

California Transparency in Supply Chains Act of 2010

PPG Industries, Inc. (PPG) recognizes the importance of conducting business in an ethical manner that respects human rights. The California Transparency in Supply Chains Act of 2010 requires certain companies to publish a statement describing the steps they have taken to ensure that there is no slavery, coerced labor or human trafficking in their own businesses or in their supply chains.

This statement relates to the actions and activities that PPG has taken in this regard.

Global Code of Ethics

PPG is committed to conduct business in an ethical manner that respects human rights. In particular, PPG's Global Code of Ethics requires compliance with all laws prohibiting forced, compulsory or child labor, human trafficking and employment discrimination. All employees of PPG and its subsidiaries are required to comply with the Global Code of Ethics. We regard observing local law to be the minimum acceptable level of conduct. In addition, PPG's own standards of conduct frequently oblige us to go beyond the legal minimum of a locality and to conduct our affairs according to our own higher standard. To enforce the importance of the Global Code of Ethics and make sure our employees know what is expected, many of PPG's employees, including those with responsibility over PPG's supply chain, are required to complete, on an annual basis, a Global Code of Ethics online training course which is accompanied by a test which they must pass in order to complete the training. Additionally, PPG periodically trains employees and managers with responsibility for supply chain management with respect to human trafficking and slavery. The Global Code of Ethics is also a key pillar of PPG's Supplier Sustainability Policy with which all suppliers and contractors are expected to comply.

PPG's Compliance Department will investigate any violation of the Global Code of Ethics by an employee, and this may result in disciplinary action up to and including termination (in accordance with the relevant Human Resources policy and local law).

Global Supplier Code of Conduct

PPG expects our valued suppliers to operate their business practices in accordance with PPG's ethics and integrity expectations. As such, PPG has implemented a Global Supplier Code of Conduct. PPG's Global Supplier Code of Conduct is a key pillar of PPG's Supplier Sustainability Policy. The Global Supplier Code of Conduct imposes minimum compliance standards with respect to business integrity, labor practices, health and safety, and environmental management. It is intended to complement the Global Code of Ethics. The Global Supplier Code of Conduct covers a wide range of standards, but those specific to working conditions and minimum employment standards are set out in the table below:

Forced or compulsory labor	Suppliers must: <ul style="list-style-type: none">• Prohibit all forms of forced or compulsory labor• Maintain and promote fundamental human rights
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Child labor	Suppliers must: <ul style="list-style-type: none"> • Prohibit the use of child labor • Adhere to the minimum employment age limit defined by national law or regulation • Comply with relevant International Labor Organization (ILO) standards
Diversity and inclusion	Suppliers must: <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • 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

The Global Supplier Code of Conduct applies to anyone providing goods and services to PPG, including suppliers and contractors. Ultimate responsibility for enforcement of the Global Supplier Code of Conduct is PPG's Global Procurement function. PPG Procurement investigates any suspected violations of the Global Supplier Code of Conduct by a supplier and stipulates 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).

On-boarding New Suppliers

Prior to a company becoming a PPG supplier in any region of the world, we perform an assessment that evaluates ethical and regulatory performance in addition to financial solvency, business stability and operational capability.

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

- the supplier must sign up to the Global Supplier Code of Conduct; and
- PPG's Procurement function follows a supplier qualification checklist and completes a series of checks forms (including a New Supplier Qualification Form) to assess and vet the supplier's credentials.

In 2017, the New Supplier Qualification Form was updated to include questions about child and forced labor, human rights violations, workplace safety violations, conflict minerals origin, and supplier diversity.

In 2018, we identified a need to carry out a review of our on-boarding process for new suppliers to enable us to gather information in a number of priority areas, including modern slavery, as quickly as possible when engaging with a new supplier. The outcome of our review led to the development of a phased process for supplier on-boarding. The process included additional information being provided to suppliers at each stage to ensure that they are properly informed about requirements under relevant legislation.

PPG has implemented ePro, a unique single global solution for managing supplier relationships. Some of the efficiencies and benefits that the ePro tool delivers are: improved organization, management and visibility of supplier data; digital on-boarding of new suppliers; a central repository of the information previously required by the New Supplier Qualification Form; and electronic acceptance of the Global Supplier Code of Conduct and its requirements. ePro also has functionality to update vendor profiles in the case of new supplier requirements by PPG or by regulation. For these reasons, ePro is a key IT solution that will help drive PPG's ongoing compliance.

Supplier Surveys and Audits

In 2019, we issued self-assessment questionnaires to 100 high-risk suppliers in our supply chain. Most of the respondents effectively exhibited strong sustainability controls. The surveys for the remaining respondents required further review and clarification, which we undertook in early 2020. For those high-risk suppliers that did not respond to our survey, we continued to engage with them in early 2020 to obtain their information.

Our approach to assessing the sustainability of our supply base improved significantly over the past three years. We continue to target our top raw material suppliers by spend, and more recently, we shifted our focus to evaluating and monitoring 1,000 high-risk suppliers based on geographic position, participation in the mining industry, and other category factors to better gauge current or potential risk with existing suppliers.

Through our supplier assessment in partnership with EcoVadis, we can evaluate four key segments of sustainability across our supply base:

- Environment: Energy consumption, product use, customer health and safety, and biodiversity;
- Labor and human rights: Employee health and safety, working conditions, child labor, forced labor, human trafficking, diversity, discrimination and harassment;
- Ethics: Corruption and anticompetitive practices; and
- Sustainable procurement: Supplier environmental and social practices.

