

SHERWIN-WILLIAMS PROTECTIVE & MARINE COATINGS

GENDER PAY GAP REPORTING 2019

Overview of Gender Pay Gap Regulations

New legislation came into force in April 2017, which requires employers in the UK with 250 employees or more to publish their gender pay gap each year. The gender pay gap data below has been prepared in accordance with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

The figures are taken from April 2018 payroll data.

Employers are required to report:

- the difference in the mean pay of men and women, expressed as a percentage;
- the difference in the median pay of men and women, expressed as a percentage;
- the difference in mean bonuses paid to men and women, expressed as a percentage;
- the difference in median bonuses paid to men and women, expressed as a percentage;
- the proportion of men and women who received a bonus; and
- the proportion of men and women in each of four quartile pay bands.

Company overview

The Sherwin-Williams Company was founded by Henry Sherwin and Edward Williams in 1866. Sherwin-Williams is a global leader in the manufacture, development, distribution and sale of paint, coatings and related products to professional, industrial and commercial customers globally. In Europe, the Middle East and Africa, Sherwin-Williams is focused on professional coatings for companies and industries. With the full breadth of innovative liquid and powder technologies, we provide high-performance coatings for all substrates, including metal, wood, plastics, and composites.

Sherwin-Williams Protective & Marine Coatings ("P&M") is part of the Sherwin-Williams group. P&M manufactures innovative fire protection and protective coatings and technologies. P&M is based in Bolton, UK which is where the products are manufactured. P&M was acquired by the Sherwin-Williams Company in July 2011. It was previously known as Leighs Paints and was a 150 year old family owned business. In June 2016 P&M acquired RSL, a resinous flooring business based in Stockport. The RSL manufacturing activity and some of the RSL employees were transitioned to P&M's Bolton site in September 2017.

P&M employs a population of 235 employees in the UK (as at the "snapshot date" of 5 April 2018). As the total number of P&M employees is under the 250 threshold, there is no statutory duty on P&M to publish gender pay gap data. However, due to the fact that the total number of employees is close to the threshold P&M wishes to make a voluntary statement. This reflects the Sherwin-Williams group's commitment to transparency and improvement in the area of gender pay.

How our gender pay gap is calculated

Mean (the average) hourly pay

The mean pay gap is the difference between the hourly pay of all men and women employees, when added up separately and divided by the total number of men and women in the workforce.

Median (the middle) hourly pay

The median pay gap is the difference between the pay of the man and woman in the middle of our pay distribution, when all of the male employees and female employees are listed from highest to the lowest paid.

Gender pay gap report for P&M

Here is a summary of the gender pay gap position for P&M as at April 2018:

- The mean gender pay gap is 10.1%, which is lower than the national average of 17.4% according to October 2017 Office for National Statistics (ONS) Annual Survey of Hours and Earnings (ASHE) figures.
- The median gender pay gap is 15.1%, which is lower than the national average figure of 18.4% according to October 2017, Office for National Statistics (ONS) Annual Survey of Hours and Earnings (ASHE) figures. The percentage shows that the man in the middle of our male employee hourly pay distribution was paid a higher hourly pay than the woman in the middle of our female employee hourly pay distribution, when all of the employees were listed from those receiving the highest hourly pay to those receiving the lowest hourly pay.
- The mean gender bonus gap is 36.6%. The percentage means that on average our male employees were paid a higher bonus than our female employees.
- The median gender bonus gap is 0%. This percentage shows that the woman in the middle of our female employee bonus distribution was paid the same as the man in the middle of our male employee bonus distribution, when all of the employees were listed from those receiving the highest bonus to those receiving the lowest bonus.
- The proportion of men who received a bonus payment in the 12 months up to 5 April 2017 was slightly lower than in 2018 at 61.3%, while for women this was marginally higher at 93.9%. The reason for this change was due to an increase in the overall male population, which the total number of males employed as at 5 April 2018 increased by 27 heads compared to 2017. Whereas for women the total number of females employed as at 5 April 2018 increased by 4 heads compared to 2017. The proportion of males receiving a bonus payment in 2018 was 114 out of 186 of the total male population. The number of females receiving a bonus payment in 2018 was 46 out of 49 of the entire female population.

