Disclosure Requirements under SB 261 – **Climate-risk report**

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Glossary and definitions

Abbreviation	Description
Circular Economy	An economic system that uses a systemic approach to maintain a circular flow of resources, by regenerating, retaining, or adding to their value, while contributing to sustainable development
DMA	Double materiality assessment
EAC	Energy attribute certificates
ECOWISE™	ECOWISE™ is allnex's sustainable coating product portfolio. It is based on Portfolio Sustainability Assessment methodology, which is a fact-based, systematic stage gate process based on the WBCSD Portfolio Sustainability Assessment framework
ERM	Enterprise risk management framework
ESG	Environment, social and governance
ESRS	European Sustainability Reporting Standards
EU Taxonomy	The EU taxonomy for sustainable activities is a classification system established to clarify which investments are environmentally sustainable, in the context of the European Green Deal
GHG	Greenhouse gas
IPCC	Intergovernmental Panel on Climate Change
IPCC SSP scenarios	The IPCC SSP (Shared Socioeconomic Pathways) scenarios are a set of narratives and scenarios that describe plausible futures for the 21st century based on different socioeconomic trends, like population growth, economic development, and technological progress. They are used to explore how these futures will influence climate change and the challenges associated with limiting it. The five main SSP scenarios are: SSP1 (Sustainability), SSP2 (Middle of the Road), SSP3 (Regional Rivalry), SSP4 (Inequality), and SSP5 (Fossil-fueled Development)
IRO	impacts, risks and opportunities
ISCC	International Sustainability and Carbon Certification
PCF	Product carbon footprint
PSA	Portfolio Sustainability Assessment
Renewable Energy	Renewable energy is the energy taken from sources that are inexhaustible. As such, renewable energy covers wind, solar (solar thermal and solar photovoltaic) and geothermal energy, ambient energy, tide, wave and other ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas, and biogas
Scope 1 Emissions	Scope 1 emissions are direct emissions from company-owned and controlled resources. In other words, emissions are released into the atmosphere as a direct result of a set of activities, at a firm level
Scope 2 Emissions	Scope 2 emissions are indirect emissions from the generation of purchased energy, from a utility provider. In other words, all GHG emissions released in the atmosphere, from the consumption of purchased electricity, steam, heat and cooling
Scope 3 Emissions	Scope 3 emissions are all indirect emissions – not included in scope 2 – that occur in the value chain of the reporting company, including both upstream and downstream emissions. In other words, emissions are linked to the company's operations
Substances of Concern	Substances having a chronic effect on human health or the environment, those which hamper recycling for safe and high quality secondary raw materials and the most harmful substances as listed in the Chemicals Strategy for Sustainability
TCFD	Task Force on Climate-related Financial Disclosures

The Paris Agreement	The Paris Agreement, often referred to as the Paris Accords or the Paris Climate Accords, is an international treaty on climate change. Adopted in 2015, the agreement covers climate change mitigation, adaptation, and finance
WBCSD	World Business Council for Sustainable Development

Framework

This disclosure has been prepared in alignment with the recommendations of Task Force on Climate-related Financial Disclosures (TCFD) [1] and European Sustainability Reporting Standards (ESRS), as permitted under California Senate Bill 261. The TCFD framework was selected for its international recognition, structured approach to climate-related risk, and consistency with emerging global reporting standards.

Recommendations and Supporting Recommended Disclosures

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organization's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	Disclose how the organization identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
Recommended Disclosures	**Recommended Disclosures**	**Recommended Disclosures**	**Recommended Disclosures**
a) Describe the board's oversight of climate-related risks and opportunities.	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	a) Describe the organization's processes for identifying and assessing climate-related risks.	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.
b) Describe management's role in assessing and managing climate-related risks and opportunities.	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	b) Describe the organization's processes for managing climate-related risks.	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

Governance

allnex is the leading company globally for industrial coating resins, crosslinkers and additives [2] headquartered in Germany, Frankfurt (Allnex Holding GmbH). allnex corporate governance structure assures it is managed in the most sustainable way and as such secures the value of the allnex Group in the longer term. The allnex governance model aims to focus on economical, ecological and social benefits of all its stakeholders and society.

[1] https://assets.bbhub.io/company/sites/60/2021/10/FINAL-2017-TCFD-Report.pdf
[2] Allnex – The Coating Resins Company - allnex

The highest management bodies of the allnex Group are the Boards of Directors of the allnex group holding company and of the allnex group management company (Allnex Management GmbH). allnex's sustainability strategy is discussed at Board of Directors meetings. The work of the Board of Directors is supported by committees, including the Sustainability Committee that has been defined as a key strategic priority for the allnex Group. The Sustainability Committee focusses on elaborating the Company's sustainability strategy, including climate topics. The Sustainability Committee holds a yearly sustainability review with the Board of Directors.
The management integrates *Climate Change Impact Readiness* into global allnex enterprise risk management framework (ERM) ensuring continuous risk management and climate strategy implementation monitoring. The allnex sustainability commitment can be followed on allnex's webpage https://allnex.com/en/sustainability.

Strategy

Climate-related risks and opportunities

As a global group headquartered in Germany, allnex is preparing to comply with the reporting requirements of the Corporate Sustainability Reporting Directive (CSRD). For the assessment of material risks and opportunities CSRD relies on the double materiality assessment (DMA), which covers both impact materiality (how operations affect people and the environment) and financial materiality (ESG-related risks and opportunities for the company). allnex conducted its first DMA in 2022 and updated it in 2024. The double materiality assessment identified 82 impacts, risks and opportunities (IROs) in alignment with the list of ESRS topics, sub-topics and sub-sub-topics, which were clustered into 18 potential material topics, with 14 confirmed as material, including the **climate change**.

Information on allnex DMA can be found in allnex ESG report Sustainability Is Our Commitment, ECOWISE™ Is Our Promise - allnex[3] and Annex DMA methodology. The table below presents an overview of the climate-related impacts, risks and opportunities identified within the DMA exercise.

