

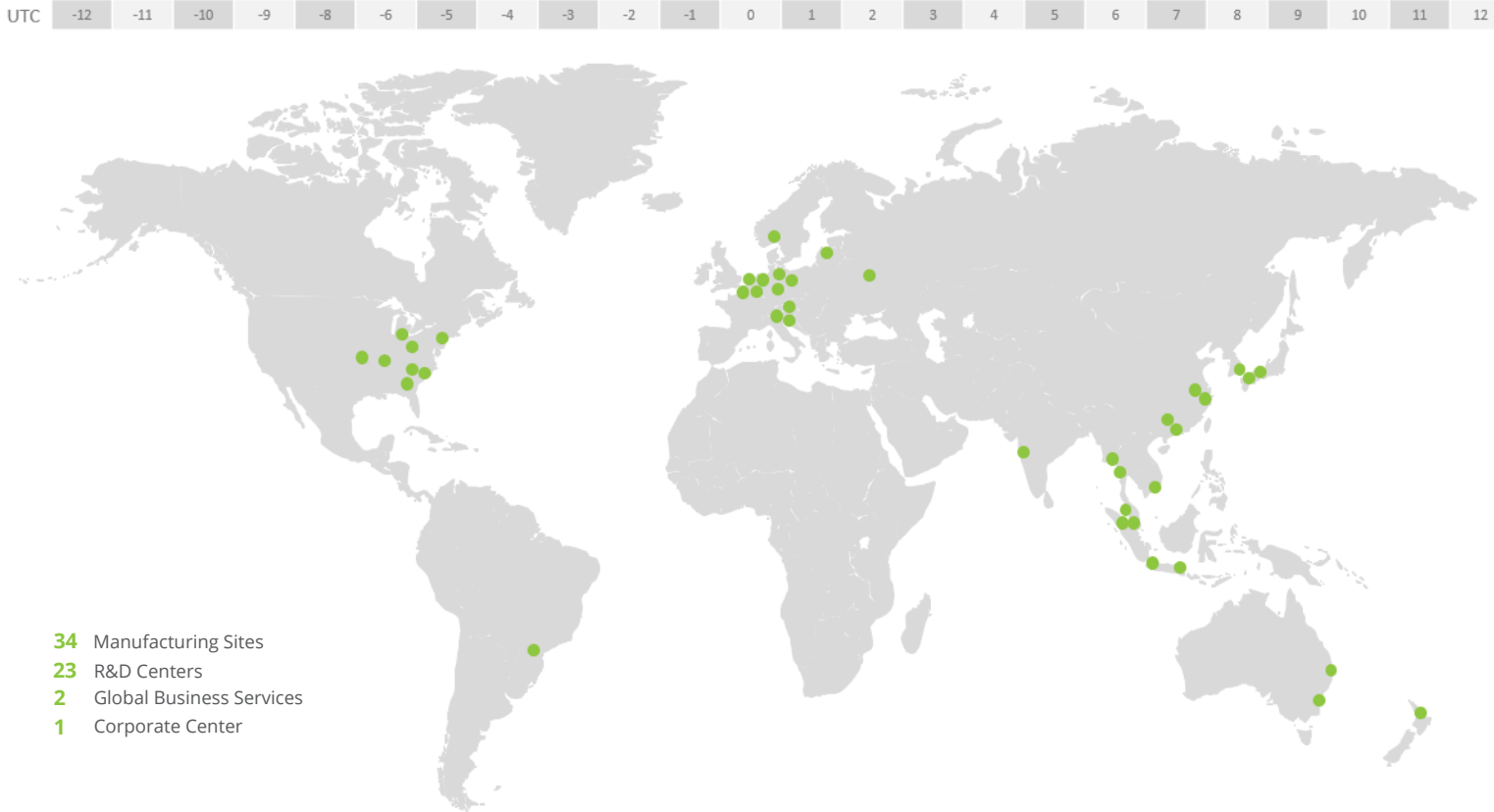


ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2021

allnex at glance

The sun never sets on our distributed network of R&D centers and manufacturing facilities.



Who we are

allnex is a specialty chemicals pioneer in green chemistry offering an extensive range of products including innovative polyesters, alkyd, acrylic, epoxy and urethane polymers used as key ingredients for coatings, i.e. resins, crosslinkers and additives. We have a long history in producing specialty ingredients which enable greener coatings such as low VOC high-solid, water borne, and powder coatings, low VOC and low energy UV/EB curable coatings and varnishes, and solutions for formaldehyde-free crosslinking (pg. 22).

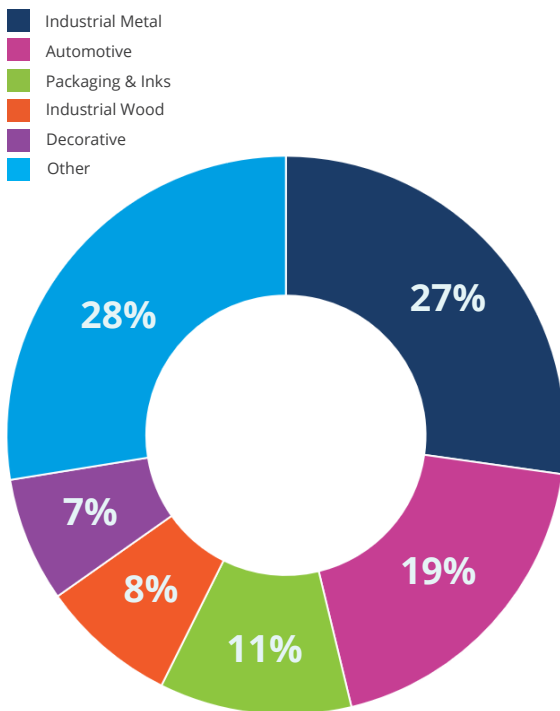
At allnex, our success is based on a global network of R&D centers and manufacturing facilities which ensure reliability and a deep understanding of the needs of our customers and local market. With 34 manufacturing facilities and 23 research and technology support centers globally, we understand the challenges in a multitude of markets and offer the broadest portfolio of coating resins and adjacencies.

Our research teams work in close cooperation with our clients to develop coating solutions that can be implemented faster, are more competitive in both cost and quality, and meet some of the most stringent Sustainability requirements. Our outstanding track record of innovation and a fully stacked product pipeline ensures growth and client satisfaction in virtually every market.



Company Overview

Sales by Market Segment*



Our Purpose

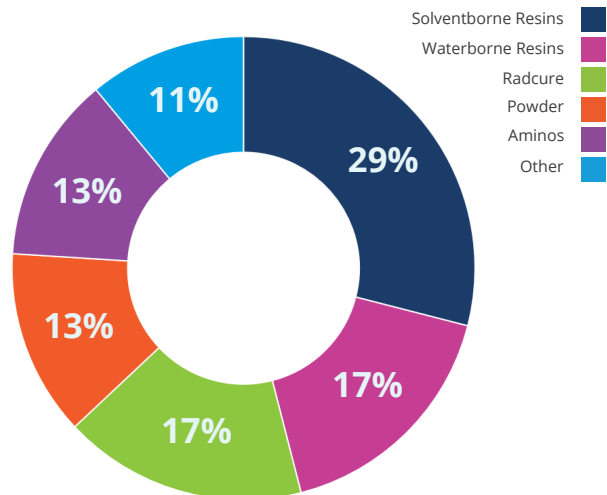
We aim to create value in all that we do. Our mission is to lead in innovation, quality and reliability; and build on a rich know-how in sustainable polymers technology, to meet and exceed the expectations of our customers.

What We Do

Our products cater to multiple end-user segments, including:

- Industrial metal
- Automotive
- Packaging & Inks
- Industrial wood
- Decorative

Sales by Product Type*



Our values

Safety | Protecting our employees, communities and the environment from harm is the foundation for all our activities.

Diversity | We celebrate diversity and are committed to an environment where all colleagues contribute for the benefit of our employees, our products, and our communities.

Integrity | Be honest, transparent and respectful. We adhere to a code of conduct which enables us to navigate challenging situations.

Compliance | We comply with all relevant regulations in each of the countries where we operate, including rules relating to safety, health and the environment.

Value Creation | We strive to provide quality products to our customers and returns for our investors, as well as giving back to the communities in which we operate.

