



Corporate Governance Guidelines

The Board of Directors of The Sherwin-Williams Company has adopted the following corporate governance guidelines to provide the framework for the governance of the Company. The Board will review these guidelines at least annually and make such revisions as it deems necessary and appropriate.

Director Qualification Standards

1. **Board Composition.** A majority of the Board shall be composed of independent directors. In determining the independence of a director, the Board will observe the requirements for an independent director under the applicable listing standards of the New York Stock Exchange and the Director Independence Standards adopted from time to time by the Board.
2. **Board Size.** The Board believes that an appropriate size for the Board is in the range of 10 to 14. The Board periodically evaluates the appropriate size for the Board.
3. **Selection of Directors.** All directors are elected annually by the Company's shareholders, except as noted below with respect to vacancies. The Board recommends a slate of directors for election by shareholders at the Company's annual meeting of shareholders. The Board's recommendations are based on its determination of the qualifications and abilities of each individual, and the slate as a whole, taking into account the membership criteria discussed below.

The Board may fill vacancies in existing or new director positions. Directors appointed by the Board to fill a vacancy shall serve an initial term until the next annual meeting of shareholders.

4. **Board Membership Criteria.** The Board seeks candidates with a diverse group of experiences, qualifications, attributes and skills, including diversity in gender, ethnicity and race, that the Board believes enable each candidate to make a significant contribution to the Board, the Company and its shareholders. Each director shall have the highest personal and professional character and integrity, and shall have demonstrated exceptional ability and judgment. The Board evaluates each individual in the context of the Board as a whole, with the objective of recommending a group of directors that can best perpetuate the success of the Company and represent shareholders' interests through the exercise of sound judgment using its diversity of experiences. The Nominating and Corporate Governance Committee, with the input of the Chief Executive Officer, will annually review the qualifications and backgrounds of the directors, as well as the overall composition of the Board, and recommend to the full Board the slate of directors to be nominated for election at the annual meeting of shareholders. The Nominating and Corporate Governance Committee will consider director candidates recommended by shareholders on the same basis that it considers all director candidates as set forth above.
5. **Positions of Chairman and Chief Executive Officer.** The positions of Chairman of the Board and Chief Executive Officer should be held by the same person, except in unusual circumstances. The Board believes that this practice provides the most efficient and effective leadership model for the Company, and this combination has served the Company well over a great many years. The function of the Board in monitoring the performance of the Chief Executive Officer and senior management is fulfilled by independent Directors having substantive knowledge of the Company and its businesses.
6. **Lead Director.** If the Chairman is not an independent director, the Board, after considering the recommendation of the Nominating and Corporate Governance Committee, annually will elect an independent director to serve as Lead Director. The Lead Director shall be elected by the independent directors. Although annually elected, the Lead Director is generally expected to serve for more than one year.

The responsibilities of the Lead Director are as follows.

- Chair meetings of the Board at which the Chairman is not present.
- Chair executive sessions of the non-management directors. Meet separately with the Chairman after executive sessions to review the matters discussed during the executive sessions.
- Review with the Chairman the schedule for meetings of the non-management directors and set the agenda for such meetings.
- Facilitate communications and serve as the principal liaison on Board related issues between the Chairman and the independent directors. Each director, however, is free to communicate directly with the Chairman.



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- Review with the Chairman the schedule for meetings of the Board to help assure that there is sufficient time allocated for discussion of all agenda items.
 - Suggest to the Chairman agenda items for meetings of the Board and approve the agenda, as well as the substance and timeliness of information sent to the Board.
 - Authorize the retention of independent legal advisors, or other independent consultants and advisors, as necessary, who report directly to the Board on board related issues.
 - Act as a resource for, and counsel to, the Chairman.
7. **Tenure.** The Board does not believe it should limit the number of terms for which an individual may serve as a director. Directors who have served on the Board for an extended period of time are often able to provide valuable contributions and insight into the operations of the Company based on their experience with and understanding of the Company's business, history and objectives. The process described above by which the Nominating and Corporate Governance Committee annually reviews the qualifications and backgrounds of the directors will be an important determinant of board tenure.
8. **Retirement Policy.** Directors who are not employees of the Company shall resign as directors at the annual meeting of shareholders next succeeding the date on which they attain the age of 72 years. Directors who are employees of the Company are expected to resign as directors at the same time that their active service as an employee of the Company terminates. However, at the discretion of the Board, directors who are employees of the Company may remain on the Board following the date of termination of employment and shall thereafter resign as a director at the annual meeting of shareholders next succeeding the date on which he/she attains the age of 72 years.
9. **Directors with Significant Job Changes.** When a director retires from his or her present employment, or a director's principal occupation or business association changes substantially during his or her tenure as a director, that director should tender his or her resignation. The Nominating and Corporate Governance Committee, with the input of the Chief Executive Officer, will evaluate whether the Board should accept the resignation or whether the director should remain a director based on an assessment of whether the director continues to meet the Board's membership criteria under the circumstances.
10. **Other Board Service.** The Board does not believe that its members should be prohibited from serving on boards of other public companies so long as such service does not create any actual or potential material conflict of interest and does not impair the director's ability to effectively serve on the Board. Directors who are members of the Company's Audit Committee, however, are prohibited from simultaneously serving on the audit committees of more than two other public companies, unless the Board (i) determines that such simultaneous service would not impair the director's ability to effectively serve on the Committee and (ii) discloses such determination in the Company's annual proxy statement. The Board will take into account the nature of and time involved in a director's service on such other boards in evaluating the qualifications of each director. To preserve independence and avoid conflicts of interest, each director should advise the Chairman of the Board prior to accepting an invitation to serve on boards of other public companies.
11. **Majority Voting Policy for the Election of Directors.** Any incumbent nominee for director in an uncontested election (i.e., an election where the only nominees are those recommended by the Board) who receives a greater number of votes "against" his or her election than votes "for" such election (a "Majority Against Vote") shall promptly tender his or her resignation following certification of the shareholder vote.

