

# The Sherwin-Williams Company – 2020 Investor ESG Summary

TOPIC	METRIC	2018	2019	2020
<b>Sustainability Reporting</b>				
	2020 Sustainability Report	<b>2020 Sustainability Report</b>		
	2020 SASB Index	<b>2020 SASB Index</b>		
	GRI Index	<b>GRI Index</b>		
<b>General</b>				
<b>Company</b>	Total Employees	59,582	61,111	61,031
	Total Employees (Full-Time Equivalent)	53,368	54,759	54,727
	Net Sales (Thousands)	\$17,534,493	\$17,900,800	\$18,361,700
	Total Shareholder Return	See last page for Shareholder Returns		
	Number of Sites (includes manufacturing/distribution sites and global stores, branches and blending facilities)	5,345	5,376	5,288
<b>Environmental</b>				
<b>General Environmental</b>	ISO 14001 Certified Sites <sup>1</sup> – # (%)	47 (37%)	43 (33%)	44 (34%)
	Environmental Management Policy	<b>Global Environmental, Health, and Safety Policy</b>		
<b>Air Emissions and Climate Change</b>	Scope 1 (Direct CO <sub>2</sub> ) GHG Emissions (metric tons CO <sub>2</sub> e)	373,582	387,172	344,528
	Scope 1 GHG Emissions Intensity (metric tons CO <sub>2</sub> e/\$million sales)	9.70	9.84	9.00
	Scope 2 (Indirect CO <sub>2</sub> ) GHG Emissions (metric tons CO <sub>2</sub> e)	327,180	304,920	282,737
	Scope 2 GHG Emissions Intensity per Sales (metric tons CO <sub>2</sub> e/\$million sales)	8.50	7.94	7.39
	Total CO <sub>2</sub> Emissions (metric tons CO <sub>2</sub> e)	700,762	682,607	627,265
	Total GHG Emissions Intensity per Sales (metric tons CO <sub>2</sub> e/\$million sales)	18.20	17.76	16.39
	Scope 3 Emissions from Business Travel (metric tons CO <sub>2</sub> e)	16,593	17,479	5,222
	Emission Reduction Targets	Reduce GHG by 5.9% per 100 lb. produced by 2020 (2017 baseline).	Reduce GHG by 5.9% per 100 lb. produced by 2020 (2017 baseline).	30% Absolute Reduction by 2030 (2019 baseline).
	Science-Based Target	No	No	Yes
	VOC Emissions (tons)	Not Available	1,635	1,650
	SOx Emissions (tons)	Not Available	221	220
	NOx Emissions (tons)	Not Available	3,657	3,646
	Climate Change Policy	Yes	Yes	Yes
	CDP Climate Change Disclosure	<b>CDP Climate Change Response</b>		
CDP Climate Change Score	D	D	C	

