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TO A BETTER TOMORROW



2024 Sustainability Report



Enabling Engineering Breakthroughs that Lead to a Better Tomorrow

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About This Report

Parker is leading the way to a better tomorrow - through our engineering breakthroughs, our commitment to supporting our people and communities and our ongoing pursuit of a cleaner, more sustainable future. Around the world, Parker team members and technologies are playing a vital role in helping us fulfill our purpose and create a brighter future for generations to come.

This sustainability report details our progress in the areas of environmental stewardship, social impact and responsible governance. It is aligned with the disclosure framework established by the Sustainability Accounting Standards Board (SASB) for the Industrial Machinery & Goods industry. All data corresponds to Parker's fiscal year 2024 (FY24), July 1, 2023, through June 30, 2024, unless otherwise noted. Environmental data in this report covers our fiscal year 2023 (FY23).

About Us

Parker Hannifin is a Fortune 250 global leader in motion and control technologies. For more than a century, Parker has engineered the success of its customers in a wide range of diversified industrial and aerospace markets.

Leadership Message

Parker made significant progress toward our sustainability goals in FY24, building on a legacy of responsible corporate stewardship more than a century in the making. There was much to celebrate – from continued improvement in safety and environmental performance to the generosity demonstrated by Parker team members in supporting our communities across the globe.

Our ability to achieve these objectives starts with Parker team members. As always, we are dedicated to ensuring they are safe, and this year, we continued working toward a goal of zero recordable safety incidents by 2030, aligned with our aspiration to be the safest industrial company in the world. We also introduced four new Business Resource Groups, helping to reinforce an inclusive culture where everyone can contribute their best. In turn, it is heartening to see our team members bring Parker's purpose to life in the communities where we operate, volunteering with charitable organizations and inspiring our philanthropic giving.

As a global leader in motion and control technologies, Parker makes a significant contribution through our products and systems that enable electrification, lightweighting, the adoption of cleaner and more efficient energy sources and many other innovations with a positive environmental impact. Our portfolio of interconnected technologies closely aligns with our six key market verticals fueled by emerging secular trends, such as clean technologies and electrification. This allows us to help our customers worldwide achieve their carbon reduction targets and create additional value for their end users, and also positions us well for sustained future growth.

At the same time, we believe in operating responsibly to help ensure a better tomorrow. We are driven by our purpose and values to minimize Parker's environmental footprint, to improve the lives of our team members and strengthen our communities, and to always conduct business with integrity and respect.

Parker has established ambitious targets to cut emissions and conserve natural resources. Our goal is to reduce emissions from our operations at least 50% from our 2019 baseline by 2030 and achieve carbon neutral operations by 2040. We believe we are on track to realize these

targets through a range of projects across our locations worldwide, from rooftop solar panel installations to supply chain initiatives in partnership with our valued customers and suppliers. We are also continuing to make great progress with our efforts to effectively manage waste and reduce our water use.

We are grateful to our team members and stakeholders for enabling the accomplishments detailed in this report. As our sustainability journey continues, Parker is looking ahead with purpose. We see a future with many opportunities to make the world cleaner, smarter and safer, and a better tomorrow on the horizon.

Sincerely,



Jennifer A. Parmentier
Chairman of the Board and Chief Executive Officer



Andrew D. Ross
President and Chief Operating Officer



Todd M. Leombruno
Executive Vice President and Chief Financial Officer

November 2024

2024 At a Glance

PARKER OVERVIEW

\$19.9 Billion Total Net Sales

~61,120 Team Members

~335 Manufacturing Plants

ENVIRONMENT

Goals

50% Reduction in Scope 1 and Scope 2 Carbon Emissions by 2030¹

Carbon Neutrality by 2040

160

Sites Certified to ISO 14001 Environmental Management System Standard

54

Sites Certified to ISO 45001 Health & Safety Management System Standard

Environmental Footprint²

Carbon emissions (MT CO₂): **617,081**

Reduction to FY19 Baseline: **23%**

Total Water Withdrawal: **4.6 million m³**

300+ Carbon Reduction Projects Completed

Two-thirds

of Our Product Portfolio Enables Clean Technologies

¹ Compared with a FY19 baseline.

² Environmental data in this report covers FY23.

³ Workforce diversity data is from FY24. Our most recent U.S. Federal Employer Information Report Form EEO-1, which uses workforce demographic data for U.S. Parker Team Members, is available for download at parker.com/sustainability/social. The EEO-1 Report uses specific categories, definitions and methodologies, which differ from our internal data management processes and may not reflect the full diversity of our workforce.

⁴ "Leaders" refers to team members who are part of a division leadership team as well as those in equivalent roles or above.

SAFETY

Recordable Incident Rate: **0.31**

45% Reduction Since FY19

Lost Time Incident Rate: **0.12**

29% Reduction Since FY19

Recordable Incidents Goal

Zero by 2030

DIVERSITY, EQUITY AND INCLUSION

Our Workforce Diversity^{3,4}

Segment	Demographic	FY24 Workforce
Global	Women	31% of Total Workforce
		20% of Leaders
U.S.	People of Color	32% of Total Workforce
		17% of Leaders

70% of Parker's Board of Directors is diverse, based on gender, race or ethnicity

ENGAGEMENT AND DEVELOPMENT

6,063 High Performance Teams (HPTs) established globally

89% of team members participate in one or more HPTs

195 team members have joined Parker in a functional leadership development associate program in the past two years

SOCIAL RESPONSIBILITY

>\$11 Million in charitable donations globally

ESG PERFORMANCE SCORES

EcoVadis: **50**

CDP Climate: **B**

CDP Water Assessment: **C**

CDP Supplier Engagement : **A**

Sustainability at Parker: To a Better Tomorrow



Parker’s approach to sustainability is all-encompassing, and it begins by empowering our people. Parker team members are working to enable engineering breakthroughs that facilitate the development of clean technologies, create efficiencies that reduce our own environmental impact and make the world a better place.

Through these efforts, we continue to make tremendous progress in reducing our carbon emissions, conserving water and limiting waste. Our people also apply our emphasis on corporate responsibility to caring for one another through a range of safety initiatives and acting in service to our communities through philanthropy and volunteerism.

Our approach also informs relationships throughout our entire value chain – from our suppliers to our customers. We work to source raw materials responsibly, and Parker products are used to manufacture the wind turbines, solar panels, electric vehicles and other clean technologies that reduce reliance on fossil fuels globally. As we continue to advance our sustainability initiatives, Parker is leading the way to a better tomorrow.

The Win Strategy™

Parker’s highly engaged global team deploys The Win Strategy to drive operational excellence and deliver exceptional results while pursuing opportunities for sustained long-term growth and expansion in our key market verticals. Our business system includes four overarching goals – Engaged People, Customer Experience, Profitable Growth and Financial Performance.

Sustainability is a key component of The Win Strategy, as we include environmental, safety and diversity, equity and inclusion strategies and measures as part of our overall goals for the company. These initiatives and targets are integrated across many of our functional areas, including operations, supply chain, innovation, human resources, compliance and environmental, health and safety (EHS).

Stakeholder Engagement

To ensure we are addressing the many facets of sustainability, we rely on collaboration and input from a wide range of stakeholders on the evolving environmental, social and governance (ESG) landscape.

Through our year-round process, we actively seek opportunities to share our progress on sustainability initiatives and gain valuable insights from our stakeholders. This engagement takes place through online platforms, in-person and virtual meetings, phone calls and community events. In FY24, we invited shareholders representing ownership of more than 48% of our outstanding common stock to meet with us about Parker’s ESG progress. In addition, our biannual investor meeting in May 2024 featured ESG-related presentations.

Our annual stakeholder process includes:

- Collecting input from team members, investors, customers and partners
- Benchmarking against peer companies
- Staying informed of upcoming global regulations that could affect our business, sustainability initiatives or reporting and disclosure practices

We recognize the need to maintain ongoing engagement with our stakeholders as we seek to continue our progress and better understand sustainability challenges in our industry and our communities. Stakeholder feedback informs our sustainability strategy, which was reviewed and updated in June 2024, and helps us prioritize our actions and measure our progress on our collective journey to a better future.



Our Board of Directors maintains oversight of our ESG program, and senior management monitors relevant programs on a day-to-day basis with the support of our internal ESG Steering Committee. Read more about our ESG oversight and management on [page 31](#).



CLEAN TECHNOLOGIES

Breakthroughs Today for a Better Tomorrow

Breakthroughs that make the world cleaner, smarter and safer are made possible with Parker technologies. We partner with our customers to help solve the world's most complex engineering challenges such as cleaner technologies, advancements in automation and increasing regulatory standards.

From systems design to component integration and aftermarket service, we strive to increase efficiency and productivity, minimize weight and reduce emissions for our customers and end users of our products.

Today, we estimate that

two-thirds

of our product portfolio enables clean technology solutions, which allows us to help customers create value and achieve their carbon reduction targets.

Market-Driven Innovation

The advancement of clean technologies is one of several secular trends driving growth across our key market verticals. The highly complementary nature of our technology portfolio uniquely positions Parker as a strategic partner to our customers during the global shift to a more sustainable future.

We are delivering lighter, more robust and highly efficient solutions, building on our established pedigree in electrification, hydrogen and alternative fuels. In many cases, our proven technologies can be adapted for new uses.

One key example is the expanded use of hydrogen as a carbon-free fuel source. In addition to our products being used in the electrolyzers that produce hydrogen, H₂ fuel cell technology incorporates a range of Parker technologies, including fluid and gas handling, purification and sealing.

Parker also has decades of electrification engineering and application expertise. Electrification continues to accelerate demand for our engineered materials, hydraulics, fluid and gas handling and electromechanical technologies. Parker's bill-of-materials increases approximately 1.5 times to 2 times for electrified applications compared with vehicles using a combustion engine. In recent years, we further expanded our electrification offering for aerospace with Parker Meggitt power conversion, sensors and electric braking. The addition of Parker Lord adhesives, thermal management and shielding enhanced our leadership position in the electric passenger vehicle market.

