Applied Industrial Technologies®

2026

SUSTAINABILITY REPORT

We Are Applied™

Introduction

Applied Industrial Technologies, Inc.'s® (Applied®) sustainability strategy and business performance reinforce one another.

As Applied delivered record sales and earnings and continued to strengthen its market position, we also continued to act on the priorities identified through our inaugural double materiality assessment. That assessment continues to inform our decisions and operating priorities, helping us focus on the areas where we can have the greatest impact while creating long-term value for our shareholders.

By focusing on the sustainability areas identified as most material to our operations and stakeholders, we are 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.

This report was published in September 2026 and discusses Applied's operations from July 1, 2025, through June 30, 2026, unless otherwise indicated.

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A Message from Our President and CEO

To Our Stakeholders:

Fiscal year 2026 was a year in which Applied's performance and our sustainability commitments moved forward together. We delivered record sales and earnings, accelerated organic growth, and continued to strengthen the durability and resilience of both our company and our customers' operations, while also building on the foundation we established last year with our inaugural double materiality assessment. The same discipline, technical expertise, and long-term thinking that drove our financial results this year are what allow us to serve as a responsible, resilient partner to our customers, associates, suppliers, and communities.

This past year, we continued our sustainability journey by further increasing transparency by submitting our first CDP disclosures and focusing on the areas that matter most to our key stakeholders:

OUR PEOPLE MAKE THE DIFFERENCE

Our associates are the foundation of everything we accomplished in fiscal 2026. As our business grew, our teams were focused on safety, development, and supporting one another. We remain committed to a workplace where every associate can thrive, and to giving our people the tools, training, and opportunities they need to grow their careers alongside the Company.

STRATEGIC SOURCING

As demand strengthened across our end markets this year, our role as a trusted strategic sourcing partner became even more central to our customers' operations. Structural tailwinds, including an aging installed base of industrial equipment, a persistent technical labor shortage, and the reshoring of manufacturing to North America, are driving customers to lean on partners who combine deep technical knowledge with responsible, reliable sourcing. From our established positions in machinery, food & beverage, metals, and aggregates, to our expanding presence in emerging verticals, our role connecting technical solutions from leading, world-class supplier brands is increasingly critical to our customers' complex supply chains. This year we also updated our Supplier Code of Conduct to reinforce our expectations of our suppliers.

ENVIRONMENTAL STEWARDSHIP

We continued to advance our environmental stewardship in fiscal 2026, building on the groundwork laid the prior year. This includes continued support for our customers' own sustainability goals. Through offering energy efficient products and customized solutions, we help customers improve efficiency across their productions environments. Additionally, our remanufacturing and repair capabilities extend equipment life and reduce waste with limited downtime.

CULTURE OF GOVERNANCE

Strong governance remains the foundation for how we operate and how we earn the continued trust of our shareholders and stakeholders. Recent changes to the composition of our Board, including the addition of Pam Tomczik, reflect our ongoing commitment to thoughtful Board refreshment alongside long-term institutional knowledge.

Looking Ahead

I see significant growth potential and operating momentum across our business as we enter fiscal 2027, and I believe our sustainability priorities will remain important pillars to our growth. Our balance sheet strength, technical solutions, and disciplined approach to capital deployment position us well, and so does our continued focus on our people, our sourcing practices, our environmental footprint, and our governance. We are grateful to our customers, associates, suppliers, and all our stakeholders for their continued trust, and we look forward to building on this progress together.

NEIL A. SCHRIMSHER
President and Chief Executive Officer

About Applied

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

Applied is a leading value-added distributor and solutions provider of industrial motion, fluid power, flow control, automation technologies, and related maintenance supplies.

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.

EMPLOYEE ASSOCIATES

6,900

REVENUE

$5.0 B

PRODUCT MANUFACTURERS

>4,000

OPERATING FACILITIES

580

in North America, Australia, New Zealand, and Singapore

STOCK-KEEPING UNITS (SKUS) AVAILABLE TO CUSTOMERS

>9.4 M

STOCK TICKER SYMBOL

AIT

listed on the New York Stock Exchange

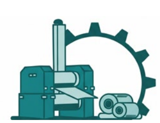
TIME
AMERICA'S BEST COMPANIES
IN PARTNERSHIP WITH statista
2026

Our work drives industry. Our impact shapes tomorrow.

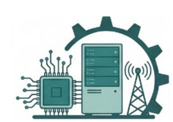
We purchase products from thousands of product manufacturers and resell them to thousands of customers in a wide variety of industries, including food processing, aggregates, chemicals and petrochemicals, fabricated metals, forest products, industrial machinery and equipment, life sciences, mining, oil and gas, primary metals, technology, transportation, and utilities, as well as to government entities. Customers range from very large businesses, with which we may have multiple-location relationships, to small local businesses.


