

SUSTAINABILITY STATEMENTS



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

Our approach to sustainable business	30
PEOPLE	32
Employees	32
Health and safety	35
AkzoNobel Cares	37
Human rights	38
PLANET	41
Carbon emissions in own operations	41
Waste and water management	42
Responsible procurement	44
PAINT	47
Sustainable solutions	47
Carbon emissions in our value chain	48
Recycled content in packaging	49
Managing sustainability	50
Sustainability performance summary	52

For additional information, visit:
akzonobel.com/en/about-us/sustainability-

The indicators that fall within the scope of limited assurance of the external auditor are marked with the following symbol: »

See page 144 for the Assurance report of the external auditor, which includes details on scoping and outcomes.

2021 sustainability highlights

PAGE 40 SBTi approval for carbon reduction target

In September, our commitment to setting science-based sustainability targets was officially validated by the Science Based Targets initiative (SBTi). We're the first paints and coatings company to have targets approved. ►►

PAGE 39 Membership of Responsible Mica Initiative formalized

Towards the end of the year, we formalized our partnership with the Responsible Mica Initiative, having been one of the founders when it was launched in 2017. ►►

PAGE 34 Dawn of a new generation

We launched an exciting new initiative in 2021 with the introduction of our NextGen Sustainability Council. ►►

PAGE 48 Royal recognition for our sustainability leadership

A major new sustainability award was presented to AkzoNobel by His Royal Highness The Prince of Wales at the COP26 summit held in Glasgow, Scotland. ►►

PAGE 41 100% renewable electricity in Europe in 2022

Our ambition to transition to 100% renewable electricity by 2030 is progressing well, with our operations in Europe having fully switched over by January 2022. ►►

Our approach to sustainable business

Sustainability is part of our DNA. It's a daily priority for all our employees and is integrated into everything we do.

Our holistic, dynamic approach ensures that we continue to make progress as the sustainability leader in our industry. To help us maintain and build on that position, we're always innovating; always advancing and delivering fact-based results. Collaboration is also essential if we're to achieve our ambitions, so we engage and proactively team up with stakeholders to identify opportunities and create shared value.

Our approach to sustainable business is an integral part of our commitment to People. Planet. Paint. And it's about much more than doing business sustainably. People. Planet. Paint. touches everything we do. It's a promise that we'll keep innovating to address key global issues.

Here's how each element of People. Planet. Paint. is designed to contribute in its own way:



PEOPLE We care about people and communities, a passion that's reflected in our commitment to safety, integrity and sustainability.

PLANET We challenge ourselves and our partners every day to be better global citizens and protect the future of our planet.

PAINT We keep pushing boundaries to develop pioneering paint solutions that make a world of difference.

Our ambitions

PEOPLE

Top quartile
in organizational
health score by 2025

>30%
female executives
by 2025



- 35,000 community members trained 2020-2025
- 1,000 AkzoNobel Cares projects 2020-2025

Progress by end of 2021

- 72 in organizational health score (vs 75 top quartile)
- 22% female executives
- 13,862 community members trained
- 352 AkzoNobel Cares projects

PLANET

Moving towards
zero waste
by 2030



- 100% renewable electricity by 2030
- 30% energy reduction by 2030*
- 100% of water intensive sites reusing water

Progress by end of 2021

- 21% carbon reduction in our own operations*
- 59% circular waste
- 45% renewable electricity use
- 1% energy reduction*
- 30% of water intensive sites reusing water

50% less carbon
emissions in the full
value chain by 2030*

PAINT

>50% revenue
from sustainable
solutions by 2030



- 50% recycled content to be used in its plastic packaging by Deco Europe by 2025

Progress by end of 2021

- 39% of revenue from sustainable solutions

* Versus 2018
baseline.

Sustainability key drivers

The sustainability benefits we bring to our own operations and our customers are grouped into six drivers.



People and
communities



Health and
well-being



Reduced carbon
and energy



Less
waste



Reduce, reuse
and renew



Longer-lasting
performance

United Nations SDGs

Our approach to sustainability is designed to contribute to the global agenda represented by the UN Sustainable Development Goals. We continue to focus on those SDGs where we can have the biggest impact.



People. Planet. Paint. also enables us to make the most of our unique position. We're ideally placed to use our pioneering spirit and centuries of paints and coatings expertise to make a real difference. We can deliver the sustainable and innovative solutions that our customers, communities – and the planet – are increasingly relying on. We have the courage and the belief. That's why we've set ourselves science-based carbon reduction targets, in line with the 1.5°C pathway laid out by the Paris Agreement. So there's a deeper, wider meaning to People. Planet. Paint. It's at the center of what we stand for as a company.

We've maintained our sustainability leadership in the paints and coatings industry, based on the recognition we received from various external ESG rating agencies during the course of 2021 (see latest ratings below). Our position is further strengthened by our sustainability ambitions, which underline our commitment to being a truly sustainable company.

ESG rating agency	Key achievement
	We're considered as a "Low risk" company.
	We've received the highest possible rating for six consecutive years (AAA).
	We've maintained our score at well above the industry average, placing us in the top 3% for more than ten years.
	We've been awarded the highest possible rating, Platinum, placing us in the top 1% of more than 65,000 rated companies.
	In the latest review, our ESG performance was considered Advanced, positioning AkzoNobel in first place in the chemical industry.

More information about the ratings we've received from various external ESG rating agencies can be found on our website.

PEOPLE

We care about people and communities, a passion that's reflected in our commitment to safety, integrity and sustainability.



Looking after our people is an integral part of being sustainable. Focusing on organizational health and fostering an inclusive environment are key when it comes to growing our employees as fast as we grow our business.

Among our ambitions is for 30% of our company's executives to be female. We also want to be top quartile in our organizational health score (OHI).

Our organizational health

Change management is key to a healthy organization, which is why we launched an updated version of the High Performing Teams (HPT) program. This will support our Grow & Deliver strategy, underpinning its success and allowing us to be a high-performing organization.

Female executives

2021: 22%
Ambition – 2025: 30%

Organizational health score (OHI)

2021: 72
Ambition – 2025: Top quartile (75)

AkzoNobel Cares projects

2020-2021: 352
Ambition – 2020-2025: 1,000

Local community members trained

2020-2021: 13,862
Ambition – 2020-2025: 35,000

We've continued to build our Culture and Change network. A group of 369 volunteers around the world has been trained and equipped to support local change programs and implement global changes at a local level.

We'll continue to develop and engage them, as they've had a major impact on managing local changes and transformations. In 2021, we achieved an increase in our



A family of 16 in Poland moved into a new dream home after we helped make it a reality. Having been approached by builder Budimex, we supplied more than 300 liters of Dulux Professional and Dulux EasyCare paint, some of which was used to create artistic murals.

OHI score compared with 2020, ending the year with a score of 72 (2020: 69), just three points from top quartile.

A diverse and inclusive workplace

We're developing an increasingly engaged, diverse and capable workforce with a focus on leadership reflecting the diversity of the communities where we operate. Our three priorities are:

- Fostering an inclusive culture
- Building and expanding our internal diversity and inclusion networks
- Strengthening our leadership diversity and focus on gender balance

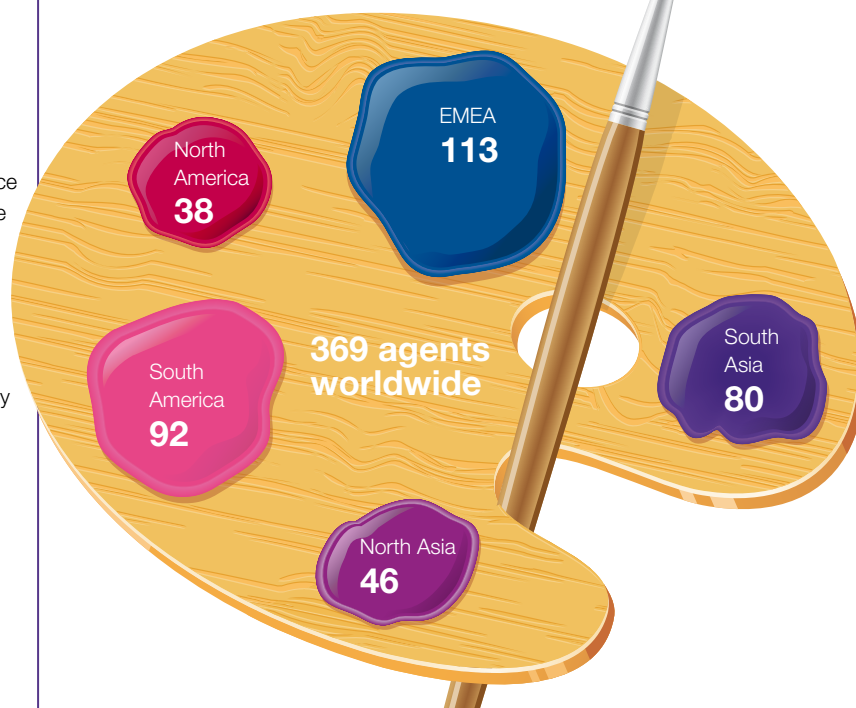
We've continued to make progress on our commitment to diversity and inclusion (D&I). We rolled out our inclusive and respectful workplace training and continued to promote "I Belong", a guide to help managers lead in an inclusive way. We've also introduced our inclusive language guidelines.

D&I has become a growing topic of interest across our organization. There's a growing number of True Colors chapters (focused on leading inclusion for our LGBTI+ colleagues) and our Women Inspired Network operates in many different countries. Our Equal Access Board has established strategic points of contact at senior executive level, who will help ensure equality in the workplace for all employees with disabilities.

In 2021, we set gender targets for all our businesses and functions to increase female representation as part of leadership accountability. This will contribute to our goal of having 30% female executives by 2025. In 2021, we had 22% female executives, with 33% in the Supervisory Board and 43% in the Executive Committee.

