The Sherwin-Williams Company—Taskforce on Nature-related Financial Disclosures (TNFD) 2024 Report

Introduction

In 2024, Sherwin-Williams engaged S&P Global Sustainable1 to perform an analysis of all the Company's owned and leased manufacturing operations, distribution, major office, research and development, and data center locations for nature-related impacts and dependencies, using their Nature Risk Profile methodology launched by Sustainable1 and the United Nation's Environment Programme.[1] The Sustainable1 methodology combined 2024 asset-level data (including asset location, type and land footprint) with spatial or non-spatial data on elements of nature (e.g., biodiversity, ecosystem services and natural capital) to provide a high-level assessment of the Company's proximity with Protected Areas (PAs) and Key Biodiversity Areas (KBAs),[2] and any potential risks from dependencies on nature-related services (such as flood protection). The analysis covered all Company-owned or -leased land except for our retail stores, which were excluded due to their individual small land use area, plus their typically urban/suburban locations.

The resulting analysis, coupled with the Company's enterprise risk management (ERM) program and process to review sustainability impacts with enterprisewide assessments of our business, including in preparation for mandatory reporting rules, as described on page 45 of the 2024 Sustainability Report, nature-related impacts and opportunities are not priority sustainability topics for Sherwin-Williams at this time. We remain committed to making progress toward our emissions and waste reduction goals that may have an indirect nature impact, as climate change and waste are identified as drivers of biodiversity loss per the TNFD guidance.[3] We also intend to continue to responsibly manage water and report on our water usage and other data points, as reflected in our Sustainability Report. We acknowledge that, as with Scope 3 reporting for climate, we may learn more about this topic in the future in terms of potential dependencies, risks and opportunities up and downstream in the paints and coatings value chain as more companies adopt the TNFD approach.

For the purposes of this report, we use the term "nature" and "biodiversity" as defined by TNFD:[3]

- Nature refers to the natural world, emphasizing the diversity of living organisms, including people, and their interactions with each other and their environment. It is made up of four realms: land, ocean, freshwater and atmosphere.
- Biodiversity refers to the variability among living organisms across these realms. It is an essential and integral characteristic of nature that enables ecosystems to be productive, resilient and able to adapt.

GOVERNANCE

a. Describe the board's oversight of nature-related dependencies, impacts, risks, and opportunities.

b. Describe management's role in assessing and managing nature-related dependencies, impacts, risks, and opportunities.

c. Describe the organization's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organization's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.

Board of Directors' Oversight

A graphic illustrating our Governance structure can be found on page 46 of our Sustainability Report. For Sherwin-Williams, nature falls under the broader subject of Sustainability and is considered an Environmental topic area. Our Board of Directors is responsible for overseeing the assessment and management of the Company's exposure to various risks. We have an ERM program that includes the processes used to identify, assess, and manage our most significant enterprise risks and uncertainties that could materially impact the long-term health of the Company

1 Nature Positive | S&P Global

2 Protected areas are defined by TNFD as "A clearly defined geographical space, recognized, dedicated and managed, through legal or other effective means, to achieve the long-term conservation of nature with associated ecosystem services and cultural values." Key Biodiversity Areas are defined by TNFD as "A site contributing significantly to the global persistence of biodiversity."

3 Recommendations-of-the-Taskforce-on-Nature-related-Financial-Disclosures.pdf

or prevent the achievement of strategic objectives. These risks are identified, measured, monitored and managed across the following key risk categories:

- **Strategic:** including acquisition, business disruption, reputational and sustainability risks
- **Operational:** including cybersecurity, information technology, supply chain and sourcing, as well as talent attraction, retention and development risks
- **Financial and macroeconomic:** including economic condition, geopolitical and financial control risks
- **Compliance:** including litigation, regulatory, tax and intellectual property risks

Our Chief Financial Officer (CFO), who reports to our Chief Executive Officer (CEO), facilitates and reviews the ERM program with the board at least once per year, including the methodology and approach used to identify, assess and manage risks, enhancements to the ERM program during the preceding year, and existing risks and significant emerging risks across the Company's key risk categories. The CEO, CFO and other senior management may review specific risks in greater detail or on a more frequent basis with the board throughout the year, as necessary and appropriate, including as a result of the Lead Director or the board requesting more frequent updates or information about specific risks.

