Total other	**(146)**	**167**	**21**	**(407)**	**452**	**45**
Balance at the end of the period	**(9,510)**	**10,066**	**556**	**(8,956)**	**9,479**	**523**
Asset restriction			(7)			(18)
Net balance sheet position			**549**			**505**
Presentation of Net balance sheet position						
Financial non-current assets			1,017			929
Post-retirement benefit provisions			(423)			(381)
Current portion of provisions			(45)			(43)
Net balance sheet position			**549**			**505**

Administrative expenses

Where pension plans bear their own administrative expenses using plan assets, those costs are reflected within the current service cost line. Administrative expenses borne by funds of €13 million are included in 2024 current service cost (2023: €3 million). In addition to the expenses borne by the funds themselves, some expenses are borne directly by AkzoNobel. Administrative expenses, borne directly by AkzoNobel, of €13 million are included in 2024 operating income (2023: €25 million). In addition, we directly incurred asset management expenses of €2 million (2023: €2 million), which have been included in Other comprehensive income.

Interest costs

Interest costs on the DBO for both pensions and other post-retirement benefits, together with the interest income on plan assets, comprise the financing income related to post-retirement benefits of €27 million (2023: €33 million), refer to Note 7 Financing income and expenses.

Pension plans in asset position

Pension balances recorded under Financial non-current assets totaled €929 million (2023: €1,017 million). The €88 million decrease in 2024 is due to €168 million of net actuarial losses, partly offset by €4 million of employer contributions, net income of €28 million and exchange rate translation gains of €48 million.

Plan assets have been recognized in the company's balance sheet under IFRIC 14 to the extent future economic benefits are available to AkzoNobel in the form of future refunds from the plan or reductions in future contributions to the plan, either during the life of the plan or on the (final) settlement of the plan liabilities.

Plan assets

The equities and government bond debt assets have quoted prices in active markets, although most are held through funds comprised of such instruments which are not actively traded themselves. The UK buy-in annuity policies have a value that is equal to the DBO of the pensioners covered by the policies.

The total value of plan assets not quoted in active markets is €6,174 million (2023: €6,603 million), including the UK buy-in annuity policies totaling €5,735 million (2023: €6,123 million), investments in real estate totaling €245 million (2023: €258 million) and other investments in infrastructure and insurance policies.

Plan assets did not directly include any of AkzoNobel's own transferable financial instruments, nor any property occupied by or assets used by the company.

Plan assets

	2023		2024	
in € millions, at December 31	**Total**	**% of total**	**Total**	**% of total**
Equities	192	2	189	2
Debt - fixed interest government bonds	562	6	396	4
Debt - index-linked government bonds	1,177	12	1,140	12
Debt - corporate and other bonds	1,503	15	1,531	16
UK buy-in annuity policies	6,123	61	5,735	61
Cash and cash equivalents	126	1	143	2
Other	383	3	345	3
Total	**10,066**	100	**9,479**	**100**

Cash flows

In 2025, we expect to contribute €40 million (2024: €38 million) to our defined benefit pension plans. We expect to pay a further €10 million (2024: €10 million) to our other post-retirement benefit plans. No allowance is made for any special one-off contributions that may arise in relation to new de-risking opportunities.

Cash flows

	Pensions		**Other post-retirement benefits**	
in € millions	**2024**	**2025**	**2024**	**2025**
Regular contributions	37	36	10	10
Top-ups	1	4	—	—
Total	**38**	**40**	**10**	**10**

Sensitivity of DBO

The actuarially calculated sensitivity effects on DBO shown in the table allow for an alternative value for each assumption while the other actuarial assumptions remain unchanged. This table illustrates the overall impact on DBO for the changes shown, which management assessed could be reasonably possible over a longer term from a sensitivity test perspective. It should be noted, however, that this analysis does not indicate any probability of such changes occurring, nor does it preclude larger changes in any given period or longer term.

In addition, the significance of the impact and the range of reasonably possible alternative assumptions may differ between the different plans that comprise the total DBO. In particular, the plans differ in benefit design, currency and average term, meaning that different assumptions have different levels of significance for each plan.

The sensitivity analysis is intended to illustrate the inherent uncertainty in the valuation of the DBO under market conditions at the measurement date. Its results, in principle, cannot be extrapolated due to increasing non-linear effects that changes in the key actuarial assumptions, when deviating further from the assumptions presented, may have on the total DBO. Any management actions that may be taken to mitigate the inherent risks in the post-retirement defined benefit plans are not reflected in this analysis, as they would normally be reflected in plan asset changes rather than DBO changes.

The sensitivities in the table only apply to the DBO and not to the net amounts recognized in the balance sheet. Movements in the fair value of plan assets (which include the de-risking instruments) would, to a significant extent, be expected to offset movements in the DBO resulting from changes in the given assumptions.

At ICIPF, the annuity buy-in contracts cover 97% of pensioner liabilities (2023: 99%) and 88% of total liabilities (2023: 88%). At CPS, the annuity buy-in contract covers 39% of pensioner liabilities (2023: 39%) and 28% of total liabilities (2023: 28%). Also at CPS, the longevity hedge contract covers 45% of pensioner liabilities (2023: 45%) and 32% of total liabilities (2023: 33%).

Sensitivity of DBO to change in assumptions

in € millions	ICIPF UK	CPS UK	Other pension plans	Other post-retirement benefits	Total
Discount rate: 0.5% decrease	251	120	67	4	442
Price inflation: 0.5% increase*	126	73	36	—	235
Life expectancy: one year increase from age 60	350	86	41	4	481
Maturity information					
Weighted average duration of DBO (years)	8.1	10.8	10.9	8.1	9.2

* The sensitivity to price inflation assumption includes corresponding changes to all inflation-related compensation increases, pensions in payment and pensions in deferment.

Future benefit payments

The figures in the table below are the estimated future benefit payments to be paid from the plans to beneficiaries over the next ten years.

Future benefit payments

in € millions	Pensions	Other post-retirement benefits
2025	806	10
2026	810	10
2027	819	9
2028	823	9
2029	832	8
2030-2034	4,270	37

Key figures and assumptions by plan

	2023					2024				
in € millions or %	ICIPF UK	CPS UK	Other pension plans	Other post-retirement benefits	Total	ICIPF UK	CPS UK	Other pension plans	Other post-retirement benefits	Total
Percentage of total DBO	61%	25%	13%	1%	100 %	60%	25%	14%	1%	100%
Defined Benefit Obligation at year-end	(5,762)	(2,373)	(1,272)	(103)	(9,510)	(5,395)	(2,243)	(1,225)	(93)	(8,956)
Fair value of plan assets at year-end	6,176	2,931	959	—	10,066	5,721	2,814	944	—	9,479
Plan funded status	414	558	(313)	(103)	556	326	571	(281)	(93)	523
Restriction on asset recognition	—	—	(7)	—	(7)	—	—	(18)	—	(18)
Amounts recognized on the balance sheet	**414**	**558**	**(320)**	**(103)**	**549**	**326**	**571**	**(299)**	**(93)**	**505**
Percentage of total current service cost	5%	23%	72%	—	100%	3%	33%	64%	—	100%
Current service cost	(1)	(5)	(16)	—	(22)	(1)	(10)	(19)	—	(30)
Employer contributions	1	7	45	10	63	—	1	37	10	48
Discount rate	4.6%	4.6%	4.3%	6.1%	4.6%	5.4%	5.5%	4.7%	6.1%	5.3%
Rate of compensation increase	1.4%	1.4%	2.2%	—	1.5%	1.5%	1.4%	2.2%	—	1.5%
Inflation	3.1%	3.1%	2.4%	—	3.0%	3.3%	3.2%	2.3%	—	3.1%
Pension increases	2.9%	2.6%	2.2%	—	2.8%	3.0%	2.7%	2.2%	—	2.8%
Life expectancy (in years)										
Currently aged 60										
Males	25.7	25.5	26.0	25.7	25.7	25.7	25.5	26.0	25.9	25.7
Females	27.3	28.5	28.6	27.8	27.8	27.4	28.6	28.7	27.8	27.9
Currently aged 45, from age 60										
Males	26.8	26.6	27.4	26.6	26.8	26.8	26.6	27.4	26.8	26.8
Females	28.5	29.6	29.8	28.7	28.9	28.5	29.7	29.9	28.8	29.0

Key plan details for the two largest pension plans[1]

	ICI Pension Fund, UK	Akzo Nobel (CPS) Pension Scheme, UK
Type of plan	Defined benefit, based upon years of service and final salary	Defined benefit, based upon years of service and final salary
Benefits	Retirement pension for employee Dependants' pensions on death of employee/pensioner Options for ill health early retirement	Retirement pension for employee Dependants' pensions on death of employee/pensioner Options for ill health early retirement
Pension increases (main benefit section)	Annually linked to UK RPI with a maximum of 5%	Annually linked to UK CPI with a maximum of 5%
Plan structure	Plans are set up under a trust and are tax approved	Plans are set up under a trust and are tax approved
Governance	Trustee directors: Three member-nominated Three appointed with the agreement of Law Debenture One independent (Law Debenture)	Trustee directors: Three member-nominated Two company-nominated One independent (Law Debenture)
Regulatory framework	The plans are tax approved and assets are held in trust for the benefit of participants. The trustees have a legal duty to manage the trust in the best interests of participants. Investment strategy is controlled by the trustees in consultation with the company.	
Funding basis	A plan specific funding basis must be agreed with each trustee board in accordance with UK regulations. This basis is not the same as the IFRS calculation as it uses more prudent assumptions about life expectancy and the discount rates reflect prudent estimates of the expected return on assets actually held, thus the trustees' investment strategies will impact the discounted value of liabilities.	
Frequency of funding reviews	Normally every three years	Normally every three years
Latest completed valuation	March 31, 2023	March 31, 2023
Funding surplus/deficit at latest completed valuation[1,2]	€59 million surplus	€229 million surplus
Recovery plan	As there were sufficient assets to cover the Fund's technical provisions, a recovery plan is not required.	As there were sufficient assets to cover the Fund's technical provisions, a recovery plan is not required.
Next funding review	March 31, 2026 (due to be completed before June 30, 2027)	March 31, 2026 (due to be completed before June 30, 2027)
Asset allocation at March 31, 2024 Matching: Return seeking:	 100% 0% Buy-in annuity contracts cover 97% of pensioner liabilities and 88% of total liabilities.	 87% 13% Buy-in annuity contract covers 39% of pensioner liabilities and 28% of total liabilities. The longevity hedge contract covers 45% of pensioner liabilities and 32% of total liabilities.
Membership at March 31, 2024		
Active members	61	215
Deferred members	4,476	4,668
Pensioners, spouses and dependants	32,134	15,742
Total	36,671	20,625

[1] Amounts in euro are a convenience translation using the December 31, 2024, exchange rate.
[2] Based on local valuation regulations.

Note 19: Other provisions and contingent liabilities

Accounting policies

We recognize provisions when a present legal or constructive obligation as a result of a past event exists, it is probable that an outflow of economic benefits is required to settle the obligation and the amount can be reliably estimated. Provisions are measured at net present value. The increase of provisions as a result of the passage of time is recognized in the statement of income under financing income and expenses.

Provisions for restructuring of activities are recognized when a detailed and formal restructuring plan has been approved, and the restructuring has either commenced or has been announced publicly. We do not provide for future operating costs.

Provisions for liabilities to (former) employees are measured at present value, using actuarial assumptions and other methods. Any actuarial gains and losses are recognized in the statement of income in the period in which they arise.

Leased sites, offices or stores may have to be restored to their original condition or sometimes decontaminated before being handed back at the end of the contractual period. If such legal obligations exist, and a reliable estimate of future expenses can be made, a provision is formed.

Accounting estimates and judgments

Determining the likelihood, timing and amount of cash outflow requires estimates and significant judgment. The main estimates and judgments per class of provisions are described below.

Provisions for environmental liabilities
Estimating the impact of environmental liabilities is complex and requires the assessment of many (often interconnected) elements, which contain varying levels of uncertainty. Environmental liabilities can change substantially, among others due to the emergence of additional information on the nature or extent of the contamination, the geological circumstances, changes in (the interpretation and/or enforcement of) environmental regulations, new and evolving analytical and remediation techniques, success or lack of success of currently anticipated clean-up methods, actions by governmental agencies or private parties, success or lack of success in allocating liability to other potentially responsible parties, the financial viability of other potentially responsible parties and third-party indemnitors, and/or other factors.

Liabilities to (former) employees
Liabilities to (former) employees consist of employer liability plans, jubilee plans and other long-term compensation plans. In order to perform the necessary actuarial calculations for assessing the provision, certain assumptions must be made regarding interest rates, life expectancy, the development of costs related to employer liability plans, and employee turnover rates. These calculations are conducted by external actuaries using market information such as corporate bond returns and yield curves to determine appropriate discount rates, as well as claim patterns, cost levels, mortality tables and inflation rates to establish assumptions for future expected outflow.

Sundry provisions
Sundry provisions relate to a variety of provisions, including provisions for (customer) claims, sales returns, guarantees and other operational provisions. (Customer) claims provisions reflect the best estimate of the expected outflow, if applicable supported by case law and internal or external legal counsel opinions.

Movements in other provisions

in € millions	Restructuring of activities	Environmental costs	Liabilities to (former) employees	Sundry	Total
Balance at January 1, 2024	**36**	**42**	**117**	**85**	**280**
Additions made during the year	99	7	21	30	157
Additions to asset retirement obligations	—	—	—	2	2
Utilization	(58)	(16)	(20)	(27)	(121)
Amounts reversed during the year	(7)	(1)	(2)	(10)	(20)
Unwind of discount	—	4	(2)	—	2
Acquisitions	—	—	—	1	1
Divestments	—	—	(11)	—	(11)
Changes in exchange rates	—	1	—	(1)	—
Balance at December 31, 2024	**70**	**37**	**103**	**80**	**290**
Non-current portion of provisions	1	24	91	44	160
Current portion of provisions	69	13	12	36	130
Balance at December 31, 2024	**70**	**37**	**103**	**80**	**290**

Provisions for restructuring of activities

Provisions for restructuring of activities comprise of accruals for certain employee benefits and for costs which are directly associated with plans to exit or cease specific activities, organizational optimization programs and closing down of facilities. For all restructuring provisions, a detailed formal plan exists and the implementation of the plan has started or the plan has been announced before the balance sheet date. Most restructuring plans are expected to be completed within one year from the balance sheet date.

Environmental liabilities

We are confronted with costs arising out of environmental laws and regulations, which include obligations to eliminate or limit the effects on the environment of the disposal or release of certain wastes or substances at various sites. Proceedings involving environmental matters, such as the alleged discharge of chemicals or waste materials into the air, water, or soil, are pending against us in various countries. In some cases, this concerns sites divested in prior years or derelict sites belonging to companies acquired in the past. The majority of the cash outflows relating to the environmental liabilities is expected to be within one to five years, whilst some one-third is projected to be spent after ten years. The provision has been discounted using an average pre-tax discount rate of 4.3% (2023: 3.7%).

For some sites for which we are faced with relatively new legislation, which are in the early stages of discussions with regulators, and/or where there is limited information available from earlier experience, there may be considerable variability between the clean-up activities that are currently being undertaken or planned and the ultimate actions that could be required. For such sites, the costs for the earlier years might be rather reliably estimable, while for later years it is much more difficult, if possible at all, to estimate the cost of environmental compliance and remediation. If the level of uncertainty is such that no reliable estimate can be made for the longer-term costs, no provision for such costs is recorded. While it is not feasible to predict the outcome of all pending environmental exposures, it is reasonably possible that there will be a need for future (changes to) provisions for environmental costs which, in management's opinion, based on information currently available, would not have a material effect on the company's financial position but could be material to the company's results of operations in any one accounting period.

Liabilities to (former) employees

The majority of the cash outflows related to liabilities to (former) employees is expected to be after five years. In calculating the liabilities to (former) employees, a pre-tax discount rate of on average 4.4% (2023: 4.3%) has been used.

Sundry provisions

Due to possible future developments, such as potential additional lawsuits, possible future settlements and rulings or judgments in pending lawsuits, certain cases may result in additional liabilities and related costs. At this point in time, we cannot estimate any additional amount of loss or range of loss in excess of the recorded amounts with sufficient certainty to allow such amount or range of amounts to be meaningful. While the outcome of said cases, claims and disputes cannot be predicted with certainty, we believe, based upon legal advice and information received, that the final outcome will not materially affect our consolidated financial position but could be material to our results of operations or cash flows in any one accounting period.

The majority of the cash outflows related to sundry provisions is expected to be within one to five years. In calculating the sundry provisions, a pre-tax discount rate of on average 3.8% (2023: 3.7%) has been used.

Current portion of provisions

The current portion of post-retirement benefit provisions (€43 million) and the current portion of other provisions (€130 million) add up to €173 million (2023: €164 million), as reflected in the balance sheet.

