



Pall Corporation

Sustainability Report

Fiscal Year 2012



Better Lives. Better Planet.SM

About This Sustainability Report

The reporting of Pall Corporation's sustainability strategies and programs is based on a disciplined process of setting clear objectives and measuring our progress. We recognize the need to communicate quantifiable metrics and targets, in particular as they relate to our environmental and economic impact. We also report on various initiatives and our progress from year to year. Pall relies on a variety of external standards to guide us through this process.

Pall Corporation strives to improve continuously and be transparent in our reporting practices. We invite you along on our journey as we help to build a safer, greener future.

This report reflects Pall's global operations and its subsidiaries for Fiscal Year 2012 (ended July 31, 2012) unless otherwise noted.

All currency is stated in U.S. Dollars.

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A Cleaner Technology.

Pall's Core Values

Our core values shape the culture and define the character of Pall Corporation. They influence behavior and the decisions we make. Not just words on a page, they exist to guide our actions everyday.

- **Customers First** is not a slogan; it is how we treat them.
- We strive to be the **Most Agile** to meet customer needs before others do.
- Our stakeholder relationships are all built upon **Mutual Respect**.
- The success of Pall Corporation depends on a culture of personal responsibility and **Full Accountability**
- And finally, **Absolute Integrity** is the cornerstone of our company and the rule for how we do business.

Company Profile

Pall Corporation solves complex filtration, separation, purification and contamination control challenges for diverse customers around the world. These solutions enable companies, industrial and health care enterprises, and municipalities to ensure the purity of water and food; to engineer lifesaving vaccines and biotechnology drugs; to help protect patients and caregivers; and to develop fluid management innovations for almost every manufacturing process. Our enabling technologies help make good products better, safer and even possible.

Sophisticated filtration systems are widely used by manufacturers, hospitals, laboratories, aircraft operators, energy producers and municipal water suppliers. The global filtration market is being driven by water and energy needs, imperatives for quality and productivity, emerging and mutating pathogens, new biotech drugs and vaccines, high-tech products and processes, increasing regulations, and rising standards of living.

Pall is much more than a filter company. We have been called “the original clean technology company” since many of our products deliver sustainable social benefits. Our wealth of scientific knowledge, deep applications experience and vast portfolio of proprietary core materials give us unmatched capabilities to help customers be more successful, and to help enable a safer, greener, more sustainable future for everyone.

To learn more about Pall, please visit our website at www.pall.com/green or follow us on twitter @pallcorporation.



FY 2012 Financial Highlights*

<i>(In millions, except for per share data)</i>	2012	2011
Net sales	\$2,671.7	\$2,517.2
Cost of sales	1,291.6	1,232.3
Gross profit	1,380.1	1,284.9
Selling, general & administrative expenses	843.2	790.3
Research and development	82.9	80.5
Restructuring & other charges (ROTC), net	66.9	26.5
Interest expense, net ^(a)	20.2	18.9
Loss on extinguishment of debt ^(a)	-	-
Earnings before income taxes	366.9	368.7
Provision for income taxes	86.0	89.5
Net earnings	\$280.9	\$279.2
Earnings per share: Basic	\$2.42	\$2.40
Diluted	\$2.39	\$2.36

* FY 2011 & FY 2012 from continuing operations

(a) Refer to Note 8, Notes Payable and Long-term Debt, in the consolidated financial statements in Form 10-K for FY 2012

Corporate Governance and Ethics

Pall Corporation's Board of Directors is committed to monitoring the effectiveness of policy and decision-making, both at the board and management level, with a view to enhancing shareholder value over the long term while keeping in mind the best interests of our employees and the communities in which Pall operates.

Our company has always been committed to conducting our business with integrity, in accordance with the highest ethical standards, and in compliance with applicable laws and regulations. We understand that how we conduct business and treat others – our employees, customers, suppliers, and communities – determines how the world views us.

Whether working as individuals within the company, or as a company within the global community, we are guided by our principles of ethical behavior. Those principles are embodied in Pall's Code of Ethical Behavior, which applies to all

employees, directors, and all others when acting for Pall Corporation, its subsidiaries and divisions.

Pall's outstanding reputation flows from our steadfast commitment to "always do the right thing." To safeguard that reputation, we have a mandatory, global program of compliance training for all Pall employees. The training covers a wide range of business ethics and compliance subjects, tailored to the needs of our employees and monitored by management.

