

CORPORATE SOCIAL
RESPONSIBILITY REPORT

We See...

The cover image for this year's Corporate Social Responsibility Report was used to illustrate one of the 20 stories featured in Emerson's "We See" advertising campaign launched in 2017. This campaign highlights the ways our innovations are helping solve the world's toughest challenges and leave the world in a better place than we found it. We see our ability to secure and protect a prosperous future as more than a mission, it's our responsibility. To watch our video and read our stories, visit Emerson.com/WeSeeInnovations.

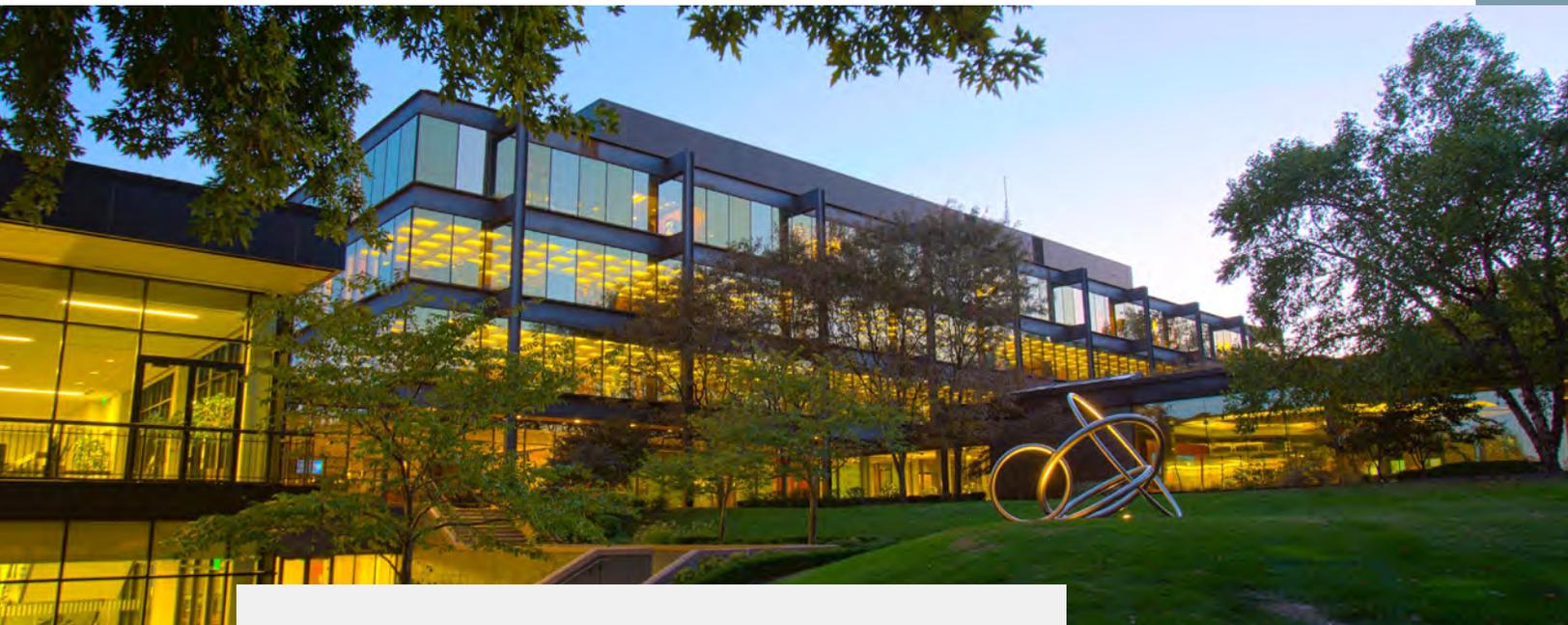


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EMERSON HEADQUARTERS

St. Louis, Missouri USA

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Chairman's Message

Dear Stakeholders,

As a technology and engineering company with manufacturing facilities around the world, we at Emerson view our corporate social responsibility broadly and seriously. Our mission as a company is to help our industrial, commercial and residential customers address some of the most important and complex challenges facing the world. Our goal is to leave the world in a better place than we found it.

We need a strong business foundation to make this possible. We have made tremendous progress in strengthening our company over the past two years through a strategic portfolio repositioning and focusing on two business platforms – Automation Solutions and Commercial & Residential Solutions. We are seeing the positive impact of these changes today with renewed sales growth and a surge of momentum for innovation across the company.

Many of Emerson's technology and service offerings that are driving our growth also support and advance energy efficiency and environmental sustainability. Our automation technologies help process and discrete manufacturing facilities and infrastructure run more efficiently, productively and safely. Our heating, cooling and refrigeration technologies enable customers to enhance food quality and safety, ensure indoor human comfort and health, advance energy efficiency and create a more sustainable infrastructure. Examples of these Emerson technology solutions and their significant impact for our customers, their industries and the broader society are included in this report.

A company is only as strong as the values that guide it. That is why Emerson this past year focused on strengthening our culture through a renewed emphasis on the shared values that are critical to our company's success. We engaged our employees around the world to identify the values that unite us in common purpose to deliver on our customer promise of Consider It Solved. These values – Integrity, Safety and Quality, Continuous Improvement, Collaboration, Innovation, Customer Focus and Support Our People – are the building blocks to a successful culture and help shape our strategic framework for investment.

We are striving to create a more diverse and inclusive workplace. In 2017, I joined the "CEO Action for Diversity & Inclusion" initiative to demonstrate my personal commitment to making Emerson an employer of choice. We appointed a vice president for diversity and inclusion to develop, guide and help drive initiatives. And we continue to hold trainings for our leadership teams around the world to highlight the benefits of diversity and inclusion and to boost awareness of unconscious biases that may affect decision making in recruiting, hiring, retention, promotions and compensation.

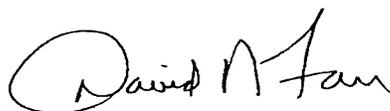
Safety is a core Emerson value and reinforcing behaviors that contribute to employee safety is a management priority. In 2017, the company's total recordable injury rate globally was again reduced, but workplace accidents happen and we must be ever vigilant in this area. In addition, we are now implementing new software applications globally to further improve our reporting and oversight for employee safety and environmental measurements.

The company continues to focus on the environmental impact of our operations. We made progress in 2017 in furthering energy conservation and efficiency improvements at our continuing facilities around the world, saving the equivalent of 14.5 million kilowatt hours of electricity.

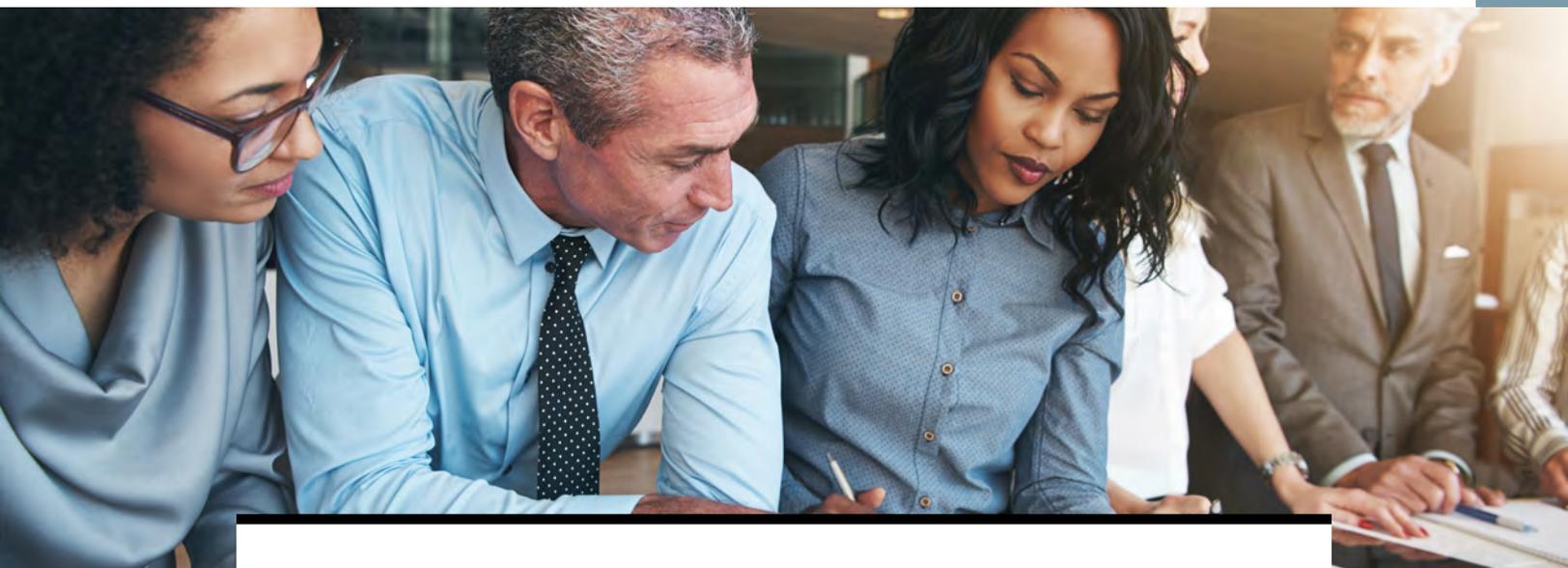
Our company's charitable contributions are helping to support nonprofit organizations and educational institutions on a wide range of community needs. Our philanthropic and employee volunteer efforts are putting a special focus on attracting and training young people, especially more women and minorities, to consider careers in manufacturing, engineering and other STEM-related fields.

On behalf of the Board of Directors, I want to thank our employees around the world for living our core values and helping make Emerson a good corporate citizen and an ethical and more sustainability-focused company. We recognize that environmental, social and governance expectations for companies continue to increase, and we are committed to driving measurable advancements. Through this report and our other communications, we will continue to share our progress on this journey.

Sincerely,

A handwritten signature in black ink that reads "David N. Farr". The signature is fluid and cursive, with a large initial "D" and "F".

David N. Farr
Chairman and Chief Executive Officer



Company Profile

Emerson is a global manufacturing company that brings technology and engineering together to provide innovative solutions to customers in the industrial, commercial and consumer markets. Through our two business platforms – Automation Solutions and Commercial & Residential Solutions – we develop technologies that advance productivity, efficiency and safety for our customers.

Founded in 1890 and headquartered in St. Louis, Missouri (USA), Emerson is incorporated under Missouri law and is a publicly traded company listed on the New York Stock Exchange (NYSE: EMR). As of September 30, 2017, the company had more than 80,000 employees and approximately 200 manufacturing locations worldwide. In fiscal 2017, the company had global sales of \$15.3 billion.

The company initiated a major strategic repositioning of its portfolio starting in 2015 that resulted in the sale of the network power systems business, which closed in the first quarter of 2017, and the sale of its power generation, motors and drives businesses, which closed in the second quarter of 2017. With these divestitures, the company reorganized itself from five diversified business segments into its current two, more highly focused business segments. On April 28, 2017, Emerson completed the acquisition of Pentair's valves and controls business, and that business is now part of the Automation Solutions segment. The company's portfolio now consists of two business platforms:

AUTOMATION SOLUTIONS

Our [Automation Solutions](#) business enables process, hybrid and discrete manufacturers to maximize production and protect personnel and the environment, while reducing their energy and operating costs through a broad offering of integrated solutions and products, including measurement and analytical instrumentation, industrial valves and equipment, and process control systems. Emerson helps customers reach what we call Top Quartile performance through our technologies and engineering services to design and automate new production facilities and to measure, control, analyze, optimize and power ongoing operations.

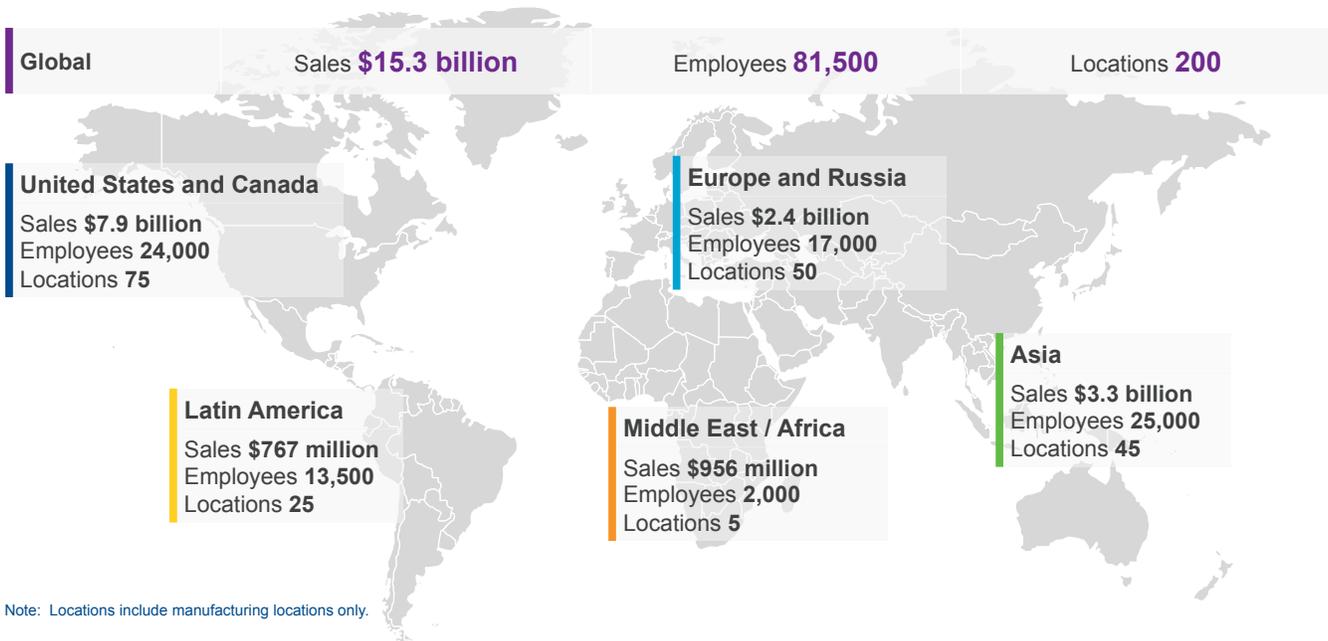
Our leading product brands include Appleton, ASCO, Bettis, Branson, DeltaV, Fisher, Micro Motion, Ovation and Rosemount. Significant end markets served include oil and gas, refining, chemicals and power generation, as well as pharmaceuticals, food and beverage, automotive, pulp and paper, metals and mining, and municipal water supplies.

COMMERCIAL & RESIDENTIAL SOLUTIONS

Our [Commercial & Residential Solutions](#) business provides products and solutions that promote energy efficiency, enhance household and commercial comfort, and protect food quality and sustainability through heating, air conditioning and refrigeration technology, as well as a broad range of professional tools and commercial and solutions.

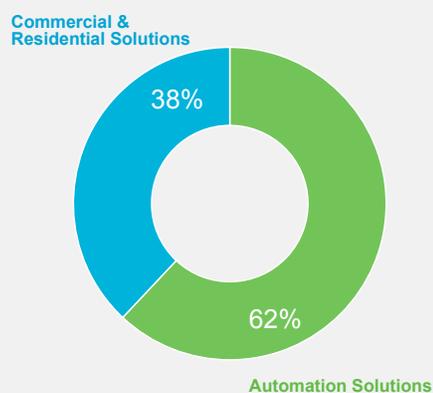
The Climate Technologies segment of this business provides products, services and solutions for all areas of the climate control industry, including residential heating and cooling, commercial air conditioning, commercial and industrial refrigeration, and cold chain management. Products include compressors, temperature sensors and controls, thermostats, flow controls and stationary and mobile remote monitoring technologies and services that enable homeowners and businesses to better manage their heating, air conditioning and refrigeration systems for improved control and comfort, and lower energy costs. The Tools & Home Products segment includes professional pipe-working tools, residential and commercial food waste disposers, and wet-dry vacuums. Our leading product brands include Copeland, InSinkErator, ProAct, RIDGID and Sensi.