Team/Collaboration | Teaming and collaboration are important for engaging with both upstream and downstream partners to create mutually beneficial solutions.



€2B in Sales



Leader in Green Chemistries



75 Years of Innovation

*Charts based on 2020 revenue in Euro Million

Our Sustainability Program

Sustainability is a crucial part of what allnex stands for. As the pioneer in powder, UV, high solids, and water-based technologies for industrial coatings, we already offer a broad portfolio of eco-friendly solutions. On top of that, as the leader in industrial coatings, we focus on social and environmental criteria to further drive positive changes within our complete value chain.

In order to be successful in our Sustainability program, we take inspiration from the 17 Sustainable Development Goals as defined by the United Nations (UNSDGs).

In 2019, the allnex Management team together with the Sustainability taskforce performed a stakeholder analysis to identify where allnex could make the biggest impact. Although all 17 UNSDGs are important, 3 were identified as being most substantial to the organization and its stakeholders:

UNSDG n°12: Responsible Consumption and Production - Reducing our footprint by offering products that increase the durability and longevity (overall superior weathering) of items, and producing those products in the most efficient way possible.

UNSDG n°13: Climate Action - Limiting our impact on climate change by increasing our use of green energy and making the switch to alternative raw materials, while also supplying solutions for renewable energy production and eco-friendly transportation modes.

The 3 most material UNSDGs for our Sustainability strategy have been translated into 5 high priority areas that are valid throughout our complete value chain: energy efficiency, circular economy, renewable sourcing, safer materials, and air emissions. These high priority areas guide us in our Sustainability journey.


UNSDG n°7: Affordable and Clean Energy - We provide green solutions to our customers that require less energy in application, and we identify ways to reduce our energy consumption during the production process.


Excerpt from allnex 2019 Stakeholder and Materiality Analysis


Reporting depth	Materials		Manufacturing		Packaging		Distribution		Usage		Disposal	
	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High
7 AFFORDABLE AND CLEAN ENERGY			★	●							▲	●
12 RESPONSIBLE CONSUMPTION AND PRODUCTION			●	★					★	●		
13 CLIMATE ACTION	★	●				●						
6 CLEAN WATER AND SANITATION			★	●						▲	●	
14 LIFE BELOW WATER			★	●								
15 LIFE ON LAND			★	●								

Following our stakeholder analysis in 2019, allnex identified 3 key UNSDGs (7, 12, 13) for the organization.

Our Sustainability Scope, Priorities and Goals

 **UNSDG n°7:** Energy management at allnex is in part about continuously reducing the energy intensity in our production sites and about the switch to renewable energy. Our product portfolio contributes to the development of windmills, next generation batteries, as well as polymer technologies that enable low energy coatings.

 **UNSDG n°12:** Ensuring a pattern of sustainable production and consumption has always been a major point of attention for allnex. Our R&D team focuses heavily on the circular economy model through the inclusion of bio-based and recycled materials in the development of new products. In addition, we demonstrate world-class quality performance at the production level, ensuring good use of valuable raw materials.

 **UNSDG n°13:** We take urgent action to minimize our impact on climate change. Our product portfolio is continuously revisited with the aim of lowering the energy demand in the application of our products, as well as incorporating greener materials. One step further, we are committed to implement ISO 50001 at all allnex plants.

By limiting our focus to only 3 UNSDGs, and translating them into the 5 high priority areas, we can bundle our priorities to have the strongest impact. Of course, the other 15 UNSDGs are present across the many initiatives allnex is taking.


Next to the UNSDGs, allnex is also a proud member of the United Nations Global Compact. The UN Global Compact is a voluntary initiative based on CEO commitments to implement universal Sustainability principles and to undertake partnerships in support of the UN's goals.



Progress Against Our Sustainable Targets & Objectives

In 2019 allnex formulated clear long-term objectives. The objectives have a deadline by end 2023 and will be measured against the actual 2018 performance:

	Target year	Progress
Sustainable Operations 		
We will reduce non-renewable energy purchases by 15% in 5 years, measured by consumption per ton of product.	2023	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
We will develop a waste and water consumption tracking system.	2023	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
We will produce over 40% of our production volume under ISO50001 certification by 2023.	2023	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>

Sustainable Value Chain 		
We will map sustainable sourcing options for renewable, recycled and lower carbon footprint materials.	2023	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
We will dedicate annually 90% of corporate product development resources to projects making a positive impact on the environment.	2023	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
We will implement sustainable product portfolio management practices.	2023	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

- Completed
- On Track
- Behind Schedule

2020 Highlights and achievements

Next to the long-term specific Sustainability ambitions, allnex makes yearly commitments and improvements along all 17 of the UNSDGs, the main highlights for 2020 are shown in the below table:

Safety Health & Environment



pg. 10

- Covid-19 pandemic: pro-active plans were installed and well managed across the globe.
- The care for our environment was translated into a long-term fossil energy reduction target and converting all our production sites towards ISO 50001 certification.
- Successful Primavera Initiatives¹ in 2019 and 2020 with respective focus on energy efficiency and waste reduction.

Sustainable Procurement



pg. 17

- Partnerships with suppliers and standardized procedures & supplier evaluations to drive Sustainability upstream in the value chain.
- Active screening for alternative raw materials.

Innovation and Portfolio Management



pg. 18

- Developed and implemented within R&D the ECOWISE structured approach to evaluate new developments along the 5 priority areas for Sustainability.
- Focus the corporate innovation resources on projects that bring positive contribution in terms of Sustainability. Numerous new products launched.
- Introduced the ECOWISE categorization for commercial products based on the 5 priority areas for Sustainability.

Governance and Compliance



pg. 23

- Extensive Code of Conduct certification.
- Anti-Corruption Guidelines (“ABC” Policy”) online training and certification.

Employees and Communities



pg. 26

- Diversity as part of our core values.
- Company-wide development and training initiatives such as the Emerging Leaders Program.
- Focus on employee engagement and organizational agility.

¹ The allnex Primavera initiative is a company-wide program that pinpoints one Sustainability topic as our teams’ focus for a full year.

Welcome to allnex' first integrated ESG report

allnex has deep roots in Sustainability. Since the 1960s, our company has been an inventor and pioneer of innovative sustainable solutions such as waterborne industrial coating resins, polyester powder resins and UV curable technologies.

In recent years, we have taken major steps to strengthen our strategy towards green technologies, which remains our number one strategic priority. We want to ensure we stay the preferred partner for our customers to pursue greener solutions for years to come.

At allnex, we also recognize the bigger picture when it comes to Sustainability, and our ambition is to drive continuous improvement and innovation to serve the needs of our customers, our communities and our employees in a sustainable manner. This first report on Environmental, Social and Governance (ESG) showcases the spirit of Sustainability at allnex, which includes Compliance, Human Resources, Health & Safety, Environment and of course, driving towards an ever more Sustainable Value Chain through Procurement and Product Innovation.

We are committed to making the UN Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to engage in collaborative projects which offer tangible contributions towards the United Nations Sustainable Development Goals. Our teams across the globe are actively working to make our processes and general day-to-day more sustainable. I am therefore extremely proud to present to you this first-ever ESG report showcasing our recent efforts. Within this report you will find the actions we are taking to ensure we meet – or exceed – our Sustainability ambitions.



A handwritten signature in black ink, appearing to read 'Miguel Mantas', written in a cursive style.

Miguel Mantas
CEO, *allnex*

Safety & Health



Protecting our employees, communities and environment from harm is the foundation for all our activities.

Throughout the allnex organization, employees know that safety, health and environment (SHE) is our most important priority. This true safety-first culture is the result of many decades of focus and specific actions executed every year.

At allnex, we ensure that all internal common standards are known and applied globally, and that incident and progress reporting is done in a consistent way. Our global SHE targets and related initiatives are defined by the allnex management team and based on input from all our locations and different departments. This inclusive approach allows for both ambitious and realistic action programs to keep the organization on the right track and continuously improve our SHE performance.

The indicator getting the highest attention is the employee recordable injury rate² (RIR). The graph below shows the 12-month rolling average of the recordable injury rate along with the number of recordable injuries for a specific month. Out of this graph, the tremendous progress made over the last several years is clear.

Next to the employee recordable injury rate, a complete set of key performance indicators is being tracked and compared towards the target. These indicators (and their targets) are defined for each allnex location. A status update of these indicators is consolidated monthly on a regional and global level.