Our board committees assist the board in overseeing the Company's exposure to various risks by reviewing specific risk areas delegated by the board to each committee. The Audit Committee's support of the board includes overseeing the Company's ERM process and compliance with legal and regulatory requirements, including those that may be related to environmental requirements. The Nominating and Corporate Governance Committee's support includes overseeing the Company's key sustainability-related policies and strategies, including product stewardship, health and safety, environmental and corporate social responsibility (which would include any Indigenous Peoples or local community-related topics, as needed). The Compensation and Management Development Committee's support includes evaluating our CEO's annual performance, including evaluation of leadership in sustainability, which includes the development, integration and execution of our sustainability strategy as part of the Company's overall business strategy. Members of senior management review these delegated risks with each committee, and the committees provide regular reports to the full board. Members of senior management and our Sustainability Steering Committee also periodically provide updates to the board and its committees regarding the Company's key sustainability strategies, policies, programs and initiatives, and progress across our sustainability framework.

As described in our 2025 Proxy Statement on page 6, our board utilizes a thoughtful approach to board composition. The Nominating and Corporate Governance Committee and our board believe a mix of skills and experience amongst its members contributes to a well-balanced board and enables the board to provide effective oversight of our management and business.

Senior Management's Role

Enterprise Risk Management

While our Board of Directors has oversight responsibility of management and various risks, the Company's management, and their teams, under the direction of our CEO, are responsible for managing the business and day-to-day affairs of the Company. As noted above, our CFO facilitates the Company's ERM program, which includes a formal assessment of the Company's risk environment at least once per year. Because risks are considered in conjunction with the Company's operations and strategies, including long-term strategies, risks are identified and evaluated across different time frames, depending on the specific risk. For the most significant risks identified, the ERM program team engages with senior management and other senior leaders in the functional areas and business units specific to the risks to develop and support risk management and mitigation actions, strategies and processes across the short, medium and long term, as necessary and appropriate, and to assist in aligning such actions, strategies and processes with the Company's relevant controls and procedures. Senior management and other senior leaders also may consult with outside advisors and experts in developing risk management and mitigation actions, strategies, processes, controls and procedures and anticipating future threats and trends relating to the most significant risks. The ERM program also facilitates the incorporation of risk assessment and evaluation into the strategic planning process and the provision of regular reports to senior management, including the CEO, regarding the actions, strategies, processes, controls and procedures specific to managing, mitigating and anticipating significant risks. Members of senior management and other senior leaders are responsible for managing key risks specific to their functional areas.

Sustainability Governance

Our sustainability framework is centered on a foundation of governance and ethics, with our governance structure designed to enable broad engagement and appropriate oversight across the organization. Our Sustainability Council consists of subject matter experts from business and corporate functions and representatives of cross-functional workgroups focused on topics across our sustainability framework, including our environmental footprint (which includes topics such as emissions, waste, water, nature, etc.), occupational health and safety, belonging and culture, product stewardship and sustainability reporting. The Sustainability Council oversees the development, implementation and monitoring of the Company's key sustainability metrics, targets, goals, strategies, policies and practices, as well as the assessing and addressing of trends, risks and opportunities with respect to sustainability topics most significant to the Company and its stakeholders. Members of the Sustainability Council provide periodic updates to the Sustainability Steering Committee. Our Sustainability Steering Committee supports alignment across the organization in overseeing the work of the Sustainability Council. The Sustainability Steering Committee is composed of members of senior management and other senior leaders across the organization, including operations and our reportable business segments; environmental, health and safety and sustainability; Global Supply Chain; legal; finance; human resources; and investor relations and corporate communications. The Steering Committee meets biannually to discuss the Company's key sustainability strategies, policies and practices. Members of the Sustainability Steering Committee provide updates to the CEO, the board and board committees on an annual basis, at minimum.

