

SHERWIN-WILLIAMS PROTECTIVE & MARINE COATINGS

GENDER PAY GAP REPORT 2018

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 2017 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.

Sherwin-Williams Protective & Marine Coatings ("P&M") is part of the Sherwin-Williams group and employs a population of 204 employees in the UK (as at the "snapshot date" of 5 April 2017). 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.

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 and employees were transitioned to P&M's Bolton site in September 2017.

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 2017:

- The mean gender pay gap is 4.6%, 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 -10.10%, which is significantly better 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 minus percentage shows that the woman in the middle of our female employee hourly pay distribution was paid a higher hourly pay than the man in the middle of our male 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 30.7%. 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 61.6% while for women this was 93.3%.

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

Quartiles	Women		Men		Total	
	No.	%	No.	%	No.	%
Lower	14	27.5%	37	72.5%	51	100%
Lower Middle	6	11.8%	45	88.2%	51	100%
Upper Middle	16	31.4%	35	68.6%	51	100%
Upper	9	17.6%	42	82.4%	51	100%
Total Employees	45	22.1%	159	77.9%	204	100%

The quartile table shows 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 2017 was 204, of which 45 were women and 159 men. The number of men to women is higher across all quartiles.

In regards to the data, there is a majority of men employed in the business (159 compared to 45 women). However, as this translates into the quartiles, the impact shows that women are in the higher brackets. The majority of our blue-collar workforce is male whereas there are a higher proportion of women in the white collar, professional and managerial positions. These roles cover finance, sales, technical/R&D, marketing and HR.

What we have been doing to address the gender pay gap

At P&M we have taken proactive steps to ensure mitigation against gender pay gap:

Diversity and Inclusion

P&M is an equal opportunities employer and committed to promoting equality in our business. We have a clear policy on equality. We 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 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 rolled out 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 learning management system where some online training programmes are available to our employees as part of their continuous learning and development.

Our continued focus:

We recognise we need to continue 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 will be putting some additional steps in place, these include:

Gender monitoring: we will review our existing processes and implement improvements to understand:

- √ the proportions of men and women applying for jobs and being recruited;
- √ the proportions of men and women applying for and obtaining promotions;
- √ 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;
- √ 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.

Talent management: 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 fulfil their potential.

One of the critical programmes we will be progressing in 2018 is our Virtual Women's Resource Group. The Virtual Women's Resource Group aims to connect women globally in our organisation, to raise and discuss topics that may hinder female careers, and inspire and support women in their career progression.

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. The aim is to equip all Research and

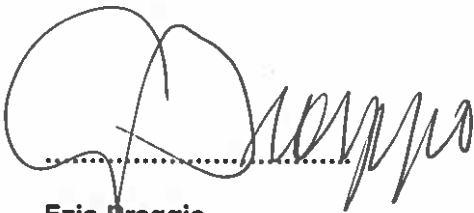
Development professionals with the right tools and resources to help them improve their career and by highlighting a technical or management path. This means we are not just promoting people who have a management career path in mind. The aim is to recognise and retain our technical talent by enabling career progression for technical experts without the requirement to manage people.

Talent acquisition: we aim to enhance our existing recruitment and selection processes. We have made an investment to set up an in-house Talent Acquisition team. This will provide the scope to enable us to improve our recruitment and selection processes and promote direct relationships with our internal and external candidates. The intention is to provide transparency in our approach and promote fairness as well as improving our monitoring and reporting capability. We are committed to promoting the recruitment and development of more women into our business and into higher paid roles such as science, technology, engineering and maths. We have targets in place for identifying cross-fertilisation role placements.

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

25 April 2018