



**The Sherwin-Williams Company  
Board of Directors  
Audit Committee Charter**

**Purpose**

The purpose of the Audit Committee is to provide assistance to the Board of Directors in fulfilling the Board's oversight responsibilities on matters relating to: (1) the integrity of the Company's financial statements and effectiveness of internal control over financial reporting; (2) the independence, qualifications and performance of the independent registered public accounting firm; (3) the performance of the Company's internal audit function; (4) the Company's compliance with legal and regulatory requirements; and (5) engaging in such other matters as may from time to time be specifically delegated to the Committee by the Board.

**Membership**

The Committee shall consist of at least three members. Each member of the Committee shall meet the independence requirements of (1) the New York Stock Exchange; and (2) Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), each as determined by the Board in its business judgment.

In addition, each member of the Committee shall be financially literate or must become financially literate within a reasonable period of time after appointment to the Committee. The Board will determine, in its business judgment, whether the members meet the financial literacy requirement. Furthermore, at least one member of the Committee must have accounting or related financial management expertise, as determined by the Board in its business judgment. The criteria for financial literacy and accounting or related financial management expertise shall meet the audit committee requirements of the New York Stock Exchange.

The members of the Committee will be appointed and replaced by the Board. The Board will appoint a Chair of the Committee. The Chair of the Committee will, in consultation with the other members of the Committee and the appropriate officers of the Company, be responsible for calling meetings of the Committee, establishing the agenda for the meetings and conducting the meetings of the Committee.

**Responsibilities**

The Committee will have broad authority and powers in fulfilling its purpose and discharging its responsibilities. In discharging its responsibilities, the Committee will:

1. Be directly responsible for the appointment, retention, compensation, evaluation, termination and oversight of the work of the Company's independent registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company (including the resolution of any disagreements between management and the independent registered public accounting firm regarding financial reporting).
2. Preapprove all auditing services and permitted non-audit services (including the fees and retention terms thereof) to be performed for the Company by the independent registered public accounting firm as required by the Exchange Act.



3. Establish and oversee procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (b) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
4. Obtain and review, at least annually, a report by the independent registered public accounting firm describing (a) the firm's internal quality-control procedures, (b) any material issues raised by the most recent internal and external quality-control reviews, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues, and (c) all relationships between the independent registered public accounting firm and the Company for purposes of assessing the auditor's independence.
5. After reviewing the foregoing report and the independent registered public accounting firm's work throughout the year, the Committee will (a) evaluate the independent registered public accounting firm's qualifications, performance and independence, including a review and evaluation of the independent registered public accounting firm's lead partner, taking into account the opinions of management and the Company's internal auditors, (b) assure the regular rotation of the independent registered public accounting firm's lead partner and consider whether there should be regular rotation of the independent registered public accounting firm itself to ensure the continuing independence of such firm, and (c) present its conclusions with respect to the independent registered public accounting firm to the Board.
6. Review with management and the independent registered public accounting firm the annual audited financial statements and quarterly financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and any other matters required to be reviewed under applicable legal, regulatory or New York Stock Exchange requirements, and recommend to the Board whether the audited financial statements should be included in the Company's Annual Report on Form 10-K. Such review shall include a review of the following items with the independent registered public accounting firm:
  - (a) any audit problems or difficulties (including any restrictions on the scope of the independent registered public accounting firm's activities or on access to requested information, and any significant disagreements with management) and management's response thereto;
  - (b) responsibilities, budget and staffing of the Company's internal audit function;
  - (c) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies;



- (d) analyses prepared by management and/or the independent registered public accounting firm setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the Company's financial statements; and
- (e) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the Company's financial statements.
7. Review generally with management the type of information to be disclosed and the type of presentation to be made (a) in the Company's earnings press releases and (b) in any financial information and earnings guidance provided to analysts and ratings agencies, including the use of "pro forma" or "adjusted" non-GAAP information.
  8. Review with internal audit management (a) the plans for and scope of ongoing internal audit activities and (b) the annual report of the internal audit activities, examinations and the results thereof.
  9. Review with management, internal audit management and the independent registered public accounting firm the quality and adequacy of the Company's internal accounting policies and the procedures with respect to maintaining effective internal control over financial reporting.
  10. Review and discuss with management the Company's risk management process, including the policies and guidelines used by management to identify, assess and manage the Company's exposure to risk in accordance with applicable New York Stock Exchange requirements, as well as the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.
  11. Review and discuss with management the Company's risk exposures relating to cybersecurity, including review of the state of the Company's cybersecurity and emerging cybersecurity developments and threats, and the steps management has taken to monitor and mitigate such exposures.
  12. Establish hiring policies and guidelines for the Company with respect to current and former employees of the independent registered public accounting firm.
  13. Review such other matters in relation to the accounting, auditing and financial reporting practices and procedures of the Company as the Committee may, in its own discretion, deem desirable in connection with the review functions described above.
  14. Review with appropriate officers of the Company the Company's policies and procedures with respect to (a) compliance with applicable laws and regulations and (b) proper business conduct and practices.
  15. Prepare annually any reports required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement.



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16. Conduct an annual evaluation of the Committee's own performance.
17. Review and evaluate the adequacy of this Charter at least annually and recommend any proposed changes to the Board for approval.
18. Make regular reports to the Board.

The Committee shall have the sole authority to retain and terminate the independent registered public accounting firm and shall have sole authority to approve the independent registered public accounting firm's fees and other retention terms. The Committee shall be directly responsible for the oversight of the work of the independent registered public accounting firm (including the resolution of any disagreements between management and the independent registered public accounting firm regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. The independent registered public accounting firm shall report directly to the Committee.

The Committee shall have the authority to retain, at such times and on such terms as the Committee determines in its sole discretion and at the Company's expense, independent legal counsel or other independent consultants and advisors, to advise and assist the Committee in discharging its responsibilities.

The Company shall provide appropriate funding, as determined by the Committee, for the payment of compensation to the independent registered public accounting firm and any other advisors retained by the Committee, and for ordinary administrative expenses of the Committee that are necessary or appropriate for carrying out its duties.

The Committee may form and delegate authority to subcommittees (consisting of one or more members) or Company officers, when appropriate, consistent with applicable laws, regulations and listing standards, including the authority to grant preapprovals of audit and permitted non-audit services. Any decisions of any such subcommittee to grant preapprovals shall be presented to the full Committee at its next scheduled meeting.

### **Limitation of Responsibilities**

While the Committee has the powers and responsibilities set forth in this Charter, the responsibility of the Committee is one of oversight and it is not the responsibility of the Committee to plan or conduct audits, to determine that the Company's financial statements are complete and accurate, to determine that such financial statements are in accordance with GAAP or to maintain effective internal control over financial reporting. It is also not the responsibility of the Committee to conduct investigations or to assure compliance with laws and regulations, and the Company's policies, procedures and corporate compliance programs. These are the responsibility of management and the independent registered public accounting firm.



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## **Meetings**

The Committee shall meet as frequently as it determines necessary to discharge its responsibilities. The Committee will meet periodically with management, the internal audit management and the independent registered public accounting firm in separate executive sessions. In addition, the Committee may request any officer or employee of the Company, or the Company's outside legal counsel, independent registered public accounting firm and other third parties, to attend a meeting of the Committee or meet with any members of, or consultants to, the Committee. A majority of the members of the Committee shall constitute a quorum. Members of the Committee may participate in a meeting of the Committee by means of conference call or any other communications equipment by which all persons participating in the meeting can hear each other. The Committee shall report its activities to the Board at the Board's first regular meeting thereafter or at such other time as it deems appropriate.

Last Updated on July 20, 2021