

PPG INDUSTRIES INC  
Form DEF 14A  
March 10, 2016

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**PPG Industries, Inc.**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

WHEN	April 21, 2016 at 11:00 AM Eastern Time
WHERE	Fairmont Pittsburgh, Grand Ballroom 510 Market Street Pittsburgh, Pennsylvania 15222
WHAT	<ol style="list-style-type: none"><li>1. To elect as directors the four named nominees;</li><li>2. To vote on a nonbinding resolution to approve the compensation of the Company's named executive officers on an advisory basis;</li><li>3. To vote on the reapproval of the performance goals under the Amended and Restated Omnibus Incentive Plan;</li><li>4. To vote on the approval of the amendment and restatement of the Amended and Restated Omnibus Incentive Plan;</li><li>5. To ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2016;</li><li>6. To vote on a shareholder proposal requesting that the Board of Directors adopt a policy that gives preference to share repurchases relative to cash dividends; and</li><li>7. To transact any other business that may properly come before the meeting.</li></ol>
RECORD DATE	February 19, 2016
ANNUAL MEETING	Admission to the Annual Meeting will be by Admission Card only. You must also present a photo ID for admission to the Meeting.

## PLEASE VOTE

Please know that your vote is very important to us and we encourage you to vote promptly. Whether or not you expect to attend the Annual Meeting in person, please vote via the Internet or telephone, or by paper proxy card or vote instruction form, which you should complete, sign and return by mail, so that your shares may be voted.

### Internet

Visit [www.cesvote.com](http://www.cesvote.com). You will need the 11-digit control number included in your proxy card, voter instruction form or notice.

### Mobile App

You can scan this QR code to vote with your mobile phone. You will need the 11-digit control number included in your proxy card, voter instruction form or

### Phone

Call 1-888-693-8683. You will need the 11-digit control number included in your proxy card, voter instruction form or notice.

### Mail

Send your completed and signed proxy card or voter instruction form to the address on your proxy card or voter instruction form.

### In Person

See below regarding Attendance at the Meeting.

notice.

[Anne M. Foulkes](#)

*Vice President, Associate General Counsel and Secretary*

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**PROXY SUMMARY**

This summary highlights information contained in this Proxy Statement. It does not contain all of the information you should consider. You should read the entire Proxy Statement carefully before voting. Please see the General Matters section beginning on page 71 for important information about proxy materials, voting, the annual meeting, Company documents and communications.

**TIME AND PLACE OF ANNUAL MEETING**

**Thursday, April 21, 2016**

11:00 AM Eastern Time

Fairmont Pittsburgh, Grand Ballroom  
510 Market Street  
Pittsburgh, Pennsylvania 15222

**MEETING AGENDA**

<b>Voting Matters</b>	<b>Board Recommendations</b>	<b>Pages</b>
Election of four Director Nominees	FOR ü	5
Approval of the Compensation of the Named Executive Officers on an Advisory Basis	FOR ü	51
Reapproval of the Performance Goals under the Amended and Restated Omnibus Incentive Plan	FOR ü	54
Approval of the Amendment and Restatement of the Amended and Restated Omnibus Incentive Plan	FOR ü	56
Ratification of PricewaterhouseCoopers LLP as the Company's Independent Registered Public Accounting Firm	FOR ü	64
Shareholder Proposal Requesting that the Board of Directors Adopt a Policy that Gives Preference to Share Repurchases Relative to Cash Dividends	AGAINST X	65

**DIRECTOR NOMINEES**

*Nominees to Serve in a Class Whose Term Expires in 2019*

**AGE  
DIRECTOR  
SINCE  
PRINCIPAL  
OCCUPATION**

**QUALIFICATIONS**

**COMMITTEES**

**OTHER  
BOARDS**

James G. Berges

68  
Director since  
2000  
Partner, Clayton,  
Dubilier &

Nominating and  
Governance  
Officers-Directors  
Compensation

Hussmann  
International, Inc.  
NCI Building  
Systems, Inc.  
Atkore

Rice, LLC

International, Inc.

John V. Faraci	<p>66                  Director since                  2012                  Retired                  Chairman &amp; CEO                  of                  International                  Paper Company</p>	<p>Nominating and                  Governance                  Technology and                  Environment</p>	<p>United                  Technologies                  Corporation                  ConocoPhillips</p>
Victoria F. Haynes	<p>68                  Director since                  2003                  Retired President                  and CEO of RTI                  International</p>	<p>Audit                  Technology &amp;                  Environment</p>	<p>Nucor                  Corporation                  Royal DSM N.V.                  Axiall                  Corporation</p>
Michael H. McGarry	<p>58                  Director since                  July 2015                  President and                  CEO of                  PPG                  Industries, Inc.</p>	<p>None</p>	<p>Axiall                  Corporation</p>

