



Axalta Coating Systems Sustainability Report 2013



About This Report

This report reflects full calendar year information for our business for each of the last three years, from 2011 through 2013. We developed this report in keeping with the G4 guidelines recently released by the Global Reporting Initiative (GRI). The report is prepared in accordance with the GRI's "Core" reporting level. Our GRI Content Index indicates where and how Axalta has met GRI "Core" requirements and can be found at http://www.axaltacs.com/corporate/en_US/sustainability.html. As a privately held company, we do not submit financial disclosures to the Securities and Exchange Commission (SEC), nor do we publish an Annual Report. Nonetheless, we have considered the principles and recommended disclosures in the International Integrated Reporting Council's (IIRC) draft Framework on Integrated Reporting as we developed the report content.

In developing the content for our first report, we followed the principles of sustainability context, stakeholder inclusiveness, materiality and completeness. We have reported timely information where clear, reliable, accurate information is available for our new company. Recent changes in operating locations, supply chain composition and capital structure are described throughout the report where relevant.

The content included in this report is intended to reflect a balanced view of our current performance and practices. This report reflects our consideration of issues important to our stakeholders, including customers, employees,

governments, regulators, policy makers and communities where we operate, suppliers, our lenders and bondholders, and our equity investment partners. We considered industry associations, media reports, various sustainability reporting frameworks, including GRI G4, the American Chemistry Council's (ACC) Responsible Care® program, and the Carbon Disclosure Project (CDP) and the Dow Jones Sustainability Index (DJSI) survey questions. Through this process, we developed a list of potentially material issues which we prioritized into a final list of 11 issues. These 11 issues inform the structure and content of this report. Please see our Material Issues on page 70 of this report.

Footnotes clarify data presented where appropriate. Data estimation and calculation methodologies are noted throughout the report, where relevant. Axalta has not yet pursued independent assurance of the report or verification of data, although we may take these steps into consideration as we develop our sustainability program.

For comments or questions about this report, please contact us at sustainabilityinfo@axaltacs.com.

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Fast Facts

145

More than 145 years of experience in the coatings industry

12,000

More than 12,000 people who create, manufacture, distribute and support our products and services

120,000

More than 120,000 customers including 3,900 distributors

130

Doing business in 130 countries

35

35 manufacturing plants around the world

2013 Highlights

These selected highlights illustrate some of Axalta's commercial and R&D accomplishments during the year.

February

- Axalta Coatings Systems becomes an independent company through a purchase by alternative asset management firm, The Carlyle Group
- Introduce new *IntelliMist*™ spray technology system for arid climates

April

- Unveil *Rival*™, single stage polyurethane

May

- Announce a \$50 million commitment to expand waterborne manufacturing capacity in China
- Axalta partners with Optima to help refinish body shops improve online marketing

June

- Worldwide introduction of the new Axalta identity, with bright colors indicative of our coatings and images, to reflect our business and culture

August

- Opening of new \$5 million pilot reactor to support polymer research at Wilmington, DE, Coatings Technology Center
- Axalta's Brazil operations celebrates 50th anniversary



7
Seven Research and Development centers on four continents

1,800
Over 1,800 patents held or pending

42
42 training centers to support our refinish customers around the globe

\$4.3 B
2013 revenues of \$4.3 billion

September

- Announce *Cromax*® as the new name for a leading Axalta global automotive refinish system

October

- Corporate headquarters moves to Philadelphia, PA, and North America headquarters to Glen Mills, PA
- Axalta renews *Distinguished Lectures* series at the University of Pennsylvania – Dr. Robert Langer, David H. Koch Institute Professor at the Massachusetts Institute of Technology, speaks on *Biomaterials and Biotechnology*
- First Annual Axalta Global R&D Innovation Symposium - Dr. Gareth H. McKinley, M.I.T. School of Engineering Professor of Teaching Innovation and Associate Head for Research, delivers the keynote address. Over 100 Axalta researchers from more than ten countries participate in the symposium to discuss research and product development

November

- Axalta publishes *Six Decades of Automotive Color*, a 60-year retrospective of global color popularity trend reporting
- Ford's customized F-350 EcoTrek wins 'Ford's Outstanding Achievement in Design Award' at SEMA with Axalta custom waterborne *Beyond Bronze* paint

December

- Announce next generation *Nap-Gard 7-2555* functional coating for deep and sub-sea oil and gas pipelines that achieves record temperature tolerances up to 155°C (311°F)

2013

Chairman's Letter

To Our Stakeholders,

Welcome to the first annual Axalta Coating Systems Sustainability Report.

As this report goes to press, Axalta has been an independent company for just over a year. Over this first year, our 12,000 employees have been on a journey of change and exciting opportunity. Our transition from being a division of a much larger company to being our own global company with our own unique vision, strategy and approach to global issues has been the central focus of this year.

We embark on this journey as a truly global company, with roots in many corners of the world, from 19th century Germany to Brazil, the United States, and now China – and many places in between. Our leadership team reflects the global diversity of our employees and our customers. We recognize and develop talent everywhere we operate and leverage our knowledge of local markets and cultures across six continents to better understand and meet our customers' needs.

Part of our perspective as a global company is that we consider wherever we operate to be "home." To us, this means we take seriously the full range of our interactions with the local community, environment, economic base and governing agencies in the way we do business.

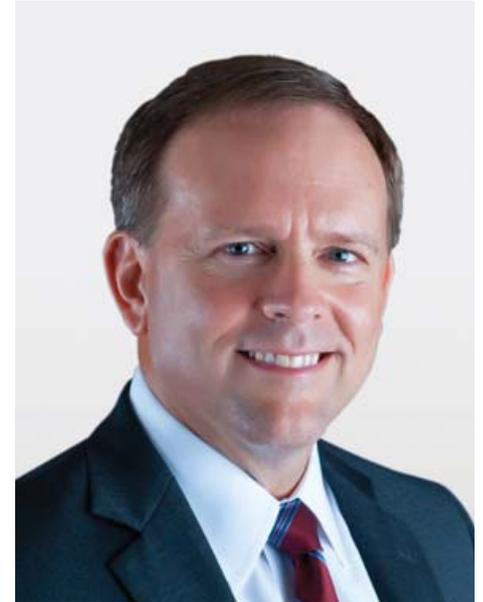
In our many locations around the world, as I interact with leaders, customers and local economic partners, people often ask me how Axalta is going to be a partner in their community's growth, health and prosperity. Of relevance to this report, some areas around the world feel the effects of past economic activity with environmental effects that are harming the health of people in surrounding communities. Axalta's stakeholders are interested in our environmental footprint, our approach to sustainability, and how the presence of our business will

support their community's sustainable development.

To be clear, at Axalta we believe that sustainability must be about productivity and profitability as much as it is about indirect effects on the environment and society. We find that doing the right thing in the right way helps us increase productivity, lower costs, increase worker safety, and helps our customers lessen their consumption of resources and impact on the environment. In this way, increasingly sustainable products and processes help drive our business growth and make us a better partner for our customers.

Coatings play a vital role in the value creation process across many industries. We take chemical and bio-sourced raw materials and consume energy in the process of making our products. Our products then go on to create beauty and provide protection for a multitude of other materials – extending their useful lives, saving the need to repaint or replace them and making them beautiful all at the same time. The industry as a whole is working to improve the effects of our products and services across their full lifecycle. We are constantly looking for new ways to improve our sustainability practices by reducing the consumption of raw materials, energy use, and potentially harmful emissions to air, water or land.

Our waterborne coatings and powder coatings, for example, play a role in improving the lifecycle impacts from our industry. These kinds of products significantly reduce the use of potentially harmful chemicals and dramatically reduce waste and potentially harmful emissions such as volatile organic compounds (VOCs). These products are being increasingly used in a variety of applications all over the world. For some of our customers with an installed base of equipment and production facilities, the transition to these newer products may be on a



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longer time horizon. Axalta remains a trusted business partner for our customers, no matter where they are on the spectrum of new technology adoption.

With some of our application technologies, such as color matching tools and 3-Wet application systems, repair and refinish jobs that used to take a day or more can be done in less than an hour. These technologies help to lessen Axalta's and our customers' environmental footprint and to increase productivity, which increases profitability.

To build our business with these new product lines, we have committed resources to add to our production capabilities in key locations around the world. Recently, we broke ground on a \$50 million expansion of our Jiading facility in China and announced our commitment to expand production in Brazil and Germany. Expanding these facilities with state-of-the-art materials and processes enables us to stay ahead of the curve of government regulation and help our customers do what is right for them. These commitments are all part of a global strategy to be best in class and bring the benefits of our manufacturing technology and products to all our customers all over the world.

In all countries, protecting healthy populations, ensuring clean air and water, and focusing on growth that can be maintained long term are priorities for the government and the economy. Axalta recognizes how essential it is to meet these challenges well. As we go forward, we must balance our investments in various countries, given a complex and changing world, and continue to foster prosperity in the markets where we operate.

We recognize that as we develop and grow, we will continue to face challenges. Our success depends in large part on our dedicated Axalta employees and their ingenuity and energy. We must continue to earn our customers' business by being a great partner, delivering with quality, and continuing to develop as the kind of business any location would like to have as a neighbor.

We are pleased to be taking this first step in establishing our sustainability baseline. As interested readers, your feedback on this report, on our company or on other related issues is very important to us.



Charles Shaver
Chairman and CEO



We Live Coatings

Who We Are

Our Transition

Our liquid and powder coating brands are sold in more than 130 countries, produced in 35 manufacturing centers on six continents and supported by seven research and development centers.

On February 1, 2013, Axalta became an independent company, ushering in a year of transformation and opportunity. The Carlyle Group, one of the world's largest and most successful investment and asset management companies, purchased one of the world's most accomplished coatings companies. Renamed Axalta Coating Systems, the company brought with it all the internal resources, experience, knowledge and customers that it had acquired in over more than 145 years in the coatings industry.

One of Axalta's goals for 2013 was to maintain business continuity and its high standards for quality and environmental and safety performance, while establishing itself as an independent business that will thrive in the dynamic and highly competitive global marketplace for industrial coatings. Axalta's long-term success will depend, in part, on maintaining the loyalty of its employees and customers as the company makes the transition to being an independent business.

While we are a new company in name, we also are a leading global company that rests on a foundation of more than 145 years of providing beautiful paints and protective coatings to a variety of industrial and other customers. We carry with us the tradition of innovation and a strong commitment to our customers that made us successful in the past, and that will enable us to live up to our commitment to grow as a new coatings-focused company in the future.

Our company is dedicated solely to the development, manufacture and sale of liquid and powder coatings. Whereas previously we were part of a much larger organization, now singular focus on providing brilliant coatings sets us apart. Based on our 2012 revenues, Axalta ranked as the 5th largest coatings supplier in the world.*

We serve more than 120,000 customers globally in automotive original equipment manufacturer (OEM) and refinish, commercial transportation, general industrial, and architectural and decorative sectors. Our innovative products and services include paint, color matching tools, application technologies, customer training and business management systems. We are passionate about bringing innovative, superior coating systems to our customers. Our liquid and powder coating brands are sold in more than 130 countries, produced in 35 manufacturing centers on six continents and supported by seven research and development centers.

Today, Axalta is a company built for performance that is dedicated to moving forward hand in hand with our customers, wherever their growth strategies take them.

* Coatings World, July 2013

145 Years of Innovation



1866-1970

- Herberts begins production; Introduces *Spies Hecker*®
- Introduce *Dulux*®, *Lucite*® and *Centari*®
- Develop first mixing machine tinting system
- Introduce electrical insulation products later branded *Voltatex*®



1970-1990

- Exit most architectural coatings business
- *Imron*® introduced
- Acquire Ford's coatings business



1990 - 2000

- Introduce wet-on-wet one pass processing
- Introduce *Cromax*®
- Acquire Herberts from Hoechst
- Acquire *Nason*®
- Introduce valuishade primer technology

Brilliant Beginnings

The suite of Axalta products we sell today derive from our legacy of more than 145 years of experience in the coatings industry. Axalta's roots reach back to the 1860s in Germany with the establishment of Herberts, the original producer of *Standex*® paint products and the founding of *Spies Hecker*® years later. Today the *Spies Hecker* and *Standex* brands bring the best of German engineering and technology to Axalta's portfolio of refinish coatings.

At the beginning of the 20th century, our *Permanent*® color-first offering represented the first breakthrough in enamel technology and we began to manufacture nitrocellulose lacquer which significantly accelerated the speed at which paint could dry. In the 1920s and 1930s, we developed sprayable paints and more durable finishes under brand names such as *Duco*®, *Permaloid*® and *Dulux*® that became leaders in the field.

Innovation and Sustainability

As leaders in their fields, our scientists and engineers have long understood that minimizing resource use, improving efficiency, making coatings more durable, safer and easier to apply are critical determinants of our success. Every advance that addresses these goals makes our customers more efficient, makes the end products last longer and perform better, and reduces our impact on the environment. Long ago, these economic, environmental, safety and societal aspects of our business were not called 'sustainability' – but we recognized their importance and innovated to address them.

The coatings industry plays an integral role in the value chain of many commercial and industrial products. We use a wide variety of raw materials to create paints and protective coatings which our commercial and industrial customers then apply as part of their manufacturing and/or refinishing processes. Taking a broad view of this industry value chain, we recognize there are and have been materials used that can pose issues for safety and the environment when they

We are driven to innovate by our customers. Supporting their businesses day in and day out means listening to what they need and finding solutions that will make their businesses run better.



2000-2010

- Introduce super high solids clear coat
- Introduce high solids 3-Wet system
- Introduce Eco-Concept
- Launch *Cromax Pro*® (3rd generation waterborne technology)
- Introduce *Acquire Plus EFX*



TODAY

- Establish Axalta as an independent company with new identity and values
- *Cromax* becomes global flagship refinish product family
- Announce waterborne capacity expansion in China
- Introduce more products for mainstream market segments
- Restructure our organization to better serve our customers



TOMORROW

- Accelerate our commitment to dynamic growth in all regions and businesses with special focus on emerging economics
- Innovate next generation of sustainable coating systems
- Continually enhance the customer experience

Along with our peers in the industry, we are working to address industry-wide challenges such as managing resource use, developing sustainable and bio-sourced raw materials, reducing energy consumption and waste generation, increasing safety in the coatings application process and streamlining packaging and logistics.

are not handled and disposed of properly. Certain production processes in which coatings products are used are safer and easier for workers than others. As a responsible corporate citizen, we aim to continue our tradition of innovation to improve safety and reduce the environmental impact of our industry across the value chain and wherever we operate.

Our industry recognizes that we should operate in such a way that we protect the ability of future generations to meet their needs. We recognize this goal requires hard work and will take a significant amount of time to achieve. Along with our peers in the industry, we are working to address industry-wide challenges such as managing resource use, developing sustainable and bio-sourced raw materials, reducing energy consumption and waste generation, increasing safety in the coatings application process and streamlining packaging and logistics. With these sustainability challenges in mind, we strive to anticipate needed developments that make our customers more productive and efficient.

In keeping with our long history of innovation, Axalta's brands continue to lead the coatings industry with new products. We introduced the first waterborne coatings for OEMs in North America and have followed with ever more productive consolidated systems that help increase productivity and reduce energy use in manufacture. By developing effective waterborne coatings and application processes, we play an important role in helping the coatings industry and our global customers shift to a more sustainable production lifecycle. These formulation and application changes benefit our customers and their workers, as well as neighboring communities and our own Axalta workforce and corporate performance.

Our accomplishments over the past two centuries have laid the foundation for our future growth as an entrepreneurial global business.

Our Customers



Automotive OEM and Refinish Coatings

Axalta supplies coating systems to leading automobile manufacturers and collision and body shop customers. Traditional, high solid and waterborne liquid coatings and consolidated systems are found on OEM production lines from the initial application of electrodeposition coatings to primers, base and clear coats. Refinish customers, who own and operate body shops that repair cars, can choose from traditional, low-VOC and waterborne coatings and have access to color tools and other support to help their businesses run better. Axalta liquid and powder coatings are also used on a number of automotive components, such as wheels, exhaust systems, plastic parts and on automotive fuel and brake lines, where we are the market leader in liquid coatings.



Commercial Transportation

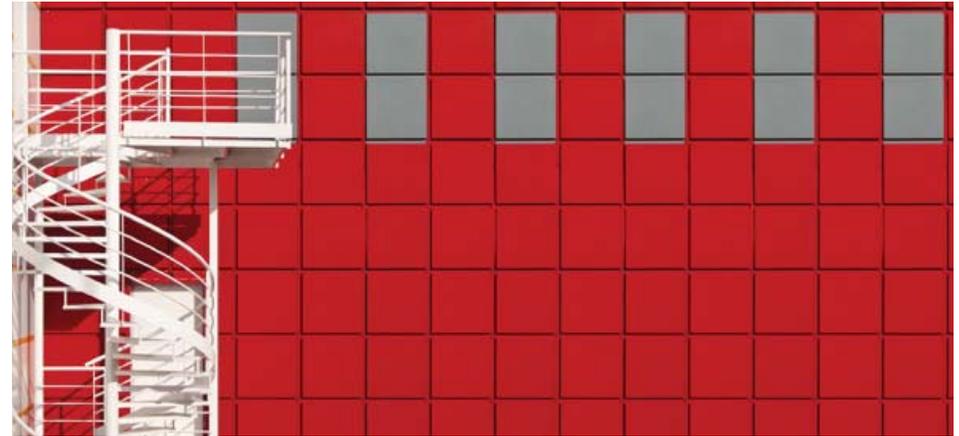
This diverse and important business covers a broad spectrum of vehicles. Our customers include heavy-duty truck, trailer, body builder, bus, truck lift, recreational vehicle and built-on crane manufacturers. Our coatings are also used for many different types of rail cars, such as locomotives, high performance cars that carry liquids and dry bulk material which must be insulated from substrate materials, passenger carriages, high speed trains, tramways and mass transit cars. We continue to add commercial resources where growth in heavy-duty truck, bus and rail represent a significant opportunity, especially as more of these customers shift to waterborne products.

