

Sustainability

Architectural Coatings UK & Ireland



2016 Report



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Welcome to our 2016 Sustainability Report

An introduction from Steve Pocock



Hello and welcome to the PPG UK & Ireland 2016 Sustainability Report. This is our opportunity to inform you, our customers and stakeholders, on how we are performing as a business. In these pages, you will find everything you need to know about our on-going commitment to sustainability, so you can be confident you are working with a truly responsible supplier.

PPG's culture of continuous improvement in every aspect of our business underpins our approach to sustainability. Whether it's increasing the efficiency of our operations or developing our people, our improvement efforts naturally extend to many areas that impact our sustainability performance. We take our responsibility to the world and neighbourhoods around us very seriously, and this is reflected in the ambitious sustainability vision and values we set for our business.

Steve Pocock - General Manager Architectural Coatings EMEA North

At PPG a focus on sustainable operations has long been a hallmark of who we are and how we do business. We believe in embedding sustainable business practices in our own culture and strategy, and working with our customers and supply chain partners to form strong partnerships to further minimise our impact on the environment and support local communities.



Who is PPG?



At PPG, we work every day to develop and deliver the paints, coatings and materials that our customers have trusted for more than 130 years. We serve customers in construction, consumer products, industrial and transportation, as well as aftermarkets. With headquarters in Pittsburgh, Pennsylvania.

We operate more than

150 manufacturing facilities

and equity affiliates in more than

70 countries around the world.

In 2016, we employed on average

47,000 people across the globe,

and net sales were **\$14.8** billion.

PPG's architectural coatings division is Europe's second largest supplier of architectural coatings and related products. We offer total coatings solutions, including decorative paint, woodcare, external wall insulation, render and protective coatings, supplying a wide range of customers, from painters and decorators to specifiers in the architecture and design sectors.

With our portfolio of leading brands in both the professional and consumer sectors, we are proud of our quality products and passionate about serving our customers. That is what makes us different. We strive for successful, enduring relationships with customers, team members, supply chain partners and other stakeholders – built on reliability, honesty and trust. More than that though, we are committed to preserving our precious environment and caring for the communities around us.

PPG UK & Ireland

PPG within the UK and Ireland is the home of leading paint and sundries brands Johnstone's, Leyland and Fat Hog. The business operates within the wider EMEA architectural coatings division, increasing operational efficiencies for cross-border customers.

Our base in Birstall, West Yorkshire, houses Europe's largest manufacturing site for architectural coatings and, combined with world-class warehousing and distribution facilities, enables PPG to offer industry-leading customer service and support. Of the 1,450 PPG team members in the UK and Ireland, more than 700 are based at Birstall, with the remainder working in our commercial division and in our national network of Decorating Centres.

Our vision, values and goals



Our sustainability goals serve as a guide for our businesses and locations across the world so that, as a global organisation, sustainability fits into the heart of our day-to-day operations and we can measure our progress.

At PPG we are all committed to delivering lasting value for customers and stakeholders not only by operating with integrity, working safely, and respecting the contribution of our people, but by preserving the environment and supporting the communities we work in too.

Across PPG and our businesses, we all share the same sustainability values:

- Operate safe workplaces that value diversity, promote teamwork and reward performance
- Conduct business and operations in an ethical and compliant manner
- Minimise the impact of our operations on the environment
- Deliver innovative products and solutions that help our customers maximise the performance of their assets and help minimise their environmental impact
- Partner with suppliers and customers to create value
- Deliver positive change in the communities where we operate
- Deliver a superior return on investment to our shareholders.

Sustainability 2020

As part of our sustainability vision, PPG also has a host of ambitious targets that everyone in the business is working to meet:



Ensure our people return home safely, each and every day

- We want to achieve an improvement in our injury rate of at least 5% per year.



Build a culture of health across PPG's global workforce

- Our aim is to introduce in-depth wellness plans at all PPG facilities by 2020.



Support our customers in minimising their environmental impact

- We aim to ensure specialist products that reduce environmental impact account for 40% of our total sales by 2020.



Support the success of our communities

- We want to ensure that all our sites across the world have plans by 2020 to create positive change in their communities.



Efficiently manage resources used to make our products

- We want to reduce the greenhouse gas emissions from our operations by 25% by 2020, compared with 2012 baseline levels.

You can learn more about each of these targets here: www.sustainability.ppg.com/sustainability/goals.aspx

Our brand portfolio

PPG in the UK and Ireland boasts an extensive portfolio of leading professional coatings and tool brands known for their superior quality and performance, all available in an array of finishes to meet the diverse needs of all of our customers.



Johnstone's Trade

Established in 1890, Johnstone's Trade is our premium brand. Specialising in meeting the needs of trade professionals and specifiers, Johnstone's Trade offers a comprehensive range of high quality professional products, from decorative paint, to external wall insulation and render, all designed to meet the requirements of any project.

Johnstone's Trade is at the forefront of technology, with constant market evaluation and monitoring ensuring that the broad range of products and services we offer continues to set the standard for the UK coatings industry.

Leyland Trade

Leyland Trade offers a comprehensive, reliable and cost-effective range of paints for the trade. Established in 1922, Leyland was one of the first manufacturers to pioneer the development of emulsion paints with the introduction of its "Leytex" product, which remains a bestseller today.

