

FISCAL YEAR 2020

Corporate Social Responsibility Report

ADVANCING FILTRATION FOR A CLEANER WORLD



Donaldson[®]
FILTRATION SOLUTIONS

FORWARD-LOOKING STATEMENTS

Statements in this report regarding future events and expectations, such as forecasts, plans, trends and projections relating to the Company's business and financial performance, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, and are identified by words or phrases such as "will likely result," "are expected to," "will continue," "will allow," "estimate," "project," "believe," "expect," "anticipate," "forecast," "plan," and similar expressions. These forward-looking statements speak only as of the date such statements are made and are subject to risks and uncertainties that could cause the Company's results to differ materially from these statements. These factors include, but are not limited to, pandemics and unexpected events, including the Coronavirus (COVID-19) pandemic; economic and industrial conditions worldwide; the Company's ability to maintain competitive advantages; threats from disruptive innovation; highly competitive markets with pricing pressure; the Company's ability to protect and enforce its intellectual property; the difficulties in operating globally; customer concentration in certain cyclical industries; significant demand fluctuations; unavailable raw materials or material cost inflation; inability of operations to meet customer demand; difficulties with information technology systems and security; foreign currency fluctuations; governmental laws and regulations; litigation; changes in tax laws and tax rates; regulations and results of examinations; the Company's ability to attract and retain qualified personnel; changes in capital and credit markets; execution of the Company's acquisition, divestiture and other strategic transactions strategy; the possibility of intangible asset impairment; the Company's ability to manage productivity improvements; unexpected events and business disruptions; the Company's ability to maintain an effective system of internal control over financial reporting; the United Kingdom's decision to end its membership in the European Union and other factors included in Part I, Item 1A, "Risk Factors" of the Company's Annual Report on Form 10-K for the fiscal year ended July 31, 2020. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.

Letter From Our Chairman, President & CEO



For over a century, Donaldson Company has developed innovative products and technologies to help solve the world's most complex filtration challenges. We have delivered unique filtration solutions for customers in nearly every industry. And we have weathered numerous historic events and challenges, always emerging stronger. I believe this resiliency is largely due to our steadfast determination to continually evolve and improve.

This also applies to the significant strides we have made in furthering our sustainability processes; employee health and safety efforts; and stewardship of natural resources. In FY20, we completed a comprehensive materiality assessment, released an environmental vision and established priorities to further minimize our environmental footprint. Our initial sustainability priorities include:

- Energy Management
- Greenhouse Gas (GHG) Emissions
- Employee Health and Safety (EHS)

As I write this, the COVID-19 pandemic and related economic strains continue to affect people and economies around the world. Donaldson and our employees have stepped up during this crisis, providing vital aid and resources. Minneapolis, home to our global headquarters, has also been greatly affected by the death of George Floyd and the subsequent unrest.

Donaldson stands united with the global community to end discrimination and racism. We have established a Diversity, Equity and Inclusion Council and we are accelerating and expanding enterprise-wide diversity and inclusion practices. There is much work to be done, but I am heartened to see so many companies and communities coming together to ensure equal rights for all.

Throughout the pandemic, Donaldson has prioritized the health and safety of our employees, our customer commitments and efforts to minimize the spread of the coronavirus. I am proud of our team—they have shown incredible dedication to our customers, colleagues and community during this challenging time. It is a reminder that together, as One Donaldson, we will continue Advancing Filtration for a Cleaner World.

Be safe and well,

A handwritten signature in blue ink that reads "Tod E. Carpenter". The signature is fluid and cursive, with a long horizontal stroke at the end.

Tod E. Carpenter
Chairman, President and CEO



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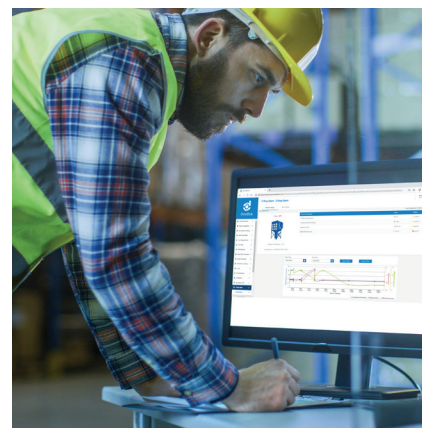
OUR BUSINESS

Donaldson's innovative products and solutions help solve customers' complex filtration challenges. Some, the size of a fingernail, protect computer data. Others, as big as a seven-story building, keep power grids running. Our filtration technologies, end markets and customers are diverse, but the goal is always the same: helping remove contaminants—particles, gases, soot, water, microorganisms, oil—to improve air quality, extend the life of equipment, improve equipment performance or prevent unnecessary waste.