EMERSON GLOBAL PRESENCE 2017

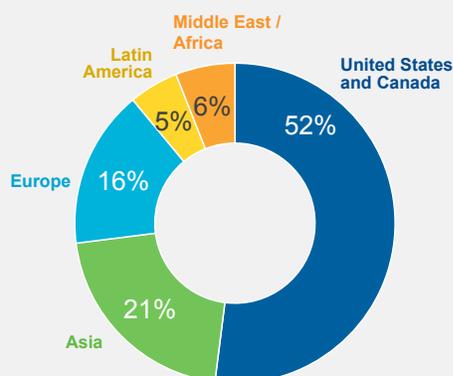


EMERSON GLOBAL SALES 2017 - \$15.3 BILLION

2017 Sales by Platform



2017 Sales by Geography



The company’s strategic repositioning actions during 2016 resulted in the sale of the network power systems business which closed in first quarter 2017, and the sale of the power generation, motors and drives business closed in second quarter 2017. Data related to these businesses are not included in this report. On April 28, 2017, Emerson completed the acquisition of Pentair’s valves and controls business and data related to that business is now reported in the Automation Solutions segment.

This report focuses primarily on information and data on the company’s business and operations during 2017. Additional information regarding our company and businesses, including products, brands and markets served, can be found at Emerson.com and in our latest [Annual Report to Shareholders](#) and [Form 10-K](#) filing with the U.S. Securities & Exchange Commission.

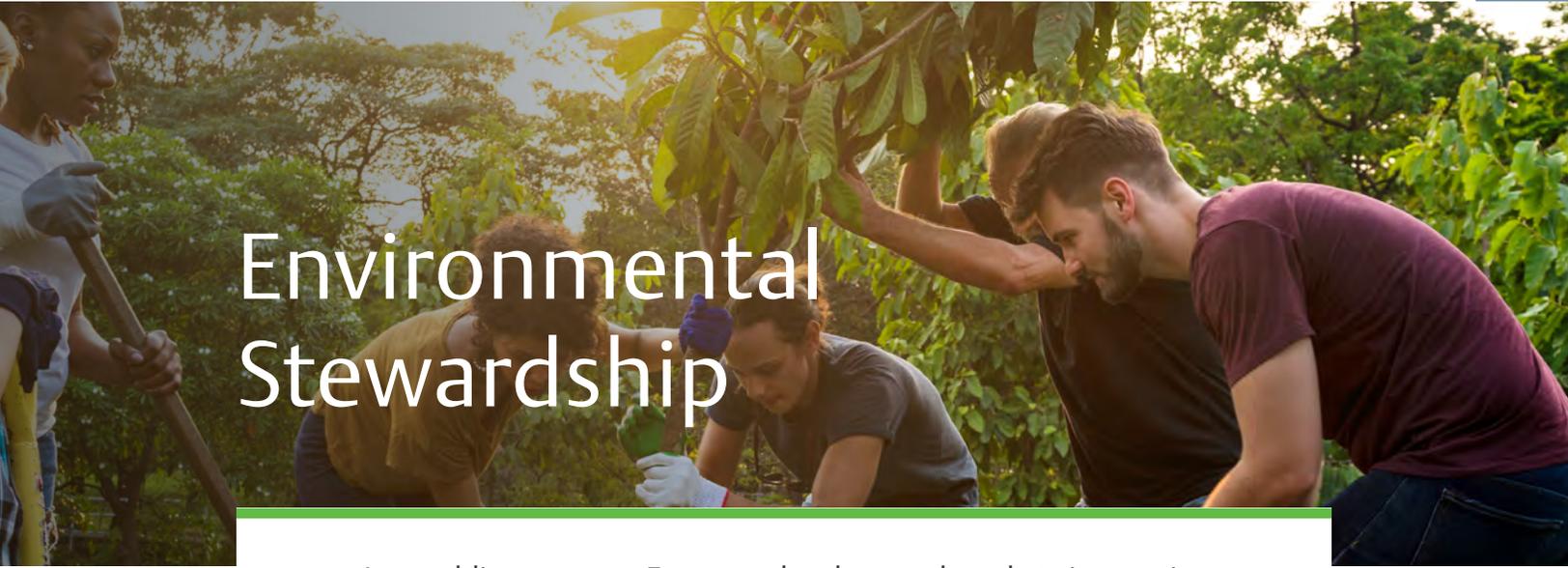
Note: The company reported in its 10-K filing for the fiscal year ended September 30, 2017 that it had an average of approximately 76,500 employees. As of September 30, 2017, the company had 81,500 employees.

MEMBERSHIPS

Our company, senior management and employees are associated with a wide range of business-related initiatives and organizations around the world. Here are just a few examples:

- [Air Conditioning Contractors of America](#)
- [Air-Conditioning, Heating & Refrigeration Institute](#)
- [American Biogas Council \(ABC\)](#)
- [American Home Appliance Manufacturers \(AHAM\)](#)
- [American Society of Plumbing Engineers \(ASPE\)](#)
- [American Supply Association \(ASA\)](#)
- [American Water Works Association \(AWWA\)](#)
- [CEO Action for Diversity & Inclusion](#)
- [European Heat Pump Association](#)
- [European Partnership for Energy & the Environment](#)
- [International Association of Plumbing & Mechanical Officials \(IAPMO\)](#)
- [International Water Association \(IWA\)](#)
- [National Association of Clean Water Agencies \(NACWA\)](#)

- [National Association of Home Builders \(NAHB\)](#)
- [National Association of Manufacturers](#)
- [National Electrical Manufacturers Association](#)
- [National Kitchen and Bath Association \(NKBA\)](#)
- [Plumbing-Heating-Cooling Contractors of North America \(PHCC\)](#)
- [Plumbing Manufacturers International \(PMI\)](#)
- [Responsible Minerals Initiative](#)
- [Society of Women Engineers](#)
- [The Conference Board](#)
- [The Consortium for Graduate Study in Management](#)
- [United States Green Building Council \(USGBC\)](#)
- [Water Environment Federation \(WEF\)](#)
- [Water Research Foundation](#)



Environmental Stewardship

As a public company, Emerson develops and markets innovative technologies and services that meet the needs of our customers, provide jobs for our employees and create value for our shareholders. As an industry leader and a corporate citizen in our communities, we also seek to improve quality of life, reduce the impact of our operations and products on the environment, and leave the planet in a better place for future generations.

These goals aren't mutually exclusive. Across our business units, Emerson's core mission is to deliver solutions that enable our customers to operate at peak efficiency and performance. We help customers maximize reliability, reduce energy costs, automate processes and reduce waste. We focus on the same priorities within our own manufacturing operations.

Our Technologies for Customers

Emerson is focused on helping our customers with the most complex and important challenges facing the world in the process, industrial, commercial and residential markets. Our Automation Solutions business is helping customers make the greatest use of the world's valuable resources, helping nations move their economies forward in responsible ways, enabling the performance and safety of industries, and advancing the industries that are the backbones of daily life. Our Commercial & Residential Solutions business is helping customers ensure human comfort and health, protecting food quality and sustainability, advancing energy efficiency and environmental conservation, creating sustainable infrastructure, and continuing research and development momentum.

AUTOMATION SOLUTIONS

Emerson Automation Solutions has developed a comprehensive portfolio of products, services and solutions that help industrial customers to maximize reliability, reduce energy costs, automate processes, reduce waste and improve worker safety. Following are some examples:

Emerson is focused on helping our customers with the most complex and important challenges facing the world in the process, industrial, commercial and residential markets.

Better monitoring for oil and gas pipeline leaks

- Each and every day, millions of miles of pipeline around the world transport hydrocarbons – such as crude oil or natural gas – from the source to refineries, and then ultimately to consumers. Emerson technology is helping companies prevent issues they couldn't previously see in advance, and addressing problems that do arise faster than ever before.

Emerson's cutting-edge technology can determine corrosion and the rate of thinning of a piping wall, giving engineers real-time insights on preventive maintenance actions to take. If pipeline integrity is at risk, Emerson control systems are able to quickly reduce the flow rate to lower pipeline pressure, helping to decrease the chances of an incident. This combination of real-time information and decision support software and services enhances operational efficiency and safety across the oil and gas pipeline.

Improving industrial safety

- *Facility fire and gas leak detection.* Our portfolio of safety and security solutions is helping industrial plants reduce risk, avoid incidents and operate reliably. From integrated safety systems to fire and gas leak detection, we help customers prepare for the unpredictable and keep workers safe. Emerson sensor networks deliver predictive data insights that allow manufacturers to build strategic reliability plans to help ensure that plants are running at full capacity with minimal risk.
- *Digital twin platform for power plants.* A new Emerson technology offering introduced in 2017 now provides a virtual platform – known as a “digital twin” – that allows an industrial facility to test any proposed engineering adjustments to operations risk-free and in real time, before they are applied to the actual plant. Using the industry's first integrated control and simulation platform, Emerson is able to create an exact digital replica of the live plant. This high-fidelity simulator runs in parallel with the real control system, making advanced testing possible to ensure any changes won't impact the supply of electricity and ensure environmental impacts are mitigated.

The need for real-time virtual testing is greater than ever. Global electricity demand will see a 69 percent increase by 2040, according to a 2016 U.S. Energy Information Administration report. This increase in demand, which puts further pressure on reliable generation, will accompany a growing shift to renewable energy sources, which are processed differently than traditional sources. With our digital twin technology, electricity-generation customers can maximize efficiency and safety for current operations while testing future upgrades.

Making microgrids more reliable

- *Microgrid control systems.* Reliable, affordable power is taken for granted in most of the developed world, but 1.2 billion people around the globe live in areas that don't have a centralized power source. Small-scale grids, or microgrids, are quickly emerging as a solution to bringing electricity to

underdeveloped areas of the world. Microgrids typically use renewable resources like solar and wind to generate much of their electricity in a clean and affordable manner, but battery power and standby generators are used to pick up the slack for wind turbines on a calm day or solar panels when it's cloudy. Emerson's Ovation™ control system technology enables seamless and automated coordination of disparate power sources to satisfy power demand and maintain stable operations.

Bringing life-changing drugs to market more efficiently

- > *Pharma manufacturing automation.* Emerson's automation technologies are helping bring life-changing pharmaceuticals to market faster and safer than ever before. Thanks to advanced manufacturing and our scalable DeltaV systems, researchers in the lab are developing drugs with the same equipment and automation technology that will be used to commercially manufacture the drugs, providing crucial insights into how to make the medications efficiently. By implementing our automation and controls technology in the lab and on the manufacturing floor, we help enable highly precise and flexible manufacturing capacity at a lower capital cost, which also leads to easier submissions for approval by regulatory agencies.

COMMERCIAL & RESIDENTIAL SOLUTIONS

Emerson Commercial & Residential Solutions is helping conserve and make better use of energy resources across the globe, addressing environmental impact while improving quality of life. From compressors to thermostats, from indoor comfort in your home and workplace to cold chain technologies that safeguard the foods that nourish our lives, Emerson is providing environmentally responsible solutions around the world.

Cleaner skies, more efficient heating in China

- > *China heat pump installations.* Air quality has been a significant health concern in China in recent years, with residential coal-fired heating systems acting as a major contributor to pollution. With the help of Emerson technology, China is now replacing in-home coal burning with more efficient and environmentally responsible heat pumps.

More than 300,000 high efficiency air-source heat pumps, powered by our Copeland Scroll™ compressors designed for colder climates like northern China, were installed in 2017. These electric-powered heat pumps are replacing reliance on inefficient residential coal-burning in rural areas, and are 20 percent more energy efficient than a traditional hot-water system using a coal-fired boiler. The impact stretches beyond individual home efficiency: Emerson research has found that using a heat pump will reduce 51 percent of CO₂ emissions, compared to using a coal boiler.

Making building energy management easier

- > *Managing multiple thermostats.* Managing temperature across multiple rooms – or buildings – can be incredibly challenging. Organizations like churches and schools often don't have the resources for large-scale building



management systems or around-the-clock facility staff, opening the door for significant energy waste from heating or cooling unoccupied buildings.

With the recent introduction of our new Sensi™ Multiple Thermostat Manager, Emerson is helping school districts, churches and small to large businesses conserve energy. Our software application allows users to remotely manage and control heating and cooling systems at multiple locations through one online portal that easily allows energy-saving temperature adjustments.

Reducing food spoilage for Indonesia's fishermen

- > *Cold chain technology for artisanal fishermen.* In Indonesia, 95 percent of the 2.2 million people engaged in the fishing industry are small-scale or artisanal fishermen. Emerson's commercial refrigeration technologies are helping the country's Ministry of Marine Affairs and Fisheries bring cold chain facilities to small fishermen in remote areas of the country where existing facilities for storing the catch are often not sufficient or can only be used short-term.

Emerson technologies for refrigeration equipment are now being used to efficiently power refrigeration equipment – including ice flake machines, air blast freezers and cold storage units – that can reliably maintain food-safe temperatures. More than 300 Emerson condensing units have been installed across Indonesia. By reducing food spoilage, this new cold chain infrastructure is helping improve the living standards of small-scale fishermen who can now store their catch at proper temperatures and earn a selling price that is 30 percent higher than in 2015.



Navigating the shift to Clean Cold in Europe

- > *Preparing for the EU's F-gas transition.* To control emissions from fluorinated greenhouse gases (F-gases), including hydrofluorocarbons (HFCs), the European Union is phasing out the use of F-gases. The retail sector is key to the transition away from HFCs, as an average supermarket refrigeration system can leak up to 25 percent of its refrigerant charge annually, resulting in approximately 1,556 metric tons of CO₂ equivalent emissions – producing the same environmental impact as the annual energy used by 165 homes.

These regulations are requiring major investments by Europe's food retail industry in new refrigeration systems that are designed for more environmentally friendly refrigerants. Emerson Commercial & Residential Solutions is working closely with food retailers – providing our component technologies and technical and engineering advice – on how to make the technology switch cost-effectively and while lowering maintenance costs, simplifying installation and reducing energy consumption. For more information on this topic, see the University of Birmingham research report commissioned by Emerson, [Retail Refrigeration: Making the Transition to Clean Cold](#), published in October 2017.

Managing Our Facilities

ENVIRONMENTAL PRINCIPLES FOR EMERSON'S OPERATIONS

Each of our manufacturing facilities around the world follows [a set of principles](#) that guides our commitment to environmental stewardship in everything that we do.

Highlights of these principles include:

- > We comply with all applicable laws and regulations, but also seek to reduce and, where possible, eliminate hazardous waste through source reduction and recycling.
- > We continually work to minimize environmental impact through safe technologies, facility design and operating procedures.
- > We conserve energy and work to improve the efficiency of the products we manufacture and of our own operations.
- > We conduct regular training to ensure knowledge of updated laws and regulations, pollution-prevention and waste-minimization practices, and technological developments.
- > We periodically audit our operations to confirm compliance with these principles and local laws.

Emerson's business unit presidents are responsible for implementing these principles, with support from our Corporate Environmental Affairs Department. Our General Counsel is responsible for overseeing implementation of the Company's environmental principles and periodically reports performance to the Audit Committee of the Board of Directors.

Environmental Management System

ENERGY CONSERVATION AND EFFICIENCY

Emerson continues to implement energy efficiency measures at our facilities, conduct energy audits and seeks out new opportunities to reduce the impact of our operations on the environment. In 2017, these conservation and efficiency activities across our operations contributed to a reduction of 14.5 million kilowatt hours used. That's equivalent to the average annual electricity consumption of 1,347 American households.*

- > As part of a renovation at our Chanhassen, Minn., plant, we converted from a steam boiler to natural gas, saving about 2.4 million kilowatt hours annually.
- > At one of our plants in Attit, India, we began recovering waste flue gases and using them to provide heat for water used in the body component washer. In addition, we converted an existing diesel-fired oven at the plant to liquid petroleum gas. These changes resulted in an annual reduction of nearly 400,000 kilowatt hours of energy used.
- > We also installed LED lighting in 2017 at many of our facilities, from Mansfield, Ohio, to Möenchengladbach, Germany, to Shanghai, China.

*Based on data from U.S. Energy Information Administration

Each of our manufacturing facilities around the world follows a set of principles that guides our commitment to environmental stewardship in everything that we do.



