Copeland Group: Statement of Tax Principles

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Company Profile

Copeland ("the Company") was divested from Emerson in May 2023. Now a stand-alone company, building on more than a century in the Heating, Ventilation, Air Conditioning and Refrigeration 'HVACR' industry, it is focusing on innovative, sustainable, and efficient HVACR technologies and integrated solutions, including compression, electronics, controls, and monitoring, for the residential, commercial, industrial and transportation industries. Copeland has over 18,000 employees, 27 manufacturing and 12 Engineering, Research and Development locations worldwide and does business in more than 40 countries.

Copeland's Approach to Taxes

Governance & Risk Management

The principles governing the oversight of the Company's tax matters are consistent with the Company's commercial, reputational and business practices, its Ethics and Compliance and its corporate *governance* principles and practices. These programs ensure the Company's businesses and employees operate within the applicable legal statutes in the countries in which it manufactures and markets its products and services.

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

The Audit Committee of the Board of Managers 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. 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. Businesses are required to engage qualified external advisors to prepare or review tax returns to be submitted to the tax authorities. Both the Company's own tax qualified employees and external advisers monitor compliance activities to ensure that the Company meets its 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

The location of the Company's business operations determines the jurisdiction of the Company's profits and consequently the appropriate amount of tax. Qualified external advisors are engaged to review inter-company pricing to ensure that inter jurisdictional transactions are conducted at arms-length (transfer pricing). The Company engages 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. The Company's goal is to build strong working relationships with the tax authorities that will allow it to interact in an open and collaborative manner to resolve any areas of ambiguity timely and responsibly.