Carbon Reduction Plan

Supplier name: Imperial Chemical Industries Limited, trading as ICI Paints AkzoNobel part of the Akzo Nobel N.V. Group ('AkzoNobel')

Publication date: 25th August 2023

Please note the following information is based on the overall global performance of Akzo Nobel N.V. and its subsidiaries.

Commitment to achieving Net Zero

At AkzoNobel, we are aware that climate change could affect our operations, our supply chain and our customers. So, in 2017, we committed to becoming carbon neutral by 2050.

Baseline Emissions Footprint

AkzoNobel's baseline year for emissions is 2018. This is the reference point against which emissions reduction are measured and targets set.

Baseline Year: 2018	
Additional Details relating to the Baseline Emissions calculations. We have restated 2018-2019 Scope 3 downstream and upstream due to improvement of methodology by better incorporating raw material formulation.	
Emissions:	TOTAL (tCO2e)
Scope 1	62.90 kilotons or 0.0629 million tons
Scope 2	226.0 kilotons or 0.226 million tons
Scope 3 **(include sources)**	6.5 million tons (Upstream - Category 1: purchased goods and services) 7.5 million tons (Downstream - Category 10: processing of sold products; category 11: use of sold products; category 12: end-of-life treatment of sold products; VOC.) Total Scope 3 = 14 million tons
Total Emissions	14.3 million tons (cradle to grave)

Current Emissions Reporting

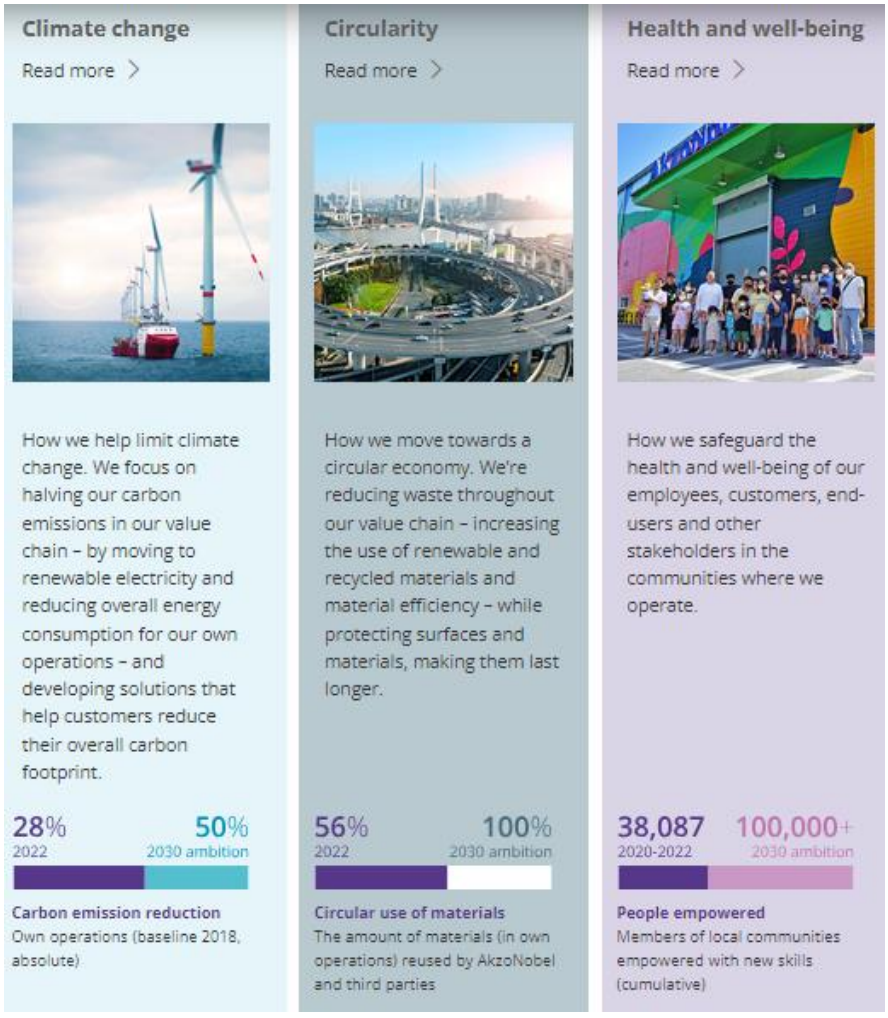
Current Year: 2022	
Additional Details relating to the disclosures - NA	
Emissions:	TOTAL (tCO2e)
Scope 1	60.1 kilotons
Scope 2	147.5 kilotons
Scope 3 **(Include sources)**	6.2 million tons (Upstream - Category 1: purchased goods and services) 7.0 million tons (Downstream - Category 10: processing of sold products; category 11: use of sold products; category 12: end-of-life treatment of sold products; VOC.)

