

# Reporting principles

## Sustainability statements 2022

This document explains the materiality assessment and the reporting principles of the sustainability performance indicators presented in the annual report 2022 and on the [global website](#). This document needs to be read in conjunction with the Sustainability statements in the annual report 2022.

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## 1. Reporting policies

### 1. Reporting boundaries

Please see Note 1: Summary of significant accounting policies of the consolidated financial statements. The reporting boundary of the consolidated financial statements relates to the reported metrics (unless noted otherwise) but not to the full sustainability statement disclosures.

### 2. Boundaries and comparability

In general, our aim is to report acquisitions and (de)mergers or other similar transactions from the date of transaction. However, as onboarding and training takes time, there is often a delay between closing of transaction and integration into sustainability reporting. All entities in which AkzoNobel has control (defined as >50% of the shares) are part of the companies' global reporting. Entities in which AkzoNobel has minority control do not fall under our global reporting scope. Recent important facts:

- In 2022, data excludes the acquisitions of Grupo Orbis, except for female executives and AkzoNobel Cares. Please see below list of KPIs not included with the corresponding explanation. We aim to include Grupo Orbis for sustainability reporting per January 2023.
- In 2021, data includes Titan and excludes the acquisitions of Grupo Orbis
- In 2020 data excludes the acquisitions of Mapaero, and Mauvilac
- In 2019 data includes the acquisition of Xylazel and excludes the acquisition of Mapaero
- In 2018 AkzoNobel completed the demerger of Specialty Chemicals (Nouryon). All data reported reflects AkzoNobel Paints & Coatings and excludes Specialty Chemicals, unless stated otherwise. Further, 2018 data includes the acquisitions of Fabryo and Colourland Paints and excludes the acquisition Xylazel

We identify events that affect comparability in the text or footnotes.

Grupo Orbis KPIs excluded from 2022 reporting

- We exclude Grupo Orbis for the HSE&S KPIs, due to onboarding and training
- We exclude Grupo Orbis from Scope 3, due to, a.o., pending alignment of purchasing systems
- We exclude Grupo Orbis for responsible procurement as we base our analysis on 2021 spend
- We exclude Grupo Orbis for Organizational Health Index as the survey was held in April
- We exclude Grupo Orbis for SPPA as product mapping and analysis has not taken place yet

## 2. Materiality process

We use the principle of materiality to review our strategic priorities and to assess the topics included in the sustainability statements of the annual report. In 2021, we updated the methodology to determine and prioritize those topics most material to our company and our stakeholders. We've determined the most material topics for a company in our industry based on the material topics identified by reporting frameworks (GRI Universal Standards and SASB Chemical Sector) and sustainability indexes (EcoVadis, Vigeo Eiris (now part of Moody's) and Sustainalytics). We continued to use this methodology in 2022. To mature our materiality process and align with the GRI 2021 standards, we analyzed the significance of the material topics (impacts on the economy, environment and people), based on a desktop approach. The significance for each of these topics was determined based on the severity and likelihood. Results of the materiality assessment were reviewed and validated by the Sustainability Council and Executive Committee.

**Impact assessment:** Our stakeholder liaisons determine the relative importance of each topic to their stakeholders (scoring: low, medium or high). Stakeholder groups and stakeholder liaison are:

- **Investors:** Investor relations
- **Governments:** Global public affairs
- **Suppliers:** Global responsible procurement
- **Peers:** Sustainability analyst (annual reports peers)
- **Customers:** Business development sustainability
- **Media/society:** Media relations
- **Employees:** Sustainability Team

Table of material topics

Topic	Report 2022 section	Impacts on the economy, environment, and people
<b>A</b> Climate change adaptation	Climate change adaptation and water risk	Medium
<b>B</b> Diverse, inclusive and healthy organization	Employees	Medium
<b>C</b> Emissions and energy	Carbon emissions in own operations and carbon emissions in our value chain	High
<b>D</b> Health and safety employees and customers	Health and safety	High
<b>E</b> Human rights	Human rights	Medium
<b>F</b> Sustainable product portfolio	Sustainable solutions	High
<b>G</b> Community involvement	AkzoNobel Cares	Low
<b>H</b> Materials and waste	Waste and water management and recycled content in plastic packaging	High
<b>I</b> Responsible procurement	Responsible procurement	Medium
<b>J</b> Water and wastewater	Waste and water management	Low

## Reporting

We report on all material topics in the annual report independent on the relative importance. The materiality assessment is used to review our strategic priorities and to evaluate the topics included in the sustainability statements over the longer term.

### 3. Indicators and reporting processes

In the annual report 2022 we use the overarching themes of “Climate change”, “Circularity” and “Health and well-being” to report on and group our material topics and indicators. However, in these reporting principles, we have structured as per below:

- Social: Employees, Health & safety, AkzoNobel Cares, Human rights
- Environmental: Carbon emissions own operations, Waste and water management, Sustainability and risk management with our suppliers
- Product portfolio: Sustainable solutions, Carbon footprint in the value chain and Recycled content in packaging

In the annual report 2022, the most relevant performance indicators to material topics are presented. Our performance on other indicators is disclosed via our global website. In this section of the reporting principles, all performance and other indicators are described. For each indicator it is indicated if it is disclosed in the annual report 2022 or on the corporate website.

As broadly acknowledged by organizations, governments, regulators and reporting standards, 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 the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis. Mainly the indicators of sustainable solutions and climate (scope 3 upstream and downstream) have a higher degree of judgement and complexity for which changes in the assumptions and estimates could result in different results than those recorded in the Sustainability statements in the annual report 2022.

