

# AkzoNobel Report 2020

## Sustainability performance summary – Environmental, Social and Governance

Area	Unit	2016	2017	2018	2019	2020	Ambition 2020
<b>ECONOMIC</b>							
<b>Product/service</b>							
Eco-premium solutions	% of revenue	21	21	22	22	21	20
<b>Supplier management</b>							
PR <sup>5</sup> suppliers signed Business Partner CoC <sup>1,2</sup>	% of spend	99	97	98	98	98	
NPR <sup>6</sup> suppliers signed Business Partner CoC <sup>1,2</sup>	% of spend	86	86	83	84	89	
Suppliers participating in CSR program	% against baseline			60	65	75	–
Suppliers in line with our expectations	% against baseline			38	47	51	
Third party on-site sustainability audits (Tfs) <sup>5</sup>	number	131	219	270	263	204	–
<b>ENVIRONMENTAL</b>							
<b>Energy use and emissions</b>							
Total energy use	1000TJ	6.32	6.39	6.20	6.02	5.69	–
per ton of production	GJ/ton	1.91	1.88	1.91	1.88	1.83	1.81
Renewable energy (own operations)	%	27	30	31	31	33	–
Renewable electricity (own operations)	%	34	37	38	37	40	
Greenhouse gas emissions – Direct CO <sub>2</sub> (e) emissions (Scope 1) <sup>9</sup>	kiloton	72.72	69.66	62.90	58.29	57.16	–
per ton of production	kg/ton	21.96	20.53	19.42	18.18	18.42	–
Greenhouse gas emissions – Indirect CO <sub>2</sub> (e) emissions (Scope 2)	kiloton	244.3	237.8	226.0	183.1	168.2	–
per ton of production	kg/ton	73.78	70.11	69.77	57.13	54.21	–
VOC	kiloton	2.00	1.71	1.57	1.19	0.95	–
per ton of production	kg/ton	0.60	0.50	0.49	0.37	0.31	0.45
NOx emissions	kiloton	0.1	0.1	0.1	0.1	0.1	
per ton of production	kg/ton	0.02	0.02	0.02	0.02	0.02	
SOx emissions	kiloton	0.03	0.03	0.02	0.04	0.03	
per ton of production	kg/ton	0.01	0.01	0.01	0.01	0.01	
Total fresh water consumption (TFWC) <sup>12</sup>	million m <sup>3</sup>	2.24	2.33	2.23	2.17	1.97	
per ton of production	m <sup>3</sup> /ton	0.67	0.68	0.69	0.67	0.63	
Total fresh water intake (TFWI) <sup>12</sup>	million m <sup>3</sup>	9.61	9.62	9.27	8.05	9.12	
per ton of production	m <sup>3</sup> /ton	2.90	2.84	2.86	2.51	2.94	
COD emissions	kiloton	0.04	0.03	0.03	0.02	0.02	
per ton of production	kg/ton	0.01	0.01	0.01	0.01	0.01	

## Raw material efficiency

Total waste	kiloton	85	77	67	67	62	–
per ton of production	kg/ton	25.65	22.77	20.97	21.00	19.96	21.50
Total reusable waste	kiloton	42	37	33	34	32	
Total non-reusable waste	kiloton	43	40	34	33	30	–
per ton of production	kg/ton	12.92	11.90	10.63	10.28	9.57	–
Hazardous waste total	kiloton	35	33	30	29	28	–
per ton of production	kg/ton	10.72	9.76	9.13	9.07	8.93	–
Hazardous waste non-reusable	kiloton	15	16	15	14	15	–
per ton of production	kg/ton	4.62	4.64	4.59	4.46	4.70	–
Hazardous waste to landfill	kiloton (estimates)	0.7	0.6	0.69	0.45	0.23	–
per ton of production	kg/ton	0.20	0.17	0.21	0.14	0.07	–