We are a market leader in OEM, heavy-duty truck and powder businesses globally. We continue to strengthen our systems across our businesses to bring our industry-tailored solutions to growing economies in every area of the world. To that end, we continue to evolve our organization to focus on global growth.



General Industrial

Axalta's General Industrial coatings business serves three key market groups of customers, often delivering unseen benefits. Our wire enamels, core sheet varnishes and impregnating resins insulate and enable heat transfer in motors, generators and transformers, enabling them to run more efficiently and safely. Our electrodeposition coatings and color coatings are applied to a range of agricultural, construction and engineering equipment that require protection against weather-related wear and corrosion. We also supply specialty coatings which are used in the ski and snowboard industry, interior drum coatings and high temperature applications. Functional powder coatings serve manufacturers of rebar as well as oil and gas pipelines, protecting against degradation from road salt and the high temperatures found in deep sea oil and gas wells, respectively. Our thermoplastic powder coatings are used in a wide variety of applications, including pipe coatings, can coatings, fencing and cosmetics.



Architectural and Decorative

This business uses both Axalta powder and liquid coatings. Exterior building cladding relies on our coatings to prevent corrosion and to provide colors that contribute to the architectural intent. Our coatings protect and add luster to a wide variety of goods, from household appliances and office and lawn furniture to computer and gaming equipment. In Mexico, we manufacture liquid paint for residential customers.

Our Products

Axalta's liquid and powder coatings are used in over 130 countries around the world. We manufacture and sell many products and are proud to display some of our flagship brands.



Automotive OEM and Refinish

Our leading electrodeposition or E-Coat products, including *ElectroShield-21*, *ElectroShield-27*, *CorMax VI*® and *Aqua*® EC 3000, prevent corrosion and provide the ideal foundation for our base and clearcoat finishes.* Traditional solventborne coatings and latest generation waterborne coatings used with Axalta's *3-Wet* (wet-on-wet) and *Eco-Concept* consolidated processes improve productivity on the production line, reduce energy use and save money by requiring less investment in plant and equipment in the paint shop. Our flagship global refinish paint brands, *Standox*, *Spies Hecker* and *Cromax*, along with regional local brands such as *Duxone*®, *Nason*®, *Challenger*® and *Vica*® offer refinish experts a choice to suit their business.



ElectroShield-21 ElectroShield-27 CorMax VI® Aqua® EC 3000 Voltatex®



Commercial Transportation

Axalta's coatings are used on virtually anything that moves. Heavy duty trucks, commercial fleets, locomotives, rail cars and subways, buses, recreational vehicles and more rely on our brands that include the *Imron* family of products, *Rival*®, *Excel*® Pro and *PercoTop*® liquid coatings.



PercoTop Rival Excel Pro

* In April 2014 Axalta re-branded its line of electrodeposition coating products. *Aqua EC*™ became the new name for the company's E-Coat products subsuming under one name the products previously known as *ElectroShield-21*, *ElectroShield-27*, *CorMax VI* and *Aqua EC 3000*.



General Industrial

A number of Axalta products serve our industrial customers. The *Voltatex* family of electrical insulation products enables electrical components, from miniaturized electronic components to heavy-round and rectangular conductors for large motors, generators or transformers, run more efficiently and safely. *Nap-Gard* powder coatings insulate and protect oil and gas pipelines. *Stollaquid*®, *Chemophan*® and *Syntophal* are some of our many other specialty coatings. Our E-Coat products prevent corrosion from exposure to water on products such as agricultural and construction equipment, automotive components and appliances.



Architectural and Decorative

Axalta's powder coatings such as *Alesta*, *Flamulit*®, *Abcite*® and *Teodur*® and liquid *Imron* protect and add beauty to everything from building cladding and outdoor sculptures to household appliances. Our *Supernovi*® and *Rensil*® lines of residential liquid paints are used by home owners in Mexico.

Stollaquid Chemophan Syntophal

Nap-Gard®
FBE Powder Coatings



Rensil Abcite Supernovi Flamulit **TEODUR**®
Powder Coatings **ALESTA**®
Powder Coatings



A Coatings Primer

Every industry has its shop talk and the coatings industry is no different. Here are some brief definitions of the types of coating formulations used in our report. Axalta manufactures both liquid and powder coatings which are used almost exclusively in industrial settings.

Electrodeposition Coatings, often abbreviated “E-Coat,” are applied to metal surfaces, such as a car chassis or other metal component part, with the help of electric current. A cathode carrying one charge is attached to the metal which is then immersed in a paint bath carrying the opposite charge. The paint adheres to the exposed metal surface. Typically, E-Coat is used as the first corrosion protection layer, such as on a car’s chassis, or as the sole coat of paint on industrial components or tools.

Powder Coatings are sprayed on dry and, like E-Coat, can be applied through an electric attraction. Heat is typically applied to cure the powder coated layer over the surface. Powder coatings provide a smooth surface that is uniform, durable and suited to a wide variety of applications and colors.

Liquid Coatings suspend the finely ground pigments that give paint its color and other visual appearances in a fluid that will adhere to a surface forming a coating layer when sprayed on. The fluids can contain different levels of organic compounds including polymers and volatile organic compounds that evaporate when the coatings dry or cure. Fewer VOCs are released with high-solid solventborne coatings which use more pigments and other solid binder materials and less fluid. Low-VOC paints with fewer VOCs are developed in response to both regulatory and customer requirements. Water-based coatings can have zero or only a residual level of VOCs. Depending on their formulation and curing mechanism, liquid coatings dry or cure at varying rates with or without the need for heat to accelerate curing time.

Governance and Leadership

Creating a new governance and management structure was the first vital step taken to establish the foundation Axalta would need to operate as an independent company. Charles W. Shaver was appointed Chairman and Chief Executive Officer, bringing to Axalta extensive experience in similar roles at other industrial companies. Axalta established a Board of Directors and took steps to strengthen the executive management team by inviting new talent that would bring to the company diverse capabilities and experience from adjacent industry sectors.

Our Board of Directors

Our Board of Directors includes our CEO as Chairman, five directors from The Carlyle Group and two independent directors with extensive experience in automotive industry strategy and operations. As experienced investors and one of the few private equity firms that specializes in the industrial and transportation sectors, The Carlyle Group members of the Board provide access to a global network of resources that will help Axalta grow and create value, particularly in rapidly emerging markets such as China and Brazil. Our Board of Directors currently has an Audit Committee, a Compensation Committee and an Executive Committee to provide guidance to ensure our programs and controls are effective. As our company grows, our Board of Directors will continue to evolve. More information about our Board of Directors can be found on our website axaltacoatingsystems.com.

Our Executive Leadership Team

In 2013, Axalta established an organizational structure that would enable the company to become a coatings-specific, dynamic global business, building on our successful track record as a division of a larger global corporation. The new structure is designed to provide the right amount of global emphasis and consistency to support the growth of our global brand, products and services across very different regional markets around the world. Getting this balance right and implementing the right new systems will take time. We are proud of the significant, rapid progress we have made in our first year.

New executive management joined the company over the course of 2013 to run a number of global functions and enable our entire organization to sustain dynamic growth. Our top leadership around the world reflects our company's roots in different countries. Twenty one countries are represented among the 130 members of our Extended Global Leadership Team, and 24 of these leaders are women.

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Axalta's account management is now organized to better reflect our customers' structure. In a similar manner, we consolidated the management of our global industrial team structure to better serve our industrial customers in our key businesses: commercial transportation, general industrial, and architectural.

Organized for Our Customers

We restructured our global management to better support customers in two core businesses. We created a single global account management team to serve our global OEM customers. Our large multinational OEM customers operate on a global footing and Axalta's OEM organization is now better aligned with many of our customers' global orientation. In a similar manner, we consolidated the management of our global industrial coatings team to better serve commercial transportation, general industrial, and architectural and decorative customers. With all these changes in place at the end of the year, Axalta entered 2014 poised to extend the reach of all our brands to customers in new geographies, and help us better leverage our capabilities around the world, while at the same time improving our accountability.

Building on a New Foundation

As we move forward, we plan to improve our programs to build on the foundations set in 2013. We plan to establish a Sustainability Working Group to coordinate and lead cross functional sustainability efforts across our businesses and our regions. Our new executive management aims to ensure that we address sustainability-related issues systematically, as part of our strategy. The governance and oversight over these efforts and their intersection with corporate strategy will be developed over the coming months and will be described in more detail in our next report.

As we develop into a globally managed business, we plan to further improve on our data collection systems, including risk management systems, to ensure we have leading and lagging performance metrics and risk management information available to make operating decisions on the basis of high quality information.

The fundamentals are now in place and we are excited to be in a more competitive position around the world. In future reports we plan to be able to provide additional information on our performance beyond what is currently available and that build on our initial progress as we continue to establish Axalta.



Integrity and Ethics

Doing business ethically and with integrity is essential to who we are, to our performance and to our ability to expand our business in new directions. We believe transparency and accountability are essential to maintaining a culture of integrity. We recognize that ethical behavior is essential to our license to operate and to our relationship with governing agencies in all the places where we do business. It is important to Axalta to be regarded as a good corporate citizen.

We adapted our legacy approach to ethics to create a new Axalta ethics program specific to our business and the regulatory environment for coatings products worldwide. We introduced a company-wide Code of Business Conduct in 2014. These standards will cover anti-bribery, anti-corruption, workplace behavior and available reporting mechanisms, such as a hotline, for discussing employee questions, concerns

and issues. We have compliance officers in each regional headquarters office. In 2014, we will implement a global compliance management system, including appropriate employee training and an annual verification system.

Axalta employees are expected and required to abide by applicable laws and regulations where they do business and to uphold Axalta's standards. Until our new global compliance management system is ready in 2014, our employees across the world will continue to be trained annually on our ethical standards and are encouraged to bring up and discuss any behavior for which they may have questions. In addition, eligible employees participate in a training program to ensure they understand both the letter and spirit of the U.S. Foreign Corrupt Practices Act and related topics.

We recognize that ethical behavior is essential to our license to operate and to our relationship with governing agencies in all the places where we do business.

Values

To achieve success, a company depends on the creativity and commitment of everyone in the organization - their passion for the business and for the customer will forge success. To deliver the best performance and reflect the spirit of our new company identity, Axalta embraced new values that reflect who we are and which will drive our customer-focused, entrepreneurial company. Our values govern how we behave and make decisions.

- **We put our customers first.** The success of our business depends on our ability to serve them. It is our obligation to listen to what our customers say and to provide the products and services that will deliver not only what they ask for but whatever we can offer in addition that will be of assistance to them.
- **We take ownership in everything we do.** Taking ownership means being proud of the products and services we offer, and listening to and learning from others.

- **We are driven to perform better each day.** The marketplace is always moving and to stand still results in being left behind. To keep pace with change, we must develop new, improved products and continually offer ideas to our customers that will reward them for allowing us to serve them.
- **We innovate with purpose.** From the laboratory bench to product development and testing, we create coating systems that will serve our customers better every day. Beyond the lab, we strive to develop new services and ways to provide support that will help our customers thrive.
- **We succeed as a united global team.** The strength of our company lies in our people. If we work together, there's no problem that we cannot solve. Our ability to succeed depends on each of us helping each other, sharing solutions and new ideas across the corridor or across the ocean. Our customers everywhere will reap the benefits. Our colleagues will deserve the pride they feel.

Our values are a commitment to our customers and ourselves. A new annual employee performance appraisal system that will be introduced in 2014 will use our values as the fundamental metric for evaluating everyone's performance. Our values are the lens we use to recognize special performance with a newly implemented Senior Leadership Award program.



We put our
customers first.

We take
ownership
in everything
we do.

We are
driven to perform
better each day.

We **innovate**
with purpose.

We succeed
as a **united**
global team.



Axalta employees in Mexico celebrate the launch of the new identity

Our Identity



With a new internal organization structure in place and new values, we wanted to create a new identity to reflect who we are as a more nimble, entrepreneurial company. We want to convey our identity not only in the way we look, but also in the way we behave – a new set of guideposts that would show the world who we are, what we do and what we stand for. We believe that success demands high performance and that measure comes from a singular focus on what matters to our customers. We chose a name that would earn recognition among our customers and pride among our employees. We chose a logo that would stand for our constant pursuit of performance and our passion for coatings and color. We are in the business of color and fittingly our logo appears in 12 different colors. We also launched a new website to enable customers, suppliers, employees and others to learn about the new Axalta.

Most importantly, in parallel with the introduction of our new identity, we invested in making sure our customers know they could expect the same products, services, quality and people in the years to come. We embraced new company values that would put our customers first.

Four Phrases Capture Our New identity

- **BUILT FOR PERFORMANCE**
- **SIMPLY BRILLIANT**
- **WE LIVE COATINGS**
- **FASTER. TOUGHER. BRIGHTER.**

Our new name, logo, values and other less visible symbols of change, each conceived and implemented in record time, all work together to communicate Axalta's unique value proposition.

New global marketing approach

The clear and consistent communication of who we are is all part of a new global marketing framework that relies on our brand endorsement strategy. Over time, our new name and logo will be featured on our products as old inventory is drawn down. Unique internal branding was created for our facilities around the world to tell our story to our visitors and employees. The new Axalta product labeling was designed with recently implemented Global Harmonization System (GHS) standards in mind, and we now have a globally consistent labeling scheme to communicate important contents, usage and safety information to our customers worldwide.* The display of the Axalta name alongside our product brand names on packaging and marketing materials will build added brand equity in both our new company identity and our long-standing brands, reinforcing our customers' confidence in the global consistency of our products at the same time.

* New product labeling will replace existing inventory over the course of 2014 and 2015.

Performance

Pursuing excellence in operating performance is central to our history – and our future. For us, operating performance means not only the economic dimension of our sustainability performance, but also the ways in which we strive to operate efficiently from the purchase of the best raw materials that enter our manufacturing centers to the experience we provide to our customers. Operating performance also considers the way in which we approach growth opportunities in emerging

markets - where there is a special need to achieve commercial goals with sustainable systems - and with the development of new product lines. Our approach to operating performance includes innovation and continuous improvement in the way we manage our use of resources and energy, our impact on the environment and the safety of employees at Axalta and at our customers' sites on both an everyday basis and in the event that a problem arises.

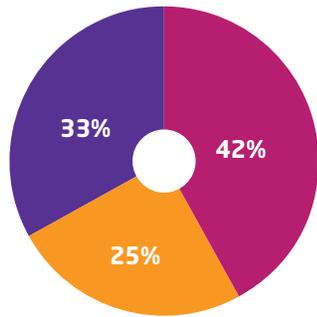
Financial Performance

Axalta is building on a track record of strong economic performance. We report selected financial information by business and geographic region. Our four geographic regions are North America (excluding Mexico), Latin America (including Mexico), Europe, Middle East and Africa (EMEA), and Asia-Pacific. The industrial business serves commercial transportation, general industrial and architectural and decorative customers.

The table below provides, as of December 31, 2013, total liquidity, assets and the value of net plant, property and equipment. Liquidity is defined as the total amount of cash and cash equivalents on hand as well as the available borrowings under revolving credit facilities.

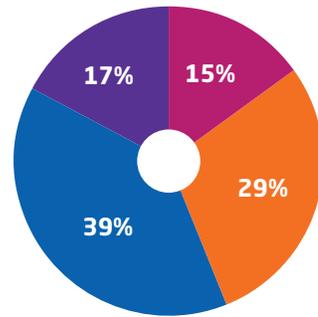
\$ in millions	2013
Liquidity metrics as of December 31, 2013	
Total Liquidity	\$860
Assets	\$6,728
PP&E, net	\$1,623
R&D Expense (including technology in 2013)	\$165

2013 Revenue by Business



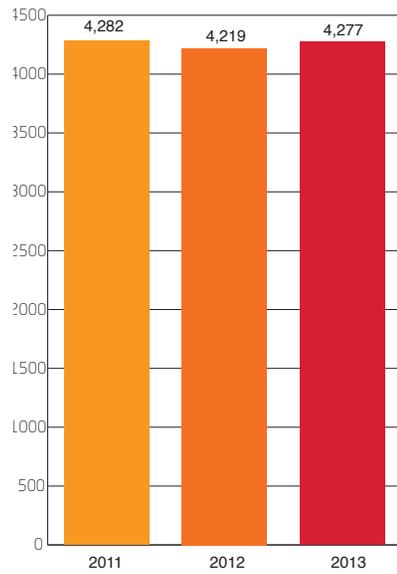
- Refinish
- OEM
- Industrial Coatings

2013 Revenue by Region

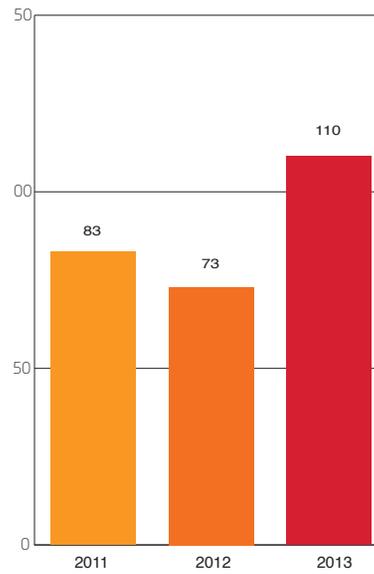


- North America
- EMEA
- Latin America
- Asia Pacific

Revenue
(\$ in millions)



Capital Expenditure
(\$ in millions)





Over the last five years, we have significantly improved our manufacturing process times, reducing cycle time per batch of paint produced by approximately 30 percent.