MINIMIZING ENVIRONMENTAL IMPACT THROUGH FACILITY DESIGN AND OPERATING PROCEDURES

Emerson designs and builds many of our new facilities following Leadership in Energy and Environmental Design, or LEED, certified standards, incorporating sustainable design principles, technologies and best practices, including Indian Green Building Standards. It is another way we use innovative approaches to reduce the impact of our operations on environmental resources. Emerson facilities that meet LEED standards for using less water and energy and reducing greenhouse gas emissions are listed on this page.

In spring 2017, Emerson announced plans to build a new headquarters for our InSinkErator business in Wisconsin. The new headquarters and lab building, which has been designed to qualify for LEED certification, is expected to open in July 2018. In Chakan, India, we are currently building a manufacturing center that is being designed to the Indian Green Building Council's Platinum rating. The first phase is expected to open in March 2019.

REGULAR ENVIRONMENTAL TRAINING

Emerson conducts regular environmental training programs for our plant environmental managers, business unit environmental coordinators and other key personnel worldwide. Each session takes into account the specific needs of the regions in which our facilities are located.

Each year, employees receive online or face-to-face environmental training with two primary goals:

- > Give employees a practical understanding of the requirements of environmental laws and regulations as they apply to the company.
- > Share best practices on how to reduce waste, enhance the quality of the environment and conserve energy.

The training conferences cover a broad range of topics, including:

- > Emerson's environmental principles.
- > Good environmental management practices.
- > Country-specific environmental laws and regulations.
- > New developments in local environmental laws.
- > Pollution prevention, waste minimization and energy conservation.
- > Specialty topics like hazardous materials transportation, spills and incident response, and recycling technologies.

ENVIRONMENTAL COMPLIANCE

Emerson considers the environmental aspects of how we design, engineer and manufacture products, ensuring that materials and processes are safe and adhere to industry standards and government regulations such as WEEE (Waste Electrical and Electronic Equipment) and RoHS (Restriction of Hazardous Substances) directives.

We also assess the environmental compliance of Emerson facilities annually in most cases, with 84 percent of manufacturing facilities assessed with a

Emerson facilities with green building certifications



LEED Certified

The Helix Innovation Center - 2016
DAYTON, OHIO (USA)



LEED Silver

Emerson Scroll Machining Building - 2013
AVA, MISSOURI (USA)

ASCO Fluid Automation Global Headquarters - 2017
FLORHAM PARK, NEW JERSEY (USA)

Emerson Campus - 2013
SOROCABA (BRAZIL)

Emerson Latin American Headquarters - 2009
SUNRISE, FLORIDA (USA)



LEED Gold

Corporate Data Center - 2010
ST. LOUIS, MISSOURI (USA)

Emerson India Headquarters - 2013
GURGAON (INDIA)

third-party audit or self-assessment in 2017. In this process, we analyze the procedures and performance of our facilities against standards set by local law or Emerson’s standards, whichever sets a higher standard. Furthermore, when acquiring companies, we assess their environmental policies and procedures to correct any issues.

Emerson requires that every manufacturing facility receives a third-party environmental compliance audit every five years, in which auditors conduct detailed inspections of the facility and its environmental records. The purpose of these audits is to evaluate environmental regulatory compliance, as well as the overall environmental management practices of each plant. The audit process also encourages plant environmental managers to look beyond basic compliance to explore ways to implement innovative and productive environmental management practices.

Prior to an on-site inspection by an outside environmental consultant, each plant is required to complete a detailed questionnaire provided by the Corporate Environmental Affairs Department. Once the formal audit is completed and the outside auditor submits a written report, Environmental Affairs works with the business unit president and facility personnel to ensure that all audit findings are addressed.

About 10 percent of Emerson’s audits are surprise audits, where facility managers receive, in most cases, only 48 hours’ notice of the third-party audit team’s visit.

In years in which plants do not have a third-party compliance audit, business unit environmental coordinators work with plant management to complete a self-assessment to ensure compliance with environmental regulations. Corporate environmental staff oversee this annual process.

FINES AND SANCTIONS

Emerson facilities are routinely inspected by environmental authorities in the jurisdictions where we operate. It is Emerson policy to cooperate fully with environmental authorities. The majority of all inspections by authorities do not result in monetary fines, penalties or citations. When environmental fines or penalties have been imposed, the costs have been minimal in comparison to the size of our operations.

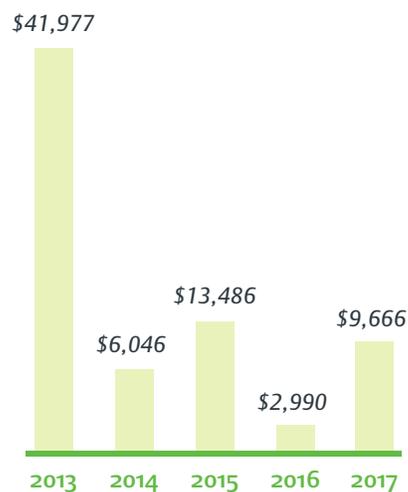
For example, in fiscal year 2017, environmental regulators inspected our facilities or were notified of incidents on 24 different occasions worldwide (compared to 37 occasions in 2016). Of these occasions in 2017, only three resulted in monetary penalties totaling \$9,666 (compared to three in 2016). The average annual cost of environmental fines and penalties incurred globally by Emerson from 2012 through 2017 was approximately \$14,833.

GRIEVANCE MECHANISMS

In addition to Emerson’s global [Ethics and Compliance Hotline](#), each of our business units has its own formal and informal channels to raise concerns or complaints about environmental compliance. We also periodically receive concerns regarding environmental issues from the people and businesses neighboring our facilities. Issues raised via these channels are rare and are appropriately addressed.

Emerson facilities are routinely inspected by environmental authorities in the jurisdictions where we operate.

ANNUAL COST OF ENVIRONMENTAL FINES AND PENALTIES



GREENHOUSE GAS, WATER AND ENERGY USE

Emerson tracks our impact on the environment in a number of ways, including measuring emissions into the atmosphere, water consumption and energy use associated with our manufacturing operations. Emerson has voluntarily disclosed this data as a participant in the Carbon Disclosure Project (CDP) since 2006.

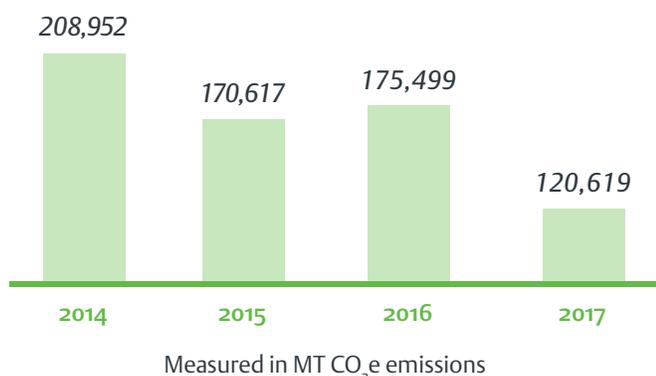
Compared to 2016, Emerson experienced a 31.3 percent decrease in global Co₂e emissions, a 5.6 percent reduction in global water consumption and a 20.5 percent decrease in global energy use. We attribute these results to several factors, including a decrease in the number of reporting facilities*, new and/or more efficient technologies being implemented in our production facilities, and energy- and water-savings measures being implemented across our operations.

Greenhouse Gas (GHG) Emissions

All GHG emissions are measured in metric tons of carbon dioxide equivalent (MT CO₂e).

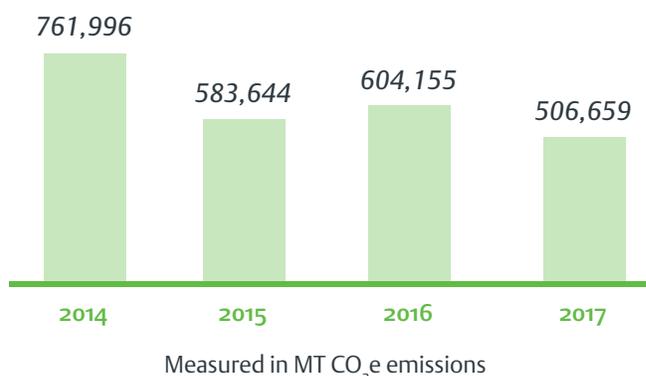
Scope 1 - Direct GHG Emissions

Includes the combustion of fossil fuels (e.g., natural gas, fuel oil, propane, etc.) for comfort heating or other industrial applications at Emerson manufacturing facilities.



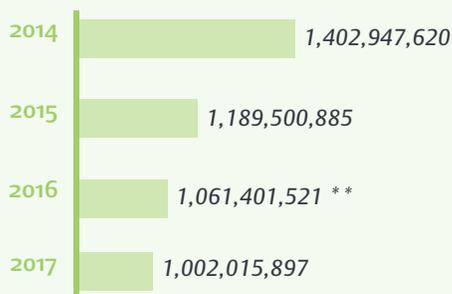
Scope 2 - Indirect GHG Emissions

Includes the consumption of purchased electricity, steam or other sources of energy (e.g., chilled water) generated upstream from Emerson manufacturing facilities.



Water Consumption

Emerson's worldwide water usage (in gallons):



Energy Use

Emerson's total worldwide electricity usage (in megawatt-hours):



* All data is for the calendar year indicated and is based on the Emerson business portfolio during that year. In 2017, Emerson was reorganized into two primary business platforms – Automation Solutions and Commercial & Residential Solutions. The company's 2017 environmental data includes 207 facilities vs. 240 facilities in 2016 and does not include the Pentair facilities that were acquired during 2017. During 2014, 2015 and most of 2016, the company was comprised of five business platforms: Process Management, Industrial Automation, Network Power, Climate Technologies and Commercial & Residential Solutions.

**Water and energy use data from 2016 have been adjusted to provide increased accuracy and meaningful comparisons.



People & Workplace

At Emerson, our success is fueled by the knowledge, skills, integrity and engagement of our 80,000+ employees across the globe. As a company, we seek to create a culture and environment that supports our people and empowers them to reach their greatest potential.

In 2017, following our business portfolio transformation from five business segments to two segments, we launched our internal “One Emerson” initiative to unify employees around a common set of shared values and to provide a clear road map for all employees on how we should act and behave.

To identify these core values, we conducted a survey in which 13,999 employees enthusiastically responded, followed by interviews with 109 leaders within the company. In conversations across the company, employees shared their perspectives on thought-provoking questions, including: “What are we best at?” and “What do we need to do more of to be successful?” With this information, Emerson engaged human resources and leadership firm Korn Ferry to define the behaviors that give Emerson our unique pulse and fuel our drive to leave the world in a better place than we found it.

This research helped us identify seven shared, core values across our company that are fundamental to the way we conduct our business and achieve success: Integrity, Safety and Quality, Support Our People, Customer Focus, Continuous Improvement, Collaboration and Innovation – are fundamental to the way we conduct our business and achieve success.

Engaging our global workforce around common values has energized employees to continue reaching for top performance, supported by an employee management process that has always centered on open and honest communication. This philosophy guides our robust efforts to create a global workforce that encourages diversity and embraces inclusion while promoting workplace safety and fair labor practices. We continually look to break new ground in these areas to help Emerson maintain its status as an employer of choice that drives innovation and delivers excellence for our customers.



ONE EMERSON – OUR VALUES

INTEGRITY

We are uncompromising in our honest and ethical behavior, which creates trusting relationships with one another, customers, suppliers and communities.

SAFETY & QUALITY

We are unwavering in our commitment to the highest standards of safety and quality for ourselves and our customers.

SUPPORT OUR PEOPLE

We attract, develop and retain exceptional people in an inclusive work environment, where all employees can reach their greatest potential.

CUSTOMER FOCUS

We actively listen to our customers to deeply understand their needs and deliver the unique solutions that ensure their success.

CONTINUOUS IMPROVEMENT

We constantly strive for improvement in all aspects of our business, guided by metrics, feedback and our disciplined management process.

COLLABORATION

We work seamlessly across geographies, platforms, business units and functions to fully leverage our unmatched breadth and expertise.

INNOVATION

We passionately pursue new technologies, capabilities and approaches to drive tangible value for our customers.

EQUAL OPPORTUNITY

We are committed to equal opportunity in all phases of employment. Our company prohibits discrimination against or harassment of any employee or applicant on the basis of race, color, religion, sex, sexual orientation, gender identity, age, disability, national origin, veteran status, political affiliation, union membership, or any other factor deemed unlawful.

DIVERSITY & INCLUSION

Emerson is committed to creating a global workplace that encourages diversity and embraces inclusion. By bringing together bright, enthusiastic and talented people from a variety of backgrounds and cultures, our culture promotes the birth of new ideas and an exciting energy level. We recognize our company and the industries we serve need to continue making progress in these areas and are committed to helping lead the way.

Emerson’s diversity and inclusion efforts seek to attract, develop and retain more women and minority employees as part of our overall workforce and at all levels of our management ranks. We are actively working to create an employer of choice environment within our industry in terms of promotions, transfers, compensation, benefits, career mentoring, company-sponsored training, tuition assistance and social and recreational programs for our employees.

Emerson’s U.S. workforce Demographics (2017)

30.5%
WOMEN

26.9%
MINORITIES*

3.5%
PROTECTED
VETERANS

3.3%
PEOPLE WITH
DISABILITIES

*Includes Asian, American Indian or Alaska Native, Black or African-American, Hispanic, Native Hawaiian or Other Pacific Islander

Emerson’s Diversity Council, established in 2013, is comprised of senior leaders from Emerson corporate and our business platforms. The Council helps set direction and provides oversight and guidance on the company’s diversity and inclusion initiatives. In 2016, the Council received management approval and funding to put in motion several key strategic initiatives to support the company’s diversity and inclusion commitment, including:

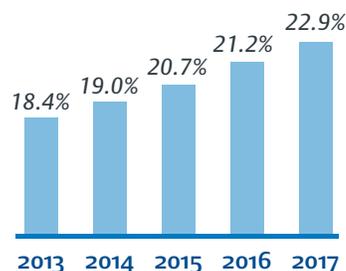
- > Initiated research and sharing of best practices on diversity and inclusion across our businesses.
- > Developed a curriculum for diversity training on unconscious bias and began roll-out of the training to leadership teams in 2016, with over 200 participants in the first year.
- > Recognized Emerson Women in STEM as the first company-wide Employee Resources Group (ERG). We also began research and internal discussions on how the company should support ERGs in general.
- > Continued our commitment to outreach and recruitment of minority MBA degree recipients through involvement with the [Consortium for Graduate Study in Management](#), including as lead sponsor of its 2016 annual conference which was in St. Louis.

In fiscal 2017, Emerson continued to expand its diversity and inclusion efforts with the following actions:

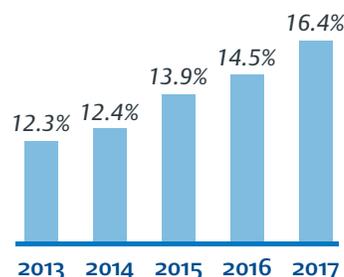
- > To drive progress and accountability, Emerson established a vice president-level position to oversee Talent Management & Diversity, which included oversight of company-wide diversity activities. Starting in fiscal 2018, this position was refocused under a newly named vice president for diversity and inclusion, whose responsibilities include strategic planning and implementation oversight for diversity, fostering inclusiveness and advocating for underrepresented groups in the workplace.
- > Emerson Chairman and CEO David Farr pledged the company’s support for the “[CEO Action for Diversity & Inclusion](#)” initiative to advance these goals in the workplace.
- > We continued holding unconscious bias training, both in-person and via an e-learning module for all leadership teams worldwide. To date, more than 3,000 managers in our company worldwide have completed this training.
- > Starting in 2017, diversity and inclusion-related questions are now included in our annual global employee opinion survey. Responses will help the company learn and evolve its efforts to become a stronger, more diverse organization.
- > We have begun collecting more data related to workforce diversity efforts, including data on applicants, hiring and promotions to help measure progress and better target our efforts.

