EMPLOYEE DISCIPLINE

[Revised 02/03]

The purpose of discipline is to change unsatisfactory performance to satisfactory performance, unacceptable behavior to acceptable behavior, or to remove from the work force an employee who is unable or unwilling to perform his/her job duties in a satisfactory manner.

PROCEDURE

1. Each Sherwin-Williams' employee is expected to perform his/her job duties in a responsible professional manner.
   - Discipline will be taken when an employee's performance is marginal, or when an employee's behavior is in violation of written policy, rules or procedures; is disruptive to the work environment; threatens the health and safety of other persons; or is damaging to the Company's good business reputation.

2. The discipline taken will be proportionate to the problem, taking into consideration the seriousness of the consequences of the unacceptable performance or behavior, as well as the employee's prior performance and/or behavior.

3. If the marginal performance, or unacceptable behavior does not involve an act of Gross Misconduct, corrective action will normally involve counseling and may include a written warning and a probation period, finally ending in discharge if the marginal performance is not corrected or the unacceptable behavior is repeated.

4. Any unacceptable behavior involving Gross Misconduct will normally result in immediate discharge.

5. Any discipline, except an informal counseling, should be agreed to by two levels of management (Example: Store Manager and District Manager with input from the Area Human Resource Manager).

6. The Division VP of Human Resources or the Area Human Resource Manager must be consulted before any employee (both full-time & part-time) is discharged.

7. When the unacceptable behavior involves theft or any type of misuse of Company assets (either material or money), the Division Loss Prevention Director and Division VP of Human Resources must be consulted.

8. An employee may be given the opportunity to resign in lieu of discharge if in the opinion of the Division VP of Human Resource, the best interests of the Company are served by such an action.

9. The immediate supervisor should always keep a written record of the marginal performance or unacceptable behavior, as well as all disciplinary action taken. This information can be captured on the "Written Summary of Unsatisfactory Conduct and Required Corrective Action" form. Clicking on the link listed above can access this form.

10. When an employee is discharged, all written documentation, including the manager's copy of the employee's personnel file, will be sent immediately to the Division VP of Human Resources.

11. All inquiries including reference checks, about former employees will be referred to the Division Human Resource Administrator's office for response.

RULES AND REGULATIONS

[Revised 02/06]

Each employee should understand that the employment relationship with the Company is an at-will relationship, and as such may be terminated at any time by either party. Nothing in these rules and regulations is intended by the Company to be an express or implied contract of employment or guarantee of employment for a specific period of time between the employee and the Company.

While none of us like to be overburdened with strict rules and regulations, it is, nevertheless, necessary that the Company clarify for the benefit of all employees what standards of behavior are expected from the work force. With this in mind, the Company wishes to call to your attention some of the rules and regulations which should serve as a guide to all employees of what is required in terms of their conduct. These rules apply to all conduct while on company property or in the performance of company business. Some of these rules refer to specific company policies which you should review. Other company policies such as the Business Ethics Policy, set forth additional principles regarding employee conduct. If you don't have a copy of these policies, ask your supervisor or the human resource manager for a copy because you will be required to comply with these policies.

GROSS MISCONDUCT

[Revised 02/06]

The following types of misconduct, once established, usually result in immediate discharge.

An employee suspected of violating one of these rules may be suspended pending the results of an investigation, or the outcome of official legal proceedings:

1. Holding sales slips on shipped merchandise; not recording released merchandise on a pre-numbered form; failing to receive proper credit approval; or knowingly and deliberately circumventing credit policy to release merchandise to a customer who is "locked out," or who does not have an approved credit account.
2. Pre-billing merchandise, that has not been shipped to the customer.
3. Charging to employee account merchandise, which was sold to, or purchased for, a customer (regardless of the circumstances or whether or not the customer is a personal friend), or charging one customer's purchases to another customer's account without proper written authorization.
4. Purchasing merchandise with the employee discount and reselling that merchandise.
5. Dishonesty, which includes but not limited to stealing or unauthorized removal of property of the Company or fellow employees, or of others, or any conduct of a dishonest nature.
6. Possession and/or use of any firearm, ammunition, explosive device or other weapon on Company property (including but not limited to parking lots and Company leased vehicles), or during the performance of Company business, regardless of whether the individual is licensed to carry such weapons or not.

7. Intentionally or unintentionally acting in a way which may endanger the safety of others or destroy Sherwin-Williams' property, including, but not limited to, smoking, or allowing customers to smoke, in the warehouse or other areas where flammable material is stored or being processed.

8. Falsifying any document or record, including but not limited to travel and entertainment expense reports, personnel records, medical records, medical claims, time records, absentee, sickness, performance and/or production records, fiscal inventories, closing reports, computer files, electronic mail, or voice mail. This rule also includes omissions of information from such records.

9. Conviction of a crime, the nature of which would be calculated to render the employee undesirable as an associate or co-worker.

10. Intentionally misusing Company assets, such as borrowing money from the store's fund (including taking money and leaving an IOU); abusing travel and entertainment expenses; writing bad checks to the store; or violating security rules.

11. Selling, taking or giving away salvaged or un-saleable merchandise without District Manager authorization.

12. Assault or attempted assault, fighting, threats, coercion or intimidation of a Company employee or other person while on Company property or during the performance of Company business.

13. Failure to comply with the Company's Chemical and Substance Abuse Policy. This rule includes use, sale, possession or being under the influence of any alcohol, controlled substance or any mind-altering chemical of any kind, including but not limited to intoxicants, narcotics, hallucinogenic drugs (such as marijuana), or legally obtained prescription or over-the-counter drugs which are being abused on Company time or property.