Our Approach to Sustainable Product Development

Parker approaches sustainable product development through our Simple by Design™ technology simplification initiative, which reduces complexity and increases efficiency across our portfolio. Simple by Design uses digital tools to compare designs, parts and manufacturing methods, ensuring optimal manufacturing efficiency while

still in the design phase, where nearly 70% of key cost decisions are made. The result is a more cost-effective product that delivers greater performance and value for customers, efficiently and sustainably.

Simple by Design is consistent with the Parker Lean System, which incorporates the Kaizen concept of rapid improvement to help eliminate waste and improve productivity.



The Five Guiding Principles

of Simple by Design™ enable speed and growth:



Design for Environment

Parker's Design for Environment philosophy is essential to advancing our portfolio of clean technologies. By reducing the environmental impacts of our own products, we can help customers further their sustainability efforts and engineer breakthroughs in ways that lead to a better tomorrow.

The Design for Environment philosophy requires us to consider potential impacts at each stage of a product's life cycle:

- Extraction of raw materials
- Processing of materials
- Manufacturing and assembly of products
- Distribution of products
- Use and application of products
- Remanufacturing, recycling or disposal at end of life



Parker Clean Technologies in Action

H₂ Technology

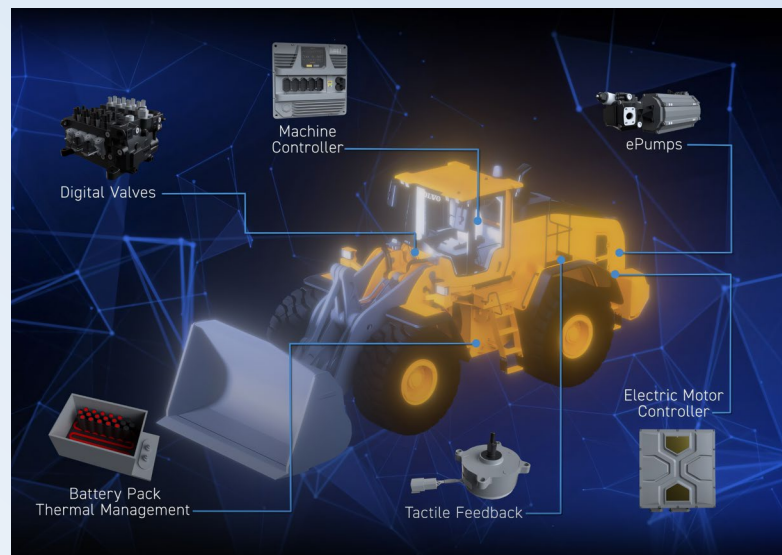
Hydrogen is becoming increasingly central to the shift away from fossil fuels, and Parker's expertise in natural gas will help us lead the way. We have the production processes and infrastructure in place to help move this promising technology forward. H₂ fuel cells incorporate a range of Parker technologies, including engineered materials, flow and process control and filtration. We are partnering with our key transportation customers to help ensure we meet their development and testing needs as H₂ technology advances.

Parker Ebrake®

Electrification in the aerospace industry continues to expand, and Parker is contributing to that shift with our Ebrake® electric braking system. Ebrake® replaces hydraulic braking systems with electromechanical actuation, making it simpler, more reliable and more efficient. The result is a system that provides electronic control for anti-skid algorithms and unique diagnostic capabilities while using less power. In addition, its lighter weight helps deliver significant fuel savings and a reduction in carbon emissions.

Mobile Electrification

Parker is applying our expertise in aerospace electrification to assist our off-highway customers. Our interconnected technologies provide electric solutions for a range of vehicles, including the wheel loader and lift truck seen in the accompanying diagrams. In addition, hybrid and electric passenger vehicles have incorporated Parker Lord products since their inception.



Each year, Parker showcases innovation through the Engineering Breakthrough Awards across the categories of Purpose, Productivity and Profitability to recognize the accomplishments of our team members that benefit our customers, company and planet.

Product Quality

Quality starts with ensuring we design and manufacture products that are safe and effective to use and meet the highest standards of excellence for our customers.

Operational Excellence

At all levels of the organization, team member-led HPTs collaborate to continuously improve their work environment, operating processes and outcomes.

These proven tools are the core of The Win Strategy. Their impact is widespread at Parker and can be seen through enhancements in safety, quality, delivery, cost

and the experience we provide our customers. Our top Kaizen key performance indicators are:

- Safety hazard elimination
- Quality improvements
- Lead-time reduction
- Productivity
- Growth
- Margin expansion
- Cash flow

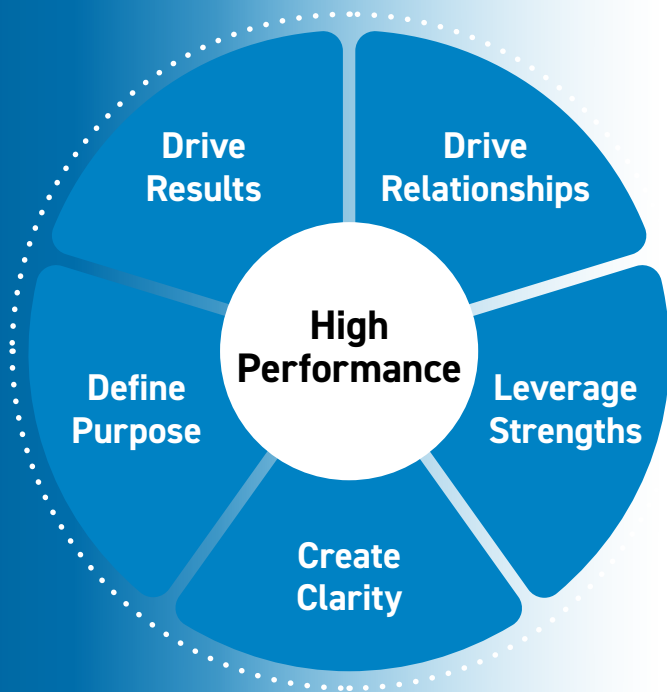
Through this focus on operational excellence, we empower our team members to act as problem-solvers, bringing their skills and knowledge to issues at a local level before they become significant. In the past year alone, Parker facilities have spent more than 450 weeks in Kaizen.

Parker seeks to drive an optimal customer experience through our operational priorities. Our strategy for Zero Defects involves executing failure mode effects analysis on parts and identifying the critical characteristics of those parts. We then bring our design and manufacturing teams together to ensure we have capable and repeatable processes to help make sure we can take care of our customers to the best of our ability and exceed their expectations.

Artificial Intelligence and Machine Learning

Parker has been employing artificial intelligence (AI) tools to streamline our operations for several years, and we continue to seek new opportunities to improve our performance using advanced technologies. Across our supply chain, for example, AI models enable us to forecast at a high level and then map the information throughout our organization. With more accurate data available to us, we are better positioned to serve our customers.

We are also harnessing the power of machine learning to address potential cybersecurity issues and perform predictive analytics. As we have sought to automate certain processes within our operations, we have relied on machine learning to help make our automation tools smarter and faster, improving their ability to identify defects and improve productivity.



ENVIRONMENT



A More Sustainable Future Starts Today

A cleaner, brighter future depends on the work we are doing now. As we develop clean technologies that help our customers minimize their environmental impact, we are simultaneously working to achieve our own quantifiable sustainability targets, taking steps to reduce our energy use, water consumption and carbon emissions.

Prioritizing and Standardizing Environmental Management

Parker's [Environmental, Health & Safety \(EHS\) Policy](#) serves as the foundation to ensure environmental stewardship is central to the operation of all our facilities. In addition, our Global EHS Directives specify requirements for materials management, pollution control and waste minimization.

Every facility has an environmental management system; 160 sites are certified to the ISO 14001 environmental management system standard, representing 47% of our manufacturing footprint. Conformance with this international standard reflects our commitment to continuous improvement and meeting our customers' expectations.

Our manufacturing operations adhere to an EHS management system, which is organized into five management directives and 14 operational directives. These directives span the full extent of requirements for maintaining a safe workplace as well as effective environmental management. Each directive has supplemental guidelines, standards and best practices, which provide the necessary framework and criteria for our operating facilities. All facilities adopt and develop site-specific procedures and programs to meet these requirements. This structure allows our facilities the flexibility to have effective programs as we have variability in our products and processes around the world. A list of our EHS directives is available at parker.com/sustainability.

Climate Action

Our actions are focused on identifying key climate-related risks and opportunities and implementing programs and actions to effectively minimize risk and capture opportunity where possible. Our associated transition plan is centered on four key elements:

1. Reduction of carbon emissions from our operational footprint
2. Accounting for climate-related risks in our business continuity planning
3. Adapting and innovating products to meet the needs of our customers
4. Ensuring the resilience of our supply chain to climate risk

Governance of these elements is a component of our overall ESG strategy. Oversight of our ESG program is managed by the Corporate Vice President of EHS & Sustainability who in turn chairs an ESG Steering Committee comprised of cross-functional executive leadership. The Board of Directors monitors ESG strategy and performance through quarterly updates.

Risks and opportunities are evaluated annually by leveraging our Integrated Risk Management Program (IRMP). The results from this evaluation are reported to the ESG Steering Committee and changes to the strategy are communicated and deployed as required.

Implementation of plans and actions are performed using our strategy deployment framework and cascaded to the applicable functions. Performance is routinely reported to the ESG Steering Committee and published annually in this report.

For our operational footprint reduction (Scope 1 and Scope 2) and supply chain resilience strategies (Scope 3 Categories 1, 2 and 4), we have established goals associated with carbon reduction. These goals are communicated to operations, suppliers and logistics providers. We monitor progress on these goals at an enterprise level.

Our Scope 1 and Scope 2 emissions reduction targets are intended to align with the science-based ambition of limiting global warming to 1.5°C above preindustrial levels. We intend to have these goals validated externally by the Science Based Target Initiative (SBTi) once we fully integrate the carbon inventory from our 2022 acquisition of Meggitt into our footprint – a requirement before submitting for validation.

