



Environmental, Social and Governance

2023 Report



PROVEN QUALITY. LEADING TECHNOLOGY.



CONTENTS

A Message From Mark Sheahan	2
About Graco	3
Our Mission	3
The Graco Promise	3
Our Commitment to ESG	4
About This Report	5
Material Topics	5
Making Products That Matter	6
Designing Products to Drive Sustainability	6
Enabling Electrification	7
Pollutant Reduction	7
Air-Operated Vs. QUANTM™ Electric Diaphragm Pumps	8
Improving Precision Dispense	9
The Benefits of Powder Coating	10
Protecting the Environment	11
Managing Energy & GHG Emissions	11
Recycling	12
Putting People First	13
Valuing Employees	13
Prioritizing Health & Well-Being	15
Investing in the Workforce of Tomorrow	17
Supporting Diversity & Inclusion	18
Caring for Our Communities	19
Operating With Integrity	21
Governance & Ethics	21
Sourcing Responsibly	23
Cybersecurity & Data Privacy	23
2023 SASB Index	24



A MESSAGE FROM MARK SHEAHAN

Dear Stakeholders,

Thank you for your interest in Graco's third environmental, social and governance (ESG) report. This comprehensive snapshot reflects our ongoing commitment to transparency, accountability and continuous progress in product innovation, operational practices, workplace culture and community impact.

At Graco, we manage our business responsibly in part by conserving natural resources, minimizing our carbon footprint and championing circular economy principles. Our industry-leading material handling solutions are engineered for durability and sustainability, reflecting our commitment to supporting the health and well-being of our teams and vitality of the communities we serve. Integrity is a cornerstone of our operations, upheld by our strong commitment to ethics, compliance and governance.

Highlights from our 2023 ESG journey include:

- Being recognized as one of Fortune magazine's Best Workplaces in Manufacturing & Production.
- Sales of our electric powered products make up 24% of our revenue with offerings that span precision sealant and adhesive applications to electric paint sprayers and direct current (DC)-powered pumps and intelligent motors.
- Finalized agreements to purchase renewable energy for two of our Minnesota facilities, advancing our commitment to sustainable energy use.
- Achieving our lowest total recordable incident rate of 2.17 in nearly two decades, a testament to our rigorous safety protocols and commitment to employee well-being.
- Contributing more than \$1.7 million to community nonprofits through the Graco Foundation and augmenting our employees' charitable efforts with more than \$300,000 in contributions and matching donations through our Dollars for Doers and Graco Gives programs.
- Investing in the next generation of science, technology, engineering and math (STEM) professionals with \$449,000 in scholarships to support students pursuing four-year colleges and technical schools.

Looking forward, we are actively preparing for compliance with the rapidly evolving ESG reporting landscape, ensuring we remain aligned with best practices and regulatory standards.

For nearly a century, Graco has been guided by enduring values that continue to drive our growth, our commitment to excellence and our role as a responsible corporate citizen. Thank you for your ongoing support as we continue to implement our ESG program.

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. Headquartered in Minneapolis, 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 have worked closely with specialized distributors and offer products that set high quality standards in a broad range of fluid handling applications: 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 2023, net sales were nearly \$2.2 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 innovative new products
- Target new and adjacent markets
- Expand globally
- Pursue strategic 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 2023

Record sales of \$2.2 billion

Adjusted earnings per share of \$3.04

Record level of capital investment of \$185 million

Dividends paid per share increased 12%

OUR COMMITMENT TO ESG

Graco is dedicated to doing the right thing by all of our stakeholders. We use resources wisely to reduce our impact and our customers' impact on the environment. Graco's business contributes to the well-being of the employees who enable our success and the communities where they live and work. We are deeply committed to operating with integrity and in compliance with all relevant laws and regulations. We are monitoring and preparing to address the quickly evolving regulatory landscape related to ESG reporting.

We recognize that our business impacts a broad range of stakeholders. We depend on them, and they depend on 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 are committed to making ethical decisions and following applicable laws.



SUPPORTING OUR CUSTOMERS

- We design products that help our end users reduce their environmental footprint.
- We serve industries whose participants strive for energy conservation.