This year, we joined the UN Global Compact program Target Gender Equality to support our efforts in increasing female representation.

Culture and change network



Our CEO, Thierry Vanlancker, signed the program's Women Empowerment Principles to show our commitment and engagement. We also took part in the Workplace Pride benchmark to review our current LGBTI+ inclusion efforts and are pleased to be above average compared with other manufacturing companies.

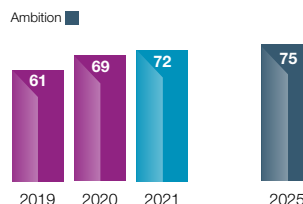
Managing and developing talent

In 2021, we continued to be recognized as a leading employer in many of our key countries, including Brazil, China, France, the Netherlands, Sweden, the UK and the US.

As part of our ongoing journey towards a sustainable and diverse leadership pipeline, we focused on planning how to develop our top talent. We launched Grow2Lead, a nine-month program to inspire and engage. It's a blended learning experience with a broad range of development activities – including virtual events, webcasts, individual and

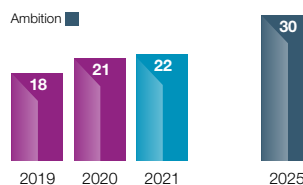
group learning assignments – which is delivered via a custom virtual learning platform. We also continue to deploy our top talent across our businesses.

>> Organizational health score (OHI)



AkzoNobel score on the organizational health index of McKinsey. Ambition is top quartile, which is determined by McKinsey every year across 1,700 companies worldwide.

>> Female executives in %



Percentage of women at executive level, a pay grade level at AkzoNobel, which excludes the Executive Committee.

Overall, employee turnover in 2021 was 14% (13% in 2020); voluntary turnover was 8% (5% in 2020). The recovery of the labor market had an impact, especially on voluntary turnover.

Last year saw a renewed focus on capability development to support our Grow & Deliver strategy, with particular regard to product management and end-to-end supply chain. We defined the skills our employees needed in these areas and then began to design learning solutions to address potential gaps.

We also continued to offer learning solutions for needs that emerged as a result of COVID-19, particularly around

resilience, digital, social and emotional skills. We transitioned how most of these learnings were delivered to a digital/virtual environment to combat travel limitations caused by the pandemic.

To further increase awareness of our approach to sustainable business, we've updated our sustainability e-learning. It focuses on our People. Planet. Paint. ambitions and how we're planning to achieve them. We also hosted several webinars and workshops to build capability and awareness around our increasing commitment to sustainability. More training modules and workshops on specific sustainability topics will be launched in 2022.



During the first few months of 2021, we announced Jitte Flapper as our Scientist of the Year for 2020. The annual award recognizes colleagues who have made a tremendous contribution to research and development over the course of their career. His vast knowledge is helping us to make better coatings that are more sustainable.

Dawn of a new generation



team to proactively identify opportunities to build on our achievements and highlight issues that could arise in the future.

Applications to join were received from across the company and 13 members were selected, with the Chair of the inaugural NGSC, Tessa Slagter (pictured), also taking a seat on our Sustainability Council.

We launched an exciting new initiative in 2021 with the introduction of our NextGen Sustainability Council (NGSC).

It's been established to bring a fresh perspective to our sustainability agenda by encouraging an appointed

"By giving future leaders the opportunity to contribute to building our sustainable future and listening to the challenges they put forward, the company is demonstrating the sort of pioneering spirit and industry leadership we can all be proud of," explains Wijnand

Bruinsma, AkzoNobel's Director of Sustainability.

Adds Tessa: "We aim to drive positive change, challenge the current thinking and increase the sustainability skills and knowledge of the NextGen Council members. It has already been a very rewarding process and we're looking forward to making an even bigger contribution."

Setting up the NGSC also demonstrates a tangible commitment to pioneering a sustainable future by considering diverse views and including as many perspectives as possible.

HEALTH AND SAFETY

As one of our core values, we put safety first in everything we do. We're committed to ensuring every day at AkzoNobel is as safe as it can be. Ultimately, our vision is to achieve zero injuries and harm through operational excellence.

We do this through initiatives in the areas of people safety and health, process safety, and security. We report, analyze and learn from all our health and safety incidents to continuously improve our safety performance. Our commitment is underpinned by our Life-Saving Rules and Golden Principle to stop work if conditions or behavior are unsafe.

People safety and health

In 2021, we focused our people safety program on forklift truck safety and safe driving in general. We also accelerated our life-critical procedures and Health, Safety, Environment and Security (HSE&S) roadmap program. We identified areas that need improvement in our own operations and put them on the roadmap with targeted plans and governance. In addition, we continued to invest in functional excellence and the development of our capability in the area of root cause analysis.

To ensure healthy working conditions for all our employees, we continue to actively manage occupational illness-related absenteeism. We've piloted a Wellness Checkpoint which supports the evaluation of psycho-social risk factors.

We've leveraged the company-wide digital compliance assurance process to underpin our industrial hygiene and occupational health approach.

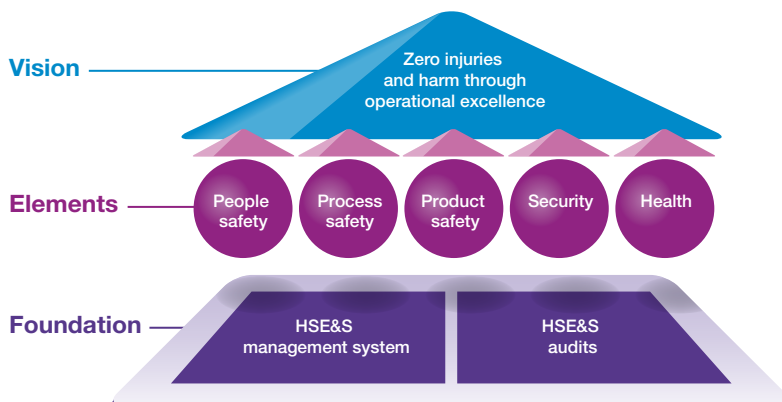
In 2021, the total reportable rate (TRR) for employees and temporary workers improved to 0.21 (2020: 0.23), meeting the target level set for 2021 (0.21). In total, 66% of our manufacturing sites have been reportable injury-free for over a year. The most frequent causes of reportable injuries are slips, trips and falls, struck by or caught in-between objects and manual handling. The most frequent injuries are strains/sprains, cuts/lacerations and fractures.

Our contractor performance improved in 2021, with a contractor reportable injury rate of 0.12 (2020: 0.17). The contractors lost time injury rate decreased to 0.08 (2020: 0.11).

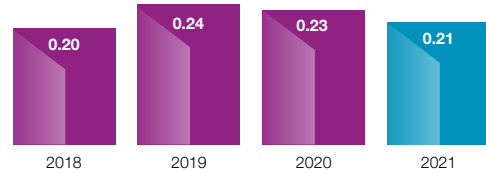
Unfortunately, there were two major incidents this year. A fatal injury involving an electronic pallet lift truck in Jakarta, Indonesia, and a pedestrian sustaining life-changing injuries after being hit by a forklift truck in Machelen, Belgium.

Process safety

In 2021, we continued our dedicated Process Safety Management (PSM) improvement project. This project is designed to strengthen our PSM program and processes to achieve leading standards in process safety. It focuses on high quality hazard studies

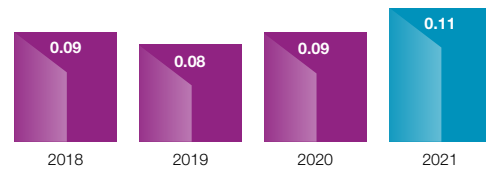


» Total reportable injury rate employees including temporary workers



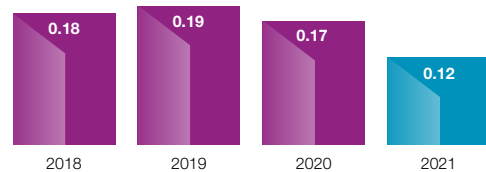
The total reportable injury rate (TRR) is the number of injuries resulting in a medical treatment case, restricted work case, lost time case or fatality, per 200,000 hours worked. In line with OSHA guidelines, temporary workers are reported with employees, since day-to-day management is by AkzoNobel.

» Lost time injury rate employees including temporary workers



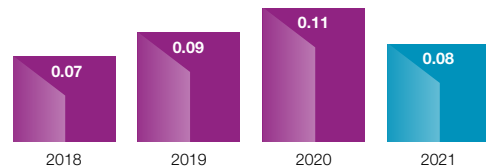
The lost time injury rate (LTIR) is the number of injuries resulting in a lost time injury per 200,000 hours worked. Temporary workers are reported together with employees, since day-to-day management is by AkzoNobel.

» Total reportable injury rate contractors



The total reportable injury rate contractors 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 contractors



The contractors lost time injury rate (LTIR) is the number of contractor injuries resulting in a lost time case, per 200,000 hours worked.

» Process safety events

	2020	2021
Loss of primary containment – Level 1	6	5
Loss of primary containment – Level 2	52	67
Process safety event – Level 3	1,250	1,621

A loss of primary containment is an unplanned release of material, product, raw material or energy to the environment. They are divided into three categories, dependent on severity, from small, on-site spill/near misses up to Level 1.

and aims to harmonize safety critical equipment identification, introduce standards and improve capability building with critical leaders and front-line workers. This is supported by harmonized leading metrics. The project will continue in 2022.

Several activities took place to strengthen our culture of commitment-based process safety. We launched a successful global campaign to demonstrate leadership commitment and explain how all employees can contribute to process safety. We also introduced Basis of Safety (BOS) standards for resin manufacturing, aluminum bonding and high-speed dispersers that addressed these higher risk processes and defined company expectations for these activities. Various engineering standards have been adopted: for grounding and bonding; flexible hose management; and maintenance of solvent storage tanks.

