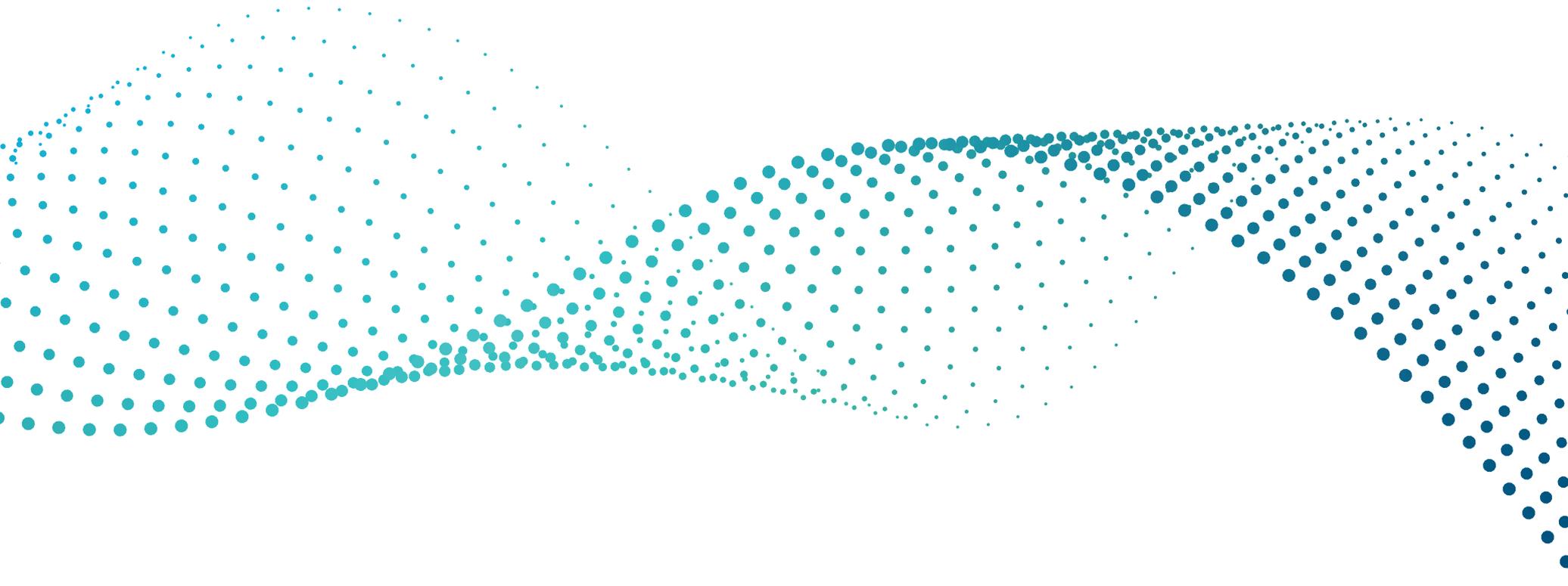


2025 **SUSTAINABILITY REPORT**



Introduction

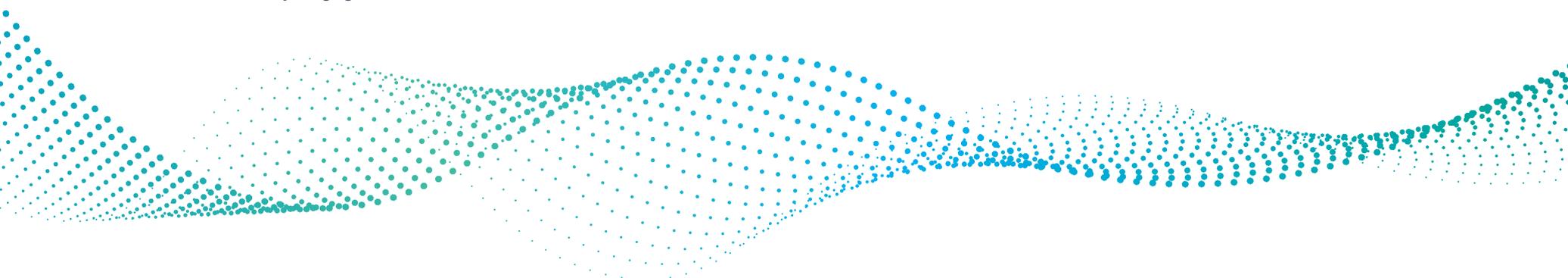
Applied Industrial Technologies, Inc.'s® (Applied®) commitment to sustainability principles is more than just a business imperative—it is *A Collective Responsibility*. By prioritizing the sustainability issues most material to our business and stakeholders, we are contributing to a better world for all and building a foundation for long-term value creation. This focused approach not only reflects evolving customer and investor expectations, but also strengthens our ability to manage risk, seize new opportunities, and build organizational resilience. Integrating sustainability considerations into our strategy enables us to innovate more effectively, operate more efficiently, and deepen trust with key stakeholders. Over time, this approach enhances our market position and helps ensure Applied remains a forward-looking, reliable partner in delivering high-performance, sustainable industrial solutions.

This report was published in September 2025 and discusses Applied's operations from July 1, 2024 through June 30, 2025, unless otherwise indicated.



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A Message from Our President and CEO



“Sustainability is not just a strategy—it’s an integral part of who we are as a company. By deepening our understanding, increasing transparency, and focusing on what truly matters, we are **building a resilient future** for our people, our customers, and the industries we serve. Together, we will continue to drive meaningful progress and create lasting value.”

At Applied, we believe sustainability is not a destination, but a continuous journey of responsibility, innovation, and improvement. As a leading industrial distributor and solutions provider with unparalleled domain knowledge of industrial facilities, we operate at the intersection of global supply chains, essential infrastructure, and evolving customer expectations. That critical position brings significant responsibility and opportunity.

This year, we laid important groundwork to deepen our understanding of our impacts and refine our approach to sustainability. We completed our inaugural double materiality assessment, providing a clearer view of where our operations intersect with the issues that matter most. This assessment is already informing our decisions and operating priorities, helping us focus on the most impactful areas in creating a stronger future for our communities and the industries we serve and generating long-term value for our shareholders.

We also undertook our first limited assurance of greenhouse gas (GHG) emissions, a key step in ensuring our environmental data is reliable and aligned with increasing transparency expectations. These initiatives reflect our ongoing commitment to accountability and compliance and set a strong foundation for future climate disclosures, risk management, and operational improvements.

Beyond these milestones, we’ve continued to improve in the areas that matter most to our key

stakeholders. We know **Our People Make the Difference** and have improved the experience of our associates by transitioning all of the HR information our employees need to one easy-to-use online platform and enhancing our HealthyYou! Wellness program. Also, as a **Strategic Sourcing** partner, we’ve found new ways to support our customers’ operations and sustainability goals, including providing energy-efficient motors and drives and developing innovative solutions supporting customers’ transition to electric powered fluid power systems. We are also continuing on our path of **Environmental Stewardship**, including obtaining our ISO 14001:2015 environmental management certification.

Grounded in our **Culture of Governance** and guided by our Core Values, we are committed to carrying this momentum forward and strengthening the performance and resilience of our company and the industrial economy.

Thank you to our associates, our customers, our suppliers, and all our stakeholders for your continued trust and for being a part of this journey. We have made tremendous progress in recent years that we look to build upon into the future to further enhance our long-term competitive position, associate advancement, and customers’ progress.

NEIL A. SCHRIMSHER
President and CEO

About Applied

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

HEADQUARTERS

Cleveland, Ohio, USA



REVENUE

\$4.6 B

EMPLOYEE ASSOCIATES

>6,800

STOCK KEEPING UNITS (SKUS) AVAILABLE TO CUSTOMERS

>9.2 M

OPERATING FACILITIES

>590

in North America, Australia,
New Zealand, and Singapore

PRODUCT MANUFACTURERS

>4,000

STOCK TICKER SYMBOL

AIT

listed on the New York
Stock Exchange



Applied is a leading distributor and technical solutions provider of industrial motion, power, control, and automation technologies.

While our business has evolved with a broader portfolio of solutions and entrance into new markets in recent years, our core remains primarily focused on connecting world-class industrial products and technologies from leading suppliers to our customers' most critical operating assets.

Our customers use our products and services across a variety of end markets for both MRO (maintenance, repair, and operations) and OEM (original equipment manufacturing) and new system install applications.

Our dedicated, knowledgeable associates, long-standing supplier relationships, and sound ethical and operational standards, enable us to drive efficiency and reliability in our customers' supply chains.

OUR WORK DRIVES INDUSTRY OUR IMPACT SHAPES TOMORROW



We offer a selection of more than 9.2 million stock keeping units with a focus on industrial bearings, power transmission products, fluid power components and systems, specialty flow control, and advanced factory automation solutions, as well as general maintenance products.

We Are All Things Industrial®... We Are AppliedSM

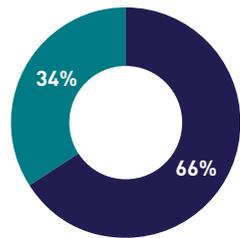
Service Center

Our Service Center segment includes our MRO-focused distribution operations across North America, Australia, and New Zealand. This business operates through local service centers and distribution centers with a focus on providing products and services addressing the maintenance and repair of production equipment and motion control infrastructure.

Engineered Solutions

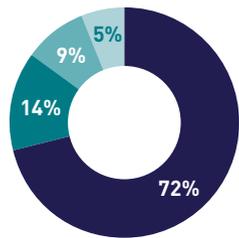
Our Engineered Solutions segment includes our operations that specialize in distributing, engineering, designing, integrating, and repairing hydraulic and pneumatic fluid power technologies, engineered flow control products and services, and automation technologies.