DESIGNING PRODUCTS AND PROCESSES TOGETHER

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



DOING THE RIGHT THING

- We strive to do the right thing for our customers, 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.

2023 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. Our cross-functional ESG Steering Committee, established in 2018, drives a coordinated companywide approach to managing these efforts. This is our third ESG report and the second to include a Sustainability Accounting Standards Board (SASB) Index.

Report content reflects our consideration of several established ESG frameworks, including the Task Force on Climate-related Financial Disclosures, the United Nations Sustainable Development Goals and the Global Reporting Initiative. In the coming years, we anticipate that our approach to reporting will continue to evolve in response to the changing regulatory landscape. The baseline data in this report reflects Graco's wholly owned global operations, unless otherwise noted, during calendar year 2023. This report represents our commitment to continued transparency in disclosing key ESG data.

MATERIAL TOPICS

Graco's success, for nearly 100 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 topics 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 topics to a streamlined list of topics. In consultation with a range of internal experts, the assessment is based on industry standards and frameworks, existing practices and benchmarking against 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.

Environmental	
Topic	Report Section
Energy Efficiency	Protecting the Environment
Climate Change	Protecting the Environment
Recycling	Protecting the Environment

Social	
Topic	Report Section
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	Putting People First

Governance	
Topic	Report Section
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

OUR PORTFOLIO IS ENGINEERED FOR EFFICIENCY AND LONGEVITY



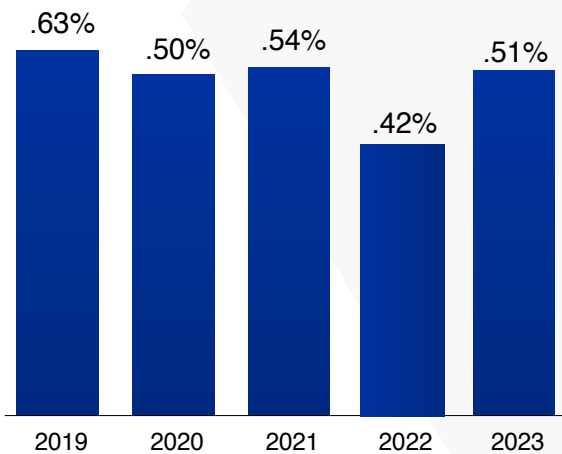
DESIGNING PRODUCTS TO DRIVE SUSTAINABILITY

For nearly a century, Graco has engineered and meticulously manufactured quality, long-lasting fluid handling products and solutions for a range of industries and end users. Our equipment portfolio helps homeowners, contractors and industrial customers move, measure, mix, control, dispense and spray fluid material ranging from peanut butter and oil to paint and glue.

In 2023, we invested \$83 million of our net sales into research and development to fuel our product pipeline. Warranty costs are a key metric we use to evaluate product quality and reinforce our commitment to building products that last. Over the past five years, our average warranty costs have been 0.52% of our net sales, fulfilling our goal to be well below 1% of our net sales.

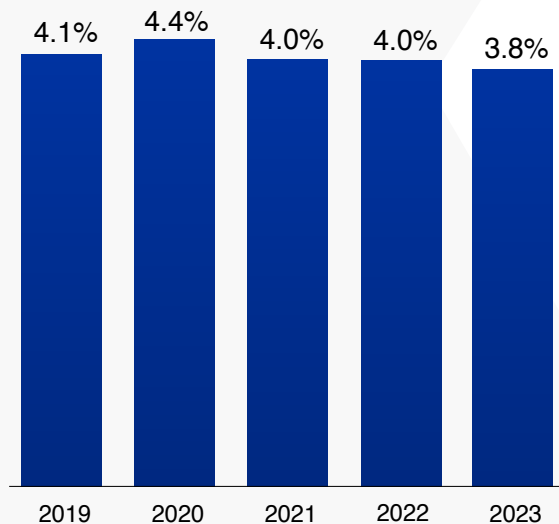
WARRANTY COSTS

As a percentage of net sales



RESEARCH AND DEVELOPMENT SPENDING

As a percentage of net sales



ESG BENEFITS OF GRACO PRODUCTS

Energy Efficient

Using less energy reduces both greenhouse gas (GHG) emissions and costs.

