



**C o r p o r a t e  
C o m p l i a n c e  
P o l i c i e s**

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## Introduction to Our Global Policies

### Policy

Donaldson is committed to applying uniformly high standards of ethics and business conduct in every country in which it and its subsidiaries operate and in every business relationship or affiliation it has worldwide. We are guided in this increasingly global economy both by the laws of the United States and the laws of the countries in which we are located or do business. In some circumstances that will mean that the laws Donaldson is subject to may be in conflict with a policy and you will need to obtain guidance from your supervisor and the appropriate legal advisor. One thing, however, is constant. Wherever we do business, we are committed to doing business ethically and within the law.

Donaldson Company, Inc. and its subsidiaries are referred to in the corporate compliance policies as “Donaldson.”

## Equal Employment Opportunity is Provided

### Policy

It is the policy and practice of Donaldson to provide equal employment opportunity without regard to race, religion, color, creed, national origin, age, sex, marital status, sexual orientation, disability, veteran status or other applicable protected class status.

Discrimination and harassment will not be tolerated from any employees, including supervisors or managers, or from any outsider dealing with Donaldson. It is a violation of this Policy for any employee to cause or allow any form of discrimination to occur. Donaldson encourages and expects reporting of all instances of harassment or discrimination. Retaliation against anyone who, in good faith, reports discrimination is a serious violation of this Policy and will result in discipline up to and including termination. Similarly, anyone filing false, frivolous or malicious complaints will be subject to discipline up to and including termination.

### Purpose

The purpose of this Policy is to communicate to employees Donaldson's commitment to the principle of equal employment opportunity, and to encourage employees to bring complaints of discrimination to Donaldson's attention so that it can take prompt, effective remedial action to eliminate any discrimination.

### Scope

This Policy applies to all employees, officers and directors of Donaldson Company, its subsidiaries, business units, partnerships and joint ventures where Donaldson has a majority ownership position or exercises management control.

The Donaldson entities have employment policies in their respective human resources policy and procedure manuals. Employees should contact Human Resources for more detailed guidance.



## Equal Employment Opportunity is Provided

### Requirements and Illustrations

#### 1. Requirements:

Donaldson's Equal Employment Opportunity Policy applies to all employment actions, including recruitment, hiring, training, promotion and termination. All Donaldson employees are expected to abide by and help promote this Policy.

#### 2. Complaint Procedures:

Any employee who believes that she or he has been denied equal employment opportunity, or has been discriminated against, on the basis of race, color, religion, sex, age, national origin, disability, veteran status or other applicable protected class status, is strongly encouraged to make a complaint to Donaldson.

The employee should bring his or her complaint to the attention of a supervisor or manager, Human Resources representative, the Vice President of Human Resources or through the Compliance Program procedures for reporting violations. It is not sufficient to make a complaint to any person other than one of these persons. The complainant must notify one of these persons.

#### 3. Investigation and Action:

Upon receipt of a complaint under this Policy, Donaldson will promptly investigate the complaint. The investigation will be conducted in a confidential manner to the extent consistent with the need to investigate and evaluate the complaint.

Where an employee is determined to have violated this Policy, Donaldson will take disciplinary action, up to and including termination of employment.

#### 4. No Retaliation:

No retaliatory action will be taken against any person who in good faith reports conduct that she or he believes may violate this Policy. No retaliatory action will be taken against any individual for assisting or participating in an investigation, proceeding or hearing related to a complaint under this Policy. Any employee who is determined to have violated these provisions may be subject to discipline, up to and including termination of employment.

The above REQUIREMENTS and ILLUSTRATIONS are not intended to be complete. Please talk with your supervisor, your Human Resources representative or the Donaldson Legal Department if you have any further questions.



## Harassment Will Not Be Tolerated

### Policy

It is the policy of Donaldson to strictly prohibit sexual harassment, and harassment on the basis of race, creed, color, religion, age, national origin, disability or other applicable protected class status. Such harassment will not be tolerated. Donaldson also strictly prohibits retaliation against any employee for making a good faith report of harassment or for participating in a harassment investigation. Employees who are determined by Donaldson to have violated this Policy are subject to discipline, up to and including termination of employment.

### Purpose

The purpose of this Policy is to prevent unlawful harassment of employees and to encourage employees to bring complaints of harassment to Donaldson's attention so that it can take prompt, effective remedial action to eliminate any harassment.

### Scope

This Policy applies to all employees, officers and directors of Donaldson Company, its subsidiaries, business units, partnerships and joint ventures where Donaldson has a majority ownership position or exercises management control.

Donaldson Company, Inc. has a Sexual Harassment/Offensive Behavior Policy and other employment policies in its Human Resources Policy and Procedure manual. Employees should contact Human Resources for more detailed guidance.

**Requirements and Illustrations**

**1. Prohibited Conduct:**

It is a violation of this Policy for any employee, or other individual to harass any employee or other individual affiliated with Donaldson. Any individual determined to have violated this Policy will be subject to appropriate disciplinary or other action, which, in the case of an employee, may include termination of employment.

**2. Definition of Harassment:**

Prohibited harassment under this Policy consists of unwelcome verbal or physical conduct or communication of a sexual nature or based upon an employee's sex, age, creed, color, religion, age, national origin, disability or other applicable protected class status.

Sexual harassment is specifically prohibited. Sexual harassment consists of unwelcome sexual conduct or other verbal or physical conduct or communication of a sexual nature when:

- Submission to such conduct or communication is either explicitly or implicitly made a term or condition of obtaining or retaining employment
- Submission to or rejection of such conduct or communication by an individual is used as a factor in decisions affecting that individual's employment
- Such conduct or communication has the purpose or effect of substantially or unreasonably interfering with an individual's employment or creating an intimidating, hostile or offensive employment environment

**3. Examples of Conduct that May Constitute Sexual Harassment:**

Sexual harassment may include but is not limited to:

- Sexual or suggestive comments or jokes
- Sexual propositions
- Sexist remarks
- Patting, pinching or unnecessary touching
- Unwanted sexual advances
- Inappropriate staring or leering



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- Granting employment benefits or opportunities because of an individual's submission to sexual advances or sexual favors
- Harassment not of a sexual nature directed against an individual due to her or his gender

### **4. Complaint Procedures:**

Any employee who believes that she or he has been the victim of sexual harassment or other harassment prohibited by this Policy, or who has knowledge of any such harassment directed against another person, is strongly encouraged to report the harassment.

The employee should report the conduct to a supervisor or manager, Human Resources representative, the Vice President of Human Resources or through the Compliance Program procedures for reporting violations. It is not sufficient to report a complaint of harassment to any person other than one of these persons. The employee must notify one of these persons.

### **5. Investigation and Action:**

Upon receipt of a report, Donaldson will promptly investigate the complaint. The investigation will be conducted in a confidential manner to the extent consistent with the need to investigate and evaluate the complaint.

Where an employee is determined to have violated this Policy, Donaldson will take disciplinary action, up to and including terminating the employment of the employee who has violated this Policy. Where a non-employee is determined to have violated this Policy, Donaldson will take action reasonably calculated to end the harassment.

### **6. No Retaliation:**

No retaliatory action will be taken against any person who in good faith reports conduct which she or he believes may violate this Policy. No retaliatory action will be taken against any individual for assisting or participating in an investigation, proceeding or hearing related to a harassment complaint. Any employee who is determined to have violated these provisions may be subject to discipline, up to and including termination of employment.

The above REQUIREMENTS and ILLUSTRATIONS are not intended to be complete. Please talk with your supervisor, your Human Resources representative or the Donaldson Legal Department if you have any further questions.



## Protection of Company Property and Information

### Policy

It is the policy of Donaldson to ensure that all Donaldson property and other confidential information is protected. All employees, because they are information users, custodians or stewards, must protect these resources from misuse, theft, fraud, loss and unauthorized use, disclosure or disposal. Employees may not use Donaldson property or confidential information for their personal benefit or for any unauthorized use.

### Purpose

The purpose of this Policy is to establish the accountability and individual responsibilities for protection of Donaldson property and confidential information. Protecting these assets against loss, theft and misuse is an important responsibility of each employee.

### Scope

This Policy applies to all employees, officers and directors of Donaldson Company, its subsidiaries, business units, partnerships and joint ventures where Donaldson has a majority ownership position or exercises management control.

## Protection of Company Property and Information

### Definitions

Company Property: All property and information owned, leased, developed or maintained by Donaldson, including but not limited to Donaldson funds, equipment, supplies, other personal property, real property, intellectual property, computer software, technology databases, Confidential Information and other information about Donaldson's business.

Confidential Information: Proprietary information, which is the intellectual property, confidential data, and any other representation of Donaldson knowledge, whether verbal, printed, written, or electronically recorded or transmitted. This includes any technologies, concepts, engineering, sales and financial information, and software.

Illustrations: The following are some examples of confidential information:

- Business, financial, marketing, pricing and service data and plans
- Engineering and product data, designs and inventions
- Customer names or information
- Internal databases or software documentation
- Materials dealing with potential acquisitions or business transactions
- Personnel data and salary information

Intellectual Property: The copyrights, patents, trademarks and trade secrets owned by Donaldson.

### Requirements and Illustrations

#### 1. Company Funds:

Employees are personally responsible for all Company funds over which they exercise control. Employees must take all reasonable steps to ensure that Donaldson receives good value for Company funds spent and must maintain accurate records of these expenditures. Employees must not use Donaldson funds for any personal use.

Illustration #1 – Improper Use of Company Funds: The following are examples of violations of this Policy:

- Authorizing payment of Company funds with knowledge that Donaldson has been overcharged or will not receive the service or property purchased



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- Seeking Company reimbursement for expenses that were not incurred or that are not appropriate business expenses
- Using Company funds, accounts or credit cards for personal charges
- Obtaining travel or other advances which are not used for travel or other appropriate business expenses

Illustration #2 – Travel and Entertainment Expenses: Employees who approve travel and entertainment expense reports are responsible for the propriety and reasonableness of expenditures, for ensuring that expense reports are submitted promptly and that receipts and explanations properly support reported expenses.

### **2. Personal Use of Company Property:**

Use of Donaldson's property or equipment for personal use is prohibited.

Illustration #1 – Personal Computers and Software: Donaldson has obtained licenses for computer software from outside vendors. This software and any related documentation may not be reproduced unless the software owner has given specific authorization. Software and documentation that Donaldson has developed or enhanced also may not be reproduced for any use that has not been authorized.

Illustration #2 – Removal of Equipment: Employees should not remove equipment owned by Donaldson from Donaldson's premises without permission from their supervisor or manager.

### **3. Protection of Confidential Information (including Intellectual Property):**

Confidential Information is usually the product of the ideas and hard work of many talented Donaldson employees. The assets are the result of substantial investments in research and development and in planning. Confidential information of Donaldson is valuable and must be protected from disclosure. Donaldson alone is entitled to determine who may obtain these information assets and how these assets can be used.

Company employees will have access to confidential information and perhaps intellectual property owned by Donaldson. Because it is also possible that employees will have contact with someone who would be interested in getting this information, it is important for employees to know that they must not use or disclose confidential information or intellectual property except when specifically authorized to do so.

### **4. Personal Use of Confidential Information:**

Confidential information of Donaldson is to be used solely for the benefit of Donaldson. Each employee is responsible for assuring that confidential information is used only for valid Donaldson



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purposes. Employees may not use any non-public information which they have access to in the course of their work for Donaldson for any personal gain or advantage.

### **5. Inadvertent Disclosure:**

Because inadvertent disclosure by loyal employees can seriously harm Donaldson interests, employees must exercise caution concerning confidential information.

Employees entrusted with this information must be careful handling the information. To the extent possible, confidential information should be safeguarded and marked "confidential." Confidential information should not be left in places where persons without authorization have access to it. Employees carrying confidential information outside Donaldson's facilities should take the necessary steps to protect and secure the information.

### **6. Information Inquiries:**

If someone outside Donaldson asks employees questions about confidential information, intellectual property or any information concerning Donaldson's employees or actions, employees should not answer them unless they are authorized to do so. If an employee is not authorized or is not sure whether she or he is authorized, the employee should consult his or her supervisor or manager. Employees should not respond to or participate in telephone surveys.

### **7. Employee Security:**

All new employees must be made aware of the importance of building security and the importance of safeguarding the equipment and information they use in their job.

Employees must also be aware that all security guidelines apply to any work done on premises or off premises.

### **8. Employees Leaving Donaldson:**

Employees who retire or leave Donaldson for any other reason continue to be bound by obligations to protect Donaldson's confidential information. Donaldson continues to own any confidential information and intellectual property that employees created while employed at Donaldson. Donaldson expects its employees to fulfill this obligation. Employees should refrain from giving future employers any confidential information belonging to Donaldson. Employees may also be asked to sign nondisclosure and noncompete agreements. Donaldson expects employees to abide by these agreements.

The above REQUIREMENTS and ILLUSTRATIONS are not intended to be complete. Please talk with your supervisor or the Donaldson Legal Department if you have any further questions.

The Information Technology policy contains more detailed information about how company information is managed. Please refer to this policy to obtain more specific guidance regarding the protection of Company information.



## Electronic Data and Communications Protection

### Policy

Donaldson maintains electronic and voice communications equipment and systems for the conduct of its business. Donaldson's equipment and systems and all electronic or voice files or communications created, sent or received through Donaldson systems or by using Donaldson equipment are the property of Donaldson.

Unless prohibited by applicable law, Donaldson reserves the right to, at any time and for any purpose, access, monitor, search, record, review and disclose the use of its systems and equipment and the contents of files and communications created, sent or received on Donaldson's systems or with Donaldson's equipment. By using Donaldson's systems or equipment, users are deemed to have consented to the foregoing activities by Donaldson. Users should have no expectation of privacy in anything they create, store, send or receive on or through Donaldson's systems, equipment or the internet. Users should also be advised that deleted files or communications may be retained by Donaldson's systems or equipment, and therefore may be retrieved.