Human Rights Policies and Engagement Activities

The Sherwin-Williams Code of Conduct serves as a guide for ethical behavior and applies to all directors, officers and employees of Sherwin-Williams and all subsidiaries wherever located. As outlined in our Code, our employees are required to comply with the applicable laws, rules and regulations in each country where we conduct business, and are expected to follow responsible environmental practices that minimize our impact on the environment. The Code of Conduct also reinforces our commitment to improve the quality of life in the communities we serve. Employees have a responsibility to report actual or potential legal, policy or ethics violations, as well as any type of harassment, threat or safety concern. Employees can do so via management, our Loss Prevention team or our EthicsPoint Reporting System. Customers may also report concerns via the publicly available EthicsPoint Reporting System by using the toll-free contact information and/or form available on the Company's public website or by contacting their sales representative. Community members may report concerns via the publicly available EthicsPoint Reporting System or by using the toll-free contact information and/or form available on the Company's public website.

We also require suppliers to comply with all applicable laws, rules and regulations, and our Supplier Code of Conduct, applicable to suppliers globally, requires that our business partners operate according to our values. Sherwin-Williams also values and respects the human rights of all people, including suppliers, vendors, subcontractors and all tiers of their employees.

STRATEGY

a. *Describe the nature-related dependencies, impacts, risks, and opportunities the organization has identified over the short, medium and long term.*

b. *Describe the effect nature-related dependencies, impacts, risks, and opportunities have had on the organization's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.*

c. *Describe the resilience of the organization's strategy to nature-related risks and opportunities, taking into consideration different scenarios.*

d. *Disclose the locations of assets and/or activities in the organization's direct operations and, where possible, upstream, and downstream value chain(s) that meet the criteria for priority locations.*

Nature-Related Dependencies

The Sustainable1 methodology provides a point-in-time assessment of company assets, so dependencies identified are relevant over the short to medium term (0-5 years). Ecosystem services in the context of our direct operations identified by Sustainable1 as potentially relevant to the Materials Sector are highlighted in Table 1 and defined in Table 2 (12 out of 21 potential services) on the following pages. A dependency score is calculated for each service based on that service's perceived reliance on ecosystem services and that related ecosystem's resiliency.

As shown in Figure 1, of the potentially relevant services, the highest modeled dependency scores obtained for our overall Company operations were related to flood and storm protection, mediation of sensory impacts and filtration, with each falling into the "moderate" dependency classification (0.4-0.6 on a 0 to 1 scale). In the aggregate, resilience of the ecosystems in proximity to Company locations was modeled to be low (0.94 on a 0 to 1 scale, reflecting ecosystems classified as degraded), likely because many of the Company's properties are located alongside other businesses in long-used industrial parks in urban/suburban locations. The dependency classifications, coupled with the resilience score, yielded an overall "high" dependency score for the Company's direct operations, based on industry-level/ modeled data; (0.7 on a 0-1 scale).

To address potential business risks stemming from dependency on natural flood and storm protection, the Company maintains robust emergency management and response processes at sites exposed to flooding and hurricane risks, along with appropriately designed and maintained facilities. Evaluation of flooding risks is also a part of new property due diligence. As discussed in our Task Force on Climate-related Financial Disclosures (TCFD) document, while in the aggregate we are generally at low risk for adverse impacts, severe weather events have the potential to disrupt operations at manufacturing, distribution and sales locations. Our Global Supply Chain organization consists of an efficient, resilient and flexible manufacturing and distribution system for paint, coatings and related products, with over 100 manufacturing and distribution sites located across geographies. The risk created by a particular location being forced out of service for any reason may be mitigated, including by shifting production to other locations, if necessary.

At this time, the Company is not aware of any specific significant risks to our operations arising from dependencies on nature for mediation of sensory impacts or filtration.