<sup>1</sup> This only applies to manufacturing and distribution facilities

## The Sherwin-Williams Company – 2020 Investor ESG Summary, continued

TOPIC	METRIC	2018	2019	2020
Electricity	Electricity intensity (kWh/metric ton produced)	2.03	2.15	2.04
	Electricity Consumption (GJ)	7.83	8.25	7.82
Water	Water Withdrawn (m <sup>3</sup> )	3,547,297	3,451,670	Not Yet Available
	Water Consumption (m <sup>3</sup> )	1,556,000	1,474,380	Not Yet Available
	Water Intensity (m <sup>3</sup> /metric ton production)	0.92	0.89	Not Yet Available
	Water Sourced from Regions with High or Extremely High Baseline Water Stress	13.68%	21.48%	Not Yet Available
	CDP Water Disclosure	CDP Water Response		
	CDP Water Score	C	C	C
Waste	Wastewater Discharge (m <sup>3</sup> )	1,736,130	1,977,290	Not Yet Available
	Waste Reduction Targets	2020 Sustainability Report		
	Hazardous Waste Reduction Targets	2020 Sustainability Report		
<b>Social</b>				
	Women in Workforce	24.2%	24.6%	24.5%
	Women in Management	25.9%	26.3%	26.5%
	Minorities in Workforce (U.S. Only)	32.2%	33.3%	34.2%
	Minorities in Management (U.S. Only)	25.1%	25.9%	26.6%
	Workforce Age Group 70+	0.7%	0.8%	0.9%
	Workforce Age Group 60-69	5.6%	6.0%	6.4%
	Workforce Age Group 50-59	15.1%	15.2%	15.5%
	Workforce Age Group 40-49	19.3%	19.4%	19.6%
	Workforce Age Group 30-39	25.9%	25.8%	26.4%
	Workforce Age Group 20-29	31.3%	30.8%	30.0%
	Workforce Age Group Under 20	2.1%	2.0%	1.23%
	Voluntary-Regrettable Turnover	10.1%	9.5%	8.0%
	Savings Plan Common Stock Ownership	10.0%	9.2%	8.2%
Inclusion, Diversity & Equity	Equal Opportunity Policy	Equal Employment Opportunity Policy		
	<p><b>Annual Survey:</b> Our formal employee engagement survey measures viewpoints on culture, leadership, development, communication, and inclusion and diversity. We measure feelings of respect, value and belonging based on the following questions:</p> <ul style="list-style-type: none"> <li>I can be myself working at Sherwin-Williams.</li> <li>Sherwin-Williams provides a supportive environment for every employee.</li> <li>The company is committed to diversity.</li> <li>I feel that my personal beliefs and values are respected in my workplace.</li> </ul>			
	<p><b>Conscious Inclusion Education &amp; Training</b> equips employees with inclusive leadership behaviors and resources to improve performance, drive business growth and enhance customer experience. The sessions and resources are designed to help leaders become mindful of unconscious perspectives and provide them with practical actions they can take to create and lead more inclusive cultures.</p>			

## The Sherwin-Williams Company – 2020 Investor ESG Summary, continued

TOPIC	METRIC	2018	2019	2020
Safety and Health	Days Away Restricted or Transferred (DART) Rate (Total incidents per 200,000 hours worked)	0.90	1.03	0.92
	Recordable Case Rate (Total number of employees with recordable incidents per 200,000 hours worked)	1.38	1.30	1.06
	Health and Safety Policy	Global Environmental, Health, and Safety Policy		
Human Rights	Human Rights Policy	Code of Conduct Human Trafficking Policy		
	Conflict Minerals Policy	Conflict Minerals Policy		
	Total Corporate Foundation and Other Giving (\$USD)	6,291,760	7,253,170	7,527,741
	Community Involvement Program	Community and Social Involvement		
<b>Products</b>				
Sustainably Advantaged Products		Not Available	Not Available	30%
Quality and Safety	Total Technical Expenditures (\$USD)	\$254,000,000	\$225,000,000	\$200,000,000

### Product Safety Program

At Sherwin-Williams, we are committed to delivering world-class products that are safe and effective when used as directed.

To accomplish this, we follow a set of guiding principles regarding the safe use of chemicals in our formulations and manufacturing processes. These principles guide all phases of our product development and they are supported by a product stewardship strategy rooted in continuous improvement. This means recognizing and addressing the potential impacts of our products throughout their lifecycle, from design and development through use and disposal and all steps in between. We assess each ingredient in a product formulation in combination with other ingredients in terms of human health, environmental impact, physical and chemical properties, and other information reflecting current best practices. Because science is constantly evolving, we continuously monitor news and scientific literature and update our products to best support the needs of our customers.

Sherwin-Williams Global Product Stewardship organization monitors and tracks chemical trends across the world for regulatory or other external pressures. It engages paint and coatings trade associations and other organizations around the world. It also works within the business on continuously improving its products. Global Product Stewardship periodically provides updates highlighting chemical trends and meets with relevant business units to ensure updates are understood and can be assessed as to their relevance to the business. Through these efforts, the company can be proactive towards proposed legislation, health and environmental data as well as other market pressures regarding chemical issues. Finally, Sherwin-Williams assesses all raw materials used in its formulated products against global regulations for compliance, customer restrictions and our own company policies.