IRO Abbreviation	IRO	Positive / negative (impacts)	Actual / potential (impacts)	Current financial effect	ST/ MT/ LT	IRO Description
Scope 1 emissions	Impact	Negative	Actual		ST	Chemical production causes GHG-emissions that have an impact on global warming. Furthermore, allnex uses natural gas as an energy source for its production processes.
Scope 3 emissions	Impact	Negative	Actual		ST	The activities of allnex cause GHG emissions in the value chain, generated upstream by the suppliers and downstream by customers and

[3] ESG report 2025, p.16 Sustainability Is Our Commitment, ECOWISE™ Is Our Promise - allnex

IRO Abbreviation	IRO	Positive / negative (impacts)	Actual / potential (impacts)	Current financial effect	ST/ MT/ LT	IRO Description
						end-users, including transport of raw materials and products. E.g., the sourcing of raw materials is responsible for 90% of allnex' carbon footprint.
Scope 2 emissions	Impact	Negative	Actual		ST	allnex indirectly emits GHG through the purchase of (grey) electricity.
Climate transition	Transition risk			Up to €22.5 million	ST/ MT/ LT	Transitioning to a net zero business will require large investments in technology and resources to reduce energy consumption and GHG emissions, e.g., phasing out gas as energy source (US). Moreover, failing to meet CO2 targets might lead to reputational damage in the future.
Energy consumption	Impact	Negative	Actual		ST	The manufacturing of coating resins requires a large amount of energy.
Energy efficiency	Transition opportunity			Up to €30 million	ST	Designing products and manufacturing methods that are more energy efficient will reduce the energy cost (and indirectly the product price) as also create additional market opportunities for allnex (with products that consume less energy in the application phase).

Business impact

Greenhouse gas (GHG) emissions across the allnex value chain represent a key environmental impact and business risk. In our own operations, GHG emissions result primarily from the use of natural gas in production (Scope 1) and the purchase of non-renewable electricity (Scope 2). Upstream and downstream activities – including raw material sourcing, transport, and product use – account for the majority of our total carbon footprint, with upstream emissions responsible for approximately 60% of our total GHG emissions. Climate-related risks – such as carbon pricing, rising energy costs, and extreme weather events – already affect our business and are expected to intensify. In parallel, transitioning to a low-carbon business model will require significant investments, including the phase-out of fossil fuel-consuming equipment. Inaction may also result in reputational risks if climate targets are not met. Addressing climate change is therefore essential to maintaining operational resilience, regulatory compliance, and stakeholder trust.

Energy consumption is also both an environmental impact and business risk for allnex. Manufacturing coating resins requires energy, and applying some of our resins (in the form of coatings) also requires energy. This represents an ongoing operational challenge. At the same time, improving energy efficiency presents clear opportunities. By optimizing production methods and designing products that consume less energy during application, allnex can reduce operational costs and create new

market opportunities. Enhancing energy efficiency is therefore critical to improving both sustainability performance and business competitiveness.

The resilience of allnex strategy

Allnex reviewed our three strategic pillars against material impacts, risks, and opportunities, revealing where we are inherently robust and where strategic adaptation is needed. We evaluated resilience across three time horizons: short term (operational fixes, quick wins), medium term (scaling initiatives, capability building) and long term (business model shifts, transformative innovation).

The interplay between sustainability, market expansion, and optimization builds robust adaptability into our strategy. We ensure immediate resilience while laying the groundwork for long-term, transformative change. This positions us to withstand evolving ESG pressures, capitalize on emerging opportunities, and secure long-term value for all stakeholders.

We further validate our strategy's resilience to both physical and transition-related climate risks through a dedicated climate risk assessment.

allnex 3 strategic pillars

Sustainability

Sustainability presents a strategic opportunity to strengthen our #1 position in industrial coating resins. By delivering safe, circular solutions for more durable, repairable, and recyclable finished goods, we meet demand and secure our future.

Our focus on circular solutions directly addresses our climate impact. Prioritizing ECOWISE™ [4] product sales and forming partnerships with low-carbon feedstock suppliers enables us to address our largest Scope 3 emissions (approximately 90% of our cradle-to-gate carbon footprint originates from raw materials). ECOWISE™ is allnex's sustainable coating product portfolio. It is based on Portfolio Sustainability Assessment (PSA) methodology, which is a fact-based, systematic stage gate process based on the WBCSD[5] Portfolio Sustainability Assessment framework.

Furthermore, allnex has defined GHG emissions reduction targets inspired by the objectives outlined in the Paris Agreement. allnex has publicly committed to reducing absolute Scope 1 & 2 emissions by 30% by 2030 (vs. 2018) and to reducing Scope 3.1 "Purchased Goods and Services" intensity by 30% by 2030 (vs. 2021). Additionally, allnex is committed to attaining net zero by the year 2050.

Reducing harmful substances is a core activity within our sustainability program. Substances of Concern are critical within our ECOWISE portfolio sustainability assessment, enabling allnex to measure the "healthiness" of our portfolio and steer toward and increasingly improved mix. ECOWISE

[4] ECOWISE™ CHOICE | Eco-Friendly Resins | Allnex Resins
[5] World Business Council for Sustainable Development

is embedded in our innovation processes to ensure that our newly developed solutions are safe and sustainable by design. This allows allnex to stay ahead of regulations and meet the expectations of both customers and society.

Growth markets

Together with our customers, we focus on growth in high-potential regions, while also exploring opportunities in mobility and transportation, packaging and consumer goods, and construction and infrastructure.

Expanding into high-growth regions and adjacent sectors (such as mobility, packaging, and construction) diversifies our revenue base. By maintaining a presence in multiple geographies and sectors, we create a built-in hedge against global megatrend shifts. It also helps us mitigate both physical risks (e.g., regional water scarcity) and transition risks (e.g., disparate carbon-pricing regimes).

