



PARKER HANNIFIN UK GROUP

Tax strategy as at 30 June 2021

This strategy applies to all UK members of the Parker Hannifin group.

In compliance with the Finance Act 2016, schedule 19, para 16(2) and para 25(1) the company publishes its tax strategy as at 30 June 2021. The strategy is owned by the Boards of Directors for the entities within scope and is consistent with the corporate responsibility that is exercised throughout the Parker Hannifin group of companies ("Parker").

The UK members of Parker maintain a strong focus on ethical values across the business and adopts the highest levels of corporate responsibility. In demonstrating our behaviour in these key areas we ensure a responsible approach is taken at all times to ensure the proper amount of tax is paid. The group exercises the following approach in adhering to all areas of our strategy:

- Legal requirements are met in submitting appropriate tax returns and in making tax payments.
- Where such opportunities are available we will seek to utilise tax reliefs, incentives and other stated tax benefits.
- Tax is involved in our business decisions as appropriate.
- Consistent with the values within the business full disclosure of all relevant facts and information is made to the tax authorities.

Approach to Risk Management and Governance

We operate a series of tax risk assessments and management within our financial reporting systems. In doing so, we seek to address and reduce the levels of tax risk arising from our operations by ensuring that reasonable care is demonstrated in all areas. Our approach to compliance with the requirements of different types of tax liabilities is consistent in its thoroughness with Parker's own internal tax governance policy. As part of this approach, key controls are adopted and adhered to in order to ensure accuracy.

In managing our risks and governance arrangements:

- The Boards of Directors are cognisant of the need for tax compliance.
- Parker management communicates with the Boards of Directors on matters relating to tax compliance, the activities of the finance function in this respect and how tax risks are managed.
- The importance of meeting the requirements and obligations of our tax compliance is recognised and demonstrated at all times.

We will seek specialist advice, guidance and expertise from external tax consultants where there may be significant uncertainty or complexity in relation to a risk. At the same time, the procurement of such services ensures adherence and compliance with our tax obligations at all times.

Investment in appropriate training of staff is carried out to enhance and maintain knowledge and awareness of tax legislation and to ensure adherence to tax obligations.

Attitude Towards Tax Planning

In structuring our commercial activities, we will consider – among other factors – tax legislation with a view to maximising value on a sustainable basis for our stakeholders and our employees. In undertaking tax planning activities, we will seek to take advantage of available tax opportunities, benefits, incentives, reliefs and exemptions in line with prevailing tax legislation. In doing so, Parker’s attitude is driven at all times by compliance with our own internal code of conduct which drives our commitment to training programmes for all team members in Ethics and Virtues behaviours.

External specialist advice is sought both on a routine and an ad hoc basis according to the nature of the transaction in question. In doing so, consideration is given to the complexity of the transaction in question and the inherent requirement to be compliant at all times.

Level of Tax Risk Tolerated

We recognise that managing tax compliance is complex and, given the scale and nature of our business and volume of transactions, we believe that risks will inevitably arise from time to time in relation to the interpretation of complex tax law and nature of our compliance arrangements. We seek to minimise and eliminate such risks through the procurement of specialist advice as appropriate.

Approach to dealings with Her Majesty’s Revenue & Customs [HMRC]

A positive approach is demonstrated at all times in our engagement with HMRC. Consistent with the ethical values of the group, we engage with HMRC in a collaborative manner which demonstrates honesty, respect and integrity. We seek to maintain this positive approach in all dialogue and correspondence and be swift and responsive in all our dealings. When an oversight is discovered we move to engage with HMRC swiftly to declare and resolve the matter.

Ultimately, our relationship is focussed on tax compliance, meeting deadlines for filing of returns and payments for all taxes paid. As stated above, we will procure external tax advice and expertise and, in some cases, our advisors will engage with HMRC on our behalf. Such an approach is seen as beneficial both to the group and to our relationship with HMRC.

This tax strategy is owned and approved by the Boards of Directors of the UK members of Parker.