



Distributor Code of Conduct



ENGINEERING YOUR SUCCESS.

Introduction

The Parker Hannifin Distributor Code of Conduct (Code) sets forth the minimum requirements and expectations with respect to compliance with laws and acceptable business conduct for Parker's distributors. The requirements and expectations set forth in this Code apply to all Parker distributors, regardless of where the distributor is based or does business. The distributor also shall comply with applicable local laws, directives and regulations. Distributors are also encouraged to introduce policies, standards, procedures or codes that are stricter than these requirements and expectations.

We at Parker understand that our success is not based solely on quality products, but also on premier customer experience, business integrity, compliance and responsible conduct. These principles are expected not only from our employees, but also from our distributors.

Upon receipt of information that a distributor has failed to observe this Code, Parker will notify the distributor's management and discuss any remedial or corrective actions. Non-compliance with the Code will be considered a material breach of the distributor's obligations to Parker and may result in remedies including termination of the business relationship with Parker.

The Code supplements, but does not supersede, any rights maintained by Parker under any contract with the distributor. Parker reserves the right to audit or review distributor compliance with this Code.



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The Economic Dimension

Parker's business philosophy is that we will win business only on the merits and integrity of our products, services and people. We do not tolerate or endorse any illegal or corrupt business practices, and we expect the same from our distributors.

1. Bribery and Corruption

Distributors shall never offer, provide, promise or accept anything of value that could be perceived as a payment for obtaining an improper business advantage. Facilitation payments (for example, nominal payments to expedite routine, non-discretionary government action) also are prohibited.

Distributors shall comply with the U.S. Foreign Corrupt Practices Act, the U.S. Anti-Kickback Act and the UK Bribery Act, as well as the anti-bribery and anti-corruption laws of all countries where they do business.

2. Fair Competition

Parker believes in free and open competition and fully adheres to the antitrust and competition laws in every country where we do business. Distributors shall not misrepresent the characteristics of Parker products or services, act dishonestly or engage in any other unfair or anti-competitive practices. Distributors should avoid creating even the appearance of improper conduct.

Distributors are required to comply with all applicable antitrust and competition laws and regulations. Robust and fair competition practices include:

- Bidding independently from competitors;
- Not discussing bidding practices with competitors;
- Not entering into agreements, coordinated practices or understandings that could restrict competition;
- Not exchanging sensitive information with competitors (including; pricing, costs, production data, market data, sales territories, distribution channels, customer lists or other non-public business information); and
- Only gathering information about competitors using means that are ethical and legal.

3. Fraud

Parker will not tolerate any act that involves theft, fraud, falsification, embezzlement or misappropriation of any Parker or customer asset. These dishonest acts are incompatible with Parker's values and culture. Distributors shall not engage in any such misconduct including, but not limited to:

- The theft of funds or property;
- Misusing resources for private purposes;
- Making or submitting false claims;
- Forging invoices or creating fraudulent reports or documentation;
- Misrepresenting the nature of transactions; and
- Intentionally filing false financial records or statements.

4. Giving or Receiving Gifts, Travel or Entertainment

Providing gifts, travel or entertainment can be appropriate under certain circumstances, but it can also create the appearance of impropriety and/or violate the law. Parker distributors must never offer, give, request or receive anything of value in exchange for an improper business benefit or to improperly influence an act or decision.

Distributors shall ensure that any gifts, travel and entertainment are permissible under this Code and all applicable laws, and that they are always modest and infrequent, reasonable, properly recorded and for a legitimate purpose. Gifts, travel and entertainment that give the appearance of impropriety or which are illegal, lavish, frequent, vulgar and/or in exchange for an improper business advantage are strictly prohibited.



5. Money Laundering/Financing of Criminal Activity

Distributors shall avoid and not facilitate either money laundering or the financing of criminal activity, including terrorism. Distributors shall take steps to prevent inadvertent use of business resources for these purposes, and shall be watchful for unusual or suspicious activities or transactions. These may include attempted payments in cash or from unusual financing sources, arrangements that involve the transfer of funds to or from countries or entities not related to the transaction or customer, unusually complex deals that do not reflect a real business purpose or attempts to evade recordkeeping or reporting requirements.

