

SUSTAINABILITY REPORT

FISCAL YEAR 2022





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DONALDSON FY22 BY THE NUMBERS

Founded in 1915, Donaldson is a global leader in developing innovative filtration products and solutions. We serve customers across nearly every industry and sector, from small business owners to the world's biggest original equipment manufacturers. With a relentless passion for innovation and decades of expertise, our geographically diverse team is advancing filtration for a cleaner world.



107
years of
innovation



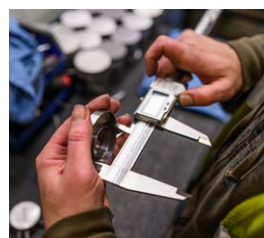
40
countries with
Donaldson
locations

\$3.3B
in revenue

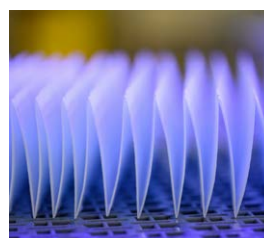


14,000
global
employees

2,600
active U.S. and
International
patents



\$1.2M
given through
Donaldson
Foundation



\$68M
in R&D
investment



Tod E. Carpenter
Chairman, President and CEO

“As One Donaldson,
we are living up to
our principles and
working to help
create a thriving
future for people
and the planet.”

TO OUR STAKEHOLDERS,

I am proud of the progress Donaldson has made on sustainability. With this report, we are announcing a new sustainability strategy and set of 2030 Ambitions to focus our sustainability efforts as we advance. Our goals include reducing greenhouse gas (GHG) emissions, helping protect the health and safety of employees, improving gender and racial/ethnic representation, and positively impacting communities. These ambitions will drive changes to make a difference today and tomorrow.

In this report, our Director of ESG and Sustainability, Ashley Merrill, introduces us to our new sustainability strategy – Filtration for a Thriving Future. This strategy takes an integrated approach to our sustainability efforts which means our priority environmental, social and governance (ESG) topics are not standalone initiatives. Driven by our people, our products and practices positively impact today and help create a thriving future for people and the planet.

We made notable progress in FY22, with highlights that include:

- Exceeding our FY22 Scope 1 and 2 GHG emissions intensity goal by 13.1 percentage points for a total reduction of 18.1% in GHG emissions intensity (mt CO₂e / hours worked) compared to a FY19 baseline,
- Donating \$1.2 million through the Donaldson Foundation to benefit communities with a focus on educational initiatives,
- Achieving Bronze status for sustainability management from EcoVadis, a respected sustainability ratings provider,
- Issuing our first Sustainability Accounting Standards Board (SASB) and Task Force on Climate-related Financial Disclosures (TCFD) reports, and
- Aligning our aspirations and ESG efforts to the United Nation's Sustainable Development Goals.

These successes result from dedicated efforts by a global, cross-functional team across the company. I am excited about the sustainability legacy we continue to build at Donaldson. As One Donaldson, we are living up to our principles and working to help create a thriving future for people and the planet.



DONALDSON'S PURPOSE: ADVANCING FILTRATION FOR A CLEANER WORLD.

It is the cornerstone of our culture. It motivates our teams to make a difference and captures the essence of why the world is better because we are in it.

OUR PRINCIPLES

Our principles are at the heart of everything we do, guiding our behaviors, relationships and interactions. They inspire us to innovate, improve our technologies and solutions, fulfill our purpose and contribute to a more sustainable world.

**Act with
Integrity**

**Engage and
Empower our People**

**Deliver for our
Customers**

**Cultivate
Innovation**

**Operate Safely
and Sustainably**

**Enrich our
Communities**

OUR VALUES

Our core values represent how we show up for customers, investors, suppliers, communities and each other.

Integrity

Respect

Commitment

Innovation

For more than 107 years, Donaldson has made a difference for customers, suppliers, investors and communities through a collaborative and diverse workplace where everyone matters. Guided by our principles and values, our talented, dedicated team members provide innovative technologies and solutions.



Ashley Merrill

Ashley Merrill

Director of ESG and Sustainability

“Making progress on our priority ESG topics means understanding how we deliver value as a company.”

FILTRATION FOR A THRIVING FUTURE

For more than 107 years, our principles and values have been at the heart of what we do. They guide, inspire and lead our teams to innovate, continuously improve and deliver value for our customers through our products and solutions.

With this same focus, we created our Donaldson sustainability strategy, Filtration for a Thriving Future. Making progress on our priority ESG topics means understanding how we deliver value as a company and finding ways to use those competencies to drive positive outcomes. At the same time, this work makes Donaldson a stronger and more resilient company. Driving change in these areas through our products and practices will help improve how we do business, add value for our stakeholders and make a more significant impact as we work toward creating a thriving future for people and the planet.

In FY21, we took the first step in developing our strategy when we identified our priority ESG topics (Page 7, Figure 1). As we considered feedback from key stakeholders, peer benchmarking and global ESG frameworks, we saw an opportunity to make a strong connection between how we drive value as a company and how we make progress on our priority ESG topics. We have taken an integrated approach to power change through our products and practices instead of creating separate sustainability initiatives. We connected priority ESG topics with a related company principle to have an authentic connection to our Donaldson culture. These formed the foundation of our four aspirations and corresponding ambitions (Page 10, Table 1). Each of the four ambitions has specific targets to be measured at the end of FY30 (Page 11). Setting ambitions for FY30 aligns with the timing of the United Nation’s 2030 Agenda for Sustainable Development (Page 8).

Ultimately, our 2030 Ambitions help us prioritize our investments and identify metrics we will use to measure our success. As our efforts advance, we will continue to report on our progress.

IDENTIFYING PRIORITY ESG TOPICS

As a company, Donaldson's principles shape how we approach challenges and opportunities and deliver value to our stakeholders. Engaging with our stakeholder groups – especially customers – helps us understand and respond to their needs and allows us to improve and adapt how we operate, collaborate and innovate.

When considering our priority ESG topics, our key internal and external stakeholder groups – the “people” within our strategy – helped us determine and prioritize the most relevant topics. In FY21, we formally began engaging stakeholders on ESG topics through our first materiality assessment. The assessment, completed with the assistance of a third-party facilitator, considered ESG and sustainability trends and relevant frameworks and benchmarked peer companies to determine the most pertinent issues and strategic areas relevant to our business.

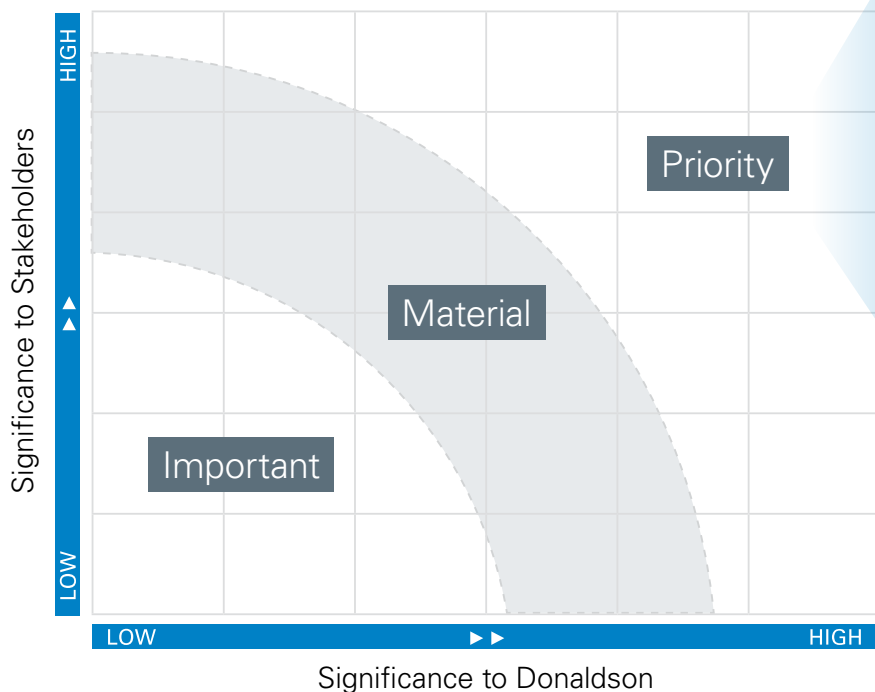
We categorized ESG topics using the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) reporting frameworks. These topics then informed and prioritized our approach and strategy.

Now we deepen our work around these topics by announcing a new sustainability strategy and 2030 Ambitions to define our process for delivering progress and establishing specific metrics.

We continue engaging our stakeholders, including customers, employees, investors, suppliers, and community members, as we take action on ESG topics. This engagement process is vital for continued awareness and understanding of our impact, opportunities and risks for each stakeholder group. This engagement will continue to allow us to prioritize and refine our efforts as we move forward.

Figure 1

MATERIALITY MATRIX OF ESG TOPICS



PRIORITY ESG TOPICS

Environmental

- Greenhouse Gas (GHG) Emissions
- Energy Management
- Non-Hazardous Waste Management

Social

- Employee Health and Safety
- Diversity, Equity and Inclusion
- Corporate Citizenship and Philanthropy

Governance

- Cybersecurity and Data Privacy
- Innovation and Continuous Improvement



ALIGNMENT WITH SUSTAINABLE DEVELOPMENT GOALS

As a global company, Donaldson understands the need for broad cooperation to address significant challenges facing people and the planet. Released in 2015, the United Nation's 2030 Agenda for Sustainable Development is a universal framework that serves as a tool to align priorities and efforts to advance aspirations for the world we want to live in – now and in the future.

The 17 U.N. Sustainable Development Goals (SDGs) are at the agenda's core and outline sustainable development challenges to address topics such as climate change, sustainable production, quality education, good health, and gender equality. Donaldson worked to create a set of goals that both support sustainable development and align with our stakeholder priorities. We are calling this set of goals our 2030 Ambitions.

We are committed to doing our part to address these global challenges. As we discuss our ambitions, we will reference SDG topics that align with each goal. The relevant SDGs are:

- Good Health and Wellbeing
- Quality Education
- Gender Equality
- Reduced Inequalities
- Climate Action

Learn more about the United Nation's 2030 Sustainable Development Goals and their targets at www.un.org/sustainabledevelopment.





FILTRATION FOR A THRIVING FUTURE



People



Planet



Products



Practices

AN INTEGRATED SUSTAINABILITY STRATEGY

At Donaldson, we take an integrated approach to sustainability. Sustainability is not a standalone initiative or goal. It is built into what we do and why we exist as a company. Our sustainability strategy, Filtration for a Thriving Future, is grounded by our company purpose – Advancing Filtration for a Cleaner World. This purpose is the foundation for why we exist and create our technologies, products and solutions.

Our sustainability strategy also holds us to deeper accountability for our company principles – act with integrity, engage and empower our people, deliver for customers, cultivate innovation, operate safely and sustainably, and enrich our communities. These principles are at the heart of everything we do, guiding our behaviors, relationships and interactions. Connecting our strategy with our principles means greater alignment to support our sustainability efforts and achieve our desired outcomes.

Through our differentiated products and solutions,

Donaldson delivers sustainable outcomes for customers. As we continue to innovate and grow the diversity of our products, we increase the value they provide by supporting clean environments, helping customers use resources efficiently and enabling a better quality of life.

As we look to execute our strategy, integrating sustainability throughout Donaldson's operations, from product development to customer support and service, will be critical. Strategy is about choices, and our sustainability strategy represents how we prioritize our choices to ensure we create the most value for our stakeholders.

Filtration for a Thriving Future allows us to deliver for customers' evolving needs, builds on a legacy of cultivating innovation and deepens our accountability to our principles. Driven by our people, our products and practices positively impact today and help create a thriving future for people and the planet.

SUSTAINABILITY ASPIRATIONS AND AMBITIONS

Through the development of our Filtration for a Thriving Future strategy, we realized the most significant opportunities to drive progress on our priority ESG topics are through our products and practices. Our aspirations combine our principles with priority ESG topics and define sustainability focus areas.

