RESOLVED: Shareholders request Emerson Electric adopt time-bound, quantitative, company-wide goals for reducing total greenhouse gas (GHG) emissions, taking into account the goals of the Paris Climate Agreement, and issue a report at reasonable cost and omitting proprietary information on its plans to achieve these goals.

Supporting Statement

In December 2015, representatives from 195 countries adopted the Paris Climate Agreement, which specifies a goal to limit the increase in global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit temperature increases to 1.5°C. In order to meet the 2-degree goal, climate scientists estimate it is necessary to reduce global emissions by 55 percent by 2050 (relative to 2010 levels), entailing a US reduction target of 80 percent.

Noting government action and policy shifts ensuing from these commitments, BlackRock, the world's largest asset manager, has stated that "climate change risk has arrived as an investment issue" and that "regulatory risks are becoming key drivers of investment returns."

Over half of S&P 500 companies have set GHG emissions reduction targets, including several of Emerson Electric's peers:

- Rockwell Collins: reduce greenhouse gas emissions intensity by 30 percent by 2022 compared to a 2008 baseline.
- Honeywell: reduce greenhouse gas emissions intensity by 10 percent from 2013 levels. This is Honeywell's third goal, having already met previous goals to reduce GHG emissions intensity by 15 percent from 2011 levels. Furthermore, the company reduced total GHG emissions by 30 percent and improved energy efficiency by 20 percent between 2004 and 2011.
- ABB: reduce energy intensity by 20 percent by 2020 from a 2013 baseline.

As a critical element of their GHG reduction goals, several peers also seek to improve energy efficiency For example, Honeywell reports in its 2015 CDP response that it has projects related to energy efficiency underway that will result in annual savings exceeding $8 million, all with payback periods of 3 years or less.

Research affirms that investments in energy efficiency are usually profitable and low-risk while offering an effective way to reduce GHG emissions and manage volatile energy costs.

In 2013, CDP found that four out of five companies earn a higher return on carbon reduction investments than on their overall corporate capital investments, and that energy efficiency improvements earned an average return on investment of 196%, with an average payback period between two and three years. Money saved from energy efficiency can be reinvested into the business, benefiting shareholders.

While Emerson Electric's products help its clients reduce energy usage and climate impacts, our company has not publicly set GHG emissions reductions targets for its own operations. By not setting and pursuing GHG reduction goals, Emerson may not achieve the benefits realized by its peers—a competitive disadvantage for the company and shareholders alike.

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