Figure 1: Modeled Dependency on Ecosystem Services

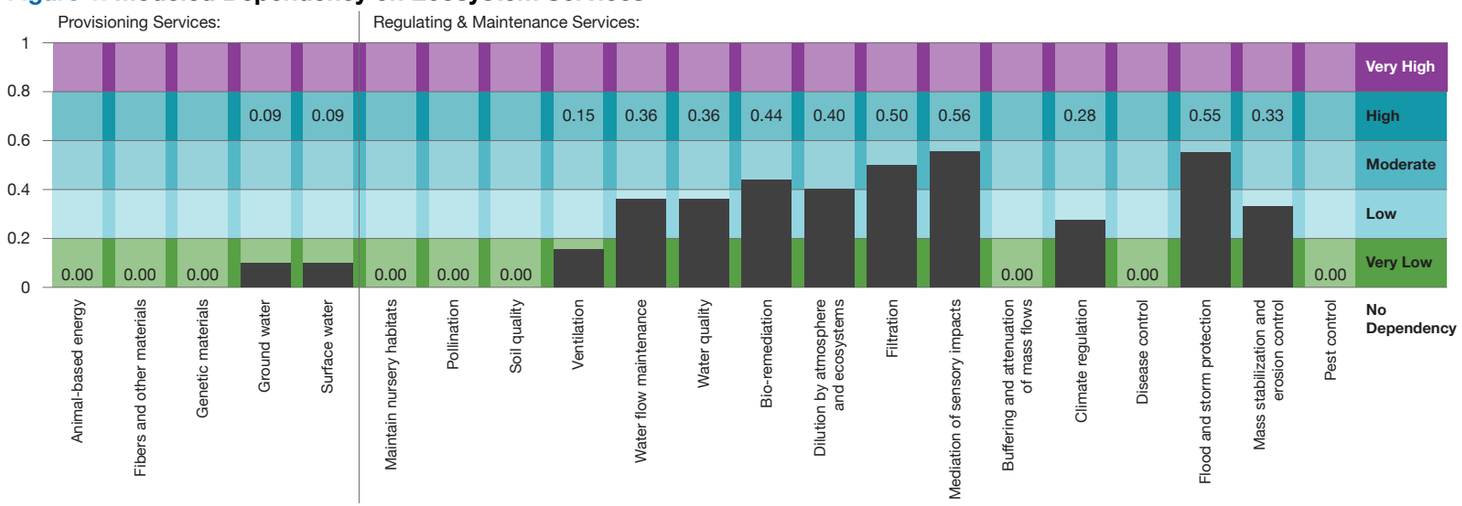


Table 1: Ecosystem Services Assessed by Sustainable1

Services relevant to the Materials Sector based on industry-level data and Sherwin-Williams asset locations are highlighted in blue.

Groundwater	Surface water	Water quality	Water flow maintenance	Bio-remediation	Ventilation	Dilution by atmosphere and ecosystems
Filtration	Mediation of sensory impacts	Climate regulation	Flood and storm protection	Mass stabilization and erosion control	Animal-based energy	Fiber and other materials
Genetic materials	Maintain nursery habitats	Pollination	Soil quality	Buffering and attenuation of mass flows	Disease control	Pest control

Table 2: Definitions of Modeled Ecosystem Services

Ecosystem Service	Definition
Groundwater	Water stored underground in aquifers made of permeable rocks, soil and sand. The water that contributes to groundwater sources originates from rainfall, snow melts and waterflow from natural freshwater resources.
Surface water	Surface water is provided through freshwater resources from collected precipitation and water flow from natural sources.
Water quality	Water quality is provided by maintaining the chemical condition of freshwaters, including rivers, streams, lakes, groundwater sources and salt waters to enable favorable living conditions for biota.
Water flow maintenance	The hydrological cycle is the system that enables circulation of water through the Earth's atmosphere, land and oceans. The hydrological cycle is responsible for recharge of groundwater sources and maintenance of surface water flows.
Bio-remediation	A natural process whereby living organisms such as micro-organisms, plants, algae and some animals degrade, reduce and/or detoxify contaminants.
Ventilation	Ventilation provided by natural or planted vegetation is vital for good indoor air quality, and without it there are long-term implications for building occupants due to potential buildup of volatile organic compounds, airborne bacteria and molds.
Dilution by atmosphere and ecosystems	Water, both fresh and saline, and the atmosphere can dilute the gases, fluids and solid waste produced by human activity.
Filtration	Filtering, sequestering, storing and accumulating pollutants are carried out by a range of organisms, including algae, animals, micro-organisms and vascular and non-vascular plants.
Mediation of sensory impacts	Vegetation is the main (natural) barrier used to reduce noise and light pollution, limiting the impact it can have on human health and the environment.
Climate regulation	Global climate regulation is provided by nature through the long-term storage of carbon dioxide in soils, vegetable biomass and the oceans. At a regional level, the climate is regulated by ocean currents and winds, while at the local and micro-levels, vegetation can modify temperatures, humidity and wind speeds.
Flood and storm protection	Flood and storm protection is provided by the sheltering, buffering and attenuated effects of natural and planted vegetation.
Mass stabilization and erosion control	Mass stabilization and erosion control are delivered through vegetation cover, protected and stabilized terrestrial, coastal and marine ecosystems, coastal wetlands and dunes. Vegetation on slopes also helps prevent avalanches and landslides, while mangroves, seagrass and microalgae provide erosion protection of coasts and sediments.

