

TCFD Mapping 2023 based on AkzoNobel 2022 results

Core element	Recommended disclosures	AkzoNobel disclosures	Further reference
<p>Governance Disclose the organization's governance around climate-related risks and opportunities</p>	<p>a) Describe the board's oversight of climate-related risks and opportunities.</p> <p>b) Describe management's role in assessing and managing climate-related risks and opportunities.</p>	<p>Our Executive Committee is responsible for incorporating our sustainability agenda into the company strategy and monitoring the performance of each business through the Operational Control Cycle. Given our focus on sustainability, overall ownership of sustainability is with the CEO.</p> <p>The Executive Committee has established a Sustainability Council to advise on sustainability developments. The council monitors the integration of sustainability into management processes and oversees the company's sustainability targets and performance. It further ensures the alignment of sustainability activities across functions and businesses. The council, which meets on a quarterly basis, consists of business unit and functional directors, the Chair of the NextGen Council, as well as the CEO. Progress regarding sustainability objectives, development, target setting and implementation is reviewed quarterly by the Executive Committee, and semi-annually by the Supervisory Board.</p> <p>During 2022, the Supervisory Board continued to assess sustainability as part of strategy and targets and advised on further embedding related considerations in the decision-making. During the semi-annual progress updates on sustainability, the Supervisory Board reviewed and advised on the progress made towards the company's sustainability ambitions. The Supervisory Board reviewed the company's</p>	<p>Annual Report 2022: Corporate governance (link)</p> <p>Annual Report 2022: Managing sustainability (link)</p> <p>Climate change position statement (link)</p>

		<p>response to climate change, focusing on efforts to reduce emissions across the whole value chain (including Scope 1, 2 and 3). It received updates on the multiple programs initiated, as well as on the company's efforts to further strengthen sustainability governance internally. The company's sustainability ambitions and progress are further considered as part of the functional updates, and as part of the Supervisory Board's review of the company's innovation efforts and programs.</p>	
<p>Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.</p>	<p>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</p>	<p>During 2022, we continued to monitor our risks and opportunities related to climate change. As a company, we're exposed to physical risks – such as those associated with water scarcity, flooding and weather events – and transitional risks, such as changes in technology, market dynamics and regulation.</p>	<p>Annual Report 2022: Climate change adaptation and risk management (link)</p> <p>Climate change position statement (link)</p>
	<p>b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</p>	<p>Carbon pricing We have sustainability assessments in place for all material investment projects. For the last seven years, we've implemented an internal carbon price for these investment decisions, anticipating the impact of any future carbon pricing.</p> <p>Annually, we quantify the potential transitional 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 2022 revenues. Our suppliers and customers might be impacted by carbon pricing,</p>	<p>Annual Report 2022: Climate change adaptation and risk management (link)</p> <p>Annual Report 2022: Sustainability and risk management with our suppliers (link)</p> <p>Climate change position statement (link)</p>

		<p>which creates both risks and opportunities. For example, we can mitigate the carbon cost impact for our customers by offering sustainable solutions.</p> <p>Physical risks: Natural catastrophes As climate change will most likely increase the frequency of natural hazards, during 2022 we've further analyzed the natural hazards our operations are exposed to. As part of our risk and insurance process, we collect information about our sites by conducting risk engineering site surveys. Risk engineering is a methodology for mapping hazard risks – to evaluate the frequency and the consequences of potential hazards related to the production process – and natural hazards. Annually, around 20% of sites are assessed following a materiality-based approach. The scope and frequency is based on the replacement value of the site, in a cycle of three to five years. Natural hazards taken into account during this process are: earthquakes, floods, drought, hailstorms, lightning, wind, tornados, subsidence, landslides and active volcanos. Based on these assessments, several sites are in scope with increased risk, due mainly to the potential for natural catastrophes. Based on the individual risk assessments, we put measures in place to mitigate the risks to an acceptable level.</p> <p>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</p>	
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	<p>c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios,</p>	<p>We’re currently studying what additional temperature changes (climate scenarios) would mean for our current risk profile.</p>	<p>Annual Report 2022: Climate change adaptation and risk management (link)</p>

	including a 2°C or lower scenario.		
Risk management Disclose how the organization identifies, assesses, and manages climate-related risks	a) Describe the organization's processes for identifying and assessing climate-related risks.	This is included in this table under Strategy – B.	N/A
	b) Describe the organization's processes for managing climate-related risks.		
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	This is included in this table under Strategy – B.	N/A
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	We're taking action to limit climate change. In our value chain, we're aiming to halve our carbon emissions. We're also developing solutions to help our customers reduce their carbon footprint. Mitigation In 2017, we committed to becoming a carbon-neutral company by 2050. In 2021, we announced an ambitious target of reducing carbon emissions across our full value chain by 50% by 2030, taking 2018 as our baseline. These ambitions are aligned with the Paris Agreement – which aims to	Annual Report 2022: Climate change (link) Annual Report 2022: Circularity (link) Annual Report 2022: Sustainable solutions (link)

		<p>limit climate change and ensure the global temperature doesn't rise more than 1.5°C above pre-industrial levels – and are approved by the Science Based Targets initiative (SBTi). Our progress is reported under “Climate change” in our 2022 annual report.</p> <p>For our own operations, we're moving to renewable electricity and reducing our overall energy consumption.</p> <p>Opportunities: Across our value chain, we engage with our suppliers and develop sustainable solutions that help our customers reduce their carbon footprint. Our progress is reported under “Sustainable solutions” in our 2022 annual report.</p>	
	<p>b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p>	<p>Our Scope 1, Scope 2 and Scope 3 GHG emissions are disclosed in our annual report.</p>	<p>Annual Report 2022: Climate change (link)</p> <p>Annual Report 2022: Sustainability performance summary (link)</p> <p>ESG table (link)</p>
	<p>c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>	<p>Our GHG targets and progress are described under A.</p> <p>Incentivization: ESG makes up 20% of the long-term incentive for Board of Management. The ESG targets consist of four equally weighted targets related to our approach to sustainability. The ESG performance metrics are: Total reportable injury rate; Total waste - circular; Energy use (GJ/ton) and Renewable electricity.</p>	<p>Remuneration (link)</p>