We routinely communicate our progress on our goals through our annual sustainability report, an annual submission to CDP and publication of our disclosure in accordance with SASB. Further, we submit data for regulatory reporting obligations, several ESG rating agencies and customer-specific ESG inquiries.

Our Carbon Reduction Goals

Business Segment	Reduction Targets ¹	
	2030	2040
Operations Scope 1 and Scope 2	50%	100% (Carbon Neutral)
Supply Chain & Logistics Scope 3 Categories 1, 2 & 4	15%	25%

¹ Compared with a baseline year of 2019.

Reduction of carbon emissions from our operational footprint

Our actions focus on reducing our carbon footprint throughout our manufacturing operations. Further, we have identified a business opportunity to provide lower carbon footprint products to our customers, which in turn helps them achieve their emission reduction objectives.

Our deployment plan for achieving our carbon neutral target begins with reducing the energy footprint of our facilities. The energy reduction program, introduced in 2010 and transformed to a carbon reduction program in 2019, remains our primary mechanism for emissions reduction, particularly for Scope 2 emissions.

Each Parker division nominates an energy leader who guides engagement on climate and energy topics. Engagement includes leveraging cross-functional HPTs focused on environmental footprint reductions to perform a variety of activities, including energy efficiency assessments and climate life cycle analysis on new equipment purchases. To support these efforts, we offer resources and education to these team members to help them identify and implement reduction activities. We also establish an annual reduction target for each business unit, with progress reported biannually to the Office of the Chief Executive.

Another mechanism for identifying energy or carbon reduction opportunities is leveraging the Kaizen process, which is designed to reduce waste but has the secondary benefit of reducing energy demand. There are many Kaizens implemented across Parker every year, and these events lead to additional energy and carbon reduction actions.

Lastly, the incorporation of energy saving methodology in new factory design helps reduce the manufacturing footprint when the opportunity occurs.

Since Scope 2 emissions represent more than 80% of our carbon footprint, the second component of our carbon reduction goal is our renewable energy plan. This plan involves securing sufficient recurring sources to contribute an appropriate amount of renewable energy to our portfolio. We achieve this through virtual power purchase agreements (VPPA), on-site solar installations and green energy contracts in certain regions of the world.

For our VPPA portfolio, we currently obtain renewable energy from three windfarms in the U.S., and we have secured a contract for a solar field in Spain scheduled to start in the second half of 2025. For our manufacturing operations, we have 16 rooftop solar systems in place with five more planned for installation. We have also established renewable energy contracts in Latin America and Asia for those smaller carbon footprints. In summary, we expect these sources, when fully operational, to provide more than 400,000 MWh of renewable energy, which will represent a significant portion of our Scope 2 carbon footprint.

Since 2019, our teams have initiated more than

300 projects

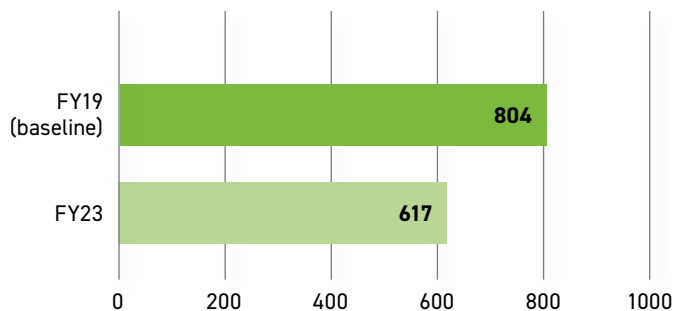
to reduce Parker's energy footprint.

Carbon Reduction Projects

Project	Estimated Annual Carbon Savings (MT CO ₂) ¹
150 process improvements	78,000
95 compressed air improvements	35,000
65 lighting upgrades	30,000
55 HVAC systems improvements	25,000

¹ Carbon savings estimated using average carbon emission factors across Parker's manufacturing footprint.

Combined Scope 1 and Scope 2 Emissions (MT CO₂ in thousands)



23% Scope 1 and Scope 2 emissions reduction since FY19

Accounting for climate-related risks in our business continuity planning

Parker is working to ensure our operational footprint is resilient to climate-related impacts. We achieve this through ensuring our operations have a robust business continuity plan that accounts for climate-related scenarios. The Risk Management Department routinely provides resources and guidance for the development of these plans and assesses the content as part of its audit process. Our third-party Risk Management partner also provides additional resources and tools to help Parker manage climate-related risk.

In addition to existing operations, new site selection includes a review of any climate-related risk, which is then incorporated into the design of the manufacturing footprint and may influence the decision to consider alternate sites.

Parker's team member disaster relief fund helps our team members get direct relief from Parker if they have been personally impacted by a natural disaster. This program also supports business continuity by facilitating the restart of production.

Adapting and innovating products to meet the needs of our customers

Parker is focused on delivering solutions aligned to the ever-changing needs of our customers as they adapt their products to address their clean technology goals. As a motion control company, we have numerous opportunities to capture emerging markets driven by this trend.

Parker's innovative clean technology solutions deliver greater efficiency, increased productivity and longer product life cycles for our customers. These product evolutions are aligned with increased demand for greater sustainability through clean technologies and renewable energy.

We recognize the increasing need to provide quantification of our carbon footprint – either in aggregate or by individual product – to help customers accurately determine the impact of their total footprint. We are committed to providing the information needed to address customer-level inquiries as they strive to achieve their clean technology targets.

More information on this strategy is provided in the [Clean Technology](#) section of this report.

Parker is focused on delivering solutions aligned to the ever-changing needs of our customers as they adapt their products to address their clean technology goals.



Emissions and Energy Data

Parker collects energy and carbon data from all owned or leased manufacturing, office and warehouse facilities that are greater than 50% financially or operationally controlled by Parker. We collect data from natural gas and electric utilities used at our site, as well as the use of other fuels such as steam, oil and on-site renewables.

	Unit ¹	FY19 (baseline)	FY22	FY23 ²
Absolute Carbon Emissions (Scope 1 + Scope 2 Market-Based) ^{3,4}	MT CO ₂	804	660	617
Scope 1 Emissions ³	MT CO ₂	134	117	127
Scope 2 Emissions (Market-Based) ⁴	MT CO ₂	670	543	528
Energy Attribute Certificates from VPPAs	MT CO ₂	-	-	38
Carbon Emissions Intensity ⁵	Absolute Carbon/\$M Sales	56	42	32
Total Energy Consumption	MWh	2,124	1,934	1,977
Energy Consumption: Electric	MWh	1,385	1,288	1,277
Energy Consumption: Natural Gas	MWh	739	646	700
Energy Consumption: Renewable Energy	MWh	-	101	233
Energy Intensity ⁵	MWh/\$M Sales	148	122	104

¹ MT CO₂ and MWh are in thousands.

² Data collection was from approximately 90% of our enterprise operations. Standard statistical methodologies were used to fill data gaps to produce the reported results.

³ Scope 1 emissions factors calculated using Mandatory Reporting of GHG Final Rule 40 CFR 98.

⁴ Scope 2 emissions factors calculated following GHG protocols (eGrid for USA, IEA for International). Electricity attribute certificates or equivalent instruments, contracts for electricity (such as power purchase agreements), supplier/utility emission rates, residual mix and other grid-average emission factors are all considered in this calculation.

⁵ Sales used in table from Parker's reported earnings.

Ensuring the resilience of our supply chain to climate risk

To meet the needs of our key stakeholders, ensure business continuity and achieve our carbon neutral goals, we have an effective risk management program in place for our suppliers that includes climate risk. The program includes a carbon reduction commitment and a program to manage potential business disruption due to climate events. More details regarding these programs are provided in the [Supply Chain](#) section of this report.

CDP Climate Change and Water Security Surveys

Parker has voluntarily participated in the CDP Climate Change survey since 2008. We are pleased with our progress and have maintained a high CDP Climate Change rating in the analysis of more than 5,000 companies that support a sustainable economy.

As a CDP Supply Chain partner since 2021, we have engaged our supply chain to reduce their environmental footprint.

Learn more about Parker's climate-related risks and opportunities in our most recent CDP Climate Change report available at parker.com/sustainability.

2023 CDP Scores

CDP Climate Change	B (Management Level Classification)
CDP Water Security	C (Awareness Level Classification)



Water Conservation: Managing Our Impact

Parker relies on high-quality water to cool and clean our manufacturing equipment and components. At the same time, we recognize that water is a critical natural resource that in many places can be in short supply. To ensure responsible water use and recycling, we seek to target water conservation at Parker facilities where consumption is highest or in areas where water is scarce.

Parker operates 54 manufacturing sites in locations identified as having extremely high water stress as defined by the World Resources Institute’s (WRI) Aqueduct 4.0 tool. Our goal is to implement water management best practices at 100% of these sites, which includes a complete water inventory and a focus on conservation projects that reduce raw water consumption and increase recycled water use.

We strive to continuously improve our water management practices and comply with regulatory reporting requirements. We also evaluate water resource impacts at our existing sites and implement improvements whenever possible and require new facilities to be designed with adequate water conservation measures.

Through awareness and the deployment of best practice tools, our manufacturing footprint reported an 11% reduction in aggregate use in FY23 when compared to FY22.



Waste and Materials Management

Parker manages materials and waste responsibly and in accordance with applicable laws and regulations. The three pillars of our waste reduction strategy include:

- Using Kaizen exercises to reduce waste in our processes
- Leveraging Simple by Design to reduce waste in our product development
- Managing end-of-pipe waste

Through these efforts, we refine our processes to minimize the waste we generate, bolster the amount and type of material we can recycle at our facilities and discover useful outlets for material byproducts.

Operating responsibly includes eliminating the use of materials that are hazardous to the environment. Over time, we have steadily reduced our hazardous waste production and invested in alternatives.

