

Reporting principles

Sustainability statements 2023

This document explains the materiality assessment and reporting principles of the sustainability performance indicators presented in our 2023 annual report (referred to as 'Report 2023') and on our [global website](#). It should be read in conjunction with the Sustainability statements in the Report 2023.

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1. Reporting policies

1. Reporting boundaries

The reporting boundary of the Consolidated financial statements is also applied to the reported sustainability indicators, unless noted otherwise. For example, for value chain indicators such as carbon emissions Scope 3 and the paragraph Boundaries and comparability below. Please see Note 1: Summary of significant accounting policies of the Consolidated financial statements.

2. Upcoming changes to reporting

The Corporate Sustainability Reporting Directive (CSRD) will come into effect per January 1, 2024. As we're preparing towards compliance with the Directive, we're in the process of reviewing our reporting boundaries, scope and indicator definitions. The reporting boundaries as defined in these Reporting principles are the current reporting boundaries and are under review in light of the upcoming legislation. In our Report 2023, we've provided additional disclosures in preparation for CSRD.

3. 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 2023, data include the acquisition of Grupo Orbis, except for the responsible procurement indicator ("Suppliers in sustainability program") and SpeakUp! data. In 2023, the 2022 Grupo Orbis Scope 3 emission data was updated retrospectively to reflect the impact of the acquisition. This was done by including the full-year 2022 impact based on 2023 data, taking into account volume changes
- In 2022, data excludes the acquisition of Grupo Orbis, except for female executives and AkzoNobel Cares. Please see below list of indicators not included with the corresponding explanation
- In 2021, data includes Titan and excludes the acquisition 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

We identify events that affect comparability in the text or footnotes, as well as in the Basis for preparation section in the Sustainability statements.

2. Materiality process

For 2023, we used the concept of double materiality as described in the Corporate Sustainability Reporting Directive (CSRD) to determine our material topics. We followed the steps outlined below to determine our material topics.

Step 1

In the first step of the double materiality assessment, we gathered and analyzed background research on topics that were potentially material to AkzoNobel. For this, we reviewed different sources:

- Several ESG raters, including their view on material topics for our broader sector, our specific sector, as well as our suppliers
- Sustainability reports of peers, as well as value chain partners (suppliers, customers)
- Climate reports
- Outcomes of our salient human rights process
- Investor perception studies
- Our previous years' impact materiality assessments
- Peer conversations on their approach to materiality

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

Step 2

During the second phase, we organized workshops with different internal subject matter experts, as well as the Sustainability group and project team representatives.

The workshops were attended by a core team consisting of representatives from the Finance, Legal, Sustainability and Risk functions. The workshops consisted of an introduction and subsequently discussing, calibrating and listing the potential and actual risks, impacts and opportunities for all topics included in the Application Requirements (A11 of ESRS 1) of the CSRD (topics, subtopics and sub-sub-topics). These impacts were then rated on severity (scale, scope, irremediability) and, where applicable, likelihood, the risks and opportunities were rated on magnitude and likelihood. Where relevant, mainly in relation to environmental and social topics, we made the distinction between assessing IROs per value chain area (upstream, own operations and downstream). Time horizons of the IROs materializing were also discussed. When discussing potential or actual IROs, financial materiality was analyzed per topic, sub-topic and sub-sub-topic, based on the same materiality thresholds as used for our financial statements.

Step 3

Based on the previously discussed rating principle, we created a shortlist of material topics based on the outcome of the workshops. The assessment has been validated with internal stakeholders (management teams of subject matter experts involved) and reviewed and approved by the Executive Committee.

Our materiality assessment led to the following material topics:

- Climate change mitigation (full value chain) - I/F
- Climate change adaptation (own operations) - I/F
- Energy (own operations) - I
- Waste/circularity (own operations) - I
- Water use in water scarce areas (own operations) - I/F
- Water consumption in water scarce areas (own operations) - I/F
- Circularity upstream and downstream - I
- Priority substances (full value chain) - I
- Working time (full value chain) - I
- Health and safety (full value chain) - I

The indicators behind the topics indicate whether the topic is material from an impact perspective (I) and/or financial perspective (F). We have not identified topics that are material from a financial materiality perspective only.