Please refer to the Sustainability statements of the annual report 2022 for further information on the sustainability business imperatives.

## 1. Sustainability statements: Social

The sustainability section of the annual report 2022 details the themes and indicators.

- **Employee indicators**

Reported in annual report 2022		
<b>Organizational health</b>	Organizational health index score (OHI)	The overall percentile score is used in external reports. In 2019, four quarterly surveys were held with results per quarter. For the annual report of 2019, the Q4 scores were reported. Since 2020, frequency was changed to two (Q1 and Q3) survey. For 2022, we have decided to change the frequency to once a year. The background is the underlying score remaining flat for a number of measuring periods; therefore, we decided once every year is sufficient to allow us to focus on deep dives for improvements. Therefore the reported results in the 2022 annual report are from Q2, 2022. All permanent employees are part of the survey except for contingent workers, contractors, temporary or interns.

<b>Diversity and inclusion</b>	Female executives	Percentage of women at executive level. 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.
<b>Reported on corporate website</b>		
<b>Talent management</b>	<b>Executive vacancies filled internally</b>	Number of executive level appointments filled by internal candidate as a percentage of all executive appointments.
	<b>High potential turnover</b>	Number of employees who are identified as consistent high performer who leave the company, as percentage of all employees that are identified as consistent high performer (based upon the companies' annual performance and development review process).
	<b>Total employee turnover rate</b>	Number of leavers as a percentage of all employees.
	<b>Voluntary employee turnover rate</b>	Number of voluntary leavers as a percentage of all leavers. Voluntary leavers are leavers who have resigned, with the action initiated by the employee. Retirees are excluded from this definition, except in countries without a legal retirement age.
	<b>Employees covered by an independent trade union or collective bargaining agreements</b>	Number of employees covered by an independent trade union or collective bargaining agreements as a percentage of all employees.

## Reporting process

### ***HR Data Management system (SuccessFactors)***

SuccessFactors is AkzoNobel's 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 management line, salary, job history, etc. SuccessFactors is a real time system running AkzoNobel's 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 & analytics manager, based on defined management reports. Output is reviewed and audited at AkzoNobel HR corporate level. Crunchr is used for data visualization and analytics on the source data derived from SuccessFactors.

### Organizational Health Index

Results from the organizational health index (OHI) are collected in the OHI database and reported by McKinsey. Because of anonymity AkzoNobel has no access to these detailed data and the data review, authorization and audit is the responsibility of McKinsey. AkzoNobel receives a report with consolidated results.

- **Health and safety indicators**

Reported in annual report 2022		
	<b>Employees</b>	<p>Employees are persons on our own payroll, whether working full-time or part-time. Included are students, apprentices and trainees if they have a contract with the reporting entity. Excluded are hired (temporary) personnel (e.g. from employment agencies, contractor employees and visitors).</p> <p>AkzoNobel employees, who have been detached to, and are supervised by, another AkzoNobel Unit, a non-consolidated company or a third party, should be counted by the unit/company actually supervising the employee.</p>
	<b>Fatalities employees (number)</b>	A fatality of an employee is an instantaneous work-related event or exposure which leads to death within one year of the event or exposure.
	<b>Fatalities contractors - temporary workers plus independent (number)</b>	A fatality of a contractor is an instantaneous work-related event or exposure which leads to death of a contractor within one year of the event or exposure.
<b>People safety</b>	<b>Total reportable injury rate (TRR) employees/temporary workers</b>	The total reportable injury rate (TRR) is the number of injuries resulting in a medical treatment case, restricted work case, lost time case or fatality, per 200,000 hours worked. Temporary workers are reported with employees, since day-to-day management is by AkzoNobel. The classifications of injuries are in line with OSHA guidelines.
	<b>Total reportable injury rate (TRR) contractors</b>	The contractor's total reportable injury rate (TRR) is the number of contractor injuries, resulting in medical treatment cases, restricted work cases, lost time injuries or fatalities, per 200,000 hours worked.
	<b>Lost time injury rate employees/temporary workers</b>	The lost time injury rate (LTIR) is the number of injuries resulting in a lost time case per 200,000 hours worked. Temporary workers are reported together with employees since day-to-day management is by AkzoNobel.
	<b>Loss time injury rate contractors</b>	The contractor lost time injury rate (LTIR) is the number of contractor injuries resulting in a lost time case per 200,000 hours worked.
	<b>Life-changing injuries</b>	<p>Life-changing injuries are injuries to employees, temporary workers and contractors that are considered life-changing. This includes (but is not limited to):</p> <ul style="list-style-type: none"> <li>• Coma,</li> <li>• Some level of permanent disability (including loss of sight or hearing),</li> <li>• Organ removal,</li> <li>• The requirement for ongoing multiple surgeries,</li> </ul>