**Director Experience:**

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## **PROPOSAL 1: Election of Directors**

Four directors are nominated for election to a class that will serve until the 2019 annual meeting of shareholders and until their successors have been duly elected and qualified, or their earlier retirement or resignation. It is intended that the shares represented by each proxy will be voted, in the discretion of the proxies, **FOR** the nominees for directors set forth below, each of whom is an incumbent, or for any substitute nominee or nominees designated by our Board of Directors in the event any nominee or nominees become unavailable for election. In the event that an incumbent director receives a greater number of votes against his or her election than votes for such election, he or she is required to tender his or her resignation for consideration by the Nominating and Governance Committee of the Board of Directors in accordance with our Bylaws, as described on page 18 under "Director Resignation Policy." The principal occupations of, and certain other information regarding, the nominees and our continuing directors, as of February 19, 2016, are set forth below. In addition, information about each director's specific experience, attributes and skills that led the Board to the conclusion that each of the directors is highly qualified to serve as a member of the Board is set forth below.

Mr. Usher is currently 73 years old. Our Corporate Governance Guidelines require that any director who has attained the age of 72 retire at the next annual meeting following the director's 72nd birthday. In 2015, the Board of Directors, upon the recommendation of the Nominating and Governance Committee, waived this retirement policy for Mr. Usher until the 2016 Annual Meeting of Shareholders due to Mr. Usher's extensive knowledge and experience, his deep understanding of the Company's business and his leadership as Chair of the Officers' Directors Compensation Committee. Mr. Usher will resign from our Board of Directors effective at the 2016 Annual Meeting of Shareholders. The Company thanks Mr. Usher for his many years of dedicated service to PPG.

The Board believes that each of the Company's directors is highly qualified to serve as a member of the Board. Each of the directors has contributed to the mix of skills, core competencies and qualifications of the Board. Our directors are highly educated and have diverse backgrounds and talents and extensive track records of success in what we believe are highly relevant positions with some of the most admired organizations in the world. Many of our directors also benefit from an intimate knowledge of our operations and corporate philosophy. The Board believes that each director's service as the chairman, chief executive officer, chief operating officer and/or president of a well-respected company has provided the directors with skills that are important to serving on our Board. The Board has also considered the fact that all of our directors have worked for, or served on the boards of directors of, a variety of companies in a wide range of industries. Specifically, the Board has noted that our directors have skills that, among others, have made them particularly suited to serve as a director of PPG, a global manufacturer of high technology paints, coatings, specialty materials, glass and fiber glass for industrial and consumer markets, with operations in more than 70 countries. The Board believes that through their varying backgrounds, our directors bring a wealth of experiences, new ideas and solutions to our Board.

### **Vote Required**

Each director nominee who receives a majority of the votes cast (the number of shares voted "for" the director must exceed 50% of the votes cast with respect to that director) at the Annual Meeting will be elected as a director.

**THE BOARD RECOMMENDS THAT THE SHAREHOLDERS VOTE *FOR* THE ELECTION OF EACH OF THE DIRECTOR NOMINEES.**

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**Nominees to Serve in a Class Whose Term Expires in 2019**

*James G. Berges*

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**Professional Experience:**

Mr. Berges has been a Director of PPG since 2000. He became a partner in Clayton, Dubilier & Rice, LLC, a private equity investment firm, in 2006. Prior to that, he was President of Emerson Electric Co. from 1999 until his retirement in 2005. Emerson Electric Co. is a global manufacturer of products, systems and services for industrial automation, process control, HVAC, electronics and communications, and appliances and tools. He is also Chairman of Hussmann International, Inc. and a director of NCI Building Systems, Inc. and Atkore International, Inc. Mr. Berges served as a director of Diversey, Inc. from 2009 to 2010 and as Chairman of Sally Beauty Holdings, Inc. from 2006 to 2012 and as Chairman of HD Supply, Inc. from 2007 to 2015.

**Qualifications:** Mr. Berges is a Partner with private equity investment firm Clayton, Dubilier & Rice, where he works with portfolio companies in a wide range of industries to improve their operations. Previously, he served as President of Emerson Electric Company, a diversified global technology company. As a result of Mr. Berges' experience advising and serving on the boards of directors of numerous companies, he can draw from a diverse set of leadership experiences and operational and governance perspectives.

*John V. Faraci*

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**Professional Experience:**

Mr. Faraci has been a Director of PPG since 2012. Mr. Faraci retired as Chairman and Chief Executive Officer of International Paper, a global manufacturer of paper and packaging products, in December 2014. Mr. Faraci was named Chairman and Chief Executive Officer of International Paper in November 2003. Earlier in 2003, Mr. Faraci was elected President and a director of International Paper. He previously served as Executive Vice President and Chief Financial Officer of International Paper from 2000 to 2003 and as Senior Vice President Finance and Chief Financial Officer from 1999 to 2000. Mr. Faraci is also a director of United Technologies Corporation and ConocoPhillips.