While these aspirational topics are broad, our ambitions help make them tangible and define how we will measure our progress. Our ambitions add intentionality to the strategy and align the resources necessary to reach these goals. Executing on these ambitions will help reduce risk and deliver value for our stakeholders. Our subsequent sustainability reports will provide updates on our progress.

What we aspire to do at Donaldson:

- Help mitigate climate change
- Provide safe and healthy workplaces
- Advance opportunity and equity in our workplace
- Positively impact our communities with a focus on education

As a company with more than a century of history, we are proud of our efforts in these areas. We see this set of aspirations and ambitions as an opportunity to deepen our commitment to people and the planet.

Table 1

DONALDSON PRINCIPLES, PRIORITIES, ASPIRATIONS AND AMBITIONS

	PRINCIPLE	PRIORITY ESG TOPICS	ASPIRATION	2030 AMBITION
 Planet	Operate Sustainably	GHG Emissions Energy Management	Help mitigate climate change	We are targeting an absolute reduction of Scope 1 and 2 GHG emissions by 42% by the end of FY30 from a FY21 baseline.
	Operate Safely	Employee Health and Safety	Provide safe and healthy workplaces	We aim to have year-over-year reductions in life-changing events and consistently have zero life-changing events by the end of FY30.
	Engage and Empower Our People	Diversity, Equity and Inclusion	Advance opportunity and equity in the workplace	We aim to increase the number of women in global leadership positions to 35% by the end of FY30 starting from a January 2023 baseline. We strive to make progress toward gender parity and to improve racial and ethnic representation in leadership positions.
 People	Enrich Our Communities	Corporate Citizenship and Philanthropy	Positively impact our communities through education	We aim to increase charitable giving through the Donaldson Foundation by 25% every four years, giving cumulatively at least \$13.5 million from FY22 to FY30, to organizations within Donaldson's communities with a focus on meeting educational needs.

STRATEGY INTO ACTION: *2030 AMBITIONS*

Our 2030 Ambitions represent clear pathways to measure and define success for our sustainability aspirations and priorities. They will drive our actions in critical areas that impact our people and the planet. While these actions address our priority topics, they don't always reflect the complete scope of work in these areas. Each topic is discussed in greater detail within the sustainability report.

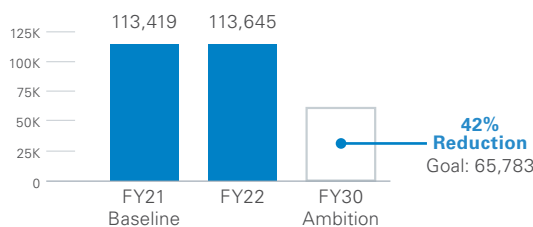


OPERATE SUSTAINABLY Help mitigate climate change



Ambition: We are targeting an absolute reduction of Scope 1 and 2 GHG emissions by 42% by the end of FY30 from a FY21 baseline.

GREENHOUSE GAS EMISSIONS (mt CO₂e)

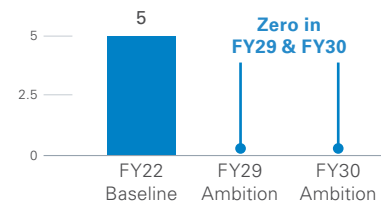


OPERATE SAFELY Provide safe and healthy workplaces



Ambition: We aim for year-over-year reduction in life-changing events¹ with the goal of consistently achieving zero by the end of FY30.

LIFE-CHANGING EVENTS (count)

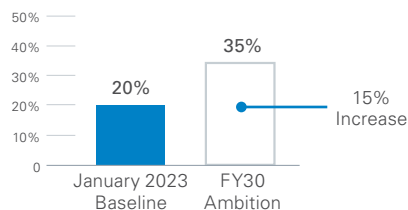


ENGAGE AND EMPOWER OUR PEOPLE Advance opportunity and equity in the workplace



Ambition: We aim to increase the number of women in global leadership positions to 35% by the end of FY30 from a January 2023 baseline.

WOMEN IN LEADERSHIP



ENRICH OUR COMMUNITIES



Positively impact our communities through education

Ambition: We aim to increase charitable giving through the Donaldson Foundation by 25% every four years, giving cumulatively at least \$13.5M from FY22 to FY30 with a focus on education.

DONALDSON FOUNDATION GIVING



FILTRATION FOR A THRIVING FUTURE

¹ We define life-changing events as work related fatalities, hospitalizations, amputations or vision loss due to serious injury or illness.

PRODUCTS



Donaldson Principles

- Deliver for our Customers
- Cultivate Innovation

OUR PRODUCTS



As Donaldson looks to advance filtration for a cleaner world, we recognize each customer's challenge is an opportunity to deliver innovative products and solutions that drive results. Our technologies help improve air and water quality, enhance and extend customers' equipment performance, and support customers' efforts in managing waste, ultimately helping enable sustainable outcomes for customers.

Our sustainability strategy involves understanding how our products, services and operations impact the environment. Meeting customers' needs is at the heart of our work at Donaldson. As those needs evolve to address ESG topics, we rely on a culture of innovation and continuous improvement to ensure we deliver value through our products and solutions that have a positive impact to help create a thriving future for people and the planet.





Our products help create a thriving future for People and the Planet by enabling sustainable outcomes.

Donaldson develops products and solutions for industries and applications that help customers manage their impact on people and the planet and support their own initiatives. We are working with our customers to help solve some of the world's toughest challenges.

To make our world a better place, we deliver sustainable value by helping our customers:



SUPPORT CLEAN ENVIRONMENTS

Working to protect equipment and improve air and process water quality.



USE RESOURCES EFFICIENTLY

Using fewer raw materials and less energy to deliver value and reduce greenhouse gas emissions



ENABLE BETTER QUALITY OF LIFE

Leveraging technology to deliver sustainable food and beverages and medical application solutions

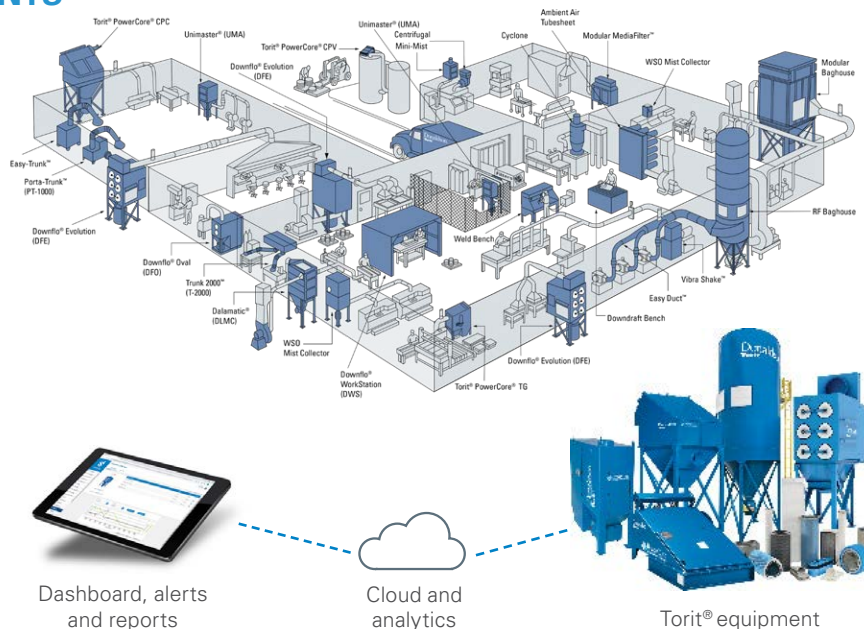


SUPPORT CLEAN ENVIRONMENTS

Using filtration to support clean environments

Donaldson's Torit® collectors offer manufacturers advanced and reliable dust, fume and mist collectors and filters. The pairing of these industry-leading collectors and filters helps increase manufacturing efficiencies and improves the management of dust, fume and mist in industrial processes.

When efficiency is maximized, so is the manufacturer's productivity.



Using connected solutions

Donaldson's iCue™ Connected Filtration Monitoring Technology is designed to remotely monitor a facility's dust, fume and mist collection equipment and provide operational insights. This data can help reduce unplanned downtime, support efficient maintenance and operation, and automatically capture compliance data. This enables customers to monitor, manage and optimize their industrial collection systems, resulting in improved equipment performance and reduced energy consumption.



USE RESOURCES EFFICIENTLY

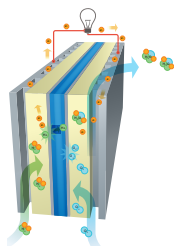
Alternative power solutions

Our hydrogen fuel cell, proton exchange membranes, and battery pack solutions support ongoing advancements in fuel cell and electric vehicle technology. Donaldson has decades of advanced engineering expertise and proven solutions for cathode intake air filtration, expanded polytetrafluoroethylene (ePTFE) membranes, and battery and fuel cell venting that enable efficiency and reliability in zero emissions vehicles. These types of alternative power solutions are helping our customers bring zero-emissions vehicles to the market.



Fuel cell air intake filtration

Our innovative filtration technologies promote system longevity by filtering contaminants including dust, water and chemicals.



Proton exchange membranes

Our proton exchange membranes provide optimal structural support to promote efficient ion transfer within fuel cell electrode assemblies.



Fuel cell and battery vents

Membrane technology and advanced venting development support a wide range of applications including electric vehicles by providing innovative venting for their battery packs.

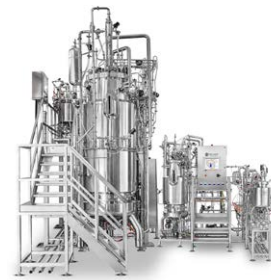


ENABLE BETTER QUALITY OF LIFE

From bioprocessing to food and beverage, we see exciting opportunities to use our technologies and solutions to help deliver a more sustainable future and better quality of life for people.

We achieve this in part by:

- Supporting the development and commercialization of sustainable food such as cultivated meats and seafood and plant-based proteins,
- Partnering with biopharmaceutical customers working to treat diseases through technologies being developed by Donaldson brands Isolere, Purilogs, and Solaris. These solutions support life-changing gene therapy, cell therapy and mRNA-based vaccines,
- Supporting the development of medical devices that facilitate revolutionary therapy delivery systems and other quality-of-life devices, and
- Enabling process integrity for the world's food and beverage supply and supporting the development of sustainable foods.



Solaris Bioreactor



Alternative Proteins



Food & Beverage
Process Filtration



Food & Beverages

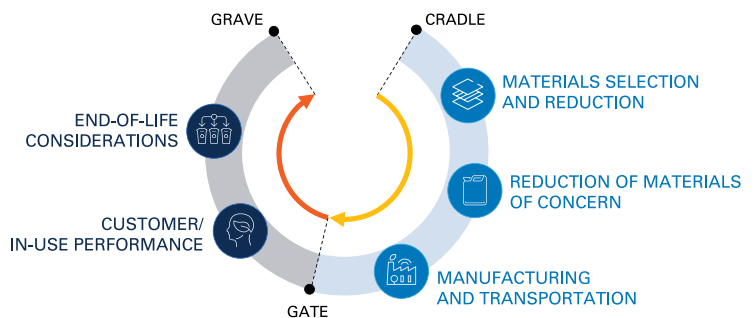
PRODUCT SUSTAINABILITY

Launched in FY22, Donaldson created the Product Sustainability Impact Process (PSIP) to help design teams better understand the sustainability of our products. As teams move through the product development process, PSIP provides insight into design choices from a sustainability perspective. These insights inform the decision-making process and help teams consider a range of impacts from design choices, including:

- Materials selection and reduction
- Reduction of materials of concern
- Manufacturing and transportation
- Customer or in-use performance
- End-of-life considerations

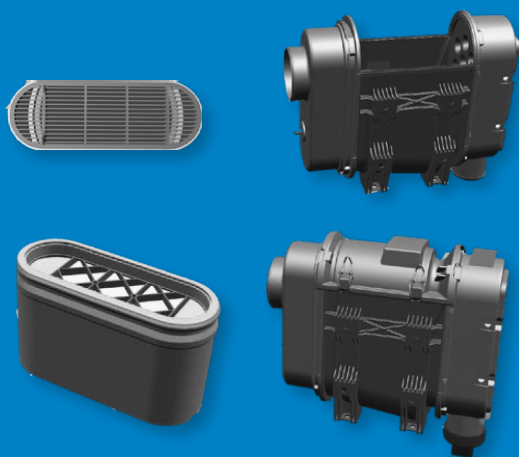
In FY23, we continue to rollout PSIP throughout Donaldson and have created learning resources for teams across our businesses. Training is a central component of the rollout, and we are providing introductory and advanced PSIP courses to educate and engage product design

PRODUCT LIFE CYCLE DESIGN STRATEGIES

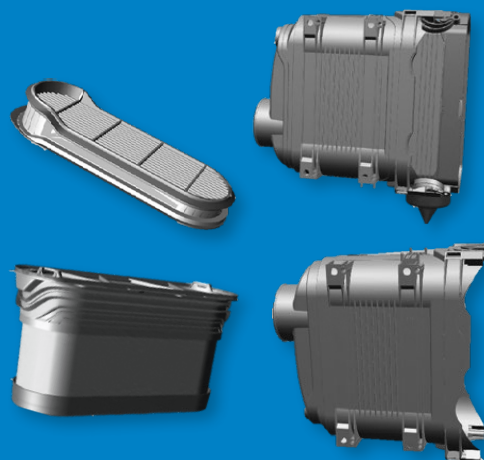


professionals and teams about the process and how we leverage the tool to interpret results, make critical design decisions and, ultimately, better understand the sustainability of our products.