Precision

Controlling the application of fluids conserves resources, prevents spills and drives production efficiency.

Quality

Building products with reliability, performance, modularity and durability in mind ensures longevity.

Repairability

Engineered to be repaired quickly and easily, maximizes uptime and reduces life cycle costs.

ENABLING ELECTRIFICATION

Forward-thinking manufacturers are reaping the environmental and economic benefits of electrification. Graco has a long history of developing breakthrough solutions that advance electrification and set industry standards for reliability and efficiency. An increasing number of electrically powered Graco products help to drive both sustainability and profitability from precision sealant and adhesive applications to electric paint sprayers and DC-powered pumps and intelligent motors. In fact, sales of electric powered products made up 24% of our revenue in 2023.

For example, pneumatic compressed air systems — which are costly, noisy and energy intensive — are being replaced by more efficient electric systems in pumping-intensive industrial settings. Graco's QUANTM™ electric pumps minimize energy consumption by using direct power and eliminating compressed air, cutting energy usage and costs by up to 80%. The quiet, lightweight pumps function like pneumatic pumps and fit existing fluid transfer systems but run fully on electricity via any 110V-240V outlet. QUANTM™ devices come in several configurations for industrial and hygienic fluid applications.

Graco development teams also continue to advance our legacy of eco-friendly innovation by designing and scaling electrical products for leading electric vehicle (EV) manufacturers focused on producing safe, lightweight and high-performing vehicles. In 2023, we launched Electric Variable Ratio metering, which allows EV battery assembly lines to change component material composition without halting production to swap out equipment.

THE ELECTRIFICATION TREND



23%

of U.S. GHG emissions come from the industrial sector



~20%

of industrial sector energy consumed is electric

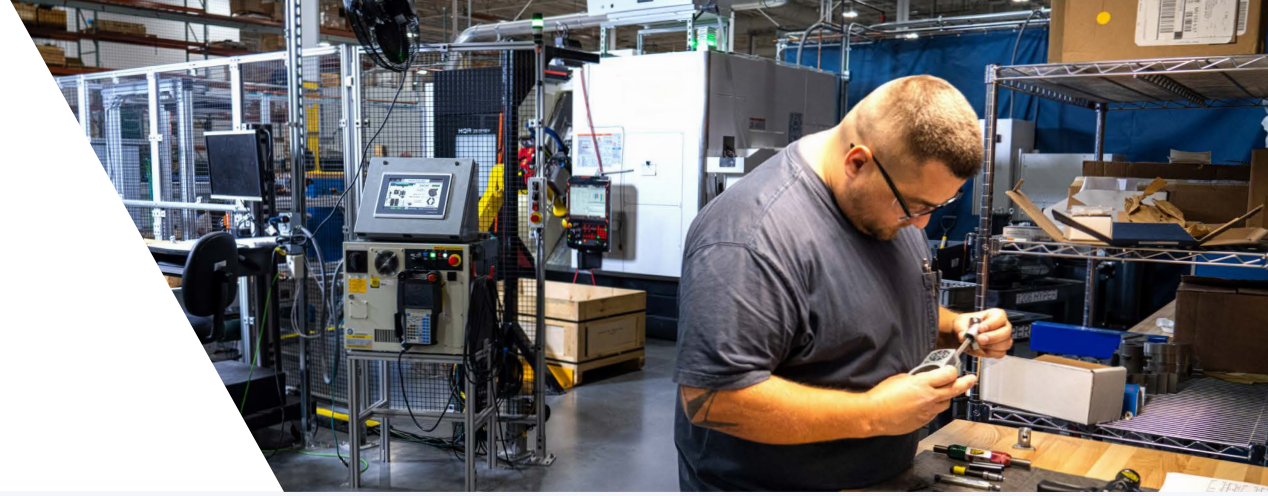


50%

of the energy industrial companies source from fossil fuels could be replaced with electricity using available technologies

POLLUTANT REDUCTION

QED Environmental Systems, a Graco subsidiary, directly contributes to improving sustainability by manufacturing and supporting solutions to reduce pollutant sources and help customers with their environmental compliance needs. The Company is a premier manufacturer of environmental technology solutions, including monitoring and remediation equipment, precision engineered pumping solutions and gas instrumentation for groundwater, soil, and gas management and detection applications. The QED portfolio includes products that help landfill operators recover landfill gas generated by waste, reducing GHG emissions and maximizing the production of alternative energy and electric power.