Fat Hog

Well established in the paint market, this range of professional decorating tools and materials continues to expand to meet the needs of the discerning decorator. Across the range, the products ensure a great result while offering features to make the job quicker, easier and, where necessary, safer. Fat Hog products are tried, tested and approved by professionals, offer excellent value and are available nationwide at all Johnstone's Decorating Centres.

Retail Brands & Own Label

We offer a wide portfolio of retail brands for DIY consumers. Johnstone's Retail paint is designed for consumers to make the most of their home, offering a broad selection of coloured emulsions, woodcare and speciality paints. Our other retail paint brands include Leyland, Simply, Manger's and Granocryl. We also make brand paint for a number of leading DIY retailers.

Our products and operations

Eye-catching environmental standards

PPG is committed to operating as sustainably as possible and, in doing so, helping customers meet the highest environmental standards for their projects.

This commitment is a core component of our business, and we are proud to offer a wide range of products that have received independent accreditation and verification, demonstrating their positive impact on the environment, from manufacture to end use.

ISO certification

We are certified to ISO 14001 for Environmental Management and ISO 9001 for Quality Management System from the International Organisation for Standardisation (ISO). This demonstrates that we have systems in place to ensure environmental impact is being measured and improved and quality management systems are in place across all departments.



Certification for our brands

In addition to the ISO standards, our individual brands comply with a wide range of accreditation schemes, demonstrating their commitment to playing a more restorative role in the world around them.

Johnstone's Trade, for example, has received certification in:



Our Ecological Solutions range features 14 products that have had their environmental credentials independently tested and verified, allowing them to carry the coveted EU Ecolabel accreditation.



A growing selection of our products carry BRE Global's Environmental Product Declaration (EPD) verification. This gives specifiers and architects peace of mind that they are specifying products in keeping with the requirements of the Building Research Establishment Environmental Assessment Method (BREEAM) - a leading global sustainable construction certification - and Leadership in Energy and Environmental

Design (LEED) - a key sustainability quality mark. We were the first decorative coating manufacturer to receive the certification, which complies with European Standard EN 15804.



This is an environmental assessment method, benchmark and standard for non-domestic fit-outs, led and owned by the Royal Institute of Chartered Surveyors (RICS). Our EPD products have Ska rating certificates and are compliant with the criteria of M14 Paints in Offices v1.2, meaning project teams interested in fitting out spaces in an environmentally sustainable way can use Johnstone's with confidence.



Many of our products are available as BIM objects in the National BIM Library, meaning specifiers can effortlessly add their chosen paints directly to their BIM models, giving them access to market leading paint products for use on their projects.



Case study

Products that are fit for purpose



Wienerberger - e4 Brick House™

Nowhere is Johnstone's Trade's commitment to developing sustainable solutions for the construction industry better exemplified than in the development of the Wienerberger e4 brick house™. Located on BRE's Innovation Park in Watford, the ambitious concept house was built in answer to the mounting questions about the future of housing in the UK, and focuses on the four pillars of Wienerberger's global e4 concept - energy, economy, environment and emotion.

A wide range of Johnstone's Trade products were used exclusively throughout the house, thanks to their outstanding environmental attributes. Johnstone's Acrylic Durable Eggshell, Covaplus Vinyl Matt, Acrylic Durable Matt and Aqua Water-Based Undercoat and Gloss were all used to give the house a stunning finish.



Through our PPG Extra service, we offer specifiers an extensive package of technical specification support. This provides specifiers, building consultants, contractors and decorating contractors with information from legislative changes and building regulations to environmental issues, sustainable solutions and the most suitable products for any interior or exterior project.

Further supporting customers in choosing the right coatings for the needs of their project, our Johnstone's Trade brand offers an easy-to-read scorecard for products, which measures a range of criteria, including:

- Technical performance
- Air quality
- Environmental impact

Presented in a simple A-E rating, the scorecard helps decision makers easily choose the correct product for the specific lifecycle and performance needs of their project.

The scorecard even helps specifiers identify the most suitable ranges for particular sectors, from retail and hospitality, to new-build, education and healthcare.



Making a difference with colour

Colour is crucial to help us create beautiful spaces for people to enjoy - it can also have a significant positive impact on vulnerable members of the community, helping with wayfinding and enabling them to make the most of the built environment.

The Equalities Act

Our Colour Consultants are experts in the Building Regulations Approved Document Part M - key guidance for public service providers who must consider access and usage of a building by people with disabilities as highlighted in the Equalities Act.

Designing for dementia

In 2016, the UK Government pledged to make the UK the most dementia-friendly country by 2020. To help achieve this aim, Johnstone's Trade Colour Consultants attended the Dementia Design School at the University of Stirling to better understand all of the elements involved when designing spaces for people living with dementia. As a result, our consultants now have an in-depth understanding of how colour, flooring, fabrics, LRVs, signage and wallpapers can be combined to create a cohesive scheme that is dementia-friendly and meets other environmental and design needs.

Case study



St Luke's Hospital, Bradford

Colour experts from Johnstone's Trade joined forces with leading artists to create a visually stunning and relaxing environment, themed around 'Yorkshire at its Best' for people living with dementia in the hospital's Horton Wing.

Perspex pieces incorporated ideas from patients, the public and local organisations such as the Alzheimer's Society.

Sharing our expertise

Our Understanding Colour CPD offers guidance on specifying the right colour schemes, and provides a wealth of information on a range of topics, including the science of colour and the effect of colour on the built environment.