FOOD AND BEVERAGE


CHEMICALS AND PETROCHEMICALS


PRIMARY METALS


LIFE SCIENCE

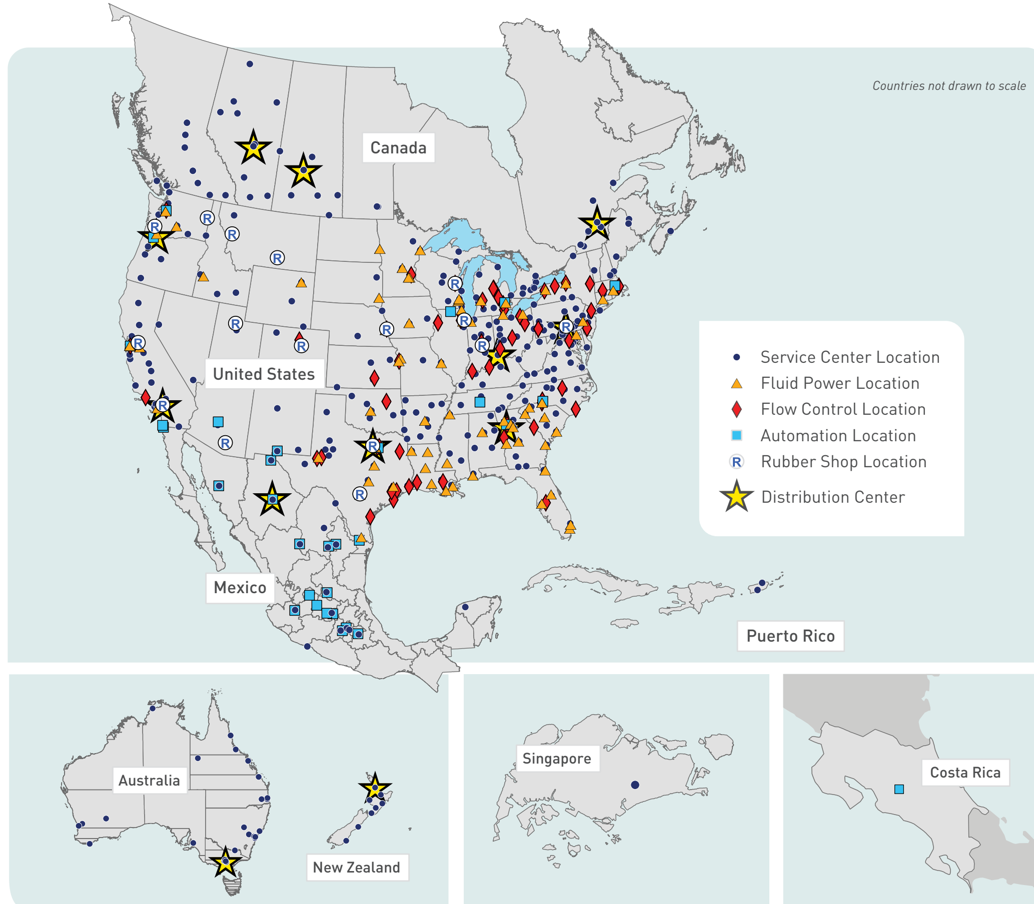

TECHNOLOGY

Service Center

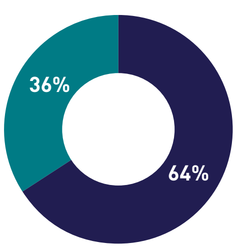
Our Service Center segment includes our MRO-focused distribution operations across North America, Australia, and New Zealand. This business operates through local service centers and distribution centers with a focus on providing products and services addressing the maintenance and repair of production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

Engineered Solutions

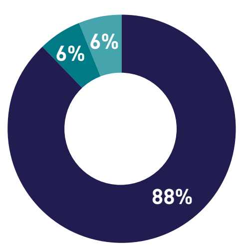
Our Engineered Solutions segment includes our operations that specialize in distributing, engineering, designing, integrating, and repairing hydraulic and pneumatic fluid power technologies, engineered flow control products and services, and automation technologies.



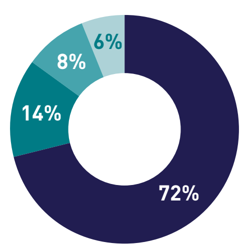
FY26 REVENUE BY SEGMENT



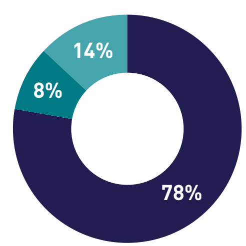
FY26 SALES BY COUNTRY



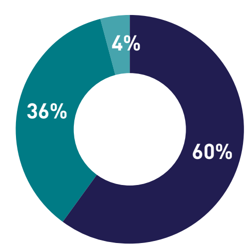
OPERATING FACILITIES BY BUSINESS



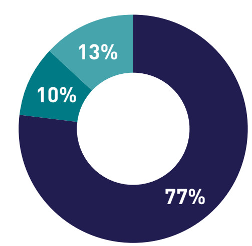
OPERATING FACILITIES BY COUNTRY



ASSOCIATES BY SEGMENT



ASSOCIATES BY COUNTRY



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

2026 Sustainability Highlights

- **REVISED KEY POLICIES THAT OUTLINE OUR EXPECTATIONS OF OUR ASSOCIATES AND THOSE WE DO BUSINESS WITH, INCLUDING OUR SUPPLIER CODE OF CONDUCT.**
- **SUBMITTED INAUGURAL CARBON DISCLOSURE PROJECT (CDP) DISCLOSURES.**
- **REFRESHED THE COMPOSITION OF OUR BOARD OF DIRECTORS.**

Sustainability Governance

THE BOARD OF DIRECTORS

Applied's Board of Directors and its Corporate Governance & Sustainability Committee provide 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 2026 fiscal year.