Wuppertal, Germany Operations Center

Production Efficiency

At our 35 manufacturing facilities in 21 countries around the world, we continue to implement lean manufacturing processes focused on increasing our productivity and improving our use of resources.

Operating performance covers the full end-to-end value creation process of our business, from the materials we use to the coating products we produce, to the customer support we provide after a sale. We convert raw materials from a variety of sources – petroleum-derived products, other extracted resources and renewable agricultural products – and transform them into brilliant, attractive and protective coatings for a wide range of products produced across the globe. In every aspect of our business, consistency and integrity are essential.

We manage our manufacturing facilities according to internationally recognized standards for quality, compliance, safety and environmental management systems (EMS). Each of our manufacturing facilities is certified to the International Organization for Standardization (ISO) 14001 standard for EMS. Because our core operating principles, programs and skilled workforce have remained in place during our transition, customers know they can rely on Axalta quality and integrity.

Lean manufacturing principles developed over decades of experience have driven our ability to manage costs and improve product quality. At our 35 manufacturing facilities in 21 countries around the world, we continue to implement lean manufacturing processes focused on increasing our productivity and improving the use of resources. The success of these programs enables us to reduce our costs and production cycle time. Over the last five years, we have improved our manufacturing process times significantly, reducing cycle time per batch of paint produced by approximately 30 percent. As we improve yields and throughput at our plants, we can put these savings back into the business to the benefit of our customers.

We are in the process of developing a corporate level dashboard of metrics to help us define and track measures of our performance across various dimensions of sustainability.

Emerging Markets

A central element of our growth strategy is to leverage Axalta's know-how – the quality of our global manufacturing capability, product portfolio and support services, and sales teams – to further penetrate the fastest growing emerging markets. These fast-growing economies face challenges balancing growth with environmental and social implications that come with rapid industrial expansion. Axalta's ability to contribute to sustainability efforts, bring best practices, increase safety and manage environmental impacts makes us an attractive partner for growth in these markets.

Given the strength of our lower impact products, from consolidated processes in OEM plants and their use of waterborne coatings and low-VOC and waterborne refinish products to zero-waste powder coatings, Axalta has an advantage in markets where sustainability matters. We expect sales in emerging markets to represent an important opportunity for our growth.

We announced our commitment to invest in China less than four months after becoming an independent company, attesting to our pledge to be nimble and move quickly to respond to the needs of customers. Axalta's operations center in Guarulhos, Brazil, provides coatings throughout South America to OEM, refinish and heavy-duty truck, bus, and oil and gas customers. In India, Axalta customers include refinish body shops and bus manufacturers that rely on our products, the majority of which are manufactured locally in Savli, Gujarat. In Russia, we serve OEM, refinish, heavy duty truck and electrical component manufacturers.

In emerging markets the social and expanded political, economic and regulatory contexts continually evolve to increase standards for corporations doing business. More attention on environmental impacts is raising the bar for companies doing business and expanding their operations. Our increase in manufacturing capacity in China will be dedicated solely to the production of waterborne coatings in line with the direction of the Chinese government to reduce the environmental footprint of the automobile industry.

We work to ensure we enter communities as a responsible citizen and that we help to maintain or improve the environment and social circumstances where we operate. The complexity of managing regulatory compliance in all 130 countries in which we do business, whose regulations in multiple jurisdictions are constantly evolving, is enormous.

A dedicated global team of professionals who oversee our product stewardship process, as well as environmental, health and safety systems in our facilities, monitor changing regulations wherever we do business to ensure we are thinking ahead about challenges and remain in compliance with our obligations and commitments. This regulatory compliance system is especially important for our expansion into developing markets as we strive to be ahead of trends in terms of performance and impacts and adhere to, if not exceed, all applicable regulatory standards.



BRILLIANT APPLICATION:

China Expansion

In May of 2013, Axalta announced its first capital investment: a \$50 million commitment to expand capacity to manufacture water-based coatings in China. The decision to invest was made within the first four months of operating as an independent company and reflected our assessment of the needs of our customers in China. The automobile industry in China is growing at a rapid pace with additional expansion occurring in the western and central regions of the country. The capacity of our existing manufacturing facilities in Changchun, Jilin Province, and Jiading on the outskirts of Shanghai would have been unable to meet increasing demand without the capacity expansion.

The sustainability of new businesses is a priority for many growing economies, including China, and this posed both a challenge and an opportunity for our expansion. Over the past two years, the Chinese government has issued a series of regulations to decrease the environmental

burden of the auto industry, including the requirement for all new automotive manufacturer production lines to use waterborne coating products because they have a smaller environmental footprint. This foresight for the future will have a tremendous impact on the sustainable development of China's auto industry.

First, plans were developed to locate our new facility adjacent to our existing operations center in Jiading. This would place our production and product within easy reach of our customers' newest locations. Second, we decided to commit resources to build a next generation manufacturing facility that will be designed to maximize production efficiencies to reduce the environmental footprint from operations.

Finally, in line with the direction provided by government environmental guidelines, we committed the new facility entirely to the production of waterborne coatings. Axalta's production process utilizes a

waterborne technology system that OEMs can use to significantly reduce VOCs, energy consumption and investment in plant and equipment. The increased productivity results in a better bottom line for customers while still producing an unparalleled finish on vehicles.

In addition, the waterborne products that will be made at the new facility will have less impact on the environment and will be designed to meet global environmental requirements, such as the EU's VOC Regulation 2004/42/EC, to which Axalta adheres in China. Production at the new facility is expected to begin in the first quarter of 2015.



Environment, Health and Safety

Axalta recognizes that as participants in the global economy we must be stewards of the environment in which we operate. Making coatings involves the use of energy, raw materials and water and results in emissions and wastes of various kinds. In addition, we recognize that industrial processes can pose safety risks to employees and others when not carefully managed. We have programs in place designed to safeguard the health and safety of our people, products and manufacturing processes, as well as the communities where we live. Our commitment to sustainability provides a guidepost for our behavior and a lens to measure our performance.

Our Approach

Complementing the product stewardship programs in place across our company, we operate all our facilities in keeping with our Environment, Health, Safety and Security (EHS&S) policy and the use of a common set of internal standards applied to all of our plants worldwide. We are committed to continuous improvement in occupational safety and health performance and to reduce the environmental impacts of our products and operations. Axalta endeavors to protect the environment by minimizing our footprint due to operations and products through the promotion of pollution prevention, waste reduction and conservation of energy resources.

We are making changes to our EHS&S Program – using a risk-based approach specific to our independent coatings business – that will help advance our performance and build capability across all levels of the organization. Our “life-saving rules” for

our operating facilities will be central to our efforts. Raising awareness for operational teams and EHS&S professionals equally will best support our objectives. Specific topics – such as understanding mindsets and behaviors with respect to our performance, developing and delivering training to enhance operational discipline skills, leveraging best practices to continue improving hand safety, optimizing our driving safety effort, and applying risk criteria for effective evaluation of our hazards and risks – are the highest priority for driving improvements in our performance and enhancing our safety culture in the upcoming year.

As followers of American Chemistry Council’s (ACC) Responsible Care® program, we manage our business in accordance with industry leading practices and regularly report information on our environmental impacts. Environmental legislation and regulatory requirements set the standard for our environmental stewardship program.

Our EHS&S policy provides the framework under which Axalta develops, manufactures, markets and distributes products and processes globally in a manner that protects our employees, customers, the environment and our communities. The policy is implemented through Axalta’s EHS&S Management System, our global system designed to ensure compliance with applicable laws and regulations, management of potential environmental risks and continuous improvement.

We have programs in place to safeguard the health and safety of our people, products and manufacturing processes, as well as the communities where we live. Our commitment to sustainability provides a guidepost for our behavior and a lens to measure our performance.



Key aspects of Axalta's EHS&S Management System include:

- Maintaining executive leadership commitment to and support for the most effective use of resources
- Establishing consistency in our EHS&S policy through the use of internal global standards, while sharing successful systems and best practices worldwide
- Ensuring continuity of EHS&S strategy execution across all facilities and regions
- Maintaining accountability for performance across all levels of the organization
- Identifying improvement initiatives to advance performance

Through our management system, our facilities maintain consistent focus on and execution of strategies and objectives. We encourage a culture throughout all levels of the organization to continually identify and reduce risks through a commitment to operational discipline. In accordance with the EHS&S policy, our products are designed and developed to be manufactured, transported, stored, used and disposed of safely.

All manufacturing facilities evaluate the potential interaction of their processes with the environment. This means they must identify all environmental aspects of their activities, products and services within the defined scope of the system that they can control and influence. Their assessments must take into account planned or new developments, new or modified activities, products and services and determine those aspects that have or can have a significant impact on the environment.

From this evaluation, facilities develop systems to measure, monitor, and control potential impacts. Through our program, we continuously improve how we use, safely handle, supply, manage, and transform quality raw materials into superior coatings for our customers.

Our company culture abides by principles that encourage employees to identify safety hazards, reduce incidents and manage safety processes. We have pledged to improve our operations in environmental, health and safety, and security fields. Our management system enables us to track environmental, health and safety, and trade regulations that impact operations, and allows us to meet regulations including the European Union's Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH) legislation. We routinely audit our facilities against company standards and external regulations to identify issues and actively promote compliance.

Moving forward, we will focus on analyzing the baseline set of sustainability data, gathered for the first time for this report. Through the process of developing this report, we have recognized various data collection and performance improvement opportunities that will continue to enhance our overall approach to company sustainability programs. Publishing this report represents an exciting milestone for us as an independent company – it is an opportunity to take stock of where we are and take the future into our own hands. We look forward to reporting on our continued progress next year.

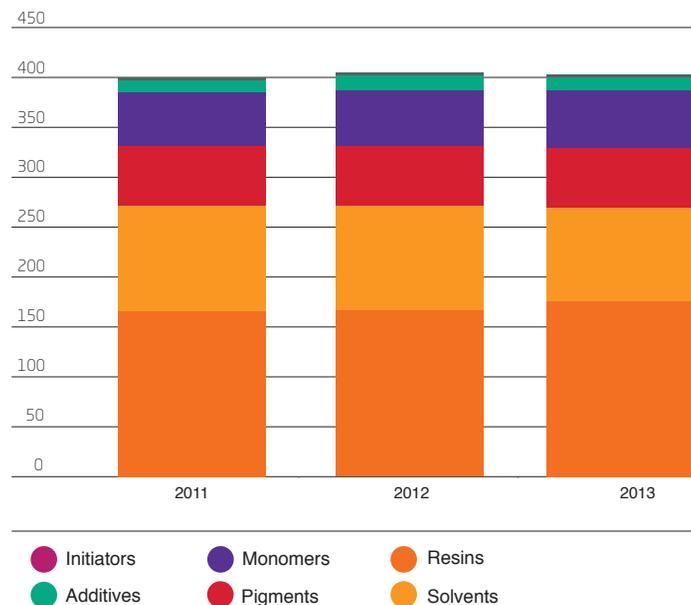
Environment

Materials

As the world's fifth largest coatings company, we use a significant amount of raw materials in the production of our products. Many of the raw materials we use are derived from the refining processes of crude oil and natural gas, in addition to minerals and other bio-sourced natural products used in resins and pigments.

We are investing in innovative technologies similar to those used in our water-based coatings and products derived from natural materials. Our raw materials use has remained relatively constant over the last three years. Total materials purchased in 2013 were equivalent to 402,000 metric tons.

Raw Material use (Metric Tons)



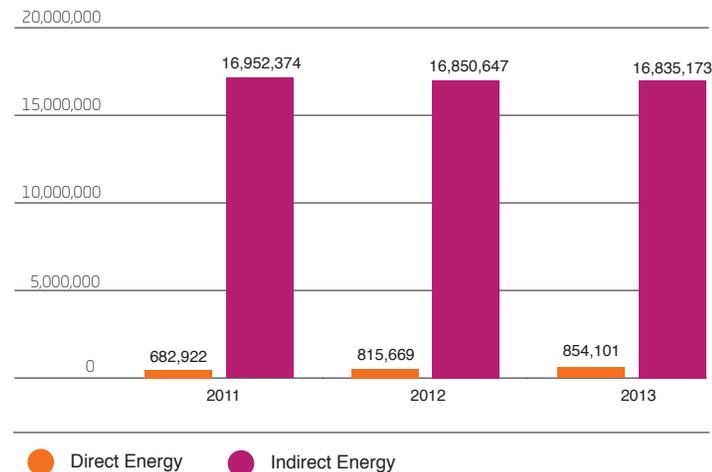
* Coatings World, July 2013 based on 2012 revenues.

Energy Use

Axalta manages energy use across its worldwide operations and aims to drive down the amount of energy it takes to manufacture and use its products. We measure the consumption of both direct and indirect energy across our operating facilities.

Direct energy consumption is the amount of primary energy combusted on-site by Axalta. Fuel types used in our on-location generation may include coal, natural gas, propane, biofuels, ethanol hydrogen and fuel distilled from crude oil. Axalta consumed approximately 854,000 gigajoules of direct energy in 2013.

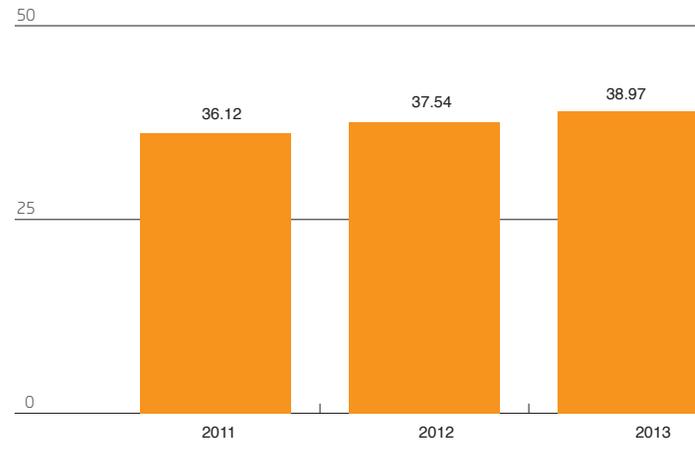
Direct & Indirect Energy (Gigajoules)



Indirect energy refers to the energy consumed by Axalta that is generated by, and purchased from, external suppliers. Axalta consumes indirect energy through its use of electricity, heat, steam, and electricity generated from alternative sources, such as solar and wind. Axalta consumed 16.8 million gigajoules of indirect energy in 2013.

Over the last three years, our absolute energy consumption has remained relatively stable. Using focused and effective energy management practices, we continue to seek ways to improve energy efficiency across our worldwide operations. We plan to replace outdated equipment with energy efficient alternatives and have implemented energy efficiency requirements as part of our design process for all new construction projects.

Energy Intensity (Gj/Metric Ton)



Our manufacturing energy intensity, which is measured in gigajoules per ton of product, has increased by seven percent in the last three years. While we have collected energy use data in previous years, this is the first time we are able to calculate and analyze Axalta's standalone energy intensity by production volume. We recognize this is an area we will aim to improve in the future.

At our manufacturing locations, there are local efforts to incorporate renewable energy sources. For example, we installed a solar panel system to provide all the power needs for the cafeteria on the campus of our manufacturing facility in Tlalnepantla, Mexico. Each year, the solar panel system produces more than 7,500 kilowatt hours of energy and reduces our emissions at the facility by 5 tons of carbon dioxide-equivalent.

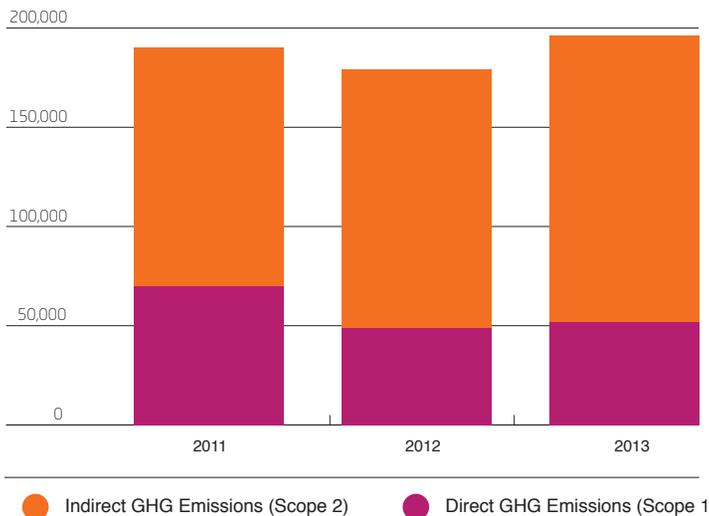


Air Emissions

As part of our effort to increase energy efficiency, we track the impact of our energy usage on our company's greenhouse gas (GHG) emissions also referred to as Scope 1 emissions. In 2013, our direct GHG emissions were approximately 53,000 metric tons of carbon dioxide-equivalents (CO₂e), which is 13 percent less than our 2011 direct GHG emissions. In 2012, our direct and indirect GHG emissions were the lowest they have been in the past three years, due to reduced electricity usage for heating and replacing inefficient heating equipment with more efficient systems. Axalta's indirect (Scope 2) GHG emissions in 2013 were approximately 143,000 metric tons of carbon dioxide-equivalents.

