2016 Shareholder Resolution
EMERSON ELECTRIC
Request: Sustainability Reporting
Lead Filer: Mercy Investments, Wespath Investments

BE IT RESOLVED:
Shareholders request Emerson Electric issue a sustainability report describing the company's present policies, performance, and improvement targets related to key environmental, social and governance (ESG) risks and opportunities. The report should be available on the company website by September 1, 2016, prepared at reasonable cost, omitting proprietary information.

SUPPORTING STATEMENT:
We believe tracking and reporting ESG practices strengthens a company's ability to compete in today's global business environment, which is characterized by finite natural resources, changing legislation, and heightened public expectations for corporate accountability. Reporting also helps companies gain strategic value from existing sustainability efforts, identify gaps and opportunities, develop company-wide communications, and recruit and retain employees.

Support for the practice of sustainability reporting continues to gain momentum:

- In 2013, KPMG found that of 4,100 global companies 71% publish ESG reports.
- The United Nations Principles for Responsible Investment has approximately 1,400 signatories with $59 trillion in assets under management. These members routinely use ESG information when analyzing the risks and opportunities associated with existing and potential investments.

Emerson Electric's corporate citizenship website includes short descriptions of programs and guiding principles related to ESG issues. However, these disclosures are mainly anecdotal and focus on the environmental benefits of the company's products rather than providing information about Emerson's operational ESG performance.

Investors increasingly request detailed ESG performance metrics, including data on occupational safety and health, vendor and labor standards, waste, water usage, energy efficiency, workforce diversity, product-related environmental impacts, and goals by which to judge the company's performance and management of these issues.

As shareholders, we believe it is not prudent to disregard the above indicators, which can pose significant regulatory, legal, reputational and financial risk to the company and its shareholders. In last year's proxy statement, Emerson claimed to manage these important issues. However, Emerson does not provide company-wide data on most of these indicators, leaving investors unable to determine if the claims are true.

In contrast, General Electric, a peer in the diversified industrials industry, reports more than 10 ESG goals (several of which are quantitative and time bound) and publishes multiyear data on the company's progress.

By not reporting, Emerson Electric is missing an opportunity to communicate with its shareholders about the company's strategy to manage these potentially material factors. Accordingly, the company appears to be lagging its peer group with regard to ESG-related risk management. Emerson may also be failing to recognize and act on ESG-related opportunities.

Last year 39% 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. The Global Reporting Initiative (GRI) index could be a helpful checklist for guidance. The GRI Guidelines are the most widely used reporting framework, enabling companies to focus on their most important ESG issues.