



SHERWIN-WILLIAMS.

**SHERWIN-WILLIAMS UK LIMITED
GENDER PAY GAP REPORT APRIL 2022**

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1. Overview of Gender Pay Gap Regulations

The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 (“Regulations”) came into force in April 2017, which requires employers in the UK (United Kingdom) 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 Regulations.

The figures/data below are taken from April 2022 payroll data as a snapshot on 5th April 2022.

Employers are required to report:

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

2. Company Overview

The Sherwin-Williams Company (“Sherwin-Williams”) 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 the UK, Sherwin-Williams is focused on professional coatings for companies and industries. With the full breadth of innovative liquid and powder technologies, Sherwin-Williams provides high-performance coatings for all substrates, including metal, wood, plastics, and composites.

Sherwin-Williams UK Limited (formerly Sherwin-Williams Diversified Brands Ltd (“SWUKL”) is part of the Sherwin-Williams group (“Group”). SWUKL employs a population of 1023 employees in the UK.

During the reporting period, SWUKL completed a legal entity rationalisation project and consolidated all its UK legal entities into one UK entity, SWUKL. Valspar (UK) Corporation Ltd and Valspar Powder Coatings Ltd entities transferred with effect from 1st September 2021. Sherwin-Williams Protective & Marine Coatings Limited transferred with effect from 1st October 2021. As a result, the employment of 655 employees transferred to SWUKL.

In 2021 and prior, the company reported its gender pay gap separately for each legal entity employing 250 employees or more. Valspar Powder Coatings UK Ltd, as a legal entity that employed less than 250 employees, has not published a gender pay gap report previously because there was no statutory obligation to do so.

Due to these changes, the Gender Pay Gap reports from previous years are not directly comparable, and the results for 2022 present a new data set.

The company operates several businesses and is comprised of industrial coatings for wood and general industrial applications, automotive refinish, protective and marine coatings, packaging coatings, and consumer products. Below is a summary description of each business area:

Protective & Marine

Delivers unparalleled asset protection in specification-driven markets such as infrastructure, oil, and gas, and marine. The division serves a wide array of markets including Bridge & Highway, Fire Protection, Flooring, Food & Beverage, Marine, Oil & Gas, Power, Rail, Steel Fabrication, and Water & Wastewater.

Packaging

Provides coatings that protect metal, glass, and plastic containers. The product line comprises of coatings for interior and exterior use in metal packaging containers such as food containers and beverage cans, product coatings for aerosol and paint cans, bottle crowns for glass and plastic packaging, and glass bottle closures.

Consumer Brands

Manufacturers architectural paint in over 2000 readymade colours, and colour matching technology allows this business to colour-match over two million colours. There are several household brands within the consumer product portfolio, including Valspar, Ronseal, Thompson's, Purdy and Geocel.

Automotive Refinishes

Manufactures and distributes a complete line of paint and coating systems for automotive and commercial refinishing industries providing high-performance interior and exterior coatings, along with associated products.

Industrial Wood

Manufacturers and finishers coatings for cabinetry, furniture, flooring and building products with exquisite finishes and colour expertise.

Coil

A portfolio of time-tested coil coatings engineered for best-in-class performance and colour. Our coatings protect some of the world's most innovative and distinctive metal building products in the world. We offer an extensive coil portfolio of coating solutions for building products ranging from metal roofs, wall panels, gutters, rainware, windows and curtain walls.

General Industrial

Offers innovative liquid, powder, and electrocoat technologies for OEMs, tier suppliers, industrial designers, and applicators, supporting customers involved in with Energy, Heavy Equipment, Transportation, Building Products, Electronics, Defence, Energy, General Finishing, and Industrial Design coatings operations.

3. How the Gender Pay Gap is Calculated

3.1 Mean (the average) Hourly Pay

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

3.2 Median (the middle) Hourly Pay

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

4. Gender Pay Gap Report for SWUKL

Here is a summary of the gender pay gap position for SWUKL as of 5th April 2022:

4.1 Mean Gender Pay Gap

The SWUKL mean gender pay gap in 2022 is 9.31%, which shows that the average hourly rate of pay for the male population was slightly higher than for the female population. This represents an overall decrease compared to figures reported in 2021 (when compared against the two legal entities previously reported (The Valspar UK Corporation Ltd and SWUKL)).