		<ul style="list-style-type: none"> <li>• Lingering trauma,</li> <li>• Any amputation of digits or limbs,</li> <li>• Skin grafts,</li> <li>• The insertion of plates, pins or screws</li> </ul> <p>Please note this category also includes fatalities.</p>
<b>Employee health</b>	<b>Occupational illness rate employees</b>	<p>The total number of reportable occupational illness cases for the reporting period per 200,000 hours worked. This parameter is reportable for employees.</p> <p>Occupational illness is defined as any abnormal condition or disorder other than one resulting directly from an accident caused by, or mainly caused by, work-related factors over a period of time rather than an instantaneous event and recognized during the reporting year as part of national schemes or regulations.</p> <p>Occupational illness rate employees includes illness related to mental health caused by work conditions.</p>
<b>Process safety</b>	<b>Loss of primary containment Process safety event</b>	A loss of primary containment is an unplanned release of material, product, raw material or energy to the environment (including those resulting from human error). Loss of primary containment incidents are divided into three categories, dependent on severity, from small, on-site spill/near misses up to Level 1 – a significant escape.
	<b>Loss of primary containment level 1</b>	<p>A loss of primary containment (LoPC) from a process or uncontrolled or unsafe release from a pressure relief device (PRD) that exceeds the Level 1 chemical release threshold.</p> <p>Level 1 includes on-site injury to employees, contractors or members of the general public that leads to severe injury; release that is observable or has impact off-site and can give rise to public concern and local media attention; permit violation (significant regulatory action as a result of LoPC Level 1 release); damage (including financial and quality of life) to local stakeholders (such as local suppliers or neighbors) or exceeding €25,000 asset damage.</p>
	<b>Loss of primary containment level 2</b>	<p>A loss of primary containment (LOPC) from a process or uncontrolled or unsafe release from a pressure relief device (PRD) that exceeds the Level 2 chemical release threshold.</p> <p>Level 2 includes reportable injury, medical treatment injury, restricted work injury, or lost time injury not resulting in severe injury; release almost certainly contained on site, not readily controlled, with no observable impact off-site; external complaint which affects company reputation for some employees; or exceeding €2,500 asset damage.</p>
<b>HSE&amp;S management</b>	<b>Regulatory actions Level 4</b>	Formal legal notification with fines above €100,000 (Level 4).
	<b>Management audits plus reassurance audits</b>	<p>Number of HSE&amp;S audits, including reassurance audits, also presented as percentage of all manufacturing sites.</p> <p>The HSE&amp;S Audit process combines a continuous improvement tool for sites with a periodic audit managed by the AkzoNobel HSE&amp;S team supervised by the internal auditing department. Audits include experienced practitioners from business and expertise groups. For most sites the frequency is every five years. For sites with an intrinsic high hazard rating, this frequency is every three years.</p> <p>Reassurance audits are audits conducted the year after a regular corporate HSE&amp;S audit has been conducted where 'high-risks' or 'non-</p>



		compliance' issues have been detected, with the aim of providing assurance to senior management these findings are closed.
<b>Security</b>	<b>Security incident Level 3</b>	<p>Security incidents are divided into three categories, dependent on severity, from small up to Level 3 – a significant security incident. They are also separated into three incident category types (crime against a person, property crime and financial crime).</p> <p>Security incidents Level 3:</p> <p>This is the number of security incidents (Level 3) resulting from:</p> <ol style="list-style-type: none"> <li>1. Crime against person/organization (CAPO): kidnapping, robbery, malicious wounding, murder, other fatality resulting from criminal activity, multiple victims (&gt;5)</li> <li>2. Property crime (PC): hijacking, sabotage, terrorism or any of the above with loss or damage to property &gt;€10,000</li> <li>3. Financial crime (FC): &gt;€10,000</li> </ol>

Reported on corporate website		
<b>Employee health</b>	<b>Total illness absence rate</b>	The number of lost working hours, whether work-related or not work-related, per reporting period due to all illnesses and injuries as a percentage of the scheduled working hours per reporting period. This parameter is reportable for employees only.
	<b>Wellness checkpoint participants</b>	The wellness checkpoint is the electronic company occupational health tool available for all employees. It allows employees, and their families, to carry out health risk assessments and develop improvement plans. Anonymous data can be collected at team, location, or business level to identify common improvement activities required. The absolute number is reported.
	<b>Priority substances policies</b>	A priority substance is reviewed and managed when it has been reviewed under the AkzoNobel priority substance process and is listed as prohibited or restricted in the AkzoNobel company-wide priority substance standard (STD 6).
<b>Product safety</b>	<b>Distribution incidents</b>	<p>Distribution is defined as the off-site (in-transit) transport and handling of raw materials, products, samples, intermediates and wastes owned by AkzoNobel. This includes loading and unloading activities at ports, airports, external warehouses and storage terminals.</p> <p>Excluded are incidents which occur once materials are stored at external warehouses and storage terminals. Incidents occurring during loading/unloading at external warehouses and storage terminals should however be categorized according to the relevant mode of transport and reported. Also excluded are transport, storage and loading/unloading activities at AkzoNobel sites and at the premises of the supplier.</p> <p>Distribution incidents are, for example and not limited to, incidents resulting in observable loss of substances exceeding a certain threshold, incidents resulting in public disruption exceeding a certain threshold and incidents resulting in injury to an employee, temporary worker and contractor.</p>
	<b>Regulatory actions – Level 3</b>	Final Regulatory Actions with a penalty of € 10,000 or greater but less than €100,000.

