

Risk Factors Comparison 2025-02-20 to 2024-02-15 Form: 10-K

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As a global manufacturer of paints, coatings and specialty ~~materials~~ **products**, we operate in a business environment that includes risks. Each of the risks described in this section could adversely affect our results of operations, financial position and liquidity. While the factors listed here are considered to be the more significant factors, no such list should be considered to be a complete statement of all potential risks and uncertainties. Unlisted factors may present significant additional obstacles which may adversely affect our businesses and our results of operations, financial position and liquidity. Economic Risks Increases in prices and declines in the availability of raw materials could negatively impact our financial results. Our financial results are significantly affected by the cost of raw materials. Raw materials include both organic, primarily petroleum- derived, materials and inorganic materials, including titanium dioxide. These raw materials represent PPG' s single largest production cost component. Most of our raw materials are purchased from outside sources, and the Company has made, and plans to continue to make, supply arrangements to meet the planned operating requirements for the future. Adequate supply of critical raw materials is managed by establishing contracts, procuring from multiple sources, and identifying alternative materials or technology whenever possible. While not our customary practice, we also import raw materials and intermediates, particularly for use at our manufacturing facilities in the emerging regions of the world. In most cases, those imports are priced in the currency of the supplier and, therefore, if that currency strengthens against the currency of our manufacturing facility, our margins may be lower. The Company is continuing its aggressive sourcing initiatives to effectively broaden our supply of high quality raw materials. These initiatives include qualifying multiple and local sources of supply, within Asia and other lower cost regions of the world, diversification of our resin supply, including adding on- site resin production at certain manufacturing locations, and a reduction in the amount of titanium dioxide and certain other raw materials used in our product formulations. PPG continues to undertake actions to maintain supply arrangements adequate to meet planned operating requirements. However, raw material supply chain disruptions, including logistical and transportation challenges, could adversely impact our ability to procure raw materials. An inability to obtain certain critical raw materials has adversely impacted our ability to produce certain products in the past and could do so in the future. **Additionally, the cost of raw materials fluctuates due to a number of factors, including changes in supplier feedstock costs and inventories, global industry activity levels, foreign currency exchange rates, government regulation, tariffs, and global supply and demand factors, any of which could drive an increase in raw material costs.** If raw material costs increase and we are unable to offset these higher costs in a timely manner, this would adversely impact Income from continuing operations and Cash from operating activities. ~~2023 PPG ANNUAL REPORT AND FORM 10-K 9~~ The pace of economic growth and level of economic and geopolitical uncertainty could have a negative impact on our results of operations and cash flows. Demand for our products and services depends, in part, on the general economic conditions affecting the countries and markets in which we do business. Weak economic conditions in certain geographies and changing supply and demand balances in the markets we serve have negatively impacted demand for our products and services in the past and may do so in the future. There is a high level of uncertainty surrounding future global economic conditions due to a number of factors, including the impact of higher interest rates, geopolitical uncertainty, including the international impacts of the ongoing wars in Ukraine and Israel and increasing tensions between China and the United States, commodity market volatility, potential changes to international trade agreements, the imposition of tariffs and the threat of additional tariffs, ~~and labor shortages in certain regions of.....~~ condition and results of operations. ~~2023~~ **2024** PPG ANNUAL REPORT AND FORM 10- K 10 and labor shortages in certain regions of the world.PPG provides products and services to a variety of end- use markets in many geographies.This broad end- use market exposure and expanded geographic presence lessens the significance of any individual decrease in activity levels;nonetheless,lower demand levels may result in lower sales,which would adversely impact Income from continuing operations and Cash from operating activities.Fluctuations in foreign currency exchange rates could affect our financial results.We are exposed to foreign currency exchange rate risk with respect to our sales,expenses,profits,assets and liabilities denominated in currencies other than the U.S.dollar.Because our consolidated financial statements are presented in U.S.dollars,we must translate revenues and expenses into U.S.dollars at the average exchange rate during each reporting period,as well as assets and liabilities into U.S.dollars at exchange rates in effect at the end of each reporting period.Therefore,increases or decreases in the value of the U.S.dollar against other currencies will affect our Net sales,Net income and the value of balance sheet items denominated in foreign currencies.We may use derivative financial instruments to reduce our net exposure to currency exchange rate fluctuations related to foreign currency transactions.However,fluctuations in foreign currency exchange rates,particularly the strengthening or weakening of the U.S.dollar against major currencies,could adversely or positively affect our financial condition and results of operations which are expressed in U.S.dollars.The industries in which we operate are highly competitive.With each of our businesses,an increase in competition may cause us to lose market share or lose customers,adversely impacting our sales volumes,or compel us to reduce prices to remain competitive,which could result in reduced margins for our products.Additionally,our ability to increase prices may impact the overall economics for the products we offer.Competitive pressures may not only reduce our margins but may also impact our revenues and our growth which could adversely affect our results of operations.Public health crises,including pandemics and the measures taken by public health and government authorities to address them,have adversely impacted **our financial condition and results of operations in the past,** and could ~~continue to~~ adversely impact **us in the future** ~~our financial condition and results of operations~~.Our financial condition,liquidity and results of operations were adversely ~~affected~~ **impacted** by **public health crises in the past** ~~COVID-19 pandemic~~,including impacts from efforts by