A significant portion of our waste is scrap metal from machine processes, which we recycle locally, making for a small waste footprint relative to the scale of our operations. We are working to better identify other waste streams globally, so that we can further reduce the volume of waste sent to landfills. As an initial step, our priority is to improve the measurement of our waste generation.

Water Withdrawal

Year	Withdrawal (Million m ³) ^{1,2}
FY21	5.2
FY22	5.2
FY23	4.6

¹ Data includes purchased water and estimated withdrawals from owned-site sources.

² Data collection was from approximately 91% of manufacturing operations. Standard statistical methodologies were used to fill data gaps to produce the reported results.

Case Studies

Parker Recognized by U.S. EPA for Pollution Prevention

In March 2024, the U.S. Environmental Protection Agency (EPA) named Parker one of the top 10 companies for pollution prevention, based on our activities in 2022. The EPA cited our efforts related to source reduction, which refers to practices that prevent or reduce the total quantity of a company's chemical waste generated at its source. These include operating practices such as training and maintenance scheduling, as well as increasing the purity of raw materials.

Energy Treasure Hunts Reduce Greenhouse Gas Emissions

Team members at our Fluid Systems Connectors plant in Otsego, Michigan, participated in an Energy Treasure Hunt sponsored by the U.S. Department of Energy. During these events, participants perform Kaizen walks through the facility, identifying opportunities to increase efficiencies. The Otsego team identified 14 energy-saving ideas, which will enable the plant to avoid approximately 800 metric tons of CO₂ over the next three fiscal years.



Case Studies

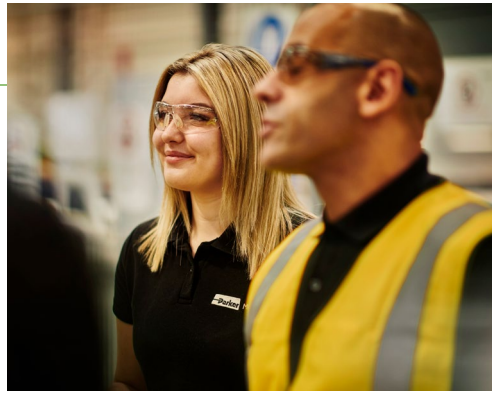
Reducing Waste at U.S. Facilities

In FY24, two U.S. sites – in North Hollywood, California, and Slater, Missouri – established initiatives that led to encouraging reductions in waste. In North Hollywood, pallets that had once been sent to the landfill are now being repaired and reused via a third-party recycling center. The Slater site has begun purchasing corrugated products made from 100% recycled paper. Their efforts have saved:

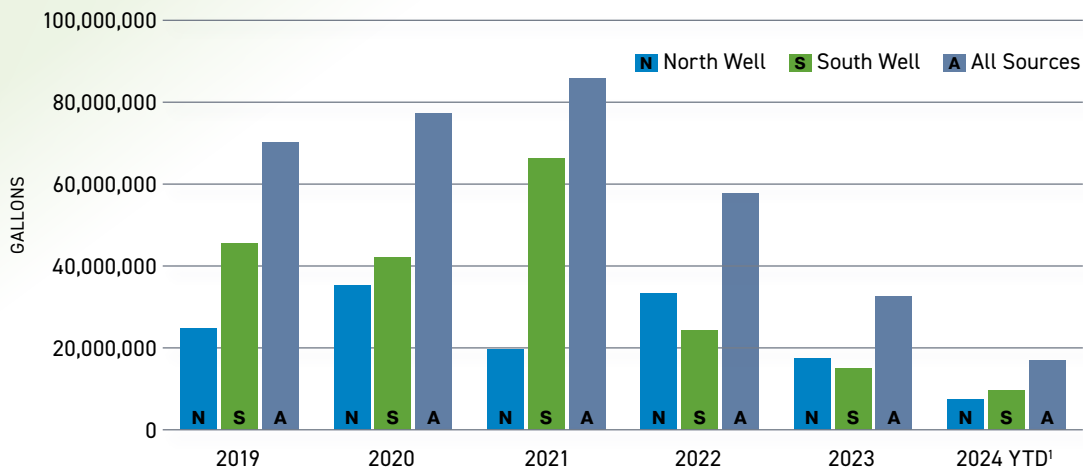
- Nearly 2,900 trees
- Over 1.1 million gallons of fresh water
- Over 550 cubic yards of landfill space
- Approximately 672,000 kWh of electricity

Investing in Water Use Reduction in Syracuse

Through the use of air-cooled air compressors in our operations, our Syracuse, Indiana, facility has reduced its groundwater usage significantly. This installation saves the facility approximately 25 million gallons of water annually. The site continues to explore additional technologies that could further reduce water use and its related costs.



Annual Water Usage



¹ 12% reduction expected for calendar year 2024.

SUPPLY CHAIN



Engaging Our Partners on the Path to a Better Tomorrow

Enabling technology breakthroughs that change the world for the better would not be possible without long-standing, trusted partnerships. For many years, Parker has been fortunate to collaborate with suppliers that deliver exceptional quality and reliability.

These relationships are characterized by a shared commitment to provide a premier customer experience, efficiency and explore new opportunities to reduce resource consumption and waste. These actions will enable us to continue to reduce Parker's environmental footprint and improve resilience throughout our supply chain.

Parker has established clear expectations for the companies we do business with, and we aim to ensure they share our commitment to a more sustainable future. We hold our partners to the same standards we set for ourselves, and through our efforts, we can maintain a holistic approach to sustainability. We depend on suppliers to share reliable data related to their carbon emissions as we work to achieve our Scope 3 emissions goals.

Policies and Practices

Parker's [Supplier Code of Conduct](#) outlines our expectations for acceptable business conduct. In addition to ensuring compliance with EHS laws and regulations, the Code covers ethical behavior, labor relations and human rights. The Code applies to all Parker consultants, independent contractors, suppliers, agents and other supplier representatives, regardless of their location. We revised the Code in 2023 to more fully reflect our commitment to strong partnerships throughout our value chain.

The Code also includes our stance on prohibiting the use of conflict minerals that directly or indirectly have been found to perpetrate human rights abuses. Parker files disclosures with the U.S. Securities and Exchange Commission reporting on our due diligence

regarding the potential use of these [conflict minerals](#). In addition, Parker is in compliance with the German Supply Chain Act, which requires eligible companies to demonstrate their commitment to safeguarding human rights within their supply chains.

In FY24, Parker implemented new initiatives to improve our sourcing. These included efforts to simplify our procurement activities as well as offer our supplier partners a supply chain finance program in North America.

Sustainable Sourcing

As we work to achieve our target of carbon neutral operations by 2040, we have set goals to reduce our absolute indirect emissions related to materials sourcing, logistics and services (Scope 3) by 15% by 2030 and 25% by 2040 (read more in the [Environment](#) section). Parker has strategies in place to help meet our supply chain-related environmental goals.

We collaborate with key suppliers to drive progress on our Scope 3 targets, providing suppliers with our updated carbon targets and helping them develop targets of their own. We also partner with CDP to support quantifying our suppliers' carbon footprint. We use transportation analytics tools for our shipments to ensure continuous improvement. In addition, we employ several strategies to further our supply chain sustainability goals. Our "local for local" strategy, in which we work to source suppliers near our customers, helps lower the costs and emissions associated with transportation. It can also help reduce packaging costs, as less robust packaging is required to ship shorter distances.

We leverage more sustainable transport methods to reduce Scope 3 emissions associated with air freight. Parker has been a member of the U.S. EPA SmartWay Transport Partnership since 2012, and we are certified as a Level 3 SmartWay Shipper. We also use software to calculate carbon emissions from our subcontracted motor, rail, sea and air transport services across the enterprise. This software provides carbon emissions data for every shipment Parker is responsible for, enabling us to quickly

identify carbon reduction opportunities and develop actions to improve our performance. In addition, moving to electronic documentation has helped us reduce paper waste.

Our global sourcing team also employs dual sourcing and other risk management strategies to ensure the resilience of our operations and uphold our commitment to responsible procurement practices. Suppliers' products must comply with the Restriction of Hazardous Substances (RoHS) and Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) directives in the European Union, as well as California's Proposition 65 in the U.S.

We have been implementing new technologies to help drive efficiencies within our supply chain. Demand and capacity tools provide us with greater transparency, enabling us to see customer demand across all our operations. Meanwhile, robotic process automation tools help us perform tactical logistics work, so planners can focus on strategies for further efficiencies. Additional advances in technology, such as a new warehouse management system and a self-assessment tool for our import/export compliance program, were also implemented in FY24.

Social Impacts

Our Supplier Code of Conduct addresses our expectations regarding suppliers' commitments to human rights issues, including anti-corruption, non-discrimination and fair labor practices.

Through our supplier diversity program, Parker strives to increase inclusion in our procurement process. In doing so, we are working to expand opportunities for small businesses and businesses that are owned, managed and controlled by traditionally underrepresented groups, including women, people with disabilities, veterans and ethnic minority Americans.

The program also aims to raise awareness about supplier diversity and its importance to Parker's success. Qualified suppliers are encouraged to register via our [online portal](#).

SOCIAL



Leading the Way to a Better World

From our team members and their families to the customers we serve and communities where we operate, Parker strives to improve the lives of all we reach.

We work to ensure our team members are safe and engaged in helping improve their operations. In addition, we empower team members to strengthen their communities through philanthropy and volunteerism.

Safety

Our Top Priority

Our pursuit of best-in-class performance starts with the safety of Parker team members. We have reduced our recordable incident rate by 45% over the past five years. These results rank Parker's safety performance in the top quartile in our industrial sector and represent significant progress toward our goal of achieving zero recordable incidents by 2030. Our aspiration is to be the safest industrial company in the world.

As we work toward this goal, we refer to our [Environmental, Health and Safety \(EHS\) Policy](#), which establishes key obligations related to health and safety, as well as environmental stewardship and compliance. In addition, our Global EHS Directives set expectations for safe operations in our facilities, covering a broad range of topics from chemical and equipment safety to team member training and incident investigation.