Safety performance

The safety performance within allnex is assessed based upon a set of commonly accepted and widely used critical indicators. The use of such indicators allows for benchmarking against in the industry, motivating us to improve our safety performance each year and maintain our position among the best.

Employee Recordable Injury Rate Since 2015



While, the ultimate goal is to have no recordable injuries at all, allnex is particularly proud of the vast improvement in employee recordable injury rate over the past years and achieving a fantastic 0.40 in 2020.

² allnex calculates our employee recordable injury rate with the following equation:
$$RIR = \frac{(\text{Number of recordable incidents}) \times 200,000}{(\text{Total number of hours worked})}$$



Prevention remains an important factor within the allnex culture of safety. High focus is put on process safety management where teams across all our sites map the risks towards our employees, communities and the environment through a well-structured Process Hazard Analysis (PHA) methodology. These detailed studies provide guidance on where to prioritize our focus and capital expenditure.

Examples of continuous improvement are, for example, in-line product identification. At our site in Drogenbos (Belgium), allnex engineers have implemented a solution for incoming bulk raw material to be scanned through a sight glass. This was made possible by using well advanced spectroscopic techniques and a modification of all the bulk unloading lines. Thanks to this improvement, a positive raw material identification can be guaranteed without exposing our colleagues and partners to the chemicals. Additionally, at our sites in North Augusta (USA) and Lillestrøm (Norway), data analytics and predictive models have been developed to avoid in-process samples to be taken by operators. These techniques and models were shared as best practices with all sites globally.

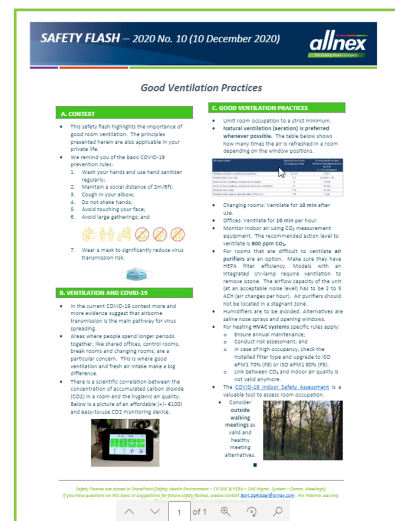
The allnex internal hazard evaluation lab (HEL) fulfills an important task in supporting the processes of our safety and PHA's teams. The HEL offers global support to all locations in critical, what-if, and worst-case scenario testing and publishes detailed reports which are the basis for process improvements,

equipment modifications and new investments. Through the distribution of safety flashes, allnex creates awareness on important topics throughout the year. Prompted by an incident within or outside of allnex, a safety flash is a one pager devoted to a topic, which contains background on potential risks and key learnings or preventative measures to be taken by the organization. In 2019 and 2020 respectively, 11 and 12 safety flashes have been published.

Very complementary to process safety management in allnex' prevention strategy is occupational health. The main point of focus regarding occupational health in 2020 was leading our organization safely through the Covid-19 pandemic. Thanks to a clear strategy and guidelines, as well as disciplined implementation, we were able to prevent the pandemic from spreading in the workplace and did not register any operations interruptions related with infection cases in our workforce.

As our teams are still managing the Covid-19 pandemic in 2021, allnex offers different support services to all employees looking for assistance. These include programs for psychological support, as well as coaching to support employees who wish to stop smoking or take part in weight-management.

All allnex sites are ISO45001 certified. This underlines our commitment towards occupational health and safety. The broad set of global internal standards, together with the global ISO45001 certification allow us to continuously evaluate and improve our occupational health and safety management system in order to further enhance our performance.



allnex Safety Flash

Environment



At allnex, the care for our environment is what unifies our teams.

Therefore, we have high global internal standards and uniform reporting guidelines for all environmental aspects. These standards are translated into a well performing environmental management system for which allnex is globally ISO14001 certified. The ISO14001 certification proves that we not only set and control high internal standards, but that we also strive for continuous improvement in our environmental performance.

allnex Primavera Initiative

In order to increase the awareness throughout the complete organization on aspects that have a major impact on the environment, allnex created the internal Primavera Initiative. This initiative acts as a lever to boost awareness and drive best practices around key Sustainability topics. First launched in 2019, our Primavera Initiative puts one topic into focus for allnex for an entire year. In 2020, our goal was to promote waste reduction, and in 2021 our key focus is water conservation. By choosing a specific focus area, our global manufacturing sites and office locations are challenged to identify improvement actions around a specific topic and educate colleagues on its importance for allnex and our environment. While every year has a specific focus, we will continue to improve on all important topics whenever possible.



Energy: Absolute Numbers

	2018	2019	2020
Natural Gas Consumption (MWh)	781,336	742,128	719,757
Diesel Consumption (MWh)	11,310	9,697	8,793
Steam Purchases (MWh)	209,163	197,550	187,534
Electricity Consumption (MWh)	206,621	193,991	190,366
Renewable Purchased Energy (MWh)	9,611	9,381	101,346
% Renewable Electricity	5%	5%	53%

Absolute Number: Total amount consumed within allnex.

Energy: Intensities

	2018	2019	2020
Natural Gas Purchases for Internal Products (MWh/MT)	0.84	0.88	0.87
Diesel Purchases (MWh/MT)	0.01	0.01	0.01
Steam Purchases (MWh/MT)	0.23	0.23	0.23
Electricity Consumption (MWh/MT)	0.22	0.23	0.23
Renewable Purchased Energy (MWh/MT)	0.01	0.01	0.12
Fossil Fuel Content (MWh/MT)	1.30	1.35	1.23

Intensity: Absolute Number relative to the produced volume.

Energy Consumption

Manufacturing high quality coating resins requires energy. At allnex we use electricity and natural gas as our primary energy sources and our consumption is tracked by all locations and reported globally (Scope 1 & 2)³. The consumption of energy has an impact on climate change through CO₂e emissions, and therefore allnex has made the clear commitment to reduce fossil fuel content (Scope 1 & 2) by 15% between 2018 and 2023 (specific energy per kg of

finished product produced). Reducing this content can be accomplished through energy efficiency gains in the process, investments in new technologies, and the use of renewable energy. All possible improvement methods are used at allnex, which has led to a 6% reduction in fossil fuel content at the end of 2020. We are pleased to report that we are on track with our public target.

³ Scope 1 & 2 defined: www.ghgprotocol.org (FAQ.pdf)

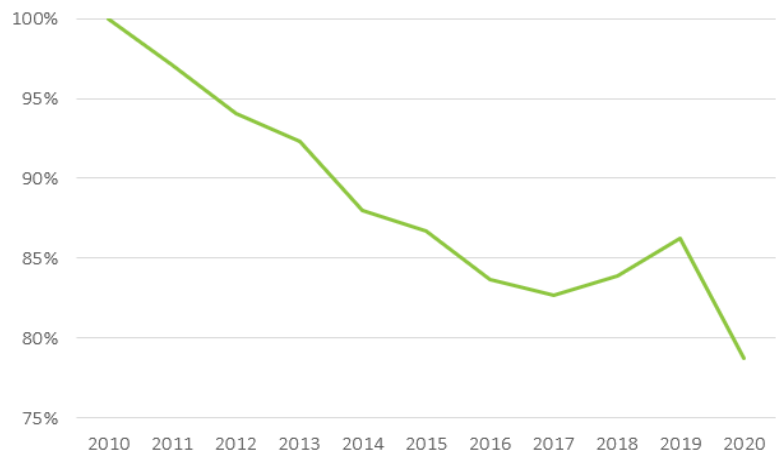


allnex uses advanced analytics to optimize energy efficiency. Each site has a set of energy models that defines typical monthly energy consumption based on volumes, mix and seasonal weather. Using the models gives us the ability to drive continuous improvement in a focused manner, based on solid analytical methods. This methodology rapidly identifies defects in the energy system and allows us to contain energy waste. allnex has published many articles and presentations in order to share best practices on such methodology across the industry.

Another aspect of our energy management system is ISO 50001. It is our goal to have more than 40% of our production volume manufactured under these systems by the year 2023. Thanks to the addition of Wacol to our certified plants, we increased the percentage to 36% in 2020. More sites are planned to receive the ISO 50001 certification in 2021.