FY25 REVENUE BY SEGMENT



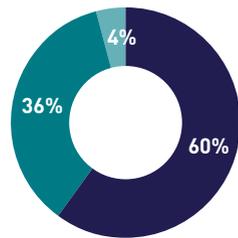
■ Service Center
■ Engineered Solutions

OPERATING FACILITIES BY BUSINESS



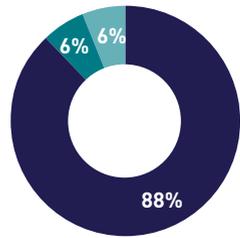
■ Service Center
■ Fluid Power
■ Flow Control
■ Automation

ASSOCIATES BY SEGMENT



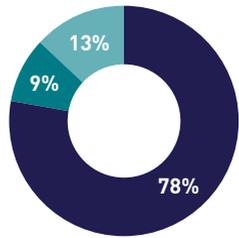
■ Service Center
■ Engineered Solutions
■ Other

FY25 SALES BY COUNTRY



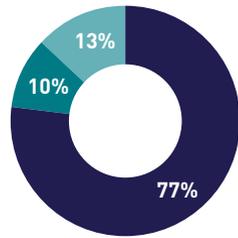
■ United States
■ Canada
■ Other Countries

OPERATING FACILITIES BY COUNTRY

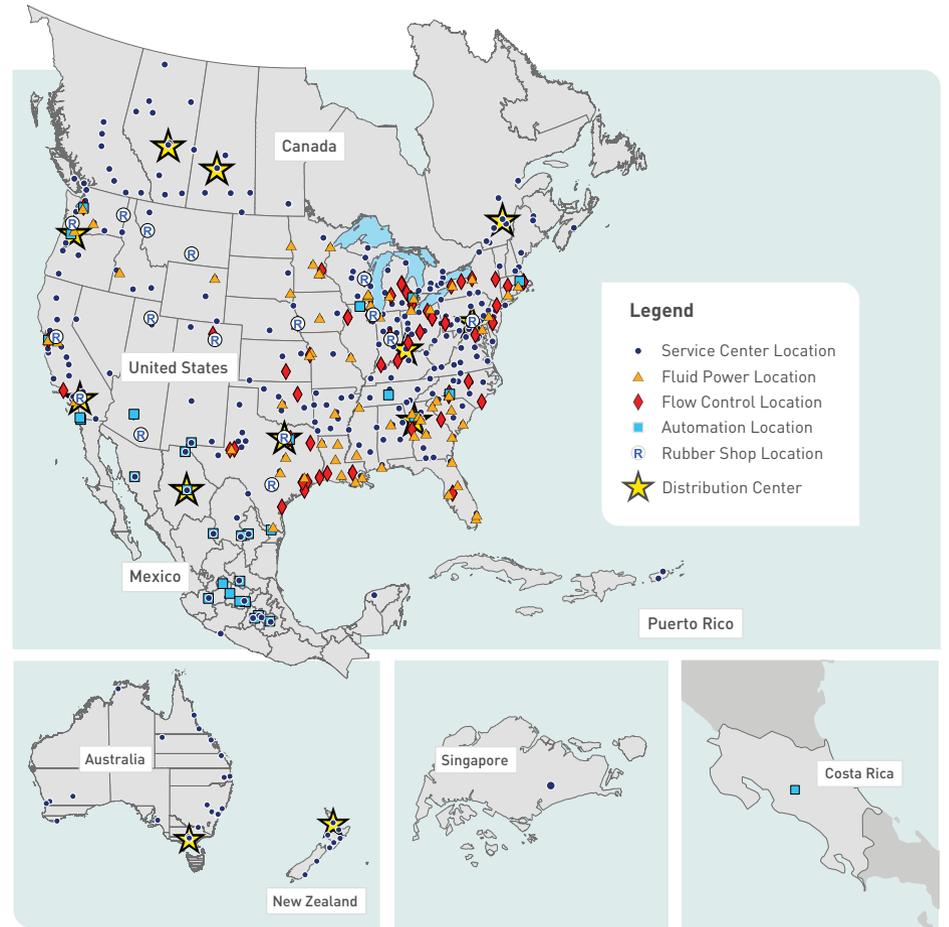


■ United States
■ Canada
■ Other Countries

ASSOCIATES BY COUNTRY



■ United States
■ Canada
■ Other Countries



Countries not drawn to scale



Sustainability Strategy

As a leading distributor and solutions provider of industrial motion, power, control, and automation technologies, we are advancing sustainability through four key areas that are integral to our long-term growth and value proposition for our stakeholders.

By focusing on the sustainability areas identified by a materiality assessment as being most material to our operations and stakeholders, we're not only supporting long-term sustainability but also strengthening the company. These priorities align closely with our customers' expectations, investor interests, and operational risk mitigation strategies. Integrating sustainability into our decision-making helps drive innovation, reduce costs, and reinforces Applied's position as a trusted partner for companies seeking reliable, responsible, and high-performing industrial products and solutions.



**OUR PEOPLE
MAKE THE
DIFFERENCE**



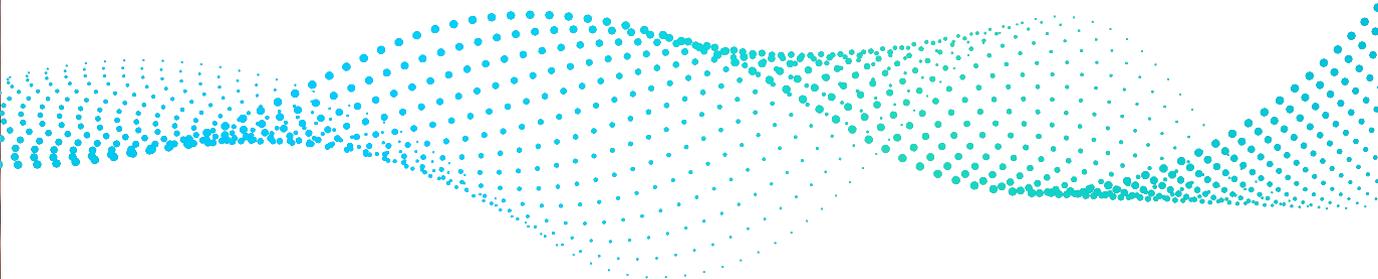
**STRATEGIC
SOURCING**



**ENVIRONMENTAL
STEWARDSHIP**



**CULTURE OF
GOVERNANCE**



Guided by our **Core Values**, our sustainability strategy is built to create long-term value for our shareholders while doing our part to build a stronger future for our communities and the industries we serve. We focus on the areas where we can make the greatest impact and work to embed sustainability into our operations and culture.

At the core of our success is a talented, dedicated workforce that powers every aspect of our business. We believe investing in our people is essential to building a sustainable future—for our company, our customers, and our communities. Their expertise, collaboration, and commitment drive innovation, strengthen customer relationships, and reinforce our position as a trusted leader in the industrial supply chain. Simply put, **Our People Make the Difference**.

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 customers rely on us as a **Strategic Sourcing** partner.

Our focus on **Environmental Stewardship** positions us to drive and benefit from climate transition by playing a role in building customer resilience to climate-related risks by having a network of locations that can deliver what customers need, when they need it, to get them back up and running even after a weather event and by supporting customers’ sustainability efforts with sustainable products and solutions.

Finally, a **Culture of Governance** is foundational to the long-term success of Applied, and we are committed to maintaining high standards of corporate governance, ethical business conduct, and regulatory compliance.

SUSTAINABILITY GOVERNANCE

- Applied’s Board of Directors and its **Corporate Governance & Sustainability Committee** provides oversight and monitoring of the Company’s strategy. The Committee receives updates at each committee meeting on sustainability activities and strategy, and the full Board received an update once during the 2025 fiscal year.
- **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 strategy and teams across the organization constantly work on providing customer solutions.



INTEGRITY

Honest and trustworthy in all we do



RESPECT

Fair and ethical relations with everyone



CUSTOMER FOCUS

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



COMMITMENT TO EXCELLENCE

Quality in our products, service and support



ACCOUNTABILITY

Motivated and responsible for our actions and results



INNOVATION

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



CONTINUOUS IMPROVEMENT

Committed to becoming better, as individuals and as a team



TEAMWORK

Working together, winning together

Priority-Based Assessment

In 2025, we conducted our inaugural double materiality assessment, supported by a third-party advisor with deep industry expertise. Through strategic engagement with key internal and external stakeholders, we identified five priority sustainability areas that are material in terms of both financial relevance and broader impact on the economy, environment, and society. We identified an additional five sustainability areas that are material in terms of either financial relevance or broader environmental or societal impact. The results of this assessment will guide our strategic decision-making, allowing us to prioritize sustainability initiatives most relevant to our business and stakeholders. For additional information on our Materiality Assessment methodology please see the Appendix.



2025 Sustainability Highlights

COMPLETED

OUR INAUGURAL DOUBLE MATERIALITY ASSESSMENT

11 ADDITIONAL LOCATIONS

WITH LED LIGHTING CONVERSIONS

99%

OF U.S. ASSOCIATES PARTICIPATED IN ANNUAL PERFORMANCE REVIEWS FOR THE 10TH STRAIGHT YEAR

HR PLATFORM

TRANSITION TO PUT THE INFORMATION EMPLOYEES NEED IN ONE EASY-TO-USE ONLINE PORTAL

HEALTHY YOU!

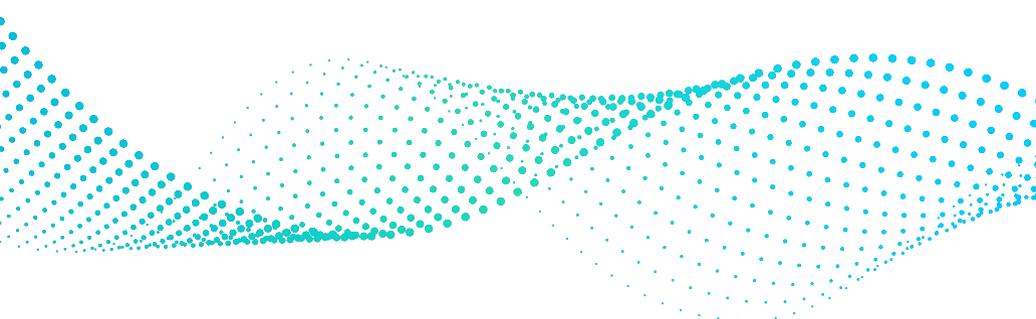
WELLNESS PROGRAM ENHANCED

ISO 14001

CERTIFICATION OBTAINED AND SCOPE OF LOCATIONS COVERED EXPANDED

Our People Make the Difference

Our people are the driving force behind our success. Thus, we are committed to providing the best possible working environment—one built on talent recruitment, development, and retention; workplace culture; health and safety; and community engagement. Applied is committed to fostering a workplace where all our associates have an opportunity to thrive. Their collaboration, dedication, and talent shape who we are and what we stand for. It's why **Our People Make the Difference.**



WORKPLACE CULTURE

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

We are committed to fostering a workplace where all our associates can thrive. We believe a workplace where all associates are respected and that values a wide range of skills, ideas, capabilities, and experiences serves as a cornerstone for a strong and resilient company that enhances innovation, improves decision-making, and helps us better serve our customers, investors, and communities.

In 2025, Applied transitioned many of its employee-related services to one easy-to-use platform so that associates can access all of the functions they frequently use, such as payroll, development and training, and performance reviews, from one place.

Employee Engagement

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

Employee Appreciation

Recognition and in-person celebrations are another means of keeping Applied associates engaged and inspired. In addition to celebrating our collective goals, our Applied President's Award recognizes those who meet specific objectives. We also recognize service anniversaries for our associates.



“Our people are the driving force behind everything we achieve. Their **passion, resilience, and commitment to our values** are what truly set us apart and inspire us every day.”

KURT LORING

Vice President - Chief Human Resources Officer

TALENT RECRUITMENT, DEVELOPMENT, AND RETENTION

Applied has a robust Management Development and Planning process. We strive to recruit, develop, and retain high-performing associates with unique skills, ideas, capabilities, and experiences, to empower them to achieve their potential, and provide them opportunities to increase their skills and responsibilities and advance their careers. Applied's commitment to its associates is reflected in our investments in both associate development and talent management.

Our policies and practices promote equitable hiring, opportunities, and advancement and a workplace free from discrimination and harassment. We are an equal opportunity employer, and we are committed to a workforce in which we enforce fair treatment and provide growth opportunities for everyone. We utilize multiple channels to ensure job postings are included in locations that will be seen by a broad candidate pool. All qualified applicants will receive consideration for employment regardless of age, race, color, national origin, genetics, religion, gender, marital status, physical or mental disability, or any other characteristic protected by applicable laws, regulations, or ordinances.