Since FY19, we have reduced our Recordable Incident Rate by



Prevention and Continuous Improvement

The progress we have made toward zero recordable incidents reflects our shared commitment to safety excellence. Through our Safety 360 initiative, every team member is empowered and accountable for keeping themselves and one another safe, and we have a strong framework of systems and procedures in place to back up our commitment.

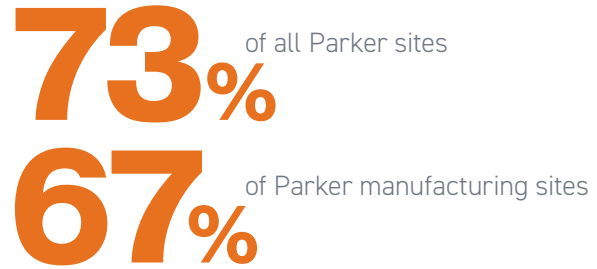
Identifying Hazards

Parker's safety program is focused on continuous improvement. We use an EHS operating platform to proactively record and manage corrective actions. Data analytics are also used to identify patterns and trends that help inform how we can improve our systems and processes.

Another aspect of our approach to continuous improvement is implementing programs focused on high-risk scenarios, which include maintenance safety, ergonomics, machine guarding and material handling requirements. We use a global, third-party system for managing workplace evaluations for motion and strain, which allows us to properly design work cell activities and minimize ergonomic impact.

We continually strive to improve the ergonomics of our operations to reduce the risk of work-related injuries and improve the well-being of our team members. To achieve this, we conduct regular ergonomic assessments, provide training programs and implement solutions such as adjustable workstations, ergonomic tools and lifting equipment to create a more comfortable and safe working environment.

Sites with a Zero Recordable Incident Rate in FY24



Team Members Drive Safety Performance

Beginning at the onboarding process and continuing with annual training and certification, we train our people to perform their jobs safely, efficiently and in accordance with applicable regulations.

Parker's HPTs, discussed on [page 23](#), are also instrumental in improving safety performance by leading prevention and continuous improvement initiatives. All Parker manufacturing locations have an active and chartered safety HPT, and every value stream has a representative who is responsible for safety within their area of the business.

Local leadership teams also perform audits designed to keep our operations safe and sustainable. These audits consist of internal and third-party assessments to identify opportunities to improve safety performance. All Parker locations complete a comprehensive EHS self-audit each year, using digital enterprise-wide compliance tools. The process is conducted with up-to-date regulatory standards available in local languages and applicable to local regulations. Findings are documented within the digital platform, which is also used to manage and track corrective actions.

Health and Safety Data

	FY19 (baseline year)	FY22	FY23	FY24 ¹
Total Safety Issues Identified ²	-	-	>110,000	>160,000
Total Safety Issues Identified (through Kaizen events) ²	-	-	>11,000	>14,000
Recordable Incident Rate (RIR)	0.56	0.39	0.31	0.31
Lost Time Incident Rate (LTIR)	0.17	0.17	0.15	0.12
Near Miss Frequency Rate ³	30.0	26.3	28.8	32.5

¹ Incorporated the Meggitt acquisition into enterprise report.

² Measuring and tracking across all Parker sites began in mid-FY22.

³ Near miss is defined as an activity reported by a team member as a near miss or otherwise classified as a significant near miss event. The rate is calculated per 100 team members per year.

The American Opportunity Index ranked Parker #1 in the Manufacturing sector and a Top 50 Employer among large U.S. public companies.

Engaged People

High Performance Teams

Parker believes in empowering our team members to act as owners and improve their areas of our business. Our HPT framework supports The Win Strategy by maximizing engagement, empowerment and performance at all levels. It drives team performance and business results through the growth and development of our team members, and is organized around five areas of emphasis: Coaching, Teaming, Focus & Direction, Skills and Operationalize. It emphasizes building relationships and leveraging strengths while creating clarity, defining purpose and driving results.

In 2024, we enhanced our HPT Framework to strengthen its connection to The Win Strategy 3.0 and incorporate the science of engagement and high performance. The changes we made also help simplify deliverables, methodology and resources. The rollout of the new HPT Framework follows extensive research and input from team members across the globe spearheaded by the Engagement Simplification Team, which has been charged with optimizing the engagement strategies used across Parker.

Talent Development Strengthens Our Future

Parker's growth and success is driven by our people. Helping team members achieve their potential as individuals is how we can achieve ours as a company.

Our talent management strategies are designed to foster a culture that attracts, develops and retains high-performing and engaged team members. Through our inclusive recruitment practices, we seek talented individuals who embrace a growth mindset and thrive in a collaborative environment where the exchange of innovative ideas and solutions inspires a meaningful sense of accomplishment and top-quartile performance for our company.

From internships and apprentice opportunities to experienced team members, we seek top global talent and empower them to pursue ideas and leverage their

More than

6,000 HPTs across Parker, with an **89%** participation rate in FY24

expertise to meet the evolving needs of our customers. We then recognize and reward performance while providing opportunities for career growth.

Parker has a rigorous talent management process facilitated globally through Talent Central, our enterprise human capital management system that connects all business units on a common platform in real time. The system provides team members with visibility into skill development, career planning and learning opportunities.

Career Days are another tool Parker uses to help our team members advance their careers. Celebrated annually at each of our locations, Career Days are opportunities to recognize the contributions of our team members, provide career coaching and support their development planning – especially for our manufacturing team members. The goal is to give Parker people a vision for what their career path might look like as well as build awareness of the programs and opportunities available.

Our team members expand their professional skills and take ownership of their career path by leveraging a host of developmental solutions that include formal instruction, on-demand learning and social and experiential learning. We offer various learning modalities so team members can choose the option that best fits their needs. Parker's performance management systems help evaluate and reward team members based on their contributions to our goals.

Our global learning management system features more than 40,000 courses on professional development, functional and technical education and more.

Creating New Generations of Leadership

Our Leadership Development Associate programs offer team members opportunities to develop specific skills in preparation for leadership positions in key functional areas. These include EHS, Human Resources, Engineering, Supply Chain, Finance, IT, Quality, Lean, Legal, Operations, Technical Sales and Pricing.

Parker provides comprehensive development programs for all leadership levels that balance formal instruction, feedback and coaching with meaningful, on-the-job experiences. Each program offers opportunities for social and experiential learning, networking, exposure to executives, project work and hands-on practice applying key lessons. Our leadership training opportunities span all career stages to position Parker and our team members for sustained growth. More than 450 leaders attended one of our global leadership development programs in the past year.

Our talent review process enables us to assess our global talent pipeline on an ongoing basis to facilitate meaningful development plans and align career growth opportunities. We empower team members to grow and develop as leaders throughout their career with Parker. In addition, managers are invited to nominate team members to

Experience-Based Career Growth at Parker

Parker encourages career growth through experience-based developments, which enable team members to diversify their skills by learning various roles within the organization. This gives team members a better understanding of our business while also encouraging cross-functional teamwork and creating a culture of collaboration and innovation. Examples of these experience-based developments include job shadowing, job swapping, bubble assignments and lateral moves.

prepare for the responsibilities of leading others and executing The Win Strategy by participating in leadership development programs, including the following:

- **Lead Forward:** Accelerates the development of high-potential, early-in-career talent to strengthen Parker’s leadership pipeline.
- **Front Line Leader Development:** Foundational learning related to successful leadership at Parker.
- **Taking Charge of Change:** Geared toward functional and division leaders with a focus on translating strategy into action, leading change and motivating teams.
- **Win Immersion:** Supports new functional and business leaders in understanding Parker’s operating model and provides networking with peers and senior leaders in the organization.
- **Art of Parker Management:** High-potential team members learn from our executive leaders in an open, collaborative environment. After a strategic review of key company functions and operations, Parker case studies help reinforce decision-making and management best practices.
- **Leading and Managing Change in Parker:** Executive development program designed to help leaders strategically grow their business, drive performance and help talented people develop within the organization.

Career Development

The talent development process is supported by our Integrated Career System, which illustrates career paths for various roles and the path to advance within Parker. Our strategic approach to succession planning focuses on building the skills and acquiring the experience needed to enable seamless transitions at all levels. We carefully plan and develop a strong, talented pipeline of future leaders who will contribute to Parker’s continued success.

Engaging Our Team Members

Engagement directly influences business performance and is deeply ingrained in our culture. We solicit feedback from every team member and track our progress toward a high-performing work environment through our Global Engagement Survey.

After the survey data is communicated to our team members, we seek additional clarity and understanding through focus group sessions. We then identify strengths to build on and opportunities for improvement and incorporate those into action plans at all levels in the enterprise. In FY24, we had a 91% survey response rate, and we received an engagement score of 73% from responding team members.

Parker Total Rewards

Parker is committed to a basic principle – that all team members are paid competitively based on their responsibilities, experience and achievements and supported by regular pay equity reviews. As a global employer, Parker offers competitive compensation and benefits, benchmarked to geography and industry. Our programs are designed to attract team members, motivate performance, reward experience, drive growth and support retention.

As an equal opportunity employer, we hire and promote the best talent, and our people-focused culture strives to ensure each team member is empowered, can grow and develop and is recognized for their contributions.

In addition to competitive compensation, Parker offers a wide variety of benefits to support team members and their families. Our benefit plans are designed to promote physical, mental and financial wellness. We regularly review and update our benefits offerings in every country where we operate to best meet the evolving needs of our team members.

Ensuring Ethical Treatment of People Everywhere

Parker's commitment to human rights and fair labor practices is implemented through our [Global Code of Business Conduct](#), [Supplier Code of Conduct](#) and [Distributor Code of Conduct](#). Our commitment is framed by U.S. laws regarding human rights and fair labor standards, and it is guided by the United Nations Guiding Principles on Business and Human Rights and the UK Modern Slavery Act of 2015.

