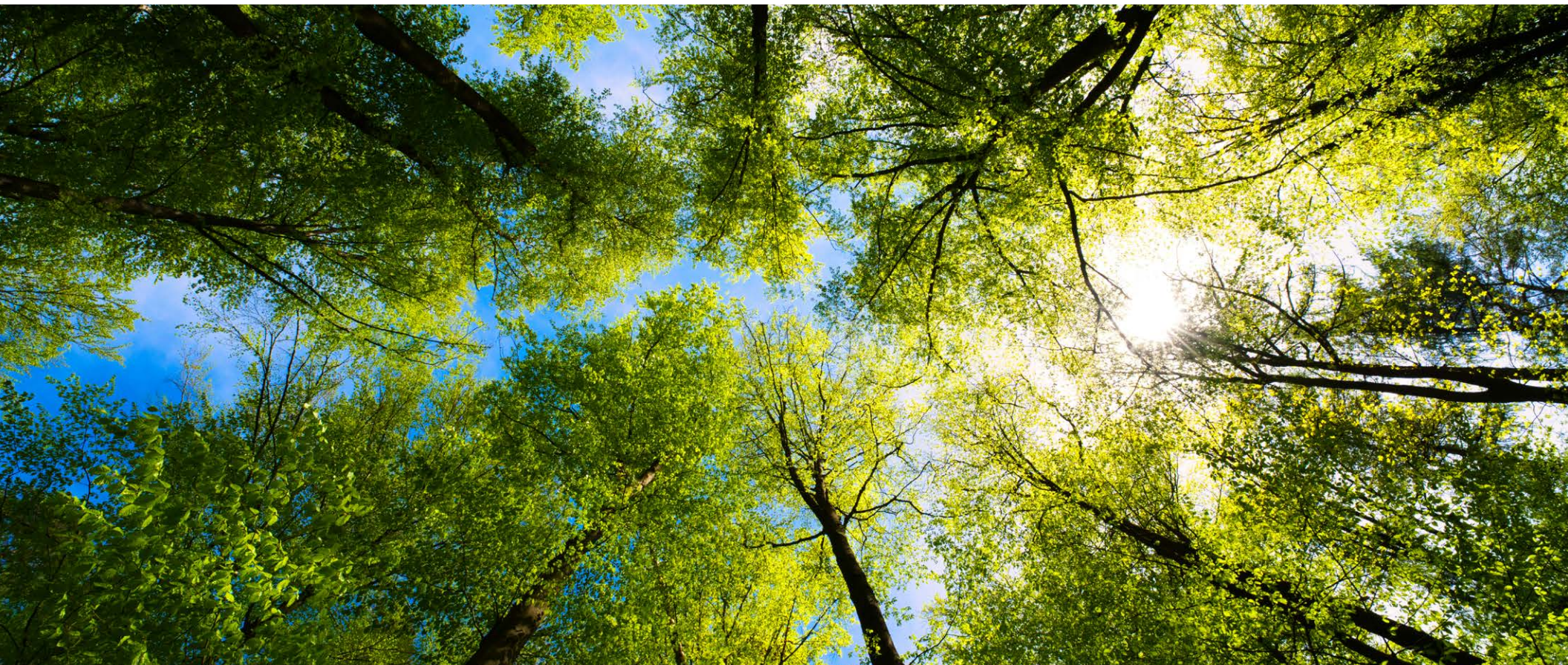


SUSTAINABILITY REPORT

FISCAL YEAR 2023



FILTRATION FOR A
THRIVING FUTURE



FY23 SUSTAINABILITY REPORT

ABOUT DONALDSON

- 3 Chairman, President and CEO Message
- 4 Senior Director of Investor Relations and ESG Message
- 5 Company Overview
- 7 Sustainability Strategy and 2030 Ambitions Update

PRODUCTS

- 10 Delivering for our Customers
- 11 Enabling Low-Emissions Power Technologies
- 13 Product Stories

PLANET

- 18 Climate and Energy
- 19 Emissions Reduction
- 22 Water and Waste

PEOPLE

- 24 Employee Health and Safety
- 26 Diversity, Equity, and Inclusion
- 31 Community Impact

GOVERNANCE

- 34 Corporate and Sustainability Governance
- 36 Cybersecurity and Data Privacy
- 37 Code of Conduct
- 40 Company Policies and Reports

- 41 TCFD Report
- 53 SASB Index
- 55 GRI Index

ABOUT THIS REPORT

Donaldson’s Fiscal Year 2023 (FY23) Sustainability Report was published on March 29, 2024, and reflects activities, goals, and initiatives in the fiscal year (August 1, 2022, through July 31, 2023). All quantitative company data, unless otherwise stated, reflects FY23. Information on our company, policies, and governance can be found on 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 Donaldson’s business performance and sustainability goals 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,” 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 Donaldson’s Annual Report on Form 10-K for the period ended July 31, 2023, and may be updated occasionally in other Donaldson reports filed with the SEC. Donaldson 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.

DELIVERING INNOVATION TO IMPACT DAILY LIFE

Small steps move us toward achieving big goals. As a leader in advanced filtration technology, Donaldson continues to take these steps in the partnerships we cultivate with industry leaders and the culture and practices we foster within our company. We partner with our customers and deliver best-in-class solutions to real-world challenges. The result is a broad range of products that help deliver innovation that improves daily life.

Sustainability is a big goal and requires a global and connected response. Our sustainability work includes mitigating climate change, prioritizing health and safety, fostering an inclusive culture, and supporting our communities. No one group or solution will achieve this work alone. Instead, sustainable solutions require strong collaboration and steady progress.

With the perspective of a more than 100-year-old company, we leverage our technology and expertise for our customers every day as they face significant sustainability challenges. From transportation to agriculture, aerospace to

pharmaceuticals, Donaldson continues bringing filtration solutions to life.

I am proud of our progress on our sustainability priorities for FY23. Our accomplishments include the following:

- Reduced our total Scope 1 and 2 GHG emissions by 25% from our FY21 baseline;
- Grew our use of renewable energy by 21% over FY21;
- Improved our safety record by reducing the total recordable incident rate and the number of life-changing incidents compared with FY22;
- Improved our representation of women in leadership roles compared with FY22;
- Donated \$1.2 million through the Donaldson Foundation to benefit communities with a focus on educational initiatives; and
- Submitted our first Climate Disclosure Project (CDP) questionnaire.

These achievements represent how we are living out our Filtration for a Thriving Future strategy through our products and practices to have a positive impact today and create a thriving future for people and the planet.



Tod E. Carpenter
Chairman, President, and CEO



DELIVERING FOR OUR CUSTOMERS IS CRITICAL TO SUCCESS

As the head of ESG at Donaldson, I am excited to build upon our sustainability story and share our progress as we mature our ambitions and deepen our related business strategy.

Donaldson's integrated approach to sustainability means that we use our products and practices to make a positive impact. When we consider our customers' filtration challenges, we find ways to make innovative products and services that remove barriers to business growth and provide sustainable solutions. This is not a new role for Donaldson. For more than a century, we have acted as trusted collaborators and innovators in developing products and bringing new solutions to life.

As sustainability moves from brand differentiator to global imperative, we continue investing in talent and technology to expand our capabilities. Delivering for our customers is critical, and we need to understand, anticipate, and prioritize their needs and offer differentiated products and solutions that enable their success. This enablement of customer success helps shape how we view our sustainability success and weaves our strategy into the fabric of our culture and how we work.

We create sustainable value for our customers by supporting a low-carbon transition, enabling life-changing innovations, and building sustainable partnerships. Based upon who we are as a company, these avenues for creating value for our customers are not mutually exclusive and reflect the "how" of delivering for our customers.

Supporting a **low-carbon transition** means advancing the science of filtration to drive down the carbon output of traditional combustion engines and energy-intensive activities while helping our customers bring profitable new products to market.

Enabling **life-changing innovations** includes partnering with companies in various industries, from sustainable food production to life-saving therapeutics.

Building **sustainable partnerships** is done through our deep technical expertise, proven processes, and collaboration. No company can drive meaningful change alone, and we stand ready to partner with customers who need our expertise to bring their ideas to life.

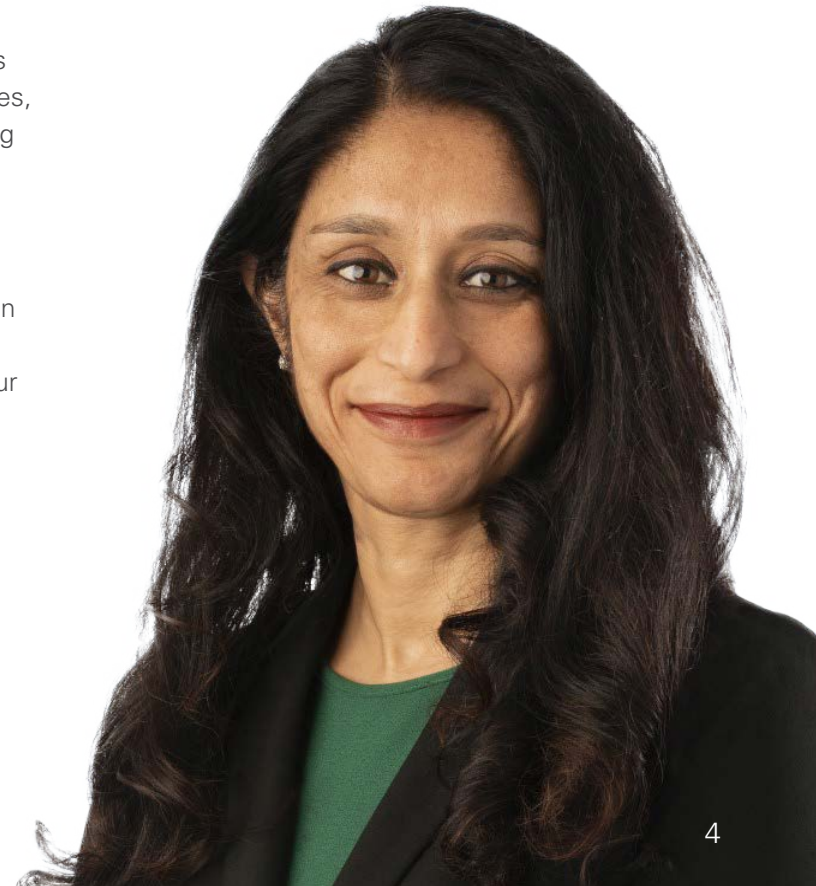
I invite you to read through our product stories to learn more about this important work and its impact on people and the planet.

Finally, I would like to thank Ashley Merrill, our former Director of ESG, for her contributions to advancing sustainability at Donaldson. Last year, she took on the role of General Manager in our Vehicle Electrification business. While Director of ESG, she was pivotal in growing and maturing the program, including establishing our sustainability strategy and 2030 Ambitions.



Sarika Dhadwal

Senior Director of
Investor Relations and ESG



COMPANY OVERVIEW

\$3.4 B

Revenue

1915

Year Founded

\$78 M

R&D Investment

2,800

Active Patents

13,000+

Employees

150+

Locations

Donaldson (NYSE: DCI) is a global leader in technology-led filtration products and solutions, serving a broad range of industries and advanced markets. We work with small business owners to R&D organizations and the world's biggest OEM brands. Donaldson solves complex filtration challenges through three primary segments: Mobile Solutions, Industrial Solutions, and Life Sciences. Additional information is available at donaldson.com.

Global Headquarters



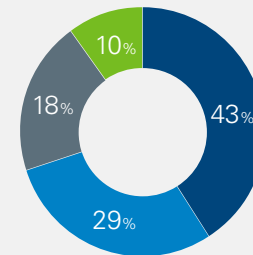
Bloomington, Minnesota

External Company Recognition



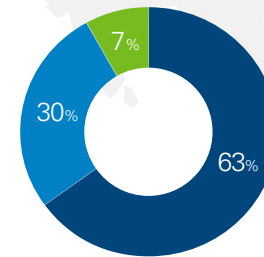
Newsweek

- America's Greatest Workplaces for Diversity 2024
- America's Most Responsible Companies 2024
- Most Trustworthy Companies in America 2023



Revenue by Region

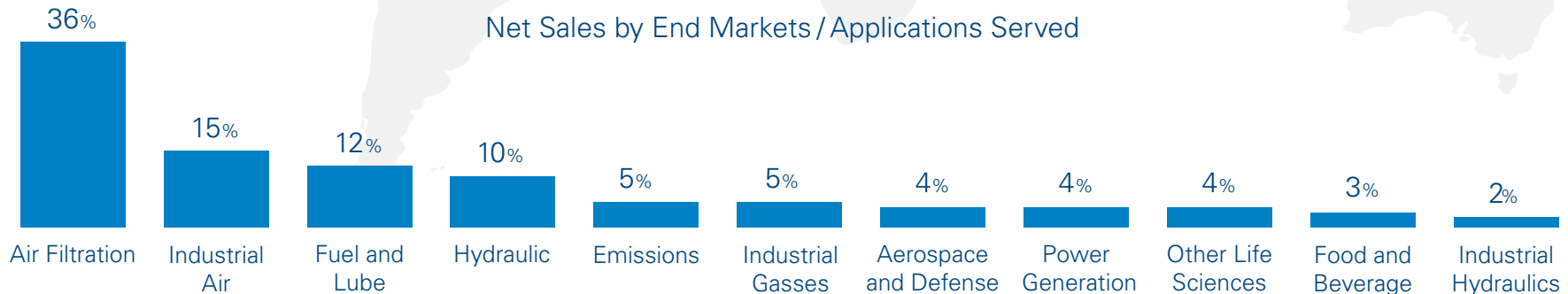
- U.S. and Canada
- EMEA
- APAC
- Latin America



Net Sales by Business Segments

- Mobile Solutions
- Industrial Solutions
- Life Sciences

Net Sales by End Markets / Applications Served



MATERIALITY: OUR PRIORITY ESG REPORTING TOPICS

At Donaldson, our principles shape how we approach challenges and opportunities. Engaging with our stakeholders helps us understand and respond to their needs, enabling us to improve and adapt how we operate, collaborate, and innovate to drive results.

