

PARKER-HANNIFIN CORPORATION

AUDIT COMMITTEE CHARTER

Purpose of the Committee

The purpose of the Committee is to represent and assist the Board of Directors in carrying out oversight of the Company's audit, compliance and other related matters, including integrity of financial statements and financial reporting, accounting practices, legal and regulatory compliance, internal audit functions and processes, and independence, qualifications and performance of the independent auditor.

For the avoidance of doubt, (a) the Committee's principal responsibility is one of oversight, and it relies on the Company's management and independent auditor in fulfilling such responsibility, (b) the independent auditor, and not the Committee, is responsible for planning and conducting audits, and (c) management, and not the Committee, is responsible for establishing and maintaining internal control over financial reporting, and preparing the Company's financial statements and determining their completeness, accuracy and compliance with U.S. generally accepted accounting principles ("GAAP").

Composition of the Committee

Number. The Committee will have the number of members as determined by the Board, provided that such number will not be less than three.

Independence, Financial Literacy and Financial Expertise. Each Committee member will be a member of the Board in good standing, will serve on no more than two other public company audit committees, and will be "independent" and "financially literate" under the rules of the New York Stock Exchange, the Securities Exchange Act of 1934 and the Company's Independence Standards for Directors. In addition, at least one member of the Committee will be an "audit committee financial expert" as defined under Securities and Exchange Commission regulations.

Appointment. The Board will appoint the members and the Chair of the Committee based on recommendations made by the Company's Corporate Governance and Nominating Committee. Committee members will serve at the pleasure of the Board and for such term or terms as the Board may determine.

Duties and Responsibilities of the Committee

Independent Auditor. The Committee will:

- 1) Retention and Removal. Select, retain and recommend that the Board submit for ratification at the Company's annual meeting of shareholders, the independent auditor for the Company. The Committee has the sole authority and responsibility to appoint, compensate, retain, oversee, evaluate and, where appropriate, terminate,

the independent auditor. The independent auditor will report directly to the Committee.

- 2) Services, Terms and Fees. Review and pre-approve all audit engagement terms and fees, and pre-approve and establish procedures for the pre-approval of all audit, non-audit and tax services, of the independent auditor. The Committee will not engage the independent auditor to perform any non-audit or tax services that are prohibited by applicable law or regulation. The Committee may delegate pre-approval authority to one or more of its members, provided that the decisions of such delegee(s) are required to be presented to the Committee at its next regularly scheduled meeting.
- 3) Annual Evaluation. Evaluate the qualifications, performance and independence of the independent auditor at least annually, ensure the regular evaluation and rotation of the lead audit partner, and consider the regular rotation of the firm serving as independent auditor. The Committee will present its conclusions to the Board with respect to the independent auditor.
- 4) Disagreements. Review and discuss with the independent auditor and management any audit problems or difficulties encountered during the course of the independent auditor's work, including any restrictions on the scope of activities or access to information, any significant disagreements between the independent auditor and management, and any responses from management. The Committee will also oversee resolution of any significant disagreements between the independent auditor and management.
- 5) Independent Auditor's Report. Obtain and review a written report from the independent auditor, at least annually, describing (a) the independent auditor's internal quality control procedures, (b) any material issues raised by the independent auditor's most recent internal quality control review or peer review, or by any inquiry or investigation by governmental or professional authorities within the preceding five years with respect to any independent audits carried out by the independent auditor, and any steps taken to deal with any such issues, and (c) all relationships between the independent auditor and the Company (to assess the independent auditor's independence). After reviewing the report, the Committee will discuss with the independent auditor any issues or potential issues identified therein, or other relationships that may impact the objectivity and independence of the independent auditor, and, if applicable, recommend that the Board take appropriate action.
- 6) Required Discussions. Review and discuss on a timely basis with the independent auditor (a) the overall audit strategy, scope and timing, and all critical accounting policies and practices used by the Company, (b) the independent auditor's responsibilities under GAAP and the responsibilities of management in the audit process, including a discussion of (i) all material alternative treatments of financial information under GAAP that have been discussed with management, and the

ramifications of the use of such alternative treatments and the treatment preferred by the independent auditor, and (ii) all other material written communications between the independent auditor and management, (c) any significant risks identified during the independent auditor's risk assessment procedures and (d) the results, including significant findings, of the annual audit. The Committee will keep the independent auditor informed of the Committee's understanding of the Company's relationships and transactions with related parties that are significant to the Company, and will review and discuss with the independent auditor the independent auditor's evaluation of the Company's identification of, accounting for, and disclosure of, its relationships and transactions with related parties, including any significant matters arising from the audit regarding the Company's relationships and transactions with related parties. The Committee will also discuss with the independent auditor any other matters required to be discussed by applicable auditing standards.

- 7) Hiring Policies. Set policies, consistent with applicable laws, rules and regulations, for the Company's hiring of employees or former employees of the independent auditor.