Expanding into markets with larger labor pools makes it easier to attract and retain essential talent, such as operators, engineers, and IT specialists. In these new regions, conducting "Together for Sustainability" assessments and enforcing supplier codes of conduct are critical to managing elevated upstream ESG risks.

Optimization

We optimize business processes to improve customer experience. By leveraging digital innovation, enhancing operational effectiveness, and accelerating processes, we boost speed and overall efficiency.

Through digital tools and automation, we are reducing energy and water consumption per ton of output. Plant-level pilots deliver immediate improvements, and scaling these solutions across our network enhances cost resilience in the face of energy price volatility.

Lean workflows, combined with real-time monitoring, improve safety in our chemical operations. Because this digital shift demands new competencies, we offer accelerated upskilling programs to equip our teams for increasingly complex, automated processes.

We have built IT infrastructure optimization and continuous risk monitoring – including robust cyber threat defenses – directly into our governance framework. This approach safeguards operational continuity and preserves stakeholder trust as our operations become ever more digital and automated.

More information can be found in allnex ESG report 2025 Sustainability Is Our Commitment, ECOWISE™ Is Our Promise - allnex.

Risk Management

Climate change risk assessment

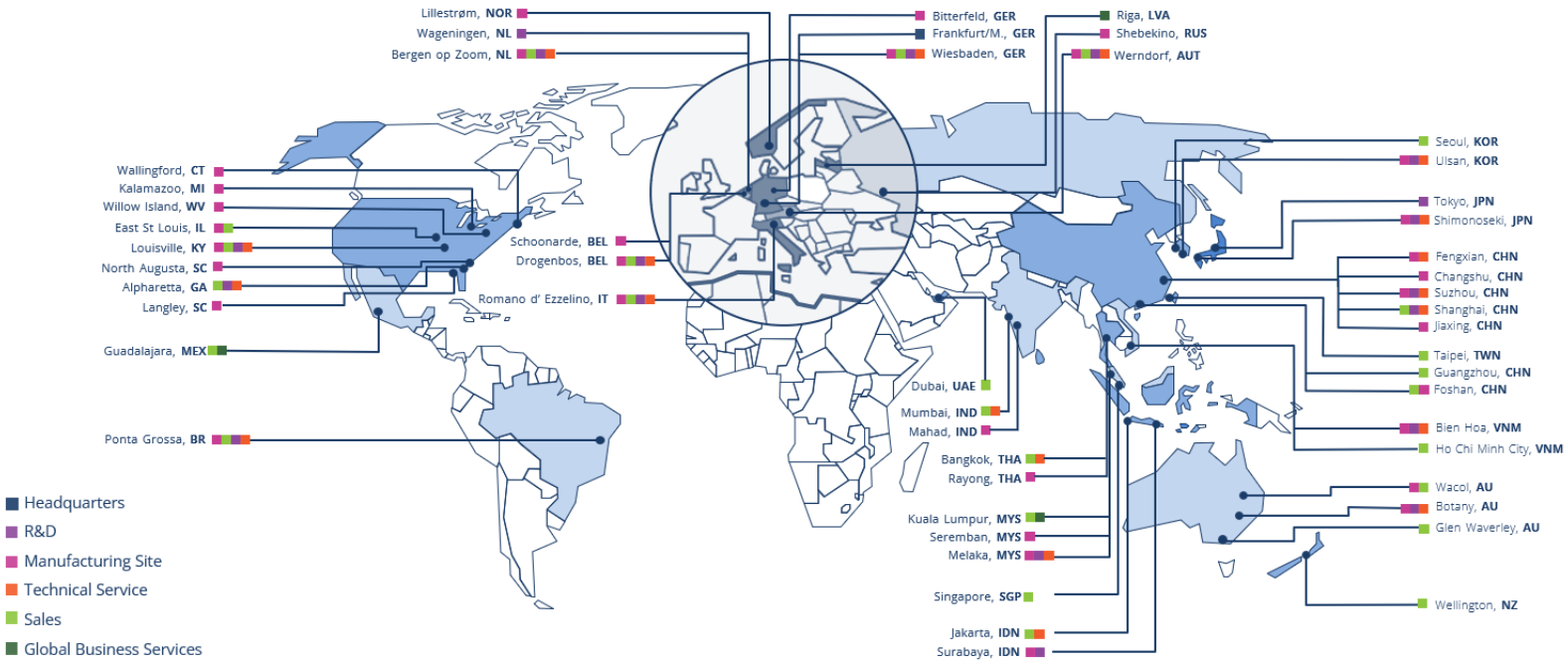
The European Green Deal sets out a comprehensive package of policy initiatives aimed at achieving climate neutrality by 2050. Within this framework, including the CSRD and the EU Taxonomy, companies are required to conduct climate scenario analyses and resilience assessments to evaluate their exposure to climate-related risks.

Beyond this legal obligation, businesses are increasingly using climate scenario analysis to identify risks and opportunities, strengthen strategic resilience, and meet growing climate risk disclosure requirements from stakeholders.

Between April and July 2025, allnex conducted a structured climate change risk assessment, following a multi-step approach:

1. Defining the scope

The process began with clearly defining the scope of the assessment, determining which entities and operations would be included or excluded. We focused on all manufacturing sites for physical risks, as those sites have the highest asset value. Sales offices, technical services, global business services, R&D and the headquarters were not taken into account. To calculate a consolidated risk severity for the group we assigned a weight to each site based on its outbound contribution margin.



In this assessment, we included both our upstream and downstream value chain. We mapped our largest suppliers and customers, given our high dependency on them, to understand how climate risks affecting these stakeholders could also impact allnex.

2. Identifying climate-related risks

After defining the scope, we identified the climate-related risks most relevant to allnex's operations. For this, we used the classification of climate-related hazards as defined in Commission Delegated Regulation (EU) 2021/2139, which is the foundational framework for technical screening criteria and identification of climate risks under the EU Taxonomy.