	Total Scope 3 = 13.2 million tons
Total Emissions	13.4 million tons

Emissions / Carbon Footprint are measured from cradle-to-grave based on the international Greenhouse Gas (GHG) Protocol and Lifecycle Assessment ISO 14021.

Pushing boundaries to ensure a sustainable future

Guided by our People. Planet. Paint. approach, we've identified three key global topics – climate change, circularity, and health and well-being and set targets for each area. Our progress against these targets is summarised below. Further information can be viewed by clicking on the image below.



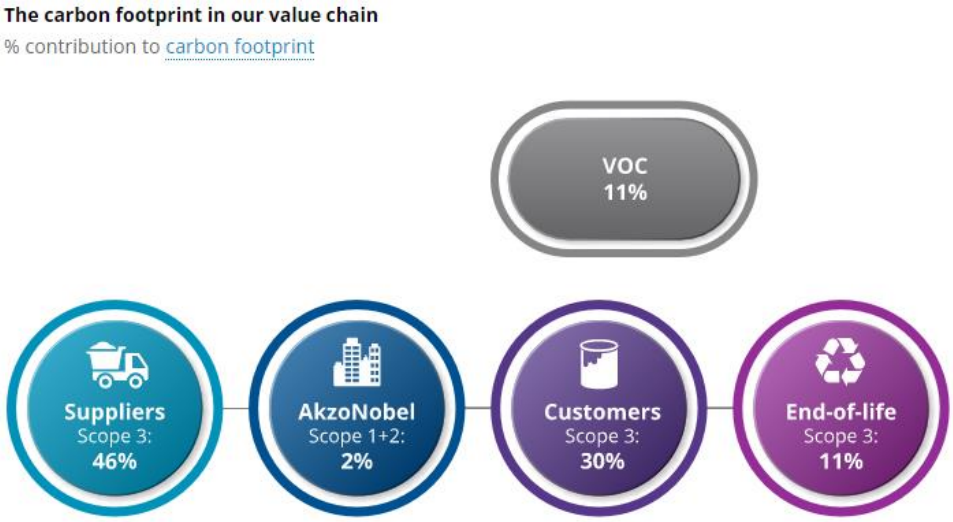
Carbon Reduction Targets & Projects

At AkzoNobel, we are aware that climate change could affect our operations, our supply chain, and our customers. So, in 2017, we committed to becoming a carbon-neutral company by 2050. In 2021, we announced an ambitious target of reducing carbon emissions across our full value chain by 50% by 2030, taking 2018 as our baseline.

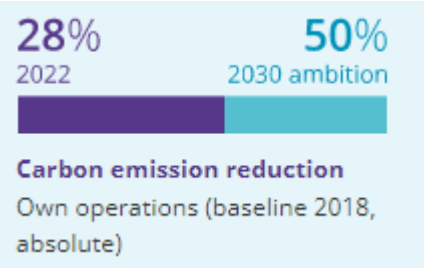
These ambitions are aligned with the Paris Agreement – which aims to limit climate change and ensure the global temperature doesn't rise more than 1.5˚C above pre-industrial levels – and are approved by the Science Based Targets initiative (SBTi).