The proportion of men and women in each of four quartile pay bands is as follows:

2018						
Quartiles	Women		Men		Total	
	No.	%	No.	%	No.	%
Lower	18	31.0%	40	69.0%	58	100%
Lower Middle	6	10.2%	53	89.8%	59	100%
Upper Middle	18	30.5%	41	69.5%	59	100%
Upper	7	11.9%	52	88.1%	59	100%
Total Employees	49	20.9%	186	79.1%	235	100%

The quartile table shows the P&M workforce divided into four equal-sized groups based on hourly pay rates. Within P&M, the size of the UK workforce as at 5 April 2018 was 235. There is a majority of men employed in the business (186 compared to 49 women). The overall makeup of the workforce is 79% men and 21% women. The number of men to women is higher across all quartiles.

The P&M Bolton site headcount increased due to the RSL acquisition in 2016 and the Valspar acquisition which led to an integration of employees. Both acquisitions had a majority of males employees employed. The majority of the employees that transitioned were men and predominately occupying roles in sales, production, warehousing, planning and purchasing.

In 2018 there were 25 leavers (18 males and 7 females) and 31 new hires (27 males and 4 females). The number of male employees in a managerial position who left the business is 2 out of 18 male

employees. Following the transition of RSL employees locating to the P&M Bolton site resulted in a slight increase of 5 males occupying either managerial or technical roles.

What have been doing to address the gender pay gap?

P&M, as referenced in the company overview is part of The Sherwin-Williams Group. As a global company with multiples businesses in the EMEA region we have company-wide enterprise initiatives and HR programmes. Some of which we have implemented and others we are progressing as proactive measures towards addressing the gender pay gap in the UK:

Diversity and Inclusion

We are an equal opportunities employer and committed to promoting equality. We have a clear policy on equality, and carry out annual pay and benefits audits and benchmark against industry and UK best practice. We have a systematic process for evaluating job roles and pay structures to ensure we maintain a fair pay structure.

Work-life Balance

We continue to appreciate the diverse needs of our employees and try to accommodate a work-life balance including the accommodation of personal responsibilities while still enjoying the benefits of a fulfilling career. We have a home working policy in place, and we offer flexible working options, including flexible working hours and part-time working where the business can accommodate such requests. We also provide enhanced maternity benefits on top of the statutory entitlement.

Learning & Development

We provide learning and development opportunities for our employees. We have enterprise-wide programmes for employees in senior leadership and managerial roles. We have a structured approach to improving opportunities for women to be considered as either high potential or an emerging leader or already occupying a leadership or managerial role. We also offer a self-learning platform through our global learning management system where some online training programmes are available to our employees as part of their continuous learning and development.

All of our employees are encouraged to work with their managers to create individual development plans. Our employees, through the Sherwin-Williams Talent Development function, have access to on-demand online learning, as well as classroom-based training which is available to employees to develop their core skills and competencies. This is in addition to the many varied job-specific training that is relevant to an individual's job role.

We also proactively work with our global Talent Development function to identify females for our High Potential Enterprise-wide development programmes which are available to employees who demonstrate high performance and potential to progress into leadership roles. These development programmes are fundamental to preparing employees for progression into leadership roles. In 2019 we will be looking to identify through our talent review process females demonstrating high performance and potential into leadership roles.

