

# **Minutes Annual General Meeting of shareholders Akzo Nobel N.V.**

April 21, 2023

## AGENDA

1. Opening
2. Financial year 2022
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3. Financial Statements, result and dividend
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  - (b) Discussion on the dividend policy
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  - (a) Discharge from liability of members of the Board of Management in office in 2022 for the performance of their duties in 2022 (voting point)
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  - (c) Re-appointment of Mr. D.M. Sluimers (voting point)
6. Authorization for the Board of Management:
  - (a) to issue shares (voting point)
  - (b) to restrict or exclude pre-emptive rights of shareholders (voting point)
7. Authorization for the Board of Management to acquire common shares in the share capital of the Company on behalf of the Company (voting point)
8. Cancellation of common shares held or acquired by the Company (voting point)
9. Closing

## MINUTES

### Summary of the deliberations at the Annual General Meeting of shareholders (the AGM) of Akzo Nobel N.V. (the Company), held on April 21, 2023, starting at 2:00 pm (CET)

Chairman: Mr. N.S. Andersen, Chairman Supervisory Board Akzo Nobel N.V.  
Secretary: Mrs. H. Schneider, General Counsel Akzo Nobel N.V.

#### 1. Opening

The Chairman opens the annual general meeting of shareholders and welcomes all attendees participating in person and virtually. Shareholders are invited to ask questions and are requested to limit their questions to two per topic to ensure an efficient meeting and to allow others to speak. The Chairman notes that the meeting will be held in English.

The Chairman reflects on the past year and notes that after three years of strong progress on AkzoNobel's financial results, 2022 was challenging. Markets contracted from Q2 onwards, as the end of COVID-19 restrictions in Europe impacted the do-it-yourself sector, and continued lockdowns in China caused additional pressure. The war in Ukraine sent energy prices soaring and significantly reduced economic activity in AkzoNobel's main markets. Like other companies in the industry, AkzoNobel benefited from strong demand for decorative paints during COVID-19. However, global supply chain challenges forced AkzoNobel to increase stocks of raw materials, finished products and staffing to secure stable supplies to customers. As a result of the macro-economic turmoil and sudden market downturn, major efforts were made during the second half of 2022 to adjust working capital and costs to the new realities. Unfortunately, these challenges were not fully resolved before year-end, and AkzoNobel could not avoid a significant negative impact on profitability in 2022.

AkzoNobel was able to defend market positions, while implementing the necessary price increases. The Company continued to move forward and remained focused on its strategic ambitions. The Supervisory Board is convinced the right measures have been taken and are being executed.

The Chairman comments on Mr. Poux-Guillaume joining AkzoNobel as CEO as of November 2022 as well as his own succession after today's meeting.

The Chairman invites Mrs. Schneider to explain the voting procedure. Mrs. Schneider explains the voting procedure for the shareholders attending the meeting, both in person and virtually. Shareholders may cast their votes on all voting items during the entire meeting.

The Chairman notes that approximately EUR 67.5 million of the issued share capital is represented at the meeting, which means that approximately 135 million votes may be cast. The level of attendance is approximately 79%.

#### 2. Financial year 2022

##### 2a. Report of the Board of Management for the financial year 2022

The Chairman gives the floor to Mr. Poux-Guillaume.

Mr. Poux-Guillaume notes that he joined AkzoNobel as CEO as per November 2022, a year dominated by geopolitical and macroeconomic uncertainties which impacted the Company's financial results. The

preceding two years of the pandemic created vast distortions across supply chains, demand trends and workforce. Entering 2022, the paints and coatings industry felt exuberant with most countries reopening post-pandemic. However, subsequent geopolitical tension in Europe and lockdowns in China quickly impacted economies, consumer confidence and added further inflationary pressure, especially in our raw materials. Mr. Poux-Guillaume adds that despite the challenging market conditions, AkzoNobel celebrated several successes.

Mr. Poux-Guillaume comments on the 2022 results. AkzoNobel delivered revenue growth of 13% to achieve EUR 10.8 billion. While strong pricing of 14% more than offset a total raw material and freight cost headwind of over EUR 1.1 billion, lower volumes and higher operating expenses led to a decrease in adjusted operating income to EUR 789 million.

Mr. Poux-Guillaume notes that in March of 2022, AkzoNobel successfully issued a EUR 1.2 billion dual tranche bond at favorable terms before volatility ensued in the global financial markets. And in December, AkzoNobel completed a EUR 500 million share buyback program. A final dividend of EUR 1.54 per share, for a total dividend of EUR 1.98 cents per share for 2022 is proposed.