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.

Associate Well-Being

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:

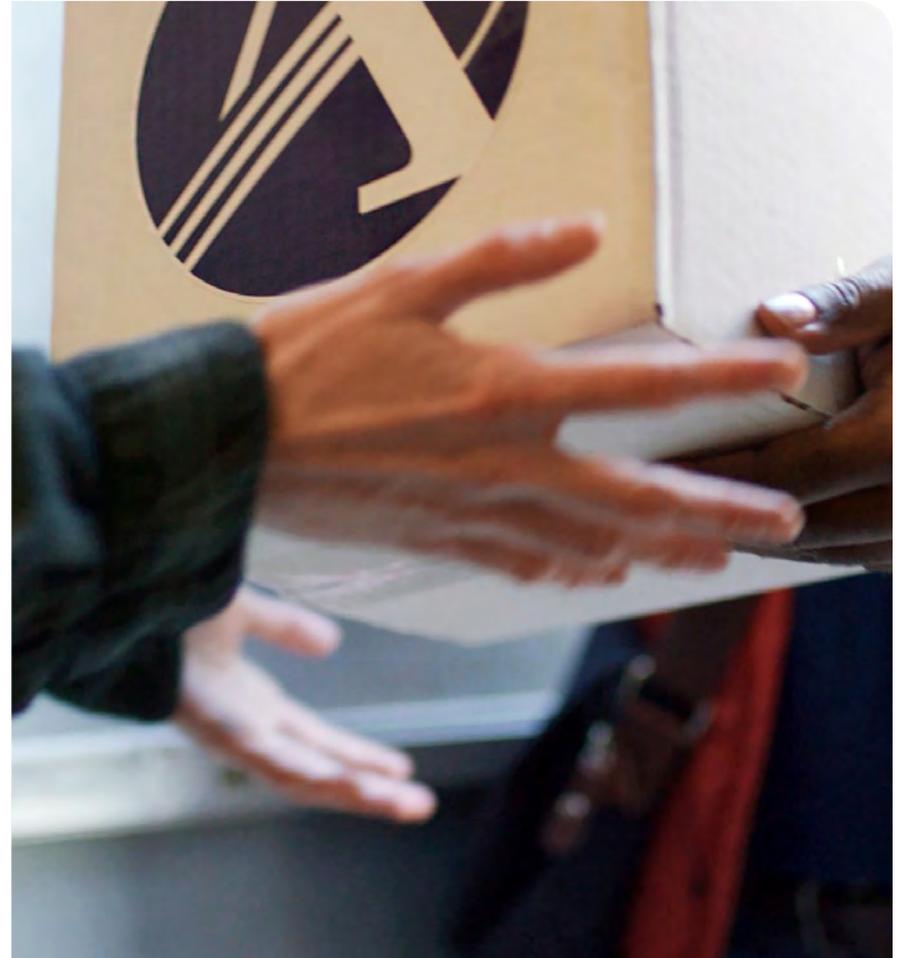
- **Medical, dental, vision, and prescription drug insurance**
- **Short and long-term disability benefits**
- **Life insurance plans**
- **401(k) retirement savings plan with company match**
- **Paid vacations and holidays**
- **Incentive programs in support of our pay for performance culture**
- **An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

We continue our efforts to meet employees on their well-being journey through the enhancement of our Healthy You! program which encourages associates to focus on their physical and mental well-being.

Our Employee Assistance Program is available 24 hours a day, seven days a week to offer access to counseling, information, and support for a variety of situations.

We also provide programs and trainings to help managers identify and provide resources on associate mental health needs.

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



93%

**PARTICIPATION RATE IN OUR 401(K)
RETIREMENT SAVINGS PLAN IN 2025**

Talent Management

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.

In addition to a formal annual performance review process, Applied leaders are encouraged to provide frequent, timely, and meaningful feedback to each associate.

Associate Development

We understand that a skilled and knowledgeable workforce is essential to driving operational excellence and are committed to the continuous development of our associates. We empower our associates to achieve their potential by providing them opportunities to test their skills, increase their knowledge, and advance their careers through a wide array of internally-facilitated training courses, supplier product training, other third-party courses, and on-the-job development opportunities.

In addition to some required training courses on topics like safety and cybersecurity that all associates are required to complete, associates are able to select additional trainings that they self-identify will be helpful for their professional development and the achievement of their own goals. Through the performance review process, managers are also able to recommend specific trainings.

We recognize that every associate has unique needs and learning styles. Courses are available for both technical skills and interpersonal skills, and training is offered through both in-person sessions and a modern social learning platform.

Associates in many of our distribution centers and those at our corporate office are required to annually complete a minimum number of training hours, and all associates are encouraged to seek out training and development opportunities throughout the year.

By equipping our associates with both technical knowledge and core competencies, we enable them to perform their roles effectively, contribute to a healthy workplace culture, and promote responsible business practices.



44,000 HOURS OF TRAINING COMPLETED BY ASSOCIATES IN FY2025

- Only includes online training hosted through our learning management platform and instructor-led training.
- Online training hours decreased from FY2024 due to the learning management platform being unavailable to associates during the platform transition.

HEALTH AND SAFETY

At Applied, we serve several stakeholders who expect us to operate in an ethical, professional, and above all, a safe manner. To that end, our Environmental, Health & Safety Policy contains multiple tenets that guide how we support our associates, customers, suppliers, and the public:

- **We actively champion safe behaviors** – all associates complete safety training annually, and we also promote safety and environmental topics through Meeting Starters along with other regularly-distributed materials, while also partnering with our field operations to participate in programs designed to enhance safety measures for specific job tasks and/or within higher-risk operating environments. Our leadership team receives frequent reports on safety performance, and promotes associate safety with top-down messaging, ensuring all associates understand their active role in ensuring the safety of themselves and their fellow associates.
- **Individual accountability** – safety is foundational to how associates operate on a day-to-day basis. To that end, we include safety training completion as part of our associates' annual goals.
- **Continuous improvement** – we do not view achievement of individual projects or goals as an end-game relative to safety performance. Our Plan, Do, Check, Act life cycle for EH&S measurement ensures we actively seek out opportunities for improvement. We perform root-cause analysis in the instance injuries are reported so we can distribute lessons learned throughout the enterprise.
- **We ensure adherence to regulatory requirements** – Applied is a responsible corporate citizen. We operate in accordance with the laws and regulations of all territories we operate in and expect the same of our valued partners.
- **Aligning EH&S activities with our Core Values** – while several of our Core Values are detailed as specific components of the EH&S Policy, we strive to reflect all these characteristics as we seek to achieve best-in-class safety performance. We see the positive efforts of our focus on safety reflected in our injury indicators—TRIR and LTIR. These figures highlight a positive 3-year trend where our TRIR has dropped by roughly 40% from calendar year 2021 through the end of 2024. Additionally, our performance continues to beat benchmarks established by industry organizations as well as figures released by the U.S. Bureau of Labor Statistics (BLS).

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.

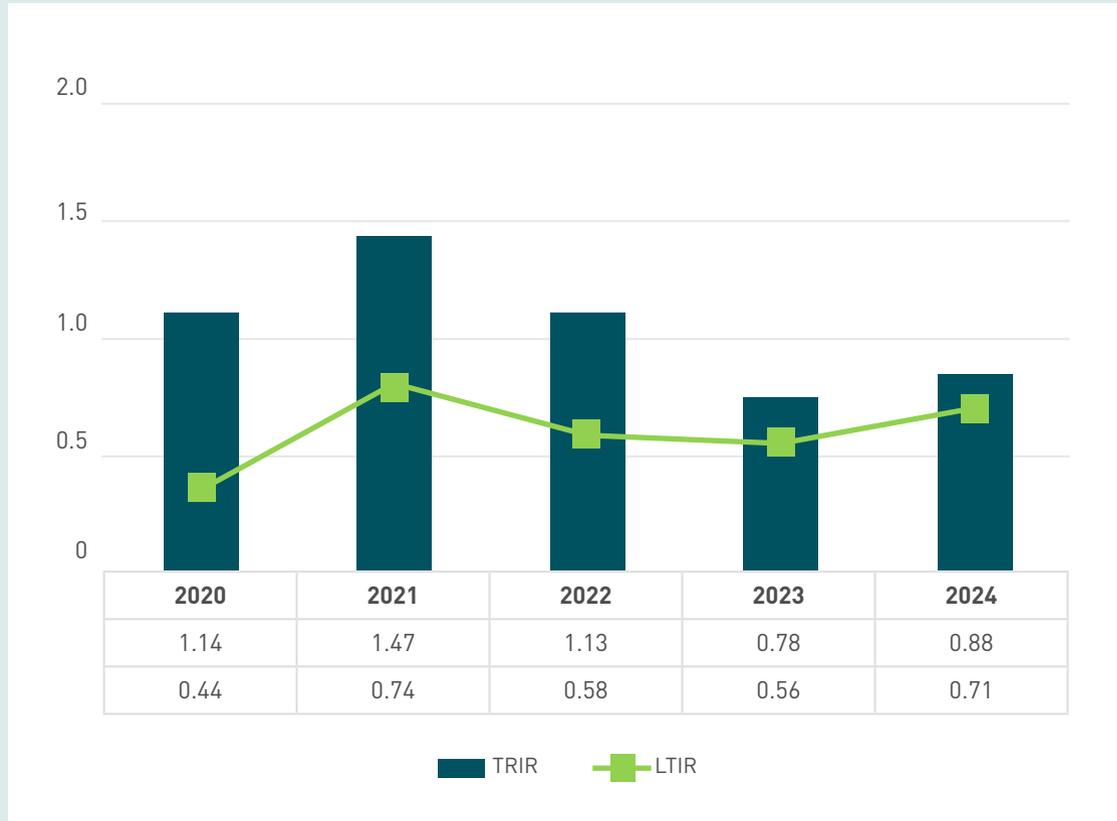
37,500

TRAINING COURSES COMPLETED BY APPLIED ASSOCIATES ON SAFETY-RELATED TOPICS IN OUR MOST RECENT FISCAL YEAR

FY2025 Safety Accomplishments

- **Continued deployment of Leadership Safety Training and Behavior-Based Safety programs**, which focus on real-time reinforcement of positive safety behaviors or active coaching to focus on areas of opportunity.
- **Increased near-miss reporting throughout the organization** - we encourage associates to report potential hazards they observe in the workplace.
- **Incremental resources sourced to focus on loss control and fire safety** protocols and systems throughout our Distribution Center network and other critical facilities.
- **Utilization of industrial hygienists**, focused on specific hazards within our Engineered Solutions group, as well as Safety Test Assessments for these operations.

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.

Applied's EHS 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



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 EHS Management Process. This includes establishing measurable indicators which drive EHS performance. Scorecards are utilized to gauge compliance in a variety of areas.

Vehicle Safety

Applied focuses on safe driving behaviors by having all U.S.-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.

COMMUNITY ENGAGEMENT

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.

