

AkzoNobel 2023 Gender Pay Report (IPL)

Foreword

“AkzoNobel strive for a workplace where managers are enthusiastic about building and sustaining diverse teams and are equipped with the tools to do so. This includes empowering our Talent Acquisition teams to tap into a wide array of talent pools, while also educating hiring managers about the benefits of cultivating diverse teams within a respectful and trustworthy environment. We also included Diversity, Equity and Inclusion as a specific driver of our employee engagement platform, Voices. This supports people managers in understanding what requires their attention in their journey towards creating an even more diverse, inclusive and respectful environment for their teams.

We're determined to enhance the diverse representation throughout our organization, particularly at executive and leadership level. For more information on DE&I at executive and leadership level, see our Diversity, Equity and Inclusion Policy for the executive level, Board of Management and Supervisory Board.

We consider that the promotion and mobilization of internal talent are fundamental, which is why we've thoroughly assessed the pipeline leading to the executive level and have embarked on a journey that will enable us to provide growth opportunities for identified talent. Gender representation remains at the core of our diversity efforts and we're fully aware of the impact of female representation. We're rigorously working towards improving our gender representation, while offering interesting and challenging prospects to our talent. We acknowledge that diversity goes beyond gender, and we strive for diversity in all its forms.

(excerpt from AkzoNobel Position Statement on 'Diversity, Equity & Inclusion')

As in previous years, the historical gender imbalance which exists within some business areas continues to be a key area of focus for all UK Management Teams. The recruitment initiatives implemented over the last few years are now fully embedded but we acknowledge that real and long-term difference to the current gender pay gap will take time and as a company, we remain committed to continuing this journey.

Approach Taken

Under the requirements specified by UK legislation, we are required to report on the legal entities within our Group which have over 250 'UK employees' (as defined in accordance with that legislation). The data provided in this report is based upon the snapshot date of 5 April 2023, and the 12-month reference period up to 5 April 2023 for the purpose of bonus analysis.

Statutory Disclosure

There are three legal entities within the AkzoNobel Group of companies which have over 250 UK employees (as defined in the legislation). These entities are Imperial Chemical Industries Limited (trading as ICI Paints AkzoNobel) (**ICI**), International Paint Limited (**IPL**) and J.P. McDougall & Co. Limited (**JPM**). The figures for IPL Limited are as follows:

Mean Gender Pay Gap

IPL 16.75% (2022 : 13.53%)

Median Gender Pay Gap

IPL 8.4% (2022 : 8.8%)

Mean Gender Bonus Pay Gap

IPL 47.4% (2022 : 49.6%)

Median Gender Bonus Pay Gap

IPL 24.7% (2022 : 11.5%)

Proportion of employees receiving a bonus payment

	Female	Male		Female	Male
IPL	98.4%	97.2%	2022	96.1%	90.6%

Proportion of employees within each pay quartile

	Q1	Q1	Q2	Q2	Q3	Q3	Q4	Q4
	F	M	F	M	F	M	F	M
IPL	38%	62%	25%	75%	28%	72%	23%	77%

Gender Pay Gap - Hourly Rate and Bonus

Whilst there has been an increase in the mean gender pay gap and a small decrease in the median gender pay gap, the core structural factors (a higher proportion of men than women in senior leader and executive positions) which drive the current gender pay gap remain unchanged and coupled with the low levels of attrition, this means that the headline gender pay gap remains an area of constant focus.

It's also important to note that the Gender Pay Gap is wholly independent of Equal Pay considerations, and with regards to Equal Pay, the Company regularly review salary levels against our internal grading system in respect of gender and when making hiring

compensation and benefit decisions and the results continue to confirm that there is no Equal Pay issue.

With regards to the current bonus gender pay gap, as in previous years, it continues to be driven by the increased bonus opportunity as employees move into more senior positions – so as with most gender pay gap challenges the Company face, increasing the number of women in senior management levels will have the most positive impact on reducing the current differential.

As referred to previously, a number of Talent Acquisition initiatives continue to focus on increasing the number of women across all levels of the business, with a specific focus on middle management, senior leaders and executive level positions. The UK HR Leadership Team undertake a quarterly review of both internal and external hiring practices to assess our progress against our gender diversity ambitions.

Whilst we understand that internal and external recruitment remains an important area of focus, alongside this, we also need to develop talent pipelines for the longer term to ensure that we have strong engagement programs to retain female talent.

Alongside the existing activities, a number of other initiatives have also commenced:

Going Places

Going Places is our strategy to engage and inspire young people, especially young women, to learn more about both AkzoNobel as an employer and the career pathways we offer, especially within STEM..

Additionally, as part of our Going Places Strategy, we also engage with educational partners to talk about the skills and capabilities which we see as vital to enable our industry to grow and develop in the long term.

'Integrate ' Engagement Initiatives

These initiatives are targeted at making our Manufacturing Sites more accessible to female colleagues, with investments into areas such as improved female changing rooms as well as focus on female specific protective clothing.

We fully recognise that we have a much higher proportion of males than females at our Manufacturing Sites and as a result, the Integrate Initiative has been introduced to encourage more females to join our Company and feel more comfortable and confident within their working environment.