For example, we help customers who rely on diesel fleets keep their fuel clean. Emissions standards and engineering advancements have resulted in advanced, clean and flexible diesel engines and higher technology fuel injection systems. For optimal performance, these modern engines require much cleaner fuel and thus increasingly higher degrees of fuel filtration. Fuel contamination occurs throughout the supply chain before the fuel enters the vehicles, where bulk fuel tanks can corrode, water condensation can build up and contaminants can enter the tank opening during fills. Donaldson fuel filtration reduces contaminant and water from the fuel. Without filtration, contaminants erode components, ultimately causing higher fuel or oil consumption, greater emissions or damage to equipment.

Or consider the manufacturers who look to Donaldson to help keep process dust from backing up and disrupting operations. Over time, a sticky material plugs the collector's hopper and process dust begins to back up causing housekeeping issues. With Donaldson's iCue™ connected filtration service, plant personnel receive real time alerts and notice of operational issues so disruptive conditions—cleanup costs and unplanned downtime—can be managed before they start.



Our Purpose

Since 1915, our company has been making a difference with our customers, employees, investors, suppliers and communities. By Advancing Filtration for a Cleaner World, we are demonstrating our commitment to future generations of Donaldson stakeholders.

Our Principles








Our principles are at the heart of everything we do, guiding our behaviors, relationships and interactions. They inspire us to continuously innovate and improve our products and processes for a more sustainable world.

- Act with Integrity:** We deliver on our commitments and are accountable for our actions — we do what we say we will do.
- Engage and Empower Our People:** We have a richly diverse and inclusive culture, and provide opportunities for our people to grow, build successful careers and make meaningful contributions.
- Deliver for Customers:** We understand, anticipate and prioritize customers’ needs, delivering differentiated products and solutions that enable their success.
- Cultivate Innovation:** We pursue innovation in everything we do, from continuous improvement in our processes to breakthrough solutions that create value and competitive advantage.
- Operate Safely and Sustainably:** We are committed to safety in the workplace, being good stewards of natural resources and reducing our environmental impact.
- Enrich Our Communities:** We share our time, resources and talent to make a positive impact in the world.

Our Values

Donaldson’s core values are Integrity, Respect, Commitment and Innovation; they guide our day-to-day actions and evolved from the Company Creed established over 60 years ago by then CEO Frank Donaldson Jr.

FY20

						
2.58B	106 yrs	\$61M	2,400+	40+	12k+	\$1.2M
in revenue	of innovation	in R&D investments	active U.S. and international patents	countries with Donaldson locations	team members across six continents	donated through the Donalson Foundation



OUR SUSTAINABILITY FOCUS

Over 106 years ago we invented our first air filter and established a legacy of innovation and service. The work we do every day—creating filtration products and solutions—has always focused on helping the world run cleaner and more efficiently. And it compels us to develop new technologies and continually improve our products and operations. This work has taken on even greater significance during the pandemic, and we are proud of our employees for remaining focused on our sustainability efforts, while helping keep our colleagues and communities safe.

Sustainability Steering Committee

To further advance sustainability at Donaldson, this year we formally established a Sustainability Steering Committee. The Committee provides guidance and support for our internal sustainability initiatives, including making recommendations about sustainability priorities and goals, key performance indicators and potential reporting enhancements, while also identifying environmental, social and governance (ESG) opportunities. This group is comprised of cross-functional leaders, including members of the executive team.

One of the Committee's first activities was to evaluate the data received from stakeholder surveys during our materiality assessment. We engaged an independent partner to conduct our materiality assessment, which was aligned with Sustainability Accounting Standards Board (SASB) standards. Employees, investors, customers, suppliers and community stakeholders were asked for feedback on a range of ESG topics. During the assessment in the spring of 2020, Donaldson's sustainability progress and goals were benchmarked against peer companies, and potential risks, opportunities and emerging issues were evaluated. The Sustainability Steering Committee then reviewed the aggregated data to determine our sustainability priorities and create an action plan.

Sustainability Priorities

There is much we want to address regarding our sustainability efforts, and we have refined our list of priorities to ensure they reflect business, strategy and stakeholder expectations. Implementing our priorities in a three-phased approach, will help ensure meaningful results and be invaluable as we progress in our sustainability journey.

Phase 1: Energy Management • GHG Emissions • Employee Health and Safety

Phase 2: Diversity, Equity and Inclusion • Non-Hazardous Waste Management • Innovation and Continuous Improvement

Phase 3: Employee Recruitment and Retention • Information Security and Data Management

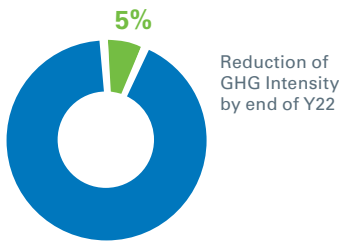
Sustainability Priorities: Phase 1

ENERGY MANAGEMENT

In the coming year, we will develop an energy management plan with milestone targets to support a long-term GHG reduction goal. The plan will include facility and production energy efficiencies and a strategy for incorporating on- and off-site renewable energy into our energy mix.