**Qualifications:** Mr. Faraci has significant leadership and financial expertise gained from years of service at a large multinational manufacturing company. He has served as both the Chief Executive Officer and Chief Financial Officer of International Paper Company, where he led a transformation to refocus International Paper on its paper and packaging business. Mr. Faraci's experience repositioning International Paper provides useful guidance as PPG transforms its business to focus on coatings products. Mr. Faraci also has international operational expertise gained from years of experience leading a large multinational company and his experience leading one of International Paper's former international subsidiaries.

**Director Experience:**

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*Victoria F. Haynes*

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**Professional Experience:**

Dr. Haynes has been a Director of PPG since 2003. She served as the President and Chief Executive Officer of RTI International, which performs scientific research and development in advanced technologies, public policy, environmental protection, and health and medicine, from 1999 until 2012. She was Vice President of the Advanced Technology Group and Chief Technical Officer of BF Goodrich Company from 1992 to 1999. Dr. Haynes is also a director of Nucor Corporation, Royal DSM N.V., and Axiall Corporation. Dr. Haynes served as a director of Archer Daniels Midland Company from 2007 through 2011.

**Qualifications:** Dr. Haynes is a leader in advanced technology and research. Her previous service as President and Chief Executive Officer of RTI International provides her with insight into the research and development issues currently faced by global companies. Dr. Haynes' science background, coupled with her experience leading a high technology institution, is a valuable resource for the Board when reviewing our technological innovations.

*Michael H. McGarry*

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**Professional Experience:**

McGarry has been a director of PPG since July 2015. He has been President and Chief Executive Officer of PPG since September 1, 2015. Previously, Mr. McGarry was President and Chief Operating Officer from March 2015 until September 1, 2015 and Chief Operating Officer from August 2014 until March 2015. Mr. McGarry has also served as Executive Vice President from 2012 until 2014; Senior Vice President, Commodity Chemicals from 2008 until 2012; Vice President, Coatings, Europe, and Managing Director, PPG Europe from 2006 until 2008; and Vice President, Chlor-Alkali and Derivatives from 2004 to 2006. Mr. McGarry joined PPG in 1981. Mr. McGarry is also a director of Axiall Corporation.

**Qualifications:** Mr. McGarry has been an employee of PPG for over 30 years and has served in executive level positions at PPG since 2004. He has served in a variety of key business and functional leadership roles in the United States, Europe and Asia. Mr. McGarry has been at the forefront of PPG's portfolio transformation leading the acquisition of SigmaKalon; the separation of PPG's former commodity chemicals business; the acquisition and integration of AkzoNobel's North American architectural coatings business; and, most recently, the acquisition of Consorcio Comex, S.A. de C.V. Mr. McGarry also has extensive product stewardship, manufacturing and logistics experience gained through years of working in PPG's former commodity chemicals business.

**Director Experience:**

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**Continuing Directors Term Expires in 2017**

*Stephen F. Angel*

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**Professional Experience:**

Mr. Angel has been a Director of PPG since 2010. He has been Chairman of the Board, President and Chief Executive Officer of Praxair, Inc., a global producer and distributor of atmospheric and process gases and high-performance surface coatings, since 2007. Before being named to his current position, Mr. Angel served as President and Chief Operating Officer of Praxair, Inc. from March to December 2006 and as Executive Vice President of Praxair, Inc. from 2001 to 2006. Prior to joining Praxair, Inc., Mr. Angel spent 22 years in a variety of management positions with General Electric Company.

**Qualifications:** Mr. Angel has diverse managerial and operational experience within the manufacturing industry. As the Chairman, President and Chief Executive Officer of Praxair, Inc. and a former senior operating executive at General Electric, Mr. Angel understands the challenges faced by a global manufacturer of diversified products, and his experience provides the Board with insight into sales and marketing and operational matters.

*Hugh Grant*

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**Professional Experience:**

Mr. Grant has been a Director of PPG since 2005. He was named Executive Vice President and Chief Operating Officer of Monsanto Company at the time of an initial public offering in 2000 and remained in that position for the subsequent spin-off of the company in 2002. Mr. Grant was named to his current position in 2003.

**Qualifications:** Mr. Grant has an extensive background in the global agricultural technology industry, having served in various positions at Monsanto Company, where he is currently the Chairman of the Board and Chief Executive Officer. Mr. Grant brings to the Board significant leadership, managerial and operational expertise gained from years of experience leading the operations of a large multinational company.