As part of the company's overall compliance efforts, we have established an AlertLine website and local toll free phone numbers in every location where we operate (where allowed by law). Questions may be asked or concerns reported anonymously, and they are taken seriously. Reported concerns are investigated and corrective action is taken where appropriate.

www.pall.com/governance

A Greener World.

Our Commitment to Sustainability

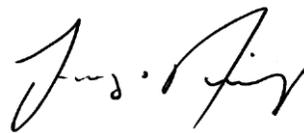
As a global market leader in fluid management, we thrive on helping customers protect people, the environment and our natural resources. Pall is implementing innovations that purify and conserve water, consume less energy, make alternative energy possible, advance medicine, and minimize emissions and waste. We are dedicated to helping customers minimize their carbon footprints, maximize recycling and waste reduction efforts, and ensure the most efficient utilization of natural resources and raw materials. We are applying the same know-how and dedication to our own operations.

Pall's approach to environmental stewardship is proactive and anchored in a culture of continuous improvement. We team with customers in ways specific to their industries, providing them with technologically superior products and engineered process solutions that improve and strengthen their businesses while reducing their environmental impacts.

The same is true in our own business. We have adopted ambitious goals to continuously improve Pall's environmental profile, both for the near- and the long-term. We exceeded key benchmarks at the end of fiscal year 2010 and further challenged our teams to set and achieve new goals for fiscal year 2013.

Pall is also integrating environmental sustainability metrics into our business. We do this by using globally accepted greenhouse gas and life cycle assessment protocols to measure and manage greenhouse gas emissions.

Committees at Pall facilities are set up to oversee on-site programs in order to identify and implement strategies to achieve our sustainability goals. Best practices are benchmarked and shared among our manufacturing facilities worldwide. Some of the steps we are taking to accomplish these sustainability goals are discussed in the following pages. We encourage you to visit our website at www.pall.com/green for continuing updates on progress, as well as for information about other initiatives.



Larry Kingsley
President and Chief Executive Officer



A Healthier Environment.

Getting Greener All the Time

Embedded in Pall's business philosophy is a culture of continuous improvement. This is the foundation of our commitment to customers and also applies to our environmental stewardship. From the benchmarking of goals to the transference of best practices, Pall's unwillingness to accept the status quo is the engine that drives our success.

In fiscal year 2012 we continued making progress on sustainability goals established

by our Executive team in 2010 to reduce waste, utilities and greenhouse gas emissions.

FY 2013 Goals

- Reduce VOC Emissions by 5%
- Reduce Utilities Usage Intensity by 20%
- Increase Reuse/Recycling Intensity by 16%
- Reduce Waste Intensity by 20%
- Reduce GHG Emissions Intensity by 18%

Indexed Data Summary

	FY06	FY07	FY08	FY09	FY10	FY11 ⁽²⁾	FY12	Percent Change FY06-12
Energy (MJ/\$ Net Sales)	0.62	0.54	0.55	0.65	0.59	0.57	0.51	-17.42%
Water⁽¹⁾ (Mgal/\$M Net Sales)	0.21	0.20	0.18	0.17	0.18	0.18	0.18	-14.29%
Recycling (Ton/\$M Net Sales)	2.29	2.56	2.98	2.98	2.58	3.53	3.33	+45.41%
Waste (Ton/\$M Net Sales)	7.56	8.16	7.26	5.82	6.44	6.77	6.21	-17.86%
GHG (kg CO _{2e} /\$ Net Sales)	0.072	0.065	0.060	0.064	0.062	0.059	0.055	-23.61%
Net Sales (In Millions)	\$2,017	\$2,250	\$2,572	\$2,329	\$2,402	\$2,517	\$2,672	

(1) Indexed values are based on revised water use figures for FY06-FY10

(2) Restated FY 2011 Net Sales and associated Indexed Values

Meeting International Environmental Standards

ISO 14001 is the international standard for environmental management systems. Worldwide, nearly 100% of Pall's manufacturing operations have achieved ISO 14001 certification.* The program has helped Pall minimize environmental impact, improve compliance and reduce both risk and costs.

Pall's manufacturing operations comprise about 70% of the company's total square footage of leased or owned properties.