THE EXECUTIVE LEADERSHIP TEAM

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

LEADERS FROM ACROSS BUSINESSES AND FUNCTIONS

Leaders from across our business provide direction, oversight, and communication for our sustainability program activities.

Core Values

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

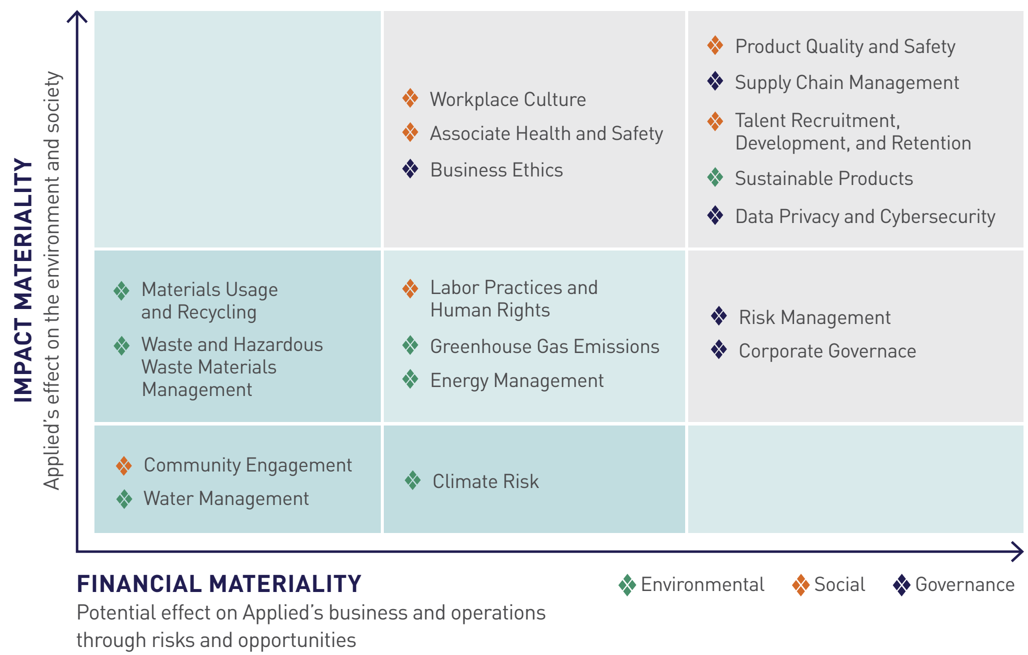
CONTINUOUS IMPROVEMENT
Committed to becoming better, as individuals and as a team

TEAMWORK
Working together, winning together

Our Core Values guide everything we do, including our Sustainability Strategy.

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 continue to 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.



We are committed to engaging our key stakeholders on an ongoing basis and regularly reviewing our material topics to ensure we effectively manage the sustainability impacts, risks, and opportunities most relevant to our business. Our review process will begin with the topics from the previous assessment while incorporating emerging areas of materiality. Ongoing stakeholder engagement will help us monitor evolving priorities as the sustainability landscape continues to develop. Each reporting period, we will use our material topics to inform our corporate sustainability disclosure strategy. We will continue refining our approach based on stakeholder input, industry developments, and expert guidance to ensure our efforts remain focused on the most material sustainability issues.

Our People Make the Difference

Our people are the driving force behind our success. As such, 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.