Some climate-related hazards were defined as not relevant to allnex and left out of the assessment as the company's assets and business activities are not exposed to them. For example, soil degradation is a relevant risk for agriculture or forestry, but it is not significant for allnex's operations, which do not depend on soil productivity or large-scale land cultivation.

Transition risks and opportunities were identified using the ESRS E1 *Examples of climate-related transition events (based on the TCFD classification)* and were supplemented by our DMA, ERM framework, and supplementary research. All material risks and opportunities outlined in the DMA were included in the scope.

3. Assessing climate-related risks

We selected two climate scenarios to assess both physical and transition risks, in alignment with regulatory guidance. The CSRD requires the use of a scenario consistent with limiting global warming to 1.5°C by 2050 for evaluating transition risks, which is also mandatory under IFRS S1. To complement this, a higher-emission scenario, recommended by the CSRD for assessing physical risks, was also applied.

- IPCC SSP1-1.9: A scenario consistent with limiting global warming to 1.5°C
- IPCC SSP2-4.5: A higher-emission scenario exceeding 2°C

To date, the climate scenarios applied have not resulted in material changes to the assumptions underlying the financial statements.

The criteria used to assess climate risk are severity and likelihood.

To evaluate physical risk severity, we queried climate databases using each site's geospatial coordinates or address, obtaining location-specific projections. Where additional validation was needed, we consulted evidence-based documentation. Risk likelihood was assessed qualitatively, using the same scaling methodology as in our DMA.

Transition risks were assessed using the same DMA-based scaling for likelihood and severity. Severity was assessed based on the potential financial impact of the transition risk or opportunity.

All risks and opportunities were assessed against a consistent long-term horizon (2050), which is supported by most databases and enables clear comparisons. While we also reviewed short-term (one reporting year) and mid-term (one to five years) horizons, these proved too limited to capture the full range of climate-related risks and opportunities.

Given the inherent uncertainty in forecasting future climate conditions, socio-economic trends, and policy developments, we used some assumptions to assess potential risks and opportunities for allnex. The assumptions are based on scientific research and supported by reputable data sources and databases.

4. The results of the assessment

Physical risks

Based on the assessment of severity and likelihood, allnex's assets and business activities may be exposed to the following hazards:

Physical risks	Description	Acute / Chronic	Time horizon	Severity Scenario 4.5	Severity Scenario 1.9	Likelihood
Changing temperature (air, fresh / marine water)	Variations in temperature affecting air, freshwater, and marine environments, impacting ecosystems and human activities.	C	LT	Medium	Medium	High
Heat wave	Prolonged period of excessively hot weather, impacting health and ecosystems (5 of more consecutive days where maximum temperatures exceed 35°C / 95°F).	A	LT	High	High	Medium
Heavy precipitation (rain, hail, snow / ice)	Intense rain or snowfall, leading to flooding and damage.	A	LT	Medium	Medium	High
Water stress	Scarcity of water resources, affecting human and ecological systems.	C	LT	Medium	Medium	High
Drought	Extended period of deficient rainfall, leading to water shortages and crop failure.	A	LT	High	Medium	High

Transition risks and opportunities

Based on the assessment of severity and likelihood, allnex's assets and business activities may be exposed to the following transition risks and opportunities.

Transition risks/ opportunity	Description	Time horizon	Severity Scenario 4.5	Likelihood Scenario 4.5	Severity Scenario 1.9	Likelihood Scenario 1.9
Legislation on raw materials (R)	Specific raw materials, widely used in allnex products, could be banned by regulation (ex. REACH) or no longer be available due to scarcity. Additionally, if allnex is not able to provide alternatives, it could lead to a loss in profit and customers.	LT	High	High	High	High
Energy efficiency (O)	Designing products and manufacturing methods that are more energy efficient will reduce the energy cost and create additional market opportunities for allnex.	LT	High	Medium	High	Medium
Climate transition (R)	Transitioning to a net zero business will require large investments in technology and resources to reduce energy consumption and GHG emissions.	LT	Medium	Medium	High	Medium
Energy transition (R)	Investing in renewable sources for energy supply will require important changes, for example to the existing infrastructure.	LT	Medium	Medium	High	Medium
Changing customer demands (R)	Rapidly changing consumer trends can disrupt market and sector dynamics, which can have consequences for the future growth of allnex activities.	LT	Medium	Medium	High	Medium
Development of safer products (O)	Designing and developing new products that do not contain chemicals of concern could trigger high interest from customers or open new applications and as such generate extra income.	LT	High	Medium	High	Medium
Lack of raw materials (R)	The availability of biobased and recycled raw materials is low. As the demand of these materials increases, allnex risks being locked out of the market if they are not able to stay upfront with new recycling technologies and products.	LT	Medium	High	Medium	High

The physical risks identified at allnex production sites were also considered relevant for key suppliers. In addition, sea level rise was assessed as a significant risk, given that 50% of these suppliers are located in regions projected to be below sea level by 2050 under both climate scenarios.

On the customer side, fewer physical risks were classified as high; however, changing temperatures, heatwaves, water stress, and drought were deemed relevant or high-risk factors.

Assessing climate resilience

Physical risks

allnex has conducted a comprehensive assessment of climate-related physical risks, identifying the most relevant threats to our operations and value chain. These include exposure to changing temperatures, increased frequency of heavy precipitation, and water stress and drought conditions.

Extreme weather events, such as heatwaves and floods, could damage the infrastructure of manufacturing sites – both at allnex and its suppliers – leading to repair costs or temporary shutdowns. This may disrupt the supply of raw materials, water, and energy, causing material shortages and production delays.

Heat waves can negatively impact the working conditions as operators already need to wear specific protective equipment while performing complex actions this can create specific health issues.