Discount rates

The discount rates used in calculating the provisions recognized at December 31, 2024, are mentioned in the paragraphs on provisions for environmental costs, liabilities to (former) employees and sundry provisions. Changes in discount rates will affect our consolidated financial position. A sensitivity test showed that a one percentage point increase or decrease of discount rates will have an impact down or up of €5 million and €6 million, respectively, on the provisions recognized at December 31, 2024.

Contingent liabilities

A number of claims against AkzoNobel are pending, many of which are contested. This includes those where AkzoNobel is defending claims brought by INPEX Operations Australia and JKC Australia LNG relating to the specification and use of an AkzoNobel product which was applied to part of the pipework at the Ichthys Onshore Project in Darwin, Australia, a large LNG project. The claims allege that AkzoNobel is liable for significant damages (degradation of the coating on extensive parts of the pipework) and associated remediation costs are sought under the Australian Consumer Law. AkzoNobel denies liability and also contests the quantum of alleged damages. The vast majority of the damages claimed for remediation costs have not yet been incurred, rather they relate to (modelled) future inspection and remediation costs that are subject to a high degree of uncertainty and debate in the proceedings. As a result, it is not possible for AkzoNobel to reliably estimate any potential financial impact at this stage of the proceedings. The case has gone to trial in the Federal Court of Australia, having commenced on June 17, 2024 and the proceedings are still ongoing with a final hearing scheduled in May 2025 with further submissions being made. The timing of the Federal Court of Australia's judgment is uncertain, although is not expected before the end of 2025.

We are also involved in legal disputes and disputes with tax authorities in several jurisdictions. Those disputes include situations in which AkzoNobel has provided various indemnities and guarantees in respect of past divestments to the relevant purchasers and their permitted assigns (if applicable), which in general are capped in time and/or amount (in proportion to the value received). The provided guarantees and indemnities have varying maturity periods. AkzoNobel has received various claims under such indemnities and guarantees. In some instances, AkzoNobel has been named as a direct defendant despite the divestments.

Akzo Nobel N.V. withdrew its declarations of joint and several liability under Article 403 of Book 2 of the Dutch Civil Code for certain Dutch former Specialty Chemicals subsidiaries divested as per October 1, 2018, and since then has followed the procedures to terminate its residual liability under those declarations under Article 404 of Book 2 of the Dutch Civil Code. The last objection against the termination of residual liability has been resolved on February 20, 2025.

Note 20: Net debt

Accounting policies

Cash and cash equivalents and short-term investments are measured at fair value through profit and loss. Cash and cash equivalents include all cash balances and other investments that are directly convertible into known amounts of cash. Changes in fair values are included in financing income and expenses. For more details on the accounting policy with regards to classification, valuation and impairment of financial assets, refer to Note 26 Financial risk management.

Long-term and short-term borrowings are initially measured at fair value net of directly attributable transaction costs. Subsequent measurement is at amortized cost, using the effective interest rate method. The interest expense on borrowings is included in financing income and expenses.

The fair value of borrowings, used for disclosure purposes, is determined based on listed market prices, if available. If a listed market price is not available, the fair value is calculated based on the present value of principal and interest cash flows, discounted at the interest rate at the reporting date, considering AkzoNobel's credit risk.

Net debt

in € millions	Long-term borrowings	Short-term borrowings	Short-term investments	Cash and cash equivalents	Net debt
Net debt at January 1, 2023	**3,332**	**2,543**	**(336)**	**(1,450)**	**4,089**
Net cash from operating activities	—	—	—	(1,126)	(1,126)
Acquisitions	—	—	—	114	114
Investments in short-term investments	—	—	(64)	64	—
Repayments of short-term investments	—	—	142	(142)	—
Net cash from other investing activities	—	—	—	108	108
Buy-out of non-controlling interests	—	—	—	—	—
Net gain/loss from changes in fair value	—	—	(7)	—	(7)
Unwind of discount and amortized cost	10	2	—	—	12
Proceeds from borrowings	499	5,337	—	(5,836)	—
Borrowings repaid	—	(6,295)	—	6,295	—
New/modification/disposal of lease contracts	96	—	—	—	96
Transfers from long-term to short-term	(793)	793	—	—	—
Movement bank overdrafts and short-term bank loans	—	18	—	(18)	—
Dividends	—	—	—	368	368
Net cash impact from discontinued operations	—	—	—	6	6
Changes in exchange rates	21	—	—	104	125
Net debt at December 31, 2023	**3,165**	**2,398**	**(265)**	**(1,513)**	**3,785**

in € millions	Long-term borrowings	Short-term borrowings	Short-term investments	Cash and cash equivalents	Net debt
Net debt at January 1, 2024	**3,165**	**2,398**	**(265)**	**(1,513)**	**3,785**
Net cash from operating activities	—	—	—	(673)	(673)
Acquisitions	3	—	—	(2)	1
Investments in short-term investments	—	—	(320)	320	—
Repayments of short-term investments	—	—	423	(423)	—
Net cash from other investing activities	—	—	—	237	237
Buy-out of non-controlling interests	—	—	—	4	4
Net gain/loss from changes in fair value	—	—	(3)	—	(3)
Unwind of discount and amortized cost	12	6	—	—	18
Proceeds from borrowings	499	2,308	—	(2,807)	—
Borrowings repaid	—	(3,102)	—	3,102	—
New/modification/disposal of lease contracts	112	—	—	—	112
Transfers from long-term to short-term	(121)	121	—	—	—
Movement bank overdrafts and short-term bank loans	—	(31)	—	31	—
Dividends	—	—	—	385	385
Net cash impact from discontinued operations	—	—	—	5	5
Changes in exchange rates	1	(3)	—	32	30
Net debt at December 31, 2024	**3,671**	**1,697**	**(165)**	**(1,302)**	**3,901**

Analysis of net debt by category

in € millions, at December 31	2023	2024
Bonds issued	2,933	3,433
Lease liabilities	194	201
Other long-term borrowings	38	37
Long-term borrowings	**3,165**	**3,671**
Current portion of long-term borrowings	671	87
Current portion of lease liabilities	89	91
Debt to credit institutions	1,635	1,515
Other short-term borrowings	3	4
Short-term borrowings	**2,398**	**1,697**
Total borrowings	**5,563**	**5,368**
Short-term investments	(265)	(165)
Cash and cash equivalents	(1,513)	(1,302)
Net debt	**3,785**	**3,901**

AkzoNobel's net debt is mainly denominated in euro.

Multi-currency revolving credit facility

We have a multi-currency revolving credit facility of €1.3 billion which runs until 2027. This facility does not contain financial covenants or acceleration provisions that are based on adverse changes in ratings or material adverse change. At year-end 2024 and 2023, this facility has not been drawn.

Long-term borrowings

At year-end 2024, bonds issued amounted to €3,433 million (2023: €2,933 million); a specification is included in the table in this Note.

Bonds issued

in € millions, at December 31	2023	2024
1 1/8% 2016/26 (€500 million)	499	499
1 1/2% 2022/28 (€600 million)	598	598
1 5/8% 2020/30 (€750 million)	745	746
2% 2022/32 (€600 million)	595	596
4% 2023/33 (€500 million)	496	496
3 3/4% 2024/34 (€500 million)	–	498
Total	**2,933**	**3,433**

In September 2024, a bond was issued with a nominal value of €500 million and a coupon of 3.75%, maturing in 2034.

For details on the exposure to interest rate and foreign currency risk, refer to Note 26 Financial risk management.

The average effective interest rate of the bonds included in long-term borrowings at year-end 2024 was 2.2% (year-end 2023: 2.0%).

Aggregated maturities of long-term borrowings

in € millions	2026-2029	After 2029
Bonds issued	1,097	2,336
Lease liabilities	169	32
Other long-term borrowings	11	26
Total	**1,277**	**2,394**

The blended incremental borrowing rate applied to the lease liabilities at year-end 2024 was 3.1% (2023: 2.4%).

At year-end 2024 and 2023, none of the borrowings was secured by collateral.

Short-term borrowings

The current portion of long-term borrowings decreased mainly due to the maturing of a €500 million bond in November 2024.

At year-end 2024, our debt to credit institutions amounted to €1,515 million (2023: €1,635 million). Debt to credit institutions includes our commercial paper program and short-term bank loans. We have US dollar and euro commercial paper programs in place, which can be used to the extent that the equivalent portion of the €1.3 billion multi-currency revolving credit facility is not used. We had €1.0 billion commercial paper outstanding at year-end 2024 (2023: €0.8 billion) against an average interest rate of 3.4% (2023: 4.1%). At year-end 2024, we had short-term bank loans outstanding of €0.5 billion (2023: €0.8 billion) against a three-months Euribor plus a mark-up (2023: three-months Euribor plus a mark-up). None of these facilities contain financial covenants.

Short-term investments

At year-end 2024, we had short-term investments for an amount of €165 million (2023: €265 million). Short-term investments almost entirely consist of time deposits, money market funds and other marketable securities with a life time at investment date longer than three months but shorter than 12 months. For more information on credit risk management, refer to Note 26 Financial risk management.

Cash and cash equivalents

Cash and cash equivalents are specified in the table below.

Cash and cash equivalents

in € millions, at December 31	2023	2024
Cash on hand and in banks	957	848
Short-term investments with a life up to three months	556	454
Cash and cash equivalents in the balance sheet	**1,513**	**1,302**
Debt to credit institutions	(60)	(29)
Total per statement of cash flows	**1,453**	**1,273**

Deposits and money market funds within cash and cash equivalents almost entirely consist of time deposits immediately convertible into known amounts of cash and with a maturity of three months or less from the date of purchase, and marketable securities that can be redeemed immediately when called.

We face cross-border foreign exchange controls and/or other legal restrictions in a few countries that (currently) limit the ability to make these balances available for general use by the group. Mainly as a result of these restrictions, at December 31, 2024, an amount of €19 million in cash and cash equivalents (2023: €57 million and €3 million short-term investments) was restricted. The vast majority of these funds are available for use in the relevant subsidiaries' day-to-day business.

Note 21: Trade and other payables

Accounting policies

Trade and other payables are measured at amortized cost, using the effective interest rate method.

Trade and other payables

in € millions, at December 31	2023	2024
Trade payables	2,312	2,220
Taxes and social security contributions	192	160
Amounts payable to employees	275	245
Interest	86	59
FX contracts	13	16
Dividends	1	2
Other liabilities	54	38
Total	**2,933**	**2,740**

Trade and other payables can be broken down as per the above table. Other liabilities consist of a large number of individually immaterial items.

Supplier finance arrangements

AkzoNobel has entered into a limited number of supplier finance arrangements related to payables presented within trade and other payables. These arrangements provide suppliers with the option to receive early payment from banks before the due date, based on our terms and conditions. In line with the nature of these arrangements, fees are typically charged by the bank to the supplier for early settlement.

At year end, the total carrying amount of trade payables for which suppliers have the option to apply early settlements was €115 million; at reporting date, suppliers had applied this option and received payments from banks for an amount of €69 million.

Note 22: Cash flow

Accounting policies

AkzoNobel uses the indirect cash flow model. Interest paid is classified as an operating cash flow and interest received as an investing cash flow. Dividends received are classified as investing cash flow and dividends paid are classified as financing cash flow. Acquisitions or divestments of subsidiaries are presented net of cash and cash equivalents acquired or disposed of, respectively. Cash flows from derivatives are recognized in the statement of cash flows in the same category as those of the hedged items.

Changes in working capital

Operating activities in 2024 resulted in a cash inflow of €673 million (2023: cash inflow of €1,126 million). This includes changes in working capital as specified in the below table.

Changes in working capital as per consolidated statement of cash flows

in € millions	2023	2024
Trade and other receivables	(111)	12
Inventories	131	(83)
Trade and other payables	234	(135)
Total	**254**	**(206)**

The amounts in the table above cannot be reconciled directly to the respective balance sheet positions. They reflect changes in balance sheet positions only to the extent these have a cash flow impact, or they reverse the non-cash impact as included in profit for the period. These amounts exclude non-cash movements such as unwinding of discount, movements through Other comprehensive income, acquisitions and divestments, and changes in exchange rates.

Free cash flow

Free cash flow is an alternative performance measure. AkzoNobel reports on free cash flow as management believes it to be a useful measure to provide additional insight into the cash generating capability of its operations. For more details on Alternative Performance Measures refer to Note 3, section Alternative Performance Measures.

Free cash flow

in € millions	2023	2024
Net cash generated from/(used for) operating activities	**1,126**	**673**
Capital expenditures	(286)	(306)
Free cash flow	**840**	**367**

Note 23: Commitments

Purchase commitments for property, plant and equipment at year-end 2024 aggregated €23 million (2023: €18 million).

Note 24: Related party transactions

We purchased and sold goods and services to various related parties in which we hold a 50% or less equity interest (associates).

During 2024, we considered the members of the Executive Committee and the Supervisory Board to be the key management personnel as defined in IAS 24 "Related parties". For details on their remuneration, as well as on shares held by members of the Supervisory Board or Board of Management, refer to Note 25 Remuneration of the Supervisory Board and the Board of Management. In the ordinary course of business, we also have transactions with various organizations with which certain members of the Supervisory Board or Executive Committee are associated.

For related party transactions with pension funds, refer to Note 14 Financial non-current assets and Note 18 Post-retirement benefit provisions.

Note 25: Remuneration of the Supervisory Board and the Board of Management

Total compensation for key management personnel expensed during the period amounted to €19.7 million (2023: €19.2 million). An amount of €10.4 million relates to short-term employee benefits (2023: €11.6 million); €0.9 million relates to post contract benefits and other post contract compensation (2023: €1.0 million); €8.4 million relates to share-based compensation (2023: €5.4 million); and no payments relate to termination of employment (2023: €1.2 million). In 2024, no charges were accrued which relate to taxation on excessive pay ("Belasting heffing excessieve beloningsbestanddelen") (2023: €nil).

This compensation includes total remuneration for the members of the Supervisory Board of €1.1 million (2023: €0.9 million) and for the members of the Board of Management of €8.3 million (2023: €7.7 million). For more details on the remuneration of the individual members of the Supervisory Board and the Board of Management reference is made to the Remuneration report.

In accordance with the Articles of Association and good corporate governance practice, the remuneration of Supervisory Board members is not dependent on the results of the company. We do not grant share-based compensation to our Supervisory Board members.

An overview of shares held by the Supervisory Board members is provided on this page. A similar overview is provided of the shares held by the Board of Management.

Loans

The company does not grant loans, advance payments or guarantees to members of the Supervisory Board, members of the Executive Committee or any family members of such persons.

Shares held by the members of the Supervisory Board

Number of shares at year-end	2023	2024
Ben Noteboom	2,300	2,300
Byron Grote*	9,894	9,894
Dick Sluimers	—	—
Patrick Thomas	—	—
Ester Baiget	—	—
Hans Van Bylen	—	—
Wouter Kolk	—	—
Ute Wolf	—	—
Jaska de Bakker	—	—

* In the form of ADRs.

Shares held by the Board of Management

Number of shares at year-end	2023	2024
Greg Poux-Guillaume	1,046	7,134
Maarten de Vries	22,558	26,617

Note 26: Financial risk management

Accounting policies

Classification and measurement

On initial recognition, financial assets are measured at fair value (plus transaction costs, in the case of assets not subsequently measured at fair value through profit or loss (FVTPL)).

For the purpose of subsequent measurement, financial assets are classified as measured at amortized cost, fair value through profit or loss or fair value through other comprehensive income (FVOCI). The classification of a financial asset is determined at initial recognition, but if certain conditions are met, an asset may be subject to reclassification.

A financial asset is measured at amortized cost if it meets both of the following conditions:
1. It is held within a business model, the objective of which is to hold assets to collect contractual cash flows; and
2. Its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:
1. It is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and
2. Its contractual terms give rise, on specified dates, to cash flows that are SPPI on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or measured at FVOCI, as described above, (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL.

Derivatives

Derivative financial instruments are recognized at fair value on the balance sheet. Fair values are derived from market prices and quotes from dealers and brokers, or are estimated using observable market inputs. When determining fair values, credit risk for our counter party, as well as for AkzoNobel, is taken into account.

Changes in fair value are recognized in the statement of income, unless cash flow hedge accounting or net investment hedge accounting is applied. In those cases, the effective part of the fair value changes is deferred in other comprehensive income and released to the related specific lines in the statement of income or balance sheet at the same time as the hedged item.

Impairment

Financial assets are assessed for impairment either according to the general approach or a simplified approach.

The calculation of impairment under the general approach uses the following stages:
- 12-months expected credit losses, taking into account possible default events within one year
- Lifetime expected credit losses in case of an increase in credit risk, through recognition of expected credit losses over the remaining life of the exposure
- Lifetime expected credit losses, where interest is calculated on the net amount of the receivables less impairment loss.

In all above stages, the impairment calculation used is based on external credit ratings of involved parties or default rates published by well-known credit risk agencies.

The financial assets included in the general impairment approach are long-term loans and other long-term receivables.

The calculation of impairment under the simplified approach requires recognition of lifetime expected credit loss (no tracking of changes in credit risk). The financial assets included in the simplified impairment approach are trade receivables and the remaining financial assets.

