

GRACO INC.
GOVERNANCE COMMITTEE CHARTER

Adopted February 16, 2018

The Governance Committee of the Board of Directors shall have the following functions:

- Recommend to the Board criteria for the selection of prospective directors, identify and recruit suitable candidates, and present director nominees to the Board who are consistent with the criteria approved by the Board; recommend to the Board nominees for director at the next annual meeting of shareholders. In this regard, the Committee shall have the sole authority to hire any outside search firm to identify director candidates (including sole authority to approve the search firm's fees and any other retention terms);
- Recommend to the Board requirements for Board membership, including minimum qualifications and retirement policies;
- Administer an ongoing procedure for Board self-evaluation;
- Recommend to the Board a set of Corporate Governance Guidelines and annually review such guidelines and recommend any changes to the Board;
- Recommend to the Board the appropriate number of directors;
- Periodically evaluate the Company's shareholder value protections, board structure, and business continuity provisions, and recommend any changes to the Board;
- Recommend to the Board the appropriate person(s) to hold the positions of Chair of the Board and Chief Executive Officer;
- Recommend to the Board the compensation, benefits and retirement programs for directors (the Committee shall have sole authority to hire and terminate a compensation consultant for such purpose, including said firm's fees and other retention terms);
- Recommend to the Board the committee structure, committee charters, committee chairs and membership;
- Recommend to the Board the number and schedule of Board meetings;

- Review management and director share ownership guidelines;
- Review trends and make recommendations to the Board regarding other matters of corporate and board governance as the Committee deems appropriate;
- Report its activities regularly to the Board; and
- Conduct annually a performance evaluation of the committee.

The Committee shall consist solely of independent directors (as defined in the listing standards of the New York Stock Exchange), who shall be appointed by the Board of Directors. Members shall serve until resignation or removal by the Board of Directors. The Committee shall have a chairperson named by the Board, and will typically hold three meetings during each calendar year, but may hold such different number of meetings as the Committee shall deem appropriate. The Committee shall have the authority to delegate any of its responsibilities to subcommittees as the Committee may deem appropriate, provided the subcommittees are composed entirely of independent directors.