

AkzoNobel Modern Slavery Statement 2019

August 21, 2020

This statement has been published in accordance with the UK Modern Slavery Act 2015 and the California Transparency in Supply Chains Act. It sets out the steps taken by Akzo Nobel NV and its subsidiaries, for and on behalf of all reporting entities within the AkzoNobel Group, up to December 31, 2019, to prevent modern slavery in its business and supply chain.

Introduction

Slavery, servitude, forced labor and human trafficking (modern slavery as defined in the UK Modern Slavery Act 2015) are infringements of human rights which have a profound, negative impact on people's lives. AkzoNobel has a zero-tolerance approach to modern slavery of any kind. We define modern slavery within AkzoNobel to include child labor, debt bondage, forced labor, human trafficking, servitude, slavery and slavery-like practices.

At AkzoNobel, we understand that through our roles as employer, manufacturer, business partner and member of many communities, we can potentially directly and indirectly impact the lives of millions of people. While we are committed to making a positive impact through our products and our community programs, we are aware of the potential negative impact we might cause, contribute to or be linked to. We recognize our responsibility to respect the human rights of all stakeholders across our value chain and are committed to actively and systematically assess (potential) human rights impacts and take action where needed to ensure our impacts on people's lives are as positive as possible.

As part of our core principles and in line with the United Nations Guiding Principles on Business and Human Rights (UNGPs), we are committed in our operations and across our value chains to respecting all internationally recognized human rights as set out in the International Bill of Human Rights (consisting of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights) and in the International Labor Organization's Declaration on Fundamental Principles and Rights at Work. We support the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises. We expect all our business partners to respect human rights and apply equivalent principles, and we seek to support them actively in their implementation where needed.

We encourage our colleagues, business partners and people affected by our activities or products to raise complaints and grievances about any potential human rights concerns. We address these complaints and grievances fairly, in confidence and in accordance with laws. You can raise complaints and grievances through our [Speak Up! website](#).

Our business and supply chains

AkzoNobel is a leading global paints and coatings company. We have a passion for paint and supply to industries and consumers worldwide. In 2019, the turnover for the group was EUR 9.3 billion.

Headquartered in Amsterdam, the Netherlands, we employ approximately 33,800 talented people and are active in around 150 countries, while our portfolio includes well-known brands such as Dulux, Sikkens, International and Interpon. We are dedicated to energizing cities and communities while creating a protected, colorful world where life is improved by what we do.

In 2018, we have simplified our organization structure after the sale of our chemicals business. We have a faster and more efficient way of working, with two clear focus areas – making and selling paint. Commercially, we are now organized into business units, reporting to the Chief Operating Officer. Meanwhile, all our supply chain activities are led by the Chief Procurement Officer. AkzoNobel purchases and sells a wide array of diverse products catering to many customers in many different markets all over the world. Our supply chains are long and often complex. As a result, the company has tens of thousands of suppliers, large and small. While sourcing is now centralized and key products and large volume products are sourced company-wide, managing our supply chain will continue to be a significant challenge.

Policies and contractual controls

AkzoNobel's policies include principles on how its employees and business partners should respect human rights. Our [Code of Conduct](#) states that we will not tolerate abuses of human rights, whether at the company or across our value chain, and that we will take any adverse impacts on these rights very seriously and act accordingly. Our contracts with suppliers require compliance with all applicable laws. Policies are developed by experts at the company and signed off at Executive Committee level. For example, we have a specific policy on child labor and do not employ people under the age of 16, irrespective of whether local laws provide for a lower minimum age. Each year, management in the organization needs to certify compliance with our Code of Conduct and policies. If deficiencies are noted, they must set and execute actions to remedy them.

We operate a whistleblowing mechanism known as [SpeakUp!](#) with supporting processes and staff. This mechanism is available for both employees and third parties, including suppliers and their employees. People are encouraged to report any concerns of wrongdoing, including human rights violations such as modern slavery. All reports are investigated, and appropriate action is taken.

All our business partners are required to sign and comply with our [Business Partner Code of Conduct](#) before engaging in business with us, including a commitment to avoid impacting people's human rights, and to apply principles of the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work. The code explains, for example, that people should not be employed against their will, transported for exploitation, engaged in slavery or servitude, nor deprived of their rights. In addition, legal minimum age requirements – as outlined in the relevant ILO conventions and the laws of the countries of operation – should be adhered to and children under the age of 16 should not be employed. The code is available in 22 languages.