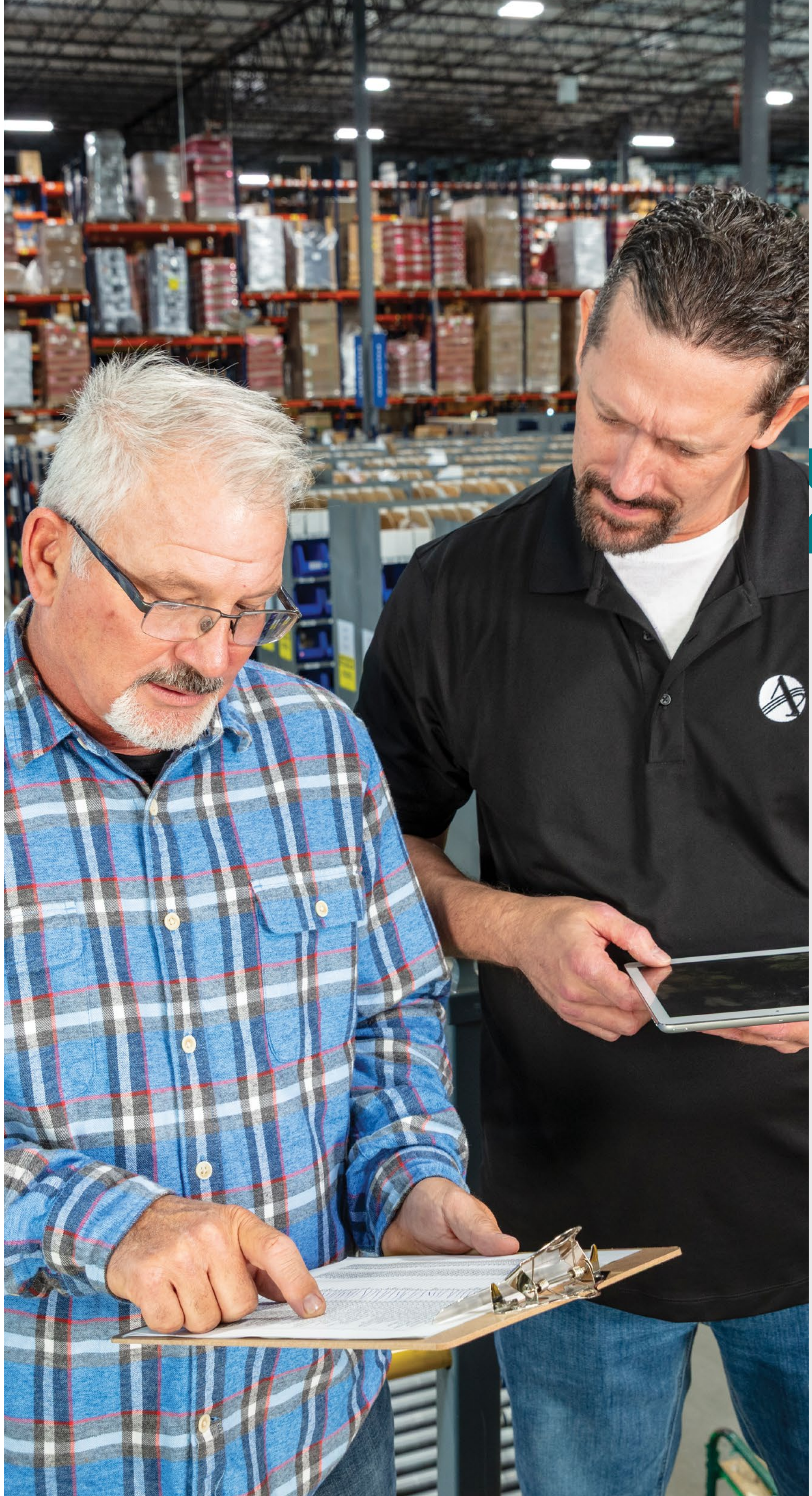
We are committed to fostering a workplace where all our associates can thrive. We believe a workplace where all associates are respected and that values a wide range of skills, ideas, capabilities, and experiences serves as a cornerstone for a strong and resilient company. This environment enhances innovation,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

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.

"Behind every business result is a team of associates who **contribute their expertise and effort** to deliver for our customers and each other.

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.

93%

PARTICIPATION RATE IN OUR 401(k) RETIREMENT SAVINGS PLAN IN 2026

All associates 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 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:

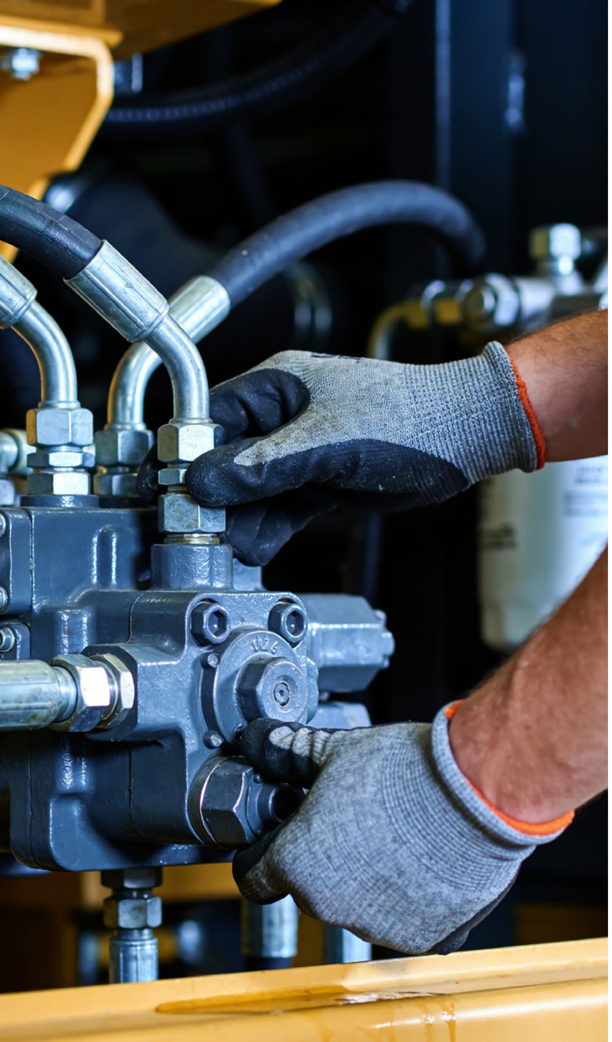
- **Medical, dental, vision, and prescription drug insurance**
- **Short and long-term disability benefits**
- **Life insurance plans**
- **401(k) retirement savings plan with company match**
- **Paid vacations and holidays**
- **Incentive programs in support of our pay-for-performance culture**
- **An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