In addition to learning resources, we have created a repository of PSIP projects. This allows teams and design engineers to track and share insights and best practices among business units. As teams go through these processes, they can request updates to add new material information to the database. This process means the tool constantly evolves and improves to align with industry best practices. Ultimately, this will help us design better solutions to meet the needs of customers.



PREVIOUS DESIGN



NEW DESIGN

IMPACT ON PRODUCT DESIGN PROCESS

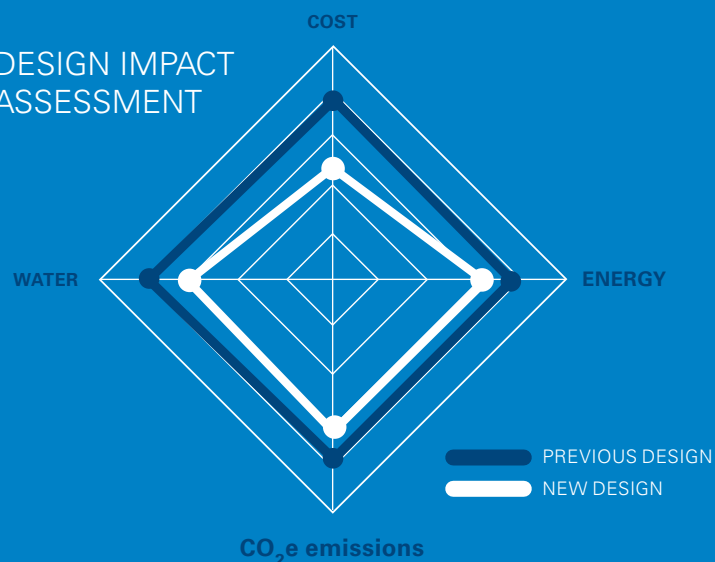
Donaldson product engineers used the PSIP tool to evaluate a new two-stage air cleaner unit for medium- to heavy-duty engine applications. During the design process, the tool helped determine the impact of design choices on metrics such as water, energy consumption, and CO₂e emissions during manufacturing. This additional layer of insight enabled the designers to make better-informed decisions about product design that ultimately improve a product's overall sustainability.

The design impact assessment chart to the right shows the new design (white) against the previous design (dark blue). It illustrates an estimated improved performance for carbon emissions and water and energy usage during manufacturing.

Comparing the impacts from manufacturing, this example illustrates the new design delivered an estimated:

- 14% reduction in CO₂e emissions and
- 33% reduction in water usage.

DESIGN IMPACT ASSESSMENT



KEY BENEFITS ACHIEVED



Improved Materials
Fewer Parts



Simplified Manufacturing



THRIVING PLANET



Thriving Planet

Donaldson Principle

- Operate Sustainably

OUR PLANET

Donaldson is committed to the responsible management and continuous improvement of our environmental and energy management systems. We support this work through third-party certifications at many of our sites, such as ISO 14001 and ISO 50001. Our employees also play a critical part in this work. We encourage them to bring ideas that improve our processes and help us work smarter.

Our investments to reduce our GHG emissions are growing, and our new 2030 Ambition will shape our ongoing efforts in this area. We look to deepen our energy efficiency work and advance our renewable energy strategy. Together with external partners and internal experts, we are confident about our ability to navigate our pathway to GHG emissions reduction.

We are also reporting on water and waste usage for the first time. We know these topics are important to our stakeholders, and we strive to use these resources efficiently, reducing waste through responsible management practices.



LEÓN, MEXICO



GROWTH WITH RESOURCE EFFICIENCY BY DESIGN

A key part of our energy and resource management strategy is the design of new facilities. In FY21, Donaldson announced the expansion of a new plant in León, Mexico, to help grow manufacturing capacity to meet increased demand. The 265,000 square-foot (24,600 m²) plant is expected to be completed in 2023 and will take advantage of leading-edge sustainability technologies.

Many aspects of the building are being designed to meet or exceed ASHRAE Standard 90.1-2010 for energy performance with consideration to the building envelope, lighting, HVAC systems and more. The new plant, located near our facilities in Aguascalientes, will produce hydraulic, lube and fuel products.



Construction on the León, Mexico, building is expected to be completed in 2023.

The new León facility will include the following features:

- High-efficiency LED lighting with occupancy sensors and dimming controls
- Nearly 300 skylights and windows to leverage daylighting
- A split air-conditioning system with Seasonal Energy Efficiency Ratio (SEER) of 16 or greater
- A roof waterproofing membrane that contains at least 15% recycled material
- Areas of low-water and waterless landscaping
- Water conservation technologies, such as dry restroom urinals
- A roof structure ready to support more than 100,000 square feet (10,000 m²) of solar panels
- A water treatment process to ensure contaminants are filtered before returning to the municipal water system
- A high-efficiency air compressor system optimized with the help of our internal compressed air experts

ENERGY MANAGEMENT

Reducing Donaldson’s energy consumption required our global manufacturing teams to improve our energy consumption monitoring and data collection. In FY22, we continued migrating our energy usage data collection into a global software system. This database will provide our operations and sustainability teams with better access to energy and other environmental data. As we improve these processes, we anticipate faster access to data to help understand our progress against our emissions reduction goal.

ENERGY EFFICIENCY PROJECTS

In FY22, we made progress against opportunities identified in our energy efficiency assessment. Each Donaldson facility’s annual energy reduction goal aligns with our emission reduction roadmap. The majority of these efforts focus on reducing non-renewable electricity usage, which represents 99% of our Scope 2 emissions and 76% of our total Scope 1 and 2 energy consumption.

Efficiency projects are critical to the early stages of our GHG emission reduction roadmap. As we pivot from our FY22 emissions intensity reduction goal to our 2030 emission reduction goal, we continue to partner with third-party experts to help us execute our comprehensive global energy efficiency and renewable energy strategy that will build on the important work already completed.

In FY22, operations teams completed 72 energy efficiency projects, equating to an estimated annualized reduction of 10,800 MWh of energy and 4,990 mt CO₂e emissions. In FY23, our teams are working on more than 105 energy efficiency projects, and we are monitoring and prioritizing work in these areas to maximize progress toward our new goal.

LED Lighting

In FY22, we executed 23 LED lighting upgrade projects, equating to an estimated annualized reduction of 5,100 MWh of electricity. Ninety percent of identified efficiency lighting opportunities are now converted to energy-efficient lighting.

Table 2

ENERGY EFFICIENCY PROJECTS SUMMARY

	FY22
Total Number of Efficiency Projects Completed	72
Estimated Annual Energy Usage Reduction from Completed Projects (MWh)	10,800
Estimated Annual Emission Reduction from Completed Projects (mt CO ₂ e)	4,990 ¹

¹ Location-based emissions factors were used in estimates.

Compressed Air

In FY22, we completed 12 compressed air efficiency projects equating to an estimated annualized savings of 496 MWh of electricity. The use of compressed air in manufacturing processes consumes a significant amount of energy. The analysis of our compressed air systems for efficiency opportunities and leak detection is ongoing.

ENERGY MONITORING

Real-time remote monitoring of sites helps local and corporate managers understand trends and spikes in usage. We have more than 70 monitored points and are expanding our system. The data is fed into a cloud-based system and provides a dashboard of detailed energy consumption.

SOLAR ENERGY

We know onsite renewable energy has a role in our overall GHG emissions reduction. In recent years, we’ve evaluated and invested in onsite renewable energy on a site-by-site basis. We will continue to do so where it is cost effective, can reduce our demand from the grid significantly, or can stabilize our power supply.

ISO 50001 Certification

The energy management systems at three Donaldson manufacturing sites have been assessed and certified to meet the requirements of ISO 50001.



LED LIGHTING PROJECTS REDUCE ELECTRICITY USAGE

Donaldson has completed 90% of identified energy-efficient lighting projects across our facilities. In FY22, our Rensselaer, Indiana, distribution center (pictured above) converted to LED lighting. All LED projects completed in FY22 will reduce electricity demand by an estimated 5,100 MWh annually.



AIR LEAK DETECTION

We continue to utilize compressed-air system leak detection technology in our plants to identify and fix leaks.



SOUTH AFRICAN SOLAR PROJECT COMPLETED

A solar project went online at the Epping, South Africa, facility in February 2022. The system is expected to generate about 33% of the plant's daily energy usage or roughly 800 kilowatt peak capacity (3,500 kWh per day).

ENERGY USAGE

From FY21 to FY22, Donaldson’s energy consumption increased by 4.9% to 335,133 MWh and earned hours grew by 11.3% to 11,636 (thousands of hours worked). While this was a significant increase in earned hours, our energy intensity decreased by 5.9% from FY21. As we grow our business, we continue to find ways to operate more efficiently.

We first reported on renewable energy in our FY21 sustainability report. From FY21 to FY22, our renewable energy use and procurement grew by 6.2%. Beginning in 2019, we began purchasing renewable energy through supplier programs for some of our European sites. These investments have included the purchase of solar, wind, waste heat, and biogas. We continue to evaluate this strategy against other renewable market opportunities.

