



SHERWIN-WILLIAMS.

**THE VALSPAR (UK) CORPORATION LIMITED
GENDER PAY GAP REPORT APRIL 2020**

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1. Overview of Gender Pay Gap Regulations

Gender pay gap 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 2020 payroll data as a snapshot at 5th April 2020.

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 quartiles pays 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 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.

The Valspar (UK) Corporation Ltd. ("VCL") is part of the Sherwin-Williams group ("Group") and employs a population of 276 employees in the UK (as at the "snapshot date" of 5 April 2020). VCL includes our Valspar Packaging and Valspar Consumer Paints businesses. The Valspar packaging business provides coatings that protect metal, glass, and plastic containers. The product line comprises coatings for both interior and exterior use in metal packaging containers such as food containers and beverage cans, as well as product coatings for aerosol and paint cans, bottle crowns for glass and plastic packaging, and glass bottle closures. This business has offices and manufacturing facilities in Deeside, UK. The Valspar consumer paint business supplies architectural paint in over 2000 readymade colours, and the use of colour matching technology allows this business to colour match over two million colours. This business has offices in Reading UK.

3. How Our 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 men and women in the workforce.

3.2 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 the male employees and female employees are listed from highest to the lowest paid.

4. Gender Pay Gap Report for VCL

Here is a summary of the gender pay gap position for VCL as at 5th April 2020:

4.1 Mean Gender Pay Gap

The mean gender pay gap is 11.8%, which increased by 4.2% in 2020 compared to 2019 mean gender pay gap of 7.6%. This figure is still lower than the national average (according to the 2019 Office for National Statistics (ONS) Annual Survey of Hours and Earnings (ASHE), which is 16.3%.

4.2 Median Gender Pay Gap

The median gender pay gap is 14.7%, which has reduced by 3.1% in 2020 compared to the 2019 median gender pay gap of 17.8%. This figure is lower than the national median gender pay gap (according to the 2019 Office for National Statistics (ONS) Annual Survey of Hours and Earnings (ASHE), which is 17.4%. 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.

4.3 Mean Gender Bonus Gap

The mean gender bonus gap is -10.6%, which has reduced compared to the mean gender bonus gap of -13.5% for 2019. The percentage means that on average, our male employees were paid a lower bonus than our female employees.

4.4 Median Gender Bonus Gap

The median gender bonus gap is -45.1%, which has seen the gap reduced by 62.6% in 2020 compared to 2019 median gender bonus gap of -107.7%. This percentage shows that the woman in the middle of our female employee bonus distribution was paid a higher bonus than the man in the middle of our male employee bonus distribution, when all the employees were listed from those receiving the highest bonus to those receiving the lowest bonus.

4.5 Proportion of Bonus Pay

The proportion of men who received a bonus payment in the 12 months up to 5 April 2020 was 76.1% compared to 88% in 2019, while for women this was marginally lower at 66.9% compared to 74.4% in 2019.

VCL is confident that its gender pay gap does not arise from paying men and women differently for the same or equivalent work. Rather its gender pay gap is the result of the roles in which men and women work within the organisation and the salaries that these roles attract.

4.6 Pay Band Quartiles

Across the UK economy, men are more likely than women to be in senior roles (especially very senior roles at the top of organisations), while women are more probable than men to be in front-line roles at the lower end of the organisation. In addition, men 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. Women are also more probable than men to have had breaks from work that have affected their career progression.

For VCL the proportion of men and women in each of the four quartiles pay bands is as follows:

2020						
Quartile	Women		Men		Total	
	No.	%	No.	%	No.	%
Lower Quartile	39	57.4%	29	42.6%	68	25%
Lower Middle Quartile	28	40.6%	41	59.4%	69	25%
Upper Middle Quartile	29	42.0%	40	58.0%	69	25%
Upper Quartile	25	35.7%	45	64.3%	70	25%
Total Employees	121	43.8%	155	56.2%	276	100%

The quartile table shows the VCL workforce divided into four groups based on hourly pay rates. Within VCL, the size of the UK workforce as at 5 April 2020 was 276, compared to 223 in 2019. There is a majority of men employed in the business (155 compared to 121 women). The overall makeup of the workforce is 56.2% men and 43.8% women. The number of men to women is higher across three quartiles. There has been an increase of 28.5% in the number of women in the middle upper to upper quartiles compared to the 2019 data. For men this figure has also increased by 21.4% in the number of men in the middle upper and upper quartiles compared to 2019 data.

