



Environmental,
Social and
Governance
Report

2021



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A MESSAGE FROM MARK SHEAHAN

Dear Stakeholders,

We are proud to be a worldwide leader in fluid handling equipment. Being a leader means that we hold ourselves to the highest standards of conduct.

Graco's employees work together to design and manufacture best-in-class products that meet our customers' needs, strengthen our Company and enable us to have a positive impact on our communities. With nearly a 100 year track record, we continue to drive towards a sustainable long-term future for all our stakeholders.

Graco's core values govern all aspects of our business practices. This first Environmental, Social and Governance (ESG) report highlights our history and the work we continue to do in these areas. All of our activities include a sharp focus on the people who power our Company's mission and the communities where we do business.

Historically, we have always been an organization that prioritizes resource efficiency, people, productivity and ethics. As such, much of the work highlighted in this report is not new to Graco. This report is a first step in sharing our efforts and results transparently with our stakeholders as we bring additional focus and continuous improvement to our ESG performance.

With oversight from our Board of Directors, Graco has established a cross-functional ESG committee, begun building our ESG data collection capacity and conducted a materiality assessment to help prioritize our efforts. We look forward to sharing our continued progress in future reports.

Regards,

Mark Sheahan

President and Chief Executive Officer



ABOUT GRACO

Graco manufactures and markets equipment to move, measure, control, dispense and spray a wide variety of fluid and powder materials. We provide an unwavering commitment to technical excellence, world-class manufacturing and A+ Service. Headquartered in Minneapolis, Minnesota, Graco has been operating for nearly 100 years. We are recognized as an industry leader, serving customers around the world in the manufacturing, processing, construction and maintenance industries.

Graco's ongoing investments in fluid management and controls continue to provide innovative solutions to a diverse global market.

Our Mission

Our mission is to generate sustained profitable growth that benefits our customers, employees, shareholders and communities. We will be the world's leading supplier of fluid management equipment and systems in the markets where we participate. To accomplish this mission, Graco's long-term growth strategies are as follows:

- ▶ Invest in New Products
- ▶ Target New Markets
- ▶ Expand Globally
- ▶ Pursue Strategic Acquisitions

The Graco Promise

Graco's core values directly benefit our customers, employees, shareholders and communities:

- ▶ Quality
- ▶ Continuous Improvement
- ▶ Fact-based Decision-making
- ▶ Results Driven
- ▶ Customer Focus

We are committed to delivering innovation, quality and A+ Service to every customer, every time.

By the Numbers

3,800

Employees

80%

Production based
in the U.S.

100+

Countries Served

30,000

Outlets or
Distributors

Financial Returns for Fiscal Year 2021

Record sales of
\$1.99 billion

Record diluted
earnings per
share of \$2.52

Record level of capital
investment of \$134 million

Dividends paid per
share increased 7.1%

(Our 22nd consecutive annual increase)

Our Commitment to ESG

We are dedicated to doing the right thing — always. We use our resources wisely to reduce our impact on the environment. We contribute to the well-being of our employees and our communities. And, we are deeply committed to operating with integrity and in compliance with all relevant laws and regulations.

We recognize that our business impacts a broad range of stakeholders, each of whom we depend upon. We thrive when our customers, our employees and our communities thrive.

Our Approach



Our Decision-making

- ▶ We focus on decision-making that is long term and fact based.
 - ▶ We're committed to making ethical decisions and following applicable environmental laws.
-



Designing Products and Processes Together

- ▶ We improve our environmental practices as a team.
 - ▶ We value innovation and efficiency.
-



Sustainable Operations

- ▶ We continuously improve our manufacturing operations with long-term sustainability in mind.
-



Supporting our Customers

- ▶ We design products that help our end users reduce their environmental footprint.
 - ▶ We serve industries making strides for the future of the environment.
-



Doing the Right Thing

- ▶ We strive to do the right thing for our partners, employees and the communities where we work.
- ▶ We aim to conduct our business for the benefit of all of our stakeholders.

Our Approach to ESG Reporting

We are pleased to present Graco's first ESG report. Graco has a long track record of operating with a focus on efficiency, resource conservation, care of our employees and communities, and ethical management. In recent years, we have begun to formalize the process of evaluating and transparently reporting on how we operate and our impact on society and the world. In 2018, we established a cross-functional ESG Steering Committee to coordinate a companywide approach to managing these efforts.