In 2020, we saw a great reduction in energy consumption. It is very rare to reduce absolute energy consumption and energy per ton (intensity) in the same year. This was accomplished with a more energy intensive product mix, proving that all our efforts to reduce energy consumption really pay-off.

allnex Energy Consumption



Graph: Sum of Scope 1 and Scope 2 energy consumption per volume produced relative to the year 2010

Water & Waste: Absolute Numbers

	2018	2019	2020
Water Consumption (MT)	6,162,073	5,950,855	6,113,199
Off-Site Disposals (MT)	50,244	50,130	45,930

Absolute Number: Total amount consumed/generated within allnex.

Water & Waste: Intensities

	2018	2019	2020
Water Consumption (MT/MT)	6.66	7.03	7.40
Off-Site Disposals Total (MT/MT)	0.05	0.06	0.06

Intensity: Absolute Number relative to the produced volume.

Water

Water consumption reduction has been identified as the key focus of our 2021 Primavera Initiative. Therefore, all locations have initiated actions to increase the awareness and engagement around water preservation, internally at allnex through specific improvement plans by site, but also in the private environments of allnex employees via the team’s #Water2Me campaign. These actions are inspired by UN SDG 6 “Clean Water and Sanitation”. In 2021, we will also upgrade our corporate water consumption reporting to make it GRI compliant.

In 2020, allnex water withdrawals increased by 3%. The allnex Primavera Initiative in 2021 has already identified actions that will reduce our withdrawals by more than 5%.

As allnex is a leading provider of water-based coating resins and additives, water isn’t just a utility for us. Moreover, it is a basic raw material and a major component for many of our finished products. Through the water-based coatings technology, allnex offers more sustainable alternatives to classic solvent-based technologies.

In 2021, we anticipate to again make improvements in energy, waste and water management. As seen with process analytics, timely, meaningful data is a must for effective improvement. allnex will therefore invest in upgrading our Sustainability monitoring software in 2021 to generate faster, more effective actions to reduce our environmental impact. A suite of metrics inspired by reporting systems such as the Global Reporting Initiative (GRI) will also be developed in 2021.

Waste


Waste disposal benefited from being last year's focus of our Primavera Initiative and was significantly reduced in 2020, by over 4,000 tons (8%). Both KPIs, the absolute waste disposal tonnage and waste per ton of finished product, were correspondingly reduced. Key actions were associated with the items listed below and are motivated by the UNSDG 12 "Responsible Consumption and Production".

Our commitment to reduce waste globally is managed through our business systems that are ISO 14001 certified. The impressive waste reduction achieved in 2020 was only possible thanks to the attention that this important Sustainability driver received in all of our locations. allnex could complete 144 specific actions and projects in this context at our 34 manufacturing locations. The most important actions to reduce waste were:

- ✓ Equipment "cleanouts" (needed at product change over) were avoided through optimal scheduling.
- ✓ When cleanouts were required, they used new more efficient techniques.
- ✓ Disposed solvent tonnage was reduced by altering procedures to allow an increase in solvent reuse.
- ✓ Reduction of pallets was achieved through a variety of methods, including reusing as shipping material and repurposing the wood to build tables for some local communities.
- ✓ Purchased containers/packaging and subsequent disposal were reduced by raw material container reuse.
- ✓ Select, easy-to-clean raw material containers were used for internal intermediate purposes.
- ✓ Process Improvements improved yields and reduced waste. Many of these improvements came using data analytics and artificial intelligence.




6% reduction in fossil fuel content



water withdrawals to reduce by 5% in 2021



Waste reduced by more than 4,000 tons



GHG emissions per ton of product reduced by 16%

Greenhouse Gases: Absolute Numbers

	2018	2019	2020
CO2 Emitted Direct from Combustion (Scope 1 - tons)	156,216.83	158,730.93	146,307.91
CO2 Emitted Purchased Electricity (Scope 2 - tons)	91,775.5	93,322.93	44,944
CO2 Emitted Purchased Steam (Scope 2 - tons)	45,678.56	43,196.31	51,723.87
Total (tons)	293,670.89	295,250.17	242,975.78

Absolute Number: Total amount generated within allnex. ^{4,5}

Greenhouse Gases: Intensities

	2018	2019	2020
CO2 Emitted Direct from Combustion (tons/MT)	0.17	0.19	0.18
CO2 Emitted Indirectly Electricity (tons/MT)	0.10	0.11	0.05
CO2 Emitted Indirectly Steam (tons/MT)	0.05	0.05	0.06
Total (tons/MT)	0.32	0.35	0.29

Intensity: Absolute Number relative to the produced volume. ^{4,5}

Greenhouse Gases

Energy consumption contributes significantly to greenhouse gas emissions (GHG). Therefore, the savings and investments we made in terms of energy consumption and the switch to renewable electricity have a direct impact on GHG emissions. These actions have reduced the greenhouse gas emissions per ton of product by 16%. Scope 1 direct emissions were reduced by 8% (from 93,322.93 tons in 2019 to 44,944 tons in 2020).

⁴ The following references were used to convert electricity to CO2e:
https://www.carbonfootprint.com/docs/2019_06_emissions_factors_sources_for_2019_electricity.pdf

⁵ The following references were used to convert natural gas to CO2e:
https://www.carbonfootprint.com/docs/2019_06_emissions_factors_sources_for_2019_electricity.pdf

Sustainable Procurement



The procurement of our raw materials is of major strategic importance to allnex.

allnex depends on its supply chain to obtain thousands of different raw materials from a very large number of suppliers. The strategic importance of procurement at allnex is therefore also a lever to drive social and environmental improvements across our supply chain. This growing focus on Corporate Social Responsibility (CSR) translates in many ways into our procurement practices.

The tools that drive sustainable procurement

The entire allnex team has engaged in this economic, social and environmental priority through detailed training covering the cornerstone elements of our sustainable procurement concepts and procedures. These trainings are also an essential element in the onboarding programs for our new hires.

At allnex, we strongly believe in partnerships. Only by establishing positive long-term relationships, as well as a culture of true transparency and continuous improvement, can a good CSR performance be assured amongst our suppliers.

We translate our clear expectations towards social and environmental protection into:

- Legal provisions included in our Purchasing Terms & Conditions
- Contract templates
- A Supplier Code of Conduct

Through these standardized and mandatory documents and procedures, we can ensure that business is done in compliance with applicable laws, regulations, industry standards and the high allnex Sustainability standards.

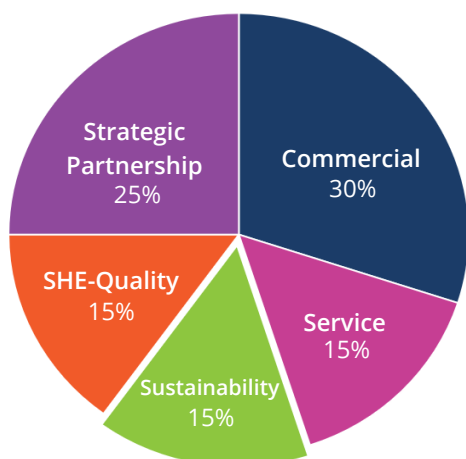
The selection process for new suppliers includes an assessment of all economic, environmental and social impacts, based on our proprietary checklists, which are included in some key procurement processes, such as:

- Supplier Approval Process (part of our Management of Change process)
- Complaint Management System
- Supplier Evaluation Process
- CSR assessment questionnaire

The evaluation of suppliers includes social and environmental drivers that impact the final scoring, such as certificates or ratings from external agencies or auditors, internal Sustainability programs, etc. The weight of such social and environmental criteria will continue to grow in importance in our supplier evaluation process.

Another important initiative is the proactive identification of substitutions for raw material substances of high impact to the environment with the aim of replacing them with more sustainable (recycled or renewable) raw materials in the formulations of our end products. To date, 600+ suppliers have been scanned for new sustainable molecules or sustainable options to existing raw materials.

In 2021, we aim to further scope the market for more sustainable alternatives for our top 15 Raw Materials.



We evaluate our suppliers based on criteria around commercial needs, customer service, certifications in Sustainability, as well as pricing. Of these criteria, Sustainability accounts for 15%.

Innovation & Portfolio Management



allnex has pioneered the development of environmentally friendly resins for coatings applications since its creation.