Figure 2
SCOPE 1 AND 2 ENERGY CONSUMPTION AND ENERGY INTENSITY

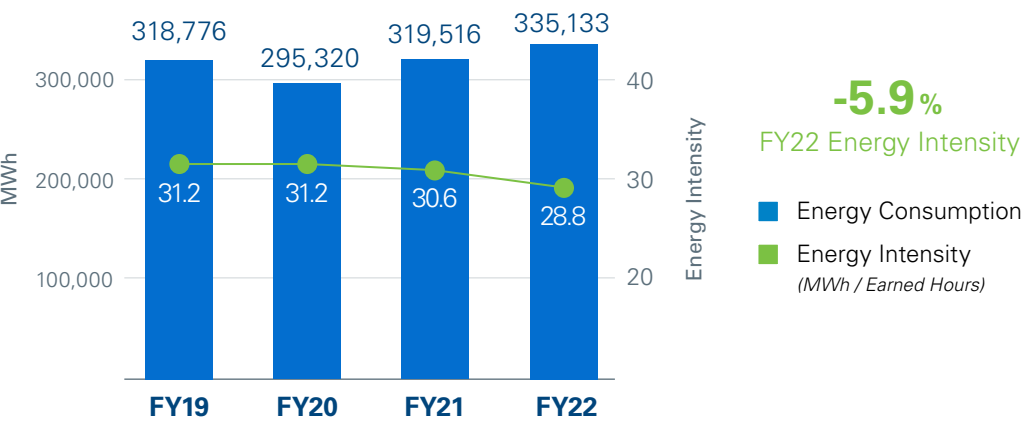
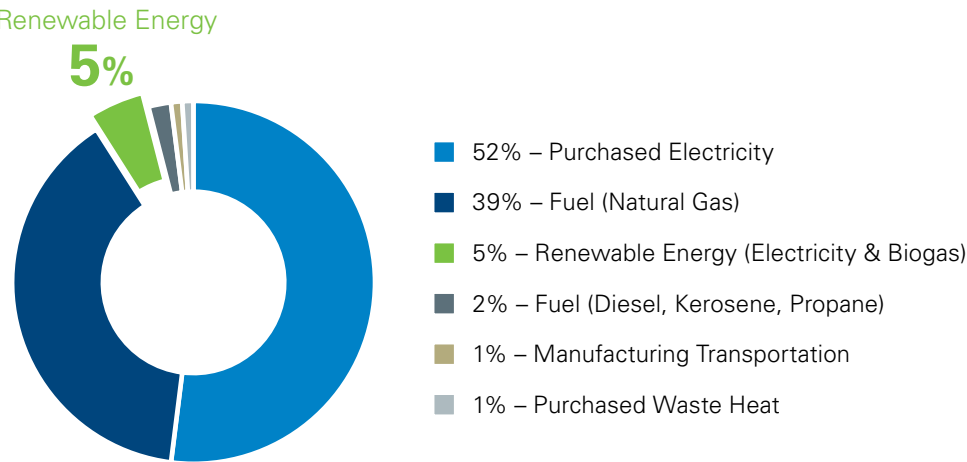


Figure 3
FY22 ENERGY CONSUMED BY TYPE



GREENHOUSE GAS EMISSIONS

Donaldson is committed to operating sustainably. We continue to make investments, refine our practices and prioritize climate action to reduce our GHG emissions across our operations and locations through renewable energy investments and energy efficiency improvements at our facilities, encompassing electricity, natural gas, fuels, water treatment and refrigerants.

FY22 GHG EMISSION INTENSITY GOAL

Our goal for the end of FY22 was to reduce Scope 1 and 2 GHG emissions intensity by 5% from a FY19 baseline. We estimated this would require reducing our emissions by approximately 6,000 mt CO₂e. We are proud to report that we achieved an 18.1% reduction in GHG emission intensity and reduced more than 8,000 mt CO₂e emissions from our baseline year, surpassing our goal for both metrics (Table 3).

Table 3

FY22 GHG EMISSIONS GOAL SUMMARY DATA

	Baseline			Actual	Target
GHG Emissions	FY19	FY20	FY21	FY22	FY22
Total GHG Emissions (mt CO ₂ e)	121,863 ¹	113,585 ¹	110,574 ^{1, 2}	113,773 ^{1, 3}	
Change from 2019 Baseline (mt CO₂e)	—	-8,278	-11,289	-8,090	-6,000
Change from 2019 Baseline (%)	—	-6.8%	-9.3%	-6.6%	

GHG Emission Intensity Rate	FY19	FY20	FY21	FY22	FY22
Total Earned Hours (thousands of hours worked)	10,206	9,470	10,453	11,636	
Change from 2019 Baseline (%)	—	-7.2%	2.4%	14%	
GHG Emissions Intensity (mt CO ₂ e / hours worked)	0.0119	0.0120	0.0106	0.0098	
Change from 2019 Baseline (%)	—	0.5%	-11.4%	-18.1%	-5%

¹ The methodology used to calculate our GHG emissions is in accordance with the World Resources Institute (WRI) GHG Protocol. Donaldson uses the operational control approach to set our emissions inventory boundary. Once we take over daily management of an acquired facility, we include them within our boundary of manufacturing, distribution facilities and regional headquarters for emissions reporting. We exclude standalone country headquarters and sales offices.

² In FY21, to reflect our renewable energy investments, our reported emissions excluded emissions for sites that generated or purchased renewable energy with the corresponding renewable energy certificates (RECs).

³ In FY22, we have emissions for renewable energy in our location-based emissions.

Our Scope 1 and 2 GHG emissions in FY22 totaled 113,773 mt, a 6.6% reduction from our FY19 baseline. Primary factors contributing to this change were improved operational energy efficiency, growth in renewable energy use, and greening of the electrical grid. We also experienced organic and inorganic business growth during this time, contributing to increased energy consumption. Our organic growth is reflected in earned hours (Table 3).

On a same-site basis, earned hours grew 7.6% from FY19 to FY22. New sites added to our reporting boundary between FY19 and FY22 contributed an additional 1,504 mt of absolute GHG emissions. New sites added in FY22 contributed 0.3% to our total emissions and did not necessitate a recalculation of the FY19 baseline or the FY22 GHG emissions goals.

Progress Update

FY22 EMISSION GOAL

Reduce Scope 1 (direct) and 2 (indirect) GHG emissions intensity by 5% by the end of FY22 from FY19 base year. This equates to approximately 6,000 mt CO₂e emissions.

Emission Intensity Goal

Status: Exceeded by 13.1 percentage points



Absolute Emission Goal

Status: Exceeded by 2,090 mt CO₂e emissions





RECALCULATING BASELINE YEAR FOR NEW GOAL

As we set our GHG emissions reduction ambition, we updated our GHG emissions calculations to better align with global standards. Starting with our new emission reduction baseline year of FY21, we recalculated our GHG emissions using market-based emissions factors. The recalculation resulted in an increase of 2,845 mt CO₂e emissions over our FY21 emissions stated in Table 3. The summary of our new GHG emissions data is in Table 4.

NEW GHG EMISSION REDUCTION GOAL

As we switch focus from our FY22 GHG emission intensity goal to our new 2030 Ambitions, we are setting a new target for our GHG emission reduction work.

Our Aspiration: Donaldson is committed to helping mitigate climate change.

Our 2030 Ambition: We are targeting an absolute reduction of Scope 1 and 2 greenhouse gas emissions by 42% by the end of FY30 from a FY21 baseline. This ambition, along with the execution roadmap, is science-based and aligns with the Intergovernmental Panel on Climate Change (IPCC) 1.5°C global warming scenario.

Our 2030 Ambition reflects a deep commitment to reducing our GHG emissions and aligns with a long-term reduction strategy.

In FY22, we established a cross-functional team of operations, procurement, sustainability, and environmental, health, and safety (EHS) leads. We also engaged external subject matter experts to help develop a long-term carbon reduction strategy. Peers, internal and external stakeholders, and global standards informed our ambition and a detailed roadmap to achieve it. Donaldson is well-positioned to make the necessary investments and carry out the work outlined in our roadmap. This ambition was developed using the Science Based Targets initiative's calculation tools, which meet the criteria for a reduction needed to align to a 1.5°C global warming scenario (Figure 4).

Table 4

GHG EMISSIONS SUMMARY DATA

	Updated Baseline	
GHG Emissions ¹	FY21	FY22
Scope 1 GHG Emissions (mt CO ₂ e)	25,379	26,864
Scope 2 GHG Emissions – market-based (mt CO ₂ e)	88,040	86,780
Total GHG Emissions (mt CO₂e)	113,419	113,645
Total GHG Emissions – change from baseline (mt CO ₂ e)	—	226
Total GHG Emissions – Change from Baseline (%)	—	+0.2%

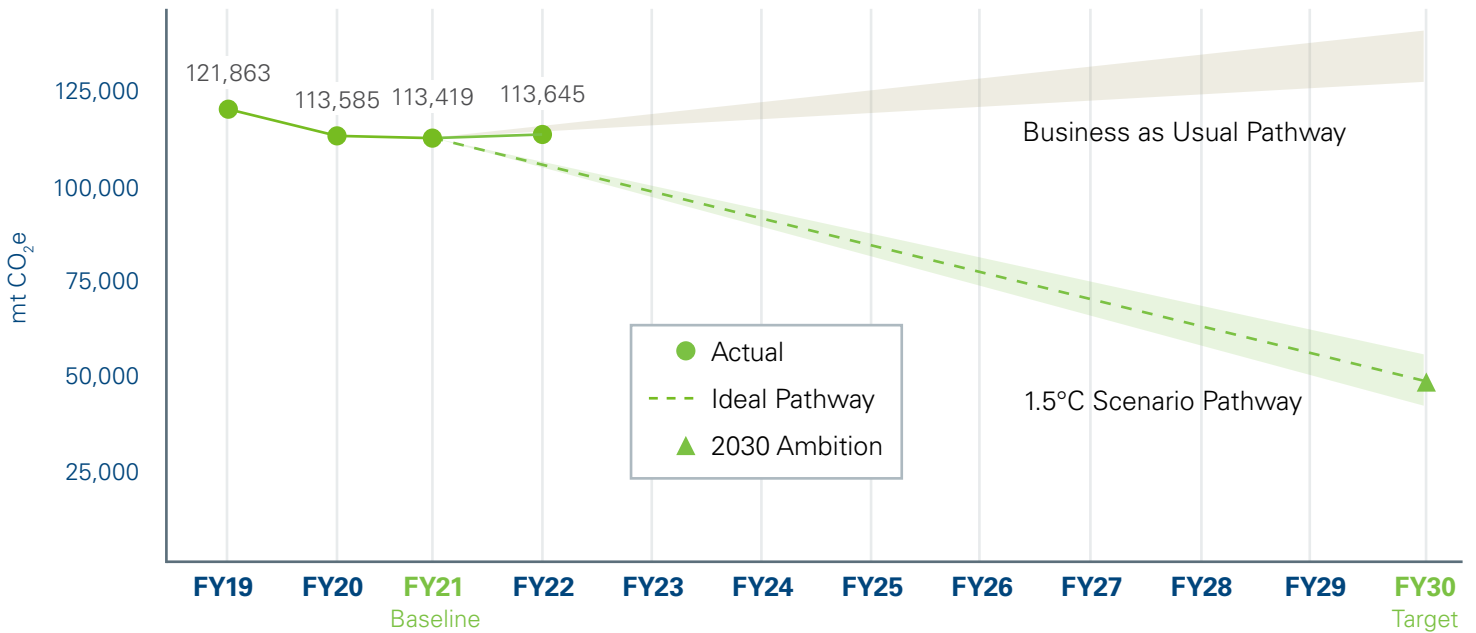
GHG Emission Intensity Rate	FY21	FY22
Total Earned Hours (thousands of hours worked)	10,453	11,636
Total Earned Hours – Change from Baseline (%)	—	11.3%
GHG Emissions Intensity (mt CO ₂ e / hours worked)	0.0109	0.0098

¹ The methodology used to calculate our GHG emissions is in accordance with the World Resources Institute (WRI) GHG Protocol. Donaldson uses the operational control approach to set our emissions inventory boundary. Our data includes all Donaldson manufacturing, distribution facilities and regional headquarters, excluding standalone country headquarters and sales offices.

Figure 4

2030 AMBITION – MAPPING GHG EMISSIONS REDUCTION GOAL

Actuals (mt CO₂e), Business as Usual and 1.5°C Scenario Pathways



We continue to build the infrastructure necessary to develop and execute carbon reduction strategies. In FY22, we began transitioning to a management system to streamline our data collection process. This data is put into a dashboard to help understand trends and more closely track our progress against reduced energy and GHG emissions targets.

LONG-TERM REDUCTION STRATEGY

While developing our 2030 GHG reduction strategy, we evaluated a range of levers to reduce our emissions, including operational energy efficiency, onsite and offsite renewable energy procurement, supplier programs, and renewable energy certificate (REC) procurement. These options were evaluated based on the following:

- Global availability,
- Ability to reduce demand from the grid,
- Compliance with global standards, and
- Cost-effectiveness.

Our final roadmap includes executing operational energy efficiency projects to reduce our energy demand and a mix of renewable energy procurement strategies.

