

2015 Sustainability Report

Executive Summary





To Our Stakeholders,

At PPG, a focus on sustainable operations has long been a hallmark of who we are and how we do business. Our emphasis on sustainability extends to ensuring our operations are as safe and efficient as possible.

In 2015, we reduced our injury and illness rate by 11 percent. We also made strides in reducing energy intensity (8 percent), waste intensity (7 percent) and overall greenhouse gas emissions (7 percent). And we've continued our work toward the most efficient use of raw materials used to manufacture our products and recycle materials after the manufacturing process is complete.

Our employees continue to find new ways to improve in these and other areas, which last year resulted in nearly 250 projects that were recognized through our internal sustainability awards process. We estimate that our environmental and ergonomic-related improvement projects in 2015 saved more than \$14 million.

Our efforts also extend beyond our operations with innovative products that provide environmental benefits to our customers. From PPG products that contribute to lighter, more fuel-efficient vehicles, airplanes and ships...to innovative paint systems that help our customers reduce their energy consumption, conserve water and reduce waste.

In our communities, we launched the [COLORFUL COMMUNITIES™](#) program in 2015, a 10-year initiative to enhance, protect and beautify communities around the world through the use of our products. Together with our employees and community partners, we completed 11 Colorful Communities projects in 2015.

Our efforts to enhance our operations and enrich communities are a continuous focus across PPG, and we make progress every day. I encourage you to learn more by reading this Sustainability Report and our [2015 Community Engagement Report](#).

A handwritten signature in black ink, reading "MH McGarry".

Michael H. McGarry
Chairman and
Chief Executive Officer

2015 Progress

Our sustainability goals serve as a guide for our businesses and locations to embed sustainability into their day-to-day operations and measure their progress. Developed in 2012, these goals focus on key sustainability challenges.

Periodically, we review the goals to determine if they remain relevant as our business evolves, stakeholder expectations shift, and progress is achieved.

We conducted such a review in 2015 and incorporated a number of updates in early 2016. These changes were partially related to our transformation from a chemicals, glass and coatings company to primarily a paint and coatings company. We also achieved some of the goals we established in 2012 earlier than anticipated, which required a reset to ensure continuous improvement.

Here is a summary of our progress against our existing goals in 2015. The last column lists our new goals for 2016 onward, some of which have changed while others have remained the same.

Previous 2020 Goal	2015 Progress	New 2020 Goal
Achieve 30 percent of sales from sustainable products by 2020	30 percent of sales from sustainable products	40 percent of sales from sustainable products and processes by 2020
Reduce hazardous waste to landfill by 20 percent by 2020 from a 2012 baseline	17 percent increase since 2012 due to waste from a furnace rebuild in 2015	10 percent reduction in total waste disposal intensity by 2020
Reduce non-hazardous waste to landfill by 10 percent by 2020 from a 2012 baseline	6 percent reduction since 2012	
Reduce energy intensity 1.5 percent per year	23 percent reduction since 2012	25 percent reduction in greenhouse gas intensity by 2020
Reduce greenhouse gas emission intensity 1.5 percent per year	17 percent reduction since 2012	
Reduce total spills and releases rate by 10 percent per year	28 percent reduction since 2012	On our path to eliminating spills, ensure that we achieve an improvement of at least 10 percent per year in our spills and releases rate
Reduce PPG injury and illness rate by 5 percent per year	26 percent reduction since 2012	Zero injuries. On our path to zero injuries, ensure that we achieve an improvement of at least 5 percent per year in our injury and illness rate
Implement wellness programs at 100 percent of PPG facilities globally by 2020	71 percent of our facilities had a wellness program in 2015	Implement wellness programs at 100 percent of PPG facilities globally by 2020
Implement the community engagement framework globally by 2020	65 percent of our sites met the requirements of the community engagement framework in 2015	Implement the community engagement framework globally by 2020
		Implement water management plans at priority sites



Sustainability at PPG

Vision

We are committed to delivering lasting value for shareholders and customers by operating with integrity, working safely, respecting the contributions of our people, preserving the environment and supporting the communities where we operate.

Values

1. Operate safe, healthful workplaces that value diversity, promote teamwork and reward performance.
2. Conduct business and operations in an ethical and compliant manner.
3. Minimize the impact of our operations on the environment.
4. Deliver inventive products and solutions that help our customers maximize the performance of their assets, minimize environmental impact and preserve and protect the environment.
5. Partner with suppliers and customers to create value.
6. Deliver positive change in the communities where we operate.
7. Deliver a superior return on investment to our shareholders.