Financial Reporting and Disclosure. The Committee will:

- 8) Annual Audited Financial Statements. Review and discuss, with management and the independent auditor, the Company's annual audited financial statements, the form of the audit opinion to be issued by the independent auditor with respect to such financial statements, and the disclosures made in "Management's Discussion and Analysis of Financial Condition and Results of Operations" to be included in the Company's Form 10-K, in each case prior to the filing of the Form 10-K. The Committee will also recommend to the Board whether the Company's annual audited financial statements should be included in the Form 10-K.
- 9) Quarterly Unaudited Financial Statements. Review and discuss, with management and the independent auditor, the Company's quarterly unaudited financial statements and the disclosures made in "Management's Discussion and Analysis of Financial Condition and Results of Operations" to be included in the Company's Form 10-Q, in each case prior to the filing of the Form 10-Q.
- 10) Earnings Information. Discuss with management and the independent auditor the Company's earnings press releases, including the nature, scope and presentation of information to be included therein (paying particular attention to any use of "pro forma" or "adjusted" non-GAAP information), and any financial information and earnings guidance to be provided to analysts or ratings agencies, including the types of information to be disclosed and presentations to be made.
- 11) Financial Reporting Issues. Review and discuss with management and the independent auditor (a) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's

selection or application of accounting principles, and any major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in the light of significant deficiencies or material weaknesses, (b) any significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods, and (c) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.

Internal Audit, Compliance, Internal Controls and Risk Management. The Committee will:

- 12) **Internal Audit.** Oversee the operation of the Company's internal audit function and controls and procedures, including review and discussion of internal audit plans, any frauds involving management or other employees with a significant role in internal control, and any other significant reports or findings. The Committee will also oversee the resolution of any disagreements or significant difficulties or scope restrictions experienced by the internal audit function in the course of performing its work.
- 13) **Compliance.** Review and oversee the Company's policies, procedures and programs that are designed to promote and monitor legal, ethical and regulatory compliance.
- 14) **Internal Controls.** Discuss, with management, members of the internal audit function and the independent auditor, the effectiveness of internal control over financial reporting and disclosure controls and procedures, including any material weaknesses or significant deficiencies identified, and any material changes to the Company's internal controls and procedures.
- 15) **Risk Management.** Review and discuss with management and members of the internal audit function the risks faced by the Company and the policies, guidelines and processes by which management assesses and manages the Company's risks, including the Company's major financial, tax, strategic and operational risk exposures and risks relating to compliance with legal and regulatory requirements and significant litigation and claims.

Other Duties and Responsibilities. The Committee will:

- 16) **Proxy Statement Report.** Review and approve the audit committee report required by the Securities and Exchange Commission to be included in the Company's annual proxy statement.
- 17) **Procedures for Complaints.** Establish and oversee procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, including procedures enabling employees to submit confidential and anonymous concerns regarding questionable accounting or auditing matters.

- 18) Additional Reviews. Undertake, or cause to be undertaken, any additional reviews that it deems necessary to adequately address any questions or issues related to the matters described in this Charter.
- 19) Other Duties or Responsibilities. Perform any other duties or responsibilities expressly delegated to the Committee by the Board.
- 20) Board Reports. Report its activities regularly to the Board in such manner and at such times as it and the Board deem appropriate.

Meetings of the Committee

The Committee will meet in person or telephonically at least quarterly, or more frequently as it may determine necessary, to fulfill its responsibilities as set forth herein. The Committee will periodically meet separately with management, members of the Company's internal audit function, and representatives of the independent auditor, and will invite such individuals to its meetings as it deems appropriate, to assist in carrying out its duties and responsibilities. The Committee will also meet at least annually in private sessions without any such individuals present. The Committee may require that any other employee or adviser of the Company attend a meeting of the Committee or meet with any members of, or advisers to, the Committee.

The Chair of the Committee will, in consultation with the other members of the Committee and appropriate officers of the Company, be responsible for calling meetings of the Committee, establishing an agenda therefor and supervising the conduct thereof. A majority of the members of the Committee will constitute a quorum for any meeting. In the event of a tie vote on any action to be taken during a meeting of the Committee, the vote of the Chair will decide the issue. The Committee may also take any action permitted hereunder by unanimous written consent.

Delegation to Subcommittee

The Committee may, in its discretion, create subcommittees of its members and delegate to them any of its duties and responsibilities.

Resources and Authority of the Committee

The Committee will have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to retain or obtain the advice of consultants, independent legal counsel and other advisers. The Company will provide appropriate funding, as determined by the Committee, to compensate the independent auditor and any other advisers and to fund the Committee's ordinary administrative expenses.

Nothing in this Charter will be construed to require the Committee to implement or act in accordance with any advice or recommendations of its advisers, or affect the ability or obligation of the Committee to exercise its own judgment and discretion in fulfilling its duties hereunder.

Annual Review of Charter

The Committee will conduct and review with the Board annually an evaluation of this Charter and recommend any proposed changes to the Board for approval. The Charter evaluation will be conducted by the Committee in such manner as the Committee, in its business judgment, deems appropriate.

Annual Performance Evaluation

The Committee will conduct and review with the Board annually an evaluation of the Committee's performance under this Charter. The performance evaluation will be conducted by the Committee in such manner as the Committee, in its business judgment, deems appropriate.

Effective: July 1, 2018