We'll start 2022 by implementing a training plan for Process Safety Fundamentals – focusing on capability building of front-line workers and proactively developing task-safe behaviors. We'll also continue designing and implementing BOS and engineering standards.

Our loss of primary containment (LoPC) Level 1 and 2 (number of spills) was higher than last year. The increased focus on process safety also resulted in a higher number of Level 3 (near miss) reports. These give essential input to our continuous improvement processes. The direct causes identified by our incident investigations mainly attributed the number of spills to operational discipline (35%) and asset integrity (42%). We saw an increasing trend during 2021 in spills related to handling of drums and IBCs (intermediate bulk containers) by lift trucks. In total, 69% of our manufacturing locations didn't have LoPCs, demonstrating our vision of zero spills is achievable. However, 20% of our locations have caused 76% of our spills

over the last three years. In our roadmap approach, we focus on those locations, ensuring the improvement plans act upon the underlying root cause.

Security

Our security program protects people, information, assets and critical business processes, both on and off-site. We updated the classification for security incidents in 2021, creating four severity levels (from 0 to 3 based on severity of the impact of an incident). Incidents are also separated into three categories – crime against a person, property crime and financial crime.

Globally, there were 160 security incidents reported in 2021, broadly in line with previous years. Four were Level 3 (most severe events), of which the most severe incident was the looting of our manufacturing site in Umbogintwini (South Africa), resulting from organized political unrest in the region.

Theft and vandalism at our stores represented the highest incident sub-type – similar to wider society.

HSE&S management foundation

Our company-wide HSE&S management system is globally certified to ISO 14001 and OHSAS 18001 standards, with ongoing transfer to ISO 45001. It includes policies, procedures, best practice and learnings. In 2021, we updated the self-assessment questionnaire used for continuous improvement and audits.

HSE&S audits are performed in three-year (for high hazard sites) to five-year (other sites) cycles. Due to COVID-19, we conducted the 2021 audit plan with minor amendments, including changing over to remote (55%) and/or hybrid audits (35%) when it was not possible for (all) auditors to visit a site.

Compliance assurance is a key HSE&S priority. It's particularly important for ensuring our license to operate and

business continuity, due to the fast-changing regulatory environment in which we operate. We take a proactive approach to implementing necessary changes, from both a risk mitigation and advocacy perspective. We continue to use a company-wide digital compliance assurance process, which includes a regulatory monitoring and alert system. It also features a self-assessment tool, which helps us to identify compliance with existing regulatory frameworks and stay up-to-date with the latest changes, as well as enabling proactive responses to new requirements.

Safety Day 2021

We invest in visible safety leadership and initiatives to foster employee engagement. During our 11th annual Safety Day, the theme was "Be human – Be safe", which focused on three key messages:

- Everyone makes mistakes – they happen because we're human
- We can design for error – we'll work to limit the consequences
- Learning is vital for improvement – ask "what failed?" rather than "who failed?"



Employees and contractor partners around the world took part in our 11th annual Safety Day. The theme in 2021 was "Be human – Be safe". Various activities were staged at our locations, with all the appropriate social distancing measures being carefully observed.

AKZONOBEL CARES



The transformative power of paint helped residents of Manavgat in Turkey to rebuild their lives after the area was devastated by forest fires. Our Marshall brand supported efforts to restore many of the homes and buildings that were badly damaged by donating 10,000 liters of paint. As well as being used on 398 houses, the paint helped to revive various other buildings, such as schools and art centers. Twenty volunteers from AkzoNobel were also involved in the "Let's Colour" project.

Responding to COVID-19

We assessed and responded to changing circumstances throughout the year. Our regional and local response structure proved invaluable, given the major regional differences regarding the impact of COVID-19. Central health and safety guidelines remained intact, supported by our Behavior Based Safety (BBS) program. Our guidelines were expanded by promoting the need for vaccination. We also supported our employees in receiving the vaccine and gaining access to adequate medical care in case of illness. In some areas, lockdowns caused our staff to remain at company premises overnight. In other areas, return-to-office/site was introduced in phases. We continue to monitor conditions and make adjustments where necessary.

We're also supporting local communities in urgent need around the world. In Brazil, we donated food baskets to underprivileged communities struggling with unemployment. In Michigan, US, we supported the cultivation of more than 5,000 pounds of produce to meet the high demand for food. We also provided digital tools for children in India to ensure they could access online classes and continue to study while schools were closed. Meanwhile, in the UK, we supported STARS (Sexual Trauma and Recovery Services), based in Dorset. STARS offers support – such as free counseling and workshops – to help educate young people in schools, the vulnerable and victims of sexual and domestic abuse, who have been increasingly reaching out for support since the start of the pandemic.

AkzoNobel Cares

Renovation

Inspire, uplift and renovate communities

Education

Educate, (online) mentor and train future generations

"Let's Colour" program

for paints and coatings

Other education

Global partners:



Caring for society and the communities in which we operate is a vital part of our global activity. Through the social projects we run under the AkzoNobel Cares banner, our AkzoNobel volunteers work closely with partners around the world to help transform communities and make a positive impact. We aim to initiate more than 1,000 projects through AkzoNobel Cares and train more than 35,000 people in the community between 2020 and 2025.

AkzoNobel Cares is focused on uplifting and renovating communities through our "Let's Colour" initiative, as well as educating, mentoring and training future generations, unlocking possibilities for people who need them most.

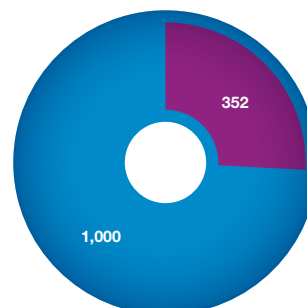
In 2021, we staged 182 projects and trained 11,193 people in the community in various disciplines, such as painting, entrepreneurship and soft skills.

"Let's Colour"

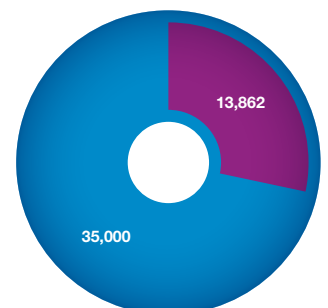
Through our "Let's Colour" program, we continued to transform lives by revitalizing communities and making living spaces more liveable and inspiring. In 2021, we donated 237,000 liters of paint to renovate community living spaces in 31 countries, with more than 1,100 employees volunteering their time. In one of the projects, we used the transformative power of paint to help residents of Manavgat in Turkey rebuild their lives after the area was devastated by forest fires. In the US,

AkzoNobel Cares

■ Number of projects 2020-2021
■ Ambition 2020-2025



■ Number of people trained 2020-2021
■ Ambition 2020-2025



HUMAN RIGHTS

we added color and revived the downtown area of Nashville, Tennessee, following the extensive damage caused by the Christmas Day explosion in 2020 (see page 19).

SOS Children's Villages

We also continued our partnership with SOS Children's Villages for a fifth year. As a member of the YouthCan! platform, we helped to create more employment opportunities for 2,236 young people at risk by providing training in painting and offering soft skills programs, mentor and traineeships. The living spaces for SOS beneficiaries were also renewed and improved. In addition, we welcomed four more countries to our global partnership, bringing the total number of countries involved to 23.

Education Fund

Through our Education Fund, we continued to support Plan International's gender-transformative STEM (Science, Technology, Engineering and Mathematics) education in rural China. AkzoNobel colleagues participated in online sessions with the students, enabling them to benefit from insights and experiences they wouldn't gain at school. The girls in particular were able to meet female role models, who gave them extra motivation to pursue a career of their own choosing.

In India, we continued to run the AkzoNobel Paint Academy in four cities, offering skills development to young people in need. Once the training is completed, participants will have opportunities to gain employment with paint contractors and automotive body shops. During 2021, we also continued to promote diversity and inclusion focused skill training to disadvantaged groups and sections of society in order to help bridge inequality. For example, we gave training to women and found them jobs as painters. Another project involved training prisoners and inmates of juvenile homes, with a number of them having gone on to start new careers as painters.

The effects of COVID-19 around the world brought a new reality and meant there were other potential human rights issues we needed to address. As a result, and in line with the United Nations Guiding Principles to continuously assess a company's salient human rights issues, we finalized our second in-depth salient human rights issues assessment. While we respect all human rights equally, we prioritized certain issues based on their severity and likelihood. These were established following internal data analysis, external trends and engagement with our stakeholders. For example, we held two (digital) workshops in China and India with external stakeholders, including NGO representatives and human rights experts.

Our salient human rights issues remain much the same, although we better understand in which part(s) of the value chain the highest risks could occur, and which ones will shape our main focus.

For example, "Negative impact on local communities" is now a stand-alone issue instead of a sub-issue under Health and Safety (the negative impacts can be broader than just health and safety). Our next steps include assessing our human rights initiatives and addressing them together with AkzoNobel's other functions and businesses. We've also created a new, more diverse Human Rights Committee, with a more robust governance (see Integrity and compliance management), and updated our human rights position statement.

Health and safety

Our top priority is the safety of our people, those we work with and those who our products are offered to. This means we carry out due diligence on thousands of raw materials – some of which are high risk – looking at how they can impact our people, our sites and the communities around them. In 2021, building on the existing Priority Substances Program and extending the

Salient human rights issues

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



With the help of our Taubmans brand, a sprawling wall in Port Moresby, Papua New Guinea, was completely transformed. The 100-meter-long concrete surface was brought to life by 13 AkzoNobel volunteers and 25 young people we trained in the local community. They used 212 liters of paint during the "Let's Colour" project, creating a colorful mural with modern, traditional and cultural motifs.

focus to other sustainability-related raw material topics, we initiated the Raw Material Sustainability Group (RMSG).