In preparing this report, we considered a number of established ESG frameworks, including the Sustainability Accounting Standards Board (SASB), the Task Force on Climate-related Disclosures (TCFD), the United Nations Sustainable Development Goals (UN SDGs) and the Global Reporting Initiative (GRI). Given the rapidly evolving state of these frameworks and overall stakeholder expectations, we will continue to evaluate how best to approach our alignment to specific frameworks beyond this inaugural report.

The baseline data in this report reflects Graco's fully-owned global operations, unless otherwise noted, during calendar year 2021. This first report lays the groundwork for reporting in future years.

Material Topics

For nearly 100 years, understanding the unique needs of our customers, investors, employees and communities has been a key driver of Graco's success. To deepen and expand this understanding, we completed our first ESG-focused materiality assessment, aimed at identifying the most pressing issues for our stakeholders and our business overall. The findings are helping us prioritize both our reporting and disclosure on ESG topics, as well as the actions we take moving forward.

The materiality assessment began by narrowing the universe of ESG issues to a streamlined list of topics in consultation with a range of internal experts and based on industry standards and frameworks, existing practices and benchmarking peer companies. Once the topics were narrowed, we conducted a series of interviews and benchmarking analyses to evaluate the importance of those topics for key groups of stakeholders including investors, employees, Graco's Board of Directors, customers, suppliers, peers and the communities where we live and work. This report includes information on each of these priority topics.

| | Topic | Report Section |
|---------------|-------------------------------------|-----------------------------|
| Environmental | Energy Efficiency | Protecting the Environment |
| | Climate Change | Protecting the Environment |
| | Recycling | Protecting the Environment |
| Social | Product Quality and Safety | Making Products that Matter |
| | Workplace Health and Safety | Caring for People |
| | Customer Relationship and Retention | Making Products that Matter |
| | Employee Engagement and Well-being | Caring for People |
| | Diversity and Inclusion | Caring for People |
| | Data and Cybersecurity | Operating with Integrity |
| Governance | Corporate Governance | Operating with Integrity |
| | Responsible Sourcing | Operating with Integrity |
| | Cybersecurity and Data Privacy | Operating with Integrity |
| | Business Ethics and Integrity | Operating with Integrity |

MAKING PRODUCTS THAT MATTER

Products Designed to Support ESG

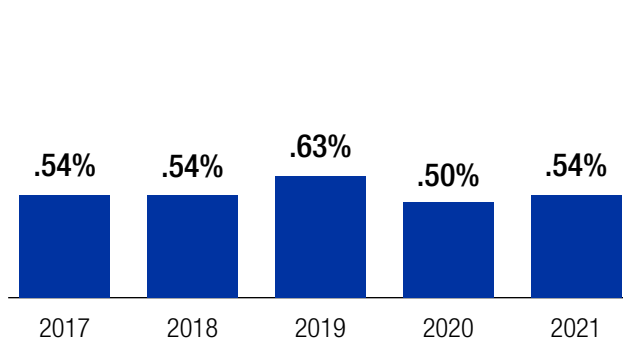
Graco products are engineered to help our end users move, measure, mix, control, dispense and spray everything from peanut butter and oil to paint and glue. As we have done for nearly 100 years, we continually look for ways to innovate, improve and expand our product lines to offer better solutions for our customers. And many of the qualities that make our products superior for our customers are also aligned with ESG values. For example, our focus on designing products for energy and materials efficiency helps to conserve natural resources throughout the entire product life cycle.

Investing in innovation is a core part of our approach. In 2021, we invested 4 percent of our net sales in research and development to support a continued focus on designing and offering products that are durable and repairable, while also saving energy and materials. In addition, our emphasis on building products that are durable and long lasting helps support the movement towards a more circular economy. A key metric we use to track how we are doing on quality is warranty costs — and our goal is to keep these costs well below 1 percent of our net sales, which reinforces our drive to build products that last.



