

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: 30th September 2021

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

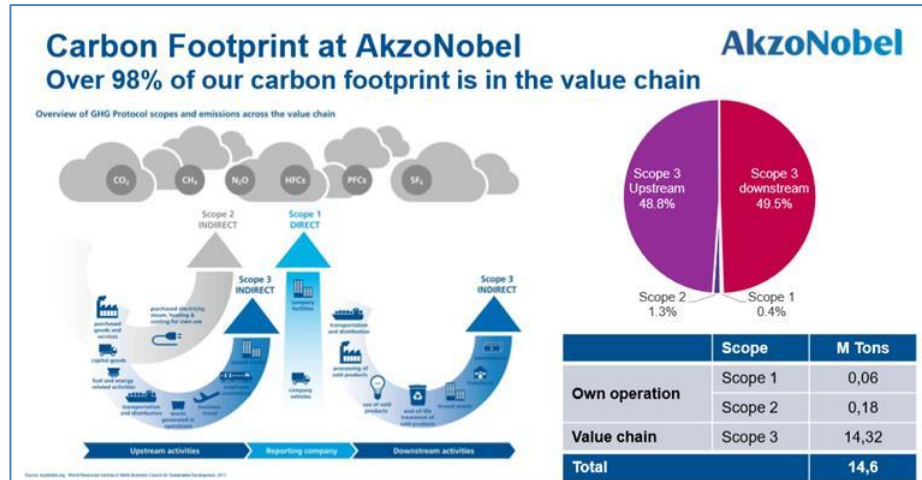
Commitment to achieving Net Zero

AkzoNobel is committed to achieving Net Zero emissions 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 (tCO ₂ e)
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)



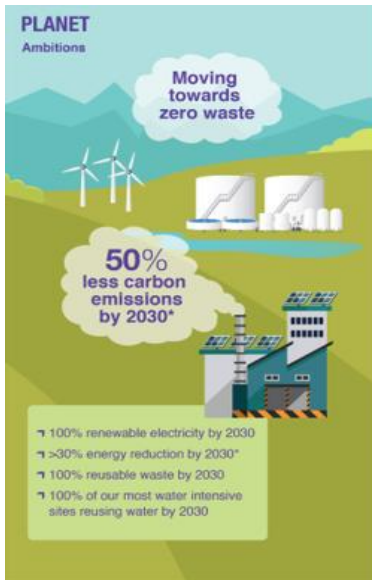
N.B. This graph is indicative and from original baseline work. The 2018-2019 Scope 3 figures have been restated due to improvement of methodology by better incorporating raw material formulation

Current Emissions Reporting

Current Year: 2020	
Additional Details - NA	
Emissions:	TOTAL (tCO ₂ e)
Scope 1	57.16 kilotons or 0.057 million tons
Scope 2	168.2 kilotons or 0.168 million tons
Scope 3 (include sources)	5.9 million tons (Upstream - Category 1: purchased goods and services) 6.7 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 = 12.6 million tons
Total Emissions	12.8 million tons

Emissions / Carbon Footprint are measured from cradle-to-grave based on the international Greenhouse Gas (GHG) Protocol and Lifecycle Assessment ISO 14040-44.

Emissions reduction targets



In order to continue our progress to achieving Net Zero, we have adopted the following operational carbon reduction targets (Scopes 1&2).

We want to achieve a 50% reduction in carbon emissions by 2030 (off a 2018 baseline) and will do so by:

- cutting energy use by 30%
- increasing our renewable electricity use to 100% globally (already 100% in the UK since 2017)
- aiming to reach zero non-reusable waste by 2030
- setting a 2025 ambition for all plastic packaging used by our Decorative Paints Europe business to contain at least 50% recycled content
- - reusing water at 100% of our water intensive sites.

More holistically, AkzoNobel has become the first paints and coatings company to set **science-based sustainability targets**, officially validated by the **Science Based Targets initiative (SBTi)**, by announcing carbon reduction targets for the full value chain. The company's target is to reduce carbon emissions for the whole value chain by 42% by 2030 (baseline 2020). This will apply to the company's own operations, as well as its partners, such as customers and suppliers. These targets will further sharpen and accelerate the AkzoNobel's 'People. Planet. Paint.' vision and progress.

Carbon Reduction Projects

Completed Carbon Reduction Initiatives

In 2020, we reduced our scope 1 and 2 carbon emissions by 4% (relative), mainly through energy reduction, conversion to renewable electricity and footprint optimization. Compared with the 2018 baseline, we have achieved a reduction of 19%.

Some of the principle contributors to emissions reduction since baseline (and will continue to contribute through the next few years) are:

Renewable Electricity – Generation and Purchase

We have installed solar panels at a number of our locations and are actively looking to source renewable electricity. By the end of 2020, 17 sites globally had solar panels as their own renewable electricity source. Currently, our total share of renewable electricity use is 40%, with 34 of our locations and 12 countries already using 100% renewable electricity. The UK is one of those countries at 100%, with solar panels installed at our Ashington manufacturing plant along with a biomass boiler to complement the solar panels.