Working conditions

We take our commitment to providing good working conditions seriously, both for our employees and those visiting our sites. For example, we're introducing our own Global Working Hours standard, ensuring that everywhere in the world, we're working a safe number of hours, even if local laws allow people to work longer. We're also reinforcing our efforts to integrate water, sanitation and hygiene assessments and audits into our Health, Safety and Security suite to ensure good sanitary conditions, the importance of which has been re-emphasized by COVID-19.

Discrimination and harassment

Everyone should be comfortable in their working environment and feel they're treated with dignity and respect. In 2021, we signed up to the UN Women's Empowerment Principles. Our plans for the immediate future include rolling out a global "trusted person" network, which involves having a trusted person at each location with over 100 employees. We're also aiming for at least 90% of online employees to complete inclusive behavior training and 70% of sites to have run our inclusive behavior workshop.

Impact on local communities

We aim to be a good neighbor and contribute to the well-being of communities. We work closely with local neighborhoods to manage the social impact of our business activities, address any concerns about our operations and enhance

the benefits we're able to bring. We're currently conducting due diligence into our sites to identify where we have risks in order to address any possible negative impact.

Modern slavery

We have zero tolerance for modern slavery, such as child or forced labor, and conduct relevant due diligence into our high risk supply chains. In 2021, we conducted in-depth research into our raw materials portfolio and added barytes, calcium carbonate, copper, fluorspar and talcum to our human rights due diligence in the supply chain. These were added to cobalt, mica minerals and tin, which were already in scope. We've surveyed all suppliers that directly, or indirectly, supply us these materials. By the end of the year, we had an 85% response rate. For cobalt and tin, we surveyed all 132 identified suppliers, using templates from the Responsible

Minerals Initiative. Of those suppliers who confirmed using high risk materials necessary for the functionality of the product, 90% disclosed their smelters. In total, 87% of these smelters were either listed as active or conformant smelters in the Responsible Minerals Assurance Process. Suppliers with a "conflict-free statement", but who didn't disclose the smelters in their supply chain, haven't been included, since our due diligence is based on the Organization for Economic Cooperation and Development Guidance for Responsible Mineral Supply Chains. For the other materials, a third party sent out surveys to 180 suppliers to increase transparency of these supply chains. The results gave us further insight into our supply chain complexity and risks. We can now set up new actions, such as planning mine audits where insufficient controls seem to be in place.

Note: Not all of these goods are purchased directly, but are contained in the raw materials we buy.

Membership of Responsible Mica Initiative formalized

Towards the end of the year, we formalized our partnership with the Responsible Mica Initiative (RMI), having been one of the founders when it was launched in 2017. The RMI's mission is to establish a fair, responsible and sustainable mica supply chain in India that's free of child labor by 2030.

Used in a wide range of industries, mica minerals are mined extensively in India, where a variety of factors contribute to poor working conditions, including the use of child labor. Our leverage to change the situation is somewhat limited, due to our position in the supply chain – several steps away from the mica mines and processing



units – and the relatively small amount of indirect mica sourcing.

Rather than deciding to stop sourcing products that contain mica from India – thereby eliminating the risk of indirectly sourcing products containing mica mined and processed under poor working conditions – we opted to increase our leverage through our RMI membership and do our utmost to bring about change.

Following the RMI's pilot year, we continued to focus on

the issue and a commitment was made to conduct serious due diligence and look for creative ways to contribute to the initiative – which has now resulted in full membership.

"Formalizing our membership demonstrates that we take our responsibility to respect human rights across our value chain very seriously and we're determined to be part of the solution," says Anja Verbeke, AkzoNobel's Global Director of Integrity and Compliance.

AkzoNobel closely monitors how mica is sourced and works hard to ensure that the supply chain which uses the mineral is made transparent, traceable and sustainable.

SBTi approval for carbon reduction target



One of the year's most significant developments in our ongoing drive to help tackle climate change was gaining official validation for our science-based sustainability targets from the Science Based Targets initiative (SBTi).

It confirmed our status as the first paints and coatings company to receive this approval and is a clear signal of our intent.

The commitment we've made covers the full value chain and is aligned with the Paris Agreement – which aims to limit global warming and ensure that global temperature rise doesn't exceed 1.5°C above pre-industrial levels. This includes our own operations (Scope 1 and 2), as well as Scope 3 upstream and downstream. Scope 3 covers purchased goods and services, application and use of our products, and end-of-life.

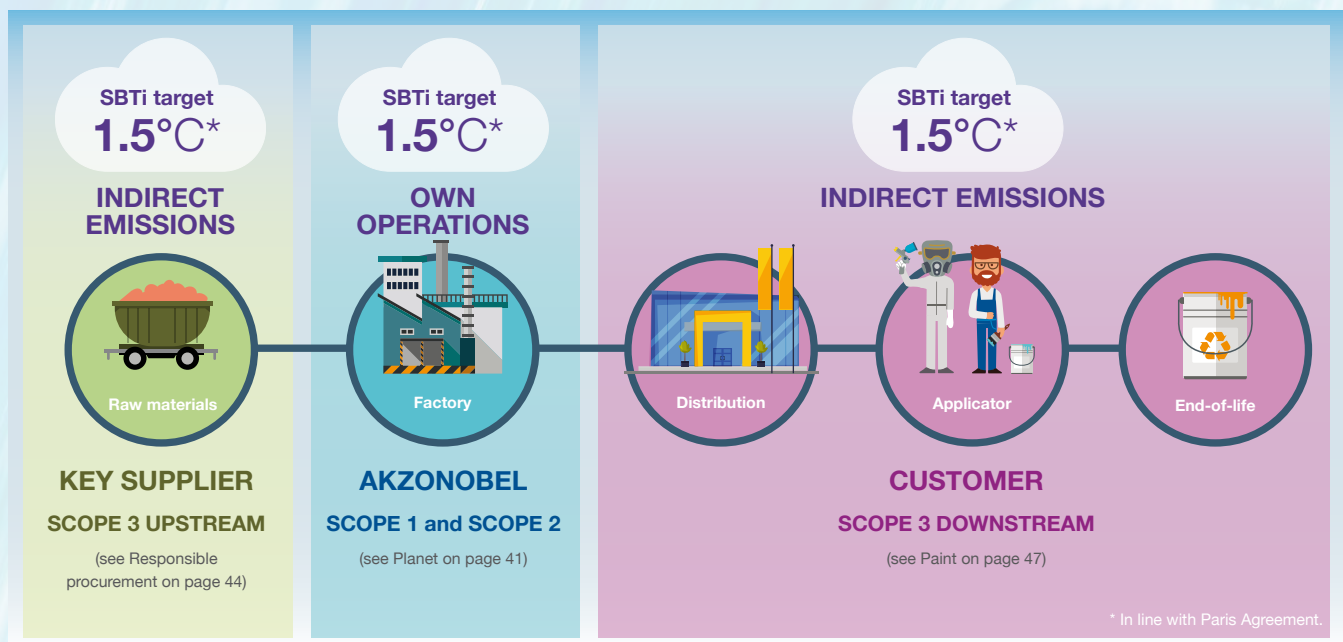
We set the carbon reduction target for our own operations in early 2020 – we've targeted a 50% reduction by 2030 – and remain well on track, having reduced our footprint by 21% in 2021 (baseline 2018).

"We're proud to be the first company in our industry to receive SBTi approval for our carbon reduction target," says AkzoNobel CEO, Thierry Vanlancker. "It's a clear signal that we're committed to taking stronger action to tackle climate change and will be an enormous innovation driver for what we do in our supply chain and with our customers."

"Successfully combating the impact of climate change is everyone's responsibility. So we have to work with all our value chain partners to transition to lower carbon alternatives."

We're already looking for innovative ways to tackle the issue and have a clear plan to reach our Scope 1 and 2 commitment by transitioning to 100% renewable electricity and reducing our energy by 30% compared with 2018.

For Scope 3, we're taking action by increasing our sustainable solutions, while our pioneering Paint the Future collaborative ecosystem approach continues to gather momentum. It's focused on engaging with suppliers and customers around the world to collectively find solutions to the challenge of cutting carbon emissions by 50%.



PLANET

We challenge ourselves and our partners every day to be better global citizens and protect the future of our planet.



CARBON EMISSIONS IN OWN OPERATIONS

We're committed to halving our carbon emissions by 2030, so we're constantly striving to improve our energy efficiency and conversion to renewable electricity. In 2021, we reduced carbon emissions in our operations by 3% (relative) versus 2020, mainly through conversion to renewable electricity and footprint optimization. This means we've achieved a reduction of 21% compared with the 2018 baseline – bringing us closer to our 2025 interim ambition of 25%.

Renewable electricity

By 2030, we aim to have shifted to 100% renewable electricity at all our locations. We've been installing solar panels at multiple sites and purchasing renewable electricity with certificates of origin. Our current total share of renewable electricity use is 45% globally, approaching our 2025 interim target of 50%. In total, 44 of our locations now use 100% renewable electricity, with 23 sites using solar panels as a supplementary source of energy. We plan to increase this number in the near future.

Energy reduction

We're aiming to cut our energy use by 30% by 2030 (baseline 2018). Initiatives such as using LED lighting systems,

replacing chillers, optimizing compressed air systems and shutdown management have contributed greatly to this already.

So far, we've reduced energy per ton of production by 1% (relative) versus our 2018 levels. In 2021, our overall relative energy use remained at 1.83 TJ per ton of production, compared with 2020. However, due to the centralization of electricity procurement, part of the stores organization was elevated above the materiality threshold and was therefore included in our energy reporting as of 2021. This resulted in an increase of 3.5%, leading to the reported 1.89 TJ per ton of production. Structural energy efficiency improvements were offset by adverse effects (including product mix and inefficiencies due to raw material shortages), resulting in a 0.5% net increase. We also installed thermal oxidizers to reduce VOC emissions, as well as solvent recovery units to reduce our waste. Although these improvement projects led to an increase in energy use, they positively impacted our VOC emissions reduction and waste circularity (see Waste management).