** excludes only the most recent acquisitions not yet converted.*

A Smaller Footprint.

Energy Intensity
(MJ/\$ Net Sales)



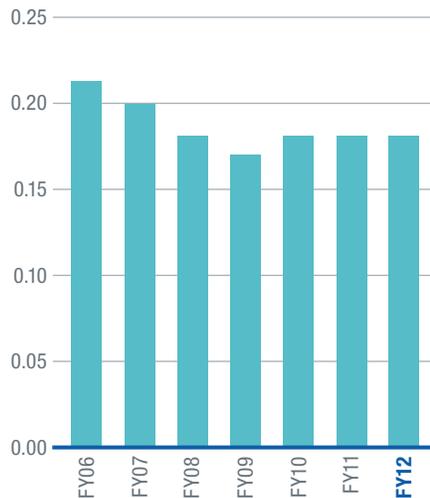
Energy

Motion sensors to turn on and off lights; systematic reviews of air compressor networks; installation of state of the art LED lighting systems; and replacement of aging, inefficient equipment are just a few of the ways that Pall is working to reduce its energy consumption. In turn, we produced our advanced filtration and separation technology in fiscal year 2012 with over 17% less energy than we did in fiscal year 2006.

Our focus on reducing our energy consumption results in real savings: financial savings that improve our bottom line and shareholder value; savings of carbon emissions to help the environment; and a reduction in the natural resources used for energy production.

	FY12	Change FY06-FY12
Energy (MJ/\$ Net Sales)	0.51	-17.42%
Energy (Gigajoules)	1,367,864	

Water Intensity
(Mgal/\$M Net Sales)

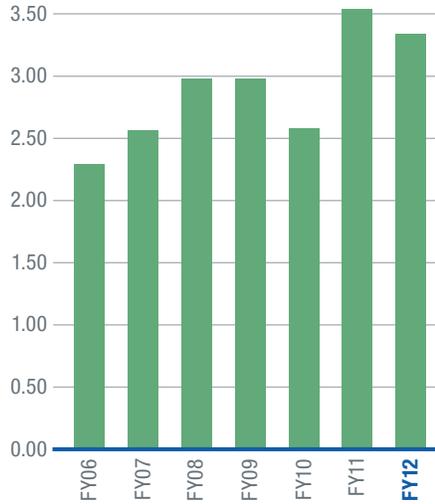


Water

We continue to look for ways to reduce our water consumption – because we consider it our duty to preserve this important resource. Since fiscal year 2006 we have reduced our indexed water consumption by over 14%. As with all of our efforts, this is a result of projects small and large including recycling and reusing water from reverse osmosis systems.

	FY12	Change FY06-FY12
Water (Mgal/\$M Net Sales)	0.18	-14.29%
Water (Millions Gallons)	472	

Recycling Intensity
(Tons/\$M Net Sales)



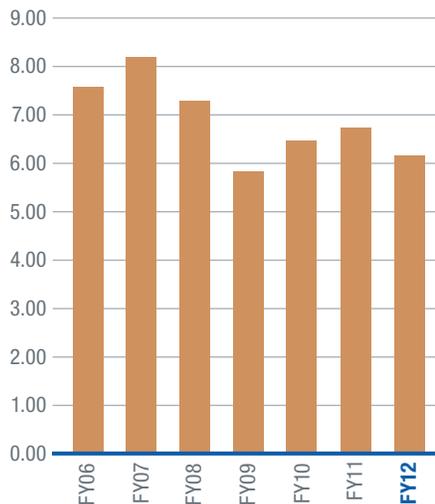
Recycling

Even the smallest recycling efforts, when implemented across Pall's global manufacturing operations, add up to significant reductions; efforts such as:

- Finding recycling opportunities for non-standard materials at Pall Putnam, Connecticut, USA.
- Reducing 2.5 tons annually at Pall Crailshiem, Germany by recycling paper packaging.
- Returning corrugated boxes to vendors at Pall Beijing, China.