In addition to our own emissions, we also provide products and processes such as our Consolidated Systems and *High-Solids Imron* coatings that reduce direct GHG impacts for our customers. See our highlight on *Consolidated Systems* on page 46.

Direct and Indirect GHG Emissions (Metric tons of CO₂e)

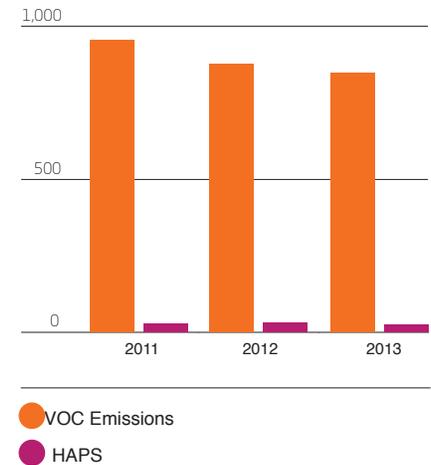


In addition to GHGs, we monitor and manage other emissions to the air from our processes and products – primarily VOCs, HAPs, NO_x and SO₂ explained below.

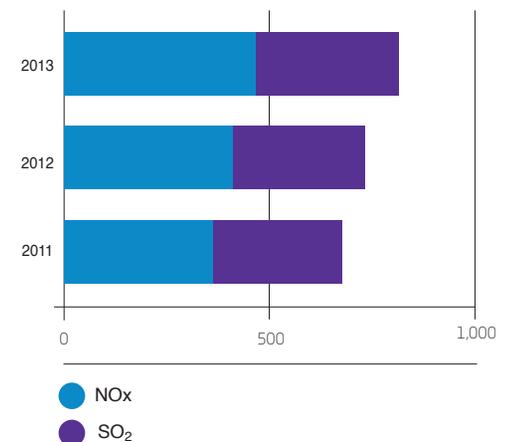
We have installed monitoring systems at several manufacturing locations that track emission of VOCs, which can have a range of potential health effects from overexposure. Real time feedback from the monitoring systems enables individual locations to develop practices for controlling and improving their emissions. In 2013, our emissions from operations of VOCs and hazardous air pollutants (HAPs) decreased by 15 percent and 9 percent, respectively, from 2011. The reduction is primarily due to improved site practices, system efficiency improvements and product reformulation. Axalta has also made improvements in our operations by providing closed-loading applications in areas of manufacturing. In addition, our products are engineered to reduce the number and levels of VOCs emitted in their production and application.

Sulfur dioxide and nitrogen oxides emissions have both been increasing since 2011 and have increased by 13 percent and 8 percent, respectively, from 2012. Through Axalta's commitment to replace systems with higher energy efficiency and a focused maintenance program, we will work toward reducing these emissions in the coming years.

VOC Emissions & HAPS



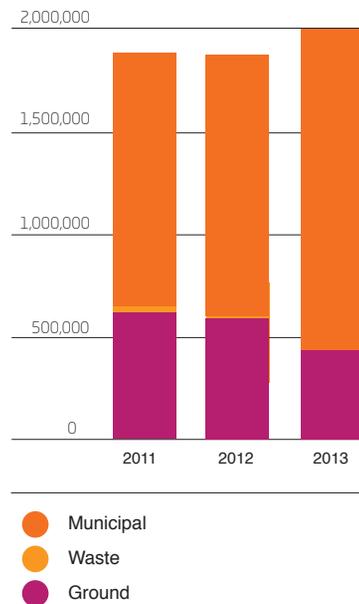
NO_x & SO₂



In 2013, our emissions from operations of VOCs and hazardous air pollutants (HAPs), decreased by 15 percent and 9 percent, respectively, from 2011.

Water

Water Withdrawal by source
(cubic meters)



Water quality and availability are of increasing importance to our operations and to the communities in which we operate. As we expand our operations, we are conscious of the need to carefully manage water resources in our operations and the impact of our business on local water quality. Even though we are manufacturing more water-based products, our absolute water use over the last three years has decreased as a result of our commitment to conserve, reuse and recycle water at all our locations. This is the first year in which we have collected and assessed water data from our manufacturing sites on an Axalta-only basis. We recognize the need to refine our data collection methodologies and collect high quality water discharge data from all our locations. In 2013, Axalta manufacturing facilities withdrew slightly less than 2.0 million cubic meters of water. In future reports, we aim to discuss trends in this data and how we are working to reduce our impacts.

Our products and processes are designed to reduce effluents and waste during their manufacturing, use and disposal. We have invested in on-site wastewater treatment plants in facilities in Brazil, China and Germany, with a fourth plant in the U.S. coming on-line later in 2014. These facilities treat their own effluents inside the plant where they were created, rather than ship them to a contractor, resulting in a range of environmental and operation improvements. The wastewater treatment facilities enable us to flow this treated water back into our manufacturing operations rather than withdraw municipal drinking water for operational use. This process results in less discharge to the municipal sewers and reduces our regulatory requirements, while improving our production costs. We are working to standardize data collection and analysis on our total water discharges across the company to improve management of water quality and to support future reporting.

BRILLIANT APPLICATION:

Employee Commitment to Greenhouse Gas Reduction

In January 2009, Axalta's predecessor in Germany implemented a company car policy to reduce CO₂ emissions which we have continued. The program aimed to reach by 2015 an average of 130 grams of CO₂ emissions per kilometer traveled for all company fleet cars by 2015 used by management, sales representatives and others. We hoped the program also would spur employees to use leading fuel efficient technologies and alternatives to fossil fuel wherever possible off the job as well.

To encourage employees to order low-emission cars, we combined the policy

in Austria and Germany with a special incentive program in which drivers of very eco-friendly cars gained an extra discount on their cost sharing. Drivers of cars with emissions close to the annually fixed upper limit had to pay an additional fee.

The efficiency of Axalta's fleet of cars has improved each year and the large German fleet succeeded in reaching the 2015 goal by the end of 2013 – two years ahead of schedule. The German fleet reduced average CO₂ emissions per car by about 37 percent, from 204 grams CO₂/km in 2009 to 128 grams CO₂/km by the end

of 2013. This means the program has saved nearly 1,000 tons CO₂ emissions, more than 360,000 liters diesel fuel and approximately \$600,000 in cost over the last five years.

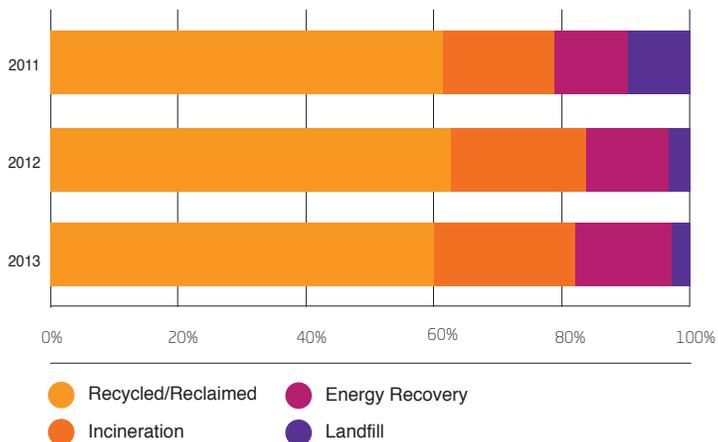
For 2014, we have re-set the upper limit at 135 grams CO₂/km and no cars with higher CO₂ emissions can be ordered. Drivers gain a bonus of €2 for each gram that their emissions are below 115 grams CO₂/km and must pay an additional fee on the cost sharing of €2 per gram for emissions higher than 125 grams CO₂/km.

Waste

At Axalta we believe in implementing good practices to reduce our waste across our global portfolio. In 2013, approximately 56,000 metric tons of waste was treated or disposed of, with less than 2,000 metric tons being sent to landfill. Of this total, 71 percent was characterized as hazardous, while 29 percent was non-hazardous. As a result of our increasing production of waterborne products, our non-hazardous waste has increased since 2011. Total waste generation across our global manufacturing operations has slightly increased over the past three years. In the upcoming year, Axalta will continue to focus on efforts to reduce waste across all levels in the supply chain.

We recognize that some wastes can be recycled or reclaimed during manufacturing. Some of our facilities collect solvent that is used during the manufacturing process and send it for re-processing. This reclaimed solvent is then used for other aspects of the manufacturing process. Axalta continues to find alternate methods for recovering waste instead of sending waste to landfills or incinerators. In 2013, we recycled or reclaimed approximately 27,000 metric tons of waste. In 2014, Axalta will focus on optimizing the use of solvent-recovery processes in our manufacturing operations.

Waste Management

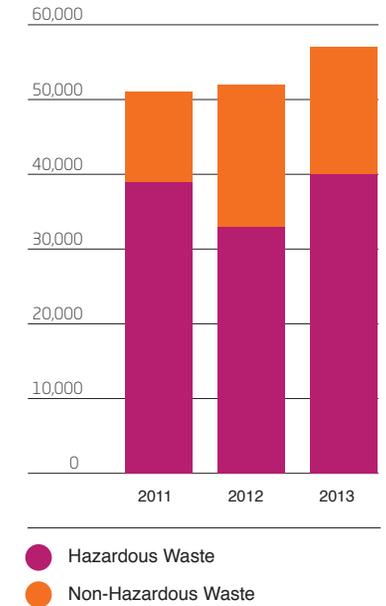


Spills and Releases

Axalta rates the significance of spills according to the potential severity they present to our employees, the environment and the communities in which we operate. We also have established a protocol to record, document and investigate spills in order to better understand how to prevent them. We regard spill prevention as an integral aspect of our environmental stewardship program and a key component of Process Safety and Risk Management and our Fire Protection plan. We use a number of factors to categorize our spills as "minor," "moderate" or "significant" such as the actual spill size, hazards of materials involved, potential off-site impact, containment, control of release, and others. In 2013, Axalta did not experience any moderate or significant Environmental Incidents in any of our manufacturing facilities worldwide. We have not experienced a significant spill since 2011; all the spills included in the chart below for 2012 and 2013 are 'minor spills'.

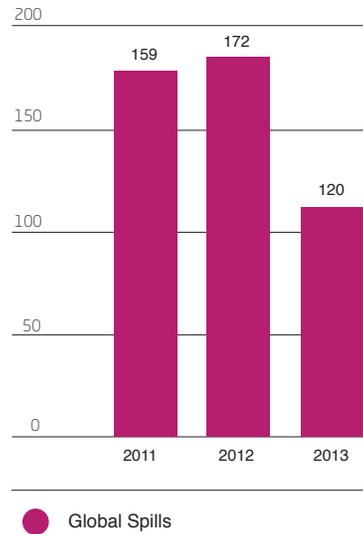
Our strong performance in this area is a result of improvements in operating controls, such as engineered containment systems and level-meters with interlocks, established investigation process for spills and releases, and good administrative procedures in our operating areas.

Waste Discharge



In 2013, we recycled or reclaimed approximately 27,000 metric tons of waste.

Spills (Classified as minor)

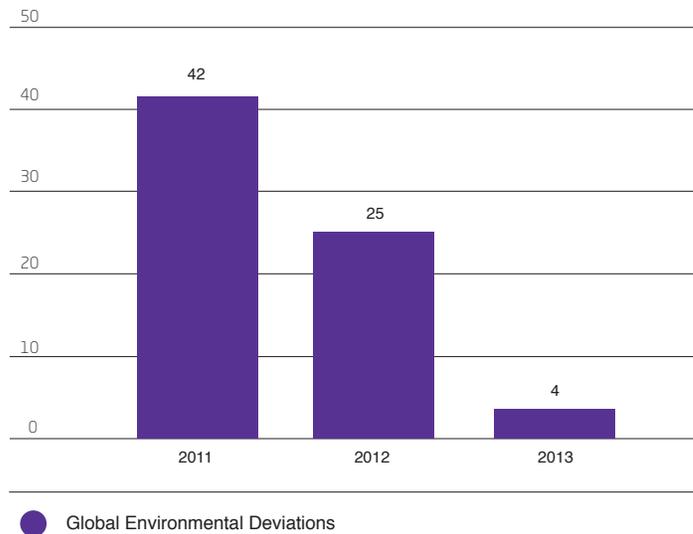


Environmental Compliance

We aim to operate our business in compliance with all applicable laws and regulations. Operating permit deviations improved significantly, decreasing from 42 in 2011 to 4 in 2013 as a result of enhancing internal processes at the site level. All deviations were reported to local agencies with no deviations resulting in fines or penalties.

As part of our overall EHS&S strategy, we have an established Environmental Management System (EMS), designed to help all manufacturing facilities identify and evaluate the potential interaction of their processes with the environment and develop systems to measure, monitor and control potential impacts to the environment. Through the implementation of our EMS, all Axalta manufacturing facilities are ISO 14001 certified.

Global Environmental Permit Deviations



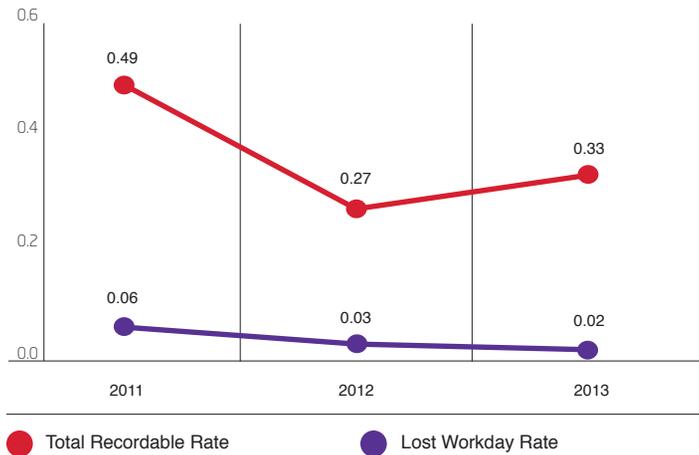
Safety and Health

At Axalta, we build safety into the way we do business. We believe every employee must be committed to excellence in safety and health, through all levels of the organization. Making continual progress toward reducing occupational injuries and illnesses is one of our key objectives. In the health and safety instances that do occur, we are committed to determining the root cause so that future incidents can be prevented.

Our legacy safety data systems are robust at all of our operating locations. We collect health and safety data on both our employees and on all types of contractors who work for Axalta to inform our annual improvement processes. All employees and contractors must comply with Axalta's EHS&S policy and programs, and all job-specific requirements. Job-site, occupational and ongoing training is required and made available to any person – employee or contractor – working for Axalta at one of our locations.

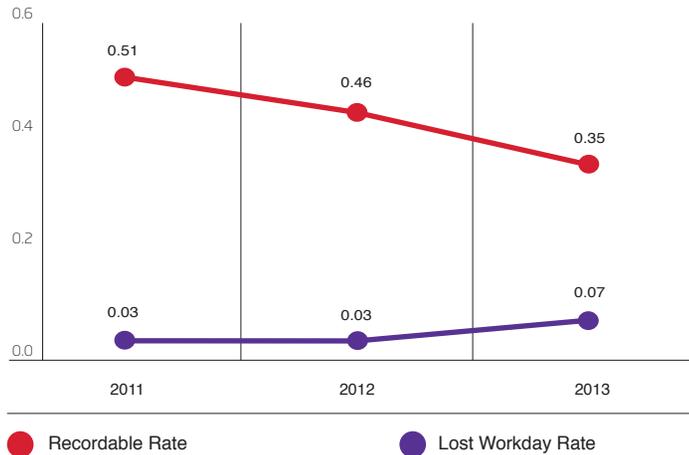
We track information required by the U.S. Department of Labor's Occupational Health and Safety Agency (OSHA). Axalta's safety performance metrics reflect "event-related" injuries or illnesses, meaning that they resulted from a specific workplace event. Incidents that require professional medical treatment – but not simple first aid – are recorded. All recorded incidents are included in the "Total Recordables Rate" in the charts on this page. The rate reflects the number of incidents that were recorded per the employee exposure, as noted in the footnotes to the charts. Some of these recordable incidents result in people missing work days as a result of their injury or illness. This is reflected in the "Lost Workday Rate" shown in the charts.

Global employee injury and illness performance



The rates in the above chart represent the Lost Workday Cases (LWC) and Total Recordable Cases (TRC) expressed as the number of employee cases per 200,000 exposure hours. The rates are calculated as follows: $(\text{Number of LWC or TRC} \times 200,000) / \text{Employee hours worked}$. The 200,000 hours in the formula represents the equivalent of 100 employees working 40 hours per week, 50 weeks per year, and provides the standard base for the incidence rates.