Nature-Related Impacts

The Sustainable1 methodology provides a point-in-time assessment of company assets, so the potential impacts identified are relevant over the short to medium term (0-5 years). A breakdown of our land use by geography is shown in Figure 2, with a calculated Impact Ratio shown in Figure 3. To obtain an Impact Ratio, the Sustainable1 methodology models a company's land use,[4] combined with condition and significance adjustments,[5,6] relative to applicable ecosystems' hypothetical pristine or undisturbed states. This adjusted "ecosystem footprint" is then divided by a company's actual land use, leading to a company aggregate Impact Ratio. Using this methodology, the Company was assessed as "moderate," with an Impact Ratio of 17 percent. The primary driver of the aggregate "moderate" modeled impact is due to physical structure (intactness and connectivity of the landscape).

As a Company with a more than 150-year history, many of our properties are located in long-used industrial parks in urban/suburban areas alongside other businesses. Overall changes to the landscape affecting physical structure are likely a result of overall urbanization and industrialization of the broader region over many years. The Company strives to protect nature and minimize our environmental impact in the communities in which we operate.

Figure 2: Sherwin-Williams Manufacturing and Distribution Center Land Use by Region

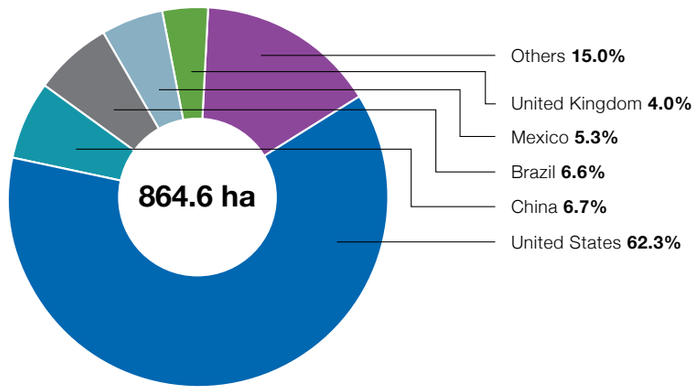
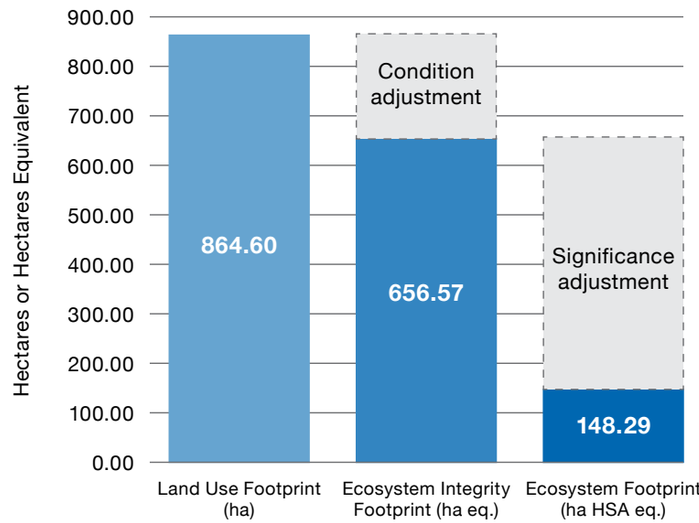


Figure 3: Sustainable1 Calculated "Impact Ratio"



4 Land Use is a measure of the extent of land used for or affected by an asset or company's business activity. Sustainable1 methodology employs polygons of site areas to quantify land use.