### Product Sustainability Reference Guide

[Sustainable Programs and VOC Regulated Areas Reference Guide](#)

Supply Chain		
Supply Chain	Supplier Guidelines/Code of Conduct	Supplier Code of Conduct

## The Sherwin-Williams Company – 2020 Investor ESG Summary, continued

TOPIC	METRIC	2018	2019	2020
<b>Governance</b>				
<b>Ethics</b>	Business Ethics Policy		Code of Conduct	
<b>Board of Directors</b>	Size of the Board	10	11	10
	Non-Executive Directors on Board – # (%)	9 (90%)	10 (91%)	9 (90%)
	Independent Directors on Board – # (%)	9 (90%)	10 (91%)	9 (90%)
	Independent Lead Director	Yes	Yes	Yes
	Women on Board – # (%)	2 (20%)	3 (27%)	3 (30%)
	Board Average Age	62.8	63.1	62.2
	Board Average Tenure	6.9	7	7.2
	Mandatory Retirement Age	72	72	72
	Board Meetings Held	5	6	7
	All Directors Attended ≥ 75% of Meetings	Yes	Yes	Yes
	Independent Members on the Audit Committee – # (%)	4 (100%)	5 (100%)	4 (100%)
	Audit Committee Meetings	5	6	8
	Independent Members on the Compensation & Management Development Committee – # (%)	5 (100%)	5 (100%)	5 (100%)
	Compensation & Management Development Committee Meetings	5	5	4
	Independent Members on the Nominating & Corporate Governance Committee – # (%)	5 (100%)	4 (100%)	4 (100%)
	Nominating & Corporate Governance Committee Meetings	2	3	2
Annual Board and Committee Self-Assessments	Yes	Yes	Yes	
Orientation Program for New Directors	Yes	Yes	Yes	
<b>Shareholder Practices</b>	Equal Voting Rights (One Vote per Share)	Yes	Yes	Yes
	Annual Say on Pay Voting Support	95.7%	96.9%	96.0%
	Shares Outstanding as of December 31 <sup>2</sup>	93,116,762	92,144,839	89,558,877
	Equity Reserved as % of Shares Outstanding	10.4%	9.0%	8.2%
	Options Granted as % of Shares Outstanding	0.60%	0.54%	0.51%
	Fair Price Provision	Yes	Yes	Yes
	Mandatory Bid Provision	No	No	No
	Majority Voting Standard	Yes	Yes	Yes
	Classified Board	No	No	No
	Proxy Access <sup>3</sup>	Yes	Yes	Yes
<b>Political Involvement</b>	Shareholder Rights Plan	No	No	No
	Political Action Committee	No	No	No
	Political Involvement Policy		Code of Conduct	

<sup>2</sup> Share amounts have not been adjusted to reflect the Company's 3-for-1 stock split, effective March 31, 2021.

<sup>3</sup> The Company's Regulations provide proxy access rights to 3 year, 3% shareholders for up to 20% of the Board.

