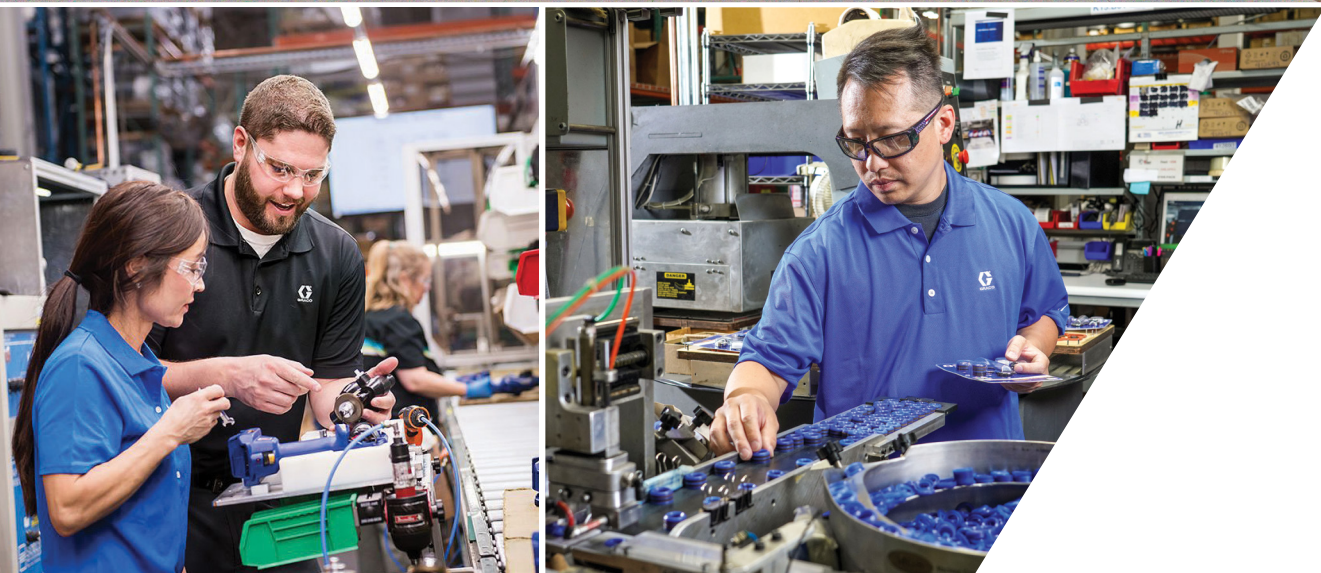




Environmental, Social and Governance Report

2022



PROVEN QUALITY. LEADING TECHNOLOGY.



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A MESSAGE FROM **MARK SHEAHAN**

Dear Stakeholders,

Graco is pleased to present our 2022 environmental, social and governance (ESG) report, which provides an update on our inaugural 2021 ESG report. Our team is committed to designing and manufacturing best-in-class products for our customers, being an employer of choice and having a meaningful impact in our communities. These priorities are built into everything we do and have been core to our culture for nearly a century.

We are well positioned to have an even greater impact as we continue to make progress in managing, measuring and reporting on ESG topics. We are focused on delivering the same continuous improvement in ESG that we do in all facets of our business. This report provides transparency for our stakeholders and keeps us accountable.

Key 2022 achievements include:

- Publishing the Sustainability Accounting Standards Board (SASB) index for Industrial Machinery and Goods.
- Expanding our emissions data collection to include the entirety of our fully owned global operations.
- Installing a 1.4-megawatt solar array on our new facility in Dayton, Minnesota, that will supply 20% of that facility's electricity needs.
- Donating \$1.2 million to community nonprofits through the Graco Foundation as well as nearly \$250,000 in matching gifts that help multiply our employees' generosity.
- Achieving 26% of total sales from products powered by electricity in 2022.

Our ESG progress is made possible by the hard work and enterprise of the people that power our business — our employees. They are the reason we have once again been proudly recognized among Fortune magazine's Best Workplaces in Manufacturing and Production. Working together, we will thrive for years to come.

Regards,

Mark Sheahan
President and Chief Executive Officer

ABOUT GRACO

Founded in 1926, Graco manufactures and markets premium equipment to move, measure, control, dispense and spray a wide variety of fluid and powder materials. We employ approximately 4,000 people worldwide and serve end users in over 100 countries.

Our success is based on Graco's unwavering commitment to technical excellence, world-class manufacturing and customer service. To that end, we work closely with specialized distributors and offer products that set high quality standards in a broad range of fluid handling applications including: spray finishing and paint circulation, lubrication, sealants and adhesives, sanitary processing and power application equipment. Additionally, Graco's ongoing investments in fluid management and controls continue to provide innovative solutions to a diverse global market. In 2022, our net sales were more than \$2.1 billion.