### Purpose

The purpose of this Policy is to communicate to employees Donaldson's requirements regarding the use of its electronic and voice communications equipment and systems; to prevent employees from holding any expectations of privacy with respect to files or communications created, sent or received using that equipment or those systems; and to inform employees that their use of Donaldson's equipment or systems constitutes their consent to Donaldson's monitoring of such use, including the contents of files and communications created, sent or received on Donaldson's systems or with Donaldson's equipment.

### Scope

This Policy applies to all employees, officers and directors of Donaldson Company, its subsidiaries, business units, partnerships and joint ventures where Donaldson has a majority ownership position or exercises management control.

This Policy applies to all use by employees of any of Donaldson's electronic or voice communications systems and/or equipment. This includes Donaldson's computers, computer network, e-mail and voice mail systems, telephones, wireless communications and all access to or use of the Internet.

Donaldson has additional policies and procedures relating to electronic and voice communications, including use of the Internet. Employees should refer to the Information Technology policy or contact Information Technology staff for more detailed guidance.



## Electronic Data and Communications Protection

### Requirements and Illustrations

#### 1. Company Property:

Donaldson's electronic and voice communications systems and equipment are provided to users for the conduct of Donaldson business. All such systems and equipment and all software, accompanying documentation and related materials remain the property of Donaldson. Electronic or voice files or communications created, sent or received through Donaldson systems or using Donaldson equipment are Donaldson records and are the property of Donaldson.

#### 2. Monitoring:

Unless prohibited by applicable law, Donaldson reserves the right to, at any time and for any purpose, access, monitor, search, record, review and disclose the use of its systems and equipment and the contents of files and communications created, sent or received on Donaldson's systems or with Donaldson's equipment. By using Donaldson's systems or equipment, users are deemed to have consented to the foregoing activities by Donaldson. Users should have no expectation of privacy in anything they create, store, send or receive on or through Donaldson's systems, equipment or the internet. Users should also be advised that deleted files or communications may be retained by Donaldson's systems or equipment, and therefore may be retrieved. Notwithstanding Donaldson's right to access electronic and voice files, such data should be treated as confidential by users and accessed only by the sender and intended recipient(s).

#### 3. Authorized Use:

Only Donaldson employees are authorized to use Donaldson's systems and equipment, unless Donaldson approves access by other parties. In order to discourage unauthorized access, users are encouraged to use system passwords and access codes that are difficult to guess. Specific requirements for the use of passwords are included in the Information Technology policy.

#### 4. Confidentiality and Security:

Users are responsible for the security of data while using Donaldson electronic or voice communications systems or equipment. Users must exercise special care in handling privileged, proprietary, confidential or copyrighted electronic or voice files or communications. Any dissemination of such materials must be limited to persons with a legal right to access them. The transmission of confidential Donaldson business information to any external recipient is prohibited without advance approval from Donaldson.



## Corporate Compliance Policies

### 5. Policy Violations:

Violations of this Policy, including prohibited or inappropriate use of Donaldson systems or equipment, may subject users to disciplinary action, up to and including termination of employment and possible legal action.

The above REQUIREMENTS and ILLUSTRATIONS are not intended to be complete. Please talk with your supervisor, the Information Technology staff, or the Donaldson Legal Department if you have any further questions.



**Policy**

Employees of Donaldson must avoid activities, interests and associations where their personal interests could conflict, or reasonably appear to conflict, with the interests of Donaldson. A conflict of interest may include any interest, whether financial or otherwise, that would, or would appear to influence a judgment or decision in favor of another person dealing with Donaldson other than normal passive investment activities. Each employee shall make prompt and full disclosure in writing to Donaldson's Corporate Compliance Committee of any situation that may involve a conflict of interest. Whether a conflict exists is to be decided by the Donaldson Corporate Compliance Committee and all such decisions are final.

**Purpose**

The purpose of this Policy is to prevent conflicts of interest from interfering with the ability of any employee to make decisions solely in the best interests of Donaldson.

**Scope**

This Policy applies to all employees, officers and directors of Donaldson Company, its subsidiaries, business units, partnerships and joint ventures where Donaldson has a majority ownership position or exercises management control.



### Definitions

Substantial Interest: A substantial interest is an economic interest that could, or might reasonably be thought to, influence judgment or action. An investment representing less than 1 percent of a class of outstanding securities of a publicly held corporation is not a substantial interest.

Immediate Family: The employee's spouse and children (and their spouses), and also the father, mother, sisters and brothers of both the employee and employee's spouse.

### Requirements and Illustrations

#### 1. Conflict of Interest Questionnaire:

All salaried employees, at or above a salary grade level established by the Corporate Compliance Committee, are required to complete Donaldson's annual self-audit survey which may include a conflict of interest questionnaire. Completing the conflict of interest questionnaire does not exempt any employee from the requirements of this Policy.

Any other employee who has assumed, or is about to assume, a financial or other interest or relationship that might involve a conflict of interest must immediately inform her or his manager, corporate department head or a member of the Donaldson Corporate Compliance Committee.

Illustration – Disclosure of Conflict of Interest: The following conflict of interest situations must be disclosed immediately:

- Ownership by an employee, or an immediate family member, of a substantial interest in any entity which does or seeks to do business with or is a competitor of Donaldson
- Any other arrangement or circumstance, including family or other personal relationships, which might dissuade the employee from acting in the best interest of Donaldson

#### 2. Personal Financial Gain:

Employees should avoid any outside financial interest that might influence decisions or actions of Donaldson, unless approved by the Corporate Compliance Committee.

Interests that might influence decisions or actions of Donaldson include:

- A substantial interest in another business that is a customer, market, prospect, supplier, agent or competitor of Donaldson
- A personal financial transaction or relationship with a client, market, prospect, supplier, agent or competitor of Donaldson



## Corporate Compliance Policies

No employee may directly or indirectly benefit, or seek to benefit, from his or her position as an employee from any sale, purchase or other activity of Donaldson.

Donaldson employees shall not:

- Purchase or lease real estate or other facilities which the employee knows Donaldson may be interested in or may need in the future
- Acquire an interest in a firm with which, to the employee's knowledge, Donaldson is carrying on or contemplating negotiations for merger purchase, joint venture or other business relationship
- Take personal advantage of an opportunity that properly belongs to Donaldson

### **3. Public Service and Charitable Activities:**

Donaldson employees are encouraged to participate in public service and charitable activities so long as they do not create actual or potential conflicts with employees' duties to Donaldson. See **Government Relations – Political Contributions and Activities Corporate Policy**.

### **4. Determination of Conflicts:**

Questions regarding a potential conflict of interest should be directed to Donaldson's Corporate Compliance Committee. Decisions by Donaldson's Corporate Compliance Committee regarding whether a situation creates a conflict are final.

Given the evolving nature of Donaldson's business, including entering new areas of business, conflicts of interest or even the appearance of a conflict can change over time. Donaldson will not grandfather any pre-existing conflict situations, and an employee must discontinue any activities that become a violation of this Policy.

The above REQUIREMENTS and ILLUSTRATIONS are not intended to be complete. Please talk with your supervisor or the Donaldson Legal Department if you have any further questions.



**Policy**

It is the policy of Donaldson to prepare accurate and verifiable business records. False or misleading entries must never knowingly be made or concealed in any Donaldson record. Donaldson is also committed to maintaining complete and accurate records for the time periods they are needed for Donaldson's business purposes and as required by law. Further guidance and requirements are provided in the Financial Control Policy manual.

**Purpose**

The purpose of this Policy is to help Donaldson appropriately create, manage and protect its books and records. All employees of Donaldson have a responsibility to create and maintain accurate records and protect and dispose of them in accordance with rules, regulations, litigation requirements and business needs. Donaldson is also required by state and federal statutes and regulations, and by the rules of litigation, to retain certain records and to follow specific guidelines in managing its records.

**Scope**

This Policy applies to all employees, officers and directors of Donaldson Company, its subsidiaries, business units, partnerships and joint ventures where Donaldson has a majority ownership position or exercises management control.

### Definitions

Records: All information that is created, received or recorded either on paper or electronically for or on behalf of Donaldson. Some examples of records include:

- Documents or reports submitted to government or regulatory authorities
- Insurance forms, agreements and documents
- Financial accounts and journals
- Time reports
- Expense account documents
- Contract documents

Transaction: This term includes, but is not limited to all payments of money, transfers of property and furnishing of services.

### Requirements and Illustrations

#### 1. Applicable Laws and Regulations:

Federal and state law requires that Donaldson's records accurately reflect all transactions, including any payment of money, transfer of property or furnishing of services. Applicable laws and regulations establish specific requirements with regard to record-keeping and communications. All Donaldson employees are responsible to comply with the following requirements:

- Donaldson's financial statements and all records on which they are based must accurately reflect all transactions
- All disbursements and receipts of funds must be properly and promptly recorded
- No undisclosed or unrecorded fund may be established for any purpose
- No false or artificial statements or entries may be made for any purpose in the Records of Donaldson or in any internal or external correspondence, memoranda or communication of any type, including telephone, computer or wire communications
- No employee shall intentionally allocate costs to contracts when those costs are contrary to contract provisions or accepted accounting practices

## Corporate Compliance Policies

### 2. Internal and External Reporting and Penalties:

Information that employees record and submit to another party, inside or outside Donaldson, including government or regulatory authorities, must be accurate, verifiable and complete. False or artificial entries must never be made in any Donaldson records submitted to government or regulatory authorities for any reason, nor should permanent entries in Donaldson's records be altered in any way.

Employees must not use any report or record to mislead those who receive them or to conceal anything that is improper. Information or data must not be reported or organized in a way that is intended to mislead or misinform those who receive it.

Dishonest reporting, both inside and outside Donaldson, is not only strictly prohibited, it could lead to civil or even criminal liability for employees and Donaldson. This includes reporting information or organizing it in a way that is intended to mislead or misinform those who receive it. Particularly serious would be the external reporting of false or misleading financial information.

### 3. Company Funds:

Records associated with Company funds must reflect an accurate and verifiable record of all transactions. No payment or receipt on behalf of Donaldson may be approved or made with the intention or understanding that any part of the payment or receipt is to be used for a purpose other than that described in the documents supporting the transaction.

All funds and other assets and all transactions involving Donaldson must be reflected in full detail and promptly recorded in the appropriate Donaldson books and records.

Accepted accounting principles must be used for all financial recording. "Slush funds" or similar off-book accounts, where there is no accounting for receipts or expenditures on Donaldson's books, are strictly prohibited. Reserves for contingencies accounted for on the books are not considered slush funds. Questions regarding the recording of transactions should be directed to Donaldson's Chief Financial Officer.

Illustration – Expense Accounts: Expense accounts are a particularly important record. Employees are entitled to reimbursement for reasonable business expenses only if the expenses are actually incurred. For example, to submit an expense account for meals not eaten, miles not driven or airline tickets not used is dishonest reporting.

### 4. "Private" Business Records:

There is no such thing as a "private" business record. Notes and documents pertaining to Donaldson that employees maintain for their personal use at Donaldson or at home are subject to investigation and disclosure. All records pertaining to Donaldson, including any records kept off-site or on Donaldson e-mail and computer systems are subject to the requirements of this Policy.



## Corporate Compliance Policies

The above REQUIREMENTS and ILLUSTRATIONS are not intended to be complete. Please talk with your supervisor, your finance staff representative or the Donaldson Legal Department if you have any further questions.

## Disclosure of Information to the Public, the Media and Analysts

### Policy

It is the policy of Donaldson to provide clear, accurate, complete, timely and consistent disclosure of material information about Donaldson. This is true for all situations where information is conveyed, no matter how informally. To achieve these goals more fully, Donaldson has centralized disclosure by appointing designated spokespersons who are the only personnel authorized to discuss information about Donaldson with persons outside Donaldson.

### Purpose

As a publicly held company, Donaldson has a responsibility and an interest in providing accurate and timely disclosure of information. The purpose of this Policy is to help ensure that Donaldson's directors, officers and employees do not violate the securities laws through the disclosure of misleading material information. Liability for a misleading or selectively made disclosure can fall on Donaldson, an individual revealing information, or on both.

### Scope

This Policy applies to all employees, officers and directors of Donaldson Company, its subsidiaries, business units, partnerships and joint ventures where Donaldson has a majority ownership position or exercises management control.

## Disclosure of Information to the Public, the Media and Analysts

### Definitions

Disclosure: A disclosure of previously non-public information can occur any time a corporate director, officer or employee discusses corporate affairs with outsiders. Typical situations include press releases, interviews, speeches and discussions with analysts.

Material Information: Material information is any information that a reasonable investor would consider important when deciding whether to buy, hold or sell a security (e.g., a stock or bond).

### Requirements and Illustrations

#### 1. Company-wide Policies:

It is the policy of Donaldson to channel the disclosure of information about Donaldson through specifically authorized and designated spokespersons. This means that the number of employees who are authorized to discuss Donaldson's internal affairs with outsiders is extremely limited.

However, there are a number of Company-wide policies of which all Donaldson's employees should be aware. These policies include:

- Donaldson does not disclose financial or other proprietary information unless legally required to do so
- Donaldson does not discuss contemplated or pending mergers, spin-offs or acquisitions
- Donaldson does not disclose information about employees other than through Human Resources and its guidelines established for responding to reference checks

#### 2. Misleading Material Information:

The key requirement for information released to the public is that it not be "misleading." What makes a statement misleading can vary from situation to situation. Information that is known to be wrong is, of course, misleading. In other cases, however, what matters is the total mix of information available to investors.

Because of this focus on the total mix, incomplete information or even correct information that creates a wrong impression may be misleading information under the anti-fraud provisions.

Moreover, even information that one person believes to be complete and accurate may be misleading if others in the corporation know more or know better. It is the corporation's knowledge, not that of any one person, that matters when determining whether a Disclosure is misleading.



