



2024 Environmental, Social, and Governance Report

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A Message from Our President & CEO



“Each of us has a responsibility to leave the business better than when we walked in.”

- Joseph M. Bruening, founder of Applied Industrial Technologies

I am proud to share Applied's 2024 ESG report which highlights Applied's commitment to contributing to a better world for all our stakeholders. We recognize our business can make an impact in empowering the industrial economy to operate in a more sustainable and effective way.

Consistent with our commitment to continuous improvement, our ESG strategy is approached with a long-term perspective and balanced focus on driving steady progress that aligns with our Core Values, financial results, and shareholders' expectations. We have integrated our ESG strategy into our operations, and I'm extremely pleased with our progress in recent years, including providing more disclosure about ESG topics and initiatives, which has been recognized by several of the third-party rating agencies.

We recognize that we play a critical role in supporting our customers' sustainability efforts and understand that our customers turn to us for our product selection, knowledge, and expertise that helps find the right product for their needs. At the same time, we are advancing our own sustainability actions and transparency.

During fiscal 2024, we reduced our absolute energy consumption by 3% and increased our percentage of recycled waste. In this year's report, we are also providing information on our waste generation and water consumption for the first time. We look to continue to identify and prioritize the sustainability issues that are important to our stakeholders and to increase our disclosures in the future.

We have a keen awareness that our success is tied to our ability to foster a productive and vibrant culture that motivates our team to be better every day. This includes a relentless focus on safety and advancing the well-being of our associates. Our Environment, Health & Safety (EH&S) program is integrated in all aspects of our business, including providing extensive training and coursework, as well as establishing policies that communicate clear expectations. This is evidenced by our Total Recordable Incident Rate (TRIR) improving 31% year-over-year.

Lastly, in August, we welcomed Richard J. Simoncic to our Board. We believe Rich's fresh perspectives and track record of operational leadership is a great addition to our Board and aligns with our commitment to responsible corporate governance.

I am grateful to all of our associates and their contributions throughout the last year and look forward to continuing to move forward on our journey while strengthening our Company and delivering value to our shareholders.

A handwritten signature in black ink, appearing to be 'J. Bruening', written in a cursive style.

About Applied



Applied is one of the largest distributors and solution providers of industrial motion, power, control, and automation technologies.

\$4.5B

Revenue

100+

Years of Leadership
in Distribution

7

Countries with
Operating Locations

9.1M+

Product SKUs

590+

Operating Facilities

6,500+

Employee Associates

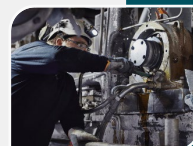
About Applied

Headquartered in Cleveland, Ohio, Applied and its predecessor companies have engaged in business since 1923.

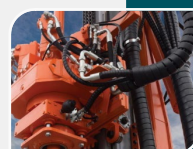
Our leading brands, specialized services, and comprehensive knowledge support MRO (maintenance, repair, and operations), OEM (original equipment manufacturing), and new install applications in virtually all industrial markets.

- Selection of more than 9.1 million stock keeping units
- Multi-channel capabilities that provide choice, convenience, and expertise
- Numerous service solutions, including inventory management, engineering, design, assembly, repair, and systems integration, as well as customized mechanical, fabricated rubber, and shop services
- Familiarity with local markets and local companies provides the leverage and know-how to promptly address a wide variety of unique customer solutions
- Comprehensive network of facilities and associates

We Are
AppliedSM



Bearings & Power Transmission



Fluid Power



Specialty Flow Control



Advanced Automation



Maintenance Supplies

Our Core Values



INTEGRITY

Honest and trustworthy
in all we do



ACCOUNTABILITY

Motivated and responsible
for our actions and results



RESPECT

Fair and ethical relations
with everyone



INNOVATION

Creative in generating value;
anticipating and embracing
change for new opportunities



CUSTOMER FOCUS

Dedicated to customer needs;
providing value-added service at
every touch point



CONTINUOUS IMPROVEMENT

Committed to becoming better,
as individuals and as a team



COMMITMENT TO EXCELLENCE

Quality in our products, service
and support



TEAMWORK

Working together,
winning together

Our Value Proposition

We are integral to our customers' supply chains considering the critical nature and direct exposure that our solutions have on our customers' core production equipment and plant capabilities.

Our industry position and value proposition benefits from relative advantages, including technical expertise and knowledge, tenured relationships, scale and proximity, talent acquisition and development process, and many others. These guide our strategy and value creation potential, as reflected by the significant positive transformation across Applied in recent years.

In addition to these key attributes, Applied is positioned to support its customers' sustainability efforts, including:

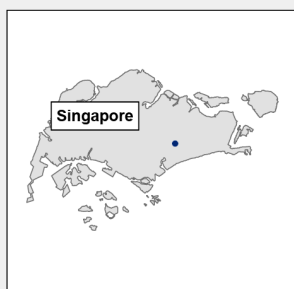
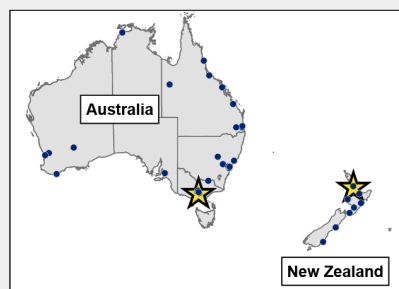
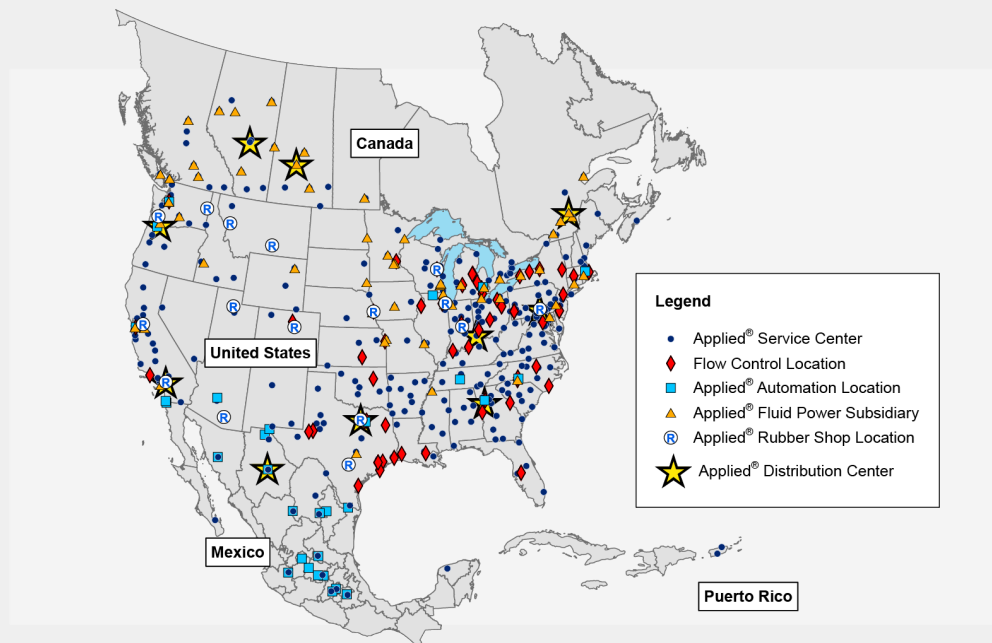
- Increasing our customers' energy-efficiency, including motors, belting, and variable frequency drives
- Helping reduce waste by repairing, rebuilding, or upgrading our customers' existing equipment
- Providing engineering and assembling solutions, and supporting power management and electrification of fluid power systems, as well as flow control solutions used for carbon capture and alternative fuel production
- Continuing to expand our Automation operations, providing a greater scope of robotic and machine vision solutions that optimize our customers' safety and product quality

"Our value proposition and evolution are resonating at a high level across our core marketplace, presenting significant growth opportunities now and long term."