EMERSON U.S. WORKFORCE TRENDS (2013-2017):

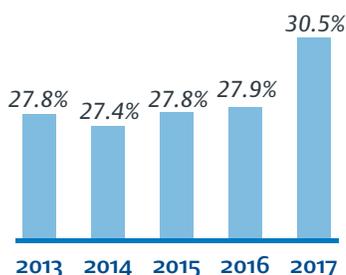
WOMEN IN MANAGEMENT POSITIONS



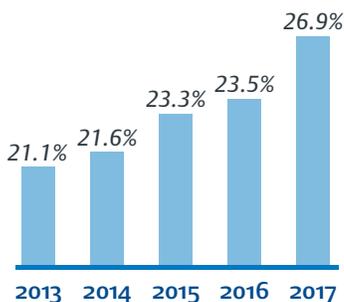
MINORITIES* IN MANAGEMENT POSITIONS



WOMEN IN ALL POSITIONS



MINORITIES* IN ALL POSITIONS



* Workforce representation data is based on consolidated federal EEO-1 and VETS-4212 filings. All data is a snapshot of the Emerson business portfolio on the payroll period date utilized to file the EEO-1 report.

- > We have supported the global expansion of Emerson Women in STEM and continue to internally evaluate the interest in recognizing other potential employee resource groups on a company-wide basis.

Women at Emerson

Emerson is making a concerted effort across the company and around the world to attract, recruit, retain and advance more women at our company.

RECRUITING EFFORTS

Our efforts to recruit engineering degree graduates and MBA degree recipients have a special focus on reaching women candidates. For example, our Engineers in Leadership Program, which provides a unique opportunity for 8 to 18 engineering degree graduates to be hired and immediately gain exposure to a range of functional roles and assignments beyond engineering, is helping the company compete for highly sought-after women engineers in today’s job market.

EMERSON WOMEN IN STEM

Emerson Women in STEM, our first corporate-wide Employee Resource Group, is a critical conduit and partner in advancing the company’s values and business goals, including our commitment to create a more diverse and inclusive work environment. This volunteer-driven organization is providing a vital support mechanism for women in salaried roles in the company. Their activities include organizing and hosting networking opportunities, professional development sessions and recognition events for female employees; coordinating participation in Society of Women Engineers activities; and promoting awareness of women in STEM career opportunities at schools and youth groups, and to participate in company recruiting activities.

Membership in the Emerson Women in STEM network has grown rapidly the past two years as international chapters have been formed. In 2016, Emerson Women in STEM had 590-plus women members, largely in the United States and held 24 regional events. At the end of fiscal 2017, the organization swelled to more than 1,700 employee members globally and had held 292 events worldwide. The organization now has regional leaders and members in each of Emerson’s major world areas.

SOCIETY OF WOMEN ENGINEERS

Emerson is proud to be a corporate partner of the [Society of Women Engineers \(SWE\)](#), the leading organization dedicated to the advancement of women engineers. Through SWE, we conduct outreach and recruitment of female engineering talent for our company in the United States. In 2017, Emerson and its businesses sponsored the attendance of 51 employees at SWE’s annual conference.

Emerson’s Women in STEM



Emerson’s U.S. workforce ages (2017):

14%
UNDER AGE 30

43%
AGE 30-50

43%
OVER AGE 50

RECOGNITION

Woman Engineer. In 2017, Emerson was ranked by *Woman Engineer* magazine among the “Top 50 Employers” in the United States for which women engineers would most like to work or whom they believe would provide a positive working environment. This is the third year in a row that Emerson has made the Top 50 list.



Human Rights Campaign. In November 2017, the Human Rights Campaign’s 2018 Corporate Equality Index awarded Emerson its top score of 100 – and Best Places to Work designation – in recognition of the company’s policies and practices that been put in place that are important to our employees and the LGBTQ community at large.



MINORITIES

We actively seek to increase the diversity of our global workforce by participating in recruiting events at universities and business schools, and at job fairs during professional societies’ annual conferences, to find and engage qualified candidates for both entry- and executive-level positions. Emerson is a longtime corporate supporter of the [Consortium for Graduate Study in Management](#), the largest diversity network in the United States that seeks to reduce underrepresentation of African Americans, Native Americans and Hispanic Americans in education and business by linking corporate partners with top-tier students. Emerson was one of the first companies to become a Consortium corporate partner, and participation has become a cornerstone of our MBA recruiting program.

U.S. MILITARY VETERANS

Emerson and our business units actively seek to recruit U.S. military veterans to explore job opportunities at our company as they transition to their post-military careers. For example, in 2017 Emerson participated in veterans-focused MBA recruiting events at the University of Michigan’s Ross School of Business (Ann Arbor, MI), Northwestern University’s Kellogg School of Management (Evanston, IL), Harvard Business School (Boston, MA) and Washington University’s Olin Business School (St. Louis, MO).

Promoting Health & Safety

We strive to create and sustain a safe and healthy work environment for all of our employees, focusing our efforts in three critical areas:

- > Implementing global safety and health standards based on some of the strongest regulations from around the world.
- > Tracking global injury trends from first aid, medical treatment, restricted and lost time injuries.
- > Conducting safety and health audits of our operations around the globe.

The safety and health of all employees is a core value within our company. We expect all levels of management and employees to not only anticipate hazards, but also to address them and stop employees if they deem a work environment or task to be unsafe.

Our safety efforts are led by our Corporate Safety Council, which meets quarterly. The Council sets expectations, provides oversight and tracks progress of our global safety program in order to drive continuous improvements, reinforce our safety culture and reduce injuries in Emerson's operations. All of our locations with 50 or more employees have a health and safety committee operating at the local level, which includes representation from members of the work force, to work proactively in addressing health and safety concerns. We conduct safety training for all operational management and require each significant location to have a formal safety program.

To reduce or eliminate the risk of serious injuries associated with decisions made by employees or managers, Emerson focuses on frequent communications highlighting positive behaviors. Our Automation Solutions business has exemplified this focus through a "safety moment" reminder that's presented at the start of internal and external meetings and regular communications on "12 Lifesaving Behaviors," which began in 2016. This effective initiative was also adopted by our Commercial & Residential Solutions business platform in 2017 and is now an Emerson-wide program.

Emerson's emphasis on safety and health encourages continuous improvement in all our processes, including the following:

- *Protective devices* – We continually engineer and apply devices that mitigate risk from workplace processes and equipment.
- *Ergonomics* – Where processes involve repetitive tasks, we design work approaches to minimize the impact on our employees.
- *Preventive maintenance* – With sound maintenance routines and protocols, Emerson continually reviews equipment to keep it in top operating shape, which reduces the potential for hazards while maximizing productivity.
- *Security* – To assure a well-protected, safe workplace, we consistently manage access to our facilities following international guidelines and standards.

Starting in 2018, Emerson is implementing an enterprise-wide employee health, safety and environment management software solution that will enable our environment, health and safety staff to take our safety and health programs to the next level. This software solution will provide visibility to not just historical accident data, but will also give insights into proactive leading indicators of the strength and effectiveness of our safety and health programs, such as near-misses, hazard identification, audit reports and other forward-looking data. This software system will enable local teams, business units and our company to track and analyze more information quicker, manage corrective actions and continue to build a workplace safety culture focused on prevention.

12 Lifesaving Behaviors

Think Safety First
Report Incidents
Assess Risk
Take Action
Know Limitations
Personal Protection Equipment
Follow Rules
Clean Up
Observe Warnings
Use Proper Tools
Drive Safely
Escalate If Needed

With our commitment to employee safety and health, Emerson ensures that safety goes hand-in-hand with operating productively, which in turn helps Emerson to compete effectively. Beyond this, many of Emerson’s products and services, including automation, monitoring and consulting services, are designed to help our customers increase safety within their own operations.

MEASURING SUCCESS

We consistently measure health and safety performance to assure continuous improvement and high standards in every facility. The most important measure is the workplace injury rate among our global workforce, where Emerson has seen reductions in incidents between 2012 and 2017.

Our commitment to continual evaluation and improvement of our health and safety standards will help us keep driving these numbers on a downward trend.

We conduct selective audits annually to measure compliance with Emerson’s and local safety standards, whichever is higher. Based on audit results, we work with facility management to rate safety compliance, and provide step-by-step plans to address any issues that are discovered. In the vast majority of cases, audit issues are addressed within 90 days.

Labor Practices

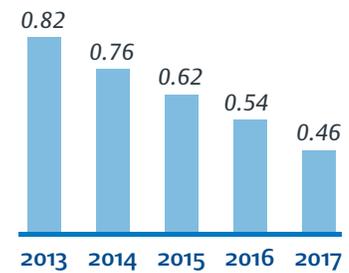
As part of our commitment to employees, we seek to uphold the highest standards in our labor practices, including conditions of employment and human rights. We do not employ child or slave labor and we respect our employees’ right to freedom of association in choosing labor organizations to represent them. Many of our employees are represented by unions or works councils and we strive to maintain positive relationships with those representatives. In the United States, 5 percent of our workforce are unionized and 29 percent of our worldwide employees are represented by an employee representative organization such as a union or works council.

WAGES AND BENEFITS

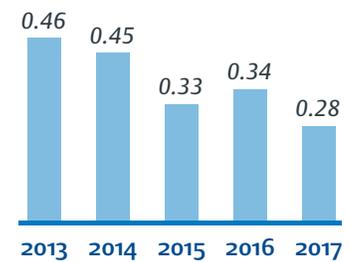
Our compensation practices comply with applicable wage laws and international standards, including those relating to minimum wages, overtime compensation and legally mandated benefits. In compliance with local laws, employees receive compensation for overtime at pay rates higher than regular hourly rates. The basis on which workers are paid is documented in a timely manner via pay stub or similar written communication. It is Emerson’s policy to recruit, hire, train and promote people in all job classifications without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, disability, veteran status, age, marital status, or genetic information. It is our policy and our practice that this equal employment opportunity be present in all aspects of employment, including but not limited to compensation, benefits, promotions, transfers, layoffs, company sponsored training, tuition assistance and education.

GLOBAL HEALTH AND SAFETY PERFORMANCE

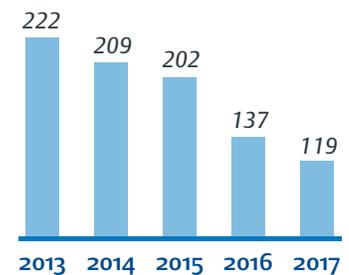
TOTAL RECORDABLE RATE OF INJURIES



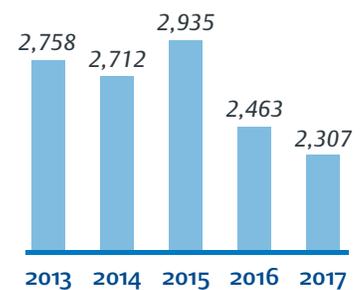
LOST WORKDAY CASES OR RESTRICTED WORKDAY CASES



RECORDABLE INJURIES*



FIRST-AID CASES



Emerson health and safety information does not include discontinued operations.
 * Recordable injuries data does not include restricted cases, lost workday cases or fatalities.

PAID FAMILY LEAVE

As a company that has grown by acquisition, Emerson has a wide variety of business units in the United States, in different industries and employment markets, and with different benefit structures. Paid leave is handled in a variety of ways at Emerson's U.S. business units, with some units offering designated paid maternal and/or paternal parental leave in addition to vacation and other types of time off; some providing paid time off for any purpose; and some providing unpaid family leave in addition to traditional paid vacation. Emerson is currently studying the leave policies of its various business units in order to identify possibilities for harmonization of U.S. time-off programs.

CONDITIONS OF EMPLOYMENT

Emerson operates with reasonable working hours to maintain a positive and productive work environment consistent with commonly accepted practices in each locale. Employees elect whether to accept employment after being fully apprised of the terms, conditions, practices and expectations of their jobs. Workers are not required to surrender government-issued identification, passports, or work permits as a condition of employment.

Human Rights

In our business operations around the world, Emerson lives its commitment to respect and promote human rights that are essential to a healthy and vital commercial environment and to a broader society. This entails specific attention to particularly challenging issues and activities including:

- > *Commitment to humane treatment* – We do not allow or condone any form of harsh or inhumane treatment, including sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse, nor do we allow managers to threaten treatment of this nature.
- > *Prohibition on forced labor* – Our policies prohibit and we do not use any forced, bonded, indentured or other compulsory labor. We also prohibit our suppliers from using any forced, bonded, indentured or other compulsory labor. Our policies are in compliance with important regulations like the UK Modern Slavery Act 2015. Emerson fully supports these and other efforts to eradicate human trafficking across the globe.
- > *Prohibition of child labor* – Our policies oppose child labor and we do not use child labor in any facility or business. Emerson has established age 18 as a standard minimum age for employment, which complies with or exceeds local legal requirements. We support the use of legitimate workplace apprenticeship programs that conform with laws and regulations. We also prohibit our suppliers from employing anyone under the local legal working age, or age 14, whichever is greater.

Emerson lives its commitment to respect and promote human rights that are essential to a healthy and vital commercial environment and to a broader society.

GRIEVANCE MECHANISMS & REPORTING

In addition to formal and informal complaint or grievance procedures at our business units, concerned parties have easy access to Emerson's global ethics and compliance hotline to report complaints or concerns.

The Board of Directors Audit Committee chair directly receives all accounting, audit and internal control related hotline communications independent of management. In addition, the company's Ethics Committee reviews the investigation results of all significant allegations and approves any related remediation action. The Chief Compliance Officer and Vice President, Internal Audit provides regular reports to the Audit Committee regarding these matters, which would include any potential human rights issues. [See page 35 of the Integrity & Ethics section of this report for additional information concerning our Ethics Hotline.]



Community Involvement

Emerson is committed to being an active resident of the communities where we operate, not just for the benefit of our employees and their families but for all who call the community home. We strive to do this by identifying and supporting local organizations and initiatives that are addressing specific needs to make these communities more attractive places to live and work.

Through our corporate giving and employee volunteerism, we focus our efforts in four primary areas:

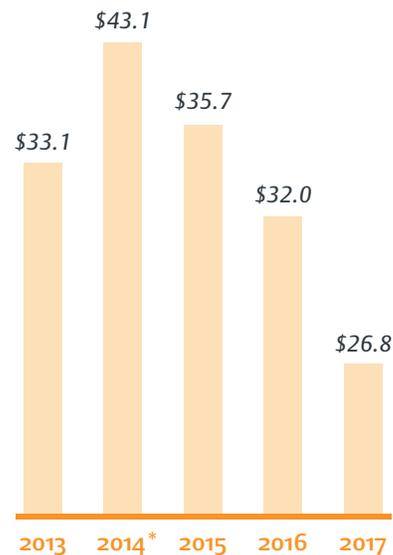
- > *Education* - Developing and training future generations through schools, universities and related programs
- > *Health and Human Services* - Supporting the health and well-being of residents of all ages
- > *Culture and the Arts* - Enhancing the quality of life through support for cultural activities and arts programs
- > *Civic Needs* - Promoting prosperity of our cities and regions through infrastructure initiatives and community development

Corporate Giving in the United States

Emerson and the Emerson Charitable Trust provide financial assistance and other support to local organizations in the United States with the goal of improving quality of life, promoting volunteerism and increasing the impact of contributed funds. Emerson annually targets directing approximately 1 percent of its consolidated pretax earnings (excluding nonrecurring items) to charitable contributions. The decline in Emerson charitable contributions over the past three years reflects the portfolio transformation that resulted in various business unit divestitures.

While Emerson accepts applications from all qualified organizations, we prioritize requests made by institutions and groups in the communities where the company has facilities.

EMERSON CHARITABLE CONTRIBUTIONS IN THE U.S. (IN MILLIONS USD)



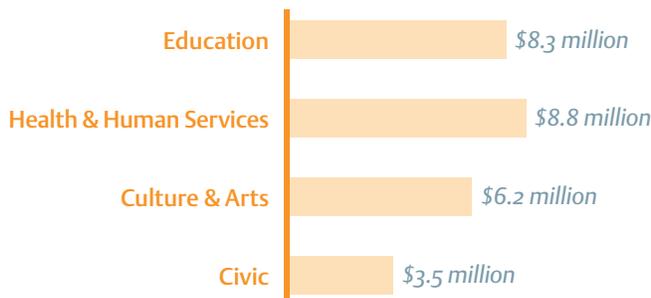
* 2014 includes one-time \$10 million gift to CityArchRiver Foundation in support of the redesign of Gateway Arch grounds in St. Louis, MO.