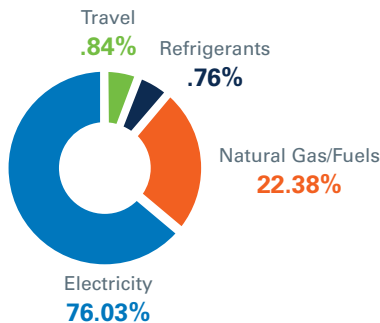
GHG EMISSIONS

GHG FY22 Goal



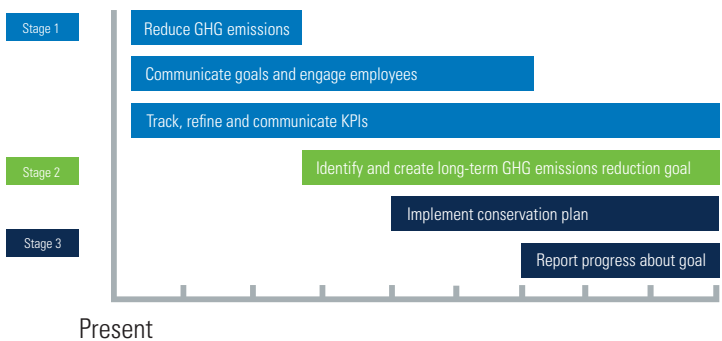
We are committed to reducing our carbon footprint through the reduction of GHG emissions. Our near-term priority is reducing GHG emissions intensity by 5% below FY19 levels by end of FY22. We believe this will equate to approximately 6,000 metric tonnes of carbon emissions.

GHG Emissions Sources



Since Donaldson’s largest source of GHG emissions comes from electricity consumption, we will achieve our goal by continuing to invest in LED lighting, skylights and other conservation measures and renewable energy sources, and improving energy efficiency and energy dependency in our manufacturing processes.

GHG Roadmap



This visual depicts the multi-staged approach being employed to develop and achieve our long-term GHG reduction goal. For each of our sustainability priorities we have developed a roadmap like this one to guide our path forward.

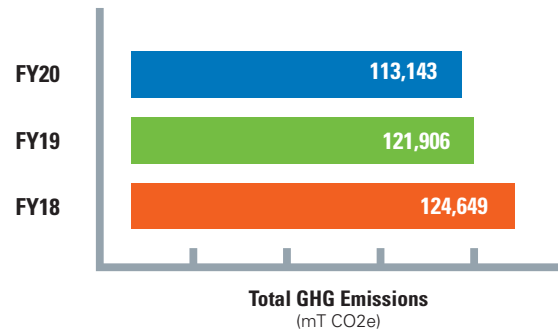
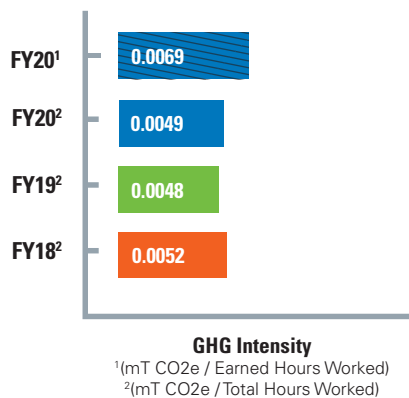
EMPLOYEE HEALTH AND SAFETY

At Donaldson, our principles inform every relationship and action. The Operate Safely and Sustainably principle means we empower our employees, and provide the knowledge and tools needed to make safe decisions and mitigate risks. This principle has been especially paramount in FY20, as we conceived and implemented our COVID-19 response. This coming year, we will evaluate a process management system to further improve safety performance and advance sustainability efforts.

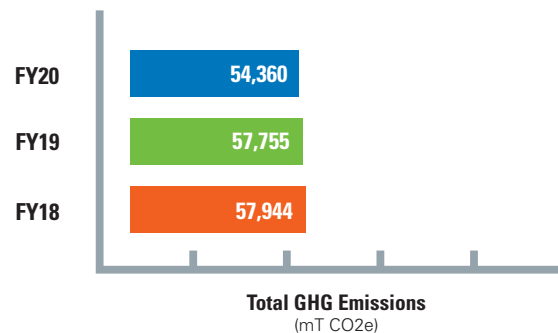
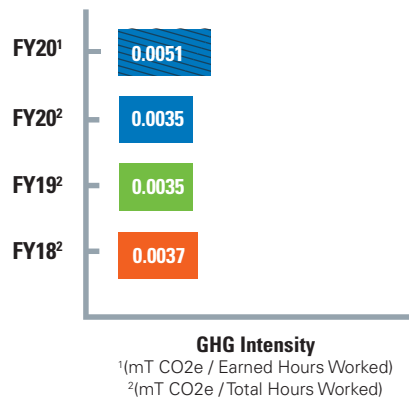
Global GHG Data

Donaldson measures direct and indirect emissions for all headquarters, manufacturing and distribution facilities. Today, we report this figure in terms of absolute carbon emissions and carbon intensity between GHG emissions and—starting in FY20—earned hours worked. With the change, our global carbon intensity emissions increased 32% over FY18, which was the first year we tracked and reported global GHG data. However, using the historical total hours worked metric, the global carbon intensity decreased 7% over FY18.