Our [Human Rights and Labor Standards Statement](#) was developed in July 2023 and reinforces our dedication to upholding human rights. The document applies to all Parker team members, including contract workers and business partners throughout the world, and covers the following topics:

- Forced and compulsory labor
- Child labor
- Workplace harassment and discrimination
- Our commitment to diversity, equity & inclusion
- Compliance with labor conditions and workplace safety
- Freedom of association
- Data privacy
- Supply chain compliance

In addition, the document details Parker's expectations for team members, stakeholders and business partners in reporting concerns about potential violations of our codes of conduct.

Diversity, Equity & Inclusion

Together, We Are Stronger

Parker believes that our differences strengthen us as a company and that the highest performing teams are those that welcome and respect unique perspectives. We empower people from diverse personal and professional backgrounds to enable us to solve problems more effectively and continuously improve processes across our operations.

We are focused on how to best:

- Attract and develop diverse team members
- Design education and awareness opportunities
- Define sustainable progress measures in fostering an inclusive culture

We use global HPTs to enrich the experiences of all Parker team members through shared learning while developing the next generation of leaders:

- **Career Dialogue:** Focuses on engagement, aspiration, ability and interest in seeking new job opportunities. Our team members have completed more than 18,500 Career Dialogues since the program launched in FY23.
- **Inclusion Leadership Series:** Aims to enhance inclusive leadership skills across the company. Through a phased approach, our goal is to empower all Parker leaders to apply key learnings in their roles. More than 1,300 leaders completed the Inclusion Leadership Series in FY24.

Business Resource Groups

Parker's Business Resource Groups (BRGs) are designed to enhance visibility, awareness and education for all team members. In addition, BRGs champion the power of collective diversity and serve as a hub for shared experiences. In FY24, Parker expanded the number of BRGs from three to seven.

- **Ohana***: Supporting the attraction, development and retention of Asian American, Native Hawaiian and Pacific Islander team members.
- **Comunidad***: Supporting the attraction, development and retention of Hispanic/Latino team members.
- **Glow***: Expanding opportunities and fostering inclusion for LGBTQ+ team members and their allies.
- **Nia Network**: Supporting the attraction, development and retention of Black team members.
- **Parker Next**: Empowering all team members to share, learn and develop skills for what comes next in their careers.
- **Peer W**: Supporting the attraction, development and empowerment of women.
- **Veterans***: Enabling growth, giving back and networking opportunities within the military community and their allies.

* New BRG established during FY24.



Our BRGs sponsored several events throughout FY24 to promote their priorities. For example, Parker Next held more than 20 kickoff and awareness events, with nearly 1,000 team members participating. The Nia Network introduced two new series, Espresso Talks and Climbing the Ladder, aimed at inspiring team members and promoting a culture of inclusivity. With a presence in more than 30 countries, Peer W continues to offer engaging programming for observances such as International Women’s Day and development opportunities across the globe. Its peer-based Mentoring Circles program, for example, has helped more than 1,400 team members learn, grow and connect with other future leaders.

Our Workforce Diversity^{1,2}

Segment	Demographic	FY22	FY23	FY24
Global	Women	31% of Total Workforce	31% of Total Workforce	31% of Total Workforce
		19% of Leaders	20% of Leaders	20% of Leaders
U.S.	People of Color	29% of Total Workforce	31% of Total Workforce	32% of Total Workforce
		15% of Leaders	16% of Leaders	17% of Leaders

¹ Our most recent U.S. Federal Employer Information Report Form EEO-1, which uses workforce demographic data for U.S. Parker Team Members, is available for download at parker.com/sustainability/social. The EEO-1 Report uses specific categories, definitions and methodologies, which differ from our internal data management processes and may not reflect the full diversity of our workforce.

² "Leaders" refers to team members who are part of a division leadership team as well as those in equivalent roles or above.

■ Social Responsibility

Enhancing Lives in Our Communities

Around the world, our social responsibility strategy empowers our people to bring Parker values into their communities through philanthropy and volunteerism. We seek to strengthen communities in ways aligned with the Parker Foundation's three areas of focus:

- **STEM Education:** Supporting schools, universities and community agencies to help provide students from all backgrounds with access to science, technology, engineering and mathematics (STEM) education, as well as the resources and support needed to thrive in the classroom.
- **Community Needs:** Supporting our team members, families and neighbors by contributing to the advancement and well-being of our communities.
- **Sustainability:** Supporting long-term efforts to build sustainable communities, address key societal issues and create a better tomorrow.

Team Member Volunteerism

Parker team members reinforce our support for communities through a wide range of volunteer efforts in service to local charitable causes. In FY24, our team

■ Team Members Honor U.S. Veterans

Across the U.S., Parker team members are working together to honor veterans of the armed forces and their families. Many of these individuals are veterans themselves, including team members from several sites in northeast Ohio and western Pennsylvania who partnered with the Parker Foundation to support Sub Zero Mission. Veteran-founded and led, this nonprofit connects homeless veterans to help and essential items such as sleeping bags and seasonal clothing. The Parker Foundation also supported WNY Heroes Inc., an organization that provides widows and children of deceased veterans in western New York access to essential services, financial assistance and other vital resources.

In FY24, Parker and the Parker Foundation together provided more than

\$11 million

in charitable contributions

members collectively performed approximately 15,000 hours of community service, a 50% increase from 10,000 hours in FY23. Parker helps local communities through our Volunteer Program, which provides volunteer time off (VTO) for participating team members and volunteer grants for benefiting organizations.

In FY24, the program was expanded to double the number of VTO hours a team member can receive to participate in eligible volunteer events. More than 3,000 team members in 20 countries participated in Parker's Volunteer Program this year to support charities that make a difference in their communities.

Global Grants

Our Grant Program now reaches 39 countries, with benefiting organizations selected by team members. Approximately \$8.5 million in grants were disbursed to local charitable causes in FY24, a 20% increase from the prior year.

Maximizing Impact Through Matching Gifts

Through our Matching Gifts program, team members can double the impact of their personal donations to eligible charitable organizations and educational institutions. In FY24, Parker extended team member giving by awarding approximately \$1.2 million in matching gifts.

Supporting Disaster Recovery

Our Disaster Relief Program provides support to our team members and communities following natural disasters and other catastrophic events. Parker contributed more than \$300,000 through team member contributions, matching gifts and foundation grants in FY24.

These contributions supported large-scale disaster relief campaigns in the aftermath of U.S. and Canadian wildfires, flooding in southern Brazil and a 6.8-magnitude earthquake in Morocco. In addition, the Parker Team Member Assistance Fund offers relief to victims of individual disaster events such as house fires and isolated flooding. Emergency grants are also awarded, as was the case in FY24 when a fire devastated a food pantry in Hilliard, Ohio, where Parker team members frequently volunteer.

Case Studies

Reducing Safety Risks in Poland

Eliminating potential hazards is one of the best ways to prevent safety incidents. In FY24, members of our Fluid Connectors Group in Siechnice, Poland, combined their collective ingenuity and dedication to create a three-step process to ensure zero access guarding on 98 multi-spindle machines. By making it impossible for team members to come in contact with moving parts while the machine is in operation, the team was able to reduce the safety level risk to zero.



Safety DOJO Training in Brazil

Effective training is an essential part of safety. The Filtration Group in São José dos Campos, Brazil, improved safety training and education for their team members in FY24 by implementing Safety DOJO at their facility. Safety DOJO provides team members with a dedicated training area for safety, offering a centralized location for safety information and personal protective equipment. In addition, it provides location-specific training and onboarding resources for new team members.



Harvesting Produce to Fight Hunger

Second Harvest Foodbank's mission is to provide dignified, equitable and consistent access to nutritious food in Orange County, California. Aerospace Group team members in Irvine, California, volunteered to help harvest 500 pounds of bell peppers and 3,000 pounds of watermelon for the nonprofit organization.



Coats for Kids in Vietnam

Team members from the Engineered Materials Group at the Parker Seals Vietnam facility volunteered at an Autumn Festival benefiting local children and their families. Gift packets were distributed, and nearly 2,000 warm jackets were provided to children in the highlands of Vietnam.

Funding Cancer Treatment for Children Through Recycling

Combining environmental and social responsibility initiatives, team members from our Engineering Materials Group in Jundiai and Perus, Brazil, donated approximately 180 kilograms of plastic caps and aluminum seals to Grendaac, a children's hospital in Sao Paulo, Brazil. The hospital recycles the plastic and aluminum and uses the proceeds to provide cancer treatments for pediatric patients.

GOVERNANCE



The Foundation Our Legacy Is Built On

Strong, consistent governance is integral to our business and enables us to live up to our purpose. Parker's thoughtful and intentional governance structure and approach to corporate governance, starting at the highest level with the Board of Directors, promotes and instills shared responsibility.

Board of Directors

Our Board of Directors is a highly skilled, experienced and diverse team that ensures effective oversight of our business. Today, Parker's Board is composed of 10 Directors who work under a dual-leadership structure comprised of a Chairman and an Independent Lead Director. All Board committee members and nine of the 10 Directors are "independent" based on the New York Stock Exchange listing standards and Parker's internal independence standards.

Board members are required to stand for election annually by a majority vote standard and are subject to annual performance reviews. Employee directors may not serve on more than one other public company board, and non-employee directors may not serve on more than three other public company boards. The Board is guided by Parker's Global Code of Business Conduct, Corporate

Governance Guidelines, Independence Standards for Directors and Board Committee Charters, which are available on our [investor website](#). The comprehensive policies and standards that govern the Board, and the continuous assessment of its Directors, help strengthen our governance and ensure Parker continues to operate in alignment with our values.

Board Diversity

We believe the varied backgrounds, perspectives and skills of those serving on our Board make us a stronger and more dynamic organization. The Board's Corporate Governance and Nominating Committee is responsible for overseeing the recruitment, succession and refreshment of our Directors. Chief among criteria the committee considers in assessing Directors for nomination to the Board are alignment with our company culture and values, diversity of background and experience, and skills and

qualifications. Our Corporate Governance Guidelines require that each Director search includes individuals of diverse backgrounds, including gender, ethnicity and race.