## Value chain

Renewable raw materials	% organic RM	6	5	5	5	5	
Cradle-to-grave carbon footprint (Scope 1, 2 and 3)	million tons			14.9	14.4	13.4	–
Scope 3, category 1. Purchased goods and services	million tons CO <sub>2</sub> (e) (estimated)			6.5	6.3	5,9	
Scope 3, category 2. Capital goods	million tons CO <sub>2</sub> (e) (estimated)			0.4	0.4	0,4	
Scope 3, category 3. Fuel- and energyrelated activities	million tons CO <sub>2</sub> (e) (estimated)			<0.1	<0.1	<0.1	
Scope 3, category 4. Upstream transportation and distribution	million tons CO <sub>2</sub> (e) (estimated)			0.0	0.0	0.10	
Scope 3, category 5. Waste generated in operations	million tons CO <sub>2</sub> (e) (estimated)			<0.1	<0.1	<0.1	
Scope 3, category 6. Business travel	million tons CO <sub>2</sub> (e) (estimated)			<0.1	<0.1	<0.1	
Scope 3, category 7. Employee commuting	million tons CO <sub>2</sub> (e) (estimated)			<0.1	<0.1	<0.1	
Scope 3, category 8. Upstream leased assets	million tons CO <sub>2</sub> (e) (estimated)			<0.1	<0.1	<0.1	
Scope 3, category 9. Downstream transportation and distribution	million tons CO <sub>2</sub> (e) (estimated)			0.1	0.1	0.12	
Scope 3, category 10. Processing of sold products	million tons CO <sub>2</sub> (e) (estimated)			(Included in use)	(Included in use)	(included in use)	
Scope 3, category 11. Use of sold products	million tons CO <sub>2</sub> (e) (estimated)			5.9	5.7	5.20	
Scope 3, category 12. End-of-life treatment of sold products	million tons CO <sub>2</sub> (e) (estimated)			1.6	1.6	1.50	
Scope 3, category 13. Downstream leased assets	million tons CO <sub>2</sub> (e) (estimated)			<0.1	<0.1	<0.1	
Scope 3, category 14. Franchises	million tons CO <sub>2</sub> (e) (estimated)			<0.1	<0.1	<0.1	
Scope 3, category 15. Investments	million tons CO <sub>2</sub> (e) (estimated)			<0.1	<0.1	<0.1	

## SOCIAL

### Employees

Organisational Health Score (OHI)	score	68	61	69	69	Top quartile (74)	
Female executives	%	19	19	20	18	21	25
Executive vacancies filled internally <sup>1</sup>	%	61	74	54	53	60	60
High potential turnover <sup>1,13</sup>	%	4	5	8	4	6	<5
Total CEO compensation vs median employee compensation	Ratio	71.4	70.3	71.3	81.9	126.4	
Total CEO compensation vs mean employee compensation <sup>11</sup>	Ratio	60.2	58.6	56.4	65.0	99.2	
Total employee turnover rate <sup>1</sup>	%	12	13	14	14	13	
Voluntary employee turnover rate <sup>1</sup>	%	7	6	8	7	5	
Employees covered by an independent trade union or collective bargaining agreements <sup>1,8</sup>	%	70	65	56	56	59	
Number employees	number	36,300	35,700	34,500	33,800	32,200	