Mr. Poux-Guillaume notes that over the last two years, the entire paints and coatings industry experienced significant disruptions in supply and availability of raw materials that resulted in unprecedented inflation. The cumulative raw material and freight inflation impact over the past two years reached EUR 1.9 billion at the end of 2022. AkzoNobel was able to step up and mitigate the impact with pricing initiatives that have delivered EUR 2 billion in benefits over the same two-year period. With raw material baskets having peaked late last year, AkzoNobel now has the opportunity to expand margins.

Mr. Poux-Guillaume gives an update on the Orbis acquisition closed in 2022 and the intended acquisition of the African paints and coatings activities of Kansai Paint.

Mr. Poux-Guillaume gives an update on AkzoNobel's debt position and explains that AkzoNobel finished the year with the Net debt/EBITDA leverage ratio at 3.8x times, which is well above the prior year. Moving forward, it is expected to end 2023 with leverage less than 3.4x times, which includes impact from the Kansai Paint Africa acquisition. And post-2023, AkzoNobel will continue to de-lever to a target leverage ratio of around 2x times.

Mr. Poux-Guillaume comments on the four priorities for the organization in 2023; margin management, cost reduction, working capital normalization and de-leveraging. A slide is shown on the projections for 2023.

Mr. Poux-Guillaume comments on sustainability and notes that AkzoNobel is the leader in the paints and coatings industry in this respect. AkzoNobel's sustainability ambitions are aligned with the Paris agreement, which aims to limit global warming and ensure that the rise in global temperature doesn't exceed 1.5 degrees celsius above pre-industrial levels. It is also the first paints and coatings company that set science-based sustainability targets. In 2022, AkzoNobel continued to make solid progress on the key ambitions that it set for 2030. A slide is shown on the AkzoNobel's continuing progress on ESG commitments. Mr. Poux-Guillaume comments on the progress towards halving carbon emissions in own operations by 2030. The key driver in achieving the carbon reduction ambition is increasing the use of renewable electricity. AkzoNobel is working to be fully on renewable electricity by 2030 and Mr. Poux-Guillaume notes several examples on the progress made in 2022. He adds that working towards its sustainability ambitions, AkzoNobel continuously benchmarks itself against peers and the industry. Following the latest annual reviews, AkzoNobel's leading ESG performance was reaffirmed by external raters.

Finally, Mr. Poux-Guillaume comments on recent changes to AkzoNobel's Executive Committee.

The Chairman gives the meeting the opportunity to ask questions.<sup>1</sup>

### **3. Financial Statements, results and dividend**

#### **3a. Adoption of the 2022 Financial Statements of the Company (voting point)**

The Chairman then gives the floor to Mr. Izeboud, the lead partner from PricewaterhouseCoopers Accountants N.V. (PWC), to comment on the audit with respect to the 2022 Financial Statements. Mr. Izeboud explains that the audit reports on both the financial statements and the non-financial performance indicators in the sustainability statements are unqualified. PWC has concluded that the information included in the report of the Board of Management is consistent with the results of the audits performed and that neither the financial statements nor the selected sustainability indicators contain material misstatements. Mr. Izeboud elaborates on the scope of the audit, the materiality applied, how climate change was considered, and the key audit matters.

The Chairman gives the meeting the opportunity to ask questions on this item. Mr. Izeboud addresses the questions raised.<sup>2</sup>

#### **3b. Discussion on the dividend policy**

The Chairman explains that the dividend policy of the Company is to pay a stable to rising dividend.

The Chairman gives the meeting the opportunity to ask questions on this item and concludes that there are no questions.

#### **3c. Profit allocation and adoption of dividend proposal (voting point)**

A cash dividend of EUR 1.54 per share is proposed, which together with the interim dividend of EUR 0.44 would equal a total dividend for 2021 of EUR 1.98 per share, similar to the total 2021 dividend.

The Chairman gives the meeting the opportunity to ask questions on this item and concludes that there are no questions.

#### **3d. Remuneration Report 2022 (advisory voting point)**

The Chairman asks Mr. Sluimers, Chairman of the Remuneration Committee, to give a presentation on the Remuneration Report 2022.

Mr. Sluimers notes that for two consecutive years the remuneration report received less than 50% favorable votes from the AGM. Mr. Sluimers notes that the feedback was about lack of disclosure regarding the performance on short-term incentive metrics and on non-financial objectives in the incentive plans and about the Supervisory Board applying discretion when assessing performance on ROI. After last year's AGM, AkzoNobel reached out to various stakeholders, and their feedback was taken into account by detailing the information on short-term incentives, by providing more information on the non-financial

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<sup>1</sup> The questions and answers related to this agenda item are included in Annex I.

<sup>2</sup> The questions and answers related to this agenda item are included in Annex I.

objectives and by applying no discretion in 2022.

