

Modern Slavery and Human Trafficking Statement 2021

PPG Architectural Coatings UK Limited



TISC for PPG Architectural Coatings UK Limited

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 2020 to 31 December 2021 (inclusive). It is also **PPG Architectural Coatings UK Limited's** sixth 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.

3.1.3 Responsibility

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

3.2.2 Specific GSCC requirements

Forced or compulsory labour	Suppliers must: <ul style="list-style-type: none">• Prohibit all forms of forced or compulsory labour• Maintain and promote fundamental human rights
Child labour	Suppliers must: <ul style="list-style-type: none">• 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: <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

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 the 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 organisations

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

PPG Group's Procurement function ("PPG Procurement") has responsibility for enforcement of the **GSCC**.

3.2.5 Enforcement

PPG Procurement 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; Annual Supplier Ratings & Audits

4.1 Procedure for on-boarding a new supplier

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

4.1.1 the supplier must sign up to the **GSCC**;

4.1.2 PPG Group's Procurement function ("**PPG Procurement**") 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.

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 on 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 new phased process for supplier on-boarding which was tested by PPG Procurement in a pilot scheme with several Tier 1 raw material suppliers to PPG Group's automotive business during 2019. The updated process included additional information being provided to suppliers at each stage, to ensure that they are properly informed about requirements under relevant legislation, including the MSA. PPG Procurement completed that testing and the feedback indicated that our process gives new suppliers sufficient background context and information regarding MSA and its importance to PPG.

In 2020, PPG completed the design and testing of ePro, which was then implemented in Q1 of 2021. EPro is a unique single global solution for managing supplier relationships. Some of the efficiencies and benefits that the ePro tool will deliver are: improved organisation, management and visibility of supplier data; digital on-boarding of new suppliers based on the 2018 process review; the questions set out in the New Supplier Qualification Form are now part of the standard data set that suppliers are required to answer and/or keep up to date; and electronic acceptance of the GSCC and its requirements; and the tool has the functionality to update vendor profiles in case of new requirements by PPG or regulation. For these reasons, ePro is a key IT solution that will help drive PPG's ongoing compliance with the MSA.

4.2 Annual Supplier Ratings

At the end of each financial year, PPG Group's most significant raw material and packaging suppliers located in EMEA (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. We have referred to this activity in our four previous MSA statements. In each of those statements we can confirm that the scope of this activity has

been limited to only EMEA-based raw material and packaging suppliers.

4.3 Responsibility

PPG Procurement 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 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 our previous statements, we referred to PPG's sustainability goals to be achieved by 2020. Originally developed in 2012, PPG's

9. Conflict Minerals

sustainability goals focus on key sustainability challenges. PPG periodically revises these goals to build upon its efforts and better represent the sustainability opportunities currently facing its business. Revised sustainability goals for 2025 were published in PPG's 2020 Sustainability Report. PPG acknowledges that its success in achieving its sustainability goals will be dependent upon the full support of its global supplier base for which PPG 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.

In 2019, all allocated employees completed a modern slavery focused e-learning training course (see further details in paragraph 9.5 below).

8. Mica

PPG Architectural Coatings UK Limited has assessed that as at 31st December 2021, 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](#).

"Conflict Minerals" currently include cassiterite, columbite/tantalite, and wolframite (the most common derivatives of which are tin, tantalum and tungsten, respectively) and gold. These Conflict Minerals are of concern because mines in the Democratic Republic of the Congo ("DRC") and surrounding countries are important sources of these minerals. Some of these mines are controlled by armed groups that finance their conflicts through mining activities.

As a publicly traded company in the United States, PPG is subject to the rules of the U.S. Securities and Exchange Commission ("SEC"). These rules include annual reporting and disclosure requirements concerning Conflict Minerals to further the humanitarian goal of ending violent conflict and human rights abuses in the DRC and surrounding countries, which have been partially financed by the exploitation and trade of Conflict Minerals.

Consistent with PPG's commitment to social responsibility and sustainability PPG expects each of its suppliers to conduct due diligence on its supply chain in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and to determine the source of any Conflict Minerals or Conflict Mineral containing product supplied to PPG.

PPG expects all of its suppliers to provide the Conflict Minerals source information reasonably requested by PPG necessary to support its due diligence and reporting obligations under the SEC's Conflict Minerals rules.

PPG also expects all of its suppliers to notify us if a product supplied to PPG contains Conflict



Minerals originating in the DRC or surrounding countries.

Suppliers that are not able to provide adequate information about the source of any conflict minerals in their products or that supply products containing conflict minerals from the DRC or surrounding countries are evaluated by PPG's Procurement Department and may be denied future PPG business. For PPG's most recent conflict minerals report, please see the attached [link](#).