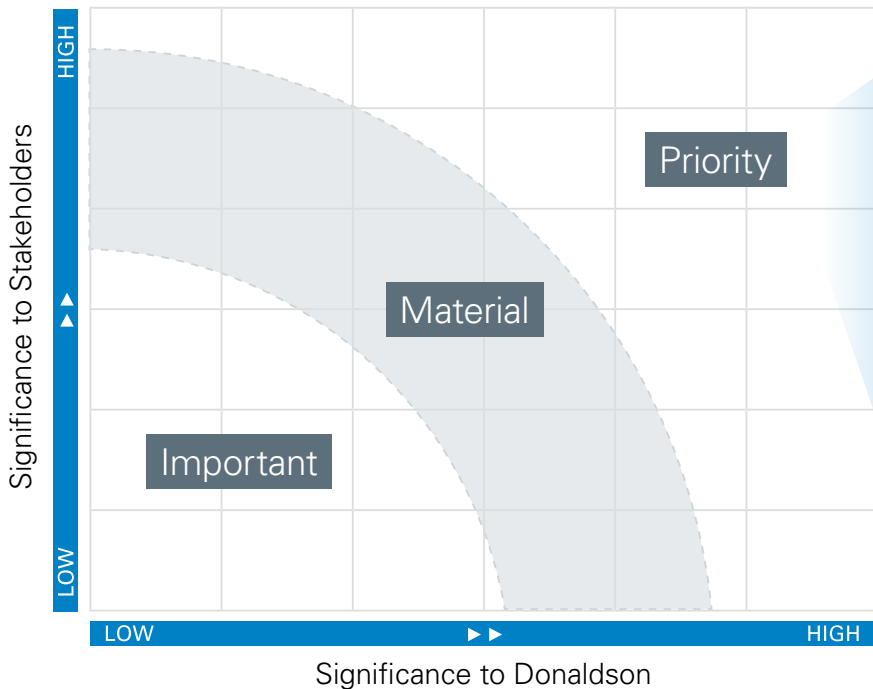
When considering our priority ESG topics, our key internal and external stakeholder groups help us determine and prioritize the most relevant issues.

Our initial materiality assessment completed in FY21 considered ESG and sustainability trends and benchmarked peer companies to determine the most pertinent issues and strategic areas relevant to our business.

Our engagement with our stakeholders is an ongoing process that informs our approach to reporting and the establishment of our sustainability strategy and 2030 Ambitions. In

FY24, we plan a deeper review of our priority ESG topics through a new materiality assessment. This work will ensure that our approach and reporting are aligned with input from our stakeholders, including customers, employees, investors, suppliers, and community partners. This engagement process is critical for continued awareness and understanding of our impact, opportunities, and risks related to sustainability issues for each stakeholder group.

MATERIALITY MATRIX OF ESG TOPICS



PRIORITY ESG TOPICS

Environmental

- Greenhouse Gas 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

ESG REPORTING

Donaldson continuously looks for ways to improve our sustainability reporting. We consider internationally recognized frameworks and guidelines to support broader consistency. We publish reports using the Task Force on Climate-related Financial Disclosures (TCFD), GRI, and SASB guidelines. In FY23, we also submitted our first CDP Climate Change questionnaire. The TCFD, GRI, and SASB reports are located at the end of this report or on the sustainability page at donaldson.com/sustainability.



FILTRATION FOR A THRIVING FUTURE

This strategy represents our choices made to ensure our products and practices have a positive impact today and create a thriving future for people and the planet.

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.

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.

Donaldson Company Principles

Act with Integrity

Engage and Empower our People

Deliver for our Customers

Cultivate Innovation

Operate Safely and Sustainably

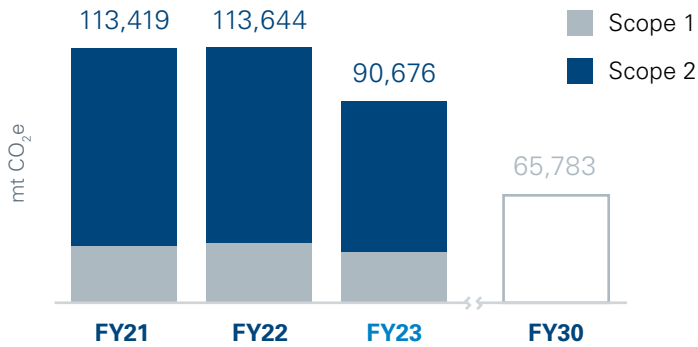
Enrich our Communities

STRATEGY INTO ACTION: 2030 AMBITIONS

OPERATE SUSTAINABLY

Help mitigate climate change

We aim for absolute reduction of Scope 1 and 2 GHG emissions by 42% by the end of FY30 from a FY21 baseline.

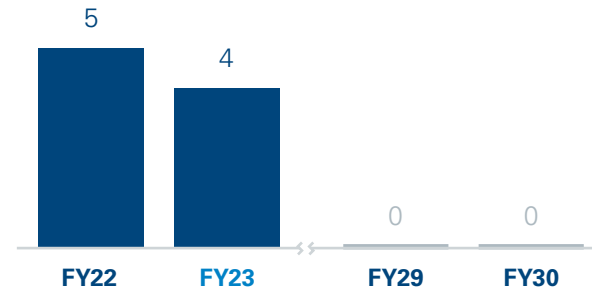


PLANET

OPERATE SAFETY

Provide safe and healthy workplaces

We aim for year-over-year reduction in life-changing events with the goal of consistently achieving zero by the end of FY30. Life-changing events are work-related fatalities, hospitalizations, amputations, or vision loss due to serious injury or illness.

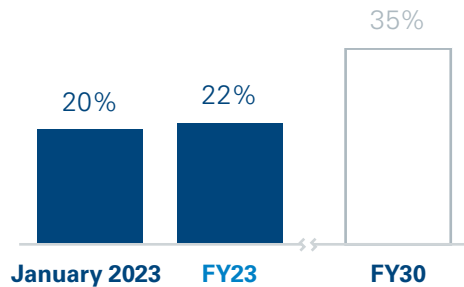


PEOPLE

ENGAGE AND EMPOWER OUR PEOPLE

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.

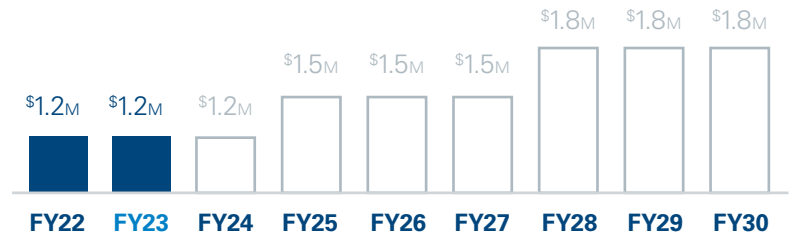


PEOPLE

ENRICH OUR COMMUNITIES

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 \$13.5M from FY22 to FY30 with a focus on education.



PEOPLE

PRODUCTS

The products we deliver for our customers and the practices we employ to make those products and operate our company shape our collective impacts.

Donaldson
BLUE™
DBF5782
with Synteq XP Filtration Technology

Fuel Filter
Filtro de combustible
Filtre à carburant
Kraftstofffilter

Green and
Responsible
products

Made in USA
Hecho en E.E.U.U.
Fabriqué aux États-Unis

Donaldson

As a global leader in technology-led filtration products and solutions, Donaldson believes sustainability is about making the world better because we are in it.

Sustainable solutions require strong collaborations with our customers aimed at long-term progress. With the perspective of a more than 100-year-old company, we leverage our technology and expertise for our customers every day as they face significant sustainability challenges. From aerospace to pharmaceuticals and agriculture to transportation, Donaldson continues to bring new innovations to market.

Our Filtration for a Thriving Future sustainability strategy articulates our vision for this work. We look to our products and practices for ways to drive positive change for people and the planet. The products we deliver for our customers and the practices we employ to make those products and operate our company shape our collective impacts. This strategy integration helps align our sustainability work with our principles and is

crucial to staying true to our purpose. In particular, delivering for customers is critical because we need to understand, anticipate, and prioritize our customers' needs, delivering differentiated products and solutions that enable their success. This drive to support customer success helps shape how we view our sustainability progress and weaves our strategy into the fabric of our culture and how we work with our customers.

We define three primary ways Donaldson creates sustainability value for our customers.



Supporting Low-Carbon Transition

Advancing filtration to support the transition to a lower-carbon economy.



Life-Changing Innovations

Helping companies solve complex filtration challenges that bring more sustainable solutions to daily life.



Sustainable Partnerships

Leveraging deep technical expertise to bring innovative solutions to our toughest customer challenges.

Enabling Low-emission Power Technologies

As the world seeks more sustainable power sources for critical energy needs, alternative power solutions are building a bridge to our future low-emission landscape. These innovative technologies

help us collectively move toward a lower-carbon economy. Donaldson supports this transition by supplying customers with filtration solutions that enable more robust and economical alternative

power products. Our products play key roles in supporting battery-electric applications, internal combustion engines using alternative fuels, fuel cells, and the hydrogen energy value chain.

Donaldson Technology >>>

Industrial Air Filtration Equipment

Manages emission of contaminants into the environment and within manufacturing facilities; provides combustible dust management

Electric Powertrain and Battery Vents with Tetratex™ Technology

Protect powertrain systems and battery packs and supports their longevity and reliability

Industrial Air Filtration Equipment

Helps manage contamination of the environment and manufacturing facilities; provides combustible dust management during end-of-life recycling operations

Liquid and Gas Fuel Filtration

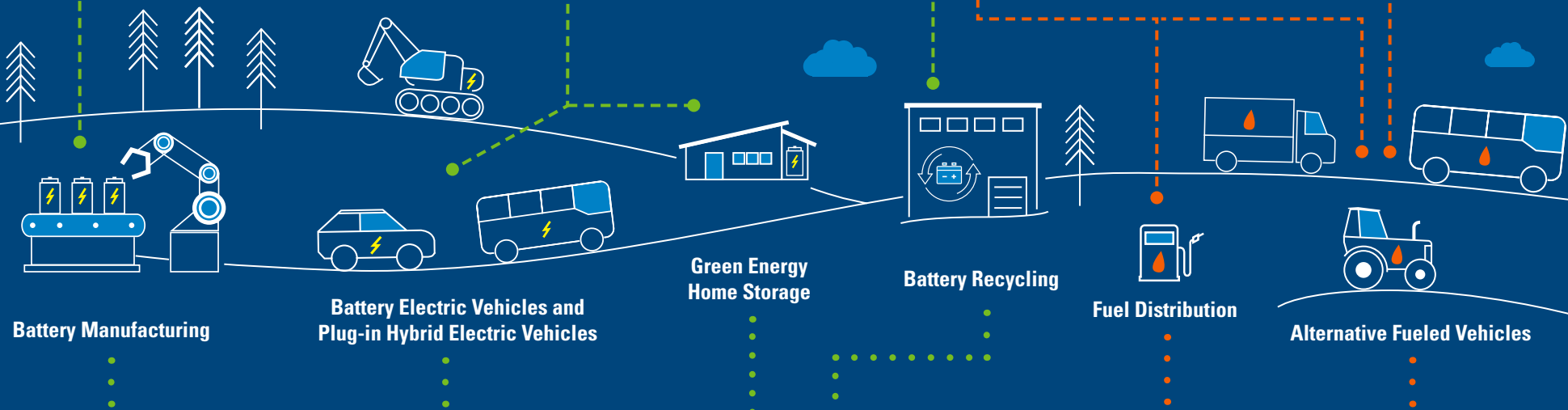
Enabling optimal operations and durability by filtering unwanted contaminants

Emissions Systems

Integrated fuel agnostic technologies that filter NOx, particle matter and oxidizing unburned residues

Air Intake Filtration

Providing filtered air to support performance and engine lifespan



Battery Electric Applications

From passenger cars to heavy-duty applications and home energy storage, our products are well-suited to support battery functions critical to low-emission power solutions. Additionally, we go beyond supporting the use phase and also support battery manufacturing and recycling.

Internal Combustion Engines

Donaldson is able to provide advanced filtration solutions for internal combustion engines powered by alternative fuels, such as **HVO, biofuel, methanol, biodiesel blends, methane, and hydrogen**. We recognize the key role these liquid and gas fuels play in making the transition to a low-emission future.

Donaldson Technology ▶▶▶

● Tetratex™ Membrane

Providing mechanical reinforcement necessary for high-performance proton exchange membrane (PEM) electrolyzers in hydrogen production

● De-oxidizer, Dryers, and Filters

Filtering trace amounts of oxygen, water, and other contaminants from raw hydrogen produced with electrolysis

● Venting Solutions

Tetratex™ technology helps protect and support reliability and life of fuel cell enclosures

● Humidifier

Ensuring the correct level of humidity for the fuel cell to operate at its best

● Air Intake Filtration

Capturing dust particles and chemical contaminants from the air to support performance and lifespan of the fuel cell

● Gas Filters

Filtering contaminants from hydrogen fuel

● Water Separator

Managing challenges posed by liquid water in multiple areas of the fuel cell system

● Noise Attenuation

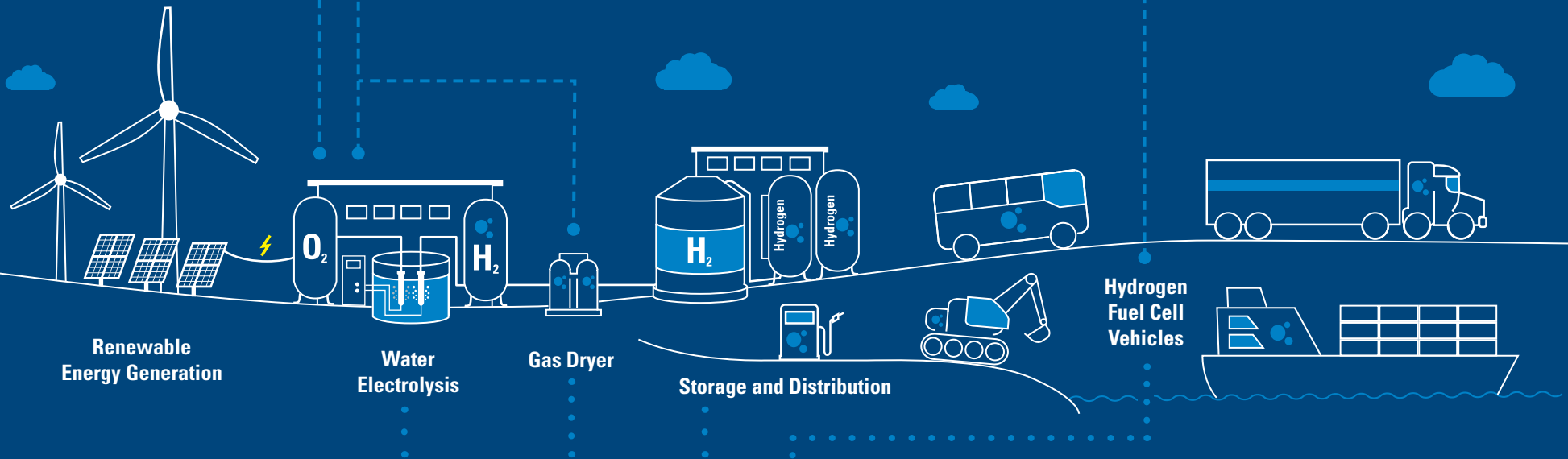
Noise absorption technology to reduce the high-pitched noise generated by compressor and turbine wheel