Responsible sourcing

We ensure our suppliers around the world are committed to sustainability as a core value.

We expect our suppliers and their subcontractors to fully comply with all applicable laws and to adhere to internationally recognised environmental, social and governance standards. Our Global Code of Ethics, Supplier Sustainability Policy and Global Supplier Code of Conduct clearly state our expectations for every supplier.

In 2015, we distributed a detailed questionnaire to our top 100 suppliers globally to assess their sustainability against our expectations. These suppliers represent approximately 25% of our annual procurement spend.

Areas evaluated by the questionnaire incorporated a wide variety of criteria including sustainability policies, environmental performance, and adherence to corporate governance best practice.

The majority of our suppliers scored favourably, and we are working collaboratively with the remaining to harmonise our sustainability cultures.

In addition to helping suppliers evaluate and improve their sustainability performance, we seek their help in improving our own, by asking them to provide more environmentally friendly products, recycle packaging used to ship materials to our facilities and offer more fuel-efficient transportation services.

New supply chain initiatives

As a result of working with customers to improve the sustainability of our supply chain, the architectural coatings division in the UK & Ireland has introduced a host of new initiatives, including:



Backhauling freight from our own-label partners' warehouses to our own facilities, minimising the number of loadless truck journeys to optimise fuel costs



Simplifying our e-commerce supply chain to reduce transportation between customer and supplier



Trialling recycled slip sheeting to help us eliminate the need for pallets

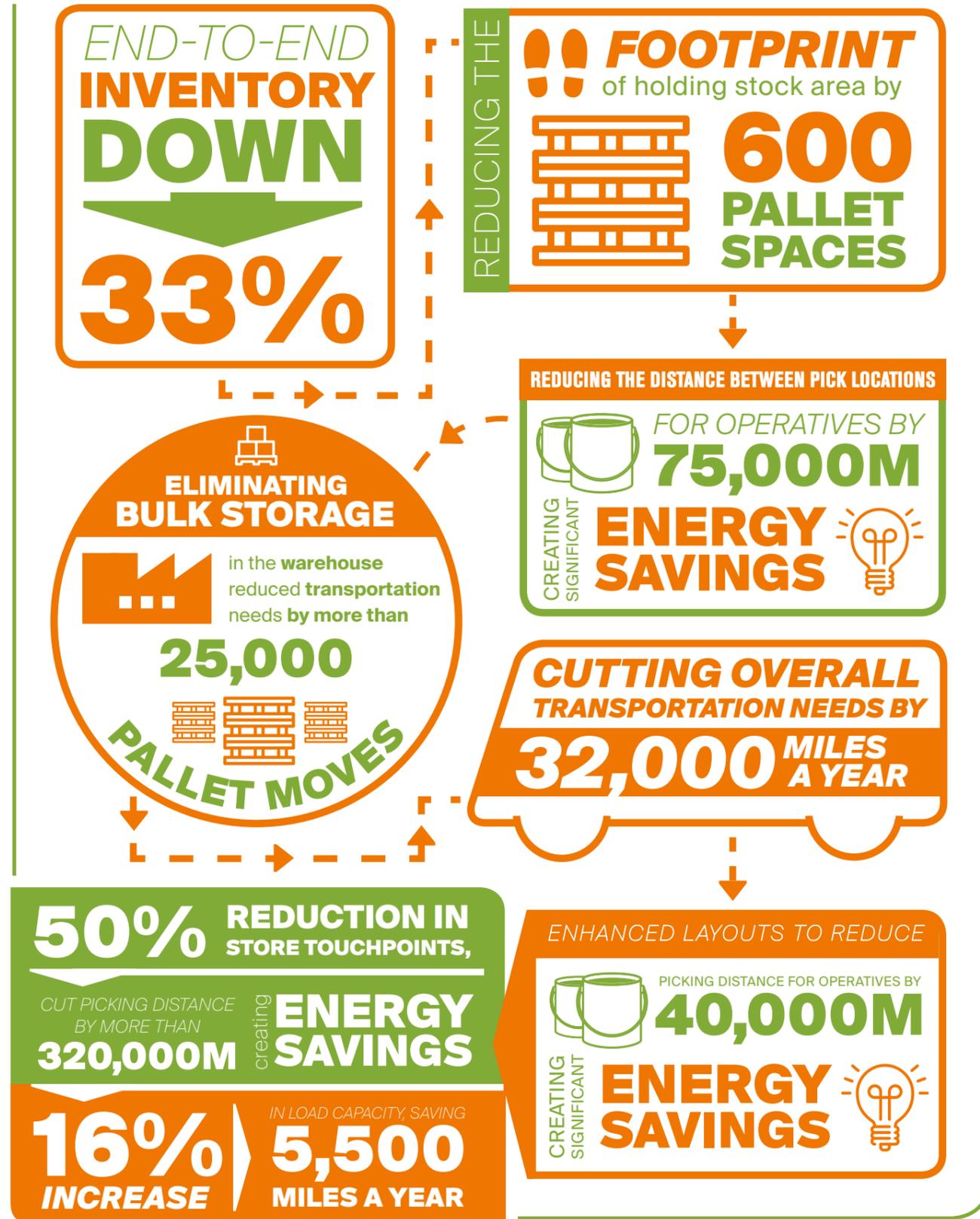


Bespoke warehouse pick bins to reduce our use of forklift trucks.