*Michele J. Hooper*

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**Professional Experience:**

Ms. Hooper has been a Director of PPG since 1995. In 2003, she co-founded, and became the Managing Partner of, The Directors' Council, a private company that works with corporate boards to increase their independence, effectiveness and diversity. She was named to her current position in 2009. Ms. Hooper was President and Chief Executive Officer of Voyager Expanded Learning, a developer and provider of learning programs and teacher training for public schools, from 1999 until 2000. Prior to that, she was President and Chief Executive Officer of Stadlander Drug Company, Inc., a provider of disease-specific pharmaceutical care from 1998 until Stadlander was acquired in 1999. She is also a director of UnitedHealth Group Incorporated. She served as a director of Warner Music Group from 2006 to 2011 and as a director of AstraZeneca plc from to 2003 to 2012.

**Qualifications:** Ms. Hooper is an "audit committee financial expert" with significant experience leading the audit committees of several major companies. In addition to chairing PPG's Audit Committee, she serves on or has served on the audit committees of UnitedHealth Group, AstraZeneca (Chair), Warner Music Group (Chair), Seagram Company Ltd. and Target Corporation (Chair). In addition, Ms. Hooper is currently a Public Board Member and former Vice Chair of the Center for Audit Quality, Chair of the CAQ Initiative for Deterring and Detecting Financial Reporting Fraud, and co-Chair of the National Association of Corporate Directors Blue Ribbon Commission on Audit Committee Responsibilities. She is also an expert in corporate governance and board diversity, currently serving as a Director of the National Association of Corporate Directors. As President and Chief Executive Officer of The Directors' Council, she works with major companies to enhance the effectiveness of their corporate governance. Ms. Hooper's experience as an expert in accounting, a senior executive at a range of companies and a corporate governance expert provides the Board with a unique set of skills that enhances the Board's leadership and oversight capabilities.

**Director Experience:**

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**Continuing Directors Term Expires in 2018**

*Charles E. Bunch*

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**Professional Experience:**

Mr. Bunch has been a Director of PPG since 2002. Mr. Bunch became Executive Chairman on September 1, 2015. Previously, he was President and Chief Operating Officer of PPG from July 2002 until he was elected President and Chief Executive Officer in March 2005 and Chairman and Chief Executive Officer in July 2005. Before becoming President and Chief Operating Officer, he was Executive Vice President of PPG from 2000 to 2002 and Senior Vice President, Strategic Planning and Corporate Services, of PPG from 1997 to 2000. Mr. Bunch is also a director of The PNC Financial Services Group, Inc., ConocoPhillips and Marathon Petroleum Corporation. He served as a director of the H. J. Heinz Company from 2003 to 2013.

**Qualifications:** Mr. Bunch has been an employee of PPG for over 30 years and has served in executive level positions at PPG since 1997. He has extensive knowledge of PPG and our industries. During his tenure, Mr. Bunch has led the transformation of PPG into the world's leading coatings and specialty products company. In addition, through his experience at the Federal Reserve Bank of Cleveland, including serving as its Chairman, Mr. Bunch gained a deep understanding of the U.S. economy and corporate finance.

*Michael W. Lamach*

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**Professional Experience:**

Mr. Lamach has been a Director of PPG since April 2015. He has been the Chairman, President and Chief Executive Officer of Ingersoll-Rand plc, a diversified manufacturer whose products include tools, climate control systems, utility vehicles, and air and fluid handling systems, since June 2010 and a director since February 2010. Previously, Mr. Lamach served in several roles with Ingersoll-Rand, including President and Chief Executive Officer from February 2010 to June 2010; President and Chief Operating Officer from February 2009 to February 2010; President of Trane Commercial Systems from June 2008 to February 2009; and President of the Security Technologies Sector from February 2004 to June 2008. Prior to joining Ingersoll-Rand, Mr. Lamach spent 17 years in a variety of management positions with Johnson Controls. He served as a director of Iron Mountain, Inc. from 2007 to 2015.

**Qualifications:** During this 30-year career, Mr. Lamach has lead a number of businesses serving different end-use markets, including automotive components, controls, security systems and HVAC systems. As Chairman, President and Chief Executive Officer of Ingersoll-Rand plc, he brings to the Board experience leading a global company that sells a diverse range of products and services to both

industrial and consumer customers. Mr. Lamach's service on the Executive Committee of the National Association of Manufacturers provides him with keen insight into the challenges facing manufacturers.

*Martin H. Richenhagen*

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**Professional Experience:**

Mr. Richenhagen has been a Director of PPG since 2007. He has been Chairman, President and Chief Executive Officer of AGCO Corporation, an agricultural equipment manufacturer, since 2006. From 2004 to 2006, he served as President and Chief Executive Officer of AGCO. From 2003 to 2004, Mr. Richenhagen was Executive Vice President of Forbo International SA, a Swiss flooring materials company. From 1998 to 2003, he was with CLAAS KgaA MbH, a German-based manufacturer of agricultural and forest machinery, serving as Group President from 2000 until his departure in 2003. Mr. Richenhagen is also a director of Praxair, Inc.