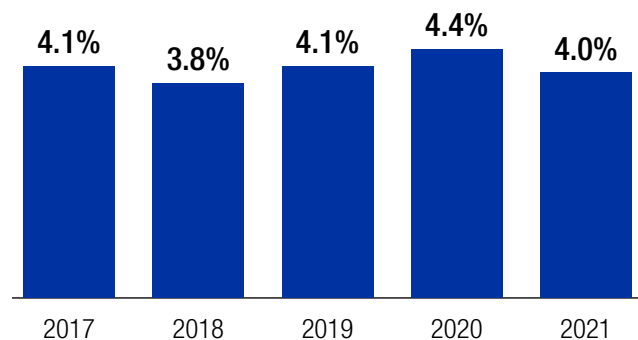
Warranty Expense

As a percentage of net sales



Research and Development Spending

As a percentage of net sales



Moving Toward Electrification

Graco's product development teams are focused on designing more products powered by electricity. This shift towards electrification is part of a global trend that has many benefits, including contributing to the transition to a lower carbon future and lower overall energy consumption. As a result, it will be a key component of achieving global emissions goals across the economy. The drive toward electrical-powered equipment also offers opportunities to improve the efficiency, noise levels, performance, production, control and flexibility of our products.

As energy sources shift towards more electrical usage, Graco is also increasing the use of DC (direct current) power, mostly through batteries that can be recharged. Offering products powered by rechargeable batteries allows Graco to give our customers increased portability that supports flexibility and operational efficiencies along with improved noise levels for workers and communities.



LineLazer ES and LineDriver ES

Graco manufactures a lineup of battery powered products for line striping in the LineLazer ES 1000, LineLazer V ES 2000 and LineDriver ES. With no engine emissions, these battery powered strippers and propulsion systems not only benefit the operator but also benefit the environment. In addition to this, battery power means much lower noise and vibration — which benefit the operator and the local surroundings where the equipment is operated. For these reasons, Graco's LineLazer ES and LineDriver ES are quickly becoming the preferred products of professional striping contractors around the world.



Husky 3300e EODD Pump

The Husky 3300e is the market's first Electric Operated Double Diaphragm (EODD) Pump that truly operates like a standard pneumatic diaphragm singular pump. The pump can be used with nearly every industrial and hygienic fluid application — from paint and chemicals to food, personal care and pharmaceuticals. Powered by electricity, it consumes up to 80 percent less electricity than traditional pneumatic pumps that rely on expensive compressed air for operation. The pump also operates quietly compared to a pneumatic pump, significantly reducing noise pollution and resulting in a safer, healthier work environment.

ESG Benefits of Graco Products



Energy Efficient

Using less energy reduces energy costs and helps decrease greenhouse gas emissions.



Materials Efficient

Precisely controlling the application of fluids conserves resources and prevents spills.



Quality

Building quality into every product ensures longevity, reliability and performance. The repairability of our products helps to conserve valuable resources involved in production and reduces life cycle impacts.

Increasing Transfer Efficiency

One important way that Graco's product development teams help customers improve their environmental performance across a variety of product lines is by improving transfer efficiency or decreasing the amount of overspray. Transfer efficiency refers to the amount of overall product, such as paint or coating material, that is used in an application compared to the amount of that paint or coating material that adheres to the surface. Improving the transfer efficiency decreases the amount of product wasted, while also decreasing volatile organic compounds (VOCs), energy use and other emissions.

For example, Graco's electrostatic spray guns offer significant improvements in transfer efficiency versus conventional spray guns by more than two times, from 20-40 percent to 80-90 percent.



ProBell® Rotary Atomizer

Graco's ProBell Rotary Atomizers offer high performance spraying for automated industrial finishing. Superior paint atomization provides high transfer efficiency and precision spraying with a wide range of robots or reciprocators. This innovative approach to shaping air delivers paint to the part with precision spray patterns. Paired with electrostatic technology, ProBell achieves up to 95 percent transfer efficiency, preventing waste and saving material costs. All components are made of high-quality, durable materials for safe, trouble-free operation.



Gema OptiFlex® Pro F

Graco's wholly owned subsidiary, Gema Switzerland, is a leading supplier of electrostatic powder coating systems and equipment. Environmental benefits of powder coating include lower emissions, negligible volatile organic compounds (VOCs) and less waste because it offers a high level of precision, and unused powder is recyclable. Unique to the market, the OptiFlex Pro F is a manual powder coating system that includes the OptiSelect gun with PowerBoost technology. PowerBoost technology applies a high voltage charge to powder, providing higher transfer efficiency and productivity that save customers time, energy and resources.



Product Durability

Graco products are proven to last. Our A+ Service philosophy has the end user in mind, embedding efficient maintenance and repairability. As a result, our products last for many generations. These longer life cycles contribute to a circular economy through the conservation of energy, materials and water.