<b>HSE&amp;S management</b>	<b>Safety incidents (Level 3)</b>	<p>“Serious incident” is an incident which has the clear potential to meet or meets incident criteria Level 1, 2 or 3 (see table).</p> <table border="1"> <thead> <tr> <th>Incident level</th> <th>People affected</th> <th>Environmental damage</th> <th>Assets damage</th> <th>Business damage**</th> <th>Reputational damage**</th> </tr> </thead> <tbody> <tr> <td>Level 0 Local impact only</td> <td>No severe injury*</td> <td>Up to €1 million</td> <td>Up to €1 million</td> <td>Up to €1 million No significant loss of ability to supply or of market/ customers</td> <td>None</td> </tr> <tr> <td>Level 1 Severe local impact</td> <td>1 severe injury*</td> <td>€1 – 3 million</td> <td>€1 – 3 million</td> <td>€1 – 3 million Supply Chain disruption Loss of customers</td> <td>Reaching local stakeholders</td> </tr> <tr> <td>Level 2 Severe impact on region / BU</td> <td>2 – 5 severe injuries*</td> <td>€3 – 15 million</td> <td>€ – 15 million</td> <td>€3 – 15 million Supply Chain disruption Loss of customers</td> <td>Reaching regional/ BU stakeholders</td> </tr> <tr> <td>Level 3 Impact on several BU's / regions or on AkzoNobel as a whole</td> <td>All kidnap/ hostage/ extortion situations Any loss of life caused by an incident Over 5 severe injuries*</td> <td>Over €15 million</td> <td>Over €15 million</td> <td>Over €15 million Inability to maintain business Loss of customers</td> <td>Reaching global stakeholders</td> </tr> </tbody> </table>	Incident level	People affected	Environmental damage	Assets damage	Business damage**	Reputational damage**	Level 0 Local impact only	No severe injury*	Up to €1 million	Up to €1 million	Up to €1 million No significant loss of ability to supply or of market/ customers	None	Level 1 Severe local impact	1 severe injury*	€1 – 3 million	€1 – 3 million	€1 – 3 million Supply Chain disruption Loss of customers	Reaching local stakeholders	Level 2 Severe impact on region / BU	2 – 5 severe injuries*	€3 – 15 million	€ – 15 million	€3 – 15 million Supply Chain disruption Loss of customers	Reaching regional/ BU stakeholders	Level 3 Impact on several BU's / regions or on AkzoNobel as a whole	All kidnap/ hostage/ extortion situations Any loss of life caused by an incident Over 5 severe injuries*	Over €15 million	Over €15 million	Over €15 million Inability to maintain business Loss of customers	Reaching global stakeholders
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<b>Environmental certification ISO 14001</b>	Percentage of manufacturing locations (sites) certified with Environmental certification ISO 14001.																															
<b>Health and Safety Management certification - ISO 45001</b>	Percentage of manufacturing locations certified with Health and Safety Management certification - ISO 45001.																															

## Reporting process

### **HSE&S Suite (Enablon)**

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 AkzoNobel premises, including manufacturing sites, office blocks, group of stores/sales offices, etc.

Other reporting routes:

### **Wellness Checkpoint**

- Wellness checkpoint use  
Data is collected from the web-based wellness checkpoint system and reviewed and audited at AkzoNobel HSE&S corporate level.

### **Product Stewardship & Regulatory Affairs SharePoint**

- Priority substances with management plan  
Data is reported quarterly and reviewed by the Raw Material Sustainability Group (formerly Product Stewardship Leadership Team).

### **HSE&S Audit summary**

- HSE&S Audits

The HSE&S Audit Manager monitors progress against an annual plan. Results are critically reviewed and authorized at AkzoNobel corporate level, then reported to business managers, HSE&S leadership group and Audit Committee. (Our HSE&S audit process is described above under “HSE&S audits”)

- **Social programs indicators**

Reported in annual report 2022		
<b>Community</b>	<b>AkzoNobel Cares</b>	<p>Social impact programs effort; consists of four programs: "Let's Colour", SOS Children's Villages, Education Fund and local AkzoNobel CSR projects (e.g. CSR in India).</p> <ul style="list-style-type: none"> <li>• Number of community people trained</li> <li>• Number of projects</li> </ul> <p>AkzoNobel Cares projects are defined as a separate activity benefiting people in communities, involving AkzoNobel employees or funding, reported to the central AkzoNobel Cares team quarterly.</p> <p>Community people trained are people with vulnerable backgrounds, including young people at risk, who are trained in painting, professional and life/soft skills as a result of project/activity/participation delivered by AkzoNobel employees or through financial donations.</p>

### Reporting process

#### **Let's Colour program**

- **Program involvement**

The program is managed by the global marketing team. Local marketing teams report project data on a quarterly basis using a standard template. The outcomes are reviewed by business management teams and assessed at corporate level.

- **Lives impacted**

The lives impacted is estimated using AkzoNobel standard guidance on how to evaluate different types of project, for example houses/street; public building/establishment, public areas and others, as defined in below table. Results are reported on <https://letscolourproject.com/>.

Number of people who benefit from the project (calculation guidance)	
Measurement metric: area painted	Remarks/guidance: lives impacted
Houses/street	Number of residents
Building/establishment (e.g. school, old age home, child care center, club)	Number of people who attend establishment (no double counting)
Public areas (e.g. park, rail station, parking, shopping center, water tower)	Number of people who visit the area (local council, online search)
Others (e.g. wall on road, bridge)	Number of people who live in that area, people who can see the painted area in daily life

#### **SOS Children's Villages**

The program is managed by the global marketing team. The measurement is taken from a database digital platform that is developed by SOS Children's Villages. The database is based on the theory of change and all partnership activities are filled in by local SOS Children's Villages and local AkzoNobel teams. The total overview of the data is collected and provided to AkzoNobel at the end of the year.

#### **Education Fund**

The program is managed by AkzoNobel Global Communications. The measurement of the social impact is done by our partner, PLAN International, which includes the number of community people

trained and benefitted from the projects. The number of people trained is measured per project, not per year, whereas the number of people benefitted is measured by the exact number of people who followed the training which was/is supported by AkzoNobel's funds.

#### **Local AkzoNobel CSR projects (e.g. CSR in India)**

The program is managed by the local CSR team. The measurement of the social impact is calculated by our partners whom we engage for the projects, which includes the number of community people participating and receiving the training, and the number of projects carried out throughout the year.