**Qualifications:** Mr. Richenhagen has been leading global manufacturing companies for many years. Currently, he is the Chairman, President and Chief Executive Officer of AGCO Corporation, a leading global manufacturer of agricultural equipment, with dealers and distributors in more than 140 countries worldwide. Mr. Richenhagen brings considerable international business experience to the Board, having served as a senior executive at multinational companies located in Europe and the United States.

**Director Experience:**

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## **CORPORATE GOVERNANCE**

### **Board Composition**

PPG's business, property and affairs are managed under the direction of the Board of Directors. The Board is currently comprised of 11 members, divided into three classes. Terms of the classes are staggered, with one class standing for election each year. The Board is elected by shareholders to oversee management of the Company in the long-term interests of all shareholders. The Board also considers the interests of other constituencies, which include customers, employees, retirees, suppliers, the communities we serve and the environment. The Board strives to ensure that PPG conducts business in accordance with the highest standards of ethics and integrity.

### **Corporate Governance Guidelines**

The Board has adopted Corporate Governance Guidelines. These guidelines are revised from time to time to better address particular needs as they change over time. In 2014, the Board revised the Corporate Governance Guidelines to include additional responsibilities for the Company's Lead Director. In 2015, the Board revised the Corporate Governance Guidelines to better delineate the responsibilities of the Chairman of the Board and those of the Chief Executive Officer. The Corporate Governance Guidelines may be accessed from the Governance section of our website at [www.ppg.com/investor](http://www.ppg.com/investor).

The Board has a program for orienting new directors and for providing continuing education for all directors, including the reimbursement of expenses for continuing education. The Board annually evaluates its own performance and that of the individual committees. The evaluation process is coordinated by the Nominating and Governance Committee and has three parts: committee self-assessments, full Board evaluations and evaluations of the individual directors in the class whose term is expiring at the next annual meeting. The committee self-assessments consider whether and how well each committee has performed the responsibilities listed in its charter. The full Board evaluations consider the committee self-assessments, as well as the quality of the Board's meeting agendas, materials and discussions. All assessments and evaluations focus on both strengths and opportunities for improvement.

### **Director Independence**

In accordance with the rules of the New York Stock Exchange, the Board affirmatively determines the independence of each director and nominee for election as a director in accordance with the categorical guidelines it has adopted, which include all objective standards of independence set forth in the exchange listing standards. The categorical independence standards adopted by the Board are contained in the Corporate Governance Guidelines, which may be accessed from the Governance section of our website at [www.ppg.com/investor](http://www.ppg.com/investor). Based on these standards, at its meeting held on February 18, 2016, the Board determined that each of the following non-employee directors is independent and has no material relationship with PPG, except as a director and shareholder:

Stephen F. Angel  
James G. Berges  
John V. Faraci  
Hugh Grant  
Victoria F. Haynes

Michele J. Hooper  
Michael W. Lamach  
Martin H. Richenhagen  
Thomas J. Usher

In addition, based on such standards, the Board affirmatively determined that Charles E. Bunch and Michael H. McGarry are not independent because they are officers of PPG.

### **Board Leadership Structure and Risk Oversight**

In 2015, as a result of Mr. Bunch's discussions with the Board about relinquishing the role of Chief Executive Officer and as part of its ongoing review of the Board leadership structure and succession planning process, the Board determined that, effective September 1, 2015, the positions of Chairman and Chief Executive Officer should be held by separate individuals. As a result, Mr. Bunch now serves as Executive Chairman of the Board, and Mr. McGarry now serves as President and Chief Executive Officer and as a director. We currently have nine other directors, each of whom is independent. Our Board has four standing committees, each of which is comprised solely of independent directors with a committee chair. The Board believes that Mr. Bunch is best situated to serve as Executive Chairman because he is the director most familiar with our business and industry and the director most



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capable of identifying strategic priorities and executing our business strategy. The Board believes that having the former Chief Executive Officer continue to serve as Executive Chairman and the current President and Chief Executive Officer serve as a director creates a highly effective bridge between the Board and management and provides the leadership to execute our business strategy and create shareholder value. We believe our Board leadership structure provides the appropriate balance of independent directors and management directors to work together to represent the interests of our entire shareholder base.

In addition, this leadership structure demonstrates to our employees, suppliers, customers, shareholders and other stakeholders that PPG has strong leadership setting the tone and having the responsibility for managing our operations. We believe that our Board consists of directors with significant leadership skills, as discussed above. All of our independent directors have served as the chairman, chief executive officer and/or president of other companies. Accordingly, we believe that our independent directors have demonstrated leadership in large enterprises and are well versed in board processes and that having directors with significant leadership skills benefits our Company and our shareholders.