Financial Risk Management Framework

Our activities expose us to a variety of financial risks: liquidity risk, credit risk and market risk (including foreign exchange rate risk, interest rate risk and capital risk). These risks are inherent to the way we operate as a multinational with a large number of locally operating subsidiaries. Our overall risk management program seeks to identify, assess, and – if necessary and possible – mitigate these financial risks in order to minimize potential adverse effects on our financial performance.

Our risk mitigating activities include the use of derivative financial instruments to hedge certain risk exposures. The Board of Management is ultimately responsible for risk management. We centrally identify, evaluate and hedge financial risks, and monitor compliance with the corporate policies approved by the Board of Management, except for commodity risks, which are subject to identification, evaluation, hedging and monitoring in the businesses. In addition to our centralized Treasury organization in Amsterdam, we have treasury hubs located in Brazil and China that are primarily responsible for regional cash management and short-term financing. We do not allow extensive treasury operations directly with external parties at subsidiary level.

Liquidity risk management

The primary objective of our liquidity risk management is to provide for sufficient cash and cash equivalents at all times and any place in the world to enable us to meet our payment obligations. We aim for a well-spread maturity schedule of our long-term borrowings and a strong liquidity position. At year-end 2024, we had available €1.3 billion of cash and cash equivalents (2023: €1.5 billion) and €165 million of short-term investments (2023: €265 million); reference is made to Note 20 Net debt.

In addition, we have a multi-currency revolving credit facility of €1.3 billion which runs until 2027. This facility does not contain financial covenants or acceleration provisions that are based on adverse changes in ratings or on other material adverse changes. At year-end 2024 and 2023, this facility had not been drawn. We have US dollar and euro commercial paper programs in place, which can be used to the extent that the equivalent portion of the €1.3 billion multi-currency revolving credit facility is not used. We had €1.0 billion commercial paper outstanding at year end 2024 (2023: €0.8 billion) against an average interest rate of 3.4% (2023: average interest rate of 4.1%). Further, at year-end 2024, we had €0.5 billion short-term bank loans outstanding against three-months Euribor plus a mark-up (2023: €0.8 billion against three-months Euribor plus a mark-up). None of these facilities contain financial covenants. The table on maturity of liabilities and cash outflows in this Note shows the timing of cash outflows per maturity group. The amounts disclosed in the table are the contractual, undiscounted cash flows.

Maturity of liabilities and cash outflows

in € millions	Less than 1 year	Between 1 and 5 years	Over 5 years
At December 31, 2023			
Borrowings	2,309	1,112	1,859
Interest on borrowings	154	249	182
Lease liabilities	89	158	36
Trade and other payables	2,874	–	–
FX contracts (hedges)			
Outflow	2,451	–	–
Inflow	(2,450)	–	–
Total	**5,427**	**1,519**	**2,077**
At December 31, 2024			
Borrowings	1,606	1,108	2,362
Interest on borrowings	143	313	201
Lease liabilities	91	169	32
Trade and other payables	2,676	–	–
FX contracts (hedges)			
Outflow	2,714	–	–
Inflow	(2,714)	–	–
Total	**4,516**	**1,590**	**2,595**

Credit risk management

Credit risk arises from financial assets such as cash and cash equivalents, deposits with financial institutions, money market funds, trade receivables and derivative financial instruments with a positive fair value. We have a credit risk management policy in place to limit credit losses due to non-performance of financial counterparties and customers. We monitor our exposure to credit risk on an ongoing basis at various levels. We only deal with financial counterparties that have a sufficiently high credit rating. Generally, we do not require collateral in respect of financial assets. Investments in cash and cash equivalents, short-term investments and transactions involving derivative financial instruments are entered into with counterparties that have sound credit ratings and a good reputation. Derivative transactions are concluded mostly with parties with whom we have contractual netting agreements and ISDA agreements in place. We set limits per counterparty for the different types of financial instruments we use. We closely monitor the acceptable financial counterparty credit ratings and credit limits and revise these where required in line with market circumstances. We do not expect non-performance by the counterparties for these financial instruments. Due to our geographical spread and the diversity of our customers, we were not subject to any significant concentration of credit risks at balance sheet date.

The credit risk from trade receivables is measured and analyzed by dedicated teams in the businesses, mainly by means of ageing analysis (refer to Note 16 Trade and other receivables). Additionally, trade receivables and financial assets measured at amortized cost are subject to the expected credit loss impairment model either using the general or the simplified approach. For more information on the applied impairment approaches per financial asset type, refer to Note 1 General information.

The maximum exposure to credit risk is represented by the carrying value of financial assets in the balance sheet, which at year-end 2024 was €4.1 billion (2023: €4.6 billion) for cash and cash equivalents, short-term investments, loans and trade and other receivables. Our credit risk is well spread among both global and local counterparties. Our largest counterparty risk amounted to €259 million at year-end 2024 (2023: €332 million).

Foreign exchange risk management

Trade and financing transactions

We operate in a large number of countries, where we have clients and suppliers, many of whom are outside of the local functional currency environment. This creates currency exposures which are partly netted out on group level. The purpose of our foreign currency hedging activities is to protect us from the risk that the functional currency net cash flows resulting from trade or financing transactions are adversely affected by changes in exchange rates. Our policy is to hedge our transactional foreign exchange rate exposures above predefined thresholds from recognized assets and liabilities. Hedge accounting is generally not applied for foreign currency hedging activities, except for certain specific forecasted transactions.

In 2023, a total loss of €36 million was recorded in the statement of income under financing expenses, which related to cash flow hedging for the intended acquisition of Kansai Paint's African activities. As from July 2022, cash flow hedge accounting was applied on a $450 million hedge for foreign currency risk exposure related to this intended acquisition, which continued in 2023. In November 2023, the decision was made not to proceed with the acquisition. The losses reported in 2023 included €46 million related to the recycling of the amount accumulated in the cash flow hedge reserve through other comprehensive income.

In general, our forward exchange contracts have a maturity of less than one year. When necessary, forward exchange contracts are rolled over at maturity. Currency derivatives are not used for speculative purposes.

Hedged notional amounts at year-end[1]

in € millions	Buy 2023	Sell 2023	Buy 2024	Sell 2024
US dollar	270	658	362	678
Pound sterling	794	—	820	46
Chinese yuan	46	58	66	128
Brazilian real	19	57	26	38
Thai Baht	12	114	16	116
Australian dollar	—	62	1	78
Singapore dollar	15	7	40	49
South African rand	—	66	6	63
Taiwan dollar	3	33	13	47
Other[2]	212	375	157	300
Total	**1,371**	**1,430**	**1,507**	**1,543**

[1] No hedge accounting was applied on these hedged notional amounts in 2024.
[2] No individually significant position is included in Other, the amounts per currency are highly disaggregated.

Investments in foreign subsidiaries and associates

During 2024 and 2023, net investment hedge accounting was applied on hedges of certain net investments in foreign operations, which were partly hedged. The main net investments included were related to Chinese yuan, Brazilian real, Vietnamese dong, Indian rupee, Indonesian rupiah and Taiwanese dollar (2023: Brazilian real, Chinese yuan, Indonesian rupiah and Indian rupee), which were hedged with forward exchange contracts for the same currencies. The spot results related to these hedges were recognized in other comprehensive income and accumulated in the cumulative translation reserves. At year-end 2024, no hedges of net investments were outstanding. During 2024 and 2023, the hedges of net investments were fully effective.

Interest rate risk management

We are partly financed with debt in order to obtain more efficient leverage. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fixed rate debt results in fair value interest rate risk. Floating rate debt results in cash flow interest rate risk. At the end of 2024, 64% of our total debt consisted of fixed rate bonds (2023: 62%), 18% consisted of commercial paper (2023: 14%) and 11% of short-term loans (2023: 15%). The fixed/floating ratio of our outstanding bonds was 100% fixed (2023: 100% fixed). The weighted average maturity of our outstanding bonds at year-end is 5.8 years (2023: 5.4 years). The remainder of our total debt consisted of leases and other debt. For more information about our debt, refer to Note 20 Net debt. During 2024 and 2023, we have not used any interest rate derivatives.

Capital risk management

Our objectives when managing capital are to safeguard our ability to satisfy our capital providers and to maintain a capital structure that optimizes our cost of capital. For this we maintain an adequate financial strategy, with the objective to retain a strong investment grade credit rating as assigned by the rating agencies Moody's and Standard & Poor's. The capital structure can be altered, among others, by adjusting the amounts of dividends paid to shareholders, return of capital to capital providers, or issuance of new debt or shares. In September 2024, a bond was issued with a nominal value of €500 million and a coupon of 3.75%, maturing in 2034.

Leverage ratio

Consistent with other companies in the industry, we monitor capital headroom based on the leverage ratio net debt/(adjusted) EBITDA for which we have set a target range of around 2 for the mid-term. Net debt/EBITDA at December 31, 2024, was 3.0 (December 31, 2023: 2.7), while net debt/adjusted EBITDA was 2.6 (December 31, 2023: 2.6).

EBITDA

in € millions	2023	2024
Operating income	1,029	917
Depreciation and amortization	357	371
EBITDA	**1,386**	**1,288**

Adjusted EBITDA

in € millions	2023	2024
Operating income	1,029	917
Depreciation and amortization*	355	365
Identified items	45	196
Adjusted EBITDA	**1,429**	**1,478**

* Excluding identified items.

Leverage ratios

in € millions	2023	2024
Net debt*	3,785	3,901
Net debt/EBITDA	**2.7**	**3.0**
Net debt/Adjusted EBITDA	**2.6**	**2.6**

*Breakdown of net debt is available in the Note 20 Net debt.

For the calculation of net debt, refer to Note 20 Net debt. Leverage ratio is an Alternative Performance Measure. For more details refer to Note 3, section Alternative Performance Measures.

Fair value of financial instruments and IFRS 9 categories

In the table "Fair value per financial instrument category" on the next page, insight is provided in the recognition of the respective financial instruments per IFRS 9 category. The total carrying value is based on the accounting principles in this Note. Financial instruments are recognized at fair value and subsequently recognized either at fair value or at amortized cost, using the effective interest method. The financial instruments accounted for at fair value through profit or loss are derivative financial instruments and securities included in financial non-current assets and other current liabilities, cash and cash equivalents and short-term investments. The remaining financial instruments are accounted for at amortized cost.

Fair value per financial instrument category

in € millions	Carrying amount	Out of scope of IFRS7	Carrying value per IFRS 9 category: Measured at amortized cost	Carrying value per IFRS 9 category: Measured at fair value through profit or loss	Total carrying value	Fair value of items measured at amortized cost
December 31, 2023						
Financial non-current assets[1]	1,409	1,136	264	9	273	271
Trade and other receivables[2]	2,483	193	2,276	14	2,290	2,276
Short-term investments	265	—	—	265	265	—
Cash and cash equivalents	1,513	—	—	1,513	1,513	—
Total financial assets	**5,670**	**1,329**	**2,540**	**1,801**	**4,341**	**2,547**
Long-term borrowings	3,165	—	3,165	—	3,165	3,015
Short-term borrowings	2,398	—	2,398	—	2,398	2,390
Trade and other payables[3]	2,933	467	2,453	13	2,466	2,453
Total financial liabilities	**8,496**	**467**	**8,016**	**13**	**8,029**	**7,858**
December 31, 2024						
Financial non-current assets[1]	1,274	1,013	242	19	261	250
Trade and other receivables[2]	2,498	258	2,224	16	2,240	2,224
Short-term investments	165	—	—	165	165	—
Cash and cash equivalents	1,302	—	—	1,302	1,302	—
Total financial assets	**5,239**	**1,271**	**2,466**	**1,502**	**3,968**	**2,474**
Long-term borrowings	3,671	—	3,671	—	3,671	3,559
Short-term borrowings	1,697	—	1,697	—	1,697	1,697
Trade and other payables[3]	2,740	405	2,319	16	2,335	2,319
Total financial liabilities	**8,108**	**405**	**7,687**	**16**	**7,703**	**7,575**

[1] €1,013 million (2023: €1,136 million) out of scope for IFRS7 mainly relates to pension assets (refer to Note 14), €242 million (2023: €264 million) measured at amortized cost relates to loans and receivables and various other financial non-current assets (refer to Note 14); €19 million (2023: €9 million) measured at FVTPL includes €12 million (2023: nil) long-term investments (refer to Note 14) and €7 million (2023: €9 million) other financial instruments (refer to Note 14).

[2] €258 million (2023: €193 million) out of scope for IFRS7 mainly relates to (non-)income taxes receivable (refer to Note 16), €2,224 million (2023: €2,276 million) relates to the remainder of trade and other receivables (refer to Note 16) and €16 million (2023: €14 million) measured at FVTPL relates to FX contracts (refer to Note 16).

[3] €405 million (2023: nil) out of scope for IFRS7 mainly relates to payables to employees and (non-)income taxes payable (refer to Note 21), €2,319 million (2023: €2,453 million) relates to the remainder of trade and other payables (refer to Note 21) and €16 million (2023: €13 million) measured at FVTPL relates to FX contracts (refer to Note 21).

The following valuation methods for financial instruments carried at fair value through profit or loss are distinguished:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable)

For the purpose of determining the fair value per financial instrument category, shown in the column fair value, the following valuation methods were used:

- A Level 1 valuation method was used to estimate the fair value of the bonds issued included in our long-term and short-term borrowings. The estimate is based on the quoted market prices for the same or similar issues or on the current rates offered to us for debt with similar maturities.
- A Level 2 valuation method was used to determine the fair value of marketable securities included in cash and cash equivalents and short-term investments by obtaining the market price at reporting date.

The fair value of foreign currency contracts and swap contracts was also determined by Level 2 valuation techniques using market observable input (such as foreign currency interest rates based on Refinitiv/ LSEG) and by obtaining quotes from dealers and brokers. Further, a level 2 valuation method was used to determine the fair value of time deposits included in cash and cash equivalents and short-term investments using the market interest rate. Finally, the carrying amounts of cash and banks, trade receivables less allowance for impairment, other short-term borrowings and other current liabilities approximate fair value due to the short maturity period of those instruments and were determined using Level 2 fair value methods.

- A Level 3 fair valuation method (discounted cash flow using applicable market interest rates at balance sheet date) was used for the valuation of the subordinated loan granted to the Pension Fund APF in the Netherlands, resulting in a fair value of €99 million.

Sensitivities on financial instruments at year-end 2024

Sensitivity object	Sensitivity	Hypothetical impact
Foreign currencies:		
We perform foreign currency sensitivity analysis by applying an adjustment to the spot rates prevailing at year-end. This adjustment is based on observed changes in the exchange rate in the past and management's expectation for reasonably possible* future movements over a longer term from a sensitivity test perspective. We then apply the expected possible volatility to revalue all monetary assets and liabilities (including derivative financial instruments) in a currency other than the functional currency of the subsidiary in the balance sheet at year-end. These effects are of a fairly linear nature.	A 10% (2023: 10%) strengthening of the euro versus US dollar	Profit €21 million (2023: profit €22 million).
	A 10% (2023: 10%) strengthening of the euro versus the pound sterling	Profit €1 million (2023: loss €5 million)
	A 10% (2023: 10%) strengthening of the euro versus Chinese yuan	Profit €1 million (2023: profit €1 million)
Interest rate:		
We perform interest rate sensitivity analysis by applying an adjustment to the interest rate curve prevailing at year-end. This adjustment is based on observed changes in the interest rate in the past and management's expectation for reasonably possible* future movements over a longer term from a sensitivity test perspective. We then apply the expected possible volatility to revalue all interest bearing assets and liabilities. These effects are of a fairly linear nature.	A 100 basis points (2023: 100 basis points) increase of EUR interest rates	Loss €10 million (2023: loss €15 million)
	A 100 basis points (2023: 100 basis points) increase of USD interest rates	Profit €1 million (2023: profit €1 million)
	A 100 basis points (2023: 100 basis points) increase of GBP interest rates	Profit €1 million (2023: profit €1 million)

* This analysis does not indicate any probability of such changes occurring; nor does it preclude larger changes in any given period or longer term.

Master netting agreements

We enter into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of transactions outstanding in the same currency may be aggregated into a single net amount that is payable by one party to the other. In certain circumstances – e.g. when a credit event such as a default occurs – all outstanding transactions under the agreement may be terminated, the termination value is assessed and a net amount is payable in settlement of the transactions. We have evaluated the potential effect of netting agreements, including the effect of rights of set-off and concluded the impact is immaterial. We did not offset any amounts regarding derivative transactions.

Note 27: Subsequent events

No significant subsequent events have been identified.