5. What Have We Been Doing?

VCL, as referenced in the company overview, is part of the Group. As a global company with multiples businesses in the EMEA region, we have Group wide enterprise initiatives and HR programmes.

5.1 Inclusion, Diversity and Equity (ID&E)

We are 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. We have a clear policy on ID&E. 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 maintain a fair pay structure.

In 2020, we delivered regional-wide initiatives to help educate managers and employees. We delivered “Conscious Inclusion” webinars to employees to create an awareness about what ID&E is and how our employees can help drive an inclusive culture. We established an “Ambassador Network” to facilitate and execute action plans agreed and sponsored by the Group ID&E Council.

In 2021, we will be launching our first ID&E week in the region, focusing on key speakers, lunch and learn sessions and ongoing education around the importance of ID&E in the workplace.

Moreover, in 2021, our focus will be to continue to:

- Attract, hire, and retain diverse candidate pools by focusing on a more inclusive talent sourcing strategy.
- Increase the pipeline of women 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. Creating and rolling out a “Smarter Working Policy” to widen the talent pool of females.

5.2 Work-life Balance

We continue to appreciate our 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. We continue to have a home working policy in place. We offer flexible working options, including flexible working hours and part-time working and a holiday purchase scheme.

We continue to provide enhanced maternity and adoption benefits over and above the statutory entitlement for our employees. We continue to offer employees the option to purchase additional holidays to offer added flexibility at home and work.

5.3 Talent Acquisition

In 2020, we focused on improving the number of female hires across the business by introducing a key metric on female talent recruitment. Our business practice requires all interview shortlists to include a minimum number of female(s). We have worked with managers to review only essential qualification requirements for job postings, where it is applicable to do so. 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 our Talent Acquisition Team.

5.4 Learning & Development

We have been able to sustain the provision of virtual learning and development options for our employees. We offer Group wide as well as regional programmes for employees in senior leadership and managerial roles. We provide a structured approach to improving women's opportunities by identifying those considered as high potential or emerging leader or where they are already occupying a leadership or managerial role. We also offer a self-learning platform through our global learning management system. Some online training programmes are available to our employees as part of their ongoing learning and development

In August 2020, we launched our new HR Cloud system, which offers a self-learning platform where multiple online and virtual classroom training programmes are available to our employees as part of their continuous learning and development.

All our employees are encouraged to work with their managers to create their own individual development plan. Our employees 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 relevant to an individual's job role.

We 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 in preparing employees for progression into leadership roles.

5.5 Recruitment Monitoring

We have continued to improve our recruitment and selection reporting and monitoring capability, which has helped us to understand:

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

We 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 proportion of women in leadership roles.
- ✓ the proportions of men and women leaving the organisation.
- ✓ the numbers of men and women in each role and pay band.

6. Our Continued Focus

We recognise the 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. In 2021, we will implement monitoring improvements in the following areas:

- ✓ the take-up of flexible working arrangements by gender and role level within the organisation.
- ✓ the implementation of a “Smarter Working” policy.
- ✓ continuing to educate our employees on “Conscious Inclusion”

6.1 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.

Sherwin-Williams holds an annual Talent and Diversity Review. The purpose of the review is to identify, assess and develop our existing and emerging leadership teams to support 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 our diverse talent. An outcome of the talent review is an action plan focusing specifically on recruitment, engagement, and talent development to support our diversity and inclusion strategy.

6.2 Women’s Networking Forum

Sherwin-Williams launched a Women’s Network (WN) in 2019 for our 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 our Executive Board of Directors.

In 2021, the Women’s Network programme will continue to help advance the dialogue on gender in the workplace. We will continue to hold forums, hold regional, national, and local events and training to develop a more inclusive culture and greater equity.

6.3 Talent Acquisition (TA)

We will continue to focus on improving gender equity in 2021. We are working on several talent acquisition initiatives, such as:

- ✓ a commitment to increase the number of females across all new hires.
- ✓ a commitment to increase the number of female talents in talent pipelines.
- ✓ review job descriptions to drive more diverse talent pools.
- ✓ continue to deliver 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

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.

7. 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 blue ink, appearing to read 'DK', is written over a horizontal dotted line.

Dennis Karnstein

Regional President & GM

20 April 2021