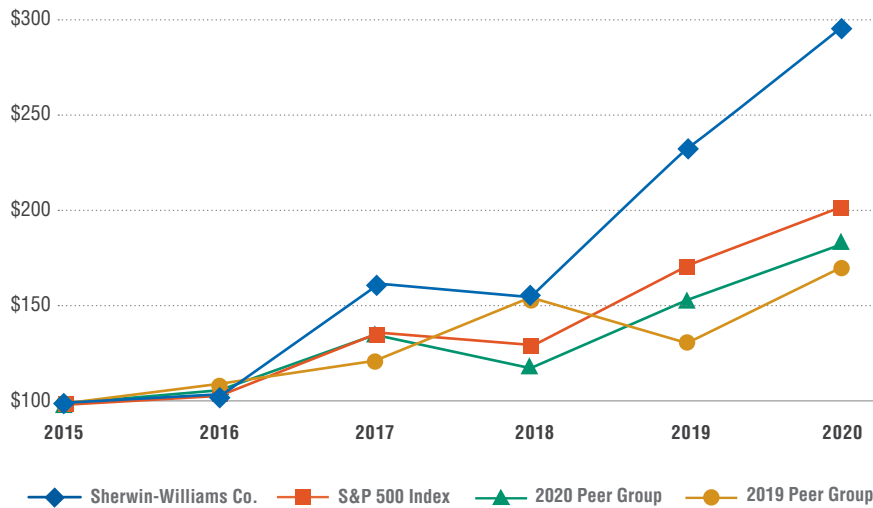
## The Sherwin-Williams Company – 2020 Investor ESG Summary, continued

TOPIC	METRIC	2018	2019	2020
<b>Governance – continued</b>				
<b>Compensation</b>	Total Compensation Paid to Named Executives (\$USD)	\$25,488,840	\$30,706,224	\$31,711,047
	Total Salaries and Bonuses Paid to Named Executives (\$USD)	\$3,861,505	\$4,245,560	\$4,109,263
	All Other Compensation Paid to Named Executives (\$USD)	\$21,627,335	\$26,460,664	\$27,601,784
	Total Compensation Paid to CEO (\$USD)	\$13,213,749	\$14,854,731	\$15,323,284
	Total Salaries and Bonuses Paid to CEO (\$USD)	\$1,276,924	\$1,333,000	\$1,339,000
	All Other Compensation Paid to CEO (\$USD)	\$11,936,825	\$13,521,731	\$13,984,284
	Executive Remuneration Policy	Compensation Discussion and Analysis (CD&A) – Page 32		
	Significant Stock Ownership Guidelines <sup>4</sup>	Yes	Yes	Yes
	Double-Trigger Equity Vesting Upon CIC	Yes	Yes	Yes
	Anti-Hedging and Anti-Pledging Policy	Yes	Yes	Yes
Clawback Provision for Executive Compensation	Yes	Yes	Yes	
<b>Governance</b>	Total Executives	10	11	11
	Female Executives – # (%)	2 (20%)	2 (18%)	2 (18%)
	Sustainability Disclosures Independently Verified/Assured	No	No	No
	UN Global Compact Signatory	No	No	No
	CSR/Sustainability Committee	No	Yes	Yes
	External Auditor	Ernst & Young LLP	Ernst & Young LLP	Ernst & Young LLP
	Audit & Audit-Related Fees Paid to Auditor (\$USD)	\$8,439,000	\$7,280,000	\$6,276,000
	Non-Audit Fees Paid to Auditor (\$USD)	\$4,233,000	\$2,286,000	\$949,000
	Total Auditor Fees (\$USD)	\$12,672,000	\$9,566,000	\$7,225,000

<sup>4</sup> After serving 5 years in such capacity, directors must own shares of stock equal in value to a minimum of 7x the annual Board cash retainer and executives must own shares equal in value to a multiple of his/her base salary, with 6x for the CEO, 4x for the COO and 3x for other named executives.