public health officials to ~~mitigate~~ **contain** the **public health crises** spread of COVID-19. The effects of this public health ~~crisis~~ **crises could** ~~interfere~~ **interfere** with the ability of PPG, our suppliers, our customers, and others to conduct business and negatively ~~affected~~ **affect** consumer confidence and the global economy. Preventative and protective actions taken by public health officials, governments and PPG ~~with respect to~~ **in response** to the public health crises ~~could have and may continue to~~ adversely impact our business, suppliers, distribution channels, and customers, ~~including due to~~ business shutdowns, reduced workforce availability, reduced ability to supply products, or reduced demand for our products. ~~While we cannot reasonably predict the duration or scope of current and future public health crises, our results of operations, financial position and liquidity have been and may continue to be adversely impacted by the COVID-19 pandemic or any other future health-related crises~~. Legal, Regulatory, and Tax Risks We are subject to existing and evolving standards relating to the protection of the environment. Environmental laws and regulations control, among other things, the discharge of pollutants into the air and water, the handling, use, treatment, storage and clean-up of hazardous and non-hazardous waste, and the investigation and remediation of soil and groundwater affected by hazardous substances. In addition, various laws regulate health and safety matters. The environmental laws and regulations we are subject to impose liability for the costs of, and damages resulting from, cleaning up current sites, past spills, disposals and other releases of hazardous substances. Violations of these laws and regulations can also result in fines and penalties. Future environmental laws and regulations, including **rules requiring expanded reporting of certain environmental, safety and governance information, may require substantial capital expenditures or may require or cause us to modify or curtail our operations, which may have a material adverse impact on our business, financial condition and results of operations.** We are involved in a number of lawsuits and claims, and we may be involved in future lawsuits and claims, in which substantial monetary damages are sought. PPG is involved in a number of lawsuits and claims, both actual and potential, in which substantial monetary damages are sought. Those lawsuits and claims may relate to contract, patent, environmental, product liability, asbestos exposure, antitrust, employment, securities and other matters arising out of the conduct of PPG's current and past business activities. Any such claims, whether with or without merit, could be time consuming and expensive to defend and could divert management's attention and resources. We maintain insurance against some, but not all, of these potential claims, and the levels of insurance we maintain may not be adequate to fully cover any and all losses. We believe that, in the aggregate, the outcome of all current lawsuits and claims involving PPG, including those described in Note 15, "Commitments and Contingent Liabilities" in Item 8 of this Form 10-K, will not have a material effect on PPG's consolidated financial position or liquidity; however, such outcome may be material to the results of operations of any particular period in which costs, if any, are recognized. Nonetheless, the results of any future litigation or claims are **2024 PPG ANNUAL REPORT AND FORM 10-K 11** inherently unpredictable, and such outcomes could have a material adverse effect on our results of operations, Cash from operating activities or financial condition. We are subject to a variety of laws and regulations, which could increase our compliance costs and could adversely affect our results of operations. We are subject to a wide variety of complex U. S. and non-U. S. laws and regulations, and legal compliance risks, including securities laws, tax laws, environmental laws, employment and pension-related laws, competition laws, U. S. and foreign export and trading laws, and laws governing improper business practices, including bribery. We are affected by new laws and regulations and changes to existing laws and regulations, as well as interpretations by courts and regulators. These laws and regulations effectively expand our compliance obligations and costs. For example, regulations concerning the composition, use and transport of chemical products continue to evolve. Developments concerning these regulations could potentially impact the availability or viability of some of the raw materials we use in our product formulations and / or our ability to supply certain products to some customers or markets. Import / export sanctions and regulations also continue to evolve and could result in increased compliance costs, slower product movements or additional complexity in our supply chains. Further, although we believe that we have appropriate risk management and compliance programs in place, we cannot guarantee that our internal controls and compliance systems will always protect us from improper acts committed by employees, agents, business partners or businesses that we acquire. Any non-compliance, ~~or such~~ improper actions or allegations ~~of such~~ could damage our reputation and subject us to civil or criminal investigations and shareholder lawsuits, could lead to substantial civil and criminal, monetary and non-monetary penalties, and could cause us to incur significant legal and