A 1956 Fire-Ball grease pump is still in use at a recycling and energy center in Minnesota. "We don't use anything but Graco for the obvious reasons — longevity and [they're always] working properly." — Joe H. of Ramsey/Washington Recycling & Energy

PROTECTING THE ENVIRONMENT

WE IMPROVE OUR ENVIRONMENTAL PRACTICES AS A TEAM.

Energy and Greenhouse Gas Emissions

We manage our business in a way that conserves natural resources and protects the environment consistent with our decision making that is fact based and long term. As a result, operating efficiently and continually working to minimize the energy we use — and the related greenhouse gas (GHG) emissions — is a key focus for Graco. Doing so has helped drive our success for nearly a century.

Our facilities are primarily powered by electricity. As we begin to take a more systematic approach to addressing our impact through energy efficiency, we are focused on reducing our electricity usage. We have updated our lighting to more efficient LED bulbs and replaced older equipment with newer, more energy efficient machines.

Within our facilities, environmental management processes and procedures help ensure that we carefully manage our impact. As we expand our facilities, including \$134 million in capital investments in 2021, we are building and installing equipment that is more efficient and that reduces our environmental impact. Two of Graco's largest manufacturing locations in the United States, in Minneapolis and Anoka, Minnesota, are [ISO14001](#) certified. This third-party certification program is focused on continuous improvement of our environmental management system.

To understand our emission profile, we conducted an inventory of our 2021 performance to measure and establish a baseline for our Scope 1 and Scope 2 GHG emissions. We intend to use this data to inform our long-term decision-making, and we are committed to measuring and reporting our performance annually.

| | 2020 | 2021 | |
|------------------|--|---------|---------|
| Energy | Energy Intensity (MWh/\$MM Revenue) | 56.62 | 50.10 |
| | Direct Energy (MWh) | 35,633 | 35,368 |
| | Indirect Energy (MWh) | 57,795 | 64,207 |
| | Total Energy (MWh) | 93,428 | 99,575 |
| | Natural Gas (Gigajoules) | 128,304 | 127,347 |
| Emissions | Scope 1 (Metric tons CO ₂ e) | 8,872 | 9,367 |
| | Scope 2 (Metric tons CO ₂ e, location-based) | 28,222 | 31,246 |
| | Total Scope 1&2 (Metric tons CO ₂ e) | 37,094 | 40,613 |
| | Emissions Intensity (Metric tons CO ₂ e/\$MM Revenue) | 22.48 | 20.43 |

Approximate unaudited data for calendar years 2020 and 2021, with data compiled as of October 15, 2022.

Data calculated based on all manufacturing locations in the United States, which represents approximately 86% of Graco's global manufacturing output as of December 31, 2021. The remaining locations, including our international operations, will be added in the future.

Calculations included greenhouse gases as applicable by variable per U.S. Environmental Protection Agency for locations in the United States. Where data was unavailable, estimates were made using similar operational characteristics shared between our manufacturing facilities.



Recycling is another way that we work to minimize our impact on the environment. Graco recycles:



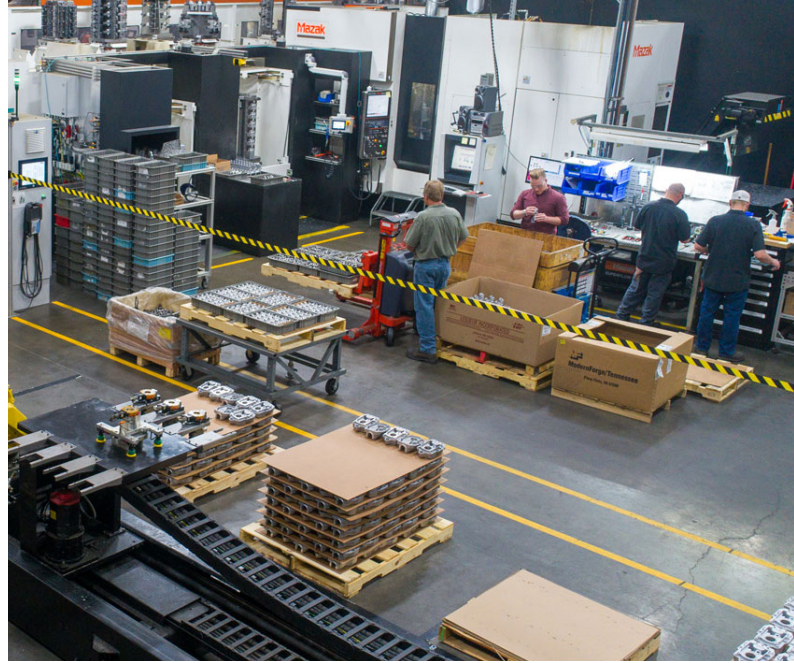
Wood, paper, plastics, machining fluid, oil, antifreeze, glass bottles and aluminum cans