	FY12	Change FY06 - FY12
Recycling (Tons/\$M Net Sales)	3.33	+45.41%
Recycling (Tons)	8,887	

Waste Intensity
(Tons/\$M Net Sales)



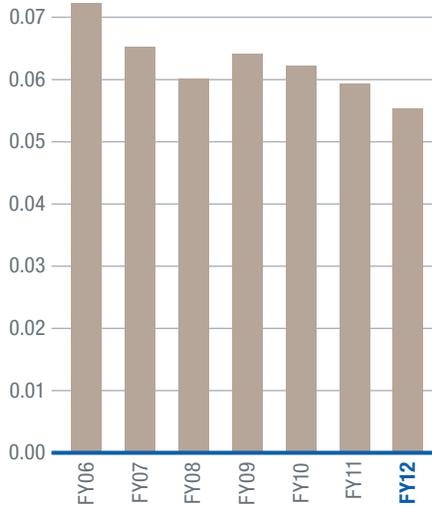
Waste

Pall is using its technical resources to solve some of its own challenges. Our team developed an innovative membrane bioreactor at our Newquay facility in the United Kingdom. The MBR system will reduce Newquay's waste disposal volumes and fees by approximately \$470,000 per year.

This project, coupled with other efforts including Kaizen-driven waste generation assessments and development of reusable shipping containers have resulted in a decrease of almost 18% in our indexed waste disposal metrics from fiscal year 2006 to fiscal year 2012.

	FY12	Change FY06 - FY12
Waste (Tons/\$M Net Sales)	6.21	-17.86%
Waste (Tons)	16,581	

GHG Intensity
(kg CO₂e/\$ Net Sales)



Pall “Green Teams” in each manufacturing facility help identify ways to reduce waste. The teams brought their ideas to fruition, with projects ranging from simple recycling programs to sophisticated membrane bioreactors to eliminate hazardous waste streams.



Greenhouse Gases

As with energy consumption, greenhouse gas (GHG) emissions have increased with our growth. However, the reduction in our indexed greenhouse gas ratio moved at a greater pace due to migration to energy sources that produce less greenhouse gas emissions. This resulted in a reduction of our indexed greenhouse gas ratio of over 23% from fiscal year 2006 to fiscal year 2012.

	FY12	Change FY06 - FY11
GHG (kg CO ₂ e/\$ Net Sales)	0.055	-23.61%
GHG (Metric Tonnes CO ₂ e)	145,649	

Reducing Our Carbon Footprint

Pall is a recognized leader in the UK Carbon Reduction Commitment (CRC)* and has been a proud contributor to the Carbon Disclosure Project since 2008. In that year Pall joined with many other companies in this global initiative to inventory GHG emissions and evaluate the risks and opportunities from climate change on business operations. Our annual GHG inventory provides important baseline information that is used to make informed and effective policy decisions to reduce Pall’s carbon footprint.

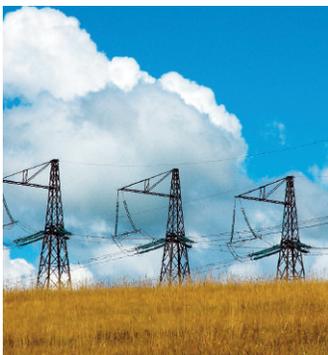
* The UK CRC is a program by the UK Government requiring all companies with carbon emissions to participate in carbon emission reduction programs and develop and report carbon inventories.

A Sustainable Future.

Recycling Spent Filters

The Pall team in France is working with key customers from the French Health Service to divert spent Aquasafe™ filters from landfills and dispose of them in modern incinerators with heat recovery systems that recover the energy of the raw materials to generate electricity for the French National Grid. Following intervention from the Pall team, working together with customers and a national waste management provider in France, the spent filters are segregated and collected for transportation to five heat recovery incinerators across France. The treatment of the filters in this way is helping the French Health Service achieve its sustainability goals of reducing dependency on landfills for disposal and increasing the traceability of waste. Additional benefits include: energy savings, reduction of carbon footprint, and preservation of natural resources.

A metric ton of used water filters equals 2,346 kilowatt hours of electricity and heating. A typical French household consumes approximately 3,000 kilowatt hours. At present, this initiative is recycling 1,000 metric tons of used water



filters, helping to support 782 households per year and reduces carbon emission of 199 kilograms per year.

Conserving Municipal Water

At the Pall Somersby, Australia facility, rain water is recycled into the manufacturing process, eliminating the need for 50% of the municipal water once needed for its operations. Municipal water is expensive to pump, treat, and distribute. The rain water collected would have otherwise been



diverted to the storm sewer system, which would have also required handling and treatment.