Mr. Sluimers shows a slide including in the main elements of remuneration for the Board of Management, Mr. Vanlancker, Mr. De Vries and Mr. Poux-Guillaume. In line with the Remuneration Policy for the Board of Management, the executives' annual base salaries were increased with 2.5% for both Mr. Vanlancker and Mr. De Vries. The annual base salary for Mr. Vanlancker was set at EUR 1,178,750 in 2022 and at EUR 727,750 for Mr. De Vries in 2022. Mr. Poux-Guillaume joined AkzoNobel in October 2022 at a base salary of EUR 1,225,000 per year.

Mr. Sluimers comments on the performance-related components of the remuneration package. A slide is shown outlining the details of the 2022 performance against the targets for STI. STI bonuses are based on the Company's financial performance alongside their individual contributions, which are measured over a year. The Adjusted OPI and FCF targets that the Supervisory Board had set at the start of 2022 were stretched. Because unforeseeable events, such as the war in Ukraine, rapidly impacted the likelihood of realizing these targets, performance on both metrics was below threshold. This resulted in no pay-out on the financial objectives for Mr. Vanlancker and Mr. De Vries. However, the performance on the personal objectives was above target. As a result, overall bonus pay-outs in 2022 were below target for both executives: 39.8% for Mr. Vanlancker and 31.9% for Mr. De Vries. As part of Mr. Poux-Guillaume joining AkzoNobel in October 2022, he received a pro-rated 'at target' pay-out of his STI over 2022.

The LTI incentivises the Company's performance over a period of three financial years. Until 2020, the Plan promoted the creation of shareholder value by assessing share price performance via relative TSR and profit performance via ROI. AkzoNobel's TSR performance measured over the applicable 2020-2022 performance period, resulted in the 8th position within the ranking of the peer group companies. This ranking is below threshold. Performance on ROI was also below the threshold of 17% (excl. unallocated costs). As a result, none of the shares granted to Mr. Vanlancker and Mr. De Vries in 2020 have vested in 2022.

Mr. Sluimers explains that the Supervisory Board did not use its discretionary power to re-assess performance against the STI and LTI targets even though the below threshold performance mainly relate to the earlier mentioned unforeseeable events.

Mr. Sluimers notes the conditional shares granted to all three members of the Board of Management in 2022. These shares will only be released to them in 2025 if the plan's three-year targets on adjusted EBITDA, ROI (incl. unallocated costs), relative revenue growth and ESG are achieved and will also be subject to a further two-year holding period.

Mr. Sluimers explains that the Share Matching Plan was suspended between 2018-2020 and that therefore no matching shares were received by the executives in 2022. However, in 2022 Mr. Vanlancker and Mr. De Vries both invested 50% of their net STI payment over 2021 under the Share Matching Plan. This resulted in 1,338 potential matching shares for Mr. De Vries and 2,708 potential matching shares for Mr. Vanlancker. The potential matching shares for Mr. Vanlancker are pro-rated per the end date of his management agreement, leaving 903 matching shares.

Mr. Sluimers explains the exit terms for Mr. Vanlancker, who stepped down as CEO and Chair of the Board of Management as per November 1, 2022, and continues as advisor until the end of his contract at the 2023 AGM. The termination of his contract is executed in accordance with the management agreement, the Remuneration Policy for the Board of Management and the Dutch Corporate Governance Code.

Mr. Sluimers concludes his presentation by commenting on the remuneration of the Supervisory Board. He notes that the members of the Supervisory Board receive a fixed remuneration based on the roles and responsibilities. In accordance with the Dutch Corporate Governance Code, members are not remunerated in shares. Travel expenses and facilities are borne by the Company and reviewed by the Audit Committee. A slide was shown reflecting the remuneration of each of the Supervisory Board members in 2021.

The Chairman gives the meeting the opportunity to ask questions on this item. Mr. Sluimers addresses the questions raised.<sup>3</sup> Note is taken of the voting explanation provided by VEB.

#### **4. Discharge**

##### **4a. Discharge from liability of members of the Board of Management in office in 2022 for the performance of their duties in 2022 (voting point)**

The Chairman gives the meeting the opportunity to ask questions on this item and concludes that there are no questions.

##### **4b. Discharge from liability of members of the Supervisory Board in office in 2022 for the performance of their duties in 2022 (voting point)**

The Chairman gives the meeting the opportunity to ask questions on this item and concludes that there are no questions.

#### **5. Supervisory Board**

##### **5a. Appointment of Mr. B.J. Noteboom (voting point)**

The Chairman gives the floor to Mr. B.E. Grote, Deputy Chair of the Supervisory Board of the Company. Mr. Grote introduces Mr. B.J. Noteboom and provides a summary of his resume and background. Subsequently Mr. Noteboom briefly introduces himself to the AGM.

The Chairman gives the meeting the opportunity to ask questions on this item. Mr. Grote addresses the question raised.<sup>4</sup>

##### **5b. Re-appointment of Mrs. J. Poots-Bijl (voting point)**

The Chairman provides a summary of Mrs. Poots-Bijl's background.