New technology, pipelines reduce sludge at PPG Comex facility. Recycling solvent materials and reconfiguring filling pipelines eliminated more than 276 metric tons of waste and saved \$91,000 in disposal and raw material costs in 2015 at the PPG Comex facility in Tepexpan, Mexico.



Minimizing Our Environmental Impact

At PPG, we are committed to using resources efficiently to preserve and protect the environment in which we operate.

Our environment, health and safety (EHS) policy provides the guidelines under which we market, distribute and manufacture products globally in a manner that protects our people, neighbors, customers and the environment. This policy incorporates elements from several voluntary global industry initiatives in which we are a participant, including the RESPONSIBLE CARE® program and COATINGS CARE® initiative.

Our locations implement the policy through our global EHS management system, ensuring consistent execution against our EHS standards, sustainability goals and strategies worldwide. The system also enables us to track our progress on a location, business and global level. In 2015, we had 41 locations certified to the ISO 14001:2004 standard for environmental management systems.

We continued making progress against our environmental sustainability goals in 2015, including achieving our sustainable products and greenhouse gas goal five years ahead of schedule. A new set of goals will be in place beginning in 2016 to better represent the sustainability challenges we currently face.

For many of our goals, we measure intensity rather than absolute numbers. This accounts for year-to-year variations in production volume and company growth, which could mask progress or slippage against the goals.

Goal	2012 Baseline	2015	Progress vs. Baseline
Achieve 30 percent of sales from sustainable products by 2020.	20 percent	30 percent	↑ 50 percent
Reduce hazardous waste to landfill by 20 percent by 2020.	0.06 (metric tons of waste to landfill per 100 metric tons of production)	0.07 (0.06 without waste from a furnace rebuild)	↑ 17 percent (No change from baseline without furnace rebuild waste)
Reduce non-hazardous waste to landfill by 10 percent by 2020.	3.29 (metric tons of waste to landfill per 100 metric tons of production)	3.10	↓ 6 percent
Reduce energy intensity 1.5 percent per year.	6.75 (million British thermal units per metric ton of production)	5.20	↓ 23 percent
Reduce greenhouse gas emission intensity 1.5 percent per year.	0.52 (metric tons of emissions per metric ton of production)	0.43	↓ 17 percent

People

The success of our company is tied to our people. We are committed to ensuring they are safe, healthy, engaged and valued for the diverse talents they bring to PPG and are also offered development and advancement opportunities so they are equipped to make meaningful contributions, be successful, and achieve their full potential. By fostering inclusiveness, welcoming diverse perspectives and empowering our people, PPG becomes more innovative, productive and competitive.

We made significant progress against these commitments in 2015. Our injury and illness rate declined 11 percent over 2014, and 71 percent of our facilities had implemented a wellness program.

We again conducted our “Your Say” employee survey, with 88 percent of our global workforce participating. We also developed an online training module on engagement for our supervisors that was launched in early 2016.

Our numerous diversity councils continued their efforts to make our workplaces more diverse and inclusive. We also continued the global rollout of our online Diversity & Inclusion training module, with more than 12,700 employees completing the training by the end of 2015.

We accelerated our leadership development in 2015 with the introduction of a new architecture to strengthen our talent pipelines for general managers and functional leaders. We also implemented a Global Core Curriculum that serves as the foundation for all leadership development, and we conducted a global assessment of 300 high-potential individuals. We have nearly doubled our successor pipeline for senior levels and are making significant progress for the remaining levels.

Number of Employees

2012	39,200
2013	41,400
2014	44,400
2015	46,600

Number of Employees

	Asia Pacific	Europe, Middle East and Africa	Latin America	North America	Total
Male	5,299	11,452	4,520	14,205	35,406
Female	1,424	4,001	1,341	4,428	11,194
Total	6,653	15,453	5,861	18,633	46,600

2015 Employees by Region

	Full-Time	Part-Time	Not Specified	Total
Male	34,524	796	86	36,406
Female	10,428	738	28	11,194
Total	44,952	1,534	114	46,600

Health and Safety

PPG is committed to operating safe and healthful workplaces.