12 million pounds of metal annually, resulting in approximately 19 million kilowatt hours of electricity saved



Approximately 2 million pounds of cardboard annually, the equivalent of more than 16,000 trees



Our Employees Make the Difference

Graco employees are at the front lines of our environmental efforts. Graco's Green Teams and our continuous improvement program encourage and reward employees for ideas that impact performance in quality, environmental, safety and cost outcomes. Every day our employees support our environmental efforts by recycling, as well as through energy and waste management.

PUTTING PEOPLE FIRST

WE ARE A GLOBAL COMPANY THAT FEELS LIKE A SMALL BUSINESS.

Employees

Graco's employees work hard every day to deliver on our commitment to offering high-quality, industry-leading products and services. Our success depends on our people partnering to provide innovative solutions to our customers. Our focus is on continuous improvement and growth for our Company and for our team members. We have high standards and expectations for each other, supported by a culture that is nimble and highly collaborative. As a result, even with a significant global market presence, we work together like a small company.

A Great Place to Work

Graco has consistently been recognized among Fortune Magazine's Best Workplaces in Manufacturing & Production. This designation is based on the Great Place To Work® Trust Index® Employee Survey that found 90 percent of Graco employees say it is a great place to work. In comparison, only 57 percent of employees at a typical U.S. based company report the same of their employers.

Leadership Engagement

Our leadership team is actively involved in the development and success of our employees at Graco. The leadership team also values employee feedback through our CEO all-employee meetings, employee surveys, global leadership meetings and CEO video communications. We also have an Ask the CEO platform where employees can ask the CEO a question and he posts his answers internally each month.

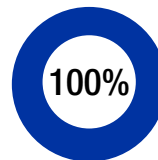
Employee Ownership

Graco grants every employee an opportunity to become a part owner of the Company through a mass employee stock options grant program or related international stock based cash program and an employee stock purchase plan, where available. We believe these programs allow employees at every level to have a stake in the Company's success. If Graco succeeds, so do our employees.

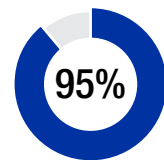
2021 Fortune Best Workplaces™ Manufacturing & Production



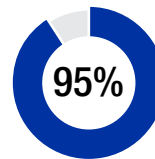
The percentage of respondents who answered positively to these statements:



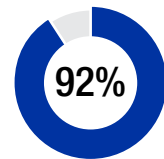
People here are treated fairly regardless of their social and economic status.



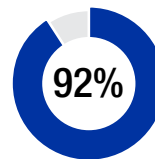
I believe management would lay people off only as a last resort.



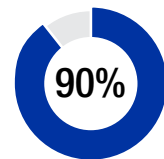
I am able to take time off from work when I think it's necessary.



I'm proud to tell others I work here.



When you join the Company, you are made to feel welcome.



Management is honest and ethical in its business practices.



Prioritizing Health and Well-being

The health, wellness, satisfaction and security of our employees is essential. Graco's culture reflects support for employees and their families' well-being both on and off the job. This culture is championed in word and action from executive leadership on down. Our strategic approach for U.S. locations is outlined below.

Health

Graco provides our employees and their dependents with accessible tools that support a healthy lifestyle, including:

- ▶ On-site flu shot clinics and biometric screenings
- ▶ Free nutrition counseling
- ▶ A personalized plan to help manage diabetes, high blood pressure and/or prediabetes
- ▶ Support for physical health and exercise through Company sponsored activities and sports leagues, as well as on-site fitness centers at some locations and physical therapy
- ▶ Parental leave
- ▶ Professional counseling services

Wellness

Physical: Graco offers financial rewards to our employees for healthy outcomes based on a biometric screening through our annual U.S. Wellness Program. In 2021, nearly 2,000 participants, including employees and their spouses, underwent biometric screening. While this approach is now commonplace in corporate America, Graco was an early adopter in 2010. We have more than a decade of results to support the benefits of this investment in our employees' health, with lower than market premium increases since implementation.

