Walden Asset Management
Advancing sustainable business practices since 1975

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Shareholder proposal to Emerson Electric calls for sustainability reporting including greenhouse gas (GHG) emissions reduction goals

Walden Asset Management (Walden), a division of Boston Trust & Investment Management Company, is an investment manager with approximately $2.3 billion in assets under management. Walden manages portfolios for clients who seek to integrate environmental, social and governance (ESG) analysis into investment decision-making. On behalf of our clients, we also strive to strengthen corporate ESG policies, performance, transparency and accountability through shareholder engagement.

Walden is a long term shareholder of Emerson Electric stock (ticker: EMR). As of the date of the filing of our proposal Walden held over 391,000 shares of Emerson Electric stock.

As a signatory to the Principles for Responsible Investment (PRI) Walden and other PRI members believe strongly that corporate reporting on ESG performance is important to investors looking to independently assess a company's progress, challenges and positioning. Signatories collectively represent over $33 trillion of assets and seek ESG factor information to analyze fully the risks and opportunities associated with existing and potential investments. Members of PRI include Alliance Bernstein, BlackRock, T. Rowe Price and Goldman Sachs.

Unfortunately, Emerson Electric has not made sufficient progress in disclosing ESG performance. Thus Walden, along with other sponsors, filed for the fourth year a shareholder proposal calling for greater transparency. Last year, as in previous years, the votes in favor of this proposal have held at approximately 34 percent (excluding abstentions). Over the last three years vote outcomes in support for Walden's proposal have garnered a full third of shareholder votes cast. Despite this constant support for sustainability disclosure the board has not moved forward to begin the process of sustainability reporting.

Business Description and Rationale

Emerson Electric is a diversified global technology company. It is engaged in the design, manufacture and supply of product technology and delivering engineering services in a range of industrial, commercial and consumer markets globally. Although Emerson Electric provides products and services to help its customers reduce their environmental impact, such as emissions reductions, the company does not provide evidence of how it tracks the environmental impacts of its own operations. We believe that companies that proactively track, manage and report on emissions to air, land and water, as well as other ESG related factors are better positioned to proactively address risks and opportunities related to their business.

This resolution presses Emerson Electric to improve transparency in its business practices, which is in investors' interest since these issues may affect shareowner value.

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Supporting points demonstrating Emerson Electric's lack of leadership:

- Emerson Electric's 2012 Carbon Disclosure Project (CDP) disclosure score is 9 compared to competitors' scores of General Electric (73) Hitachi (86) and ABB Ltd. (76) and is the lowest score among all Industrials Sector responders
- The company has not outlined targets and goals on greenhouse gas emissions reductions, which puts it in a minority position of industrials sector peer responders - over two-thirds of responders have made their GHG targets and goals publicly available
- The company also declined to participate in the CDP Water survey
- Emerson Electric's many competitors, including ABB and General Electric, are already addressing material ESG risks and opportunities and report on them via a sustainability report.
- The company has stated on its website and the proxy that it operates its facilities in a manner that "protects the environment, meets or exceeds government requirements, and continually reduces energy consumption and waste." However, investors have no access to evaluative information to track this claim
- Emerson Electric also states that it views its supply base as an extension of the company but does not provide any specific information about sustainability issues in its supply chain, especially in relation to GHG emissions

The resolution is led by Walden Asset Management and co-filed by a number of proponents: First Parish Church in Cambridge, MA, Funding Exchange, The Oneida Tribe of Indians Trust Fund for the Elderly, Manhattan Country School, Needmor Fund, Sisters of Notre Dame de Namur of Everett, MA, The Russell Family Foundation, The Sustainability Group at Loring, Wolcott and Coolidge, Walden Equity Fund and Zevin Asset Management.

Annual Meeting Information
The Annual Meeting of the Stockholders of Emerson Electric Co. will be held at the office of the Company, 8000 West Florissant Avenue, St. Louis, Missouri 63136 on Tuesday, February 5, 2013, commencing at 10:00 a.m. Central Standard Time.

Link to Emerson Electric's 2013 proxy containing the company's statement of opposition on pages 46-48: http://phx.corporate-ir.net/phoenix.zhtml?c=107575&p=irol-SECText&TEXT=aHR0cDovL2FwaS50ZW5rd2l6YXJkLmNvbS9maWxpbmcueG1sP2lwYWdlPTg1NzMzNDAmRFNFUT0wJlNFUT0wJlNRREVTQz1TRUNUSU9OX0VOVElSRSZzdWJzaWQ9NTc%3d

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Appendix 1/1

SUSTAINABILITY REPORTING

RESOLVED
Shareholders request that Emerson issue a sustainability report describing the company's environmental, social and governance (ESG) performance, including greenhouse gas (GHG) reduction targets and goals, available on the company website by September 1, 2013 and 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 1000 investors and asset owners who collectively hold over $38 trillion of assets under management. They seek the integration of ESG factors in investment decision making and require information on ESG factors to analyze fully the risks and opportunities associated with existing and potential investments. Major firms such as BlackRock and T. Rowe Price are PRI signatories. Bloomberg Investment Services provide ESG performance that these investors utilize in investment decisions.

Carbon Disclosure Project (CDP), representing over 550 institutional investors globally with $71 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 24/100 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 Global 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 much more detail on 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 an annual comprehensive sustainability report.

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 35% of shares (excluding abstentions) voted in favor of this resolution, a substantial level of support that management should not ignore.

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