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 opportunities to test their skills, increase their knowledge, and advance their careers though a wide array of internally-facilitated training courses, supplier product training, other third-party courses, and on-the-job development opportunities.

In addition to required training courses on topics such as safety and cybersecurity that all associates must 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.

50,700*

HOURS OF TRAINING COMPLETED BY ASSOCIATES IN FY2026

* Only includes online training hosted through our learning management platform and instructor-led training.

Leadership Development
Cleveland, Ohio
October 2025

Service Center Operations Training
Nisku, Canada
June 2026

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. We also partner 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. In support of this, 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 EHS 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.

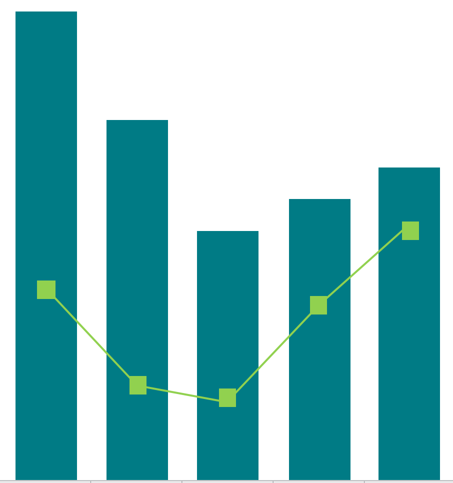
Aligning EHS activities with our Core Values – While several of our Core Values are detailed as specific components of the EHS Policy, we strive to reflect all these characteristics as we seek to achieve best-in-class safety performance. We see the positive efforts of our focus on safety reflected in our injury indicators—TRIR and LTIR. 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.

52,800

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

APPLIED TRIR AND LTIR[1,2,3]



2021	2022	2023	2024	2025
1.47	1.13	0.78	0.88	0.98
0.74	0.58	0.56	0.71	0.83

TRIR   LTIR

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.

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.

EHS Management Process

Applied's EHS Management Process establishes the accountabilities, activities, expectations, fundamental systems, roles, and responsibilities that form the foundation necessary to support the EHS performance and culture of Applied. Leaders' responsibilities outlined as part of the EHS Management Process include the following:

- **"Walk-the-Talk"** by demonstrating passionate leadership and commitment through defined activities and monitoring
- **Actively champion safe behaviors** through 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

Management Leadership	Associate Participation	Critical Activities of Rituals	Goal Setting & Measurement	Accountability

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.

In 2026, Applied supported our communities through financial contributions, associate volunteering, and participating in community events.

Members of the Applied team participated in multiple Greater Cleveland American Heart Association® fundraising events this year, including the 2025 Greater Cleveland Heart Walk®.

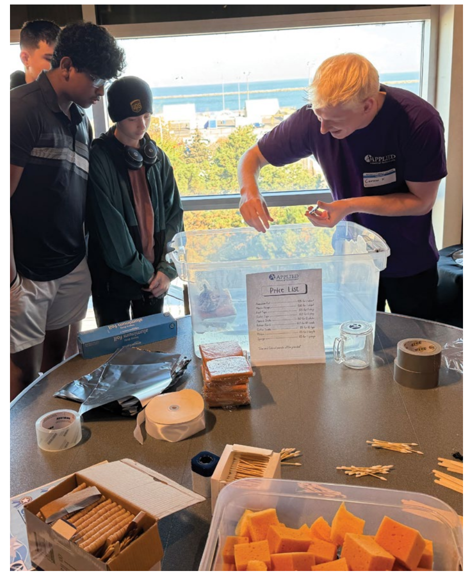
HUMBLE DESIGN
WELCOME HOME CLEVELAND

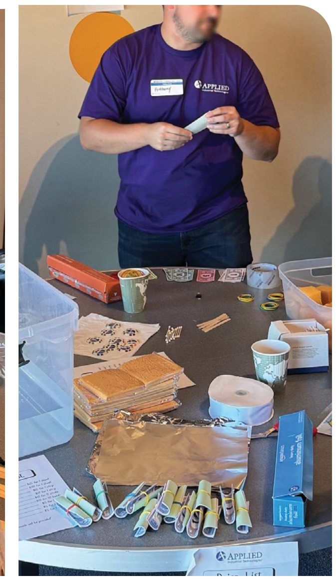
Applied® is proud to be a Bronze Sponsor of Humble Design's 2026 Welcome Home event.