Our top priority is to ensure our people return home safely each day by:

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

Our health and safety policy, standards and goals define our expectations, and we implement programs 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.

Number of PPG Injuries and Illnesses	
Asia Pacific	0
Europe, Middle East and Africa	1
Latin America	1
North America	7
Total	9

We again achieved our goal of reducing our injury and illness rate by 5 percent per year in 2015. Our rate of 0.31 was 11 percent lower than 2014 and 26 percent below 2012. We also had zero fatalities, marking two years since our last fatal injury in 2013.

In early 2015, we launched Safety 365, a multi-year safety awareness and communications initiative that empowers our people to be safe and speak up if they see something that could be made safer. The program heightens awareness and attention to our ongoing commitment of fostering and maintaining a culture of safety at home and work. Our mobile Safety 365 app, available since November 2015, makes available safety messages and resources wherever and whenever our people may need them.

Global Health and Safety Performance

Employees and Supervised Workers

	Facilities	PPG Injury and Illness Rate	Total Recordable Incident Rate	Lost Workday Rate
2012	1	0.42	1.78	1.33
2013	1	0.37	1.70	1.15
2014	0	0.35	1.86	1.35
2015	0	0.31	1.41	0.91

A PPG injury and illness (I&I) is defined as an injury or illness that is significant enough that it is unlikely to go unreported, regardless of the reporting culture in the region or site. PPG I&Is include fatalities, fractures, surgeries, hospitalizations, 30 or more days of lost work and other similar criteria. The PPG I&I rate is the number of injuries and illnesses that meet this definition multiplied by 200,000 and divided by the number of work hours. Total recordable incident rate is the number of Occupational Safety and Health Administration (OSHA) recordable injuries multiplied by 200,000 and divided by the number of work hours. Lost workday rate is the number of injuries and illness that resulted in days away from work or restricted activity multiplied by 200,000 and divided by the number of work hours.

2015 Health and Safety Performance by Region

Employees and Supervised Workers

	Facilities	PPG Injury and Illness Rate	Total Recordable Incident Rate	Lost Workday Rate
Asia Pacific	0	0.16	0.43	0.27
Europe, Middle East & Africa	0	0.20	1.02	0.79
Latin America	0	0.14	0.42	0.21
North America	0	0.55	2.46	1.51
Global	0	0.31	1.41	0.91



Diversity and Inclusion

One of PPG's greatest strengths is the diversity of our people, who represent wide-ranging nationalities, cultures, languages, religions, ethnicities, lifestyles and professional and educational backgrounds. Their unique perspectives enable us to meet challenges quickly, creatively and effectively, providing a significant competitive advantage in today's global economy.

To ensure our people feel valued and respected, we are committed to providing a workplace that embraces a culture of diversity and inclusion. Our business and functional leaders set goals related to diversity and monitor progress on a regular basis.

Our Diversity & Inclusion Leadership Council (DILC), which comprises senior leaders within our company, champions, directs and facilitates initiatives that embed diversity and inclusion into our culture. The DILC is supported in its efforts by the following diversity councils:

- Minority Leadership Council, including six regional chapters in the United States;
- Women's Leadership Council, including nine regional chapters in Asia Pacific, Australia, Europe/Middle East/Africa, Latin America and the United States;
- Lesbian, Gay, Bisexual and Transgender Council, which includes PPG Allies;
- R&D Diversity Council; and
- Generational Diversity Council.

During the year, we also completed the global rollout of our online Diversity & Inclusion training module that we launched in the United States in November 2014. More than 12,700 employees had completed the training by the end of 2015, with implementation continuing in 2016.

Learn more about our commitment to diversity and inclusion on our Global Careers website.

Supplier Diversity

We believe that our company and communities benefit when we provide equal opportunities for diverse suppliers to compete for our business. As such, we actively seek small businesses and businesses owned by veterans, minorities and women that provide quality products and services at competitive prices.



Community Engagement in Action

Every day, PPG and the PPG Foundation collaborate and engage with employees, community partners and other stakeholders to make our vision of bringing color and brightness to communities a reality. We dedicate our financial contributions, apply our products and use the power of our employee volunteers to address the needs of our local communities and transform lives.