COMPANY FINANCIAL STATEMENTS

Statement of income

in € millions, for the year ended December 31	Note		2023		2024
General and administrative expenses		(74)		(31)	
Operating income			**(74)**		**(31)**
Financing income and expenses	B	(199)		(184)	
Net income from subsidiaries	D	693		732	
			494		**548**
Profit before tax			**420**		**517**
Income tax			22		25
Net income			**442**		**542**

Balance sheet, before allocation of profit

in € millions, at December 31	Note		2023		2024
Assets					
Fixed assets					
Intangible assets	C	97		93	
Financial fixed assets	D	10,964		10,996	
Total fixed assets			**11,061**		**11,089**
Current assets					
Short-term receivables	E	1,982		463	
Short-term investments	G	198		162	
Cash and cash equivalents	G	615		504	
Total current assets			**2,795**		**1,129**
Total assets			**13,856**		**12,218**
Equity and liabilities					
Equity					
Subscribed share capital		85		85	
Cash flow hedge reserve		—		—	
Other legal reserves		312		319	
Cumulative translation reserves		(711)		(579)	
Actuarial gains and losses		(3,013)		(3,117)	
Other reserves		7,282		7,399	
Undistributed results		367		467	
Shareholders' equity	F		**4,322**		**4,574**
Provisions			**2**		**—**
Long-term liabilities	G		**2,933**		**3,550**
Current liabilities					
Short-term borrowings	G	6,353		4,011	
Other current liabilities	H	246		83	
Total current liabilities			**6,599**		**4,094**
Total equity and liabilities			**13,856**		**12,218**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

Note A: General information

Akzo Nobel N.V. is a company headquartered in the Netherlands. The address of our registered office is Christian Neefestraat 2, Amsterdam; the Chamber of Commerce number is 09007809.

The financial statements of Akzo Nobel N.V. have been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, making use of the option of Article 362 of the Code, meaning that the accounting principles used are the same as for the Consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities. Foreign currency amounts have been translated, assets and liabilities have been valued, and net income has been determined in accordance with the principles of valuation and determination of income presented in the relevant notes of the Consolidated financial statements.

Consolidated subsidiaries are all entities (including intermediate subsidiaries) over which the company has control. The company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are recognized from the date on which control is transferred to the company or its intermediate holding entities. They are de-recognized from the date that control ceases.

The company applies the acquisition method to account for acquiring subsidiaries. The consideration transferred for the acquisition of a subsidiary equals the sum of the fair value of assets transferred by the company, liabilities incurred to the former owners of the acquiree, and the equity interests issued by the company. Identifiable assets acquired and liabilities and contingent liabilities assumed in an acquisition are measured initially at their fair values at the acquisition date, and are subsumed in the net asset value of the investment in consolidated subsidiaries. Acquisition-related costs are expensed as incurred.

Investments in consolidated subsidiaries are measured using the net asset value method, based on the measurement of assets, provisions and liabilities and determination of profit based on the principles applied in the consolidated financial statements. When an acquisition of an investment in a consolidated subsidiary is achieved in stages, any previously held equity interest is remeasured to fair value on the date of acquisition. The remeasurement against the book value is accounted for in the statement of income. When the company ceases to have control over a subsidiary, any retained interest is remeasured to its fair value, with the change in carrying amount to be accounted for in the statement of income.

When parts of investments in consolidated subsidiaries are bought or sold, and such transaction does not result in the loss of control, the difference between the consideration paid or received and the carrying amount of the net assets acquired or sold, is directly recognized in equity.

The remuneration paragraph is included in Note 25 of the Consolidated financial statements. The number of employees having a contract with the company at year-end 2024 was six (2023: five). All employees are based in the Netherlands.

Note B: Financing income and expenses

Financing income and expenses are specified in the table below.

Financing income and expenses

in € millions	2023	2024
Financing income - third parties	27	17
Financing income - subsidiaries	62	63
Financing expense - third parties	(145)	(142)
Financing expense - subsidiaries	(144)	(129)
Net interest on net debt	**(200)**	**(191)**
Other items	1	7
Net other financing income/(expenses)	**1**	**7**
Total financing income and expenses	**(199)**	**(184)**

Other items in 2024 and 2023 mainly include foreign currency exchange results.

Note C: Intangible assets

Intangible assets mainly include (internally developed) software.

Intangible assets

in € millions	Other intangibles
Balance at January 1, 2023	
Cost of (internally developed) intangibles	139
Accumulated amortization	(40)
Carrying value at January 1, 2023	**99**
Movements in 2023	
Additions	18
Amortization	(19)
Impairments	(1)
Total movements	**(2)**
Cost of (internally developed) intangibles	153
Accumulated amortization	(56)
Balance at December 31, 2023	**97**
Movements in 2024	
Additions	17
Amortization	(21)
Total movements	**(4)**
Cost of (internally developed) intangibles	170
Accumulated amortization	(77)
Balance at December 31, 2024	**93**

Note D: Financial fixed assets

Financial fixed assets

	Subsidiaries			
in € millions	Share in capital	Loans	Other non-current assets	Total
Balance at January 1, 2023	**9,870**	**1,636**	**143**	**11,649**
Investments/acquisitions/capital contributions	40	—	—	40
Divestments/capital repayments/dividends	(287)	—	—	(287)
Net income from subsidiaries	693	—	—	693
Equity-settled transactions	14	—	—	14
Cash flow hedges	34	—	—	34
Loans granted	—	492	—	492
Loans transferred from long-term to short-term	—	(1,082)	—	(1,082)
Repayment of loans	—	(385)	—	(385)
Post-retirement benefits	(111)	—	—	(111)
Deferred tax assets	—	—	(12)	(12)
Changes in exchange rates	(55)	(26)	—	(81)
Balance at December 31, 2023	**10,198**	**635**	**131**	**10,964**
Investments/acquisitions/capital contributions	374	—	1	375
Divestments/capital repayments/dividends	(1,181)	—	—	(1,181)
Net income from subsidiaries	732	—	—	732
Equity-settled transactions	14	—	—	14
Loans granted	—	178	—	178
Loans transferred from long-term to short-term	—	(100)	—	(100)
Repayment of loans	—	(8)	—	(8)
Post-retirement benefits	(104)	—	—	(104)
Deferred tax assets	—	—	5	5
Changes in exchange rates	131	(10)	—	121
Balance at December 31, 2024	**10,164**	**695**	**137**	**10,996**

Loans to subsidiaries that will mature between two and five years amounted to €692 million (2023: €616 million). An amount of €3 million will mature after five years (2023: €19 million).

Intercompany loans and in-house bank positions, are priced at arm's length, taking factors like the credit quality of AkzoNobel and the counterparty, country and currency risk into consideration. The carrying amount of the loans to subsidiaries approximates the fair value. The loans are not secured by collateral.

Other non-current assets include the subordinated loan granted to the Pension Fund APF in the Netherlands valued at €91 million (2023: €90 million). Using a Level 3 fair valuation method (discounted cash flow), a fair value of €99 million (2023: €98 million) was determined for this loan. For information on valuation methods, see Note 26 Financial risk management of the Consolidated financial statements.

Other non-current assets further contain €44 million deferred tax assets (2023: €39 million). Akzo Nobel N.V. is head of the Dutch fiscal unity for corporate income tax. Members of the fiscal unity reflect taxes in their accounts as if they are taxable on a standalone basis and are charged or credited accordingly by the company.

Note E: Short-term receivables

Short-term receivables

in € millions, at December 31	2023	2024
Receivables from subsidiaries	1,948	436
FX contracts	14	15
Other receivables	20	12
Total	**1,982**	**463**

Short-term receivables are expected to be settled within one year. Receivables from subsidiaries include interest to be received on intercompany loans of €15 million (2023: €19 million) and the current portion of a loan to a subsidiary maturing in 2025 with a value of €125 million. The carrying value of the receivables from subsidiaries approximates the fair value. For more details on intercompany loans and in-house bank positions, refer to Note D.

In 2023, the receivables from subsidiaries contained the current portion of a loan to a subsidiary of €1.1 billion.

Note F: Shareholders' equity

Statement of changes in equity

in € millions	Subscribed share capital	Legal reserves: Cash flow hedges	Legal reserves: Other legal reserves	Legal reserves: Cumulative translation reserves	Actuarial gains and losses	Other reserves	Undistributed results	Shareholders' equity
Balance at January 1, 2023	**87**	**(34)**	**296**	**(656)**	**(2,902)**	**7,265**	**277**	**4,333**
Changes in exchange rates in respect of subsidiaries	—	—	—	(55)	—	—	—	(55)
Cash flow hedges	—	34	—	—	—	—	—	34
Post-retirement benefits	—	—	—	—	(111)	—	—	(111)
Net income	—	—	—	—	—	—	442	442
Comprehensive income	**—**	**34**	**—**	**(55)**	**(111)**	**—**	**442**	**310**
Dividend	—	—	—	—	—	—	(338)	(338)
Equity-settled transactions	—	—	—	—	—	17	—	17
Share buyback	(2)	—	—	—	—	2	—	—
Addition to other reserves	—	—	16	—	—	(2)	(14)	—
Balance at December 31, 2023	**85**	**—**	**312**	**(711)**	**(3,013)**	**7,282**	**367**	**4,322**
Changes in exchange rates in respect of subsidiaries	—	—	—	132	—	—	—	132
Post-retirement benefits	—	—	—	—	(104)	—	—	(104)
Net income	—	—	—	—	—	—	542	542
Comprehensive income	**—**	**—**	**—**	**132**	**(104)**	**—**	**542**	**570**
Dividend	—	—	—	—	—	—	(338)	(338)
Equity-settled transactions	—	—	—	—	—	23	—	23
Acquisition of non-controlling interests	—	—	—	—	—	(3)	—	(3)
Addition to other reserves	—	—	7	—	—	97	(104)	—
Balance at December 31, 2024	**85**	**—**	**319**	**(579)**	**(3,117)**	**7,399**	**467**	**4,574**

The holders of common shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the Annual General Meeting of shareholders. The holders of the priority shares are entitled to a dividend of 6% per share or the statutory interest in the Netherlands, whichever is lower, plus any accrued and unpaid dividends. They are entitled to 800 votes per share (in accordance with the 800 times higher nominal value per share) at the Annual General Meeting of shareholders. In addition, the holders of priority shares have the right to draw up binding lists of nominees for appointment to the Supervisory Board and the Board of Management; amendments to the Articles of Association are subject to the approval of the Meeting of Holders of Priority Shares.

Priority shares may only be transferred to a transferee designated by a Meeting of Holders of Priority Shares and against payment of the par value of the shares, plus interest at the rate of 6% per annum or the statutory interest in the Netherlands, whichever is lower, for the period between the beginning of the year and the date of transfer. There are no restrictions on voting rights of holders of common or priority shares. The Articles of Association set out procedures for exercising voting rights. The Annual General Meeting of shareholders has resolved in 2024 to authorize the Board of Management for a period of 18 months (i) to issue shares (or grant rights to shares) in the capital of the company up to a maximum of 10% of the total number of shares outstanding (and to restrict or exclude the pre-emptive rights to those shares) and (ii) to acquire shares in the capital of the company, provided that the shares that will at any time be held will not exceed 10% of the issued share capital. The issue or repurchase of shares requires the approval of the Supervisory Board.

Unrestricted reserves at year-end

in € millions	2023	2024
Shareholders' equity at year-end	4,322	4,574
Subscribed share capital	(85)	(85)
Subsidiaries' restrictions to transfer funds	(213)	(225)
Reserve for development costs	(99)	(94)
Unrestricted reserves	**3,925**	**4,170**

Of the shareholders' equity of €4.6 billion (2023: €4.3 billion), €4.2 billion (2023: €3.9 billion) was unrestricted and available for distribution, subject to the relevant provisions of our Articles of Association and Dutch law.

Legal reserves include the €225 million reserve relating to earnings retained by subsidiaries after the year 1983, to the extent that there are limitations to arrange profit distributions, and the €94 million reserve for capitalized development costs.

Dividend

Our dividend policy is to pay a stable to rising dividend.

In 2024, an interim dividend of €0.44 (2023: €0.44) per common share was paid. We propose a 2024 final dividend of €1.54 (2023: €1.54) per common share, which would equal a total 2024 dividend of €1.98 (2023: €1.98).

Note G: Net debt

Analysis of net debt by category

in € millions, at December 31	2023	2024
Bonds issued	2,933	3,433
Debt to subsidiaries	—	117
Long-term borrowings	**2,933**	**3,550**
Current portion of long-term borrowings	500	—
Debt to credit institutions	1,574	1,486
Debt to subsidiaries	4,276	2,521
Other	3	4
Short-term borrowings	**6,353**	**4,011**
Total borrowings	**9,286**	**7,561**
Short-term investments	(198)	(162)
Cash and cash equivalents	(615)	(504)
Net debt	**8,473**	**6,895**

Multi-currency revolving credit facility

We have a multi-currency revolving credit facility of €1.3 billion which runs until 2027. This facility does not contain financial covenants or acceleration provisions that are based on adverse changes in ratings or material adverse change. At year-end 2024 and 2023, this facility had not been drawn.

Long-term borrowings

At year-end 2024, bonds issued amounted to €3,433 million (2023: €2,933 million); a specification is included in the table below.

Bonds issued

in € millions, at December 31	2023	2024
1 1/8% 2016/26 (€500 million)	499	499
1 1/2% 2022/28 (€600 million)	598	598
1 5/8% 2020/30 (€750 million)	745	746
2% 2022/32 (€600 million)	595	596
4% 2023/33 (€500 million)	496	496
3 3/4% 2024/34 (€500 million)	—	498
Total	**2,933**	**3,433**

For the fair value of the bonds issued, refer to Note 26 Financial risk management in the Consolidated financial statements. We estimated the fair value of the bonds issued based on the quoted market prices (Level 1) for the same or similar issues or on the current rates offered to us for debt with similar maturities. At year-end 2024, the fair value of the bonds included in long-term and short-term borrowings was €3,321 million (2023: €3,275 million).

In September 2024, a bond was issued with a nominal value of €500 million and a coupon of 3.75%, maturing in 2034.

The average effective interest rate of the bonds included in long-term borrowings outstanding at year-end 2024 was 2.2% (year-end 2023: 2.0%).

At year-end 2024 and 2023, none of the borrowings was secured by collateral.

An amount of €1,097 million (2023: €1,097 million) of bonds issued will mature between two and five years. An amount of €2,336 million (2023: €1,838 million) will mature after five years.

An amount of €116 million (2023: nil) of debt to subsidiaries will mature between two and five years. An amount of €1 million (2023: nil) will mature after five years.

Short-term borrowings

The current portion of long-term borrowings decreased due to the maturing of a €500 million bond in November 2024.

At year-end 2024, our debt to credit institutions amounted to €1,486 million (2023: €1,574 million). For the fair value of the debt to credit institutions, refer to Note 26 Financial risk management in the Consolidated financial statements. Debt to credit institutions includes our commercial paper program. We have US dollar and euro commercial paper programs in place, which can be used to the extent that the equivalent portion of the €1.3 billion multi-currency revolving credit facility is not used. We had €1.0 billion commercial paper outstanding at year-end 2024 (2023: €0.8 billion) against an average interest rate of 3.4% (2023: 4.1%). At year-end 2024, we had short-term bank loans outstanding of €0.5 billion (2023: €0.8 billion) against a 3-month Euribor plus a mark-up rate (2023: three-month Euribor plus a mark-up rate). None of these facilities contain financial covenants.

Debt to subsidiaries consists of the current portion of intercompany loans and in-house bank positions which are expected to be settled within one year or have no fixed repayment schedule. The debt is not secured by collateral. For more details on intercompany loans and in-house bank positions, refer to note D.

The carrying amounts of short-term borrowings and other current liabilities approximate fair value due to the short maturity period of those instruments.

Short-term investments

At year-end 2024, we had short-term investments outstanding for an amount of €162 million (2023: €198 million). Short-term investments almost entirely consist of time deposits, money market funds and marketable securities with a lifetime at investment date longer than three months but shorter than twelve months.

Cash and cash equivalents

Cash and cash equivalents are specified in the table below.

Cash and cash equivalents

in € millions, at December 31	2023	2024
Cash on hand and in banks	334	291
Deposits and money markets funds with a maturity less than three months	281	213
Included under cash and cash equivalents in the balance sheet	**615**	**504**

Deposits and money market funds within cash and cash equivalents almost entirely consist of time deposits immediately convertible into known amounts of cash and with a maturity of three months or less from the date of purchase, and marketable securities that can be redeemed immediately when called.

Note H: Other current liabilities

Other current liabilities

in € millions, at December 31	2023	2024
Suppliers	12	–
Payables to subsidiaries	167	18
FX contracts	12	14
Interest payable	46	48
Other liabilities	9	3
Total	**246**	**83**

The carrying amount of payables to subsidiaries approximates the fair value.

Other current liabilities are expected to fall due in less than one year.

Note I: Financial instruments

At year-end 2024, Akzo Nobel N.V. had foreign exchange contracts outstanding to buy currencies for a total of €1.4 billion (year-end 2023: €1.3 billion), while contracts to sell currencies totaled €1.4 billion (year-end 2023: €1.3 billion). The contracts mainly relate to US dollars, pound sterling, Chinese yuan, Thai baht, Brazilian real, Australian dollars, Singapore dollars, South African rand and Taiwanese dollars and all have maturities within one year. These contracts were partly offset by the foreign exchange contracts concluded with subsidiaries; fair value changes are recognized in the statement of income, or recognized in other comprehensive income in case hedge accounting is applied. For information on risk exposure and risk management, see Note 26 Financial risk management in the Consolidated financial statements.