Heavy precipitation events pose risks to facilities and logistics. Flooding or water ingress can damage raw materials, production equipment, and storage areas, resulting in costly downtime and repair. High humidity levels interfere with resin curing processes, particularly for climate-sensitive formulations. Rainwater runoff from production sites also carries the risk of environmental non-compliance if pollutants are discharged into nearby ecosystems. Transport and distribution are equally impacted, as flooded infrastructure may delay inbound supply and outbound deliveries.

In regions subject to **drought and long-term water stress**, allnex faces additional operational constraints. Water-intensive processes may become limited or more expensive due to restricted availability and rising treatment costs. Drought can also disrupt supply chains, particularly where river freight capacity is reduced, necessitating alternative logistics solutions that may be more costly and less efficient.

These findings highlight the importance of integrating climate resilience into allnex's strategic and operational planning. Investments in adaptive technologies, process innovation, and infrastructure enhancement are essential to safeguarding operational continuity and ensuring long-term competitiveness in a changing climate landscape.

To increase its resilience against climate change, allnex implements control and monitoring measures for risks, including climate-related physical risks. These include:

- Natural Hazard Risk Analysis
- Process Hazard Analysis studies
- allnex ERM program

Natural Hazard Risk Analysis for manufacturing ensures business continuity by assessing exposure to natural hazards such as floods, storms, earthquakes, wildfires, and other events. Sites with high-

risk exposure plan and implement appropriate mitigation measures to control and reduce these risks.

Process Hazard Analysis studies identify and assess potential hazards in processes involving hazardous materials. These studies are essential for process safety and risk management, helping sites prevent accidents such as fires, explosions, and chemical releases.

Allnex ERM framework that provides a structured and transparent approach to managing risk across the business. This framework is applicable to all operations of allnex including all subsidiary businesses and any related entities. Risk identification and management is undertaken by Senior Management. Risks are assessed based on the likelihood and impact rating and evaluated using Heat Map approach. The Senior Management monitors and review the performance of the risk management system and changes to business initiatives and other internal processes which may affect it, on a quarterly basis. Every year the risk rating is reviewed and consequently monitored throughout the year. To date the following sustainability related topics were included in allnex ERM: Pollution / Environmental Crisis, Failure to execute ECOWISE Safe Material Program, Climate Change Impact Readiness, Failure to execute Sustainability strategy.

Transition risks and opportunities

To address the transition risks and opportunities, allnex is actively exploring the impact of those risks and opportunities on its operations and strategic positioning.

Regulatory developments concerning raw materials, as well as increased scarcity of certain critical inputs, may result in production disruptions, higher reformulation costs and the loss of market share and customer confidence if no timely action is taken.

Achieving net zero emissions will require significant investments in next-generation technologies, infrastructure upgrades, and resource optimization. These efforts are essential not only for reducing GHG and energy use but also for complying with future regulations and meeting stakeholder expectations.

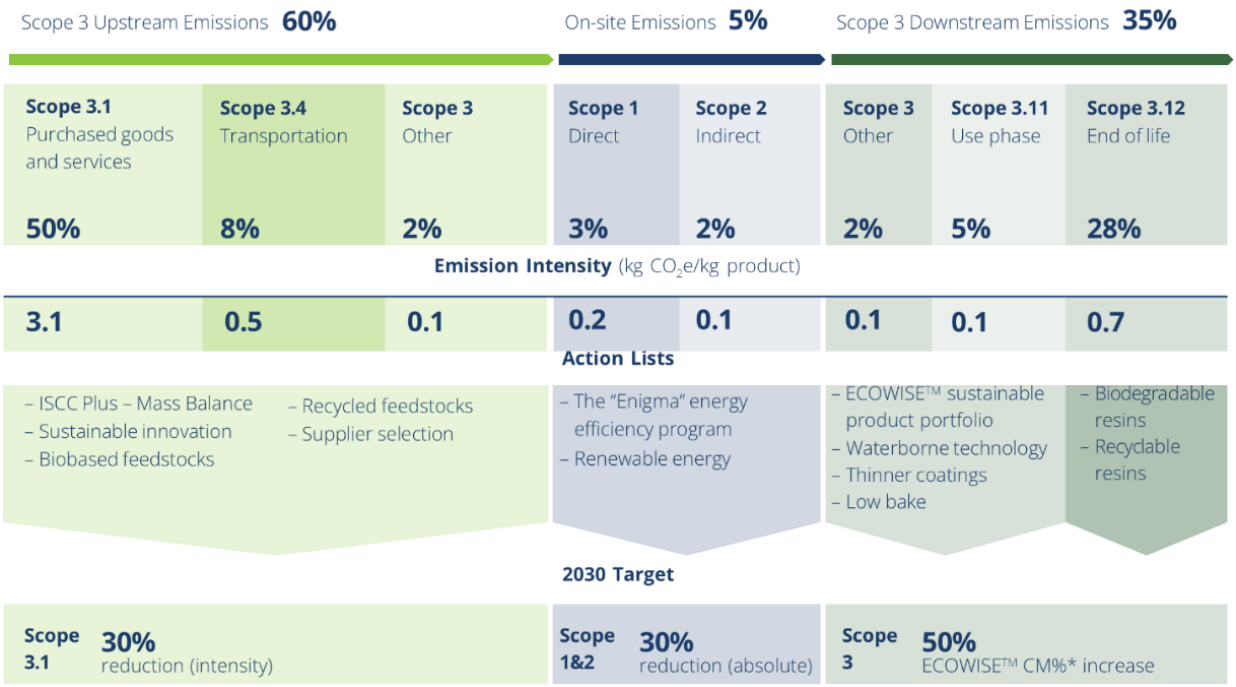
The **shift toward renewable energy sources** is also a central focus. Adopting clean energy systems necessitates substantial changes to existing infrastructure and carries high upfront costs, with return-on-investment timelines that may extend beyond the short term. In some cases, switching to electric energy may result in higher operational expenses, especially where electricity pricing exceeds that of natural gas.