5 Sustainable1 performs a "condition adjustment" to the occupied area to reflect any degradation relative to a "pristine or undisturbed state." Occupied locations in a hypothetical pristine/undisturbed natural state would be adjusted to zero, while locations in a fully degraded state would remain as 100% of the original Land Use Footprint.

6 Sustainable1 performs a "significance adjustment" to the occupied area to reflect its importance to the protection of threatened species or due to the criticality of ecosystem services provided. Occupied locations of the highest significance would remain at 100% of their Ecosystem Integrity Footprint, whereas those with the lowest importance would be adjusted to zero.

Though the Company's review of sustainability impacts has not resulted in identification of nature-related risks as a priority sustainability topic at this time, many of the risks discussed in our TCFD report potentially apply when considered through a nature-related lens, due to the relationship between climate and nature, including physical, public policy, market and reputation risk. For example, degradation of the physical structure of the landscape due to climate change could increase risk of flooding, resulting in additional mitigation costs. Please see pages 82-86 in the TCFD section of our Sustainability Report for further details.

Protected and Key Biodiversity Areas

Spatial mapping[7] of Company locations relative to PAs[8] and KBAs[9] using the Integrated Biodiversity Assessment Tool (IBAT)[10] indicated that less than 2 percent of Company land use is in the vicinity of a PA or KBA. This minimal exposure yielded a "Very Low" Reputational and Regulatory Risk Classification by the Sustainable1 methodology. At this time, we are not aware of any specific nature-related impact or risk arising solely from the Company's presence in these areas. All Sherwin-Williams sites are permitted for their corresponding business activity in accordance with local laws. We recognize the limitations in this analysis when establishing direct attribution between our operations and biodiversity impacts, as the IBAT tool — while representing the leading global datasets for biodiversity assessment — relies on emerging science with inherent spatial and temporal constraints.

Opportunity Analysis

Nature-related opportunities are an emerging area in the chemicals and materials industries, and the Company's review of sustainability impacts did not result in identification of nature-related opportunities as a priority topic at this time. However, many of the potential opportunities identified in our TCFD report may also apply when viewed through a nature lens, due to the relationship between climate and nature, including innovation opportunities for products with sustainability attributes, consumer sentiment and our geographic flexibility. For example, Sherwin-Williams developed and brought to market a growing portfolio of low- or no-volatile organic compound (VOC) coatings, which reduce VOC pollution in the environment, a key driver of biodiversity loss. These coatings are a large and growing portion of our overall portfolio, globally. Please see our Product Blueprint Section and pages 85-86 in the TCFD section of our Sustainability Report for further details.

7 Sustainabile1 methodology employs polygons of site areas for identification of proximity.
8 Protected Areas are defined as a clearly defined geographical space, recognized, dedicated and managed through legal or other effective means to achieve the long-term conservation of nature with associated ecosystem services and cultural values.
9 Key Biodiversity Areas are defined as sites contributing significantly to the global persistence of biodiversity. These are identified at the national, subnational or regional level by local stakeholders, based on standard scientific criteria and thresholds.
10 Integrated Biodiversity Assessment Tool (IBAT)

RISK AND IMPACT MANAGEMENT

a(i). Describe the organization's processes for identifying, assessing, and prioritizing nature-related dependencies, impacts, risks, and opportunities in its direct operations.

a(ii). Describe the organization's processes for identifying, assessing, and prioritizing nature-related dependencies, impacts, risks, and opportunities in its upstream and downstream value chain(s).

b. Describe the organization's processes for managing nature-related dependencies, impacts, risks, and opportunities.

c. Describe how processes for identifying, assessing, prioritizing, and monitoring nature-related risks are integrated into and inform the organization's overall risk management processes.

How We Identify and Assess Nature-Related Dependencies, Impacts, Risks and Opportunities in Our Direct Operations

In the Governance section of this report, we describe the Company's sustainability governance structure; ERM program; and management, board and board committee oversight of the Company's risk exposures, including relating to the environment, the impacts of climate change and certain other sustainability risks. The Company's ERM program includes the processes used to identify, assess and manage our most significant enterprise risks and uncertainties that could materially impact the long-term health of the Company or prevent the achievement of strategic objectives. The ERM program facilitates the incorporation of risk assessment and evaluation into the strategic planning process and engagement with senior management and other senior leaders in the functional areas and business units specific to the risks to develop and support risk management and mitigation actions, strategies and processes.