We are proud of our heritage in green innovation. In fact, the first waterborne industrial coating resins were developed by allnex. Similarly, allnex pioneered and brought the first powder coatings and radiation curing systems to the market in the 1970s. Since then, we have continuously focused on reducing the environmental impact of our products by reducing their volatile organic compounds (VOCs) content, eliminating substances of concern or reducing the energy associated with producing and using them.

Sustainable Portfolio Management

In order to manage and steer our current project and product portfolio towards an even more sustainable status, a Sustainable Portfolio Management (SPM) system has been in place since 2019.

In that context, the main objective for allnex in 2020 was to assess more than 95% of active projects against our SPM scorecard. The SPM methodology has been established as an integral part of the new product development process, and it was made an integral part of the allnex Innovation Management System (AIMS). This helped drive the adoption of the concept by our R&D teams everywhere, and we could even exceed our 95% adoption target.

As the next phase, our product portfolio is now being evaluated according to the same SPM methodology. By doing this, we aim to categorize our products according to their Sustainability benefits and challenges. Assessing our products against additional Sustainability criteria in different market segments will help our customers and partners in their selection of those products that offer both an optimal application performance and meet the most stringent environmental, health and safety requirements to the industry.

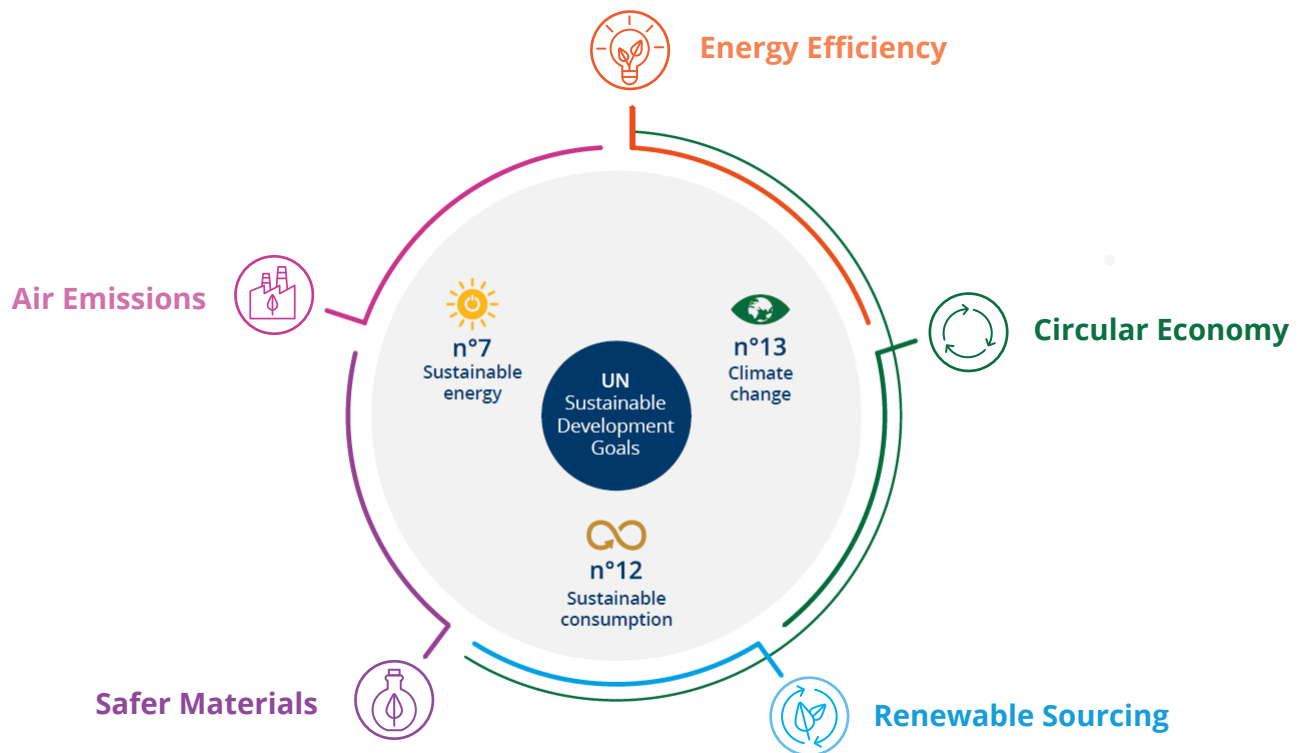
Our SPM practice enables us to steer our product offering and innovation pipeline in line with the evolving Sustainability needs of the market and to support our customers, end-markets and stakeholders.

ECOWISE is the name of allnex' SPM brand. It is based on our five Sustainability pillars. In 2020 we launched the ECOWISE CHOICE and ECOWISE VALUE sustainable product portfolios (pg. 20). The new brand, a historic milestone for allnex, is a pivotal contribution to our sustainable portfolio management. The initial launch focused on a first target segment, industrial wood solutions.



Sustainable Portfolio Management (Continued)

The allnex SPM concept is a standardized internal evaluation methodology and it is based on allnex' five strategic Sustainability pillars:



We design our product and manufacturing process to achieve the highest efficiency in energy utilization across the product lifecycle.



We explore options to limit the consumption of resources, keep them in use as long as possible, and eventually recover and recycle them at the end of service life.



We aim at minimal use of finite resources and reduce the impact on climate change by looking at renewable alternatives for raw materials and the energy we use.



We are committed to making the substitution of potentially harmful chemicals by safer options one of our top priorities.



We focus on reducing emissions of Volatile Organic Solvents across the product lifecycle to protect people and the environment.



Sustainable Product Portfolio

Within our new ECOWISE product portfolio selection, customers can choose between 2 options:

- ECOWISE CHOICE
- ECOWISE VALUE

In 2021 allnex will expand its ECOWISE concepts beyond the wood solutions and into decorative & construction, and packaging segments.

By the end of 2021, we aim to have 50% of our revenue assessed based on our SPM ECOWISE concept.

ECOWISE CHOICE Products...

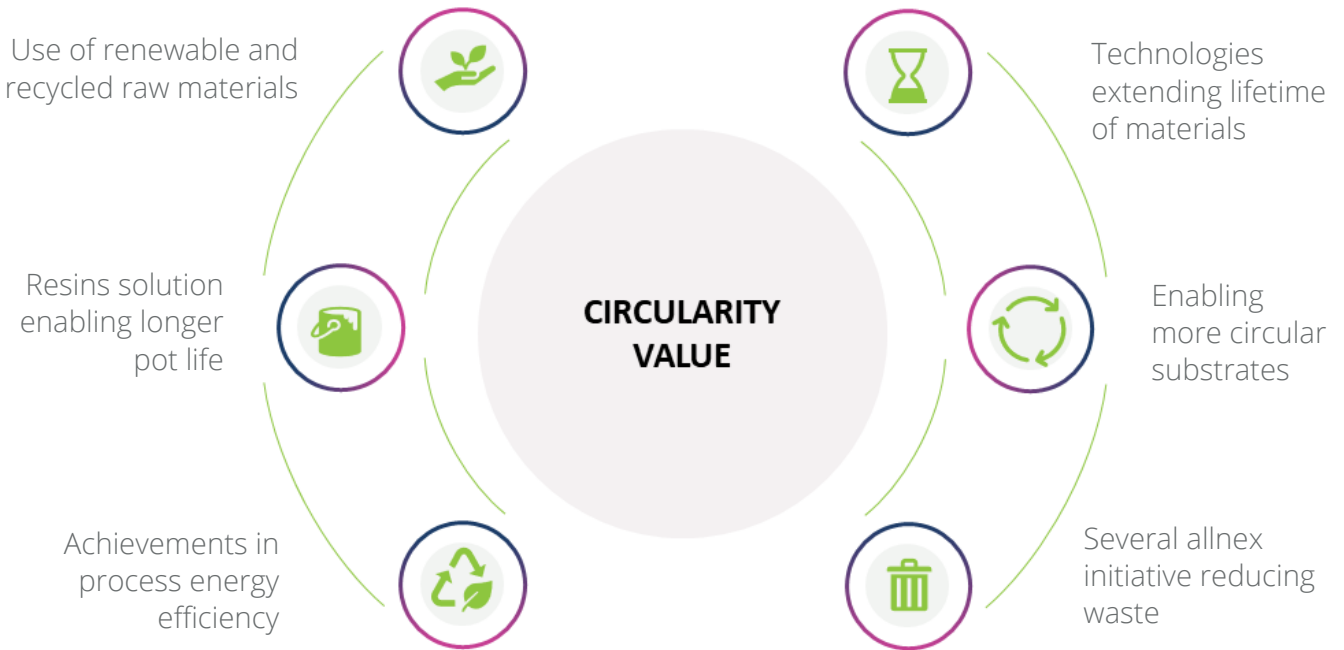
- ✓ have been assessed against the most stringent global industry standards and ecolabels.
- ✓ are always assessed in context of their end application.
- ✓ will grow continuously as more products join this portfolio in the future.