## Corporate Compliance Policies

### 3. Designated Spokespersons:

Donaldson has designated its Chief Executive Officer, Chief Financial Officer, the Vice President of Human Resources, the Director of Corporate Communications and the Director of Investor Relations to speak with the public and the media on behalf of Donaldson. All financial community (analyst) inquiries should be directed to the Director of Investor Relations.

No other employees of Donaldson are authorized to speak on behalf of Donaldson regarding financial information or the disclosure of any material information about Donaldson. Therefore, unless they have been expressly authorized to make such disclosure, employees that receive any inquiry from a third party (whether a securities analyst, a member of the media or other person) regarding Donaldson must refer the inquiry to the appropriate spokespersons identified above.

The above REQUIREMENTS and ILLUSTRATIONS are not intended to be complete. Please talk with your supervisor or the Donaldson Legal Department if you have any further questions.



**Policy**

No employee, officer or director of Donaldson may purchase or sell Donaldson Company, securities (including publicly traded options) when in possession of material non-public information. Employees, officers and directors that are aware of material non-public information relating to Donaldson that has not been available to the public for at least one full trading day are prohibited from trading in Donaldson securities or directly or indirectly disclosing the material non-public information to any other persons that may trade in Donaldson securities. In order to avoid the appearance of illegal trading, all officers and directors of Donaldson Company are subject to the additional restriction that they may purchase or sell Donaldson securities only after receiving the approval of Donaldson's General Counsel.

If an employee, officer or director of the Board has obtained any material non-public information relating to another company with which Donaldson has done or is doing business, that employee or Board member may not buy or sell securities of such company or engage in any other action to take advantage of, or pass on to others, that information.

Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) are no exception. Even the appearance of an improper transaction must be avoided to preserve Donaldson's reputation for adhering to the highest standards of conduct.

**Purpose**

The purpose of this Policy is to require that all employees comply with applicable laws and regulations relating to insider trading. Federal law prohibits employees and others from buying or selling securities based on information not publicly available that could affect the price of the securities.

**Scope**

This Policy applies to all employees, officers and directors of Donaldson Company, its subsidiaries, business units, partnerships and joint ventures where Donaldson has a majority ownership position or exercises management control.



### Definitions

Material Non-Public Information: Material non-public information is any information about a company, or its business, not generally available to the public which a reasonable investor would consider important in deciding whether to buy, hold or sell any securities of Donaldson. In other words, any information that could reasonably affect the market price of a security is material information. The Securities and Exchange Commission (SEC) and the courts have generally given a broad interpretation to what is considered “material information.”

Common examples of material information include:

- Information about a transaction that will significantly affect the financial condition of a company
- Projections of future earnings or losses
- News of a pending or proposed merger, acquisition or tender offer
- News of a significant sale of assets or the disposition of a subsidiary
- Dividend actions
- Changes in management
- Major new products
- Impending bankruptcy or financial liquidity problems
- The gain or loss of a substantial contract
- Important financing transactions

The foregoing list is not exhaustive – any information that might be considered significant to an investor may be considered “material.”

### Requirements and Illustrations

#### 1. Prohibition Against Trading on Material Non-Public Information:

Prior to a public announcement, some employees may have knowledge of confidential or “inside” information. Employees must exercise the utmost care in handling such material non-public information to avoid legal and ethical violations. Any employee or member of the Board of Donaldson, who is aware of material non-public information relating to Donaldson, or any other company with which Donaldson does business, which has not yet been available to the public for one full trading

## Corporate Compliance Policies

day, may not trade in securities of Donaldson or the other company or directly or indirectly disclose such information to any other persons that may trade in Donaldson securities.

Illustration – Access to Material Non-Public Information: Access to material nonpublic information may be seen in circumstances like these:

- Before a company's potential acquisition is disclosed to the press, an employee of Donaldson tips off a relative who buys Donaldson's stock – both the employee and his/her relative are guilty of insider trading.
- An employee enters into a trade immediately after a public announcement of material information has been made. Because the investing public should be afforded the time to receive and absorb the information, an employee should not engage in any transactions until at least one full trading day after the announcement. If the released information is particularly complex or voluminous, a longer period of time may be appropriate.
- If you know that a company is about to announce a new product or make a decision that could affect the price of the stock of a competitor or supplier, you should not buy or sell the stock of that company until the information becomes public.
- If you know that a company is about to make an announcement that could affect the price of its own stock, you should not buy or sell that stock on the open market until after the announcement.
- If you invest in a customer of Donaldson, you should not buy or sell its stock based on any material non-public information you have about that company.

### **2. No Trading in Securities of Certain Other Companies:**

If Donaldson is involved in a transaction with another public company, whether or not the transaction has been announced, no employee or member of the Board of Donaldson who is aware of the transaction or possible transaction may purchase or sell any securities or options of the other public company.

### **3. Tipping Information to Others:**

Employees must not pass material non-public information on to others. Penalties under federal securities laws apply whether or not the employee derives a benefit from another's actions. In fact, the SEC has imposed substantial penalties on tippers even though they did not profit from the other person's trading.



## Corporate Compliance Policies

### 4. Transactions by Family Members:

The same restrictions on insider trading and tipping apply to family members and any other individuals living in an employee's household. Employees are expected to be responsible for the compliance of their immediate family and personal household.

### 5. Confidentiality of Information:

Serious problems could be caused for Donaldson by unauthorized disclosure of internal information about Donaldson, whether or not for the purpose of facilitating improper trading in the stock.

Donaldson personnel should not discuss internal Donaldson matters or developments with anyone outside of Donaldson, except as required in the performance of regular corporate duties. See **Protection of Company Property and Information Corporate Policy**.

This prohibition applies specifically (but not exclusively) to inquiries about Donaldson which may be made by the financial press, investment analysts or others in the financial community. It is important that all such communications on behalf of Donaldson be through an appropriately designated officer under carefully controlled circumstances. Unless you are expressly authorized to the contrary, if you receive any inquiries of this nature, employees should decline comment and refer the inquirer to a designated spokesperson. See **Disclosure of Information to the Public, the Media and Analysts Corporate Policy**.

The above REQUIREMENTS and ILLUSTRATIONS are not intended to be complete. Please talk with your supervisor or the Donaldson Legal Department if you have any further questions.



## Fair Competition Laws and Competitive Practices

### Policy

It is the policy of Donaldson to comply fully with fair competition laws, including all federal and state antitrust laws. All Donaldson employees shall strictly observe the requirements of the antitrust laws. There shall be no exception to this Policy, nor shall it be compromised or qualified by any employee of Donaldson.

### Purpose

Compliance with laws governing fair competition in the marketplace and prohibited conduct among competitors is of critical importance. Violation of the fair competition and antitrust laws in any area of Donaldson's operations may have far-reaching effects, causing substantial injury to Donaldson in the form of lengthy and expensive litigation, treble damage liability and injunctions or orders affecting Donaldson's property and/or business. This Policy seeks to ensure that all Donaldson employees comply with both the letter and the spirit of the antitrust laws and fair competition laws.

### Scope

This Policy applies to all employees, officers and directors of Donaldson Company, its subsidiaries, business units, partnerships and joint ventures where Donaldson has a majority ownership position or exercises management control.

## Fair Competition Laws and Competitive Practices

### Requirements and Illustrations

#### 1. Pricing and Other Agreements Affecting Competition:

Policies and practices concerning prices and agreements with competitors must be reviewed and approved in advance by Donaldson's Legal Department.

Illustrations: The following are illustrations of possible violations of antitrust laws that should be reviewed with Donaldson's Legal Department:

Agreements between competitors to:

- Agree on prices
- Allocate markets or customers
- Limit service
- Boycott certain companies or organizations

#### 2. Contact with Competitors:

It is not illegal or inappropriate for employees of Donaldson and its competitors to meet and talk from time to time. However, no employee shall at any time, or under any circumstance, enter into an agreement or understanding, written or oral, express or implied, with any competitor concerning prices, discounts, other terms or conditions of sale, profits or profit margins, costs, allocation of service or geographic markets, allocation of customers, limitations on services, boycotts of customers, or bids or the intent to bid. Neither shall an employee even discuss or exchange information with any competitor on these subjects.

Illustrations: Because verbal conversations or exchanges can be viewed as an agreement, employees need to exercise caution whenever they meet with competitors. Employees should keep discussions to the business purpose of the meeting.

Avoid discussions of the following topics with competitors:

- Projected sales for any specific product or service
- Revenues and expenses
- Unannounced products or service developments
- Pricing strategies
- Marketing methods or nonpublic market studies



## Corporate Compliance Policies

- Proprietary Company information

### **3. Trade or Industry Associations:**

No employee shall discuss prices, terms or conditions of sale, marketing strategy or any other confidential business information at trade or industry association meetings. If these topics are discussed at such meetings, Donaldson employee must promptly leave the meeting and notify Donaldson's Legal Department regarding the situation.

### **4. Information About Competitors:**

As a vigorous competitor in the marketplace, Donaldson may seek economic knowledge about its competitors. However, Donaldson will not engage or tolerate employees engaging in illegal or improper acts to acquire a competitor's trade secrets, customer lists, or information about another company's facilities, technical developments or operations. In addition, Donaldson will not hire a competitor's employees for the purpose of obtaining confidential information, or urge competitors' personnel, customers or suppliers to disclose confidential information. See **Intellectual Property and Information of Others Corporate Policy**.

The above REQUIREMENTS and ILLUSTRATIONS are not intended to be complete. Please talk with your supervisor or the Donaldson Legal Department if you have any further questions.



## Intellectual Property and Information of Others

### Policy

It is the policy of Donaldson to compete fairly in the marketplace. This commitment to fairness includes respecting the intellectual property rights of our suppliers, customers, business partners, competitors and others. No Donaldson employee should steal or misuse the intellectual property rights owned or maintained by another.

### Purpose

The purpose of this Policy is to help maintain Donaldson's reputation as a fair competitor, ensure the integrity of the competitive marketplace in intellectual property and comply with the laws regulating intellectual property and industrial espionage.

### Scope

This Policy applies to all employees, officers and directors of Donaldson Company, its subsidiaries, business units, partnerships and joint ventures where Donaldson has a majority ownership position or exercises management control.

## Intellectual Property and Information of Others

### Requirements and Illustrations

#### 1. Respecting the Intellectual Property Rights of Others:

The business of Donaldson depends heavily on the protection of its intellectual property. (For information on how Donaldson protects its intellectual property rights, see **Protection of Company Property and Information Corporate Policy**.) Donaldson expects its competitors to respect Donaldson's intellectual property rights. Correspondingly, Donaldson and its employees have an obligation to respect the intellectual property rights of suppliers, customers, business partners and competitors.

#### 2. Trade Secrets, Confidential Information and Industrial Espionage:

Trade secrets are not protected by the copyright, patent or trademark laws. While trade secrets may *not* be protected by the patent laws, it is still the property of the owner and cannot be used without the appropriate permission. When trade secrets are obtained by "improper means," their use is strictly forbidden.

#### 3. Obtaining Information About Others Through Proper Means:

In the course of Donaldson's business, employees acquire a great deal of information about Donaldson's competitors. It is not improper to accumulate this information, and it is generally not unethical or illegal to make use of the information as part of our business. Indeed, Donaldson or any other business could hardly go on without being able to use information it has developed regarding its competitors in order to analyze the marketplace and make informed business decisions. While collecting data on competitors, employees should utilize all legitimate resources, but avoid those actions which are illegal, unethical or which could cause embarrassment to Donaldson. When a situation is unclear, employees should seek the advice of Donaldson's Legal Department.

#### 4. Employees with Confidential Information from Another Company:

Donaldson employees having confidential information from a former employer may be legally or ethically bound by a nondisclosure obligation to the former employer. Donaldson expects employees to fulfill this obligation. Employees should refrain from giving their fellow employees or from using in Donaldson's business any confidential information belonging to any former employers. Donaldson does expect its employees to use all information which is generally known and used by persons of their training and experience and all information which is generally known in the industry.

The above REQUIREMENTS and ILLUSTRATIONS are not intended to be complete. Please talk with your supervisor or the Donaldson Legal Department if you have any further questions.



**Policy**

Donaldson purchases and leases millions of dollars worth of goods and services every month. The integrity of Donaldson's business depends, in part, on proper procurement. It is the Policy of Donaldson to purchase products and services based on merit and applicable law, regardless of the manufacturer or provider.

**Purpose**

The purpose of this Policy is to assure that Donaldson gets the best products and services at a fair value, while conducting itself in accord with the highest standards of business practices and with all applicable legal requirements.

**Scope**

This Policy applies to all employees, officers and directors of Donaldson Company, its subsidiaries, business units, partnerships and joint ventures where Donaldson has a majority ownership position or exercises management control.

### Definitions

Kickbacks and Rebates: Any agreement pursuant to which Donaldson's employees, their friends or families receive direct or indirect cash payments, credits or other things of value in consideration for a purchase or sale of goods or services.

Group Boycott: Any agreement or concerted effort by Donaldson and others to refuse to deal with particular supplier or suppliers.

Restrictive Agreements and Exclusive Dealing Agreements: Agreements between Donaldson and a supplier to limit freedom of decision as to the purchase or procurement of goods and services. These agreements can be express or implied.

Preferential Treatment: Knowingly inducing or accepting a discriminatory preferential price that a supplier would not offer other purchasers where the quantities, specifications and methods of sale would be the same.

### Requirements and Illustrations

#### 1. Open-Door Policy:

Donaldson prides itself on having an open-door policy with respect to potential suppliers. Donaldson will give fair and impartial consideration to every supplier and potential supplier. Current suppliers will be subject to periodic review.

#### 2. Personal Conflicts of Interest, Favoritism or Bias:

More detail as to the types of situations to avoid is provided in the **Conflict of Interest Corporate Policy**.

#### 3. Kickbacks, Rebates and Gifts:

Purchases of goods and services must not lead to employees or their friends or families receiving personal kickbacks or rebates. Employees and their immediate family may accept only infrequent meals, entertainment or gifts of a reasonable value from vendors or suppliers. See **Gifts, Gratuities and Entertainment Corporate Policy**.