Step 4

In addition to the internal review and approval cycle of the material topics, we've validated our assessment with our external stakeholders, both potentially impacted stakeholders as well as users of the information.

This consisted of engagement with representatives from the following stakeholder groups:

- Suppliers
- Customers
- Investors
- Employee representatives

For the engagement with suppliers and customers, the meetings were attended by AkzoNobel representatives from the project team and/or Sustainability group, together with Sustainability representatives and commercial representatives of customers and suppliers. Meetings generally lasted for an hour and consisted of introductions, explaining our process and methodology in relation to the materiality assessment, with a discussion on whether the stakeholder agreed with our approach and outcomes, including whether potentially material topics needed to be added or removed. All stakeholders approved the approach taken and were in all cases in agreement with the identified material topics. Our process of stakeholder engagement did not lead to any changes in topics identified in our materiality assessment.

Step 5

In addition to the abovementioned topics that result from the (quantified) double materiality assessment, we've identified a further set of topics that we'll be reporting on, based on other factors. These factors mainly include (local) legal requirements or requirements related to other regulations, as well as topics that we deem required to elaborate on the organizational content that AkzoNobel is operating in. The following topics are therefore added to the reporting profile in the Sustainability statements, which are not subject to the detailed data requirements under CSRD:

- Social:
 - Gender equality and equal pay (own operations)
 - Discrimination and harassment (own operations)
 - Diversity (own operations)
 - Freedom of association and collective bargaining (own operations)
 - Modern slavery (upstream)

- Governance:
 - Whistleblowers (own operations)
 - Bribery and corruption (own operations)
 - Political lobbying (own operations)

3. Indicators and reporting processes

In the Sustainability statements in the Report 2023, we grouped the disclosures under “Environmental”, “Social” and “Governance”, as per ESRS 1, DR 8-2 from the CSRD.

In this section of the reporting principles, all performance and other indicators are described. For each indicator it's indicated if it is disclosed in the Report 2023 and whether additional disclosures have been included in light of the preparation for CSRD.

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 Report 2023.

Please refer to the Sustainability statements of the Report 2023 for further information on the sustainability business imperatives.

1. Environmental

Our value chain reporting is carried out using standard templates and procedures. The definition of each value chain parameter that's reported, and the reporting process in place for each value chain aspect, are described below. The Sustainability section of the Report 2023 details the themes and indicators.

Environmental indicators (*Carbon emissions own operations*)

Reported in the Report 2023		
Own operations	Energy use	The energy use 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). Energy use is also expressed on a regional basis as % of total energy use.
	Percentage renewable energy	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%.
	Percentage renewable electricity	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.
	Volatile organic compounds	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.
	Direct CO₂(e) emissions (Scope 1) Indirect CO₂(e) emissions (Scope 2)	The total greenhouse gas emissions from processes and combustion at our facilities and indirect emissions from purchased energy in absolute measures (Mt CO ₂ e) and kg CO ₂ 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 ₂ in line with the GHG Protocol. 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, the latter as from 2023.
	NO_x and SO_x emissions	NO _x and SO _x 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). NO _x comprises NO and NO ₂ and is expressed as metric tons of nO ₂ . SO _x comprises SO ₂ and compounds of sulfur and is expressed as metric tons SO ₂ .

Environmental indicators (*Waste and water management*)

Reported in Report 2023		
Own operations	Total waste	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.

Circular use of materials	The amount of materials reused by AkzoNobel and third parties (reusable waste plus by-products) divided by the total waste plus by-products (percentage).
Hazardous waste	<p>Hazardous waste is waste that is classified and regulated as such according to the national, state, provincial or local legislation in place.</p> <p>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.</p>
Hazardous waste to landfill	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.
Non-hazardous waste to landfill	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 to landfill.
Total waste to landfill	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.
Total freshwater use	<p>Fresh water use as absolute measure (million m³) and m³ per ton production.</p> <ul style="list-style-type: none"> • Extraction recorded as surface, ground and potable water • Use recorded as cooling, process and other use (e.g. hygiene, grounds) <p>The majority of water is used for cooling and returned to the original source, with a potentially altered temperature.</p>
Total freshwater consumption (excluding water related to product)	<p>Fresh water consumption as absolute measure (million m³) and m³ per ton production.</p> <p>Freshwater consumption is the fresh water use minus cooling water and water in product.</p> <p>Cooling water is excluded as it is extracted and returned from the same basin only with a potentially altered temperature (chemically unchanged).</p>
Total reusable waste (number)	Total reusable waste is the sum of the quantities of hazardous reusable waste and non-hazardous reusable waste.

