



SHERWIN-WILLIAMS.

Valspar Paint (Australia) Pty Ltd

Statement related to Fiscal Year 2020 pursuant to the Australian Commonwealth Modern Slavery Act 2018

Identity of Reporting Entity

This statement sets out the steps Valspar has taken to address the risks of modern slavery in any part of its business and its supply chain during the financial year 2020 which runs from 1 January 2020 to 31 December 2020. It is made on behalf of Valspar Paint (Australia) Pty Ltd and its related entities in Australia (collectively "Valspar", "we", "our", etc.).

Valspar has a zero-tolerance approach to any form of modern slavery or human trafficking. Valspar is committed to acting ethically and to prevent slavery and human trafficking in any of its corporate activities, as well as seeking to ensure that its supply chain is also free from such practices as an important element of its sustainability work. Valspar is committed to acting with integrity and transparency in all business dealings and to putting effective systems and controls in place to safeguard against any form of modern slavery taking place within Valspar or its supply chain.

Structure, Operations and Supply Chain

In 2020, Valspar Paint (Australia) Pty Ltd was a subsidiary of The Sherwin-Williams Company, a US corporation.

The Sherwin-Williams Company (together with its group companies/subsidiaries referred to herein as "SHW") is a global leader in the manufacture, development, distribution, and sale of paints, coatings, and related products to professional, industrial, commercial, and retail customers. SHW manufactures products under well-known brands such as Sherwin-Williams, Valspar, HGTV HOME by Sherwin-Williams, Dutch Boy, Krylon, Minwax, Thompson's Water Seal, Cabot, WattyI and many more. With global headquarters in Cleveland, Ohio, SHW branded products are sold exclusively through a chain of more than 4,900 company operated stores and facilities, while the company's other brands are sold through leading mass merchandisers, home centres, independent paint dealers, hardware stores, automotive retailers, and industrial distributors. The Sherwin-Williams Performance Coatings Group supplies a broad range of highly engineered solutions for the construction, industrial, packaging and transportation markets in more than 120 countries around the world. Sherwin-Williams shares are traded on the New York Stock Exchange.

In 2020, Valspar Paint (Australia) Pty Ltd had a turnover exceeding \$100m This statement is made in relation to Valspar Paint (Australia) Pty Ltd and the following related entities in Australia [which had turnover not exceeding \$100m in the fiscal year 2020:

- Valspar (Australia) Acquisition Corp. Pty Ltd
- The Valspar Australia Corporation Pty Ltd
- The Valspar Australia Holdings Pty Ltd
- Sherwin-Williams (Australia) Pty Ltd

Valspar employs approximately 675 people in Australia across manufacturing, distribution, retail, sales and support functions. Valspar operates two manufacturing plants: one in West Footscray, Melbourne and the other at Kilburn, Adelaide. This manufacturing capacity is supported by four distribution centres across Australia. Annually, Valspar serves thousands of retail and trade customers with paint and coatings solutions either through its stores, e-commerce and direct deliveries.

Valspar has more than 500 active supply partners, who directly supply products and services. All immediate suppliers are obligated to sign the Sherwin-Williams Supplier Code of Conduct to mitigate risks around modern slavery.

The main products and services purchased within its supply chain are:

- Raw Materials for the manufacturing of product
- Sundry decorating products ("Sundries") for resale through its WattyI Paint Centres

- Packaging;
- Equipment and machinery, for the offices and manufacturing facilities;
- Transport and Logistics;
- Skilled and unskilled labour; and
- Services, such as those to support its marketing activities.

Risks of Modern Slavery

Valspar sources from a range of locations, with the majority of product sourced from Multinational Corporations with regional operations that have been vetted by and are also used by its global parent Sherwin Williams. Key Countries Valspar sources from are Australia, USA, Malaysia, Germany, Indonesia, and China. Valspar recognises that all products and services carry the risk of modern slavery in their supply chains but through the actions discussed below aim to minimise these risks.