● Coolant Ion Exchanger

Keeping coolant electric conductivity low as required for fuel cell operation

● Tetratex™ Membrane

Providing mechanical support and integrity to the PEM system

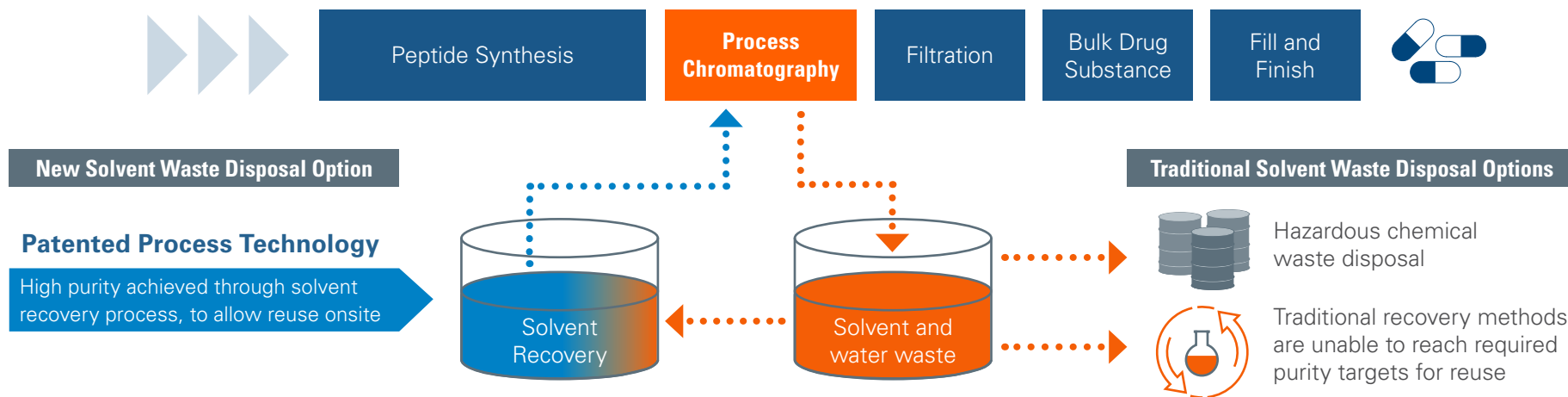


Hydrogen Value Chain

Hydrogen fuel cells represent a powerful resource as the world moves to reduce its reliance on carbon-based energy sources. Our hydrogen fuel cell solutions support ongoing advancements in fuel cell technology by promoting effective ion transfer, while simultaneously helping protect highly sensitive fuel cell and system components from a range of real-world contaminants.

**Learn more about our solutions
by industry and application at
donaldson.com, Products & Solutions**

BIOPHARMACEUTICAL MANUFACTURING PROCESS WITH DONALDSON SOLVENT RECOVERY



INNOVATING SUSTAINABILITY IN PHARMACEUTICAL INDUSTRY

Achieving high purity in chemical mixtures in pharmaceutical manufacturing has historically demanded significant time, energy, and resources.

Recognizing the need for a transformative solution, Donaldson partnered with a chemical separations company to bridge a crucial technology gap. Together, we aimed to revolutionize how companies handle waste generated during biopharmaceutical process chromatography, a critical step in purifying peptide solutions used to produce drugs for weight loss, diabetes, and cancer.

The challenge was the disposal of waste solvent mixtures typically containing an initial 30% solvent by volume. Traditional disposal methods, such

as commercial recycling or incineration, are both environmentally taxing and expensive, involving dangerous and costly storage and transportation. Moreover, commercially available recycling techniques do not achieve the customer’s required purity of solvent, thus making the reuse of solvent not viable today.

The team used its collective knowledge and experience to select membrane technology to recover solvents used during peptide manufacturing. A prototype was created to demonstrate the technology and it recovered solvent with purity levels meeting or exceeding that of current recovery methods. Donaldson is working

with PolyPeptide Group, one of the largest peptide industrial manufacturers, to pilot and further develop the technology at its facility as a next step in this innovation journey.

As this solution undergoes further validation to meet FDA standards, this work supports the production of life-changing products while positively impacting the environment through waste reduction and minimizing the impact of disposal processes. Led by the commitment to solving complex filtration challenges, this collaborative journey exemplifies the potential of innovation to achieve technological breakthroughs and shift toward sustainable and efficient practices in the pharmaceutical industry.

NEVOLINE™ UPSTREAM PLATFORM DELIVERS LIFE-CHANGING INNOVATIONS

Donaldson’s 2023 acquisition of Univercells Technologies, a global producer of innovative biomanufacturing solutions for cell and gene therapy research, development, and commercial manufacturing, represents an important step in the development of our life sciences strategy.

Prior to joining Donaldson, Univercells Technologies had been developing its technology aimed at making vaccines more affordable and accessible. A 2016 grant from the Bill & Melinda Gates Foundation helped push forward the development of the NevoLine™ Upstream platform to accelerate manufacturing and affordable access to essential and epidemic vaccines in developing countries. In 2023, this technology was put into action at the MADIBA vaccine facility in Senegal, where it is helping to accelerate the manufacturing of the measles and rubella vaccine. This technology will help increase global capacity while reducing costs and is expected to supply more than 60% of Africa’s required



NevoLine Upstream Platform

3 m³ The footprint of upstream viral production unit helping to fight measles and rubella

measles and rubella vaccine doses by 2040.

The NevoLine Upstream platform is also being used to develop additional therapies and viral vaccines in clinical stages, with several commercial launches expected soon.

Functionally, the NevoLine Upstream platform provides integrated up- and mid-stream processing capabilities in a single unit, driving productivity improvements, reduced operational footprints, and



greater consistency of results. The system, broadly applicable to virus manufacturing, revolutionizes up- and mid-stream processing by seamlessly integrating virus production, concentration, and clarification into a compact unit, setting new standards for high-performance virus manufacturing.

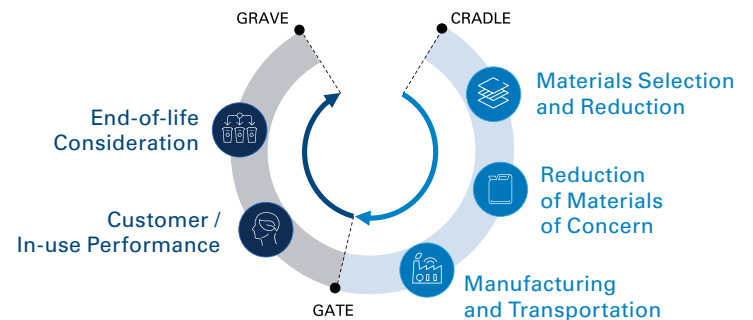
PRODUCT SUSTAINABILITY BY DESIGN

Following the creation of the Product Sustainability Impact Process (PSIP) in FY22, Donaldson continues to invest in integrating sustainable design practices into our strong tradition of advancing filtration technologies through the development of innovative products. As we evolve our sustainable design practice, we seek ways to inform the design

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

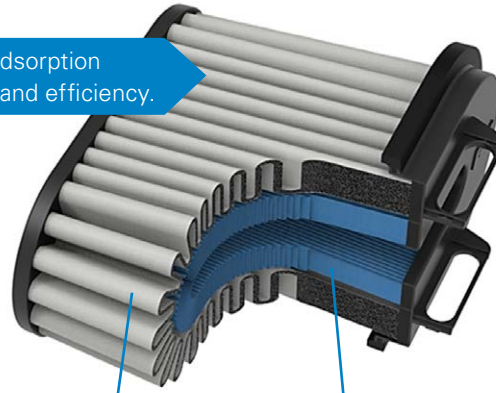
PRODUCT SUSTAINABILITY IMPACT PROCESS



HEAVY-DUTY TRUCK AIR CLEANER

Donaldson Fuel Cell Air-Intake Filter

2 in 1 Air filter with chemical and dust adsorption layers support a long fuel cell life and efficiency.



Layer of chemical adsorption media

Particle filtration media

EMPOWERING FUEL CELL VEHICLES WITH ADVANCED AIR FILTRATION

To support our customers on their low-carbon journey, Donaldson has created an entirely new generation of air intake systems to safeguard the heart of fuel cell-powered vehicles.

Fine particulates and trace amounts of polar chemicals (acids and bases) commonly found in the atmosphere can negatively impact fuel cell performance and longevity. We developed an industry-leading cathode air intake filter to help protect fuel cells from this contamination. The filter uses the synergy of a chemical filtration layer

with advanced characteristics combined with a layer of traditional particle filtration media. This two-part solution provides the comprehensive filtration protection a fuel cell requires when operating in on-highway environments.

Donaldson scientists and engineers continue advancing fuel cell filtration performance and useful life determinations through dedicated particulate and chemical breakthrough laboratory testing, advanced performance modeling, and customer/partner field testing.



The INDEED co-creation workshop with the Donaldson team.

FOSTERING SUSTAINABILITY AND A CIRCULAR DESIGN MINDSET

The Mobile Solutions Air Development team recently partnered with INDEED Innovation, a consulting firm that supports businesses through product design and circular innovation, to host a co-creation workshop aimed at inspiring and educating the team on sustainable circularity and circular design strategies.

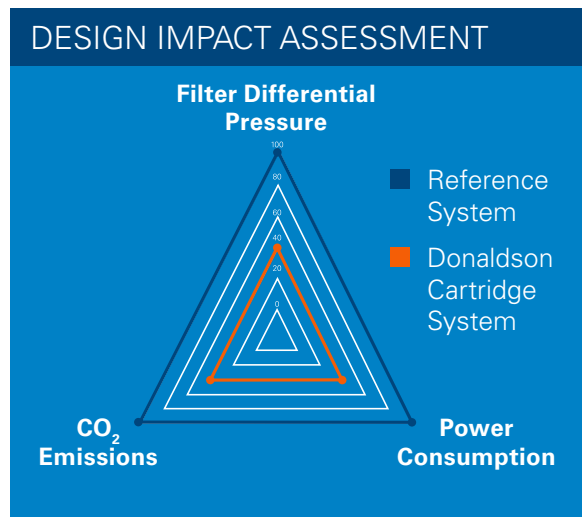
To broaden the Donaldson team's perspectives, individuals from a variety of roles, from product design to sales, and at varying seniority levels, took part. INDEED Innovation's facilitators challenged the team to reimagine the basic building blocks of our mobile solutions products through a circular lens. Focusing on selected fuel cell products, the team underwent four rounds of co-creation group work, from ideation to sketching and realizing tangible prototypes.

The workshop yielded sustainable insights for future Donaldson products, and participants gained a deeper understanding of circular design.

A TAILORED SOLUTION FOR CLEAN AIR AND ENERGY EFFICIENCY

Across many industrial segments, it can be challenging to avoid environmental contamination from various types of dust and other airborne contaminants generated during operations. This can become even harder when managing the dust, mist, and fume collector assets effectively from an energy consumption perspective. With many variables putting demands on the equipment, solutions must encompass customers' unique needs and empower them with data intelligence to make the best decisions to manage their operations for environmental, health, and safety compliance and enable them to preserve capital equipment. The answer is leveraging Smart-connected technology enabled by Donaldson iCue™ Connected Filtration Technology to facilitate proper management of the filtration assets.

In a recent collaboration with a metal recycling company, Donaldson developed a customized installation to help address the technical hurdles of fine dust removal while supporting a reduction in environmental emission. The solution is a tailored dust collection system based on cartridge filters, delivering high efficiency at low differential pressures. The design supports a compliant workplace environment, while the upgraded technology provides an estimated 2.5 times



reduction in power consumption for the filter elements. It also mitigates the environmental footprint and translates it into tangible cost savings. By integrating Donaldson's iCue™ technology, the customer can capture data for real-time performance monitoring, enabling timely preventive maintenance and supporting machinery uptime, efficiency, and life.

Our journey with this customer exemplifies our commitment to bringing decades of technical expertise to deliver advanced filtration technology and solutions focused on end-user needs and challenges.

CARTRIDGE DUST COLLECTORS

Donaldson High-Efficiency Dust Collector

2.5x
reduction in power consumption for filter elements, resulting in reduced CO₂ emissions



PLANET



Thriving Planet

At Donaldson, we help to mitigate climate change through decarbonization in our business operations.

CLIMATE AND ENERGY

Our 2030 Ambition targeting a reduction in our Scope 1 and 2 GHG emissions reflects a deep commitment to managing our impact on climate change. The progress achieved during FY23 is a reflection of our long-term reduction strategy and the investments needed to accomplish this work.