The Chairman gives the meeting the opportunity to ask questions on this item and concludes that there are no questions.

##### **5c. Re-appointment of Mr. D.M. Sluimers (voting point)**

The Chairman provides a summary of Mr. Sluimers' background.

The Chairman gives the meeting the opportunity to ask questions. Note is taken of the voting explanation

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<sup>3</sup> The questions and answers related to this agenda item are included in Annex I.

<sup>4</sup> The questions and answers related to this agenda item are included in Annex I.

provided by VEB and the Chairman concludes that there are no questions.

**6. Authorization of the Board of Management:**

**6a. to issue shares (voting point)**

The Chairman gives the meeting the opportunity to ask questions on this item and concludes that there are no questions.

**6b. to restrict or exclude pre-emptive rights of shareholders (voting point)**

The Chairman gives the meeting the opportunity to ask questions on this item and concludes that there are no questions.

**7. Authorization for the Board of Management to acquire common shares in the share capital of the Company on behalf of the Company (voting point)**

The Chairman gives the meeting the opportunity to ask questions on this item and concludes that there are no questions.

**8. Cancellation of common shares held or acquired by the Company (voting point)**

The Chairman gives the meeting the opportunity to ask questions on this item and concludes that there are no questions.

**9. Closing**

The Chairman asks Mrs. Schneider whether any questions were submitted via the online voting platform that were not yet addressed and concludes that there are no more questions.

The Chairman asks the meeting to check whether all votes were submitted and pauses for one minute before closing the vote. Three slides with the voting results per voting item are shown on the screen and the Chairman concludes that all conclude that all voting items have been adopted by the AGM.<sup>5</sup>

The Chairman gives the floor to Mr. Grote. Mr. Grote notes that the Chairman, Mr. Andersen, shall step down after today's meeting. Mr. Andersen's extensive international experience in different industries and his broad business insight have helped guide AkzoNobel's transformation into a frontrunner in the paints and coatings industry. The Company's relationship with its shareholders and other stakeholders significantly improved under his leadership. Mr. Grote thanks Mr. Andersen for his commitment to AkzoNobel over the past five years as a Chairman of the Supervisory Board.

Upon the request of Mr. Tomic on behalf of VEB, the Chairman, Mr. Andersen, reflects on his tenure at AkzoNobel and then closes the meeting.

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<sup>5</sup> The voting results are included in Annex II.



## Annex I

### Summarized questions and answers discussed during the AGM held on April 21, 2023.

#### Agenda Item 2

#### Financial year 2022

(a) Report of the Board of Management for the financial year 2022

#### Question European Investors-VEB, represented by Mr. D.M. Tomic

Mr. Tomic notes that the new CEO joined AkzoNobel during a challenging year and asks him to reflect on the Company's opportunities and challenges, the high leverage ratio and the outlook for what AkzoNobel is capable of achieving.

#### Answer

*Answered by CEO Greg Poux-Guillaume*

The leverage ratio is currently high due to recent acquisitions that are yet to be digested. The focus is on operating the business and generating the profits that will generate the cash to lower AkzoNobel's leverage ratio. AkzoNobel's target is not to be at four times net debt to EBITDA, but to return to around two times post-2023. AkzoNobel is a great company with strong products, brands, market positions and workforce. It is also a company that is engaged in a transformation. Acceleration and prioritization are key to continue improvement on matters such as industrial efficiency, working capital management and the introduction of new products based on innovation that will improve AkzoNobel's sustainability profile.

#### Question European Investors-VEB, represented by Mr. D.M. Tomic

Is AkzoNobel at present restricted in achieving its strategic ambitions and is it fit to maintain and expand its market positions in a dynamic and competitive sector?

#### Answer

*Answered by CEO Greg Poux-Guillaume*

AkzoNobel is in the process of expanding. During 2022, AkzoNobel closed the acquisition of Grupo Orbis, a strong business that will help strengthen our market position in Latin America. We're really pleased with how this business is performing: 2022 revenue and profit were ahead of plan. Based on last year's run-rate, our total Latin America business is now more than €1.4 billion in annual revenue. In the mid-term, we also see a great opportunity to realize synergies and bring profitability in line with the AkzoNobel Latin America business. We also announced our intention to acquire the African paints and coatings activities of Kansai Paint in June of 2022. Pending merger clearance, currently in Phase 2 in South Africa, we expect this transaction to close during the second half of 2023. Similarly to Orbis, this acquisition will strengthen our position in the region and provides an excellent platform for future growth. As such, AkzoNobel is in the process of expansion whilst these acquisitions are being integrated.

#### Question European Investors-VEB, represented by Mr. D.M. Tomic

VEB asks for the CEO to comment on AkzoNobel's pricing management.