Mental: We partner with an online therapy program to support those who struggle with mental health issues including stress, anxiety, depression, insomnia or substance abuse.

Financial: Graco offers a range of benefits including 1:1 financial advice, tuition reimbursement and retirement readiness. We invested more than \$335,000 in tuition reimbursement in 2021. Our 401(k) retirement savings plan has a 99 percent participation rate. Nearly 65 percent of our employees participate in the Employee Stock Purchase Program.

Safety

Graco drives towards continuous safety improvement across our operations. Our Health, Wellness & Safety (HWS) team conducts audits of all U.S. facilities, with most locations audited monthly. The team also provides safety compliance training. Graco's Minnesota locations annually highlight the importance of workplace health and safety during National Safety Month each June as part of our membership in the National Safety Council.

| | 2020 | 2021 |
|--|-------|-------|
| Total Recordable Incident Rate (TRIR) | 2.61 | 3.38 |
| Days Away Restricted or Transfer Rate (DART) | 1.5 | 2.27 |
| Fatality Rate | 0 | 0 |
| Hours of Safety Training | 2,458 | 3,072 |



Investing in the Next Generation

College students from across the United States join the Graco team each summer as part of the Company's 12-week internship program. Since it was launched in 2016, the program has helped more than 100 young professionals from nearly 50 schools each year kickstart their careers with a paid internship that provides real world experience and networking opportunities. Internship experiences are available for a wide range of professional skill sets and departments across manufacturing, engineering and corporate services. In 2021, 32 percent of our summer interns joined Graco as full-time employees. For more information, see our [Internships](#) webpage.

Employees by the Numbers

3,800

Total Employees

1,400

Employees Outside the U.S.

10 years

Average Employee Tenure

21 years

Average Tenure for Global Executive Management

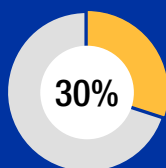
80+

Employees Hired Through Internal Referrals in 2021

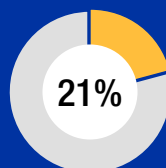
Inclusion and Diversity at Graco

At Graco, we value the uniqueness and dignity of each individual. This is reflected in our ongoing commitment to trust and respect each person's background, life experiences, ethnicity, personal style, gender identity, age, sexual orientation, veteran status or other factors contributing to their individuality. At Graco, we believe different ways of thinking support diverse and innovative teams, which in turn allows us to better understand the needs of our customers. Our employees are proud of their differences and united in a common goal of making products for a better future.

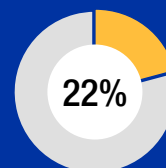
Gender Diversity



Female Board of Directors



Female Executive Management



Female Global Employees

Data as of December 31, 2021

Caring for Our Communities

In partnership with our employees, Graco is committed to contributing to the communities where we live and work. The Graco Foundation, established in 1956, makes grants to fund capital projects, programs that meet a variety of community needs, and projects that provide technology. We believe strongly in the importance of education to expand opportunities for people in our communities. We also see it as an investment in our future workforce. As a result, our giving prioritizes educational programs, particularly STEM (science, technology, engineering and math) programs; human service programs promoting workforce development; and youth development programs, particularly those close to our U.S. facilities.

In 2021, the Graco Foundation's contributions totaled \$1,345,900.

Dollars for Doers

Graco employees are actively engaged in their communities. Each year they contribute many hours of personal time helping nonprofit organizations that address community needs. In support of this important work, Graco donates \$20 per volunteer hour contributed by our employees, including their spouses and dependents, to any eligible non-profit. The maximum donation per employee, per organization is \$1,000.

Graco employees contributed 3,282 hours to 71 organizations through 136 events in 2021. Donations through the Dollars for Doers program in 2021 totaled \$65,643.

Graco Gives

The Graco Foundation also multiplies our employees' charitable donations through a matching program called Graco Gives. We match total donations dollar for dollar up to \$2,500 per employee each calendar year.

In 2021, we donated \$231,108 of matching gifts to 380 nonprofit organizations through the Graco Gives Program.

Graco Scholarships

Our commitment to supporting education and the future workforce is also demonstrated through the Graco Scholarship Program. Graco provides scholarships to schools, including Alexandria Technical & Community College, University of Minnesota and University of Wisconsin, that support students with majors in STEM and training in technology with a focus on manufacturing. In 2021, Graco invested \$332,500 in scholarships at 19 schools.