Driving energy efficiency and using more renewable electricity across all our sites globally will have a significant impact on reducing our carbon emissions from our own operations – and will ultimately help to mitigate climate change.

Volatile organic compounds

The production of paints and coatings means we have emissions of volatile organic compounds (VOCs), which is included in our cradle-to-grave carbon footprint. We achieved a 6% (relative) improvement versus 2020 in VOC emissions per ton of product in our own operations, and a total of 41% (relative) versus the 2018 baseline.

Carbon reduction (own operations)*

2021: 21% reduction
Ambition 2030: 50%

Renewable electricity use

2021: 45%
Ambition 2030: 100%

Energy reduction*

2021: 1% reduction
Ambition 2030: 30%

Circular waste

2021: 59%
Ambition 2030: 100%

Water reuse at water intensive sites

2021: 30% of sites
Ambition 2030: 100%

* Compared with 2018 baseline.

100% renewable electricity in Europe in 2022

Our ambition to transition to 100% renewable electricity by 2030 is progressing well, with our operations in Europe having fully switched over by January 2022.

Converting to renewable electricity is key to our overall ambition of halving carbon emissions in our own operations by 2030.

We first announced our ambition in 2020, with several

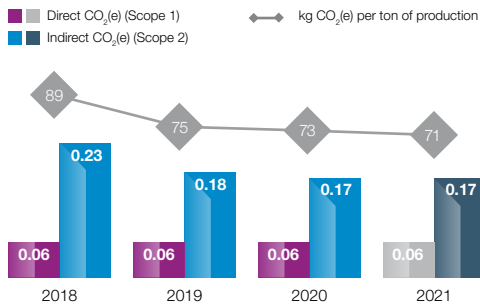
European countries among the first to achieve the 100% milestone, including the Netherlands, the UK, Belgium, Estonia, Ireland, Spain, Germany and Sweden. We've since added more countries to the list, notably France, Poland, Russia and Italy.

Reaching 100% renewable electricity in Europe brings our total share to 45%, close to meeting our 2025 interim global target of 50%.



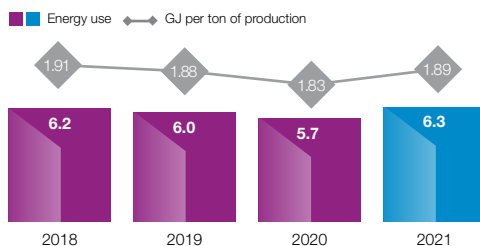
WASTE AND WATER
MANAGEMENT

>> Greenhouse gas emissions in million tons



Total greenhouse gas emissions made up of direct emissions from processes and combustion at our facilities and indirect emissions from purchased energy.

>> Energy use in 1000 TJ



2021 numbers include a baseline shift of 199 TJ, or 3.5%, due to central procurement of electricity, elevating part of the stores organization above the materiality level.

We're on a journey to becoming a zero waste company by 2030, which involves focusing on both waste and water. We continue to promote a circular economy as part of our focus on reducing waste in our manufacturing processes, and we're committed to reusing and recycling obsolete materials.

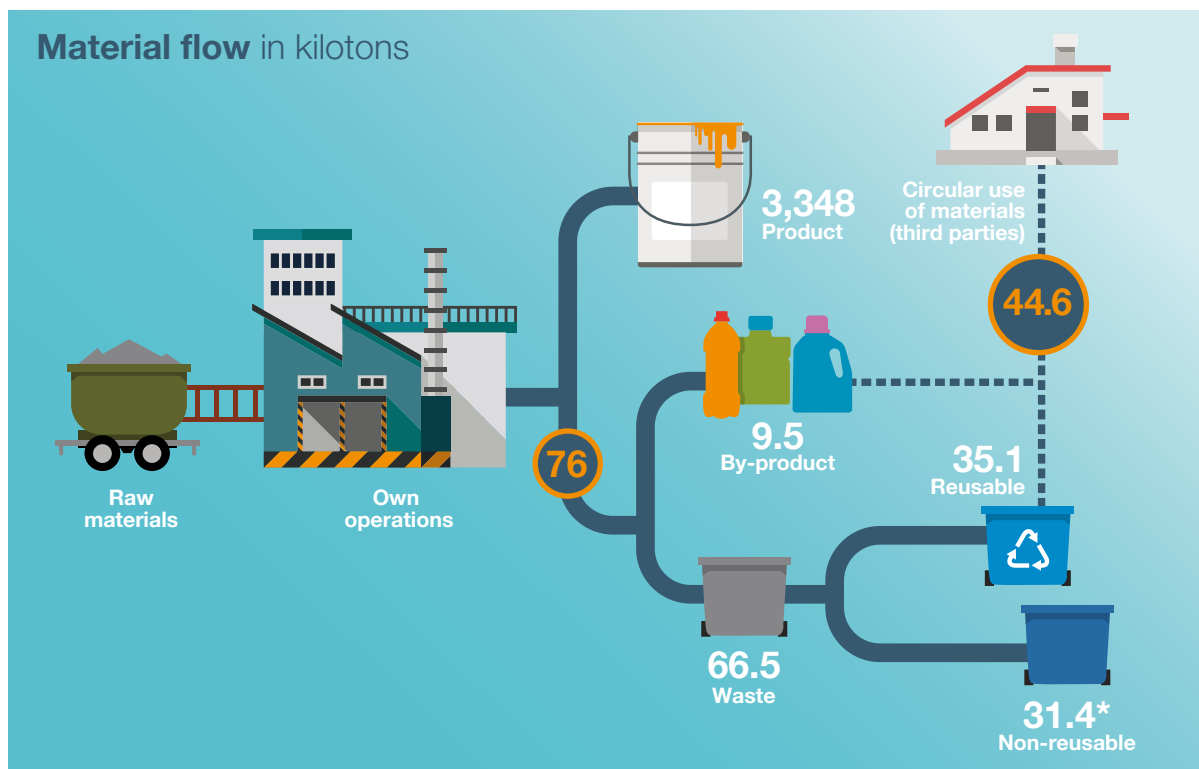
For waste, this means we're well on our way to zero waste to landfill (defined as <1% of total waste). In 2021, our waste to landfill reduced by 77% (absolute) versus 2020 (1,500 tons) to 2% of total waste in 2021. In total, there's been an 87% (absolute) reduction in waste to landfill versus the 2018 baseline.

In 2021, we achieved circular use for around 59% of our obsolete materials. We've identified new outlets for materials that would otherwise be disposed of as waste. Overall, this has resulted in waste avoidance of 9,460 tons, otherwise our total waste would be 14% (absolute) higher.

Our relative waste (kg/ton of material produced) didn't improve (0%), and as a result, we didn't meet our 2021 internal goal of 5% overall. The reasons for this include new acquisitions – which may sometimes need to align with corporate standards – raw materials shortages (which can lead to manufacturing inefficiencies), and operational and supply chain challenges. We're driving various global programs, such as wash water recycling and solvent recovery units, to further reduce our waste.

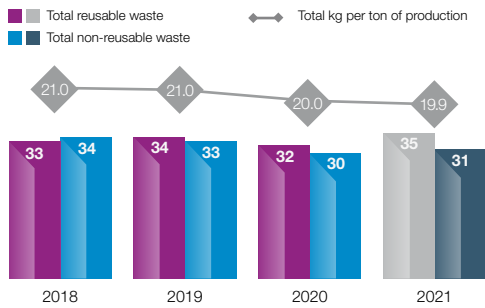
Our ambition is to reuse water at all our most water intensive sites. We mainly use water for cooling (77%, chemically unchanged) at a handful of our production locations in low water risk areas. Water is also used as a raw material in production and for cleaning. A site is considered water intensive if it uses more than 15,000m³ per year, excluding cooling water. Currently, we have 47 sites that are considered water intensive per the definition,

Material flow in kilotons



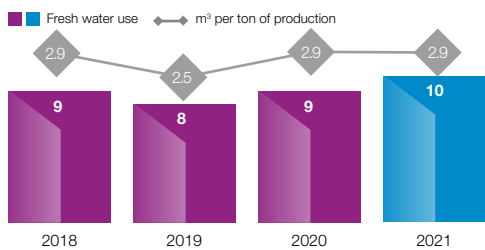
* Landfill represents 1.5 kilotons of the 31.4 kilotons of non-reusable waste.

>> Total waste in kilotons



Waste means any substance or object arising from our routine operations which we discard or intend to discard, or we are required to discard.

