Modern Slavery and Human Trafficking Statement 2016

PPG Architectural Coatings UK Limited
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Under the Modern Slavery Act 2015 ("MSA"), any company carrying on business in the UK which supplies goods or services and which has a total turnover of £36 million or more, is required to publish an annual statement describing the steps it has taken to ensure that there is no slavery or human trafficking in its own business, or its supply chains.

This annual statement relates to the actions and activities that PPG Architectural Coatings UK Limited has taken during its financial year 1 January 2016 to 31 December 2016 (inclusive). It is also PPG Architectural Coatings UK Limited’s first statement published under the MSA.

1. PPG Architectural Coatings UK Limited’s legal structure and business operations

PPG Architectural Coatings UK Limited is a UK company based in Birstall, West Yorkshire. It forms part of an international group of companies and joint ventures ("PPG Group") whose ultimate parent company is PPG Industries, Inc ("PPG") based in Pittsburgh, USA.

PPG Architectural Coatings UK Limited manufactures and sells architectural coatings. It also sources and sells external wall insulation systems, render systems, performance coatings and goods for resale.

2. PPG Architectural Coatings UK Limited’s supply chain

PPG Architectural Coatings UK Limited’s supply chain can be divided into the following categories of goods and services:

- Raw materials (used to manufacture products)
- Toll manufactured products
- Goods for resale (ancillary products including the component parts of external wall insulation systems and products such as brushes, thinners, white spirit)
- Indirect goods and services
- Skilled and unskilled labour
- Marketing and logistics
3. PPG’s corporate codes of conduct

3.1 Global Code of Ethics ("GCOE")

3.1.1 Summary

PPG’s GCOE (see link: http://corporate.ppg.com/Our-Company/Ethics.aspx) outlines PPG’s commitment to conduct business in an ethical manner that respects human rights. In particular, the GCOE requires compliance with all laws prohibiting forced, compulsory or child labour, human trafficking and employment discrimination.

3.1.2 Application

All employees within the PPG Group are required to comply with the GCOE. In addition, all of the PPG Group’s allocated employees are required to complete, on an annual basis, a GCOE online training course.

The GCOE is also a key pillar of PPG’s Supplier Sustainability Policy (for which see Section 6 below) which includes all suppliers and contractors are expected to comply.

3.1.3 Responsibility

Ultimate responsibility for enforcement of the GCOE is PPG’s Chief Compliance Officer.

3.1.4 Enforcement

PPG’s Compliance department will investigate any violation of the GCOE by an employee and this may result in disciplinary action being taken by the relevant Human Resources department up to and including dismissal (in accordance with the relevant Human Resources policy and local law).

3.2 Global Supplier Code of Conduct (“GSCC”)

3.2.1 Summary

The GSCC (see link: http://corporate.ppg.com/getmedia/92de1b44-bee9-4421-80d9-b37b0cb6e26d/PPG-Supplier-Code-of-Conduct-12-18-2014.pdf) is a key pillar of PPG’s Supplier Sustainability Policy (for which see Section 6 below). The GSCC imposes minimum compliance standards with respect to business integrity, labour practices, associated health and safety, and environmental management. It is intended to complement the GCOE. The GSCC covers a wide range of standards but those specific to this annual statement are set out in the table below.

3.2.2 Specific GSCC requirements

<table>
<thead>
<tr>
<th>Forced or compulsory labour</th>
<th>Suppliers must:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Prohibit all forms of forced or compulsory labour</td>
</tr>
<tr>
<td></td>
<td>• Maintain and promote fundamental human rights</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Child labour</th>
<th>Suppliers must:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Prohibit the use of child labour</td>
</tr>
<tr>
<td></td>
<td>• Adhere to the minimum employment age limit defined by national law or regulation</td>
</tr>
<tr>
<td></td>
<td>• Comply with relevant International Labour Organization (ILO) standards</td>
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</tbody>
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Diversity and inclusion

Suppliers must:

• Promote a diverse workforce and provide a workplace free from discrimination, harassment or any other form of abuse
• Create a work environment in which employees and business partners feel valued and respected for their contributions

Health and safety

Suppliers must:

• Provide safe and healthy working conditions
• Proactively manage health and safety risks with the goal of providing an incident-free environment where occupational injuries and illnesses are prevented
• Implement management systems and controls that identify hazards and assess and control risk related to their specific industry

Freedom of association

Suppliers must:

• Respect employees’ right to freedom of association and collective bargaining, consistent with local laws
• Respect employees’ rights to join or refrain from joining associations and worker organizations

Wages, hours and benefits

Suppliers must:

• Treat employees fairly, including with respect to wages, working hours and benefits
• Comply with all applicable legal and regulatory requirements and apply sound employee relations practices

4. Procedure for on-boarding a new supplier; Annual Supplier Ratings & Audits

4.1 Procedure for on-boarding a new supplier

The process of on-boarding a new supplier has two stages:

4.1.1 The supplier must sign up to the GSCC;
4.1.2 The Global Supplier Management Team ("GSMT") follows a supplier qualification checklist and completes a series of forms (including a New Supplier Qualification Form) as a result of which the supplier’s credentials are assessed and vetted.