During 2017, Emerson and the Emerson Charitable Trust made contributions totaling \$26.8 million to hundreds of charities, nonprofit organizations and educational institutions across the United States, including the company’s matching of employee contributions. Approximately \$24.6 million of the donations were by the Emerson Charitable Trust and approximately \$2.2 million were direct donations by the company.

Funding was approved to support a wide range of requests from educational institutions and nonprofit organizations, including: operating costs to maintain core programs, to expand programs, or to launch new initiatives to address community needs, and for capital costs to fund select projects for building construction, improvements or expansions. Allocations by focus areas are shown below.

\$26.8 MILLION

Total Emerson and Emerson Charitable Trust cash contributions made in fiscal 2017 to charities, nonprofit organizations and educational institutions across the United States, which includes \$517,435 in company matching gifts to employees’ donations.



Examples of organizations and initiatives that received Emerson funding include:

CULTURE AND THE ARTS

- > [Missouri History Museum](#) (St. Louis, MO) -Emerson is a lead corporate funder of the endowment created to fund the Missouri History Museum’s plans to establish a permanent exhibit on local African-American history. Emerson’s contributions also helped support the museum’s acclaimed 2017-2018 special exhibition, #1 in Civil Rights: The African American Freedom Struggle in St. Louis, which examines the role of St. Louis and its residents in the nation’s civil rights movement and issues related to racial injustice and inequities. As of February 2018, approximately 218,500 visitors to the museum have experienced this new exhibit.



MISSOURI HISTORY MUSEUM
St. Louis, MO

HEALTH & HUMAN SERVICES

- > [Houston Food Bank](#) (Houston, TX) - Emerson and its Houston area employees provided funding to support the mission of the Houston Food Bank and to sustain and expand its positive impact on people’s lives in the community. In 2016-2017, the Houston Food Bank delivered 83 million nutritious meals to those in need. Each year its member agencies feed 800,000 people.

EDUCATION

- > [University of Dayton](#) (Dayton, OH) - In conjunction with operating The Helix Innovation Center on the University of Dayton (UD) campus to provide a collaborative environment for researchers, academia and heating and cooling industry professionals, Emerson is also funding five annual scholarships for UD students. At least two of the scholarships must be awarded to underserved populations in the engineering fields, including women and minorities.

CIVIC

- > [City of Shakopee, Minnesota](#) (Shakopee, MN) - Emerson is the lead corporate donor helping fund the estimated \$2.3 million cost for the City of Shakopee to build a new community center at Quarry Lake Park to serve the growing community.

UNITED WAY SUPPORT

Each year Emerson and many of its employees actively participate in United Way fundraising and volunteer activities in the U.S. communities where our employees live and work. In 2017, the Emerson Charitable Trust made contributions to 29 United Way organizations across the country, including those serving the following areas:

| | | |
|---|--------------------------|----------------------------|
| Aiken County (SC) | Houston (TX) | Richland County (OH) |
| Atlanta (GA) | Kansas City (MO) | Rochester (NY) |
| Austin (TX) | Knoxville (TN) | Rush County (IN) |
| Cincinnati (OH) | Lafayette (CO) | Shelby County (OH) |
| Cumberland (MD) | Lakeshore (MI) | Southeastern Michigan (MI) |
| Erie County (PA) | Lorain County (OH) | Southern Kentucky (KY) |
| Grayson County (TX) | Marion County (FL) | St. Louis (MO) |
| Greater Philadelphia & Southern New Jersey (PA) | Marshalltown (IA) | Twin Cities (MN) |
| Guernsey and Noble Counties (OH) | Northern New Jersey (NJ) | Western Connecticut (CT) |
| | Racine County (WI) | Williamson County (TX) |



THE HELIX INNOVATION CENTER AT UNIVERSITY OF DAYTON
Dayton, Ohio

SUPPORT FOR FERGUSON AND NORTH COUNTY REVITALIZATION

Emerson has taken a leading corporate role in supporting initiatives to enhance social services, education and employment opportunities for economically disadvantaged residents of Ferguson and north St. Louis County. St. Louis is where our company was founded in 1890 and the suburban community of Ferguson in north St. Louis County is where our global headquarters is located today.

Since 2014, Emerson has made donations and pledges, including a portion of its United Way contributions, totaling approximately \$16 million (as of December 2017) in support of initiatives focused in north St. Louis County.

In 2017, approximately 40 organizations received Emerson contributions to help address neighborhood, north St. Louis County and regional needs.

Examples of our donations include:

- > [Boys and Girls Club of Greater St. Louis](#) - Emerson is donating \$1 million over five years (2017-2021) in support of the new teen facility in Ferguson focused on workforce development and academic achievement.
- > [Ranken Technical College](#) - Emerson is a longtime supporter of Ranken's mission and is providing \$1.75 million over five years (2015-2019) to fund scholarships for students from north St. Louis County to receive career and technical education.
- > [University of Missouri St. Louis](#) - Emerson is providing \$1.5 million over five years (2015-2019) in support of the Opportunity Scholars Program, which provides underrepresented and first generation college students with an all-inclusive, four-year scholarship to the university, and career development opportunities.
- > [Cardinal Ritter College Preparatory High School](#) - Emerson has provided \$400,000 over four years (2014-2017) to fund scholarships for students from north St. Louis County to attend this highly regarded private co-ed preparatory high school. Over the past five years, the school has achieved a 99 percent graduation rate and a 95 percent post-secondary acceptance rate for its students.

\$16 MILLION

Donations and pledges since 2014 in support of initiatives focused in north St. Louis County.



RANKEN TECHNICAL COLLEGE
St. Louis County

STEM Education

As technology is changing the process of manufacturing, today's companies are increasingly in need of workers with more technical knowledge and skills. A study by Deloitte and the National Association of Manufacturers' Manufacturing Institute predicts manufacturers in the United States will need to fill about 3.5 million jobs by 2025. But 2 million of those jobs may go unfilled because it is so difficult to find people who have the skills in demand.

To help address the need for upskilling of workers and to raise awareness of these career opportunities among women and minorities, traditionally underrepresented in the manufacturing industries, Emerson is supporting a range of initiatives related to STEM (science, technology, engineering and math) education and career awareness.

In 2017, Emerson supported STEM-related programs and activities at organizations and schools such as: Girl Scouts of Eastern Missouri, University of Tennessee Foundation, Harris-Stowe State University, Denver School of Science and Technology, the SME Education Foundation's PRIME® program in five high schools where Emerson facilities are located and the Science Museum of Minnesota. Additionally, Emerson employees have volunteered with STEM-related organizations, such as the Society of Women Engineers, Girl Scouts of Eastern Missouri and The Works Museum in Bloomington, MN.

We are a corporate funder of the Challenger Learning Center St. Louis, an organization based in Ferguson, MO, with a unique mission to inspire student interest in scientific exploration through simulated space missions, scientific education and team-building programs.

Emerson continued our commitment to Washington University's STEM Teacher Quality Initiative (STEM TQ) in 2017. STEM TQ is a collaborative program with the goal to improve STEM education for students in kindergarten through eighth grade. The initiative is a yearlong educational program for teachers to increase their knowledge and ultimately enhance STEM curriculum for students in the St. Louis metropolitan area.

In 2018, Emerson is making a \$1.5 million commitment over five years (2018-2022) to the engineering program at Texas A&M University to establish the Emerson Advanced Automation Laboratory. The new laboratory will give diverse classes of engineering students access to some of the most advanced automation technologies in use at industrial facilities around the world. Funds will also expand wireless technologies in the Zachry Engineering Education Complex, and support improvements for hands-on teaching including a collaboration room for students and faculty.

Employee Volunteerism

Emerson employees around the world give generously of their time, talent and financial resources in support of a multitude of educational institutions, charitable organizations and civic endeavors in their local communities. In addition, many employees, including our management leaders around the world, serve in volunteer leadership capacities with industry associations and local nonprofit organizations, lending their expertise and contacts to aid in strategic direction and for fundraising.

\$9 MILLION

Funding commitments through fiscal 2022 by Emerson and Emerson Charitable Trust in support of STEM education programs/activities in the United States.



CHALLENGER LEARNING CENTER
St. Louis, MO

WE LOVE STEM CAMPAIGN

Our award-winning “We Love STEM” campaign to raise awareness and support for STEM education and career opportunities continued to grow in 2017, with Emerson employees around the world taking part.

- > We partnered with YouTube star Hank Green to produce a video for social media to raise awareness of how Emerson’s employee-hosted “We Love STEM Days” at our facilities and at schools are helping inspire young children to pursue STEM-related careers.
- > In Hong Kong, Emerson employees hosted STEM workshops for approximately 240 students at an all-girls’ school, covering the topics of electricity, conductivity and simple software programming.
- > In Costa Rica, Emerson employee volunteers helped remodel a local school’s classroom to create a computer laboratory. Once completed, Emerson sponsored a six-month class for girls at the school to learn about robotics and work in the laboratory. Employee volunteers also hosted a “We Love STEM” kids day, which gave local youth the opportunity to learn about STEM; and participated in the nonprofit program MenTE, which introduced teenage girls to coding and app development.
- > In the Philippines, Emerson collaborated with the Department of Science and Technology (DOST) and Girl Scouts of the Philippines on a multi-city “#WeLoveSTEM” caravan campaign in 2017. See Philippines CSR Programs section for further details.
- > In Cluj, Romania, Emerson employees gave back and promoted STEM in their community through a variety of initiatives, including: providing a primary school with necessary books and teaching materials; participating in a university’s Entrepreneurs Day by talking with engineering students about Emerson processes and initiatives; and hosting job fairs and career days for students to learn about Emerson and employment opportunities. Emerson also sponsored STEM-related events in 2017, such as a robotics competition called Battle Lab Robotica, and organized an Emerson Open Doors Day where 775 participants attended presentations at Emerson and visited our factories.



HANK GREEN

HURRICANE HARVEY RECOVERY IN HOUSTON

The greater Houston area is home to 2,100 Emerson employees. Roughly 10 percent of these employees were significantly impacted by the catastrophic rainfall-triggered flooding that occurred, including being displaced from their homes or suffering from property damage or loss. In the days and weeks after the hurricane hit, scores of Emerson volunteers helped their fellow employees and other residents salvage belongings from flood-damaged homes and begin the rebuilding process. In addition, our Ridge Tool business shipped in 100 wet/dry vacuums to aid in the cleanup efforts.



EMERSON VOLUNTEERS FOR HURRICANE HARVEY SUPPORT

Houston, TX

COSTA RICA VOLUNTEERS

Emerson employees in Costa Rica have volunteered with the Lifting Hands Foundation and the World Vision organization that serve at-risk children, participated in blood donations at the local blood bank, donated food and supplies for people affected by natural catastrophes and visited with residents at a nursing home in Santa Ana.

CHINA CHARITABLE PROGRAM

Emerson's China Charitable Program, launched in 2009 to fulfill the company's commitment to be a good corporate citizen, focuses on the key areas of education, health and human service, and civic to enhance quality of life in Chinese communities. This charitable program seeks to leverage our core capabilities and interest in engineering technology solutions and infrastructure development.

Through its China Charitable Program, Emerson is a long-time corporate sponsor of Water Cellars for Mothers projects sponsored by the China Women's Development Foundation, which helps relieve the water shortage in poverty-stricken villages with no direct access to clean running water. Over the years Emerson has donated nearly \$1 million to these projects and employees have participated in many hours of volunteer work. These efforts have helped bring clean water to more than 5,000 villagers in western China, and employees from Shenzhen, Shanghai, Suzhou, Shenyang, Xian, Tianjin, Beijing, Lanzhou, Kunming, Hong Kong and Chengdu have volunteered their time to visit the villages to assess effectiveness and impact of the program. For our ongoing efforts, Emerson was awarded the China Charity Award for Women and Children in 2017 for the fourth consecutive year.

In 2017, Emerson joined the Congenital Heart Disease (CHD) relief program initiated by the Chinese Red Cross Foundation to help children with CHD receive medical treatment in middle west Asia areas. Our employees volunteered to provide donations and hospital visits.

Emerson is also a supporter of the New Great Wall Program, which provides financial assistance to more than 100 students from underprivileged families to attend university each year. Our employees are able to take part in the program through volunteer teaching opportunities. The programs and schools we support provide the foundation to create leaders, business managers and skilled individuals who can lead and thrive in a changing world.

In recognition of the company's support for social responsibility activities that contribute to sustainable development and innovative operations in China, Emerson received the Corporate Social Responsibility Innovation Award from the China Business News in 2016.



CONGENITAL HEART DISEASE (CHD) RELIEF PROGRAM

China

INDIA CHARITABLE PROGRAM

In India, our charitable program seeks to support initiatives with impactful and enduring results. Aligned with country regulations, the India Charitable Program is focused on promoting continuity in education for disadvantaged youth. In 2017, we provided support to the following nongovernment organizations (NGOs):

- > [Masoom](#) – in support of its skill development courses, delivered in partnership with the “Night School Transformation Program” to more than 200 first-generation learners from economically disadvantage sections of the society.
- > [Purkal Youth Development Society](#) – in support of formal education classes for children below the poverty line, and the development of communities through activities, including furnishing a girls hostel.
- > [Agastya International Foundation](#) – in support of its innovative science education program for economically disadvantaged youth attending government schools in the cities of Pune and Pilani.
- > [SOS Children’s Villages of India](#) – in support of its programs that help 1,000 youth across 32 villages, which provide a nurturing and educational environment, and a network of support from a young age through employment.
- > [Lend-A-Hand India](#) – in support of its mission to make a difference in the lives of poor secondary school students through self-help. The program provides skill development in 30 schools, making education practical and relevant to create employment opportunities.

PHILIPPINES CSR PROGRAMS

In supporting Philippine communities, Emerson focuses on education programs, leading and supporting STEM programs nationwide, as well as promoting diversity and sustainability.

The Emerson Scholarship Program in the Philippines – developed in 2015 in partnership with the American Chamber (AmCham) Foundation of the Philippines – is a comprehensive educational assistance program that offers deserving students not only financial aid, but also mentorship and employment opportunities in the organization once they have completed their schooling. Since 2016, Emerson has sponsored a total of 61 Emerson Scholars in the Philippines. Additionally, Emerson has participated in fundraising projects such as the annual ScholaRun, which benefits the AmCham Foundation’s scholarship program.

Support for partner academic institutions is marked with initiatives to equip students in research such as computer, mini library and instrumentation laboratory donations, and to encourage their passion for STEM through talks, facility tours and educational activities. We also donated 1,200 boxes of learning tools to underprivileged school children in the Payatas community in Quezon City.



SOS CHILDREN’S VILLAGES OF INDIA
India



AMCHAM FOUNDATION SCHOLARUN
Philippines

In 2017, Emerson embarked on a nationwide STEM classroom caravan through the Science Explorer Bus of the Department of Science and Technology and the National Encampments of the Girl Scouts of the Philippines. The series of roving educational STEM modules and activities created by Emerson employees is the first of its kind initiated in the country by a private sector firm. In recognition of this successful “WE LOVE STEM” campaign, Emerson received a Gold Anvil Award from the Public Relations Society of the Philippines for efforts that sparked interest of the country’s young innovators to pursue a career in STEM.

As a testament to our commitment to a sustainable environment, our employees participated in a Strategic Tree Planting project where 1,200 seedlings were planted in the Sierra Madre Mountain Range in Laguna.



NATIONWIDE “WE LOVE STEM” CARAVAN
Philippines



Integrity & Ethics

Emerson is committed to maintaining a culture of ethical conduct and legal compliance. Integrity is a core value of our company and informs every decision we make. We expect the highest standards of honest and ethical behavior from all of our employees and communicate our expectations through our Ethics and Compliance Program, a set of policies and practices honed over the past two decades to define ethical conduct for every Emerson employee in interactions with each other, customers, suppliers, communities and other stakeholders.