~ Ryan Cieslak, Director – Investor Relations & Treasury



Broad Geographic Coverage



Countries not drawn to scale

400+ MRO-Focused Service Centers Supported by 12 Distribution Centers

- Leading Motion / Power Control Expertise
- Experienced, Technically-Focused Sales Associates

50+ Fluid Power Service & Solution Facilities

- Fluid Power System Design, Build, Integration
- Industrial, Off-Highway Mobile, Technology

60+ Flow Control Service & Solution Locations

- Mission-Critical Engineered Solutions
- Systems Integration, Repair, Fabrication

33 Automation Locations

- Design, Engineer & Build Automated Solutions
- Robotics, Machine Vision, Machine Control, & Digital Technologies



OUR SUSTAINABILITY STRATEGY

Applied is committed to driving sustainability as we keep industry moving. We have integrated our strategy into our business to help our customers achieve their sustainability goals, deliver value to our shareholders, and leave the world better than when we started.



2024 Highlights

ISO 14001:2015

Certification Pending

36,000

Training courses completed on
safety-related topics

99%

of U.S. Associates Participated in
Annual Performance Reviews

31%

Reduced TRIR
Year-Over-Year

ENVIRONMENTAL

Applied is committed to helping reduce both our own and our customers' environmental impact.

Commitment to Sustainable Solutions



At Applied, we work to support our customers' sustainability efforts and to help keep their workers safe. From eco-friendly products to engineered solutions, we offer a broad portfolio of products and services to support these efforts.

Our customers' choice of industrial products and solutions does more than keep their operations running – it can increase their energy efficiency, reduce waste, and reduce their environmental impact.

As a leading distributor and solutions provider of industrial motion, power, control, and automation technologies, we serve a segment of the industrial market that is directly tied to our customers' most important production assets and related energy-efficiency initiatives. Many of our customers are in critical industries and our products and solutions support localized and resilient supply chains. More sophisticated production equipment and processes require a skilled, knowledgeable team to identify the right products and solutions.

We help our customers optimize efficiency, improve machine performance, reduce overall procurement and maintenance costs, comply with regulations, and create safe work environments.

Customer Solution – Increased Energy Efficiency

We are committed to providing our customers with the highest quality products that can help drive maximum efficiency across their production environments. Additionally, we provide expertise to customers on how to save energy in their operations. This includes conducting extensive energy audits in critical areas across their motion control components and equipment.

Success Story

Applied supplies a variety of products that help customers reduce their energy consumption including:

- Energy-efficient industrial motors with lower material content
- Variable frequency drives that adjust motor speeds and electricity usage within industrial machinery and systems, which not only reduce energy consumption but also reduces wear and tear on the machine's components
- Cogged and synchronous belts that are more energy efficient compared to standard V-belts
- Process pumps that use a highly efficient electric drive instead of compressed air which helps lower energy consumption and operating costs

Our Documented Value-Added® (DVA®) process shows customers how we quantify the benefits of the products and solutions they purchase from Applied, including reduced energy consumption and other potential environmental benefits.



Customer Solution – Waste Reduction

Applied does far more than simply selling new products. Not only is it better for the environment, it is often more cost effective to repair or rebuild parts than to purchase new ones. Our Service Center network and related technical knowledge are critical resources to our customers to determine if worn parts can quickly be repaired, restored, or rebuilt. Our associates may also suggest an upgrade to increase the useful life of a product.

Remanufacturing Services

Parts are reworked to their original or improved design specifications and fully tested. This in turn reduces the amount of material that is sent to landfills or otherwise discarded, helping contribute to the circular economy. Remanufacturing and repair services are provided across various areas of our business within both our Service Center and Engineered Solutions segments. In addition to providing these services for parts in many types of industrial equipment, Applied also has special programs such as its wind turbine cylinder exchange and resurfacing program that remanufactures wind turbine pitch cylinders to OEM specifications, including reusing original components and an environmentally-friendly thermal spray method (HVOF) to eliminate hazardous waste output and carcinogens.

Success Story

Our service centers advise customers on a variety of “break-fix” situations. We play a leading role in extending the life of production equipment and reducing material waste within our customers’ facilities. We believe our “break-fix” support capabilities are increasingly critical in today’s industrial economy given an aging and tighter customer labor force, more sophisticated production equipment and processes, and greater compliance and regulatory requirements.

Customer Solution – Inventory Management of Indirect Consumables

Through our Applied Maintenance Supplies & Solutions® (Applied MSSSM) operations, we provide inventory management solutions such as vendor managed inventory (VMI) and vending that can play a role in our customers' sustainability priorities by optimizing the usage of indirect consumable supplies.

Both VMI and vending drive greater oversight of usage points. This helps improve demand forecasting and supply chain visibility of smaller parts and components that are often overlooked and mismanaged within a production facility.

In turn, customers can standardize stocked items, reduce overbuying and obsolete inventory, and decrease supplier deliveries and related packaging. In addition, our state-of-the-art technology provides real-time consumption data and automated ordering to help reduce inefficient spot buying and freight shipping, while a well-organized parts area for consumable items can improve employee and workplace safety.



Eco-Friendly Products

Applied offers thousands of products that have eco-friendly attributes including:

- Energy reduction products
- Recycling content products
- Bio-based products
- Biodegradable products
- NEMA Premium® products
- Green Seal® products
- ENERGY STAR® products
- Federal Energy Management (FEMP) products
- EcoLogo® certified products



Our sales associates are able to help customers select products that reduce environmental impact.



ECOLOGO® Certified



Meets NEMA Premium®



Green Seal® Certified



Advanced Engineered Solutions

We continue to expand our product and solutions portfolio to include engineering solutions in fluid power, flow control, and automation. As our customers continue to look for ways to improve their energy efficiency and achieve their sustainability goals, they look to our engineering and application expertise.



Success Story

- Customization of fluid power systems for certain applications in consultation with the customer, including using certified engineers and designers, CAD software, and 3D modeling to help find a solution that meets the customer's needs
- Integration of electronic controls, IoT technology, and smart fluid hydraulics to optimize fluid management, heat production, fuel consumption, and improve workplace safety
- Development and customization of cleaner mobile equipment, including enabling the transition from GHG emitting diesel engines to renewable electric sources
- Utilization of advanced filtration systems to help filter out contaminants and other detrimental particles which also may reduce corrosion and extend the asset life
- Supporting energy transition efforts, including providing parts and technical support for methane gas capture in renewable natural gas, carbon capture and storage, hydrogen production, and lithium production
- Deployment of robotics, machine controls, machine vision, and digital IIoT to help improve product quality, reduce production errors, improve workplace safety, and optimize resource allocation



Emissions and Energy Consumption



RESTORE & GROW MIDTOWN'S GREEN INFRASTRUCTURE

In 2024, Applied planted approximately 40 new trees at its corporate headquarters in Cleveland, Ohio as part of MidTown Cleveland's Restore and Grow Green Infrastructure program aimed at growing Midtown's tree canopy.



Transportation

We continue to work with EPA SmartWay Transport Partners for our freight needs to increase energy efficiency and reduce greenhouse gas emissions by optimizing routes and ensuring efficient load management.

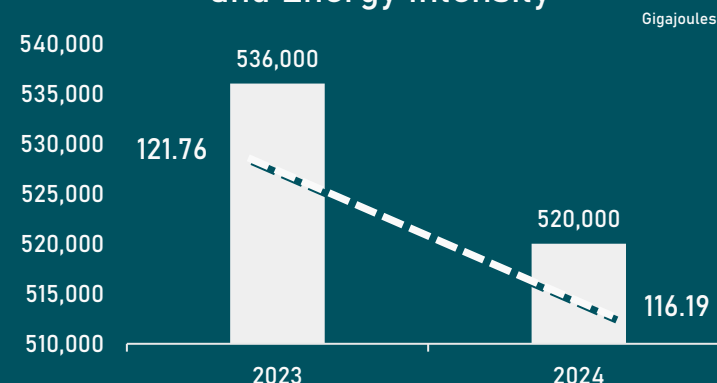
Water Consumption

As primarily a distributor of industrial products, limited water is necessary for our operations. Total water consumption in 2024 by our U.S. facilities was approximately 136,000 cubic meters.