In 2025, 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



Applied associates are able to take up to eight hours of paid time per calendar year to support non-profit organizations of their choice.

2025 HIGHLIGHTS

Members of the Applied team from the corporate office participated in multiple **Greater Cleveland American Heart Association®** fundraising events this year including the 2024 Greater Cleveland Heart Walk®.

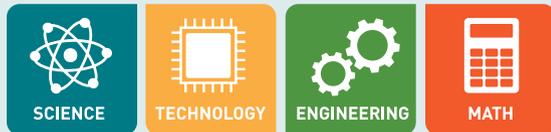
Applied Canada’s **Applied Cares Program** continues to support our associates and our communities, including partnering with various food banks across Canada and collecting food and monetary donations.

Applied proudly participates in social determinates of health (SDOH) programs. This year, Applied worked with the **Cleveland Clinic’s SDOH program** and supports The City Mission in Ohio and the Sweetwater Mission in Georgia.

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.

Applied raises funds for the **United Way** through various events throughout the year. Many members of senior leadership also donate a portion of their compensation.

STEM



Our **Science, Technology, Engineering, and Math (STEM)** engagement across the manufacturing and educational communities provides 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.



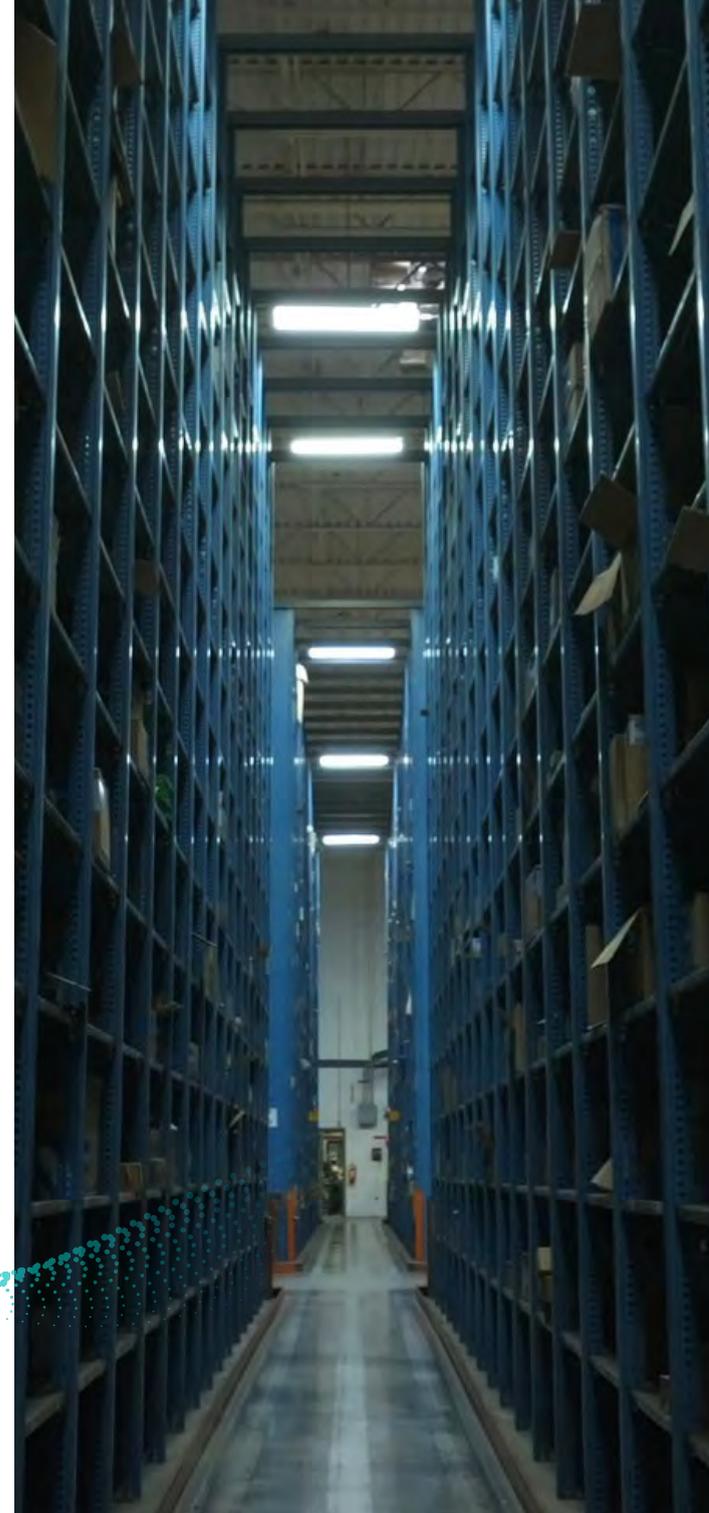
Strategic Sourcing

As one of the largest distributors and service providers of industrial motion and control technologies, we play a significant role in maximizing our customers' productivity and returns across their core operational assets. We pride ourselves on working with trusted, ethical suppliers to bring our customers safe and reliable products.

In the industrial distribution sector, the integrity, resilience, and sustainability of the supply chain are paramount. One of the most effective ways to uphold these principles is through long-term partnerships with trusted, reputable brands. These collaborations serve as a foundation for operational excellence, ensuring that every component, product, and service meets rigorous standards for quality, safety, and compliance.

Working with established manufacturers and suppliers not only supports consistency in supply and service delivery but also significantly reduces exposure to operational, reputational, and regulatory risks.

Trusted partners are more likely to uphold ethical labor practices, environmental stewardship, and transparent business operations—values that are increasingly essential in meeting sustainability expectations from stakeholders, investors, and customers.



PRODUCT QUALITY AND SAFETY

We work with our suppliers to help our customers find products that meet their safety and compliance requirements. As a distributor, we work with our suppliers to help notify customers of any recalls issued by our suppliers and we support customers with connecting with suppliers regarding any supplier provided warranties on many of the goods we sell.

Applied has been ISO certified since 1997. Our quality management systems for the sale, distribution, and warehousing of industrial components at Service Center and Distribution Center operations in the U.S. and Canada are maintained to current ISO 9001:2015 requirements. In addition, several Applied subsidiaries are certified to AS9120 and other industry-specific standards, based on customer requirements. Additional information on our current certifications can be found [here](#).

SUPPLY CHAIN

As a leading industrial distributor, we are proud to be a trusted partner to our customers, helping them navigate a rapidly evolving industrial environment. Our products and solutions are increasingly vital within the industrial supply chain, especially as customers face a tightening labor market, more advanced production equipment and processes, and heightened demands for efficiency, compliance, and safety. We support our customers by delivering not only high-quality products from strategic sourcing but also value-added services and technical expertise that drive plant floor optimization, ensure regulatory alignment, and support sustainable operations. By aligning our capabilities with our customers' goals, we create long-term value and resilient partnerships that thrive amid industry change.

Supply Chain Operating Principles

FULFILLMENT STREAM PURPOSE

Meeting customers' expectations on parts fulfillment while adding value and maximizing profitability

FULFILLMENT STREAM OPERATING PRINCIPLES

- **We build safety** into all that we do.
- **We engage our people** closest to the issues and challenges in the problem-solving process.
- **We cultivate collaborative relationships** to solve problems, develop and instill process discipline.
- **We ensure that we always transact** within the compliance of the law.
- **We lead and make decisions** based on customer requirements and the total cost of fulfillment.
- **We reduce complexity** and drive standardization in our data and data processes, providing clean information for transacting and decision-making.
- **We recognize and eliminate waste** in all our processes, initially focusing on areas that contribute to slow moving and inactive inventory.
- **We collapse lead-time**, enabling pull and flow where feasible, so that we can maintain the right inventory to deliver on customer expectations.
- **We eliminate downtime** through proper use and maintenance of our software and equipment.

By aligning with partners who share our commitment to responsible business practices, we not only fortify our supply chain operations but also contribute to a more sustainable and ethical industrial ecosystem—delivering long-term value to our customers, our communities, and the broader economy.

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 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.



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 anticorruption / 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](#).

HUMAN RIGHTS AND LABOR PRACTICES

Our actions aim to protect and promote human rights in the communities where we operate, reflecting our dedication to being a trusted Strategic Sourcing partner. We are committed to upholding human rights, worker safety, and fair labor practices across our organization.

Our Conflict Minerals Policy encourages suppliers to respect and protect human rights throughout the world. Applied seeks to obtain conflict minerals declarations from its suppliers, thereby promoting supply chain transparency.

HUMAN RIGHTS STATEMENT

Applied is committed to offering equal employment opportunities for all at every level of the organization, regardless of age, race, color, national origin, genetics, religion, gender, marital status, physical or mental disability, or any other characteristic protected by applicable laws, regulations, and ordinances. 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.

LAND USE AND 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).





Environmental Stewardship

We believe that our focus on **Environmental Stewardship**, with the objective of reducing costs and improving the sustainability of our operations, will provide a strategic benefit. We continue to advance plans to create further efficiencies in our operations and reduce our environmental footprint.

ENVIRONMENTAL MANAGEMENT

When considering the impact of our Environmental Management, we take a global approach to our operational footprint and the impact of our practices at each operating location and the combined impact across our operations. Applied's commitment to environmental management starts at the corporate level with meaningful goal setting followed by purposeful action. All of the Company's sites comply with local laws and regulations. In addition, beyond compliance, wherever possible, sites have demonstrated a commitment to environmental conservation.

Applied's long-term commitment to stewardship is comprehensive. Our goal is to do our part in contributing to a more sustainable world, while providing value to our shareholders consistent with our business objectives.

We utilize an Environmental Management System (EMS) to encourage company-wide consistency in our environmental programs and promote a culture of environmental awareness, innovation, and accountability across all our operations. We track our environmental data to benchmark our operations against industry standards, and we report on progress against our goals to ensure accountability and transparency.



ISO 14001

In 2025, Applied performed an initial environmental review and gap analysis, and developed an Environmental Management System Manual. Upon completion of a third-party audit, Applied obtained 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. This certification covers approximately 47% of our U.S. Service Center based distribution. In addition to the locations included in our FY2025 certification, the Hydradyne business that we acquired this year also holds an ISO 14001:2015 certification.

MANAGING ENERGY, WATER, AND EMISSIONS RESPONSIBLY

As part of our commitment to environmental stewardship, we continuously monitor and work to reduce energy and water consumption, and greenhouse gas (GHG) emissions across our operations.

While our distribution-focused footprint has a relatively modest environmental impact, we recognize our responsibility to use resources wisely and operate efficiently. We invest in energy-efficient technologies, implement conservation practices at our facilities, and engage employees in resource saving initiatives. These efforts not only lower our environmental impact but also support cost savings and operational resilience as we grow.

This year, we are reporting our energy, emissions, and water data for all our operations globally. We've also had our Scope 1 and Scope 2 emissions data reviewed by a third-party. Additional information can be found in the Appendix.

Applied also strives to reduce waste generation at all stages. Applied locations have active programs for reuse, recycling, and recovery of hazardous and nonhazardous material, including programs focused on the reuse of packing materials and utilizing reusable shipping containers made of 100% recycled material. We dispose of all hazardous materials in accordance with local regulations and utilize vendors who manage these materials in an environmentally conscious manner. 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.