Our company's leadership team is required to communicate and reinforce our company's commitment to compliance with applicable laws, rules and regulations, proper handling of proprietary data and information, and accurate financial reporting is communicated and reinforced through our Ethics and Compliance Program. Employees are urged to communicate questions or concerns about compliance in whatever way they feel comfortable, including through our global whistleblowing system operated by an independent third party.

The Emerson Board of Directors, in conjunction with a senior management Ethics Committee, oversees the program and has ultimate responsibility for its success. The internal Ethics Committee, which is comprised of the chief financial officer, chief operating officer, vice president of human resources, vice president of internal audit and general counsel, meets monthly or as needed. Senior management and the Board of Directors regularly review and update the program, as appropriate. Policies and documents that support Emerson's Business Ethics Program are outlined below.

EMPLOYEE CODE OF CONDUCT

Emerson's Employee Code of Conduct handbook sets baseline standards for how we do business around the world. The latest version of our handbook was published in October 2017 and is publicly available at [Emerson.com/Ethics](https://www.emerson.com/Ethics). This handbook has been translated into more than 20 languages for our global

Employees are urged to communicate questions or concerns about compliance in whatever way they feel comfortable.

workforce, made available to all employees and forms the basis for our annual ethics trainings for all employees.

Supplementary ethics guidelines on the special responsibilities of the company's [Executive Officers](#) and members of the Company's [Board of Directors](#) apply to these individuals and are publicly available on Emerson.com.

CEO AND SENIOR FINANCIAL OFFICER CODE OF ETHICS

In addition, the [Emerson Chief Executive and Senior Financial Officers Code of Ethics](#) conveys the roles, responsibilities and expectations for top corporate officers in exhibiting and promoting integrity and in providing accurate and timely financial reporting.

ANNUAL ETHICS TRAINING

We reinforce our Ethics and Compliance Program with annual all-employee training to ensure that every employee is informed and following the requirements of the program. This commitment to training also helps to ensure that every employee is aware of the latest important updates to our governance principles and practices.

These annual training sessions are generally done face-to-face with various levels of management conducting the training, which encourages dialogue that helps Emerson leaders identify and address emerging questions or issues and demonstrate the company's compliance culture. We also use the interactions to ensure that every employee understands how to report any ethical concern without apprehension or fear of retaliation.

As part of our global employee engagement surveys, we ask employees if they have a good understanding of our ethics program and if they know whom to contact in the event they need to discuss or report an ethics issue. Results of these surveys have shown a high level of awareness among employees worldwide of our ethics and compliance policies and how to raise a concern, which indicate ethics trainings and management reinforcement are making an impact. These survey scores have gone up over the last decade, indicating increasing awareness of our Ethics program.

ETHICS HOTLINE AND COMMUNICATION

To facilitate the communication of ethical concerns or questions, we provide internet and phone access to an [Ethics and Compliance Hotline](#) for our employees globally. Reports to the hotline may be filed anonymously and without fear of retribution; we tolerate no form of reprisal against employees for reporting concerns.

Ethics Hotline emails or calls are received by an independent company, which reports the information to a limited number of experienced and specialized Emerson management personnel for investigation and response. The program is audited by internal and external auditors each year and is revised regularly to improve the program. The chairperson of the Audit Committee of the Board of Directors directly receives finance-related hotline reports from the



Ethics Hotline emails or calls are received by an independent company, which reports the information to a limited number of experienced and specialized Emerson management personnel for investigation and response.

independent hotline provider. The Committee reviews serious ethics and compliance allegations and receives a report on the resolution of any such allegations. Once a year the Board's Corporate Governance Committee receives a summary of all allegations (hotline and internally reported).

CONFLICT OF INTEREST EVALUATION AND REPORTING

Emerson conducts an annual reporting process to determine whether any potential conflicts of interest exist between the company and any of its Directors, officers or employees. Each year, a questionnaire is administered to all employees in a position to influence and/or receive personal gain at the company's expense. The questionnaires are available in 21 languages, and approximately 39,000 Directors, officers and employees responded in 2017.

All newly reported responses indicating a potential conflict of interest issue are reported to the Ethics Committee. All such responses are investigated and resolved. The Board of Directors' Governance and Nominating Committee provides oversight for Emerson's conflict of interest policies and receives a report annually on the results of the Conflict of Interest Evaluation process.

ANTI-CORRUPTION CONTROLS

Emerson articulates its anti-corruption internal control requirements in an Internal Control Questionnaire ("ICQ"). All business units are required to complete the ICQ and to certify on a quarterly basis that their ICQ is accurate and that the business unit has implemented the required internal controls.

Emerson audits approximately 50 locations per year to ensure appropriate anti-corruption internal controls are in place. Emerson utilizes a risk assessment model to identify audit targets, and all locations that operate in high-risk countries and industries are audited at least once every three years. Emerson also operates an anonymous hotline that employees can use to escalate potential corruption issues, and all hotline allegations are thoroughly investigated.

Emerson includes anti-corruption information in its annual ethics training, which is received by all employees worldwide. The training is modified each year in response to risks identified during the previous year's audits. Emerson also requires all employees in contact with customers, government officials, third party intermediaries and suppliers to complete an online anti-corruption training program once every three years. Additional face-to-face and webcast training also is available.

Emerson audits approximately 50 locations worldwide each year to ensure anti-corruption internal controls are in place.



Corporate Governance

Board of Directors

Emerson's Board of Directors is elected by shareholders to provide oversight and strategic guidance to senior management. The core responsibility of the Board is to exercise its fiduciary duty to act diligently and in the best interests of all the Company's shareholders. The Board selects and oversees the members of senior management, to whom the Board delegates the authority and responsibility for the conduct of the day-to-day operations of the business. The Board of Directors provides guidance and oversight regarding the management of the Company and is responsible for establishing all significant Company policies, overseeing compliance with those policies and approving all significant Company transactions.

BOARD OF DIRECTORS POLICIES

Emerson's principles and practices are driven by its [Board of Directors](#), which ensures that they are shaped by highly independent, diverse viewpoints and deep management expertise. Our Board's composition and operation are guided by Emerson's [Corporate Governance Principles and Practices](#), which include the following guidelines:

- > **Independence.** The majority of Board members must remain independent, and this independence is confirmed at least annually. Emerson's Board currently includes seven independent members and just one inside Director, Emerson's Chairman and Chief Executive Officer David N. Farr. Our Director Independence Standards are contained in Annex II to our [Corporate Governance Principles and Practices](#).
- > **Composition.** Board members must bring senior management business experience or experience in government or other relevant organizations. We seek a diversity of viewpoints on our Board that helps us to understand and anticipate changes in our business environment, as well as ethnic and gender diversity. We currently have two female Board members appointed in 2014 and 2017, respectively.

Emerson's principles and practices are driven by its Board of Directors, which ensures that they are shaped by highly independent, diverse viewpoints and deep management expertise.

- > **Committees.** To provide sustained, specialized and in-depth oversight in certain areas, Emerson's Board of Directors has five committees: Audit, Compensation, Corporate Governance and Nominating, Executive and Finance. All committees except for the Executive Committee are comprised entirely of independent Board members. More information about our Board Committees and their charters is available in the [Corporate Governance section](#) of Emerson.com.
- > **Leadership.** Our Board chairman is CEO David N. Farr. The Board believes that it should have the flexibility to make the determination of whether the same person should serve as both the Chief Executive Officer and Chairman of the Board at any given point in time or if the roles should be separate. The Board believes that its current leadership structure, with Mr. Farr serving as both Chief Executive Officer and as Chairman of the Board, as well as Chair of our Executive Committee, is appropriate given Mr. Farr's past success and extensive experience serving in these roles, the efficiencies of having the Chief Executive Officer also serve in the role of Chairman, the Company's strong corporate governance structure, including the newly adopted Lead Independent Director position and the Company's financial performance under Mr. Farr's leadership.

The Board also has established a Lead Independent Director position who serves as the key liaison between the Chairman and the rest of the Board. The duties of the Lead Independent Director include presiding at Board meetings at which the Chairman is absent, including executive sessions of independent or non-management Directors, reviewing and consulting with the Chairman regarding meeting agendas and schedules and information to be sent to the Board, calling meetings of independent or non-management Directors, consulting with major shareholders and serving on the executive committee. The Company publishes in its annual proxy statement the manner in which shareholders can communicate with any Director, including the Lead Independent Director.

- > **Non-Management Director Meetings.** The Company's non-management Directors periodically schedule and hold executive sessions in which management does not participate. The Lead Independent Director and the other non-management Directors determine the length, topics of discussion and procedures for these meetings. If, in any year, one or more of the non-management Directors is not independent, the independent, non-management Directors hold at least one executive session in which only such independent, non-management Directors participate.

To provide sustained, specialized and in-depth oversight in certain areas, Emerson's Board of Directors has five committees: Audit, Compensation, Corporate Governance and Nominating, Executive and Finance.

Recent Corporate Governance Actions

The Corporate Governance and Nominating Committee periodically reviews the Company's governance principles and practices in light of feedback from shareholders, industry trends and the risks and opportunities facing the Company. When the Committee determines any such changes are necessary, it recommends the changes to the full Board to approve any required policy amendments. As a result of this review, the Company has recently taken the following corporate governance actions:

- Adopted an amendment to the Company's Bylaws to provide shareholders with a proxy access right which, subject to certain limitations, permits a holder (or a group of not more than 20 holders) of at least 3 percent of the Company's outstanding common stock to nominate and include in the Company's proxy materials director nominees constituting up to the greater of two individuals or 20 percent of the Board, provided that the nominating holder(s) and the nominee(s) satisfy the requirements specified in the Bylaws.
- Submitted to shareholders at the 2018 Annual Meeting of Shareholders a proposal to amend the Company's Articles of Incorporation to allow shareholders the right to amend the Company's Bylaws and recommend that shareholders vote in favor of the proposal. Unfortunately, the proposal did not receive the required support to pass.
- Submitted to shareholders at the 2018 Annual Meeting of Shareholders a non-binding advisory proposal to ratify the exclusive forum Bylaw adopted by the Board in August 2016.

CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

Emerson's Board of Directors establishes guidelines for Board operations and ethical conduct via its Statement of Corporate Governance Principles and Practices. This statement outlines how Emerson must govern for full compliance with the law and in the best interests of our constituencies. It includes comprehensive rules and criteria for Board roles and responsibilities, from management oversight and performance reporting to director independence standards. Refer to our Statement of [Corporate Governance Principles and Practices](#) for further information.

Emerson's Board of Directors establishes guidelines for Board operations and ethical conduct via its Statement of Corporate Governance Principles and Practices.

RISK MANAGEMENT AND OVERSIGHT

The Board as a whole has responsibility for the oversight of Emerson's risk management process. This process is designed to provide to the Board timely visibility into the identification, assessment and management of critical risks. The Board has delegated to the Audit Committee responsibility for risk assessment and risk management, including major financial risk exposures and the steps management has taken to monitor, mitigate and control such exposures, as well as oversight of the Company's environmental activities, audits and expenditures.

The Corporate Governance Committee is responsible for overseeing the Company's conflict of interest policies, codes of ethics, political activities and compliance with laws and regulations, including oversight of the Company's political spending activities. The formal, annual risk assessment process includes surveys of all business unit Presidents and interviews with all business leaders, corporate functional leaders and members of the Office of the Chief Executive. For each risk, the magnitude and probability of the risk occurring are determined. In addition, the employee responsible for mitigating the risk and the mitigation plan and timeline are documented.

The full Board, or the appropriate Committee, receives this risk assessment information annually to enable it to understand and monitor Emerson's risk management process. Information brought to the attention of the Committees is shared with the full Board as appropriate. Ongoing risk assessments in various areas are also conducted as part of Emerson's normal management process and the results of those assessments are shared with the Board or relevant Committee as needed throughout the year. This could include potential issues such as ethics or human rights violations, environmental risks, etc.

The Compensation Committee annually reviews management's process for assessing risk in the company's compensation programs for its employees, including the company's executive compensation program and practices. The Committee also reviews management's longstanding internal process and controls for compensation programs for employees who do not participate in the executive compensation program. Based on the results of these reviews, the Committee makes a determination of whether our compensation programs create risks that are reasonably likely to have a material adverse effect on our business and recommends changes to the compensation programs to address any such risks.

BOARD EVALUATION PROCESS

The Board of Directors and each Board Committee conduct an annual self-evaluation process to determine whether the Board and its Committees are effectively performing the responsibilities required of them. Each Director completes an evaluation survey regarding the full Board and each Committee on which the Director serves. This survey includes numerical evaluations of performance, as well as an opportunity for the Directors to make narrative comments regarding the performance of the Board, each Committee and individual Directors. The survey results are reviewed by the Corporate Governance and Nominating Committee, and the results are communicated to the full Board, with an emphasis on areas where the surveys indicate areas where Board practice could be modified or improved. The results of the Committee surveys are shared with the Chair and members of each Committee for discussion at each Committee's next regularly scheduled meeting.

Political Contributions

Emerson participates in the U.S. political process through our federal political action committee (PAC), the “Emerson PAC,” our “Missouri PAC,” the Emerson Missouri Responsible Government Fund, and occasionally and as permitted by law, direct Company contributions. Emerson and the Emerson political action committees (PAC) are non-partisan.

All contributions from either the PACs or from our Company are made solely on the basis of issues of importance to our company, our employees and our shareholders. Contributions are made to support pro-manufacturing, pro-business and pro-economic growth policies, and specifically include trade, taxes, energy, healthcare, environment and legal liability, to name a few. In making contribution decisions, both the Company and the PAC boards consider the views, quality and effectiveness of the candidate, organization or cause, and whether the candidate or cause is likely to succeed. They also review organizations and individuals associated with proposed recipients to determine whether the positions taken by those organizations or individuals could be inconsistent with Emerson’s interests.

As part of its oversight role for Company political activities, the Board of Directors’ Corporate Governance and Nominating Committee oversees policies and practices related to the company’s political spending. The committee approves an annual contribution limit on expenditures to support state and local political candidates, as well as those for campaigns, ballot issues and bonds. The total annual contribution limit is \$1 million. The Committee receives a report annually on all of the Company’s political spending.

All Company political expenditures are initially reviewed by Emerson’s government affairs office in Washington, D.C. Proposed contributions are then reviewed by the office of the General Counsel to assure legal compliance. Final authorization is required from the Chief Executive Officer.

U.S. law prohibits companies from contributing to candidates for federal office. However, in states where corporate contributions are permitted by law, Emerson may make contributions to state and local candidates, political organizations and ballot issues of importance to our company or may make such contributions from the Missouri PAC. Any contributions to candidates or ballot issues from the Company are subject to reporting by the recipient candidate or ballot issue committees, pursuant to the laws of the state or locality where the committee is formed.

PAC CONTRIBUTIONS

The Emerson PAC supports federal candidates and committees, as well as other candidates and party organizations where permitted by law, through voluntary, after-tax contributions by Emerson employees and retirees who choose to pool their resources in the Emerson PAC to support candidates who share the values and goals of the Company. The Federal Election Commission (FEC) regulates activities of the Emerson PAC. All current and prior election

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cycle contributions to and from the Emerson PAC are reported to the FEC and are available on its [website](#) by searching for “Emerson.” Emerson PAC expenditures are reported in our LD-203 reports as filed with the FEC. The Missouri PAC is funded with Company contributions to support candidates in Missouri, as well as party organizations where permitted by law. A list of contributions by the Emerson Missouri Responsible Government Fund is available on the [Missouri Ethics Commission website](#) by entering “Emerson” for the committee name.

The Emerson Washington, D.C., office generates a list of candidates these PACs can support based on the PAC giving criteria, requests from third parties and suggestions from PAC members. Outside legal counsel then conducts a review of proposed disbursements. Separate boards made up of Emerson employees set overall contribution budgets and approve all contributions by each PAC. The PAC boards retain counsel to ensure compliance with applicable laws and regulations. Each PAC undergoes an independent annual audit and legal review.

TRADE ASSOCIATIONS AND LOBBYING

Emerson’s shareholders, employees and customers are keenly affected by public policies at all levels of government. To protect shareholder value, Emerson maintains a small office in Washington, D.C. to engage with public officials at all levels of government to educate them on our company’s operations, emerging technologies and markets. This office also follows and, when necessary, seeks to influence public policy decisions that impact the company and its shareholders.