## **2. Sustainability statements: Environmental**

Our value chain reporting is carried out using standard templates and procedures. The definition of each value chain parameter that is reported and the reporting process in place for each value chain aspect are described below. The sustainability section of the annual report 2022 details the themes and indicators.

#### **Environmental indicators (Carbon emissions own operations)**

Reported in annual report 2022		
<b>Own operations</b>	<b>Energy use</b>	The energy consumption of AkzoNobel in absolute measures (1,000 TJ) and per ton of production.  Energy is expressed as "primary" energy, or fuel equivalents, used on our sites and to generate electricity/heat for our sites. Production is output from each designated production unit (external and internal sales).
	<b>Percentage renewable energy</b>	Percentage renewable energy used in our operations.  Renewable energy (in fuel equivalent) is the sum of energy used from renewable electricity, biomass, renewable steam and hot water.  Energy is expressed as "primary" energy, or fuel equivalents. Expressed as the share of renewable energy AkzoNobel uses in its own operations relative to the total energy used. We use an average efficiency factor of 40%.
	<b>Percentage renewable electricity</b>	Percentage 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 used.
	<b>Volatile organic compounds</b>	Volatile organic compound emissions in absolute measures (kilotons) and kg per ton production. Volatile organic compounds (VOCs) are emitted as gases from certain solids or liquids, for instance from solvent-based paints.
	<b>Direct CO<sub>2</sub>(e) emissions (scope 1)</b>	The total greenhouse gas emissions from processes and combustion at our facilities and indirect emissions from purchased energy in absolute measures (Mt CO <sub>2</sub> e) and kg CO <sub>2</sub> e per ton of production. Emissions from transport in own operations is very limited and therefore not material compared to other Scope 1 and 2 emissions. As transport is not material to Scope 1 and 2, these scopes exclude transport. We measure and report CO <sub>2</sub> in line with the

	<b>Indirect CO<sub>2</sub>(e) emissions (scope 2)</b>	GHG Protocol. The other gases from the GHG Protocol are considered immaterial and not actively measured.
<b>Reported on corporate website</b>		
<b>Raw materials</b>	<b>Renewable raw materials</b>	Renewable raw materials as percentage of organic materials purchased.  A renewable raw material is one that is wholly or partly derived from a biomass source that is continually replenished. If the raw material is partly based on biomass, the renewable share is defined by the fraction of renewable carbon. Excludes: energy, utilities and other auxiliaries; water purchased on site; packaging materials; non-product related materials (NPR).
	<b>NOx and SOx emissions</b>	NOx and SOx emissions in absolute measures (kilotons) and kg per ton production. Emissions from manufacturing processes which are discharged directly to air (e.g. after any abatement process).  NOx comprises NO and NO <sub>2</sub> and is expressed as metric tons of NO <sub>2</sub> . SOx comprises SO <sub>2</sub> and compounds of sulfur and is expressed as metric tons SO <sub>2</sub> .

### Environmental indicators (*Waste and water management*)

<b>Reported in annual report 2022</b>		
<b>Own operations</b>	<b>Total waste</b>	Total waste in absolute measures (kilotons) and kg per ton 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.
	<b>Circular use of materials</b>	The amount of materials reused by AkzoNobel and third parties (reusable waste plus by-products) divided by the total waste plus by-products (percentage).
	<b>Hazardous waste</b>	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 HSES manager for advice on hazardous waste classification of the different types of wastes generated.
	<b>Hazardous waste to landfill</b>	All hazardous non reusable waste (in absolute measures (kilotons) and kg per ton production) as it leaves our premises in the reporting period, sent for disposal to landfill.
	<b>Non-hazardous waste to landfill</b>	All non- hazardous non reusable waste (in absolute measures (kilotons) and kg per ton production) as it leaves our premises in the reporting period sent for disposal by incineration with heat recovery.
	<b>Total waste to landfill</b>	All hazardous and non-hazardous non reusable waste (in absolute measures (kilotons) and kg per ton production) as it leaves our premises in the reporting period, sent for disposal to landfill.
	<b>Total freshwater use</b>	Fresh water use as absolute measure (million m <sup>3</sup> ) and m <sup>3</sup> per ton production. <ul style="list-style-type: none"> <li>Extraction recorded as surface, ground and potable water</li> <li>Use recorded as cooling, process and other use (e.g. hygiene, grounds)</li> </ul>

		The majority of water is used for cooling and returned to the original source, slightly heated.
	<b>Total freshwater consumption (excluding water related to product)</b>	Fresh water consumption as absolute measure (million m <sup>3</sup> ) and m <sup>3</sup> per ton production. Freshwater consumption is the fresh water use minus cooling water and water in product. Cooling water is excluded as it is extracted and returned from the same basin only with a potentially altered temperature (chemically unchanged).
<b>Reported on corporate website</b>		
	<b>Total reusable waste (number)</b>	Total reusable waste is the sum of the quantities of hazardous reusable waste and non-hazardous reusable waste.
	<b>Total non-reusable waste (number)</b>	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).
	<b>Chemical Oxygen Demand (COD)</b>	Chemical oxygen demand of the wastewater effluent discharged directly from our facilities into surface waters as absolute measure (kilotons) and kg per ton production. Chemical Oxygen Demand is amount of oxygen required for the chemical oxidation of substances in the wastewater effluent.

## Reporting processes – own operations

### *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 critically reviewed by the HSE&S Global team.

- **Renewable energy (electricity and heat)**  
Site data is extracted from the HSE&S Suite – calculated from ‘fuel mix’ data from our energy suppliers or country grid factors and own generated Renewable Electricity.