ECOWISE VALUE Products...

- ✓ offer a significant Sustainability proposition versus typical market references, along one or more allnex Sustainability pillars.
- ✓ help our customers and value chain partners meet specific Sustainability objectives.

ECOWISE CHOICE Product List by Technology

Amino Crosslinkers	Waterborne Acrylics	Waterborne UV	100% UV	Powder
CYMEL® NF 3030	SETAQUA® 6405 SETAQUA 6756 SETAQUA 6716 SETAQUA 6717 SETAQUA 6718 SETAQUA 6719 SETAQUA 6726 SETAQUA 6799	UCECOAT® 7999	EBECRYL® 4690 EBECRYL 5848 EBECRYL LED03	UVECOAT® 3005 UVECOAT 9010



Our innovation creates circularity value

Circularity

In line with the ambition to make circular thinking the core principle of how we do business, allnex collaborated on the testing of the Circular Transition Indicators (CTI), as part of a project led by World Business Council for Sustainable Development in 2020. CTI is a tool providing companies with a common language to use for internal decision-making and communicating to key stakeholders on circularity. One aspect of Circularity at allnex is the introduction of non-virgin and renewable building blocks in the manufacturing of our resins. For this reason, we have focused the CTI assessment on the specific case of a new polyester resin containing recycled PET⁶, manufactured in our plant in North Augusta (USA).



allnex is a member of Circle Economy

⁶ PET = Polyethyleneterephthalate

2020 launches offering major benefits in line with the 5 strategic pillars:



Safer Materials

- Our PHENODUR® PR 616 and PR 787/50 MP enable safer metal packaging coatings that are free from Bisphenol A and Bisphenol F and have very low free formaldehyde content.
 - Cobalt free dryers ADDITOL® dry CF 100, 200 and 300 for alkyd-based paints.
-



Air Emissions

- allnex is a World leader in water-based solutions in various chemistries. An example of this are water-based UV-PUDs⁷ - a tin free version is now also available, UCECOAT® 7520.
 - SETAQUA® 6850 and 6899 are two fast-drying and VOC-free acrylic co-polymer emulsions for direct-to-metal coatings, which offer superior corrosion resistance on a broad spectrum of substrates.
-



Circular Economy

- ACURE® AQ 620-100 brings ACURE® technology to waterborne applications, combining superior coating properties with a long pot life, enabling significant reduction in waste.
-



Energy Efficiency

- Broadening options for reducing energy use in the curing of powder coatings with our new outdoor durable resins CRYLCOAT® 2693-6 and CRYLCOAT® 2668-6.
-



Renewable Sourcing

- EBECRYL® 4690: a tin-free, urethane acrylate that has a content of ~27% bio-carbon*
 - UCECOAT® 7699, a tin-free, APEO-free⁸ dispersion, enabling UV/EB curable coatings comprising 20%+ bio-based carbon*
-

* measured by ASTM D6866

⁷ PUDs = Polyurethane Dispersions
⁸ APEO = Alkylphenolethoxylate-free

Compliance & Ethics



At allnex we operate a comprehensive global corporate compliance program in order to guide our decision-making and ensure our workforce handles business situations professionally and ethically.

The allnex Code of Conduct is our foundation for ethical business behavior. It applies to every director, officer and employee and is available in 14 languages. Our Code of Conduct is supplemented with ancillary compliance policies, which allow for a more in-depth approach to critical areas of compliance, such as the allnex Anti-Corruption Guideline (“ABC Policy”). All compliance policies are complemented by training programs. Any alleged violations of policies and procedures in relation to ethical business behavior are reviewed and investigated by a dedicated team (depending on the nature of the case) under the supervision of the allnex Compliance Committee.

The allnex Compliance Committee comprises senior managers from various functions. The allnex Compliance Committee is guiding and overseeing the design, development and implementation of our compliance program. It meets quarterly and when needed also on an ad hoc basis.



Embodying our core values:

- ✓ SAFETY
- ✓ DIVERSITY
- ✓ INTEGRITY
- ✓ COMPLIANCE
- ✓ VALUE CREATION
- ✓ TEAMING/COLLABORATION

© allnex group 2019



allnex Code of Conduct

allnex Ethics Hotline

In order to ensure our employees feel empowered to speak up, an externally hosted ethics hotline (available via telephone or online), has been a resource for our employees for many years. The ethics hotline is available at all times, and provides all allnex employees and stakeholders an anonymous platform (where this is legally allowed) to report suspected unlawful or unethical behavior, workplace incidents or concerns, and to raise any queries regarding the application of our Code of Conduct or other allnex policies.

No material issues were reported during the years 2019 and 2020 under the established whistleblowing procedure. Some alleged conflicts of interest cases were reported through other channels.

In 2021, a new Investigations Framework will be launched to support the conduct of investigations, whether into matters arising through the ethics hotline or otherwise. The Investigations Framework is designed to reinforce our commitment to encouraging employees to speak up about any concerns they may have about suspected unethical and/or unlawful behavior, by giving reassurance around the integrity of any investigation that ensues.

Anti-bribery and anti-corruption behavior (ABC), export

allnex is committed to complying with the laws and regulations of all the countries in which it operates, including of course those covering corruption and anti-competitive behavior. This applies whether allnex is acting directly in a country through employees, or indirectly through agents, distributors or other intermediaries.

In 2020 a new third-party contracted software solution was introduced that automatically undertakes weekly sanctions-checks of all third-party data contained in our system (e.g. customer and supplier data), supporting the existing allnex policy on conducting business in sanctioned countries.



Training

Through our training programs, we ensure each allnex employee is equipped to comply with the laws and the principles set out in our Code of Conduct, Anti-Bribery and Anti-Corruption Policies, as well as other allnex compliance policies.

In 2019, allnex completed the launch of its revised Code of Conduct by delivering online and classroom training to all its employees. The focus of the Code of Conduct training is to ensure that employees understand the Code of Conduct, how it applies to their role, and that they know how to report suspected unethical or unlawful behavior. In the second half of 2021, allnex will enroll our entire employee base in a refresher training on the principles of the Code of Conduct using Explore, our new e-learning platform.

In addition, at the end of 2020 a large group of mainly EMEA-based employees received an online refresher training on the European Legislation on Data Protection, i.e. GDPR. The employees who were assigned these trainings have been selected based on their risk exposure. The content for the trainings was provided by Navex, a globally renowned e-learning content provider.

Topic	Target Group	E-Learning	Internal Promotion
Anti-Bribery, Anti-Corruption	High risk employees	✓	
Code of Conduct	All employees	✓	✓
GDPR	High risk employees (EMEA)	✓	

Legal Policy training by group and type 2019-2020.

In 2019, select groups (800 employees each) have been trained on two main compliance areas: anti-bribery and corruption laws and anti-trust/competition law. At the end of 2020, the same groups received a refresher training on these topics through 6 micro learnings.



Respect and uphold Human Rights

allnex is proud to be an equal opportunity employer. We celebrate diversity and are committed to an environment where all colleagues contribute to the benefit of our employees, our businesses, and our communities.

At allnex, we use the United Nations Guiding Principles on Business and Human Rights, UN Global Compact, OECD guidelines for multinational corporation and Universal Declaration of Human

Rights, as a set of guidelines for our company to understand and identify human rights risks in our operations. In line with that, we have enacted in 2020 our Labor and Human Rights Policy to ensure all allnex employees comply within a standard of conduct in respect to human rights and labor practices.