Our Continued Focus

We recognise we need to take all the necessary measures to ensure we maintain our efforts to date and to continually look at opportunities to promote gender diversity across our workforce. We have put steps in place, these include:

Gender monitoring:

In 2018 we commenced a project to extend the roll-out of our global candidate management tracking system (Taleo) to our UK businesses. With the implementation of Taleo we will be able to improve our recruitment and selection reporting and monitoring capability, an initiative we will implement in 2019. This will help us to understand:

- √ the number of and types of vacancies across our business;
- √ the proportions of men and women applying for jobs and being shortlisted;
- √ the proportions of men and women applying for jobs and being interviewed;
- √ the proportions of men and women applying for jobs and being appointed;

We already have in place an HR system where we can track records and report on:

- √ the proportions of men and women obtaining promotions and job changes;
- √ the proportions of men and women leaving the organisation and their reasons for leaving;
- √ the numbers of men and women in each role and pay band;

In 2019 we will continue to implement improvements in the following areas:

- √ the take-up of flexible working arrangements by gender and level within the organisation;
- √ the proportion of men and women who return to their original job after a period of maternity or other family-related leave; and
- √ the proportion of men and women still in post a year on from a return to work after a period of maternity or other family related leave.

Supporting Parents

We will continue to deliver training to line managers and senior managers on how to help employees before, during and on return from maternity and other family-related leave. In 2018 we harmonised some of our family-friendly policies. We have enhanced our maternity and adoption leave entitlement and the number of weeks for receiving full pay, and we have harmonised paternity pay.

Talent Development

Our employees have an essential role to play in the success of our business, and we believe that by investing in training and development, we will be able to provide our employees with the knowledge and skills, to not only do their job but also to fulfil their potential.

Our company holds an annual Talent and Diversity Review. The purpose of the review is to identify, assess and develop our existing and emerging leadership teams in support of current and future business objectives. A vital part of this process is a review of our diverse talent which ensures that we place focus on the development and progression of this pool of talent. An outcome of the talent review is an action plan which focusses specifically on the recruitment, engagement and talent development to support our diversity and inclusion strategy.

Women's Networking Forum

In 2019, Sherwin-Williams, the company plans to launch a "Women's Network" for our EMEA region, providing meaningful leadership and professional networking opportunities across all levels of the organisation to help develop a world class team.

The Women's Network is part of a global initiative, and fully supported by the company Executive Leadership Team. The purpose being to promote an effective working culture to create a harmonious working environment and to coach and mentor female employees to reach their full potential.

A key aim for the Women's Network programme is to help advance the dialogue on gender in the workplace. Within the network, we will hold forums, events and training to develop a more inclusive culture and greater equality, leading to greater innovation, creativity and bottom line results.

Research & Development - Career Paths & Talent Pipeline

In 2018, we launched career paths for our R&D workforce. The aim is to equip all R&D professionals with the right tools and resources to help them improve their career and by highlighting a technical or management path. This means we are not just promoting people who have a management career path in mind. The aim is to recognise and retain our technical talent by enabling career progression for technical experts without the requirement to manage people.

In 2019 we plan to set up a project aimed at building a talent pipeline across our R&D function regionally and to foster a culture of innovation. We will also be looking to identify female employees for our Research and Development learning paths. Although we have a very diverse intake of people in Research and Development roles, the progression of females in this field is not consistent, and this project will provide a platform to build on.

Talent Acquisition (TA)

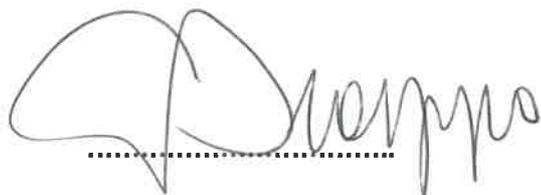
In 2018 we moved our talent sourcing model to an in-house delivery model which has enabled us to improve our recruitment and selection processes and promote direct relationships with our internal and external candidates.

Performance Management

We will continue to take action to make sure our pay policies and people management practices are fair, which includes actively monitoring our performance management processes and a continuous review of annual performance results. We will continue to maintain a robust approach to merit increases, pay for new hires, and any other salary adjustments made during the year.

Declaration

I can confirm the gender pay gap calculations are accurate and have been collated in accordance with the requirements of The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

A handwritten signature in black ink, appearing to read 'Ezio Braggio', written over a horizontal dotted line.

Ezio Braggio

Regional President EMEA

21 March 2019