Energy efficiency presents a key opportunity to mitigate these risks. By lowering energy consumption throughout both production and application phases, allnex can reduce operational expenses, optimize product pricing, and unlock new market potential, particularly in regions and sectors that favor sustainable, low-energy solutions.

These risks and opportunities are being considered within allnex's broader climate strategy and decarbonization roadmap, which outlines the prioritization and implementation of specific actions to support long-term resilience and competitiveness.

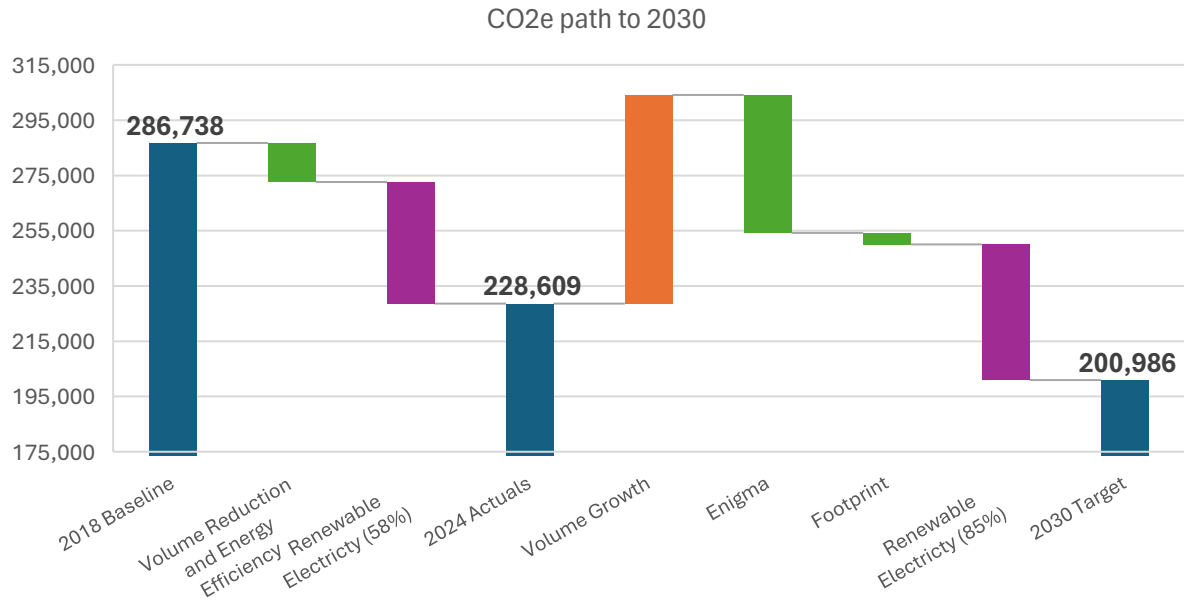
Climate transition plan for allnex

Effective climate action begins with a clear understanding of the full scope of GHG emissions linked to our activities. This structured approach helps allnex identify key impact areas and develop targeted reduction measures that advance sustainable innovation and align our business with long-term planetary health. The figure below illustrates allnex's emissions along the value chain and summarizes the corresponding targets and mitigation actions.



Transition roadmap

allnex's decorbanization pathway to 2030 is based on forecasted production volumes and the corresponding Scope 1 and 2 emissions. This forecast reflects the estimated Scope 1 and 2 emissions over the operational lifetime of all active and firmly planned key assets. The allnex roadmap toward our 2030 goal is illustrated in the diagram below and structured around the main action groups: Enigma, Renewable Electricity, and Footprint.



Enigma: Project Enigma was launched in 2023 to build on the foundation of existing energy reduction initiatives at our sites worldwide. Under this global project, manufacturing sites are implementing initiatives to reduce the use of fossil fuels (primarily natural gas) and purchased utilities such as electricity and steam. The associated estimated benefits by energy type are shown in the graph below. The first pilot plants were Kalamazoo and Bitterfeld, where workshops were held to identify possible reduction drivers. Later in 2023, the project was rolled out globally to other allnex sites.

Part of Project Enigma is the **replacement of fossil fuel consumption** by more sustainable alternatives. As allnex replaces major heating equipment that uses fossil fuels to generate steam or heat, alternative energy systems are

Renewable Electricity: allnex aims to increase the share of electricity sourced from renewable resources to at least 85% by 2030. On-site projects generate renewable energy directly at or near the industrial site, typically using rooftop or ground-mounted solar panels or wind turbines, with energy attribute certificates (EACs) purchased through partnerships with renewable energy providers. The goal is to support progress toward the 2030 target of 85% renewable electricity.

Footprint covers additional other CO_2 decarbonization levers linked to strategic and operational initiatives.

Scope 3.1 emissions reduction

allnex will reduce Scope 3.1 (Purchased Good and Services) intensity by 30% by 2030 and reach net zero by 2050 (baseline 2021). A tracking tool was developed starting in 2025, referencing 2021 and 2024 data.

- General Raw Materials Improvement: more accurate product carbon footprint (PCF) data, including PCF improvements from companies that do not yet have a Scope 3 target.
- Main Supplier Scope 3 and/or Scope 1 and 2 target: reductions achieved through suppliers with established targets (20% of volume)
- Recycled materials: recycled MMA and recycled PET are perfectly suitable for producing high-quality resins. Success requires a strong R&D focus and partnerships with suppliers.
- Biobased materials: biobased alternatives for existing fossil-based building blocks are being launched, and allnex closely monitors these developments. Initial industrial successes have been achieved, and this is expected to grow.

ISCC Plus - Mass Balance: International Sustainability and Carbon Certification (ISCC) is a globally recognized system that ensures traceable, sustainable, deforestation-free, and climate-friendly supply chains. By 2024, 10 allnex sites were certified to ISCC Plus, covering major technologies.