We strictly adhere to the following principles according to the international standards:

Work against corruption in all its form which includes extortion and bribery	No modern slavery	Freedom of association
No forms of forced and compulsory labor	No child labor	Fair wages, benefits and terms of employment for all employees
	Uphold elimination of all discrimination in respect of employment and occupation	

Our Employees & Communities



We recognize that our employees are our most valuable asset; they are the lifeline of our company and what we accomplish.

allnex is driven by a culture of operational excellence that embraces a sense of speed, collaboration and integrity. We ensure that we hire, attract and retain talented employees who help us remain competitive, sustainable and innovative in all that we do. We are committed to constantly grow our employees' and leaders' skills through our development and training initiatives.

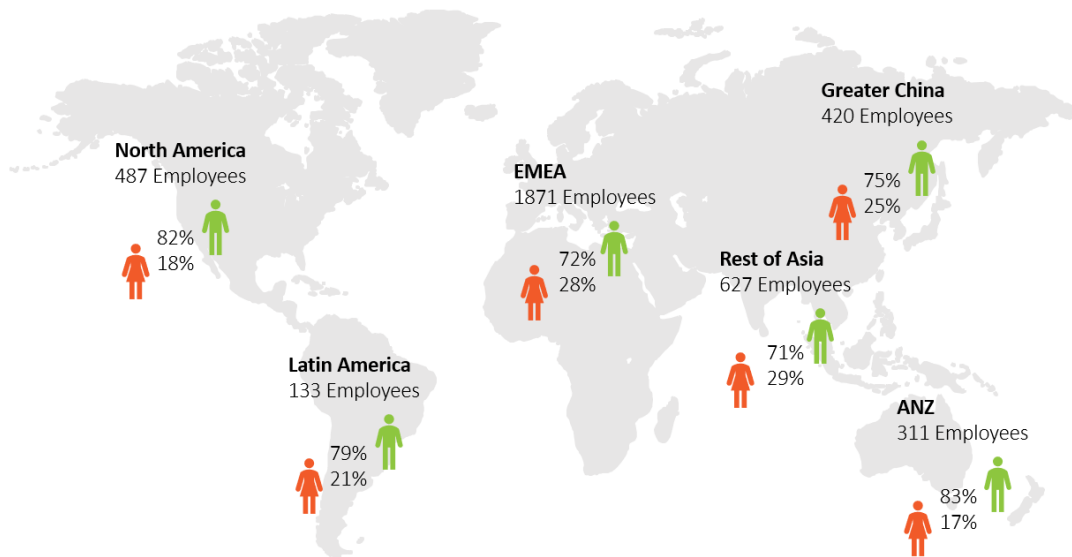
Additionally, we believe in providing a safe workplace environment to all employees, and one which allows them to reach their full potential. We have an Anti-Discrimination Policy and require employee training to promote a work environment that is free of discrimination based on race, color, religion, sex, national origin, age, marital status, physical or mental disability, veteran status, gender identity or sexual orientation in any form, including but not limited to sexual harassment or other forms of harassment. We expect that all our colleagues are treated with fairness and dignity, including non-employees with whom we work.

Diversity and Inclusion Policies

We are convinced that the diversity of our workforce is an asset; bringing fresh ideas, perspectives and experiences that support our values and will continue to enhance our performance and service to our customers. We utilize an equal opportunity employment policy to guide our hiring process in facilitating diversity. The asset of diversity will help us thrive.

We have incorporated our allnex Code of Conduct in line with the United Nations Global Compact and the Universal Declaration of Human Rights to prescribe the standards in which our employees should act. The code is applicable to all allnex employees immaterial of their position and contract type. Diversity and inclusion is one of the important aspects that makes our company successful.

Distribution of Current allnex Employees



⁶ By the end of December 2020, allnex had a global total of 3,804 employees. Among these, 3,711 were full-time and 93 were temporary employees. 40% of our temporary employees are linked to our apprentice programs in Germany and Austria, and the remaining 60% were employed due to replacements for leave-of-absences and company projects. The chart above shows allnex employees by region, classified by gender.

allnex age demographic

At allnex, we focus on having a diversified demographic profile across all regions and leadership levels. We ensure there is an availability of qualified employees at all stages by developing a suitable framework consisting of teams with different backgrounds and expertise. This enables the company to develop the required skills, experience and feedback with a diverse employee population.

As demonstrated in the chart, we have a robust distribution of generations in our workforce. However, we see an opportunity to attract and retain additional talent from the next generation. In order to stay competitive and recruit talent from this emerging workforce, allnex has kick-started several initiatives:

- Apprentice and internships programs for young graduates
- Corporate trainee programs
- Partnering with local schools and universities
- Conducting Science Technology Engineering Mathematics activities in schools and universities
- Providing a balance between professional and personal (i.e. work from home policy and global vacation guidelines)

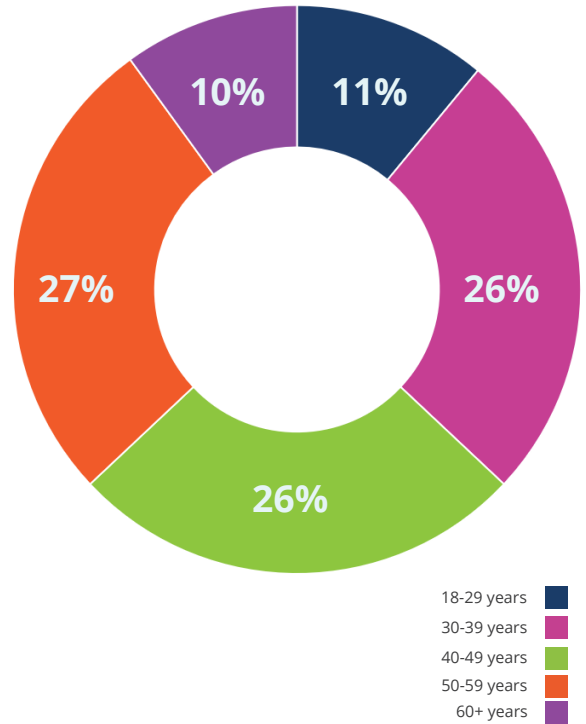
Diversity and role of women

allnex places considerable importance on gender diversity. We aim to increase women involvement in various roles across the company, especially in our production plants and in management positions.

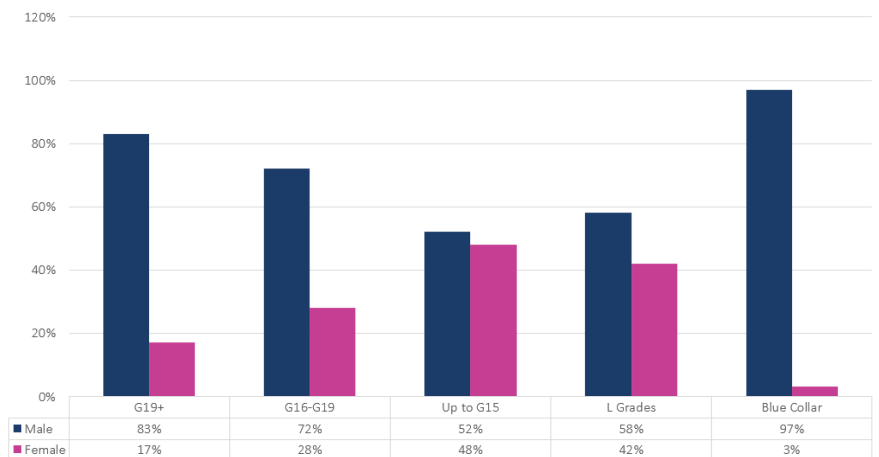
With our global Diversity & Inclusion team we are identifying windows of opportunity for our women to connect via employee networking groups.

This will be piloted in 2021/2022.

Age Distribution of Current allnex Employees



Gender Distribution of Current allnex Employees



allnex has an internal grading system based on an employee's position and their experience. The system includes grades G&L for white collar workers, and B&H for blue collar employees.

Employees & Communities

Employee Engagement & Development

We believe in leveraging and supporting our employees through various talent development programs to build a strong company culture. It is our people who will enable profitable growth and lasting success. A learning strategy has been put in place to support our strategic growth ambitions:

- At allnex, we want everyone to feel confident about improving efficiency and productivity, as well as finding new ways towards personal development and success.
- In addition, learning and development initiatives come in support of a culture of engagement and innovation, helping people across and within teams to connect and learn from each other.
- allnex strives to further develop an “employee-to-employee” learning concept, enabling colleagues to mentor, create training in an area or field of expertise and/or train others.
- Our learning programs are targeted at different audiences, e.g. operators in Manufacturing, leaders at different seniority levels, employees in all functions, high potential talents and teams.
- Next to local face-to-face training, many corporate learning offerings have been moved to virtual formats – Covid-19 has supported this trend of delivering virtually – at any time and any place.