For our own operations, we're moving to renewable electricity and reducing our overall energy consumption. Across our value chain, we engage with our suppliers and develop sustainable solutions that help our customers reduce their carbon footprint. In addition, we're exposed to risks and opportunities that follow from climate change, which we detail in this section.

More than 96% of our emissions come from our value chain, see infographic below.



We focus on halving our carbon emissions in our value chain – by moving to renewable electricity and reducing overall energy consumption for our own operations – and developing solutions that help customers reduce their overall carbon footprint. Since 2018 we have reduced our carbon emissions from our own operations by 28%.



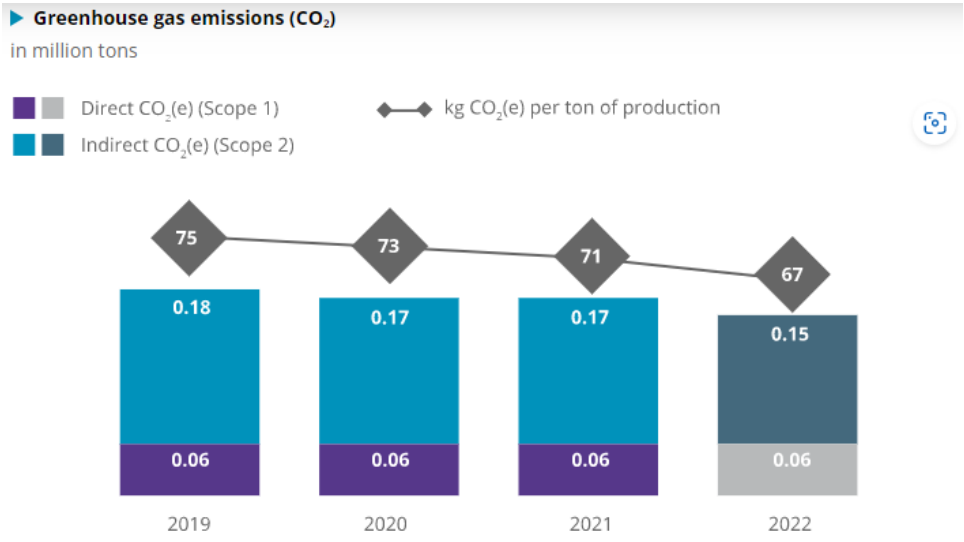
Working with our supply chain partners we have reduced carbon emission across the value chain (Scope 3 emissions, selected Scope 3 upstream and downstream) by 6% against our 2018 absolute baseline.

Carbon emission reduction value chain
Scope 3 emissions, selected Scope 3 upstream and downstream (baseline 2018, absolute)

Carbon emissions in own operations

To achieve our target of reducing our carbon footprint in our own operations by 50% (Scope 1 and 2), we're working on two enablers: increasing the percentage of renewable electricity to 100% and reducing the energy we consume by 30% by 2030 (versus 2018).

From an absolute reduction perspective, our combined Scope 1 and 2 reduced by 28% versus our 2018 baseline (absolute). Compared with 2021, we further reduced carbon emissions by 12% in 2022 (absolute). We're well on track towards our 50% reduction target for 2030. From a relative perspective, our Scope 1 stayed flat since 2018, while our Scope 2 emissions reduced by 32%.