#### Answer

*Answered by CEO Greg Poux-Guillaume*

Historically, AkzoNobel has had challenges with price management due to the limited data availability and its diffused markets. However, over the last year significant improvements have been made by getting the right tools and data in place. In the last two years, focus has been on neutralizing the raw material price inflation which was successful but impacted the Company's profitability. With the backdrop of continued macroeconomic uncertainties, we have set four clear priorities for the organization in 2023, the first of which is margin management. Focus will be on improving the Company's profitability taking into account the relevant market dynamics of AkzoNobel's different businesses and regions.

#### Questions Stichting Mn Services, represented by Ms. S. Kamphuis

- a. Ms. Kamphuis notes that AkzoNobel subscribed to the VNO-NCW Tax Governance Code (the Code) but does not disclose country-by-country information and asks to elaborate on the reasons for deviating from the Code. She also asks if AkzoNobel intends to adhere to the EU Country-by-Country Reporting Directive once that becomes effective.

- b. Mrs. Kamphuis also requests if AkzoNobel could elaborate on the profits made in Russia and taxes paid.

**Answers**

*Answered by CFO Maarten de Vries*

- a. AkzoNobel indeed subscribes to the principles of the Code, and thereby gives transparency to the tax reporting in terms of a number of critical EU and non-EU countries. AkzoNobel will continue to publish the information on EU and non-EU key countries as was done in the recent past and will adhere to the EU Country-by-Country Reporting Directive once introduced for the relevant EU member state countries. As such further progress will be made on tax transparency.
- b. AkzoNobel pays taxes in Russia to the extent of remaining profits. Russia is not a key country for which AkzoNobel separately publishes figures on income taxes paid.

**Question Stichting Mn Services, represented by Ms. S. Kamphuis**

Ms. Kamphuis notes that AkzoNobel focuses on several measures that address important drivers of biodiversity loss, such as waste, water management, circularity, reduction of carbon emissions, but that biodiversity in itself was not recognized as material topic for AkzoNobel. She asks how the connection between these themes is considered and how AkzoNobel is aiming to make a positive impact on biodiversity.

**Answer**

*Answered by CEO Greg Poux-Guillaume*

Biodiversity is not a direct material topic to AkzoNobel as paints and coatings company, as confirmed by most ESG experts like EcoVadis. However, AkzoNobel did publish a position statement on biodiversity elaborating on the indirect drivers of changes in biodiversity such as emissions and pollution. We have strict targets on those material KPIs on which we report annually. As with all non-material topics, we regularly review our position and determine if new insights would result in a different materiality level. During 2023, we will re-evaluate the materiality of biodiversity as part of our ongoing preparation towards the Corporate Sustainability Reporting Directive (CSRD), both from an upstream, own operations and downstream perspective.

**Question Stichting Mn Services, represented by Ms. S. Kamphuis**

Ms. Kamphuis asks if AkzoNobel only looks at the Company's impact on biodiversity or also on at risks resulting from degradation of ecosystems of AkzoNobel's business.

**Answer**

*Answered by CEO Greg Poux-Guillaume*

AkzoNobel looks at both, but focusses on its impact on biodiversity through pollution and emissions.

**Question VDBO, represented by Ms. I de Beer**

Could AkzoNobel report whether the Company uses minerals that are mined in Key Biodiversity Areas, as defined by IUCN?

**Answer**

*Answered by CEO Greg Poux-Guillaume*

For our own operations, based on the IUCN's Key biodiversity areas, none of our production sites are located in areas of significant biodiversity value. From an upstream perspective, we monitor the sustainability performance, including biodiversity, of our suppliers through assessments carried out by EcoVadis and on-site audits via our Together for Sustainability (TfS) partnership. For now, we consider this sufficient.

**Questions VDBO, represented by Ms. I de Beer**

VDBO raises questions on labour conditions in supply chains, including for people working in the smelters of cobalt, mica and tin suppliers:

- a. Do the supplier surveys contain questions that ask quantitative labour conditions indicators, such as living wage and no child labour?

- b. Is AkzoNobel willing to anonymously report on the disaggregated outcomes of these surveys, including the results related to the working conditions, and to review the KPI's in respect to the labour condition in the supply chain?

**Answers**

*Answered by CEO Greg Poux-Guillaume*

- a. The RMI template does not contain those questions as such, however as part of our process we analyze whether the smelters disclosed through the templates are conformant to the RMAP (Responsible Mineral Assurance Process). This RMAP is aligned with the OECD five steps framework, which includes focus areas related to child labor (living wage not included yet).
- b. We already report both response rate and conformant rate, per sub-category. For now, we consider this sufficient.

**Question VDBO, represented by Ms. I de Beer**

Finally, VDBO raises a new topic and asks whether AkzoNobel could report on its direct and indirect lobbying activities, objectives, and costs.