# Shareholder Returns

## Comparison of Cumulative Five-Year Total Return



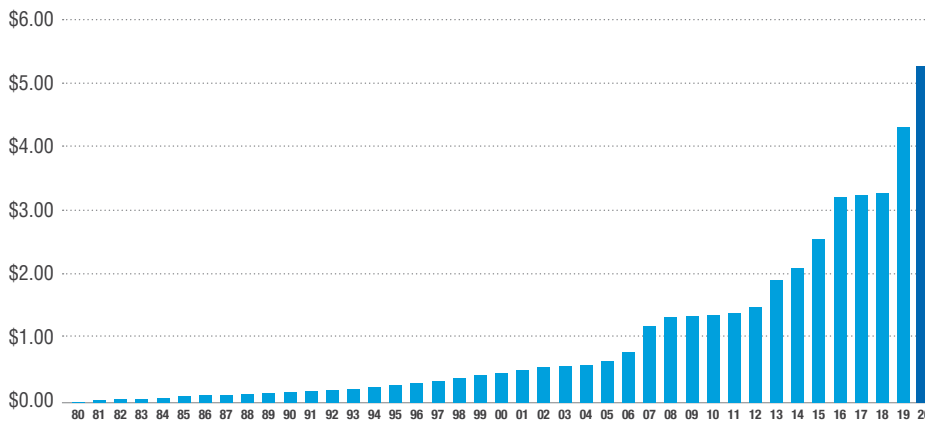
## Five-Year Return

The stock performance graph at left assumes \$100 was invested on December 31, 2015 in Sherwin-Williams common stock, the S&P 500 and the peer groups of companies selected on a line-of-business basis. The cumulative five-year total return, including reinvestment of dividends, represents the cumulative value through December 31, 2020. For 2019, Sherwin-Williams utilized a self-selected peer group of 12 companies (the "2019 Peer Group"). For 2020, Sherwin-Williams revised its prior-year peer group to reflect the acquisition of one of its selected peers and the addition of a new peer, maintaining a total of 12 companies ("2020 Peer Group"). The graph presents the total return performance for both of the Peer Group indices.

2020 peer group of companies comprised of the following: Akzo Nobel N.V., Axalta Coating Systems Ltd., BASF SE, Genuine Parts Company, H.B. Fuller Company, The Home Depot, Inc., Lowe's Companies, Inc., Masco Corporation, Newell Brands Inc., PPG Industries, Inc., RPM International Inc. and Stanley Black & Decker, Inc.

The 2019 Peer Group consisted of the following companies: Akzo Nobel N.V., BASF SE, Genuine Parts Company, H.B. Fuller Company, The Home Depot, Inc., Lowe's Companies, Inc., Masco Corporation, Newell Brands Inc., PPG Industries, Inc., RPM International Inc., Stanley Black & Decker, Inc. and USG Corporation. For the 2020 Peer Group, we deleted USG Corporation and added Axalta Coating Systems Ltd.

## Dividends Per Share

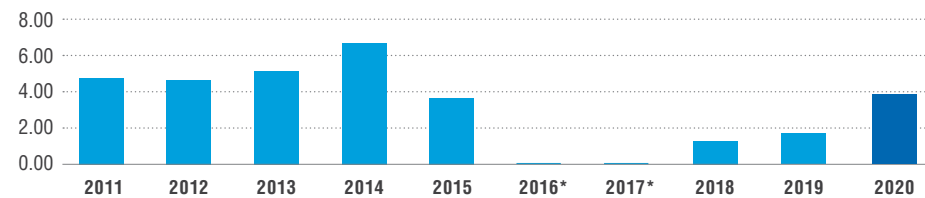


## Returning Cash to Shareholders

We have consistently returned a portion of our cash generated from operations to shareholders through cash dividends and share repurchases. In 2020, the Company increased its cash dividend 18.5% to \$5.36 per share, marking the 42<sup>nd</sup> consecutive year we increased our dividend.

Share repurchases are also an efficient way of returning cash to shareholders in that they return sellers' investment at market value and maximize the value of the remaining shares outstanding. In 2020, we purchased 3.9 million shares on the open market while also reducing debt by \$400 million. We temporarily suspended share repurchases in 2016 and 2017, using cash to reduce total borrowings required to finance the Valspar transaction in 2016 and reducing debt by \$1 billion in 2017.

## Stock Repurchase (millions of shares)



\* No open market purchases in 2016 and 2017

105.7	103.9	103.0	98.7	94.5	94.5	94.9	95.0	93.4	91.9
Average Common Shares Outstanding (fully diluted, in millions)									

All share and per share amounts have not been adjusted to reflect the Company's 3-for-1 stock split, effective March 31, 2021.