Global contractor injury and illness performance



The rates in the above chart represent the Lost Workday Cases (LWC) and Total Recordable Cases (TRC) expressed as the number of contractor cases per 200,000 exposure hours. The rates are calculated as follows: $(\text{Number of LWC or TRC} \times 200,000) / \text{Contractor hours worked}$. The 200,000 hours in the formula represents the equivalent of 100 contractors working 40 hours per week, 50 weeks per year, and provides the standard base for the incidence rates.

In 2013, Axalta not only maintained, but advanced, its annual safety performance across several key categories. During this period, Axalta employees did not experience a lost-time injury as a result of an event-related incident. In addition, Axalta continued to see the severity of recordable injury and illness cases decrease over previous years' performance, as a result of increased focus on several key initiatives, including the reduction of hand injuries. Axalta also continued to maintain its strong performance in operating performance as we did not experience a significant environmental, fire or process-safety related incident throughout the year.

Axalta closed 2013 with the following milestones in performance as a company:

- 522 days without an employee event-related lost workday case

As proud as we are of our track record, we know that continuous improvement is integral to the maintenance of a safe and healthy workplace and to our long term sustainability.

In the upcoming year, we will continue to use our risk-based approach to tailor our EHS&S Program to the specific needs of our standalone coatings business. We will focus on increasing awareness of high priority safety issues such as lockouts, heat, heights and confined spaces and driving operational discipline across all of our EHS&S operations. Our aim is that life-saving rules for manufacturing operations will eventually become a cultural norm.

We will set targets and measure progress as we challenge ourselves every day to find better ways to do the right thing.

BRILLIANT APPLICATION:

EcoTrek Vehicle Wins at SEMA with Axalta Paint

The Specialty Equipment Market Association (SEMA) trade show in Las Vegas, NV is the premier automotive specialty products trade event in the world. It provides attendees with educational seminars, product demonstrations, special events, networking opportunities and more.

At the 2013 show, Axalta collaborated with a non-profit organization, EcoTrek, by donating Axalta's waterborne *Beyond Bronze* paint to the production of a customized Ford F-350 truck that won the Ford Motor Company's award for Outstanding Achievement in Design for its stylish design and eco-friendliness.

EcoTrek is a non-profit organization that conducts research and educational programs to advance the use of renewable fuels and materials. The award-winning EcoTrek vehicle project was a collaborative effort, with Ford sponsoring the vehicle, the U.S. Navy developing algae-based bio diesel fuel that powers the truck, and Axalta donating the custom waterborne, *Beyond Bronze* paint that was applied by students studying collision repair and vehicle refinishing at Los Angeles Trade-Technical College (LA Trade-Tech). Axalta and EcoTrek are both pleased with the collaboration and, especially, the chance to give students an opportunity to prepare for careers in the industry.



Business Continuity

We recognize the importance of ensuring the quality of our operations and business continuity by protecting our assets and preparing for emergencies. Should unforeseen events occur, our emergency preparedness programs and response teams at our manufacturing locations are ready to implement response plans designed to achieve continued operations for our business, reduce potential business losses and minimize adverse consequences in neighboring communities.

Axalta maintains a Crisis Management Plan, overseen by a Corporate Crisis Committee, to enable effective response to incidents involving the company's worldwide assets, business, and reputation. The purpose of this plan is to effectively manage potentially adverse incidents by ensuring that the company is prepared for various types of crises, adequately assesses consequences, coordinates appropriate resources, establishes rapid and factual communications, and provides the appropriate strategic direction during the time of crisis.

Incident Response Structure

Incidents, by their nature, can call for different levels of response, from providing advice to an incident scene to a full intervention response effort. Axalta believes that the initial response to a crisis is critical and it is during this period when there is the best chance of gaining control, establishing clear communications among all parties affected and having success with handling the situation. Axalta's crisis management structure provides the framework for incident response through all levels of the organization, by providing response coordination, resource support, and strategic direction by the corporation's senior leadership.

Each of our four regional headquarters has an established crisis management plan designed to maintain the integrity of line management at each facility during a crisis to complement,

rather than supplant, existing facility plans. It is intended to integrate businesses and functions, and ensure issues and concerns of internal and external stakeholders are adequately assessed.

At the facility or country level, emergency response and planning teams are in place and work with local responders on situation training and planning. The crisis management committees at this level are led by the facility's Operations or Country Manager depending on the nature of the incident. Our emergency systems are checked regularly through audits, drills with employees, and training of emergency responders, both internally and with local authorities.

The Corporate Crisis Committee is available to support region or facility response when needed and will be notified of significant events even if they have been handled adequately at the region or facility level. Even incidents that are well handled can provide opportunities to reevaluate systems and learn how to improve our processes.



Emergency services vehicle at Mt. Clemens, Michigan manufacturing center.

Quality

Quality is essential to everything we do. Quality ensures that our customers return, confident that our brands will deliver consistent performance and that we are exploring new technologies to improve our products and services every day. At Axalta, we focus on the total customer experience - from the moment an order is placed to delivery and customer support. From the materials used in our operations to our manufacturing processes and the products and services we deliver, our overall performance depends on our focus on quality.

Manufacturing Quality

We monitor all manufacturing processes and product characteristics important to the quality of our customers' application needs, from raw materials to ensuring on time delivery. Our customer service representatives regularly solicit feedback on product quality and provide a continuous feedback loop. Our employees monitor quality in an end-to-end process. In fact, employee performance, with respect to quality, is a key criterion for Axalta employee individual assessment and recognition awards.

All our 35 manufacturing sites meet ISO 9001 quality management systems certification and sites supplying automotive OEMs are in addition ISO/TS (Technical

Specification) 16949 certified, established by the International Automotive Task Force. Adherence to common industry standards is the first essential step in our commitment to quality. Our operations follow additional quality production systems that set quality goals and apply quality disciplines that in many cases exceed those set by voluntary standards setting bodies. Before materials enter our manufacturing plants, we ensure that they meet rigorous standards.

One result of our emphasis on quality is that Axalta is a leader in OEM approvals for the use of our refinish products in body shops.



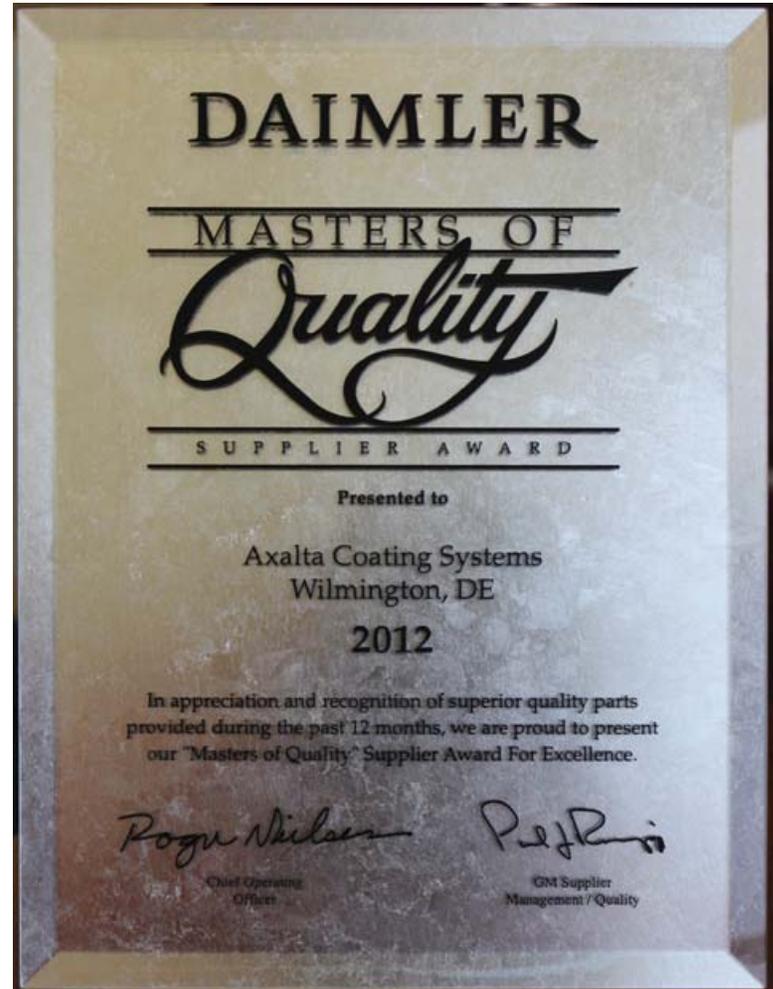
BRILLIANT ACHIEVEMENT:

Masters of Quality Award

Axalta Coating Systems is the leading manufacturer and marketer of coatings for heavy-duty trucks. In 2013, for the fourth year in a row, Axalta received the prestigious Daimler Trucks North America Masters of Quality award for our performance in 2012.

The 25-year-old Masters of Quality program recognizes an elite group of suppliers who meet or exceed Daimler Trucks North America's stringent quality standards and demonstrate an ongoing commitment to improving the quality of their products. The Masters of Quality award is the highest recognition that Daimler Trucks North America gives to its suppliers.

Daimler's suppliers are evaluated each year on more than 100 criteria related to aftermarket parts, quality, engineering, warranty, service, availability and purchasing. While over 1,000 suppliers are considered for the award, only suppliers rated in the top three percent are recognized with an esteemed Masters of Quality award.



Quality of Raw Materials

Our global network of procurement professionals strives to optimize raw material purchasing worldwide through the development of cross functional commodity and supplier strategies. The goal is to use the highest quality materials and, where feasible, to strive for environmentally sustainable improvements in raw materials as well as achieve enhancements of our supply base. Product portfolio simplification holds additional opportunities to create efficiencies for our suppliers, our customers and ourselves. On the financial side of procurement, we are working on establishing financing programs and payment terms with key suppliers to make it even easier to do business with us. While we are discovering new ways of adding value, we recognize it will take time to extend the benefits of successful innovations in procurement to all our customers globally.

Axalta's global supplier performance metrics evaluate suppliers against four criteria: technology, quality, service and price. The technology metric gauges suppliers' ability to provide us with innovative alternatives that will provide Axalta access to the latest advances for our business and our customers. The quality metric endeavors to assure access to the best and most reliable technologies and best in class raw materials. The goal is to reduce both waste and cost from operations that accrue if our finished products do not meet our quality standards before they leave our manufacturing facilities. Service and price align to find the best value for the best materials in the markets. Our efforts to further improve our supply chain performance and reliability will continue as Axalta solidifies its reputation.



BRILLIANT APPLICATION:

Optima Automotive - Partnering with our Customers

We see ourselves as a partner in our customers' success. Our refinish customers range from large multi-shop operators and franchises to smaller independent shops. For the many thousands of customers in our North America refinish business, Axalta has created a partnership to help these operations promote their businesses online. In today's fast paced internet-based business climate, building brands and bringing traffic to an effective shop website are among the key components needed to win new business by getting cars in for repair and, ultimately, to a shop's financial success.

To support our refinish customers, Axalta has partnered with Optima Automotive to help body shops improve their overall web presence marketing tactics. Optima Automotive is a clear leader in the field of web presence management and we are excited to bring this resource to our shops across the nation.

Through this partnership, Optima Automotive holds a series of workshops and seminars to help local shops understand the importance of an effective presence online. Beginning with search engine optimization, which deals with the science of getting a site to rank well on search engines, Optima works closely with shops to build effective websites. As an outsourced partner, Optima also assists in setting up and managing Facebook, Google+, Twitter and LinkedIn for shop clients, and posting to and monitoring these accounts daily. Other services like search engine marketing (pay per click) and reputation management will be offered as well.

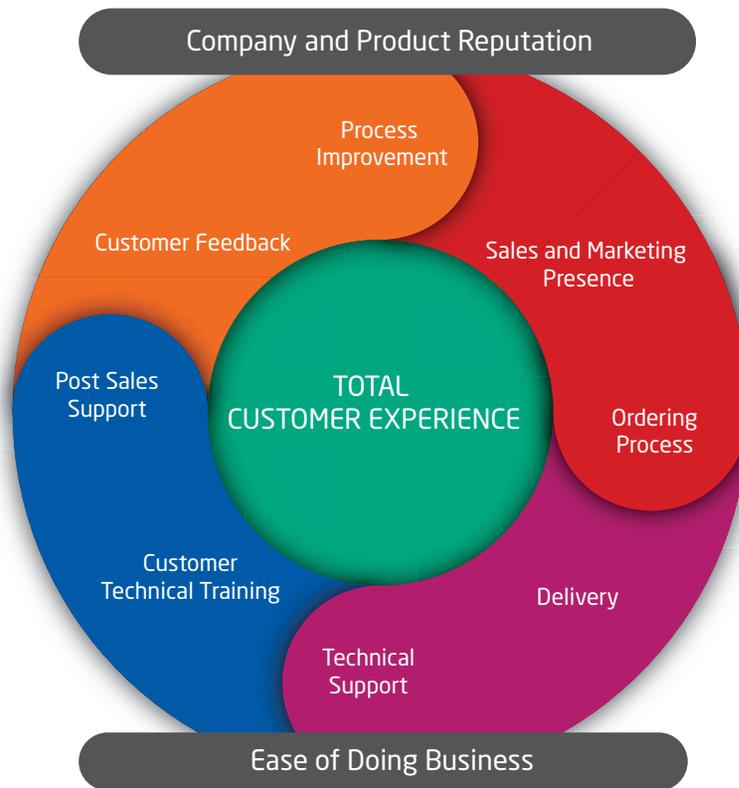
"I've had the privilege and good fortune to work with Axalta Coating Systems on various projects over the years... My team is looking forward to working with Axalta's customer base through its business development managers and jobber network to maximize local shop presence online." Mark Claypool, President and CEO of Optima Automotive.

Total Customer Experience

From placing their first order to the use of our products and services we provide, our goal is to offer our customers the best coating systems for their business and to reinforce a quality experience in every interaction that every customer has with Axalta. We know that's a lofty goal, but it's the standard we have set for ourselves to ensure we maintain the loyalty of our customers today and can win new business tomorrow. That will be the key to securing our reputation and sustaining our business long into the future.

Creating the best customer experience demands that we carefully monitor and improve our customer service at every step. Our products must leave the factory ready for application, delivered on time and backed up with technical support. Our customers are the eyes and ears of the market. We listen to our customers, while providing them with training and sales support, to learn if we are enabling them to do their jobs effectively and efficiently to resolve problems and identify new opportunities.

Because our value chain works effectively, we know we can stand proudly behind our brands and our company. Our goal is to ensure our customers want to do business with us and trust us to always have their success in mind by making it easier for them to run their businesses. We also know that the process is a cycle, not a straight line. There will always be ways for us to improve both products and services. The market place is always changing, and only by working closely with our customers will we learn where to innovate and help our customers succeed.



BRILLIANT APPLICATION:

Nap-Gard and Deep Sea Drilling



Our scientists have developed a new, more protective formulation of our *Nap-Gard*® product in response to demands from our pipeline customers. A recent example of its value in use is the latest generation *Nap-Gard* product, which can withstand continuous operating temperatures of 155°C (311°F). *Nap-Gard High Tg 7-2555* is a thermosetting epoxy powder designed

for use as a corrosion barrier coating for underground and sub-sea pipelines that operate in high temperature service. It can be used as a corrosion coating in a stand-alone or dual-powder coating system or as a corrosion coating under multi-layer insulation systems. When used in conjunction with Axalta's dual layer system, *Nap-Gard 7-2675*, the operating system tolerance increases to 180°C (356°F). The second layer ensures reduced water permeability and improved chemical resistance.

Our coating system for higher temperature applications enables our customers to extract oil from greater depths and more extreme conditions, resulting in higher performance and increased productivity. *Nap-Gard 7-2555* is currently approved by operating companies in Mexico, Colombia and Venezuela and is being applied on a 50km project in Mexico.

Our understanding of material properties enabled our scientists to optimize product performance relating to corrosion inhibition, chemical resistance, and high temperature stability under harsh operating conditions. Research continues in order to improve stability even further.

BRILLIANT APPLICATION:

Consolidated Paint Systems - Sustainable Alternatives That Improve Customer Efficiency

In 2013, Axalta launched five new consolidated process installations, including 3-Wet systems, for OEM customer manufacturing locations.

The traditional automotive OEM painting process requires three separate baking ovens to cure each layer of coating – primer, base coat and top coat - and a flash zone. These manufacturing stages can account for an estimated 70 percent of an automotive assembly plant's energy consumption.

The 3-Wet system uses a specially formulated water based coating system that enables successive coats to be applied on top of the prior coat while still wet or require only a minimal "flash" dry step between coats. This innovation allows the OEM to replace larger baking ovens with smaller, lower energy flash zone and results in substantial savings in energy-related operating costs and reduced capital expenditures associated with the installation of baking ovens. An alternative high solid solventborne formulation is also available for use in OEM facilities that operate older production systems or to achieve certain colors and effects.

An Eco-Concept process also creates added efficiencies by combining the primer and basecoat, which is then followed by an application of the clear coat. The two step process eliminates a layer and baking stage compared to the traditional painting process.