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

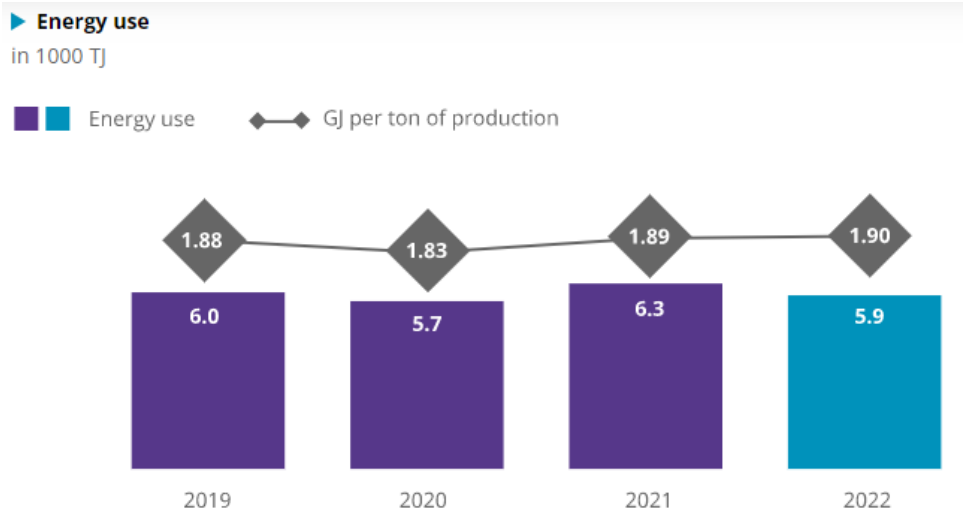
Energy

Part of reducing our carbon emissions from our own operations (Scope 1 and 2) is reducing the amount of energy we consume. We're committed to reducing our relative energy consumption by 30% by 2030 (baseline 2018) and plan to do so through an ambitious 5% relative year-over-year reduction objective.

For 2022, our absolute energy consumption reduced 7% versus 2021, while our relative energy consumption was 1% up compared with 2021 and reduced by 1% versus 2018.

We track the cumulative energy reduction impact of improvement projects such as shutdown management and LED installation. This helps us better understand our performance and adjust our strategy as we continue in a cycle of continuous improvement.

Despite the programs in place, achieving the 5% relative reduction target has been challenging, partly due to changes in our product and portfolio mix. For example, changes in our product portfolio mix include increased demand for products that take a higher energy intensity to produce. The current macro-economic environment has also impacted our volumes and therefore our relative energy consumption. In addition, the VOC emission abatement systems and solvent recovery units we're installing to reduce VOC emissions and waste are relatively energy intensive.



The energy consumption of AkzoNobel in absolute measures and per ton of production.

While an overall relative energy consumption reduction of 5% was not achieved, we've implemented many energy reduction initiatives, including at our UK manufacturing facilities.

Stowmarket Manufacturing Facility

At Stowmarket, our overall electricity consumption in 2022 reduced by 0.84% (-26731 kWh) vs PY. Our Total energy Consumption as fuel equivalent (Tj) reduced by 3.46% (from 35.32 to 34.1) vs PY. The site's water withdrawal per ton of paint produced also reduced by 12% resulting in 6800m3 being saved.

These improvements were driven by a programme of LED lighting installation and improving practices to shut-down all relevant equipment when unactive and especially at weekends.

To further continue driving energy-efficiency on site, additional metering is being installed to gauge localised energy consumption and enable additional improvements.

Ashington Manufacturing Facility

In 2022 our state-of the-art Ashington facility saw overall electricity consumption reduce by 0.76% (-47200 kWh) vs PY. Our on-site renewable energy consumption in 2022 also increased by 16.20% (+25880 kWh) vs PY. The sites overall total freshwater intake in 2022 was reduced by 13.89% (-5340m3) vs PY.

We're continuing to investigate targeted investment for energy reduction programs, refine our energy monitoring management and implement a renewed governance structure across all our UK sites.

Renewable energy

Electricity makes up the vast majority of AkzoNobel's total global energy use (81%). Of that, our total global percentage of renewable electricity was 50% in 2022, well on track towards our target of 100% by 2030 and already achieving our 2025 interim target of 50%.

During 2022, we continued to install solar panels at several sites and purchase renewable electricity with certificates of origin. Generating renewable electricity on site alleviates pressure on the electricity grid and further reduces our carbon footprint. In total, 53 of our locations now use 100% renewable electricity and 26 sites are using solar panels as a supplementary source of energy.