Renewables strategy

Virtual power purchase agreements (vPPA) offer opportunities to reduce emissions and support the development of large-scale renewable energy sources. Our plan includes participating in a vPPA in the United States, which represents more than 41% of our global electricity usage, and exploring additional opportunities in regions like Latin America. Procuring RECs and energy attribute certificates (EAC) also will play a role in our overall GHG emissions reduction plan.

In 2019, Donaldson began purchasing renewable energy through supplier programs for some of our European sites. This renewable energy included the purchase of solar, wind, waste heat and biogas. We will evaluate this procurement strategy against other renewable market opportunities as we move forward.

We believe onsite renewable energy has a role in our overall reduction of GHG emissions. In recent years, we have evaluated and invested in onsite renewable energy on a site-by-site basis. We will continue to do so where it is cost-effective, can significantly reduce our demand from the grid, or stabilize our power supply.

REVIEW OF FY22 GHG EMISSIONS

Several factors impacted the results of our FY22 GHG emissions inventory. They included:

Calculation Methodology – We updated our methodology to use market-based emissions factors, resulting in a 2.6% increase in our baseline year emissions.

Energy Efficiency Projects – Our operations teams completed 72 energy efficiency projects during FY22, equating to a reduction of approximately 10,800 MWh of electricity and approximately 4,990 mt CO₂e emissions on an annualized basis and using location-based factors.

Capacity and Site Changes – Total earned hours grew by 11.3% from FY21 to FY22 from organic and inorganic growth (capacity growth and new sites). On a same-site basis, the company’s earned hours increased by 7.1%. This increase in earned hours for FY22 is reflected in our 4.9% increase in energy consumption.

In FY22, we also added eight locations to our emissions reporting boundary. The added sites are places where we now have operational control, and they contributed 348 mt CO₂e emissions.

Renewable Energy – In FY22, Donaldson increased renewable energy use by approximately 1,000 MWh, a 6.2% increase driven partly by the installation of two solar arrays at our Cape Town and Johannesburg, South Africa locations.

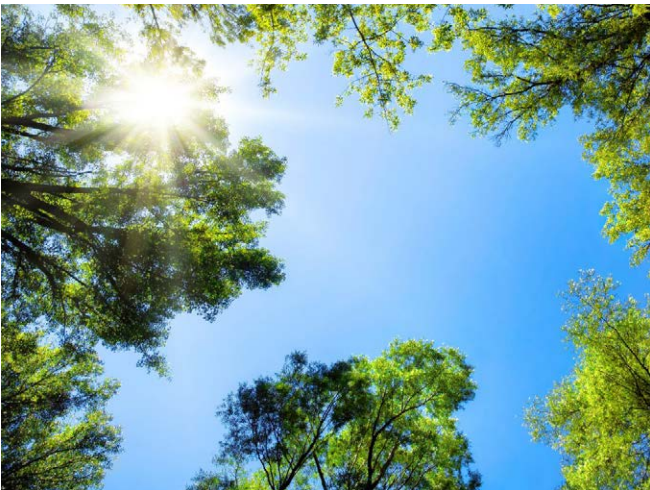
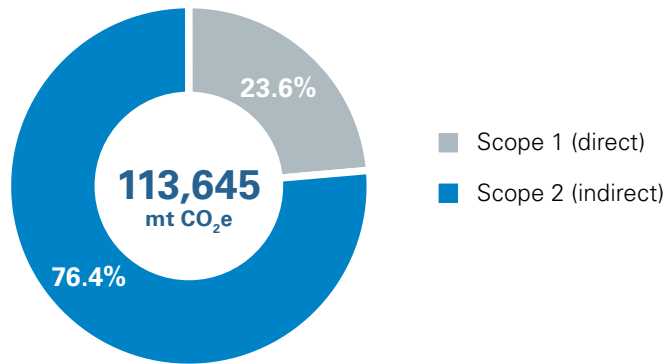
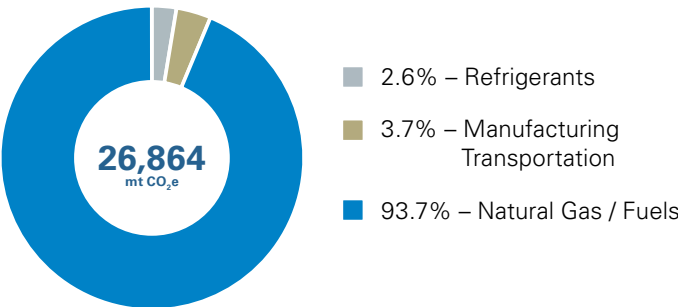


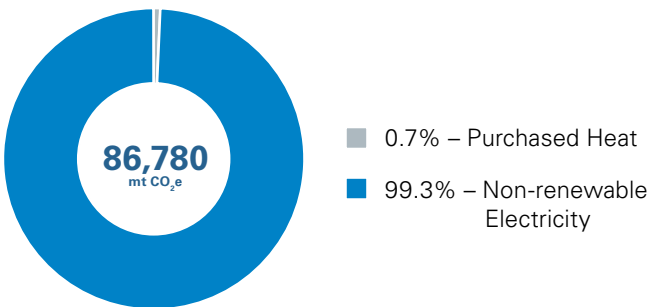
Figure 5
FY22 GHG EMISSIONS TOTAL
Scope 1 & 2



FY22 SCOPE 1 GHG EMISSIONS
Percent by source



FY22 SCOPE 2 GHG EMISSIONS
Percent by source



WATER MANAGEMENT

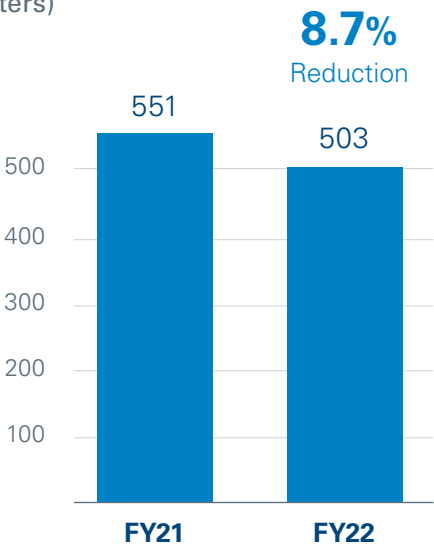
We understand that proper water management is critical to a sustainable future. Our EHS policy outlines that we help ensure resources, including water, are used efficiently. EHS processes foster risk reduction, continuous improvement and compliance with applicable regulations. While our FY21 materiality study did not identify water usage as a top ESG priority, we strive to conserve water and eliminate wasteful usage. To help us do this work, we track our usage globally.

In FY22, we completed a significant water efficiency project at our plant in Chillicothe, Missouri. From August through September 2019, the facility used about 40,000 m³ of water. In the same three months in FY22, it used approximately 11,000 m³ after installing new equipment. This upgrade saved an estimated annualized reduction of 102,000 m³ of water.

A few of our facilities have higher water demand. These sites work to develop processes to maximize the utility of that water. This includes ensuring discharge water quality meets or exceeds community regulations.

Our manufacturing facility in Rayong, Thailand, is one of our more water-intensive sites. This location has

Figure 6
TOTAL WATER CONSUMPTION
(megaliters)



established a water reclamation system that recycles about 65% of first use water to be reused for toilets, irrigation and a non-detergent product washing process. In FY22, these efforts reduced incoming water demand from 216,000 m³ to 132,000 m³ – saving about 39% of our total water demand at the facility.





WASTE MANAGEMENT

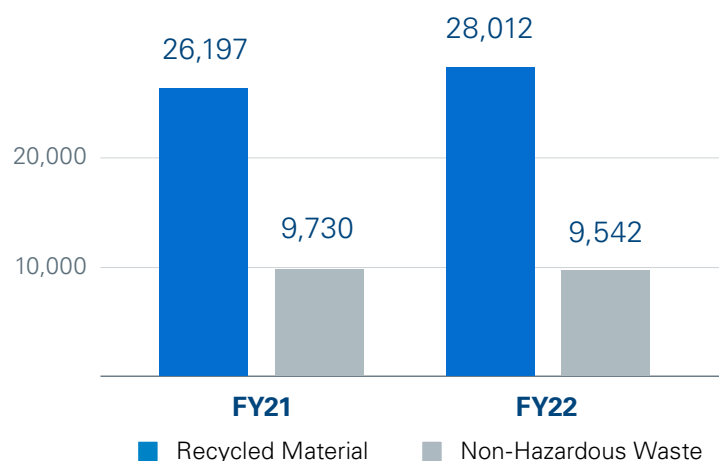
As with water, our EHS policy outlines that we ensure our raw materials are used efficiently to reduce our waste streams, many of which have opportunities for recycling. Non-hazardous waste management is one of our identified material priorities. We have worked on measuring our waste to create a baseline for future efforts around six key waste streams:

- Non-hazardous solid waste,
- Hazardous solid waste,
- Recycled plastic,
- Steel,
- Cardboard, and
- Filter media.

As our facilities execute waste management projects, plant leadership shares best practices to learn from each other. The work done so far will influence the development of a long-term waste management strategy. We continue to look for innovative ways to reduce waste and extract value through recycling.

Figure 7

RECYCLING AND NON-HAZARDOUS WASTE (metric tons)



ISO 14001 Certification

The environmental management systems at 35 Donaldson sites have been assessed and certified to meet the requirements of the ISO 14001 standard.



People



Thriving People

Donaldson Principles

- Operate Safely
- Engage and Empower Employees
- Enrich our Communities

OUR PEOPLE

Our employees bring creativity and innovation to the world's toughest filtration challenges. We are proud of the global culture we have built that helps us continue to deliver technology-leading products and solutions.

Ensuring we support our team is critical to delivering for customers. We strive to attract the most capable talent by allowing employees to do their best work, learn and grow, and invest in their health, well-being, and careers. Donaldson seeks people with diverse experiences and backgrounds and provides a safe work environment, training, inclusive culture and opportunities to develop their potential.

Delivering industry-leading filtration solutions has been our focus at Donaldson for over a century. To continue this work, we rely on our team to drive innovation through collaboration and creativity. To sustain this vibrant, diverse and strong culture, we continue to find ways to support our people and our communities.





EMPLOYEE HEALTH AND SAFETY

Consistent with our commitment to uniformly apply high standards of ethics and business conduct, Donaldson regards EHS excellence as fundamental to our success. We are committed to providing safe, healthy, and compliant workplaces for our employees, visitors, and neighbors. Through our EHS Framework, we empower our people and provide the knowledge and tools to identify and mitigate hazards necessary to maintain a safe and environmentally sound workplace.

The EHS Framework, updated in 2022, acts as a roadmap to success, providing a set of consistent procedures, policies, and tools for global continuity to achieve performance improvements.

We are adding to this commitment by creating a 2030 Ambition focused on eliminating work related fatalities, hospitalizations, amputations or vision loss due to serious injury or illness. We call these incidents life-changing events. While we strive for zero life-changing events every year, this goal represents a deeper commitment to improving safety.

In FY22, we had five life-changing events (Table 5). We will work to reduce that number each year until we see

zero life-changing events year-over-year. For our ambition, this means zero events no later than in FY29 and FY30.

Our Aspiration: Donaldson is committed to providing safe and healthy workplaces.

Our 2030 Ambition: We aim to have year-over-year reductions in life-changing events and consistently have zero life-changing events by the end of FY30.

Table 5

FY22 LIFE-CHANGING EVENTS

Total Fatalities, Serious Injuries or Illnesses Related to Work for Employees and Temporary Employees

	FY22
Fatalities	0
Serious injury or illness (hospitalization, amputation or vision loss)	5
Life-changing events	5

HEATH AND SAFETY MANAGEMENT

Donaldson strives to provide a safe and injury-free workplace for everyone. We focus on proactive measures including enhanced Framework training, local safety committees and adding facility-level EHS professionals to improve safety awareness globally. We are encouraged by our Total Recordable Incident Rate (TRIR) and Lost Workday Incident Rate (LWIR).

ISO 45001 Certification

The occupational health and safety management systems at 13 sites have been assessed and certified to meet ISO 45001 standards.