Note J: Contingent liabilities

Akzo Nobel N.V. is parent of the group's fiscal unity in the Netherlands, and is therefore liable for the liabilities of said fiscal unity as a whole.

Akzo Nobel N.V. has declared in writing that it accepts joint and several liability for contractual debts of certain Dutch and Irish consolidated companies (Article 403 of Book 2 of the Dutch Civil Code and section 357(1) of the Irish Companies Act 2014, respectively). These debts at year-end 2024 aggregate to €0.5 billion (2023: €0.6 billion), and are included in the consolidated balance sheet.

Akzo Nobel N.V. withdrew its declarations of joint and several liability under Article 403 of Book 2 of the Dutch Civil Code for certain Dutch former Specialty Chemicals subsidiaries divested as per October 1, 2018, and since then has followed the procedures to terminate its residual liability under those declarations under Article 404 of Book 2 of the Dutch Civil Code. The last objection against the termination of residual liability has been resolved on February 20, 2025.

Additionally, at year-end 2024, guarantees were issued on behalf of consolidated companies for an amount of €0.2 billion (2023: €0.4 billion). The debts and liabilities of the consolidated companies underlying these guarantees are included in the consolidated balance sheet.

A number of claims against Akzo Nobel N.V. are pending, which are contested. This includes those where Akzo Nobel N.V. and two of its subsidiaries are defending claims brought by INPEX Operations Australia and JKC Australia LNG relating to the specification and use of an AkzoNobel product which was applied to part of the pipework at the Ichthys Onshore Project in Darwin, Australia, a large LNG project. The claims allege that AkzoNobel is liable for significant damages (degradation of the coating on extensive parts of the pipework) and associated remediation costs are sought under the Australian Consumer Law. AkzoNobel denies liability and also contests the quantum of alleged damages. The vast majority of the damages claimed for remediation costs have not yet been incurred, rather they relate to (modelled) future inspection and remediation costs that are subject to a high degree of uncertainty and debate in the proceedings. As a result, it is not possible for AkzoNobel to reliably estimate any potential financial impact at this stage of the proceedings. The case has gone to trial in the Federal Court of Australia, having commenced on June 17, 2024 and the proceedings are still ongoing with a final hearing scheduled in May 2025 with further submissions being made. The timing of the Federal Court of Australia's judgment is uncertain, although is not expected before the end of 2025.

Note K: Independent auditor’s fees

Our independent auditor, PricewaterhouseCoopers Accountants N.V., has rendered, for the period to which the audit of the financial statements relates, in addition to the audit of the Consolidated financial statements, mainly statutory audit services for controlled entities.

Fees PricewaterhouseCoopers 2024

in € millions	In the Netherlands	Network outside the Netherlands	Total
Audit of the financial statements	4.9	5.2	10.1
Other audit services	0.1	0.1	0.2
Review of the Sustainability statements	0.6	—	0.6
Tax services	—	—	—
Other non-audit services	—	—	—
Total	**5.6**	**5.3**	**10.9**

Fees PricewaterhouseCoopers 2023

in € millions	In the Netherlands	Network outside the Netherlands	Total
Audit of the financial statements	4.2	5.2	9.4
Other audit services	0.1	0.1	0.2
Review of the Sustainability statements	0.2	—	0.2
Tax services	—	—	—
Other non-audit services	—	—	—
Total	**4.5**	**5.3**	**9.8**

Amsterdam, February 24, 2025

The Board of Management
Greg Poux-Guillaume, Maarten de Vries

The Supervisory Board
Ben Noteboom, Ester Baiget, Jaska de Bakker, Hans Van Bylen, Byron Grote, Wouter Kolk, Dick Sluimers, Patrick Thomas, Ute Wolf

OTHER INFORMATION

OTHER INFORMATION

Proposal for profit allocation

With due observance of Dutch law and the Articles of Association, it is proposed that net income of €204 million is carried to the other reserves. Furthermore, with due observance of article 43, paragraph 7, it is proposed that dividend on priority shares of €1,152 and on common shares of €338 million (to be increased by dividend on shares issued in 2025 before the ex-dividend date) will be distributed. Following the acceptance of this proposal, the holders of common shares will receive a total dividend of €1.98 per share, of which €0.44 was paid earlier as an interim dividend. The final dividend of €1.54 per share will be made available from May 7, 2025.

Profit allocation and distributions

The following articles of our Articles of Association govern profit allocation and distribution:

Article 43

43.6
The Board of Management shall be authorized to determine, with the approval of the Supervisory Board, what share of profit remaining after application of the provisions of the foregoing paragraphs shall be carried to reserves. The remaining profit shall be placed at the disposal of the Annual General Meeting of shareholders, with due observance of the provisions of paragraph 7, it being provided that no further dividends shall be paid on the preferred shares.

43.7
From the remaining profit, the following distributions shall, to the extent possible, be made as follows:
a. To the holders of priority shares: 6% per share or the statutory interest referred to in paragraph 1 of article 13, whichever is lower, plus any accrued and unpaid dividends
b. To the holders of common shares: a dividend of such an amount per share as the remaining profit, less the aforesaid dividends and less such amounts as the Annual General Meeting of shareholders may decide to carry to reserves, shall permit

43.8
Without prejudice to the provisions of paragraph 4 of this article and of paragraph 4 of article 20, the holders of common shares shall, to the exclusion of everyone else, be entitled to distributions made from reserves accrued by virtue of the provision of paragraph 7b of this article.

43.9
Without prejudice to the provisions of article 42 and paragraph 8 of this article, the Annual General Meeting of shareholders may decide on the utilization of reserves only on the proposal of the Board of Management approved by the Supervisory Board.

Article 44

44.7
Cash dividends by virtue of paragraph 4 of article 20, article 42, or article 43 that have not been collected within five years of the commencement of the second day on which they became due and payable shall revert to the company.

Special rights to holders of priority shares

The priority shares are held by Stichting Akzo Nobel (Foundation Akzo Nobel), whose board is composed of the members of the Supervisory Board who are not members of the Audit Committee. They each have one vote on the board of the Foundation.

The Meeting of Holders of Priority Shares has the right to draw up binding lists of nominees for appointment to the Supervisory Board and the Board of Management. Amendments to the Articles of Association are subject to the approval of this meeting.

Independent auditor's report

To: The Annual General Meeting and the Supervisory Board of Akzo Nobel N.V.

Report on the audit of the financial statements 2024

Our opinion

In our opinion:
- The Consolidated financial statements of Akzo Nobel N.V. together with its subsidiaries ("the Group") give a true and fair view of the financial position of the Group as at December 31, 2024, and of its result and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union ("EU") and with Part 9 of Book 2 of the Dutch Civil Code
- The Company financial statements of Akzo Nobel N.V. ("the Company") give a true and fair view of the financial position of the Company as at December 31, 2024, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code

What we have audited

We have audited the accompanying financial statements 2024 of Akzo Nobel N.V., Amsterdam, the Netherlands. The financial statements comprise the Consolidated financial statements of the Group and the Company financial statements.

The Consolidated financial statements comprise:
- The Consolidated balance sheet as at December 31, 2024
- The following statements for 2024: the Consolidated statements of income, of comprehensive income, of cash flows and of changes in equity
- The Notes to the Consolidated financial statements, including material accounting policies and other explanatory information

The Company financial statements comprise:
- The Company Balance sheet as at December 31, 2024
- The Company Statement of income for 2024
- The Notes, comprising a summary of the accounting policies applied and other explanatory information

The financial reporting framework applied in the preparation of the financial statements is IFRS Accounting Standards, as adopted by the EU and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements, and Part 9 of Book 2 of the Dutch Civil Code for the Company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section "Our responsibilities for the audit of the financial statements" of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of Akzo Nobel N.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public interest entities, the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands.

Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

Our audit approach

We designed our audit procedures with respect to the key audit matters, fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to individual key audit matters, the audit approach fraud risk and the audit approach going concern, was addressed in this context, and we do not provide separate opinions or conclusions on these matters.

Overview and context

Akzo Nobel N.V. is a global paints and coatings company headquartered in the Netherlands. The Group is comprised of several components and therefore we considered our Group audit scope and approach as set out in the section "The scope of our group audit". In our audit we paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the Board of Management made important judgments, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In Note 1 of the Consolidated financial statements, the Company describes the areas of judgment in applying accounting policies and the key sources of estimation uncertainty. We considered the valuation of defined benefit obligations and the recoverability of deferred tax assets to be key audit matters as set out in the section “Key audit matters” of this report, given the significant estimation uncertainty, the judgmental nature, the magnitude of the balances involved and the related higher inherent risk of material misstatement.

Akzo Nobel N.V. assessed the potential effects of climate change and developed plans to meet the Group’s announced emissions reduction commitments. The Group considered, among others, physical risks, such as those associated with heat stress and water scarcity, as well as transition risks, such as those associated with optimizing production footprints, upgrading energy inefficient assets, prioritizing renewable electricity production and transitioning from fossil to renewable fuels. Management also assessed the resulting impact on the financial position, including underlying assumptions and estimates. As part of our audit risk assessment, we gained an understanding of the Group’s strategy and sustainability targets, evaluated the potential impact on the financial statements and discussed the assessment and governance thereof with management. Due to the nonmaterial potential effects of climate change on the Group, as disclosed within Note 1 of the Consolidated financial statements, we did not consider this a key audit matter.

Other areas of focus, that were not considered as key audit matters, were related to the impairment testing of goodwill and other intangibles with indefinite useful lives, the assessment of the accounting impact of claims brought by INPEX Operations Australia and JKC Australia LNG with regards to the Ichthys Onshore Project in Darwin, Australia, and the testing of information technology general controls.

We ensured that the audit teams at both group and component level included the appropriate skills and competencies which are needed for the audit of the Group. We therefore included experts in the areas of pensions, share-based payments, forensics and valuations and specialists in the areas of tax, IT and treasury in our teams.

The outline of our audit approach was as follows:

Materiality
- Overall materiality: €41.9 million

Audit scope
- We conducted audit work in 49 components in 18 countries
- Site visits were conducted with seven countries – this included visits to the components in China, India, France, Germany, Brazil, the UK and Italy, which covered 33 components within our audit
- Audit coverage: 65% of consolidated revenue, 72% of consolidated total assets and 82% of consolidated profit before tax

Key audit matters
- Valuation of defined benefit obligations
- Recoverability of deferred tax assets

Materiality

The scope of our audit was influenced by the application of materiality, which is further explained in the section “Our responsibilities for the audit of the financial statements”.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole, as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures, and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	€41.9 million (2023: €41.5 million)
Basis for determining materiality	We used our professional judgment to determine overall materiality. As a basis for our judgment, we used 5% of profit before tax.
Rationale for benchmark applied	We used profit before tax as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of the users of the financial statements. On this basis, we believe that profit before tax is the most relevant metric for the financial performance of the Company.
Component materiality	Based on our judgment, we allocate materiality to each component in our audit scope that is less than our overall group materiality. The range of materiality allocated across components was between €8 million and €30 million.

We also take misstatements and/or possible misstatements into account that, in our judgment, are material for qualitative reasons.

We agreed with the Supervisory Board to report to them any misstatement identified during our audit above €2 million (2023: €2 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons. Where misstatements have no impact on profit before tax, we agreed that we would report those above €20.9 million.

The scope of our group audit

Akzo Nobel N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Akzo Nobel N.V.

We are responsible for the identification and assessment of the risks of material misstatement of the financial statements of the group, including those with respect to the consolidation process. Based on our risk assessment, we tailored the scope of our audit to ensure that we, in aggregate, performed sufficient work on the financial statements to enable us to provide an opinion on the financial statements as a whole.

In setting the scope of our group audit we determined what audit work needed to be performed at group level or component level and whether involvement of component auditors was necessary. Based on this outcome, we used component auditors who are familiar with the local laws and regulations to perform the audit work. We subjected 32 components to audits of their complete financial information. We further subjected 17 components to audit procedures to achieve appropriate coverage on financial line items in the consolidated financial statements, such as revenue, cost of sales, inventories, trade and other receivables, post-retirement benefit provisions, deferred tax positions and income tax expense, cash and cash equivalents and short-term investments.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	65%
Total assets	72%
Profit before tax	82%

None of the remaining components represented more than 5% of total group revenue, total group assets or total group profit before tax. For those remaining components we performed, among others, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

Where component auditors performed the work, we determined the nature, timing and extent of direction and supervision of the component auditors and review of their work. We furthermore:

- Issued group audit instructions to component auditors to set expectations for the component auditor's work and facilitate our direction and supervision of the component auditor and review of their work
- Participated in discussions with component auditors as part of planning the engagement, including when we as the Group auditor assigned tasks or procedures such as the performance of risk assessment procedures or determining the nature, timing and extent of audit responses to identified and assessed risks of material misstatement to component auditors
- Communicated with component auditors throughout the course of the Group audit, either virtually by leveraging technology solutions, in-person meetings (e.g., as part of a site visit to the component auditor's territory), or through a combination of these, in order to monitor the progress of the component auditor's work. These ongoing communications included matters affecting the execution, completion and reporting of the group audit
- Reviewed relevant parts of the component auditor's work, including the component auditor's communication of matters relevant to our conclusion with regard to the Group audit. Our review of the component auditor's work took place throughout the engagement. This included on-site and/or virtual reviews
- Reviewed formal written communications prepared by our component auditors
- Attended certain key client meetings (e.g. certain planning, execution and closing meetings) between the component auditor and component management

The Group engagement team performed the audit work on the Group consolidation, financial statement disclosures and a number of more complex items and processes controlled and monitored centrally by Akzo Nobel N.V. These include impairment testing of goodwill and other intangible assets with indefinite useful lives, share-based payments, recoverability of deferred tax assets, Group level provisions and contingent liabilities, treasury, IT general controls testing and the procedures over the Company financial statements.

By performing the procedures outlined above at the components, combined with additional procedures exercised at Group level, we have been able to obtain sufficient and appropriate audit evidence on the Group’s financial information, to provide a basis for our opinion on the financial statements.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of Akzo Nobel N.V. and its environment and the components of the internal control system. This included management's risk assessment process, management's process for responding to the risks of fraud and monitoring the internal control system and how the Supervisory Board exercised oversight, as well as the outcomes.

We evaluated the design and relevant aspects of the internal control system with respect to the risks of material misstatements due to fraud and in particular the fraud risk assessment and the processes for identifying and responding to the risk of fraud and the internal control that management has established to mitigate these risks. Akzo Nobel N.V. has an integrity and compliance program, which includes a governance and organization structure that focuses on policies and procedures around risk management, policy management, communication, training and education, a competition law program, privacy program, anti-bribery and anti-corruption program, third party risk management program, export controls and sanctions, monitoring, grievance and investigation procedures, and reporting. We evaluated the design and the implementation of certain internal controls designed to mitigate fraud risks.

We asked members of the Board of Management, the Executive Committee, the Supervisory Board and others within the Group, including the Internal Audit and Integrity and Compliance functions, whether they are aware of any actual or suspected fraud. This did not result in signals of actual or suspected fraud that may lead to a material misstatement.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

Identified fraud risks	Our audit work and observations
Risk of fraud through management override of control Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. That is why, in all our audits, we pay attention to the risk of management override of controls: • The appropriateness of journal entries and other adjustments made in the preparation of the financial statements • Estimates • Significant transactions, if any, outside the normal course of business for the Group	We have evaluated the design and implementation of internal control measures in the processes of generating and processing journal entries and forming estimates. This includes assessing access safeguards in the IT system and the possibility that these lead to violations of the segregation of duties. In testing journal entries, we have made a selection of journal entries on the basis of risk criteria and performed audit procedures on them, including inspection of the source documentation to assess the validity of the business rationale, and substantiation of corroborating evidence. In this context, we also tested the consolidation and elimination entries, evaluated transactions outside the normal course of business and tested them where this was relevant in our audit. We performed audit procedures related to the significant estimates and judgments by management, as listed in Note 1 to the Consolidated financial statements. These procedures include assessing management's ability to estimate by assessing previous estimations with actual outcomes, performing sensitivity analyses, testing the model, methodology and inputs to supporting evidence and challenging management's forecasts as applicable. For each estimate, we paid attention to the inherent risk of bias of management in estimates. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of control.
The risk of fraud in revenue recognition Based on our risk assessment procedures, we concluded that the risk of fraud in revenue recognition is related to the occurrence of revenue transactions, due to the Group's strategy to continuously grow and expand market share.	We evaluated the design of the internal control measures that are intended to mitigate the risk of fraud in revenue recognition and where relevant to our audit, assessed the effectiveness of those measures in the processes of recognizing revenue. Through data analysis, we tested unexpected journal entries based on revenue recognition criteria, performed relevant testing on revenue transactions throughout the year and the receivable balances at year end. Our audit procedures included, on a sample basis, the inspection of source documentation to assess the validity of the business rationale, and substantiation of corroborating evidence, testing the occurrence of the related revenue. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to occurrence of the revenue reporting.