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 to:

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

THE GRACO PROMISE

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

- Quality
- Continuous Improvement
- Fact-Based Decision-Making
- Results Driven
- Customer Focus

Abiding by these values reinforces our promise to customers: We are committed to delivering innovation, quality and service.

FINANCIAL RETURNS FOR FISCAL YEAR 2022

Record sales of
\$2.14 billion

Record diluted earnings
per share of \$2.66

Record level of capital
investment of \$201 million

Increase in dividends paid
per share of 12%

OUR COMMITMENT TO ESG

Graco is dedicated to doing the right thing by all of our stakeholders. We use our resources wisely to reduce our impact and our customers' impact on the environment. Our business contributes 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 and also depend upon us. Graco does well when our customers, our employees and our communities do well.

OUR APPROACH



MAKING DECISIONS

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



SUPPORTING OUR CUSTOMERS

- We design products that help our end users reduce their environmental footprint.
- We serve industries that are investing in alternative energy, electric power and environmental management.



DESIGNING PRODUCTS AND PROCESSES TOGETHER

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



DOING THE RIGHT THING

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



FOCUSING ON SUSTAINABLE OPERATIONS

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

2022 BY THE NUMBERS

4,000
EMPLOYEES

80%
PRODUCTION
BASED IN
THE U.S.

100+
COUNTRIES
SERVED

30,000
OUTLETS OR
DISTRIBUTORS

ABOUT THIS 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. Our first ESG report, published in 2022, included 2021 data. This is our second ESG report, and we continue to make progress on expanding our reporting, including the addition of a SASB index for the first time (see page 20). Additionally, while developing the content we considered a number of established ESG frameworks, including the Task Force on Climate-related Financial Disclosures, the United Nations Sustainable Development Goals and the Global Reporting Initiative. Given the rapidly evolving state of these frameworks and overall stakeholder expectations, we will routinely evaluate how best to integrate new standards into our operations and reporting. The baseline data in this report reflects Graco’s fully owned global operations, unless otherwise noted, during calendar year 2022. This report represents our commitment to continued transparency in disclosing key ESG data.

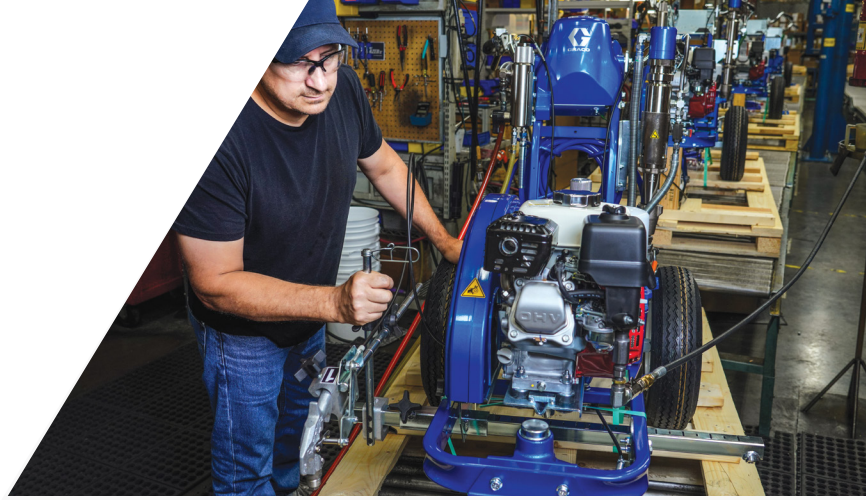
MATERIAL TOPICS

Graco’s success for nearly a hundred years can be attributed in part to our focus on recognizing and responding to the unique needs of our customers, investors, employees and communities. As an extension of this approach, we undertook an ESG-focused materiality assessment to identify the most significant issues for our stakeholders and our business overall. The findings are helping us to prioritize both our reporting and disclosure on ESG topics and to identify opportunities to address stakeholder needs.