Supporting such events helps Humble Design continue their mission – to transform empty spaces into warm, welcoming homes for individuals and families emerging from homelessness.

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 a leading value-added distributor and technical solutions provider of industrial motion, fluid power, flow control, and automation 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.

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.

We've recently updated our Supplier Code of Conduct to clearly define the expectations we hold for our suppliers, reinforcing our commitment to responsible and ethical business practices throughout our supply chain.

Refreshed

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 polices, 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.

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.

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.

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.

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 to help notify customers of any supplier issued recalls. We also 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.

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.

ISO14001: ENVIRONMENTAL MANAGEMENT SYSTEMS

Applied has an ISO 14001:2015 certification. This certification 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 45% of our U.S. Service Center based distribution.

FY26 Environmental Metrics[1]

33,535
METRIC TONS OF CO_2 SCOPE 1 GHG EMISSIONS

186,811
MWH OF ENERGY CONSUMED

12,548
METRIC TONS OF CO_2 SCOPE 2 GHG EMISSIONS

9
METRIC TONS OF CO_2 IN EMISSIONS INTENSITY PER $M USD REVENUE

181,198
CUBIC METERS OF WATER CONSUMPTION

38
MWH OF ENERGY INTENSITY PER $M USD REVENUE

11%
OF WASTE RECYCLED[2]
not including reuse efforts

4,451
METRIC TONS OF WASTE GENERATED[3]
from U.S. operations serviced by its largest waste collection service provider

1. All environmental metrics reflect global operations during FY26 unless otherwise noted.
2. Percentage of waste recycled from 290 locations.
3. Includes waste from 290 locations.

MANAGING ENERGY, EMISSIONS, WATER, AND WASTE 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 associates 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 again reporting our energy, emissions, and water data for all our operations globally. We have 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. Our 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.

FY2026 ACCOMPLISHMENTS

- **Additional facilities** converted to LED Lighting during FY2026.
- Continued to work with EPA SwartWay Transport Partners to **increase energy efficiency and reduce greenhouse gas emissions** by optimizing routes and ensuring efficient load management.

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. This allows them to recover quickly and minimize downtime after climate-related disruptions.

Applied is also supporting its customers' sustainability efforts by offering sustainable products and solutions 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 submitted, for the first time, carbon disclosure project (CDP) disclosures.

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 as well as lithium production.

Additionally, Applied 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, thereby 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 INCLUDE:

- **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 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** for real-time insights into energy use that can be used to enhance efficiency
- **Conducting extensive energy audits** in critical areas across 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 purchased 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.

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 customers' 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.

INVENTORY OPTIMIZATION

Applied's Maintenance Supplies & Solutions® (Applied MSS®) 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.

LEADERSHIP LETTER
ABOUT APPLIED
SUSTAINABILITY STRATEGY
OUR PEOPLE MAKE THE DIFFERENCE
STRATEGIC SOURCING
ENVIRONMENTAL STEWARDSHIP
CULTURE OF GOVERNANCE
APPENDIX

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 an eight-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.

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. We are pleased to welcome Pam Tomczik, whose appointment reflects our ongoing commitment to board refreshment.

The following corporate governance documents are available here:

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

BOARD OF DIRECTORS


Madhuri A. Andrews


Shelly M. Chadwick


Pamela J. Tomczik


Robert J. Pagano, Jr.


Vincent K. Petrella


Joe A. Raver


Neil A. Schrimsher

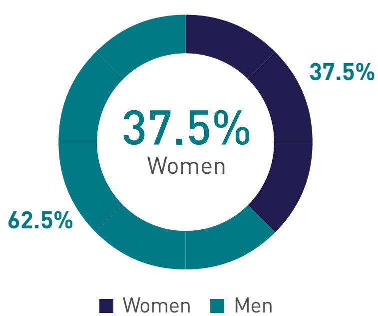

Richard J. Simoncic

* Information based on the Company's 2026 Proxy Statement.

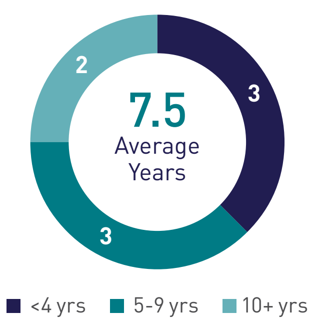
BALANCE OF SKILLS AND EXPERIENCE

Skill	Directors
Other Public Company Board Experience	6
Finance / Accounting	4
Active Executive	6
Risk Management	8
Distribution Industry	4
Corporate Governance / Compliance	6
Sales / Marketing	4
Human Resources/ Executive Compensation	4
Operations Supply Chain	5
Technology	7
Strategic Planning and Execution	8
Mergers and Acquisitions	8

GENDER DIVERSITY



DIRECTOR TENURE



* Information based on the Company's 2026 Proxy Statement.

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 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.

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 associates, suppliers, customers, and other parties can confidentially and anonymously report any concerns through our third-party run Ethics Reporting Hotline. In fiscal year 2026, we had 22 hotline reports received, or 0.32 per 100 employees. 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.