AIR-OPERATED VS. QUANTM™ ELECTRIC DIAPHRAGM PUMPS

A ENERGY COSTS

Air Compressor: Operating costs can reach \$14,000/year based on 5,000 hours at 0.7456 kW, in addition to \$20,000 in maintenance.

QUANTM™: Costs can be 75%-80% less, offering significant annual savings.

B ENERGY CONSUMPTION

Air Compressor: A typical 100 horsepower compressor consumes 100 kW of electricity, incurring losses in the conversion to mechanical energy.

QUANTM™: More efficient, using energy more directly for intended tasks.

C ENERGY CONVERSION

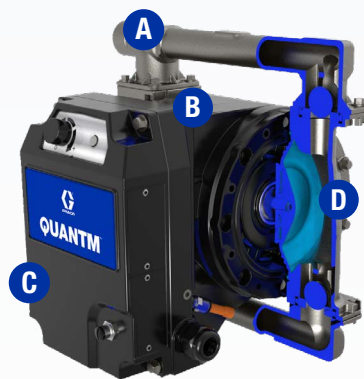
Air Compressor: Unused energy becomes heat, leading to overheating and higher maintenance costs.

QUANTM™: Minimal mechanical losses, resulting in less heat generation and lower maintenance needs.

D USABLE ENERGY

Air Compressor: Only 10-15 horsepower of useful output energy remains after losses; up to 50% of output energy can be lost to air leaks and inefficient piping, leaving 5-8 horsepower from a 100 kW input.

QUANTM™: Typically retains more of the input energy as usable output, maximizing efficiency.





IMPROVING PRECISION DISPENSE

Graco products help our customers' environmental performance by improving the precision of fluid application. The more precisely the fluid — whether peanut butter, oil or paint — is dispensed in our customers' manufacturing processes, the more efficiently they can operate. This approach decreases waste as well as volatile organic compounds (VOCs), energy use and other emissions.



INVISIPAC® HM10

Graco's InvisiPac systems dispense glue to hold, shape and seal cardboard packaging using Tank-Free™ melt-on-demand technology. The newest model in the InvisiPac portfolio, HM10, offers material savings, reliability and safety benefits with a 10-pound-per-hour hot melt rate. An unheated hopper with a clear lid prevents burn injuries and helps operators easily see when to add more adhesive pellets.



STELLAIR™ AUTOMATIC SPRAY GUN

This key paint line automation component reduces waste and VOCs by up to 30% while delivering industry-leading spray accuracy, efficiency and safety via material-specific air caps and a direct fluid path that flushes cleanly with little solvent. Paint technicians, service technicians and line managers can cut operating and labor costs while improving quality and reducing scrap and rework. Fluid cartridges take only a minute or so to change out, nearly eliminating maintenance-related downtime.



ULTRA® QUICKSHOT™

The Ultra QuickShot is a battery-powered, airless paint sprayer that enables contractors to finish small jobs faster and with greater accuracy and efficiency. The system's extreme spray control reduces overspray and waste by up to 50%. It is also the industry's most portable sprayer, which enables contractors to spray with unmatched precision and control even in tight interior and exterior spaces. By reducing physical effort and enhancing maneuverability, the Ultra QuickShot allows contractors to focus on quality and efficiency, leading to higher productivity.