2030 AMBITION

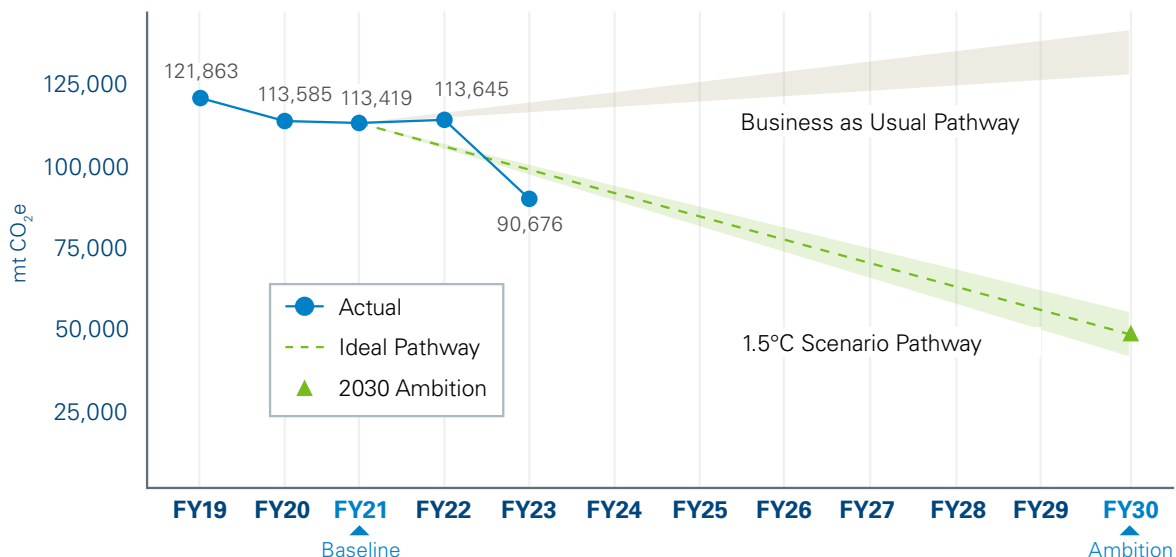
We are targeting an absolute reduction of Scope 1 and 2 GHG emissions by 42% by the end of FY30 from a FY21 baseline. This ambition, along with the execution roadmap, is science-based and aligns with the Intergovernmental Panel on Climate Change (IPCC) 1.5° C global warming scenario.

FY23 AMBITION PROGRESS

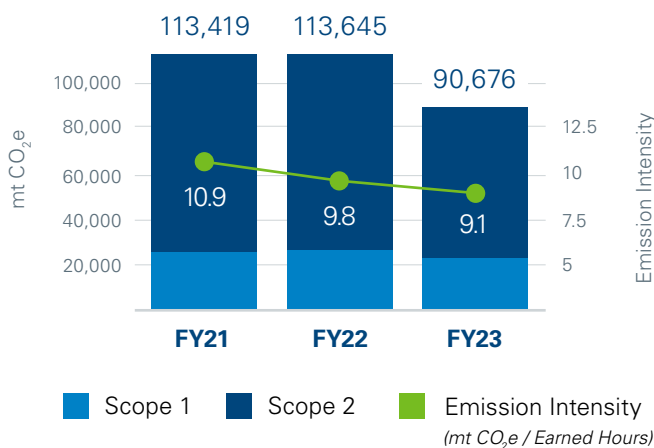
Donaldson's total Scope 1 and 2 GHG emissions decreased by 25% from our FY21 baseline. Our reduction plan continues to be driven by our strategic activities and investments. Our investments in renewable energy resulted in a 21% increase in renewable energy over FY21. This included contributions from onsite solar generation, green energy contracts, and the purchase of energy attribute certificates (EACs). We also invested in energy efficiency projects globally through a coordinated program led by our Manufacturing Excellence team.

2030 AMBITION – MAPPING GHG EMISSIONS REDUCTION GOAL

Actuals (mt CO₂e) and Scenario Pathways Considered



SCOPE 1 AND 2 GHG EMISSIONS (Market based)



Community Solar

Through partnerships with renewable energy developers, we generated 3,800 MWh of renewable energy that helped green the electric grid for our local communities and reduced their emissions by more than 1,300 mt CO₂e. Donaldson does not own these energy attributes.

EMISSIONS REDUCTION

As of the end of fiscal 2023, we are on track to meet our GHG emissions reduction 2030 Ambition. The major components of our reduction strategy include onsite and offsite renewable energy procurement, supplier programs, operational energy efficiency, and EAC procurement. As we execute our plan, we consider the availability and cost implications of specific solutions to best meet our needs within applicable global standards.

RENEWABLE ENERGY

We partner with renewable energy producers in global markets to source emissions reducing solutions. We are exploring more opportunities for renewable energy applications, energy certificates, and subscriptions. These opportunities help us achieve our internal plan milestones and 2030 Ambition.

FY23 Highlights

- More than 5,500 MWh of renewable energy were added to our energy mix through a green tariff contract, PPAs, and onsite solar. Of this renewable energy, 4,760 MWh were added through a utility green tariff contract in our location in Skarbimierz, Poland and 795 MWh of renewable energy were added through a direct PPA and the first full year of energy generation from two onsite solar installations in South Africa.
- We mitigated more than 10,300 mt CO₂e of emissions from 22,700 MWh of energy use through the purchase of EACs.
- We continued to explore our options to participate in a virtual PPA in North America, the area representing our most significant energy demand. This will be a critical part of our roadmap as we progress toward our GHG emissions reduction ambition.



GHG EMISSIONS SUMMARY

Market based	FY21	FY22	FY23
Scope 1 GHG Emissions (mt CO ₂ e)	25,379	26,864	23,797
Scope 2 GHG Emissions (mt CO ₂ e)	88,040	86,780	77,198
Energy Attributes Certificates (mt CO ₂ e)	–	–	(10,319)
Total Scope 1 and 2 GHG Emissions (mt CO₂e)	113,419	113,645	90,676
Earned Hours* (thousands of hours)	10,453	11,636	9,941
GHG Intensity (mt CO ₂ e per earned hour)	10.9	9.8	9.1

*Earned hours represent the standard number of hours of labor and machine operation expended in actual production during the reporting period.

Calculation Methodology

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, sales offices, and small warehouses.

Environmental Data Management

Over the past year, Donaldson introduced an environmental data management system with new processes to capture much of our invoice data globally for electricity, natural gas, and water. The new system helps improve accuracy and provide quicker updates to better inform decisions about renewable energy purchases and track progress on our GHG emissions reduction and site-level energy efficiency goals.



ENERGY USAGE AND RENEWABLE MIX

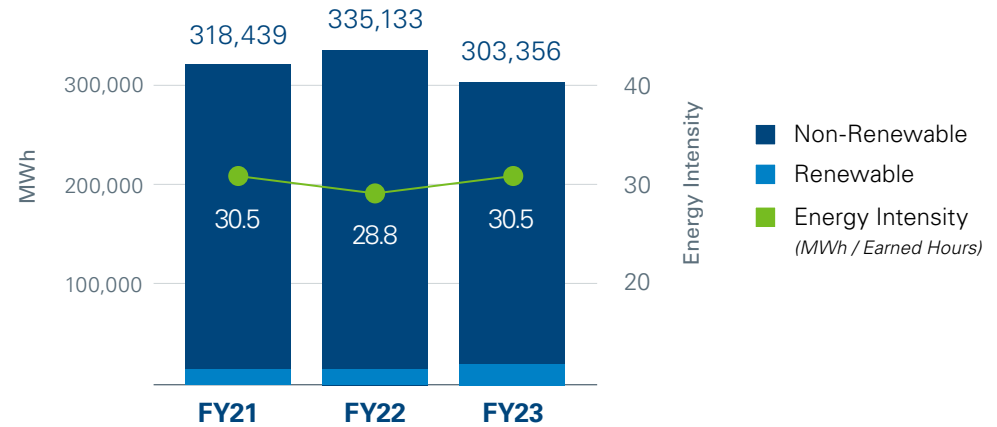
Donaldson’s energy consumption decreased by 10% to 303,356 MWh due to an overall reduction in energy demand resulting from decreased earned hours at our production facilities. For FY23, our renewable energy usage grew to 7% of our total energy use due in part to investments to add more renewable energy to our energy mix.

RESPONSIBLE RESOURCE MANAGEMENT

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, such as ISO 14001 and ISO 50001.

Donaldson has 36 sites certified to meet the ISO 14001 Environmental Management System requirements, and four sites have met the ISO 50001 Energy Management System requirements.

ENERGY CONSUMPTION AND ENERGY INTENSITY



ENERGY USAGE SUMMARY

	FY21	FY22	FY23
Renewable Energy (MWh)	16,616	17,653	21,102
Non-Renewable Energy (MWh)	301,823	317,481	282,254
Total Energy Use (MWh)	318,439	335,133	303,356
Earned Hours* (thousands of hours)	10,453	11,636	9,941
Energy Intensity (MWh per earned hour)	30.5	28.8	30.5

*Earned hours represent the standard number of hours of labor and machine operation expended in actual production during the reporting period.

OPERATIONAL ENERGY EFFICIENCY

In FY23, we continued to invest in our energy efficiency work and made progress on our GHG emissions reduction plan. With the help of external partners and internal experts, we continue identifying opportunities at our facilities and within our manufacturing processes to reduce energy consumption and operating costs. The following are examples of completed projects that helped reduce our energy use.



AMU Replacement Project

Our production facility in Stevens Point, Wisconsin, used five natural gas air makeup units (AMU) to produce positive air pressure and heat in the plant during winter. Natural gas combustion was identified as a significant source of GHG emissions. Some of the existing units were replaced with newer systems that helped reduce the number of AMUs required to achieve the same effect. This project reduced our energy consumption by 723 MWh annually.

Filter Sealant Replacement

Our Hull, U.K., plant transitioned from using a filter-sealing compound that required heat curing to one that does not. This replacement contributed to reducing energy consumption by 47 MWh annually.

LED Lighting Upgrade

Three of our facilities in Mexico completed LED lighting upgrades in FY23, which equated to an estimated annualized reduction of more than 1,100 MWh annually. Most of our facilities now use LED lighting.

Assembly Line Energy Savings

In our production facility in Ostiglia, Italy, we determined that many energy-consuming devices used to assemble liquid filters could be shut down during employee break times without negatively impacting operations. This project reduced our energy consumption by 23 MWh annually.

Air Compressor Replacement

In one of our plants in Wuxi, China, we found that replacing an existing air compressor with a higher-efficiency version reduced energy consumption by 300 MWh annually.

Powder Coating Application System and Paint Process Temperature Reduction

An innovative powder paint was implemented, and the associated process was simplified at our Domjean, France, plant. These projects eliminated an energy-intensive curing step and reduced our natural gas consumption. Both projects reduced energy consumption by more than 520 MWh annually at the plant.

ENERGY EFFICIENCY PROJECTS

	FY23
Total Efficiency Projects Completed	66
Estimated Annual Energy Reduction from Completed Projects (MWh)	8,322
Estimated Annual Emission Reduction from Completed Projects (mt CO ₂ e)*	2,900

* Location-based emissions factors were used to calculate these annualized values.

BETTER PLANTS PROGRAM

Donaldson has joined the U.S. Department of Energy's (DOE) Better Plants program. The Better Plants program is a national partnership initiative to drive significant improvement in energy efficiency and waste and water reduction across U.S. industries. Manufacturers and industrial-scale energy end users set ambitious energy savings goals through Better Plants, develop energy management plans, and track and report their annual progress.

Our partnership with the Better Plants program will help further improve our commitment to prioritizing our goal of operating sustainably and reducing our GHG emissions.

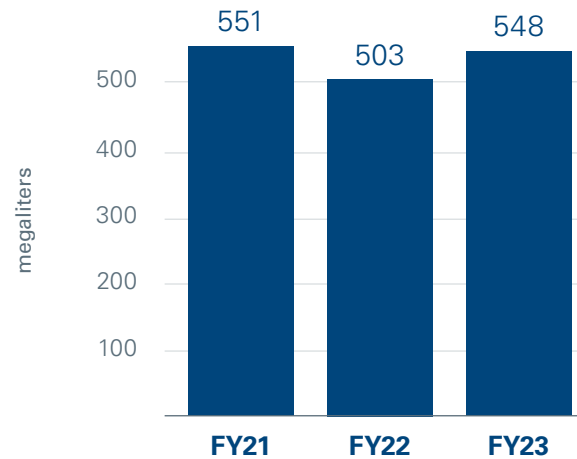
WATER AND WASTE

WATER MANAGEMENT

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.

There was a 9% increase in water withdrawal across all sites in FY23 compared to FY22 driven by factors including new water-intensive product research and development and the impact of more water-intensive manufacturing in our Life Sciences business segment.

TOTAL WATER WITHDRAWAL

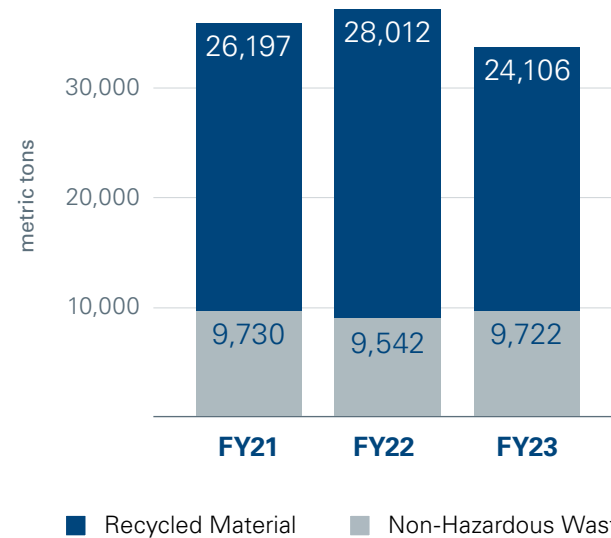


WASTE MANAGEMENT

Our non-hazardous waste generation increased by 2% over FY22, while our waste directed to landfills declined by 36% as sites directed more waste to incineration. Waste diverted to recycling, including plastic, cardboard, and scrap metal, decreased by 15% over FY22.

Waste management is a material priority for Donaldson. A global cross-functional team is currently working to identify a more detailed assessment and baseline of the waste streams we generate. The group plans to identify, prioritize, and execute best practices and opportunities to reduce, reuse, and recycle more materials in our operations.

RECYCLING AND NON-HAZARDOUS WASTE



PEOPLE



Thriving People

We are proud of Donaldson's global culture which helps sustain our ability to deliver leading products and solutions to our customers.



As of July 31, 2023, Donaldson employed more than 13,000 full-time employees. Our diverse, global team, with a broad base of capabilities, cultures, and perspectives, helps us deliver for customers. Every role and individual contribution directly impacts this work.

As our business evolves, ensuring we support our employees is at the heart of how we continue to deliver for our customers. We strive to attract the most capable talent by enabling employees to do their best work and investing in their career growth. Donaldson seeks individuals with various experiences and backgrounds and provides training, an inclusive culture, a safe work environment, and opportunities for growth, helping employees meet their full potential.



EMPLOYEE HEALTH AND SAFETY

Donaldson regards Environmental, Health, and Safety (EHS) excellence as a fundamental value. We continue to show our commitment to excellence by providing safe and compliant workplaces for our employees, visitors, and neighbors. Our EHS Framework empowers our people by providing them with the knowledge and tools needed to identify and mitigate hazards. This is necessary to maintain a safe and environmentally sound workplace. Our framework also acts as a global roadmap to success by providing a set of consistent procedures, policies, and tools to

achieve performance improvements. Last year, we announced our 2030 Ambition related to health and safety. This is our first year reporting on our progress.