Human Rights

Applied strives to be an ethical and responsible employer and business partner and to respect human rights through our practices and policies and by complying with the laws in all countries in which Applied conducts business and expects our associates and suppliers to do the same. Additional information can be found in Applied's Human Rights Policy.

"**Strong governance is the foundation of trust with our stakeholders.** Every decision, from the boardroom to the front line, reflects our commitment to doing business the right way."

Jon Ploetz, Vice President,
General Counsel and Secretary

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. Applied's 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 FY2026) 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.

10,700

CYBERSECURITY TRAINING COURSES COMPLETED BY APPLIED ASSOCIATES

Appendix

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. All data included in the following GRI, SASB, and TCFD tables reflect fiscal year 2026 unless otherwise noted.

MATERIALITY ASSESSMENT METHODOLOGY

In FY25, 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.

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.

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.

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 2026 Proxy for more details
2-13	Delegation of responsibility for managing impacts	See our 2026 Proxy and pages 4, 28, and 36 of this report
2-14	Role of the highest governance body in sustainability reporting	See our 2026 Proxy and page 4 of this report
2-15	Conflicts of interest	See our 2026 Proxy for more details
2-16	Communication of critical concerns	See our 2026 Proxy for more details
2-17	Collective knowledge of the highest governance body	See our 2026 Proxy for more details
2-18	Evaluation of the performance of the highest governance body	See our 2026 Proxy for more details
2-19	Remuneration policies	See our 2026 Proxy for more details
2-20	Process to determine remuneration	See our 2026 Proxy for more details
2-21	Annual total compensation ratio	See our 2026 Proxy for more details
2-22	Statement on sustainable development strategy	See pages 4, 5, and 35 of this report
2-23	Policy commitments	Please see pages 10, 14, 25, 27, and 41 of this report. Please also refer to Code of Business Ethics, Anticorporation Policy, Supplier Code of Conduct, Human Rights Policy and Conflict Minerals Report.
2-26	Mechanisms for seeking advice and raising concerns	See page 27 of this report. Please also refer to Code of Business Ethics.
2-27	Compliance with laws and regulations	See “Legal Proceedings” in our FY26 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. Please also refer to Human Rights Policy.

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 10-11 of this report
403-9	Work-related injuries	See pages 10-11 of this report
Training and Education 2016		
404-1	Average hours of training per year per employee	In FY26, employees completed on average 7.4 hours of training per employee. See also pages 9, 10, and 29 of this report.
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 FY26. 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 26 of this report
Child Labor 2016		
408-1	Operations and suppliers at significant risk for incidents of child labor	See pages 14 and 27 of this report, Supplier Code of Conduct, Human Rights Policy, 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 14 and 27 of this report, Supplier Code of Conduct, Human Rights Policy, 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	186,811 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	0.98
	Fatality rate	**RT-IG-320a.**	Number	0
	Near Miss Frequency Rate (NMFR)[3]	**RT-IG-320a.**	Rate	0.49
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.**	Gallons per hour	Applied does not manufacture non-road equipment
	Sales-weighted fuel efficiency for stationary generators	**RT-IG-410a.**	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 15 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 15, and 21-23 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 2025
3. Applied is only capturing this information for our U.S. Distribution Center network at this time—information is for calendar year 2025
4. 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	2026 REFERENCES
Governance Disclose the organization's governance around climate-related risks and opportunities.	a. Describe the Board's oversight of climate-related risks and opportunities. b. Describe management's role in assessing and managing climate-related risks and opportunities.	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 2026 fiscal year. Additionally, all directors participated in the inaugural double materiality assessment completed this year. 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.	See pages 4, 26, and 28 of 2026 Sustainability Report; See also Proxy Statement, Board of Directors Governance Principles and Practices, Audit Committee Charter, and Governance & Sustainability Committee Charter.
Strategy 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.	a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning. c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	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. 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. 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.	See pages 4-5, and 19-23 of 2026 Sustainability Report. See also 2026 Annual Report.

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

TOPIC	RECOMMENDED DISCLOSURE	APPLIED RESPONSE	2026 REFERENCES
Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks.	a. Describe the organization's processes for identifying and assessing climate-related risks. b. Describe the organization's processes for managing climate-related risks. c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	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.	See pages 4, 5, 25, and 28 of 2026 Sustainability Report. See also Proxy Statement, Board of Directors Governance Principles.
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process. b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks. c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Scope 1: 33,535 Metric Tons CO_2 Scope 2: 12,548 Metric Tons CO_2 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.	See page 18 of 2026 Sustainability Report.

GHG LIMITED ASSURANCE

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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, 2026, are presented in accordance with the GHG Protocol[1] (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) in AT-C section 105, *Concepts Common to All Attestation Engagements*, and AT-C section 210, *Review Engagements*. 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.

We applied the Statements on Quality Control Standards established by the AICPA and, accordingly, maintain a comprehensive system of quality control.

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.

[1] World Resources Institute and World Business Council for Sustainable 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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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 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.