In 2017, the New Supplier Qualification Form will be updated to include questions on child and forced labour; human rights violations; safety in workplace violations; conflict mineral violations; supplier diversity.
4.2 Annual Supplier Ratings
At the end of each financial year, PPG Group’s most significant suppliers (based on factors such as spend, sole supplier status etc) undergo a ratings assessment. The ratings is shared with the supplier and an action plan devised as necessary. The ratings are also used to determine which suppliers are to be the subject of an annual supplier audit (see below).

4.3 Annual Supplier Audits
These are conducted by the CSDT which follow a series of questions set out in an audit checklist. The audit questions are extensive and cover all aspects of a supplier’s business. They do however include certain ethical questions including employees’ working conditions and their health and safety at work; compliance with local labour laws; and the existence of policies prohibiting child and forced labour. In 2016, 87 suppliers were audited globally by the CSDT which included suppliers of raw materials, packaging and services with action plans being put in place to improve performance. Of the 87 suppliers audited, 24 were suppliers to the PPG Group’s UK legal entities (including PPG Architectural Coatings UK Limited) and no adverse issues were highlighted with respect to the ethical questions contained within the audit.

4.4 Responsibility
The GSMT are responsible for the processes and procedures for on-boarding new suppliers.

5. Reporting policies

5.1 PPG Group’s employees
Employees are required to report all suspected violations of the GCOE, or the law to PPG’s Ethics and Compliance Office. Several reporting options are offered including the PPG Ethics Helpline which is a confidential free phone and online reporting service maintained by a third party. Any retaliation – whether direct or indirect – against any employee who raises a good faith concern is grounds for discipline up to and including dismissal.

5.2 PPG Group’s suppliers
Under the GSCC, suppliers are required to report suspected violations of the GSCC to the Vice President, Purchasing and Logistics, PPG’s Ethics Helpline or PPG’s Chief Compliance Officer immediately if a violation of the GSCC is ever in question. In the event that a supplier recognizes any non-compliant activity or violation of the GSCC, the supplier must provide a detailed corrective action plan to address such deficiency.

6. PPG’s Supplier Sustainability Policy
PPG’s commitment to human rights and eradicating slavery from its supply chain is closely aligned with its commitment and activities to make PPG Group’s businesses more sustainable in terms of its compliance with applicable laws and adherence to internationally recognised environmental, social and corporate governance standards. In particular, PPG has committed to achieving five key Sustainability Goals by 2020. PPG acknowledges that its success in achieving these Goals will be dependent upon the full support of its global supplier base for which PPG’s Global Sustainability Committee has issued its Supplier Sustainability Policy (see link: http://corporate.ppg.com/Purchasing/Supplier-Sustainability.aspx).

7. Training
All allocated employees are required to complete a GCOE annual online refresher training course which is accompanied by a test which they must pass in order to complete the training.

8. 2016 Initiatives

8.1 Mica mining
A portion of the pigments supplied by PPG Group’s pigment suppliers incorporate mica which is extracted from mines located in India. The Terres des Hommes International Federation highlighted in several of its published reports in 2016 that Indian mines were using child labour. PPG Group subsequently took steps to establish that none of PPG Group’s pigment suppliers sourced mica from Indian mines that used child or any other forms of forced or compulsory labour. Additionally PPG Architectural Coatings UK Limited has reviewed the formulations for its architectural coatings to ascertain whether or not they included any natural mica component. As of 31st December 2016, none of PPG Architectural Coatings UK Limited’s formulations for those coatings included natural mica.

The investigation led to PPG Group becoming, on 31 January 2017, a voting member of the Responsible Mica Initiative group (see link: http://www.responsible-mica-initiative.com). This is a Do-Tank which aims within the next five years to eradicate child labour and unacceptable working conditions in the Indian mica supply chain by joining forces across industries.

8.2 CSDT initiatives
In 2015, PPG issued a self-assessment questionnaire to its top 100 suppliers globally (based on PPG’s 2014 spend). In 2016, the results of the survey were used by the CSDT to identify which key areas of PPG Group’s supply chain should be audited to assess (amongst other things) the risk of the existence of human trafficking and slavery. The three areas identified by the CSDT were as follows:

- Mining suppliers
- Direct suppliers with a low visibility of their own supply chain
- Suppliers with operations in Asia and Africa