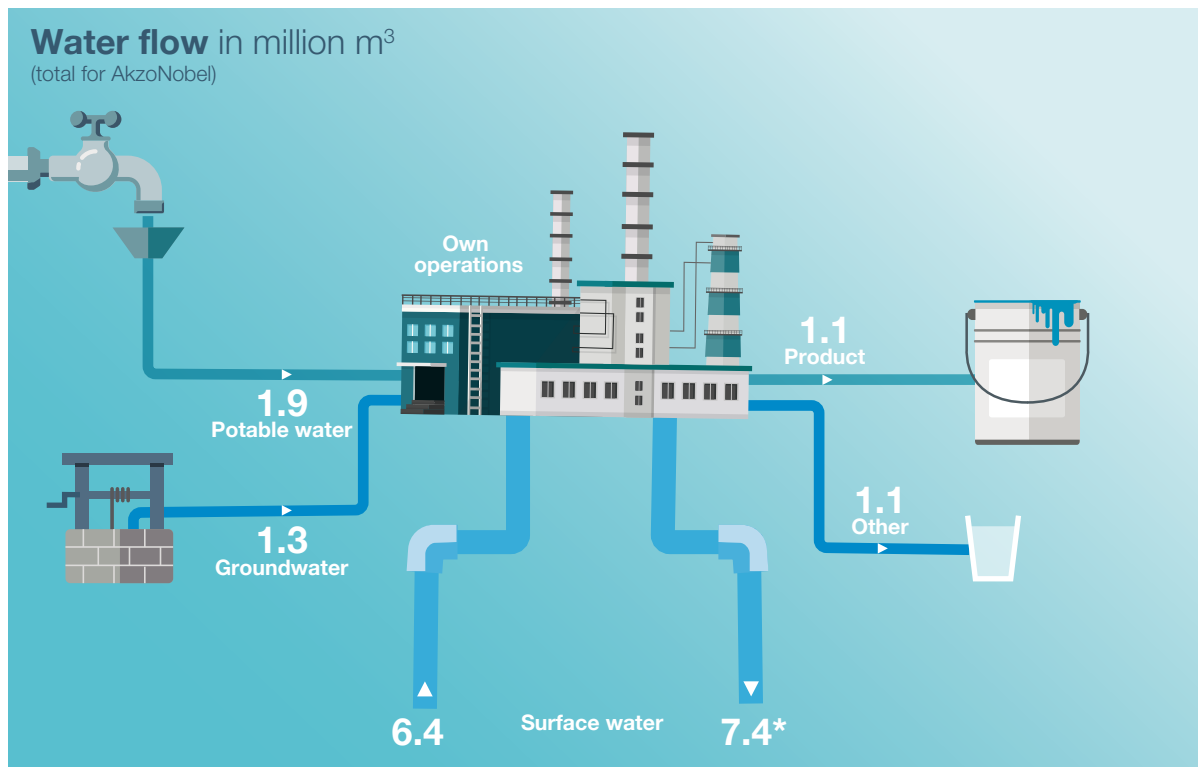
>> Fresh water use in million m³



Fresh water use is the sum of the intake of groundwater, surface water and potable water.



As part of our global "Let's Colour" program, we teamed up with a community of mural artists in Bandung, Indonesia, to paint the walls of the Saparua Sports Center. The venue is a cultural heritage hub for sports, creativity, arts and music.



* Primarily cooling water

representing 75% of our total freshwater consumption. If relative freshwater consumption is less than 250 liters per ton of product, we consider water reuse is in place (best-in-class water intensity level within AkzoNobel, only reached through water management and reuse). In 2021, this was achieved by 14 out of those 47 sites.

We're improving by focusing on recycling and reusing process water by treating our wastewater on-site, or via third parties. We also adapt formulations, enabling us to reuse water and reduce our freshwater consumption, and we're moving towards waterless cleaning to help reduce our freshwater consumption.

We continue to work closely with our suppliers to create value and continuously improve both our sustainability and their own. Collaborating and innovating with our suppliers is key to achieving our ambition to reduce carbon emissions across the whole value chain (see Carbon emissions in our value chain).

In 2021, we continued to assess and improve our suppliers' sustainability practices using programs and partners provided by Together for Sustainability (TfS). Since 2019, we've lowered our spend threshold from €1 million to €250,000 for our multi-year supplier sustainability risk program.

We have kept suppliers in the sustainability assessment program, even if their spend temporarily dropped below our spend threshold, due to the impact of COVID-19. We also added logistics providers and suppliers in low risk regions, but with significant spend



Two major projects to install around 8,000 solar panels were completed at sites in China – helping to accelerate our ambition of cutting carbon emissions in half by 2030. The panels were installed at two of our Decorative Paints plants – more than 5,000 in Shanghai and almost 3,000 in Guangzhou – representing further progress for our greener manufacturing plans.

Climate change adaptation and water risk

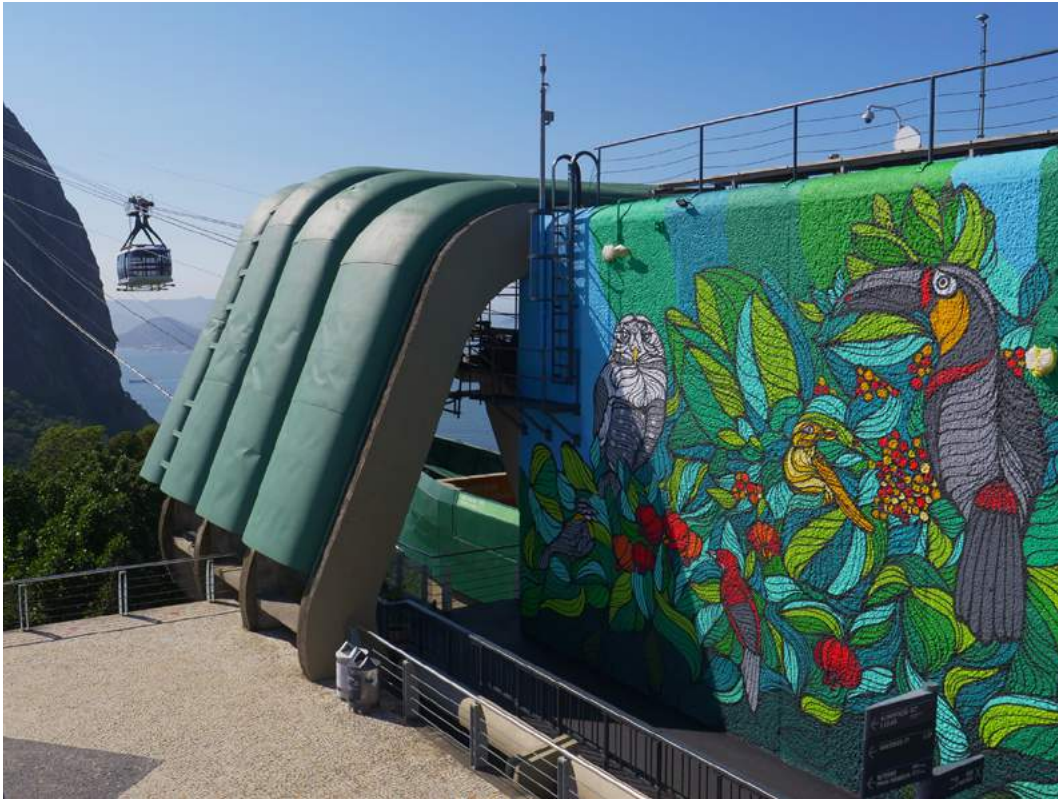
As recommended by the Task Force on Climate-related Financial Disclosures (TCFD), we continue to monitor our risks and opportunities related to climate change. As a company, we're exposed to physical risks – such as those associated with water scarcity, flooding and weather events. We also consider transitional risks that can lead to changes in technology, market dynamics and regulations.

For the last six years, we've implemented an internal carbon price for investment decisions, anticipating the impact of any future carbon pricing. We have sustainability assessments in place for investment projects, including water risk assessment for new locations. Annually, we also quantify the potential transitional risk impact of any global carbon taxation by multiplying our carbon footprint with the internal carbon price. The financial impact is well below 1% of revenues.

We continue to assess risks related to water. We use the Aqueduct water risk atlas developed by the World Resources Institute to assess the level of risk related to water at our production locations. Around 10% of our sites are in areas rated “extremely high” for overall water risk (with standard weighting factors). Aqueduct is also used to assess current climate related risks (coastal flooding, river flooding and drought). Around 14% of our locations are in areas rated “extremely high”. These account for 3% of our fresh water use.

Future risks for 2030 were also evaluated using Aqueduct (water stress, business as usual). Around 25% of our locations are in areas rated “extremely high”, accounting for 7% of our fresh water use. All locations confirmed as “extremely high” in any of these assessments will develop a risk mitigation plan.

We continued to assess our suppliers in 2021 and challenged them on their water risk, particularly in regions affected by river or coastal flooding. We're working with them to look for solutions to these challenges.

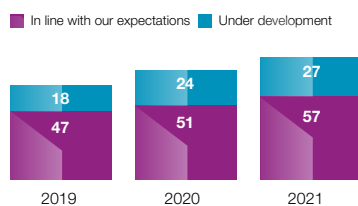


This is the dramatic Pão de Açúcar cable car in Rio de Janeiro, Brazil, which takes visitors to the top of Sugarloaf Mountain. As part of a "Let's Colour" project to portray the biodiversity of the surrounding landscape, our Coral brand was used to create colorful paintings of plants and animals on the three cable car stations. Artist Bruno Big used more than 540 liters of paint in 40 different colors, with the art also serving as a means of raising environmental awareness.

and business impact. As a result, we now have 1,028 suppliers identified for the program (2020: 885), covering 81% of our procurement spend. One focus area that came out of the audits was suppliers' occupational health and safety, on which we made good progress to improve their performance.

Building on our achievements, we intend to continue increasing the number of suppliers identified for our sustainability

» Suppliers in sustainability program in %



Baseline of 1,028 suppliers (2020: 885). Increase of baseline due to addition of high spend suppliers and logistics providers.

program. Our ambition is to have 1,500 suppliers participating in the program by 2025. We'll also continue to increase buyers' and suppliers' capabilities through the new TFS Capability Building program.

We continued to use our existing Supplier Sustainability Balanced Scorecard (SSBS) to collect eco-performance KPIs (i.e. waste, energy, greenhouse gas emissions) from our suppliers to see if they're moving in the right direction when it comes to meeting their own sustainability goals. We intend to increase the number of suppliers in our SSBS to 100 over the next few years and will work with them to achieve our SBTi targets (see page 40).

In 2021, we informed the top 100 suppliers who contribute to our Scope 3 upstream emissions about our ambition to reduce carbon emissions and invited them to collaborate on our

common goal. We followed this up with a survey to evaluate their maturity. We will continue this work during 2022.