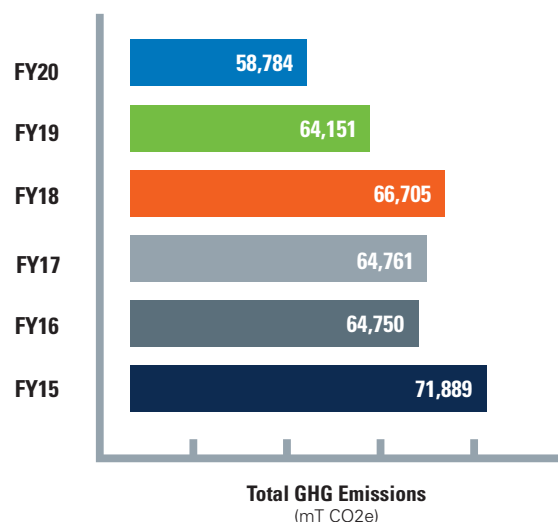
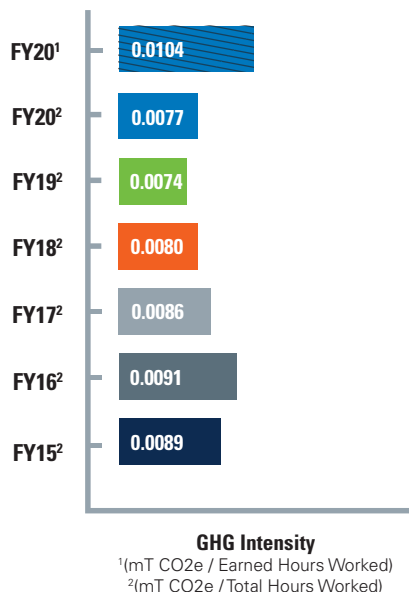
Global



Outside U.S.



U.S.





OUR PEOPLE AND OPERATIONS

Donaldson employs over 12,000 people worldwide. Our team is key to our success and we do our utmost to provide a healthy and safe work environment, as well as opportunities to learn, grow and make meaningful contributions. This last year, COVID-19 put our company to the test, and the Donaldson team remained strong—as a business and as a culture.

Unprecedented Challenges, Unprecedented Commitments

COVID-19

Early in the pandemic, Donaldson created a COVID-19 task force to address rising health and business continuity concerns. The task force closely monitors international, regional and local health organizations, and advises actions based on the Centers for Disease Control and Prevention, European Centre for Disease Prevention and Control and the World Health Organization.

As an essential business, Donaldson employees manufacture and supply filtration products for use in critical infrastructure industries such as agriculture, manufacturing, transportation, energy, construction, aerospace and defense. Our products are necessary to the continued availability of food supplies and household products; movement of goods and people; and continuity of manufacturing operations and communication networks. As such, we have a special responsibility to maintain operations.

We also want to help keep our team and community members safe. These commitments led to our pandemic enterprise response which is focused on the safety and health of employees; fulfilling customer commitments; and playing our part in reducing transmission of the virus.



Donaldson procured over 800,000 face masks for the state of Minnesota using our advanced filtration technology labs to verify that masks met quality standards before delivery to frontline healthcare workers.

Unprecedented Challenges, Unprecedented Commitments, cont.

At Donaldson, this challenging time will be remembered for how our team quickly coordinated and executed complicated global safety and operational measures, uniting to take care of colleagues, customers and communities. This unwavering commitment helped Donaldson continue to provide critical products and services to the world. And this resiliency will lead us through this unprecedented time in our history.

Diversity, Equity and Inclusion

In May, our hometown of Minneapolis, Minnesota, joined and helped renew the call for justice and equality after the death of George Floyd. A call that quickly reverberated across the country and the world. Donaldson stands united with the global community against systemic racism. Committed to sustainable change, we established a Diversity, Equity and Inclusion (DE&I) Council. One of the Council's first actions was to partner with Greater Twin Cities United Way to help local communities significantly impacted by the unrest. The Council will continue to build on our values of integrity and respect as it develops actions promoting a diverse and equitable workforce and supporting a Donaldson culture where all employees are valued, respected and empowered to pursue their full potential.

In addition to the foundational work pursued by the DE&I Council, Donaldson is accelerating and expanding our diversity and inclusion practices, and addressing educational inequalities through philanthropic efforts.



Prodeo Academy, a Twin Cities network of schools committed to educational equity, received 200 laptops from Donaldson to help meet students' distance learning needs.



Diverse teams make higher quality, more innovative and bolder decisions and that is a distinct competitive differentiator, and distinct competitive differentiators lead to growth. I am proud of our commitment at Donaldson and of the work we are doing as an organization to make a difference.