investigatory costs. Changes in the tax regimes and related government policies and regulations in the countries in which we operate could adversely affect our results and our effective tax rate. As a multinational corporation, we are subject to various taxes in both the U. S. and non-U. S. jurisdictions. Due to economic and political conditions, tax rates in these various jurisdictions may be subject to significant changes. For example, the Organisation for Economic Co-operation and Development has proposed modernizing international tax rules, including global minimum tax standards **(referred to as Pillar 2)**, which ~~could have caused~~ **caused** an increase to our effective tax rate ~~or result in higher cash tax liabilities~~. Our effective income tax rate is also affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets, the introduction of new taxes and changes in tax laws or their interpretation. If our effective income tax rate were to increase, our Cash from operating activities, financial condition and results of operations would be adversely affected. Although we believe that our tax filing positions are appropriate, the final determination of tax audits or tax disputes may be different from what is reflected in our historical income tax provisions and accruals. If future audits find that additional taxes are due, we may be subject to incremental tax liabilities, possibly including interest and penalties, which could have a material adverse effect on our Cash from operating activities, financial condition and results of operations. Operational and Strategic Risks Our international operations expose us to additional risks and uncertainties that could affect our financial results. PPG has a significant investment in global operations. This broad geographic footprint serves to lessen the significance of economic impacts occurring in any one region. Notwithstanding the benefits of geographic diversification, our ability to achieve and maintain profitable growth in international markets is subject to risks related to the differing legal, political, social and regulatory requirements and economic conditions of many countries. As a result of our operations outside the U. S., we are subject to certain inherent risks, including political and

economic uncertainty, inflation rates, exchange rates, trade protection measures, local labor conditions and laws, restrictions on foreign investments and repatriation of ~~2023 PPG ANNUAL REPORT AND FORM 10-K 11~~ earnings, and weak intellectual property protection. Recently, there has been an increase in global geopolitical uncertainty due to a number of factors, including the international impacts of the ongoing wars in Ukraine and Israel and increasing tensions between China and the United States. **In 2024, PPG completed the divestiture of its U. S. and Canada Architectural Coatings business, which further increases the percentage of sales recognized outside the U. S.** During ~~2023-2024~~, approximately ~~63-68~~ % of the Company's total net sales were recognized outside of the United States. Business disruptions could have a negative impact on our results of operations and financial condition. Unexpected events, including supply disruptions, temporary plant and / or power outages, work stoppages, natural disasters and severe weather events, ~~including those potentially due to climate change~~, significant public health issues, computer system disruptions, challenges implementing, upgrading or transitioning enterprise resource planning systems, fires, war or terrorist activities, could increase the cost of doing business or otherwise harm the operations of PPG, our customers and our suppliers. It is not possible for us to predict the occurrence or consequence of any such events. However, such events could reduce our ~~2024 PPG ANNUAL REPORT AND FORM 10-K 12~~ ability to supply products, reduce demand for our products or make it difficult or impossible for us to receive raw materials from suppliers or to deliver products to customers. The security of our information technology systems could be compromised which could adversely affect our operations or reputation. We rely extensively on global information technology systems, networks and services, certain of which are managed, hosted, provided and / or used by third parties or their vendors, to conduct our business. We use information technology systems, networks, and services throughout many of our key business processes, including, but not limited to, receiving customer orders, purchasing materials, producing inventory, shipping inventory to customers, collecting customer payments, and paying our employees and vendors. Numerous and evolving information security threats, including advanced persistent threats and ransomware, pose a risk to the security of our systems, networks and services, as well as to the confidentiality, availability and integrity of our data and of our critical business operations. ~~The~~ **In addition, because the techniques, tools and tactics used in cyber- attacks frequently change evolve rapidly, including from emerging technologies such as advanced automation or artificial intelligence** and may be difficult to detect for periods of time ~~7~~. **As a result** we may face difficulties in anticipating and implementing adequate preventative measures or fully mitigating harms after such an attack. Our information technology systems, networks and services have been, and will likely continue to be, subject to cybersecurity attacks. We have implemented and operate a cybersecurity program designed to protect and preserve the confidentiality, integrity and availability of our networks and systems as well as information that we own or is in our care. Notwithstanding our cybersecurity preparedness activities, we cannot guarantee that our security efforts or the security efforts of our third- party service providers will prevent all cybersecurity events. A material cybersecurity event could result in negative publicity, theft or other financial loss, modification or destruction of proprietary information or key information, manufacture of defective products, theft of personally identifiable information, and / or production downtimes and operational disruptions, which could adversely affect our results of operations. We may not effectively integrate acquired businesses into our existing operations. Growth