**Answer**

*Answered by CEO Greg Poux-Guillaume*

Our lobbying activities, and broader stakeholder engagement, are guided by our company strategy, including our approach to sustainability and in line with the Paris Agreement. This approach also holds true for the positions we take as member of trade associations, although we are conscious that industry associations take positions representing their entire member community. Collaborating with stakeholders is fundamental to what we want to achieve, especially in the field of climate. We were named by InfluenceMap on its A-List of Climate Policy Engagement as one of 15 corporate leaders advocating for ambitious climate policy (2021). On reporting: Where required we disclose our representation, such as in the EU Transparency register. Also, examples of sustainability collaborations can be found on our website. We are currently preparing to expand our reporting on stakeholder management, including lobbying activities and commitments, in line with future CSRD and Dutch Corporate Governance Code requirements.

**Question Ms. K. Sleven – Milieudefensie**

Ms. Sleven gives a testimonial and asks whether AkzoNobel is committed to reducing at least forty-five percent (45%) CO<sub>2</sub> in absolute terms in the entire value chain, scope one, two, three in 2030 compared to 2019, and whether it will disclose all scope three emissions and provide detailed and transparent information on emission reduction measures and projects.

**Answer**

*Answered by CEO Greg Poux-Guillaume*

Our carbon emission target is an absolute reduction of 50% by 2030 on a 2018 baseline for our own operations (scope 1 & 2) and our value chain (scope 3), in line with the 1.5-degree pathway. For us, this is actually a stronger reduction than 45% compared 2019. To explain in absolute numbers; our absolute carbon footprint a full value chain in 2018 was 14 million tons of carbon, so a 50% reduction target would lead to a carbon footprint of 7 million or less in 2030, whereas our absolute carbon footprint full value chain in 2019 was 13.6 million tons of carbon, so a 45% reduction target would lead to a carbon footprint of 7.5 million in 2030. I.e., a minimum of 45% carbon reduction in 2030 on a baseline of 2019 falls within our carbon reduction target for 2030. We have specific plans behind our 2030 ambition to reduce carbon emissions by 50% and are well on track to deliver on our targets. We have already realized 28% reduction on our own operations on our 2018 baseline. Scope 1 and 2 are in our own control as this relates to the production of our products. Scope 3 is a shared responsibility in our value chain. What we have done so far is engage with our key suppliers and customers. We have brought together our whole value chain in our collaborative sustainability challenge to find solutions and build plans that will reduce our emissions as a collective, supporting our target of 50% less carbon emissions by 2023. Moreover, 40% of our revenue already comes from sustainable products, such as using biobased materials in our internal wall paints, reducing the curing temperature for our power coating customers and recycle post consumer paint and bring it back in new products. AkzoNobel will continue to engage and to report on progress made.

**Question Ms. K. Sleven – Milieudéfensie**

Ms. Sleven notes that Milieudéfensie did an assessment of AkzoNobel's climate plans which were found to be insufficient. She asks if AkzoNobel has made progress and will have more detailed and transparent plans.

**Answer**

*Answered by CEO Greg Poux-Guillaume*

AkzoNobel is progressing and cooperating with its customers and suppliers. AkzoNobel will continue to engage and share progress on its plans as they become more specific and quantified.

**Question Mr. M. Gast – Milieudéfensie**

Mr. Gast notes that part of his question has just been addressed, but asks; Is AkzoNobel going to commit to the goal of forty-five percent (45%) CO<sub>2</sub>-reduction with a baseline 2019, yes or no, and will it be more detailed about its scope 3 emissions?

**Answer**

*Answered by CEO Greg Poux-Guillaume*

AkzoNobel's target is compatible with that of Milieudéfensie. AkzoNobel is working hard to reach this target. The challenges with the collaborative aspect of scope 3 is acknowledged, but continued progress in moving towards renewable energy and reducing energy consumption will be made. AkzoNobel appreciates continued engagement on this matter.

**Questions European Investors-VEB, represented by Mr. D.M. Tomic**

- a. Mr. Tomic raises the recurring key audit matter on "ongoing transformation of the organization, systems, processes and controls" and asks how and in what timeframe this will be resolved.
- b. He would also like to understand how AkzoNobel will improve its value creating potential and specifically its capital productivity, and what the outlook is for the return on investment (ROI).

**Answers**

*Answered by Chairman of the AGM Nils Smedegaard Andersen, CFO Maarten de Vries & CEO Greg Poux-Guillaume*

- a. Progress has been made on operational efficiency and the transformation of the organization, systems, processes and controls remains relevant as the Company continues its transformation effort. During the meeting of the Supervisory Board earlier on the day, the Supervisory Board discussed a project that focused on the harmonization of the European paints' portfolio.
- b. The ROI came down due to a combination of margin compression and asset utilization for AkzoNobel's integrated supply chain transformation. Focus on the short-term will be on margin expansion, which has been defined as one of AkzoNobel's priorities for 2023 and will also drive improvements on the ROI. The longer term will be focused on asset utilization and therefore the returns on AkzoNobel's assets. Mid-term targets will be disclosed when set. The current capacity utilization should be improved. AkzoNobel's fragmented footprint and complex product allotment sometimes hinder the ability to simplify and AkzoNobel is working on improvements which take time. The challenges with raw material prices are noted and it is explained that as AkzoNobel is working to improve the working capital position and rebuilding profitability, AkzoNobel's ROI is expected to improve progressively.