SUPPLY CHAIN IMPROVEMENTS

Ensuring excellence



 To ensure that our high service levels are maintained and continually improved upon, we stringently apply the Quality Management System ISO EN 9001:2008 Part 1 as a framework to our manufacturing processes.

Audited and verified by the BSI twice a year, this standard prescribes systematic control of activities to ensure that the needs and expectations of customers are met.

As part of our ongoing commitment to operational excellence and quality management, we launched an initiative to boost productivity and meet increased customer demand by automating our production processes and implementing a lean manufacturing system.

The aim was to have a positive impact on actual material usage across our operations, by introducing the following innovations:

- A more precise, self-correcting filling machine to minimise pack over-filling
- Dedicated pipework with an automated wash-out mechanism to reduce paint wastage.

It is also intended to support our stringent Environmental Safety Hazard (ESH) management, by reducing the risk of our people being present around fork-lift trucks and other machinery.



During the course of the project, we created two fully automated lines, which together boast the equivalent productivity of six standard lines. Now fully operational, the new equipment is already having a significant, positive impact on product throughput, while simultaneously enabling us to minimise material use and waste.



PPG is also an active member of the construction group, Supply Chain Sustainability School. With over 14,000 members, the School is a multi-award winning initiative which represents a common approach to addressing sustainability within supply chains. We use the benchmarking opportunity provided by the School to proactively better our supply chain sustainability through collaboration.

Health and safety management

Johnstone's Decorating Centres



PPG is committed to operating safe workspaces, and we have made it our top priority to ensure that all of our people around the world return home safely each day by:

- Engaging with them to improve our operating practices
- Investing in a safe work environment
- Running our business with sound environmental and health processes.

On a global level, our health and safety policy, standards and goals define our expectations, and we implement programmes and initiatives to reduce health and safety risks in our operations. Our robust environment health and safety management system provides tools and resources, tracks performance and gives access to information at a location, across a business and on a global level.

Our global Safety 365 scheme is an on-going safety awareness and communications initiative to empower our people to be safe and speak up if they see something that could be made safer. As part of the initiative, we created a mobile Safety 365 app, which makes available safety messages and resources wherever and whenever our people may need them.

As part of the company's global commitment to health and safety, here in the UK and Ireland we have introduced a number of initiatives aimed at creating an environment that supports the wellbeing of our team members. These include projects to improve our production processes to minimise the need for manual handling, such as a move to fixed piping across the production line. This has helped us eliminate the need for 30,000 pipe changes a year, reducing safety risk for our operatives.



We recently embarked on a number of new initiatives to minimise the environmental impact of Johnstone's Decorating Centres in the UK & Ireland:

Switch to LED lighting

In 2016, for example, we replaced all traditional in-store lighting with advanced LEDs to minimise energy consumption. Smart meters were also installed to monitor usage and help identify where savings could be made. Rolled out throughout the course of the year, the scheme is already having a positive impact on reducing electricity usage. Further reducing the environmental impact of Johnstone's Decorating Centres,

our main energy provider uses

99.0%

renewable energy, creating just 4g/Kwh CO2 emissions.



Exploring radiant heating

In 2015, we launched a study exploring the benefits of radiant tube heating in 10 of our stores, monitoring their impact on energy usage at each site.

In 2016, we observed the radiant tubing reduced energy consumption by

19%

Feedback from store team members about the method was also positive. As a result of this response, we are committed to replacing our legacy gas heaters as they reach the end of their service lives with radiant tubing across all of our stores.

Our people and partners



Investing in our people

Our people are key to our success as an organisation. It is crucial that we provide them with a working environment that is safe and healthy, and that we give them the tools they need to feel engaged and valued for the talents they bring to PPG.



In early 2016, we were awarded a bronze accreditation by Investors in People. This is an internationally recognised accreditation, held by 14,000 organisations across the world, which credits outstanding leadership, support, management and sustainability. To achieve the award, we demonstrated best practice by meeting the 39 evidence requirements detailed in the standard's framework, in addition to another 26 requirements reflecting our achievements as a business.

As a result of work in this area, we have an exceptional record of employee retention, with a large number of long-serving team members, and a diverse, intergenerational workforce. Our business plan - the Strategic Roadmap - and our quarterly communication meetings are well received by our team members. They value understanding the direction the business is taking, and feel

happier and more secure at work because of it. We offer team members considerable career planning, particularly in our manufacturing sites, to ensure everyone in the business is able to achieve their full potential.

Engagement and inclusion activities are also embedded in everything we do, with procedures, such as Monthly Bulletin updates, in place to ensure any developments in the business are communicated to everyone on the team.

As part of our on-going commitment to support our people, we have created a number of schemes to help team members be the best they can be and to identify how we can improve as an employer:

Women's Leadership Council

At PPG, we value diversity and inclusion, which is why, in 2016, we held our first Women's Leadership Council conference in the UK.

Vision for our team:

“ We want our employees to be the most knowledgeable within the industry. We want their detailed product expertise, coupled with the fantastic service we offer, to be key differentiators with our customers. ”

To achieve this vision, we have implemented our “Great People” strategy. This means that we are dedicated to recruiting, training and developing great people. We are proud to be recognised as an employee friendly place to work and to providing a supportive, safe and sustainable working environment for our people.