### People, process and product safety

Fatalities employees	number	0	0	0	2	0	0
Total reportable injury rate employees/temporary workers	/200,000 hours	0.26	0.20	0.20	0.24	0.23	≤0.20
Lost time injury rate employees/temporary workers	/200,000 hours	0.13	0.06	0.09	0.08	0.09	–
Occupational illness rate employees	/1,000,000 hours	0.07	0.06	0.06	0.03	0.05	–
Occupational illness frequency rate (OIFR)	/1,000,000 hours	0.06	0.05	0.05	0.03	0.05	–
New Wellness Checkpoint participants	number	795	465	446	388	740	–
Total illness absence rate employees	%	1.84	1.92	1.98	2.17	2.59	
Fatalities contractors (temporary workers plus independent)	number	0	1	0	0	0	0
Total reportable injury rate contractors	/200,000 hours	0.29	0.12	0.18	0.19	0.17	–
Lost time injury rate contractors	/200,000 hours	0.11	0.06	0.07	0.09	0.11	
Distribution incidents	number	23	16	21	26	15	
Loss of primary containment – Level 1 <sup>7</sup>	number	5	5	6	3	6	–
Loss of primary containment – Level 2	number	45	43	63	64	52	–
Process safety event (include near misses) – Level 3	number	666	1200	1583	970	1250	–
Regulatory actions – Level 3	number	0	0	2	3	0	
Regulatory actions – Level 4	number	0	0	1	0	0	0
Priority substances with management plan	%	33	67	100	100	100	100

## HSE management

Safety incidents (Level 3)	number	0	1	0	2	0	–
Safety incidents (Levels 1, 2, 3)	number	0	2	3	3	2	–
Management audits plus reassurance audits	number	34	32	25	32	28	–
Environmental certification ISO 14001 <sup>14</sup>	% of manufacturing sites	78	76	77	75	76	
Health and Safety Management certification - ISO 45001 <sup>14</sup>	% of manufacturing sites	53	53	55	53	53	

## Social programs

Community people trained	number	2,041	2,863	4,276	4,078	2,669	–
Projects	number	157	224	126	225	170	–

## Diversity metrics

### Age by gender

Age groups	2019 Female	2020 Female
<25	45%	46%
25 - <35	32%	32%
35 - <45	26%	26%
45 - <55	25%	25%
55 - <65	20%	21%
≥ 65	11%	12%
<b>Total</b>	<b>25%</b>	<b>25%</b>

### Functions per gender

Functions	2019 Female	2020 Female
Facilities	53%	46%
General Management	50%	40%
Integrated Supply Chain	14%	14%
Research Development & Innovation	35%	34%
Sales & Marketing	26%	27%
Support	55%	54%
<b>Total</b>	<b>25%</b>	<b>25%</b>

### Management level by gender

Management level	2019 Female	2020 Female
Executive	18%	20%
Senior MM level	27%	27%
Junior MM level	29%	30%
G level	24%	23%
Ungraded	N/A	N/A

**Notes:**

1 - 2015-2017 data includes discontinued operations

2 - CoC = Code of Conduct

3 - SSBS = Supplier Sustainability Balanced Scorecard. Baseline is 2018 (new KPI).

4 - Includes Tfs shared assessments, cumulative.

5 - Includes Tfs shared audits, cumulative. 2020 number is low due to further supplier consolidation and low risk supplier not being re-audited

6 - NPR = Non-product related

7 - Definition change 2016

8 - We operate in some countries where the right to exercise freedom of association and collective bargaining may be at risk. We ensure that systems are in place for employee involvement/ engagement in line with company values and HR policies, for example by inclusion in the Code of Conduct.

9- We have restated our 2018 Scope 1 emissions due to a temporary database outage in the prior year leading to misstated values.

10 - We have restated 2018-2019 Scope 3 downstream and upstream due to improvement of methodology by better incorporating raw material formulation.

11- The increase is mainly due to the 2020 Performance Incentive Plan payment. Without this one-off special payment the ratio would have been 62.3

12- Total fresh water consumption (TFWC) is the Total fresh water intake (TFWI) corrected for water used for cooling purposes. This water is not changed chemically, it only has an increased temperature.

13- In 2020 we changed the definition of our high potential turnover as follows: High performers (scoring a 4 or 5 in their P&DD for the past 2 years) who leave the organisation voluntarily or as part of a redundancy.

14 - This % covers manufacturing sites under Global group certification. Some sites are certified against local standards and are not covered in the group certificate