In July 2024, we elected E. Jean Savage, President and Chief Executive Officer of Trinity Industries, Inc., as a member of the Board. Today, 70% of our Board is diverse based on gender (5), race (2) or ethnicity (2).¹ The mandatory retirement age for Directors is 72 years, and the average tenure of our Directors is currently 8.6 years.

Board Oversight of ESG

As ESG is a subject of ongoing importance—and opportunity—for both our internal and external stakeholders, the Board's responsibilities continue to include ensuring Parker operates in alignment with the expectations of our shareholders, team members, customers and communities.

Our full Board has ultimate oversight of the Company's strategies, initiatives, policies, impacts, risks and opportunities related to ESG matters, with certain responsibilities delegated to Board committees. Our Corporate Governance Guidelines and the charters of each of our Board committees expressly identify the specific areas of ESG oversight responsibility for the full Board and its committees. These include areas such as workplace health and safety, climate risk, water conservation, human capital management, diversity, equity and inclusion, cybersecurity, and business ethics and compliance.

Senior management monitors relevant programs on a day-to-day basis with the support of our enterprise ESG Steering Committee, which includes our Chief Operating Officer and other members of our leadership team. The full Board reviews our ESG program at least annually to assess its ongoing alignment with our organizational objectives.

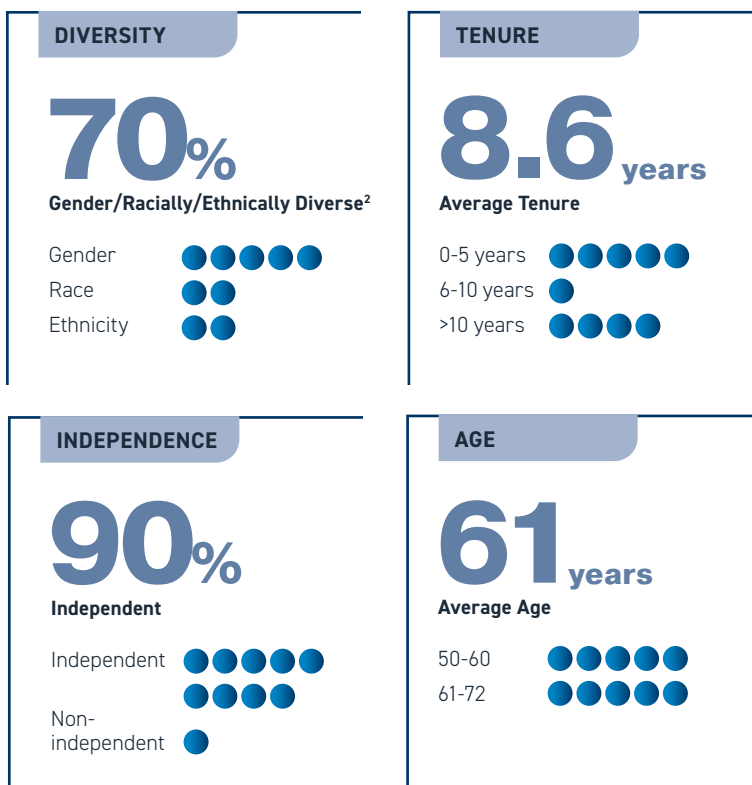
Corporate Governance

Our commitment to strong corporate governance helps enhance our business and create long-term shareholder value. Our comprehensive approach to governance is reflected in the shared responsibility of the Board of Directors, executive leadership team and all team members to demonstrate Parker's values in all that we do.

¹ Data as of October 31, 2024.

² One of our Directors is both gender and racially diverse, and one of our Directors is both racially and ethnically diverse. Ethnicity is defined as country of birth or citizenship other than the United States.

Parker's Board of Directors at a Glance¹



Parker's Board regularly evaluates our strategies and operating plans, governance practices, legal and regulatory developments, shareholder feedback, financial and operational results and outlooks, capital allocation, balance sheet strength, debt portfolio, share repurchase activity and dividend history and strategies to ensure comprehensive risk oversight while allowing us to capitalize on opportunities to drive and continuously improve our performance.

Shareholder Engagement

We actively engage with our shareholders to communicate our business strategy, operational objectives and progress, and to enhance transparency and trust. In FY24, we invited shareholders representing ownership of more than 48% of our outstanding common stock to meet with our management team to discuss our approach to our business and our ESG efforts. Our outreach was accepted by, and we engaged with, shareholders representing more than 18% of our outstanding common stock, covering a wide range of topics, such as our environmental goals and progress, safety culture, employee engagement and ESG reporting frameworks.

Read more about the Board, Board committees, responsibilities and membership in our [2024 Proxy Statement](#).

Risk Management

Our Integrated Risk Management Program (IRMP) is designed to protect our business, team members and communities. This program reinforces a disciplined approach to identifying and assessing significant business risks and their potential impacts. Parker's Board of Directors, its committees and our executive leadership team oversee the program to help effectively track potential threats to our business and devise strategies to appropriately address them.

Climate-related risks are integrated into our IRMP and reviewed routinely by our enterprise ESG Steering Committee. Read more in the [Environment](#) section of this report.

Integrity, Ethics & Compliance

Our commitment to integrity, ethics and compliance is shared by all team members and reinforced through the ways we demonstrate our values. Our policies and standards help ensure we abide by the laws and regulations in the places in which we operate, and we frequently go above these requirements to fulfill the expectations of internal and external stakeholders.

Policies and Training

Our [Global Code of Business Conduct](#) defines how integrity, ethics, respect and fairness are practiced throughout our business. The Code is designed to ensure our Board of Directors, team members, consultants, independent contractors, suppliers, agents and representatives reflect expected standards of behavior. The Code also supports our belief that integrity is not just a corporate responsibility, but also a personal one that our team members put into action every day.

The Code incorporates many of Parker's existing policies, including our anti-bribery, antitrust and human rights policies, and is translated into 24 languages and available to team members worldwide. It covers a broad range of topics, including discrimination, harassment, conflicts of interest, insider trading, corruption, confidentiality and fair competition. The Code is reviewed annually and updated as needed but at least every three years.

We conduct annual training on the Code for all team members and members of our Board of Directors, requiring certification that each individual has read and will abide by the Code. Additional compliance training is provided to leaders at the corporate, regional and local levels. Compliance Officer Forums are conducted twice a year to provide our global network of Compliance Officers with training on topics such as conflicts of

interest, gift giving and receiving, anti-bribery, antitrust and anti-retaliation. Compliance Officers help reinforce ethical conduct and compliance with applicable laws and regulations, including those relating to environmental matters.

Throughout the year, compliance is kept at the forefront through the dissemination of monthly communications, printed brochures and videos to help reinforce our culture of ethics and integrity.

Reporting Ethics Concerns

Our programs and policies urge any individual who observes conduct not aligned with Parker's guidelines or applicable laws or regulations to raise their concern with local leadership, the Corporate Compliance Office or through Parker's secure, 24-hour [Integrity Line](#), which is staffed by third-party representatives fluent in more than 150 languages. Individuals have the option of remaining anonymous, where permitted by law, and Parker has strict policies against retaliation for concerns raised in good faith. All potential violations of the Code or other company policies are investigated, and appropriate action is taken on the findings. The Audit Committee of the Board receives quarterly updates on compliance training, submissions into our Integrity Line and investigation statistics.

Third-Party Policies

Parker's commitment to integrity, ethics and compliance extends externally to our business partners, who are expected to conduct their businesses in a way that upholds Parker's values. Our [Distributor Code of Conduct](#) sets expectations and minimum requirements for conduct and compliance for our third-party distribution partners. Suppliers, who play an important role in our ability to meet customer needs, are required to abide by all applicable specifications, expectations, regulations and requirements as outlined by our [Supplier Code of Conduct](#).

Cybersecurity

We believe robust cybersecurity is central to effective governance. Parker is committed to the protection of the company's data, data systems and digital assets while in storage, use or transit.

Programs and Policies

Our cybersecurity program is integrated into our overall Enterprise Risk Management program and exists to secure our information systems and data assets, including those data assets entrusted to us by our stakeholders, and to promote our compliance with applicable laws and regulations.

We proactively work to address cybersecurity risk through our Digital & IT Risk Management Program, which focuses on identifying, assessing, responding to, monitoring and remediating cybersecurity-related risks. Parker's Board of Directors receives regular updates from senior leadership about cybersecurity matters, including an annual report on the overall cybersecurity program as well as updates throughout the year on topics such as cyber-risk management and the status of projects to strengthen cybersecurity effectiveness.

In addition to other third-party resources, Parker's dedicated Cyber Security team uses the National Institute of Standards and Technology (NIST) Cyber Security Framework as its primary resource for identifying areas of risk as well as benchmarking and implementing continuous improvements. Our Cyber Security team assists with regulatory and privacy compliance, including facilitating alignment with the General Data Protection Regulation (GDPR), as part of our Data Privacy and IT Assurance initiatives.

We have adopted comprehensive Information Security Policies and Standards that clearly articulate Parker's expectations and requirements with respect to the following:

- Acceptable use
- Risk management
- Data privacy and data protection
- Education and awareness
- Security incident management and reporting
- Identity and access management
- Third-party management
- Security (with respect to physical assets, products, networks and systems)
- Security monitoring
- Vulnerability identification

These policies and standards set forth a detailed security incident management and reporting protocol, with clear escalation timelines and responsibilities. We also maintain a global incident response plan and regularly conduct exercises to help with our overall preparedness.

Continuous Improvement and Training

Continuous improvement is a critical aspect of Parker's cybersecurity program, which is why we integrate security intelligence from internal and external sources to help

identify areas for improvement and gap remediation. As a supplement to our internal cybersecurity capabilities and controls, we partner with third-party consultants and advisors to conduct penetration testing and to assess our incident response plan. We periodically undergo a third-party risk assessment and third-party incident response adversarial engagement exercises to strengthen our security profile. We also conduct internal tabletop exercises to prepare for responding to potential cybersecurity events. Parker also maintains cybersecurity insurance designed to mitigate the impact of any attacks or threats to our business.