Our ambition of converting to 100% renewable electricity by 2030, has already been realised across the whole of our European business, including the UK. Beyond this we will be installing solar panels at several additional locations and are actively looking to source renewable electricity.

Volatile organic compounds

The production of solvent-based paints and coatings causes emissions of volatile organic compounds (VOCs). These emissions are included in our cradle-to-grave carbon footprint. In the UK, we're actively working on transitioning from solvent-based to water-based solutions where possible. In our own operations, we achieved a relative 7% reduction versus 2021 in VOC emissions per ton of product, and a total reduction of 45% versus the 2018 baseline.

We're reducing VOC emissions in two distinct ways. Firstly, we implement abatement technologies such as thermal oxidizers or activated carbon filters. Secondly, we optimize our footprint by concentrating solvent-based production in more efficient or automated factories to altogether eliminate emissions.

Carbon emissions in our full value chain

Our efforts to mitigate climate change stretch beyond our own operations as we work towards reducing our carbon emissions by 50% throughout our whole value chain by 2030.

As most of our carbon footprint comes from our Scope 3 emissions, our ambitions are a key driver for innovation and collaboration with our value chain partners, especially suppliers and customers. In setting these ambitious targets, we've taken responsibility for the decarbonization of our operations and made the commitment to help our value chain partners decarbonize theirs. This is also the most challenging target, as it sits outside the scope of our direct control.

Carbon footprint in our value chain

Our 50% (absolute) reduction ambition encompasses the categories below, covering around 95% of our total Scope 3 emissions:

- Upstream: Category 1 (purchased goods and services, including packaging)
- Downstream: Category 10 and 11 (application and use of sold products), VOC emissions and Category 12 (end-of-life)

Our 2022 Scope 3 carbon footprint was 13.2 million tons, 9% down from 2021, driven by lower volumes and improvements in our portfolio such as more water-based solutions.

We're focused on developing increasingly more sustainable solutions and are integrating carbon reduction into our internal plans and tooling. As the development of new solutions, investments in the value chain and market acceptance takes time, we expect the majority of the reduction of our Scope 3 carbon footprint towards the latter part of the decade.

Emission reduction levers

During 2022, we further analysed the breakdown of our Scope 3 emissions. We identified key levers for reduction which can be grouped into four categories: Energy transition; Application efficiency; Solvent emissions; Circular solutions.

We're actively running reduction projects throughout the company in these key focus areas, and have set up a governance structure to ensure they're embedded in future plans, such as our R&D pipeline and supplier engagements.

Upstream emission management

Throughout the year, we engaged with our top 200 suppliers, for example during a live webcast, to share our ambitions and encourage these key stakeholders to do the same. Key impact areas for our suppliers are: increasing process efficiency; moving to renewable energy; and reducing the use of fossil materials and fuels. We're now working

together on joint programs with key suppliers to achieve further carbon reduction in our full value chain.

In 2022, Together for Sustainability (TfS) launched the Product Carbon Footprint Guideline to ensure a consistent measure of carbon emissions along the value chain in the chemical industry and beyond. We fully support this new global guidance and encourage our suppliers to join us in using it as a way of identifying collaborative opportunities. This is in line with our ambition to move gradually from using industry averages to supplier-specific data. For more information about upstream emission management, see Sustainability and risk management with our suppliers.

Downstream emission management

We're directly engaging with our key customers to align on potential carbon reduction in their processes, for example during coating application. An example is approaching customers using gas to cure our coatings and offering them products that require lower curing temperatures – which can help lower their carbon footprint and save energy costs. With this approach, we aim to become the partner of choice for carbon conscious customers.

There's an increased demand for coatings that are less carbon intensive. In the UK we are actively working on transitioning from solvent-based to water-based solutions where possible. In our Automotive and Specialty Coatings business, demand for ambient and UV curing coatings is rising. We're looking to collaborate with customers and advise them on carbon reduction strategies for their coating processes.