The table below displays the Mean gender pay gap reported for 2021 as a comparison to the combined reporting in 2022. The reason for the change is the legal entity transfer in 2021 and the transfer of employment for 655 employees to SWUKL, of which there were 455 male and 200 female, which increased the headcount in SWUKL. The mean figure is lower than the national average (according to the 2022 Office for National Statistics (ONS) Annual Survey of Hours and Earnings (ASHE), which is 13.9%.

Mean Gender Pay Gap	2021
The Valspar (UK) Corporation Ltd	15.10%
Sherwin-Williams Protective & Marine Coatings	5.53%
Sherwin-Williams UK Ltd	20.26%

Mean Gender Pay Gap	2022
Sherwin-Williams UK Ltd	9.31%

4.2 Median Gender Pay Gap

SWUKL Median gender pay gap in 2022 is 0.74%. The figure is significantly lower than the national median (according to the 2022 Office for National Statistics (ONS) Annual Survey of Hours and Earnings (ASHE)), which is 14.9%. The percentage shows that the males in the middle of the male employee hourly pay distribution was paid a marginally higher hourly rate pay than the female in the middle of the female employee hourly pay distribution when all the employees were listed from those receiving the highest hourly pay to those receiving the lowest hourly pay. Table below displays the Median gender pay gap reported for 2021 as a comparison to combined reporting in 2022 and displays decrease in all entities reported separately in 2021.

Median Gender Pay Gap	2021
The Valspar (UK) Corporation Ltd	16.60%
Sherwin-Williams Protective & Marine Coatings	5.48%
Sherwin-Williams UK Ltd	17.18%

Median Gender Pay Gap	2022
Sherwin-Williams UK Ltd	0.74%

4.3 Mean Gender Bonus Gap

SWUKL total mean gender bonus gap is 5.9%. This represents a flattening of the mean gender bonus gap when compared with 2021 reporting.

As a result of the legal entity rationalisation discussed above, the proportion of male employees with bonus pay in SWUKL increased. However, there is a smaller difference in mean bonus rate between males and females. The percentage means that on average male employees were paid slightly higher bonus than female employees.

Mean Gender Bonus Gap	2021
The Valspar (UK) Corporation Ltd	8.84%
Sherwin-Williams Protective & Marine Coatings	-13.6%
Sherwin-Williams UK Ltd	35.14%

Mean Gender Bonus Gap	2022
Sherwin-Williams UK Ltd	5.90%

4.4 Median Gender Bonus Gap

SWUKL Median gender bonus gap is -5.1. This percentage shows that females in the middle of female employee bonus distribution were paid a slightly higher bonus than males in the middle of male employee bonus distribution, when all the employees were listed from those receiving the highest bonus to those receiving the lowest bonus.

As a result of the legal entity rationalisation discussed above, the number of males occupying manual roles in production, warehousing, and facilities increased, as well as the proportion of females eligible to a bonus. It is notable that females represent approximately 25% of the employee population with bonus plans, meaning females are a smaller group which results the median being higher.

Median Gender Bonus Gap	2021
The Valspar (UK) Corporation Ltd	-20.93%
Sherwin-Williams Protective & Marine Coatings	-26.50%
Sherwin-Williams UK Ltd	32.39%

Median Gender Bonus Gap	2022
Sherwin-Williams UK Ltd	-5.10%

4.5 Proportion of Bonus Pay

The proportion of males eligible for a bonus payment in the 12 months up to 5 April 2022 was 82.9%, while for females this was lower at 61.30%.

The result of the legal entity rationalisation referred to above has seen an increase in the number of both males (580) and females (198) employed with an entitlement to a bonus, where the increase in female entitlement has been higher than male counterparts.

SWUKL is confident that its gender pay gap for bonus pay does not arise from paying male and female employees differently for the same or equivalent work. Its gender pay gap is the result of the roles in which males and females work within the organisation and the compensation that these roles attract.