In general, if the employee stands to gain personally through the transaction, it is prohibited. See **Conflict of Interest Corporate Policy**.

#### 4. Group Boycotts Prohibited:



## Corporate Compliance Policies

It is Donaldson Policy to deal with suppliers on the basis of valid business justifications. Group boycotts include any concerted effort with other persons or entities to deal only with certain suppliers or to refuse to deal with any supplier. Group boycotts can come in many forms. Virtually all of these forms are prohibited. Donaldson employees should not attempt to influence the decision of any other company or individual in its decision to do business with any supplier. Employees approached by anyone proposing a group refusal to do business with a particular supplier should immediately reject the proposal and report the incident to the Legal Department.

### **5. Restrictive Agreements and Exclusive Dealing Agreements:**

Donaldson generally discourages any supplier contract provision that restricts Donaldson's freedom of choice in the selection of a product or service or in choosing to do business with another supplier. Restrictive agreements and exclusive dealing agreements must be reviewed in advance by Donaldson's Legal Department.

All contractual provisions that restrict the markets, customers or products/services that may be entered, served or offered by Donaldson should be reviewed by Donaldson's Legal Department before an agreement is reached and should only be executed as directed by Donaldson's Legal Department.

The above REQUIREMENTS and ILLUSTRATIONS are not intended to be complete. Please talk with your supervisor or the Donaldson Legal Department if you have any further questions.



**Policy**

Donaldson does not seek to gain any advantage through the improper use of business courtesies or other inducements. Good judgment and moderation must be exercised to avoid misrepresentation and adverse effect on the reputation of Donaldson or its employees. Offering, giving, soliciting or receiving any form of bribe is prohibited.

Donaldson employees and their immediate family may offer or accept meals, entertainment or gifts only if they meet the rules set forth in this Policy. Gifts in cash are never to be offered or accepted. Under no circumstances shall an employee solicit any gift, meal or entertainment.

**Purpose**

The purpose of this Policy is to prevent the receipt of gifts, gratuities or favors from interfering with the ability of any employee to make decisions solely in the best interests of Donaldson.

**Scope**

This Policy applies to all employees, officers and directors of Donaldson Company, its subsidiaries, business units, partnerships and joint ventures where Donaldson has a majority ownership position or exercises management control.

### Definitions

Customer: Customer includes customers, prospects and all persons and companies with which Donaldson has previously done business, is currently doing business or anticipates doing business with in the near future.

Supplier: Suppliers include any person or institution which does business or is seeking to do business with Donaldson. This includes not only sellers providing services, products and material to Donaldson, but also consultants, financial institutions and advisors.

Immediate Family: The employee's spouse and children (and their spouses), and also the father, mother, sisters and brothers of both the employee and employee's spouse.

### Requirements and Illustrations

#### 1. Client Relations:

Donaldson does not seek to gain any advantage through the improper use of business courtesies or other inducements. Good judgment and moderation must be exercised to avoid misrepresentation and adverse effect on the reputation of Donaldson or its employees. Offering, giving, soliciting or receiving any form of bribe is prohibited.

Gifts, gratuities and entertainment may generally be given or received if they:

- Are consistent with customary business practices
- Are not excessive in value and cannot reasonably be construed as a bribe or pay-off
- Are not in contravention of applicable law or ethical standards
- Will not embarrass Donaldson or the employee if publicly disclosed

#### 2. Limits on Giving and Acceptance of Gifts, Entertainment and Services:

Donaldson employees and representatives may not give or accept gifts or entertainment (not including meals) exceeding (a) a total value of \$100 in any 12-month period to or from a single customer, supplier, distributor, consultant or other person or firm doing business with Donaldson; or (b) a total value, when added together, of \$200 in any 12-month period from all such sources. If you receive gifts totaling more than \$100 from any single source, or more than \$200 from all sources, the nature of the gifts and the circumstances should be reported to Donaldson's Legal Department.



## Corporate Compliance Policies

There may be circumstances where giving and receiving gifts of \$100 or more is appropriate. In these situations, prior approval from the Donaldson CEO or Legal Department is required.

The above REQUIREMENTS and ILLUSTRATIONS are not intended to be complete. Please talk with your supervisor or the Donaldson Legal Department if you have any further questions.



## Government Investigations and Interviews

### Policy

It is the policy of Donaldson that Donaldson and its employees cooperate promptly and fully with government investigations or interviews regarding possible civil or criminal violations of the law. Employees who participate in government investigations and interviews are responsible for giving answers that are truthful, complete, concise, accurate and unambiguous. It also is important to protect the legal rights of Donaldson and its employees. To accomplish these objectives, it is Donaldson's policy that all government inspections or requests for interviews or documents be referred to Donaldson's Legal Department for review.

### Purpose

Donaldson is committed to cooperating with government agencies that are inspecting Donaldson's facilities or conducting investigations of alleged wrongdoing at Donaldson. When doing so, two goals are of prime importance: government investigators must obtain complete and accurate information regarding the subject of their investigation, and Donaldson must protect its own and its employees' legal rights.

Donaldson believes that these two important goals can best be reached by coordinating response to government investigations and interviews through the appropriate management personnel and Donaldson's Legal Department.

### Scope

This Policy applies to all employees, officers and directors of Donaldson Company, its subsidiaries, business units, partnerships and joint ventures where Donaldson has a majority ownership position or exercises management control.

## Government Investigations and Interviews

### Requirements and Illustrations

#### 1. Contact Donaldson's Legal Department:

Any time an employee is approached by someone claiming to be a government inspector or investigator, the employee should immediately inform their manager and Donaldson's Legal Department before answering any questions or allowing access to the facility for inspection. This includes requests by government officials for information about companies that Donaldson does business with, including customers and suppliers. Employees should not answer any questions or produce any documents before discussing the investigation and requests with Donaldson's Legal Department.

#### 2. Understand Before Answering:

Remember, Donaldson's Legal Department can and will help employees understand what the interview and investigation are about, and what their rights and obligations are in such a situation. An employee should not permit herself or himself to be interviewed without first contacting Donaldson's Legal Department, which will provide appropriate guidance and support.

#### 3. All Answers are Important:

Employees must remember that their answers to government inquiries matter greatly in any inspection or investigation. Any answer employees give must first of all be true and must accurately represent the employees' responsibilities and activities and Donaldson to the investigator.

Employees should avoid speculation, particularly with respect to another person's understanding or knowledge of a particular matter. Speculative answers are easily misunderstood and often inaccurate.

#### 4. Donaldson Documents:

All documents, including documents that an individual employee keeps and updates, are the property of Donaldson. Employees should not produce documents requested by government investigators without the authorization of Donaldson's Legal Department. After discussing the request with the Legal Department and receiving authorization, employees should cooperate fully in document production.

#### 5. Search Warrants:

If government agents appear at a Donaldson facility with a search warrant, employees should request and review the agent's credentials and a copy of the warrant and supporting affidavit. The employee should immediately contact her or his manager and Donaldson's Legal Department. A search warrant does not require an employee to submit to an interview or questioning except about the location of



## Corporate Compliance Policies

materials covered by the search warrant, and the employee should contact Donaldson's Legal Department before agreeing to be interviewed.

### **6. Employees' Rights:**

In any contact with government investigators, employees have legal rights. In certain cases it may be appropriate for employees to take steps to safeguard these rights. Donaldson's Legal Department can help employees determine when they may face such a situation and how best to protect their rights.

The above REQUIREMENTS and ILLUSTRATIONS are not intended to be complete. Please talk with your supervisor or the Donaldson Legal Department if you have any further questions.



## Government Relations – Dealing with Government Regulators and Employees

### Policy

It is the policy of Donaldson to comply fully with all regulations and laws governing contacts and dealings with government regulators and employees, and adhere to the highest ethical, moral and legal standards of business conduct.

Employees may not authorize, pay, promise, deliver or solicit any payment, gratuity or favor, either directly or indirectly, for the purpose of improperly influencing any political official or government employee in the discharge of that person's responsibilities.

Employees also shall not entertain government employees in connection with Donaldson business unless done in strict conformity with the applicable laws. Employees may not make or discuss offers of employment or opportunities to work as a consultant to Donaldson with existing or former government employees without prior consideration and approval by Donaldson's Legal Department. No offer of employment shall be made to a state or federal regulator or a member of his or her immediate family until the regulator has been out of government service for one year, unless authorized in advance by Donaldson's Legal Department.

It is the policy of Donaldson to conduct its relations with government employees in a fair and honest manner. Employees shall not lie or misrepresent the truth when communicating with government employees.

### Purpose

The purpose of this Policy is to alert employees to the special rules governing business relationships with government employees and help ensure compliance with those rules. Many of the principles that are relevant here are also relevant to the specific area of government contracting.

### Scope

This Policy applies to all employees, officers and directors of Donaldson Company, its subsidiaries, business units, partnerships and joint ventures where Donaldson has a majority ownership position or exercises management control.



### **Requirements and Illustrations**

#### **1. Anti-Kickback Act:**

The Anti-Kickback Act forbids prime contractors and subcontractors from offering, soliciting, providing or accepting any gift of money or other thing of value for the purpose of improperly obtaining or rewarding favorable treatment in connection with U.S. government prime contracts and subcontracts. The Act also requires Donaldson to report to the government if Donaldson has reasonable grounds to believe a violation has occurred.

#### **2. Improper Payments:**

Any offer of a gift or thing of value to any government regulator or employee, whether federal, state, county or city, for the purpose of obtaining any improper special treatment is prohibited. Donaldson will seek the resolution of regulatory or political issues affecting its interests only on the basis of the merits and pursuant to proper procedures and in accordance with all applicable laws. Employees should consult Donaldson's Legal Department regarding the applicable laws and procedures to follow in each jurisdiction.

Solicitation or acceptance of a gift or anything of value from a government employee which is offered for the purpose of obtaining preferential treatment from Donaldson is also prohibited.

#### **3. Gifts, Meals, Transportation and Other Gratuities:**

All employees are expected to maintain proper and cordial relationships with public officials. However, it is necessary to avoid compromising, or even appearing to compromise, the integrity of public officials and of Donaldson. In addition, some jurisdictions strictly prohibit giving gifts, meals and other gratuities to public officials. Therefore, employees must consult with Donaldson's Legal Department before offering gifts, meals or other gratuities to any public official.

Normal business courtesies in the commercial marketplace can be interpreted as an attempt to improperly influence someone in the government marketplace and may be construed as a bribe, kickback or illegal gratuity. Employees should not extend these courtesies to any government regulators or employees. Government employees are also well aware of these regulations and should automatically decline any gratuity which they feel could jeopardize their compliance.

Employees are responsible for knowing and understanding the laws, rules and codes of conduct of the public officials with whom they interact.



## Corporate Compliance Policies

Employees must follow proper disclosure and reporting procedures at all times.

Illustration #1 – Expense Payments: Employees should not pay, either directly or indirectly, the following expenses for government employees:

- Meals, refreshments, travel or lodging expenses
- More than the employees fair share of a joint endeavor, such as the sharing of transportation

Any exceptions must be approved by Donaldson's Legal Department.

Illustration #2 – Absolutely Prohibited Offers: The following are some examples which employees are absolutely prohibited from offering or accepting, either directly or indirectly, to or from a government employee:

- Cash, securities or real estate
- Personal items such as jewelry or clothing, unless they are nominal in value and clearly promotional or commemorative, such as a memento of a specific event
- Use of apartments, homes or vacation homes
- Offers or promises of future employment or business opportunities

### **4. Seminars and Conferences:**

To avoid the appearance of impropriety, employees should not pay the travel expenses or registration fees for a public official to attend a non-Donaldson-sponsored seminar or conference.

### **5. Outside Business Relationships with Public Officials:**

Employees should not have a business, financial or other relationship with a public official that affects any judgments they make on behalf of Donaldson.

### **6. Social Contacts:**

Employees should exercise good judgment and common sense, remembering at all times that even social contacts and interactions may be misinterpreted. Actions which could be a conflict of interest must be avoided.

### **7. Hiring Former Government Employees:**

Federal law and some state laws prohibit the hiring of former government employees in certain circumstances. Employees should consult with Donaldson's Legal Department before discussing employment or possible retention as a consultant with any former government employee.

Illustration – Inspectors: Employees may not hire, or even discuss employment with, an OSHA inspector or a member of the inspector's immediate family, without the prior review and approval of



## Corporate Compliance Policies

Donaldson's Legal Department. This applies to any potential employment with Donaldson, whether as an employee or as a consultant.

The above REQUIREMENTS and ILLUSTRATIONS are not intended to be complete. Please talk with your supervisor or the Donaldson Legal Department if you have any further questions.



**Policy**

Contracting with the government is a unique part of the business of Donaldson. It is absolutely essential that Donaldson and its employees comply strictly with the laws and regulations which apply to government contracting. It is also necessary that Donaldson and its employees strictly adhere to the terms of any contract with the government.

**Purpose**

The purpose of this Policy is to help ensure that Donaldson complies with all relevant laws and regulations relating to government contracting, that Donaldson's relationship with the government be strengthened and enhanced, and that Donaldson does everything within its power to fulfill its special responsibilities to the public arising from its business with the government.

**Scope**

This Policy applies to all employees, officers and directors of Donaldson Company, its subsidiaries, business units, partnerships and joint ventures where Donaldson has a majority ownership position or exercises management control.

**Definitions**

Procurement Official: Any person, including a non-government employee, who has participated personally and substantially in any of the following activities: drafting a specification for a procurement; reviewing and approving a specification for a procurement; preparing or developing a procurement or purchase request; preparing or issuing a solicitation; evaluating a bid or proposal; selecting sources; negotiating a contract; or reviewing and approving a contract award. A non-government employee may be a procurement official if she or he has engaged in certain activities on behalf of the government.

**Requirements and Illustrations****1. Complexity of Government Contracting Regulations:**

Federal and state government contracting laws are extremely complex. They were written to cover every possible contracting scenario and the number of different government contracting situations is enormous. Because of the complexity of the government contracting requirements, both at the federal and state level, it is impossible for Donaldson to summarize them in this Corporate Policy. Instead, this Corporate Policy describes several general requirements with respect to government contracting work. Donaldson's Legal Department is available to address government contracting issues.