For more information, please visit the [Graco Foundation website](#).



Minneapolis Paintathon

For more than 35 years, one of the favorite volunteer activities for Graco employees in the Minneapolis area has been the annual "metro paint-a-thon." Each year, Graco volunteers restore a local home using Graco products.

An image from one of the very first Minneapolis metro paint-a-thons, supported by Graco for over 35 years

OPERATING WITH INTEGRITY

WE BELIEVE THAT GOOD ETHICS ARE GOOD FOR OUR BUSINESS.

Governance and Ethics

Graco's strong governance is core to our success. We believe that we best serve all of our stakeholders by operating our business with ethics and integrity. This approach is embedded within our culture and our values. We are committed to consistently operating in compliance with all applicable local, national and international laws governing our business operations.

Our standards for ethical behavior and accountability for our employees are detailed in our [Code of Ethics and Business Conduct](#). This Code applies to all of our officers, directors and employees throughout our organization worldwide. We introduce these important principles to our employees through training about the Code as part of the onboarding process when hired and annually afterward through refresher training. Each year, the training may focus on reinforcing select topics within the Code. All employees with Graco-issued devices are required to complete this training.

Reporting Concerns

Graco employees are encouraged to promptly report any suspected violation of the law, the Code and Company policies. Options for anonymous reporting are available in all countries except where that is prohibited. Options for reporting include:

- ▶ Discuss with supervisor
- ▶ Call, write or email the Legal Department
- ▶ Email: gracoauditcommittee@graco.com
- ▶ Email: ethics@graco.com
- ▶ Call the confidential 24-hour Graco Ethics Hotline: 1-877-846-8913

Board of Directors

Oversight of Graco's business strategy and governance is provided by a highly independent Board of Directors. All of our Board members are capable leaders with relevant business experience across a range of industries to provide advice and counsel to our executive officers.

Our Board is intentionally structured to include a diversity of expertise and perspectives and to support independence. Our Board is led by an independent Chair, nine out of ten Board members are independent, and each Board Committee is entirely independent.

The Board typically meets five times per year, and much of the work is conducted by the three standing committees: Audit, Governance, and Management Organization and Compensation. The Board has adopted [Corporate Governance Guidelines](#). Together with the [Articles of Incorporation](#) and [Bylaws](#) of the Company, the Guidelines and committee charters articulate Graco's principles for carrying out our system of corporate governance.

Graco's Board of Directors takes an active role in overseeing the Company's risk by assessing risks inherent in the Company's decisions and key strategies. The Audit Committee actively oversees the Company's cybersecurity risks and strategy, with management providing regular reports to the Audit Committee and the Board on cybersecurity risks facing the Company and the systems that management has put in place to identify, mitigate and manage those risks. The Audit Committee also oversees the Company's enterprise risk management (ERM) process, which consists of periodic risk assessments performed by each division, region and functional group throughout the year, including an annual assessment on the Company's executive compensation program and an annual assessment of the Company's cybersecurity risks.

The Board of Directors also provides oversight of the Company's strategies and initiatives related to corporate social responsibility and sustainability, including environmental, social and governance (ESG) matters, with management providing regular reports to the Board or one of its committees on various topics related to these matters.

Board of Directors Highlights

- ▶ Independent Chair
- ▶ 90% of directors are independent
- ▶ 75% or greater attendance at Board and committee meetings by each director
- ▶ 64 years average age (range = 44-84)
- ▶ Three independent directors appointed since 2018
- ▶ 40% of directors have public company CEO Experience
- ▶ Diligent Climate Leadership Certification completed by one director
- ▶ Board oversight of corporate social responsibility and sustainability, including ESG matters, established in 2021
- ▶ Hedging and pledging of Company stock by directors and executive officers is prohibited

Data as of December 31, 2021



**BRETT C.
CARTER**



**ERIC P.
ETCHART**



**JODY H.
FERAGEN**



**J. KEVIN
GILLIGAN**



**LEE R.
MITAU**



**MARTHA A.
MORFITT**



**MARK W.
SHEAHAN**



**R. WILLIAM
VAN SANT**



**KEVIN J.
WHEELER**



**EMILY C.
WHITE***

* Ms. White resigned from Graco's Board of Directors effective December 2, 2022, to more fully pursue other commitments. The Board of Directors appointed Archie C. Black to serve as a director of the Company, effective February 20, 2023.