### *Supplier indicators (responsible procurement)*

<b>Reported in annual report 2022</b>		
<b>Responsible procurement</b>	<b>Suppliers signed Business Partner Code of Conduct (% of spend)</b>	Percentage product related (PR) spend (measured in euro value) with suppliers (raw materials and packaging) who have signed our business partner Code of Conduct. Percentage non-product related (NPR) spend (measured in euro value) with suppliers who have signed our Business Partner Code of Conduct. Our Business Partner Code of Conduct states that we want to do business with business partners who endorse our ethical values and our social and environmental standards. We therefore require suppliers to sign our Business Partner Code of Conduct, which is based on the AkzoNobel Code of Conduct.

	<b>Sustainability risk analysis (baseline)</b>	Number of suppliers who have been identified as risk to AkzoNobel due to their spend level (>€250,000), country risk (sensitive and emerging countries using EcoVadis' country risk profile) and/or category risk (baseline). Spend levels are based on the prior reporting year, which means for the 2022 annual report, 2021 spend levels were used.
	<b>Suppliers participating in sustainability program</b>	Number of suppliers who performed an EcoVadis online assessment or TFS onsite audit (in % of baseline as indicated under "Sustainability risk analysis").
	<b>Suppliers in sustainability program - in line with our expectation</b>	Number of suppliers who meet our expectation in the EcoVadis assessment (in % of baseline as indicated under "Sustainability risk analysis"): 45 total score and human right and labor score of 50.
	<b>Suppliers in sustainability program - under development</b>	Suppliers who have performed the EcoVadis assessment but who are not yet meeting our expectation. Suppliers have 3 years to reach the minimum EcoVadis scores (see suppliers in line with our expectation).
	<b>Together for Sustainability (TfS)</b>	Together for Sustainability (TfS) is a chemical industry initiative designed to improve the sustainability practices in their supply chains and of which AkzoNobel has been a member since 2013. The assessments (performed by EcoVadis) and audits are based on established global principles, for example UN Global Compact, Responsible Care charter.
	<b>Raw materials possibly impacting human rights in our supply chain</b>	<p>Number of suppliers identified using materials in their manufacturing of products delivered to AkzoNobel, possibly impacting human rights in our supply chain in regard to modern slavery. Materials identified are barytes, calcium carbonate, cobalt, copper, fluorspar, mica mineral, talcum and tin.</p> <p>Number of suppliers who responded to our human right due diligence survey in % out of total number of suppliers identified.</p> <p>Number of suppliers disclosing smelters in their supply chain for cobalt and tin in % of suppliers confirmed using these materials.</p> <p>Number of unique smelters participating in RMAP or equivalent in % of smelters reported.</p>
<b>Reported on corporate website</b>		
<b>Responsible procurement</b>	<b>Third party on-site sustainability audits (TfS)</b>	Number of valid sustainability audits, using the TfS audit standard or equivalent and which have been requested by us or any other TfS member.

### **Procurement systems and databases**

- **Renewable raw materials**

Reporting is based on:

1. The master purchasing database with spend and volume data for each material category, extracted annually
2. A list with material categories that are 'renewable raw materials' and 'organic raw materials'

- **Business Partner Code of Conduct**

The progress on signed business partner Code of Conduct (CoC) declarations across AkzoNobel is reported on a monthly basis. Procurement categories or regions report their progress on signed business partner CoC declarations using a standard template. 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 Code of Conduct are consolidated at corporate level with the percentage of spend covered extracted from master spend data. It is critically reviewed at corporate level.

- **Together for Sustainability (TfS)**

- EcoVadis assessment
- TfS audit

Number of suppliers covered by assessments and audits is collected and extracted from the EcoVadis and TfS online platform. It is 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 Logistic provider. In scope are suppliers with global spend >€250,000 work in a risk category or country or have a global spend above €1 million irrespectively of their risk rating. Suppliers with a total score <45 and human rights and labor score <50 are required to perform 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 product (risk material) they are delivering on-site.



### 3. Sustainability statements: Product portfolio

The sustainability section of the annual report 2022 details the themes and indicators.

#### Economic indicators definitions

Reported in the annual report 2022		
<b>Products and services</b>	<b>Sustainable solutions</b>	<p>A measure of the sustainability of our products, which have customer/consumer sustainability benefits, as percentage of our revenue.</p> <p>The reporting period for sustainable solutions is November 2021 – October 2022, as the calculations are based on multiple data sources which requires more time to prepare, review and audit. This is in line with previous year.</p> <p>A sustainable solution is a product or solution that has a sustainability benefit in one or more of the following sustainability criteria, when compared to other products or solutions which provide a similar functional effect/benefit to the user.</p> <ol style="list-style-type: none"> <li>1) Reduced carbon and energy,</li> <li>2) Health and well-being,</li> <li>3) Less waste,</li> <li>4) Reduced/reused and renewed material use,</li> <li>5) Longer-lasting performance</li> </ol> <p>Sustainability benefits are estimated downstream and should be justified quantitatively (e.g., by use of life cycle assessment, company tool, a standard industry test or company measurement) or qualitatively by written justification.</p> <p>A sustainable solution does not have any adverse effects in any of these sustainability criteria throughout the value chain. This means that a sustainable solution contains no chemical substance of concern for which a) a date for phase-out or restriction of use is known or the use of the substance is prohibited, or b) a sustainability or regulatory issue can be expected within the next five years. These substances of concern are identified by the AkzoNobel Priority Substance Program.</p> <p>Note that for business units that are not analyzed in full yet, an extrapolation based on revenue of the analyzed business units is made.</p>

#### Reporting process

##### **Sustainable solutions**

Business units (BUs) report their performance annually, using a company-wide methodology called Sustainable Product Portfolio Assessment (SPPA), with detailed guidance, and a standard template. Financial data used in this template is collected from business financial systems. The main financial data used for the sustainable solutions calculation is the revenue per BU. Actual revenue is used for all BUs. All the outcomes are verified at BU level and critically reviewed by a sustainability specialist. Data covers 1 November 2021 until 31 October 2022 sales data.