**2. Contract Negotiation:**

U.S. federal and some state laws require that businesses engaged in contracting with the government report certain information relating to contract negotiation and specifically to pricing, sales policies and administrative practices. This information must be current, accurate and verifiable. It must also be complete up to and including the date of the contract.

During contract negotiations with the federal and/or state governments, Donaldson employees should be accurate and truthful in all statements, correspondence and other communications.

**3. Relations with Federal and State Procurement Officials – Gifts, Meals, Gratuities and Other Payments or Expenses:**

Federal and state procurement officials are subject to special laws and regulations governing their receipt of gifts and gratuities from organizations with whom they do business. In general, Donaldson prohibits its employees from giving or offering to give anything of value to procurement officials.

Employees should not pay or offer to pay for meals, travel or lodging for procurement officials. Nominal refreshments may be provided during business discussions and negotiations. When Donaldson employees and procurement officials participate jointly, each should pay their fair share.



## Corporate Compliance Policies

For example, if a meal is shared each party present should pay its full and fair share of the cost of the meal.

Procurement officials should be aware of the regulations which govern their activity and should decline any offer of gifts or gratuities. Employees should not assume, however, that merely because a procurement official appears willing to accept such an offer that the offer is legal or appropriate.

### **4. Kickbacks:**

Donaldson employees are prohibited from offering, soliciting, providing or accepting any gift or other thing of value for the purpose of improperly obtaining or rewarding favorable treatment in connection with government contracting.

### **5. Accurate Recording of Costs:**

It is absolutely essential that the proper procedures are followed in recording costs and charging the government. No person is authorized to permit or require employees to falsify records or otherwise depart from the proper recording procedures.

All charges and costs must be recorded accurately and faithfully. It is particularly important to make sure that all costs are allocated to the proper account. It is never proper to charge other accounts. If it becomes necessary to transfer a charge, the transfer should be carefully documented and recorded.

### **6. Improper Disclosure by Procurement Officials:**

Federal and state law prohibits parties seeking government contracts from soliciting or obtaining from procurement officials any "proprietary information" regarding the government contract. This means employees are prohibited both from attempting to obtain the information from the official as well as receiving the information, even when the procurement official is willing to disclose it.

The above REQUIREMENTS and ILLUSTRATIONS are not intended to be complete. Please talk with your supervisor or the Donaldson Legal Department if you have any further questions.



## Environmental Laws and Regulations

### Policy

It is the policy of Donaldson to comply with all applicable environmental laws and regulations and to conduct business in a manner which protects the environment, Donaldson employees and the general public from environmental harm. It is also the policy of Donaldson to establish and maintain appropriate plans, procedures and programs to comply with applicable laws and regulations.

### Purpose

The purpose of this Policy is to help ensure that Donaldson complies with, and that employees are aware of, applicable environmental requirements.

### Scope

This Policy applies to all employees, officers and directors of Donaldson Company, its subsidiaries, business units, partnerships and joint ventures where Donaldson has a majority ownership position or exercises management control.

## Requirements and Illustrations

### 1. Accurate Records and Reporting:

Donaldson will prepare, maintain and file with the appropriate regulatory authority accurate and complete environmental permit applications, reports, plans, records, manifests, certifications and other environmental documents. See **Accurate Books and Records Corporate Policy**. It is a violation of Donaldson Policy to alter, destroy, conceal or fail to file documents required under applicable environmental statutes and regulations.

### 2. Release Response and Reporting:

If a release of hazardous substances or petroleum products occurs, employees should attempt, only if safe and practical, to contain and recover the materials. Employees should also report the release or spill of any hazardous substances or more than five (5) gallons of petroleum products to the facility manager and ensure Donaldson's Facilities and Safety Department is notified. As required, the facility manager will notify federal and local regulatory authorities of certain releases or spills.

### 3. Government Investigations:

Employees may be approached by government investigators or regulators requesting information about or seeking to inspect Donaldson's facilities. Employees should immediately inform Donaldson's Facilities and Safety Department or the Legal Department of all government inspections, written complaints and inquiries (whether formal or informal), and should not respond to those inspections, complaints and inquiries before doing so. See **Government Investigations and Interviews Corporate Policy**.

### 4. Underground and Aboveground Storage Tanks:

Underground storage tanks (USTs) and aboveground storage tanks (ASTs) can pose significant environmental concerns. All USTs and most ASTs must be registered with the appropriate state agency. In addition, tank systems and procedures must be in place to prevent and detect tank overfills, leaks and releases. It is the Policy of Donaldson to comply with all federal, state and other applicable requirements for USTs and ASTs.

### 5. Hazardous Materials:

It is Donaldson's policy to treat, store, transport and dispose of hazardous wastes in full compliance with all applicable laws. If an employee does not know whether a material is "hazardous," they should contact their manager, facility manager or Donaldson's Facilities and Safety Department.



## Corporate Compliance Policies

Illustration – Treatment, Storage and Disposal of Hazardous Wastes: The following are examples of inappropriate treatment, storage or disposal of hazardous wastes:

- Placing hazardous materials in any garbage can or dumpster
- Pouring hazardous materials into a drain, sink or toilet or down any sewer system
- Dumping or otherwise discarding hazardous materials at any location other than a permitted treatment or disposal facility
- Allowing any person, including customers, to leave any hazardous materials on any portion of any Donaldson property
- Storing hazardous materials in a container other than the one provided to you or in a container that is not properly labeled in accordance with instructions provided to you

### **6. Water Pollution:**

Federal and state environmental laws regulate the discharge of wastes and other materials into private and public waters, as well as lakes, rivers and streams. Waters generally include wetlands, storm sewers and sanitary sewers, in addition to lakes, rivers and streams. In virtually all circumstances, permits are required for the discharge of wastes or other materials into waters. It is Donaldson Policy to comply with all permit requirements and effluent standards and limitations. Questions regarding the need for or compliance with a water-related permit should be directed to Donaldson's Facilities and Safety Department.

### **7. Air Pollution:**

Federal and state environmental laws regulate and limit emissions of pollution into the air. It is Donaldson's policy to comply with all of these laws, especially those that relate to air quality permits.

### **8. Conservation of Energy and Natural Resources Policy:**

It is Donaldson's policy to conserve energy and natural resources by utilizing energy-efficient facilities, equipment and transportation and by providing services and products created and utilized with the minimum of natural resources.

The above REQUIREMENTS and ILLUSTRATIONS are not intended to be complete. Please talk with your supervisor or the Donaldson Legal Department if you have any further questions.



**Policy**

It is the policy of Donaldson to comply with all federal, state and local laws regarding political contributions and activities. All employees of Donaldson shall strictly observe all laws governing political contributions. Employees may not make any political contribution of Donaldson funds, property or services to any political party or committee, or to any candidate for or holder of any office of any government without prior review and approval of Donaldson's General Counsel or her or his designee. No direct or indirect pressure in any form may be directed toward employees to make any political contribution or participate in the support of a political party, political action committee or the political candidacy of any individual.

**Purpose**

The purpose of this Policy is to help ensure compliance with the laws governing political contributions.

**Scope**

This Policy applies to all employees, officers and directors of Donaldson Company, its subsidiaries, business units, partnerships and joint ventures where Donaldson has a majority ownership position or exercises management control.

### **Definitions**

Political Contribution: Any direct or indirect payment, loan, advance, deposit or gift of money, or any services or anything of more than nominal value to any candidate, campaign committee or political party or organization in connection with any election. Contributions include, among other things, cash, donation of property or services, donation of use of property or facilities, and purchases of tickets to fund-raising events.

### **Requirements and Illustrations**

#### **1. Political Contributions from Corporate Assets:**

The federal government and many state governments do not allow political contributions by corporations, either directly or indirectly. No employee acting for or on behalf of Donaldson or of any of its subsidiaries, business units or offices shall make any political contribution or expenditure to any candidate, campaign committee, political party or organization in connection with any election to any political office without prior review and approval by Donaldson's General Counsel.

Illustrations: The following are some examples of prohibited direct and indirect political contributions:

- Cash contributions from Donaldson funds
- Contributions of any Donaldson-owned equipment, even if the equipment is no longer used by Donaldson
- Use of work time to perform activities for a political party
- Use of any Donaldson owned or leased equipment, such as computers, typewriters or vehicles, whether that use takes place on or off Donaldson grounds
- Use of Donaldson facilities

#### **2. Solicitation of Contributions:**

Employees may not use their position within Donaldson to solicit political contributions from other employees. No direct or indirect pressure in any form may be directed toward employees to participate in the support of a political party or the political candidacy of any individual.

## Corporate Compliance Policies

### 3. Personal Political Contributions:

Donaldson encourages its employees to participate in the political affairs of their community and country on an individual basis. Donaldson will not reimburse employees for Political Contributions of any nature.

### 4. Personal Political Activities:

Employees running for public office, serving as a public official or campaigning for a political candidate cannot be paid by Donaldson for any time spent in these activities unless the law requires it.

In regard to requests for leaves of absence to assume government appointments or elective office (local, state, national), advance approval from the employee's manager and the Legal Department is required. In the case of an elective office, this clearance must be received prior to accepting the nomination or filing to run for office.

Employees holding any public office or serving on commissions or advisory groups should be alert to any conflicts of interest with their duties as an employee of Donaldson. Employees serving as public officials should keep their role as Donaldson employees and as public officials separate. Additionally, a supervisor or other employees must not attempt to exert undue influence over an employee's actions in that employee's role as a candidate or public official.

Illustrations: Full-time and part-time employees and those on political leave serving as public officials should:

- Make decisions as a public official based solely on the merits of the issues
- Adhere strictly to the applicable laws and reporting regulations governing the proper conduct for candidates or public officials
- Avoid any conflicts of interest
- Not speak for or act on behalf of Donaldson while carrying out responsibilities as a public official

The above REQUIREMENTS and ILLUSTRATIONS are not intended to be complete. Please talk with your supervisor or the Donaldson Legal Department if you have any further questions.



## Anti-Boycott Law and Regulations

### Policy

It is the policy of Donaldson to comply with all U.S. laws and regulations governing attempts to boycott countries friendly to the United States.

Employees may not participate in or provide information that might assist a boycott which violates these laws and regulations.

### Purpose

The purpose of this Policy is to alert employees to their responsibility to comply with the U.S. laws and regulations prohibiting participation in international boycotts that the United States does not sanction. These laws have the effect of preventing U.S. firms from being used to implement foreign policies of other nations which run counter to U.S. policy. These laws also require Donaldson to report any requests to engage in prohibited conduct. These “anti-boycott laws” include the Tax Reform Act of 1976, the Export Administration Act of 1979, as amended, and the Internal Revenue Service and Commerce Department regulations that implement these Acts.

### Scope

This Policy applies to all employees, officers and directors of Donaldson Company, its subsidiaries, business units, partnerships and joint ventures where Donaldson has a majority ownership position or exercises management control.

## Requirements and Illustrations

### 1. The Law:

A “boycott request” is defined as a request to supply any information, take any action, or refrain from any action if the requested conduct could be considered to further or support a prohibited boycott, particularly the Arab boycott of Israel. A request also includes any proposed bid invitation, contract, purchase order, letter of credit or other agreement, provision, requirement or condition calling for such information or action or nonaction.

Under U.S. anti-boycott law, neither Donaldson nor any employees, agents or representatives thereof may do anything that complies with or supports a boycott not supported by the U.S. government or that is intended to comply with or support such a boycott.

Illustration – The Arab Boycott of Israel: One important boycott which is not supported by the U.S. government is a boycott of Israel enforced by certain member countries of the Arab League. The primary boycott bars the importation of Israeli goods and services into the boycotting countries and bars the export of goods and services from those countries to Israel. A secondary aspect of the Arab boycott also precludes dealings with firms and persons in third countries which have been “blacklisted” by the boycotting countries because those firms or persons do business in or with Israel. Complying with or supporting any aspect of the boycott of Israel is prohibited.

### 2. Reporting Requirements:

Donaldson must promptly report the receipt of any boycott request to the U.S. Department of Commerce.

Because Donaldson is required to report this information to the authorities in a prescribed form and within a specified time, you must immediately report any boycott requests to Donaldson’s Legal Department. No further action may be taken without specific authorization from Donaldson’s Legal Department.

### 3. Prohibited and Permissible Acts:

The Arab League boycott of Israel is the principal foreign economic boycott that Donaldson must be concerned with today. Arab countries that enforce the boycott of Israel may attempt to impose certain requirements on persons who are directly or indirectly supplying goods or services to these countries. These requirements generally attempt to ensure that goods and services originating in or supplied by Israeli or blacklisted firms do not enter these Arab countries. Additionally, the requirements are



## Corporate Compliance Policies

designed to ensure that blacklisted firms, including suppliers, ships and freight insurers, do not participate in any transactions involving the supply of goods or services to these Arab countries.

Illustrations: The following are some examples of prohibited and permissible acts under the anti-boycott regulations.

- Prohibited: Refusing to do business with a company in a boycotted country or with a boycotted country. For example, it is prohibited to decline to procure supplies from an Israeli-owned company, just because an Arab buyer has indicated that it would not buy any goods with Israeli-origin materials.
- ✓ Permitted: Complying with an applicable legal requirement that prohibits the import of goods or services from the boycotted country. For example, it is permissible to choose not to import Israeli-made supplies for a Donaldson office in an Arab country.
- Prohibited: Responding to a boycott questionnaire from a central boycott office inquiring if you do business with a boycotted country or anticipate doing business with that country.
- ✓ Permitted: Complying with any laws of the boycotting country which relate exclusively to activities that take place entirely within the boycotting country.
- Prohibited: Discriminating against any person on the basis of race, religion or national origin. For example, you may not discourage Israeli nationals from applying for jobs in Arab countries, even if you know they would not be able to get a work permit.
- ✓ Permitted: Replacing persons to whom the Arab government refuses to give a work permit.
- Prohibited: Furnishing any information about whether any person has any business relationship with or in the boycotted country. You may not sign a statement stating that you have no dealings with Israel.
- ✓ Permitted: Signing a statement that Donaldson is not on the blacklist.
- Prohibited: Choosing among a list of carriers, insurers or suppliers of goods acceptable to the boycotting country.
- ✓ Permitted: Using a specifically named carrier, insurer or supplier of goods.
- Prohibited: Agreeing to do business only with a person who is approved or “white listed” by a boycotting country.
- ✓ Permitted: Disclosing or certifying the name of the supplier or manufacturer of the goods shipped. For example, it is permissible to state, “The goods covered by this invoice were wholly supplied by ABC Corporation.”