through acquisitions is an important component of the Company's strategy. Over the last decade, we have successfully completed more than 50 acquisitions, and we will likely acquire additional businesses and enter into additional joint ventures in the future. Growth through acquisitions and the formation of joint ventures involve risks, including: • difficulties in assimilating acquired companies and products into our existing business; • delays in realizing the benefits from the acquired companies or products; • diversion of our management's time and attention from other business concerns; • difficulties due to lack of or limited prior experience in any new markets we may enter; • unforeseen claims and liabilities, including unexpected environmental exposures, product liability, or existing information technology vulnerabilities; • unexpected losses of customers or suppliers of the acquired or existing business; • difficulty in conforming the acquired business' standards, processes, procedures and controls to those of our operations; and • difficulties in retaining key employees of the acquired businesses. These risks or other challenges encountered in connection with our past or future acquisitions and joint ventures could cause delays in realizing the anticipated benefits of such acquisitions or joint ventures, or such anticipated benefits may never be realized, which could adversely affect our results of operations, Cash from operating activities or financial condition. ~~2023 PPG ANNUAL REPORT AND FORM 10-K 12~~ Our ability to understand our customers' specific preferences and requirements, and to innovate, develop, produce and market products that meet customer demand is critical to our business results. Our business relies on continued global demand for our brands and products. To achieve our business goals, we must develop and sell products that appeal to customers. This is dependent on a number of factors, including our ability to produce products that meet the quality, performance and price expectations of our customers and our ability to develop effective sales, advertising and marketing programs. We believe the automotive industry will experience significant and continued change in the coming years, including an increase in the production of electric vehicles. Vehicle manufacturers continue to develop new safety features such as collision avoidance technology and self- driving vehicles that may reduce vehicle collisions in the future, potentially lowering demand for our automotive refinish coatings. In addition, through the introduction of new technologies, new ~~2024 PPG ANNUAL REPORT AND FORM 10- K 13~~ business models or new methods of travel, such as ridesharing, the number of automotive OEM new- builds may decline, potentially reducing demand for our automotive OEM coatings and related automotive parts. **PPG is committed to developing and selling sustainably- advantaged products, which are designed to help our customers achieve their sustainability goals, including by reducing the amount of materials used in their processes. We expect that our focus on sustainably- advantaged products will drive future sales growth; however, as customers transition to sustainably- advantaged products, this could adversely impact our sales volumes as customers may require a lower quantity of our products due to reduced customer waste, extended durability and other similar impacts of using our sustainably- advantaged products**. Additionally, the development of customer- facing digital channels has and will continue to transform certain retail industries. An inability to develop such solutions and our customer's pace of

adoption of those solutions could negatively affect our business or the market demand for our products. We manage our innovation pipeline and introduction of new products through a rigorous stage gate process. We continuously look at ways to optimize and improve the effectiveness of this process to deliver innovation and growth. Our future growth will depend on our ability to continue to innovate our existing products and to develop and introduce new products. If we fail to keep pace with product innovation on a competitive basis or to predict market demands for our products, our businesses, financial condition and results of operations could be adversely affected. Our business success depends on attracting, developing and retaining a qualified workforce. Our continued business success depends on the efforts and abilities of our management team and employees. The skills, experience and industry knowledge of our employees significantly benefit our operations and performance. We compete with other companies both within and outside of our industry for talented personnel in a highly competitive labor market, and we may face challenges attracting or retaining qualified employees. If we are unable to effectively attract, develop and retain a qualified workforce, our businesses, financial condition and results of operations could be adversely affected. **PPG's aerospace coatings business depends, in part, on our ability to successfully meet customer demand, production targets and commitments. PPG is currently under contract to supply transparencies, coatings and sealants for use on existing and new commercial, general aviation and military aircraft manufactured by many of the largest global and regional aerospace manufacturers. Our aerospace business is currently experiencing a backlog resulting in product shortages to certain of our customers. In addition, many of our contracts contemplate production increases over the next several years. If we fail to meet production targets and commitments, or encounter difficulty or unexpected costs in meeting such levels, it could have a material effect on our reputation, business, operating results, or financial condition. Similarly, to the extent demand for our products increases rapidly and significantly in future periods, we may not be able to ramp up production quickly enough to meet the demand, which could result in production delays at our customers, lost opportunities for growth and adversely affect our business, financial condition, results of operations or competitive position. Additionally, delivery delays by us due to production interruptions or delays may subject us to liability from customer claims that such delay resulted in losses to the customer.**