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. These events include fatalities, serious injuries, or illnesses related to work involving employees and temporary workers.

FY23 AMBITION PROGRESS

In FY23, we experienced four life-changing events, a slight decrease over FY22. We continue to focus on reducing these events each year toward our goal of achieving zero life-changing events annually.

LIFE-CHANGING EVENTS

Total Fatalities, Serious Injuries or Illnesses

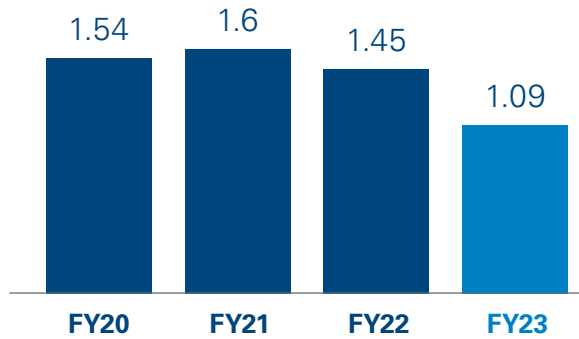
	FY22	FY23
Fatalities (employee and temporary employee)	0	0
Serious injury or illness (hospitalization, amputation or vision loss)	5	4
Life-changing events	5	4

In FY23, Donaldson had 14 facilities certified to the ISO 45001 Occupational Health and Safety management system standard. Each facility has a third-party evaluation of how company policies, procedures, and actions are implemented.

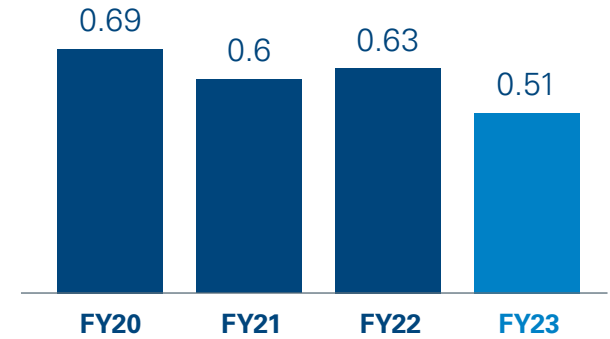
HEALTH AND SAFETY MANAGEMENT

Donaldson’s EHS Policy and Framework are foundational components of our global management system and reflect industry best practices. The EHS Framework outlines our commitments, procedures, training, controls, analysis, and employee involvement. Donaldson identifies and manages exposure to health and safety hazards through established processes and methodologies as we continuously strive to make our workplaces safer. A critical way in which we evaluate the effectiveness of this system is through the collection and review of safety metrics. These aid in identifying underlying causes and are used in communications to prevent future incidents. We are encouraged by our Total Recordable Incident Rate (TRIR) and Lost Workday Incident Rates (LWIR) for FY23.

TOTAL RECORDABLE INCIDENT RATE



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 First Aid.

Safety Awareness

Education and training are essential to ensuring leadership, employees, and visitors have a practical understanding of our safety procedures and requirements, which increases the health and safety systems’ effectiveness. Last year, Donaldson dedicated June as its first Global

Safety Month to broaden safety awareness, make more tools and resources available, and champion conversations around safety. Health and safety is an everyday principle and Global Safety Month amplifies the way we demonstrate the significance for our employees’ well-being.

INCIDENT REPORTING AND CORRECTIVE ACTIONS

The prompt and accurate reporting of environmental, health, and safety incidents is critical to understanding trends and implementing corrective and preventive actions. Cultivating a proactive safety culture is crucial to properly addressing

issues as they arise and supports our long-term ambitions. For example, Donaldson’s facility in Bucaramanga, Colombia, instituted a safety campaign and coordinated a machine risk assessment through a third party in FY22, which led to machine guarding and process upgrades. The subsequent development and implementation of a safety

campaign focused on detecting and preventing workstation hazards has changed mindsets and behaviors; improved safety awareness, morale, and productivity; and significantly reduced incident rates at the facility. Local operations management worked with enterprise EHS leadership to seek prompt incident resolutions with an eye toward long-term solutions.



DIVERSITY, EQUITY, AND INCLUSION (DEI)

We aim to foster a culture in which all employees have the ability to contribute, challenge ourselves, 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 our culture and guide us as we continuously work to build a more diverse, equitable, and inclusive company.

At Donaldson, DEI will continue to evolve and expand to meet the needs of our employees, amplify their voices, and create an environment where differences are celebrated and valued. We achieve this by intentionally shaping our practices, building increased accountability through dedicated leadership, and setting measurable goals. Our 2030 Ambition outlines our aspirations and targets related to DEI.

We believe in having a globally diverse and inclusive culture and we know embracing the uniqueness of each individual drives innovation and helps us exceed customer expectations. 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.



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.

FY23 AMBITION PROGRESS

In FY23, the representation of women in global leadership positions* rose to 22%, an increase of two percentage points from our January 2023 baseline of 20%.

GLOBAL GENDER DIVERSITY

(% of women)	Jan. 2023	FY23
Director and Above *	20%	22%
Managers and Supervisors	28%	29%
Professional Positions	38%	39%
Production Positions	39%	38%
Total Employees	37%	37%

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



FOSTERING AN INCLUSIVE CULTURE

Amplifying Voices

Donaldson is building a more diverse and inclusive workplace by elevating employees' voices through our Diverse Voices campaign, launched in February 2023. During heritage months, employees were asked about their heritage and experiences. The storytelling approach helps to reflect the employee experience. At Donaldson, it is not just about having diverse faces but about ensuring that diverse voices are heard and appreciated.

Volunteer Champions for DEI

DEI Ambassadors are volunteers who champion diversity and inclusion by engaging employees and supporting relevant activities and events. This past year, ambassadors engaged in book clubs, documentary events, Autism Awareness Month, the United Way campaign, and Science for All activities at the Minnesota Science Museum.

DEI Living and Learning

In FY23, Donaldson launched a global DEI learning suite. The suite contains courses to build cultural competency awareness and skills. Each course centers on the importance of DEI for innovation, team building, inclusive leadership, and creating a workplace of belonging and inclusivity.



(Employee participants in their own words)

"I believe having diversity in the workplace is a benefit to everyone as it allows an opportunity for people with different perspectives and strengths to work together. I am happy to see that it is valued at Donaldson."

"When I first joined Donaldson many years ago, I was guided and mentored by many. I think Donaldson already presents a wonderful diverse team, and I am grateful to be part of it."

Additionally, our locations in Latin America held conferences and workshops across seven sites in Mexico and Brazil. In total, 2,000 employees participated and had enlightening conversations about how to apply DEI principles to their work and everyday lives.

EMPLOYEE RECRUITMENT AND RETENTION

Our recruitment and retention efforts focus on hiring, retaining, developing, and promoting employees with diverse capabilities, cultures, backgrounds, and perspectives. Fostering a globally inclusive culture that embraces each individual's uniqueness drives innovation and helps Donaldson better understand and meet the needs of our customers.

RECRUITMENT

Gender Parity and Racial and Ethnic Representation

Donaldson's recruitment strategy is a critical way in which we support our 2030 Ambition to increase the number of women in leadership positions and to improve racial and ethnic representation in global leadership positions. This strategy aims to foster a work culture that reflects the diverse communities we serve. We use online platforms, networking events, strategic partnerships, and referral programs to reach potential candidates and ensure we can access the best talent for our company. To enhance our reputation as an employer of choice, Donaldson has established several champion and ambassador programs, including Women in Manufacturing (WiM), Society for Women Engineers (SWE), Women in Sales Everywhere (WISE), Society of Hispanic Engineers (SHPE), and National Society of Black Engineers (NSBE).





Inclusive Recruitment

Our Talent Acquisition team is intentional about understanding the cultural nuances of different geographies and tailoring recruitment approaches to resonate with local candidates. Those directly involved in recruiting are provided training and skill development courses on hiring practices and effective and inclusive communication. A cross-culture interview preparation guide for hiring managers was also created to help support the attracting and hiring of top global talent.

Emerging Talent

Donaldson has accelerated its efforts with internship programs, including recruiting emerging talent through partnerships with student

groups, high schools, and colleges. Recent college graduates can apply to the Operations Development Associate (ODA) program. This three-year rotational program exposes participants to three diverse manufacturing roles in one or more Donaldson U.S. manufacturing locations. It helps new college graduates expand their skill sets and accelerate their careers in manufacturing, operations, or supply chain leadership.

Competitive Benefits

Donaldson is committed to providing employees a positive total rewards experience throughout their careers. In the United States, where 31% of employees work, our benefits program consists of robust health and welfare, time off, emotional

well-being, and retirement savings plans. As part of this commitment, we provide comprehensive and competitive reward packages based on local market trends and practices.

Employees can be their best at home and work by having physical, emotional, and financial benefits that support their overall well-being. We support these broader needs through benefits like our Employee Assistance Program (EAP), which provides comprehensive resources and confidential support to help navigate the challenges in work and life, including managing stress, improving relationships, and enhancing work-life balance for all employees and their families.

RETENTION

Learning and Growing

To help employees continue to grow and succeed in their careers—while keeping pace with a rapidly changing global marketplace—Donaldson provides multiple learning opportunities and programs, including on-demand eLearning, facilitated training courses, and customized development plans. One of the most popular facilitated trainings in FY23 was Crucial Conversations for Mastering Dialogue, a course that equips employees with powerful skills for working through disagreements to achieve better results.

YOUR VOICE MATTERS

85% of employees would recommend Donaldson as a good place to work.

Communication and Employee Feedback

Donaldson intentionally creates communication channels where employees can provide feedback, helping us identify what we are doing well and understand what we can do better.

In FY23, a Global Spotlight Survey was conducted to gain insights into Donaldson’s newly redesigned operating model. Overall, the results helped the organization gain a clearer perspective on areas of strength and opportunities to improve the employee experience. Qualities of our workplace culture

we evaluated include capability, collaboration, trust, drive, growth, and voice.

To ensure ongoing communication and transparency among employees, town hall meetings are regularly held with company leadership to provide opportunities for two-way communication. These meetings address pertinent questions and update employees on happenings, successes, and organizational changes.

Employee Resource Groups

Employee Resource Groups (ERG) are voluntary, employee-led groups that foster a diverse, inclusive workplace; promote employees’ sense of belonging; and help drive organizational change. This year, planning began for a Donaldson Women in Manufacturing (WiM) ERG and was launched in early FY24. Discussions are ongoing around increasing the number of ERGs and other networks within the organization to improve overall employee engagement and retention. As a Yellow Ribbon company, we also have a veterans group that helps foster engagement and support veterans, active military, and their families.

Founded in 2017 at our Bloomington headquarters, the Women’s Leadership Network began as a resource group for women in leadership roles. The group has an intranet site open to all employees and continues to grow programming to connect, inspire, and empower individuals across the organization.



Town Hall Employee Meeting



International Women’s Day 2023

COMMUNITY IMPACT

Our employees' dedication to helping each other and the communities in which we live and work is ingrained in our culture. In FY23, employees made a difference in both small and large ways. Below are examples of how our team made an impact, striving toward growing our community presence and using our scale for good.

Supporting Families and Communities

Our U.S. employees and retirees have a long history of supporting communities where we live and work through the United Way contributions. The annual United Way campaign is Donaldson's single largest community outreach effort. In FY23, employees and retirees from our Bloomington headquarters raised more than \$300,000 for the annual Greater Twin Cities United Way campaign. Employees from Donaldson plants raised more than \$65,000 for United Way chapters in their communities. The Donaldson Foundation matches individual contributions to make an even more significant impact.

The Hull, U.K., plant supported its neighboring community by purchasing and installing a community defibrillator. The defibrillator is available to local businesses and members of the public living in the immediate area.

Our Nicholasville, Kentucky, team held a drive for bottled water, toiletries, non-perishable items, and cash donations for those impacted by the devastating floods in that state.



Bike MS: MS 150 fundraiser in Minnesota

Bloomington employees and families donated to the annual Family Partnership Backpack Drive, which resulted in 115 supply-filled backpacks for students in need to start their school year.

Promoting Recycling through Giving

In Japan, 257 gently used stuffed animals and toys were donated by employees to NPO MOTTAINAI, a nonprofit organization helping to reduce poverty rates in the country.

Donaldson India donated new and used books and toys to local nonprofit organizations that serve orphans and children in under-resourced communities. Employees in India also donated more than 100 blankets to people experiencing homelessness.

More than 600 Donaldson employees in China donated nearly four tons of clothing for recycling.

Enhancing Green Spaces

In March 2023, our employees in China participated in "Plant Dreams for the Future." The team engaged in tree-planting activities to protect and beautify the environment. This event established a tree-planting base exclusively for



Purchase of defibrillators in Hull, U.K.

Donaldson in Xidong Ecological Park.

Our Dülmen, Germany, team received a community award for their 1.5 hectares flower meadow. The three-year-old project is now home to six beehives, with more than 40,000-60,000 bees active in the meadow. The flowers are seeded annually, providing beautiful scenery for butterflies, bees, our employees, and visitors.

Biking for a Cause

In Haan, Germany, employees participated in a "Come by Bike Day," which encourages biking to work to promote environmental friendliness and reduce carbon dioxide (CO₂) emissions. This location also offers employees bike leasing opportunities to help further the environmental initiative beyond the single event.

Donaldson employees in Minnesota participated in the annual Bike MS: MS 150 to support the National Multiple Sclerosis Society. Team Donaldson was the top Minnesota fundraiser, with more than 200 riders and \$219,000 raised in FY23. Together, we have given almost \$3.7 million for MS since 2002!

DONALDSON FOUNDATION

The mission of the Donaldson Foundation is to impact our communities in a positive way by supporting and investing in education. Giving through the foundation, Donaldson’s primary philanthropic vehicle, exemplifies how we live out our values as an organization. Donaldson has created a 2030 Ambition to define how we intend to increase the foundation’s impact.

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 with a focus on meeting educational needs within Donaldson’s communities.

FY23 AMBITION PROGRESS

In FY23, the Donaldson Foundation distributed \$1.2 million in funds. This funding included grants to organizations, matching funds for U.S. employee gifts to educational institutions, and scholarships for dependents of U.S. employees. This level of funding is in line with our 2030 Ambition giving plan.