Business Partner Code of Conduct

We expect our business partners to follow our core values of safety, integrity and sustainability, as specified in our Business Partner Code of Conduct.

Suppliers sign the code to confirm their compliance with environmental, social, human rights and governance requirements. Signatories cover 99% of the product related (PR) spend and 89% of the non-product related (NPR) spend.

SUSTAINABLE SOLUTIONS

PAINT

We keep pushing boundaries to develop pioneering paint solutions that make a world of difference.



In 2020, we set an ambition to increase revenue from sustainable solutions to more than 50% by 2030. We decided to focus not only on our eco-premium solutions that offer significantly better sustainability benefits compared with mainstream solutions, but to focus on all solutions that bring sustainability benefits to our customers. We call this overall category "Sustainable solutions". We changed focus due to the global growth in market demand for more sustainable solutions.

By focusing on the sustainability benefits we offer, we continue to influence the growing acceptance of more sustainable solutions in our markets. We work closely with our suppliers and customers to deliver these products and services, while ensuring economic value at every stage.

We identify the sustainability value we bring to our customers by using the Sustainable Product Portfolio Assessment (SPPA) framework. We co-developed the SPPA with other chemical companies and the World Business Council for Sustainable Development (WBCSD). It's now the leading sustainable portfolio framework tool in the chemical industry. The SPPA gives a holistic view of the sustainability characteristics of our product portfolio.

Together with our customer-focused product stewardship process, it enables value-selling strategies tailored to specific customer needs. So we can take a harmonized approach in our portfolio management, creating a unique baseline for future portfolio ambitions.

We continue to influence the growing acceptance of more sustainable solutions.

Our products fall into one of three categories: Sustainable solutions, Performers, Transitioners (see visual at bottom of page).

A sustainable solution is a product that meets at least one of the following criteria.



Health and well-being



Reduced carbon and energy



Less waste



Reduce, reuse and renew



Longer-lasting performance

Carbon reduction

Ambition 2030: 50%* carbon reduction in the full value chain

Sustainable solutions

Ambition 2030: More than 50% of revenue from sustainable solutions
2021: 39%

Recycled plastic packaging

Ambition 2025: 50% recycled content to be used in plastic packaging by Deco Europe

* Baseline 2018.



Sustainable solutions – Products that provide sustainability advantages to our customers



Performers – Products that have no immediate negative or positive sustainability impact



Transitioners – Products that have known sustainability risks

CARBON EMISSIONS IN OUR VALUE CHAIN

A sustainable solution does not adversely affect any of these sustainability criteria throughout the value chain.

In 2021, 39% of our revenue came from sustainable solutions. We launched new products with clear sustainability benefits and further reduced the use of chemical substances of concern. Several examples of sustainable solutions can be found in the Strategy and operations section. 74% of our total portfolio has been assessed according to the SPPA methodology, the remainder is extrapolated, based on the sustainable solutions percentage of the relevant business unit. During the year, our product management teams continued to work on the SPPA categorization, while focusing on new product developments.

Product stewardship is our approach to ensuring product safety and its sustainability aspects are considered throughout the value chain – from raw material extraction, R&D, manufacturing, transport, marketing and application, through to end-of-life. Our Product Stewardship Continuous Improvement Tool (PSCIT) helps monitor and drive continuous improvement.

Our highly acclaimed Priority Substance Program continues to help us identify and control the use of hazardous substances. It's embedded in our processes and ensures we're ahead of any changes to regulations. The governance of the program is assured by the Raw Material Sustainability Group (RMSG).

A training program continues to be developed and delivered to all relevant functions throughout AkzoNobel to ensure everyone is aware of priority substances and how they impact our own operations.



A new initiative from our Dulux Decorator Centre network in the UK is helping to make a real difference to disadvantaged young people while bringing new talent into the coatings industry. A range of jobs has been made exclusively available for those aged 18 to 24 who are facing long-term unemployment. Launched in partnership with The Prince's Trust Kickstart program, the initiative is also boosting the decorating trade, which has suffered a skills shortage in recent years.

Climate change mitigation is an integral part of our approach to sustainable business and plays an important role in our company strategy. It brings risks, but also creates opportunities. 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.

Our Scope 3 carbon footprint is currently at 14.5 million tons.

It includes:

- Upstream: Category 1 – purchased goods and services (including packaging)
- Downstream: Category 10 – processing of sold products; Category 11 – use of sold products; Category 12 – end-of-life treatment of sold products and VOC emissions in processing/use

Royal recognition for our sustainability leadership

A major new sustainability award was presented to AkzoNobel by His Royal Highness The Prince of Wales at the COP26 summit held in Glasgow, Scotland.

We were one of the first recipients of the Terra Carta Seal, which recognizes global companies that are driving innovation and demonstrating their commitment to, and momentum towards, the creation of genuinely sustainable markets.

The award is part of the Terra Carta, a recovery plan for nature, people and planet which was introduced in early

2021 through HRH The Prince of Wales' Sustainable Markets Initiative. AkzoNobel was the only paints and coatings company to receive the honor.

"Having our efforts recognized by the award of the Terra Carta Seal is a source of great pride for everyone in our company," said CEO Thierry Vanlancker, who was in Glasgow to receive the honor. "It's a clear endorsement of all the work we're doing across AkzoNobel and everything we've achieved so far.

"It also confirms the vital role that paints and coatings can play when you combine the



precious and irreplaceable power of nature with the transformative power of paint – which lies at the heart of what we do for people and the environment."

While we continue to make investments and launch new products, it will be several years before we really start to see the impact. So we expect to deliver the biggest benefits and improvements in the second half of the decade.

We're encouraging all our value chain partners to transition to more sustainable products and commit to our SBTi target.

Our ambitions are aligned with the Paris Agreement, which aims to limit climate change and ensure the global temperature doesn't rise more than 1.5°C above pre-industrial levels. Approved by the Science Based Targets initiative (SBTi), this will help to drive our innovation and collaboration with our value chain partners, including customers and suppliers.

The innovation and development of our sustainable solutions plays a key role. We're able to offer our customers – and their customers in turn – sustainable solutions that enable them to reduce their own emissions and use products with a lower carbon footprint. Developing these sustainable solutions and services involves the vast majority of our 2,699 people in RD&I teams and of our €230 million innovation investments.

In 2021, we continued to focus on product carbon footprint assessment, helping our customers to analyze and reduce their own carbon footprints. We're encouraging all our value chain partners to transition to the use of renewable energy sources and work with us to reduce the carbon emissions from VOCs and from the application and use of our products, and to increase the use of renewable raw materials.

One of our goals in becoming more circular is to use at least 50% recycled content in the plastic packaging used by our Decorative Paints Europe business by 2025. We're initially focusing on this particular business as more than half of our plastic packaging is used in this area of our activities.

We've continuously improved our key plastic packs in recent years. By working together with our packaging suppliers, we've been able to achieve up to 70% recycled content in our key packs without increasing the packaging weight or reducing its performance. We've started to roll out this recycled content in our plastic packaging in various European markets.

In 2022, we'll accelerate the implementation of plastic packaging containing recycled content together with our suppliers.



All the pieces fell perfectly into place when our Inca brand supported a project to celebrate diversity in Uruguay. Artist Ximena Fernández Castro used our products to paint a colorful puzzle mural onto a wall surrounding a children's play area in the La Blanqueada district of Montevideo. The "Let's Colour" project was promoted by the local municipality. A great way to use color to communicate an important message.

Managing sustainability

The 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.

Materiality assessment

We use the principle of materiality to review our strategic priorities and assess the topics included in the Sustainability statements of this Report 2021. During 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 (e.g. GRI and SASB) and sustainability indexes (e.g. EcoVadis, Sustainalytics). The internal and external importance for each of these material topics are determined and validated annually and reported in our annual report. More details can be found on our [website](#).

Based on the assessment to determine the most material topics for our industry, biodiversity and land use do not show as a material topic. Nevertheless, we recognize the importance of this in society. We continue to disclose metrics related to biodiversity – such as emissions (carbon, NOx, SOx, and VOC) and pollutant emissions (COD) – on our [website](#) and in our annual report. We continue to further investigate the materiality of biodiversity and land use.

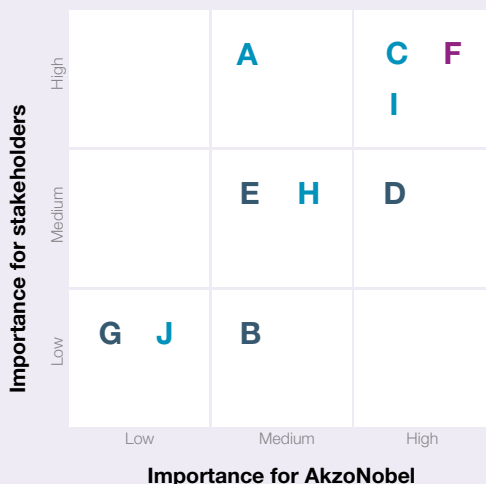
Reporting principles and frameworks

When combining disclosures in this Report 2021 with disclosures on our [website](#), we report in accordance with 2021 GRI standards. We're also in the process of fully implementing the recommendation of the Task Force on Climate-Related Financial Disclosures (TCFD) and the World Economic Forum (WEF). In addition to an index table for GRI, TCFD and WEF, we provide an index table on the Sustainability Accounting Standards Board (SASB) on our [website](#).

We use our internally developed reporting principles to make our reporting more precise and better aligned with our business and operations. They are aligned with the Global Reporting Initiative (GRI) standards. The complete reporting principles can be found on our [website](#), while a summary is included in the Appendix of this Report 2021.