THE BENEFITS OF POWDER COATING

Gema, a Graco subsidiary based in Switzerland, is a leading global supplier of electrostatic powder coating devices, technologies and systems. From manual to fully automated coating components and systems, Gema's powder solutions meet the requirements of industrial customers across a range of sectors — from architecture and automotive to heavy equipment and general manufacturing. In addition to delivering cost and powder material savings, powder coating has a lower carbon footprint than other surface processes. Powder coating, which uses ionization to adhere powder particles to metal, releases no VOCs into the atmosphere during industrial application and delivers high transfer efficiency benefits. Nonadhering powder (overspray) is collected and reused, reducing material loss. Gema installs solutions in new facilities and retrofits older coating lines with state-of-the-art technologies.

20% powder material savings through retrofitting with modern Gema powder coating technologies

38% annual CO₂ reduction from conversion to Gema powder coating technologies



A **OptiGun®** automatic gun, a robust powder paint gun with industry-leading **PowerBoost®** technology, ensures precise and efficient application.

B The system control, including automatic contour detection, manages the coating settings and axes movement, all resulting in powder savings.

C Gema axes systems precisely and automatically position the guns to the object and allow close contour application, resulting in complete coverage and overspray reduction.

D The Magic Systems series with **EquiFlow®** technology provides ideal coating conditions, a clean working environment and reclaims overspray powder that will be reused in the coating process.

E **OptiCenter All-in-One™** OC10 with **OptiSpray All-in-One™** application pumps optimally conditions the powder, feeds powder gently to the gun and prepares overspray powder for reuse.

PROTECTING THE ENVIRONMENT

WE IMPROVE OUR ENVIRONMENTAL PRACTICES AS A TEAM

MANAGING ENERGY & GHG 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 GHG emissions — has been part of this.

Our efforts to minimize our environmental impact through energy efficiency begin 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 using more energy-efficient bulbs to replacing older equipment with newer, more energy-efficient machines.

Graco has instituted management processes and procedures to help manage our environmental impact. As we expand our facilities, including over \$185 million in capital investments in 2023, 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 14001:2015 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*		2021	2022	2023
Energy	Energy Intensity (MWh/\$MM revenue)	54.94	56.87	53.59
	Direct Energy (MWh)	38,641	44,621	41,062
	Indirect Energy (MWh)	70,558	77,274	76,592
	Total Energy (MWh)	109,199	121,895	117,654
	Natural Gas (therms)	1,318,788	1,522,908	1,401,433
Emissions	Scope 1 (metric tons CO ₂ e)	12,894	14,718	14,247
	Scope 2 (metric tons CO ₂ e — location based)	33,442	33,565	33,394
	Total Scope 1 & 2 (metric tons CO ₂ e)	46,336	48,283	47,641
	Emissions Intensity (metric tons CO ₂ e/\$MM)	23.31	22.53	21.70

*Approximate unaudited data for calendar years 2021, 2022 and 2023, with data compiled as of October 2024. 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.



TWO GRACO FACILITIES GO RENEWABLE

In 2023, Graco signed an agreement to purchase renewable energy for two of its Minnesota facilities, which supplements existing solar energy in use at these facilities. In addition to reducing our overall emissions, this initiative is projected to save thousands of dollars in energy costs as traditional fuel prices trend upward.



RECYCLING

Recycling is another way that we work to minimize our impact on the environment. In 2023, Graco recycled:



More than 11,000 gallons of antifreeze and used oil



Approximately 2.1 million pounds of cardboard — the equivalent of 17,000 trees



18.5 million pounds of metal, resulting in 20 thousand MWh of electricity saved



2.5 million pounds of pallets and wood

PUTTING PEOPLE FIRST

GRACO EMPLOYEES ARE AT THE HEART OF EVERYTHING WE DO

VALUING EMPLOYEES

Behind every industry-leading Graco product, service and solution — and the brand loyalty of thousands of customers around the world — is an engaged and efficient global workforce of approximately 4,000 employees. We foster a nimble, growth-oriented culture that rewards innovation and quality while simultaneously embracing teamwork and individual accountability. Employees are proud to work at Graco, and we are proud of their commitment to our core values and contributions to our success. They live and breathe the Graco mission and give their all to our Company and customers, as well as their families and communities.

At Graco, our dedication to quality and innovation starts at the top. Our leadership team stewards a workplace culture anchored in transparency and 360-degree feedback via all-employee meetings, pulse surveys, video updates, “Ask the CEO” online forums and other communications tools and platforms.