Our 3-Wet technology offers significant benefits, including:

- An estimated \$10 million reduction in initial line capital investment due to the need for one less oven and no primer application
- A smaller footprint at OEM assembly plants due to fewer spray booths and ovens
- An estimated 25%+ reduction in energy consumption as well as lower CO₂ emissions
- Less manpower and time required to complete the painting process
- Access to a broad color "palette" by combining the primer coat into the already-colored basecoat

The 3-Wet process illustrates Axalta's strength in taking a systems-based approach to our customers. We recognize opportunities for our customers and work to provide them with more advanced coatings and the systems and proper training needed to realize these efficiency and sustainability gains.

Product Stewardship

Product Lifecycle and Stewardship

With support and input from our internal and external stakeholders, Axalta's product stewardship process is integrated into both our on-going operations and innovation strategies. Addressing potential environmental and societal risks through sound manufacturing processes and product innovation creates competitive advantage and improves the value proposition and sustainability of our company and product offerings.

We recognize that some of the raw materials used in our products can be hazardous when not properly contained and managed. It is imperative that we manage these substances responsibly and safely all across the value chain to protect the health of the people who work with them and to protect our environment. Axalta has a strong product stewardship and regulatory compliance governance process to guide our Product Stewardship Management program. A stewardship governance organization, comprised of experts on products and the regulatory requirements in different jurisdictions, oversees program execution and maintains and updates the standards and protocols that guide the process. Our governance, operations, risk management and EHS&S programs work in tandem to manage safety and stewardship across the product lifecycle.

Axalta's Product Stewardship Management program adheres to the technical specifications of the American Chemistry Council's (ACC) Responsible Care Management System®. The use of chemicals in our operations and formulations makes it incumbent upon us to follow best practices in the use of relevant materials. The program ensures that safety data information is available on our product manufacturer safety data sheets (MSDS). Safe use information is also provided on product packaging. The goal is to promote safe handling and to reduce potentially negative consequences of coatings materials

and processes. Responsible Care takes into account each phase of the coating lifecycle—from raw materials, formulation and delivery to use by the customers and disposal.

Global Product Review

At Axalta, product stewardship is an integral part of the product development process, which includes cross functional engagement within the business. Each business team has a Regional Product Stewardship Coordinator assigned to oversee the various components of the product stewardship program. We use a global Technical Information Product System designed to ensure we have the correct information at the right time to make sure our products are used, handled and sold responsibly wherever our customers are located. We track the volumes imported or used in manufacturing of all substances, where required by different regulatory agencies in locations we do business.

New products go through a product stewardship assessment prior to commercialization and these metrics are tracked by product line. We ensure regulatory compliance at commercialization and update supplier changes through our Management of Change (MoC) process. Product stewardship reviews are conducted on existing product lines every three years, and action items are tracked to ensure completion. Auditing of the product stewardship process is conducted internally and externally. Any reported product stewardship incidents are reviewed and a root cause analysis is completed. Once the analysis is available, a corrective action plan is implemented. Management reviews of product stewardship are conducted to inform leadership, increase awareness of stewardship issues and align initiatives with business strategy.





Supporting Customers

To ensure the safety and environmental performance of our products, Axalta educates customers on the optimal use and application of our coatings, both at customer sites and at our dedicated training centers. With efficient use and application of our coatings, customers can optimize their application while reducing emissions, lowering energy requirements, and minimizing waste generation. Training our customers also enables us to better understand how our products perform. First hand observation helps us find new ways to improve the environmental sustainability of our products and application processes. By learning from our customers, we strengthen our product development process.

BRILLIANT APPLICATION:

Best Performance Award - India

Axalta's wet-on-wet paint system has supported Tata Marcopolo's more than five-fold increase in production by offering increased productivity and energy savings.

Axalta Coating Systems in India received the Best Performance Award from Tata Marcopolo Motors Ltd, an India-based joint venture between Tata Motors and Marcopolo S.A. of Brazil. With daily production reaching almost 70 buses during its peak season, Tata Marcopolo has become one of Asia's leading bus manufacturers. This is the third consecutive year that Tata Marcopolo selected Axalta for its prestigious award, acknowledging Axalta's commitment to provide consistent, high-performance coatings solutions. The award was based on the parameters of safety, delivery, quality, cost and service.

Axalta has been Tata Marcopolo's exclusive coatings supplier since 2008. Two Axalta systems in particular contributed to the award. Axalta's wet-on-wet paint system has supported Tata Marcopolo's more than five-fold increase in production by offering increased productivity and energy savings. In addition, Axalta's value engineering programs have helped improve Tata Marcopolo's production line by improving the skills of workers and reducing costs. We drive ourselves to perform better every day and to innovate while advancing sustainability – and we help our customers do the same.



Axalta receives award from Tata Marcopolo Motors.

Meeting Global Standards and Expectations

Axalta coatings are formulated, sold and used across the globe. Accordingly, our product stewardship and regulatory professionals track regulatory activity and support compliance of Axalta products with governmental regulations and the technical specifications of the

Responsible Care Management System. Globally, over 100 countries have their own set of applicable regulations that continually evolve and are complex in scope. A summary of some of the most widely recognized regulations that Axalta tracks is provided in the table below.

Regulation Type	Description	Examples of Regulations	Examples of Countries, Regions Represented
Registration and Inventory	Coatings and their chemical ingredients must be reported and registered prior to importation and use in a country	Registration, Evaluation, Authorization Chemicals (REACH), U.S. Toxic Substances Control Act (TSCA), and Canada Domestic Substance List (DSL), China Decree 591, and other country inventory registrations	United States, Canada, EU countries, Korea, China, Taiwan, Japan, Philippines, Vietnam, Australia & New Zealand
Substance Volume Tracking (SVT)	Some regulations require reporting volumes of certain chemical substances in products sold over time in their jurisdiction	U.S. TSCA Chemical Data Reporting (CDR) every four years, Canada's Chemical Management Plan (CMP), and Other Countries SVT Programs	Canada, U.S., Turkey, Japan
Other Global and Local Chemical Regulations (including emerging regulations)	Nearly 70 countries are implementing UN's Global Harmonization System (GHS) for classifying and labeling hazardous chemicals; locally, several U.S. states have issued limits on volatile organic compounds (VOCs) in coatings; U.S. has adopted conflict minerals reporting requirements based on the Organization for Economic Cooperation and Development (OECD)	GHS classifications, labeling and packaging, (CLP); VOC limits in coatings, U.S. Conflict Minerals	GHS-CLP: U.S., Canada, Brazil, EU countries, Korea, China, Japan, New Zealand, Vietnam, and Taiwan VOC limits in products: California, Great Lakes states, Mid Atlantic and Northeastern states; Conflict Minerals: U.S. and OECD countries and companies



BRILLIANT APPLICATION:

Voltatex[®] and Solar Car

Demonstrating the power of collaboration with universities and our customers is the PowerCore SunCruiser.

For more than a decade, students, employees and professors at the Bochum University of Applied Sciences in Germany have developed and manufactured cars that drive solely on the energy of the sun. In 2013, the PowerCore SunCruiser became the latest model in which the motor of the electric vehicle relies on the electrical steel "PowerCore" inside the wheel hub motor of this solar car. Axalta's *Voltatex*[®] lightweight coating on this innovative motor provides electrical insulation, preserving the engine and the car's operational efficiency.

The development of electric motors, not only for solar cars but also for electric and hybrid vehicles, which are more and more the focus of the automobile industry and consumers, is an area in which *Voltatex* has been active for years. For more than 60 years Axalta has been an international leader in developing modern

insulation materials such as wire enamels, impregnating resins and core sheet varnishes. Since the invention of the first oil-free synthetic wire enamel in 1942, Axalta continues to set an unparalleled quality standard with a variety of energy solution products under the registered trademark *Voltatex*. These products are used in the entire energy industry and electrical supply chain for electrical motors, transformers and generators. *Voltatex* offers our customers excellent protection from a wide variety of environmental factors as well improved heat transfer between wire windings, slot insulation and steel core. Axalta's *Voltatex* is the first patent holder of the Electrical UV process, which delivers advanced environmental protection, as well as improved curing time and energy efficiencies.

BRILLIANT APPLICATION:

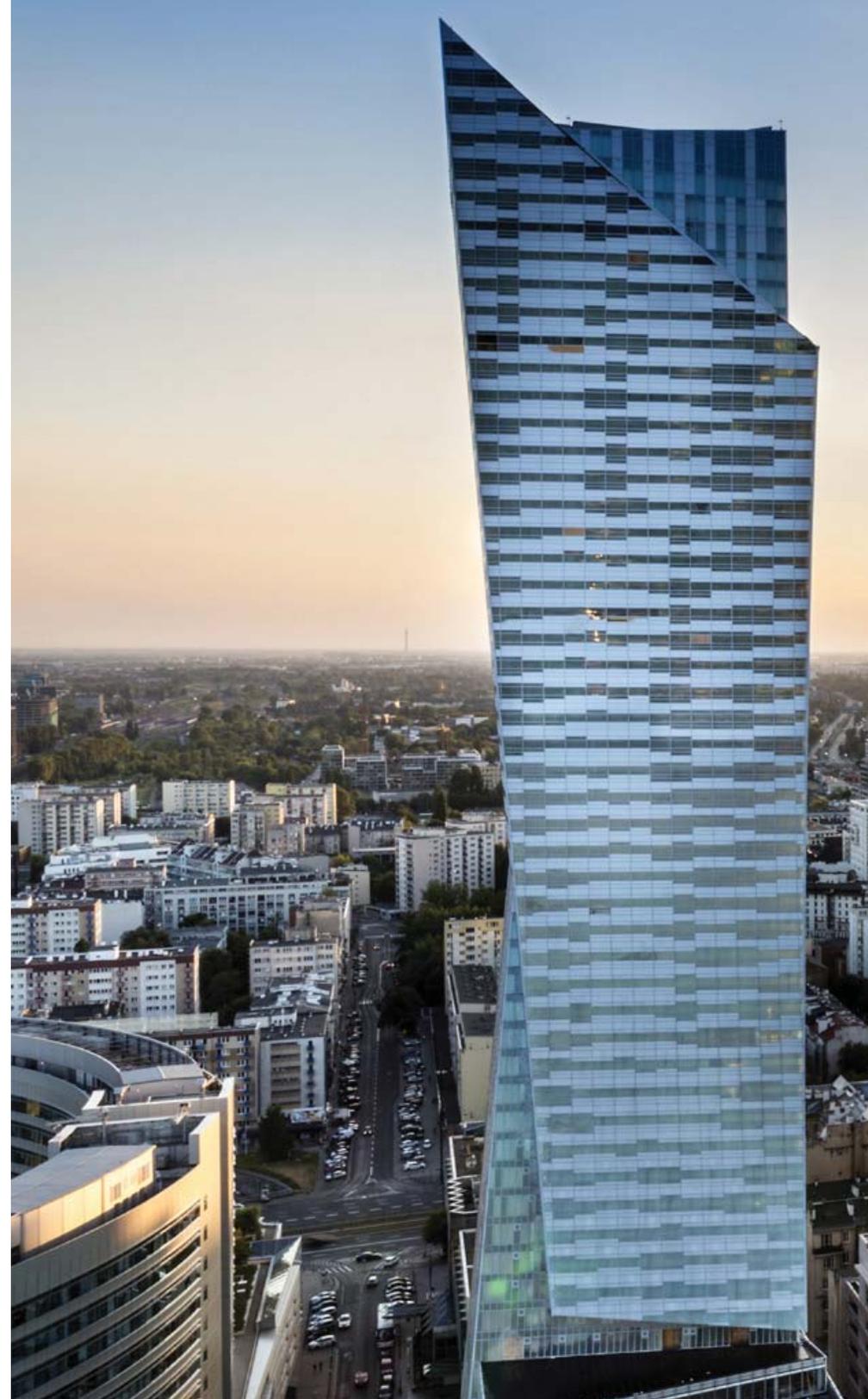
Alesta® and Złota 44

Daniel Libeskind has designed many spectacular, award-winning buildings, including the Jewish Museum in Berlin, and has participated in important projects such as the reconstruction of the World Trade Center in New York. More recently, Libeskind designed a striking 200-meter high apartment building, "Złota 44," a jewel in the skyline of Libeskind's hometown of Warsaw, Poland.

The exterior visual impact of such an impressive structure depends on its façade. The architect and builders wanted to be sure that this façade would be beautiful and able to withstand extreme weather conditions. The dynamic design of the building required an appropriate façade system, the individual elements of which had to be fabricated in special shapes and dimensions for many areas of the building.

The façade elements, produced by Sapa, a Swedish manufacturer of façade elements, and designed by the Kyotec Group's subsidiary in Warsaw, Poland, were coated by the Belgian job coater Blyweert with an *Alesta® AP RAL 9010 Matte Smooth* and *NCS S0515-R80B Fine Textured* from Axalta.

Coating the 87,000 square meters of façade of this enormous structure required 13 tonnes of powder coating. The *Alesta* family of powder coatings has been formulated specially for aluminum and galvanized steel applications. This development focuses on providing excellent mechanical and weathering resistance characteristics. That's why *Alesta* coatings, which are manufactured in accordance with ISO 9001, are ideally suited for coating façade elements. The *Alesta AP* series includes full-gloss, semi-gloss and matte powder coatings, which are also available with additional effects ranging from metallic to finely textured.



Science

Technology

Engineering

Math



Innovation and R&D

Axalta's customers need coatings and application techniques that improve operational efficiencies and extend the effectiveness and useful life of their products, while meeting their environmental, health and safety and social obligations. These customer requirements are the key drivers for our continued focus on product innovation and stewardship. Developing coatings and applications with superior performance across product lifecycles drives our success.

Product innovation is in Axalta's DNA, with over 1,800 patents held or pending worldwide for coatings and their delivery systems. For nearly 150 years, Axalta has introduced thousands

of new coatings to global customers. We incorporate input from our customers, our employees and other stakeholders into our product innovation and stewardship programs.

We continually advance our research to improve customer operational efficiency and reduce their environmental, health and safety liabilities. As countries where we operate evolve their regulatory programs to protect human health and the environment, we incorporate these regulatory and customer requirements into our operations and coatings. While we formulate coatings in specific locales, these coatings are adapted and used by our customers around the globe.

BRILLIANT APPLICATION:

***IntelliMist*[™] - Paint Shop Climate Control Technology**

For our customers who operate in arid U.S. climates, we introduced a new coatings application system for refinish shops in hot, low humidity desert-like conditions. The *IntelliMist*[™] spray booth climate control system improves shop productivity by automatically controlling spray booth humidity, making it easier to use all waterborne and solventborne paint products.

The *IntelliMist* system automatically controls a spray booth during the spray cycle at the optimum level for humidity, providing an extremely productive spray

booth climate. It can also be used after the bake cycle to rapidly cool down the booth and the panels. Vehicles are much more "workable" due to lower part and body temperatures. Installation is normally completed in less than a day and no structural issues arise from adding the technology to an existing booth.

By optimizing the spray booth climate, waterborne and solventborne products alike can be used more efficiently and consistently, minimizing the need for additives or constantly adjusting paint mixtures to compensate for humidity

levels. Our customers will no longer have to struggle to keep a "wet edge" – blending the paint evenly on the painted surface before it dries for smooth coverage – and their productivity improves.

With a controlled spray booth climate, painters can work normal shifts – no more starting at midnight and stopping by noon in hot and dry regions. *IntelliMist* achieves sustainability goals across the board driving increased productivity, faster production times, and improved safety and work environment for paint shop employees.

Research and Development: Fundamental Technology

Our commitment to coatings and continuous improvement underpins Axalta's products and process innovation. Our global network of 1,200 scientists and engineers in seven dedicated research and development centers of excellence in the Americas, Europe and Asia develops products that will meet our global customers' requirements, comply with current local regulations and enable the industry to become more sustainable in the future. We invested close to four percent of our annual revenues in research and development, applying our intellectual capital to create products and services that will add value over the long term.

In the laboratory, research focuses on polymers and pigments, the building blocks of color coatings. Experts in polymer synthesis search for new resins that will produce coatings that adhere better, resist UV degradation, have the correct application properties and protect against fading and corrosion.

Beyond the laboratory, we subject our coatings to rigorous pre- and post-market evaluation. Our newest pilot reactor at the Coatings Technology Center in Wilmington, Delaware, operates under a wide variety of reaction conditions, providing real time polymerization data that enables faster product commercialization to meet today's fast changing market demands. Operating since 1928, the company's weathering facility in Florida tests coatings under real exposure to sunlight and climate.

Sponsoring Scientific Exchange

For years, Axalta has sponsored university research, lecture series and symposia. Maintaining close connections with leading researchers enables our scientists to benefit from and apply the newest technologies in their product innovations. In 2013, Axalta convened its first annual global coating systems innovation symposium in Philadelphia, PA since the

company became independent. Over 100 Axalta researchers from more than 10 countries showcased their discoveries, new technologies and new products. Dr. Gareth McKinley, a renowned expert in rheology (the study of the flow and viscosity of matter) and MIT Professor at the School of Engineering, delivered the symposium keynote address.

Axalta also renewed its sponsorship of distinguished lectures hosted by the Department of Chemistry of the University of Pennsylvania. Dr. Robert Langer, David H. Koch Institute Professor at MIT spoke on *Biomaterials and Biotechnology*. The lecture series is part of a program between Axalta Coating Systems and the Department of Chemistry that enables world class scientists to share their research and perspectives with highly motivated researchers, students and faculty in an academic setting. This collaborative relationship has resulted in groundbreaking research and opportunities to interact with and learn from some of the most eminent scholars in the world.