"Across our 590+ locations, we are committed to consistently finding new ways to lower utility costs and minimizing our environmental impact."

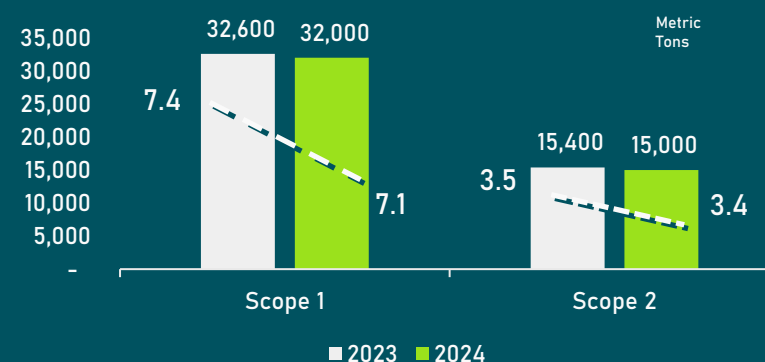
~ Steve Stilianos, Director — Real Estate & Indirect Procurement

Absolute Energy Consumption and Energy Intensity



Dotted line represents energy intensity and is calculated as metric tons divided by revenue in millions. Includes Applied's operations in the U.S., Canada, Australia, New Zealand, and Singapore.

Scope 1 and Scope 2 Emissions and Intensity



Scope 1 Emissions: Direct emissions resulting from vehicle fleet and heating/cooling in our facilities

Scope 2 Emissions: Indirect emissions from facilities where primary power source is electricity

Dotted line represents emissions intensity and is calculated as metric tons of Co2 equivalent divided by revenue in millions

Waste and Recycling

Limited Waste in Operations

As our operations generate such a limited amount of waste that requires disposal, our operations are classified as either Very Small Quantity Generators or Small Quantity Generators. In 2024, the Company's U.S. locations that are serviced by its largest waste collection service provider generated 4,000 tons of waste.¹

Waste Disposal

Trash generated by Applied's operations is primarily managed through our waste-disposal partner or via locally-arranged relationships.

Responsible Hazardous Waste Disposal

Our operations dispose of all hazardous materials in accordance with local regulations and utilize vendors who manage these materials in an environmentally conscious manner.

Recycling

Applied strives to reduce waste and its recycling and reuse efforts through practices such as:

- Reuse of packing materials
- Utilizing reusable shipping containers made of 100% recycled material

9%²

OF WASTE RECYCLED

2 - Does not include reuse efforts such as reuse of packaging materials

1 - Includes waste from 317 U.S. locations.



ISO 14001:2015 – Environmental Management System

In 2024, Applied performed an initial environmental review and gap analysis, and developed an Environmental Management System Manual. Upon completion of a third-party audit, Applied expects to obtain ISO 14001:2015 Certification in FY2025.

By pursuing a Certification to the ISO 14001:2015 standard, Applied reinforces the values eschewed in our Environmental, Health & Safety policy. These include preventing pollution through responsible management of waste and hazardous materials, efficiently utilizing natural resources, and promoting re-use and recycling of materials providing products and services that aid our customers in achieving their sustainability objectives.

“Obtaining our ISO 14001:2015 Certification will demonstrate Applied’s commitment to being a responsible steward of the environment, protecting the interest of our varied stakeholders, including customers, associates, suppliers, communities, and shareholders.”

~ Jason Ulery, Director — Risk Management and Insurance



SOCIAL

Applied is committed to being a responsible business and employer — fostering a workplace where all of our associates can thrive and creating a positive impact in our communities.

Our Associates

We attribute our business success to our talented, dedicated associates. We have approximately 4,950 associates in the United States, 650 associates in Canada, and 900 spread across several other countries.

At Applied, we work to ensure that all of our associates, regardless of race, ethnicity, gender, sexual orientation, or sexual identity have an opportunity to thrive.



| Segment | Service Center Based Distribution | Engineered Solutions | Other |
|------------|-----------------------------------|----------------------|-------|
| Associates | 4,150 | 2,050 | 300 |



| Country | United States | Canada | Other |
|------------|---------------|--------|-------|
| Associates | 4,950 | 650 | 900 |

“When an associate joins Applied, they bring their unique skills, ideas, capabilities, personalities, and passions to work, and we believe we benefit from those diverse perspectives and experiences.”

~ Kurt Loring, Vice President — Chief Human Resources Officer

All U.S. Associates¹

82%
white

17%
non-white

76%
male

24%
female

New U.S. Hires and Promotions

73%
white

27%
non-white

74%
male

26%
female

¹ - 82.2% white, 17.4% non-white, and 0.4% un-specified

Associate Well-Being Support

Compensation and Benefits

We seek to provide competitive compensation and benefits in order to help attract and retain high-quality associates. In the U.S., Applied offers comprehensive benefits with choices to fit our associates' varied needs, including the following:

- Medical, dental, vision, and prescription drug insurance
- Short and long-term disability benefits
- Life insurance plans
- 401(k) retirement savings plan with company match
- Paid vacations and holidays
- Incentive programs in support of our pay for performance culture
- An employee assistance program
- Educational reimbursement program

During fiscal 2024, we also expanded our efforts to provide managers with the tools they need to help identify and provide resources on associate mental health needs.



401(K) PLAN
PARTICIPATION RATE

93%

Equitable Pay

Applied believes in equitable and fair pay and has established formal policies to support this.

Employee Engagement

We encourage and value the feedback we get from our associates. New associates in our service center business and our corporate headquarters receive surveys 30 days and 90 days after they join Applied. Associates also receive an annual engagement survey on each anniversary of their hire date.



Applied proudly participates in social determinates of health (SDOH) programs to help identify associate needs. In 2024, Applied worked with the Cleveland Clinic's SDOH program.

Associate Recruitment

Applied utilizes multiple services to ensure its job postings are included in locations that will be seen by a broad and diverse candidate pool, including diverse professional groups and historically black colleges and universities.

COMET Program – Class of 2024



Applied's Career Opportunity and Management Employment Training (COMET) fast-tracks the associate for a challenging role in sales and distribution of industrial components. It is an opportunity to learn the business from the ground up and become part of our bright future.

Applied's Career Opportunity and Management Employment Training

Associate Development

Success Story

Many of our associates utilized training opportunities in FY2024 that helped them gain additional skills to feel more confident in their current roles and to prepare them to take on additional responsibilities and grow within the Company. Working with their manager, one service center manager identified the specific skills and knowledge that they needed to move into a different role and then sought out trainings and on-the-job learning experiences to obtain those skills.



In FY2024, our
associates
completed more
than
52,000
hours of training.¹

¹ - Only includes online training hosted through our learning management system and instructor led-training.

We strive to attract, retain, and develop a diverse group of high-performing associates, empowering them to achieve their potential and providing them opportunities to test their skills, increase their knowledge, and advance their careers.