Responsible Sourcing

Partnering with world-class suppliers enables Graco to provide the highest quality, most reliable and competitively priced products in our industry. We select and support suppliers that share that same focus. These innovative companies partner with us to continually drive product and operational improvements.

As part of the contracting process, every Graco supplier is required to adhere to the Supplier Code of Conduct, which covers labor and human rights, health and safety, environmental protection, ethics and management systems. When new suppliers are added, Graco conducts a site audit to verify compliance with each of these factors. The Supplier Code of Conduct is available on the [Supplier website](#).

Graco is focused on supporting local suppliers, with 44 percent of 2021 spending with businesses in Minnesota, where our headquarters and several key manufacturing sites are located. We also work with many small-, women- and minority-owned businesses and have supported the growth of these companies over the years. In 2021, 34 percent of our supplier spend went to small-, women- and minority-owned businesses.

Graco's fair and ethical business practices include operating with respect for human rights and in compliance with all applicable laws and regulations. This includes responsible sourcing of minerals within our supply chain and complying with the Securities and Exchange Commission's rule on conflict minerals. We closely engage with our supply chain partners to identify the origin of any conflict minerals within the items that we purchase. We continue to gather that information with the goal of providing greater supply chain transparency and responsible sourcing.

For more information, please visit [Graco Conflict Minerals](#).

Cybersecurity and Data Privacy

Protecting the information that powers our operations and ties us to our customers, our employees and our suppliers is critical to our ability to serve all of these stakeholders. Graco is committed to building a strong cybersecurity and data privacy culture.

Our cybersecurity program includes investments aimed at protecting data, managing and improving privacy controls, and increasing maturity. Our program is overseen by the Audit Committee, with input from management. We identify, assess and monitor Graco's cybersecurity and other information technology risks and threats, as well as the measures implemented to mitigate and prevent cyberattacks. The Board receives periodic reports from the Audit Committee on the Company's cybersecurity program.

Our cybersecurity program is aligned with the Center for Internet Security Framework and includes policies, procedures, standards and controls that help manage our cybersecurity risk. On a regular basis, we conduct cybersecurity maturity assessments. The results from these assessments drive our investments in cybersecurity as we continue to address gaps that may emerge. We enlist outside experts annually to conduct tests and simulation exercises, the results of which are used to continuously improve our cybersecurity program. In 2021, we reinforced our cybersecurity culture. We conducted a cybersecurity awareness month for all our employees, trained employees in our incident response procedures, and conducted practice exercises to help ensure employees are prepared to follow the procedures.

Our data privacy program is built to meet the requirements of global privacy laws and regulations and the privacy expectations of vendors, customers, employees and third parties as described in our [Privacy Statement](#).





Graco Inc.

88 – 11th Avenue Northeast

Minneapolis, MN 55413

612-623-6000

Forward-Looking Statements

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally use words such as "expect," "foresee," "anticipate," "believe," "project," "should," "estimate," "will," and similar expressions, and reflect our Company's expectations concerning the future. All statements, other than statements of historical fact, are forward-looking statements. Forward-looking statements in this report may include, but are not limited to, statements regarding the Company's mission, commitment to ESG, approach to ESG reporting, material ESG topics, product design, environmental benefits of certain products, energy consumption and GHG emissions, culture, employee health, wellness and safety, community engagement, governance and ethics, sourcing, cybersecurity and data privacy. Forward-looking statements are based upon currently available information, but various risks and uncertainties may cause our Company's actual results to differ materially from those expressed in these statements. The Company undertakes no obligation to update these statements in light of new information or future events. The inclusion of information in this report should not be construed as a characterization regarding the materiality of that information to our business, financial condition or results of operations.

Future results could differ materially from those expressed due to the impact of changes in various factors. These risk factors include, but are not limited to, those identified in our filings with the Securities and Exchange Commission, including in Item 1A of our most recent Annual Report on Form 10-K and in our most recent Quarterly Report on Form 10-Q. These reports are available on the Company's website at www.graco.com and the Securities and Exchange Commission's website at www.sec.gov. Shareholders, potential investors and other readers are urged to consider these factors in evaluating forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. Shareholders, potential investors and other readers should realize that factors other than those identified in our filings with the Securities and Exchange Commission might prove important to the Company's future results. It is not possible for management to identify each and every factor that may have an impact on the Company's operations in the future as new factors can develop from time to time.