Our mission is to:

“ Be a strategic partner in the transformation of PPG into a stronger, more competitive global company by fostering a climate that recognises the business value of women in the workplace and by creating a work environment that attracts, retains and advances women. ”

Recognition schemes

To engage colleagues at all levels throughout the company, we have well-established recognition schemes, which reward colleagues for ideas that are creative, innovative and unique to our business.

The PPG Ideas Scheme allows staff to put forward their suggestions for how we can improve our business.

The scheme is open to everyone and there is even the opportunity to win prize money if an idea is put into practice. In fact, we have awarded over £15,000 in prizes and implemented over 51 ideas across the business since the scheme was launched.

We also have an Employee of the Year scheme. This is a popular initiative that encourages peer to peer recognition for demonstrating excellence in the following:

-  Pride
-  Accountability
-  Teamwork
-  Creativity
-  Passion
-  Honesty
-  Respect



Team wellness

PPG has a host of initiatives in place designed to put team members' voices right at the heart of the organisation.

We offer a wide range of forums to give colleagues the opportunity to ask the questions that matter to them, ensuring our people's concerns are listened to. These include Cuppa Sessions for team members to chat with our General Manager, Steve Pocock.

Our Decorating Centre Forums, meanwhile, provide an opportunity for Decorating Centre team members to bring up work concerns with the Employee Voice team in a safe and confidential manner, helping us ensure we continue to offer a happy, fulfilling working environment for people to work in.

We also carry out an annual Your Say survey. This gives everyone in the business the chance to have their say in the direction PPG is heading. The feedback from this poll is vital to help us take care of our team members, and to identify areas where we can further improve the support we offer the people who work for us.

The wellbeing of our colleagues and their families is a vital part of our sustainability programme. Each year, we offer a full programme of support linked to our four PPG wellness absolutes:

-  Nutrition
-  Screening
-  Activity
-  Mindfulness

As part of our ongoing commitment to health and wellbeing, our 2016 Wellness programme included sessions on a range of health issues, such as cholesterol, blood pressure and cancer awareness.

In addition, team members have access to a selection of gyms at discounted rates together with the ability to purchase bikes through our Cycle to Work schemes. We also host Wellness Week events to promote team health and wellbeing.

Our range of activities in 2016 resulted in us achieving a Gold rating on our global Wellness Scorecard.

Supporting communities and charities

Case studies



As a socially responsible business, PPG is committed to supporting charities and communities on a global, national and local level. In addition to providing support through annual donations and contribution schemes, such as the Global Charitable Contributions Programme, we support community regeneration projects by providing tools and materials from our market leading brands.



In 2015, we launched the Colourful Communities initiative, a scheme aimed at investing more than US\$10 million over 10 years to enhance, protect and beautify the communities around all of our global sites.

Colourful Communities projects represent an opportunity to transform a community space or building to make it brighter and more colourful, using funding and products provided by PPG, as well as the energy and enthusiasm of our employee volunteers.

Projects can include the creation of bright murals for libraries, the revitalisation of dull hospital corridors with uplifting colours, makeovers for school classrooms, and even the removal of graffiti on community buildings.

Hebden Bridge flood relief

In 2016, we lent our support to Calder Valley flood victims by donating 630 litres of paint to help residents of Hebden Bridge and nearby communities as they repaired and rebuilt following the devastating floods over Christmas 2015.

The donation was distributed to those in need, helping to transform some of the many homes and businesses affected, especially those whose owners had been unable to get insurance against flooding and, as a result, faced the difficult task of rebuilding everything from scratch.

Batley Railway Station, Yorkshire

PPG helped rejuvenate the façade of the recently renovated station building, as well as the café and community space within, all topped off with a bright and colourful mural.

More than 120 team members from our Birstall, Morley and other local sites volunteered to carry out the redecoration, using some 177 litres of Johnstone's products in 52 colours.

UK Support

 Paint Donations
6000 Litres

 Volunteer Hours
258 days

Committed to charity



Huddersfield Town Foundation – Early Kick Off Breakfast Clubs

For the last three years we have also supported a charity a little closer to our UK & Ireland headquarters, The Huddersfield Town Foundation. The Foundation provides 1,000 free breakfasts for children every day at schools across the district with its Early Kick-Off initiative.

To date, we have provided over £11,000 in donations and contributed to £35,000 of fundraising through providing sponsorship to Huddersfield Town's Foundation match in June 2016, including allowing supporters to sponsor their names on the kits.

Financial support

PPG offers donations and financial support to charities and community groups to help them take care of their properties and carry out their work. Over the past five years, we have donated global grants to the value of

£40,000

to organisations for essential maintenance for their buildings, as well as to help fund education programmes for young and vulnerable people.

When you wish upon a Star

Registered Charity No. 1060963

Dream making for sick children

PPG has been working with “When You Wish Upon a Star” since 2014. During our three-year partnership, we have raised more than £140,000 to help grant wishes, including an annual trip to Lapland for children and young people living with life threatening illnesses.

We have done everything from cake-baking to climbing mountains and running raffles to running marathons.

Alongside working with our Corporate Charity Partner, we operate a charity matching scheme so that colleagues can continue to support the charities that are closest to their hearts.

From 2017, Prostate Cancer UK is our chosen charity partner.

Sustainability partnerships and initiatives

Within the UK & Ireland, we believe that forming strong, sustainable partnerships with fellow businesses and community organisations is crucial to supporting the local communities where we operate.