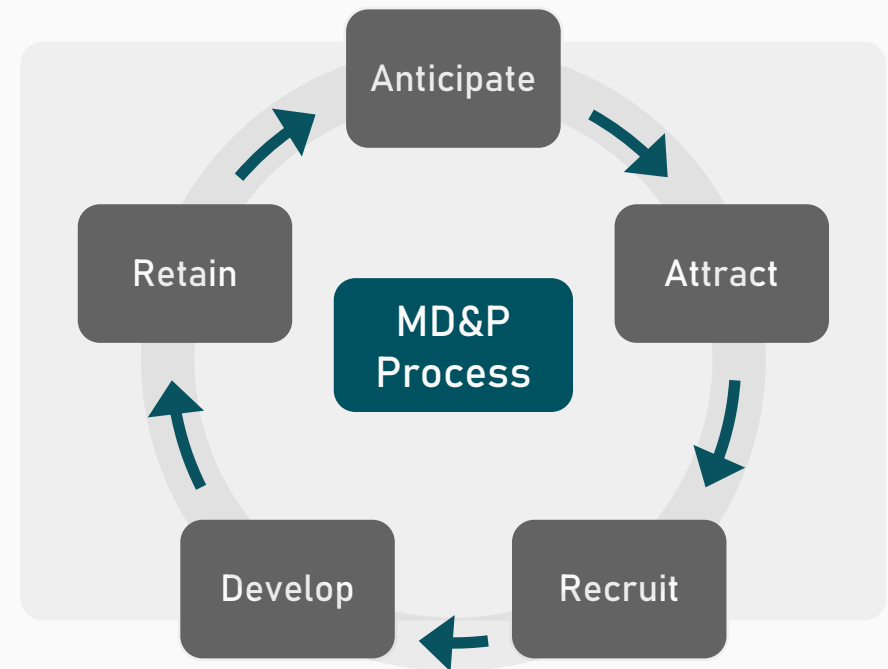
Associates are expected to complete training each year. Associates in many of our distribution centers and those at our corporate office are required to complete a minimum number of training hours every year. While there are some topics that associates are required to complete, a portion of these hours can be used to complete trainings that the associate identifies would be helpful for their professional development and the achievement of their own goals.

Applied associates have access to a Learning Management system which offers a wide array of internal developed training courses, supplier product training, and courses developed by third-parties. Live virtual and in-person trainings are also offered throughout the year on a variety of topics.

Talent Management

Applied has a robust Management Development and Planning process. We encourage leaders to provide frequent, timely, and meaningful feedback to each member of the team.

We also require all associates to participate in a structured performance review program to discuss performance and development. We believe these informal and formal interactions allow our teams to build trust with one another and allows Applied to manage our workforce. We also provide training to all associates to help them prepare for and make the most out of the performance review process. All managers are provided with additional training on how to conduct these performance reviews and provide effective feedback.



Success Story

Through an initiative designed to identify talent that may otherwise be underutilized, a service center manager was identified as having the core skills and experience needed for a general manager role. Through information that is made available to managers and a formal review process, the associate's manager was able to recognize an opportunity to promote from within and promoted the associate to fill an open general manager position. The associate is now thriving in her new position.



Environmental, Health & Safety

We actively champion safe behaviors, individual accountability, and continuous improvement to protect the health and safety of our associates and the environment. Applied's Distribution Center network uses the Leaders Safety Scorecard which emphasizes Applied's focus on safety and helps establish measurable Tactical Indications (site level indicators) to improve EH&S performance.

One of the seven activities included in the Leader Safety Scorecard is Behavior-Based Safety Observations (BBOs). BBO's represent a proactive opportunity for a leader to provide positive or constructive feedback to associates in real time, to reinforce or otherwise address those behaviors. We are also collecting data while performing these observations to help identify trends and mitigate risks where there is an opportunity to do so. As we continue to strengthen our culture of safety, 1,034 BBO's were reported in 2024.

All Applied associates, regardless of their role, are required to complete safety training annually, covering topics such as: basic fire safety; slips, trips, and falls; and driver safety coursework. To ensure our associates are protected from many of the hazards they face in their day-to-day work environment, additional safety training may be assigned based on their job role. Some of this other coursework includes topics such as manual material handling, cutting tool safety, hot work, and lockout/tagout, among others.

Applied associates completed nearly 36,000 training courses on safety-related topics in our most recent fiscal year.

"Applied is committed to the safety of all associates, and we have made it a focal point of our workplace culture."

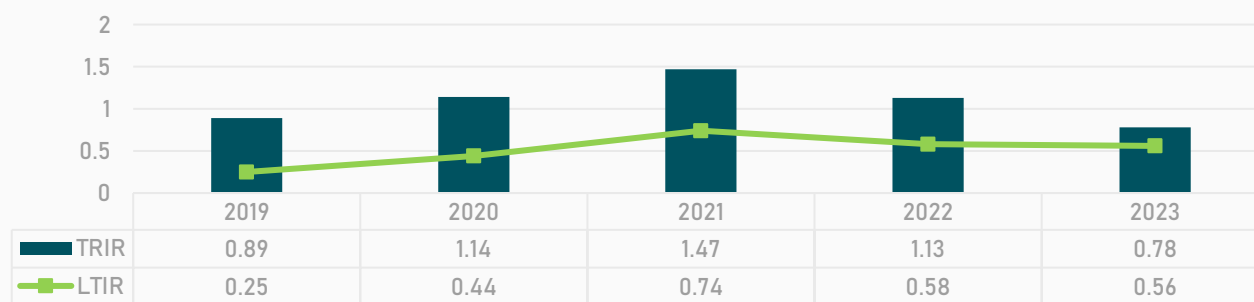
~ David Barrett, Manager — Environmental, Health & Safety

Our Environmental, Health & Safety program is integrated into all aspects of the business to promote:

- Keeping our associates safe and healthy
- Good environmental practices
- Compliance with all applicable laws and regulations

Applied's 2024 TRIR is below industry association and U.S. Bureau of Labor Statistic benchmarks.

Applied TRIR and LTIR ^{1,2,3}



¹ TRIR and LTIR are calculated based on calendar year

² TRIR and LTIR are calculated as the number of incidents multiplied by 200,000 and divided by hours worked

³ TRIR and LTIR are calculated net of the impact of reportable cases which arose as a result of a COVID-19 diagnosis

Environmental, Health & Safety



Applied's EH&S Management Process establishes the accountabilities, activities, expectations, fundamental systems, roles and responsibilities that form the foundation necessary to support the EH&S performance and culture of Applied.

Leaders' responsibilities outlined as part of the EH&S Management Process include the following:

- "Walk-the-Talk" - Demonstrate passionate leadership and commitment through defined activities and monitoring
- Actively champion safe behaviors, individual accountability, and continuous improvement
- Provide the necessary resources for the location(s) to meet the obligations of safety goals and objectives and to support the Process, including the provision of personal protective equipment based on the nature of an associate's job duties.
- Ensure adherence to regulatory requirements and promote efficient use of natural resources, while proactively managing recycle programs that reduce waste.

Workplace Safety Initiatives

Whether operating in our own facilities, a customer's location, or driving in between, Applied wants to ensure our associates make it home in the same condition as they come to work. To that end, we deploy a variety of strategies, processes, procedures, and resources to protect our associates in various working environments.



Worksite Safety

Regardless of the type of workplace our associates find themselves in, Applied is committed to ensuring their safety. We utilize a variety of resources to assess risk within our operations, ranging from focused safety training for specific workplace exposures to on-site assessments, all of which contribute to a culture of continuous improvement. In the event of a workplace injury, we complete root cause analysis and cascade lessons learned across the organization. This information is also used to develop new programs focusing on recurring injury types. As evidenced by our near-miss reporting rate included in the Appendix of this Report, we are seeing an increased level of this reporting, which benefits our continuous improvement cycle.

To ensure success in managing workplace injury risks, we place emphasis on leader and associate involvement in the EH&S Management Process. This includes establishing measurable indicators which drive EH&S performance. Scorecards are utilized to gauge compliance in a variety of areas.

Vehicle Safety

Applied focuses on safe driving behaviors by having all US-based associates complete driver safety training on an annual basis. In addition, we utilize various types of technology which enhance safe operations of vehicles our associates operate, to protect them as well as external stakeholders, including customers and the general public.



Supplier Diversity



“Applied believes that all businesses should have an opportunity to become one of our valued suppliers.”