FY2025 ACCOMPLISHMENTS

- **11 additional facilities** converted to LED Lighting during FY2025.
- Continue to work with EPA SwartWay Transport Partners to **increase energy efficiency and reduce greenhouse gas emissions** by optimizing routes and ensuring efficient load management.

FY2025 Environmental Metrics¹

32,283

METRIC TONS OF CO₂
SCOPE 1 GHG EMISSIONS

179,938

MWH OF ENERGY CONSUMED

11,826

METRIC TONS OF CO₂
SCOPE 2 GHG EMISSIONS

10

METRIC TONS OF CO₂
IN EMISSIONS INTENSITY
PER \$M USD REVENUE

176,861

CUBIC METERS OF WATER
CONSUMPTION

39

MWH OF ENERGY INTENSITY
PER \$M USD REVENUE

10%

OF WASTE RECYCLED²
not including reuse efforts

4,800

METRIC TONS OF
WASTE GENERATED³
from U.S. operations serviced
by its largest waste collection
service provider

1. All environmental metrics reflect global operations during fiscal year 2025 unless otherwise noted.

2. Percentage of waste recycled from 304 locations.

3. Includes waste from 304 locations.

CLIMATE TRANSITION

The global economy's acceleration toward a low-carbon future creates opportunities for Applied as an industrial distributor. Applied plays a role in building customer resilience to climate-related risks by having a network of locations that can provide reliable fulfillment of critical parts and materials to customers to allow them to recover quickly and minimize downtime after climate-related disruptions.

Applied is also supporting its customers' sustainability efforts by offering sustainable products and solution that help them reduce energy use and waste and optimize efficiency.

Embracing these opportunities not only supports the transition to a cleaner economy, but also positions industrial distributors as essential enablers of sustainable growth, innovation, and climate resilience.

The Company also has published, for the first time, its reporting against the TCFD Framework. The full reporting is available in the TCFD Index to this Report on page 46.

Supporting Sustainable Industries

As a leading industrial distributor, we are proud to support the transition to a cleaner, more sustainable future by serving the rapidly growing solar, wind, renewable natural gas, and electric battery industries. Through the reliable supply of high-quality products and technical support, we enable our partners to build and maintain renewable energy infrastructure. Our tailored solutions and knowledgeable associates help reduce project downtime and improve efficiency, empowering our customers to deliver sustainable technologies that drive environmental progress. We are committed to being a trusted partner in the global shift toward a low-carbon economy.

We also support customers in the configuration, assembly, and testing of equipment used in methane gas and carbon capture and hydrogen and lithium production.



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.

SUSTAINABLE PRODUCTS AND SERVICES

We are committed to advancing sustainability not only through the industries we serve but also through the products and services we offer. We source and supply thousands of products that have eco-friendly attributes including:

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

By making sustainable options more accessible to our customers, we help them integrate these products into their operations reducing their environmental impact.



Increasing Energy Efficiency and Reducing Emissions

Improving energy efficiency is one of the most effective ways to reduce environmental impact, and we are proud to support our customers in achieving this goal. Through a combination of energy-efficient products, system optimization, and customized consultations, we help businesses identify and implement solutions that lower energy consumption across their operations.

From high-efficiency motors and drives to intelligent automation systems and optimized fluid handling equipment, our offerings are designed to enhance performance while minimizing energy use. Our technical teams also work closely with customers to assess energy-intensive processes and recommend upgrades or redesigns that lead to measurable efficiency gains.

By integrating energy-saving technologies and strategies into our customers' operations, we not only help reduce operating costs and carbon emissions but also support long-term sustainability and regulatory compliance. Our focus on energy efficiency is a key part of our broader mission to build a more sustainable industrial future.



Some of the ways we help our customers achieve increased energy efficiency and reduced emissions are:

- **Supplying energy-efficient industrial motors** with lower material content, variable frequency drives that adjust motor speeds and electricity usage to reduce energy consumption and wear and tear on the machine's components, cogged and synchronous belts that are more energy efficient compared to standard V-belts, advanced seals and electrical actuators to help control emissions, and process pumps that use a highly efficient electric drive instead of compressed air
- **Providing electrification consulting solutions** to help retrofit existing equipment, implement hybrid solutions, or fully transition fluid power systems to electric power
- **Developing and customizing cleaner mobile equipment**, including enabling the transition from large GHG emitting diesel engines to hybrid and renewable electric sources that can meet intermittent power needs
- **Energy monitoring** allow real-time insights into energy use that can be used to enhance efficiency
- **Conducting extensive energy audits** in critical areas across their motion control components and equipment to identify areas that can be improved
- **Utilizing our Documented ValueAdded® (DVA®) process** to quantify the energy consumption and other potential environmental benefits of the products and solutions they purchase from Applied

Advanced Engineering Solutions

Our commitment to sustainability is strengthened by our focus on delivering advanced engineering solutions that help customers operate more efficiently, safely, and sustainably. By leveraging technical expertise, data-driven insights, and innovative product integration, we support the design and implementation of systems that reduce energy consumption, optimize performance, and extend equipment life cycles.

Whether it's customizing components for renewable energy systems, enhancing automation for process efficiency, or developing tailored material handling solutions, our associates work closely with customers to solve complex challenges with precision and sustainability in mind. These solutions not only improve operational outcomes but also contribute to lower emissions, reduced waste, and a smaller environmental footprint.



Applied AutomationSM was awarded first prize in the People category of a customer's Sustainability Awards for an innovative robotic palletizing project that completely eliminated the need for hand-stacking, reducing man-hours and improving safety.

Through our advanced engineering capabilities, we empower our customers to build smarter, more resilient operations that align with both their performance goals and their sustainability commitments. A few examples are:

FLUID POWER

- Customized fluid power systems developed using certified engineers and designers, CAD software, and 3D modeling to help optimize production, contribute to safer operations, and enhance quality
- Integration of electronic controls, IoT technology, and smart fluid hydraulics to optimize fluid management, heat production, fuel consumption, and improve workplace safety

FLOW CONTROL

- Utilization of advanced filtration systems to help filter out contaminants and other detrimental particles, reduce corrosion, and extend the asset life
- Expert assistance in the selection of the right products to help monitor flow rates with increased accuracy to minimize water usage

AUTOMATION

- Use of machine vision products and solutions to detect production errors and improve product quality and reduce waste
- Collaborative robotics that work alongside humans and increase safety and efficiency

Waste Reduction

PREVENT, REPAIR, RESTORE, REUSE

In addition to offering new products, our service centers, flow control, fluid power, and automation associates use technology and their extensive knowledge to prevent potential issues as well as repair, restore, or rebuild customer's existing parts. Our team also identifies components that can be reused while reworking a design or incorporating new technology or upgrades to further extend the useful life of the product.

Our service centers break-fix support capabilities are increasingly critical as our customers navigate an aging and tighter labor force, more sophisticated and complex production equipment and processes, and greater compliance and regulatory requirements.

Our fluid power and flow control teams can provide support on maintenance, assess problems, and repair components to get customers' systems back-up and running.

Applied Automation's advanced condition sensor solutions provide reliable, real-time insights into the health and performance of equipment to proactively identify potential issues before they lead to costly downtime and repairs.

These services reduce the amount of material that is sent to landfills or otherwise discarded, helping contribute to the circular economy.

We continue to expand our capabilities and geographic footprint to meet our customers' needs, including with our recent acquisition of Hydradyne that increased our capabilities in the southeastern U.S.

INVENTORY OPTIMIZATION

Applied Maintenance Supplies & SolutionsSM (Applied MSSSM) inventory management solutions also support waste reduction efforts, including vendor managed inventory (VMI) and vending that help customers maintain an organized inventory of the smaller parts and components they need while preventing overstock and obsolescence. This also reduces their environmental footprint by decreasing the need for additional deliveries and related packaging.

By empowering our customers to reduce waste across their operations, we help them lower environmental impact, improve resource efficiency, and advance toward their sustainability goals—all while supporting cost savings and operational excellence.



Culture of Governance

Our Board believes our **Culture of Governance** is good business and integral to creating shared value. Strong, effective corporate governance is the foundation upon which Applied has built our reputation as a **Strategic Sourcing partner**, ensuring that **Our People Make the Difference**, and delivering on our promise of **Environmental Stewardship**.



STRONG GOVERNANCE

For more than 100 years, Applied has been committed to operating our business with the highest standards to earn the trust of our shareholders and other stakeholders. This commitment is built on our Core Values, which are the foundation of our business strategy and success.

Applied is governed by a nine-person Board of Directors (Board). All directors other than Mr. Schrimsher, our President & Chief Executive Officer, are independent. This Board is responsible for the oversight of the management of our Company for the long-term benefit of our stakeholders. Its members set the tone for Applied's Culture of Governance and operate under a set of published Board of Directors [Governance Principles and Practices](#), which are based on best practices that meet or exceed the NYSE's and SEC's existing standards. Our [Code of Business Ethics](#), together with our comprehensive corporate governance principles and structures, foster accountability and transparency across Applied.

The Board periodically evaluates its leadership structure under circumstances existing at the time. The Board has long maintained separate positions of Chairman and Chief Executive Officer (CEO) and elected an independent director to serve as Chairman. The Board believes its current leadership structure best serves the Board's oversight of management, the Board's carrying out of its responsibilities on the shareholders' behalf, and Applied's overall corporate governance.

BOARD OF DIRECTORS



Madhuri A. Andrews



Shelly M. Chadwick



Mary Dean Hall



Robert J. Pagano, Jr.



Vincent K. Petrella



Joe A. Raver



Neil A. Schrimsher



Richard J. Simoncic



Peter C. Wallace

Corporate Governance

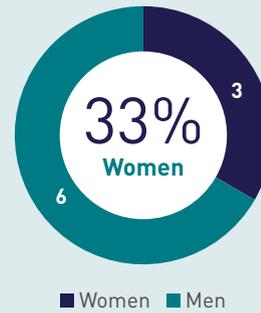
Effective governance is the foundation of our long-term success and sustainability. At Applied, we are committed to a Culture of Governance, maintaining high standards of corporate governance, ethical business conduct, and regulatory compliance.

Our Board of Directors provides independent oversight and strategic guidance, while our leadership team ensures that sustainability considerations are embedded into decision-making across the organization. Through robust risk management, transparent reporting, and a culture of accountability, we safeguard stakeholder trust and position the Company for responsible, resilient growth in a dynamic industrial landscape.

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**

DIRECTOR DIVERSITY Gender



DIRECTOR TENURE Average Years



BALANCE OF SKILLS AND EXPERIENCE





The Board's Audit, Corporate Governance & Sustainability, and Executive Organization & Compensation Committees are composed solely of independent directors, as defined in NYSE listing standards and Applied's categorical standards, and, in the case of the Audit Committee, under federal securities laws.

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 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.



“A strong culture of governance is the foundation of our long-term success. It guides ethical decision-making, reinforces accountability at every level, and ensures we **operate with integrity** in everything we do.”

JON PLOETZ
Vice President - General Counsel and Secretary

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 and 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 2024, we had 12 hotline reports received, or 0.17 per 100 employees, which is significantly below the benchmarked median¹. All of these reports were thoroughly reviewed by our Legal, Internal Audit, and/or Human Resources departments and addressed appropriately.