Figure 8

TOTAL RECORDABLE INCIDENT RATE

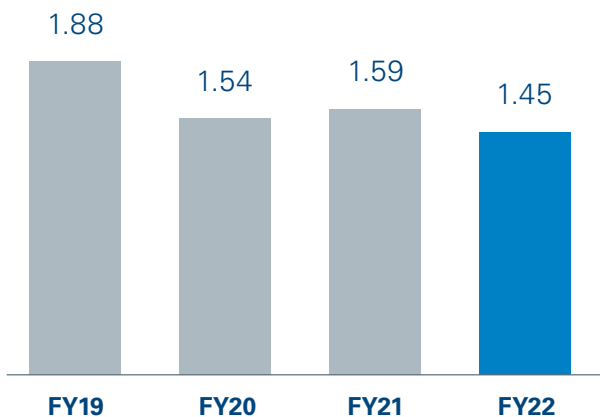
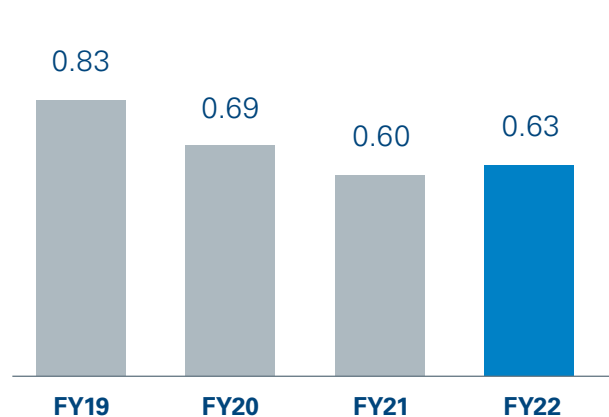


Figure 9

LOST WORKDAY INCIDENT RATE



TRIR and LWIR are calculations of the number of recordable injuries and lost workday injuries, respectively, per 100 employees. We classify a recordable incident as a work-related injury or illness, which results in death, loss of consciousness, lost workdays, restricted work or medical treatment beyond minor first aid.

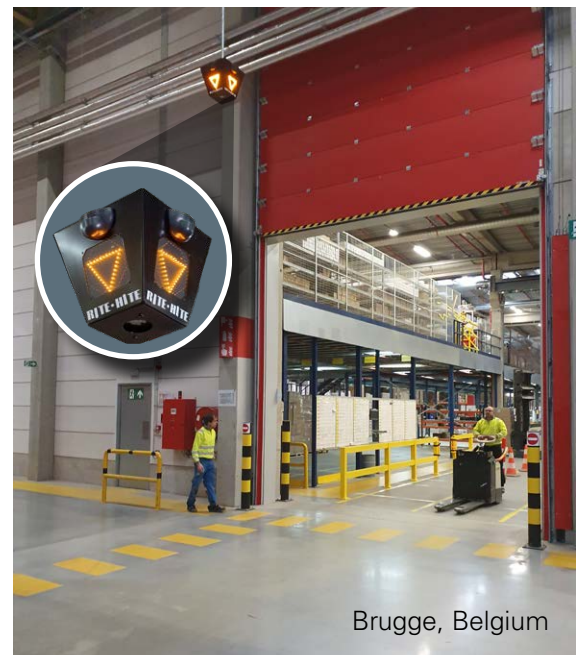
Additional FY22 EHS highlights:

Enhanced Leading Indicator Visibility

Viewing leading indicators helps reduce risk by focusing on compliance, employee engagement activities and adherence to our EHS Framework. Donaldson's leading indicators include, but are not limited to, leader standard work, compliance calendars, leader safety contacts, and physical hazard inspections.

Example of a Continuous Improvement Project

A Safe-T-Warning system was installed at the Brugge, Belgium, facility to help improve the detection of people and vehicles from various angles. This system replaced bowl mirrors, deemed passive and unsuitable for intensified traffic at crossing doors. Since installing the system, the safety level at the facility has increased and the collision risk has decreased (Pictured at right).



EMPLOYEE WELLNESS

Our team is foundational to our success. The advancements and investments in employee work safety, physical and mental health, career development, financial health, and connection to the community reflect that belief. We are committed to providing employees with a work environment that offers opportunities and encourages innovation and productivity.

A critical way in which we deliver on this commitment is through benefit offerings. As a global company, our employee benefits vary by location and geography. Regardless of location, we regularly use surveys and benchmark data to assess our pay and benefits to ensure competitiveness. In the United States, our benefits and programs include access to:



Our global employee experience surveys help enhance efforts to attract, engage and retain outstanding people. In 2020, we distributed the survey to more than 4,000 salaried and hourly, non-production employees. The survey was followed up with a FY22 pulse survey to track progress and adjust our action plans for improvement.

Medical / Dental

- Medical plan options designed to support employees and their dependents to help manage medical costs
- Tobacco cessation programs and discounts for employees who are tobacco free
- Opportunities to stay active, e.g., "Walking Wednesdays" and an onsite gym at the corporate office
- Gym membership discounts through medical providers

Wellness

- Learn to Live online mental health program at no cost to employees and dependents aged 13 and over
- Employee Assistance Program for free wellness, legal and financial assistance, and referrals
- Up to four weeks paid parental leave
- Up to five days of paid bereavement leave

Financial

- 401(k) savings program with per pay period match and additional employer contribution
- Employee Stock Purchase Plan
- BenefitHub – discount programs
- 529 College Savings program
- Tuition reimbursement
- Paid short-term disability coverage, optional long-term coverage
- Paid military and jury duty leave

Career

- On-going training and development programs for all employees
- Career pathing and planning opportunities
- Hybrid work model that allows flexibility of work from home or office arrangements for select roles

Community Engagement

- Multiple opportunities for employees to make a difference in our communities. Some examples include:
- Education gift matching
 - United Way giving campaign
 - MS 150 bike ride
 - Blood drives
 - Local community efforts (e.g., mentoring, tutoring, and food shelf drives)

DIVERSITY, EQUITY AND INCLUSION

We aim to foster a culture where everyone can contribute, challenge themselves and make a positive difference. Our company culture respects and values all dimensions of diversity, including gender, race, sexual orientation, ability, background, experiences, and beliefs. Our values of integrity, respect, commitment, and innovation are fundamental to who we are and guide us as we continuously work to build a more diverse, equitable, and inclusive company.

We do this work by intentionally shaping our practices, building increased accountability through dedicated leadership, and setting measurable goals. This includes the announcement of the new Diversity, Equity and Inclusion (DEI) 2030 Ambition.

Our Aspiration: We believe in having a globally diverse and inclusive culture, and we know embracing the uniqueness of each individual drives innovation and helps meet customer needs. We are committed to advancing opportunity and equity in the workplace and aspire to recruit, retain, develop and promote a workforce that reflects the diversity of the communities in which we work.

Our 2030 Ambition: We aim to increase the number of women in global leadership positions to 35% by the end of FY30 starting from a January 2023 baseline. We strive to make progress toward gender parity and to improve racial and ethnic representation in leadership positions.

In January 2023, Donaldson completed a global organizational redesign and renewed job architecture. Moving to a common job architecture improves our ability to report job categories aligned by gender and racial and ethnic diversity. As we progress and report on this ambition, we will use January 31, 2023, as our baseline (Table 6).

Table 6
FY22 GLOBAL GENDER as of January 31, 2023

	Baseline	
	Women	Men
Directors and Above ¹	20%	80%
Managers and Supervisors	28%	72%
Professional Positions	38%	61%
Production Positions	39%	61%
Total Employees	37%	63%

¹ We define leadership positions as directors and above. These positions include all directors, vice presidents and executives.



DEI AMBASSADOR TEAMS

Donaldson advances DEI and sustains an inclusive culture where all are valued through diverse learning experiences and equitable opportunities.

In FY22, we created DEI Ambassador Teams to help lead and organize DEI events and activities that engage employees and help us execute our DEI strategic goals and priorities, which include:

- Building DEI awareness,
- Educating employees on DEI topics, and
- Contributing to the integration of DEI at Donaldson.

Currently, we have ambassador teams at our Bloomington headquarters and three U.S. production facilities.

DONALDSON DEMOGRAPHICS

Figure 10

BOARD OF DIRECTORS COMPOSITION

As of April 4, 2023

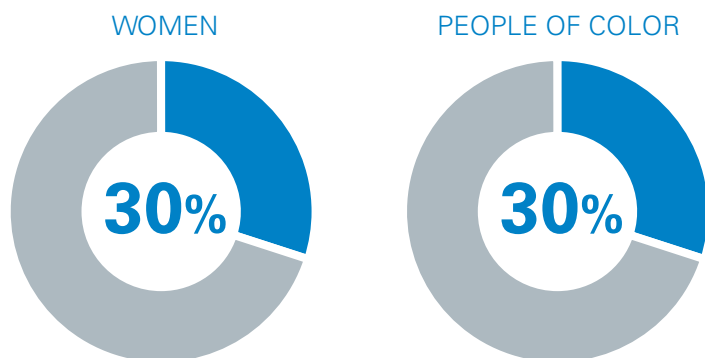


Figure 11

SENIOR LEADERSHIP TEAM COMPOSITION

As of April 4, 2023

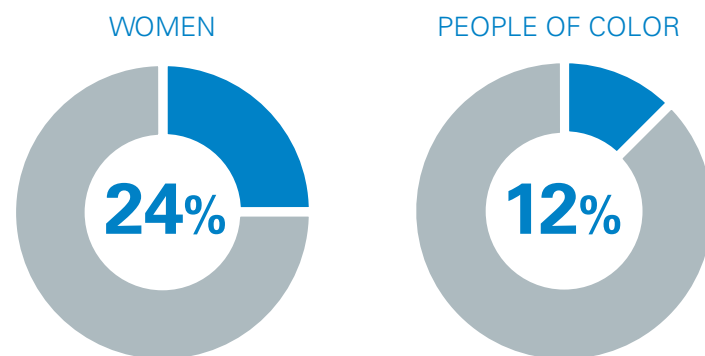


Table 6

U.S. EMPLOYEE RACIAL AND ETHNIC DIVERSITY¹

As of January 2023

	White	People of Color
Directors and Above	87%	13%
Managers and Supervisors	88%	12%
Professional Positions	86%	14%
Production Positions	79%	21%
Total Employees	82%	18%

¹ Our data uses U.S. team members' voluntary self-identification using EEO-1 Report categories, definitions and methodologies.



EMPLOYEE SPOTLIGHT

Feleshia Meyer
Senior Plant Manager
Valencia, California



In this interview, Feleshia Meyer, plant manager of our Valencia, California, facility, discusses her path to her current position, navigating a male-dominated field, and what she thinks about Donaldson's ongoing sustainability efforts.

You are in a STEM role and industry. What led you to choose this path and when did you develop an interest in STEM?

Honestly, I did not originally seek a STEM-related job. I was a kid just out of school, looking for a job. I wasn't sure what I wanted to do for a living other than make enough money to pay my bills. I ended up in a large automotive filtration company. I basically grew up in that company, learning everything I could about manufacturing. My interest was piqued when I landed my first lead role. I realized that I wanted to be a leader and help people realize their full potential. I went back to school for business, then leadership, and made a career out of it.

Why did you choose Donaldson and what was the path to your current role?

When I first interviewed with Donaldson, I toured the Valencia facility and saw a "Donaldson's Got Safety" talent show (a play-off of "America's Got Talent" talent competition). Employees were singing, dancing and even doing a stand-up comedy set. When I saw the team's interaction at all levels of the organization, I thought to myself 'that is a culture I want to work in.' From the moment I accepted a position with Donaldson, I felt valued. In my first couple of years, I worked with an amazing director who inspired me, believed in me and made me feel like I was not only valued but that I belonged.

What has been your experience as a woman in manufacturing, a traditionally male-dominated field? And what changes have you seen, especially at Donaldson?

Being a woman in manufacturing has been a challenge, especially early in my career. I was passionate about leadership and really wanted to move in that direction. I did not have a lot of role models or wide-open career paths, especially in leadership. I worked hard to prove myself and to gain the respect of my colleagues.