The Nominating and Corporate Governance Committee will promptly consider the tendered resignation and will recommend to the Board whether to accept the tendered resignation or to take some other action, such as rejecting the tendered resignation and addressing the apparent underlying causes of the Majority Against Vote. In making this recommendation, the Committee will consider all factors deemed relevant by its members including, without limitation, the underlying reasons why shareholders voted against the director (if ascertainable), the length of service and qualifications of the director whose resignation has been tendered, the director's contributions to the Company, whether by accepting such resignation the Company will no longer be in compliance with any applicable law, rule, regulation or governing document, and whether or not accepting the resignation is in the best interests of the Company and its shareholders.

The Board will act on the Committee's recommendation no later than at its first regularly scheduled meeting following certification of the shareholder vote, but in any case, no later than 120 days following the certification of the shareholder vote. In considering the Committee's recommendation, the Board will consider the factors considered by the Committee and such additional information and factors the Board believes to be relevant.



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The Company will promptly publicly disclose the Board's decision and process in a periodic or current report filed with or furnished to the Securities and Exchange Commission.

Any director who tenders his or her resignation pursuant to this provision will not participate in the Committee recommendation or Board consideration regarding whether or not to accept the tendered resignation. However, such director shall remain active and engaged in all other Committee and Board activities, deliberations and decisions during this Committee and Board process.

If a majority of the members of the Committee received a Majority Against Vote at the same election, then the independent directors who are on the Board who did not receive a Majority Against Vote will appoint a Board committee amongst themselves solely for the purpose of considering the tendered resignations and will recommend to the Board whether to accept or reject them. This Board committee may, but need not, consist of all of the independent directors who did not receive a Majority Against Vote. If the only directors who did not receive a Majority Against Vote in the same election constitute four or fewer directors, then all directors may participate in the Board consideration regarding whether or not to accept the tendered resignations.

This corporate governance guideline will be summarized or included in each proxy statement relating to an election of directors of the Company.

Director Responsibilities

12. **Role of the Directors.** The Board serves as representatives for and is accountable to the Company's shareholders. The Board has oversight responsibility of management. The Company's business is conducted by officers, managers and employees under the direction of the Chief Executive Officer and the oversight of the Board. The Board delegates to the Chief Executive Officer, and through him or her to other senior management, the authority and responsibility for managing the day-to-day affairs of the Company. In addition to its general oversight of management, the Board's oversight function includes responsibility for:

- selecting, evaluating and compensating the Chief Executive Officer, electing or appointing other senior management and reviewing management succession planning (including Chief Executive Officer succession planning);
- reviewing, monitoring implementation and, where appropriate, approving the Company's long-term strategic plan and initiatives;
- reviewing, evaluating and, where appropriate, approving the Company's performance against broad financial objectives, major strategies and plans;
- reviewing, evaluating and, where appropriate, approving the establishment and maintenance of processes, procedures and controls for maintaining the integrity and clarity of the Company's financial statements and financial reporting;
- reviewing, evaluating and, where appropriate, approving the establishment and maintenance of processes and procedures with respect to compliance with applicable laws and ethical business conduct;
- reviewing and evaluating the Company's policies and guidelines used by management to identify, assess and manage the Company's exposure to risk;
- providing advice and counsel to the Chief Executive Officer and senior management;
- reviewing and, where appropriate, approving significant corporate actions; and
- nominating directors and Board committee members, and overseeing effective corporate governance.

In performing its oversight function, the Board is entitled to rely upon advice, reports and opinions of management, counsel, independent auditors and expert advisors.

13. **Attendance at Board and Shareholder Meetings.** Absent unusual circumstances, each director is expected to attend all meetings of the Board and all meetings of any committee on which such director serves. Each director is also expected to attend, absent unusual circumstances, all annual and special meetings of shareholders.