Supporting Environmental Education

Pall's Redruth, UK facility personnel are working with Truro College and its Environmental Studies program to provide mentoring, plant tours, and expert lecturers. The goal is to help the students better understand the rigors of a robust environmental, health and safety program in a manufacturing environment.

Employee Involvement

A team of Pall Australia employees took on the Oxfam TRAILWALKER team challenge. The challenge was to get a team of 4 across 100 kilometers of Australian bush in less than 48 hours – to raise money to help overcome poverty and suffering around the world. The facility had two teams rise to the challenge and Pall employee support crews that helped to provide food, drinks and moral support through the event. The teams raised over \$10,000 Australian dollars.

A Total Strategy.

How Pall is Helping Customers

Here is just a small sampling of the environmental solutions we provide to help customers solve their complex contamination, separation, purification and detection challenges.



Protect the Environment

- Minimize emissions and waste
- Treat wastewater
- Meet environmental regulations
- Monitor air quality
- Monitor water quality
- Treat contaminated ground water

Conserve Energy and Resources

- Recycle water
- Enable clean, sustainable alternative energy sources
- Increase fuel efficiency
- Maximize life and yield of chemicals
- Reduce chemical consumption
- Reduce volume of raw materials
- Reduce manufacturing footprint and environmental impact

Protect Customers, Patients and Employees

- Detect and prevent food-borne illnesses
- Prevent and treat dangerous diseases
- Reduce risk of hospital-acquired infections
- Ensure the purity of pharmaceuticals
- Purify water for drinking
- Protect the food supply
- Purify vehicle and aircraft cabin and engine air
- Reduce operator exposure to harmful contaminants

www.pall.com/green

A Higher Standard.

Caring for Our Communities

Pall Corporation believes in supporting and enriching the overall environment and the communities in which we operate. This benefits our host communities and fosters a sense of pride and corporate responsibility for our shareholders and employees. It makes Pall a more attractive employer and improves our relationships with local government.

Pall may donate capital, services, volunteer time and products. Amounts vary according to the need of the organization and the level of support determined appropriate by Pall.

Pall receives many more requests for donations than we can support. A decision to decline a request does not imply that the applicant's program is not needed or valued, but simply that it does not fall within our giving guidelines or priorities, or that resources are not available.



Employee Health & Safety

Talented, dedicated people are what help make a world-class company. We strive to attract, retain and develop the best talent and provide meaningful opportunities for professional growth and success. Protecting what is our most valuable resource is our number one concern.

We have set rigorous standards for safety and vigorously assess the effectiveness of those standards in protecting our workforce. All Pall employees from top management to line employees share this commitment. The management of each operating unit is responsible for cultivating a “safety-first” attitude and of ensuring compliance with all health & safety regulations and policies. Pall Corporation strives for the following:

- A culture that makes the safety of our employees, customers, and communities our highest priority, that sets rigorous standards for safety excellence and that is open to vigorous self-assessment of our progress and effectiveness.
- A work environment where known safety hazards will be eliminated or safeguarded, and where employees expect to be safe and injury-free.
- Training and education for all employees that make safe production the core of every task they perform.
- A workforce made up of people who take responsibility for their personal safety, the safety of their fellow employees, and the communities we serve.

Because of the efforts put forth by all of our employees, we have reduced our Recordable Incident Rate by 21% from fiscal year 2011.

Equal Opportunity

Pall Corporation follows a policy of equal employment opportunity for all qualified individuals without discrimination due to race, color, religion, sex, sexual orientation or preference, gender identity, age, marital status, national origin, citizenship, disability, veteran or military status or any basis prohibited by law. Underscoring this policy is a strong concern for employees' dignity and well-being and our commitment to provide for a safe, productive and professional work environment.



Every effort is made to assure that our policies regarding hiring – salary administration, promotion and transfer – are based solely on job requirements, performance and related criteria. In addition, our personnel policies and practices – including those related to compensation, benefits, transfer, retention, termination, training, self-development opportunities, as well as social and recreational programs – are administered without discrimination or any basis prohibited by law.

Pall Corporation has established Affirmative Action Plans to promote equal opportunity. Our continued success in these programs depends on the commitment and involvement of those directly responsible for their implementation and the dedication of all our employees. Assuring equal opportunity is a fundamental and direct responsibility of all levels of management.