—Jacquie Boyer, VP, Global OEM Sales

Operational Excellence

Operating manufacturing facilities responsibly is a foundational commitment for our 106-year-old company. A continuous improvement mindset is a contributing factor; team members continuously develop and share ways to be and do better. This proactive commitment, along with the recent addition of a sustainability leader in 2018, are helping us “connect the dots” between our continuous improvement initiatives and environmental objectives.

Within Operations, we adhere to an operating model that unites culture, leadership and operational excellence to ensure we manufacture quality filtration products in efficient and effective ways. These efforts, in turn, help us maximize employee talents, use fewer resources and materials, and generate less waste.

The operating model encompasses a variety of tools and principles to achieve operational excellence and bolster sustainability, such as Lean, Six Sigma, Kaizen, 6S, Standard Work and Poka-Yoke. And it strives for high-quality, low-cost, just-in-time delivery by shortening the production flow through elimination of eight wastes: Defects, Over-Production, Waiting, Non-Utilized Resources, Transportation, Inventory, Over-Processing and Motion.

To improve the environmental performance of our manufacturing facilities, we partnered with an independent firm to perform comprehensive sustainability assessments at four of our manufacturing locations in FY20. The assessments focused on identifying conservation measures specific to our air, liquid and industrial production plants that could be scaled globally. Initial measures will focus on LED lighting upgrades, compressed air and power management, equipment and systems upgrades and controls, motor electrification and evaluation of renewable energy opportunities. In order to accelerate the execution of these measures and our sustainability priorities throughout our manufacturing base, we created a sustainability leader position within our Operations Excellence team.

Moving forward, we are continuing to create local employee committees whose active engagement and leadership help identify, plan and execute these manufacturing initiatives. These team members will lead events and have access to learning opportunities to further strengthen their skills and knowledge. Everyone has a role to play in achieving a more sustainable future.



Dust Collection and Emissions Filtration Technology Award for Air Pollution Impact

Donaldson Company received a 2019 Bluetech Award from the Bluetech Clean Air Alliance (BCAA), a nonprofit professional organization focused on the development of clean air technologies and industries in China. The Bluetech Awards were established to recognize global clean air technologies as China continues efforts to reduce air pollution.

The recognition was based on Donaldson's innovative ultra-low emission dust removal solution. Awardees are determined using BCAA's Bluetech Technology Assessment Methodology, which evaluates the technological, environmental and economic performance of a technology.

Environmental, Health and Safety

Our sustainability efforts also promote excellence in Employee Health and Safety (EHS). At Donaldson, every employee is responsible for identifying and managing exposure to health and safety hazards and harmful environmental impacts. Donaldson's EHS fundamentals are documented within an EHS Framework, which was introduced in 2017 and has been rolled out globally.

Our EHS Framework provides a set of processes, activities and tools to help ensure our workplaces are operationally compliant with applicable government regulations and third-party certifications (e.g., ISO 14001 and ISO 45001).

In order for those working at our sites to execute their environmental, health and safety responsibilities effectively, a practical understanding of the Framework and EHS excellence is essential. A variety of training methods are available to fulfill these requirements, including online learning, instructor-led training, coaching or mentoring, and group discussions and activities.

With the onset of the COVID-19 pandemic, Donaldson sites quickly implemented comprehensive pandemic-related protocols to help keep on- and off-site employees safe and healthy. Employees pivoted and demonstrated immense agility adapting to evolving conditions and continue to do so as we adjust processes and procedures for alignment with public health authority recommendations.



Conserving Water and Maintaining Healthy Green Spaces

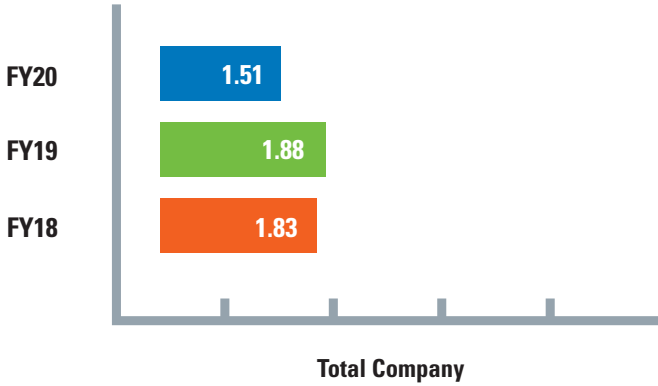
In 2020, Donaldson's Global Headquarters in Bloomington, Minnesota, began using smart irrigation technology to conserve water. Five irrigation zone controllers cover the nearly nine acres of green space. Controllers, equipped with WiFi, receive data from a network of weather stations and adjust irrigation amounts and timing based on precipitation, wind, temperature and other weather metrics. Preliminary findings indicate an approximate 15% reduction in irrigation water use on the campus.