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, 2026, are presented in accordance with the Criteria, in order for it to be fairly stated.

Grant Thornton LLP

Arlington, Virginia
September 15, 2026

Applied Industrial Technologies, Inc. Management Assertion

For the fiscal year ended June 30, 2026 ("FY 2026")

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, calculation, and presentation of the information and for the completeness, accuracy, and validity of the metrics. Management asserts the Scope 1 and Scope 2 (location-based and market-based) greenhouse gas ("GHG") emissions, and the related disclosures, of Applied Industrial Technologies, Inc. are presented in accordance with the reporting criteria set forth below for the fiscal year ended June 30, 2026.

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 the fiscal year ended June 30, 2025 ("FY 2025") as its base year for GHG and energy consumption reporting. This is the second year the Company is reporting consolidated information from all operations globally. The Company is developing a base year recalculation policy.

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 (CO_2), methane (CH_4), and nitrous oxide (N_2O). These are represented as carbon dioxide equivalent (CO_2e). 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 (SF_6), and nitrogen trifluoride (NF_3) 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, 2026. 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.

GHG Emissions Metrics

Definition of Metric and Reporting Criteria

Scope 1 GHG Emissions (Direct Emissions)	Metric Total
MOBILE COMBUSTION SOURCES **Fleet Fuel: 67% of Scope 1 Emissions or 49% of Scope 1 and 2 Global Emissions** • 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 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. **STATIONARY COMBUSTION SOURCES** **Natural Gas: 33% of Scope 1 Emissions or 24% of Scope 1 and 2 Global Emissions** • 83% 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. • 12% of natural gas use was estimated for months when use was not captured by the third-party provider of centralized invoice management and payment services based on the average of the actual usage for the same property for months use was captured in such centralized services. • 1% of natural gas use was captured manually from invoices sent by utility providers. This is the primary collection method for non-US or Canada locations. • For natural gas usage where no data is available for the entire reporting period, 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 4% of natural gas volume.	**33,535 MT CO_2e**
Scope 2 GHG Emissions (Indirect Emissions)	
Electricity: 100% of Scope 2 Emissions or 27% of Scope 1 and 2 Global Emissions • 74% 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. • 14% of electricity use was estimated for months where use was not captured by the third-party provider of centralized invoice management and payment services based on the average of the actual usage for the same property for months use was captured in such centralized services. • 5% of electricity usage detail was captured manually from invoices sent by utility providers. This is the primary collection method for non-US or Canada locations. • For electricity usage where no data is available for the entire reporting, 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, which accounted for 7% of estimated purchased electricity.	Location-Based: **12,548 MT CO_2e** Market-Based: **12,548 MT CO_2e**

Environment

GREENHOUSE GAS EMISSIONS	BASE YEAR FY 2025**	FY 2026
Global Scope 1 Emissions (CO_2e)[1]	32,283	33,535
Global Scope 2 Emissions (Location-Based) (CO_2e)[2]	11,826	12,548
Global Scope 2 Emissions (Market-Based) (CO_2e)[3]	11,826	12,548
Global - Scope 1 and Scope 2 Emissions (CO_2e)[4]	44,109	46,083
Global Emissions Intensity (MT CO_2 / $M USD Revenue)	10*	9*
Global Energy Consumed (MWh)	179,938*	186,811*
Global Energy Intensity (MWh / $M USD Revenue)	39*	38*

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

**Included in prior period's Report of Independent Certified Public Accountants.

Greenhouse Gas Emission Data Notes

1. Emissions from fleet fuel are calculated using the most recent available mobile combustion emission factors for gasoline and diesel published by local national governments, when available. This includes U.S. Environmental Protection Agency (EPA) Greenhouse GHG Emission Factors Hub (January 2025 update) and Environment and Climate Change Canada (ECCC) National Inventory Report (NIR): *Greenhouse Gas Sources and Sinks in Canada* (2025). When local emission factors are not available, US EPA emission factors were used as a default.
2. Scope 2 location-based emission factors were sourced for US locations from the EPA Power Profiler version 14.3, using 2023 data from the Emissions & Generation Resource Integrated Database (eGRID) released (June 2025). For Canadian locations' purchased electricity, table 5.2 of the Government of *Canada's Emission factors and reference values* Version 3.0 (October 2025) was used. All other Company locations calculated Scope 2 location-based emission factors using local grid-average emission factors published by local government bodies.
3. The Company did not purchase or obtain any market-based instruments during FY26 and does not have material operations in any jurisdictions where a reliable residual mix emission factor is available. Due to these factors, the reported Scope 2 location-based and market-based GHG emissions are the same.
4. 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 in FY25 regarding HVAC units within the network, and calculations were performed on the associated fugitive emissions from these devices. They were found to be immaterial. As there was no material change to fugitive emissions sources from FY25 these were again found to be immaterial, and 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 Business Ethics
- Anticorruption Policy
- Related Party Transaction Policy
- Ethics Reporting Hotline
- Supplier Code of Conduct
- Human Rights Policy
- Conflict Minerals Report
- Environmental Health & Safety (EHS) Policy

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