The first step of the materiality assessment involved narrowing the universe of ESG issues to a streamlined list of topics. We did this 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 community members where we live and work. This report includes information on each of these priority topics, as shown.

| | 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 | Putting People First |
| | Customer Relationship and Retention | Making Products That Matter |
| | Employee Engagement and Well-Being | Putting People First |
| | Diversity and Inclusion | Putting People First |
| | 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

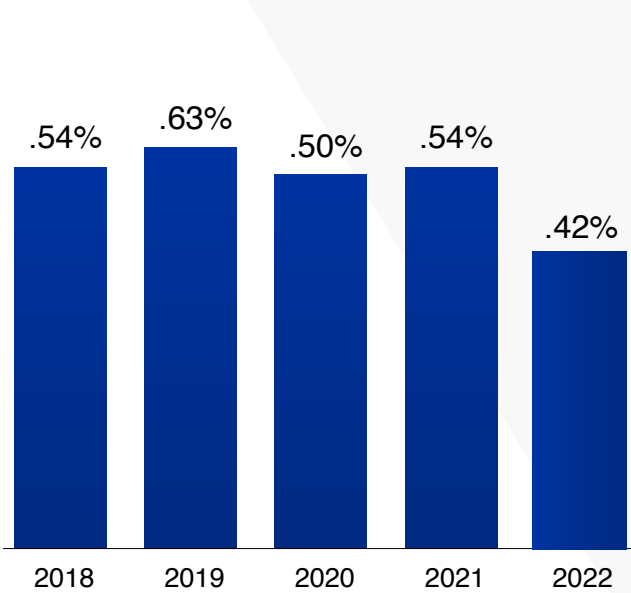


DESIGNING PRODUCTS TO DRIVE SUSTAINABILITY

Throughout our long history, Graco has been innovating, improving and expanding our product lines to serve our customers in more efficient and effective ways. Many of the product advancements that drive our reputation for excellence and keep our customers coming back also align with increased sustainability. When we design products that improve energy and material efficiency, we help our customers and their end users conserve natural resources throughout the entire product life cycle. We demonstrate our commitment to innovation and continuous improvement through consistent and robust investment in research and development. In 2022, we invested 4% of our net sales in research and development to support a continued focus on designing and offering products that are durable and repairable, which also helps our customers save energy and materials. When we build products that are long lasting, modular and easy to repair, we also help make progress toward a more circular economy in which material use and resource intensity are minimized and waste is recaptured for use. A key metric we use to evaluate product quality is what we refer to as the cost of quality, which includes warranty costs. Over the past five years, we have consistently met our goal of keeping warranty costs well below 1% of our net sales.

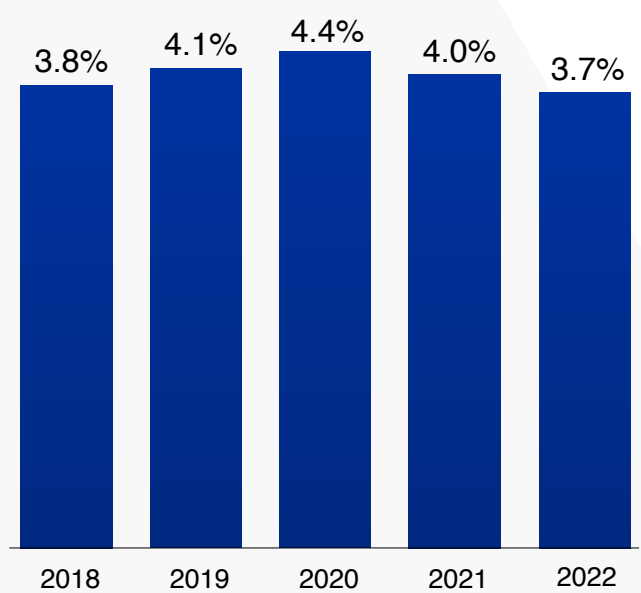
WARRANTY EXPENSE

As a percentage of net sales



RESEARCH AND DEVELOPMENT SPENDING

As a percentage of net sales



MOVING TOWARD ELECTRIFICATION

Increased use of electricity as a power source is a global trend that decreases energy costs and emissions. Graco's product development teams are focused on helping our customers benefit from this trend by designing more products powered by electricity. In 2022, approximately 26% of Graco's global sales were from electrified products. This approach has many benefits. In addition to contributing to the transition to a lower carbon future and lower overall energy consumption, the drive toward electric-powered equipment offers opportunities to improve the efficiency, noise levels, performance, production, control and flexibility of our products. As energy shifts to lower-carbon sources, Graco is also increasing the use of direct current (DC) 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.



QUANTM™ PUMP

Graco's revolutionary QUANTM pump features a new electric motor design that is up to eight times more energy efficient than a standard pneumatic pump. QUANTM works for a wide range of materials to support multiple industrial and hygienic applications, including food and beverage, pharmaceutical, water treatment, chemical processing, paint manufacturing and more. Customers benefit from reduced energy costs while supporting compliance and environmental stewardship efforts, including a decrease in their own Scope 1 emissions.