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- Prohibited: Evading the restrictions. For example, you cannot sell goods to Saudi Arabia through a shell corporation which signs statements saying that it will not deal with Israel.

### **4. Penalties:**

Violations of the anti-boycott regulations are subject to severe penalties. These penalties may include denial or suspension of export privileges, civil and criminal penalties and even imprisonment for individuals.

The above REQUIREMENTS and ILLUSTRATIONS are not intended to be complete. Please talk with your supervisor or the Donaldson Legal Department if you have any further questions.

**Policy**

It is the policy of Donaldson to comply fully with the Foreign Corrupt Practices Act (“FCPA”). The FCPA prohibits U.S. companies from making improper payments or gifts to foreign government officials, politicians or political parties. It also requires that companies keep accurate records of transactions and transfers of assets whether domestic or international. Donaldson policy requires that all employees of Donaldson comply strictly with the FCPA and Donaldson internal accounting controls.

**Purpose**

The purpose of this Policy is to help ensure that all employees are alert to any potential violations of the FCPA and keep the business of Donaldson within the letter and spirit of the law.

**Scope**

This Policy applies to all employees, officers and directors of Donaldson Company, its subsidiaries, business units, partnerships and joint ventures where Donaldson has a majority ownership position or exercises management control.

## Requirements and Illustrations

### 1. Improper Payments:

The act prohibits:

- How: an offer, promise to pay or authorized payment of
- What: money, gift, promise to give or authorization of giving anything of value to
- Who: a foreign official, political party or official or any candidate for political office
- Why: to influence any act or decision of a foreign official or to induce a foreign official to do or omit to do an act or decision of a government or instrumentality, in order to obtain or retain business for or with, or directing business to, any person or in order to secure any improper advantage.

It does not prohibit small “facilitating or expediting” payments in countries where the practice is lawful. Examples of such permissible payments are given below.

Illustration #1 – Red Flags: Employees should be on the lookout for possible violations. Some potential “red flags” include:

- Country known for bribery or media reports of bribery
- The reputation of the local agent and the agent’s relation with government
- Unusually large or small commissions, bonuses or rebates
- Checks payable to “cash”
- Other suspicious conduct

Illustration #2 – Small Facilitating and Expediting Payments: In limited circumstances, small “facilitating or expediting” payments may be made to foreign officials in order to secure or expedite the performance of certain non-discretionary routine governmental actions. Donaldson discourages, but does not categorically prohibit, facilitating payments provided they are lawful under the FCPA and the local law. Non-discretionary government actions generally are actions to which the citizen or company is entitled to as a matter of right and which are not discretionary with the government official involved. Examples of non-discretionary government actions include:

- Processing government papers, visas or work orders

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- Obtaining permits, licenses or other official documents to qualify a person to conduct business in a foreign country
- Providing police protection, mail pick-up and delivery, scheduling inspections for contract performance or inspections for transit of goods across country
- Providing utilities, cargo unloading and loading to protect perishable items from deterioration

The facilitating payments exception allows Donaldson to make modest payments to speed up or secure the performance of essentially clerical activities which do not involve the exercise of discretion. It does not include any payment which is intended to encourage a decision by a government official to award new business or to continue to do business with Donaldson. The distinction between what is a legal facilitating payment under the FCPA and a payment that will be considered a bribe or otherwise illegal is oftentimes “gray”. Employees should consult with Donaldson’s Legal Department before making any type of facilitating payment to government officials.

Illustration #3 – Travel, Food and Lodging: Employees must consult with Donaldson’s Legal Department before offering gifts, meals, or other gratuities to any public official. It may be permissible for Donaldson to reimburse or pay the reasonable and bona fide travel, food, lodging and other comparable expenses of a foreign official, party, party official or candidate provided that:

- Payment is not contrary to U.S., local or other applicable laws; and
- Payment is for expenses that relate directly to the promotion, demonstration or explanation of Donaldson products or services, or to the execution or performance of a contract with the foreign government or agency.

Reimbursements which are made corruptly in return for official acts or omissions are prohibited even if they are otherwise valid under this illustration.

Illustration #4 – Gifts: It may be permissible for Donaldson to offer or provide, in a foreign country, nominal gifts to a foreign official, party, party official or candidate provided that:

- Offering or providing of a gift is lawful under the written laws and regulations of the host country
- A gift is offered or given under circumstances in which gift-giving is widely accepted and customarily practiced and
- The total value of each gift is reasonable – gifts that are made corruptly in return for official acts or omissions are prohibited even if they are otherwise valid under this illustration

Payments of money, gifts, services, entertainment or anything of value should not be made in other countries, even if legal there, if they are possibly in violation of U.S. laws, regardless of the nationality



## Corporate Compliance Policies

of the recipient or if such payments are customary. Payments or gifts in excess of \$100 must be pre-approved by Donaldson's General Counsel.

### **2. Accounting Standards and Record-keeping:**

The FCPA requires Donaldson to maintain a system of internal accounting controls to ensure that assets are safeguarded, transactions conform to management's authorizations and accounting records are complete and accurate. FCPA regulations forbid a person from falsifying accounting records and making misleading financial statements to auditors or the Securities and Exchange Commission.

Donaldson employees will at all times strictly comply with the accounting standards of the FCPA and Donaldson's internal accounting controls.

Illustrations: In furtherance of these standards, the following principles illustrate requirements that will govern your actions.

- All financial and accounting records of Donaldson shall be maintained so as to reflect accurately, openly and completely the operations and transactions of Donaldson
- No false, artificial or misleading entries in the book and records shall be made
- No undisclosed or unrecorded funds or assets shall be established or maintained
- No payment shall be made with the intention or understanding that all or any part of it is to be used for any purpose other than that described in the documents supporting the payment
- Employees certifying the correctness of the records, including vouchers or bills, shall have reasonable knowledge that information is correct and proper
- Transactions shall be executed in accordance with management's general or specific authorization
- Transactions shall be recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets
- Access to assets shall be permitted only in accordance with management's general or specific authorization
- The recorded accountability for assets shall be compared with the existing assets at reasonable intervals, and appropriate action is taken with respect to any difference

The above REQUIREMENTS and ILLUSTRATIONS are not intended to be complete. Please talk with your supervisor or the Donaldson Legal Department if you have any further questions.



**Policy**

It is the policy of Donaldson to comply with all laws and regulations governing the entry of goods into the United States. Under no circumstances should any Donaldson employee take any action to improperly evade any legitimately-owed U.S. custom, tariff or duty, or other applicable requirement.

**Purpose**

The customs laws are an important part of how the U.S. government regulates goods crossing our borders. The purpose of this Policy is to help ensure that Donaldson and its employees comply with those laws.

**Scope**

This Policy applies to all employees, officers and directors of Donaldson Company, its subsidiaries, business units, partnerships and joint ventures where Donaldson has a majority ownership position or exercises management control.

### Definitions

U.S. Customs and Border Protection (CBP): A bureau of the United States Department of Homeland Security charged with regulating and facilitating international trade, collecting import duties, and enforcing U.S. trade laws. Its other primary mission consists of preventing terrorists and terrorist weapons from entering the United States. CBP also is responsible for apprehending individuals attempting to enter the United States illegally, stemming the flow of illegal drugs and other contraband; protecting the United States agricultural and economic interests from harmful pests and diseases; and protecting American businesses from theft of their intellectual property.

The Harmonized Tariff Schedule of the United States (HTSUS): The primary resource for determining duty classifications of the United States. This two volume U.S. government publication is updated annually by the United States International Trade Commission. The Harmonized Tariff Schedule classifies all goods according to the international Harmonized Commodity Coding and Classification System (Harmonized System) which has been established by the World Customs Organization. Most countries base their tariff schedules on the Harmonized System, making it easier to conduct international trade. The Harmonized System generally classifies goods based on their level of processing, with raw materials appearing in the early chapters and highly processed goods in the later chapters. Agricultural products are generally provided for in chapters 1-24, with a few products such as wood, wool and cotton appearing in later chapters. The term Tariff Classification refers to the 10-digit reference from the Harmonized Tariff Schedule of the United States.

Reasonable Care: The clear requirement that parties exercise reasonable care in importing into the United States. Section 484 of the Tariff Act, as amended, requires an importer of record to use reasonable care to make entry by filing such information as is necessary to enable CBP to determine whether the merchandise may be released from Customs custody. Reasonable care involves the provision of a complete entry filing with CBP including the declared value, classification and rate of duty and such other documentation or information as is necessary to enable CBP to properly assess duties, collect accurate statistics, and determine whether any other applicable requirement of law is met.

### Requirements and Illustrations

#### 1. Duty or Tariff Owed on Imports:

It is the strict policy of Donaldson to pay all duties or tariffs that are legitimately owed on goods that Donaldson imports. In general, the duty owed is calculated using the appropriate category from



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HTSUS and information regarding the value or amount of the articles imported. The duty owed may vary depending on the country of origin of the imported goods.

When classifying Donaldson and supplier merchandise under the HTSUS, Donaldson consults and applies the principles set forth in the General Rules of Interpretation and the Additional U.S. Rules of Interpretation

In interpreting the Harmonized System, Donaldson also relies on interpretative aids. Chief among them are (1) The Harmonized Commodity Description and Coding System Explanatory Notes (Explanatory Notes) and (2) the Harmonized System Compendium of Classification Opinions.

### **2. Recordkeeping:**

The customs laws require that certain records regarding imports be kept for the purposes of verifying entry documents and detecting fraud. The record-keeping requirements apply to any party that imports merchandise or who knowingly causes merchandise to be imported. These record-keeping requirements are very important and it is Donaldson's policy to comply fully.

The records that must be kept are those that:

- Relate to the importation of goods or to the accuracy of the entry and entry summary documents
- Are of the type kept in the ordinary course of business (such as correspondence, accounts, electronically generated or stored data, etc.)

The records must be kept for a period of five years from the date of import entry or other relevant activity.

### **3. Country of Origin**

As a general rule, every article of foreign origin imported into this country must be marked with its country of origin. Although the marking requirements may differ from product to product, the marking generally should be in a conspicuous place on the article as legibly, indelibly and permanently as the nature of the article will permit. In general, the marking should be in English, although some goods from Canada and Mexico may be marked in French or Spanish.

If you are aware of unmarked or improperly marked goods being imported by Donaldson, you should contact your supervisor or the Donaldson Global Compliance Department.

### **4. Import Compliance Procedures**

In support of its commitment to compliance with all U.S. import laws and regulations, Donaldson maintains documented procedures to ensure it is exercising reasonable care in its entry of merchandise into the United States. Among other things, these procedures address Donaldson's



## Corporate Compliance Policies

responsibilities with respect to the classification, valuation and marking of its imported merchandise; use of preferential tariff programs; and recordkeeping requirements.

### **5. Penalties**

Penalties that could be imposed on Donaldson for violations of the CBP regulations include fines up to the domestic value of the goods at issue or four times the loss of revenue to the U.S. Government; seizure of imported merchandise; and loss of its privilege to import merchandise.

The above REQUIREMENTS and ILLUSTRATIONS are not intended to be complete. Please talk with your supervisor or the Donaldson Global Compliance Department if you have further questions.

## International Transactions and Operations

### Policy

It is the policy of Donaldson to observe all laws applicable in any international transaction or operation, including U.S. export control laws, trade embargo laws, anti-boycott laws and the Foreign Corrupt Practices Act. (All of these laws apply outside the United States as well as inside.) All Donaldson offices, affiliates and employees shall also observe all other U.S. laws that apply in specific circumstances (including anti-trust laws).

In addition to U.S. laws, the laws of foreign countries and inter-governmental bodies (such as the European Community) may apply to international transactions or operations. Laws of concern in international transactions or operations include those that regulate imports, exports, currency exchange, corrupt practices and taxation. As responsible members of the international business community, Donaldson, its affiliates and employees are committed to identifying and complying with the various laws that apply to each transaction.

It is the responsibility of all Donaldson offices, affiliates and employees to identify the laws that apply to their operations and to comply with such laws.

### Purpose

The purpose of this Policy is to notify Donaldson employees of the additional layers of law and regulation that apply to international transactions so that Donaldson can ensure full compliance with all such laws and regulations.

### Scope

This Policy applies to all employees, officers and directors of Donaldson Company, its subsidiaries, business units, partnerships and joint ventures where Donaldson has a majority ownership position or exercises management control.

## International Transactions and Operations

### Requirements and Illustrations

#### 1. Control of Most Dual Use Exports:

The Bureau of Export Administration at the Department of Commerce (“BXA”) enforces what are called the Export Administration Regulations, or “EAR.” The export control provisions of EAR are designed to serve the national security, foreign policy, nonproliferation and short supply interests of the United States. Generally, these provisions restrict access to “dual use” items by countries or persons that might apply such items to uses contrary to U.S. interests. Such items can include goods, software, technology, services and technical data. These include controls designed to stem the proliferation of weapons of mass destruction and controls designed to limit the military and terrorism support capability of certain countries. These controls can apply to both exports and re-exports.