Road Safety Week



Our partnership with Brake, the road safety charity helps spread the message about Road Safety Week. As part of our support, we displayed a large Road Safety Week banner outside our Birstall site, in full view of passing motorists, and supplied banners for local schools. We also provide year-round training to each of our team members around the country.



slow



sober



secure



silent



sharp



sustainable

Coatings Care



BRITISH COATINGS FEDERATION

PPG is a long-term and active member of the British Coatings Federation's voluntary Coatings Care scheme, an initiative aimed at encouraging paint manufacturers to consider their impact on the environment, health and safety, distribution and product stewardship.

We consistently analyse how we can maintain our position as a market-leading coatings specialist, and have worked tirelessly to achieve our robust environmental credentials. Our work in this area was recognised in 2016 with a nomination for the British Coatings Federation's Coatings Care Progress Award. Presented since 2009, the accolade is bestowed on the company that has made the most significant year-on-year improvement in its performance on health, safety and environmental criteria.

PPG is proud to be recognised in this way for our achievements in these areas, but we don't intend to stop there. As the British Coatings Federation continues to place key importance on the health and sustainability of the UK coatings industry, our on-going participation in the Coatings Care scheme will ensure that we will continue to lead the way.

Case study



Oakwell Hall, Birstall

We have a long standing relationship with Oakwell Hall & Country Park in Birstall, having donated over £40,000 to provide a much-needed boost to this local landmark.

Along with helping to fund essential maintenance costs to the museum, the donations have been used to finance a colourful educational programme, including a week-long Civil War Spectacular, sensory

learning gardens for local schools and communities to use, as well as the construction of an Iron-Age roundhouse. Our team also volunteered their time to repaint classrooms to create a bright and attractive place for young people to learn in.

Investing in the future

As a business, we are fully committed to inspiring young people - both internal and external to PPG - to become the next generation of paint and coatings professionals, as well as supporting them in embarking upon their future careers.



Established in 2008, the YPO is our way of helping to advance personal and professional

development for the young professionals who work across our business, with the objective of promoting a positive lifestyle

and work environment through wellness, philanthropy, career development and networking.

The YPO also aligns with the aims of our global Generational Diversity Council (GDC), founded in 2011 to promote a fulfilling work environment that attracts and retains young professionals.

The UK & Ireland YPO Committee was created in 2015 and its event in November 2016 at PPG Canalside, Huddersfield, brought together YPO members from across the UK and wider business units.

Supporting the next generation

We give the next generation the helping hand they need to embark on a career in the paint sector, through the PPG Undergraduate Placement Scheme. Students from local universities are employed across the business, including in the HR, Marketing, Finance and Supply teams, as well as the Commercial and Technical departments, for one year prior to completing their finals. The aim of our scheme is to give students the chance to put their undergraduate degrees into working practice.

“ At PPG, everybody is very willing to talk and help out everybody else. I often find myself chatting casually to managers, controllers and directors, and they are all so friendly and welcoming. The main thing I would like to get out of this year is practical experience. I would like to see how my learning at university applies in a real business, and to find out how that practical experience will relate to my studies next year. It is great to be doing this at such a successful, global organisation. ”

*Emma Taylor, Marketing Assistant
(Johnstone's Trade)*



Supporting the future of STEM



NATIONAL SPACE ACADEMY

Working with the National Space Academy

At PPG, we believe it is vital that every organisation in the built environment sector gets involved in addressing the growing skills gap in the construction industry.

That's why we are committed to working with schools and colleges, providing ambassadors to inspire young people to take up Science, Technology, Engineering and Maths (STEM), and encourage them to work towards careers in construction and engineering.

In 2016, we partnered with the National Space Academy to launch a series of chemistry masterclasses for school children in years six to nine. The masterclasses will take place at participating schools and will look at colour and materials in the inspirational context of space, to engage pupils and facilitate pathways into space sector careers.

Launching in February 2017, 50 partially funded sessions will be available for education providers across the UK, and 10 fully-funded masterclasses will be offered to schools within a 10-mile radius of our Birstall and Morley sites.

Making the Grade

In the UK and Ireland, we also work to inspire school students as part of the "Make the Grade" outreach programme. An initiative of the Ahead Partnership, the programme builds long-term relationships between schools and businesses, so that students can gain a better understanding of STEM career opportunities.

We have been involved in the programme for two years, including working with students at the BBG Academy in Birkenshaw, West

Yorkshire, to fuel girls' interest in science and technology. As part of the programme we offer tours of our technical laboratories, as well as mock interviews for graduating students to prepare them for the workplace.

Our support of Make the Grade is funded through an \$8,000 grant from PPG's community engagement programme.

Working with tomorrow's painters and decorators today



Empowering the next generation of painters & decorators

PPG Extra works hard to inspire and engage tomorrow's painters and decorators today by visiting colleges across the country to meet and talk to the young students training. And as one of the world's largest coatings manufacturers, we take our responsibility to invest in the next generation of painters and decorators very seriously.



Our Johnstone's Young Painter of the Year competition for example is open to painting and decorating students and apprentices across the UK, the competition is aimed at showcasing the very best fresh new talent, rewarding best practice and encouraging young people to enter the industry. It is designed to test the students' skills in a number of key areas including preparation, application and ability to work from a written specification.