10. Initiatives

10.1 In paragraph 9.1 of our third MSA statement we confirmed our commitment to supplier audits but, for the reasons given in that statement, the timelines for these needed to be re-assessed. In particular we had stated that, until the work to be conducted by the Responsible Mica Initiative group had been completed, the audit for suppliers which mine mica would be postponed. As mentioned in our first MSA statement, there is a portion of **PPG Group's** suppliers whose pigments incorporate mica which is extracted from mines located in India. This still remains the case and, to clarify, **PPG Group** does not itself source any mica directly from Indian mines. Hence, **PPG Procurement's** future audits in this area will be limited to those of its pigment suppliers whose products contain Indian mica. However, such audits remain out of scope pending further progress by the Responsible Mica Initiative group.

10.2 In our fourth MSA statement (paragraph 9.2), we confirmed that **PPG Procurement's** risk analysis had been focused on its Tier 1 raw material suppliers taking into account the level of automation involved in the process and the qualification requirements of employees. Based solely on these criteria, the review indicated a low risk of modern slavery in this particular supply chain. Our 2020 target was to add additional data fields (including each supplier's manufacturing location, and, in the case of mined products, the mine's

location) and to extend the review globally to PPG Group's raw materials and associated suppliers (current total in excess of 10,000). In paragraph 9.2.3 of our fourth MSA statement we stated that we would commence to identify key constituent elements that go to form each raw material and then assess if these were high risk depending on the element in question and the location from which it is sourced. Given that this will be an extremely labour intensive exercise, PPG Procurement's focus has been on those elements that are mined or which use agricultural feedstocks (eg castor oil).

To date, this work has been completed for suppliers representing a total of 50% of PPG Group's global raw material spend annually. However, this continues to be a complex and time-intensive exercise requiring the full collaboration of each of our global suppliers and so it will remain a key initiative for PPG into and beyond 2021.

10.3 In our fourth MSA statement (paragraph 9.3), we confirmed that an additional 150 suppliers (accounting for 80% of PPG Group's EMEA spend on raw materials) were required to complete PPG's Sustainability Questionnaire with the results to be analysed in 2020. The questionnaire enables **PPG Procurement** to assess (amongst other issues) the risk of modern slavery through a range of questions. It became apparent in the course of this initiative that PPG Procurement would need the assistance of a third party to assess, analyse and evaluate the responses from our suppliers. As a result, in 2020 PPG engaged EcoVadis®, which is a leading global corporate social responsibility and sustainability ratings company, to leverage assessment processes, tools, resources and insights to drive sustainability standards and practices throughout our global supply base. EcoVadis® experts evaluate supplier sustainability performance on 21 subject areas grouped into

4 categories. Key assessment areas include labour and human rights, which cover employee health and safety, working conditions, child labour, forced labour, human trafficking, diversity, discrimination and harassment. EcoVadis sustainability intelligence provides broad-scale supply chain risk screening and mapping, supplier sustainability metric scorecards with actionable ratings, and audit and improvement management capabilities. PPG suppliers that have been rated as at end of 2021 by EcoVadis averaged 56.0 points for the labour and human rights, 9.3 points above the industry average of 46.7. 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. 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. While the initial scope was focused on high-risk suppliers (mining/crop based, high risk country etc.) and mostly related to raw materials, we are now extending the scope to high-spend suppliers - not only raw materials but also indirect and logistics. Additionally, PPG established a global Sustainability team that is closely collaborating with PPG Procurement to further expand our supplier reach into other categories based not only on spend, but also other risk factors, to ensure supply chain compliance. Targets will

be agreed upon in the second half of 2022, and closely monitored via a program governance model.

10.4 In paragraph 9.5 of our third MSA statement we had identified an aim 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. We can confirm that this training was implemented and completed by all relevant employees in 2019. We plan to repeat the training in 2022.

10.5 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. The relevant draft clauses have been prepared and are being used on a case by case basis pending the commencement of a project to overhaul our contractual terms.

10.6 In 2021, PPG identified all of its global suppliers in connection with the sourcing or manufacture of silica-based products to obtain assurances regarding their use of forced labour. These suppliers were asked to certify to PPG that neither they nor any of their group companies engaged in any modern slavery practice and that there were no modern slavery practices

anywhere in their supply chain or in any of their group companies' supply chains, including tier one contractors, agents, suppliers of goods or services or other parties further down their supply chains. PPG received responses from all suppliers surveyed certifying that these statements were true or provided a copy of their approved modern slavery statements and/or code of conduct as evidence of their compliance.

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



Matthew Baines
Director for and on behalf of
PPG Architectural Coatings UK Limited

Annual Statement 2016
Annual Statement 2017
Annual Statement 2018
Annual Statement 2019
Annual Statement 2020



We protect and
beautify the world™

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