Of those exports and re-exports subject to EAR, some may not be exported or re-exported without a license from BXA. Accordingly, for any such items, the submission of a license application to BXA may be necessary. License requirements are dependent upon an item’s technical characteristics, destination, end-use and the end-user, and other activities of the end-user. A license for a particular product may be required only for shipments to particular destinations but not to others, and there are some license exceptions that may also apply.

However, because a determination as to whether (a) an item is subject to the EAR and (b) a license is required is based upon technical criteria and an legal assessment of the EAR, this determination should only be made after collaborative efforts of Donaldson technical, international trade and legal personnel.

#### 2. Export Control by the State Department:

In addition to the BXA export control, the State Department’s Office of Defense Trade Controls regulates a number of products and technologies that may have the potential for direct military uses. The list of these products and technologies is published in the Office of Defense Trade Control’s Munitions List.

There is no simple way to distinguish between the products and technologies regulated only by the BXA and those regulated by the Office of Defense Trade Controls. Both the Control List and Munitions List should be examined before a contract to export any products or technologies is signed.

If the products or technologies involved are on the Munitions List, the exporter must be registered with the Office of Defense Trade Controls and all contracts for export must be approved by the agency before the contracts take effect.



### 3. Exports of Technical Data to Foreign Nationals:

In some circumstances, the disclosure of technical data to a foreign national can be an export of that technical data, even if the foreign national is an employee of Donaldson. For this reason, personnel in charge of hiring employees to whom technical data will be disclosed should coordinate their hiring activities with the Human Resources Department and the Legal Department to ensure that Donaldson complies with both the export control regulations and the equal employment opportunity laws.

The disclosure of technical data to permanent resident aliens and certain classes of “protected persons,” such as persons who have obtained asylum, are not deemed to be exports of technical data.

### 4. Transactions Involving Embargoed Countries:

A further problem involves countries that are subject to U.S. trade embargoes. While the details of each embargo differ, in general, U.S. companies may not import products from, or export products to, embargoed countries, directly or indirectly.

Similarly, financial transactions with embargoed countries and all dealings with nationals thereof are generally forbidden. Accordingly, if an employee of Donaldson Company believes that any violation of a particular trade embargo is occurring, for example if an employee believes that a customer may be re-shipping goods to an embargoed country, that employee must notify Donaldson’s Legal Department.

The list of covered countries changes periodically, as do the details of the embargo for each country. As a result, if you have concerns in this area you should contact Donaldson’s International Trade Services Department or Legal Department for advice on how to proceed. A current schedule of the list of embargo programs is included at the U.S. Department of Commerce, Bureau of Export Administration web site [www.bxa.doc.gov](http://www.bxa.doc.gov) and the Office of Foreign Assets Control web site [www.treas.gov/ofac](http://www.treas.gov/ofac). In addition, the United States has extended the embargo to prohibit dealings with narcotic traffickers and terrorists and with “specially designated nationals,” “specially designated terrorists,” and “specially designated narcotics traffickers.”

### 5. Anti-Boycott Regulations:

The United States has implemented laws that forbid U.S. companies, or their foreign affiliates or agents, from participating in non-U.N.-sanctioned boycotts of countries friendly to the United States (in practice this means the Arab League boycott of Israel). These laws require all U.S. companies to report every request for boycott information to the Commerce Department (and possibly the Treasury Department), and forbid U.S. companies from complying with the request. Donaldson policy requires that all employees of Donaldson comply strictly with the Anti-Boycott Law and Regulations. For more information on this policy, see the **Anti-Boycott Law and Regulations Corporate Policy**.



## Corporate Compliance Policies

### 6. Foreign Corrupt Practices Act:

The Foreign Corrupt Practices Act (FCPA) prohibits U.S. companies from making improper payments or gifts to foreign government officials, politicians or political parties. It also requires that companies keep accurate records of transactions and transfers of assets whether domestic or international. Donaldson policy requires that all employees of Donaldson comply strictly with the FCPA and Donaldson internal account controls. For more information on this policy, see the **Foreign Corrupt Practices Act Corporate Policy**.

### 7. Apparent Conflicts:

There may be situations in which an employee notices what appear to be inconsistencies between the requirements or provisions of a foreign law and those of a U.S. law. In these situations the employee or the employee's office must contact Donaldson's Legal Department.

The above REQUIREMENTS and ILLUSTRATIONS are not intended to be complete. Please talk with your supervisor or the Donaldson Legal Department if you have any further questions.



## Compliance Program Auditing and Monitoring

### Policy

It is the policy of Donaldson to maintain an effective Compliance Program through the regular auditing and monitoring of the Program. To this end, Donaldson has set up a Compliance Committee whose responsibility it is to oversee administration and enforcement of the Compliance Program.

In order to implement its Compliance Program, Donaldson requires that its employees contribute to monitoring the success of the Program. Donaldson expects its employees to cooperate fully with any and all of its attempts to gather information about how the Compliance Program is operating.

It is also the policy of Donaldson to encourage its employees to express their concerns about the effectiveness of the Compliance Program.

### Purpose

The purpose of this Policy is to ensure the effectiveness of the Compliance Program by establishing procedures for auditing and monitoring of the Program.

### Scope

This Policy applies to all employees, officers and directors of Donaldson Company, its subsidiaries, business units, partnerships and joint ventures where Donaldson has a majority ownership position or exercises management control.

## Compliance Program Auditing and Monitoring

### Definitions

Auditing and Monitoring: Auditing and monitoring is the systematic review of the Compliance Program and the verification that there has in fact been compliance with the Program, including the Corporate Policies and any other Donaldson policies.

The Donaldson Corporate Compliance Committee: The Donaldson Corporate Compliance Committee is appointed by the Chief Executive Officer of Donaldson. Donaldson will publish and make available the names and contact information for current members of the Compliance Committee.

### Requirements and Illustrations

#### 1. Auditing and Monitoring the Compliance Program:

In order to effectively implement its Compliance Program, Donaldson is putting in place a number of procedures for reviewing and evaluating the Compliance Program. Auditing and monitoring the Compliance Program may include:

- Verification of the prompt distribution of the relevant portions of the Compliance Program to new and existing employees
- Verification of the use of the Compliance Program and particularly the Compliance Policies in the orientation of new employees
- Verification of the certification process by which employees affirm that they have read and understood the relevant portions of the Compliance Program. See **Compliance Program Education and Certification Corporate Policy**.
- Verification that requirements included in the Compliance Program Guide and Corporate Policies have been implemented and consistently followed
- Verification of the success of internal investigations, including the confidentiality and thoroughness of the investigations and adequate documentation
- Verification that reprisals are not being made against employees who report violations of the law or Donaldson's Compliance Program
- Verification of the enforcement of the Compliance Program Discipline Corporate Policy through:
  - Review of the adequacy of the documentation of discipline proceedings
  - Review of the consistency of sanctions actually imposed



## Corporate Compliance Policies

### **2. Auditing and Monitoring Regulatory Compliance:**

In addition to auditing and monitoring the procedural components of the Compliance Program, Donaldson will periodically review and evaluate compliance with various legal and regulatory requirements.

### **3. Cooperation with Auditors and Investigators:**

The Compliance Committee may periodically instruct one or more Donaldson employee to undertake the auditing and monitoring of Donaldson's Compliance Program. All employees are expected to assist and fully cooperate with these employees.

From time to time, Donaldson may also find it necessary to have auditors and investigators from outside Donaldson involved in the process of reviewing and auditing the effectiveness of Donaldson's Compliance Program. These auditors and investigators may differ from the persons conducting internal investigations – in addition to investigating specific reports of violations, they may be conducting broad reviews of how the Compliance Program is operating or specific legal or regulatory compliance. Even though these auditors and investigators may not be investigating a specific violation, it is still absolutely necessary that employees cooperate with their investigations as fully as they would if a violation of the law were at issue.

Monitoring Donaldson's Compliance Program is just as important as punishing violations – it is always better to prevent problems from happening than it is to have to fix them after they occur.

### **4. Employee Feedback in the Auditing and Monitoring of the Compliance Program:**

It is critical that employees play a central role in the auditing and monitoring of the Compliance Program. Employees should feel free to express their concerns about the process of training and communication of the Compliance Program. The same goes for any confusion employees have about the Compliance Policies. It is important to Donaldson that these Policies be understandable. If employees have suggestions as to how Donaldson can improve its process of communication or the Compliance Program, they should let their supervisor or manager know. If employees do not feel comfortable communicating with their manager about these issues, they should contact Human Resources, the Corporate Compliance Committee, and the Legal Department or report their concerns anonymously by calling the Donaldson Compliance Hotline.

Feedback is of no use unless it reaches the Donaldson Compliance Committee. Managers must ensure that the comments they receive regarding the Compliance Program are routed to the Donaldson Compliance Committee.



## Corporate Compliance Policies

### 5. Effective Enforcement of the Compliance Program:

In order for Donaldson's Compliance Program to be effective, it must be consistently and regularly enforced. Various aspects of Donaldson's enforcement plan are contained in a number of its Corporate Policies. These include:

- Reporting and Investigating Violations Corporate Policy – This Policy describes how to report violations of the law and of the Compliance Program, as well as how internal investigations of reported violations will take place.
- Whistle-Blowers Corporate Policy – This Policy outlines the treatment of employees who report violations and assures them against the possibility of reprisal.
- Compliance Program Discipline Corporate Policy – This Policy describes the procedures for discipline and sanctions for violations of the law or of the Compliance Program. The purpose of the Policy is to provide a set of standards for the consistent and fair investigation and punishment of compliance violations.

If employees feel that any of these policies are not being followed, they should follow the procedures outlined in the Reporting and Investigating Violations Corporate Policy.

### 6. Measurement Item in Audits:

On a periodic basis, Donaldson will audit the Compliance Program through the self-audit process and other audit activity. The results of these audits will be included in the normal audit reports as a measurement item for all Donaldson business units. The portion of these internal audits dealing with the Compliance Program shall be sent to the Corporate Compliance Committee.

The above REQUIREMENTS and ILLUSTRATIONS are not intended to be complete. Please talk with your supervisor or the Donaldson Legal Department if you have any further questions.



**Policy**

It is the policy of Donaldson to enforce its Corporate Compliance Program in a consistent manner through appropriate disciplinary mechanisms. Violations of the law are considered a violation of the Donaldson Corporate Compliance Program. An employee may, however, violate the Corporate Compliance Program without violating the law.

When an employee is suspected of violating the law or the Corporate Compliance Program, Donaldson will allow such an employee a reasonable opportunity to explain his or her actions. When an employee is determined to have engaged in a violation, he or she may be subject to discipline under this Policy, up to and including termination. It is the policy of Donaldson to apply its discipline in a reasonable and consistent fashion; however, the form of discipline which is appropriate will be case-specific.

**Purpose**

The purpose of this Policy is to alert employees to the types of discipline which may be imposed for violations of the law or the Corporate Compliance Program and to make them aware of the factors which are relevant to a disciplinary decision. This Corporate Policy and other documents and communications associated with the Donaldson Corporate Compliance Program do not limit Donaldson's right to terminate employment (and any corresponding salary, bonus and employee benefits) of any employee at will at any time, subject where appropriate to terms of individual employment contracts.

**Scope**

This Policy applies to all employees, officers and directors of Donaldson Company, its subsidiaries, business units, partnerships and joint ventures where Donaldson has a majority ownership position or exercises management control.



## Requirements and Illustrations

### 1. Disciplinary Options:

Donaldson is committed to flexibility in its disciplinary policy. While it is the policy of Donaldson to enforce its Corporate Compliance Program in a consistent manner, no single set of disciplinary options is appropriate in every case. Donaldson therefore retains the sole discretion to structure disciplinary sanctions as the circumstances warrant. However, there are certain offenses and violations which are so serious that immediate dismissal is proper in all cases.

Illustration #1 – Disciplinary Actions: The following are some examples of the types of disciplinary actions that may be taken in response to a violation of law or the Corporate Compliance Program.

- Dismissal or termination
- Demotion
- Reduction of salary, bonus or other element of compensation
- Suspension with or without pay
- Probation
- Transfer or re-assignment
- Oral or written reprimand
- Counseling or re-education/training

### 2. Relevant Factors to Determining Appropriate Discipline:

There are a number of factors which may be considered in determining the seriousness of a violation and the appropriate discipline. Some of these factors “aggravate” (increase) the seriousness of the violation, while others “mitigate” (decrease) the seriousness of the violation. Since these factors are case-specific, similar violations may result in different discipline in different cases. Such a difference does not mean that the discipline is inconsistent.

Illustration #1 – Aggravating Factors: The following are examples of factors which may increase the seriousness of a violation and therefore increase the discipline imposed.

- The violation was committed knowingly
- The suspected violator lied or was otherwise dishonest during the investigation
- There was a pattern of misconduct



## Corporate Compliance Policies

- The violator attempted to “cover-up” his/her violation
- The violation involved retaliation against other persons who reported violations of the law or the Corporate Compliance Program in good faith
- The violator deliberately avoided or failed to check whether a particular course of action was prohibited
- Serious damage was caused by the violation
- The violator was a member of management
- The violation was criminal in nature

Illustration #2 – Mitigating Factors: The following are examples of factors which may decrease the seriousness of a violation and therefore decrease the discipline imposed.

- The suspected violator voluntarily reported the violation
- The suspected violator cooperated with the investigation of the violation
- The violation was not undertaken for personal benefit
- The suspected violator’s role in the violation was small

Illustration #3 – Progressive Discipline: Progressive discipline is the process of increasing the level of punishment based on the violator’s prior record of violations. While progressive discipline may be a desirable approach to enforcement of the Corporate Compliance Program, an employee’s past record may or may not be an appropriate consideration in any given case.

### **3. Determining Whether a Violation Occurred:**

Determining whether a violation of the law or the Corporate Compliance Program has occurred is perhaps the most important step in the process of enforcing the Donaldson Corporate Compliance Program. Given the variety of possible violations, and the range of circumstances in which they can occur, Donaldson cannot employ a uniform procedure for the investigation and determination of violations. In some cases, informal meetings between supervisors and employees may be sufficient to address minor violations, while serious violations may merit a full and formal investigation by legal counsel or outside investigators.