~ Tracie Longpre, Vice President — Supply Chain

Through our Supplier Diversity Program, we actively seek and encourage the growth of:

- Minority and women-owned business enterprises (MWBEs)
- Veteran-owned and service-disabled veteran-owned businesses
- Small businesses
- Small disadvantaged businesses
- HUBZone businesses

Corporate Responsibility

Ethical Competition Statement

Applied is dedicated to the principle that genuine competition, in a free and open marketplace, brings value to our customers. Applied complies with applicable antitrust and trade regulation laws. We endeavor to conduct business in accordance with responsible and ethical marketing practices.

Human Rights Statement

Applied is committed to offering equal employment opportunities for all at all levels of the organization, regardless of race, color, religion, sex, veteran status, age, disability, national origin, ethnicity, sexual orientation, gender identity or any other category protected by applicable law. Applied supports the ideals as enumerated in the UN's Universal Declaration of Human Rights, as well as the rights of women to equal pay and treatment. We further value the importance of a diverse workforce and workforce equality. All of our associates are expected to comply with the labor and employment laws (including laws applicable to non-discrimination, non-harassment, whistleblower protections, equitable pay, minimum wage, work hours, prohibitions on child and forced labor, prohibitions on human trafficking and modern slavery, freedom of association, and prohibitions on corporal punishment applicable to their location) and in accordance with our Company's values. We expect our suppliers and customers to adhere to similar standards and associates are expected to report any such non-compliance.

Forced Labor Statement

Applied does not condone nor participate in child or forced labor, modern slavery, human trafficking, or corporal punishment. Associates of Applied are forbidden from engaging in or abetting this conduct. We maintain similar expectations of our suppliers, as reflected in our Supplier Code of Conduct. Any associates who believe that a supplier or customer of Applied is participating or allowing child or forced labor, modern slavery, human trafficking, or corporal punishment should report this suspicion to Company management immediately.

Monitoring Statement

Applied monitors Company practices to ensure compliance with applicable laws and sound business practices, including in areas of labor and employment, ethics and anticorruption, and prevention of human trafficking, modern slavery, child and forced labor, and corporal punishment. Applied further monitors to ensure compliance with its ethical standards, through committees that review ethical and legal matters. Each associate, officer and director must respect and obey the laws of the jurisdictions in which they do business and adhere to Applied's Core Values and Code of Business Ethics. Applied expects its customers and suppliers to do the same and has adopted a Supplier Code of Conduct to ensure our suppliers understand our expectations.

Whistleblower Protection Statement

We provide multiple reporting mechanisms, including an anonymous third-party hotline, should any associate feel that he or she has been discriminated against, harassed, retaliated against, or otherwise treated unfairly or in violation of our Core Values. We take seriously all such complaints and work to ensure a discrimination- and harassment-free workplace for all of our associates. In order to ensure the safety of our associates, we are also committed to a drug-free workplace and compliance with applicable health and safety laws and best practices.

Land Use & Indigenous Rights

Applied believes that access to usable water is a basic human right. Indigenous rights, including water access rights, rights to self-determination, and rights to decision-making, should further be respected by all, including indigenous individuals' rights to free, prior and informed consent ("FPIC").

Culture of Service

Fostering a Culture of Service

Applied strives to make a difference in the way we do business and how we help others. Connecting with and supporting our local communities has been a hallmark of Applied since our founding more than 100 years ago.

Our associate engagement and generosity are a true expression of kindness, caring and an investment in our served communities – further strengthening our corporate social responsibility efforts and building on our legacy.

Applied's senior management also has a long track record of community board involvement as well as keynote speaking engagements at local colleges, universities and organizations.

“Applied believes in positively impacting the communities where our associates and customers live and work. Supporting our local communities has been a hallmark of Applied since our founding.”

~ Julie Kho, Manager – Corporate Communications & Public Relations
and Member of Applied's Corporate Contributions Committee



Serving as Board Chair for the Diversity Center of NE Ohio, Applied Vice President – Supply Chain Tracie Longpre was part of the Center's annual Humanitarian Award celebration (November 2023).

The event acknowledges the contributions of individuals and organizations in NE Ohio, and serves as the primary fundraiser for the Center's school and youth programs that serve to empower children with the skills and abilities to build inclusive classrooms and communities.

Supporting Our Communities

In 2024, Applied worked to support our communities through financial contributions, associate volunteering, and participating in community events.

Applied focuses its support on the following areas:



Education, including STEM



Culture



Food access / assistance

Applied’s philanthropic efforts include support of food deserts, the arts and many other worthwhile organizations.

Applied is a founding member and longtime supporter of MidTown Cleveland, Inc., an organization charged with leveraging the neighborhood’s diverse assets to develop a dynamic place that unites Cleveland’s downtown and innovation districts. Key to their efforts is providing services to MidTown’s members, stakeholders, businesses / organizations, residents, and visitors in order to create a connected and complete community.



Applied’s Corporate Contributions Committee regularly reviews eligible opportunities to improve community life in the Greater Cleveland area where our corporate headquarters is located.

Impactful Efforts

Applied’s Corporate Contributions Committee supported the following organizations in fiscal year 2024:

| | |
|--|-----------------------------------|
| Playhouse Square Center | United Way of Greater Cleveland |
| St Martin De Porres High School | Cleveland Zoological Society |
| Food Deserts | Achievement Centers for Children |
| Diversity Center of Ne Ohio | American Cancer Society |
| Great Lakes Science Center | Center for Arts-inspired Learning |
| Blossom Hill | Dancing Wheels Company and School |
| Cleveland Orchestra | Humble Design Cleveland |
| Paralyzed Veterans of America – Buckeye Chapter | American Heart Association |
| Manufacturing Advocacy & Growth Network (Magnet) | Cleveland Public Library |

Associates Giving Back

Applied associates are able to take up to eight hours of paid time per calendar year to support non-profit organizations of their choice. In 2024, associates used those paid hours to support a wide variety of organizations.



Humble Design Deco Day

In June 2024, Applied associates from the corporate office in Cleveland, Ohio, gathered to participate in a Humble Design Deco Day, helping a family get a fresh start after experiencing homelessness.

Supporting Food Banks in Canada

Applied Canada proudly celebrates their annual December Month of Giving Campaign by partnering with various food banks across AIT™ Canada locations and geographical areas. The Giving Campaign, now heading into its fifth year, has collected thousands of food items and monetary donations to support our local Canadian communities.

United Way of Greater Cleveland

Supporting the United Way remains paramount to Applied's giving efforts. In fiscal 2024, NE Ohio Applied associates contributed to the United Way of Greater Cleveland. These funds assist Applied's neighbors in meeting their family's needs, while also helping area citizens prepare for and lead fulfilling independent lives.



Connections With Our Youth

Our Science, Technology, Engineering and Math (STEM) engagement across the manufacturing and educational communities provide us the opportunity to share our knowledge and interact with today's students about relevant career path opportunities that highlight STEM in an evolving marketplace.

Associates volunteer time to support local robotic teams, judge science fairs, assist with 4H competitions, and more. Whether we are sponsoring, coaching or providing goodie bags, we are proud to support the next generation of leaders through STEM education!



2024 Corporate Commitments

Manufacturing Day 2024 Great Lakes Science Center

Monday, October 7, 2024

Manufacturing Day brings together students from middle and high schools across NE Ohio to explore careers in advanced manufacturing. Industry sponsors, community partners, and educators work together to connect students with future career paths through mentoring sessions, hands-on STEM activities, a career expo, and more.

American Heart Association®



STEM Goes Red™

Cleveland STEM Goes Red for Girls

Monday, October 21, 2024 | 8:30 AM - 1:00 PM

Great Lakes Science Center
Cleveland, OH

STEM Goes Red draws from the American Heart Association's strong legacy of science, education and discovery to help propel young women into rewarding STEM careers. By giving students access to leading employers and experts, students gain firsthand experience about jobs across STEM fields.

Recognizing Our Own

Across Applied, leadership messages emphasize that each associate – doing his or her part – strengthens our collective **Working Together, Winning Together** atmosphere.