Bringing Research to the Body Shop

Axalta has responded to the global challenge to reduce the impact of operations on the environment. We took that mandate into the refinish body shop by developing new products to meet exacting demands of the refinish industry and to benefit the environment.

Research teams at Axalta developed *Cromax Pro* basecoat, one of the *Cromax* family of products, to offer a sustainable alternative to refinish customers loyal to our *Cromax* brand. The development project integrated our polymer technology, waterborne coating formulation technology, and our groundbreaking wet-on-wet coating application and drying process to meet increasing market demand for reduced levels of VOCs in a high quality and highly productive product.



Dr. Robert Barsotti receives award from Panos Kordomenos, Axalta Chief Technology Officer, at Axalta's first Innovation Symposium.



Panos Kordomenos, Dr. Robert H. Langer, Dr. Gary A. Molander, Department Chair and Hirschmann-Makineni Professor of Chemistry at the University of Pennsylvania.

Cromax Pro can reduce VOC emissions in the body shop by 93 percent and target hazardous air pollutants (HAPs) by 100 percent, while at the same time lowering energy costs, paint wastes, and process times, thus reducing our customers' overall environmental footprint and contributing to their productivity.

Cromax Pro was developed through collaboration among researchers working at our R&D Centers in Belgium, Germany, and the United States, and by leveraging our many science and technology disciplines, such as polymer science, synthesis and production, formulation, coating application and analysis. *Cromax Pro* is designed to reduce VOC emissions in the body shop by 93 percent and targeted hazardous air pollutants (HAPs) by 100 percent, while at the same time lowering energy costs, paint wastes, and process times, thus reducing our customers' overall environmental footprint and contributing to their productivity.

Sustainable Alternatives with Powder Coatings

Powder coatings have 97 percent fewer VOC and HAPs emissions than liquid coatings, giving them environmental advantages over liquid alternatives. Powder coatings are made up of finely ground particles produced after blending pigments, resins and other additives. These particles are typically electrostatically sprayed onto the surface being coated which is then baked in a curing oven (usually 350°F to 400°F) to create a uniform, highly durable attractive finish. This simplified application process results in a number of advantages for appropriate substrates where powder can be used instead of liquid coatings systems: less waste, savings from lower disposal and maintenance costs, and easier clean-up.

Axalta's Global Powder Technology Group conducts research to improve the properties of its thermoset and thermoplastic powder formulations to meet customers' application requirements and to provide exceptional coating performance. Whether improving corrosion protection of coated steel pipe or matching a custom color on an aluminum structure, we focus on providing exceptional products of the highest quality and

finest appearance. In 2013, emphasis was on adding new or enhanced functionalities requested by customers in our powder formulations to produce coatings with a variety of features such as soft textures, high heat emissivity, thermal stability, electrical conductivity, and prolonged corrosion resistance.

The poster features the Penn University of Pennsylvania logo at the top left and the Axalta logo at the top right. The title "Axalta Distinguished Lectures" is prominently displayed in the center, with "Sponsored by Axalta Coating Systems" written below it. A portrait of Dr. Robert Langer is on the left. To the right of the portrait, his name and title are listed: "Dr. Robert Langer, David H. Koch Institute Professor, Massachusetts Institute of Technology". Below this, the lecture topic is "Biomaterials and Biotechnology: From the discovery of the first angiogenesis inhibitors to the development of controlled drug delivery systems and the foundation of tissue engineering". Three images are shown: a white porous structure, a green porous structure, and a dark porous structure. At the bottom, the date and time are given: "Thursday, October 24, 2013, Lecture 3:30 p.m., Room 102, Department of Chemistry, School of Arts and Sciences, University of Pennsylvania, Philadelphia, Pennsylvania". A contact number is provided: "For information call (215) 898-9722".

Research and Development: Color Expertise

Color Development

Axalta is an automotive industry leader in color research and development. Axalta not only provides color coatings that contribute to the longevity of a substrate (such as a steel car body frame), functionality of performance, and pride of car owners, but also provides a wide range of tools for producing the desired color effect, improved appearance, and color rendering capabilities.

From our early work with L,a,b color equations to our latest *Acquire EFX* handheld color spectrophotometer, we have been at the cutting edge of the science of color. Our expertise ranges from understanding the resin and pigment dispersion chemistry needed to optimize coating properties to the development of global coating formulations that can satisfy different customer specifications and applications. Axalta will strive to continue to bring new coatings and application tools to the market based on our understanding of our customers and the fundamentals of the science of coatings.

Developing Digital Display Color Tools for OEMs

Our expertise in coating color combined with industry partners who have provided cutting edge digital modeling and display technology have produced the latest technical breakthrough in the automotive coatings industry – a new, digital, three-dimensional car color rendering system with the capability to produce realistic colors without paint. For the first time, the *SpectraMaster® Color Atlas™ 3D* provides OEMs with a tool to support the entire automobile color process: from vehicle styling, color development and coating production to a finished vehicle that beautifully displays the customer's chosen color. The system aims to reduce the color development cycle time.

Because colors can be viewed and evaluated on the rendered vehicle, the traditional method of formulating a coating and spraying is eliminated. Changes in colors can be achieved with the touch of a finger on the screen.

Technology to Match Color in the Body Shop

In a body shop, a refinish job is perfect only if it is an exact match with the rest of the vehicle. For our refinish customers, we provide best-in-class color matching technology that perfectly matches new to surrounding paint colors. Vehicle coating colors can change when exposed to sun light, climate and other environmental factors. Using color rendering technology to match paint colors perfectly the first time they are applied to the surface reduces costs related to both materials and time as well as shop paint waste that can adversely impact the environment and the body shop's bottom line.

Axalta's *Acquire EFX* is an advanced, hand-held spectrophotometer that helps auto body shop refinishers find the most accurate color match possible—even for complicated metallic, pearl and effect paint colors—faster and more easily than ever before. As the first commercial instrument that measures both color and flake appearance data of a coating, it offers many advantages over previous camera-based technology.

Using advanced optic technology, the *Acquire EFX* looks deep into the paint film to acquire the flake and color characteristics that are the keys to determining the best match. After taking three measurements directly on the vehicle or part, the handheld device then connects to the color formulation retrieval system, which will show the best formula to achieve an accurate color match as well as alternate formulas. A printout or a display will show the actual color refinish formula being

Axalta's advanced, hand-held spectrophotometers help auto body shop refinishers find the most accurate color match possible—even for complicated metallic, pearl and effect paint colors—faster and more easily than ever before.

used—regardless of OEM formula—to reduce the risk of error if someone else in the shop works on the vehicle or the vehicle needs additional work in the future. In addition, all the available color match information is stored on Axalta servers, which are updated weekly, giving customers ready access to historical color variant information.

The handheld devices are branded in Europe, the Middle East and Africa as *ChromaVision®* and *ChromaVision® Pro* from *Cromax*, *Genius II* and *Genius iQ* from *Standox*, and *Color Dialog* and *Color Dialog Delta-Scan* from *Spies Hecker*. The devices are sold in the U.S., Latin America and Asia Pacific under the names *Acquire* and *Acquire Plus EFX*.



Color Retrieval Systems

The color data acquired from the handheld device needs to result in a retrievable color formula that accurately matches the intended target. *ColorNet®*, *VINdicator™*, *Wizard* and *Univers* in the United States and *ColorNet Pro*, *CRplus* and *Standown* in selected countries in Axalta's Asia-Pacific and Europe, Middle East and Africa regions, are color formula retrieval systems that are among the industry's leading electronic services that have been developed by Axalta to meet the needs of the automotive refinish industry and that are among the industry's leading electronic services. Our color retrieval systems provide outstanding solutions for retrieving, displaying and delivering color data and formulas with user friendly interfaces and easy operation. The technology supports all of the refinish paint systems that Axalta offers globally.

In order to produce coatings that match a desired color and appearance without actually using actual paint, the software evaluates a number of paint characteristics including sparkle, color, hue and flop. These are measured and rendered in such a way that the displayed digital image reflects the perception of the human eye. Multi-angle rendering and digital display can help a user visualize a color and its variations based on selected color coating formulations so that the user can make a better choice without spraying a single drop of paint. Axalta's color rendering technology is integrated into both the *SpectraMaster Color Atlas 3D* and the *ColorNet* and similar software tools.

Color Trend Tracking and Forecasting

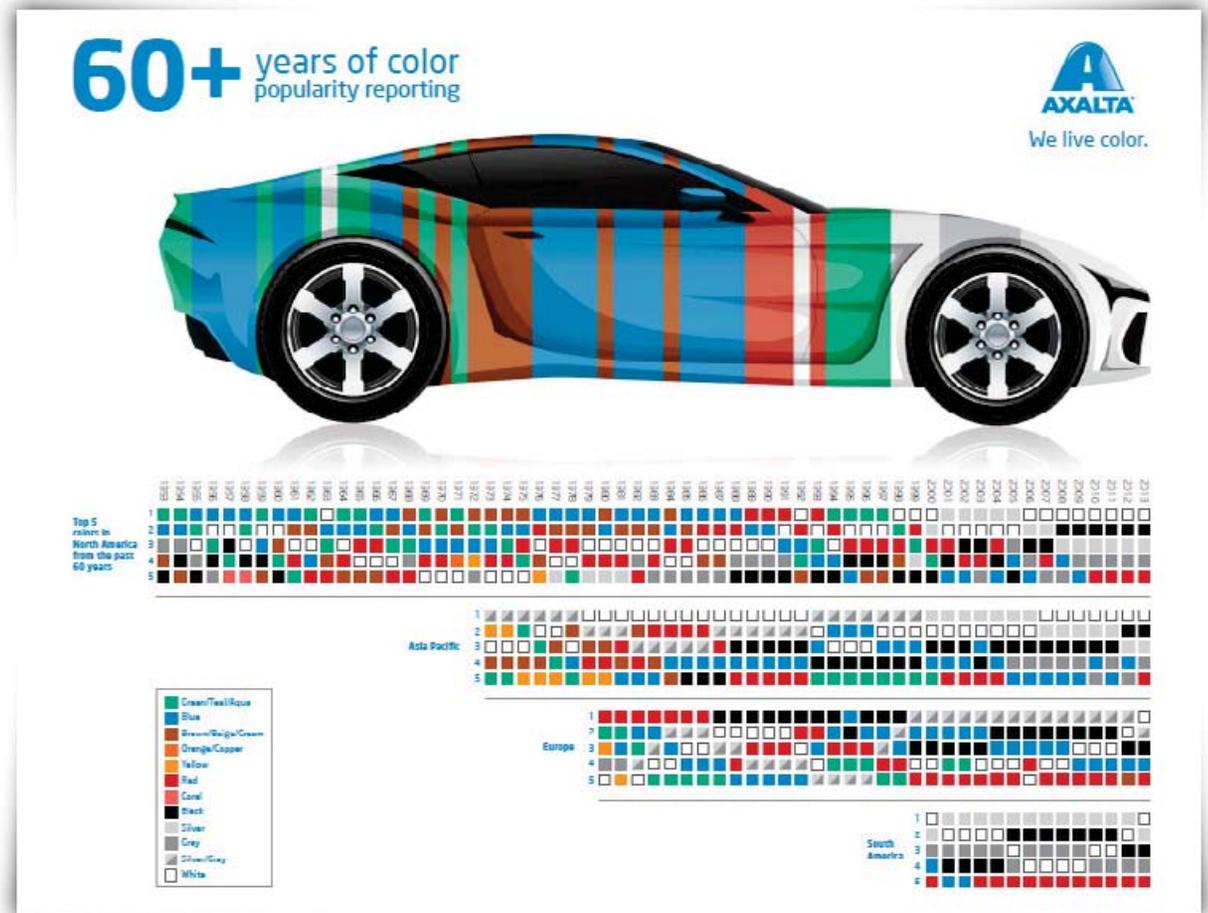
A History and Future of Color

Research at Axalta goes beyond the laboratory and our OEM customers. In the automotive arena, we strive to understand what car buyers want. By understanding the color preferences of the past, we can better provide OEMs with new color ideas and formulations for new model cars.

Axalta pioneered automotive color styling and color trend tracking in 1953. As part of our commitment to color, Axalta publishes an annual Global Color Popularity report, the largest and longest running report of its kind in the automotive industry. It is the only report that includes global automotive color popularity rankings and regional trends from 11 leading automotive regions of the world. Each year, a full report reveals the top 10 most popular color spaces. The report also shows color popularity by vehicle segments, including compacts and sport vehicles, trucks and SUVs, intermediate and multi-purpose vehicles, as well as luxury sedans and luxury SUVs.

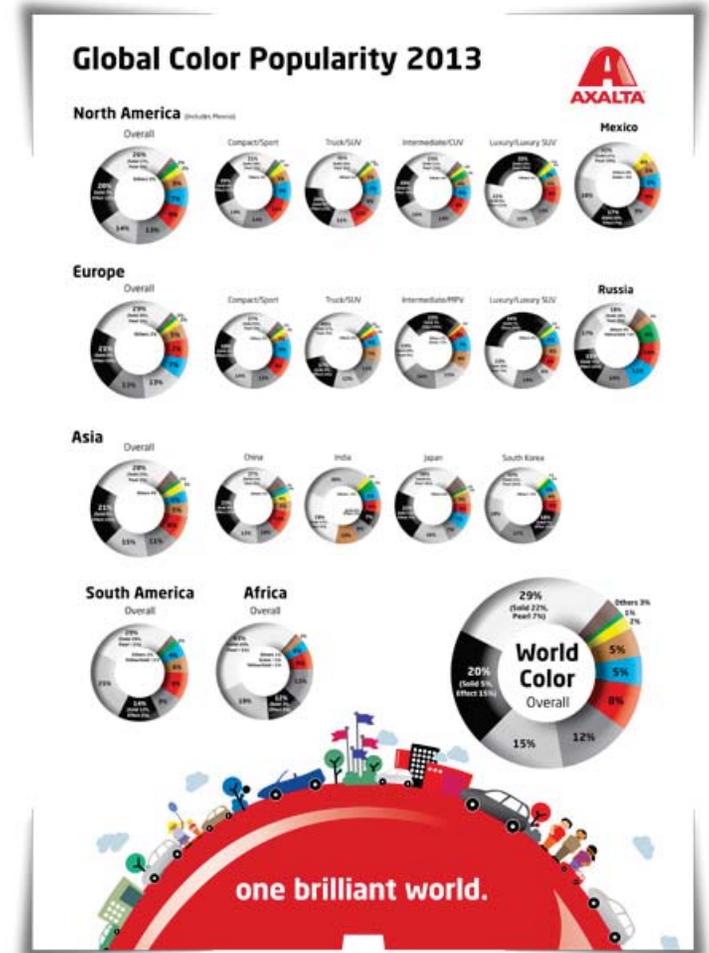
In 2013, we published our landmark *Six Decades of Colorful Automotive Moments* which tracked the popularity of the top five car colors on four continents for the past 60 years. This report is available at axaltacoatingsystems.com

Axalta continues to seek ways to leverage its color technology leadership position in ways that can be used to innovate new color styling, improve productivity, enhance coating functionality, and benefit the environment. Our proprietary color technologies are used both inside and outside the automotive and industrial sectors on account of their ability to produce vivid color appearance and color matching.



Customer Color Shows

Axalta annually hosts color shows around the world, presenting OEMs with color palettes designed to forecast the latest color trends. Painted, contoured panels display colors and effects. Touch screen panels enable quick rendering of colors and styling for all vehicle types. Exquisite and sophisticated colors are designed for luxury and specialty brands while trending colors with global acceptance targets mass appeal brands. Axalta's global team of specialists design color choices that anticipate and inspire color preferences for concept cars and automotive brands of the future.



Custom color wall featured at Axalta corporate headquarters

Community: Supporting Our Employees and Neighbors

Supporting Our Employees

At Axalta, “community” means the employees within the company and also our neighbors where we live and work. We are a global company with global roots, and our employee base and company management reflect our global orientation. Axalta employs more than 12,000 employees and associates serving over 120,000 customers in 130 countries.*

Axalta attracts and retains people from more than 100 countries where we operate. Having a workforce that understands local markets and cultures is important to our ability to serve the needs of our customers and to listen to their feedback.

Our top leadership around the world reflects our company’s roots in different countries. Twenty one countries are represented in the 130 people in our Extended Global Leadership Team, and 24 of these leaders are women. As we move forward, we will continue to improve our data systems and establish baselines on key metrics. The balance and diversity in our workforce is an area we will discuss in more detail in subsequent reports.

Detailed demographic data on our workforce is not currently available at the corporate level. As we move forward, we are implementing systems that should allow us to report this information in the future.

In our approach to our workforce, we focus on talent, culture and professional development. The year 2013 has been a year of tremendous change for our employees and we are very proud of the way the transition to being an independent company has been handled. The process of rebranding our entire company epitomizes our commitment to create a united global team within Axalta and embraces one of our five values. The creation of a new corporate identity is no small feat for any organization. For a company that not only was redefining its identity but also emerging as an independent business, the task was even bigger. The challenge we faced was for our new identity to be understood and embraced by every member of the Axalta community around the world and, in turn, to empower them to share that identity with customers, suppliers and dozens of others with whom we interact every day. On June 3, Axalta hosted a global town hall to launch our new identity that was simulcast to company locations in every time zone. We shared the day among ourselves. On June 4, we announced our new look to the world. The global launch conveyed to employees that they were part of a united global team.