For more information on FY23 activities, please see our Foundation’s annual report at donaldson.com/foundation.



Hand to Hand



Northside Child Development Center

Foundation FY23 Highlights

Hand to Hand, a Thai organization that protects and serves populations within under-resourced communities, received a grant of \$11,000. These funds provided free preschool to 20 students, scholarships to more than 90 older children, job training for parents, and free weekly meals for 350 families. Also included was funding for learning materials and equipment to foster Science, Technology, Engineering, and Mathematics (STEM) education.

Jessamine Career and Technology Center, the second-largest local career and technology center in the state of Kentucky, received a grant for \$46,400. This grant was used to purchase welding equipment for students to enhance hands-on learning.



Jessamine Career and Technology Center

The foundation funded a free admission day to the Minnesota Historical Society’s Historic Fort Snelling in Minneapolis. The \$5,500 sponsorship enabled more than 700 people to experience the historic landmark and educational experiences. This was more than double the site’s average daily summer attendance.

Catholic Charities’ Northside Child Development Center, an early childhood education center serving families facing economic challenges in Minneapolis, Minnesota, received a grant for \$20,000. The funding offered space for children with early care and education, while simultaneously providing parents with training on accessing resources, partnering with other organizations, and improving their parenting skills.

GOVERNANCE

Strong governance ensures Donaldson's purpose is achieved in a way that is consistent with our principles and values. This includes acting with integrity and considering our impact on our stakeholders.



CORPORATE GOVERNANCE

Investing in strong corporate governance is critical to ensure we act with integrity by delivering on our commitments and being accountable for our actions. We execute our commitment to integrity by applying high standards of ethics and business conduct across our global operations and with our partners. We have built a strong governance structure that provides transparency and accountability for everyone at Donaldson. We employ rigorous governance practices and policies that guide everything we do, including how we interact with customers, suppliers, governments, investors, communities, and employees. Our code of conduct provides guidance and resources to our employees to help us maintain a workplace of integrity, respect, safety, and excellence.

The oversight roles of the Donaldson Board of Directors, its committees, and company management related to sustainability and climate-related risks and opportunities are discussed in this section.

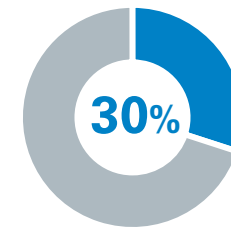


Donaldson’s Board of Directors drives shareholder value and guides our senior leadership team’s strategic business decisions and governance practices. As of the publication of this report, Donaldson has a 10-member board of directors. Tod E. Carpenter, Donaldson’s President and CEO, is chairman, and 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 and Securities and Exchange Commission standards. The board members bring diverse experiences, market knowledge, and background to Donaldson.

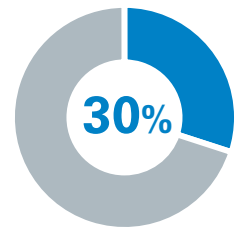
Three of our nine independent directors are women, and three are people of color. The Diversity, Equity, and Inclusion section of this report provides more information about Donaldson’s demographics and diversity ambitions.

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

BOARD OF DIRECTORS

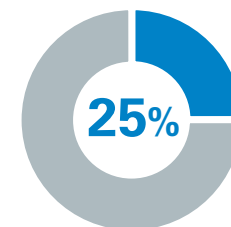


Women

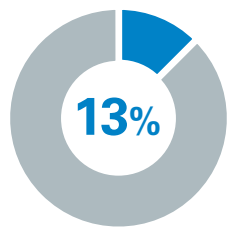


People of color

SENIOR LEADERSHIP TEAM



Women



People of color

Data as of March 2024

SUSTAINABILITY GOVERNANCE

Donaldson’s Board of Directors oversees sustainability and ESG, including climate-related risks and opportunities, which all 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 matters, including disclosure considerations and requirements related to ESG. This includes climate-related risks.
- The **Human Resources Committee** oversees 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 guides sustainability and ESG commitments, investments, efforts, and progress. The steering committee, comprised of executive leadership team members, 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 comprises a group of global, cross-functional leaders from the environmental, health, and safety (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 periodically. 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 leadership team and steering committee.

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 Senior Director of Investor Relations & ESG and the Senior Director of Enterprise Risk Management lead the review of climate-related responsibilities, with oversight by the steering committee.

CYBERSECURITY AND DATA PRIVACY

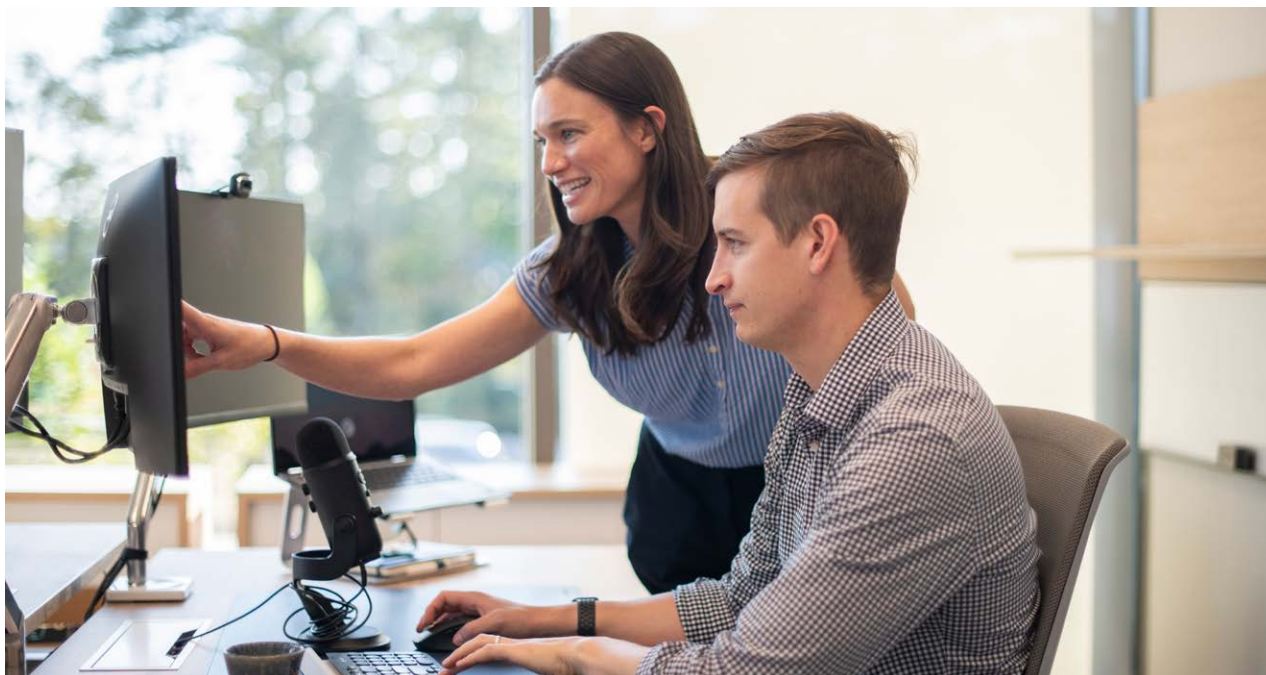
Data and connectivity are essential to Donaldson's operations. Digital information powers our relationships with customers, employees, and suppliers, and protecting this data is critical to our ability to serve all stakeholders.

Audits and Reviews

Donaldson is committed to building a strong cybersecurity and data privacy culture. We take any threat and potential cyberattack seriously. As a global corporation, we 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 updates the Donaldson Board of Directors and its Audit Committee 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 cybersecurity training specific to their roles. Our cybersecurity policies are reviewed annually and consist of administrative, technical, and physical controls. Advanced cybersecurity



technologies enable us to monitor and respond actively 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

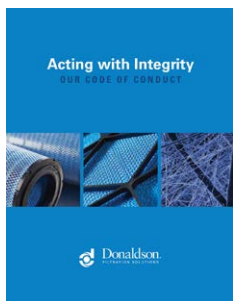
If a cybersecurity incident occurs, Donaldson will deploy emergency response and crisis teams to manage and document the issue using our response plans. These plans have been evaluated through scenario-based practices with updates to the plans as needed. Business continuity plans and disaster recovery 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 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 our privacy program.

CODE OF CONDUCT

The Donaldson Code of Conduct is the foundation for how we work, conduct business, and comply with the law. Our code is in 17 languages and



applies to all employees, including our executive leadership team, board of directors, 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 in which we operate 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, employees are educated on our code and encouraged to report known or suspected violations. All office employees affirm their understanding and adherence to our code.

As part of our compliance program, we conduct annual training for office employees on topics such as our code, a respectful global workplace, securing data information, and protecting data privacy. In FY23, more than 30,000 course assignments pertaining to the code and related topics were successfully completed. In addition to annual Code of Conduct topics, employees are assigned eLearning covering related topics relevant to their location and job responsibilities.

Ways to Speak Up

There are several ways people can speak up if they believe our Code of Conduct has been violated.

1. Accessing Donaldson Business Conduct Helpline at ethics.donaldson.com
2. Speaking to an EthicsPoint operator
3. Completing a mobile-friendly web form
4. Contacting Human Resources, Legal, Compliance, or their manager
5. Using QR codes to access mobile device-friendly resources



Our interactive Living Code microsite hosts videos, learning exercises, and sessions for our employees to deepen their understanding of and compliance with our code. This mobile-friendly, electronic Living Code augments our Code of Conduct policy document and provides employees with an easily accessible resource to reinforce values, policies, and expectations.

A key component of acting with integrity is the ability to speak up and be heard. We strongly urge anyone who has a concern to make a report. For ease and convenience, we provide a variety of different resources. Through Speak Up, a third-party platform, we have multiple ways to help global employees ask questions and raise concerns confidentially, in their language, in good faith, and without fear of retaliation.

Donaldson's independent Audit Committee assists the Board of Directors in fulfilling its oversight of the compliance program, including the Code of Conduct and monitoring reports to the Speak Up Business Conduct Help Line.

When making a business decision for Donaldson, we deal with partners and customers fairly without seeking any personal advantage, follow our Gift and Entertainment Policy, and promptly and fully disclose all personal relationships or other potential conflicts of interest. To help reinforce these concepts, we will conduct a FY24 global Conflict of Interest assessment to confirm employee commitment to this policy. This type of training and engagement often spurs idea-sharing for continuous improvements or provides opportunities to bring concerns forward.

SUSTAINABLE PROCUREMENT

Donaldson expects the companies we work with to share our core values of integrity, respect, and commitment. In keeping with our core values, we are committed to applying high standards of ethics and business conduct to every business relationship we have globally, including our business relationships with suppliers.

We expect our suppliers to conduct business activities within the guidelines of Donaldson’s Supplier Code of Conduct and Sustainability Policy. This policy, combined with the Code of Conduct, outlines our supplier expectations regarding ethics, employment practices, anti-corruption, antitrust, conflicts of interest, information protection, environmental responsibility, health and safety, compliance, quality, and animal welfare.

To verify compliance with these expectations, Donaldson uses tools such as our supplier self-assessments, audits, and business conduct helpline (ethics.donaldson.com). In addition to Donaldson’s internal controls and procedures, these measures discourage and prevent improper conduct. The Supplier Code of Conduct and Sustainability Policy also outlines our expectations for suppliers to comply with all applicable laws and regulations. As we collaborate with our suppliers to meet these expectations, we help ensure our core values and sustainability commitments extend across our supply chain.

As of September 1, 2023, Donaldson added



sustainability to service, quality, and cost as a fourth pillar in our supplier performance evaluation system, known as the Donaldson Buys Value scorecard. Suppliers can earn points by showcasing their commitment to sustainability through EcoVadis or Carbon Disclosure Project assessments, environmental certifications, and engagement in

sustainability initiatives. Our program empowers suppliers to make meaningful contributions to environmental and social responsibility while aligning with our 2030 Ambitions. Suppliers were invited to a training in September that provided an overview of the program changes and included information on how to participate.

LABOR, HUMAN RIGHTS, AND TRADE COMPLIANCE

Human Rights

The Donaldson Human Rights Policy formalizes our commitment to uphold and respect human rights for all people. We are committed to providing safe, compliant, and respectful workplaces at Donaldson. Our values of integrity, respect, commitment, and innovation are fundamental to who we are and guide us as we build a more diverse, equitable, and inclusive work environment where all individuals are valued, respected, and empowered to pursue their full potential.

Our Human Rights Policy addresses environmental responsibility, health and safety, equitable 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 and 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 U.K. Modern Slavery Act, and other applicable laws.



Donaldson supports this commitment to human rights compliance and ethical violations in part through training and the Speak Up business conduct help line.

Conflict Minerals and Materials Compliance

Each new supplier receives and must meet the requirements of Donaldson’s Supplier Code of Conduct and Sustainability Policy, which includes content on 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 or adjoining countries. Donaldson expects our suppliers to provide statements and perform due diligence about the source of any conflict minerals in the materials and products supplied to us.

Global Trade Compliance

Because Donaldson is a U.S.-based company operating worldwide, our policies, processes, and people must conform to applicable import and export laws and regulations as a 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, which are carried out during employee 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

FY23 COMPANY REPORTS

[Annual Report FY23 on Form 10-K](#)

[Proxy Statement 2023](#)

[TCFD Report](#)

[SASB Index](#)

[GRI Index](#)

Reports are available at ir.donaldson.com or on the sustainability page at donaldson.com.

ETHICS AND COMPLIANCE RELATED POLICIES

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

[Code of Conduct](#)

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

[Human Rights Policy](#)

[Environmental, 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](#)

Trademarks

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TCFD REPORT

FISCAL YEAR 2023

The Task Force on Climate-related Financial Disclosures (TCFD) report outlines Donaldson's governance, strategy, risk management, and metrics and targets associated with climate-related risks and opportunities. With the help of a third-party consultant, Donaldson began with the TCFD universe of physical and transition risks and opportunities and prioritized them based on potential impact, likelihood, and stakeholder relevance.

The TCFD framework has been incorporated into our overall governance, risk assessment, and strategy. We will continue to evaluate our position and strategy and increase our readiness for potential physical and transitional risks associated with climate change.

GOVERNANCE

a) Describe the board’s oversight of climate-related risks and opportunities.