Recognition and in-person celebrations are another means of keeping Applied associates engaged and inspired. Appreciation and applause come in many forms – from service anniversaries (50 years and more!) and to honoring recipients of our annual President's Award.

A program in place for more than 30 years, the Applied President's Award is long-standing symbol of success, representing outstanding performance. Across our organization, we take great pride in our results and the teamwork that make such achievements possible!

Serving customers, enhancing our value-add, and delivering on commitments — truly, it is our people who make a difference,

Working Together, Winning Together!



GOVERNANCE

Applied is committed to responsible corporate governance that ensures we operate in accordance with our Core Values.

ESG Governance



Applied's Board of Directors and its Corporate Governance & Sustainability Committee provides oversight and monitoring of the Company's strategy.



The Executive Leadership Team provides strategic direction for Applied's strategy.



The Steering Committee provides direction, oversight, and communication for our sustainability program activities.



The Company's EH&S team and field leaders work to implement the strategy and working groups across the organization constantly work on providing customer solutions.



The Corporate Governance & Sustainability Committee receives updates at each committee meeting on the ESG activities and strategy, and the full Board received an update once during the 2024 fiscal year.

Role of the Board and its Committees

The Board adopted Governance Principles and Practices to guide it in severing the best interest of Applied and its shareholders.

The Board has established the following committees:

Audit Committee

The Audit Committee assists the Board in fulfilling its oversight responsibility with respect to the integrity of Applied's accounting, auditing, and reporting processes. Each year, the committee appoints, determines the compensation of, evaluates, and oversees the independent auditor's work, reviews the auditor's independence, and approves non-audit work to be performed by the auditor. The committee also reviews, with management and the auditor, annual and quarterly financial statements, the scope of the independent and internal audit programs, audit results, and the adequacy of Applied's internal accounting and financial controls.

Corporate Governance & Sustainability Committee

The Corporate Governance & Sustainability Committee assists the Board by reviewing and evaluating potential director nominees, Board and CEO performance, Board governance, director compensation, compliance with laws, public policy matters, sustainability and social subjects, and other issues. The committee also administers long-term incentive awards to directors under the 2023 Long-Term Performance Plan.

Executive Organization & Compensation Committee

The Executive Organization & Compensation Committee monitors and oversees Applied's management succession planning and leadership development processes, nominates candidates for the slate of officers to be elected by the Board, and reviews, evaluates, and approves executive officers' compensation and benefits. The committee also administers incentive awards to executives under the 2023 Long-Term Performance Plan, including the annual Management Incentive Plan. Pay Governance LLC ("Pay Governance") serves as the committee's independent executive compensation consultant. In approving executive officers' compensation and benefits, the committee bases its decisions on a number of considerations, including the following: the committee's own reasoned judgment; peer group and market survey information; recommendations provided by the independent consultant; and recommendations from Applied's CEO as to the other executive officers' compensation and benefits.

Board's Role in Risk Oversight

Risk is inherent in every enterprise and Applied faces many risks of varying size and intensity. While management is responsible for day-to-day management of those risks, the Board, as a whole and through its committees, oversees and monitors risk management. In this role, the Board is responsible for determining that the risk management processes designed and implemented by management are adequate and functioning as designed. Our management, with oversight from our Board, performs an annual enterprise-wide risk assessment to identify key existing and emerging risks. Part of this annual assessment includes establishing the level of Board review and oversight key risks will receive.

The Board believes that robust communication with management is essential for risk management oversight. Senior management attends quarterly Board meetings and responds to directors' questions or concerns about risk management and other matters. At these meetings, management regularly presents to the Board on strategic matters involving our operations, and the directors and management engage in dialogue about the company's strategies, challenges, risks, and opportunities. The non-management directors also meet regularly in executive session without management to discuss a variety of topics, including risk.

- **Audit Committee** assists with respect to risk management in the areas of financial reporting, internal controls, and compliance with legal and regulatory requirements.
- **Executive Organization & Compensation Committee** assists with respect to management of risks related to executive succession and retention and arising from our executive compensation policies and programs.
- **Corporate Governance & Sustainability Committee** assists with respect to management of risks associated with Board organization and membership, and other corporate governance matters, as well as company culture, ethical compliance, and other sustainability and social subjects.

Corporate Governance Documents

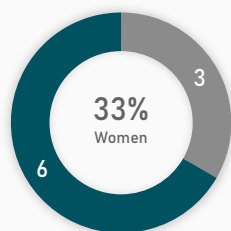
The following corporate governance documents are available [here](#):

- Code of Business Ethics
- Board of Directors Governance Principles and Practices
- Director Independence Standards
- Charters for the Audit, Corporate Governance & Sustainability, and Executive Organization & Compensation Committees

Board Composition

DIRECTOR DIVERSITY¹

Gender



■ Women ■ Men

DIRECTOR TENURE¹

Average Years



■ <4 Years ■ 5-9 Years ■ 10+ Years

BALANCE OF SKILLS AND EXPERIENCE¹

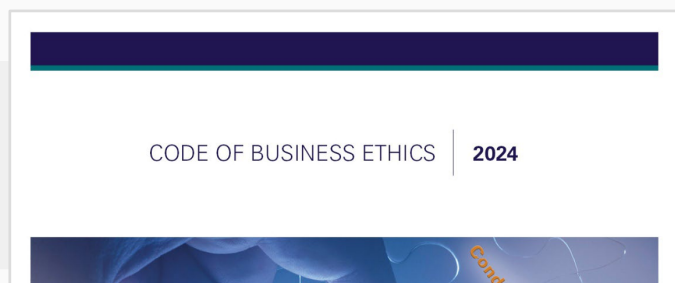


¹ - Information as of October 22, 2024. Mr. Dan P. Komnenovich is retiring from the Board of Directors on October 22, 2024, in accordance with Applied's director retirement policy and is not included.

Ethics and Integrity

Annual Code of Business Ethics Training

All Applied associates are annually required to complete Code of Business Ethics training. As part of this training, associates must certify that they have read, understand and agree to comply with the Code of Business Ethics. Additional compliance training may be required for associates based on risks identified in certain roles or geographic areas.

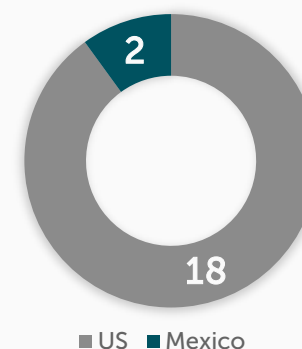


Ethics & Compliance Reporting

We hold ourselves to these high ethical and integrity standards, and we encourage individuals to report situations in which they have a good-faith belief that any circumstance or action has violated our Code of Business Ethics, Anticorruption Policy, Supplier Code of Conduct, or any other company policy or applicable law. Applied employees, suppliers, customers and other parties can confidentially and anonymously report any concerns through our third-party run Ethics Reporting Hotline.

In calendar year 2023, we had 20 hotline reports received, or 0.3 per 100 employees, which is significantly below the benchmarked median.¹ All of these reports were thoroughly reviewed by our Legal, Internal Audit, and/or Human Resources departments and addressed appropriately.

HOTLINE REPORTS



1 - 1.57 Reports per 100 Employees in 2023 per Navex.

Bribery & Corruption

Applied's Anti-corruption Policy expands on our commitment of our Code of Business Ethics to conduct business in compliance with all applicable anti-corruption, anti-bribery, export, import and other trade laws in all countries in which Applied conducts business. We provide awareness training for the prevention of corruption and bribery virtually to our associates that help them identify situations with customers and suppliers. In addition, Applied expects all third parties that it engages, including independent contractors, representatives, consultants, agents and brokers, to comply with the Anti-corruption Policy, which includes compliance with both the Foreign Corrupt Practices Act, as well as any other applicable domestic or foreign anti-corruption rules or regulations. Our Restricted Party Screening tool automatically screens all customers and vendors daily against all mandatory U.S. government lists of Denied Parties, as well as a broad group of international lists, including the Foreign Corrupt Practices Act Related Enforcements.