Our global giving totaled \$7.8 million in 2015, funding more than 850 organizations in 20 countries. To ensure this investment had the greatest impact, we focused our resources on the areas that we are best positioned to support:

- Revitalizing local buildings, updating community spaces and meeting other pressing needs.
- Supporting and encouraging our talented employees as they seek to make a meaningful difference in their communities every day.
- Helping young people develop the skills needed to succeed in manufacturing, research and development, information technology and other science, technology, engineering and mathematics professions.

We also actively engaged with all stakeholders to ensure we are meeting their expectations and needs and that they better understand our commitment to corporate citizenship and sustainability.

Learn more on the [PPG Communities](#) website.

Making communities brighter

Vivid colors have replaced faded paint at a Pittsburgh-area school, creating a brighter environment in which curious students can learn and grow. Children in Cieszyn, Poland, are happily playing at a colorful new playground. In Colombia, 98 homes of low-income families have newly renovated and repainted facades.

Launched in May 2015, our 10-year, \$10 million COLORFUL COMMUNITIES™ initiative brings fresh color and energy to the communities where we operate in the world. Each project is an opportunity for us to protect and beautify our neighborhoods by revitalizing and transforming community spaces and buildings.

To make the Colorful Communities program a reality in 2015 we granted nearly \$315,000 in funding to our partner organizations and used more than 2,770 gallons (10,485 liters) of our high-quality PPG paint products to bring projects to life. In addition, 875 PPG employees and community members volunteered more than 4,200 hours painting, planting flowers and cleaning.

Read more about our [Colorful Communities projects](#) around the world.





Business Overview

Despite challenging global economic conditions, we strengthened our global paint and coatings businesses in 2015 to deliver another record year.

We achieved the highest adjusted earnings per diluted share in company history. Other financial highlights included:

- Record full-year adjusted earnings per diluted share from continuing operations of \$5.69, up 17 percent year-over-year;
- Full-year net sales of \$15.3 billion; sales up more than 7 percent year-over-year in local currencies;
- Full-year cash deployment of \$1.15 billion, including business acquisitions that totaled more than \$400 million (purchase price) and share repurchases of approximately \$750 million;
- Cash and short-term investments totaling \$1.5 billion at year-end; and
- Record \$1.8 billion in cash from continuing operations, up 2 percent versus the prior year.

We also completed several strategic initiatives aimed at creating long-term value for our shareholders. These included the successful integration of Comex, the leading paint supplier in Mexico that we acquired in late 2014, and six smaller acquisitions that we expect will further strengthen our product, technology and distribution offerings to customers.

We continued to reinvest in our businesses while also distributing cash through dividends and share repurchases, deploying approximately \$2 billion to grow the businesses and reward shareholders. These included:

- Approximately \$475 million directed toward capital spending, including several key growth projects;
- More than \$400 million spent on six acquisitions (purchase price); and
- Approximately \$1.1 billion returned to shareholders through dividends and share repurchases.

We also maintained our heritage of rewarding shareholders by raising our annual per share dividend payout for the 44th consecutive year, including a 7 percent per-share dividend increase in April 2015.

Materiality

Our 2015 report is the first to follow the Global Reporting Initiative's G4 Sustainability Reporting Guidelines, which require a much more robust process to determine material aspects than previous versions.

For this report, members of our Sustainability Committee and report team used a variety of sources to identify our material aspects and boundaries. These included the following:

- Customer feedback on our sustainability performance through both formal and informal means;
- Sustainability information that various ranking organizations use to determine PPG's performance;
- Feedback on our prior sustainability reporting;
- Media coverage of our company globally;
- Engagement with our communities;
- Insight from our senior management team; and
- Our sustainability goals.

The following are the material aspects that form the basis of our 2015 report.

Material Aspect	Internal Boundary	External Boundary
Economic performance	All businesses	Shareholders
Energy	All manufacturing operations	None
Water	All manufacturing operations, particularly those located in water-stress regions of the world	Communities surrounding our locations that are in water-stressed regions
Emissions	All manufacturing operations	Communities surrounding our locations
Effluents and waste	All manufacturing operations	Communities surrounding our locations
Health and safety	All locations	The families of our people
Local communities	All locations	Communities surrounding our locations

Read the full report at sustainability.ppg.com.

We encourage you to provide feedback on this report and our sustainability performance via email, a short online survey or a letter.

Email: mediarelations@ppg.com
Subject: 2015 PPG Sustainability Report and Performance Feedback

Letter: PPG, Corporate Communications, One PPG Place, Pittsburgh, PA 15272, USA