ELECTRIC UNIDRUM™

Graco's electric UniDrum is the only electric-pump-powered bulk-drum supply for industrial and automotive applications. The system supports factory electrification and transfers sealants, adhesives and other medium- to high-viscosity materials more efficiently and more quietly than pneumatic motors.

ESG BENEFITS OF GRACO PRODUCTS



ENERGY EFFICIENT

Using less energy reduces costs and helps decrease GHG emissions.



PROVIDE MORE CONTROL OVER MATERIALS

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



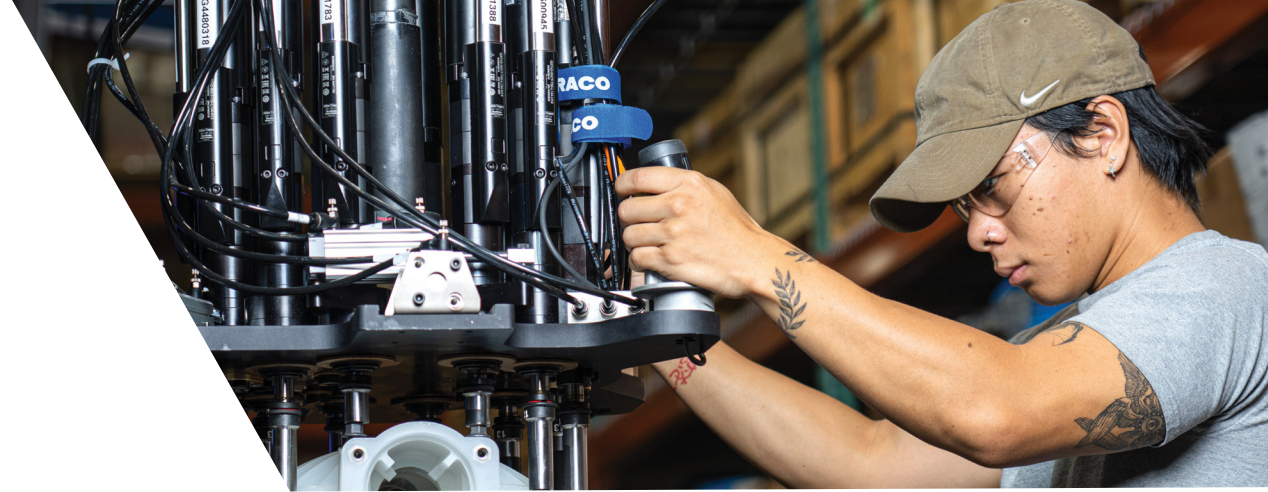
BOOST QUALITY

Building quality into every product ensures longevity, reliability and performance.



EASY TO REPAIR

The reparability of our products helps to save valuable resources involved in our customers' operations and reduces life cycle impacts.



IMPROVING PRECISION DISPENSE

Graco products help our customers' environmental performance across a variety of product lines by improving the precision of fluid application. The more precisely the material — whether peanut butter, oil or paint — is dispensed by Graco products in our customers' facilities, the more efficiently materials are being used in the process. Our products help conserve resources by creating less waste and using less energy in the application process. Using less material also helps decrease the amount of volatile organic compounds emitted and using less energy results in lower emissions.



PULSE® FLUID MANAGEMENT

The wireless Pulse fluid management system provides forward-thinking service operations with the insight, control and analytics needed to simplify decisions and drive efficiency in the age of the seamlessly connected shop. The Pulse systems are vital in supporting auto repair shops to quickly service vehicles, while tracking oil, coolant and antifreeze to monitor bulk fluid usage and maintain accurate inventory.



INVISIPAC®

Graco's InvisiPac systems dispense glue used to hold cardboard packaging together and give it shape. The melt-on-demand adhesive dispense for case and carton sealing makes end-of-line packaging more cost effective, faster and safer. The Tank-Free™ melt-on-demand technology is designed to lower adhesive usage by at least 30% and end unplanned downtime due to adhesive charring, nozzle plugging and hose issues. The consistency of adhesive application helps prevent pop-opens and waste resulting from damages that may occur in transit. These features combine to help our customers save money while conserving resources.



INCREASING PRODUCT LONGEVITY

Our focus on service has the end user in mind, embedding efficient maintenance and repairability so that our products have significant longevity in the field. For example, Graco's Fusion® ProConnect® gun removes all the tedious labor and parts required to clean and maintain spray foam guns. The single cartridge allows the gun to be completely rebuilt in seconds with factory-new performance. This helps to extend the product life span while helping our customers operate more efficiently.