	Total non-reusable waste (number)	<p>Total non-reusable waste is the sum of the quantities of hazardous non-reusable waste and non-hazardous non-reusable waste.</p> <p>Non-reusable waste is waste which is not used for resource recovery, recycling, reclamation, direct re-use or alternative uses (e.g. composting).</p>
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Reporting processes – own operations

HSE&S Suite (Enablion)

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. Up to (and including) data to 2022 location data was either calculated from ‘fuel mix’ data from our energy suppliers or through country grid factors, which resulted in own generated Renewable Electricity.

As of 2023, we’ve changed our approach in “claiming” renewable electricity (aligning with international standards) and centrally coordinate this in cooperation with our procurement department. This means that locations either have 0% (no viable evidence of renewable electricity from suppliers) or 100% renewable electricity (procurement activity to get green electricity). This list is maintained in the HSE&S Suite as bases of calculation and being validated every year.

In 2023, we also introduced the distinction between market-based vs location-based method.

Supplier indicators (responsible procurement)

Reported in the Report 2023		
Responsible procurement	Suppliers signed Business Partner Code of Conduct (% of spend)	<p>Percentage product related (PR) spend (measured in euro value) with suppliers (raw materials and packaging) who have signed our business partner Code of Conduct.</p> <p>Percentage non-product related (NPR) spend (measured in euro value) with suppliers who have signed our Business Partner Code of Conduct.</p> <p>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.</p>
	Sustainability risk analysis (baseline)	<p>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).</p> <p>Spend levels are based on the prior reporting year, which means for the Report 2023, 2022 spend levels were used.</p>
	Suppliers participating in sustainability program Suppliers in sustainability program - in line with our expectation Suppliers in sustainability program - under development	<p>Number of suppliers who performed an EcoVadis online assessment or TfS onsite audit (in % of baseline as indicated under "Sustainability risk analysis").</p> <p>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.</p> <p>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).</p> <p>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</p>

	Together for Sustainability (TfS)	member since 2013. The assessments (performed by EcoVadis) and audits are based on established global principles, for example UN Global Compact, Responsible Care charter.
Responsible procurement	Third party on-site sustainability audits (TfS)	Number of valid third-party on-site 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 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.

Portfolio indicators (*Carbon emissions own operations*)

The sustainability section of the Report 2023 details the themes and indicators.

Reported in Report 2023		
Products and services	Sustainable solutions	<p>A measure of the sustainability of our products, which have customer/consumer sustainability benefits, as percentage of our revenue.</p> <p>In 2023, the reporting period for sustainable solutions is January 2023 – December 2023 (in the Report 2022; November 2021 – October 2022).</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"> 1) Reduced carbon and energy 2) Health and well-being 3) Less waste 4) Reduced/reused and renewed material use 5) Longer-lasting performance <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 reviewed by a sustainability specialist. Data covers January 1, 2023, until December 31, 2023, 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 the Report 2023		
Climate change – cradle-to-grave	Cradle-to-grave carbon footprint (Scope 1, 2 and 3)	<p>Our CO₂(e) footprint in million tons of CO₂(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"> Upstream: category 1 — purchased goods and services. Downstream: category 10 — processing of sold products, category 11 — use of sold products, category 12 — end-of-life treatment of sold products. <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 and 2 and Scope 3 upstream and downstream emissions. The reporting process for Scope 1 and 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 October 1 to September 30 for Scope 3 carbon footprint as the calculations are based on multiple data sources which requires more time to prepare, review and assure.