Attracting Our Workforce

Axalta takes pride in attracting and retaining talent, in keeping with our past track record. Now that Axalta is operating as a new company, with a new name, we face the challenge of ensuring that prospective employees recognize who we are and why joining Axalta offers them exciting opportunities.

* In selected circumstances Axalta utilizes the special skills of contractors to whom we refer broadly as Associates.

BRILLIANT APPLICATION:

German Apprenticeship Program

In Germany, Axalta's business continues the German educational tradition of participating in an intensive apprenticeship program with local schools. Many of Axalta's highly skilled German employees, such as lab technicians, began their career in the apprenticeship program in Wuppertal, the company's largest manufacturing center. For more than a hundred years, German schools and industry have cooperated in a system unlike any other that enables technical and vocational students to learn by doing. Through this program, apprentices benefit from practice-oriented training at a company and theoretical expertise at school.

As one of the largest employers in the Wuppertal community, Axalta is proud to participate in such a program. For Axalta, as a potential future employer of the trainees, having access to skilled personnel is essential to maintaining high productivity and quality standards.

Some 50 trainees per year spend three days each week at the company, engaging in the kind of work they would perform as full time employees and the remaining days at a public, so-called specific "job-school" (Berufsschule). The schools and the participating companies collaborate closely to ensure the curriculum and practical experience are mutually reinforcing. By collaborating in this way, trainees are able to obtain an internationally accepted certification from the Chamber of Industry and Commerce and are already well trained in practical competencies. Of the approximately 350 recognized different career tracks in Germany, Axalta offers up to 13 different career possibilities. In the region, Axalta's apprentice program is well regarded.

Participating in the apprenticeship program benefits the community in a number of ways. Axalta apprentices become familiar with the needs of our company, having gained experience in different areas of our business. They become part

of our company and culture, understand our values and are ready for full time work once their training is complete. Integration time is minimal and the need to recruit new employees externally is significantly reduced when well-matched apprentices can fill open positions. Participants benefit by developing job skills and have the benefit of the possibility of finding employment with Axalta after they complete their apprenticeship. Participants who enter the broader job markets do so with concrete skills and on-the-job experience that enables them to compete for other positions.



Employee Health and Wellness

The health and wellness of our employees is of paramount importance to our success as a business. Employees at Axalta receive comprehensive health and wellness benefits, according to applicable national laws. Where required by law and in other selected markets, we also provide full time employees with additional benefits such as life insurance, disability and retirement savings programs. We respect human rights and labor laws in all countries where we operate.

Wellness Programs

Our vision of “Healthy People for a Healthy Business” reflects the commitment that Axalta Health Care Services (AHCS) strives to provide our employees and their families. Globally aligned and regionally adapted standards are implemented and guidance is given on the requirements for a healthy workforce and the role of medical support where the company is able to offer it.

Starting with pre-employment physicals, illness and injury care, we deliver programs to employees at a number of our facilities that focus on prevention. We have screening programs for cancer, diabetes, high blood pressure and cholesterol. Other programs concentrate on physical fitness. In selected locations, we offer free access to fitness gyms for those working on shift and enable employees to participate in weight management programs. On larger sites we have our own AHCS dietitians. In cooperation with consultants drawn from medical specialties, we may also offer intervention programs for asthma, hypertension, mental health, back pain, and cardiac problems, among others.

Best Practice Health Programs

Globally shared best practices focus on a number of specific programs. Employees and their families headed for an expatriate assignment are assessed for their suitability for transfer to a specific country or assignment to identify and correct potential hurdles, to prevent disease on assignment and to comply with local medical requirements of immigration.

Employees who travel internationally are counseled on strategies to help minimize illness while traveling and the need for medical treatment. Our disability and medical absence management process provides support for employees on long and short term disability.

Our substance abuse program strives to ensure that the use or misuse of substances by employees or third parties involved in company activities is appropriately addressed and does not jeopardize safety, performance or otherwise affect the company. Our policy is to maintain a workplace free of substance abuse.

Other programs in over 60 countries help promote mental health among employees and their families. Axalta’s Employee Assistance Program provides psychological guidance, clinical support, education, and prevention services. We also offer less clinically focused Life Management, resources via phone, email and, in some cases, online that provide information related to such topics as time management, child care issues, elder care concerns and healthy diets.

As part of the prevention process, we have included in all regions a health risk appraisal tool called the Wellness Checkpoint (WCP). The WCP helps employees identify health risks and determine their readiness to address personal change. Anonymous aggregate data from the WCP can be used to identify gaps in Axalta Health Care Services’ delivered services and target specific risks in our employee populations.



Professional Development

Performance feedback and professional development opportunities are provided to our employees, depending on their location and stage of professional development. The Axalta professional development program is currently undergoing revisions to reflect the new Axalta culture. When rolled out, the program will reflect our innovative, dynamic culture and will cover 100 percent of employees worldwide.

At Axalta's global leadership meeting in early 2014, the company introduced a new Senior Leadership Award to recognize members of the Axalta community who made a significant contribution to the company and our customers during 2013. The inaugural awards recognized exceptional performance and leadership by five employees. They came from each of our four regions and worked in different business disciplines: Human Resources, Finance, Operations and Sales.



Joseph Wood, Vice President of Commercial Transportation receives his award from Michael Cash, Senior Vice President and President, Industrial, and Nigel Budden, Vice President, North America.



Yali (Cherry) Qiao, Plant Manager of Axalta's Operations Center in Changchun, China, receives her award from K. Peter Hurd, Senior Vice President of Operations, and Steven Markevich, Senior Vice President and President, OEM



Holger Lassen, Human Resources Director for Europe, Middle East and Africa (EMEA), receives his award from Otmar Hauck, Vice President of Operations, EMEA, and Joseph McDougall, Senior Vice President of Human Resources.

Not pictured are Daniel Salicido, Finance Director, Latin America, and Cheng Li, China Refinish Business Leader

Supporting Our Neighbors

Axalta will support a variety of local organizations and individuals that meet the needs of the communities in which we operate. A number of the initiatives we supported in 2013 reflect earlier corporate support programs. Moving forward, our new corporate contributions program will focus on three giving areas. The themes of education, sustainability and community relations reflect our own expertise and the needs of our communities. Education, and especially the disciplines of science, technology, engineering and mathematics (STEM), is a growing academic area of focus around the world. We intend to support educational institutions in communities where we have operations. Sustainability is a cornerstone of our technology and products and responds to growing demand for industry to operate responsibly. Finally, we strive to be good corporate citizens and we will support local organizations that meet the interests of our employees and local stakeholders where we do business.

To meet these objectives, we will work towards establishing Axalta best practices for engaging with local communities and assessing the impact of our business operations on the economy, society and environment. Because each location is different, the application of these best practices and the results of our assessments will differ for each operation. For us, the primary goal is to foster a consistent approach to ensuring Axalta can support local communities in an appropriate way, wherever we are. Programs and practices that support these community engagement objectives are under development and will be overseen and evaluated by a new corporate cross-functional team.

Our support will be provided both in the form of financial donations and in-kind contributions. For example, we lend our expertise in environment, health and safety matters to communities where we have operations by participating in

local emergency services organizations. Company experts in environment, health and safety participate in community advisory panels to ensure that our performance meets local community standards and that we are good environmental stewards. We also will encourage and support volunteerism in our communities. In 2013, we supported a number of initiatives in our communities.

Fire Safety in China

Building on our safety expertise, Axalta employees have arranged several events at local facilities to underscore the importance of safety. At our Jiading operations in Shanghai, China, approximately 40 students from the Zhuqiao primary school visited our facility to learn about fire safety and how to use a fire extinguisher to put out a fire in case of emergency. Also at the Jiading plant, our employees and contractors conducted a fire fighting and emergency response drill together with the local fire department. On the occasion of the 2013 Spring Festival, Axalta's Changchun plant developed and distributed to the community a safety brochure about handling fireworks. During the National Holiday in October 2013, the Changchun plant developed a second safety manual for community residents focused on fighting fires.



Supporting the Sciences in China

Axalta provided academic scholarships to 28 students at seven universities in China. The grants were given to graduate students studying chemistry and the material sciences. These disciplines will be integral to the continued development of China's industrial base and to the fields of expertise that are applied in Axalta's research and development laboratories. Grant recipients have the opportunity to meet Axalta scientists to obtain a firsthand understanding of how academic training can be applied in a work environment and they also benefit from meeting experts in a commercial setting.



CEO Charles Shaver and other Axalta executives meet with the 2013 scholarship recipients and their professors.

Michigan Works!



One of Axalta's principal U.S. operations centers is located in Mt. Clemens in Macomb County, Michigan. In an effort to help support workforce development, Axalta representatives volunteer on the Macomb/St. Clair Workforce Development Board, affiliated with Michigan Works! The Board's mission is to integrate youth and adults facing barriers to employment by providing customer driven training and other support services to make participants stronger job candidates. The Workforce Development Board is a private-public partnership. Axalta contributes guidance on activities undertaken by the board's workforce development program and helps develop policies that help job seekers and businesses with the long term goal of reducing unemployment in the greater Detroit community.

Jobs for U.S. Veterans

Michigan Values Vets (MV2) is an economic investment initiative that offers an opportunity to reinvigorate Michigan's workforce while reducing veteran unemployment. Axalta's Mount Clemens manufacturing facility was presented with the MV2 certification at the Michigan Values Veterans conference presented by TMG, an organization that builds programs that help connect employers with potential employees. The certification recognizes Axalta's pledge to hire and retain U.S. veterans. Axalta is one of Mount Clemens' largest employers. MV2 provides access to veterans who bring a special degree of discipline and focus that should prove to be assets to our business.



Michigan Values Vets presents Axalta with MV2 certification.

The Michigan Science Center

The Michigan Science Center (MiSci) is a fun and dynamic hands-on museum, offering programs that inspire children and their families to discover, explore and appreciate science, technology and math in an exciting learning environment. MiSci attracts children from the Detroit area and across the region and supports the development of STEM curricula and science learning initiatives with educators. MiSci will make an increasingly significant contribution to the cultural and economic renewal of Detroit and Michigan. As a company that values research and the role that STEM disciplines play in our business, Axalta appreciates the importance of getting kids to enjoy science and empowering them at an early age to consider further studies and careers in the sciences.



Detroit Institute of Ophthalmology



DEPARTMENT OF OPHTHALMOLOGY

Detroit Institute of Ophthalmology

The Detroit Institute of Ophthalmology (DIO) is the research education arm of the Henry Ford Health System's Department of Ophthalmology. Henry Ford and the DIO are committed to assisting the visually impaired in maintaining their independence. Axalta supports the DIO through its sponsorship of the EyesOnDesign Automotive Exhibition which is an international celebration of the past, present and future of automotive design. Axalta's involvement with DIO reflects Axalta's passion for and knowledge of color and design, coupled with our interest in supporting an important community institution.



Supporting Neighbors in Wuppertal

Our Wuppertal, Germany, site is Axalta's largest manufacturing center worldwide and a large employer in the city. Axalta and its employees support a number of community based programs. Sozialsponsoring Wuppertal is a local non-profit organization that receives contributions from community employers and provides funds to organizations in need throughout the area. Kindertal supports Wuppertal children and teenagers who are in financial distress. Troxler-Haus offers workplace training for learning disabled adults. Axalta employees who are identified for larger responsibilities work at the Troxler-Haus as part of their development and mentor program participants. Some recipient organizations also receive employee donations which the company matches.



Troxler-Haus displays € 9,000 donation.

Outreach in Venezuela

Axalta supports the Centro de Capacitación Industrial “Don Bosco,” an industrial training center that prepares young people from lower economic tiers to learn a trade. Our support provides training for auto body paint refinishing and color matching that builds on Axalta’s expertise in the field. Over the past six years, some 140 young people have learned a valuable trade. As part of our commitment to sustainability, the company was one of the sponsors of the Sustainable Development Summit organized by the Industrial Chamber of Carabobo. The forum brought together representatives from the public and private sectors to identify opportunities to address climate change. Axalta participated in a fundraising event to support Autismo en Voz Alta, a non-profit committed to establishing a special needs school in Venezuela for children with autism.



Community Engagement in Mexico

To facilitate the social and educational integration of children with disabilities, autism and cancer into society, Axalta in Mexico collaborated with Teleton in a fundraising effort that brings together media, industry and other leaders in civil society. Teleton provides a number of different facilities that meet the physical, psychological and social rehabilitation needs of participants. For over 15 years, Axalta has been the major paint provider for Teleton facilities, enabling the organization to maintain its premises.



Community Engagement in Cartagena

We support Fundevida, an association that provides underprivileged children with cancer and hematological diseases, with access to health prevention programs, treatment and lodging. Axalta provides both financial aid and employee volunteers. Axalta employees donate blood, and the company has led campaigns with employees to collect soda bottle caps that are later given to Fundevida, which then sells the caps to obtain funds.



Teleton Campus

Material Issues and Stakeholder Engagement

In keeping with the GRI G4 guidelines, our assessment of material issues informs what we include in our report and how we address each topic.

The intention of our sustainability report is to communicate transparently with our stakeholders across our value chain and around the world. In developing this report, we aim to address issues that are important to our stakeholders and their assessments of and decisions about our company. We consider our stakeholders to include customers, employees, governments, regulators, policy makers, communities where we operate, suppliers, our credit and bondholders and our equity investment partner. Each stakeholder group requires a different type of interaction, and we engage with each in a variety of ways including, for example, one-on-one discussions, company newsletters, meetings and printed communications, via our website, at trade shows and through industry associations. In this first year, we have consulted with internal Axalta representatives who have provided us with their perspective on stakeholders' issues of significant interest. For future reports, we may consider developing an approach to direct engagement with stakeholders to inform the assessment of material issues.

Our assessment of potentially material issues to include in the report, in accordance with GRI G4 guidelines, started with reviewing topics raised in industry associations, media reports on Axalta and the coatings industry, various sustainability reporting frameworks, including GRI G4, the American Chemistry Council's (ACC) Responsible Care program, and the Carbon Disclosure Project (CDP) and Dow Jones Sustainability Index (DJSI) survey questions. Through this process we developed a list of more than one hundred potentially material issues which

we prioritized into a final list of more than 30 main issues. We prioritized the issues by considering the level of importance of each issue to stakeholders and to our current and future business. We then gathered the issues under these 11 main topic headings:

- 1. Transition to an Independent Company:** How we are navigating this turning point in our business, including governance, leadership and organizational implications.
- 2. Ethics and Integrity:** Our principles and programs to ensure we operate according to fair and ethical business practices wherever we operate.
- 3. Economic Value:** Economic performance, plans and strategy.
- 4. Emerging Markets and License to Operate:** Our presence in and expansion into emerging markets and our focus on sustainability and compliance help maintain our license to operate.
- 5. Business Strategy and Sustainability:** How sustainability issues are addressed in our business strategy, including risks and opportunities, and how we will improve going forward.
- 6. Responsible Products and Services:** Our approach to product stewardship, lifecycle thinking and management of chemicals in our processes and products; our products and their benefits.
- 7. Innovation:** Our legacy of innovation, current R&D investment and approach to developing ever more sustainable products for our customers.

- 8. Environment:** Management of our impacts on air, water and land and our compliance record.
- 9. Safety:** Management of safety in our facilities and through our products' value chain.
- 10. Attracting and Retaining Employees:** As a newly independent company, attracting a talented workforce and retaining our current base of talented, productive employees.
- 11. Engagement in Community:** Being a responsible corporate citizen and our efforts to contribute to the communities where we operate.

For the issues listed, we considered all to be relevant and applicable within all our business regions as well as outside our business. We have structured our GRI G4 "Core" level Sustainability Report to ensure we adequately address each of the material issues important to our stakeholders and our business.

Please see the Axalta Coatings Systems 2013 GRI Index on our website for more detailed information on where to find GRI indicator and management approach information contained in this report.

Business Strategy and Sustainability: Driving Forward

As we publish this first annual sustainability report, we recognize that there is much we still want to achieve. The process of writing this report has allowed us to not only communicate who we are and our current performance to our stakeholders. It has also enabled us to see more clearly how we want to improve our processes and performance moving forward and how to align our sustainability efforts to our strategy even more closely.

As we move forward, we aim to strengthen the programs and processes that enable our success.

Market Objectives: We aim to build on our intellectual capital and innovate the next generation of sustainable coatings and application processes. We intend to lead the industry in customer service and extend the reach of our products into new markets.

Program Objectives: A cross-functional Sustainability Working Group will be established to coordinate and guide our sustainability efforts and communications. We are focused on

improving our data collection systems and risk management processes and support an improved performance dashboard, including sustainability measures. A clearer, more streamlined global compliance management system – including a new Business Code of Conduct, Ethics and Integrity policy, and supporting training programs – will be extended in 2014.

We welcome your interest and your feedback. Please visit us on our website to find current information on our exciting growth, new milestones and sustainability highlights.

In keeping with the GRI G4 guidelines, we have identified material topics relevant to our business at this time, and so have included some material topics that do not have pre-defined GRI indicators, in addition to several that do. For these company-specific topics, we have described our management approach and included relevant information on our performance.



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