We incorporated an element of unpredictability in our audit. During the audit, we remained alert to indications of fraud. Furthermore, we considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance with laws and regulations.

Audit approach going concern

As disclosed in Note 1 of the Consolidated financial statements, the Board of Management prepared the financial statements on the assumption that the Company is a going concern and that it will continue all its operations for at least 12 months from the date of preparation of the financial statements. Our procedures to evaluate the Board of Management's going concern assessment included, among others:

- Considering whether the Board of Management's going concern assessment included all relevant information of which we were aware as a result of our audit and inquiring with management regarding management's most important assumptions underlying its going concern assessment
- Analyzing the Company's financial position per the balance sheet date, such as financial leverage and cash positions, in relation to the financial position per prior year balance sheet date to assess whether events or circumstances exist that may lead to a going concern risk, and the liquidity risk management has disclosed in Note 26 of the Consolidated financial statements
- Evaluating the Board of Management's current budget including cash flows, taking into account current developments in the industry and all relevant information of which we were aware as a result of our audit
- Analyzing whether the current and the required financing has been secured to enable the continuation of the entirety of the entity's operations
- Performing enquiries of the Board of Management and other management as to its knowledge of going concern risks beyond the period of the Board of Management's assessment

Our procedures did not result in outcomes contrary to the Board of Management's assumptions and judgments used in the application of the going concern assumption.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we describe the key audit matters and include a summary of the audit procedures we performed on those matters.

In the prior year audit, we included a key audit matter with respect to management's transformation projects of the organization, systems, processes and controls. Over the past years, the Group executed a wide range of transformation projects, which included centralization of finance activities in Global Business Services hubs and simplification of the IT environment, impacting the Group's systems, processes and controls relevant for financial reporting. While certain transformation projects are still ongoing, others have stabilized and did not significantly impact our planned and executed audit approach for the 2024 audit. Therefore, we did not consider this a key audit matter for 2024.

Key audit matter	Our audit work and observations
Valuation of defined benefit obligations *Note 18* The post-retirement benefit provisions consist of defined benefit obligations (€9.0 billion), more than offset by plan assets (€9.5 billion). The largest pension plans are the ICI Pension Fund and the Akzo Nobel (CPS) Pension Scheme in the UK, which together account for 85% of the defined benefit obligation (DBO) and 90% of the plan assets. We consider the valuation of the largest defined benefit obligations to be a key audit matter because positions are significant to the Group and the assessment process is complex and involves significant management judgment, which could be subject to management bias. The actuarial assumptions used include demographic assumptions (rates of employee turnover, disability, early retirement and mortality) and financial assumptions (discount rate, future salary development, benefit increases/indexation and inflation). The Group's disclosures are included in Note 18 to the Consolidated financial statements.	With the assistance of our actuarial experts, we have evaluated management's actuarial assumptions and the valuation methodologies applied, as well as the objectivity and competence of the Group's external pension experts used for the calculation of the defined benefit obligations. We have challenged management on the demographic and financial assumptions, primarily on their assumptions applied to which the defined benefit obligations are most sensitive (discount rate, inflation, future salary development and mortality assumptions) by performing independent testing over the assumptions and methodologies used and comparing these to the published actuarial tables, among others. Furthermore, we tested the census data of participants. We also assessed the adequacy of the Group's disclosures on post-retirement benefit provisions and assumptions used within Note 18. Our procedures did not result in material findings with respect to the valuation and related disclosure of defined benefit obligations at December 31, 2024.

Key audit matter	Our audit work and observations
Recoverability of deferred tax assets *Note 8* Management’s assessment of the recoverability of deferred tax assets in Germany, the Netherlands and the UK, resulting from tax credits (€234 million) and net operating losses (€229 million) is significant to our audit as the positions are material to the Group, calculations are complex and involve high estimation uncertainty and judgmental assumptions, which could be subject to management bias. The key assumptions include projected future taxable income, the impacts of tax planning strategies and the application of local fiscal regulations and developments. The Group’s disclosures concerning income taxes are included in Note 8 to the Consolidated financial statements.	We evaluated management’s assessment of the recoverability of the deferred tax assets by evaluating the key data inputs, assumptions, and model applied by management. We performed procedures to validate the mathematical accuracy of management's model and traced management's key inputs to appropriate supporting documentation. We challenged and corroborated management's key assumptions utilized in arriving at their estimated future taxable income which included, among others, growth rates used to estimate future taxable profits, the impacts of company plans/initiatives on the company's future taxable profits and the ability and intent of management to execute tax planning strategies which could impact future taxable profits. With the assistance of our tax specialists, we assessed the applicable local fiscal regulations and developments, including changes in the statutory income tax rates, interest limitation rules and specific requirements of the settlement of withholding taxes. We assessed the adequacy of the disclosures on deferred tax assets recoverability within Note 8. Our procedures did not result in material findings with respect to the recoverability of deferred tax assets and related disclosures at December 31, 2024.

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:
- Is consistent with the financial statements and does not contain material misstatements
- Contains all the information regarding the management report and the other information that is required by Part 9 of Book 2 and regarding the remuneration report required by the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 and section 2:135b subsection 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The Board of Management is responsible for the preparation of the other information, including the management report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code. The Board of Management and the Supervisory Board are responsible for ensuring that the remuneration report is drawn up and published in accordance with sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Our appointment

We were appointed as auditors of Akzo Nobel N.V. on April 29, 2014, by the Supervisory Board. This followed the passing of a resolution by the shareholders at the Annual General Meeting held on April 29, 2014. Our appointment has been renewed annually by shareholders and now represents a total period of uninterrupted engagement of nine years.

European Single Electronic Format (ESEF)

Akzo Nobel N.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report prepared in XHTML format, including the marked up consolidated financial statements, as included in the reporting package by Akzo Nobel N.V., complies in all material respects with the RTS on ESEF.

The Board of Management is responsible for preparing the annual report, including the financial statements in accordance with the RTS on ESEF, whereby the Board of Management combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N "Assuranceopdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument" (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included among others:
- Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF
  - Examining the information related to the Consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in article 5(1) of the European Regulation on specific requirements regarding statutory audit of public interest entities.

Services rendered

The services, in addition to the audit, that we have provided to the Company or its controlled entities, for the period to which our statutory audit relates, are disclosed in Note K to the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the Board of Management and the Supervisory Board for the financial statements

The Board of Management is responsible for:

- The preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as adopted by the EU and Part 9 of Book 2 of the Dutch Civil Code
- Such internal control as the Board of Management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error

In preparing the financial statements, the Board of Management is responsible for assessing the Company’s ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Management should prepare the financial statements using the going concern basis of accounting unless the Board of Management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The Board of Management should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company’s ability to continue as a going concern.

The Supervisory Board is responsible for overseeing the Company’s financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, and is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error. They 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 the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, February 24, 2025
PricewaterhouseCoopers Accountants N.V

Original has been signed by D. van Ameijden RA

Appendix to our auditor’s report on the financial statements 2024 of Akzo Nobel N.V.

In addition to what is included in our auditor’s report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor’s responsibilities for the audit of the financial statements

We have exercised professional judgment and have maintained professional skepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things, of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Management
- Concluding on the appropriateness of the Board of Management’s use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant

doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We are responsible for planning and performing the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the financial statements. We are also responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect, we also issue an additional report to the audit committee in accordance with article 11 of the EU Regulation on specific requirements regarding statutory audit of public interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR ON THE SUSTAINABILITY STATEMENTS

Limited assurance report of the independent auditor on the Sustainability statements

To: The Annual General Meeting and the Supervisory Board of Akzo Nobel N.V.

Our limited assurance conclusion

Based on the procedures we have performed and the assurance evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability statements of Akzo Nobel N.V. ("the Company") for 2024 are not, in all material respects:

- Prepared in accordance with the European Sustainability Reporting Standards ("ESRS") as adopted by the European Commission and in accordance with the process, carried out by the Company, to identify the information to be reported pursuant to the ESRS
- Compliant with the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 ("the Taxonomy Regulation")

The subject matter of our limited assurance procedures

We have conducted a limited assurance engagement on the 2024 Sustainability statements of Akzo Nobel N.V., Amsterdam, the Netherlands, included in section Sustainability statements of the management report including the information incorporated in the sustainability statements by reference (hereafter: the Sustainability statements).

In the Sustainability statements, references are made to external sources or websites. The information on these external sources or websites is not subject to our limited assurance procedures for the Sustainability statements. We therefore do not provide assurance on this information.

The basis for our conclusion

We conducted our limited assurance engagement in accordance with Dutch law, including the Dutch Standard 3810N "Assurance-opdrachten inzake duurzaamheidsverslaggeving" (assurance engagements relating to sustainability reporting), which is a specific Dutch Standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 "Assurance engagements other than audits or reviews of historical financial information". Our responsibilities under this standard are further described in the section "Our responsibilities for the limited assurance engagement on the Sustainability statements" of our report. We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Our independence and quality management

We are independent of Akzo Nobel N.V. in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten" (ViO, Code of ethics for professional accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of ethics for professional accountants).

PwC applies the applicable quality management requirements pursuant to the "Nadere voorschriften kwaliteitsmanagement" (NVKM, regulations for quality management) and the International Standard on Quality Management (ISQM) 1, and accordingly maintains a comprehensive system of quality management, including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Emphasis of matter

Emphasis on the double materiality assessment process

We draw attention to the paragraph "Description of the process to identify and assess material impacts, risks and opportunities" in section "Impact, risk and opportunity management" and the paragraph "Statement on due diligence" in section "Governance" of the Sustainability statements. The disclosures in these sections explain possible future changes in the ongoing due diligence and double materiality assessment process, including engagement with affected stakeholders. Due diligence is an on-going practice that responds to and may trigger changes in the Company's strategy, business model, activities, business relationships, operating, sourcing and selling contexts relevant for stakeholders as a group. The double materiality assessment process may also be impacted in time by sector-specific standards to be adopted. The Sustainability statements may therefore not include every impact, risk and opportunity or additional entity-specific disclosure that each individual stakeholder may consider important in its own assessment. Our conclusion is not modified in respect of this matter.

Corresponding information not subject to assurance procedures

The corresponding information in the Sustainability statements and thereto related disclosures with respect to previous years have not been subjected to reasonable or limited assurance procedures.

Inherent limitations in preparing the Sustainability statements

In reporting forward-looking information in accordance with the ESRS, the Board of Management of the Company is required to prepare the forward-looking information based on disclosed assumptions about events that may occur in the future and possible future actions by the Company. The actual outcome is likely to be different since anticipated events frequently do not occur as expected. Forward-looking information relates to events and actions that have not yet occurred and may never occur. We do not provide assurance on the achievability of this forward-looking information.

The comparability of sustainability information between entities and over time may be affected by the lack of historical sustainability information in accordance with the ESRS and by the absence of a uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques, especially in the initial years.

Calculations to determine information as included in the Sustainability statements could be based on assumptions and sources from third parties that include information about, among others, value chain and information collected from actors in the value chain, when appropriate. We have not performed procedures on the content of these assumptions and these external sources, other than evaluating the suitability and plausibility of these assumptions and sources from third parties used.

Responsibilities for the Sustainability statements and for the limited assurance procedures thereon

Responsibilities of the Board of Management and the Supervisory Board for the Sustainability statements

The Board of Management of Akzo Nobel N.V. is responsible for the preparation of the Sustainability statements in accordance with ESRS, including the development and implementation of the double materiality process, which is a process to identify the information reported in the Sustainability statements in accordance with the ESRS and for disclosing this process in the Sustainability statements.

This responsibility includes:

- Understanding the context in which Akzo Nobel N.V.'s activities and business relationships take place and developing an understanding of its affected stakeholders
- The identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Company's financial position, financial performance, cash flows, access to finance or cost of capital over the short, medium, or long term
- The assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds
- Making assumptions and estimates that are reasonable in the circumstances

The Board of Management is also responsible for preparing the disclosures in compliance with the reporting requirements provided in the Taxonomy Regulation.

The Board of Management is also responsible for selecting and applying additional entity-specific disclosures to enable users to understand the Company's sustainability-related impacts, risks or opportunities and for determining that these additional entity-specific disclosures are suitable in the circumstances and in accordance with the ESRS.

Furthermore, the Board of Management is responsible for such internal control as the Board of Management determines is necessary to enable the preparation of the Sustainability statements that is free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the Company's sustainability reporting process including the double materiality process carried out by the Company.

Our responsibilities for the limited assurance engagement on the Sustainability statements

Our responsibility is to plan and perform the limited assurance engagement in a manner that allows us to obtain sufficient appropriate assurance evidence to provide a basis for our conclusion.

Our objectives are to obtain a limited level of assurance, as appropriate, about whether the Sustainability statements are free from material misstatements, and to issue a limited assurance conclusion in our report. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability statements. The procedures vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is therefore substantially less than the assurance obtained in a reasonable assurance engagement.

Our other responsibilities in respect of the limited assurance engagement on the Sustainability statements include:

- Performing risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify where material misstatements are likely to arise, whether due to fraud or error
- Designing and performing procedures responsive to where material misstatements are likely to arise in the Sustainability statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

Procedures performed

We have exercised professional judgment and have maintained professional skepticism throughout the assurance engagement, in accordance with the Dutch Standard 3810N, ethical requirements and independence requirements. Our procedures included, among others, the following:

- Performing inquiries and an analysis of the external environment and obtaining an understanding of relevant sustainability themes and issues, the characteristics of the Company, its activities and the value chain and its key intangible resources to assess the process to identify the information to be reported carried out by the Company as the basis for the Sustainability statements and disclosure of all material sustainability-related impacts, risks and opportunities in accordance with ESRS
- Obtaining through inquiries a general understanding of the internal control environment, the Company's processes for gathering and reporting entity-related and value chain information, the information systems and the Company's risk assessment process relevant to the preparation of the Sustainability statements and for identifying the Company's activities, determining eligible and aligned activities and preparing the disclosures provided for in the Taxonomy Regulation, without testing the operating effectiveness of controls
- Assessing the double materiality process carried out by the Company and identifying and assessing areas of the Sustainability statements, including the disclosures provided for in the Taxonomy Regulation where misleading or unbalanced information or material misstatements, whether due to fraud or error, are likely to arise. We designed and performed further assurance procedures aimed at determining that the Sustainability statements are free from material misstatements responsive to this risk analysis
- Considering whether the description of the process to identify the information to be reported in the Sustainability statements made by the Board of Management appears consistent with the process carried out by the Company
- Evaluating the methods, assumptions and data for developing estimates and forward-looking information. Assessing whether the Company's methods for developing estimates are appropriate and have been consistently applied for selected disclosures. Our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate the Company's estimates
- Analyzing, on a limited sample basis, relevant internal and external documentation at the level of the Company (including other entities or value chain from which the information may stem) for selected disclosures
- Determining the nature and extent of the procedures to be performed for the locations. For this, the nature, extent and/or risk profile of these locations are decisive. Based thereon, we selected locations to visit, being Newcastle upon Tyne, the UK; Gebze, Türkiye and Umbogintwini, South Africa. Of these, one was a physical visit and two were virtual. These visits are aimed at, on a local level, observing parts of the Company's Health, Safety, Environment and Security (HSE&S) audits, validating source data and obtaining through inquiries a general understanding of the control environment, processes and information relevant to the preparation of the Sustainability statements
- Reading the other information in the annual report to identify material inconsistencies, if any, with the Sustainability statements
- Considering whether the disclosures provided to address the reporting requirements provided for in the Taxonomy Regulation for each of the environmental objectives: reconcile with the underlying records of the Company; are consistent or coherent with the Sustainability statements, appear reasonable, in particular whether the eligible economic activities meet the cumulative conditions to qualify as aligned and whether the technical criteria are met; and whether the accompanying key performance indicators disclosures have been defined and calculated in accordance with the Taxonomy reference framework, and comply with the reporting requirements provided for in the Taxonomy Regulation, including the format in which the activities are presented
- Reconciling the relevant financial information to the financial statements
- Considering the overall presentation, structure and the balanced content of the Sustainability statements, including the reporting requirements provided for in the Taxonomy Regulation
- Considering, based on our limited assurance procedures and evaluation of the assurance evidence obtained, whether the Sustainability statements as a whole, including the sustainability matters and disclosures, is clearly and adequately disclosed in accordance with ESRS

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the limited assurance engagement and significant findings that we identify during our limited assurance engagement.

Amsterdam, February 24, 2025
PricewaterhouseCoopers Accountants N.V.