In accordance with our Bylaws and our Corporate Governance Guidelines, the Executive Chairman is responsible for chairing Board meetings and setting the agenda for these meetings in consultation with the President and Chief Executive Officer. Each director also may suggest items for inclusion on the agenda and may raise at any Board meeting subjects that are not on the agenda for that meeting. As required by our Corporate Governance Guidelines, our independent directors meet separately, without management present, at each meeting of the Board. In addition, each of the Board's standing committees regularly meets without members of management present.

The Board has designated the chair of the Nominating and Governance Committee to serve as the Lead Director. In their discretion, the independent directors may select another independent director to serve as the Lead Director. Aside from chairing meetings of the independent directors, the Lead Director presides at all meetings where the Executive Chairman is not present, serves as a liaison between the independent directors and the Executive Chairman and the President and Chief Executive Officer, has the power to call meetings of the independent directors, consults with the Executive Chairman and the President and Chief Executive Officer about the concerns of the Board, approves Board meeting agendas and other types of information sent to the Board, approves meeting schedules to assure that there is sufficient time for discussion of all agenda items, and is available for consultation and direct communication with major shareholders as appropriate.

As part of its annual self-evaluation process, the Board evaluates our leadership structure to ensure that it provides the optimal structure for PPG. We believe that having directors with day-to-day oversight of Company operations, coupled with experienced independent directors who have appointed a Lead Director and four committee chairs, is the appropriate leadership structure for PPG.

In accordance with New York Stock Exchange requirements, our Audit Committee charter provides that the Audit Committee is responsible for overseeing our risk management process. The Audit Committee is updated on a regular basis on relevant and significant risk areas. This includes periodic updates from certain officers of the Company and a formal annual update by the Director of Corporate Audit Services. The annual update provides a comprehensive review of PPG's enterprise risks and includes the feedback of most of the Company's officers. The Audit Committee, in turn, reports to the full Board. While the Audit Committee has primary responsibility for overseeing risk management, our entire Board is actively involved in overseeing risk management for the Company by engaging in periodic discussions with Company officers and other employees as the Board may deem appropriate. In addition, each of our Board committees considers the risks within its areas of responsibility. For example, our Technology and Environment Committee considers risks related to our environment, health, safety, product stewardship and other sustainability policies, programs and practices. Our Audit Committee focuses on risks inherent in our accounting, financial reporting and internal controls. Our Officers Directors Compensation Committee considers the risks that may be implicated by our executive compensation program. We believe that the leadership structure of our Board supports the Board's effective oversight of the Company's risk management.

**Review and Approval or Ratification of Transactions with Related Persons**

The Board and its Nominating and Governance Committee have adopted written policies and procedures relating to approval or ratification of "Related Person Transactions." Under these policies and procedures, the Nominating and Governance Committee (or its chair, under some circumstances) reviews the relevant facts of all proposed Related

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Person Transactions and either approves or disapproves of the entry into the Related Person Transaction, by taking into account, among other factors it deems appropriate:

The benefits to PPG of the transaction;

The impact on a director's independence, in the event the "Related Person" is a director or an immediate family member of a director or an entity in which a director is a partner, shareholder or executive officer;

The availability of other sources for comparable products or services;

The terms of the transaction; and

The terms available to unrelated third parties or to employees generally.

No director may participate in any consideration or approval of a Related Person Transaction with respect to which he or she or any of his or her immediate family members is the Related Person. Related Person Transactions are approved only if they are determined to be in, or not inconsistent with, the best interests of PPG and its shareholders.

If a Related Person Transaction that has not been previously approved or previously ratified is discovered, the Nominating and Governance Committee, or its chair, will promptly consider all of the relevant facts. In addition, the committee generally reviews all ongoing Related Person Transactions on an annual basis to determine whether to continue, modify or terminate the Related Person Transaction.

Under our policies and procedures, a "Related Person Transaction" is generally a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which PPG was, is or will be a participant and the amount involved exceeds \$120,000, and in which any Related Person had, has or will have a direct or indirect material interest. A "Related Person" is generally any person who is, or at any time since the beginning of PPG's last fiscal year was, (i) a director or executive officer of PPG or a nominee to become a director of PPG; (ii) any person who is known to be the beneficial owner of more than 5% of any class of PPG's voting securities; or (iii) any immediate family member of any of the foregoing persons.

### **Certain Relationships and Related Transactions**

As discussed above, the Nominating and Governance Committee is charged with reviewing issues involving potential conflicts of interest and all Related Person Transactions. PPG and its subsidiaries purchase products and services from and/or sell products and services to companies of which certain of the directors, director nominees and/or executive officers of PPG are directors and/or executive officers. During 2015, PPG entered into the following transactions with Related Persons that are required to be reported under the rules of the Securities and Exchange Commission.

Stephen F. Angel, a director of PPG, is the Chairman, President and Chief Executive Officer of Praxair, Inc. During 2015, PPG and its subsidiaries purchased approximately \$7.4 million of industrial gases from Praxair.