Graco employees have access to skill-building and career development resources, including our Machine Advancement Cell Training Program. Each year, 10 selected employees spend five months training on Mazak and Citizen CNC machines led by senior Graco machinists.

A GREAT PLACE TO WORK

Graco has consistently been recognized among Fortune magazine’s Best Workplaces in Manufacturing & Production based on the Great Place to Work® Trust Index™ Survey, which measures the employee experience on core dimensions of credibility, respect, fairness, pride and camaraderie. The engagement survey provides a benchmarked snapshot of our culture, with valuable insights on both strengths and opportunities for improvement.

86% of employees surveyed in 2023 said Graco is a great place to work, up from 80% in 2021.

2023 FORTUNE BEST WORKPLACES IN MANUFACTURING & PRODUCTION™



EMPLOYEES BY THE NUMBERS IN 2023



TOTAL REWARDS PROGRAM

Graco proudly offers all employees a total rewards package that includes competitive base pay, robust health care and lifestyle benefits, and short-term and long-term incentive programs. Employees at all levels can become an owner of the Company through a mass employee stock options grant program (or related international stock-based cash program) and Employee Stock Purchase Program (ESPP), where available.

These initiatives give employees a financial stake in our future with the potential to benefit from our growth and collective success. Over the past 10 years, our employees have helped contribute to a total shareholder return of approximately 284% on the Company's stock price.



2023 Employee Stock Program Highlights



2,800+ employees in the U.S. and Canada granted stock options valuing \$9 million+



1,200+ employees outside the U.S. and Canada granted equivalent of 116,000 shares through the Graco Stock Appreciation Performance Cash Plan, with cash payouts based on three-year appreciation of common stock share price



64% of employees participated in the ESPP



PRIORITIZING HEALTH & WELL-BEING

Graco invests in the health, safety and quality of life of our people and their families through a suite of benefits, workplace programs and resources.

HEALTH

Graco provides our U.S. employees and their dependents with an array of easy-to-access resources 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 programs that support our U.S. employees' physical, mental and financial wellness, including:

Physical: We offer financial rewards to employees for healthy outcomes. Since 2010, we have partnered with a nationwide employee wellness program to conduct yearly biometric screenings for employees and their spouses, as well as offer educational courses, articles and healthy lifestyle challenges.

Employees can qualify for health insurance premium discounts or Health Savings Account contributions by following National Institutes of Health guidelines for key metrics, including body mass index, blood pressure, glucose and LDL cholesterol.

In 2023, employees and their spouses completed more than 2,000 screenings, and 32% of participants reduced their health risks such as pre-diabetes, diabetes, hypertension or weight challenges through interactive tools and individual counseling.

Mental: We partner with Learn to Live, an online therapy program providing free mental health support to employees and their dependents over the age of 13 who are coping with stress, anxiety, depression, insomnia, substance abuse and other challenges.

Financial: Graco employees can take advantage of financial benefits including one-on-one coaching, tuition reimbursement and retirement readiness. Our U.S. 401(k) retirement savings plan has a 99% participation rate.

SAFETY

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

In 2023, we were proud to post our lowest incident rate in nearly two decades thanks to our safety policies and protocols. Of note, our North Canton, Ohio facility employees celebrated four years with zero recordable injuries. We also expanded our Safety Week program — which features hands-on training, drills, screenings and audits, as well as themed challenges, competitions and games — to all U.S. locations.

Safety*	2021	2022	2023
Total Recordable Incident Rate (TRIR)	3.38	3.19	2.17
Days Away, Restricted or Transferred Rate	2.27	2.05	1.10
Fatality Rate	0	0	0
Hours of Safety Training	3,072	3,120	3,639

*2021 and 2022 data reflects U.S. operations only. The data for 2023 includes global operations.