PROTECTING THE ENVIRONMENT

WE IMPROVE OUR ENVIRONMENTAL PRACTICES AS A TEAM

MANAGING ENERGY AND GREENHOUSE GAS EMISSIONS

Graco's fact-based and long-term approach to decision-making drives our focus on conserving natural resources and protecting the environment. Managing our operations efficiently has been a key driver of our success, and continually working to minimize energy usage — and the related greenhouse gas (GHG) emissions — has been part of this.

Our efforts to minimize our environmental impact through energy efficiency begins with reducing electricity usage, which is the primary source of power in our facilities. We continue to identify opportunities for improvement, from updating our lighting to more energy-efficient bulbs to replacing older equipment with newer, more energy-efficient machines.

Graco has instituted environmental management processes and procedures to help manage our impact. As we expand our facilities, including over \$200 million in capital investments in 2022, we look to install equipment that is more efficient and reduces our environmental impact. Two of Graco's largest manufacturing locations in the U.S., in Minneapolis and Anoka, Minnesota, are ISO 14001 certified. This third-party certification program is focused on continuous improvement of our environmental management system. In addition, more than 20 of our 38 facilities are ISO 9001 certified for quality management systems.

We established baseline Scope 1 and Scope 2 GHG emissions in our inaugural 2021 report. We are using this data to inform our long-term decision-making, and we are committed to measuring and reporting our performance annually.

| Energy and Emissions* | | 2020 | 2021 | 2022 |
|-----------------------|--|-----------|-----------|-----------|
| Energy | Energy Intensity (MWh/\$MM revenue) | 61.81 | 54.94 | 56.87 |
| | Direct Energy (MWh) | 38,898 | 38,641 | 44,621 |
| | Indirect Energy (MWh) | 63,101 | 70,558 | 77,274 |
| | Total Energy (MWh) | 101,999 | 109,199 | 121,895 |
| | Natural Gas (therms) | 1,327,567 | 1,318,788 | 1,522,908 |
| Emissions | Scope 1 (metric tons CO ₂ e) | 12,510 | 12,894 | 14,718 |
| | Scope 2 (metric tons CO ₂ e — location based) | 29,951 | 33,442 | 33,565 |
| | Total Scope 1 and 2 (metric tons CO ₂ e) | 42,461 | 46,336 | 48,283 |
| | Emissions Intensity (metric tons CO ₂ e/\$MM) | 25.73 | 23.31 | 22.53 |

*Approximate unaudited data for calendar years 2020, 2021 and 2022, with data compiled as of October 2023. Prior year information has been restated to conform with the current year due to the inclusion of Graco's global facility footprint in 2022.

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



NEW GRACO FACILITY FEATURES SOLAR

In 2022, Graco opened a new 538,000-square-foot building in Dayton, Minnesota, which houses both office and manufacturing space for our Process and Contractor segments. The new building features a 1.4-megawatt solar array, consisting of over 3,100 rooftop solar panels. Over the next 30 years, the solar array is expected to provide 20% of the facility's electricity needs and offset over 23,000 tons of carbon dioxide. In recognition of this project, American Forests planted 1,400 trees, one for each kilowatt of solar installed.



RECYCLING

Recycling is another way that we work to minimize our impact on the environment. In 2022, Graco recycled:



Nearly ten thousand gallons of anti-freeze and used oil



Approximately 1.5 million pounds of cardboard — the equivalent of 12,000 trees



12.7 million pounds of metal resulting in 20 million kilowatt hours of electricity saved



2.7 million pounds of pallets and wood

PUTTING PEOPLE FIRST

GRACO EMPLOYEES ARE AT THE HEART OF EVERYTHING WE DO

VALUING EMPLOYEES

Graco's employees bring their ingenuity and commitment to work every day to deliver high-quality, industry-leading products and services to our customers. Our success as a company is linked directly to attracting and retaining talented people. We do this by offering a place and a culture that employees appreciate. We strive to ensure the value proposition for our employees - including total rewards, a safe and ethical work environment and a collaborative culture - is compelling and sustains in the years ahead. We set high standards and expectations for ourselves and each other within a nimble and highly collaborative culture.



A GREAT PLACE TO WORK

Graco has consistently been recognized among Fortune magazine's Best Workplaces in Manufacturing and Production. This designation is based on the Great Place to Work® Trust Index™ Survey, in which 90% of employees said Graco is a great place to work. By comparison, only 57% of employees at a typical U.S.-based company report the same of their employers.