Martin H. Richenhagen, a director of PPG, is the Chairman, President and Chief Executive Officer of AGCO Corporation. During 2015, PPG and its subsidiaries sold approximately \$3.0 million of coatings products to AGCO Corporation.

Michael W. Lamach, a director of PPG, is Chairman, President and Chief Executive Officer of Ingersoll-Rand plc. During 2015, PPG and its subsidiaries purchased approximately \$300,000 of primarily HVAC products from Ingersoll-Rand and sold approximately \$4.0 million of coatings products to Ingersoll-Rand.

Hugh Grant, a director of PPG, is Chairman and Chief Executive Officer of Monsanto Company. During 2015, PPG and its subsidiaries sold approximately \$150,000 of coatings products to Monsanto Company.

The Nominating and Governance Committee does not consider the amounts involved in such transactions material. Such purchases from and sales to each company involved less than 1% of the consolidated gross revenues for 2015 of each of the purchaser and the seller and all of such

transactions were in the ordinary course of business.

**Board Meetings and Committees**

The Board currently has four standing committees: Audit Committee, Nominating and Governance Committee, Officers Directors Compensation Committee and Technology and Environment Committee. The current

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composition of each Board committee is indicated below. The charter of each Board committee is available on the Governance section of our website at [www.ppg.com/investor](http://www.ppg.com/investor).

<b>AUDIT COMMITTEE</b>	<b>NOMINATING AND GOVERNANCE COMMITTEE</b>	<b>OFFICERS DIRECTORS COMPENSATION COMMITTEE</b>	<b>TECHNOLOGY AND ENVIRONMENT COMMITTEE</b>
Victoria F. Haynes	James G. Berges	Stephen F. Angel	Stephen F. Angel*
Michele J. Hooper*	John V. Faraci	James G. Berges	John V. Faraci
Michael W. Lamach	Hugh Grant*	Hugh Grant	Victoria F. Haynes
Martin H. Richenhagen	Michele J. Hooper	Thomas J. Usher*	Martin H. Richenhagen
	Michael W. Lamach		Thomas J. Usher

\*  
Committee Chair.

During 2015, the Board held eight meetings, the Audit Committee held seven meetings, the Nominating and Governance Committee held seven meetings, the Officers Directors Compensation Committee held four meetings, and the Technology and Environment Committee held two meetings. The average attendance at meetings of the Board and committees during 2015 was 98%, and no incumbent director attended less than 75% of the total number of meetings of the Board and committees on which such director served. PPG does not have a formal policy requiring attendance at the annual meeting of shareholders; however, all directors serving at the time of the 2015 annual meeting of shareholders attended such meeting.

Our independent directors meet separately, without any management present, at each meeting of the Board. The Board has designated the chair of the Nominating and Governance Committee, to serve as the Lead Director and to preside over the independent director sessions. In their discretion, the independent directors may select another independent director to serve as the Lead Director.

### **Audit Committee**

The Audit Committee is comprised of four directors, each of whom is independent under the standards adopted by the Board, the listing standards of the New York Stock Exchange and the applicable rules of the Securities and Exchange Commission. The committee's charter, which may be accessed on the Governance section of our website at [www.ppg.com/investor](http://www.ppg.com/investor), describes the composition, purposes and responsibilities of the committee. Among other things, the charter provides that the committee will be comprised of independent, non-employee directors. The functions of the committee are primarily to review with our independent auditors and our internal auditors their respective reports and recommendations concerning audit findings and the scope of and plans for their future audit programs and to review audits, annual and quarterly financial statements and accounting and financial controls. The committee also appoints our independent registered public accounting firm, oversees our internal auditing department, assists the Board in oversight of our compliance with legal and regulatory requirements related to financial reporting matters and oversees the risk management process. The Board has determined that each member of the committee is "financially literate" in accordance with the applicable rules of the New York Stock Exchange. In addition, the Board has determined that all of the members of the committee, including Ms. Hooper, the chair of the committee, are "audit committee financial experts" in accordance with the applicable rules of the Securities and Exchange Commission.

### **Audit Committee Report to Shareholders**

The primary role of the Audit Committee is to oversee and review on behalf of the Board of Directors PPG's processes to provide for the reliability and integrity of the Company's financial reporting, including the Company's disclosure practices, risk management processes and internal controls. The Audit Committee operates under a written charter adopted by the Board of Directors.

The Audit Committee is responsible for the appointment of both the independent registered public accounting firm and PPG's lead internal auditor. The Audit Committee led the appointment and retention of PricewaterhouseCoopers LLP as PPG's independent registered public accounting firm for 2015. For the work performed on the 2015 audit, the Audit Committee discussed and evaluated PricewaterhouseCoopers'

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performance, which included an evaluation by the Company's management of PricewaterhouseCoopers' performance. The Audit Committee is responsible for the compensation of the independent registered public accounting firm and has reviewed and approved in advance all fees and services performed by PricewaterhouseCoopers.