The EcoVadis scorecard allows assessed companies to benchmark against industry peers, and it provides an overall corporate social responsibility (CSR) performance rating on a scale from increasing risk to best in class. The average score of the PPG suppliers who have had their labor and human rights programs rated by EcoVadis through December 31, 2021 was above EcoVadis' market average score.

We have continued to roll out the EcoVadis assessments in waves. In 2021, we included approximately 200 suppliers each quarter. At the end of 2021, 816 suppliers had been contacted. More than 67% have already responded and have been rated as of March 2022.

We are pleased that our suppliers who responded and have received ratings tend to perform above the EcoVadis average across all four segments.

Our plan is to achieve a year-over-year increase in both response rate and average rating, then use that information to improve practices within the supply base.

Additionally, each region may perform further evaluations of supplier performance through remote or on-site audits of critical existing suppliers and potential new suppliers. Suppliers are selected based on an established schedule or when a new product will be produced in a new supplier facility. The evaluation criteria may include, but is not limited to: sustainability, contamination prevention, corporate social responsibility, anti-corruption, on-time delivery, quality system and controls, product review, and production processes. If standards are not met or there are non-conformities, then we may elect to end our relationship with the supplier or require corrective actions for improvements. For more details on this initiative, please reference our annual Sustainability Report.

Procurement plays a fundamental role in our commitment to sustainability, and it is critical to drive those responsibilities into our global supply base as an extension of our values and expectations of the way we do business. To evaluate our own maturity and understand how we can improve upon our success, PPG also carried out an assessment with EcoVadis at the end of 2021. It showed that PPG's strengths include:

- Strong leadership;
- Advanced policies;
- Established procedures and processes; and
- Articulated sustainable procurement vision and goals.

In 2021, PPG earned a Gold rating from EcoVadis. Only 6% of evaluated companies met the qualifications for this rating.

Sustainability requirements have become more engrained in our processes since in 2020 with the implementation of ePro, which requires new and current suppliers to agree to our policies and codes. This builds upon our existing requirement for suppliers within the United States and Canada that accept our terms and conditions to acknowledge all aspects of our Global Code of Ethics.

Since the platform went live in the United States and Canada, and in our Europe, Middle East and Africa (EMEA) regions, more than 10,000 suppliers have acknowledged these policies. We intend to extend ePro into the remaining Latin America and Asia Pacific regions.

In 2021, challenges from the ongoing COVID-19 pandemic, weather-related disruptions and supply challenges led us to increase evaluation of our suppliers on ethical and regulatory performance in addition to financial solvency, business stability and operational capability. Our global spend visibility database, first introduced in 2020, has continued to increase transparency across our supply chain, enhancing our capabilities to identify and manage potential at-risk suppliers.

Mica Supply Chain

We are a founding and active member of the [Responsible Mica Initiative](#) (RMI), which aims to mobilize the supply chain to eradicate child labor in India's mica mining. We are working with RMI partners to increase traceability, implement fair and sustainable practices along the supply chain, and build a legal framework with associated controls. Initiative partners also hope to establish holistic programs that improve and empower local communities and their citizens through additional sources of income, access to quality education and health care, and increased access to government programs. RMI is working collaboratively with various stakeholders, including several government agencies, civil society organizations, local mica businesses and sector experts. Some of our customers are now represented in RMI, demonstrating that this is a growing and critical sustainability program throughout the supply chain.

In addition to providing funding and resources to RMI, we have traced the pigment provided by our suppliers to the origin of their mica source. We also performed audits of our suppliers and mines when alerted about the issue in 2017. We have found no child labor being used in our supply chain.

RMI has taken action to ensure that our major mica pigment suppliers are active members. Nearly all our spend volume in this category is covered by suppliers that are RMI members, and we continue to align spend with trusted sources and on-board suppliers to RMI. For more details on Mica, please reference PPG's most recent Modern Slavery and Human Trafficking Statement.

Reporting Violations

Employees are expected to report ethics and compliance concerns related to the Global Code of Ethics to the appropriate levels of management, including the Ethics and Compliance Office, and employees are required to report all violations of the Global Code of Ethics or the law which may result in significant corrective or disciplinary action to PPG's Ethics and Compliance Office. PPG offers several reporting options, 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 termination.

Under the Global Supplier Code of Conduct, suppliers are required to report immediately suspected violations of the Global Supplier Code of Conduct to the Vice President, Procurement, PPG's Ethics Helpline or PPG's Chief Compliance Officer if a violation of the Global Supplier Code of Conduct is ever in question. In the event that a supplier recognizes any non-compliant activity or violation of the Global Supplier Code of Conduct, the supplier must provide a detailed corrective action plan to address such deficiency.

Training

Modern slavery-focused e-learning to increase understanding of what modern slavery is and its impact on individuals, help employees know the signs of modern slavery and raise awareness of what to do if they identify a risk of modern slavery occurring in PPG or its supply chains was rolled out to certain employees in the United Kingdom and in our European Procurement organization in 2019. Training was be provided to certain U.S. employees in 2020. The entire global Procurement and Supply Chain organizations will be taking modern slavery focused training in 2022.

More Information

For more information about PPG's supplier sustainability efforts and progress made over the years, please visit the following websites:

- [Global Supplier Code of Conduct](#)
- [Global Code of Ethics](#)
- [Supplier Sustainability Policy](#)
- [Annual Sustainability Report](#)

Updated 04/15/2022