The Donaldson Company Board of Directors has oversight of sustainability and Environmental, Social, and Governance (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 for legal, regulatory, and compliance, including disclosure considerations and requirements related to ESG and climate-related risks.

b) Describe management’s role in assessing and managing climate-related risks and opportunities.

Donaldson’s **Executive Leadership Team** has oversight and accountability for the day-to-day management of company risks, including climate-related risks and how they inform overall business strategy. The Sustainability Steering Committee and the Enterprise Risk Management (ERM) Committee provide oversight for management of the company’s climate-related risks.

The **Sustainability Steering Committee** is responsible for guiding sustainability and ESG commitments, investments, efforts, and progress. The steering committee, comprising 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 the overall company strategy and practices.

The **Sustainability Leadership Team** comprises a group of global, cross-functional leaders from the environmental, health, and safety (EHS), finance, human resources, operations, procurement, and sustainability functions. The Sustainability 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 periodic basis. Some Sustainability 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 Executive Leadership 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 for reporting. The Senior Director Investor Relations & ESG and the Senior Director of ERM lead the review of climate-related responsibilities, with oversight from the Sustainability Steering Committee.

STRATEGY

a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

Donaldson performed a climate-related risk and opportunity assessment to identify the priority issues to which the organization is exposed. With the help of a third-party consultant, Donaldson began with the TCFD universe of physical and transition risks and opportunities and supplemented them with insights drawn from peer disclosures, industry research, and internal stakeholder interviews. These risks and opportunities were then prioritized based on potential impact, likelihood, and stakeholder relevance. Three risks and three opportunities were identified for a further qualitative and quantitative scenario analysis.

b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.

Each of the prioritized risks and opportunities was assessed against three of the Intergovernmental Panel on Climate Change’s (IPCC’s) Shared Socioeconomic Pathways (SSPs) and considered over a short (until 2025), medium (2026-2030) and long (2030 to 2050) time horizon. The SSPs considered were an Aggressive Climate Action Scenario (SSP1-2.6), Moderate Climate Action Scenario (SSP2-4.5), and Insufficient Climate Action Scenario (SSP5-8.5). These scenarios and time horizons are described later in the Strategy section on Page 50.

Risk 1

Transition to Alternative Powertrain Technologies May Cause Decreased Demand for Diesel Engine Filtration Products

Risk type: Market

Description: As the world transitions to a low-carbon economy, equipment using conventional carbon-intensive fuels will likely be replaced with alternatives. The shift to alternative powertrain technologies may reduce demand for Donaldson’s diesel engine products, such as engine air or liquid filtration products, provided by our Mobile Solutions segment.

Transition to alternative powertrain technologies in the agricultural, construction and mining machinery, commercial vehicle, and aerospace and defense industries that our Mobile Solutions products support, will likely follow a longer transition pathway when compared to the passenger vehicle market. In the Aggressive and Moderate Climate Action Scenarios, we expect this demand shift from diesel to alternative powertrains to occur in the medium and long term. In the Insufficient Climate Action Scenario, we expect a more modest transition to alternative powertrain technologies, emerging more in the long term.

STRATEGY

a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.

Impact

Time horizon: Medium to long term

Magnitude of potential impact: High

Primary potential financial impact: Decreased revenues due to reduced demand for diesel engine products

Approach

Donaldson continues to invest in research and development to identify technologies, products, and solutions for emerging market segments, such as filtration products for alternative powertrain technologies, to ensure we can maintain or increase our market share in a lower-carbon economy. Alternatives, such as hydrogen fuel cells and electric batteries, represent versatile power solutions as the world moves to reduce its reliance on carbon-intensive energy sources. Donaldson has decades of advanced engineering expertise and proven solutions related to hydrogen fuel cells and electric vehicle batteries that support the efficiency and reliability of zero-emissions vehicles. Our innovative cathode air intake filtration technologies promote system longevity by protecting fuel cell components from harsh contaminants, including dust, water, and chemicals. Donaldson’s expanded polytetrafluoroethylene (ePTFE) membranes are integral to fuel cell proton exchange membranes and help generate electricity by supporting efficient ion transfer within fuel cell electrode assemblies. Our fuel cell and battery vent technologies support the drive to zero emissions mobility by helping protect highly sensitive fuel cell and electric vehicle battery packs.

Beyond our alternative power solutions, Donaldson is continuing to advance into the life sciences industry. These investments hold advantage and help diversify our product offering. Our investments in life sciences will enable us to provide more comprehensive solutions to food and beverage customers and expand our access to biopharma and other key life sciences markets. With a strong pipeline of opportunities for both focused organic growth and acquisitions, we have confidence we can deliver on our strategic priorities while creating value for our stakeholders as the world transitions to a low-carbon economy.

STRATEGY

a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.

Risk 2:
Carbon Pricing Mechanisms

Risk type: Policy and Legal

Description: As more countries consider implementing regulations around the cost of carbon, Donaldson faces risks related to increased operational costs, which may differ across jurisdictions in which we operate. We view these potential regulations as an industry challenge rather than a specific risk to Donaldson. Raw materials and goods such as iron, steel, aluminum, electricity, natural gas, and hydrogen could be subject to additional taxes. These directives also may increase the price of goods Donaldson procures or manufactures.

In the Aggressive Climate Action Scenario, we expect these carbon pricing mechanisms to increase globally, leading to a quicker reduction in the use of carbon-intensive fuels. Under the Insufficient Climate Action Scenario, we expect little to no increase in carbon prices in the short and medium term, with large spikes in the price of carbon in the long term.

Impact

Time horizon: Medium to long term

Magnitude of potential impact: Low to medium

Primary potential financial impact: Increased capital, raw material and operational costs to comply with carbon pricing mechanisms or the need to modify operations and product specifications to decrease the impact of carbon pricing mechanisms

Approach

Donaldson is committed to helping mitigate climate change. We are targeting an absolute reduction of our Scope 1 and 2 GHG emissions by 42% by the end of fiscal year 2030 from a fiscal year 2021 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. By working toward our 2030 Ambition, we believe we can continue mitigating the risk associated with carbon pricing mechanisms. Our GHG reduction ambition and roadmap include executing operational energy efficiency projects to reduce our energy demand and a mix of renewable energy procurement strategies.

STRATEGY

a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.

Risk 3:
Business and Supply Chain Disruptions from Physical Risks

Risk type: Acute and Chronic Physical Risks

Description: Donaldson may see increased business interruption and workforce and service impacts on operations due to climate-related events such as extreme weather events (e.g., floods, heatwaves, and storms). These climate-related risks may also cause supply chain disruptions as severe weather events may hinder the movement of goods, both to our customers and from our suppliers, causing strain on our supply chain, delivery of goods, and overall ability to conduct business. Under the Insufficient, Moderate, and Aggressive Climate Action Scenarios, Donaldson will likely see increased exposure and severity to acute and chronic climate-related physical risks on our global operations and supply chain over the short, medium, and long terms.

Impact

Time horizon: Short, medium, and long term

Magnitude of potential impact: Medium to high

Primary potential financial impact: Decreased revenues and higher costs due to business interruptions and productivity losses

Approach

As the climate changes and severe weather events increase in frequency and severity, Donaldson continuously takes steps to mitigate the risks to operations and supply chain. This assessment has identified priority acute and chronic physical risks to Donaldson’s operations and suppliers. We continue to build contingency plans at manufacturing facilities to increase our ability to provide customers with our products during disruptions from extreme weather events. As part of our risk management process, we consider the concentration of our suppliers’ locations and exposure to physical risks to gain insight into additional related risks to our supply chain. We also have built redundancies in our supply chain and made strategic investments in our inventory so we may continue procuring the materials needed to manufacture our products.

STRATEGY

a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.

Opportunity 1:
Increased Demand for Alternative Power Solutions

Opportunity type: Markets, Products and Services, Resilience

Description: As the world transitions to a low-carbon economy, our customers will look to Donaldson to provide filtration solutions for alternative powertrain technologies. Donaldson has a tremendous opportunity to grow in this new market by providing filtration products to support alternative powertrains, namely in hydrogen fuel cell and battery venting applications. By becoming the filtration provider of choice for these emerging technologies, Donaldson can maintain a high market share in mobile filtration solutions to support revenues.

Under the Aggressive Climate Action Scenario, we expect this market for alternative powertrain filtration products to emerge in the medium term. The market may take longer to mature under the Moderate and Insufficient Climate Action Scenarios due to decreased regulatory incentives and mandates and customers taking longer to develop these technologies to commercial scale. Donaldson has already developed product solutions for multiple alternative powertrain technologies and will continue to monitor the evolving landscape to meet the demands of our customers.

Impact

Time horizon: Medium to long term

Magnitude of potential impact: High

Primary potential financial impact: Revenues and market share from increased sales on alternative powertrain technologies

Approach

Donaldson continues to invest in research and development to identify technologies, products, and solutions for emerging market segments, such as filtration products for alternative powertrain technologies. Donaldson’s product offerings in this space already include fuel cell air intake filtration, proton exchange membranes, and fuel cell and battery vents. Through the continuous planned expansion of products in the alternative powertrain market, Donaldson is preparing to capitalize on the opportunity emerging from the transportation sector to transition away from conventional carbon-intensive fuels.

STRATEGY

a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.

Opportunity 2:

Cost Savings Due to Improved Operational Energy Efficiency and Increased Procurement of Renewable Energy

Opportunity type: Resource Efficiency and Energy Source

Description: Donaldson has an opportunity for cost savings as we reduce our energy consumption as part of our GHG reduction goal. As we advance our renewable energy procurement strategy to reduce our GHG emissions, we will work to develop a portfolio of sources that can potentially deliver a predictable cost for renewable energy. Under the Aggressive and Moderate Climate Action Scenarios, Donaldson expects to see increasing returns on investments made to reduce energy consumption through the medium and long term. These scenarios also incorporate a faster transition to a majority use of renewable energy, and transition risks are greater as companies face reputational risks based on increased climate action expectations. In the Insufficient Climate Action Scenario, the global economy may see increased costs of resources such as electricity and other fuels as changes in climate increase the need for fuels and electricity to maintain the heating and cooling of buildings during extreme weather events.

Impact

Time horizon: Short to medium term

Magnitude of impact: Low to medium

Primary potential financial impact: Increased returns on efficiency investments and ongoing reduction of operating costs due to reduced energy consumption

Approach

Donaldson’s GHG reduction ambition and roadmap include executing operational energy efficiency projects to reduce energy demand. In FY23, we continued making progress against opportunities identified in our energy efficiency assessment. Each Donaldson facility’s annual energy reduction goal aligns with our emission reduction roadmap. The speed and scale at which Donaldson can incorporate energy efficient improvements will determine cost savings.

STRATEGY

a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.

Opportunity 3:
Increased Demand for Climate-friendly Filtration Products

Opportunity type: Market

Description: Customers may increasingly search for lower carbon products, and Donaldson may see increased market share if we can incorporate and market the environmentally preferred attributes of our product offerings. From our analysis, we may see markets for these products emerge in the medium term under the Aggressive and Moderate Climate Action Scenarios, with the markets maturing in the long term. These markets may take longer to emerge in the Insufficient Climate Action Scenario, with more demand in the long term.

We expect to see increased demand across all considered climate scenarios for industrial products, especially filtration products for natural gas applications. This demand could peak in the medium term for the Aggressive Climate Action Scenario as coal and oil applications are replaced with natural gas before eventually moving toward cleaner energy sources. Under the Moderate Climate Action Scenario, we expect demand for industrial filtration products related to natural gas to peak later, moving toward the longer term. Finally, under the Insufficient Climate Action Scenario, we expect demand for such products to continue increasing through the long term.

Impact

Time horizon: Medium to long term

Magnitude of potential impact: Low to medium

Primary potential financial impact: Increased revenues

Approach

Donaldson offers products that help our customers manage their environmental impacts and reach their sustainability goals. Further, Donaldson invests in research and development to continue our long history of innovating products to help customers achieve their environmental goals. Such investments are evidenced by our life science and food and beverage acquisitions. These investments will enable us to continue providing products with climate-related benefits.

STRATEGY

c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Donaldson assessed the potential impacts of climate-related risks and opportunities through scenario analysis, examining three time horizons and three climate scenarios. The time horizons are short (until 2025), medium (2026-2030), and long (2030-2050). The scenarios use information consistent with the Intergovernmental Panel on Climate Change’s (IPCC’s) Shared Socioeconomic Pathways (SSPs). These scenarios are:

- **Aggressive Climate Action Scenario:** This scenario is consistent with the IPCC’s SSP1-2.6, assuming an average global temperature increase of 1.7°C from 2041-2060 and 1.8°C from 2081-2100 compared to the preindustrial age. This scenario is characterized by ambitious global collaboration by governments, society, and industry toward climate-related commitments, laws, and regulations determined to reduce GHG emissions and negative environmental impacts. These measures could intensify transitional changes like new regulations for Donaldson. The rapid reduction of GHG emissions is expected to lead to lower climate-related events or physical risks in the long term.
- **Moderate Climate Action Scenario:** This scenario is consistent with IPCC’s SSP2-4.5, assuming an average global temperature rise of 2°C from 2041-2060 and 2.7°C from 2081-2100 compared to the preindustrial age. This scenario is characterized by moderate emissions reductions and consistent application of laws and provisions among governments. The moderate pace of action is expected to result in a slower pace of emissions reductions and higher frequency and intensity of physical risks, severe ecosystem and biodiversity loss, and large reduction of available agricultural lands.
- **Insufficient Climate Action Scenario:** This scenario is consistent with the IPCC’s SSP5-8.5, assuming an average global temperature increase of 2.4°C from 2041-2060 and 4.4°C from 2081-2100 compared to the preindustrial age. This scenario is characterized by less ambitious emissions reductions and a wide range of laws and provisions across the globe. The lack of action is expected to result in the slowest pace of emissions reductions and highest frequency and intensity of physical risks and severe ecosystem and biodiversity loss.

Donaldson’s priority climate-related risks and opportunities impact Donaldson in various ways over the time horizons and scenarios considered. We believe we are well-positioned to mitigate the risks and seize the opportunities across the evaluated scenarios discussed above. Donaldson will consider the quantitative and qualitative results of the scenario analyses as we continue to evaluate our position and strategy, always with the mission of advancing filtration for a cleaner world.

RISK MANAGEMENT

a) Describe the organization’s processes for identifying and assessing climate-related risks.