INVESTING IN THE WORKFORCE OF TOMORROW

Graco invests in future generations of talent by empowering young people to develop skills and capabilities required not only for our workforce, but for the manufacturing industry at large. In 2023, 140 students from 58 colleges across the country joined the Graco team for the summer as part of our paid internship program. This year's cohort was 24% female and 20% nonmajority. These talented young professionals gained hands-on experience with our manufacturing, engineering and corporate services teams, as well as valuable networking opportunities, to kick-start their careers. In 2023, 16 interns utilized our new \$500 monthly housing allowance. This generous stipend enables Graco to attract students from schools outside Minnesota and broadens our talent pipeline to include students who would otherwise find it difficult to relocate.

Visit our [Internships webpage](#) for more information.

In addition to the internship program, Graco attended various career fairs and class visits, expanding our outreach to local technical schools and high schools to connect with students and promote manufacturing careers. Our partnerships with over 20 technical schools led to the successful hiring of 15 machinists. Through MFG Day, an initiative of the Manufacturing Institute aimed at addressing industry challenges and supporting community growth, we brought over 200 high school students to our facilities, holding the event in Dayton, Minnesota, for the first time and building on our history of hosting it in Minneapolis. These events provided opportunities for students to engage with our teams and learn about career paths in manufacturing.

“ People are kind and caring to one another here. Executive staff personally cares about employees working for them; they aren't above having conversations with anyone from the factory floor to the office staff to the sales teams and everyone in between. ”

— Graco employee

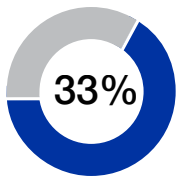
SUPPORTING DIVERSITY & INCLUSION

Graco values the unique perspectives, backgrounds and experiences each employee brings to the organization. By celebrating differences and embracing individuality, we harness the power of diversity to fortify our culture and innovation pipeline.

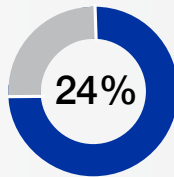
Graco's commitment to inclusion and respect earned high marks on the Great Place to Work® Trust Index™ Survey. Through the survey, employees reported that they are treated fairly and equitably regardless of race, social status or sexual orientation.

Recruiting female engineering talent is a core priority. Since 2019, our female engineers have served as mentors, ambassadors and guest lecturers at the University of Minnesota, other neighboring colleges and learning institutions, and trade associations. In 2023, the percentage of female engineers hired increased by 5.2%.

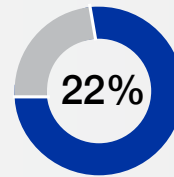
GENDER DIVERSITY



Female Board of Directors



Female Executive Management



Female Global Employees

“ My team is professional, hardworking, smart and caring, which makes my experience great. I love my team and feel fortunate to be working with people that are easy to trust and respect. ”

— Graco employee





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 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.

\$1.7 MILLION+ in contributions to over 500 organizations funded by the Graco Foundation in 2023

GRACO SCHOLARSHIPS

Students entering today's workforce face both unprecedented challenges and unprecedented opportunities. Recognizing the importance of education in providing a smooth runway to career development, the Graco Scholarship Program invests in the education of employees' children pursuing STEM degrees or training in technology with a focus on manufacturing. Eligible schools include Alexandria Technical & Community College, University of Minnesota and University of Wisconsin.

\$449,000 in funding for scholarships to four-year colleges and technical schools provided by the Graco Foundation in 2023

DOLLARS FOR DOERS

To amplify the impact of passionate employees who volunteer their time, energy and resources to support worthwhile nonprofit partners, Graco donates \$20 per volunteer hour through the Dollars for Doers program. Donations are available to any eligible nonprofit based on volunteer hours contributed by employees, as well as their spouses and dependents. The maximum donation per employee, per organization, is \$1,000 per year.

\$80,872 in Dollars for Doers contributions in 2023

4,043 HOURS contributed by Graco employees to 92 organizations in 2023

DOERS IN ACTION



Lain Paton, Senior Lab Technician, coaches youth soccer four nights a week at Legacy FC, a nonprofit with a mission to instill sportsmanship, integrity and a lifelong passion for the sport.



Liz Bennie, Digital Product Owner, volunteers at Feline Rescue, a nonprofit providing shelter, fostering, veterinary care, community outreach and adoption or placement assistance for domestic cats in need of compassionate care.