Supply Chain Management

SUPPLIER CODE OF CONDUCT

Supplier Code of Conduct

We expect all of our suppliers to conduct business in an ethical manner. This includes, among others, the following expectations:

- Comply with all applicable anti-corruption / anti-bribery policies, and no engagement of any form of corrupt practices
- Respect the freedom of association and collective bargaining
- Refrain from employment discrimination and the use of forced, slave and child labor
- Compensate employees fairly and in compliance with local wage regulations and/or collective agreements, and where those do not exist, compensate employees so that, at a minimum, they can meet their basic needs

A copy of Applied's Supplier Code of Conduct can be found [here](#).

Responsible Sourcing

As a strategic supplier to our customers, we are committed to responsibly sourcing the products that we offer. We are supported by our longstanding relationships with suppliers who represent the highest quality brands and deliver comprehensive solutions.

While we cannot certify to the contents of all the nine million products we distribute, we integrate conflict minerals compliance into our supply chain management processes as described below.

We are in contact with our primary manufacturer-suppliers about the rule and have requested they provide certification about the existence and origin of conflict minerals in their products. Applied encourages suppliers to provide documentation to regulatorycompliance@applied.com confirming possible existence and origin of conflict minerals in their products provided to Applied. If we discover inaccurate information, incomplete documentation, or utilization of smelters or refiners that are not conflict mineral free, we take the appropriate step under OECD guidance.

Applied products are predominantly used in industrial MRO operations, rather than OEM applications, and therefore are typically not required to disclose the extent to which the products they manufacture or contract to manufacture contain so called conflict minerals -- tin, tantalum, tungsten and gold, sourced from mines in the Democratic Republic of the Congo or adjoining countries.

A copy of Applied's Conflict Minerals Report can be found [here](#).

Applied suppliers who manufacture products containing tantalum, tin, tungsten or gold are expected to implement their own conflict mineral policies and procedures throughout their supply chains.

Cybersecurity

Our cybersecurity program is informed by various industry frameworks, including the National Institute of Standards and Technology (NIST) Cybersecurity Framework, and our security management is ISO/IEC 27001:2022 certified. Our management, with oversight from our Board, performs an annual enterprise-wide risk assessment (ERA) to identify key existing and emerging risks. One of the main risks identified and assessed annually through this process is cybersecurity and data privacy, which remains a key focus for the Company, management, and our Board.

Incident Response Plan

Our Incident Response Plan provides a framework for responding to cybersecurity incidents. The plan governs activities such as preparation, detection, coordination, eradication, and recovery, as well as appropriate escalations to the Company's senior management and Board and disclosure under applicable rules and regulations. The Incident Response Plan is routinely reviewed and updated as appropriate by our Vice President – Information Technology and other senior management members.

Training

We provide recurring mandatory information security training (which includes cybersecurity training) to our associates based on access, risk, roles, and behaviors.

Board's Role in Cybersecurity and Information Management Risk

Applied's Board of Directors devotes time and attention to cybersecurity and information management risks. Applied's Vice President – Information Technology meets regularly (three times during the 2024 fiscal year) with the Board on cybersecurity matters and related risk exposures. These reports include the results of the Company's continuous security awareness training, as well as its adherence to ISO 27001:2022 framework. The Board is also updated as needed on cybersecurity threats, incidents, and new developments in our cybersecurity risk profile.



Our quality systems are maintained to current **ISO 9001:2015** requirements throughout our U.S. and Canadian service centers and distribution centers.



APPENDIX

Cautionary Statements

This report contains statements that are forward-looking within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are often identified by qualifiers, such as “guidance”, “expect”, “believe”, “plan”, “intend”, “will”, “should”, “could”, “would”, “anticipate”, “estimate”, “forecast”, “may”, “optimistic,” “seek,” “target” and derivative or similar words or expressions, as well as the negative of these words. Similarly, descriptions of objectives, strategies, plans, or goals are also forward-looking statements. The discussion of trends, strategy, plans, assumptions, or intentions may also include forward-looking statements, which speak only as of the date they are first made. The Company intends that the forward- looking statements be subject to the safe harbors established in the Private Securities Litigation Reform Act of 1995 and by the Securities and Exchange Commission in its rules, regulations, and releases.

Readers are cautioned not to place undue reliance on any forward- looking statements. All forward-looking statements are based on current expectations regarding important risk factors, many of which are outside the Company’s control. Accordingly, actual results may differ materially from those expressed in the forward-looking statements, and the making of those statements should not be regarded as a representation by the Company or any other person that the results expressed in the statements will be achieved. In addition, the Company assumes no obligation publicly to update or revise any forward-looking statements, whether because of new information or events, or otherwise, except as may be required by law.

Although it is not possible to predict or identify all risks and uncertainties, we encourage investors to read the risk factors described in our most recent annual and periodic report filed with the Securities and Exchange Commission. These risk factors include, but are not limited to, the following: risks relating to the operations levels of our customers and the economic factors that affect them; our reliance on information systems and risks relating to their proper functioning, the security of those systems, and the data stored in or transmitted through them; reduced demand for our products in targeted markets due to reasons including consolidation in customer industries; our ability to retain and attract qualified sales and customer service personnel and other skilled executives, managers and professionals; disruption of operations at our headquarters or distribution centers; risks and uncertainties associated with our foreign operations, including volatile economic conditions, political instability, cultural and legal differences, and currency exchange fluctuations; organizational changes within the Company; risks related to legal proceedings to which we are a party; potentially adverse government regulation, legislation, or policies, both enacted and under consideration, including with respect to federal tax policy, international trade, data privacy and security, and government contracting; and the occurrence of extraordinary events (including prolonged labor disputes, power outages, telecommunication outages, terrorist acts, war, public health emergency, earthquakes, extreme weather events, other natural disasters, fires, floods, and accidents). Other factors and unanticipated events could also adversely affect us. Further, the disclosure of a risk should not be interpreted to imply that the risk has not already materialized.

In this report, any use of the terms “material,” “materiality,” “immaterial,” “substantive,” “significant” and other similar terminology refers to topics that reflect environmental and social impacts or to topics or standards designated as “material” or “substantive” under the GHG Protocol, GRI or SASB standards. These terms as used in this report are not used, or intended to be construed, as they have been defined by or construed in accordance with the securities laws or any other laws of the United States or any other jurisdiction, or as these terms are used in the context of financial statements and financial reporting.

About this Report

Scope of this Report

This report was published in September 2024 and discusses Applied Industrial Technologies, Inc.'s operations from July 1, 2023 through June 30, 2024, unless otherwise indicated. We currently have operations throughout North America, as well as Australia, New Zealand and Singapore. Unless otherwise indicated, the emissions data covered in this report is for wholly-owned operations in all countries in which we operate other than Mexico and Costa Rica.

Data Validation and Assurance

The data presented in this report is collected using accepted and relevant scientific and industry accepted methodologies, which in some instances, are based on assumptions and estimates. Although our data has been internally vetted, and we believe they are factually accurate to the best of our knowledge, there are inherent uncertainties and limitations in the collection and presentation of our data. This report has not been externally assured or verified by an independent third party. Historical performance data may be revised due to reasons such as new data availability; industry-driven changes to methodologies; improvement in data collection and measuring systems; or activities such as acquisitions. Statements about future developments and past occurrences are based on information and assumptions available as of the date of publication. We hold no obligation to update statements or information.

Third-Party Information

This report may contain links to other internet sites or references to third parties. Such links or references are not incorporated by reference to this report, and we can provide no assurance as to their accuracy. The use or inclusion of the information is also not intended to represent endorsements of any products or services.

