

2020 UK Tax Strategy

Graco Inc. regards the publication of this tax strategy as complying with its duty under paragraph 16(2) of Schedule 19 of the UK Finance Act 2016.

This strategy applies from the date of publication until it is superseded and refers to all applicable taxes as defined in paragraph 15(1) of Schedule 19 of the UK Finance Act 2016. As the parent company of a multinational group, we confirm this strategy will apply to the following UK subsidiaries and branch office (hereinafter referred to as the “UK Group”):

- Graco Limited
- Staffordshire Hydraulic Services Limited
- Q.E.D. Environmental Systems Limited
- Gema Europe s.r.l. – UK branch

General Overview

The companies that make up the UK Group are part of a broader group of companies headed by Graco Inc., a US corporation publicly listed on the New York Stock Exchange.

Graco Inc.’s Board of Directors has adopted the following strategic policy statement:

Graco will conduct its business ethically and with integrity, and in compliance with all applicable laws and governmental regulations. Every employee will understand and follow Graco's Code of Ethics and Business Conduct and other company policies, comply with all applicable laws, and forego business opportunities that would compromise Graco's ethical standards.

Governance and Tax Risk Management

- Our goal is to ensure that we comply with the tax laws, reporting requirements, and payment obligations of all of the jurisdictions in which we operate.
- The individual responsible for the tax administration work is the Financial Controller of each UK Group Company.
- All UK Tax returns are prepared by outside advisors and are reviewed by their respective Financial Controller and a qualified member of Graco’s US Tax Department.

UK Tax Planning

- The UK Group engages in tax planning that is consistent with and supports our business activities and objectives.
- The transactions of the UK Group are conducted based on arm's length principles, in accordance with OECD guidelines.

Tax Risk

- The UK Group takes a conservative approach to tax risk management and is committed to complying with the UK tax laws and regulations.
- For complex transactions advice from outside advisors is sought in order to obtain comfort with tax compliance.

Relationship with HM Revenue & Customs (HMRC)

- The UK Group aims to work collaboratively with HMRC to ensure timely and accurately filing of tax return and disclosure requirements.