

SUSTAINABILITY REPORTING

RESOLVED

Shareholders request that Emerson Electric issue a sustainability report describing the company's environmental, social and governance (ESG) performance, including greenhouse gas (GHG) reduction targets and goals. The report should be available on the company website by September 1, 2014, prepared at reasonable cost, omitting proprietary information.

SUPPORTING STATEMENT

We believe tracking and reporting on ESG business practices makes a company more responsive to a global business environment which is characterized by finite natural resources, changing legislation, and heightened public expectations for corporate accountability. Reporting also helps companies better integrate and gain strategic value from existing sustainability efforts, identify gaps and opportunities in products and processes, develop company-wide communications, publicize innovative practices, and receive feedback.

Signatories to the Principles for Responsible Investment (PRI) represent over 1100 investors and asset owners who collectively hold over \$34 trillion of assets under management. They seek the integration of ESG factors in investment decision making and require information on ESG policies and performance to analyze fully the risks and opportunities associated with existing and potential investments. Major firms such as BlackRock, State Street, Goldman Sachs and T. Rowe Price are PRI signatories.

Carbon Disclosure Project (CDP), representing 722 institutional investors globally with \$87 trillion in assets, has for years requested greater disclosure from companies on their climate change management programs. Over two thirds of the S&P 500 now report to CDP. Climate change is one of the most financially significant environmental issues, yet Emerson Electric's (Emerson) low CDP disclosure score of 9/100 (a 62% decrease from last year) reflects its lack of GHG emissions abatement targets and goals.

Corporate reporting on sustainability is on the rise globally. In 2011, there was a 46% increase in the number of organizations worldwide using the Global Reporting Initiative's (GRI) Guidelines (G3) for their ESG reporting. (<http://www.ga-institute.com/>) Over 80% of Fortune 250 companies produce sustainability reports. (<http://www.kpmg.com>)

In contrast, Emerson does not report on its sustainability efforts or GHG management plans. Although Emerson describes its general commitment to corporate citizenship on its website, investors increasingly look for more detailed ESG performance metrics. Data on occupational safety and health, vendor and labor standards, waste and water reduction targets and product-related environmental impacts are important business considerations. Not managing these properly could pose significant regulatory, legal, reputational and financial risks. General Electric, a main competitor, publishes a comprehensive sustainability report annually.

While Emerson delivers products that reduce energy use, information on how Emerson meets goals to manage and reduce its own environmental impact is currently not disclosed.

Last year 37% of shares (excluding abstentions) voted in favor of this resolution, a substantial level of support that management should not ignore.

We recommend that the report include a company-wide review of policies, practices and metrics related to ESG performance using the GRI guidelines as a reference. The GRI Guidelines are a globally accepted "gold standard" reporting framework that enables companies to expand reporting over time.