GRACO GIVES

The Graco Foundation multiplies the financial impact of our employees' charitable donations with a dollar-for-dollar match via Graco Gives. The program matches total donations up to \$2,500 per employee each calendar year, including a two-for-one match on the first \$500 per year.

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

\$232,871 in matching gifts through Graco Gives in 2023

474 nonprofit organizations benefited in 2023

OPERATING WITH INTEGRITY

WE BELIEVE THAT GOOD ETHICS ARE GOOD FOR OUR BUSINESS

GOVERNANCE & ETHICS

Graco's established approach to governance, focused on high standards of ethics and integrity, underpins the Company's success. Deeply embedded in our culture, these values benefit all 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 officers, directors and employees 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 consists of nine members and is led by an independent Chair. The independent directors constitute a majority of the Board, and the only director who is not independent is Mr. Sheahan, our CEO. Each Board committee is entirely independent.

The Board typically meets five times per year and is supported by 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 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 or Company policies. Options for anonymous reporting are available in all countries except where this 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



HEATHER L. ANFANG



ARCHIE BLACK



BRETT C. CARTER



ERIC P. ETCHART



JODY H. FERAGEN



J. KEVIN GILLIGAN*



MARTHA A. MORFITT



MARK W. SHEAHAN



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 62 years (range = 51-69)
- Four independent directors appointed since 2018
- 56% of directors have CEO experience
- Diligent Climate Leadership Certification completed by one director
- Board oversight of corporate social responsibility and sustainability, including ESG matters
- Hedging and pledging of Company stock by directors and executive officers is prohibited

SOURCING RESPONSIBLY

Graco partners with world-class suppliers to successfully provide the highest quality and reliable products in the industry, at a competitive price. 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 conducts a site audit to verify compliance with each of these factors. The Supplier Code of Conduct is available on our Suppliers webpage.

As an integral member of our local economies, Graco supports suppliers in our own communities. In 2023, 52% of eligible expenditures were with businesses in Minnesota, where our headquarters and several key manufacturing sites are located. We also work with many small, women-owned and minority-owned businesses and have supported the growth of these companies over the years. In 2023, 37% 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 & 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 involves targeted investments to safeguard data and enhance privacy controls. The Board's Audit Committee is responsible for overseeing cybersecurity risks and strategy, receiving regular updates from management on the risks facing the Company and the systems in place to mitigate and manage those risks. Management is accountable to identify, assess, and monitor Graco's cybersecurity and IT-related risks and threats, along with the measures taken to prevent and mitigate cyberattacks.

Our cybersecurity program is aligned with the Center for Internet Security framework and incorporates policies, procedures, standards, and controls designed to manage cybersecurity risk. We regularly conduct cybersecurity maturity assessments with support from an external advisor, using the findings to guide our cybersecurity investment decisions and address any emerging gaps. Each year, we engage external experts to perform tests and simulation exercises, and we use the results to continuously enhance our cybersecurity efforts. Annually, we conduct a cybersecurity awareness month for all employees, provide training on incident response procedures, and lead practice exercises to ensure preparedness. We have also started to administer biannual security awareness training globally for all Graco employees and contractors.

Our data privacy program is designed to comply with global privacy laws and regulations, as well as to meet the privacy expectations of vendors, customers, employees and third parties, as outlined in our [Privacy Statement](#).

2023 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 wholly owned global operations for the year ended December 31, 2023, unless otherwise noted.

Topic	Accounting Metric	Code	Response
Energy Management	(1) Operational energy consumed, (2) percentage grid electricity, (3) percentage renewable	RT-IG-130a.1	(1) 423,521 GJ (2) 65% (3) 31%
Employee Health & Safety	(1) Total recordable incident rate (TRIR), (2) fatality rate and (3) near miss frequency rate (NMFR)	RT-IG-320a.1	(1) 2.17 TIRR (2) 0 (3) Not currently reported For more information on safety, see page 16
Fuel Economy & 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
Materials 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 23
Remanufacturing Design & 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.

88 – 11th Avenue Northeast
Minneapolis, MN 55413
612-623-6000
graco.com