Total Recordable Incident Rate

Providing a safe workplace and keeping people injury free are top priorities. Proactive employee participants, locally based safety committees and the addition of regional EHS leadership, helped Donaldson improve safety awareness and performance in FY20.

We are encouraged that our Total Recordable Incident Rate (TRIR) declined by approximately 20% from FY19 to FY20; our goal is zero accidents and injuries and we will continue to strive for continuous improvement in areas impacting employee safety.

Donaldson Total Recordable Incident Rate



TRIR is the number of recordable incidents per 200,000 work hours. We classify a recordable incident as a work-related injury or illness that results in death, loss of consciousness, lost workdays, restricted work or medical treatment beyond first aid.



Prioritizing Energy Efficiency

Our facility in Haan, Germany, recently added 1,300 square meters to its existing 6,400 square meter footprint to help meet the growing demand for process filtration, including sterile air, steam and liquid filters for the food and beverage industry. Haan successfully passed the monitoring audit of its ISO 50001 certification. This international standard helps organizations continually reduce their energy use, and therefore energy costs and greenhouse gas emissions. By certifying to this standard for energy management, Donaldson underscores that continual improvement of energy performance, energy efficiency and energy conservation is good for business and our planet.

Employee Engagement

We know that engaged employees are an essential part of our business success. Our longstanding commitment to community, and access to quality benefits, learning opportunities and more, play a role in attracting, motivating and retaining outstanding people. To further strengthen the state of employee engagement at Donaldson, in early FY21, we partnered with an independent firm to launch a global employee experience survey. The survey was distributed in 13 languages to salaried employees and hourly non-production employees. Feedback and information gathered from the survey will highlight opportunities for positive change and growth, and guide our sustainability efforts.

Donaldson's Engage and Empower Our People principle addresses employee opportunities for growth, learning and meaningful work. To accomplish this, we employ a leadership development model—One Donaldson Leadership Expectations—centered on five basic principles: Develop, Collaborate, Innovate, Achieve and Grow. This model represents the competencies and behaviors that contribute to employees' current success and is consistently revisited as employees progress in their careers.

To further employee growth and development, Donaldson provides access to nearly 20,000 online course offerings, housed within our Human Resources Information System. To address changing needs and opportunities, courses include topics such as Preparing for Virtual Performance Conversations, Video Conference Best Practices, The Art of Staying Focused, Building Resilience, and Personal and Professional Well-Being and Mental Health During COVID-19.



Employees from the Bloomington Campus quickly mobilized when local needs dramatically rose due to destruction and economic hardships in communities already under stress. Food bank locations and requests were monitored and updated, and employees were provided paid time off to volunteer in the community.



At Donaldson, we have a mix of tenures. We have people who have worked here 40 years or more and we have many new faces. Across that group is a common thread—we care about the company, each other and our customers. We really want the company to do well. So there is a culture of ownership and accountability across the organization that is pretty powerful.

—Brad Pogalz, Director, EMEA Finance



OUR GOVERNANCE DISCIPLINE

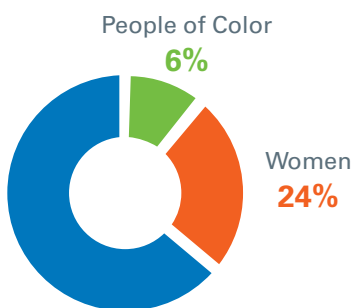
Donaldson is committed to applying uniformly high standards of ethics and business conduct wherever we do business. Our commitment to superior governance comes from our belief that doing so creates long-term value for shareholders, strengthens board and management accountability and builds trust in the company and our brand. This longstanding commitment to sound corporate governance and integrity is a key part of our success.

Corporate Governance

Management Team

With an average tenure of 15 years with the company, our experienced management team leads by example, consistently reinforcing the importance of compliance and ethical conduct. Our current team is comprised of 17 leaders, with the newest member, David E. Wood, Ph.D., V.P. Life Sciences Business Development, joining the company in December 2020.* In this newly created role, he is responsible for Donaldson's acquisitive growth initiatives into life sciences markets. *Date of Wood appointment precluded inclusion in above image.

Management Team Composition



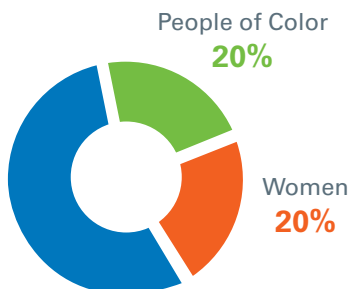
For more information about our management team, visit ir.donaldson.com.

Board of Directors

Donaldson's Board helps drive shareholder value, and we have made progress in advancing board diversity. The Donaldson Company Board is composed of 10 accomplished business leaders, including nine independent directors.