These activities are governed and regulated by federal and state laws. With the help of knowledgeable employees throughout the company, Emerson’s government affairs team identifies and follows issues of importance to Emerson. When those issues lend themselves to public policy solutions at the federal level, Emerson’s government affairs team sometimes reaches out to policymakers on Capitol Hill and in the Executive Branch to raise awareness and educate them as to potential effects of policies under consideration. Under federal law, that process is considered “direct lobbying.”

Sometimes, rather than reaching out directly to policymakers, Emerson engages with policymakers on issues through one or more trade associations to which Emerson belongs and that share our concerns and interests. That is considered “indirect lobbying.” Emerson engages in both direct and indirect lobbying. Emerson does not engage in “grassroots” lobbying. All decisions about which government policies Emerson seeks to shape are based upon what is in the best interests of our industry, our company, our employees and, most importantly, our shareholders.

Emerson’s federal lobbying activity is reported in our Lobbying Disclosure Act filings, which are publicly available at two websites:

- > [U.S. House of Representatives](#)
- > [U.S. Senate](#)

Further information about Emerson’s policies and procedures for political spending and lobbying, details of such expenditures and links to recent LD-2, LD-203 and Missouri Ethics Commission reports can be found on the Political Contributions and Trade Associations and Lobbying pages of the Emerson website.



Supply Chain

At Emerson, our supply chain is essential to helping us solve customer challenges and stay ahead of their needs. As our supply chain has expanded and broadened, we've focused our efforts on picking the right suppliers – those that share our values and principles – to help us deliver the best solutions in the right way.

We hold our suppliers to high standards and expect them to align with our stances on social responsibility and ethics, to act with integrity and treat people and the environment with respect, as well as stay current with technology to deliver the best solutions to our customers. These expectations help us maintain and build a global supplier network that always stays true to Emerson's core values.

Emerson is committed to helping our suppliers meet these requirements by investing in our information technology systems and capabilities to better track compliance and drive continuous improvement. These investments have the potential to strengthen our suppliers, accelerate progress and improve quality of life in the regions where they operate throughout the world.

\$4.5 BILLION

Emerson's direct material spend with suppliers worldwide in fiscal 2017.

Our supply chain approach enables us to move at the speed of our customers' needs, while always maintaining the highest levels of quality, backed by unwavering integrity and responsibility. And it ensures a strong and flexible supply chain positioned to sustain Emerson and its customers for the long haul.

Emerson is committed to helping our suppliers meet these requirements by investing in our information technology systems and capabilities to better track compliance and drive continuous improvement.

Our supplier management practices include:

TRAINING EMERSON EMPLOYEES

Corporate social responsibility efforts address a range of complex issues involving suppliers across differing geographies, cultures and business practices. Acting responsibly requires knowledge of each subject, understanding of laws and practices, and the ability to recognize potential deviations.

To deal with these complexities, Emerson's annual ethics training helps managers and employees engage effectively with stakeholders as they communicate Emerson's priorities and expectations. This training also helps improve our ability to recognize, report and support remediation of any compliance issues. For example, we recently trained our procurement staff in China on new environmental regulations that have gone into effect in that country. Our team is now evaluating our China suppliers on material and environmental compliance with the new regulations as part of our vendor approval process. In 2018, we are developing online training for our supply chain teams globally to provide an annual reminder of our [Supplier Code of Conduct](#) requirements.

VENDOR PRACTICES

To enhance our knowledge of suppliers and limit the risk of inadvertently supporting wrongful practices, we use internal, industry and public sources to alert us to improper supply chain behavior. We expect supply chain managers in our businesses to make reasonable assessments of questionable activity and to ensure that all practices conform to Emerson expectations. We encourage our businesses to conduct periodic reviews with large or preferred suppliers, which include discussions of social issues such as safety, labor practices and environmental compliance. We are currently engaging with our supply chain stakeholders to determine the most effective means of confirming compliance with Emerson's expectations.

AFFIRMING SUPPLIER RESPONSIBILITY

We insist all suppliers operate in a manner that supports Emerson's commitment to conduct business responsibly. Our supplier agreement form contains a "Standards of Conduct" clause, which states that we expect suppliers to comply with generally accepted principles regarding ethical behavior, labor practices, human rights and environmental protection, referencing the Emerson Supplier Code of Conduct. Emerson's global supplier base includes about 18,000 vendors. Currently, almost half of the company's supply chain spend is under contracts containing this clause, and we continue to build this percentage over time.

We require all suppliers who want to participate in our e-sourcing initiatives to acknowledge their understanding and compliance with our Supplier Code of Conduct before they are allowed to bid. We also conduct site visits of select new and developing suppliers as part of our qualification process.



In 2018, we are implementing an online contract management platform and evaluating a supplier qualification module. The contract management system, which will be implemented by the end of fiscal 2018, will enable us to continue to grow the percentage of spend under contract, which includes our Standards of Conduct clause. The supplier qualification module will provide a mechanism for collecting environmental, social and governance information in the future. In addition, by the end of fiscal 2018, we plan to survey our top 10 suppliers to evaluate their awareness of and compliance with our Supplier Code of Conduct.

18,000+

Number of Emerson suppliers worldwide in 2017.

We expect suppliers to abide by our ethical behavior guidelines that forbid any Emerson employee or family member from accepting payment from outside parties in connection with supplier transactions. We also prohibit suppliers from offering gifts that could influence Emerson-related purchasing decisions.

Our Supplier Code of Conduct was developed for compliance with important regulations like the UK Modern Slavery Act 2015 and the California Transparency in Supply Chains Act. Emerson fully supports these and all other efforts to eradicate human trafficking across the globe. View our statement on the [California Transparency in Supply Chains Act and United Kingdom Modern Slavery Act of 2015](#).

MATERIALS COMPLIANCE

At Emerson, we strive for a best-in-class supply chain across our businesses and around the world. As a broadly diversified company, we purchase a wide variety of raw materials and component parts through our supply chain.

We are committed to working with suppliers that adhere to the Emerson Supplier Code of Conduct and actively manage and demonstrate materials compliance with pertinent governmental laws and regulations, including REACH (Registration, Evaluation, Authorization and Restriction of Chemicals), RoHS (Restriction of Hazardous Substances) and similar regional and national legislation. As required by our Supplier Code of Conduct, all of our suppliers must acknowledge that they follow our environmental principles in their own operations to help ensure we are sustainably sourcing materials used in our production processes.

In February 2018, we implemented an online system that is being adopted company-wide to help ensure compliance tracking in these areas across our diverse global supply chain. View Emerson's [Materials Compliance](#) practices.

EMERSON CONFLICT MINERALS STATEMENT

Emerson supports all efforts to end the human suffering and environmental impact that has been associated with mining in the Democratic Republic of Congo and adjoining countries. Emerson is



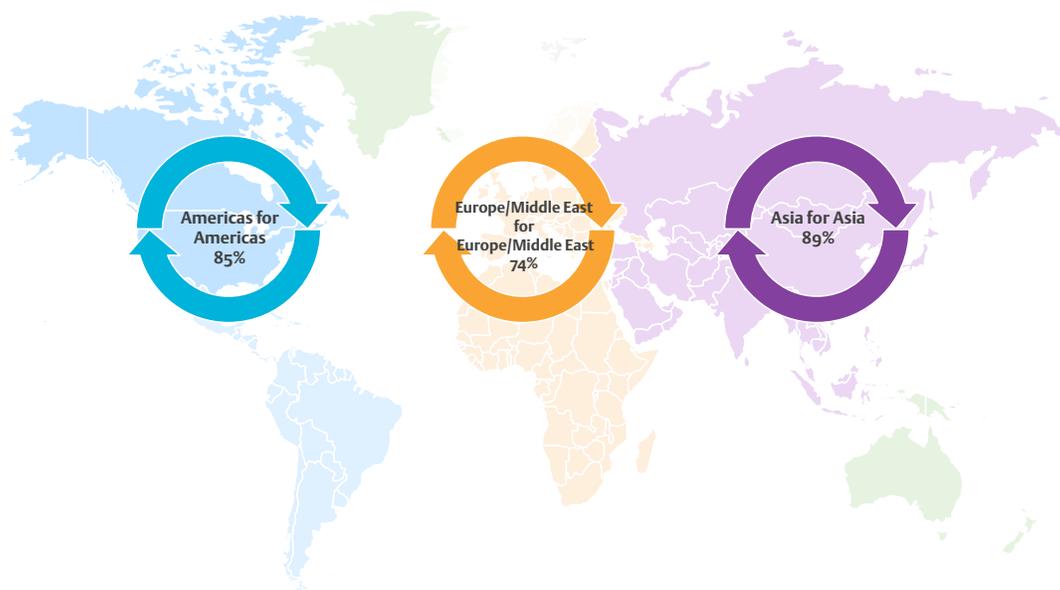
committed to meeting all legislative and regulatory requirements that seek to eradicate this suffering. Together with other major manufacturers, Emerson is a member of the [Responsible Minerals Initiative \(RMI\)](#), formerly known as the Conflict-Free Sourcing Initiative, that is working with a range of industries to ensure responsible mineral sourcing in their supply chains and address any related issues.

Emerson expects its suppliers and their suppliers to acquire minerals only from responsible sources. Our expectations are described in more detail on our website at Emerson [Conflict Minerals Statement](#) and [Form SD filing: Conflict Minerals Report for the Year Ended December 31, 2016](#).

REGIONAL SOURCING

Since 2000, Emerson has made significant strides toward regionalizing our operations in terms of sourcing of inputs, design, manufacturing, sales, and our service footprint. This regionalization strategy facilitates speed, cost savings, and cash-flow generation, while supporting local customer needs and regulatory mandates in the countries in which we operate. Our strategy provides economic benefits for local suppliers and communities within these world regions, as well as helps reduce transportation costs and emissions.

Emerson’s Current Regionalized Supply Chain*



* Percentage of Emerson supply chain spend for manufacturing within a region that comes from suppliers within that same region.

Emerson Supplier Code of Conduct

Emerson expects its suppliers to project its values and principles, to stay current with technology and to act with integrity and treat people and the environment with respect – all actions that reflect Emerson’s priorities. In this way, we are able to employ high caliber suppliers that demonstrate responsibility and a commitment to fairness and honesty.

We encourage all of our suppliers to familiarize themselves with this statement as we expect each supplier to adhere to these principles. The following summary provides an overview of these principles.

ETHICS

- > *Highest Ethical Behavior* – Our policies and practices direct Emerson employees to conduct business lawfully and ethically wherever we operate. We adhere to firm, uncompromising standards for Emerson’s leadership and employees with respect to interactions with customers, suppliers, government agencies and the public and we demand that our suppliers support this requirement as they work on Emerson business.
- > *Anti-corruption* – We expect our suppliers to comply with all laws and regulations forbidding payment of money, products, gifts or services, directly or indirectly, to any individuals or entities in order to corruptly induce favorable business treatment or to corruptly affect governmental decisions.
- > *Conflicts of Interest* – Emerson considers it inappropriate for suppliers’ employees to have any personal, business or financial interest that conflicts with his or her responsibilities to their employer.
- > *Ethics Hotline* – To facilitate reporting of ethics concerns, we provide Emerson employees and suppliers an Ethics Hotline in the more than 80 countries in which we operate. Reports to the hotline are anonymous if requested. We tolerate no form of reprisal against employees or suppliers who report concerns. Employees and suppliers can report a concern related to business conduct issues by calling Emerson’s Ethics and Compliance Hotline toll free (in North America) at 1-800-893-2525 or collect at +1-770-582-5243.



HUMAN RIGHTS AND LABOR

- > *Conditions of Employment* – We stress to our suppliers the importance of operating with reasonable working hours to maintain a positive and productive work environment consistent with commonly accepted practices in each locale. We oppose any form of forced, bonded or indentured labor, or involuntary prison work. Further, compensation practices should comply with applicable wage laws, including those relating to minimum wages, overtime compensation and legally mandated benefits.

- > *Discrimination* – Our company expects suppliers to prohibit discrimination against or harassment of any employee or applicant on the basis of race, color, religion, sex, sexual orientation, age, disability, national origin, or any other factor deemed unlawful.
- > *Freedom to Associate* – Suppliers should respect the rights of workers to associate freely and seek representation in accordance with local laws.
- > *Humane Treatment* – Emerson objects to any form of harsh or inhumane treatment, including sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse.
- > *Prohibition of Child Labor* – Our policies oppose child labor and we forbid our suppliers to use child labor in any facility or business.
- > *Working and Living Conditions* – We expect our suppliers to have a healthy and safe working environment in accordance with all applicable laws and regulations and to protect employees from short, immediate and long-term harm. Where housing is provided, we expect our suppliers to provide a healthy and safe living environment for employees in accordance with all applicable laws and regulations.

OTHER

- > *Environment* – Suppliers should operate their facilities in a manner that protects the environment and meets or exceeds applicable laws and regulations. We further stress the need to our suppliers to foster programs that reduce energy consumption and waste in their facilities and we emphasize the importance of creating innovative products and services that improve energy efficiency and reduce environmental harm.
- > *Management Systems* – Suppliers should maintain a management system that demonstrates adoption of the principles embodied in this Supplier Code of Conduct and that tracks and documents compliance with all applicable laws, government policies and regulations.
- > *Supply Chain Management* – Emerson expects its suppliers to use their best efforts to extend the principles embodied in this Supplier Code of Conduct to their suppliers and agents that are engaged in the production, supply and support of products or services for Emerson.



2017 REFERENCED GRI STANDARDS INDEX

| GRI Standard Number | GRI Standard Title | Disclosure Title | Location |
|----------------------------|---------------------|--|--|
| General Disclosures | | | |
| GRI 102-1 | General Disclosures | Name of the organization | Emerson Electric Company |
| GRI 102-2 | General Disclosures | Activities, brands, products, and services | Emerson 2017 CSR Report: Company Profile, p. 6 Emerson 2017 Form 10-K: Item 1 - Business Emerson.com |
| GRI 102-3 | General Disclosures | Location of headquarters | Emerson Electric Co. 8000 West Florissant Avenue, P.O. Box 4100 St. Louis MO 63136 United States |
| GRI 102-4 | General Disclosures | Location of operations | Emerson.com: Contact Us Emerson 2017 Form 10-K: Item 2 – Properties Emerson.com: Investor Fact Sheet |
| GRI 102-5 | General Disclosures | Ownership and legal form | Emerson.com: Corporate Governance - Articles of Incorporation |
| GRI 102-6 | General Disclosures | Markets served | Emerson 2017 Form 10-K: Item 1 - Business |
| GRI 102-7 | General Disclosures | Scale of the organization | Emerson 2017 Form 10-K: Item 1 - Business Emerson.com: Investor Fact Sheet |
| GRI 102-8 | General Disclosures | Information on employees and other workers | Partially reported: Emerson 2017 CSR Report: People & Workplace, p. 17 |
| GRI 102-10 | General Disclosures | Significant changes to the organization and its supply chain | Emerson 2017 Form 10-K: Item 1 - Business Emerson 2017 Annual Report: Letter to Shareholders |
| GRI 102-11 | General Disclosures | Precautionary Principle or approach | Emerson 2017 CSR Report: Governance (Risk Management and Oversight), p. 40 Emerson 2017 Form 10-K: Item 1A – Risk Factors |
| GRI 102-12 | General Disclosures | External initiatives | Emerson 2017 CSR Report: Environmental Stewardship (Minimizing Environmental Impact Through Facility Design and Operating Procedures), p. 14 Member of: Responsible Minerals Initiative , CEO Action for Diversity & Inclusion , International Water Association , European Partnership for Energy & the Environment , National Association of Clean Water Agencies (NACWA) , United States Green Building Council (USGBC) , Water Environment Federation (WEF) |
| GRI 102-13 | General Disclosures | Membership of associations | Emerson 2017 CSR Report: Company Profile (Memberships), p. 8 |
| GRI 102-14 | General Disclosures | Statement from senior decision-maker | Emerson 2017 CSR Report: Letter from David Farr, p. 4 |
| GRI 102-15 | General Disclosures | Key impacts, risks, and opportunities | Emerson 2017 CSR Report: Governance (Risk Management and Oversight), p. 40 Emerson 2017 Form 10-K: Item 1A – Risk Factors |