The assessment reviews AkzoNobel product groups on their sustainability benefits for our customers/consumers. Annually, sustainable solutions are assessed as to whether they are still a sustainable solution, and the sustainability criteria assessed are still correct.

## Carbon footprint value chain

Reported in annual report 2022		
<b>Climate change – cradle-to-grave</b>	<b>Cradle to Grave Carbon Footprint (Scope 1, 2, and 3)</b>	<p>Our CO<sub>2</sub>(e) footprint in million tons of CO<sub>2</sub>(e) including Scope 1 (own operations), Scope 2 (energy use) and Scope 3 (upstream) and Scope 3 (downstream).</p> <p>The footprint includes the six main greenhouse gases defined in the Greenhouse Gas Protocol.</p> <ul style="list-style-type: none"> <li>Upstream: category 1 — purchased goods and services.</li> <li>Downstream: category 10 — processing of sold products, category 11 — use of sold products, category 12 — end-of-life treatment of sold products.</li> </ul> <p>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.</p>

### Reporting processes – Climate

AkzoNobel assesses their 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 & 2 and Scope 3 upstream and downstream emissions. The reporting process for Scope 1 & 2 is explained in the Environmental indicators. We include the climate change impact from VOCs in our models. The results are given in million metric tonnes of carbon dioxide equivalents, independent of any GHG trades, such as purchases, sales, or transfers of offsets or allowances.

We use the reporting period of 1 October to 30 September for Scope 3 carbon footprint as the calculations are based on multiple data sources which requires more time to prepare, review and audit.

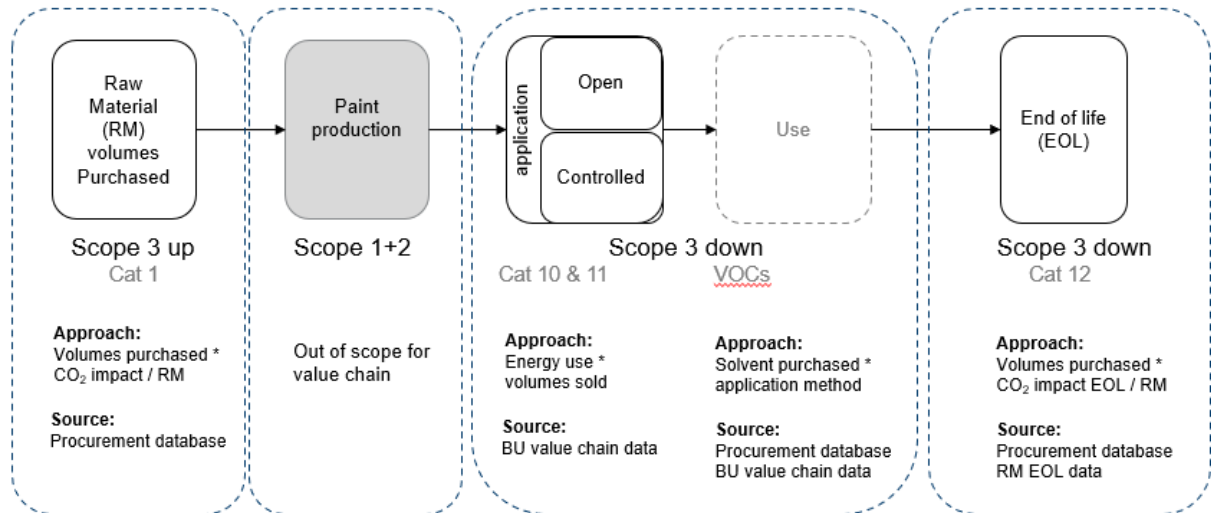
The results in the annual report 2022 include the following GHG protocol scope 3 emission categories:

<b>Upstream</b>	Category 1: Purchased goods and services (incl. packaging)
<b>Downstream</b>	Category 10: Processing of sold products Category 11: Use of sold products Category 12: End-of-life treatment of sold products VOCs for processing and use of sold products

In line with the GHG protocol, the CO<sub>2</sub> quantities calculated for these categories (1, 10, 11, 12 and VOC's), are included in the Scope 3 reporting of the AkzoNobel annual report 2022. The other categories are not included in the annual report 2022, based on the following reasoning:

- These categories include a small amount of CO<sub>2</sub> eq. for AkzoNobel as a whole;
- These categories have traditionally not been reported in the annual report.

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 the AkzoNobel products and as a result a significant enough amount of the carbon emissions as a whole.



### Category 1. Purchased goods and services (incl. packaging)

#### Category description GHG protocol:

Extraction, production, and transportation of goods and services purchased or acquired by the reporting company in the reporting year, not otherwise included in Categories 2 – 8. Packaging is also included as part of the purchased goods and services.

#### AkzoNobel methodology:

Each of the purchased raw materials is matched with the CO<sub>2</sub> 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 CO<sub>2</sub> eq/kg factors for each of the raw materials used. Primary supplier data can be used for specific raw materials and overrule the secondary industry data (CEPE and EcoInvent) only when the primary data is complying with the GHG protocol and is approved by R&D, Procurement and the Sustainability Team and preferably provided with external validation of methods used to determine the primary data. This data is updated from the year the primary data has been internally validated.