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The Audit Committee discussed with, and received regular status reports from PPG's internal auditor and PricewaterhouseCoopers on the overall scope and plans for their audits, their plans for evaluating the effectiveness of PPG's internal control over financial reporting and the coordination of efforts between them. The Audit Committee reviewed and discussed the key risk factors used in developing PPG's internal audit and PricewaterhouseCoopers' audit plans. The Audit Committee also reviewed with the Company's management PPG's risk management practices and an assessment of significant risks.

The Audit Committee met separately with both the Director of Corporate Audit Services, PPG's lead internal auditor, and PricewaterhouseCoopers, with and without management present, to discuss the results of their examinations, their audits of PPG's financial statements and internal control over financial reporting and the overall quality of PPG's financial reporting. The Audit Committee also met separately with the Company's Executive Vice President and Chief Financial Officer and with the Company's Senior Vice President and General Counsel. The Audit Committee annually reviews its performance and received feedback on its performance from the Company's management and PricewaterhouseCoopers.

The Company's management is responsible for the preparation and accuracy of PPG's financial statements. The Company is also responsible for establishing and maintaining adequate internal control over financial reporting. In 2015, PPG's independent registered public accounting firm, PricewaterhouseCoopers, was responsible for auditing the consolidated financial statements and expressing an opinion as to their conformity with generally accepted accounting principles, as well as expressing an opinion on the effectiveness of PPG's internal control over financial reporting.

In carrying out its responsibilities, the Audit Committee discussed and reviewed with the Company's management the process to assemble the financial statements, including the Company's internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations.

The Audit Committee reviewed and discussed the audited consolidated financial statements as of and for the year ended December 31, 2015 and management's report on internal control over financial reporting with management and with PricewaterhouseCoopers. The Audit Committee also discussed with PricewaterhouseCoopers the matters required by Auditing Standard No. 16, *Communications with Audit Committees*.

The Audit Committee has received the written independence disclosures and letter from PricewaterhouseCoopers required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence and discussed with PricewaterhouseCoopers its independence. In addition, the Audit Committee considered whether PricewaterhouseCoopers' provision of non-audit services to PPG is compatible with maintaining its independence.

Based upon these reviews and discussions, the Audit Committee recommended to the Board that the audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2015 for filing with the Securities and Exchange Commission.

The Audit Committee:

Victoria F. Haynes  
Michele J. Hooper (Chair)  
Michael W. Lamach  
Martin H. Richenhagen

*Notwithstanding anything to the contrary set forth in any of our previous filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, that incorporate future filings, including this Proxy Statement, in whole or in part, the foregoing Audit Committee Report to Shareholders shall not be incorporated by reference into any such filings.*

### **Nominating and Governance Committee**

The Nominating and Governance Committee is comprised of five directors, each of whom is independent under the standards adopted by the Board and the listing standards of the New York Stock Exchange. The committee's charter, which may be accessed on the Governance section of our website at [www.ppg.com/investor](http://www.ppg.com/investor), describes the composition, purposes and responsibilities of the committee. Among other things, the charter provides that the committee will be comprised of independent, non-employee directors. The charter also provides that the committee shall be responsible to identify and recommend to the Board of Directors persons to be nominated by the Board to stand for election as directors at each annual meeting of shareholders, the persons to be elected by the Board to fill



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any vacancy or vacancies in its number, and the persons to be elected by the Board to be Chairman of the Board, Vice Chairman of the Board, if any, President, if any, and the other executive officers of PPG. The committee also recommends to the Board actions to be taken regarding the structure, organization and functioning of the Board, and the persons to serve as members of the standing committees of, and other committees appointed by, the Board. The charter gives the committee the responsibility to develop and recommend corporate governance guidelines to the Board, and to recommend to the Board the process and criteria to be used in evaluating the performance of the Board and to oversee the evaluation of the Board.

**Officers Directors Compensation Committee**

The Officers Directors Compensation Committee is comprised of four directors, each of whom is independent under the standards adopted by the Board and the listing standards of the New York Stock Exchange. The committee's charter, which may be accessed on the Governance section of our website at [www.ppg.com/investor](http://www.ppg.com/investor), describes the composition, purposes and responsibilities of the committee. Among other things, the charter provides that the committee will be comprised of independent, non-employee directors.

Committee meetings are regularly attended by our Executive Chairman, our President and Chief Executive Officer and our Vice President of Human Resources, as well as a representative of the outside compensation consulting firm retained by the committee, Frederic W. Cook & Co., Inc. At each meeting, the committee meets in executive session. The committee's chair reports the committee's recommendations on executive