The innovation and development of our sustainable solutions not only plays a key role, but involves the majority of our approxi-mately 3,000 people in RD&I teams and our €258 million innovation investments.

We saw a sharp increase in customer needs regarding product carbon footprint in 2022, especially in the transportation, energy and buildings segments. We're now able to provide carbon footprint data where needed and our internal teams are trained to use it in customer collaborations.

Across our value chain

During 2022, we continued to integrate sustainability and innovation into our daily business to work towards our ambitions. For example, through our Paint the Future platform, we actively promote open innovation in areas contributing to carbon reduction (see Tackling climate change together, below).

UK Innovation

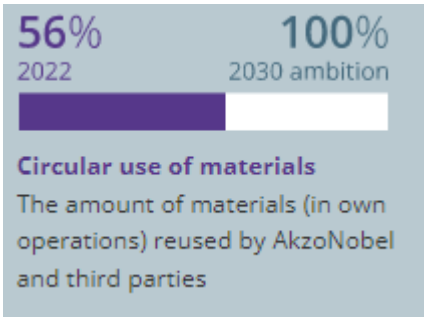
In the UK we continue to focus our innovation on lower carbon products. These include the introduction of more water-based solution, for example, our Dulux Trade Weathershield Quick Dry Exterior Gloss System. This range now offers exactly the same durability as its traditional solvent-based equivalent but has all the advantages of lower solvent content, including faster drying times.

We have also launched the Dulux Trade Airsure range which is designed to not only offer great performance but is also 99.9% VOC free[1] helping to reduce VOCs and minimising the impact of paints on indoor air quality[2] . This range is also significantly lower carbon than standard products.

Circularity

We're reducing waste throughout our value chain – increasing the use of renewable and recycled materials and material efficiency – while protecting surfaces and materials, making them last longer. So far we have made 56% of our waste-streams circular. This means their is circular use of the materials used in own operations that is reused by AkzoNobel and third parties.

Moving towards a circular economy means reducing waste and increasing circularity throughout our value chain. We're driven by reduce, reuse and recycle, while our products seek to protect and give longer life to surfaces and materials.



Recycled content in packaging

In 2022, we delivered towards our ambition to use at least 50% recycled content in the plastic packaging used by our Decorative Paints Europe business by 2025.

Through collaboration 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 their performance. In 2022, we updated most packs in the UK – our largest European market – and have further worked towards the roll-out in mainland Europe. To date 90% of our UK products packaged in plastic, by volume, are now being packaged in at least 50% recycled content. We expect this figure to grow throughout 2023, with the remainder to be changed in 2024.

Additional Points:

- All AkzoNobel Decorative Paints UK manufacturing sites are ISO 14001 accredited
- Since 2016 our Stowmarket and Ashington manufacturing facilities have had the coveted BES 6001 Responsible Sourcing accreditation.

Future Activity

We have a number of programs in place that will contribute to achieving our ambitions. Currently, we have more than 500 projects underway at both global and local level which are helping to reduce carbon emissions, VOC, waste and water use. Progress is monitored on a monthly basis, focusing on environmental impact and financial benefits.

Declaration and Sign Off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard[3] and uses the appropriate Government emission conversion factors for greenhouse gas company reporting[4].

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard[5].

This Carbon Reduction Plan has been reviewed and approved by the Board of Imperial Chemical Industries Limited on 25th August 2023.

Signed on behalf of Imperial Chemical Industries Limited

J. A. Jimenez Lozano

Director

Date: 25th August 2023

D. Upton

Director

Date: 25th August 2023

[1] Based on in-can VOC content, measured in accordance with ISO11890-2:2013
[2] Independently tested for emissions, including formaldehyde, TVOC, TSVOC and Cat 1A & 1B carcinogens
[3] https://ghgprotocol.org/corporate-standard
[4] https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting
[5] https://ghgprotocol.org/standards/scope-3-standard

N.B. AkzoNobel Carbon Reporting and Related Information: Environmental - AkzoNobel Report 2022