Bribery and Corruption

Applied’s Anticorruption Policy expands on our commitment of our Code of Business Ethics to conduct business in compliance with all applicable anticorruption, 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 to 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 Anticorruption Policy, which includes compliance with both the Foreign Corrupt Practices Act, as well as any other applicable domestic or foreign anticorruption 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.

In addition to the policies listed, we maintain several other policies that are designed to manage our risks and opportunities surrounding ethical conduct of business, including:

MONITORING STATEMENT

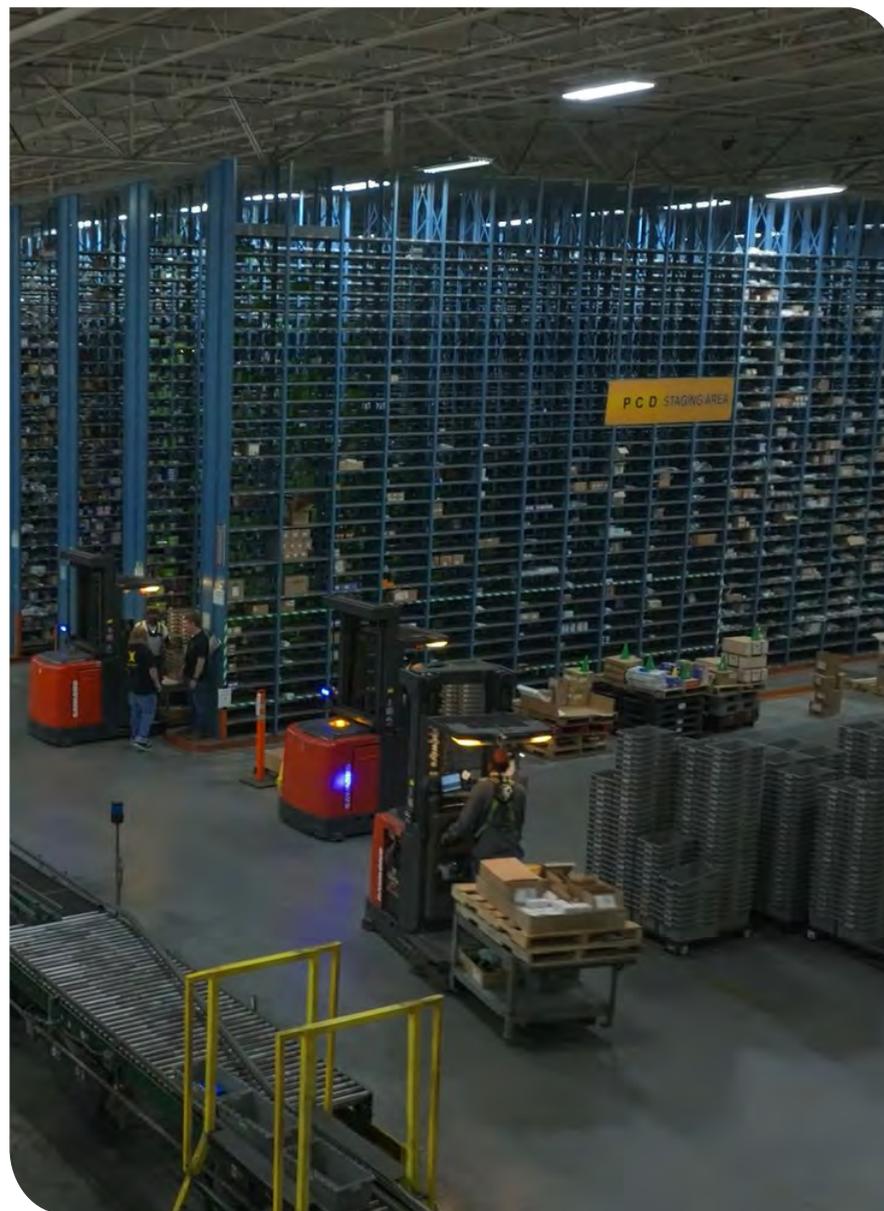
Applied monitors Company practices to ensure compliance with applicable laws and sound business practices, including in areas of labor and employment, ethics and anticorruption, and prevention of human trafficking, modern slavery, child and forced labor, and corporal punishment. Applied further monitors 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 our associates. 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.

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.



RISK MANAGEMENT

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 Applied's risk management process. 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 effective 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.



While the Board is ultimately responsible for risk oversight, the committees assist the Board in the areas described below, with each committee chair presenting reports to the Board regarding the committee's deliberations and actions to the extent the full Board was not in attendance during the committee's meeting.

- **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.

DATA PRIVACY AND 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.

Our Vice President – Information Technology leads management’s assessment and management of cybersecurity risk. He reports directly to our President and Chief Executive Officer and is a member of our senior management team, providing cybersecurity updates to that group monthly, with more frequent updates as needed. Our Vice President – Information Technology has more than 35 years of experience within industrial distribution, spending the majority of which managing and maintaining information systems. In addition, our Vice President – Information Technology leads a team of individuals that focus on monitoring our information systems and data for intentional and unintentional actions that could cause harm to our information systems or the data on such systems.

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

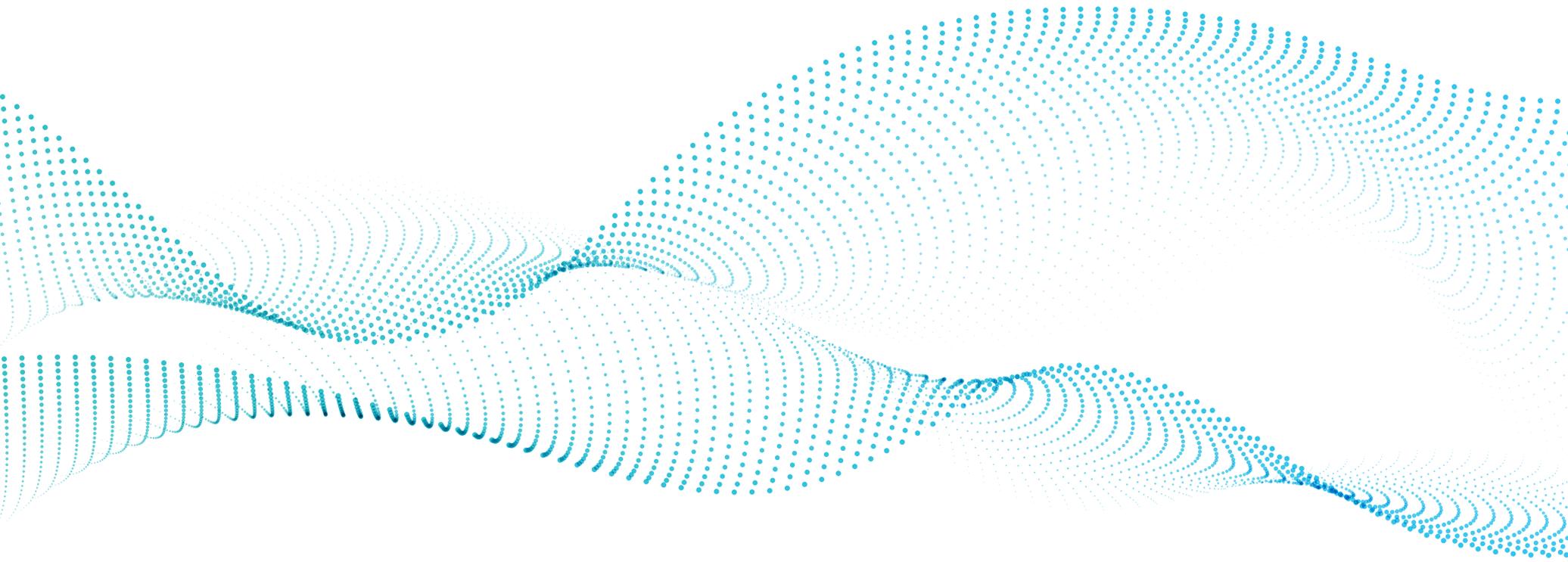
Overall, we implement, develop, and maintain systems and operate programs that seek to mitigate the impact of cybersecurity incidents. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage information systems or data on such systems, change frequently, we must continually monitor and update these systems and programs.

BOARD’S ROLE IN CYBERSECURITY AND INFORMATION MANAGEMENT RISK

Applied’s full Board has oversight of our efforts in cybersecurity and meets regularly with our Vice President – Information Technology (three times during FY2025) on our cybersecurity risks and programs. The Board is also updated as needed on cybersecurity threats, incidents, or new developments in our cybersecurity risk profile.

~7,000

CYBERSECURITY TRAINING COURSES
COMPLETED BY APPLIED ASSOCIATES



APPENDIX

[Materiality Assessment Methodology](#) | [GRI Index](#) | [SASB Index](#) | [TCFD Index](#) | [Disclaimers](#) | [Other Materials](#)

This appendix expands transparency through key quantitative data compiled in accordance with the GRI, SASB, and TCFD frameworks, along with additional details on our workforce, revenues, sales, stakeholders, locations, and certification. Report data covers all global operations unless otherwise noted. Our reporting reflects that classification. All data included in the following GRI, SASB, and TCFD tables reflect fiscal year 2025 unless otherwise noted.

MATERIALITY ASSESSMENT METHODOLOGY

We conducted our materiality assessment using a third-party materiality assessment platform in tandem with our advisor's guidance. To develop our initial topic list, we leveraged their comprehensive analysis of SASB standards, industry trends, sustainability rating methodologies, and peer sustainability reports. Two SASB industry standards were selected to capture potential topics representing our peer space and business model—Multiline and Specialty Retailers & Distributors and Industrial Machinery & Goods. Our double materiality assessment identified topics material from both inside-out (impact) and outside-in (financial) perspectives. We engaged stakeholders across our organization and value chain through both surveys and in-depth interviews, with participation from leadership, associates, board of directors, suppliers, shareholders, and customers and analyzed those quantitative survey results alongside qualitative interview insights to identify material topics.

This Materiality Assessment includes certain non-financial data and information, which is subject to measurement uncertainties resulting from limitations inherent in the nature and the methods used for determining such data. The selection of different but acceptable measurement techniques can result in materially different measurements. The precision of different measurement techniques may also vary. Calculations and statistics included in this Report may be dependent on the use of estimates and assumptions based on historical levels and projections and are therefore subject to change. The inclusion or absence of information in this Report, or any characterization of information in this Report as "material," should not be construed as a characterization regarding the materiality of such information for purposes of securities laws or regarding the financial impact of such information.



We have also mapped our material topics with the United Nations' Sustainable Development Goals (SDGs), identifying the Goals where our business operations can make the most meaningful contribution.

1. SETTING THE SCOPE

We established clear objectives for the assessment, adopting a double materiality approach to evaluate both our impact on the world and financial materiality considerations, with particular focus on our role as a leading distributor of industrial products and solutions.

2. TOPIC MAPPING

Working with our advisor, we reviewed existing internal priorities and operational and value chain considerations against SASB, GRI, industry trends, and peer sustainability reports to create a comprehensive list of potentially material sustainability matters, which we refined to 18 topics for stakeholder evaluation.