14. **Board Agenda.** The Chairman of the Board, with input and approval from the Lead Director, will establish the agenda for each Board meeting. Each director is free to suggest that particular items be placed on the agenda. The agenda will be distributed to each director in advance of each Board meeting.
15. **Board Materials Distributed in Advance.** Information and data that is important to the directors' understanding of the business and which will assist directors to prepare for productive Board meetings will generally be distributed in writing to the directors before each Board meeting. Management will make every effort to provide materials that are brief and to the point, while communicating all of the appropriate information.
16. **Executive Sessions of Non-management Directors.** Non-management directors will meet at least twice each year in regularly scheduled executive sessions. Other executive sessions of the non-management directors may be scheduled and/or called by the Lead Director or non-management directors as determined appropriate. The Lead Director will chair such executive sessions. Formal deliberations or decisions concerning the business and affairs of the Company will occur only during regular or special meetings of the full Board and not during executive sessions.
17. **Management Speaks for the Company.** Management speaks for the Company. Individual directors will only communicate with various constituencies that are involved with the Company with the knowledge and concurrence of the Chief Executive Officer. Following any such communication, the director will advise the Chief Executive Officer of the nature and content of such communications.
18. **Committees of the Board.** Committees have been established to assist the Board to effectively and efficiently fulfill its oversight responsibilities. The Board has three standing Committees: the Audit Committee, the Compensation and Management Development Committee, and the Nominating and Corporate Governance Committee. Membership of each Committee will be composed solely of independent directors, and each Committee shall have not less than three members. The Board has adopted a charter for each Committee and will review and evaluate the adequacy of these charters on an annual basis. Membership and the appointment of a chairperson is reviewed and approved by the full Board, with the input of the Chief Executive Officer, on an annual basis. The Board may establish from time to time such other committees as it determines appropriate.

Access to Management and Independent Advisors

19. **Board Access to Management.** Directors have complete access to the Company's management. Directors will use their judgment to be sure that any such contact is not distracting to the business operations of the Company and that such contact be communicated to the Chief Executive Officer.
20. **Attendance of Management at Board Meetings.** The Board welcomes the attendance of members of management from time to time in Board meetings to: (a) provide management insight into items being discussed by the Board which involve the manager; (b) make presentations to the Board on matters which involve the manager; and (c) bring managers with high potential for advancement into contact with the Board.
21. **Director Access to Independent Advisors.** The Board or any Committee may retain, at such times and on such terms as the Board or Committee determines in its sole discretion and at the Company's expense, independent legal, financial or other independent consultants and advisors, to advise and assist the Board or Committee in discharging its responsibilities.

Director Orientation and Continuing Education

22. **Director Orientation.** A thorough understanding of the Company's industry, business and corporate governance practices is required to enable a director to make a substantial contribution to the Board. Accordingly, all new directors shall participate in an orientation program developed by the Company after their election or appointment to the Board. This orientation will include presentations by senior management to familiarize new directors with the Company's industry, business, strategic plans, financial statements, corporate governance practices and its key policies and practices.
23. **Director Continuing Education.** The Board believes that each director should participate in continuing education, through in-house presentations or attendance at outside educational programs at Company expense, from time to time to enable the directors to better perform their duties and to recognize and deal appropriately with issues that arise.



Performance Evaluations; Succession Planning

24. **Performance Evaluation of Board and Committees.** The Board and each Committee shall conduct an annual self-evaluation of the performance of the Board and each Committee. Such evaluations should generally include an assessment of the Board's and each Committee's structure and procedures, as well as an assessment of the overall effectiveness of the Board and each Committee.
25. **Performance Evaluation of the Chief Executive Officer.** The Board shall conduct an annual evaluation of the performance of the Chief Executive Officer. The Compensation and Management Development Committee will conduct an annual review of the Chief Executive Officer's compensation as set forth in its charter.
26. **Succession Planning.** The Chief Executive Officer shall conduct an annual evaluation of the performance of the senior management team. The Chief Executive Officer will report the results of such evaluation to the Board, along with the Chief Executive Officer's thoughts and recommendations on management development and succession planning. The Board will work with the Chief Executive Officer to plan for Chief Executive Officer succession, as well as to develop plans in the event of an unexpected occurrence resulting in a temporary incapacity or a sudden departure of the Chief Executive Officer. Succession planning may be reviewed more frequently by the Board as either determines appropriate.

Director Compensation

27. **Board Compensation.** Non-employee directors receive compensation for their Board service. Employee directors do not receive compensation for their Board service.
28. **Director's Minimum Share Ownership Requirement.** The Board has established a minimum share ownership requirement to ensure that the interests of each director is aligned with the interests of the Company's shareholders. Each director who has served on the Board for at least five years shall own shares of common stock equal in value to a minimum of seven times the annual Board cash retainer. For purposes of obtaining this minimum share ownership requirement, each restricted stock unit held by a director under the Company's stock plan for non-employee directors and each equivalent share of common stock held by a director under the Company's deferred fee plan shall be considered as a share of common stock owned by such director.

Communications with Directors

29. Interested parties may communicate with the Chairpersons of the Audit Committee, the Compensation and Management Development Committee or the Nominating and Corporate Governance Committee, or the non-management directors as a group by regular mail. Communications should be sent to the attention of the Chairperson, Audit Committee, Chairperson, Compensation and Management Development Committee, or Chairperson, Nominating and Corporate Governance Committee, or to the outside directors as a group to the Non-Management Directors, each c/o Corporate Secretary, The Sherwin-Williams Company, 101 West Prospect Avenue, 12th Floor, Midland Building, Cleveland, Ohio 44115.