Statement of Tax Principles

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Company Profile

Emerson ("the Company") is a global leader in automation technology and software. Through the Company's core business groups of (1) Software & Systems, (2) Intelligent Devices and (3) Safety & Productivity, Emerson's employees are focusing their efforts on the most complex and critical challenges facing the world in the markets we serve. The Company is a well-managed, financially strong, and highly focused enterprise with a history of delivering total shareholder return for over 130 years. Emerson has over 100 manufacturing locations worldwide and does business in more than 150 countries. Our business activities provide significant economic contributions around the world through our payment of corporate income taxes, sales taxes, payroll taxes, value added taxes, excises taxes, property taxes, and custom duties.

Emerson's Approach to Taxes

Governance & Risk Management

The principles governing the oversight of our tax matters are aligned with the Company's commercial, reputational, and business practices and are consistent with the Emerson Business Ethics Program and our Corporate Governance Principles and Practices. These programs ensure our businesses and our employees operate within the applicable legal statutes in the countries in which we manufacture and market our products and services.

The Company is generally subject to taxation in the jurisdictions in which we operate and is exposed to tax legislation that is complex and subject to interpretation by management and tax authorities. Emerson has implemented internal policies and practices that establish a process for assessing, reporting, and monitoring tax risks. Our tax processes are subject to the same level of internal control and external audit review as other Emerson activities. Where appropriate, the Company consults qualified external advisors to ensure compliance with our obligations and to assist in assessing our tax risks.

The Audit Committee of the Board of Directors provides oversight of the Company's risk management and its compliance with legal and regulatory requirements among other areas. The Audit Committee reviews with management the Company's policies and practices with respect to risk assessment and risk management, including major financial risk exposures and the steps management has taken to monitor, mitigate, and control such exposures. The major financial risk exposures, including tax, are presented to the Audit Committee by the Chief Financial Officer.

Acceptable Level of Tax Risk

The Company is strongly committed to conducting its business affairs with honesty, integrity, and in compliance with the applicable laws, rules, and regulations. To achieve our commitment, we have implemented internal policies and practices requiring certain businesses to utilize qualified external advisors to ensure they meet their compliance requirements. We endeavor to meet our tax reporting and payment obligations on a timely basis. The Company's policies and practices are designed to identify and mitigate material tax risks.

Business Rationale and Attitude Toward Tax Planning

Market demand for our products and the location of our business operations determine the jurisdiction of our profits and consequently the appropriate amount of tax. Accordingly, we only engage in tax planning that has a bona fide business purpose based upon our commercial and economic activities. We engage qualified external advisors for material reorganizations to ensure they meet the applicable tax laws and regulations.

Relationship with Tax Authorities

Interactions with tax authorities (Internal Revenue Service, HMRC, and others) are done transparently, constructively, and honestly. Our goal is to build strong working relationships with the tax authorities that will allow us to interact in an open and collaborative manner to resolve timely and responsibly any areas of ambiguity.