Information on initiatives and progress can be found in allnex ESG report 2025 Sustainability Is Our Commitment, ECOWISE™ Is Our Promise - allnex.

Metrics and Targets

allnex's long-term GHG emissions reduction goals toward 2050 are aligned with the objectives outlined in the Paris Agreement, reflecting our commitment to limiting global warming and supporting a sustainable future. While our 2030 targets differ from the Paris Agreement, they have been developed based on robust projections of our operational performance, financial capabilities, and available resources, and represent realistically achievable goals. allnex has made the following climate-related public commitments:

- Reduce absolute Scope 1 and 2 (market-based) CO_2e emissions by 30% by 2030 compared to 2018, and achieve net zero by 2050
- Reduce Scope 3.1 emissions intensity by 30% by 2030 and achieve net zero by 2050
- Improve energy efficiency by 10% by 2030 compared to 2018
- Source 85% of electricity from renewable sources by 2030
- Achieve 50% contribution margin from ECOWISE products
- Achieve 100% ISO 50001 certification by 2025, ensuring responsible energy management across facilities

Progress on the targets and Scope 1 and 2 esmissions are disclosed in yearly ESG report Sustainability Is Our Commitment, ECOWISE™ Is Our Promise - allnex

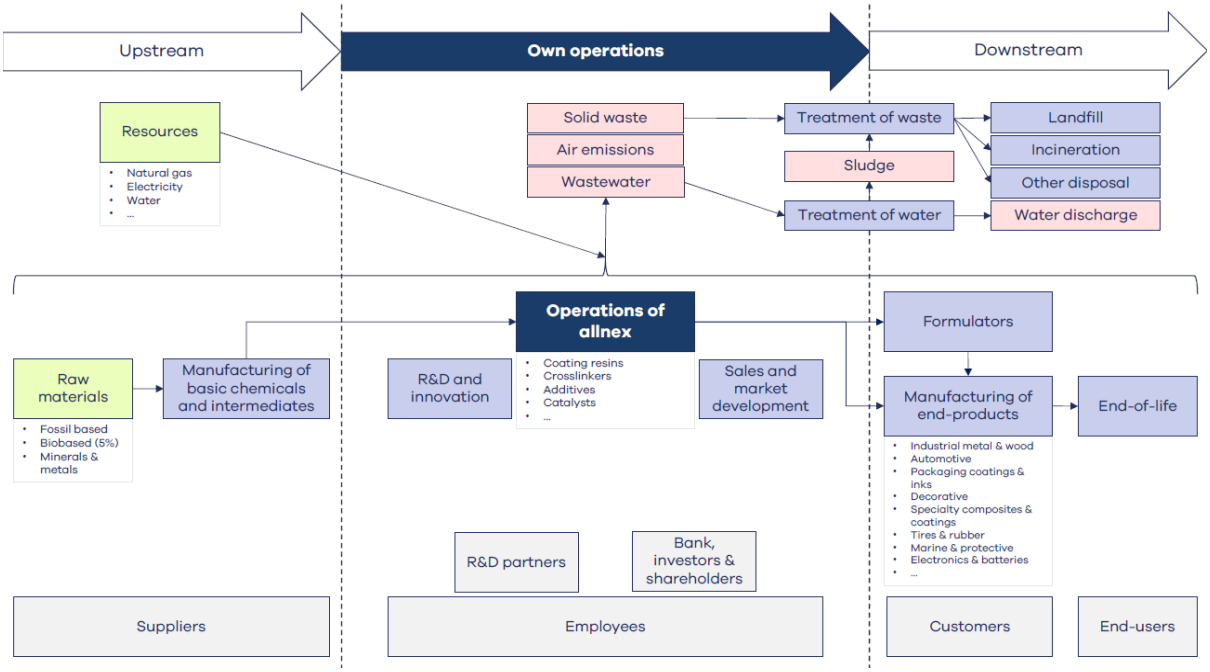
Annex

DMA methodology

The 2024 double materiality assessment followed a structured four-step approach:

Step 1: Setting the context

The first step involved defining the **scope** of the assessment, including identifying relevant allnex entities and key activities. A thorough mapping of the organization's entire upstream and downstream value chain was performed (see picture below). The scope defined aligns with the financial reporting boundaries. All allnex regions and subsidiaries are included. Operational control was considered to include entities where allnex has the authority to direct operational activities and manage relationships.



We conducted desk research, benchmarking, and interviews with internal stakeholders to gain initial insights into potential IROs. In addition, we identified key external stakeholders for involvement in the assessment process.

This assessment followed a due diligence approach, including the identification and tracking of actual and potential adverse impacts connected to allnex's operations and value chain. The company's actions to prevent, mitigate, and remediate such impacts were also considered.

Step 2: Identification of potential material IROs

After setting the context, we compiled a **longlist** of potential material IROs relevant to the allnex value chain. This list was informed by a range of sources, including:

- 6 internal stakeholder interviews with experts from various sites and locations
- benchmarking of peer sustainability reports
- insights from the previous materiality assessment
- research into emerging trends in the chemicals and coatings industry
- allnex's ERM

The IRO list was aligned with topics, sub-topics, and sub-sub-topics of the ESRS. In developing the longlist, we considered the interdependency of impacts, risks, and opportunities.

Recognizing the importance of stakeholder engagement in assessing materiality, we conducted 11 in-depth **interviews with external stakeholders** from various groups. Their perspectives provided valuable insights into key sustainability priorities and expectations. Each interview was tailored to the participant's expertise to ensure relevance and high-quality input. Risks and opportunities arising from past and future events were discussed during the interviews and captured in the IRO list. These insights were also considered during the scoring of the IROs.

Stakeholder groups were defined based on key actors within the value chain. allnex then selected participants to ensure broad and relevant coverage across its entire value chain. No direct consultations with affected communities were conducted; however, their perspectives were integrated based on sectoral research and input from external stakeholders.