In alignment with the ERM process, we have a process to periodically review sustainability impacts with enterprisewide assessments of our business. This assessment involves detailed consultations with a range of key stakeholders, including representatives for employees, shareholders, community members and customers. We also engaged a third party, S&P Global Sustainable1, to provide a screening level, modeled assessment of potential nature-related dependencies, impacts and risks from primary Company locations to supplement stakeholder input. The results from that assessment are presented in the Strategy section of this report.

Identifying and Assessing Nature-Related Dependencies, Impacts, Risks and Opportunities in Our Upstream and Downstream Value Chain

We recognize that nature-related dependencies, impacts, risks and opportunities may lie outside of our direct operations. As nature-related data is a relatively new topic for the chemicals and materials industries, we anticipate we will learn more in future years from our suppliers and customers about dependencies, impacts, risks and opportunities both up and downstream.

Managing Nature-Related Dependencies, Impacts, Risks and Opportunities and Integration Into Risk Management Processes

Management of this topical area is done according to the Sustainability Governance hierarchy described in the Governance Section of this report and is a consideration in the Risk Management Process also described in that section. To monitor potential changes to our operating and external environment, an internal refresh of the Company's sustainability priority areas is done annually, with a full consultation of stakeholder representatives approximately every five years as business conditions allow. A full refresh of nature-related dependencies, impacts and risks modeling analysis is anticipated to be performed every three to five years as business conditions allow.

METRICS AND TARGETS

a. Disclose the metrics used by the organization to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process.

b. Disclose the metrics used by the organization to assess and manage dependencies and impacts on nature.

c. Describe the targets and goals used by the organization to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.

The Sherwin-Williams Company — TNFD Report, Continued

Metrics

The following metrics are relevant to Sherwin-Williams nature-related dependencies, impacts, risks and opportunities:

Relevant TNFD Metric	Driver of Nature Change	Metric	2024 Data
C1.0	Land Use	Land use area, ha	865
C5.0	State of Nature	Impact ratio (Ecosystem footprint/land use area)	0.17
C2.2	Pollution	Waste generation	2024 Sustainability Report > Resource Conservation, page 25
		Hazardous waste disposal	2024 Sustainability Report > A Closer Look at Waste Disposal, page 26
		Nonhazardous waste disposal	2024 Sustainability Report > A Closer Look at Waste Disposal, page 26
A2.1	Pollution Removal	Waste recycled	2024 Sustainability Report > A Closer Look at Waste Disposal, page 26
C2.4	Non-GHG Air Pollutants	Nitrogen oxides (NO_2, NO, NO_3);	2024 Sustainability Report > Investor Sustainability Summary, page 56
		Volatile organic compounds	2024 Sustainability Report > Investor Sustainability Summary, page 56
		Sulphur oxides (SO_2, SO, SO_3,SO_x)	2024 Sustainability Report > Investor Sustainability Summary, page 56
A3.0	Resource Use	Water withdrawal	2024 Sustainability Report > Investor Sustainability Summary, page 57
A3.0		Water consumption	2024 Sustainability Report > Investor Sustainability Summary, page 57
C3.0		Water withdrawal (m^3) from areas of water scarcity	2024 Sustainability Report > Investor Sustainability Summary, page 57

Targets

As we have not identified nature-related impacts, risks and opportunities as a priority sustainability topic area for the Company at this time, we have not set direct nature-related targets. However, the Company is making progress on the environmental footprint goals below that potentially impact drivers of nature biodiversity loss, such as reducing emissions, increasing renewable energy and conserving natural resources by reducing fossil fuel extraction for energy purposes. Reducing waste helps prevent pollution and conserves natural resources by reducing fossil fuel and/or natural extraction for the purposes of making products.

Reduce absolute Scope 1 and 2 greenhouse gas emissions by 30% by 2030.

Increase electricity from renewable sources to 50% of total electricity usage by 2030.

Reduce waste disposal intensity by 25% by 2030.

Strategies for achieving these goals and current progress are described on pages 21-22 and page 25 of the 2024 Sustainability Report.