We believe cybersecurity is the responsibility of every team member and provide ongoing mandatory cybersecurity awareness training globally to help team members recognize, avoid and report malicious activity. This includes interactive training to engage team members in identifying phishing risks and their appropriate response. We also provide regular training on data protection so that our team members understand the types of data they have and how to safeguard it.

Read more about our approach to and oversight of cybersecurity in [Parker's 2024 Form 10-K](#).

Enabling Communities' Access to Technology

Parker gives back to our communities by donating computers and other electronic devices no longer in use at our facilities to PCs for People, a national nonprofit that provides the refurbished equipment to individuals, families and other charitable organizations in need. Since 2020, we have donated thousands of computers to those in our communities to improve the lives of our neighbors.

Donations to PCs for People also help provide internet access that unlocks educational and professional opportunities, while reducing the amount of electronic waste sent to landfills.

Parker's Digital and IT team also supports nonprofits such as Minds Matter Cleveland, which provides services to students from low-income families to help them succeed in college. In 2023, the team donated funds to Minds Matter Cleveland to ensure each student was able to start college with a computer.

SASB INDEX

Sustainability Disclosure Topics & Accounting Metrics – Industrial Machinery & Goods

Topic	Accounting Metric	Category	Unit of Measure	Code
Energy Management ¹	(1) Total energy consumed, (2) percentage of grid electricity, (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	RT-IG-130a.1
Employee Health & Safety ²	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR)	Quantitative	Rate	RT-IG-320a.1
Fuel Economy & Emissions in Use-phase	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles	Quantitative	Gallons per 1,000 ton-miles	RT-IG-410a.1
	Sales-weighted fuel efficiency for non-road equipment	Quantitative	Gallons per hour	RT-IG-410a.2
	Sales-weighted fuel efficiency for stationary generators	Quantitative	Watts per gallon	RT-IG-410a.3
	Sales-weighted emissions of: (2) particulate matter (PM) for: (a) marine diesel engines	Quantitative	Grams per kilowatt-hour	RT-IG-410a.4
	Sales-weighted emissions of: (2) particulate matter (PM) for: (b) locomotive diesel engines	Quantitative	Grams per kilowatt-hour	RT-IG-410a.4
	Sales-weighted emissions of: Sales-weighted emissions of: (2) particulate matter (PM) for: (c) on-road medium- and heavy-duty engines	Quantitative	Grams per kilowatt-hour	RT-IG-410a.4
	Sales-weighted emissions of: (2) particulate matter (PM) for: (d) other non-road diesel engines	Quantitative	Grams per kilowatt-hour	RT-IG-410a.4
Materials Sourcing	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	n/a	RT-IG-440a.1
Remanufacturing Design & Services	Revenue from remanufactured products and remanufacturing services	Quantitative	Reporting currency	RT-IG-440b.1

Activity Metrics

Activity Metric	Category	Unit of Measure	Code
Number of units produced by product category	Quantitative	Number	RT-IG-000.A
Number of employees ⁵	Quantitative	Number	RT-IG-000.B

¹ FY23 data.

² FY24 data.

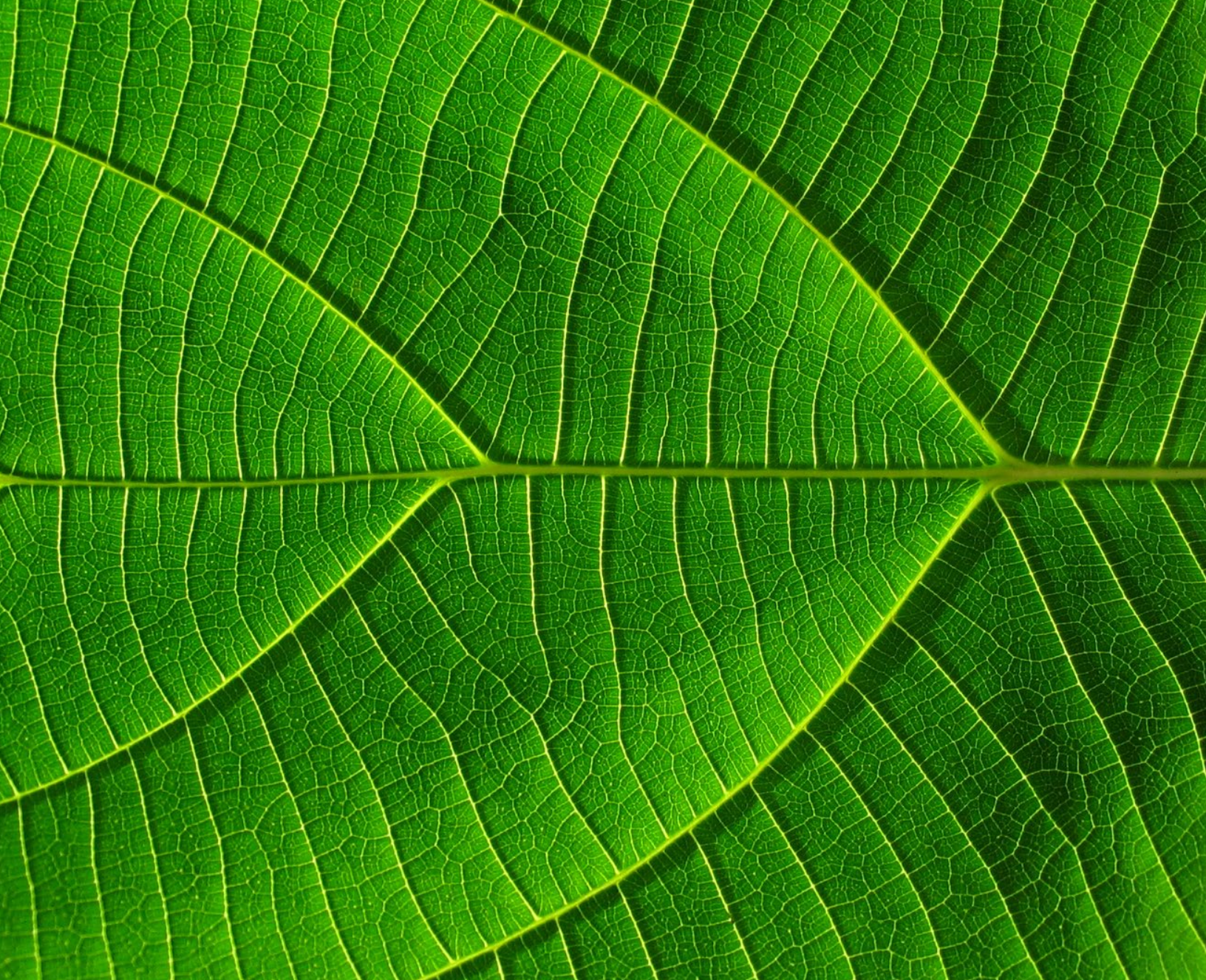
³ This TRIR metric is Parker's Recordable Incident Rate definition for global reporting purposes.

⁴ Near miss is defined as an activity reported by a team member as a near miss or otherwise classified as a significant near miss event. The rate is calculated per 100 team members per year.

⁵ Data from FY24 Form 10-K.

Parker Data Response	
	(1) Total energy consumed: 7,117,864 GJ (2) Grid electricity: 57% (3) Renewable: 12%
	(1) TRIR ³ : 0.31 (2) Fatality rate: 0 (3) NMFR ⁴ : 32.0
	Parker does not manufacture medium- or heavy-duty vehicles.
	Parker does not manufacture non-road equipment that is powered by a fuel-based engine.
	Parker does not manufacture stationary generators.
	Parker does not manufacture marine diesel engines.
	Parker does not manufacture locomotive diesel engines.
	Parker does not manufacture on road medium- or heavy-duty vehicles
	Parker does not manufacture other non-road diesel engines.
	<p>Parker manages the risk associated with the use of critical materials in a number of ways including during the supplier selection process, ongoing supplier management and during the transportation of the goods to Parker. As we look to select key suppliers for our critical materials, our process guides us toward existing Parker suppliers who have a history of meeting and exceeding our expectations regarding their performance. All Parker suppliers who provide critical goods will undergo an exhaustive qualification process to ensure they have the manufacturing process capability and are compliant with all laws and regulations. Parker expects all suppliers to adhere to our Supplier Code of Conduct, which outlines standards to ethics, laws and regulations, environmental stewardship, health and safety regulations, non-discrimination, fair labor practices, confidentiality and data privacy. We actively monitor our suppliers in real-time with metrics and processes to ensure they consistently meet our high standards. Our preferred suppliers enter into long-term agreements that define strict criteria that needs to be adhered to in order to maintain their status. Additionally, we have established processes to regularly update and verify that our suppliers remain compliant with all legal obligations, including those pertaining to human rights and environmental sustainability. Parker identifies critical suppliers and follows business continuation plans to ensure a seamless flow of products and material. This proactive approach not only safeguards our operations but also reinforces our commitment to ethical and responsible sourcing.</p> <p>Parker also has established processes in place for transporting its products via its preferred carrier network. This strategic approach ensures we work with carriers who uphold the highest standards of quality and delivery service. Additionally, Parker is a leading participant in the U.S. Importer Self-Assessment Program, and also holds CTPAT certification, reinforcing our commitment to compliance with U.S. Customs. These initiatives not only enhance the efficiency of our supply chain but also ensure the integrity and reliability of our logistics operations.</p>
	Greater than \$1.0 billion in revenue from manufacturing overhaul and repair.

Parker Data Response	
	Parker does not manufacture or sell complete (1) vehicles and agricultural and construction equipment, or (2) engines and power-generation equipment. (3) Parts and components: Parker's technology portfolio includes more than 800,000 components and assembled systems. In FY24, Parker sold in excess of 9 billion units to our customers, the vast majority of which were high-volume components sold in bulk.
	61,120



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NYSE

Contact Us

Parker welcomes comments and questions about its sustainability report by email: sustainableparker@parker.com

Learn More

parker.com/sustainability