Since coming to Donaldson, I have seen a shift; more women have been hired and promoted to higher leadership positions. I think we are making strides, but like most companies, we have a journey ahead of us and opportunities to continue focusing on, such as continuing to embrace women in non-traditional roles.

What does Donaldson do or allow you to do of which you are most proud?

Donaldson invests in people through education, training, experience and opportunity. We celebrate and encourage diversity, making all walks of life feel valued and appreciated. I am most proud that DEI is valued and part of our daily culture.

Can you describe your Donaldson experience in three words?

Inclusive, challenging, rewarding.

COMMUNITY SUPPORT

Our employees' dedication to helping each other and our communities is ingrained in our culture. In FY22, employees made a difference in ways big and small. Below are several examples of how we have made a difference and are using our scale for good:



In FY22, employees, retirees and the Donaldson Foundation raised and donated a record-breaking

\$550,000

for the annual United Way campaign.



The Donaldson Foundation

donated **\$20,000**

to *charity: water*, a nonprofit organization providing clean and safe drinking water to people in developing countries. The donation specifically went to support water solutions in Malawi. Access to clean water can also mean access to education, income and health – especially for women and children who live in remote or rural communities.

In October 2022, Donaldson's Stevens Point, Wisconsin, facility welcomed more than

100 local middle school

students. The students toured the building and saw production processes firsthand. This event was part of the Central Wisconsin Manufacturing Alliance Heavy Metal Tour, which works to increase interest and awareness of career opportunities in manufacturing.

Our Asia Pacific locations and employees, raised more than

\$87,000 to support

communities in India, Thailand, China, Korea, Japan, Australia, Singapore and Malaysia to support several initiatives.

Donaldson responded to an emergency appeal for Ukrainian Crisis Relief aid, donating

150,000 euros

to the Polish Red Cross which facilitated relief efforts with the Ukrainian Red Cross.



The Donaldson Foundation sponsored Farmington High School's FIRST Robotics team, Rogue Robotics. The team entered the FIRST Robotics Competition, where students compete under strict rules, and limited time and resources, to build and program industrial-size robots to play a challenging field game against like-minded competitors. It is as close to real-world engineering as a student can get. Their efforts won the 2022 Minnesota North Star Regional competition.

DONALDSON FOUNDATION

For 56 years, the Donaldson Foundation – our primary means of philanthropic funding – has positively impacted communities through education.

The Foundation is focused on supporting education initiatives for those with little or no access to essential learning resources and opportunities, providing matching grants to educational institutions, distributing post-secondary scholarships, and partnering with plant and global communities to address and support educational efforts.

During FY22, the Foundation distributed \$885,000 to 55 nonprofit organizations in Minnesota and communities where we have operations in the U.S., with the majority directed to meeting educational needs and benefiting students of all ages.

Our employees, company leadership, and community partners understand the importance of corporate citizenship and philanthropy in building thriving communities. To deepen our ongoing commitment to making a difference, we proudly announce our community giving 2030 Ambition.

Our Aspiration: Donaldson is committed to positively impacting our communities through education.

Our 2030 Ambition: We aim to increase charitable giving through the Donaldson Foundation by 25% every four years, giving cumulatively at least \$13.5 million from FY22 to FY30 to organizations within Donaldson’s communities with a focus on meeting educational needs.

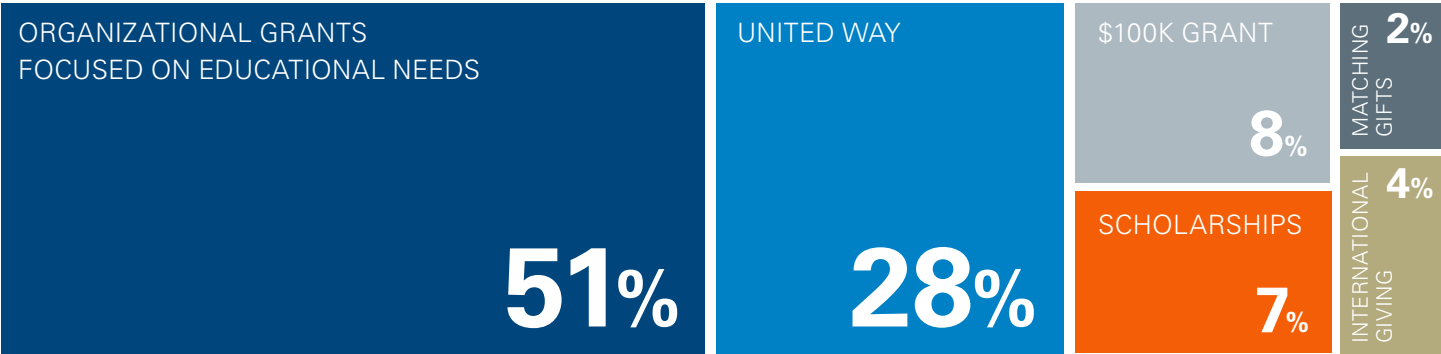


\$100K ORGANIZATION GRANT

Every year, the Donaldson Foundation sets aside \$100,000 for an organization that can affect change for a large population. In FY22, in alignment with the Foundation’s mission of positively impacting our communities by supporting and investing in education, the Donaldson Foundation awarded a \$100,000 grant to Mid-State Technical College’s Advanced Manufacturing Engineering Technology and Apprenticeship (AMETA) Center in Stevens Point, Wisconsin. The grant will provide students with advanced technical skills and knowledge for in-demand, successful careers; help address the region’s workforce shortage; and sustain and grow area businesses by applying industry 4.0 and 5.0 equipment and processes.

Figure 12

DONALDSON FOUNDATION GIVING BY TYPE – \$1.2M DISTRIBUTED IN FY22



GOVERNANCE

Donaldson Principle

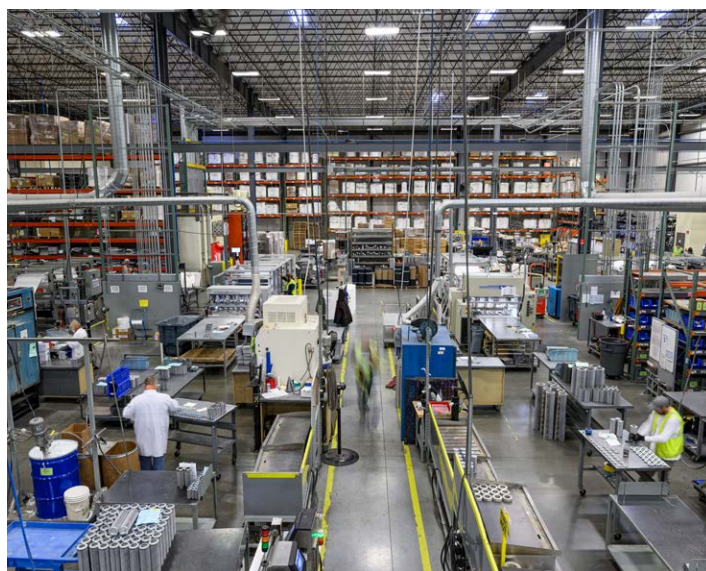
- Act with Integrity

GOVERNANCE

Investing in strong corporate governance is critical for ensuring we act with integrity by delivering on our commitments and being accountable for our actions. We have built a strong governance structure that provides transparency and accountability for everyone at Donaldson. Our Code of Conduct provides guidance and resources to our employees to help us maintain a workplace of integrity, respect, safety and excellence.

We execute this commitment to integrity through strong governance by applying high standards of ethics and business conduct across our global operations and with our partners. We employ rigorous governance practices and policies that guide everything we do, including how we interact with suppliers, governments, investors, communities, and employees.

Considering the oversight of sustainability and climate-related risks and opportunities, we have clarified the role of Donaldson's Board of Directors, its committees, and company management.





CORPORATE GOVERNANCE

Donaldson’s Board of Directors drives shareholder value and guides our executive leadership team’s strategic business decisions and governance practices. As of April 4, 2023, Donaldson has a board of 10 directors. Tod E. Carpenter, Donaldson’s President and CEO, serves as Chairman, and Willard D. Oberton is the independent Lead Director. Nine of the directors are non-employees and meet the criteria for independence established by the New York Stock Exchange (NYSE) and Securities and Exchange Commission (SEC) standards. The board’s

diverse experience, market knowledge and backgrounds help fill the needs of the board and the company. Three of our nine independent directors are female and three are people of color. See the Diversity, Equity and Inclusion section for more information about our diversity ambitions.

Donaldson’s Proxy Statement contains a more detailed discussion of the board and its committee structure, responsibilities, and policies at ir.donaldson.com.

SUSTAINABILITY GOVERNANCE

The Donaldson’s Board of Directors has oversight of sustainability and ESG, including climate-related risks and opportunities. Sustainability, ESG and climate-related risks and opportunities inform our strategy and enterprise risk management.

- The **Corporate Governance Committee** has oversight of sustainability and ESG, including climate-related risks and opportunities.
- The **Audit Committee** has oversight over legal, regulatory and compliance including disclosure considerations and requirements related to ESG, including climate related risks.
- The **Human Resources Committee** has oversight of diversity and inclusion practices and policies.

BOARD OF DIRECTORS

BOARD COMMITTEES

- Corporate Governance
- Audit
- Human Resources

MANAGEMENT

- Sustainability Steering Committee
- Sustainability Leadership Team
- Sustainability and ESG Team

SUSTAINABILITY STEERING COMMITTEE

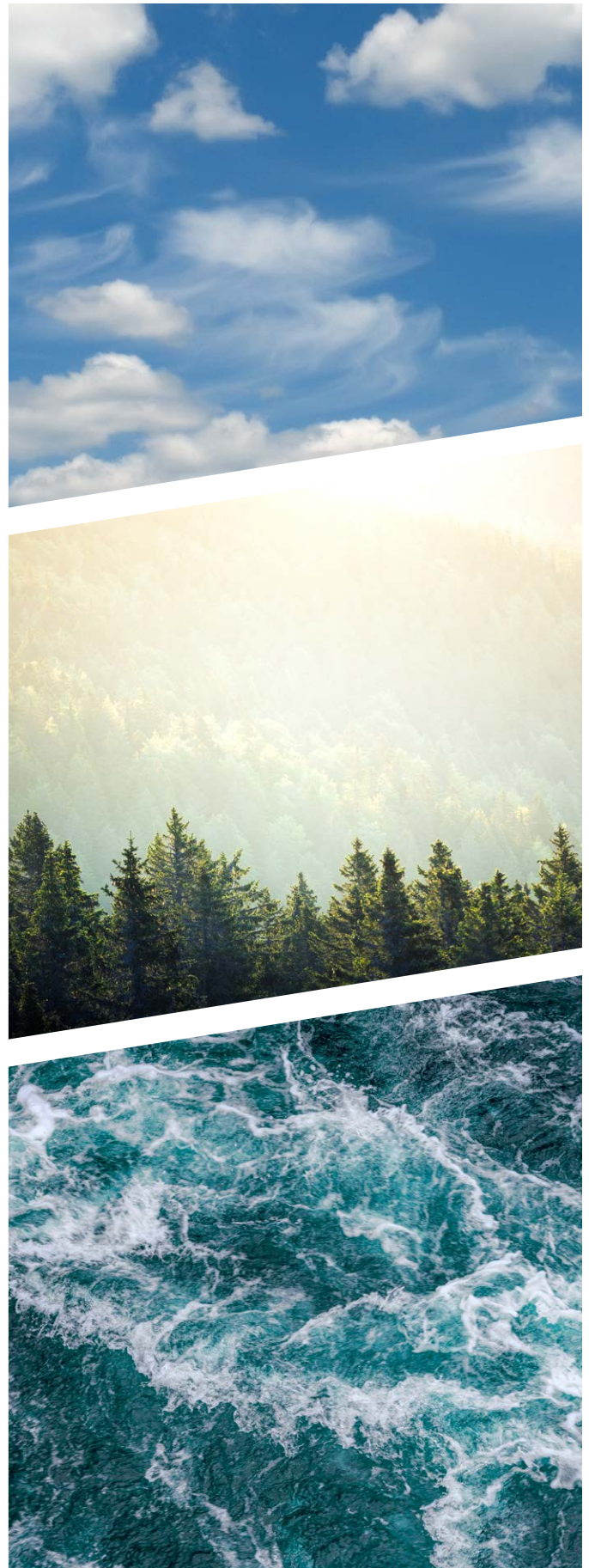
Donaldson's Sustainability Steering Committee is responsible for guiding sustainability and ESG commitments, investments, efforts, and progress. The steering committee, comprised of members of the executive leadership team, meets periodically and governs sustainability strategy and execution. Oversight at this level ensures that sustainability initiatives are aligned and integrated into our overall company strategy and practices.