2022 FORTUNE BEST WORKPLACES IN MANUFACTURING AND PRODUCTION™



“ Great people, great facilities, great leadership, sense of family and pride. ”

— Graco employee

LEADERSHIP ENGAGEMENT

Our leadership team values the contributions made by each employee and provides direct support for our workplace culture and ongoing career development. We seek out employee feedback through our CEO all-employee meetings, employee surveys, global leadership meetings and video communications. We also have an Ask the CEO platform where employees can ask questions and the CEO's answers are posted internally each month.

EMPLOYEE OWNERSHIP

Graco grants every employee an opportunity to become an 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 financial stake in the Company's future and the potential to benefit from our collective success. Over the past 10 years, our employees have helped contribute to a total shareholder return of approximately 351% on the Company's stock price.

“ The way that Graco treats its employees, customers and distributors inspires loyalty and pride. ”

— Graco employee

EMPLOYEE STOCK PROGRAM HIGHLIGHTS FOR 2022 INCLUDE:

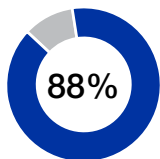
- In the U.S. and Canada, more than 2,500 employees were awarded share options at a total value worth more than \$10 million.
- With our Stock Appreciation Performance Cash Plan, designed to reward employees of non-U.S. Graco group businesses, more than 1,200 employees were awarded the equivalent of nearly 275,000 equivalent shares. Cash payouts will be based on the appreciation in the price of a share of Graco Inc. common stock over three years.



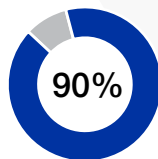
COMPANY PRIDE

Our employees overwhelmingly report being proud to work at Graco. What's more, this is true whether they are male or female and whether they have less than two years with the Company or more than 20. Across all employee categories globally, Company pride is an overwhelming response to the annual engagement survey question, "What makes this organization a great place to work?"

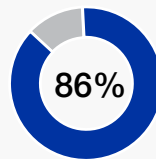
What makes this organization a great place to work? Employees that cited "Company pride" included:



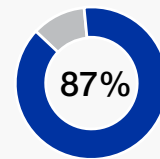
of those employed <2 years



of those employed >20 years



of females



of males

PRIORITIZING HEALTH AND WELL-BEING

Graco values our employees' and their families' well-being both on and off the job. Our culture and our programs, championed in word and action from executive leadership on down, are designed to support the health, wellness, satisfaction and safety of our people.

HEALTH

Graco provides our U.S. 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

Graco invests in a range of programs that support our U.S. employees' physical, mental and financial wellness, including:

Physical: Graco offers financial rewards to our employees for healthy outcomes based on a biometric screening through our annual U.S. Wellness Program. In 2022, 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 health insurance premium increases since implementation.

Mental: We partner with an online therapy program to provide free support to employees and their dependents who struggle with mental health issues including stress, anxiety, depression, insomnia or substance abuse.

Financial: Graco offers a range of benefits to employees including one-on-one financial advice, tuition reimbursement and retirement readiness. In 2022, we invested approximately \$350,000 in tuition reimbursement. Our U.S. 401(k) retirement savings plan has a 99% participation rate and more than 60% of our employees participate in the Employee Stock Purchase Program.



SAFETY

Graco's dedication to continuous safety improvement extends across all our operations. Our Health, Wellness and Safety team conducts audits of all U.S. facilities. The team also provides safety compliance training.

In 2022, Graco's Ohio factory and all the Ohio facility employees celebrated three years with zero recordable accidents. The Ohio facility's outstanding commitment to following safety policies and proactively identifying safety concerns is fundamental to its leading safety record.



| Safety — U.S. Employees | 2020 | 2021 | 2022 |
|---|-------|-------|-------|
| Total Recordable Incident Rate (TRIR) (number of OSHA recordable incidents) X 200,000 / Total Number of Hours Worked | 2.6 | 3.4 | 3.2 |
| Days Away, Restricted or Transferred Rate (DART) number of OSHA Recordable injuries and illnesses that resulted in days away, restricted or transferred X 200,000 / Employee Hours Worked | 1.5 | 2.3 | 2.0 |
| Fatality Rate | 0 | 0 | 0 |
| Hours of Safety Training | 2,458 | 3,072 | 3,120 |



INCLUSION AND DIVERSITY AT GRACO

At Graco, we value the uniqueness and dignity of each employee and understand that our employees bring unique perspectives to work and different ways of thinking that support diverse and innovative teams. We are committed to trusting and respecting each person's background, life experiences, ethnicity, personal style, gender identity, age, sexual orientation, veteran status and other factors contributing to their individuality.

One area of focus has been recruiting female engineers. Beginning in 2019, Graco has partnered with schools by way of our female engineers who serve as ambassadors, giving presentations to Society of Women Engineer groups and at other events. Since the beginning of the program, nearly 20% of Graco's Associate Engineering roles in the U.S. have been filled by women.