Board members bring deep market/sector knowledge and expertise in building and growing businesses. Represented industries include banking, distribution, food, industrial manufacturing, service and transportation. Drawing on this diverse experience, the Board represents the long-term interests of Donaldson's stockholders and guides management in executive leadership and strategic business decisions. Beginning in FY21, sustainability is now represented on our Balanced Scorecard—a structured report focused on Donaldson's strategic agenda and related performance measurements. As such, the Board now receives regular progress updates on Donaldson sustainability priorities.

Board of Directors Composition



FY20

NYSE

Nine of the Ten Directors

Nine of the ten directors are non-employees and meet the criteria for independence required by the New York Stock Exchange

6x

Board Meetings

The Board of Directors met six times and all directors satisfied attendance requirements



Honor Roll Company

Twin Cities Business named Donaldson an Honor Roll Company—an elite group of Minnesota companies with 20% or more gender diversity in their executive ranks and on their board of directors

For more information about our Board of Directors, board governance or board committees, visit ir.donaldson.com.

Code of Conduct

The Donaldson Code of Conduct is more than a list of standard practices—it defines the values and principles we live by. Our Code provides guidance and resources that reinforce the values of integrity, respect, safety and excellence in every country in which we operate and in all business relationships in which we engage. It also serves as a guide for navigating issues, reporting concerns and securing assistance when needed.

Within our onboarding and induction programs employees are familiarized with the Code. Additionally, office employees are required to participate in annual computer-based code of conduct training to keep them up-to-date and in adherence with our ethics and compliance program. Through these trainings, visual displays and leadership communications, employees are reminded and encouraged to promptly report known or suspected Code violations to any one of the following internal resources:

- Compliance Committee (GlobalCompliance@Donaldson.com)
- Human Resources Department
- Legal Department
- Internal Audit Department



We strongly urge anyone who has a concern about the conduct of a Donaldson employee or someone representing Donaldson to make a report. Secure, confidential reports can be made online 24/7 through Donaldson's Business Conduct Help Line at ethics.donaldson.com. Donaldson promotes a culture of honesty and transparency, and any form of retaliation is strictly prohibited against anyone who participates in an investigation or who asks questions or concerns in good faith.

FY20



95%

In a survey conducted by a globally recognized research and advisory firm, 95% of Donaldson employee respondents affirmed an understanding of our Code of Conduct



Curriculum

Code curriculum topics included preventing and reporting fraud; the importance of careful communication; managing respectful teams; anti-bribery and anti-corruption and how to raise concerns; and our policy of non-retaliation



Ethics

Ethics and compliance learning courses included Essentials of Data Protection; Professional Conduct and Promoting Mutual Respect in the Global Workplace; and Preventing Sexual Harassment

For more information about the Code of Conduct and to access our Business Conduct Help Line, visit ethics.donaldson.com.



Protecting Human Rights

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

For more information about our Ethics and Compliance Regional Policies, visit donaldson.com.

Conflict Minerals Policy

The ongoing conflict in the Democratic Republic of the Congo (DRC) is fueled in part from trade of "conflict minerals," which are defined as tantalum, tin, tungsten and gold or any of their derivatives. Donaldson works with our supply chain partners to take reasonable steps to assure conflict minerals are not sourced by Donaldson or our supply chain partners in a way that would directly or indirectly benefit armed groups responsible for serious human rights abuses in the DRC or adjoining countries. Donaldson expects that our suppliers will comply with our requests to provide statements and perform due diligence about the source of any conflict minerals in their products which are provided to us.

For our Conflict Minerals Policy, visit donaldson.com.

Global Trade Compliance

As a U.S.-based company operating around the world, it is critical that Donaldson employees in all of our facilities abide by applicable import and export laws, regulations and policies as part of our commitment to global trade compliance. Donaldson employees can access additional information and resources about our trade compliance practices and policies through our intranet.

In FY20 we experienced continued volatility of the regulatory trade environment, including imposition of country-level sanctions, trade agreements and tariffs. This volatility can lead to higher compliance risks, increased duty costs, lower margins and longer lead times. To avoid or lessen any of the aforementioned impacts, the team focused on mastering changes to trade rules which included standardizing and automating global export and trade. Additionally, we upgraded our automated tools to take advantage of globally available trade agreements and strengthen our export controls. In a world of increasingly complex supply chains, which has intensified due to the economic disruption caused by COVID-19, trade compliance obligations and expectations have never been higher.



FY20



Trade Agreements

Trade agreements software platform upgrades enhance our duty savings eligibility in accordance with the World Trade Organization's recognized bilateral and multilateral trade agreements



Regulatory Compliance

Donaldson U.S. and European Union transaction screening and export license determination were automated, creating greater efficiencies and enhanced regulatory compliance

For more information about our Global Trade Compliance, visit donaldson.com.



OUR COMMUNITY GIVING

Generations of Donaldson employees have established a rich history of philanthropy, generously giving their time, talents and resources. We are proud to make a difference in our communities through centralized corporate giving and employee-led grassroots efforts.

