



## Frequently Asked Questions (FAQs)

A Companion to the Parker Hannifin Distributor Code of Conduct



ENGINEERING YOUR SUCCESS.

# Introduction

The following Q&A is a companion to Parker Hannifin’s (Parker’s) Distributor Code of Conduct (the “Code”). We have provided this supplemental information to enhance the detail and clarity of the Code.

A threshold question you may have is “Why is Parker concerned with my conduct as a distributor?” The answer is simple. As a Parker distributor, your conduct has an impact on Parker and our reputation. Parker can even be held—along with you—legally or criminally liable for issues arising from your conduct on Parker’s behalf.

Parker has worked hard to earn its strong reputation for ethics, honesty, and fair dealing, and we expect that our business partners share and reflect these same values.

The Code sets forth the minimum requirements that Parker distributors must meet with respect to their conduct, but of course neither it nor this Q&A can anticipate every situation. Should you have any questions regarding the Code, a circumstance relating to your business with Parker, or wish to see another topic addressed in this Q&A, please do not hesitate to contact your Parker Representative.



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## General

Parker’s success is the result of building a culture that goes beyond simply obeying the law. It comes from acting with integrity every day and in all of our business interactions.

If you ever face an uncertain situation, ask yourself:

- Is my decision fair, honest and consistent with the Code?
- Is my decision in compliance with all applicable laws and regulations?
- Would I be comfortable explaining my actions to my family or millions of people on a news broadcast?

If you cannot answer yes to these questions or are still not comfortable with a situation, we encourage you to talk to your Parker representative.

# Code of Conduct

**Q** Does Parker’s Distributor Code of Conduct apply to all distributors?

**A** Yes. The Code applies to all distributors everywhere in the world regardless of size. The Code cannot and does not address every law, or policy, or every business conduct issue that you may face. You should read and familiarize yourself with the Code and ensure that your daily behavior is aligned with its requirements and expectations.



# Representing Parker

**Q** Why is Parker concerned about the conduct of its distributors?

**A** Parker can be held responsible, by law or by reputation, for the unethical or corrupt activities of its distributors. In addition, Parker is expected by applicable regulating bodies to maintain appropriate compliance and anti-corruption measures with respect to its distributors. It is critical that Parker and its distributors are aligned, not only in their shared business objectives, but also in the ethical way they do business. Parker insists on committed distributors who will comply with the Code and all applicable laws and regulations worldwide, including, but not limited to, anti-bribery regulations.



# Compliance Rules

**Q** Are there compliance related rules/requirements that all distributors are expected to follow?

**A** Yes. The Code sets forth the minimum requirements and expectations regarding compliance with laws and acceptable business conduct for all Parker distributors regardless of where the distributor is based or does business. For example, every distributor must comply with the U.S. Foreign Corrupt Practices Act, the U.S. Anti-Kickback Act, the U.K. Bribery Act, and all applicable local anti-bribery laws, among others.

Distributors are also expected to comply with all applicable laws that govern the import, export, and re-export of Parker goods, services, software and technology. They shall not use, maintain, transfer, ship or re-export any Parker products in connection with business dealings with restricted or sanctioned countries, or with any denied or prohibited party subject to trade restrictions under U.S., E.U., or any other applicable national export regulation.



## Antitrust

**Q** I've been invited to a trade association meeting, industry group meeting, or conference that will likely be attended by competitors. Can I attend the meeting, and if so, what topics are off limits for discussion?

**A** Yes. Attendance at such meetings can be valuable, but Parker representatives must proceed with caution.

The meeting should have a formal, written agenda that should be followed. There should not be departures from the agenda for sensitive antitrust subjects such as pricing, market allocations, or refusals to deal with a particular entity, for example. Accurate meeting minutes should be maintained to capture meeting content and topics covered.

If someone begins to discuss a sensitive subject such as those noted above, do not allow the discussion to continue if possible. If the discussion continues, excuse yourself from the meeting and do not return. Promptly report the situation to your manager and Parker's Legal Department.

Keep in mind that when competitors get together and socialize before or after formal meetings, there should be no discussions that raise antitrust concerns, even in such informal settings.

# Fraud

**Q** Is it acceptable if a distributor intentionally misrepresents the tax deductibility of certain business expenses as long as there is no impact to Parker?

**A** No. Distributors and/or their employees should not engage in any fraudulent behavior including, but not limited to:

- Intentionally filing false financial records or statements
- Forging invoices or creating fraudulent reports or documentation
- Making or submitting false claims
- The theft of funds or property



# Bribery

**Q Can a Parker distributor be prosecuted under an anti-bribery law if it is determined that the distributor was engaged in bribery type activities while conducting Parker business?**

**A** Yes. The distributor, its personnel, and Parker could all potentially face liability. Consequently, Parker requires its distributors to comply with the U.S. Foreign Corrupt Practices Act (FCPA), U.S. Anti-Kickback Law, the U.K. Bribery Act (UKBA), and all other applicable anti-bribery and anti-corruption laws. It is never permissible to directly or indirectly offer, promise, provide, authorize, or accept cash or anything of value to/from a government official or any private individual or entity for the purpose of obtaining an improper business advantage.



**Q I am not otherwise subject to the U.S. Foreign Corrupt Practices Act (FCPA) or the U.K. Bribery Act (UKBA), so why does Parker require me to comply with them?**

**A** These laws have broad jurisdiction and may actually apply to many entities that otherwise would not expect it. Regardless of whether they apply directly to you, however, they do apply to Parker, and therefore you must also conform to them in order to conduct business with us. Parker may be held liable under these and other laws for the actions of our distributors, and Parker will not tolerate distributor conduct that violates these and other important global anti-bribery and anti-corruption laws.

# Intellectual Property & Confidentiality

**Q** Can I create custom marketing materials using the Parker logo or other proprietary materials produced by Parker?

**A** It depends. The Parker logo and Parker produced marketing materials are considered Parker intellectual property. Parker trademarks and copyrighted materials are valuable assets and may only be used, altered or customized in accordance with the terms set forth in the Distribution Agreement between Parker and the distributor and according to the branding standards for Parker distributors set forth at <http://www.parkerid.com/portal/site/distid> or as otherwise expressly agreed in writing and signed by an authorized representative of Parker.



# Gifts, Travel & Entertainment

**Q** Is it appropriate to offer meals and other non-monetary gifts to customers including government employees or employees of state-owned businesses?

**A** It depends. Modest and customary gifts and business hospitality may be appropriate under some circumstances, but only if compliant with all applicable laws, including but not limited to the U.S. Foreign Corrupt Practices Act, U.S. Anti-Kickback Law, and the U.K. Bribery Act.

In the U.S., gifts and meals to government officials are prohibited. In other countries, the laws vary widely. As a general rule, it is best not to provide gifts or meals to government employees or employees of state-owned businesses.

In all cases, distributors must ensure that any gifts, travel, and entertainment are permissible as described above 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 never permitted or appropriate.

Always contact your Parker representative if you have a question regarding the appropriateness of certain gifts, entertainment, or travel.



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