4.6 Pay Band Quartiles

Across the UK economy, males are more likely than females to be in senior roles (especially very senior roles at the top of organisation), while females are more probable than males to be in front-line roles at the lower end of the organisation. In addition, males are more likely to be in technical and IT-related roles, which attract higher rates of pay than other roles at similar levels of seniority. Females are also more probable than males to have had breaks from work that have affected their career progression. They are also more likely to work part time, and many of the jobs that are available across the UK on a part-time basis are relatively low paid.

For SWUKL the proportion of males and females in each of the four quartiles pay bands is as follows:

2022						
	Women		Men		Total	
Quartile	No.	%	No.	%	No.	%
Lower Quartile	70	27,5%	185	72,5%	255	25 %
Lower Middle Quartile	93	36,2%	164	63,8%	257	25 %
Upper Middle Quartile	91	35,5%	165	64,5%	256	25 %
Upper Quartile	69	27,1%	186	72,9%	255	25 %
Total Employees	323	31,6%	700	68,4%	1023	100 %

The quartile table shows the SWUKL workforce divided into four groups based on hourly pay rates. Within SWUKL, the size of the UK workforce as of 5 April 2022 was 1023. There is a majority of males employed in the business (700 compared to 323 females). The overall makeup of the workforce is 68.4% male and 31.6% female. The number of males to females is higher across all quartiles.

5. Gender Pay Gap Report for SWUKL

SWUKL, as referenced in the company overview is part the Group. As a global company with multiples businesses in the EMEAI region, Sherwin-Williams has a company-wide enterprise initiatives and HR programmes targeted at reducing the gender pay gap and making SW a fair and inclusive place to work.

5.1 Inclusion, Diversity and Equity (“ID&E”)

SWUKL is committed to the principle of equal opportunities and equal treatment for all employees, regardless of sex, race, religion or belief, age, marriage or civil partnership, pregnancy/maternity, sexual orientation, gender reassignment or disability. SWUKL has a clear policy on ID&E. SWUKL carries out annual pay and benefits audits and benchmark against industry and UK best practice. SWUKL has a systematic process for evaluating job roles and pay structures to maintain a fair pay structure.

In 2022, SWUKL continued to embed ID&E and provided education to the business concerning the importance of ID&E in the workplace. SWUKL continued to deliver regional-wide initiatives to help educate managers and employees and delivered a series of “Conscious Inclusion” webinars to employees to create an awareness about what ID&E is and how employees can help drive an inclusive culture. The SW Group has in place an “Ambassador Network” whose role is to facilitate and execute action plans in relation to ID&E agreed and sponsored by the Group ID&E Council.

Sherwin-Williams is committed to the continuous professional learning and development of its employees and recognises the many benefits of memberships of professional bodies to employees and the business. In 2022 a Professional Membership policy has been implemented at SWUKL to support funding of this, which is available to all employees and is specifically related to their job role. Additionally, a Menopause Policy was prepared and launched in the end of 2022 to ensure that all staff feel fully supported and that individuals are treated fairly in the workplace.

Moreover, in 2022, SWUKL continued to focus its efforts to:

- Attract, hire, and retain diverse candidate pools by focusing on a more inclusive talent sourcing strategy.
- Increase the pipeline of females in leadership roles with an emphasis on an inclusive talent sourcing strategy and developing females through formal programmes and educating business leaders around inclusion and reducing unconscious bias.
- Reduce female leavers in the region by promoting flexible working, job shares and part-time working.
- Continuing to have in place “Flexible Working Policy” to widen the talent pool of females.

5.2 Work-life Balance

SWUKL continues to appreciate its employees' diverse needs and try to accommodate a work-life balance, including the accommodation of personal responsibilities while still enjoying the benefits of a fulfilling career. Notable accommodations include:

- In 2022 Sherwin-Williams implemented Global Flexible Working Policy which promotes hybrid working and provides guidelines for function and role dependant home working.
- SWUKL offers a range of flexible working options, including flexible working hours, part-time working, and a holiday purchase scheme.
- SWUKL provides enhanced maternity and adoption benefits over and above the statutory entitlement for employees.
- SWUKL continues to offer employees the option to purchase additional holidays to offer added flexibility at home and work.

5.3 Talent Acquisition

In 2022 SWUKL continued to focus on improving the number of females across the business by introducing key metrics on female talent recruitment and promotions of female talent in SWUKL's leadership pipeline. SWUKL increased its female talent in its leadership pipeline to 26.1% of total headcount compared to 25,6% of total headcount in 2021.