Devised and judged by our technical experts, the competition begins with a series of regional heats held at colleges across the country. The winners of each regional heat then go on to compete in the final, which is held over two days at the National Painting and Decorating Show.

“ It means a great deal to me to have won Young Painter of the Year. It's the second time I've entered the competition, having been a runner up in the regional heats last year. I've put a lot of practice in during the last twelve months and the hard work has really paid off. Winning has given me a massive confidence boost to develop my skills as a painter and decorator and I'm excited about my future career prospects. ”

*Philip Orme
(City College Plymouth/Decorative Finishes)*

“ The competition is a great way for young painters to showcase their skills, and gives Johnstone's Trade the chance to support and encourage the next generation of painters.

Every year we are astonished by the talent and passion of the finalists. This year also saw the most female finalists ever, and that's really a reflection of the increase in the numbers of young women applying for the competition and entering into the industry as a whole.

It was a very close competition, but Philip showed standout skill and technical ability – he should be very proud of the standard of his work. ”

*Paddy Lafford,
PPG Sales Director (Stockists)*



Johnstone's Paint Trophy



A partnership which lasted for 10 years, the Johnstone's Paint Trophy was an annual English association football knock-out competition open to the clubs in Football Leagues One and Two, and the third and fourth steps of the English football league system.

The Trophy was a great way for clubs involved in the competition to hopefully reach a one off, chance of a lifetime magical final at Wembley, the home of English football.

To celebrate the 10th and final year of the Johnstone's Paint Trophy, as previous years, the coveted trophy went on tour to both clubs taking part in the final, giving fans the opportunity to come and see it close up and meet some of their favourite players.

Competitions

As part of our sponsorship, we carried out competitions to further encourage engagement from customers and painting professionals.



In 2016, we ran a 'Paint the Lines' competition, giving one lucky painter the chance to paint the pitch lines of the Wembley football pitch, including the penalty spot, ahead of the final, a job with bragging rights for life.

We also carried out a national Community Spirit competition to rejuvenate the premises of deserving community organisations. In 2016, a Rotherham charity were the lucky winners, receiving a £10,000 redecoration of its new facilities. The charity's new base on Main Street was transformed into a women's centre to provide support for women and children affected by domestic and sexual abuse.

The Football League Awards

We have always prided ourselves on encouraging engaging community activity, and for the 2015/16 season, Johnstone's Paint sponsored the Football League's Community Club of the Year award. Charlton Athletic Football Club took home the award, seeing off the competition with its community programme reaching more than 40,000 people.



Our environmental performance



At PPG, we are committed to using resources efficiently to preserve and protect the environment in which we operate. To support this, and ensure we don't ever rest on our laurels, we have a programme of continuous improvement aimed at reducing our impact on the environment every year.

Our global environment, health and safety (EHS) policy provides the guidelines under which we market, distribute and manufacture products in a manner that protects our people, neighbours, customers and the environment. This policy incorporates elements from several voluntary industry initiatives that we participate in, including the Responsible Care® programme and Coatings Care® initiative.

The global EHS management system is implemented in the UK and Ireland by local team members, ensuring consistent execution progress tracking against the EHS standards, environmental targets and strategies worldwide.

41 locations globally certified

to the ISO 14001:2004 standard for environmental management systems

30% of sales achieved from sustainable products

(achieved five years early)

23% reduction in energy intensity

since 2012

17% reduction in greenhouse gas emissions

since 2012

Energy usage



reduce forklift movement. Energy Champions have been appointed to assist with delivery of these local plans.

- Converting to LEDs at our Birstall and Morley factories has reduced energy consumption by **65%**
- New plant layouts have reduced forklift movement by **300 miles**
- An air leak management programme helps us measure compressed air utilisation to minimise energy consumption.

We recently carried out an Energy Savings Opportunity Scheme (ESOS) survey - a mandatory energy assessment scheme for organisations in the UK to identify areas where efficiency savings can be made. Using the results of the survey, we are now working on an action plan to optimise our energy consumption.

Our corporate goal is to reduce energy intensity year on year by 1.5% - a target that all regional teams have to contribute to.

Globally this has led to a

23%

reduction in energy intensity since 2012.

Within the UK & Ireland, a number of projects have been implemented that have contributed to the global energy reduction goal. These include the conversion of all existing lighting to energy efficient LEDs and creating a more efficient plant layout to

Waste management

We are working towards absolute material utilisation throughout our manufacturing processes by reusing and recycling waste materials.

Waste reduction

Globally we are aiming to reduce non-hazardous waste to landfill by 10% and hazardous waste to landfill by 20% by 2020, compared to our 2012 baseline. In addition, we are working to reduce our total waste disposal intensity by at least 10%, compared to 2012.

Following a successful pilot in 2014, our head office initiated a waste-mapping effort to track waste streams back to their source in our facilities worldwide. Each facility uses Lean Manufacturing methodologies to eliminate or minimise its waste one source at a time, typically starting with the highest-volume or highest-cost waste stream identified through the mapping process.

So far, more than 50% of our global facilities have mapped their waste streams, with the rest on target to complete the mapping process in the very near future.

To date, we have achieved the following globally:



The intensity of our non-hazardous waste to landfill (metric tons per 100 metric tons of production) declined 6% compared to the baseline.



Our hazardous waste to landfill intensity, however, increased 17 per cent due to waste from a furnace rebuild. Without that furnace waste, our intensity would have remained unchanged from 2012.