There are, however, certain principles which will be constant from case to case:

- Each report of a known or suspected violation will be promptly and thoroughly investigated
- The employee being investigated will be given an opportunity to explain his or her actions



## Corporate Compliance Policies

- The supervisors or managers directing the investigation will carefully document all actions taken and decisions reached. A report should be prepared even if the investigation reveals that no violation occurred.

The investigation report should set forth a summary of the incident, the investigation conducted, and the results therefrom, and the actions taken in response to the reported violation and

- If a violation of the law or the Corporate Compliance Program has occurred, Donaldson will determine how and why the offense occurred and Donaldson will identify and implement steps to prevent similar violations from recurring

### **4. Announcing Discipline:**

Unless the circumstances call for immediate discipline, at least two supervisory or management employees should be present at any meeting in which discipline is announced to an employee.

The above REQUIREMENTS and ILLUSTRATIONS are not intended to be complete. Please talk with your supervisor or the Donaldson Legal Department if you have any further questions.

**Policy**

The responsibility for overseeing compliance and implementing the Compliance Program for Donaldson is assigned to the Donaldson Corporate Compliance Committee. The Donaldson Corporate Compliance Committee is appointed by the Chief Executive Officer of Donaldson. The names and contact information for the members of the Compliance Committee are provided to you with the Policy manual.

The Donaldson Corporate Compliance Committee has final jurisdiction on questions or interpretations and must approve all changes involving the Compliance Program. Day-to-day responsibility for the operation of the Compliance Program may be assigned by the Corporate Compliance Committee.

**Purpose**

This Policy assigns and communicates the responsibility for overseeing the Donaldson Compliance Program to the Donaldson Corporate Compliance Committee.

**Scope**

This Policy applies to all employees, officers and directors of Donaldson Company, its subsidiaries, business units, partnerships and joint ventures where Donaldson has a majority ownership position or exercises management control.



## Requirements and Illustrations

### 1. Responsibilities of the Donaldson Compliance Committee:

The Donaldson Corporate Compliance Committee's responsibilities in overseeing and administering the Compliance Program include the following elements:

- Establishing written ethical and compliance standards and procedures
- Updating and revising the compliance standards and procedures as necessary
- Monitoring compliance with laws, government regulations and the Donaldson Compliance Program
- Ensuring the compliance standards and procedures are disseminated and implemented by Donaldson management
- Maintaining systems to ensure that Donaldson takes reasonable steps to hire, retain and promote employees that comply with the law and Donaldson's ethical values and policies
- Maintaining systems to allow employees to report violations of the law or Donaldson's Compliance Program without fear of retribution
- Ensuring investigations of alleged violations of Donaldson's standards and procedures are properly and promptly handled
- Ensuring Donaldson has taken steps to respond appropriately to misconduct if it occurs and to prevent a recurrence of any such misconduct

### 2. Delegation of Certain Responsibilities:

The Donaldson Corporate Compliance Committee may assign certain day-to-day responsibility for the implementation and operation of Donaldson's Compliance Program. Such individuals will be directly accountable to and will regularly report to the Compliance Committee. Such assigned duties in overseeing the administration and implementation of Donaldson's Compliance Program include the following:

- Overseeing the implementation of the Compliance Program, including the dissemination of code, Compliance Program Guide, Corporate Policies and procedures, employee certification and introductory compliance training



## Corporate Compliance Policies

- Overseeing Donaldson's mechanisms used to report violations of the law and Compliance Program, including review and follow-up on reported violations and the Compliance Program enforcement procedures
- Providing guidance to managers, supervisors and other employees regarding Donaldson's compliance policies and procedures
- Coordinating with internal audit, the Legal Department, Human Resources and other departments to audit and monitor substantive compliance
- Ensuring investigations of alleged violations of Donaldson's Compliance Program are properly and promptly handled
- Ensuring Donaldson's Compliance Policies and procedures are consistently enforced by appropriate disciplinary measures
- Identifying and implementing additional compliance standards and procedures in response to identified violations of the law and Donaldson's Compliance Program

The above REQUIREMENTS and ILLUSTRATIONS are not intended to be complete. Please talk with your supervisor or the Donaldson Legal Department if you have any further questions.

## Compliance Program Education and Certification

### Policy

The Donaldson Compliance Program will be communicated to all employees of Donaldson. The Compliance Program Guide will be distributed to all Donaldson employees. The Corporate Policies will be distributed to all Donaldson managers. Other employees who routinely confront certain compliance issues will be provided with the Corporate Policies which relate to their area.

Upon hire, all non-management employees will be required to review the Donaldson Compliance Program Guide. All management employees will be required to review both the Compliance Policies and the Compliance Program Guide. Each employee must certify they have received the pertinent documents, have read and understand their contents and agree to abide by the letter and spirit of each.

Management employees are responsible for ensuring that their direct subordinates receive and understand the Compliance Program Guide and have access to and understand the applicable Corporate Policies and any other Donaldson policies to which they are subject.

### Purpose

The purpose of this Policy is to ensure that the mandatory employee training requirements under the Compliance Program are implemented. Every employee of Donaldson must understand the ethical and legal standards under which Donaldson operates and to which he or she must adhere.

### Scope

This Policy applies to all employees, officers and directors of Donaldson Company, its subsidiaries, business units, partnerships and joint ventures where Donaldson has a majority ownership position or exercises management control.

## Compliance Program Education and Certification

### Requirements and Illustrations

#### 1. Reading the Compliance Program Guide and Signing the Acknowledgment Form:

An acknowledgment and certification form will be distributed to all Donaldson employees along with the Compliance Program Guide. It is imperative that employees sign this form only after reading the Compliance Program Guide. Failure to read the rules contained in the Compliance Program Guide is no excuse for violating those rules.

Certification and understanding of the Compliance Program is a condition of employment at Donaldson. All management employees are responsible for ensuring that their employees have received the Compliance Program Guide and returned the acknowledgment form to Human Resources. Management employees are also responsible for ensuring that their Donaldson employees have access to and understand the requirements contained in the Corporate Policies.

#### 2. Communication and Training Methods:

Initial introduction of the Compliance Program will be done via the distribution of the Compliance Program Guide to each Donaldson employee.

Donaldson may employ a different form of distribution or instruction than the one in which employees are first informed about the Compliance Program to inform employees of changes to the Compliance Program, Corporate Policies or other Donaldson policies. The fact that the changes are in a different format, however, does not mean that the changes are not binding.

#### 3. Documentation of Compliance Training:

A report summarizing all Compliance Program and other compliance-related training provided and identifying the employees that participate in the training should be prepared by the person providing the training. The report should be submitted to the Corporate Compliance Committee.

The above REQUIREMENTS and ILLUSTRATIONS are illustrative and are not intended to be complete. Please talk with your supervisor or the Donaldson Legal Department if you have any further questions.



## Reporting and Investigating Violations

### Policy

All employees of Donaldson are required to promptly report all known or suspected violations of applicable laws or of the Donaldson Compliance Program, including the Corporate Policies. Reports of such violations shall be made promptly to your manager, Donaldson's Corporate Compliance Committee or Donaldson's Legal Department. Employees may also report violations by calling the Donaldson Compliance Hotline. Reports to the Hotline may be made anonymously. Donaldson will promptly and thoroughly investigate all reports.

### Purpose

This Policy has three purposes:

- To encourage employees to report violations
- To help ensure prompt and full investigation of violations
- To assure employees that they will be protected from retribution if they make good faith reports of violations or suspected violations of the law or the Compliance Program

### Scope

This Policy applies to all employees, officers and directors of Donaldson Company, its subsidiaries, business units, partnerships and joint ventures where Donaldson has a majority ownership position or exercises management control.

## Reporting and Investigating Violations

### Requirements and Illustrations

#### 1. Reporting Violations and Suspected Violations:

Employees should immediately report violations and suspected violations of the law or the Compliance Program. Employees should not delay in reporting a violation while they wait for more “hard” evidence. The report will be taken in good faith and further review or investigation will determine the validity of the reported violation.

Employees may report a violation by approaching or telephoning their manager, Donaldson’s Corporate Compliance Committee or Donaldson’s Legal Department. Employees may also report violations of the law or the Donaldson Compliance Program by calling the Donaldson Compliance Hotline, which may be done anonymously.

If employees have questions regarding whether an issue or problem should be reported, the employee should discuss the issue with their manager, Donaldson’s Corporate Compliance Committee or Donaldson’s Legal Department or contact the Donaldson Compliance Hotline.

#### 2. Failing to Report a Violation or Condoning a Violation:

Failing to report or condoning a violation of the law or the Compliance Program may lead to disciplinary action up to and including termination of employment.

#### 3. Protection Against Reprisal:

In order to encourage employees to report violations, employees must be assured that confidentiality will be maintained of all reported incidents to the extent possible. To allay fear of retribution, employees are permitted to make anonymous reports of violations of the law or the Donaldson Compliance Program.

To the extent possible and permitted by law, Donaldson will take reasonable precautions to maintain the confidentiality of those individuals who report legal or compliance-related violations. This confidentiality will include both the confidentiality of the person making the report and the person about whom the report is made. During an investigation of an alleged violation, Donaldson advises that the identities of employees involved may be disclosed.

It is absolutely forbidden for any employee to punish or conduct reprisals against another employee who has reported a suspected violation of the law or of the Compliance Program in good faith.



## Corporate Compliance Policies

### 4. Malicious Reporting:

Donaldson encourages its employees to make good-faith reports of possible violations of the law or of the Compliance Program. Donaldson recognizes, however, that individual employees can abuse the Compliance Program to make unfounded accusations against other employees in order to harass them or to exact revenge for personal disputes. For this reason, Donaldson must reserve the right to investigate persons who make reports when there is a valid reason to do so. Such reasons may include reasons to suspect a person's motives or when it is necessary to investigate a person's credibility as to a given report.

### 5. Investigations:

Each report of a known or suspected violation will be promptly and thoroughly investigated. In all cases, the Corporate Compliance Committee or its designee should carefully document all actions taken and decisions reached. A report should be prepared even if the investigation reveals that no violation occurred. The investigation report should set forth:

- a summary of the incident
- the investigation conducted and its results
- the action taken

### 6. Investigations by Employees:

Unless directed or so charged, employees will not investigate violations of the law or Donaldson's Compliance Program. Such investigations will be directed by Donaldson's Corporate Compliance Committee or Donaldson's Legal Department.

### 7. Responding to Violations:

If a violation of the law or the Compliance Program has occurred, Donaldson will determine how and why the offense occurred and Donaldson will identify and implement steps to prevent similar violations from recurring.

The above REQUIREMENTS and ILLUSTRATIONS are not intended to be complete. Please talk with your supervisor or the Donaldson Legal Department if you have any further questions.



## Whistle-Blowers and Non-Retaliation

### Policy

It is the policy of Donaldson that reports of suspected violations of the law, the Donaldson Compliance Program or of Donaldson policy will be promptly and thoroughly investigated. It is the policy of Donaldson that employees who, in good faith, report violations of the law or the Donaldson Compliance Program will not be the subject of reprisals or other punishment as a consequence of reporting the violation.

### Purpose

Employees are sometimes concerned that they will be the victim of retaliation or reprisals if they “blow the whistle” by reporting violations of the law or of Donaldson policy. At some companies, fear of reprisal has led some employees to make their concerns known to government officials before they were willing to tell their employer about potential problems. This can lead to government investigations and expensive litigation. It is Donaldson’s policy to encourage its employees to report violations to Donaldson before going to the government.

The purpose of this Policy is to assure employees that conscientiously reported violations will be discreetly and thoroughly investigated, and that no reprisals will be taken against employees who report violations in good faith.

### Scope

This Policy applies to all employees, officers and directors of Donaldson Company, its subsidiaries, business units, partnerships and joint ventures where Donaldson has a majority ownership position or exercises management control.

## Requirements and Illustrations

### 1. Reprisal Strictly Forbidden:

It is absolutely forbidden for any employee to punish or conduct reprisals against another employee who has reported in good faith a suspected violation of the law or of the Compliance Program.

### 2. Malicious Reporting:

Donaldson encourages its employees to make good-faith reports of possible violations of the law or of the Compliance Program. Donaldson recognizes, however, that individual employees can abuse the Compliance Program to make unfounded accusations against other employees in order to harass them or to exact revenge for personal disputes. For this reason, Donaldson must reserve the right to investigate persons who make reports when there is a valid reason to do so. Such reasons may include reasons to suspect a person's motives or when it is necessary to investigate a person's credibility as to a given report.

### 3. Federal Whistle-Blowing Laws:

In addition to Donaldson's internal policy against reprisals, several laws in the United States provide protection for employees who communicate with government officials regarding possible illegal behavior in some contexts. Discrimination against whistle-blowing employees in the terms and conditions of their employment is prohibited.

These terms and conditions would include anything affecting the employee's working conditions, including wages, hours, bonuses and work stations. Discharge of a whistle-blowing employee would also be considered discrimination and would therefore be prohibited. It is the policy of Donaldson to comply with all applicable whistle-blower laws.

Illustrations: The following are some examples of employees who are protected under the federal whistle-blower laws:

- Employees who disclose information to appropriate government officials regarding certain government contracts which they reasonably believe to be evidence of a federal violation
- Employees who disclose information to appropriate government officials regarding possible violations of certain federal laws

## Corporate Compliance Policies

Employees involved in any action being taken against any employee for their disclosure of information to a government official should contact Donaldson's Legal Department to ensure that no whistleblower laws are being broken.

The above REQUIREMENTS and ILLUSTRATIONS are not intended to be complete. Please talk with your supervisor or the Donaldson Legal Department if you have any further questions.



## Corporate Compliance Policies

Donaldson Company, Inc.  
1400 West 94th Street  
Minneapolis, Minnesota  
55431 U.S.A.

952-887-3131

*Mailing Address:*  
P.O. Box 1299  
Minneapolis, Minnesota  
55440 U.S.A.