3. STAKEHOLDER MAPPING

We strategically selected internal and external stakeholders representing key areas of our business and value chain, including company leadership, associates, board of directors, suppliers, shareholders, and customers.

4. STAKEHOLDER ENGAGEMENT

We conducted a comprehensive stakeholder engagement program using a third-party platform, which included targeted surveys to capture stakeholder perspectives on potentially material issues. These surveys were sent to all associates and directors and a select group of shareholders, customers, and suppliers. In addition, our advisor conducted in-depth interviews with members of leadership, directors, and a shareholder, to gather deeper insights.

5. ANALYSIS AND VALIDATION

We analyzed quantitative survey results alongside qualitative interview insights to identify material topics, reviewing these findings in the context of stakeholder feedback, industry perspective, and peer benchmarking to validate that a complete view of our stakeholder landscape and material issues has been established. Finally, our leadership team reviewed the results to confirm the topics are appropriate for our sustainability program.

6. SELECTION AND ALIGNMENT

We selected the highest-priority material topics based on comprehensive stakeholder input and expert guidance, establishing clear priorities for our sustainability program.

GRI INDEX

DISCLOSURE	REQUESTED INFORMATION	LOCATION / RESPONSE
2-12	Role of the highest governance body in overseeing the management of impacts	See our 2025 Proxy for more details
2-13	Delegation of responsibility for managing impacts	See our 2025 Proxy and pages 8, 39, 40, and 46 of this Report
2-14	Role of the highest governance body in sustainability reporting	See our 2025 Proxy and page 8 of this Report
2-15	Conflicts of interest	See our 2025 Proxy for more details
2-16	Communication of critical concerns	See our 2025 Proxy for more details
2-17	Collective knowledge of the highest governance body	See our 2025 Proxy for more details
2-18	Evaluation of the performance of the highest governance body	See our 2025 Proxy for more details
2-19	Remuneration policies	See our 2025 Proxy for more details
2-20	Process to determine remuneration	See our 2025 Proxy for more details
2-21	Annual total compensation ratio	See our 2025 Proxy for more details
2-22	Statement on sustainable development strategy	See pages 7–9 and 46 of this Report
2-23	Policy commitments	Please see pages 24, 37, and 38 of this Report. Please also refer to Code of Business and Ethics, Anticorruption Policy, Supplier Code of Conduct, and Conflict Minerals Report.
2-26	Mechanisms for seeking advice and raising concerns	See pages 37–38 of this Report.
2-27	Compliance with laws and regulations	See “Legal Proceedings” in our FY25 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

DISCLOSURE	REQUESTED INFORMATION	LOCATION / RESPONSE
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationship	See pages 16–17 of this Report
403-9	Work-related injuries	See pages 16–17 of this Report
Training and Education 2016		
404-1	Average hours of training per year per employee	In FY25, employees completed on average 6.5 hours of training per employee. See also pages 15, 16, and 40.
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 FY25. 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.
Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	See page 35 of this Report
Child Labor 2016		
408-1	Operations and suppliers at significant risk for incidents of child labor	See pages 23, 24, and 38 of this Report, Supplier Code of Conduct, and Conflicts Mineral Report
Forced or Compulsory Labor 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	See pages 23, 24, and 38 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	Total energy consumed	RT-IG-130a.	MWh	179,938 MWh
	Percentage grid electricity	RT-IG-130a.	Percent	100%
	Percentage renewable ¹	RT-IG-130a.	Percent	N/A ¹
Workforce Health & Safety	Total Recordable Incident Rate (TRIR) ²	RT-IG-320a.	Rate	0.88
	Fatality rate	RT-IG-320a.	Number	0
	Near Miss Frequency Rate (NMFR) ³	RT-IG-320a.	Rate	.71
Fuel Economy & Emissions In Use-Phase	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles	RT-IG-410a.	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. ¹	Gallons per hour	Applied does not manufacture non-road equipment
	Sales-weighted fuel efficiency for stationary generators	RT-IG-410a. ²	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.	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.	Discussion and Analysis	See page 23 of this Report. Please also refer to Conflict Minerals Report.
Remanufacturing Design & Services	Revenue from remanufactured products and remanufacturing service ⁴	RT-IG-440b.	Currency - USD	See pages 30-32 of this Report

1. Not applicable as Applied is purchasing energy entirely from the grid

2. TRIR is calculated as the number of incidents multiplied by 200,000 and divided by hours worked - information is for calendar year 2024

3. Applied is only capturing this information for our U.S. Distribution Center network at this time – information is for calendar year 2024

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

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD) INDEX

The Task Force on Climate-related Financial Disclosure (TCFD) developed voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to stakeholders, and the IFRS Foundation is now monitoring the progress of companies' climate-related disclosures. Our responses to the TCFD recommended disclosures is below along with references to where additional information can be found.

TOPIC	RECOMMENDED DISCLOSURE	APPLIED RESPONSE	2025 REFERENCES
<p>Governance</p> <p>Disclose the organization's governance around climate-related risks and opportunities.</p>	<p>a. Describe the Board's oversight of climate-related risks and opportunities.</p> <p>b. Describe management's role in assessing and managing climate-related risks and opportunities.</p>	<p>In addition to the Board's oversight and monitoring of Applied's risk management processes, Applied's Board of Directors and its Corporate Governance & Sustainability Committee provides oversight and monitoring of the Company's sustainability strategy. The Committee receives updates at each committee meeting on sustainability activities and strategy, and the full Board received an update once during the 2025 fiscal year. Additionally, all directors participated in the inaugural double materiality assessment completed this year.</p> <p>Management is responsible for day-to-day management of risks, including assessing and managing climate-related matters. The CEO, CFO, General Counsel, CHRO, and key business leaders participated in the inaugural double materiality assessment and reviewed the results. A cross-departmental group of associates, including associates from risk management, legal, finance, supply chain, human resources, investor relations, and real estate and facilities provides direction, oversight, and communication of Applied's sustainability efforts.</p>	<p>See pages 9, 39, and 42 of 2025 Sustainability Report; See also Proxy Statement, Board of Directors Governance Principles and Practices, Audit Committee Charter, and Governance & Sustainability Committee Charter.</p>
<p>Strategy</p> <p>Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.</p>	<p>a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</p> <p>b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</p> <p>c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>In 2025, we conducted our inaugural double materiality assessment and identified priority sustainability areas that are material in terms of both financial relevance and broader impact on the economy, environment, and society.</p> <p>Applied also considered both physical and transition climate-related risks and opportunities including, potential risks from current and emerging regulation, technology, and extreme weather events and potential opportunities from our ability to support our customers' sustainability efforts through a variety of sustainable products and services and to help address their other needs stemming from a tightening labor market, more advanced equipment, and heightened expectations for compliance and safety.</p> <p>We have not conducted any climate-related scenario analysis. To the extent that any disclosures are required from the company in connection with climate-related scenario analysis, we intend to comply.</p>	<p>See pages 8, 22, and 28–32 of 2025 Sustainability Report. See also 2025 Annual Report.</p>

TOPIC	RECOMMENDED DISCLOSURE	APPLIED RESPONSE	2025 REFERENCES
<p>Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks.</p>	<p>a. Describe the organization’s processes for identifying and assessing climate-related risks.</p> <p>b. Describe the organization’s processes for managing climate-related risks.</p> <p>c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.</p>	<p>Our management, with oversight from our Board, performs an annual enterprise-wide risk assessment to identify key existing and emerging risks, including establishing the level of Board review and oversight key risks will receive.</p>	<p>See pages 8, 22, and 28–32 of 2025 Sustainability Report. See also Proxy Statement, Board of Directors Governance Principles</p>
<p>Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>	<p>a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p> <p>b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.</p> <p>c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>	<p>Scope 1: 32,283 Metric Tons CO₂</p> <p>Scope 2: 11,826 Metric Tons CO₂</p> <p>While we have not set targets, our sustainability strategy is built to create long-term value for our shareholders while doing our part to build a stronger future for our communities and the industries we serve. We focus on the areas where we can make the greatest impact and work to embed sustainability into our operations and culture. Our approach is aligned with customers’ expectations, investor interests, and operational risk mitigation strategies.</p>	<p>See pages 27 and 47 of 2025 Sustainability Report</p>



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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Management
 Applied Industrial Technologies, Inc.

We have reviewed management of Applied Industrial Technologies, Inc.'s assertion that the Scope 1 greenhouse gas ("GHG") emissions and Scope 2 (location-based and market-based) GHG emissions and the related disclosures of Applied Industrial Technologies, Inc. for the year ended June 30, 2025, are presented in accordance with the GHG Protocol¹ (the "Criteria"). Applied Industrial Technologies, Inc.'s management is responsible for its assertion and for the selection of the criteria, which management believes provide an objective basis for measuring and reporting on the greenhouse gas emissions. Our responsibility is to express a conclusion on management's assertion based on our review.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). Those standards require that we plan and perform the review to obtain limited assurance about whether any material modifications should be made to management's assertion in order for it to be fairly stated. The procedures performed in a review vary in nature and timing from, and are substantially less in extent than, an examination, the objective of which is to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects, in order to express an opinion. Accordingly, we do not express such an opinion. Because of the limited nature of the engagement, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an examination been performed. We believe that the review evidence obtained is sufficient and appropriate to provide a reasonable basis for our conclusion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements related to the engagement.

The procedures we performed were based on our professional judgment and consisted primarily of analytical procedures and inquiries. In addition, we obtained an understanding of Applied Industrial Technologies, Inc.'s business processes relevant to the review in order to design appropriate procedures.

The preparation of the assertion requires management to evaluate the Criteria, make determinations as to the relevancy of information to be included, and make estimates and assumptions that affect reported information. Measurement of certain amounts, some of which may be referred to as estimates, is subject to substantial inherent measurement uncertainty. Obtaining sufficient appropriate review evidence to support

¹ World Resources Institute and World Business Council for Sustainability Development Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) and GHG Protocol Scope 2 Guidance (collectively, the "GHG Protocol")

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our conclusion does not reduce the inherent uncertainty in the amounts and metrics. The selection by management of different but acceptable measurement techniques could result in materially different amounts or metrics being reported.

Only the information included in management's assertion is part of our review engagement. The 2025 emissions intensity, energy consumed, and energy intensity metrics presented in the Environment table of Applied Industrial Technologies, Inc.'s Greenhouse Gas Emissions Report have not been subjected to the procedures applied in the review engagement, and accordingly, we do not express an opinion or provide assurance on such information.

Based on our review, we are not aware of any material modifications that should be made to management of Applied Industrial Technologies, Inc.'s assertion that the Scope 1 greenhouse gas ("GHG") emissions and Scope 2 (location-based and market-based) GHG emissions and the related disclosures of Applied Industrial Technologies, Inc. for the year ended June 30, 2025, are presented in accordance with the Criteria, in order for it to be fairly stated.