A signing requirement of our Business Partner Code of Conduct was introduced and currently 98% of the product related (PR) spend and 84% of the non-product related (NPR) spend are covered.

We have rolled out a Business Partner Compliance Framework ("the Framework") throughout the organization. The Framework provides for a company-wide, risk-based screening of business partners

before engaging with them, both on the supply side and sales side. The scope for screening, which is supported by a third-party screening system, includes adverse media which covers human rights and modern slavery related issues.

Due diligence and audits of suppliers and supply chain

AkzoNobel is fully aware that multiple risks come with a complex and long supply chain, including the risk that modern slavery may exist in these supply chains. The company has taken various initiatives to address this risk and will continue to assess their effectiveness to ensure these risks continue to be mitigated.

Supplier sustainability framework

We work together with our suppliers to create a sustainable supply database. Our supplier sustainability framework continuously monitors the sustainability level of our suppliers, including human rights.

Together for Sustainability (TfS)

TfS is an industry initiative made up of 26 leading global chemical companies and continues to expand. It aims to improve sustainability practices within the global supply chains of the chemical industry, building on established global principles such as the United Nations Global Compact, UN Guiding Principles on Business and Human Rights and the Responsible Care Global Charter. With TfS, we aim to implement effective, leading edge practices across the industry. We are implementing standardized global sustainability assessments and continue to engage independent, third parties to conduct announced audits of our suppliers, which incorporates a review of their social compliance program, including respecting human rights.

The results of our TfS assessments and audits allow us to identify common areas for improvement and focus improvement activities relating to the suppliers that are assessed through the platform. Improvement areas include the introduction of a formal reporting system on our suppliers' sustainable procurement performance and business ethics issues, including human rights. Close to 60% of the identified risk suppliers already participated in the 2018 EcoVadis assessments. In 2019, we increased this to 65% by adding suppliers prioritized by risk. Currently 47% of risk suppliers meet our expectations using the EcoVadis score result. In 2020, we aim to accelerate our program by continuing to request improvements and inviting additional suppliers to take part in the assessment. The results of our TfS assessments and audits allow us to identify improvement activities with our suppliers. Read more about our supplier sustainability framework in our [annual report](#).

Assessment of modern slavery risk within our supply chain

As mentioned before, we are aware that multiple risks come with complex and long supply chains, including the risk that modern slavery may occur in these supply chains. As an outcome of the human rights risk assessment which resulted in our salient human rights issues, we recognize that there is an inherent risk of [modern slavery](#) in global supply chains, including our own, and particularly as we move into tier two and onwards (indirect) suppliers.

We further accelerated our due diligence program of several high-risk raw materials. Initiated in 2017, these raw materials were identified as possibly impacting human rights in our supply chain, in particular regarding health and safety, working conditions and modern slavery. After analysis and prioritization,

materials in scope are cobalt, mica minerals and tin, which are used in the manufacture of some additives, pigments, resins and tin packaging material that we source. In 2019, we published a [conflict mineral statement](#).

With regard to mica minerals, we collaborated with our suppliers to map their entire supply chain back to the mines of origin. For cobalt and tin, we have surveyed all 188 identified suppliers, using templates supplied by the Responsible Minerals Initiative. Of those suppliers who confirmed using high risk materials necessary to the functionality of the product, 83% disclosed their smelters. A total of 38% of these smelters are conformant with the Responsible Mineral Assurance Process (RMAP) standard, or an equivalent standard. Suppliers with a “conflict free statement”, but who did not disclose the smelters in their supply chain, were not regarded as being conformant, since our due diligence is based on the Organization for Economic Cooperation and Development (OECD) Guidance for Responsible Mineral Supply Chains. In 2020, we will continue our due diligence process to ensure our suppliers steer their supply chains towards using only smelters validated via RMAP (or equivalent).

Training


Training on our Code of Conduct (which includes respect for human rights) and grievance mechanism are mandatory to all employees of AkzoNobel. All employees must have completed our [Code of Conduct](#) training and confirm that they have understood and acted in accordance with the Code of Conduct in their annual performance evaluation form.

This statement was approved by the Board of Management and Executive Committee of Akzo Nobel N.V. This statement covers Akzo Nobel N.V. and its group companies, with reporting companies proceeding with their own Board approvals according to the UK Modern Slavery Act.

Signed,

Thierry Vanlancker
CEO AkzoNobel

This statement was approved by the Board of Management and Executive Committee of Akzo Nobel N.V. and adopted by the Board of Directors of International Paint Limited on 21 August 2020.


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