We also launched an **online survey** to engage a broader group of **employees**. Over 500 employees were invited to participate, and we received 273 responses. This initiative helped gather valuable employee perspectives and raise internal awareness of sustainability topics.

To finalize the longlist of potential IROs, a workshop was held with allnex's sustainability team. This collaborative session reviewed and refined the IROs and their definitions, resulting in a **validated longlist**.

Step 3: Measurement of material IROs and topics, based on defined criteria

The next step involved evaluating each IRO using the criteria defined in ESRS 1.

- **Impact materiality** was assessed based on the severity of impacts (scale, scope, and remediability). For potential impacts, likelihood was also considered.
- **Financial materiality** was determined by estimating the size of the potential financial effect and the likelihood of the risk or opportunity occurring.

We organized four dedicated focus groups: three covering impact materiality across the Environmental, Social, and Governance (ESG) domains, and one focused on financial materiality. Before the sessions, participants scored the IROs individually to minimize group bias. During the focus

groups, participants discussed scoring differences to arrive at a consensus for each criterion. In some cases – especially for impacts, risks and opportunities related to the value chain – reasonable assumptions were made to support scoring.

Participants from the different regions were involved. They contributed to the discussion with their specific knowledge of the sites in the regions they represented. The discussions covered the IROs related to the company's own activities (processes, products, people, business conduct) as well as the IROs in the value chain. Based on all this information, the scoring of each IRO was discussed and the most severe plausible scenario was considered. Each IRO received a consensus score for the entire allnex group. If an impact is site-specific, this will be addressed when defining actions.

Some sustainability risks are included in allnex's global ERM (Enterprise Risk Management) system, where they are treated with equal priority as other risks. Additional risks identified during this DMA will be considered in the next ERM review, scheduled for early 2026.

Step 4: Validation and results of material topics and IROs

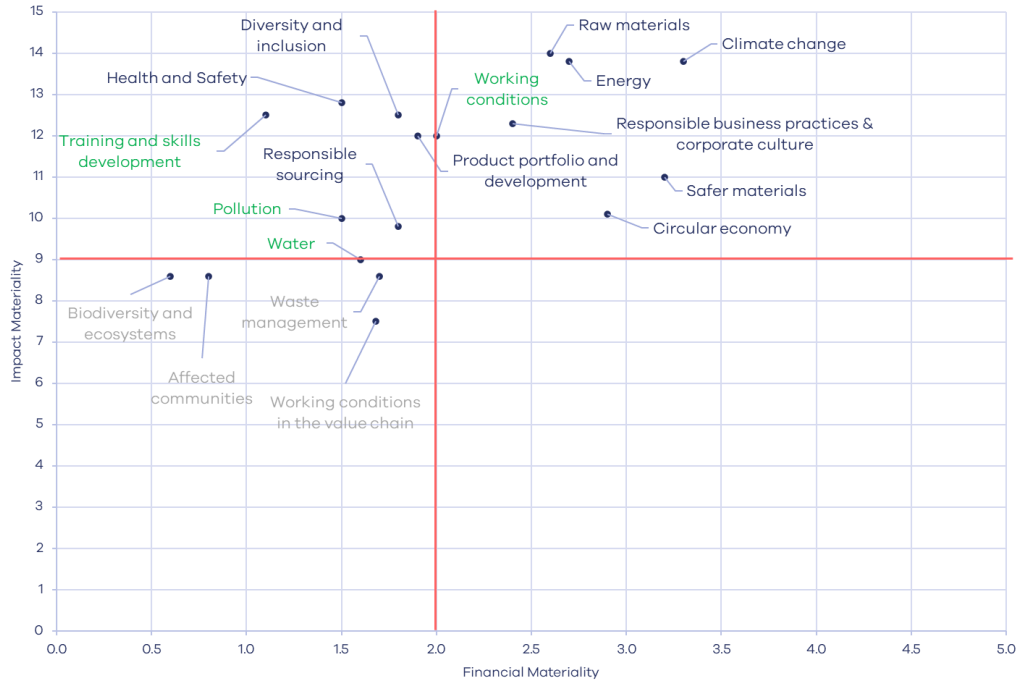
The scoring results were plotted on a double materiality matrix, in accordance with ESRS 1 guidance. A robust four-stage validation process ensured alignment and accuracy: (1) an initial review with the sustainability team, (2) review by allnex management, (3) review with a core group at N-2 level, and (4) final validation by senior management.

The 2024 double materiality assessment identified 82 IROs, categorized into 18 potential material topics. Ultimately, **14 topics were confirmed as material** for allnex. All material DMA topics and their related IROs are covered by ESRS disclosure requirements, except for the topic "Product portfolio and development".

Of the 9 material topics identified in 2022, all were reaffirmed in the updated assessment. Notably, the topic "Raw materials & sustainable sourcing" was split into two distinct areas to better reflect their individual importance. In addition, four new material topics emerged: Water, Pollution, Training & Skills Development, and Working Conditions.

We recognize that some IROs may be interconnected or could cause unintended harm to others. When setting up actions, we will ensure that no harm is caused to other IROs.

Materiality matrix



Material (DMA 2022)

Non-material topics

New topics

Framework compliance

Topic	Recommended Disclosures	Report
Governance	a) Describe the board's oversight of climate-related risks and opportunities.	Chapter Governance
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	Chapter Governance
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Chapter Climate-related risks and opportunities
	b) Describe the impact of climate related risks and opportunities on the organization's businesses, strategy, and financial planning.	Chapter Business impact
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Chapter Resilience of allnex strategy
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks.	Annex DMA methodology
	b) Describe the organization's processes for managing climate-related risks.	Chapter Climate change risk management
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Chapter Assessing climate resilience, ERM description
Metrics and Targets	a) Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process.	Chapter Metrics and Targets
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Chapter Metrics and Targets
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Chapter Metrics and Targets