Actions Taken to Assess and Mitigate Risks

Certifications

Valspar requires, through its purchase order terms and conditions, as well as the Sherwin-Williams Supplier Code of Conduct incorporated therein, direct suppliers and subcontractors to certify, to the best of their knowledge and belief, that they do not engage in or support human trafficking or use any indentured bonded, prison, or forced labour, slavery or servitude. Valspar works transparently with its suppliers.

Internal Accountability

Valspar maintains internal accountability standards and procedures for employees, suppliers, and subcontractors. Failure to comply with such policies can result in adverse actions, including termination for employees, suppliers, and subcontractors.

Training

Valspar has implemented a compulsory company-wide training and awareness program on the prohibition against human trafficking and forced labor. Valspar's program addresses the definitions of human trafficking and forced labor, how to minimize potential risks, types of prohibited activities, how to report suspected violations, and the importance of these issues to its business. Valspar provides detailed training to employees and management with direct responsibility for supply chain management. This enables Valspar's people to be aware and understand the issues and risks posed by modern slavery and human trafficking. In keeping with Valspar's ongoing commitment to continuous improvement, Valspar evaluates its training and awareness program each year in order to assess needs and to address changes in applicable laws and circumstances.

Valspar has a custom compliance training video that specifically targets human trafficking scenarios. This video was circulated to all employees on a worldwide basis in both October 2019 and October 2020. New Employees to the organisation complete training on this area within their first thirty (30) days of employment as part of their onboarding experience.

Assessing the Effectiveness of Modern Slavery Risk Management

Verification of Business and Product Supply Chains

Valspar continuously commits resources to periodically evaluate our business and supply chain in relation to modern slavery risks. Valspar's model is to monitor, detect, and prevent instances of human trafficking and slavery in its business and supply chain. Valspar employs processes and tools for due diligence on its employees, its suppliers, and subcontractors at all tiers. Valspar has developed a risk-based audit tool and is utilising the tools in order to review the practices of participants in its supply chain and to ensure they are compliant with applicable laws, including those related to human rights.

COVID-19 Risk Response

In March 2020, the COVID-19 global pandemic emerged as a risk to global and local supply chains. Valspar took early and ongoing action in recognising and mitigating the potential adverse impact the pandemic could have on its people, supply

chains and communities in which it operates. This action included protecting the health and wellbeing of its people, keeping its supply chains open to ensure the delivery of essential goods, and keeping its business financially strong by protecting its balance sheet.

This included:

- Investing in COVID-19 safe work procedures and PPE which enabled all its facilities to remain operating throughout the crisis period
- Implementing COVID-19 safe operating environment in all retail environments
- Working closely with partners to ensure supply of product, particularly to country and remote locations and critical projects

Consultation Process

Valspar Paint (Australia) Pty Ltd. recognises that each entity within the group has a role to play in addressing modern slavery risks. Valspar Paint (Australia) Pty Ltd developed this statement in consultation with The Sherwin-Williams Company, as many of the modern slavery risks reside within the global supply chain managed by related entities overseas.

In developing this statement, Valspar Paint (Australia) Pty Ltd engaged specifically with key business areas responsible for procurement, global supply, risk, legal and human resources, as well as with the directors of the related entities covered by this report. This statement was also discussed regularly during Valspar Paint (Australia) Pty Ltd governance meetings.

Other Relevant Information

Valspar Paint (Australia) Pty Ltd became Hempel (Wattyl) Australia Pty Ltd on 1 April 2021 following its acquisition by Hempel A/S.

As supply chain arrangements have changed as a direct result of the change in ownership, Hempel (Wattyl) Pty Ltd will work with Hempel A/S on understanding Modern Slavery Risks throughout its new supply chain, and in ensuring appropriate action continues to be taken to assess these risks. Hempel (Wattyl) Australia Pty Ltd has already commenced this process.

This statement relates to the financial year ending 31 December 2020 and has been approved by the Board of Valspar Paint (Australia) Pty Ltd.



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Matt Crossingham

Director

30 June 2021