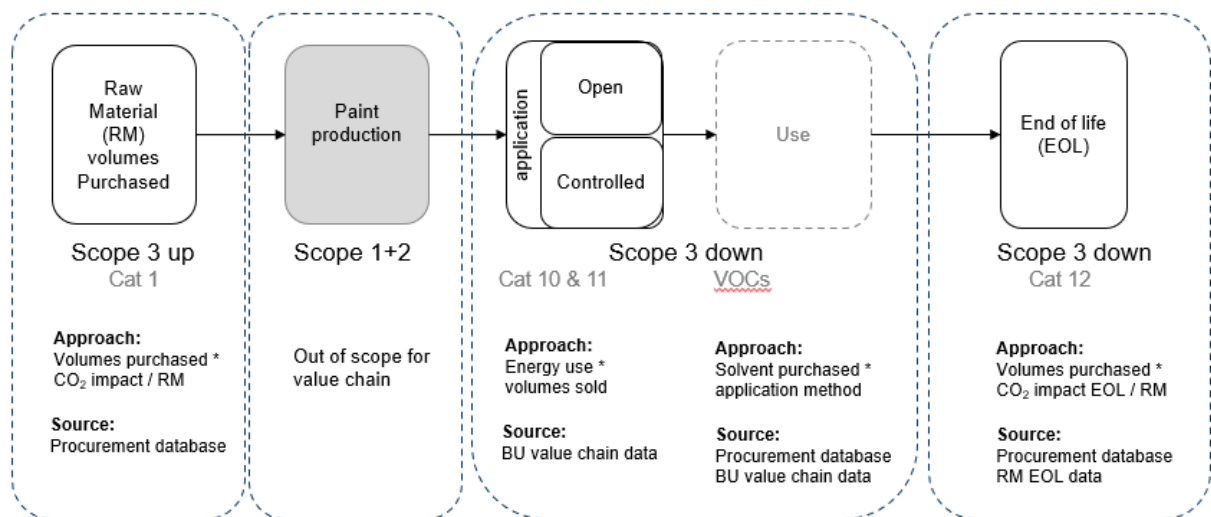
The results in the Report 2023 include the following GHG protocol scope 3 emission categories:

Upstream	Category 1: Purchased goods and services (incl. packaging)
Downstream	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 CO₂ quantities calculated for these categories (1, 10, 11, 12 and VOCs), are included in the Scope 3 reporting of the AkzoNobel Report 2023. The other categories are not included in the Report 2023, based on the following reasoning:

- These categories include a small amount of CO₂ 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 CO₂ 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 kgCO₂eq/kg factors for each of the raw materials used. Supplier data for the Product Carbon Footprint can be used to overrule the database (CEPE and Ecoinvent) CF calculation for specific raw materials, but only 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 data quality. The PCF numbers supplied by our suppliers will be reviewed annually ahead of the reporting period.

Packaging materials are currently not included in the AkzoNobel purchased goods and services database and are therefore calculated separately. The amount of CO₂ 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 and 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 and 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 and 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 CO₂ eq/kg factor for power use (kg/MJ) is based on the IEA world average. The CO₂ 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.

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

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 CO₂ (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 CO₂ eq/kg factor for VOC's is set by the European Commission (PEF method) at 4.23kg CO₂ 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 and 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.

2. Social

The sustainability section of the Report 2023 details, amongst others, the following themes and indicators. In addition, we are also providing additional disclosure towards CSRD, which is outside of the scope of this reporting principles document.

In 2023, we have removed Organizational Health Index Score from our indicators as we have replaced the OHI score with our new employee engagement Voices.

- **Employee indicators**

Reported in the Report 2023		
Diversity and inclusion	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.
Talent management	Total employee turnover rate	Number of leavers as a percentage of all employees and in headcount.
	Voluntary employee turnover rate	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.
	Training hours per employee	Average training hours per employee.
Employee engagement (Voices)	Overall employee engagement index	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

	<p>Employee net promoter score (eNPS)</p> <p>Participation rate</p>	<p>contribute to organizational success with an enhanced sense of well-being.</p> <p>eNPS stands for Employee Net Promoter Score. It is a universal way of measuring employee satisfaction and engagement. eNPS is measured with one question; “How likely is it that you would recommend your employer to a friend or acquaintance?” It is the only question in the survey for which the answer options range from 0 to 10 and not 1 to 5. (10 indicating “Extremely likely” and 0 indicating “Not at all likely”). The purpose of eNPS is to get a quick overview of the employees’ satisfaction.</p> <p>The eNPS is calculated: $eNPS = \% \text{ Promoters} - \% \text{ Detractors}$</p> <p>The participation rate is the percentage of employees who completed the Voices survey out of the total number of invited employees. A high participation rate indicates a high level of interest and involvement among employees, and also ensures that the survey results are representative and reliable.</p>
	<p>Employees covered by an independent trade union or collective bargaining agreements</p>	<p>Number of employees covered by an independent trade union or collective bargaining agreements as a percentage of all employees.</p>

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 gender, age, region, 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 and 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.