The ERM Committee monitors the risk environment for Donaldson and provides direction for activities to mitigate, to an acceptable level, the risks, including climate-related risks, that may impair our ability to achieve our goals. The committee facilitates ongoing identification of key climate-related risks and continuous improvement capabilities for managing those risks.

The ERM Committee meets periodically and is composed of the Chief Executive Officer, Chief Financial Officer, Chief Legal Officer, and other key members of leadership, which represent global business and functional areas. The composition of the ERM Committee is intended to provide a broad knowledge of operations, strategy, and sensitivity to the management of key risks, including climate-related risks, and related events that could significantly impair our ability to meet our goals.

A cross-functional TCFD group, which included external advisors, was formed to advance the identification and assessment of climate-related risks and opportunities. The group’s efforts are intended to improve our capability for identifying and managing climate-related risks and enhance company ERM and strategy-setting processes.

b) Describe the organization’s processes for managing climate-related risks.

Climate-related risks are identified and monitored through the ERM process and at the business unit level, with the management of the specific risks occurring at the business unit level as part of our normal strategy setting process. The process includes oversight and support from the Sustainability Steering Committee and Executive Leadership Team as noted in the Governance section.

c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.

Climate-related risks are managed as part of the company’s overall process for management of key business risks. Business units have primary responsibility for identifying and managing risks, including climate-related risks, while the ERM Committee monitors risk management activities through periodic reviews. The Board of Directors has responsibility for the oversight of risk management and, either as a whole or through its committees, regularly discusses with management the company’s risk assessments and risk management procedures and controls. Further integration and planning of climate-related risks into overall risk management is ongoing.

METRICS AND TARGETS

a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

Donaldson is committed to helping mitigate climate change and operating sustainably. We continue to make investments, refine practices, and prioritize climate action to reduce GHG emissions across our operations and facilities through renewable energy investments and energy efficiency improvements.

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 plants, distribution facilities, and regional headquarters, excluding standalone country headquarters, sales offices, and small warehouses.

b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.

GHG EMISSIONS SUMMARY

	FY23
Scope 1 (mt CO ₂ e)	23,797
Scope 2 location-based (mt CO ₂ e)	81,758
Scope 2 market-based (mt CO ₂ e)	66,879
Scope 3	Donaldson does not currently track or report Scope 3 GHG emissions.

c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

Donaldson’s sustainability strategy – Filtration for a Thriving Future – establishes a set of 2030 Ambitions, including a GHG emissions reduction target. We are targeting an absolute reduction of our Scope 1 and 2 GHG emissions by 42% by the end of fiscal year 2030 from a fiscal year 2021 baseline. This ambition, along with an execution roadmap, is science-based and aligns with the Intergovernmental Panel on Climate Change (IPCC) 1.5°C global warming scenario.

This target was established in fiscal year 2022 by a cross-functional team of operations, procurement, sustainability, and EHS leaders. The group engaged with external subject matter experts to develop a long-term carbon reduction strategy and detailed execution roadmap. The 2030 GHG emissions reduction target, strategy, and execution plan positions Donaldson to make the necessary investments to help manage climate-related risks.

SASB INDEX



The International Sustainability Standards Board (ISSB) of the IFRS Foundation is responsible for maintaining the SASB Standards. Donaldson reports against the Industrial Machinery and Goods standards defined by SASB’s Sustainable Industry Classification System (SICS). The information in the report is based on data for fiscal year 2023.

Topic	Metric	Units	Code	Response
Energy Management	Total Energy Consumed	Gigajoules (GJ)	RT-IG-130a.1	1,092,082 GJ
	Percentage grid electricity	Percentage (%)	RT-IG-130a.1	51%
	Percent renewable	Percentage (%)	RT-IG-130a.1	7%
Employee Health and Safety	Total Recordable Incident Rate (TRIR)	Rate	RT-IG-320a.1	TRIR = 1.09*
	Fatality Rate	Rate	RT-IG-320a.1	Fatality Rate = 0*
	Near Miss Frequency Rate (NMFR)	Rate	RT-IG-320a.1	Donaldson incorporates near-miss as a leading indicator within our sites locally and emphasizes the importance of reviewing all work-related health and safety incidents, including near misses.
Fuel Economy and Emissions in Use Phase	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles	Gallons per 1,000 ton-miles	RT-IG-410a.1	Not applicable to Donaldson
	Sales-weighted fuel efficiency for non-road equipment	Gallons per hour	RT-IG-410a.2	Not applicable to Donaldson
	Sales-weighted fuel efficiency for stationary generators	Watts per gallon	RT-IG-410a.3	Not applicable to Donaldson
	Sales-weighted emissions of: (1) nitrogen oxides, and (2) particulate matter for: (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium- and heavy-duty engines, and (d) other non-road diesel engines.	Grams per kilowatt-hour	RT-IG-410a.4	Not applicable to Donaldson
Remanufacturing Design and Services	Revenue from remanufactured products and remanufacturing services	Reporting currency	RT-IG-440b.1	Donaldson does not have revenue from the remanufacturing of its products.

* Reflects employees and temporary employees.

Topic	Metric	Units	Code	Response
Material Sourcing	Description of the management of risks associated with the use of critical materials	N/A	RT-IG-440a.1	

Donaldson’s procurement operations span worldwide to acquire goods and services essential for our manufacturing processes, focusing on critical categories such as media, metals, plastics, and adhesives. We prioritize responsible procurement practices, risk management, and sustainability across our global operations:

- **Supplier Onboarding:** We enforce stringent onboarding processes, ensuring suppliers align with our values and sustainability commitments.
- **Conflict Minerals Review:** We engage third-party consultancies to assess suppliers’ compliance with material regulations and maintain ethical sourcing practices.
- **Price Agreements:** We use index agreements to help stabilize costs and mitigate financial risks associated with price fluctuations.
- **Risk Mitigation:** Our robust process identifies and addresses supply disruptions, exploring alternative sources and validated locations to maintain operational continuity.
- **Donaldson Buys Value:** We measure supplier performance based on cost, quality, service, and sustainability criteria, supporting underperforming suppliers to improve their operations.
- **Sustainable Procurement Program:** Launched in 2023, this program incentivizes suppliers to prioritize sustainability through assessments and engagement in eco-friendly initiatives, aligning with our long-term ambitions and priorities.

These initiatives underscore our dedication to reliability, integrity, and sustainability throughout our supply chain operations.

Activity Metric	Units	Code	Response
Number of units produced by product category	Number	RT-IG-000.A	Proprietary
Number of employees	Number	RT-IG-000.B	13,000* full-time employees

* As of July 31, 2023.

GRI INDEX

Donaldson has reported the information cited in this GRI content index for the period August 1, 2022, to July 31, 2023, with reference to the GRI Standards.

GRI Standard	Disclosure Title	Response / Reference
2-1	Organizational details	Donaldson Company, Inc. is a publicly traded company listed on the New York Stock Exchange. Corporate headquarters are located in Bloomington, Minnesota, USA. About Donaldson (Page 5) , FY23 Annual Report on Form 10-K
2-2	Entities included in the organization's sustainability reporting	FY23 Annual Report on Form 10-K
2-3	Reporting period, frequency, and contact	Donaldson Company, Inc. reports annually in accordance with our fiscal year. Email sustainability@donaldson.com with questions about this report. About This Report (Page 2)
2-4	Restatements of information	None
2-5	External assurance	We have not sought external assurance at this time.
2-6	Activities, value chain, and other business relationships	FY23 Annual Report on Form 10-K , 2023 Proxy Statement
2-7	Total employees	FY23 Annual Report on Form 10-K
2-8	Total workers who are not employees	FY23 Annual Report on Form 10-K
2-9	Governance structure and composition	FY23 Annual Report on Form 10-K , 2023 Proxy Statement
2-10	Nomination and selection of the highest governance body	FY23 Annual Report on Form 10-K , 2023 Proxy Statement
2-11	Chair of the highest governance body	FY23 Annual Report on Form 10-K , 2023 Proxy Statement
2-12	Role of the highest governance body in overseeing the management of impacts	FY23 Annual Report on Form 10-K , 2023 Proxy Statement ,
2-13	Delegation of responsibility for managing impacts	FY23 Annual Report on Form 10-K , 2023 Proxy Statement ,

GRI Standard	Disclosure Title	Response / Reference
2-14	Role of the highest governance body in sustainability reporting	Sustainability Report (Pages 34-35)
2-15	Conflicts of interest	Code of Conduct , Sustainability Report (Page 37)
2-16	Communication of critical concerns	FY23 Annual Report on Form 10-K , 2023 Proxy Statement , Sustainability Report (Pages 37)
2-17	Collective knowledge of the highest governance body	2023 Proxy Statement
2-18	Evaluation of the highest governance body's performance	2023 Proxy Statement
2-19	Remuneration policies	2023 Proxy Statement
2-20	Process to determine remuneration	2023 Proxy Statement
2-21	Annual total compensation ratio	2023 Proxy Statement
2-22	Statement on sustainable development strategy	Sustainability Report (Pages 6-8)
2-23	Policy commitments	Code of Conduct , Human Rights Policy , Sustainability Report (Page 40)
2-24	Embedding policy commitments	Code of Conduct , Human Rights Policy , Sustainability Report (Page 40)
2-25	Processes to remediate negative impacts	Code of Conduct , Human Rights Policy , Sustainability Report (Page 40)
2-26	Mechanisms for seeking advice and raising concerns	Code of Conduct
2-27	Compliance with laws and regulations	Code of Conduct , Sustainability Report (Pages 40)
2-28	Membership associations	Donaldson partners with many organizations, including industry partners, governments, and nongovernmental organizations, as we pursue our sustainability ambitions. We make reference to key partnerships in the Sustainability Report.
2-29	Approach to stakeholder engagement	Sustainability Report (Pages 6)

GRI Standard	Disclosure Title	Response / Reference
3-1	Process to determine material topics	Sustainability Report (Pages 6)
3-2	List of material topics	Sustainability Report (Pages 6)
3-3	Management of material topics	Sustainability Report (Pages 6)
201-1	Direct economic value generated and distributed	FY23 Annual Report on Form 10-K
201-2	Financial implications and other risks and opportunities due to climate change	TCFD Report (Page 41)
201-3	Defined benefit plan obligations and other retirement plans	FY23 Annual Report on Form 10-K
201-4	Financial assistance received from government	FY23 Annual Report on Form 10-K
203-1	Infrastructure investments and services supported	FY23 Annual Report on Form 10-K
203-2	Significant indirect economic impacts	FY23 Annual Report on Form 10-K
204-1	Proportion of spending on local suppliers	FY23 Annual Report on Form 10-K
205-1	Operations assessed for risks related to corruption	FY23 Annual Report on Form 10-K , Code of Conduct , Supplier Code of Conduct and Sustainability Policy
205-2	Communication and training about anti-corruption policies and procedures	FY23 Annual Report on Form 10-K , Code of Conduct , Supplier Code of Conduct and Sustainability Policy
205-3	Confirmed incidents of corruption and actions taken	FY23 Annual Report on Form 10-K , Code of Conduct , Supplier Code of Conduct and Sustainability Policy
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	FY23 Annual Report on Form 10-K , Code of Conduct
302-1	Energy consumption within the organization	Sustainability Report (Pages 18-21) , CDP Response (FY23 data published after Sustainability Report)
302-2	Energy consumption outside of the organization	Sustainability Report (Pages 18-21) , CDP Response (FY23 data published after Sustainability Report)

GRI Standard	Disclosure Title	Response / Reference
302-3	Energy intensity	Sustainability Report (Pages 18-21) , CDP Response (FY23 data published after Sustainability Report)
302-4	Reduction of energy consumption	Sustainability Report (Pages 18-21) , CDP Response (FY23 data published after Sustainability Report)
303-1	Interactions with water as a shared resource	Sustainability Report (Pages 22)
303-2	Management of water discharge-related impacts	Sustainability Report (Pages 22)
303-3	Water withdrawal	Sustainability Report (Pages 22)
305-1	Direct (Scope 1) GHG emissions	Sustainability Report (Pages 18-21) , CDP Response (FY23 data published after Sustainability Report)
305-2	Energy indirect (Scope 2) GHG emissions	Sustainability Report (Pages 18-21) , CDP Response (FY23 data published after Sustainability Report)
305-3	Other indirect (Scope 3) GHG emissions	Not available for disclosure at this time.
305-4	GHG emissions intensity	Sustainability Report (Pages 18-21) , CDP Response (FY23 data published after Sustainability Report)
305-5	Reduction of GHG emissions	Sustainability Report (Pages 18-21) , CDP Response (FY23 data published after Sustainability Report)
305-6	Emissions of ozone-depleting substances (ODS)	CDP Response (FY23 data published after Sustainability Report)
305-7	Energy consumption outside of the organization	CDP Response (FY23 data published after Sustainability Report)
306-1	Waste generation and significant waste-related impacts	Sustainability Report (Pages 22)
306-2	Waste by type and disposal method	Sustainability Report (Pages 22)
306-3	Waste generated	Sustainability Report (Pages 22)
306-4	Waste diverted from disposal	Sustainability Report (Pages 22)

GRI Standard	Disclosure Title	Response / Reference
403-1	Occupational health and safety management system	Sustainability Report (Pages 24-25)
403-2	Hazard identification, risk assessment, and incident investigation	Sustainability Report (Pages 24-25)
403-3	Occupational health services	Sustainability Report (Pages 24-25)
403-4	Worker participation, consultation, and communication on occupational health and safety	Sustainability Report (Pages 24-25)
403-5	Worker training on occupational health and safety	Sustainability Report (Pages 24-25)
403-6	Promotion of worker health	Sustainability Report (Pages 24-25)
403-8	Workers covered by an occupational health and safety management system	Sustainability Report (Pages 24-25)
403-9	Work-related injuries	Sustainability Report (Pages 24-25)
403-10	Work-related ill health	Sustainability Report (Pages 24-25)
404-2	Programs for upgrading employee skills and transition assistance programs	Sustainability Report (Pages 29)
405-1	Diversity of governance bodies and employees	Sustainability Report (Pages 34-35)
408-1	Operations and suppliers at significant risk for incidents of child labor	Supplier Code of Conduct and Sustainability Policy , Human Rights Policy
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Supplier Code of Conduct and Sustainability Policy , Human Rights Policy
413-1	Operations with local community engagement, impact assessments, and development programs	Sustainability Report (Pages 31-32)
414-1	New suppliers that were screened using social criteria	Supplier Code of Conduct and Sustainability Policy , Supplier Self-Assessment



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