We are aware that the electricity generated from renewable sources on our UK sites is not enough to cover our total electricity consumption needs, so we are purchasing supplementary renewable electricity with certificates of origin.

Waste Reduction

To help increase our contribution to the circular economy, new outlets have been identified for materials generated during manufacturing that would otherwise have been disposed of as waste. This has resulted in a waste avoidance of 8,500 tons and the carbon associated with that.

In total, our reusable waste in 2020 was 32 kilotons, with 58% of our obsolete materials being reused, enabling us to further contribute to the carbon savings via the circular economy.

Examples of some of our waste reduction projects include the installation of solvent recovery units; reducing packaging waste by moving from smaller paper bags or metal drums to bulk deliveries of raw materials; and reworking obsolete finished goods.

We were also the first major manufacturer to launch recycled paint thanks to a partnership in the UK with resource management experts, Veolia. The revolutionary Dulux Trade Evolve Matt is made from people's paint waste, with the final product containing 35% recycled paint and is **11% lower embodied Carbon** than the equivalent standard product.

Reducing VOCs

Air emissions generated from our operations are primarily Volatile Organic Compounds (VOCs). Since 2020 we have decreased both our total VOC emissions, and our VOC emissions per ton of product. Reducing VOCs contributes significantly to reducing carbon. This reduction was delivered via product design, improved VOC modelling, driven by research and development, good management practices and environmental controls at our manufacturing sites. So, there are a number of different projects associated with reducing VOCs – although some work in this area is complete, many of these projects are on-going so this overlaps with the 'Future Projects' section.

In the UK we have also launched the Dulux Trade Airsure range which is designed to not only offer great performance but is also 99.9% VOC free¹ helping to reduce VOCs and minimising the impact of paints on indoor air quality². This range is also significantly lower carbon than standard products.

Additional Points:

- All AkzoNobel Decorative Paints UK manufacturing sites are ISO14001 accredited
- Year on year reductions have meant that we have continuously held the Carbon Trust Standard since 2009, recognizing year-on-year reductions in carbon emissions. Since 2013 we have held the Carbon Trust certifications for both Carbon and Water.

Future Activity

We have programs in place and have identified projects that will contribute to achieving our ambitions. These include our Resource Productivity program, which is the main contributor to our current environmental performance and the key enabler for delivering on 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.

One of the key contributing factors to reducing carbon emissions is to lower energy consumption. As well as improving the energy efficiency of equipment and installations – including LED and compressed air systems – we're also putting a strong focus on behavior, such as monitoring leading to actions.

Moving to 100% Renewable Energy

The second contributing factor to halving our carbon emissions is converting to 100% renewable electricity. We will therefore be installing solar panels at a number of our locations and are actively looking to source renewable electricity. Currently, our total share of renewable electricity use is 40%, with 34 of our locations and 12 countries already using 100% renewable electricity.

By the end of 2020, 17 sites had solar panels as their own renewable electricity source. We're aiming to increase this number significantly in the near future as part of a global program.

Supplier Performance Management

In 2020, we adjusted and aligned our existing Supplier Sustainability Balanced Scorecard (SSBS) with our People. Planet. Paint. initiative. This will help ensure our suppliers are heading in the same direction to reduce their carbon emissions and move towards a circular economy. We've also asked our top 20 suppliers to share their ambitions on reducing greenhouse gas, waste and energy, and moving towards renewable electricity and a circular economy. Every year, we assess their achievements against these ambitions and score them accordingly. The SSBS results are part of our supplier performance management process.

Bio-based Raw Materials

Some of our future innovation plans are focused on moving away from using fossil-fuel based raw materials and replacing them with bio-based raw materials. Breakthrough opportunities have been unlocked by research in this area being conducted by AkzoNobel, in collaboration with the Dutch Advanced Research Center Chemical Building Blocks Consortium (ARC CBBC). The innovation involves the development of a more sustainable way of making resins, which could pave the way for the introduction of futuristic functionality – such as intelligent paint that uses controlled release of active ingredients, or the ability to add new functionality during the lifetime of a coating.

The new process uses bio-based monomers to make the resins, rather than the traditional oil-based. Requiring just UV light, oxygen and renewable raw materials, patent applications have

already been filed for resins and coatings made with monomers derived from sugar derivatives isolated from biomass.

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 standard³ and uses the appropriate Government emission conversion factors for greenhouse gas company reporting⁴.

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) Standard⁵.

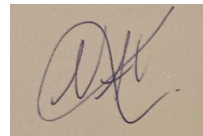
This Carbon Reduction Plan has been reviewed and approved by the Board of Imperial Chemical Industries Limited on 5 October 2021.

Signed on behalf of Imperial Chemical Industries Limited



J. A. Jimenez Lozano
Director

Date: 05/10/21



N. Akay Kemahli
Director

5/10/2021

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>