



# Modern Slavery and Human Trafficking Statement 2017

PPG Architectural Coatings UK Limited



# Modern Slavery and Human Trafficking Statement 2017

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 2017 to 31 December 2017 (inclusive). It is also **PPG Architectural Coatings UK Limited’s** second 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** 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) with which all suppliers and contractors are expected to comply.

#### 3.2.2 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

#### 3.1.3 Responsibility

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

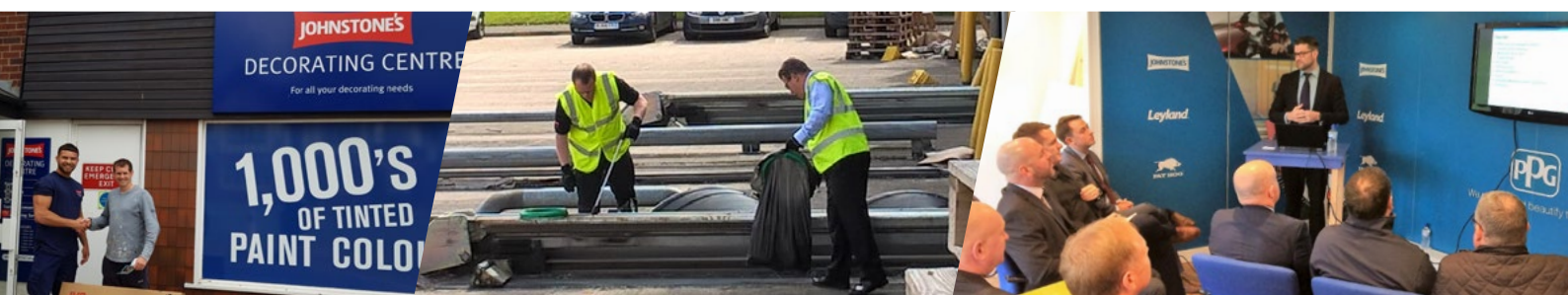
#### 3.1.4 Enforcement

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 **PPG Group** 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** 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.



## 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

### 3.2.3 Application

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

### 3.2.4 Responsibility

Ultimate responsibility for enforcement of the **GSCC** is **PPG's** Compliance and Supplier Development Team ("**CSDT**").

### 3.2.5 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).

## 4. Procedure for on-boarding a new supplier and Annual Supplier Ratings

### 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 was updated to include questions on child and forced labour; human rights violations; safety in work place 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.

## 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**.

## 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. Mica

**PPG Architectural Coatings UK Limited** has assessed that as at 31st December 2017, none of the formulas for its architectural paints included natural mica. However, please click on this link and see Section 8 of the Modern Slavery Act 2015 statement published by PPG Industries (UK) Limited for details of PPG's initiatives in this area: **MSA Statement for PPG Industries (UK) Limited**.



## 9. 2017 and 2018 initiatives

**9.1** PPG remains committed to carrying out the audit plan set out in our first MSA Statement. There is to be a re-assessment in general of the timelines of the audit plan referred to in paragraph 9.1 of PPG Architectural Coatings UK Limited's first MSA statement. In particular:

- until the work to be conducted by the Responsible Mica Initiative group (of which PPG Group is a member) as set out in the MSA statement for PPG Industries (UK) Limited: **MSA Statement for PPG Industries (UK) Limited** has been completed, the audit for suppliers which mine mica has been postponed;
- by the end of Q2 2019, audits will have been finalised for those suppliers with low visibility of their own supply chains which either manufacture or process raw materials in the UK.

### 9.2 PPG Architectural Coatings UK Limited's Initiatives

With reference to paragraph 9.2.2 of PPG Architectural Coatings UK Limited's first MSA statement, in 2017 PPG's Global Commodity Managers in conjunction with the CSDT required certain suppliers of raw materials (including mines) and packaging to carry out a self-assessment which included an assessment of modern slavery risks. It is to be noted that this was a global survey rather than an assessment of UK-based suppliers. The results of this survey are being assessed to inform future actions in this area.

**9.3** During 2018/2019 we propose to assess the ways in which the tools available when we audit suppliers with respect to modern slavery risks could be enhanced.

**9.4** During 2018/2019 PPG Architectural Coatings UK Limited aims to roll out modern slavery focused e-learning to those of its permanent employees ranked from the most senior management to middle management/ mid-grade specialists with assigned email addresses. At the date of this report, the number of such permanent employees is 131. This training will in particular 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.

**9.5** In 2018 PPG Architectural Coatings UK Limited, with the assistance of specialist legal advisers, have reviewed their standard terms and conditions to assess the extent to which they mitigate the risks of modern slavery occurring their supply chains. As a result of that review we have identified additional steps we can take to minimise modern slavery risks through our contractual terms. We will be working with our legal advisers to put this into place as and when a project to overhaul our standard contractual terms commences.

Ongoing compliance with its obligations under the **MSA** remains on the agenda of the **PPG Architectural Coatings UK Limited** board of directors.

This statement has been approved by the board of directors of PPG Architectural Coatings UK Limited.



**Director for and on behalf of  
PPG Architectural Coatings UK Limited**

Please click [HERE](#) for PPG Architectural Coatings UK Limited's MSA statement for 2016





We protect and  
beautify the world™

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