



Modern Slavery and Human Trafficking Statement 2016

PPG Industries (UK) Limited
Brown Brothers Distribution Limited
PPG Kansai Automotive Finishes UK LLP



Modern Slavery and Human Trafficking Statement 2016

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 Industries (UK) Limited**, **Brown Brothers Distribution Limited** and **PPG Kansai Automotive Finishes UK LLP** have taken during their financial year 1 January 2016 to 31 December 2016 (inclusive). This is a combined statement on the basis that **PPG Industries (UK) Limited** owns the entire issued share capital in **Brown Brothers Distribution Limited**; and a controlling interest in **PPG Kansai Automotive Finishes UK LLP**. It is also **PPG Industries (UK) Limited**'s first statement (for and on behalf of itself and on behalf of **Brown Brothers Distribution Limited** and **PPG Kansai Automotive Finishes UK LLP**) published under the **MSA**.

1. PPG Industries (UK) Limited - legal structure and business operations

PPG Industries (UK) Limited is a UK company with manufacturing locations in Stowmarket and Shildon. 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 Industries (UK) Limited encompasses the activities of four core business units:

1.1 Automotive Refinish business unit

This business unit has a manufacturing facility in Stowmarket which manufactures and sells automotive refinish coatings for cars, commercial transport and light industrial equipment and machinery to independent distributors and larger direct end users. It also distributes its range of coatings via **Brown Brothers Distribution Limited**'s captive distribution network

1.2 Packaging Coatings business unit

In 2016, this business unit was based in Silvertown (for sales) and Stowmarket (for fulfilment of orders). The business unit sells coatings for the protection and decoration of metal packaging eg food and beverage cans etc.

1.3 Aerospace Coatings business unit

This business unit has a manufacturing facility in Shildon which manufactures and sells transparencies, sealants, coatings, electrochromic window systems, surface solutions, packaging, and chemical management services.

1.4 Industrial Coatings business unit

This business unit has a small manufacturing facility in Shildon though the majority of its finished goods products are sourced from **PPG Group** companies in Europe. The business unit sells industrial coatings for appliances, agricultural and construction equipment, consumer electronics, automotive parts and accessories, building products (including residential and commercial construction) and transportation vehicles.

2 Brown Brothers Distribution Limited - legal structure and business operations

Brown Brothers Distribution Limited is a wholly-owned subsidiary of **PPG Industries (UK) Limited**. It consists of a captive distribution network of 12 trading outlets in the UK. **Brown Brothers Distribution Limited** sells predominantly automotive refinish products. The bulk of these are purchased from **PPG Industries (UK) Limited**'s automotive refinish plant in Stowmarket although it also sells a range of third-party goods which are consumables used in automotive refinish bodyshops (e.g abrasives, masking tapes/films, spray equipment).

3 PPG Kansai Automotive Finishes UK LLP – legal structure and business operations

PPG Kansai Automotive Finishes UK LLP is a UK limited liability partnership comprised of two limited companies: **PPG Industries (UK) Limited** (60% interest) and **Kansai Paint Europe Limited** (40% interest). **PPG Kansai Automotive Finishes UK LLP** sells automotive coatings which it sources from **PPG Group** and **Kansai Paint Europe**



Limited. PPG Kansai Automotive Finishes UK LLP resells the majority of its products to Japanese automotive OEM customers having manufacturing plants in Europe.

4. PPG Industries (UK) Limited's supply chain (including that of Brown Brothers Distribution Limited and PPG Kansai Automotive Finishes UK LLP)

PPG Industries (UK) Limited's supply chain (including that of **Brown Brothers Distribution Limited** and **PPG Kansai Automotive Finishes UK LLP**) can be divided into the following categories of goods and services:

- Raw materials (used to manufacture our products)
- Toll manufactured products
- Finished goods
- Goods for Re-sale (tools and equipment related to refinish bodyshops)
- Indirect goods and services
- Skilled and unskilled labour
- Marketing and logistics
- IT systems & solutions

5. PPG's corporate codes of conduct

5.1 Global Code of Ethics ("GCOE")

5.1.1 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.

5.1.2 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 8 below) with which all suppliers and contractors are expected to comply.

5.1.3 Responsibility

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

5.1.4 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 **PPG Group** Human Resources department up to and including dismissal (in accordance with the relevant Human Resources policy and local law).

