GLOBAL SUPPLY CHAIN

JOEL BAXTER

PRESIDENT & GENERAL MANAGER,
GLOBAL SUPPLY CHAIN
Global Supply Chain

- One Focused Organization
- Share Best Practices Worldwide
- End-to-End Supply Chain
End-to-End Supply Chain

Drive Continuous Improvement

- Research & Development
- Global Procurement
- Supply Chain Management
- Manufacturing
- Distribution
- Transportation
- Customer
Accelerating Operational Excellence

One Continuous Improvement Culture

Leveraging Best Practices

Sustainable Results

OPERATIONAL EXCELLENCE FOCUS AREAS

SAFETY
QUALITY
SERVICE
COST
PEOPLE
Global Business Management System

End-to-End Supply Chain
What This Accomplishes

- Drives Customer Solutions
- Cost Reduction
- Accelerated Growth
Focus Areas

Operational Excellence

Global Procurement

Innovation Excellence
Safety
Recordable Case Rate

2018

Goal = Zero

Source: The North American Industry Classification System (NAICS)
Net Fixed Assets
Value in Dollars

2017

2018
Working Capital % to Sale

Maintain Negative Working Capital

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<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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<td>Value</td>
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Rationalization Opportunities
Controlled Transportation

- 7 Day Operations
- Unattended Deliveries
- Temperature Controlled Equipment

- Inbound Raw Materials
- Internal Tank wagon Deliveries
- Consistent On Time Service
Typical Coatings Product

2019 est. vs. 2018

Resins/Latex (43%)
Acrylic (Latex Paints)
Alkyd (Oil Paints)
Epoxy (Epoxy Paints)

Pigments (27%)
Titanium Dioxide
Pigments
Paint Fillers
Extenders

Containers (13%)
Metal or Plastic

Additives (9%)
1 to 3%

Solvents (8%)
-3 to 3%

Industry *
-1 to 3%
0 to 1.5%
3 to 4%
1 to 3%
-3 to 3%

*This represents the average cost range for the Coatings Industry. It does not reflect the cost for an individual Coatings Company. This cost could be lower or higher based upon company size or other variables (e.g., product mix, quality, etc.) that impact cost.

Source: Based on Sherwin-Williams internal estimates and assumptions using publicly available industry information.
Raw Material Efficiency

DESIGNED DISRUPTION

OPTIMIZATION

INCREMENTAL

DEVELOPMENT

NEXT GENERATION

EFFICIENCY

BREATHTHROUH

BREAKTHROUGH
Resin/Latex

Dual Sourcing Strategy – Internal vs. External

- Internal Development
  - Engineered Polymer Solutions
- External Suppliers

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<tr>
<th>Year</th>
<th>Controlled Production (lbs.)</th>
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Innovation Pipeline

STAGE 1
Concept Definition

STAGE 2
Technology Assessment

STAGE 3
Technology Development

STAGE 4
Commercialization

Maintenance & Durability
Visual Appearance
Custom Solutions
Sustainability
The Painting Process
Time & Labor
New Architectural Product Launches
Focused Global Supply Chain Organization

Leveraging Systems, Tools & Processes

Deliver Best in Class Service