Independent Board Chair
PPG Industries, Inc. – 2021

Resolved: Shareholders request the Board of Directors to adopt as policy, and amend the bylaws as necessary, to require that whenever possible the Chair of the Board of Directors be an independent member of the Board. This policy would phase in for the next CEO transition.

If the Board determines that a Chair who was independent when selected is no longer independent, within a reasonable period it shall select a new Chair who satisfies the requirements of this policy. Compliance with this policy can be waived if no independent director is available and willing to serve as Chair.

Whereas: The role of the Board of Directors is to provide independent oversight of management and the CEO. Michael McGarry has served as PPG's CEO since 2015 and the Chairman since 2016. Charles Bunch previously served in both roles from 2005 to 2015. S&P 500 companies are increasingly separating the roles, which strengthens corporate governance by enabling independent oversight and reducing conflicts of interest.[1]

Proponents believe that the Board has underprioritized oversight of effective management of human rights risks and community impacts, resulting in increased risks and costs to shareholders.

The manufacturing of paints and coatings presents risks to human health and the environment by exposing workers and communities to toxic substances. Human rights risks are also present in PPG's supply chain, such as child labor in mica mining.

Many of PPG's inputs are associated with occupational health risks. Working with epoxies, resins, and solvents may increase risks of adverse reproductive effects, and titanium dioxide is a possible carcinogen.[2] PPG faces human capital management risks, including facing a consumer boycott by a labor union due to concerns that PPG's web-based contracting service "threatens wages, standards, and benefits of the painting industry."[3]

PPG's history of pollution has resulted in harm to communities, legal action, financial penalties, and reputational damage. PPG is responsible for paying $367 million to clean up industrial waste from a New Jersey chromium plant and a $5 million settlement to impacted property owners.[4] In 2019,

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[1] https://www.wsj.com/articles/more-u-s-companies-separating-chief-executive-and-chairman-roles-11548288502
[2] https://www.cdc.gov/niosh/topics/repro/specificexposures.html ; https://www.cdc.gov/niosh/idlh/13463677.html
[3] https://www.post-gazette.com/business/career-workplace/2020/01/30/PPG-paints-boycott-painters-union-gig-economy-wages-Pittsburgh-wages-glidden-olympic/stories/202001300153 ; https://boycottppg.com/
[4] https://www.msn.com/en-us/news/us/ppg-responsible-for-dollar367-million-cleanup-cost-of-jersey-city-chromium-site-federal-appeals-court-says/ar-BB13HvaE ; https://www.nj.com/hudson/2020/10/ppg-industries-reaches-5-million-settlement-with-jersey-city-homeowners-over-chromium-contamination.html

PPG paid a $1.2 million penalty for environmental violations and is responsible for cleaning up toxic discharges from a glass plant in Pennsylvania.[5]

PPG's supply chains for commodities like mica present significant human rights risks, such as dangerous working conditions, child labor, and health risks.[6] The COVID-19 pandemic has deprived mica mining communities of their primary income stream due to lockdowns and decreased demand of mica-containing products like automotive paints.[7]

PPG has a Global Code of Ethics and Supplier Code of Conduct. While its Board Audit Committee and Technology and Environment Committee oversee compliance with these Codes, the severity of PPG's actual and potential human rights impacts in its operations and supply chain warrant increased Board oversight of human rights risks management.

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[5] https://www.post-gazette.com/business/pittsburgh-company-news/2019/04/02/PPG-settlement-penalty-pollution-glass-plant-Ford-City-Armstrong-County/stories/201904020121 ; https://archive.triblive.com/local/valley-news-dispatch/judge-ppg-solely-liable-for-pollution-near-ford-city/

[6] https://www.somo.nl/wp-content/uploads/2018/03/NL180313_GLOBAL-MICA-MINING-.pdf ; https://www.somo.nl/child-labour-in-madagascars-mica-sector/

[7] https://responsible-mica-initiative.com/responsible-mica-initiative-participates-in-emergency-response-to-mitigate-covid-19s-impact-on-mica-dependent-communities; https://investor.ppg.com/news/news-details/2020/PPG-Reports-Record-Third-Quarter-2020-Financial-Results/default.aspx