| GRI Standard Number | GRI Standard Title | Disclosure Title | Location |
|---------------------|---------------------|--|--|
| GRI 102-16 | General Disclosures | Values, principles, standards, and norms of behavior | Emerson 2017 CSR Report: Integrity & Ethics , p. 35 Emerson.com: Corporate Governance (Business Ethics) People & Workplace (Our Values) , p. 18 |
| GRI 102-17 | General Disclosures | Mechanisms for advice and concerns about ethics | Emerson.com: Corporate Governance (Ethics and Compliance) Emerson 2017 CSR Report: Integrity & Ethics > (Ethics Program Handbook for Employees) , p. 35 > (Ethics Hotline and Communication) , p. 36 Emerson 2017 CSR Report: Environmental Stewardship (Grievance Mechanisms) , p. 15 Emerson 2017 CSR Report: People & Workplace (Grievance Mechanisms & Reporting) , p. 15 |
| GRI 102-18 | General Disclosures | Governance structure | Emerson 2017 CSR Report: Corporate Governance , p. 38 Emerson.com: Corporate Governance (Principles and Practices) |
| GRI 102-19 | General Disclosures | Delegating authority | Emerson.com: Corporate Governance (Principles and Practices – Board Oversight of Management) Emerson 2017 CSR Report: > Environmental Stewardship (Environmental Principles) , p. 13 > Corporate Governance , p. 38 |
| GRI 102-22 | General Disclosures | Composition of the highest governance body and its committees | Emerson.com: Corporate Governance Emerson 2017 CSR Report: Governance (Board of Directors Policies) , p. 38 Emerson 2018 Annual Meeting Proxy Statement , p. 6 |
| GRI 102-23 | General Disclosures | Chair of the highest governance body | Emerson.com: Corporate Governance (Principles and Practices) Emerson 2017 CSR Report: Governance (Board of Directors Policies) , p. 38 Emerson 2018 Annual Meeting Proxy Statement , p. 6 |
| GRI 102-24 | General Disclosures | Nominating and selecting the highest governance body | Emerson.com: Corporate Governance (Principles and Practices) Emerson 2017 Annual Meeting Proxy Statement , p. 10 |
| GRI 102-25 | General Disclosures | Conflicts of interest | Emerson 2017 CSR Report: Integrity & Ethics (Conflict of Interest Evaluation and Reporting) , p. 37 Emerson.com: Integrity and Ethics |
| GRI 102-26 | General Disclosures | Role of highest governance body in setting purpose, values, and strategy | Emerson.com: Corporate Governance (Principles and Practices) , p. 38 Emerson.com: Corporate Governance (Principles and Practices) Emerson.com: Corporate Governance (Committee Charters) Emerson 2017 Annual Meeting Proxy Statement , p. 5 |
| GRI 102-29 | General Disclosures | Evaluating the highest governance body's performance | Emerson 2017 CSR Report: Corporate Governance (Board Evaluation Process) , p. 41 Emerson 2018 Annual Meeting Proxy Statement , p. 9 |

| GRI Standard Number | GRI Standard Title | Disclosure Title | Location |
|---------------------|---------------------|--|--|
| GRI 102-29 | General Disclosures | Identifying and managing economic, environmental, and social impacts | Emerson.com: Audit Committee Charter Emerson 2017 CSR Report: Corporate Governance (Risk Management and Oversight), p. 40 Emerson 2017 Form 10-K: Item 1A – Risk Factors |
| GRI 102-30 | General Disclosures | Effectiveness of risk management processes | Emerson 2017 CSR Report: Corporate Governance (Risk Management and Oversight), p. 23-24 Emerson 2017 Form 10-K: Item 1A – Risk Factors |
| GRI 102-31 | General Disclosures | Review of economic, environmental, and social topics | Emerson 2017 CSR Report: Corporate Governance (Risk Management and Oversight), p. 40 Emerson.com: Audit Committee Charter |
| GRI 102-32 | General Disclosures | Highest governance body's role in sustainability reporting | The Corporate Social Responsibility Report is reviewed by the Emerson Board of Directors' Corporate Governance & Nominating Committee |
| GRI 102-33 | General Disclosures | Communicating critical concerns | Emerson 2017 CSR Report: Integrity & Ethics (Ethics Hotline and Communication), p. 36 ; (Conflict of Interest Evaluation and Reporting), p. 37 Emerson 2018 Annual Meeting Proxy Statement, p.3 |
| GRI 102-34 | General Disclosures | Nature and total number of critical concerns | Partially reported: Emerson 2017 CSR Report: Integrity & Ethics (Ethics Hotline and Communication), p. 36 |
| GRI 102-35 | General Disclosures | Remuneration policies | Emerson 2018 Annual Meeting Proxy Statement: Director Compensation, p. 10 Emerson 2017 Form 10-K: Part III Emerson 2018 Annual Meeting Proxy Statement: Executive |
| GRI 102-36 | General Disclosures | Process for determining remuneration | Emerson 2018 Annual Meeting Proxy Statement: Director Compensation, p. 10 Emerson 2018 Annual Meeting Proxy Statement: Executive Compensation, p. 16 Emerson 2017 Form 10-K: Part III |
| GRI 102-40 | General Disclosures | List of stakeholder groups | Emerson 2016 CSR Report: Company Profile (Memberships), p. 8 ; and other organizations listed throughout the report |
| GRI 102-41 | General Disclosures | Collective bargaining agreements | Emerson 2016 CSR Report: People & Workplace (Labor Practices), p. 23 |
| GRI 102-42 | General Disclosures | Identifying and selecting stakeholders | Emerson solicits and uses feedback from employees, customers, investors and analysts, community leaders, suppliers, regulators and NGOs to understand concerns and impacts of our operations on the environment, the economy and local communities. |
| GRI 102-45 | General Disclosures | Entities included in the consolidated financial statements | Emerson 2017 Form 10-K: Subsidiaries and Affiliates of Emerson Electric Co., September 30, 2017 |
| GRI 102-50 | General Disclosures | Reporting period | Emerson 2017 CSR Report: About This Report, p. 56 |
| GRI 102-51 | General Disclosures | Date of most recent report | October 2017 |
| GRI 102-52 | General Disclosures | Reporting cycle | Emerson 2017 CSR Report: About This Report, p. 56 |

| GRI Standard Number | GRI Standard Title | Disclosure Title | Location |
|---------------------|---------------------|--|--|
| GRI 102-53 | General Disclosures | Contact point for questions regarding the report | Emerson 2017 CSR Report: About This Report, p. 56 |
| GRI 102-54 | General Disclosures | Claims of reporting in accordance with the GRI Standards | This material references GRI Standards as is detailed in this index. See Emerson 2017 CSR Report: About This Report, p. 56 |
| GRI 102-55 | General Disclosures | GRI content index | Emerson 2017 CSR Report: Referenced GRI Standards Index, p. 50 |

Economic Indicators

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|-----------|---------------------------|---|---|
| GRI 201-1 | Economic Performance | Direct economic value generated and distributed | Emerson 2017 Form 10-K: Financial Review |
| GRI 201-3 | Economic Performance | Defined benefit plan obligations and other retirement plans | Emerson 2017 Form 10-K: Retirement Plans; Notes to Consolidated Financial Statements, (11) Retirement Plans |
| GRI 203-1 | Indirect Economic Impacts | Infrastructure investments and services supported | Emerson 2017 CSR Report: Community Involvement (Corporate Giving), p. 26 |
| GRI 203-2 | Indirect Economic Impacts | Significant indirect economic impacts | Emerson 2017 CSR Report: Community Involvement (Corporate Giving), p. 26 |
| GRI 204-1 | Procurement Practices | Proportion of spending on local suppliers | Emerson 2017 CSR Report: Supply Chain (Regional Sourcing), p. 47 |
| GRI 205-2 | Anti-corruption | Communication and training about anti-corruption policies and procedures | Partially reported: Emerson 2017 CSR Report: Integrity & Ethics (Anti-Corruption Training), p. 37 |
| GRI 206-1 | Anti-competitive behavior | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | Emerson 2017 Form 10-K: Legal Proceedings |

Environmental Indicators

| | | | |
|-----------|-----------|--|--|
| GRI 302-1 | Energy | Energy consumption within the organization | Partially Reported: Emerson 2017 CSR Report: Environmental Stewardship (Greenhouse Gas, Water and Energy Use), p. 16 |
| GRI 302-4 | Energy | Reduction of energy consumption | Emerson 2017 CSR Report: Environmental Stewardship (Greenhouse Gas, Water and Energy Use), p. 16 Emerson 2017 CSR Report: Environmental Management System (Energy Conservation and Efficiency), p. 13 |
| GRI 303-1 | Water | Water withdrawal by source | Partially reported: Emerson 2017 CSR Report: Environmental Stewardship (Greenhouse Gas, Water and Energy Use), p. 16 |
| GRI 305-1 | Emissions | Direct (Scope 1) GHG emissions | Emerson 2017 CSR Report: Environmental Stewardship (Greenhouse Gas, Water and Energy Use), p. 16 |

Emerson uses an in-house methodology for collecting activity data. Each year, a form is sent out to environmental staff at each manufacturing facility that requests the following information: stationary combustion use, fuel types, amount of fuel purchased/used, mobile combustion fuel type and amount purchased/used, vehicle types and amount of fuel used for each, amount of electricity used, cost of electricity used, how electricity is generated, and any reason for change in emissions from the previous year. These data are compiled and used to calculate Scope 1 and 2 emissions. Scope 1 emissions are calculated using the EPA Center for Corporate Leadership Greenhouse Gas Inventory Guidance – Direct emission from mobile and stationary sources, January 2016, tables A-1, A-2, B-1, B-7 and B-8”.

| GRI Standard Number | GRI Standard Title | Disclosure Title | Location |
|---------------------|--------------------------|--|---|
| GRI 305-2 | Emissions | Energy indirect (Scope 2) GHG emissions | Emerson 2017 CSR Report: Environmental Stewardship (Greenhouse Gas, Water and Energy Use), p. 16 See 305-1 for energy data methodology. Scope 2 emissions are calculated using IEA (2015), CO2 Emissions from Fuel Combustion, 2015 Edition. International Energy Agency, 2.10.2 Direct Global Warming Potentials." IPCC - Intergovernmental Panel on Climate Change. IPCC "Calculating Greenhouse Gases." Calculating Greenhouse Gases. International Carbon Bank Exchange. |
| GRI 305-5 | Emissions | Reduction of GHG Emissions | Emerson 2017 CSR Report: Environmental Stewardship (Greenhouse Gas, Water and Energy Use), p. 16 |
| GRI 307-1 | Environmental Compliance | Non-compliance with environmental laws and regulations | Emerson 2017 CSR Report: Environmental Stewardship (Fines and Sanctions), p. 15 |

Social Indicators

| | | | |
|-----------|--|---|---|
| GRI 403-2 | Occupational Health and Safety | Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities | Partially reported: Emerson 2017 CSR Report: People & Workplace (Measuring Success), p. 23 |
| GRI 404-2 | Training and Education | Programs for upgrading employee skills and transition assistance programs | Emerson.com: Careers (Learning & Development) |
| GRI 405-1 | Diversity and Equal Opportunity | Diversity of governance bodies and employees | Partially Reported: Emerson 2017 CSR Report: People and Workplace (Emerson's U.S. Workforce), p. 19-20 Emerson 2017 CSR Report: Corporate Governance (Board of Directors Policies), p. 38 |
| GRI 407-1 | Freedom of Association and Collective Bargaining | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | Partially reported (company operations only): Emerson 2017 CSR Report: People and Workplace (Labor Practices), p. 23 |
| GRI 408-1 | Child Labor | Operations and suppliers at significant risk for incidents of child labor | Partially reported (company operations only): Emerson 2017 CSR Report: People and Workplace (Labor Practices), p. 23; (Human Rights), p. 24 |
| GRI 409-1 | Child Labor | Operations and suppliers at significant risk for incidents of forced or compulsory labor | Partially reported (company operations only): Emerson 2017 CSR Report: People and Workplace (Labor Practices), p. 23; (Human Rights), p. 24 |
| GRI 412-3 | Human Rights Assessment | Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening | Partially reported: Emerson 2017 CSR Report: Supply Chain (Affirming Supplier Responsibility), p. 45 |
| GRI 414-1 | Supplier Social Assessment | New suppliers that were screened using social criteria | Partially reported: Emerson 2017 CSR Report: Supply Chain (Affirming Supplier Responsibility), p. 45 |
| GRI 415-1 | Public Policy | Political contributions | Emerson 2017 CSR Report: Governance (Political Contributions), p. 42 Emerson.com: Political Contributions |

About This Report

The Emerson 2017 Corporate Social Responsibility Report presents information focused primarily on data collected and activities that occurred during calendar 2017 or Emerson's fiscal 2017 (October 1, 2016 – September 30, 2017), except where indicated otherwise. There were two major divestitures in process during this timeframe and, where appropriate, we have indicated whether or not the data we present here includes those discontinued businesses.

This report focuses primarily on information and data on the company's business and operations during 2017. During 2016, the company sold the Network Power business (closed in December 2016) and the power generation and motors and drives businesses (closed in May 2017). The company's most significant acquisition during this time period was the purchase of Pentair's Valves & Controls business (announced in August 2016 and closed in April 2017).

This year's report presents information that references selected Global Reporting Initiative (GRI) Standards 2016. Please see the Referenced GRI Standards Index beginning on page 50 for details.

We expect to update this report annually. However, we undertake no obligation to update any statements herein to reflect later developments. This report may contain forward-looking statements that are not strictly historical which involve risk and uncertainties. These risks and uncertainties include economic and currency conditions, market demand, pricing, protection of intellectual property, and competitive and technological factors, among others, as set forth in Emerson's most recent Annual Report on Form 10-K and subsequent reports filed with the U.S. Securities & Exchange Commission.

Any questions or comments regarding this report can be directed to the Emerson Investor Relations Department, 8000 W. Florissant Avenue, St. Louis, MO 63136, +1-314-553-2197, or email investor.relations@emerson.com.

Agastya International Foundation, Air Conditioning Contractors of America, Air-Conditioning, Heating & Refrigeration Institute, American Biogas Council (ABC), American Chamber of the Philippines, American Home Appliance Manufacturers (AHAM), American Society of Plumbing Engineers (ASPE), American Supply Association (ASA), American Water Works Association (AWWA), Boys and Girls Club of Greater St. Louis, Cardinal Ritter College Preparatory High School, CEO Action for Diversity & Inclusion, Challenger Learning Center St. Louis, Chinese Red Cross Foundation, CityArchRiver Foundation, The Conference Board, Consortium for Graduate Study in Management, Denver School of Science and Technology, European Heat Pump Association, European Partnership for Energy & the Environment, Girl Scouts of Eastern Missouri, Girl Scouts of the Philippines, Harris-Stowe State University, Houston Food Bank, International Association of Plumbing & Mechanical Officials (IAPMO), International Water Association (IWA), Lend-A-Hand India, Masoom, MenTE, Missouri History Museum, National Association of Clean Water Agencies (NACWA), National Association of Home Builders (NAHB), National Association of Manufacturers, National Electrical Manufacturers Association, National Kitchen and Bath Association (NKBA), Plumbing Heating Cooling Contractors of North America (PHCC), Plumbing Manufacturers International (PMI), Purkal Youth Development Society, Responsible Minerals Initiative, Ranken Technical College, Science Museum of Minnesota, SME Education Foundation's PRIME®, Society of Women Engineers, SOS Children's Village of India, United States Green Building Council (USGBC), United Way, University of Dayton, University of Missouri St. Louis, University of Tennessee Foundation, Washington University's STEM Teacher Quality Initiative, Water Cellars for Mothers, Water Environment Federation (WEF), Water Research Foundation, The Works Museum and their related designs and logotypes are trademarks, service marks and/or trade names of their owner, and are not owned or affiliated with Emerson.. ©Emerson Electric Co., 2018. All Rights Reserved.

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