Original has been signed by D. van Ameijden RA

FINANCIAL SUMMARY

Consolidated statement of income

in € millions, for the year ended December 31	2015	2016[3,4]	2017	2018	2019[5]	2020	2021	2022	2023	2024
Revenue	14,859	9,434	9,612	9,256	9,276	8,530	9,587	10,846	10,668	10,711
Operating income[1]	1,573	923	825	605	841	963	1,118	708	1,029	917
Adjusted operating income[1]	1,462	928	905	798	991	1,099	1,092	789	1,074	1,113
Adjusted EBITDA[1]	2,088	1,210	1,181	1,037	1,341	1,442	1,436	1,157	1,429	1,478
Financing income and expenses	(114)	(91)	(78)	(52)	(76)	(69)	(39)	(124)	(272)	(102)
Income tax	(416)	(234)	(253)	(118)	(230)	(241)	(246)	(214)	(296)	(246)
Results from associates	17	18	17	20	20	25	26	18	27	23
Profit/(loss) for the period from continuing operations	**1,060**	**616**	**511**	**455**	**555**	**678**	**859**	**388**	**488**	**592**
Discontinued operations	6	436	393	6,274	22	(7)	6	(10)	(5)	—
Non-controlling interests	(87)	(82)	(72)	(55)	(38)	(41)	(36)	(26)	(41)	(50)
Net income, attributable to shareholders	**979**	**970**	**832**	**6,674**	**539**	**630**	**829**	**352**	**442**	**542**
Common shares, in millions at year-end	249.0	252.2	252.6	256.2	199.6	190.6	181.6	174.4	170.6	170.8
Dividend[2]	222	239	1,287	390	1,423	366	365	347	338	338
Number of employees at year-end (FTE)	45,600	36,300	35,700	34,500	33,800	32,200	32,800	35,200	35,200	34,600
Average number of employees (FTE)	46,100	36,200	36,200	34,900	34,200	33,000	32,700	35,100	34,900	35,400
Employee benefits	2,728	1,794	1,935	1,976	1,875	1,850	1,773	1,960	2,008	2,163
Ratios										
Adjusted EBITDA margin%[1]	14.1	12.8	12.3	11.2	14.4	16.9	15.0	10.7	13.4	13.8
ROI%[1]	14.0	14.4	13.9	12.6	14.1	16.1	16.0	9.8	13.0	13.3
Per share information										
Net income	3.95	3.87	3.31	26.19	2.53	3.29	4.48	2.01	2.59	3.17
Adjusted earnings per share[1]	4.02	3.80	4.40	1.91	3.10	3.88	4.07	2.45	3.07	3.88
Highest share price during the year	74.81	64.74	82.64	82.70	91.86	91.60	107.80	98.50	78.82	75.24
Lowest share price during the year	55.65	50.17	59.11	68.82	69.12	48.50	83.50	56.22	61.42	52.82
Year-end share price	61.68	59.39	73.02	70.40	90.69	87.86	96.50	62.56	74.82	57.96

1 Refer to the glossary for definitions.
2 Cash dividend paid to shareholders of AkzoNobel.
3 Re-presented to present the Specialty Chemicals business as discontinued operations.
4 Re-presented to the new adjusted earnings per share definition, which no longer excludes post-tax amortization charges.
5 Includes the impact of the adoption of IFRS 16 "Leases".

Consolidated balance sheet

In € millions at December 31	2015	2016[1]	2017	2018	2019[2]	2020	2021	2022	2023	2024
Intangible assets	4,156	4,413	3,409	3,458	3,625	3,554	3,690	4,072	4,081	4,049
Property plant and equipment	4,003	4,190	1,832	1,748	1,700	1,621	1,800	1,968	1,994	2,122
Right-of-use assets	—	—	—	—	374	324	304	291	302	318
Other non-current assets	2,125	1,736	1,894	1,965	2,541	2,614	2,736	2,166	2,137	1,924
Total non-current assets	**10,284**	**10,339**	**7,135**	**7,171**	**8,240**	**8,113**	**8,530**	**8,497**	**8,514**	**8,413**
Inventories	1,504	1,532	1,094	1,139	1,139	1,159	1,650	1,843	1,649	1,721
Trade and other receivables	2,741	2,787	1,964	2,141	2,133	1,994	2,339	2,447	2,483	2,498
Current tax assets	69	59	62	74	63	55	149	168	134	150
Short-term investments	—	—	—	5,460	138	250	58	336	265	165
Cash and cash equivalents	1,365	1,479	1,322	2,799	1,271	1,606	1,152	1,450	1,513	1,302
Assets held for sale	—	—	4,601	—	—	—	—	—	—	—
Total current assets	**5,679**	**5,857**	**9,043**	**11,613**	**4,744**	**5,064**	**5,348**	**6,244**	**6,044**	**5,836**
Shareholders' equity	6,484	6,553	5,865	11,834	6,350	5,746	5,425	4,333	4,322	4,574
Non-controlling interests	496	481	442	204	218	204	211	215	224	242
Group equity	**6,980**	**7,034**	**6,307**	**12,038**	**6,568**	**5,950**	**5,636**	**4,548**	**4,546**	**4,816**
Provisions	1,865	1,938	964	899	981	896	812	554	584	541
Other non-current liabilities	360	367	285	368	391	467	567	561	557	491
Long-term borrowings	2,161	2,644	2,300	1,799	2,042	2,771	1,994	3,332	3,165	3,671
Total non-current liabilities	**4,386**	**4,949**	**3,549**	**3,066**	**3,414**	**4,134**	**3,373**	**4,447**	**4,306**	**4,703**
Short-term borrowings	430	87	973	599	169	119	1,556	2,543	2,398	1,697
Trade and other payables	3,473	3,475	2,794	2,645	2,406	2,580	2,948	2,801	2,933	2,740
Current tax liabilities	243	229	118	225	196	162	216	236	211	120
Current portion of provisions	451	422	241	211	231	232	149	166	164	173
Liabilities held for sale	—	—	2,196	—	—	—	—	—	—	—
Total current liabilities	**4,597**	**4,213**	**6,322**	**3,680**	**3,002**	**3,093**	**4,869**	**5,746**	**5,706**	**4,730**
Average invested capital[3]	10,475	6,422	6,494	6,340	7,026	6,834	6,829	8,062	8,233	8,350
Capital expenditures[3,4]	651	634	613	184	214	258	288	292	286	306
Depreciation	487	206	202	181	293	297	281	281	277	293
Operating working capital (Trade)[3,5]	1,385	1,405	927	898	1,068	878	1,247	1,760	1,524	1,645
Net debt	1,226	1,252	1,951	(5,861)	802	1,034	2,340	4,089	3,785	3,901
Ratios										
Operating working capital (Trade) as % of revenue[3]	9.7	10.2	10.2	9.7	11.9	9.9	13.0	16.9	15.1	15.7
Net debt/EBITDA	0.6	1.0	1.8	(6.9)	0.7	0.8	1.6	3.8	2.7	3.0
Net debt/Adjusted EBITDA	0.6	1.0	1.7	(5.7)	0.6	0.7	1.6	3.5	2.6	2.6

[1] 2016 is re-presented to present the Specialty Chemicals business as discontinued operations.
[2] Includes the impact of the adoption of IFRS 16 "Leases".
[3] Refer to glossary for definition.
[4] Capital expenditures include investments in intangible assets as from 2018.
[5] As from 2018 trade payables include certain other payables, which were previously classified as Other working capital. Trade payables, Operating working capital and Other working capital items have been re-presented for this change of definition for some €240 million.

Segment statistics

in € millions, for the year ended December 31	2015	2016	2017	2018	2019[1,2]	2020	2021[3]	2022[4]	2023	2024
Decorative Paints										
Revenue	4,007	3,835	3,898	3,699	3,670	3,558	3,979	4,344	4,300	4,301
Operating income	345	366	334	308	425	551	622	388	500	405
Adjusted operating income	345	357	351	346	418	573	580	393	500	485
Adjusted EBITDA	495	491	472	438	573	714	728	548	645	635
Adjusted EBITDA margin%	12.4	12.8	12.1	11.8	15.6	20.1	18.3	12.6	15.0	14.8
Average invested capital	2,959	2,783	2,803	2,798	3,106	2,799	2,872	3,677	3,755	3,921
ROI%	11.7	12.8	12.5	12.4	13.4	20.5	20.2	10.7	13.3	12.4
Capital expenditures	158	107	112	50	62	77	108	91	99	87
Average number of employees (FTE)	15,100	14,800	14,700	14,100	12,900	12,100	12,500	13,800	14,000	14,100
Performance Coatings										
Revenue	5,955	5,665	5,775	5,587	5,549	4,957	5,603	6,499	6,368	6,410
Operating income	792	735	668	577	565	665	616	448	698	679
Adjusted operating income	792	759	669	629	688	700	614	497	685	735
Adjusted EBITDA	938	899	817	767	861	854	773	668	854	913
Adjusted EBITDA margin%	15.8	15.9	14.1	13.7	15.5	17.2	13.8	10.3	13.4	14.2
Average invested capital	2,692	2,586	2,860	3,066	3,325	3,388	3,520	3,895	3,725	3,773
ROI%	29.4	29.4	23.4	20.5	20.7	20.7	17.4	12.8	18.4	19.5
Capital expenditures	147	159	129	107	113	146	147	167	165	197
Average number of employees (FTE)	19,700	19,300	19,800	19,200	18,000	17,500	17,000	18,000	17,600	17,800

[1] The 2019 figures are restated to represent revenue from third parties instead of group revenue.
[2] Includes the impact of the adoption of IFRS 16 "Leases".
[3] Operating income, adjusted EBITDA and adjusted operating income (and related measures) per segment for 2021 have been updated to reflect changes in the financial reporting structure related to a narrower definition of corporate activities and corporate costs in corporate and other activities.
[4] Revenue, operating income, adjusted operating income, adjusted EBITDA, average invested capital (and related measures) for 2022 have been updated to reflect changes in the financial reporting structure.

Regional statistics

In € millions	2020	2021	2022	2023	2024
					The Netherlands
Revenue by destination	342	335	319	315	329
Revenue by origin	434	445	409	409	465
Capital expenditures	46	45	45	34	39
Average invested capital	1,713	1,701	2,038	2,013	2,012
Number of employees at year-end (FTE)	2,300	2,400	2,300	2,300	2,400
					UK
Revenue by destination	838	882	900	1,013	980
Revenue by origin	975	1,034	1,092	1,097	1,128
Capital expenditures	15	26	24	15	20
Average invested capital	623	553	503	609	589
Number of employees at year-end (FTE)	3,000	3,000	3,000	3,000	2,900
					Other EMEA countries
Revenue by destination	3,147	3,591	3,814	3,659	3,747
Revenue by origin	2,994	3,385	3,584	3,536	3,521
Capital expenditures	75	74	71	87	101
Average invested capital	1,899	1,916	2,087	2,059	2,112
Number of employees at year-end (FTE)	11,000	11,300	11,100	10,700	10,600

In € millions	2020	2021	2022	2023	2024
					North America
Revenue by destination	1,114	1,163	1,416	1,379	1,363
Revenue by origin	1,126	1,194	1,445	1,403	1,385
Capital expenditures	43	37	42	29	55
Average invested capital	689	784	899	817	892
Number of employees at year-end (FTE)	3,000	3,100	3,100	3,100	3,000
					Latin America
Revenue by destination	601	744	1,298	1,278	1,313
Revenue by origin	588	724	1,282	1,262	1,292
Capital expenditures	11	15	16	22	20
Average invested capital	290	315	823	1,070	980
Number of employees at year-end (FTE)	2,300	2,400	5,100	5,200	4,900

In € millions	2020	2021	2022	2023	2024
					China
Revenue by destination	1,205	1,418	1,396	1,400	1,331
Revenue by origin	1,198	1,389	1,387	1,392	1,329
Capital expenditures	24	30	32	36	28
Average invested capital	852	876	878	887	951
Number of employees at year-end (FTE)	4,500	4,400	4,300	4,600	4,300
					Other Asian countries and Pacific
Revenue by destination	1,282	1,454	1,703	1,624	1,648
Revenue by origin	1,215	1,416	1,647	1,569	1,591
Capital expenditures	44	61	62	63	43
Average invested capital	768	684	834	778	814
Number of employees at year-end (FTE)	6,100	6,200	6,300	6,300	6,500

GLOSSARY

AGM or EGM
Annual General Meeting of shareholders; Extraordinary General Meeting of shareholders.

Alternative Performance Measures (APMs)
Performance measures which are not defined by IFRS and which exclude the so-called identified items. Alternative Performance Measures include, but are not limited to, adjusted operating income, (adjusted) EBITDA (margin), adjusted earnings per share and ROI.

Capital expenditures
Capital expenditures is the total of investments in property, plant and equipment and investments in intangible assets.

Carbon footprint
The total amount of greenhouse gas (GHG) emissions caused during a defined period of a product's lifecycle. It is expressed in terms of the amount of carbon dioxide equivalents CO_2(e) emitted. Greenhouse gases include CO_2, CO, CH_4, N_2O and HFCs, which have a global warming impact. We also include the impact of VOCs in our targets.

Comprehensive income
Comprehensive income is the change in equity during a period resulting from transactions and other events, other than those changes resulting from transactions with shareholders in their capacity as shareholders.

Constant currencies
Constant currencies calculations exclude the impact of changes in foreign exchange rates by retranslating the prior year local currency amounts into euros at the current year's foreign exchange rates.

CSRD
Corporate Sustainability Reporting Directive.

(Adjusted) earnings per share
Earnings per share are net income attributable to shareholders divided by the weighted average number of common shares outstanding during the year.

Adjusted earnings per share are the basic earnings per share, excluding identified items and taxes thereon.

(Adjusted) EBITDA
EBITDA is operating income excluding depreciation and amortization.

Adjusted EBITDA is operating income excluding depreciation, amortization and identified items.

EMEA
Europe, Middle East and Africa.

ESG
Environmental, social and governance.

Free cash flow
Free cash flow is net generated cash from/(used for) operating activities, minus capital expenditures.

Huarun business
The acquired Chinese decorative paints business of Sherwin-Williams.

HSE&S
Health, safety, environment and security.

Identified items
Identified items are special charges and benefits, results on acquisitions and divestments, major restructuring and impairment charges and charges related to major legal, environmental and tax cases, and hyperinflation accounting adjustments for inventory positions that exceed normal operational levels.

(Average) invested capital
Invested capital is total assets (excluding cash and cash equivalents, short-term investments, investments in associates, pension assets, assets held for sale) less current tax liabilities, deferred tax liabilities and trade and other payables.

Average invested capital is the average of the quarter-end invested capital balances for the last four quarters.

Latin America/LATAM
Excludes Mexico.

Leverage ratio
Leverage ratio is net debt divided by EBITDA; calculated as the total of the last 12 months.

Net debt
Net debt is defined as long-term borrowings plus short-term borrowings less cash, cash equivalents and short-term investments.

North America
Includes Mexico.

North Asia
Includes, among others, China, Japan and South Korea.

(Adjusted) operating income
Operating income is defined in accordance with IFRS and includes identified items (to the extent these relate to operating income). Adjusted operating income excludes identified items.

Operating working capital
Operating working capital is defined as the sum of inventories, trade receivables and trade payables. When expressed as a ratio, operating working capital is measured against four times last quarter revenue. Management uses operating working capital to evaluate our cash flow management, identify opportunities to improve efficiency in generating cash, and ensure that we maintain low balances to minimize our need for excess cash reserves.

Organic sales
Organic sales compares sales between periods, excluding the impact of changes in consolidation, the impact of changes in foreign exchange rates and the impact of hyperinflation accounting. Refer to “Constant currencies” for details on the calculation of the foreign exchange rate impact.

R&D
Research and development.

RD&I
Research, development and innovation.

Relevant markets
Segments and regions of the paints and coatings industry from which AkzoNobel generates revenue.

ROI (return on investment)
ROI is adjusted operating income of the last 12 months as a percentage of average invested capital.

Shareholders’ equity per share
Akzo Nobel N.V. shareholders’ equity divided by the number of common shares outstanding at year-end.

SESA
South East and South Asia, includes the Pacific.

SSPs
Shared Socio-economic Pathways are scenarios that help model future changes, including climate change.

TSR (total shareholder return)
Compares the performance of different companies’ stocks and shares over time. Combines share price appreciation and dividends paid to show the total return to shareholders. The relative TSR position reflects the market perception of overall performance relative to a reference group.

VOC
Volatile organic compounds.

LIST OF AFFILIATED LEGAL ENTITIES AND CORPORATIONS

List of affiliated legal entities and corporations

List at December 31, 2024, of affiliated legal entities and corporations in conformity with articles 379 and 414, Book 2 of the Dutch Civil Code belonging to Akzo Nobel N.V., Amsterdam.