**Question Mr. J.L.M. Reijnen**

Mr. Reijnen notes the announced acquisition of Chinese Decorative Paints business from Sherwin-Williams and comments that caution should be taken with investments in geopolitical uncertain regions. He asks for AkzoNobel's view in that respect.

**Answer**

*Answered by Chairman of the AGM Nils Smedegaard Andersen & CEO Greg Poux-Guillaume*

The referenced acquisition fits our M&A strategy of focusing on small to medium acquisitions that have a strong fit with AkzoNobel, a clear potential to add to growth and for a fair valuation. It is complementary to our current offering and to the AkzoNobel footprint. China is considered an attractive and profitable market for the Company. There is no risk of overexposure to the region.

**Agenda Item 3                      Financial statements, result and dividend**

**(a)              Adoption of the 2022 Financial Statements of the Company**

**Question European Investors-VEB, represented by Mr. D.M. Tomic**

Mr. Tomic comments on AkzoNobel's capital allocation and notes that AkzoNobel's net debt was impacted by several share buyback programs over the past few years. The share buyback program was continued during 2022, when AkzoNobel was experiencing headwinds, negative impact from raw material prices and increasing working capital. He asks which parties benefited from the share buyback programs and how AkzoNobel reflects on the matter.

**Answer**

*Answered by Chairman of the AGM Nils Smedegaard Andersen*

The capital allocation strategy over the last years focused on long-term commitments with stable dividends and doing share buybacks and acquisitions when appropriate. This has impacted the debt position, however this is not considered to be a concern. AkzoNobel is increasing its profits during 2023 and is confident that the number will come down. The share buyback program was completed in 2022 and both selling shareholders and, foremost, the remaining shareholders benefitted from it either because of a higher share price or because gaining a larger stake in the profits of the Company.

**Question European Investors-VEB, represented by Mr. D.M. Tomic**

Mr. Tomic notes that 2022 was the fourth consecutively year where the auditor identified the transformation of the Company as a key audit matter. How does the auditor rate the progress made by AkzoNobel over the last year(s) on this matter and its internal controls and systems, and when is it expected for the key audit matter to have been addressed sufficiently?

**Answers**

*Answered by lead partner PWC Fernand Izeboud*

It is stressed that there is no judgment of value in the identification of a key audit matter, it is part of the audit requiring more attention than other matters. Over the past years, the Company executed a wide range of transformational projects in order to align to its evolving operating model, focusing on end-to-end processes and to increase operational efficiencies and effectiveness. Until completed, the transformation that encompasses changes in the organization, systems, processes and controls shall require significant attention and be considered a key audit matter. AkzoNobel has made progress on this matter and simplifications have been accomplished with the introduction of new systems and processes.

**Question European Investors-VEB, represented by Mr. D.M. Tomic**

Mr. Tomic notes that in comparison to last year's version the auditor in the independent auditor's report added a sentence to the paragraph on risk of revenue recognition whereby it was noted that this risk is related to the occurrence of revenue transactions, 'due to the Company's strategy to continuously grow and expand market share'. He asks if there was any specific reason to include that this year.

**Answer**

*Answered by lead partner PWC Fernand Izeboud*

As described in the auditing standards, management override of controls and risk of fraud in revenue recognition are presumed risks of fraud. To provide the shareholders with more insight and to add color to the theme a sentence was added to the independent auditor's report in the relevant paragraph. There was no significant change in PWC's approach.

**Agenda Item 3                      Financial statements, result and dividend**

**(d)              Remuneration report 2022**

**Question European Investors-VEB, represented by Mr. D.M. Tomic**

Mr. Tomic comments on the STI target setting. The short-term incentive has both financial objectives, which targets were not met, and non-financial objectives, which targets were exceeded. Considering the non-financial targets included, amongst others, pricing dynamics and working capital management, could these not be considered to be part of the operating income and free cashflow metrics of the financial objectives?

**Answer**

*Answered by Chairman of the Remuneration Committee Dick Sluimers*

The non-financial personal objectives and metrics were clearly defined and have been described in the Remuneration Report. As explained, unforeseeable events heavily impacted the financial targets which resulted in no pay-out on the financial objectives for Mr. Vanlancker and Mr. De Vries. The non-financial personal targets, which also included targets on the improvement of female representation and organizational health index scores, were not impacted and achieved above target. The performance on the non-financial objectives focused on margin management and inventory reduction was assessed separate from the performance on the financial objectives. Overall, the combined performance on the financial and non-financial objectives resulted in the STI pay-out as noted.