GRI Index

| GRI DISCLOSURE | GRI REQUESTED INFORMATION | LOCATION / RESPONSE |
|----------------|---|--|
| 2-12 | Role of the highest governance body in overseeing the management of impacts | See our 2024 Proxy for more details |
| 2-13 | Delegation of responsibility for managing impacts | See our 2024 Proxy and pages 38, 39, and 43 of this Report |
| 2-14 | Role of the highest governance body in sustainability reporting | See our 2024 Proxy and pages 38 and 39 of this Report |
| 2-15 | Conflicts of interest | See our 2024 Proxy for more details |
| 2-16 | Communication of critical concerns | See our 2024 Proxy for more details |
| 2-17 | Collective knowledge of the highest governance body | See our 2024 Proxy for more details |
| 2-18 | Evaluation of the performance of the highest governance body | See our 2024 Proxy for more details |
| 2-19 | Remuneration policies | See our 2024 Proxy for more details |
| 2-20 | Process to determine remuneration | See our 2024 Proxy for more details |
| 2-21 | Annual total compensation ratio | See our 2024 Proxy for more details |
| 2-22 | Statement on sustainable development strategy | See pages 3 and 9 of this Report. |
| 2-23 | Policy commitments | Please see pages 31 and 42 of this Report. Please also refer to Code of Business and Ethics, Anticorporation Policy, Supplier Code of Conduct, and Conflict Minerals Report. |
| 2-26 | Mechanisms for seeking advice and raising concerns | See page 41 of this Report. |
| 2-27 | Compliance with laws and regulations | See "Legal Proceedings" in our FY24 Annual Report |
| 2-30 | Collective bargaining agreements | We are committed to respecting the rights of all of our employees. Labor laws and practices vary among the countries where we do business, and we are committed to following all applicable labor laws and regulations in those countries, including those governing labor-management relationships. |

GRI Index

| GRI DISCLOSURE | GRI REQUESTED INFORMATION | LOCATION / RESPONSE |
|---|--|--|
| 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationship | See pages 27 through 29 of this Report. |
| 403-9 | Work-related injuries | See page 27 of this Report. |
| GRI 404: Training and Education 2016 | | |
| 404-1 | Average hours of training per year per employee | In FY24, U.S. employees completed approximately 36,000 safety training courses. |
| 404-3 | Percentage of employees receiving regular performance and career development reviews | Our talent processes guide us to provide almost 100% of employees with performance and development feedback, formally and/or informally, through the course of the year. Over 99% of our U.S. employees received a formal annual review in FY24. In addition to receiving performance feedback from managers, employees are encouraged to share performance feedback as well. Employees use performance feedback as one of the inputs to inform their goals and developments objectives. |
| GRI 405: Diversity and Equal Opportunity 2016 | | |
| 405-1 | Diversity of governance bodies and employees | See pages 22 and 40 of this Report. |
| GRI 408: Child Labor 2016 | | |
| 408-1 | Operations and suppliers at significant risk for incidents of child labor | See page 42 of this Report, Supplier Code of Conduct, and Conflicts Mineral Report |
| GRI 409: Forced or Compulsory Labor 2016 | | |
| 409-1 | Operations and suppliers at significant risk for incidents of forced or compulsory labor | See page 42 of this Report, Supplier Code of Conduct, and Conflicts Mineral Report |

SASB Index

Applied reports information in accordance with the Sustainability Accounting Standards Board (SASB) guidance for the Industrial Machinery & Goods standard. Unless otherwise noted, data is for U.S. operations only.

| TOPIC | ACCOUNTING METRIC | CODE | UNIT OF MEASUREMENT | RESPONSE |
|---------------------------------------|---|--------------------------|-----------------------------|--|
| ENERGY MANAGEMENT ¹ | Total energy consumed | RT-IG-130a. ¹ | Gigajoules (GJ) | 520000 GJ |
| | Percentage grid electricity | | Percent | 100% |
| | Percentage renewable ² | | Percent | N/A ² |
| WORKFORCE HEALTH & SAFETY | Total Recordable Incident Rate (TRIR) ^{3, 4} | RT-IG-320a. ¹ | Rate | 0.78 |
| | Fatality rate ⁵ | | Number | 0 |
| | Near Miss Frequency Rate (NMFR) ⁶ | | Rate | .53 |
| FUEL ECONOMY & EMISSIONS IN USE-PHASE | Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles | RT-IG-410a. ¹ | Gallons per 1,000 ton-miles | Applied does not manufacture medium- or heavy-duty vehicles |
| | Sales-weighted fuel efficiency for non-road equipment | RT-IG-410a. ² | Gallons per hour | Applied does not manufacture non-road equipment |
| | Sales-weighted fuel efficiency for stationary generators | RT-IG-410a. ³ | Watts per hour | Applied does not manufacture stationary generators |
| | 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 non-road diesel engines | RT-IG-410a. ⁴ | Grams per kilowatt-hour | Applied does not manufacture engines. |
| MATERIALS SOURCING | Description of the management of risks associated with the use of critical materials | RT-IG-440a. ¹ | Discussion and Analysis | See page 42 of this Report. Please also refer to Conflict Minerals Report. |
| REMANUFACTURING DESIGN & SERVICES | Revenue from remanufactured products and remanufacturing service ⁷ | RT-IG-440b. ¹ | Currency - USD | See page 14 of this Report |

¹ These are approximate values based on Applied-controlled electricity usage data

² Not applicable as Applied is purchasing energy entirely from the grid

³ TRIR is calculated as the number of incidents multiplied by 200,000 and divided by hours worked - information is for calendar year 2023

⁴ TRIR is calculated net of the impact of reportable cases which arose as a result of a COVID-19 diagnosis

⁵ Fatalities excludes reportable cases which arose as a result of the COVID-19 pandemic

⁶ Applied is only capturing this information for our U.S. Distribution Center network at this time - information is for calendar year 2022

⁷ Applied does not separately report revenue associated with repair and remanufacturing operations

Other Materials

The other materials referenced within this report can be found at:

Board of Directors Governance Principles and Practices: https://s24.q4cdn.com/112631158/files/doc_downloads/2022/BoardGovernancePractices4.22.pdf

Director Independence Standards: https://s24.q4cdn.com/112631158/files/doc_downloads/governance/DirectorIndependence_0_0_0_0_0.pdf

Audit Committee Charter: https://s24.q4cdn.com/112631158/files/doc_governance/2024/Jun/audit-committee-charter-eff-04-2024.pdf

Corporate Governance & Sustainability Charter: https://s24.q4cdn.com/112631158/files/doc_governance/2024/Jun/gov-committee-eff-04-2024.pdf

Executive Organization & Compensation Committee Charter: https://s24.q4cdn.com/112631158/files/doc_governance/2024/Jun/eocc-charter-eff-04-2024.pdf

Code of Ethics: https://s24.q4cdn.com/112631158/files/doc_governance/2024/Jun/86b01x5x4_2024-code-of-business-ethics_eng_final.pdf

Anticorruption Policy: https://s24.q4cdn.com/112631158/files/doc_downloads/governance/2022/01/Anticorruption-Policy.pdf

Related Party Transaction Policy: https://s24.q4cdn.com/112631158/files/doc_downloads/governance/Related-Party.6.2021.pdf

Ethics Reporting Hotline: https://s24.q4cdn.com/112631158/files/doc_downloads/governance/Ethics-Reporting.pdf

Supplier Code of Conduct: https://www.applied.com/medias/sys_master/root/hd1/h38/8919582474270/3azfh5a_Supplier%20Code%20of%20Conduct%202022%20-%20English_FINAL/3azfh5a-Supplier-Code-of-Conduct-2022-English-FINAL.pdf?srsId=AfmBOooGv-JKEEAaVcoGIE7ZgxbCoBaAUe2cXEgpoMEr4vuQU04a6X4u

Conflict Minerals Report: <https://d18rn0p25nwr6d.cloudfront.net/CIK-0000109563/ddb28bad-1d1b-4aa6-85ad-c24921575278.pdf>



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