14. Insubordination, including but not limited to, willfully refusing or failing to follow instructions; willfully refusing or failing to perform a work assignment; or using defiant, threatening, abusive, insulting or profane language toward supervision.

15. Unauthorized disclosure of or access to confidential Company information. This rule includes gaining access to any files and records, whether paper, computerized, electronic or other format, electronic mail or voice mail. This rule also includes making easily available to unauthorized users any access information such as passwords to computer files, electronic mail or voice mail.

16. Sleeping while on the job.

17. Failure to comply with the Company's Equal Employment Opportunity, Non-Harassment Policies, or the policy on Computers, Electronic and Telephonic Communications Systems.

18. Sexual harassment which includes: (but is not limited to) -- unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature such as remarks (including off-color jokes), gestures, profanity or suggestions, whether or not directed to a specific individual, which have the purpose or effect of unreasonably interfering with an individual's work performance, or creating an intimidating, hostile or offensive working environment, and conduct that requires or suggests submission to advances or sexual favors is a condition of an individual's employment.

19. Racial or ethnic slurs or derogatory remarks.

20. Involvement in conduct that interferes with the employee’s effectiveness or renders the employee undesirable, or seriously embarrasses the Company or its products or results in other adverse effects upon the Company. This rule may also encompass off-duty conduct away from Company premises.

21. Unauthorized possession or use of cameras, recorders, TV's or other electronic devices on Company premises at any time.

22. Leaving the Company premises during working hours without proper authorization by employee's supervisor.

23. Slowing or interfering with production or encouraging others to engage in any conduct, which results in or contributes to the slowdown or work.

24. Altering, mutilating, destroying, damaging, abusing, wasting property, facilities, records or equipment belonging to the Company or located on Company premises regardless of it's ownership. This rule includes, but is not limited to, willful acts such as sabotage, acts or omissions constituting gross negligence and tampering with or other improper use of computers, electronic mail and/or voice mail.

25. Misuse or removal from the premises without proper authorization, of employee records, blueprints, training aids, Company records or confidential information of any nature.

26. Involvement in an intimate personal relationship with a subordinate over whom there is direct line supervisory authority. Direct line authority includes immediate or down-line supervisory authority in the same group, division, district, site, department, store or branch. (A supervisor must advise the Company prior to the existence of such a relationship with a subordinate. The Company will then attempt to accommodate the interests of the employees involved by finding alternative employment within the company for one of them. In the event the supervisor fails to immediately advise the Company of such a relationship, the Company may impose any discipline against the supervisor, up to and including discharge.)

27. Failure to reply to requests for information regarding an absence or a return to work after an absence, or failure to return to work at the expiration of an approved leave of absence (which will be treated as a quit).

28. Failure to notify the Company of absence within the time period required by the local management.

29. Failure to comply with Company Loss Prevention/Security Policies.

30. Failure to cooperate in an investigation.

31. Engaging in such other practices or conduct, which may be inconsistent with the ordinary, reasonable, common sense rules of conduct necessary to the welfare of the Company and its employees.

32. Driving a company vehicle with a suspended, revoked, expired drivers' license.

33. Illegal gambling of any form while on Company property or Company time.

PROGRESSIVE MISCONDUCT

[Revised 02/06]

A first time violation of any of the following rules will not normally result in termination.

Cumulative or repeat violations may result in termination. However, depending on the severity of the violation, an employee may be terminated on the first offense for any of the following reasons:

1. Failing to properly record any transaction.
2. Failing to immediately enter a transaction into the POS device.
3. Selling to over limit or unapproved accounts.
4. Repeated examples of poor work performance where warnings and/or probation have not been effective in correcting the unsatisfactory performance.
5. Careless handling of Sherwin-Williams' assets, such as merchandise, money or any Company property.
6. Using threatening, abusive, insulting, or obscene language toward others.
7. Being discourteous to customers.
8. Failure to report work-related accident or injury.
9. Unexcused or excessive absenteeism and/or tardiness.
10. Unauthorized soliciting during working time. Unauthorized distribution of non-work related materials during working time in working areas.
11. Engaging in activities that constitute a conflict of interest.
12. Failing to comply with the established dress code.
13. Disruptive conduct of a continuous nature, which results in the slowing down or the interference of production and/or performance of himself/herself or a fellow employee.
14. Excessive interruption of work for personal business, personal telephone calls or personal visits by or to other employees or third parties.
15. Garnishments in excess of those permitted by law.
16. Non-compliance with Safety and Health Rules: Violating or failing to comply with safety rules. Refusal to follow established safety procedures or to wear required safety equipment. Engaging in any practice which endangers the health and/or safety of himself or other employees, including acts of extreme carelessness or negligence.
17. Using a cell phone (including phones which are a component of another device such as a PDA) in areas prohibited by law while driving a Company vehicle or on Company business.
18. Unauthorized operation of machines, tools or equipment.
19. Remaining in or entering the facility during off duty hours without authorization.
20. As in the past, in determining the penalty for an infraction of any of the above, the Company will give due and fair consideration to mitigating and/or aggravating circumstances.
21. The Company is proud of the conduct of the large majority of its employees, and if each of us will consider all our actions in light of the above, compliance with these rules will most certainly follow as a normal course.
22. Inappropriate conduct not specifically described in these rules will be handled as warranted by the circumstances of the case.