List of consolidated legal entities and corporations

		Ownership %[1]
Argentina		
Akzo Nobel Argentina S.A.	Buenos Aires	99.999
Aruba		
Arubaanse Verffabriek N.V.	Oranjestad	50.394
Australia		
Akzo Nobel Coatings (Holdings) Pty Limited	Sunshine	100
Akzo Nobel Pty Limited	Sunshine	100
Austria		
Akzo Nobel Coatings GmbH	Salzburg	100
Akzo Nobel Holding Österreich GmbH	Vienna	100
Bahrain		
AkzoNobel Bahrain W.L.L.	Manama	100
Belgium		
Akzo Nobel Paints Belgium NV	Vilvoorde	100
Auto Body Services CV (ABS)	Vilvoorde	84.615
Bolivia		
Pinturas Coral De Bolívia Ltda	Santa Cruz de la Sierra	100
Botswana		
Dulux (Botswana) (Pty) Limited	Gaborone	100
Brazil		
Akzo Nobel Ltda	São Paulo	100
Canada		
Akzo Nobel Coatings Ltd	Ontario	100
Akzo Nobel Wood Coatings Ltd	Port Hope	100
Cayman Islands		
ICI International Investments	George Town	100
Chile		
International Paint (Akzo Nobel Chile) Ltda	Santiago	100
China		
Akzo Nobel (China) Investment Co., Ltd.	Shanghai	100
Akzo Nobel Chang Cheng Coatings (Guangdong) Co., Ltd.	Shenzhen	100
Akzo Nobel Coatings (Dongguan) Co., Ltd.	Dongguan	100
Akzo Nobel Coatings (Jiaxing) Co., Ltd.	Jiashan	100
Akzo Nobel Coatings (Tianjin) Co., Ltd.	Tianjin	100
Akzo Nobel Decorative Coatings (China) Ltd.	Guangzhou	100
Akzo Nobel Decorative Coatings (Langfang) Co., Ltd.	Langfang	100
Akzo Nobel International Paint (Suzhou) Co., Ltd.	Suzhou	100
Akzo Nobel Paints (Chengdu) Limited	Chengdu	100
Akzo Nobel Paints (Guangdong) Limited	Guangzhou	90
Akzo Nobel Paints (Shanghai) Limited	Shanghai	100
Akzo Nobel Performance Coatings (Changzhou) Co., Ltd.	Changzhou	100
Akzo Nobel Performance Coatings (Shanghai) Co., Ltd.	Shanghai	100
Akzo Nobel Powder Coatings (Chengdu) Co., Ltd.	Chengdu	100
Akzo Nobel Powder Coatings (Langfang) Co., Ltd.	Langfang	100
Akzo Nobel Powder Coatings (Wuhan) Co., Ltd.	Wuhan	100
International Paint of Shanghai Co., Ltd.	Shanghai	51
Sikkens Coatings (Guangdong) Co., Ltd.	Foshan	100
Colombia		
AkzoNobel Colombia S.A.S.	Medellin	100
Anhidridos y Derivados de Colombia S.A.S.	Medellin	100
Cacharreria Mundial S.A.S.	Medellin	100
Compania Global de Pinturas S.A.S.	Medellin	100
Interquim S.A.S.	Medellin	100
Oceanic Paints S.A.S.	Medellin	100
Costa Rica		
Pintuco Costa Rica PCR, S.A.	Cartago	100
Curacao		
Macomoca B.V.	Willemstad	100
Pintuco Curacao B.V.	Willemstad	100
Czech Republic		
Akzo Nobel Coatings CZ, a.s.	Prague	100
Denmark		
Akzo Nobel Deco A/S	Copenhagen	100
International Farvefabrik A/S	Herlev	100
Ecuador		
Interquimec S.A.	Quito	100
Pinturas Ecuatorianas S.A.	Guayaquil	100
Poliquim, Polimeros y Quimicos C.A.	Guayaquil	100
Egypt		
Akzo Nobel Egypt LLC	6th of October City	100
Akzo Nobel Powder Coatings S.A.E.	Giza	100
El Salvador		
Pintuco el Salvador S.A. de C.V.	San Salvador	100
Estonia		
Akzo Nobel Baltics AS	Tallinn	100
Eswatini		
Dulux Swaziland (Pty) Limited	Matsapha	100
Finland		
Oy International Paint (Finland) Ab	Helsinki	100
France		
Akzo Nobel Decorative Paints France SAS	Thiverny	99.983
Akzo Nobel Distribution SAS	Corbas	99.983
Akzo Nobel SAS	Montataire	100
Mapaero SAS	Pamiers	100
SAS BOUCHER	Pamiers	100
Germany		
Akzo Nobel Coatings GmbH	Stuttgart	100
Akzo Nobel Deco GmbH	Wunstorf	100
Akzo Nobel GmbH	Cologne	100
Akzo Nobel Hilden GmbH	Hilden	100
Akzo Nobel Powder Coatings GmbH	Reutlingen	100
International Farbenwerke GmbH	Börnsen	100
Schramm Coatings GmbH	Offenbach am Main	100
Schramm Holding GmbH	Offenbach am Main	100
Greece		
Akzo Nobel Anonymous Company of Paints and Related Products	Athens	100
Varnishes and Paints Industry Vivechrom Dr. Stefanos D. Pateras S.A.	Mandra Attica	79.184
Guatemala		
Pintuco Guatemala S.A.	Guatemala	100
Guernsey		
Impkemix Trustee Limited	St. Peter Port	100

Honduras		
Pintuco de Honduras, S.A.	Choloma	100
Hong Kong SAR[2]		
Akzo Nobel Chang Cheng Limited	Hong Kong	100
Akzo Nobel HK (Holdings) Limited	Hong Kong	100
Akzo Nobel Huarun Paints (HK) Holding Limited	Hong Kong	100
International Paint (East Russia) Limited	Hong Kong	51
International Paint (Hong Kong) Limited	Hong Kong	100
Hungary		
Akzo Nobel Coatings Zrt	Budapest	100
India		
Akzo Nobel Global Business Services LLP	Pune	100
Akzo Nobel India Limited	Kolkata	74.756
ICI India Research & Technology Centre	Mumbai	18.689
Indonesia		
PT Akzo Nobel Car Refinishes Indonesia	Jakarta	100
PT Akzo Nobel Wood Finishes and Adhesives Indonesia	Jakarta	100
PT ICI Paints Indonesia	Jakarta	55
PT International Paint Indonesia	Jakarta	100
Ireland		
Akzo Nobel (CR9) Limited	Dublin	100
Akzo Nobel Car Refinishes (Ireland) Limited	Dublin	100
Dulux Paints Ireland Limited[3]	Cork	100
ICI Fertilisers (Ireland) Limited	Cork	100
ICI Ireland Limited	Cork	100
Italy		
Akzo Nobel Coatings S.P.A.	Como	100
Japan		
Akzo Nobel Coatings K.K.	Tokyo	100
Kenya		
Akzo Nobel Kenya Limited	Nairobi	100
Kuwait		
International Warba Coatings Paint Mfg Co. W.L.L.	Kuwait	49
Latvia		
Akzo Nobel Baltics SIA	Riga	100
Lithuania		
Akzo Nobel Baltics, UAB	Vilnius	100

Malaysia		
Akzo Nobel Industrial Coatings Sdn Bhd	Kuala Lumpur	100
Akzo Nobel Paints (Malaysia) Sdn Bhd	Kuala Lumpur	59.949
Akzo Nobel Paints Marketing Sdn Bhd	Selangor	59.949
Colourland Paints Sdn Bhd	Selangor	59.949
International Paint Sdn Bhd	Johor Darul Takzim	70
Mauritius		
Akzo Nobel (Mauritius) Limited	Les Pailles	100
Mexico		
Akzo Nobel Performance Coatings S.A. de C.V.	Mexico City	100
Morocco		
Akzo Nobel Coatings S.A.	Casablanca	59.628
Akzo Nobel Performance Coatings Morocco S.A.R.L.	Casablanca	100
Distral Maroc S.A.	Rabat	59.608
Sadvel S.A.	Casablanca	59.625
Myanmar		
Akzo Nobel (M) Co. Ltd.	Yangon	100
Netherlands[4]		
*Akzo Nobel (C.) Holdings B.V.	Woerden	100
Akzo Nobel Assurantie N.V.	Arnhem	100
*Akzo Nobel Car Refinishes B.V.	Sassenheim	100
*Akzo Nobel Coatings International B.V.	Arnhem	100
*AKZO Nobel Decorative Coatings B.V.	Sassenheim	100
*Akzo Nobel Insurance Management B.V.	Arnhem	100
*Akzo Nobel Management B.V.	Arnhem	100
*Akzo Nobel Nederland B.V.	Arnhem	100
*Akzo Nobel Sino Coatings B.V.	Sassenheim	100
*Akzo Nobel Sourcing B.V.	Arnhem	100
*B.V. Alabastine (Holland)	Ammerzoden	100
*ICI Omicron B.V.	Rotterdam	100
ICI Theta B.V.	Rotterdam	100
*International Paint (Nederland) B.V.	Rhoon	100
*Panter B.V.	Hoofddorp	100
New Zealand		
Akzo Nobel Coatings Ltd	Avondale	100
Nicaragua		
Industrial Pintuco Nicaragua S.A.	Managua	99.910
Norway		
Akzo Nobel Coatings AS	Oslo	100

Oman		
Akzo Nobel Oman SAOC	Muscat	50
Pakistan		
Akzo Nobel Pakistan Limited	Karachi	98.266
Panama		
Centro de Pinturas Pintuco, S.A.	Panama City	100
International Paint (Panama) Inc.	Mercantil	100
Kativo Chemical Industries, S.A.	Panama City	99.977
Kativo Holding Co., S.A.	Panama City	100
KCI Export Trading Ltd	Panma City	100
Pinturas Mundial de Panama, S.A.	Panama City	100
Papua New Guinea		
Akzo Nobel Limited	Geheru	100
Peru		
Akzo Nobel Peru S.A.C.	Lima	100
Poland		
Akzo Nobel Car Refinishes Polska Sp. z o.o.	Warsaw	100
Akzo Nobel Decorative Paints Sp. z o.o.	Warsaw	100
Akzo Nobel Industrial Coatings Sp. z o.o.	Kostrzyn Wlkp.	100
International Paint Sp. z o.o.	Gdansk	100
Portugal		
Akzo Nobel Coatings, Unipessoal Lda.	Matosinhos	100
Qatar		
Akzo Nobel LLC	Doha	100
Romania		
Fabryo Corporation Srl	Popesti-Leordeni	100
Russian Federation		
Akzo Nobel Dekor CJSC	Balashikha	100
OOO "Akzo Nobel Coatings"	Moscow	100
OOO "Akzo Nobel Lakokraska"	Orehovo-Zuevo	100
Saudi Arabia		
Akzo Nobel Saudi Arabia Ltd	Dammam	60
Singapore		
Akzo Nobel Paints (Singapore) Pte Ltd	Singapore	100
International Paint Singapore Pte Ltd	Singapore	100
Slovenia		
Akzo Nobel Adhezivi d.o.o.	Ljubljana	100

South Africa		
AkzoNobel South Africa (Pty) Ltd	Johannesburg	100
ICI Dulux (Pty) Ltd	Johannesburg	100
South Korea		
Akzo Nobel Industrial Coatings Korea Ltd	Ansan	100
Akzo Nobel Powder Coatings Korea Co., Limited	Ansan	100
International Paint (Korea) Ltd	Busan	60
International Paint (Research) Ltd	Geoje City	100
Spain		
Akzo Nobel Coatings, S.L.U.	Barcelona	100
Sri Lanka		
Akzo Nobel Paints Lanka (Pvt) Ltd	Colombo	40
Sweden		
Akzo Nobel Adhesives AB	Stockholm	100
Akzo Nobel Car Refinishes AB	Tyresoe	100
Akzo Nobel Decorative Coatings AB	Malmö	100
Akzo Nobel Industrial Coatings AB	Malmö	100
Akzo Nobel Industrial Finishes AB	Västervik	100
Akzo Nobel Sweden Finance AB	Malmö	100
International Färg AB	Göteborg	100
Switzerland		
Akzo Nobel Coatings AG	Neuenkirch	100
Taiwan		
Akzo Nobel Paints Taiwan Limited	Chung Li	100
International Paint (Taiwan) Limited	Kaohsiung	100
Thailand		
Akzo Nobel Paints (Thailand) Limited	Amphur Pakkred	100
Tunisia		
Société Tunisienne de Peintures Astral S.A.	Megrine	60
Türkiye		
Akzo Nobel Boya Sanayi ve Ticaret A.S.	Izmir	100
Akzo Nobel Kemipol Kimya Sanayi ve Ticaret A.Ş.	Izmir	51
Akzo Nobel Server Boya Sanayi ve Ticaret A.S.	Dilovası	55
International Paint Pazarlama Limited Sirketi	Istanbul	100
Marshall Boya Ve Vernik Sanayii A.S.	Dilovasi	93.609
Tekyar Teknik Yardim A.S.	Dilovasi	100
Uganda		
Akzo Nobel Uganda Limited	Kampala	100
Ukraine		
LLC "Akzo Nobel Holding Ukraine"	Kiev	100
United Arab Emirates		
Akzo Nobel Decorative Paints L.L.C.	Dubai	49
Akzo Nobel ME Coatings FZE	Jebel Ali Free Zone	100
Akzo Nobel UAE Paints L.L.C.	Dubai	48.979
United Kingdom		
Akzo Nobel (CPS) Pension Trustee Limited	Slough	100
Akzo Nobel (NSC) Limited	Slough	99.902
Akzo Nobel Aerospace Coatings Limited	Slough	100
Akzo Nobel CIF Nominees Limited	Slough	100
Akzo Nobel Coatings (BLD) Limited	Slough	100
Akzo Nobel Coatings Limited	Slough	100
Akzo Nobel Decorative Coatings Limited	Slough	100
Akzo Nobel ICI Holdings	Slough	100
Akzo Nobel Industrial Coatings Limited	Slough	100
Akzo Nobel Limited	Slough	100
Akzo Nobel Packaging Coatings Limited	Slough	100
Akzo Nobel Powder Coatings Limited	Slough	100
Akzo Nobel UK Ltd	Slough	100
Cuprinol Limited	Slough	100
Dulux Limited	Slough	100
Ergon Investments International Limited	Slough	100
Ergon Investments UK Limited	Slough	100
Flexcrete Technologies Limited	Slough	100
Hammerite Products Limited	Slough	100
Holywell-Halkyn Mining and Tunnel Company Limited	Slough	96.955
I C I Finance Limited	Slough	100
ICI Chemicals & Polymers Limited	Slough	100
ICI Paints (Trade Contract) Limited	Slough	100
Imperial Chemical Industries Limited	Slough	100
International Coatings Limited	Slough	100
International Paint Limited	Slough	100
International Paints (Holdings) Limited	Slough	100
Intex Yarns (Manufacturing) Limited	Slough	100
J.P. McDougall & Co. Limited	Slough	100
Mortar Investments International Limited	Slough	100
Mortar Investments UK Limited	Slough	100
Polycell Products Limited	Slough	100
Resinous Chemicals Limited	Slough	100
Sales Support Group Limited	Slough	100
Stevenston Holdings Limited	Edinburgh	100
United States of America		
Akzo Nobel Coatings Inc.	Delaware	100
Akzo Nobel Inc.	Delaware	100
Akzo Nobel Services Inc.	Delaware	100
Blue Water Marine Paint LLC	Delaware	100
Expert Management Inc.	Delaware	100
ICI Americas Inc.	Delaware	100
International Paint LLC	Delaware	100
New Nautical Coatings Inc.	Florida	100
Uruguay		
Pinturas Inca S.A.	Montevideo	100
Vietnam		
Akzo Nobel Vietnam Limited	Binh Duong	100
Zambia		
Dulux Zambia (2005) Limited	Lusaka	100

List of non-consolidated legal entities and corporations

		Ownership %[1]
Colombia		
Minerales Industriales S.A.S.	Sabaneta	40
Italy		
Metlac Holding S.r.l.	Alessandria	49
Metlac S.p.A.	Alessandria	71.667
Spain		
Okore Tech, S.L.	Madrid	24.981

[1] The ownership percentage represents the interest Akzo Nobel N.V. or one or more of its majority subsidiaries singly or jointly have in the issued share capital of the participation. The list does not include entities that are of insignificant relevance in respect of the insight required by law, such as dormant companies and companies in liquidation.
[2] Hong Kong Special Administrative Region.
[3] Akzo Nobel N.V. has declared in writing that it guarantees the commitments entered into by Dulux Paints Ireland Limited, in conformity with section 357(1) of the Irish Companies Act 2014.
[4] With respect to the Dutch legal entities marked *, Akzo Nobel N.V. has declared in writing that it accepts joint and several liability for contractual debts of the relevant companies, in conformity with article 403, Book 2, of the Dutch Civil Code.

COLOPHON

Disclaimer
In this Report 2024, great care has been taken in drawing up the properties and qualifications of the product features. No rights can be derived from these descriptions. The reader is advised to consult the available product specifications themselves. These are available through the relevant business units. In this publication the terms “AkzoNobel” and “the company” refer to Akzo Nobel N.V. and its consolidated companies in general. The company is a holding company registered in the Netherlands. Business activities are conducted by operating subsidiaries throughout the world. The terms “we”, “our” and “us” are used to describe the company; in the individual business overviews within the Strategy and operations section, they mainly refer to the business concerned. Throughout this Report 2024, reference is made to documents on AkzoNobel’s website. This linked information is not considered to be part of the annual report.

Safe harbor statement
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