5.2 Global Supplier Code of Conduct ("GSCC")

5.2.1 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 8 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 opposite.

5.2.2 Specific GSCC requirements

Forced or compulsory labour Suppliers must:

- Prohibit all forms of forced or compulsory labour
- Maintain and promote fundamental human rights

Child labour Suppliers must:

- Prohibit the use of child labour
- Adhere to the minimum employment age limit defined by national law or regulation
- Comply with relevant International Labour Organization (ILO) standards

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

5.2.3 Application

The **GSCC** applies to any persons providing goods and services to the **PPG Group** including suppliers and contractors.

5.2.4 Responsibility

Ultimate responsibility for enforcement of the **GSCC**

is **PPG's** Compliance and Supplier Development Team ("**CSDT**").

5.2.5 Enforcement

The **CSDT** investigate any suspected violations of the **GSCC** by a supplier and stipulate any appropriate actions that the supplier must take to remedy the breach. These will range from allowing the supplier



to rectify the violation by corrective and preventative action to termination of applicable contracts and reporting the violation to the proper authorities (in cases where the supplier is involved in slavery and human trafficking).

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

6.1 Procedure for on-boarding a new supplier

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

6.1.1 the supplier must sign up to the **GSCC**;
6.1.2 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 work place violations; conflict mineral violations; supplier diversity.

6.2 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).

6.3 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, some 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 Industries (UK) Limited**) and no adverse issues were highlighted with respect to the ethical questions contained within the audit.

6.4 Responsibility

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

7. Reporting policies

7.1 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.

7.2 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.

8. 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>).

9. 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.

10. 2016 Initiatives

10.1 Mica mining

A portion of the pigments supplied by **PPG Group's** pigment suppliers incorporate mica which is extracted from mines located in India. **PPG Industries (UK) Limited** uses pigments containing natural (as opposed to synthetic) mica in its formulations especially with respect to those relating to its automotive refinish and aerospace business units.

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.

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.

10.2 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

11. Proposed 2017 initiatives

11.1 CSDT Initiatives

The **CSDT** will, based upon a set of criteria, select which suppliers are to be audited with respect to the 3 key areas of focus identified by the **CSDT** in 2016. Once selected, the suppliers will be audited by the **CSDT**.

11.2 PPG Industries (UK) Limited's (including Brown Brothers Distribution Limited and PPG Kansai Automotive Finishes UK LLP) Initiatives

A UK working group (to include representatives of **PPG Industries (UK) Limited**, **Brown Brothers Distribution Limited** and **PPG Kansai Automotive Finishes UK LLP** along with other UK legal entities) will be assembled to identify and thereafter work on the key areas of focus in 2017 including the following:

11.2.1 to liaise with the **CSDT** to ensure that a certain percentage of suppliers selected and audited under section 9.1 include suppliers of **PPG Industries (UK) Limited**, **Brown Brothers Distribution Limited** and



PPG Kansai Automotive Finishes UK LLP ;

11.2.2 to conduct a survey of new and existing UK-based raw material and packaging suppliers with a strong focus on assessing the risk of the incidence of human trafficking and slavery in their supply chain;

11.2.3 reviewing **PPG Industries (UK) Limited, Brown Brothers Distribution Limited** and **PPG Kansai Automotive Finishes UK LLP's** existing purchasing contracts and updating them as necessary to ensure they address the risk of human trafficking and slavery in their supply chain;

11.2.4 ensuring that ongoing compliance with its obligations under the **MSA** remains on the agenda of the **PPG Industries (UK) Limited's** and **Brown Brothers Distribution Limited** respective boards of directors, and **PPG Kansai Automotive Finishes UK LLP's** management board.



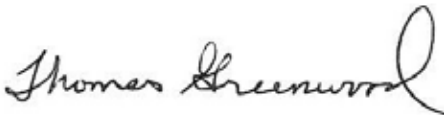
Charles Turner

**Director for and on behalf of
PPG Industries (UK) Limited**



David Heal

**Director for and on behalf of
Brown Brothers Distribution Limited**



Thomas Greenwood

**President of the Managing Board
for and on behalf of
PPG Kansai Automotive Finishes UK LLP**

30th June 2017



We protect and
beautify the world™