**Question European Investors-VEB, represented by Mr. D.M. Tomic**

Mr. Tomic states that with respect to the compensation of the CFO, the Supervisory Board mentioned that the limited vesting was a cause for concern. He asked if Mr. Sluimers could elaborate on that remark.

**Answer**

*Answered by Chairman of the Remuneration Committee Dick Sluimers*

Recently, several changes to the Company's Board of Management, Executive Committee and Supervisory Board occurred, resulting in shareholders raising concerns on continuity and whether the CFO would stay with the Company. Taking this feedback into account, the Supervisory Board considered specific retention measures for the CFO and discussed these with some of its shareholders. From these conversations, positive support on a retention measure, that would have been put forward as a proposal for the shareholders to vote on during this AGM, was not expected. This mainly related to the Company's recent history regarding the negative advisory votes on the Remuneration Reports 2021 and 2022 in connection with the discretion applied by the Supervisory Board.

**Question European Investors-VEB, represented by Mr. D.M. Tomic**

Could you please elaborate on the sentence in the statement of the chair of the Remuneration Committee that: "For 2023, we have set challenging, but realistic, targets in order to strike a better balance between our commitment to stakeholders and our ability to reward and retain."?

**Answer**

*Answered by Chairman of the Remuneration Committee Dick Sluimers*

Rewarding in line with strategies and operations of the Company and retaining people is considered the basis of any remuneration policy.

**Agenda Item 5****Supervisory Board**

(a) Appointment Mr. B.J. Noteboom

**Question European Investors-VEB, represented by Mr. D.M. Tomic**

Was the Dutch nationality a key condition in the search for the successor of the chair of the Supervisory Board?

**Answer**

*Answered by the Deputy Chairman Byron Grote*

The Supervisory Board was looking for the best candidate for the role, the Dutch nationality was not an explicit requirement.

## Annex II

### Voting results of the Annual General Meeting of Akzo Nobel N.V., held on April 21, 2023

Voting No	Description	For	Against	Abstain	No vote	Total <sup>6</sup>
1	3a. Adoption of the 2022 Financial Statements	133,616,198	90,698	1,341,805	4,317	135,053,018
	Percentage	<b>99.93%</b>	0.07%			
2	3c. Profit allocation and adoption of dividend proposal	133,027,365	2,011,780	9,556	4,317	135,053,018
	Percentage	<b>98.51%</b>	1.49%			
3	3d. Remuneration Report 2022 (advisory vote)	125,044,987	9,790,435	212,391	5,205	135,053,018
	Percentage	<b>92.74%</b>	7.26%			
4	4a. Discharge of the members of the BoM	124,388,538	8,608,077	2,052,086	4,317	135,053,018
	Percentage	<b>93.53%</b>	6.47%			
5	4b. Discharge of the members of the SB	124,387,313	8,609,267	2,052,121	4,317	135,053,018
	Percentage	<b>93.53%</b>	6.47%			
6	5a. Appointment of Mr. B.J. Noteboom	129,319,290	5,075,065	654,346	4,317	135,053,018
	Percentage	<b>96.22%</b>	3.78%			
7	5b. Re-appointment Mrs. J. Poots-Bijl	126,992,327	7,566,784	489,590	4,317	135,053,018
	Percentage	<b>94.38%</b>	5.62%			
8	5c. Re-appointment Mr. D.M. Sluimers	123,825,473	11,205,907	17,321	4,317	135,053,018
	Percentage	<b>91.70%</b>	8.30%			
9	6a. Authorization for the BoM to issue shares	131,816,277	3,215,876	16,548	4,317	135,053,018
	Percentage	<b>97.62%</b>	2.38%			
10	6b. Authorization for the BoM to restrict or exclude pre-emptive rights	130,469,964	4,558,564	20,173	4,317	135,053,018
	Percentage	<b>96.62%</b>	3.38%			
11	7. Acquisition of common shares in the share capital of the Company	133,746,952	710,991	590,758	4,317	135,053,018
	Percentage	<b>99.47%</b>	0.53%			
12	8. Cancellation of common shares held or acquired by the Company	134,555,482	349,340	143,879	4,317	135,053,018
	Percentage	<b>99.74%</b>	0.26%			

<sup>6</sup> Total votes that could be cast based on attendance.

As on March 24, 2023 (record date):

Total number of issued share capital: 170,577,686 common shares and 48 priority shares.

The total number of voting rights: 170,577,686 voting rights on the common shares and 38,400 voting rights on the priority shares.

Percentage of voting rights registered: 79.16%