Grant Thornton LLP

Arlington, Virginia
 September 4, 2025

APPLIED INDUSTRIAL TECHNOLOGIES, INC. MANAGEMENT ASSERTION

For the fiscal year ended June 30, 2025 ("FY 2025")

OVERVIEW

Management of Applied Industrial Technologies, Inc. (the "Company") is responsible for the selection of the reporting criteria, which management believes provide an objective basis for measurement and reporting of the metrics presented in Table 1 below. Management is also responsible for the collection of, calculation, and presentation of the information and for the completeness, accuracy and validity of the metrics. Management asserts the Company's Scope 1 and Scope 2 Market-Based and Location-Based Greenhouse Gas ("GHG") emissions metrics are presented in accordance with the reporting criteria set forth below for the fiscal year ended June 30, 2025.

ORGANIZATIONAL BOUNDARY

The Company uses the operational control approach to account for and report its GHG emissions. This includes owned and leased locations that the Company operates as well as vehicles that the Company owns or leases and operates.

REPORTING BASE YEAR

The Company will be referencing FY 2025 as its base year for GHG and energy consumption reporting. This is the first year the Company is reporting consolidated information from all operations globally.

SUMMARY OF EMISSIONS REPORTED AND SOURCES

For the reporting criteria, the Company utilizes the principles and guidance of the World Resources Institute (WRI) and the World Business Council for Sustainable Development's (WBCSD) internationally recognized reporting standards (together the "GHG Protocol"):

- The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition; and
- GHG Protocol Scope 2 Guidance: An amendment to the GHG Protocol Corporate Standard.

Reported GHG emissions include three of the seven GHG emissions covered under the United Nations Framework Convention on Climate Change (UNFCCC)/Kyoto Protocol: carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O). These are represented as carbon dioxide equivalent (CO₂e). Emissions sources include electricity consumption, mobile combustion of gasoline and diesel and stationary combustion of natural gas. Emissions from refrigerant leakage

of hydrofluorocarbons (HFCs), almost entirely from HVAC systems the Company operates, are excluded due to immateriality estimated at less than 1% of Scope 1 GHG emissions in aggregate. Emissions of perfluorocarbons (PFC), sulfur hexafluoride (SF₆), and nitrogen trifluoride (NF₃) are not relevant to the Company's operations. Scope 3 emissions are not reported. Applied's Scope 3 emissions have not yet been evaluated or quantified as of June 30, 2025. Examples of Scope 3 indirect emissions include but are not limited to products manufactured by our supplier base and later distributed, outsourced transportation and logistics services, purchased services, upstream emissions of purchased fuels, processing and disposal of waste sent to offsite disposal sites, and transportation of company employees for business-related activities and between their homes and worksites.

METRIC	DEFINITION OF METRIC AND REPORTING CRITERIA	METRIC TOTAL
Scope 1 GHG Emissions (Direct Emissions)	<p>MOBILE COMBUSTION SOURCES Fleet Fuel: 67% of Scope 1 Emissions or 49% of Scope 1 and 2 Global Emissions</p> <ul style="list-style-type: none"> • Information on fuel usage is collected by third-party fleet administration partners in the US, Canada, Australia, and New Zealand. Emissions factors are applied by these third parties utilizing information available from local agencies, and validated by the Company to ensure the underlying data and emission factors selected are appropriate. • A small portion of US fuel data was calculated using fuel consumption data captured by telematics devices. This information accounted for just over 1% of total US emissions, and just under 1% of global emissions. • Fuel usage data was collected directly from operations in Mexico, Puerto Rico and Costa Rica, and emissions factors are applied to achieve CO₂ emissions release figures. <p>STATIONARY COMBUSTION SOURCES Natural Gas: 33% of Scope 1 Emissions or 24% of Scope 1 and 2 Global Emissions</p> <ul style="list-style-type: none"> • 80% of natural gas use is captured by a third-party provider of centralized invoice management and payment services and validated by the Company to ensure the underlying data and emission factors selected are appropriate. • For natural gas usage where data not available, the Company utilized an internally-developed regional energy intensity rate by month based on data available for sites with similar geographic location. The monthly intensity rate was then multiplied by the size (square foot) of the sites for which no information was available. This accounted for the remaining 20% of natural gas volume. 	32,283 MT CO₂
Scope 2 GHG Emissions (Indirect Emissions)	<p>Electricity: 100% of Scope 2 Emissions or 27% of Scope 1 and 2 Global Emissions</p> <ul style="list-style-type: none"> • 85% of electricity information is captured by a third-party provider of centralized invoice management and payment services and validated by the Company to ensure the underlying data and emission factors selected are appropriate. • 5% of electricity usage detail was captured manually, taken directly from invoices sent by utility providers. This is the primary collection method for international locations other than Canada. • For electricity usage where data not available, the Company estimated these gaps by applying an internally-developed regional building energy intensity rate per month based on data available for sites with similar operations. The monthly intensity rate was then multiplied by the occupied building square footage of the sites where usage data was not available for the full FY2025, which accounted for 10% of estimated purchased electricity. 	<p>Location-Based: 11,826 MT CO₂</p> <p>Market-Based: 11,826 MT CO₂</p>

ENVIRONMENT

GREENHOUSE GAS EMISSIONS	DESCRIPTION	UNITS	2025
Scope 1 Emissions ¹	GLOBAL EMISSIONS - Scope 1	MT CO ₂	32,283
Scope 2 Emissions (Location-Based) ^{2,3}	GLOBAL EMISSIONS - Scope 2	MT CO ₂	11,826
Scope 2 Emissions (Market-Based) ⁴	GLOBAL EMISSIONS - Scope 2	MT CO ₂	11,826
Scope 1 and Scope 2 Emissions ⁵	GLOBAL EMISSIONS - Total	MT CO ₂	44,109
	Emissions Intensity	MT CO ₂ / \$M USD Revenue	10*
ENERGY CONSUMED	GLOBAL	MWH	179,938*
	Energy Intensity	MWh / \$M USD Revenue	39*

* Amount not subject to review of Independent Certified Public Accountants.

- Scope 1 vehicle emission factor sets utilized are as follows: US and Canada vehicle emission factors prepared by Element Fleet Corp., the Company's fleet administration partner in those countries, which are sourced and reviewed for accuracy annually from the United Nations Climate Change website National Inventory Report (NIR) files for both the US and Canada; US operations include 6 months of data for Hydradyne, LLC, which was acquired effective 1/1/2025 – fuel usage data is recorded by vehicle telematics devices, against which U.S. EPA emissions factors were applied; Australia vehicle emission factors prepared by Fleet Partners, the Company's local fleet administration partner, which is sourced from the Australian Government Department of Climate Change, Energy, the Environment and Water (2023 data); New Zealand vehicle emission factors prepared by Orix, the Company's local fleet administration partner, which is sourced from the New Zealand Ministry for the Environment (2023 data); vehicle emission data in Mexico, Puerto Rico and Costa Rica derived from fuel purchase information, however with no local information available, relied on emission factors available from the U.S. EPA and Natural Resources Canada.
- Scope 2 Emission factor sets utilized are as follows: US and Puerto Rico electricity data itemized using EPA Power Profiler version 14.3 from June 2025; Canada electricity emission factors obtained from Canada Energy Regulator Provincial and Territorial Energy Profiles; Australia electricity emission factors obtained from Australian National Greenhouse Accounts Factors 2024 from the Australian Government Department of Climate Change, Energy, the Environment and Water; New Zealand electricity factors obtained from the Ministry for the Environment MfE Measuring Emissions: A Guide for Organisations - 2025; Singapore electricity factors obtained from the Singapore Energy Market Authority Statistics 2024; Mexico electricity emission factors sourced from Climate Transparency Report 2020; Costa Rica electricity emission factors are weighted factors derived from grid data captured by Sistema Eléctrico Nacional - Costa Rica Información Diaria from 2013-2015.
- US and Puerto Rico emissions are calculated utilizing U.S. EPA Power Profiler data - as such, this information includes CO₂ and equivalents. All other data is reported for CO₂ only and excludes consideration for other greenhouse gases such as methane and nitrous oxide.
- There were no environmental attribute certificates (e.g., RECs, GOs) or supplier-specific programs applicable to FY 2025, and therefore, the market-based and location-based emission factors are the same.
- Fugitive emissions sources at Applied include HVAC systems used to cool facilities for comfort purposes, along with 2 commercial refrigerators at our Corporate Headquarters - a representative sample of information was collected regarding HVAC units within the network, and calculations were performed on the associated fugitive emissions from these devices, which were found to be immaterial - as such, these emissions are not being included in our overall inventory.

DISCLAIMERS

GEOGRAPHIC SCOPE OF DISCLOSURES

We currently have operations throughout North America, as well as Australia, New Zealand, and Singapore. Unless otherwise indicated, the data covered in this report is for wholly-owned operations in all countries in which we operate.

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. Except for the limited assurance provided on greenhouse gas emissions data as set forth included in this report, 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.

CAUTIONARY STATEMENTS

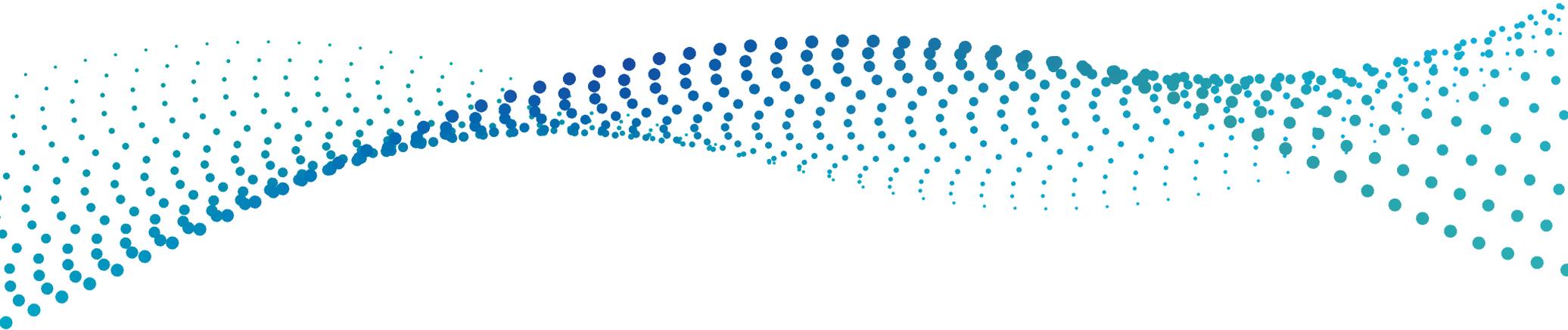
This report contains statements that are forward-looking within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are often identified by qualifiers, such as “guidance,” “expect,” “believe,” “plan,” “intend,” “will,” “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.

For more information on our sustainability program and policies, please reach out to esg@applied.com.

OTHER MATERIALS

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

- [Board of Directors Governance Principles and Practices](#)
- [Director Independence Standards](#)
- [Audit Committee Charter](#)
- [Corporate Governance & Sustainability Charter](#)
- [Executive Organization & Compensation Committee Charter](#)
- [Code of Ethics](#)
- [Anticorruption Policy](#)
- [Related Party Transaction Policy](#)
- [Ethics Reporting Hotline](#)
- [Supplier Code of Conduct](#)
- [Conflict Minerals Report](#)



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