SUSTAINABILITY LEADERSHIP TEAM

The Sustainability Leadership Team is comprised of a group of global, cross-functional leaders from the EHS, finance, human resources, operations, procurement and sustainability functions. The leadership team is responsible for the development and execution of the sustainability strategy, and its members are responsible for developing, executing, and advancing the company's sustainability aspirations, ambitions, actions, and achievements. The progress of this work is reported to the steering committee on a periodically basis. Some leadership team members take on the role of Ambition Champion for a strategic sustainability ambition or goal. The Ambition Champions help lead, collaborate, align resources, and report progress to the steering committee and leadership team.

SUSTAINABILITY AND ESG TEAM

The Sustainability and ESG team is the centralized function responsible for influencing, coordinating and driving sustainability progress. A core function of this group is collecting and organizing ESG data and reporting. In addition, the Director of ESG and Sustainability and the Senior Director of Enterprise Risk Management lead the review of climate-related responsibilities, with oversight from the Sustainability Steering Committee.





CYBERSECURITY AND DATA PRIVACY

Data and connectivity are essential to operations at Donaldson. Digital information powers our relationships with customers, employees and suppliers. Protecting this data is critical to our ability to serve all stakeholders.

AUDITS AND REVIEWS

Donaldson is committed to building a strong cybersecurity and data privacy culture. We take any threats and potential cyberattacks seriously. As a global corporation, we endeavor to comply with industry standards and applicable cybersecurity regulations. We regularly engage in enterprise-wide, internal and external cybersecurity audits performed by reputable and trusted audit firms to ensure we meet these standards. Cybersecurity leadership regularly provides the Donaldson Board of Directors and its Audit Committee with updates on cybersecurity strategy, program execution and compliance activities.

MANAGEMENT APPROACH

Donaldson's Information Security department oversees cybersecurity initiatives. This team designs and executes a global strategy that protects critical infrastructure, systems, and data, including policies and standards based on ISO 27001/27002 in alignment with the Center for Internet Security Framework. We perform monthly phishing exercises to increase awareness and require employees to complete cyber training specific to their roles. Our cybersecurity policies are reviewed annually and consist of administrative, technical and physical controls. Advanced cybersecurity technologies allow us to actively

monitor and respond to threats and risks at multiple levels with preventive and detective security capabilities. Our information infrastructure and systems are also regularly evaluated through vulnerability assessment and penetration testing. Management takes a proactive approach to research and invests in cyber-defense technologies.

INCIDENT RESPONSE

If a cybersecurity incident occurs, Donaldson will deploy emergency response and crisis teams to manage and document the issue in accordance with our response plans. These plans have been evaluated through scenario-based practices with updates to the plans as needed. Business continuity plans and disaster recovery capabilities are documented, regularly assessed and tested.

DATA PRIVACY

Our data privacy program is built to meet the requirements of global privacy laws and the privacy expectations of customers, vendors, employees and shareholders. Donaldson has invested in significant data security and privacy-related technologies as part of our commitment to providing a reliable and secure environment to process and protect data provided to us by employees, customers and suppliers. All office employees complete annual cybersecurity and privacy training. The privacy team actively monitors changes to state, national and global privacy regulations and tracks privacy best practices to identify and implement enhancements to the privacy program.

CODE OF CONDUCT

The Donaldson Code of Conduct (Code) is the foundation for how we work, conduct business and comply with applicable laws.

Our Code applies to all employees, including the executive leadership team and board of directors, our subsidiaries, business units, partnerships, and joint ventures in which Donaldson has a majority ownership position or exercises management control. It sets expectations for working with integrity, respect, safety and excellence in every country we operate in and in all business relationships.

Donaldson promotes a culture of honesty and transparency; every employee is responsible for acting ethically. During onboarding and induction programs, the Code is introduced and explained, and employees are encouraged to report known or suspected violations; employees affirm their understanding and adherence to our Code. We also conduct annual required training for office employees on Code topics such as a respectful global workplace, securing data information and protecting data privacy. In FY22, more than 23,000 Code-related course assignments were successfully completed. The Code is also available in 17 languages for our global workforce.

Donaldson leverages a digitally interactive microsite, “Living Code,” which provides employees with videos, exercises and sessions to deepen Code understanding and compliance. This mobile-friendly electronic Living Code augments our printed Code of Conduct and provides employees with an easily accessible resource to reinforce values, policies and expectations.

A key component of our Code is acting with integrity and speaking up to be heard. We strongly urge anyone who has a concern to make a report. For ease and convenience, we provide various resources to do so. Through Speak Up, a third-party platform, multiple options help global employees ask questions and raise concerns confidentially, in their language, in good faith and without fear of retaliation:

- Accessing the Donaldson Business Conduct Helpline at ethics.donaldson.com,
- Speaking to an EthicsPoint operator,
- Completing a mobile-friendly web form,
- Contacting human resources, legal, compliance or the employee’s manager, and
- Using QR codes, which can be scanned enterprise wide.

Donaldson’s independent Audit Committee assists the board of directors and internal Compliance Committee in fulfilling its oversight of the compliance program, including the Code of Conduct and monitoring reports to its Speak Up Business Conduct Help Line.

Code of Conduct

Learn more about the Code at www.donaldson.com/en-us/code-of-conduct





SUSTAINABLE PROCUREMENT

Donaldson is committed to operating safely and sustainably. We expect our suppliers to conduct operations in a manner that safeguards the environment and seeks ways to conserve and restore natural resources and minimize adverse impacts on the environment.

In FY22, we updated our [Supplier Code of Conduct & Sustainability Policy](#) to include environmental and social expectations for suppliers, including topics related to the environment, human rights, ethical sourcing, anti-corruption and antitrust, information protection, and health and safety. The new policy has been acknowledged by 74% of strategic suppliers, which represents 80% of our total strategic supplier spend.

We also updated information on www.donaldson.com to support this ongoing process and added a Supplier Sustainability Self-Assessment Form. The form helps suppliers assess themselves against our sustainability standards and has been integrated into Donaldson's supplier onboarding process. The global procurement team also started receiving training on sustainable procurement practices to better align around this work.

All Donaldson suppliers are expected to treat everyone with respect and dignity and must provide working conditions that are fair, non-discriminatory, equitable and safe. Observing social and environmental standards is a prerequisite to being a Donaldson supplier.

EcoVadis Bronze Status for Sustainability Management

In FY22, we completed our second sustainability assessment with EcoVadis, a sustainability ratings service. Donaldson received a Bronze status based on our sustainability management of topics including labor, human rights, ethics, sustainable procurement and the environment. We also exceeded EcoVadis' industrial sector averages.



COMPLIANCE

HUMAN RIGHTS

We believe in treating all people with respect and dignity and expect the same from our global partners. In FY22, we adopted a [Global Human Rights Policy](#) which includes EHS, equal and non-discriminatory practices, wages and working hours, freedom of association and collective bargaining, supplier expectations, child and forced labor restrictions, and conflict minerals. The policy also outlines human rights risk governance and how to report any suspected violations.

All Donaldson suppliers must provide working conditions that are fair, non-discriminatory, equitable and safe. We strongly oppose any person or organization, including our suppliers, using child, slave or forced labor or participating in human trafficking. Donaldson is committed to compliance with all applicable global labor laws, including California's Transparency in Supply Chains Act of 2010, the UK Modern Slavery Act, and other applicable laws.

At the same time, our Code of Conduct and Supplier Code of Conduct & Sustainability Policy provide a foundation for how we work and a guide for speaking up, asking questions, navigating issues and reporting concerns.

CONFLICT MINERALS AND MATERIALS COMPLIANCE

Each new supplier receives and must meet the requirements of our Supplier Code of Conduct and Sustainability Policy, which includes ethical sourcing, conflict minerals, materials of concern and sustainability.

We also require suppliers to comply with all applicable environmental, health and safety laws, substance regulations, and directives, including, but not limited to, REACH, RoHS, ISPM 15, anti-lead regulations, Transportation HazMat/Dangerous Goods regulations, and their global equivalents. We communicate these requirements in our Purchasing Terms and Conditions, Supplier Code of Conduct and Sustainability Policy and Supplier Quality Manual.

Donaldson continues working with supply chain partners to take reasonable steps to ensure conflict minerals are

not sourced in a way that would directly or indirectly benefit armed groups responsible for serious human rights abuses in the Democratic Republic of Congo (DRC) or adjoining countries. Donaldson expects our suppliers to provide statements and perform due diligence about the source of any conflict minerals in the products supplied to us.

GLOBAL TRADE COMPLIANCE

As a U.S.-based company operating worldwide, it is critical that Donaldson's policies, processes and people all abide by applicable import and export laws and regulations as part of our commitment to global trade compliance. This is accomplished through automated tools and regular training in export controls, import processes, procurement requirements, sanctions and embargoes, carried out during onboarding and followed by targeted training. Donaldson employees can access additional information and resources about our trade compliance practices and policies through the company's intranet site.





COMPANY REPORTS AND POLICIES

FY22 COMPANY REPORTS

[Annual Report FY22 on Form 10-K](#) 

[Proxy Statement FY22](#) 

Our Sustainability Accounting Standards Board (SASB) and Task Force on Climate-related Financial Disclosures (TCFD) reports are available at ir.donaldson.com or on our [sustainability page](#).

ETHICS AND COMPLIANCE RELATED POLICIES

Find more information about our Code of Conduct, ethics and compliance, and other policies at www.donaldson.com/ethics-compliance.

[Code of Conduct](#) 

[Code of Conduct and Business Conduct Help Line](#) 

[Human Rights Policy](#) 

[Environment, Health and Safety Policy](#) 

[Global Trade Compliance Policy](#) 

[Supplier Code of Conduct and Sustainability Policy](#) 

[Conflict Minerals Policy](#) 

[California's Transparency Act](#) 

[UK Modern Slavery Act](#) 

ABOUT THIS REPORT

Donaldson's Fiscal Year 2022 (FY22) Sustainability Report was published on April 4, 2023, and reflects activities and initiatives in the fiscal year (August 1, 2021, through July 31, 2022). All quantitative company data, unless otherwise stated, reflects FY22. Unless noted, goals and other data in the report reflect our global operations as relevant. Additional information about our company, policies and governance can be found at www.donaldson.com and ir.donaldson.com.

FORWARD-LOOKING STATEMENTS

Statements in this report regarding future events and expectations, such as forecasts, plans, trends and projections relating to the company's business performance and sustainability ambitions, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, and are identified by words or phrases such as "will likely result," "are expected to," "will continue," "will allow," "estimate," "project," "believe," "expect," "anticipate," "forecast," "plan," "ambition," and similar expressions. These factors include, but are not limited to, economic, industrial and governmental developments that may impact our operations. These and other risks and uncertainties are described in Item 1A of the company's Annual Report on Form 10-K for the period ended July 31, 2022, and may be updated from time to time in other periodic reports the company files with the SEC. The company makes these statements as of the date of this report and undertakes no obligation to update them unless otherwise required by law.

MATERIALITY

The inclusion of information in this report should not be construed as a characterization regarding the materiality or financial impact of that information for SEC reporting purposes. For purposes of this report, we use the definitions of materiality in the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) standards, which differ from the definition used for SEC filings.

TRADEMARKS

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