Donaldson Foundation

Since 1966, the Donaldson Foundation has sought to positively impact our communities by supporting educational programs and organizations. Foundation program grants benefit a broad range of educational interests including early childhood development, K–12, post-secondary, adult learner and self-sufficiency education. In FY20, the Foundation distributed \$1.2 million in grants and matching gifts to over 60 U.S. nonprofit organizations.

Our corporate philanthropy focuses on:

- Supporting educational opportunities for those who are underserved;
- Providing matching grants to educational institutions;
- Awarding scholarships for post-secondary education;
- Partnering with our plant communities to address local needs

In FY20, the Foundation stretched outside of its established educational philanthropy focus and redirected an annual \$100,000 grant award to fund critical COVID-19-related healthcare needs. Funds were awarded to nonprofit humanitarian organization, Direct Relief, which provides equipment and resources to frontline medical professionals who protect the world's most vulnerable people. According to DirectRelief.org, the organization delivered more than 46 million N95 and surgical masks, more than 8 million gloves and tens of thousands of protective suits and other items to help safeguard healthcare workers in more than 80 countries in 2020.



The Donaldson Foundation awarded a \$100,000 grant to global humanitarian organization Direct Relief. Funding provides vital equipment and resources to frontline medical professionals.

Employee Giving and Volunteering

Donaldson employees at our global headquarter offices, plants and distribution centers have a long history of volunteering and raising money for local charitable causes and organizations.

This year we are especially proud of the U.S. employees and retirees who actively support and make a difference in their communities. With the challenges of our current environment and subsequent virtual experience limitations, their support has been unwavering. During this year’s annual United Way® campaign, our largest community outreach effort, Team Donaldson increased donations nearly 15% over the previous year. Their generosity, combined with a Foundation matching gift program, raised more than \$510,000 for United Way programs. United Way helps ensure that every individual has opportunities to succeed and entire communities thrive, a vision more important than ever and one that gives us hope for the new year.



FY20



\$510k

60

Charitable Giving

Team Donaldson increased donations nearly 15% over the previous year

Donated to United Way

Team Donaldson, combined with a Foundation matching gift program, raised more than \$510,000 for United Way programs

60 Organizations

Over 60 Twin Cities and plant-area organizations received grant donations and scholarships



Creating Opportunities for Students

In FY20, the Donaldson Foundation granted Normandale Community College Academy of Math and Science (AMS) \$25,000 to help support the STEM (Science Technology, Engineering, Math) program. AMS was developed by Normandale 14 years ago to help support underrepresented* STEM students who may need academic, social, developmental (in terms of student success) or financial support to succeed on their respective academic path. Since its founding, Donaldson has provided a total of \$259,000 in support of the AMS program.

*Underrepresented students include students of color, children of immigrant parents or students who are themselves immigrants, students from economically disadvantaged backgrounds, students whose parents did not attend college, and women interested in STEM domains.

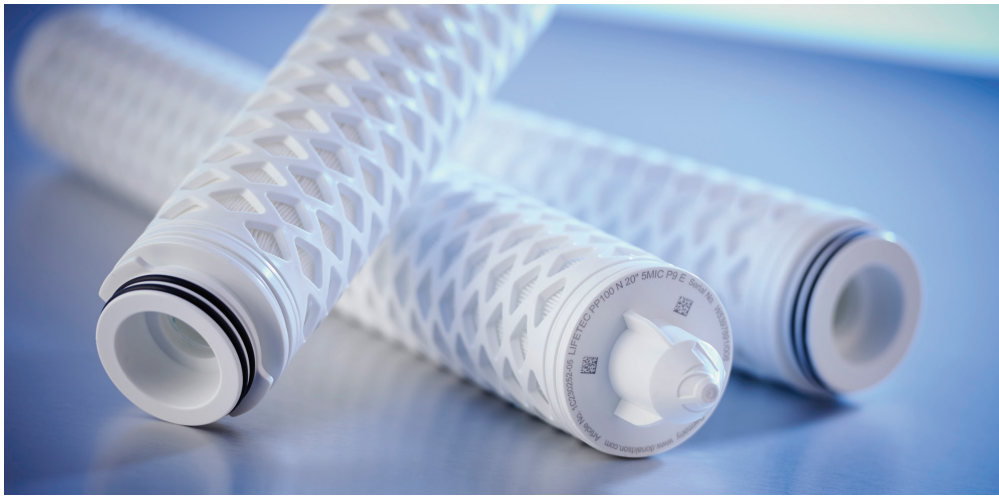
PRODUCT PHOTOS ON BACK COVER:

Top left: Donaldson LifeTec™ Process Filtration Products

Top right: Donaldson iCue™ Connected Filtration Service

Bottom left: Donaldson Blue™ Line of Premium Engine Filters

Bottom right: Donaldson Torit® Rugged Pleat Baghouse Dust Collector



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Merchandise & Apparel: www.donaldsonmerchandise.com