Distributors shall comply with applicable anti-money laundering and anti-terrorism laws.

6. Intellectual Property and Confidentiality

Distributors shall respect Parker's intellectual property and proprietary information, not disclose it to any third party without Parker's consent and only use it as directed by Parker. In addition, distributors shall protect information received from Parker and customers utilising Parker products, treating such information with at least the same degree of confidentiality as the distributor treats its own proprietary information. Further, distributors shall respect intellectual property rights and confidential information belonging to third parties and shall take appropriate actions to avoid infringing on the intellectual property rights of others.

7. Insider Trading

Distributors should ensure that non-public information obtained in the course of its business relationship with Parker or publicly traded third parties is not used for any improper purpose. Distributors should ensure their employees and related parties never trade shares in any company based on inside information, never disclose inside information or encourage anyone to make a decision on trading shares based on inside information.

8. Data Privacy

Distributors shall keep personal information of Parker customers, suppliers and employees confidential and secure. Additionally, distributors shall be compliant with applicable laws and regulations on the transfer, processing and retention of personal information. Access to personal information should be restricted to those employees of the distributor designated as having a need to know that information for legitimate business or legal reasons.

9. Trade Laws

Distributors are required to comply with all applicable laws, including those of the U.S. and other countries, that govern the import, export and re-export of Parker goods, services, software and technology. These laws include, but are not limited to: trade embargoes; economic sanctions; export control regulations; U.S. anti-boycott regulations; tax regulations and cargo security requirements. Distributors must obtain prior export authorisation for controlled Parker products, as required, and shall not use, maintain, transfer, ship or re-export any Parker products in connection with business dealings, either directly or indirectly, with restricted or sanctioned countries (including currently Cuba, Iran, North Korea, the Darfur Region of Sudan and Syria) or with any denied or prohibited party subject to trade restrictions under U.S., U.K., E.U. or other applicable export regulations.



The Human & Environmental Dimensions

As a socially responsible corporate citizen, Parker is committed to making a meaningful and positive contribution globally and in the communities in which we do business. Promoting human rights and protecting the environment are important Parker traditions, and we expect our distributors to reflect these same commitments.

The following items enumerate key Parker expectations, but Parker encourages its distributors to exceed these minimum requirements.

10. Human Rights

Parker respects all human rights and has established a programme built upon global standards and applicable laws and regulations, including the UK Modern Slavery Act of 2015, to support human rights. We expect our distributors to share these values and, at minimum, to follow all applicable laws and regulations that promote and protect the rights of workers all over the world.

Parker expects that all distributor employees will be treated with respect and dignity, and work in an environment that is free from unlawful discrimination and harassment and is compliant with all applicable laws and regulations regarding forced or indentured labour, human trafficking, child labour, working hours, wages and benefits, and health and safety. Distributors shall ensure in all cases that employment with them is an expression of free choice and there shall be no forced, involuntary or child labour.

Distributors shall, at a minimum, afford their employees regular working hours that correspond with the statutory or collectively agreed minimum pay and industry standards. Distributors shall provide pay and benefits that comply with all applicable local laws and regulations, including those relating to minimum wages, overtime hours and other elements of compensation.



11. Safety

Distributors shall conform to all applicable health and safety laws and regulations. Distributors and their employees are obligated to identify and resolve health and safety issues in the workplace. Distributors shall provide employees with a safe and hygienic working environment, appropriate protective equipment and sufficient training to perform their relevant tasks.

12. Environmental Standards

Distributors shall comply with all environmental laws and regulations applicable to and related to their business and diligently work towards minimising the environmental impact of their business. Distributors are expected to perform business practices that conserve and protect the environment, contribute to the community in which they operate and demonstrate accountability and transparency in relation to their environmental credentials.



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