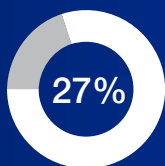
INVESTING IN THE NEXT GENERATION

Each summer, college students from nearly 60 schools across the U.S. join the Graco team as part of the Company's paid internship program. Graco provides these students with the opportunity to gain real-world experience and networking opportunities to kick-start their careers. Internships are available for a wide range of professional skill sets and departments across manufacturing, engineering and corporate services. The program has grown significantly from 85 students in 2015 to nearly 145 in 2022. In 2022, a total of 42 interns stayed on to become full-time Graco employees — a Company record. For more information, see our [Internships page](#).

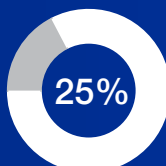
EMPLOYEES BY THE NUMBERS IN 2022



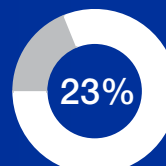
GENDER DIVERSITY



Female
Board
of Directors



Female
Executive
Management



Female
Global
Employees

CARING FOR OUR COMMUNITIES

In partnership with our employees, Graco is committed to contributing to the communities where we live and work. Through the Graco Foundation, which was established in 1956, we provide grants to fund projects in our communities. Because we believe strongly in the importance of education to expand opportunities, and as an investment in our future workforce, we have focused our giving on certain priorities. These include educational programs, such as science, technology, engineering and math (STEM) programs; human service programs promoting workforce development; and youth development programs, particularly those close to our U.S. facilities. We also fund capital projects related to associated nonprofits.

In 2022, the Graco Foundation's contributions totaled nearly \$1.2 million.

DOLLARS FOR DOERS

Graco employees are invested in helping their communities thrive, volunteering many hours each year to support worthwhile nonprofit organizations. To amplify this impact, the Company donates \$20 per volunteer hour spent helping nonprofit organizations through our Dollars for Doers program. These donations are available to any eligible nonprofit based on volunteer hours contributed not only by our employees, but also their spouses and dependents. The maximum donation per employee, per organization, is \$1,000 each year.

Graco employees contributed 3,735 hours to 83 organizations through 169 events in 2022. Donations through the Dollars for Doers Program in 2022 totaled over \$75,000.

GRACO GIVES

The Graco Foundation supports the causes that are important to our employees by matching their charitable donations dollar for dollar through Graco Gives. We match total donations up to \$2,500 per employee each calendar year, with a two-for-one match on the first \$500 per year.

In 2022, we donated approximately \$250,000 of matching gifts to 439 nonprofit organizations through the program.

GRACO SCHOLARSHIPS

Graco supports the future workforce through the Graco Scholarship Program, which is available for students with majors in STEM and those training in technology with a focus on manufacturing. Eligible schools include Alexandria Technical & Community College, University of Minnesota and University of Wisconsin, among many others.

In 2022, Graco provided \$373,000 in scholarships at 19 different schools.

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

GRACO SPONSORED TEAM AT FIRST® ROBOTICS REGIONAL COMPETITION

For more than 10 years, Graco has sponsored the robotics team at Thomas Edison High School in Minneapolis by providing financial support and mentorship. Graco mentors worked directly with the students to plan, prototype and build a competition-ready robot. The team competed in the 10,000 Lakes Regional FIRST Robotics Competition in spring 2022 at Williams Arena at the University of Minnesota campus.



OPERATING WITH INTEGRITY

WE BELIEVE THAT GOOD ETHICS ARE GOOD FOR OUR BUSINESS

GOVERNANCE AND ETHICS

Graco's established approach to governance, focused on high standards of ethics and integrity, underpins the Company's success. Deeply embedded within our culture, these values benefit all of our stakeholders. We are committed to consistently operating in compliance with all applicable local, national and international laws governing our business operations. Our Code of Ethics and Business Conduct spells out the standards for ethical behavior and accountability for our employees. This Code applies to all of the officers, directors and employees throughout our organization worldwide. We introduce these important principles to our employees through training during the onboarding process when they are hired. Each year, this training is reinforced with further education on select topics within the Code. All employees with Graco-issued devices are called upon to complete this training annually.

BOARD OF DIRECTORS

Oversight of Graco's business strategy and governance is provided by an independent Board of Directors. Board members are capable leaders with relevant business experience across a range of industries, providing a diversity of expertise and perspectives.

Our Board is intentionally structured to support independence — it is led by an independent Chair, ten out of eleven Board members are independent and each Board committee is entirely independent.