Materiality matrix

■ People ■ Planet ■ Paint



Topic	Report 2021
A Climate change adaptation	Climate change adaptation and water risk
B Diverse, inclusive and healthy organization	Employees
C Emissions and energy	Carbon emissions in own operations and carbon emissions in our value chain
D Health and safety employees and customers	Health and safety
E Human rights	Human rights
F Sustainable product portfolio	Sustainable solutions
G Community involvement	AkzoNobel Cares
H Materials and waste	Waste and water management
I Responsible procurement	Responsible procurement
J Water and wastewater	Waste and water management

The preparation of our Sustainability statements requires management to make judgments, estimates and assumptions that affect amounts reported, especially for sustainable solutions and Scope 3 carbon footprint. The estimates and assumptions are based on experience and various other factors believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis. More details on the methodology and significant assumptions can be found in the reporting principles on our [website](#).

EU taxonomy disclosure

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

- Contribute substantially to one or more of six environmental objectives, being:
 1. Climate change mitigation
 2. Climate change adaptation
 3. Sustainable use and protection of water and marine resources
 4. Transition to a circular economy
 5. Pollution prevention and control
 6. Protection and restoration of biodiversity and ecosystems
- Do no significant harm to any of the other environmental objectives
- Be carried out in compliance with minimum (social) safeguards
- Comply with technical screening criteria. The technical screening criteria specify the performance requirements for any economic activity that determine under what conditions that activity makes a substantial contribution to a given environmental objective and does not significantly harm the other objectives

The above environmental objectives are/will be further detailed out with technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the six

objectives. For the financial year 2021, two of the six objectives listed above have been further detailed out and are applicable for reporting in 2021: climate change mitigation and climate change adaptation. Companies are required to report on the proportion of turnover (revenues), capital expenditures (Capex) and operating expenditures (Opex) that is associated with environmentally sustainable economic activities. For the purpose of the calculation of eligible activities, the following financial information has been derived from AkzoNobel's 2021 financial statements:

- Revenues is consolidated external revenues as reported in our consolidated statement of income
- Capital expenditures is the sum of additions in property, plant and equipment, intangible assets and right-of-use assets from both investments and acquisitions resulting from business combinations. Note that capital expenditures as included in the 2021 financial statements excludes the impact from right-of-use assets, as well as the impact from acquisitions resulting from business combinations
- Operating expenditures is calculated in accordance with the EU taxonomy as direct non-capitalized costs incurred for the day-to-day servicing of assets, consisting of research and development costs, short-term leases, maintenance and repair costs and other similar costs. This definition differs from operating expenses as included in our consolidated statement of income. As the operating expenses in accordance with the EU taxonomy are not significant for AkzoNobel, we make use of the exemption in the EU taxonomy and disclose 0% eligibility for Opex

The core activities of AkzoNobel, being the manufacturing of paints and coatings, are not considered to be among the largest potential contributors to climate change mitigation and climate change adaption by nature. Therefore, AkzoNobel's core activity (manufacturing

of paints and coatings) is not defined as an eligible activity for EU taxonomy by the legislator. As a result, the company does not have any eligible revenues under the EU taxonomy.

The outcomes of the EU taxonomy assessment for 2021 in relation to the climate change mitigation and climate change adaptation environmental objectives can be summarized as follows:

- Revenues: Per the EU taxonomy definitions, AkzoNobel does not have any eligible activities and therefore no eligible revenues
- Capex: Eligible activities amount to 3% of Capex
- Opex: Eligible activities amount to 0% of Opex

Although we have limited eligible activities under the current EU taxonomy, which mainly consist of investments in water treatment units and solar panels, around 39% of our revenue comes from sustainable solutions (see Paint section) and our current total share of renewable electricity use is 45% globally (see Planet section). In addition, our innovation investments are focused around increasing sustainable solutions in our product portfolio.

In addition, in 2021, our carbon reduction target of 50% reduction by 2030 for the full value chain was assessed and validated by the Science Based Targets initiative. Our ambition is in line with the 1.5°C pathway, as defined in the Paris Agreement and demonstrates our clear commitment to climate change mitigation. For our own operations, we have already reduced our relative carbon footprint by 21%, closing in on our 2025 interim target of 25% (see Planet section).

We also continued to monitor the risks and opportunities related to climate change following the recommendations of the TCFD (see Planet section).

People

Area	Unit	2017	2018	2019	2020	2021	Ambition 2025
Employees							
» Organizational health score	score	–	58	61	69	72	Top quartile 75
» Female executives ¹	%	19	20	18	21	22	30
People, process and product safety							
» Fatalities employees	number	0	0	2	0	1	
» Total reportable injury rate employees/ temporary workers	/200,000 hours	0.20	0.20	0.24	0.23	0.21	
» Lost time injury rate employees/ temporary workers	/200,000 hours	0.06	0.09	0.08	0.09	0.11	–
» Occupational illness rate employees	/200,000 hours	0.011	0.012	0.003	0.010	0.003	–
» Fatalities contractors (temporary workers plus independent)	number	1	0	0	0	0	
» Total reportable injury rate contractors	/200,000 hours	0.12	0.18	0.19	0.17	0.12	–
» Lost time injury rate contractors	/200,000 hours	0.06	0.07	0.09	0.11	0.08	
» Life-changing injuries	number	2	3	3	2	2	
» Loss of primary containment – Level 1	number	5	6	3	6	5	–
» Loss of primary containment – Level 2	number	43	63	64	52	67	–
» Regulatory actions – Level 4	number	0	1	0	0	0	
» Security incidents Level 3	number	–	–	–	–	4	
HSE management							
Management audits plus reassurance audits	number	32	25	32	28	29	–
AkzoNobel Cares							
Community people trained	number	2,863	4,276	4,078	2,669	11,193	2020-2025 35,000
Projects	number	224	126	225	170	182	1,000

The indicators that fall within the scope of limited assurance of the external auditor are marked with the following symbol: »

Our reporting principles can be found in the Appendix.

¹ 2017 data includes discontinued operations.

Planet

Area	Unit	2017	2018	2019	2020	2021	Ambition 2030
Energy use and emissions							
» Energy use ¹	1000TJ	6.39	6.20	6.02	5.69	6.33	–
– per ton of production	GJ/ton	1.88	1.91	1.88	1.83	1.89	(30%) ⁵
» Renewable energy (own operations)	%	30	31	31	33	37	–
» Renewable electricity (own operations)	%	37	38	37	40	45	100
» Greenhouse gas emissions – Direct CO ₂ (e) emissions (Scope 1)	kiloton	69.66	62.90	58.29	57.16	64.51	–
– per ton of production	kg/ton	20.53	19.42	18.18	18.42	19.27	–
» Greenhouse gas emissions – Indirect CO ₂ (e) emissions (Scope 2)	kiloton	237.8	226.0	183.1	168.2	172.1	–
– per ton of production	kg/ton	70.11	69.77	57.13	54.21	51.40	–
» Greenhouse gas emissions – CO ₂ (e)	kg/ton	91	89	75	73	71	–
» Volatile organic compounds	kiloton	1.71	1.57	1.19	0.95	0.96	–
– per ton of production	kg/ton	0.50	0.49	0.37	0.31	0.29	–
Resource efficiency							
» Total waste	kiloton	77	67	67	62	67	–
– per ton of production	kg/ton	22.77	20.97	21.00	19.96	19.87	–
» Total waste – circular	%	51	52	55	58	59	100
» Total reusable waste	kiloton	37	33	34	32	35	–
» Total non-reusable waste	kiloton	40	34	33	30	31	–
– per ton of production	kg/ton	11.90	10.63	10.28	9.57	9.39	–
Hazardous waste total	kiloton	33	30	29	28	31	–
– per ton of production	kg/ton	9.76	9.13	9.07	8.93	9.19	–
Hazardous waste non-reusable	kiloton	16	15	14	15	17	–
– per ton of production	kg/ton	4.64	4.59	4.46	4.70	4.95	–
» Hazardous waste to landfill	kiloton	0.6	0.69	0.45	0.23	0.11	–
– per ton of production	kg/ton	0.17	0.21	0.14	0.07	0.03	–
» Fresh water use	million m ³	9.62	9.27	8.05	9.12	9.56	–
– per ton of production	m ³ /ton	2.84	2.86	2.51	2.94	2.86	–
» Fresh water consumption	million m ³	–	–	–	–	1.27	–
– per ton of production	m ³ /ton	–	–	–	–	0.38	–
Supplier management							
» Suppliers participating in sustainability program	% against baseline	–	60	65	75	84	–
» Suppliers in sustainability program – under development	% against baseline	–	22	18	24	27	–
» Suppliers in sustainability program – in line with our expectations	% against baseline	–	38	47	51	57	–
Business Partner Code of Conduct product-related	% of spend	97	98	98	98	99	–
Business Partner Code of Conduct non product-related	% of spend	86	83	84	89	89	–

Paint

Area	Unit	2017	2018	2019	2020	2021	Ambition 2030
Sustainable product portfolio							
» Sustainable solutions ²	% of revenue	–	–	–	–	39	>50
» Eco-premium solutions ²	% of revenue	21	22	22	21	–	–
Value chain emission							
» Cradle-to-grave carbon footprint (Scope 1, 2 and 3)	million tons	–	14.3	13.8	12.8	14.7	–
» Scope 3 upstream ³	million tons	–	6.5	6.3	5.9	6.8	–
» Scope 3 downstream ⁴	million tons	–	7.5	7.3	6.7	7.7	–

¹ 2021 number includes a baseline shift of 199 TJ, or 3.5%, due to central procurement of electricity, elevating part of the stores organization above the materiality level.

² As of 2021, we report on sustainable solutions instead of eco-premium solutions. The reporting period for both eco-premium as well as sustainable solutions is November-October.

³ Category 1: purchased goods and services.

⁴ Category 10: processing of sold products; category 11: use of sold products; category 12: end-of-life treatment of sold products; VOC.

⁵ Versus 2018 baseline.