- **Health and safety indicators**

Reported in the Report 2023		
	Employees	<p>Employees are people 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, 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>
	Fatalities employees (number)	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.
	Fatalities contractors - temporary workers plus independent (number)	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.
People safety	Total reportable injury rate (TRR) employees/temporary workers	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.
	Total reportable injury rate (TRR) contractors	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.
	Lost time injury rate employees/temporary workers	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.
	Loss time injury rate contractors	The contractor lost time injury rate (LTIR) is the number of contractor injuries resulting in a lost time case per 200,000 hours worked.
	Life-changing injuries	<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"> • Coma

		<ul style="list-style-type: none"> • 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 • The insertion of plates, pins or screws <p>Please note this category also includes fatalities.</p>
Employee health	Occupational illness rate employees	<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>
	Total illness absence rate	<p>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.</p>
Process safety	Loss of primary containment Process safety event	<p>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.</p>
	Loss of primary containment level 1	<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>

	<p>Loss of primary containment level 2</p>	<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>																													
<p>HSE&S management</p>	<p>Regulatory actions Level 4</p>	<p>Formal legal notification with fines above €100,000 (Level 4).</p>																													
	<p>Management audits plus reassurance audits</p>	<p>Number of HSE&S audits, including reassurance audits, also presented as percentage of all manufacturing sites.</p> <p>The HSE&S Audit process combines a continuous improvement tool for sites with a periodic audit managed by the AkzoNobel HSE&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 HSE&S audits conducted the year after a regular corporate HSE&S audit has been conducted where 'high-risks' or 'non-compliance' issues have been detected, with the aim of providing assurance to senior management these findings are closed.</p>																													
	<p>Safety incidents (Level 3)</p>	<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" data-bbox="746 1518 1506 1787"> <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
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	<p>Environmental certification ISO 14001</p>	<p>Percentage of manufacturing locations (sites) certified with Environmental certification ISO 14001.</p>																													
	<p>Health and Safety Management</p>	<p>Percentage of manufacturing locations certified with Health and Safety Management certification - ISO 45001.</p>																													

	certification - ISO 45001	
Security	Security incident Level 3	<p>Security incidents are divided into three categories, depending 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"> 1. Crime against person/organization (CAPO): kidnapping, robbery, malicious wounding, murder, other fatality resulting from criminal activity, multiple victims (>5) 2. Property crime (PC): hijacking, sabotage, terrorism or any of the above with loss or damage to property >€10,000 3. Financial crime (FC): >€10,000
People and process safety	Distribution incidents	<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 observables 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>
	Regulatory actions – Level 3	Final Regulatory Actions with a penalty of € 10,000 or greater but less than €100,000.

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:

Product Stewardship and 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 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 Report 2023		
Community	AkzoNobel Cares	<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 and Pintuco Foundation in Colombia).</p> <ul style="list-style-type: none"> • Number of local community members empowered with new skills • Number of projects <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>The local community members empowered with new skills 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 paints 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 calculation 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 indicator: 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 paints 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 reviewed by the global paints marketing team. 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 Corporate 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 and Pintuco Foundation Colombia)

Local CSR programs are 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. Local CSR projects are reported on a quarterly basis using a standard template provided by global marketing.

3. Governance

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's Report 2023. As in previous years this information is reported in the main body of the report.

Integrity management indicators

Reported in the Report 2023	
Total reports registered	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 2023 all reporting categories below reflect numbers based on all cases registered, not just those registered through the SpeakUp! channels)
Registered reports Substantiated / unsubstantiated / referred	<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>
Total number of dismissals resulting from registered reports	Number of dismissals for Code of Conduct breaches alleged in registered cases which are resolved within reporting year, including dismissals for reports registered in prior year.

Reporting process

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

SpeakUp! 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.