The Board typically meets five times per year, and is supported 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 profile and risk mitigation. The Board assesses risks inherent in the Company's decisions and key strategies on an ongoing and regular basis. The Audit Committee actively oversees the Company's cybersecurity risks and strategy. Management provides regular reports 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 process, which consists of periodic risk assessments performed by each division, region and functional group throughout the year, including an annual assessment of the Company's executive compensation program.

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

REPORTING CONCERNS

Graco employees are encouraged to promptly report any suspected violation of the law, the Code of Ethics and Business Conduct, or Company policies. Options for anonymous reporting are available in all countries except where this is prohibited. Methods 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



HEATHER L. ANFANG



ARCHIE BLACK



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

* Chair of the Board.

BOARD OF DIRECTORS HIGHLIGHTS

- Independent Chair
- All directors other than our CEO are independent
- 75% or greater attendance at Board and committee meetings by each director
- Average age is 65 years (range = 51-85)
- Four independent directors appointed since 2018
- 55% of directors have 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

SOURCING RESPONSIBLY

Graco partners with world-class suppliers to successfully provide high-quality, reliable and competitively priced products. We select and support suppliers that share our focus on quality, reliability and pricing. Every Graco supplier is required to adhere to the Supplier Code of Conduct, which is included in the contracting process.

Our supplier code covers labor and human rights, health and safety, environmental protection, ethics and management systems. When we add new suppliers, Graco has the ability to conduct a site audit to verify compliance with each of these factors. The Supplier Code of Conduct is available on our [Suppliers page](#).

As integral members of our local economies, Graco supports suppliers in our own communities. In 2022, 44% of eligible expenditures were with businesses in Minnesota, where our headquarters and several key manufacturing sites are located. We also work with many small, woman-owned and minority-owned businesses and have supported the growth of these companies over the years. In 2022, 36% of our supplier spend went to these businesses.

MINERAL SOURCING

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. Graco is committed to building a strong cybersecurity and data privacy culture to serve these key stakeholders.

Our cybersecurity program includes investments aimed at helping to protect data and manage and improve privacy controls. The Board's Audit Committee oversees our cybersecurity risks and strategy, with management providing regular reports to the Committee on cybersecurity risks facing the Company and the systems management has in place to mitigate and manage those risks. Management seeks to identify, assess and monitor Graco's cybersecurity and other information technology risks and threats, as well as the measures implemented to help mitigate and prevent cyberattacks.

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 with the assistance of an external advisor. The results from these assessments inform our investment decisions around cybersecurity as we continue to address any gaps that 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 2022, we held a cybersecurity awareness month for all our employees, trained employees in our incident response procedures and conducted practice exercises to help ensure employees were 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 Notice](#).

2022 SASB INDEX

The [SASB Standards](#) overseen by the [Value Reporting Foundation](#) guide the disclosure of financially material sustainability information by companies to their investors. Our reporting uses the standard for Industrial Machinery and Goods as defined by SASB's Sustainable Industry Classification System®. All data is for Graco's fully owned global operations for the year ended Dec. 31, 2022, unless otherwise noted.

| Topic | Accounting Metric | Code | Response |
|---|---|--------------|---|
| Energy Management | (1) Operational energy consumed, (2) percentage grid electricity, and (3) percentage renewable | RT-IG-130a.1 | (1) 438,788 GJ (2) 63% (3) Not available |
| Employee Health and Safety | (1) Total recordable incident rate (TRIR), (2) fatality rate and (3) near miss frequency rate (NMFR) | RT-IG-320a.1 | (1) 3.19 TRIR (2) 0 (3) Not currently reported For more information on safety, see page 14 |
| Fuel Economy and Emissions in Use-Phase | Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles | RT-IG-410a.1 | Not applicable |
| | Sales-weighted fuel efficiency for nonroad equipment | RT-IG-410a.2 | Not applicable |
| | Sales-weighted fuel efficiency for stationary generators | RT-IG-410a.3 | Not applicable |
| | Sales-weighted emissions of (1) nitrogen oxides (NOx) and (2) particulate matter (PM) for (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium- and heavy-duty engines and (d) other nonroad diesel engines | RT-IG-410a.4 | Not applicable |
| Minerals Sourcing | Description of the management of risks associated with the use of critical materials | RT-IG-440a.1 | Conflict Minerals Policy Mineral Sourcing, see page 19 |
| Remanufacturing Design and Services | Revenue from remanufactured products and remanufacturing services | RT-IG-440b.1 | Not applicable |

| Activity Metric | Code | Response |
|--|-------------|------------------------------|
| Number of units produced by product category | RT-IG-000.A | Not available for disclosure |
| Number of employees | RT-IG-000.B | 4,000 employees |



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.

Graco Inc.

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