Packaging materials are currently not included in the AkzoNobel purchased goods and services database and are therefore calculated separately. The amount of CO<sub>2</sub> eq/kg related to packaging per kg of sold product is fixed for each business unit. These datapoints are validated by each BU each year.

### Category 10 & 11. Processing of sold products, Use of sold products

#### Category description GHG protocol:

Processing of intermediate products sold in the reporting year by downstream companies (e.g., manufacturers). End use of goods and services sold by the reporting company in the reporting year.

#### AkzoNobel methodology:

For Decorative Paints processing and use of sold products is not reported, since there is no energy used for curing of Decorative Paints products, and therefore assumed no energy use or other relevant carbon dioxide emissions in application & use phase.

In Performance 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 vs. open release in application and use are stored in LCA models available in the GaBi software. These values are multiplied by the sales volumes per KVC to calculate the category 10 & 11 carbon emissions. Each of the BUs validates the data, and signs off their approval for using these datapoints for carbon

reporting.

Emission factors for power use and natural gas for all products are assumed to be equal. The CO<sub>2</sub> eq/kg factor for power use (kg/MJ) is based on the IEA world average. The CO<sub>2</sub> eq/kg factor for natural gas (kg/MJ) is taken from DEFRA: Conversion-Factors-2019-Full-set-for-advanced-users. Additionally, 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.

### **Category 12. End-of-life treatment of sold products**

Category description GHG protocol:

*Waste disposal and treatment of products sold by the reporting company (in the reporting year) at the end of their life*

AkzoNobel methodology

For all BUs key value chains (KVC) indicate the share of raw material reaching end-of-life as a 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. Each of the BUs validates the data and signs off their approval for using these datapoints for the carbon footprint reporting.

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<sub>2</sub> (44) and atom of carbon (12).

### **Category A1. VOC Emissions from processing and use of sold products**

Category description GHG protocol:

*Not part of the GHG protocol categories.*

AkzoNobel methodology

Volatile organic compounds (VOCs) are emitted as gases from certain solids or liquids, for instance from solvent based paints. Based on IPCC 2013 data, the CO<sub>2</sub> eq/kg factor for VOC's is set by the European Commission (PEF method) at 4.23kg CO<sub>2</sub> 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 VOC is included in the carbon footprint of category 11&12 emissions. For all BUs the share of VOCs released in application and use are calculated based on the weighted average of the VOC procured and released to the atmosphere in each considered KVC of the business unit, LCA models available in the GaBi software. Each of the BUs validated, and updated the data, and signed off their approval for using these datapoints for the carbon reporting.

## 4. Governance and Compliance: Compliance and Integrity management

Under the heading Compliance and Integrity Management, we report our integrity management indicators. These can be found on in the Compliance and Integrity management section of the AkzoNobel annual report 2022. As in previous years this information is reported in the main body of the report.

### Integrity management indicators

Reported in the annual report 2022	
<b>Total reports registered</b>	Overall number of alleged breaches of the Code of Conduct for calendar year registered through all channels, including SpeakUp (hotline, web, email) as well as those alleged breaches reported directly to and registered by management or Compliance. (For 2022 all reporting categories below reflect numbers based on all cases registered, not just those registered through the SpeakUp channels)
<b>Registered reports Substantiated / unsubstantiated / referred</b>	<p>As of 2021, number of reports alleging breaches Substantiated (in whole or in part) within reporting year and including breaches reported in prior year, reported directly to and registered by management or Compliance.</p> <p>For 2018/2019, number of reports alleging breaches Substantiated (in whole or in part) within the reporting year and including breaches substantiated in later year, reported directly to and registered by management or Compliance.</p> <p>Referred means: allegation not related to a Code of Conduct violation; investigation referred to another department.</p>
<b>Total number of dismissals resulting from registered reports</b>	<p>Number of dismissals for Code of Conduct breaches from registered reports by management or Compliance</p> <ul style="list-style-type: none"> <li>Resolved within reporting year, including dismissals for reports registered in prior year</li> </ul>

### Reporting process

Integrity data is collected from businesses and functions in the below databases which are managed centrally by the Integrity & Compliance team.

#### **Speak Up Database**

- Alleged violations of the Code of Conduct are logged into the EthicsPoint Database together with the outcome of investigation

#### **Learning management system**

- Code of Conduct trained
- Life Saving Rules trained
- Competition Law Declaration

Data is collected from the web-based system and reviewed and audited at corporate level.

The learning management system also records data on mandatory e-learnings for compliance areas such as competition law, export control, anti-bribery, fraud, Life-Saving Rules and privacy.

## 4. Appendix – Significance assessment

### AkzoNobel 2022 Materiality analysis: Significance assessment

Following recommendations of GRI, we have taken the topics material to our organization and analyzed both the Severity (Scale, Scope and Irremediable character) and Likelihood of the material topic, using interpretations as per GRI 2021.

Material topic	Severity			Likelihood
	Scale	Scope	Irremediable character	
1. Climate change adaptation	Medium	Medium	Low	Very likely
2. Diverse, inclusive, and healthy organization	Low	Medium	Medium	Likely
3. Emissions & Energy (climate change mitigation)	High	High	High	Very likely
4. Health and Safety employees and Customers	High	High	Low	Very likely
5. Human rights	High	Low	Medium	Likely
6. Sustainable product portfolio	High	High	Medium	Neutral
7. Community involvement	Low	Low	Low	Not very likely
8. Materials & waste (Circular)	High	Medium	Medium	Very likely
9. Responsible procurement	High	High	Low	Likely
10. Water & wastewater	Low	Low	Medium	Not very likely