



Modern Slavery and Human Trafficking Statement 2018

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 2018 to 31 December 2018 (inclusive). It is also PPG Architectural Coatings UK Limited's third 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
- IT systems and solutions



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

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 stipulates 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 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.

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 has led to the development of a new phased process for supplier on-boarding which is to be tested with pilot schemes during 2019. The new process will include additional information being provided to suppliers at each stage, to ensure that they are properly informed about requirements under relevant legislation, including the MSA.

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 are 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.

4.3 Responsibility

The GSMT is 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 never in question. In the event that a supplier recognises 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 2018, none of the formulas for its architectural paints included natural mica. However, please click on this link and see Section 8 of the MSA 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. Initiatives

9.1 PPG remains committed to carrying out the supplier audits referred to in our first MSA Statement, subject to a re-assessment in general of the timelines referred to in paragraph 9.1 of PPG Architectural Coatings UK Limited's first and second MSA statements (see links to 2017 and 2018 statements at the end of this report). In particular:

- until the work to be conducted by the Responsible Mica Initiative group (of which PPG Group is a member) has been completed, the audit for suppliers which mine mica has been postponed;
- we mapped out Tier 1 suppliers who provide us with raw materials, packaging, goods for resale and spare parts and initiated an analysis of those suppliers. This analysis takes into account the product type being supplied, the level of automation involved in the process and the qualification requirements of employees within each particular supplier;
- we remain committed to carrying out audits for those suppliers with low visibility of their own supply chains which either manufacture or process raw materials in the UK. However, the review we have initiated, as outlined above, has identified that in the first instance we need to gain a deeper understanding of the methods and processes used by our suppliers, in order to ensure that the audits are undertaken in a meaningful and targeted way. We therefore intend to finalise this risk assessment process and use the results to inform the methodology for the supplier audits.

9.2 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. We are working with a number of the suppliers surveyed in order to ensure they understand the terminology used. The results of the survey have identified the need to introduce a new, phased approach to supplier on-boarding, as outlined at section 4 above. We have also identified the need to provide more information to suppliers (in particular global suppliers who might be less familiar with legislation such as the MSA) during our on-boarding process, including providing links to reliable information sources such as government websites.

9.3 During 2019 we intend to test the new supplier on-boarding process with a limited number of pilot vendors.

9.4 We continue to assess how the tools used for auditing suppliers with respect to modern slavery compliance can be enhanced. As noted above we have identified that we need to carry out a robust supplier risk assessment process in order to ensure that any audits carried out are meaningful and effective.



9.5 In our 2018 statement PPG Architectural Coatings UK Limited 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. 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. We have identified and purchased an appropriate e-learning and this will be rolled out by the end of 2019.

9.6 In 2018 PPG Architectural Coatings UK Limited, with the assistance of specialist legal advisers, has reviewed its standard terms and conditions to assess the extent to which it mitigates the risks of modern slavery occurring in 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 are continuing to work 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's board of directors.

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*



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beautify the world™