



BE IT RESOLVED:

Shareholders request Emerson Electric adopt time-bound quantitative, company-wide goals, taking into consideration the most recent Intergovernmental Panel on Climate Change (IPCC) guidance for reducing total greenhouse gas (GHG) emissions, and issue a report by September 2016, at reasonable cost and omitting proprietary information, on its plans to achieve these goals.

SUPPORTING STATEMENT:

In order to mitigate the worst impacts of climate change, the IPCC estimates that a 55 percent reduction in GHG emissions globally is needed by 2050 (relative to 2010 levels) to stabilize global temperatures, entailing a US target reduction of 80 percent.

The costs of failing to address climate change are significant and estimated to have an average value at risk of \$4.2 trillion globally—representing 6% current market capitalization of all the world's stock markets (*The Economist*, Intelligence Unit, 2015). *Risky Business: The Economic Risks of Climate Change in the United States (2014)*, an analysis of climate change impacts, found serious economic effects including property damage, shifting agricultural patterns, reduced labor productivity, and increased energy costs. These effects could substantially impact a company's business operations, revenue, or expenditure.

Setting GHG emission targets is widespread among US companies and can have positive financial outcomes. Presently, 60 percent of Fortune 100 companies have GHG reduction commitments, renewable energy commitments, or both. A report published by WWF, Carbon Disclosure Project (CDP), and McKinsey & Company, *The 3% Solution: Driving Profits Through Carbon Reduction (2013)*, found that companies with GHG targets achieved an average of 9% better return on investment than companies without targets. Additionally, the 79% of companies in the S&P 500 that report to CDP earned a higher return on their carbon reduction investments than on their overall corporate capital investments. Also, the 53 Fortune 100 companies reporting on climate and energy targets to CDP are saving \$1.1 billion annually through their emission reductions and renewable energy initiatives. These goals enable companies to reduce costs, build resilient supply chains, and manage operational and reputational risk.

We are concerned Emerson may be lagging behind industry peers. General Electric and Parker Hannifin have already demonstrated the feasibility of reducing GHG emissions by setting targets and are already realizing savings. For example, GE has set a science-based target to reduce absolute GHG emissions by 20% by 2020 and reports saving approximately \$350 million since 2006.

Investors with \$95 trillion in assets have supported the CDP which seeks corporate reporting on climate change and received responses from 81% of companies in the Global 500 in 2013. Emerson's response to date on how it is managing risks and opportunities related to climate change falls short. Specifically, while Emerson's products help its clients reduce energy usage and climate impacts, our company has not publicly set carbon emissions reductions or renewable energy targets for its own operations. We believe this may have negative consequences for Emerson and long-term shareholder value.