We also encourage employees to learn from one another through virtual networking initiatives, such as:

- Our “Mystery Coffee”, a virtual platform that randomly pairs allnex employees around the world, cross-functional, cross-regional, cross-hierarchical. By the end of 2020, 1,310 pairings have been conducted allowing broad new connectivity within the company;
- Yammer, an internal social platform available for all our employees, allows us to stay connected and further enrich our allnex community. By end of 2020, approximately 2,805 employees have signed in.



L 5 additional competencies for leaders

allnex competencies to drive growth

The allnex values have been translated into 14 actionable competencies (9 for everyone and 5 additional ones for leaders). To support our employees in their personal development along the allnex competencies, we offer tailored learning programs in our e-learning platform, Explore. Every employee can access customized learning programs and can select from more than 10,000 training courses online.

In recent years, new development programs have been implemented globally, such as:

- International trainee program for graduated engineers;
- allnexT, a 12-month development program to support internal talents with leadership potential and first-time leaders;
- The Emerging Leaders Program, a 12-month development program for mid-level leaders or senior professionals;
- The Leadership Room, an initiative for senior leaders providing individual development on strategically relevant leadership competences.

Additionally, we are proud to offer a variety of workshop programs, such as Insights Discovery, New Managers Assimilation, Team Effectiveness, etc.

Employees & Communities

Attracting talent

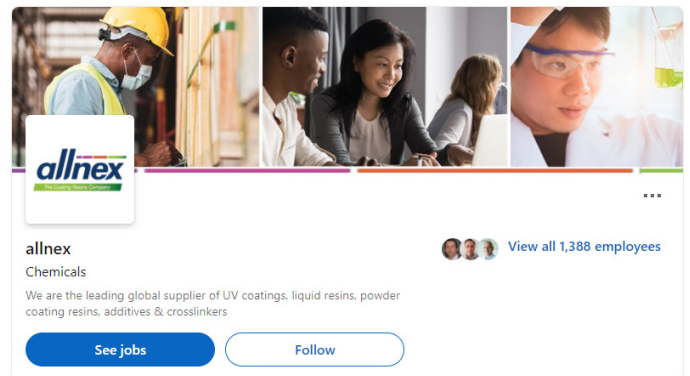
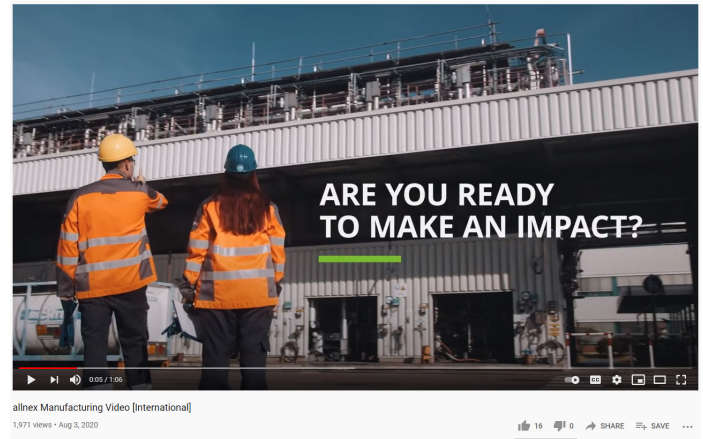
Attracting, hiring and retaining talent has always been a top priority for allnex. We offer interesting roles across the globe next to broad responsibilities, great learning opportunities, a strong team spirit in local and global teams, a competitive compensation package and an opportunity for all our employees to contribute to the success of the company.

In attracting top talent, we use digital platforms, social networks, career fairs, job postings on popular job boards and our modern webpage to engage with external talent (e.g. LinkedIn, Indeed, Stepstone and other local job boards). We also leverage our own virtual job platform, SuccessFactors, which links with other job websites that allow us to promote job vacancies.

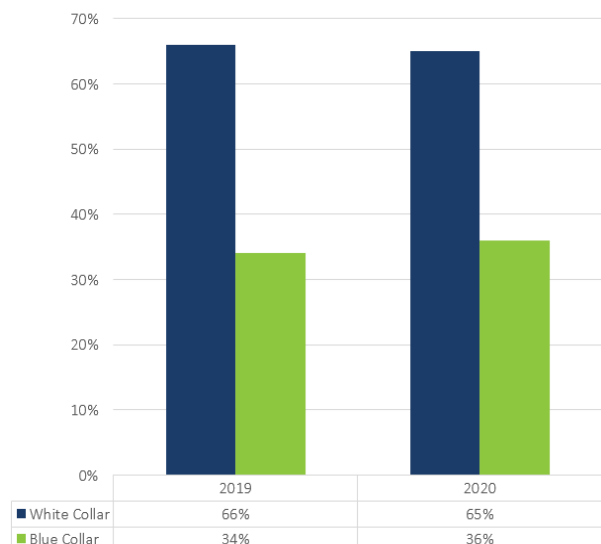
In 2020, a difficult year for many people, we welcomed 252 new employees to our team, of which 166 were white collar and 86 were blue collar workers. In 2019, we hired a total of 361 employees, of which 233 were white collar and 128 were blue collar workers. The slight slowdown in hiring in 2020 was of course caused by a short temporary pause in hiring during the early stages of the COVID-19 pandemic.

In 2020 the rate of termination was at 9.9 % which consists of:

Termination reasons	Percentage from 9.9%
Retirement & death	1.6% (61p)
Voluntary resignations	4.1% (157p)
Company initiated	4.1% (157p)



Percentage of White Collar & Blue Collar Employees



The above graph shows the distribution of white collar and blue collar workers at allnex in 2019 and 2020 respectively.

Doing Good in our Communities



allnex employees across the globe continue to engage in a number of events and projects in support of local communities, and this was very visible during COVID-19. We believe in giving back to our communities and support those initiatives everywhere with our Corporate Donation program.



allnex in Louisville donates to Kentucky Harvest

As part of the corporate donation program to help those in need during COVID-19, our site in Louisville, Kentucky donated funds to Kentucky Harvest, a local food organization. Kentucky Harvest delivers over 2 million pounds of donated food annually to 86 recipient organizations in Louisville and the Southern Indiana area.

allnex in Surabaya shares food parcels with neighbors

In support of the local community, our site in Surabaya, Indonesia, took on an initiative to prepare food parcels and distribute them to local families that are struggling during COVID-19 restrictions. Around 130 local residents received a care package.



Allnex Bergen Op Zoom supports local healthcare facility

Thuiszorg West Brabant (TWB), a large healthcare institution with 1,700 employees, was in dire need of hand sanitizer during the COVID-19 pandemic. Our site in Bergen Op Zoom, Netherlands, produced and supplied the hand sanitizer free of charge during this pandemic-induced shortage.

Community Outreach



allnex Ponta Grossa donates IT equipment to local organizations for children

Part of the equipment was donated to the UTFORCE, a project developed by the Federal Technological University of Paraná State (UTFPR), where our Ponta Grossa site is located. Leftover equipment was donated to the Social Educational Center of the Marist group, a school that serves more than 600 children from low-income families in our neighboring community.

allnex in Rayong presents sustainable donation to local school on national Children's Day

Our site in Rayong, Thailand transformed pallets that would have otherwise been disposed of, turning "waste" into furniture, such as tables and chairs. Sets were donated to the local school's library.



allnex in Australia donates to the Cerebral Palsy Alliance through STEPtember Challenge

In 2020, five allnex teams took part in the 2020 STEPtember challenge taking 10,000 steps a day to raise much needed funds for children and families living with Cerebral Palsy. Clearly their efforts paid off as they exceeded fundraising goals by raising an incredible \$5,898 for the Cerebral Palsy Alliance.

allnex in Vietnam partners with Labor Union of Dong Nai Industrial Zone Authority

Through this partnership, our teams in Vietnam donated in support of over 300 workers who are suffering from harsh living conditions, which were worsened by the COVID-19 pandemic.



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The name 'allnex' refers to the Allnex Group, which consists of Allnex (Luxembourg) & Cy S.C.A. and its subsidiaries.

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