We recycled 27 percent of non-hazardous waste and 48% of hazardous waste.



Our total waste disposal intensity declined 3.8% from 2012 and 10.2% from 2014.

Waste management



In the UK & Ireland, we have carried out waste mapping in our Birstall and Morley sites to identify and analyse where we can further reduce waste to landfill. Regular workshops are carried out on the shop floor with production and warehouse employees to look at developing projects and procedures to avoid waste. These include:

- Steps to reduce changeover waste
- Schemes to improve reuse of changeover waste internally
- Minimising the use of cleaning solvent
- Steps to reduce hazardous solid waste
- Projects to optimise the reuse of paint containers internally.

As a result of our work, we have achieved the following:

- **40,000 litres** of paint now re-used internally

- **30,000 cans** have been re-used at our Morley site since 2014
- **Over 95%** of off-specification paint is now re-used or reworked internally, or recycled by a paint recycler off site.

These projects have supported PPG's European goal to reduce waste intensity year on year and, since 2015, PPG EMEA has reduced from 4.05 metric tonnes (mt)/100 mt to 3.50mt/100mt - a significant reduction in waste from our operations.

We constantly seek alternative ways of disposing of waste, through recycling, re-use and reworking. As a result, our Birstall and Morley sites continue to achieve zero waste to landfill for general waste.

Looking forward, we are shifting our focus from just reducing waste sent to landfill to reducing the total amount of waste we dispose of by landfill, incineration and treatment.

Reducing the impact of packaging

In the UK & Ireland, we're also taking steps to reduce the impact of our paint packaging. By implementing changes in the way we bulk package our products, for example, we've been able to achieve significant reductions in the amount of waste we send to landfill.

Across our Johnstone's Decorating Centres, we've introduced a paint tin recycling scheme where customers can return used paint tins for reuse. We've also implemented an initiative to backhaul recyclable waste from our Decorating Centres to our Birstall site for re-use.

More than
230 tonnes
of cardboard and
200 tonnes
of plastic was bailed and sent for recycling in 2016.

Waste management



Water management

We continued to map our water usage globally and gain a deeper understanding of water resources in the communities surrounding our facilities. The process enabled us to establish relative water risks in our portfolio and begin developing a long-term water management strategy.

Water consumption is also measured on each plant's environmental scorecard to increase the visibility and importance of water management. At Birstall, we monitor consumption data from our supplier, which enables us to look at hourly consumption trends of litres compared with a baseline usage level to identify the appearance of leaks or unplanned usage. Armed with this information, we can take steps to rectify the situation.

We also rank our sites based on water usage, scarcity risk and other factors, and globally established our first long-term water goal - to implement management plans at all facilities with the highest water-scarcity risk by 2020. Participating in a "WaterReuse Research Foundation" project helped to develop a framework that assists in the initiation and implementation of onsite industrial water re-use. Once available, we will be participating in the next phase of the project and anticipate using this framework once it is available.

Our global water consumption has reduced by

13% since 2012

EPDs and Life Cycle Assessments

To improve transparency and prove product sustainability, our Johnstone's Trade brand provides Environmental Product Declarations (EPDs), giving customers accurate Life Cycle Assessments (LCAs) for nine core products from the Johnstone's Trade product portfolio.

The LCAs for Johnstone's Trade products are calculated using EN15804 (the European Standard for building products), which takes

into consideration elements such as extraction of raw materials, processing, and paint production.

Using the Johnstone's Trade EPDs, customers can assess the impact of the products on health and the environment themselves, enabling them to make informed buying choices, an important prerequisite for sustainable buildings.

Transport and logistics

Eco-toxicity



In addition to addressing the environmental impact of our products and manufacturing processes, we also actively seek to reduce the carbon footprint of our logistics and distribution activities.

Cross-functional teams selected from logistics, route planning and vehicle drivers work together to identify areas where we can improve fleet performance to our network of 200 decorating centres and thousands of stockists both reducing emissions and improving efficiency.

We've also taken a number of steps to significantly reduce the environmental impact of transporting raw materials to our factories and carrying finished products to retailers.

For example, we've implemented driver CPC training to encourage safe and fuel efficient driving and created a replacement programme to remove the least fuel efficient vehicles from service.



In addition to all this, we responsibly source the timber pallets we use to transport our products to customers. All our pallet suppliers are accredited

by the Forests Stewardship Council (FSC), demonstrating that the wood they are made from comes from sustainable sources, with limited negative impact on the environment.

In 2017, we'll be continuing to implement beneficial programmes, including the introduction of a new routing package to further increase the efficiency of the vehicles and reduce the miles travelled.

As a responsible manufacturer, PPG recognises the importance of European Regulation (EC) No 1907/2006 (REACH) in safeguarding local communities and the environment. In line with REACH, we are committed to eliminating the use of substances of very high concern (SVHCs) in our products.

Our Regulatory Affairs team is responsible for proactively monitoring our compliance with REACH, as well as updates to the SVHC lists to ensure our product portfolio continues to comply.

At the last review of our decorative coatings range, none of our products contained any SVHCs at levels greater than the tolerated maximum concentration values by the EU Regulation 1907/2006/EC.

The PPG Regulatory Affairs Team also has procedures in place for responding quickly to customer requests for information on SVHCs in products in line with REACH requirements.

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