SWUKL's business practice requires all interview shortlists to include a minimum number of females. Managers have been given training to review only essential qualification requirements for job postings, where it is applicable to do so. Regarding third party suppliers, preference, where possible, is given to recruitment suppliers who are female owned, and all suppliers must show evidence of a commitment to ID&E when partnering with the Talent Acquisition Team.

SWUKL has continued to train Managers on conscious inclusion and has driven various initiatives to open the talent pools in recruitment practices, e.g., removing gender bias from job descriptions and promoting SWUKL's flexible working policy.

5.4 Learning & Development

SWUKL has been able to sustain the provision of virtual learning and development options for employees and offers Group wide as well as regional programmes for employees in senior leadership and managerial roles. SWUKL provides a structured approach to improving female's opportunities by identifying those considered as high potential or an emerging leader or where they are already occupying a leadership or managerial role. Further, we proactively work with the global Talent Development function to identify females for 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 in preparing employees for progression into leadership roles.

SWUKL offers virtual and self-paced learning via a HR Cloud Learning Management System. The majority of these online training programmes are available to all employees as part of ongoing learning and development. All employees are encouraged to work with their managers to create their own individual development plan. Employees have access to on-demand online learning, as well as virtual instructor-led training, which is available to employees to develop their core skills and competencies. This is in addition to the many varied job-specific training relevant to an individual's job role.

5.5 Recruitment Monitoring

SWUKL continues to improve recruitment and selection reporting and monitoring capability, which has helped SWUKL to understand:

- ✓ the proportions of females being appointed.
- ✓ the proportions of females appointed into historically male roles.

We have in place an HR system to track records and report on:

- ✓ the proportions of males and females obtaining promotions and job changes.
- ✓ the proportion of females in leadership roles.

- ✓ the proportions of males and females leaving the organisation.
- ✓ the numbers of males and females in each role and pay band.

6. Our Continued Focus

SWUKL recognises the need to continue to take all the necessary measures to ensure it maintains its efforts to date and to pursue new opportunities to promote gender diversity across its workforce. In 2023, SWUKL will review the success of following areas:

- ✓ the take-up of flexible working arrangements by gender and role level within the organisation in line with SWUKL's "Flexible Working" policy implemented in 2021 and revised in 2022.
- ✓ education of employees on "Conscious Inclusion" (including additional learning modules on the themes of diversity, inclusion, and equity).

6.1 Talent Development

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

Sherwin-Williams holds a Group wide annual Talent and Diversity Review. The purpose of the review is to identify, assess and develop existing and emerging leadership teams to support current and future business objectives. A vital part of this process is a review of diverse talent, which ensures that SWUKL places focus on the development and progression of diverse talent. An outcome of the talent review is an action plan focusing specifically on recruitment, engagement, and talent development to support SWUKL's diversity and inclusion strategy.

6.2 Women's Networking Forum

Sherwin-Williams launched a Women's Network (WN) in 2019 for its EMEA region, providing meaningful leadership and professional networking opportunities across all organisation levels to help develop a world-class team. The WN is part of a global initiative and fully supported by the Executive Board of Directors.

In 2022, the Women's Network programme continued to help advance the dialogue on gender in the workplace. The Women's Network facilitates forums, regional, national, and local events and training to develop a more inclusive culture and greater equity.

6.3 Talent Acquisition

SWUKL will maintain its efforts on improving gender equity in 2023. SWUKL is currently developing several talent acquisition initiatives with a focus on:

- ✓ a commitment to increase the number of females across all new hires.
- ✓ a commitment to increase the number of female talents in talent pipelines.
- ✓ reviewing job descriptions to drive more diverse talent pools.
- ✓ delivering continuous recruitment training to managers to ensure fair and transparent interview processes to promote enhanced gender balance.
- ✓ continue to advocate for "smarter working."

6.4 Performance Management

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

7. Declaration

I can confirm the gender pay gap calculations contained herein 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 blue ink, appearing to read 'Dave Wright', is written over a horizontal line.

Dave Wright

Regional President & GM

27 March 2023