A Recognized Leader.

Technology Recognition



Engineering Materials Achievement Award

(2010) Pall Corporation won the prestigious Engineering Materials Achievement Award (EMAA) for 2011 for its porous iron aluminide technology. Recognizing outstanding achievements in materials science, the award is given annually to one company by ASM International, a society dedicated to the development and commercialization of materials that advance production techniques and facilitate innovation. Previous winners include DuPont for aramid fiber, IBM for magnetic recording media, and AT&T Bell Labs for transoceanic optical fiber systems.
<http://www.asminternational.org>



National Inventors Hall of Fame

(2008) Dr. David B. Pall, founder of Pall Corporation, was inducted into the National Inventors Hall of Fame. Dr. Pall's body of work in the field of filtration science earned him a place among legendary innovators including Alexander Graham Bell, Walt Disney, Thomas Edison and Henry Ford.
<http://www.invent.org>



National Medal of Technology

(1990) On behalf of Pall Corporation, Dr. Pall received the National Medal of Technology, the highest technology honor in the United States. Other past winners include Microsoft, Applied Materials, Proctor & Gamble and Johnson & Johnson.
<http://www.uspto.gov>

Environmental Recognition



ISO 14001 Certification

ISO 14001 is the international standard for environmental management systems. Worldwide, nearly all of Pall's plants have achieved ISO 14001 certification. Certified companies must provide assurance about their ability to satisfy quality requirements and to enhance customer satisfaction in supplier-customer relationships.
<http://www.iso.org>



GreenRankings

(October 2012) The Green Rankings comprehensively assess the environmental performance of the largest publicly traded companies in America and around the world. This project is the first effort by a major media organization to rank companies based on their actual environmental footprint, management of that footprint, and sustainability communications. The rankings provide a reliable, cross-industry framework for comparing the environmental commitment and performance of major companies.
<http://www.thedailybeast.com/topics/green-rankings.html>



Carbon Disclosure Project

(Since 2008) Pall participates in the Carbon Disclosure Project (CDP), a global initiative to inventory greenhouse gas (GHG) emissions and evaluate the risks and opportunities from climate change on business operations. Companies use their annual GHG inventory to make informed and effective policy decisions to reduce their carbon footprint.
<http://www.cdproject.net>

Environmental Recognition *(continued)*

ENVIRONMENT AGENCY

Carbon Reduction Commitment (CRC) Ranking

(November 2011) Pall Manufacturing UK Limited ranked in the top 5 percent of the Environment Agency's first annual CRC Performance League Table (PLT). Pall ranked 103 out of more than 2,000 United Kingdom companies. The PLT ranks the relative performance of organizations participating in the CRC energy efficiency program.
<http://www.environment-agency.gov.uk/business/topics/pollution/134754.aspx>

CLEANTECH INDEX

Cleantech Index

(Since 2006) Pall is included in the Cleantech Index – the first stock market index intended to reflect the surging demand for clean technology products and services. The index is comprised of companies that are global leaders in Cleantech across a broad range of industry sectors, from alternative energy and energy efficiency to advanced materials and air & water purification.
<http://cleantech.com>



FTSE4Good

FTSE4Good

(Since 2001) Pall has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. FTSE4Good is an equity index series that is designed to facilitate investment in companies that meet globally recognized corporate responsibility standards.
<http://www.ftse.com>

Business Recognition



NYSE

(Since 1991) Pall Corporation is a publicly traded company listed on the New York Stock Exchange under the ticker PLL. Listed companies must continuously meet rigorous financial and governance requirements.
<http://www.nyse.com>

FORTUNE

Fortune 1000

(Since 1991) Pall is included in the Fortune 1000, an annual list compiled and published by Fortune magazine that ranks the top 1000 U.S. closely held and public corporations by revenue.
<http://money.cnn.com/magazines/fortune>



S&P 500

(Since 1987) Pall is included in the S&P 500 index – one of the most commonly used benchmarks for the overall U.S. stock market. The S&P 500 is a capitalization-weighted index published since 1957 of the prices of 500 large-cap common stocks actively traded in the United States.
<http://www.standardandpoors.com>



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ENABLING A
GREENER
FUTURESM

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