



CORPORATE CITIZENSHIP

A Passion for Progress and Integrity

Applying the Best Technology and Greatest Human Talent
to Benefit Our Customers and the World



Few companies can rival Emerson's steady rise during the last half century to rank among the most innovative and successful industrial enterprises, widely known for our management process, sustained financial performance and operational excellence. What began in 1890 as a single plant producing electric motors and fans in St. Louis, Missouri, has grown into a global technology and solutions provider that meets some of the world's most significant challenges.

Emerson holds prime global market positions in each core business: Network Power, Process Management, Industrial Automation, Climate Technologies, and Commercial & Residential Solutions. While we drive our achievements with a multitude of sophisticated processes, operations and skills, our fundamental approach follows this simple proposition: Emerson combines the best technology and the world's greatest human talent to create solutions for the benefit of our customers and the world. We succeed by thoughtfully applying this principle to help our customers grow, to improve quality of life and to meet important business and social challenges.

Emerson's long-term success ultimately depends on our management team's ability to maintain our conviction and continually reshape our approach in a dynamic world. Our management values and beliefs begin with integrity: We insist on integrity in everything we do. In addition, our focus on sustainable business practices and decisions guides our management and approach to social stewardship. We firmly believe that these principles directly support our primary obligation to manage for the benefit of our stakeholders.

Day-to-day, this means investing in people, cultivating leaders, focusing on innovation for our customers, creating jobs and economic development, delivering solutions that enhance living standards, and assisting the efforts that sustain a healthy and safe world.

While much remains for all of us to accomplish, we take enormous pride in Emerson's contributions and in the skills and momentum that we bring to critical issues in today's world.

The Emerson management framework builds on several key tenets:

Insisting on the Highest Ethical Behavior

Our policies and practices direct our 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.

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Investing in Our Organization Where People Make the Difference

Guided by principles of integrity, compliance and the drive to succeed, we emphasize leadership development and manage operations in a manner that fosters fairness, organizational strength, and strong communications with and respect for our employees.

Promoting Health and Safety

Emerson strives to provide safe and healthy work conditions as the foundation for promoting the well-being of our employees worldwide. Our involvement and commitment to advancing good health and safety practices throughout our operations and in our customers' industrial and commercial settings reflect our fundamental values.

Advancing Environmental Stewardship

We take pride in the role Emerson plays in helping to protect the environment. This begins with promoting a mindset of environmental awareness and protection throughout our organization and extends to creating technologies critical to advancing environmental improvements which meet or exceed government environmental regulations. Our products and solutions enable customers to improve energy efficiency as well as control and limit adverse environmental impacts.

Developing and Managing a Responsible Global Supply Chain

Emerson believes viable suppliers must exhibit sensible and thoughtful approaches to their employees' rights, the environment and ethical behavior. As a consequence, we advocate relationships only with partners that meet this standard. We require Emerson employees who manage our vendor base to investigate and weigh these factors when choosing suppliers. Furthermore, we ask that they be diligent in their interactions and report unacceptable behavior to maintain a sustainable supply chain.

Contributing to Our Communities

Emerson provides financial and other resources where we live and work to support hundreds of community organizations and educational institutions. Our broad investment in Emerson operations and educational institutions in developing regions provides a significant force in economic growth within these important regions. These commitments spread the benefits of prosperity and enrich the lives of citizens by strengthening these communities and regions.

The following pages provide deeper insights into Emerson's values and practices and how they define our company.

Insisting on the Highest Ethical Behavior

Firm and Comprehensive Rules and Procedures Shape Behavior

Emerson demands the highest business and personal standards of ethics. Recognizing that Emerson's reputation is priceless, we lack tolerance for any ethical compromise in our operations as well as in service to our customers, communities and other stakeholders. We formalize our requirements in the [Emerson Business Ethics Program](#), a set of policies and practices honed over the past two decades that defines standards for every Emerson employee in his or her business practices. Emerson's leaders continuously communicate the roles and responsibilities of employees on the full scope of ethics-related issues, including compliance with the laws, rules and regulations, and accepted practices of each country in which we do business; handling of proprietary data and information; financial reporting; securities trading; and reporting of ethical violations.

This program requires our businesses and about 130,000 employees to operate fully within these dictates. The Emerson Board of Directors, in conjunction with a senior management committee, oversees the program and bears final responsibility for its prosecution.

Emerson sets standards aligned with different levels and dimensions of our organization. Senior management and Emerson's Board of Directors regularly review the Emerson Business Ethics Program standards and the CEO and Senior Financial Officer Code of Ethics to consider if updates are necessary or appropriate. The following documents define the elements of Emerson's Business Ethics Program:

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[Corporate Governance Principles and Practices](#)

Our [Statement of Governance Principles and Practices](#) establishes the guidelines for ethical conduct by members of Emerson's Board of Directors. This statement articulates the ways in which Emerson must govern for full compliance with the law and in the best interests of our constituencies. The document provides comprehensive rules and criteria for Board roles and responsibilities, from management oversight and performance reporting to director independence standards.

[CEO and Senior Financial Officer Code of Ethics](#)

[This document](#) clearly conveys the roles, responsibilities and expectations for top corporate officers in exhibiting and promoting integrity and in providing accurate and timely financial reporting.

Ethics Program Handbook for All Employees

Emerson's Business Ethics Program Handbook sets forth the detailed elements of our ethics program and forms the core of our annual employee ethics training programs. The handbook and our formal ethics training cover topics such as:

- The company's commitment to conducting business with honesty, integrity and in compliance with applicable laws and regulations.
- Our uncompromising standards for all dealings with customers, suppliers, governments, the public and each other.
- A stipulation that no employee may have a personal, business or financial interest that conflicts with his or her responsibilities to our company.
- The rules forbidding payments in money, products, gifts or services-either directly or indirectly- to any foreign government representative to induce favorable business treatment or to affect governmental decisions in violation of the U.S. Foreign Corrupt Practices Act (FCPA) or other U.S. or local country laws. Our accounting practices are consistent with the requirements of the FCPA and related regulations.
- The importance of being alert and sensitive to situations that may be illegal, unethical, in violation of the ethics program and supporting policies and procedures, or that are otherwise improper. Additionally, we reinforce our employees' obligation to report any questionable situations or suspicious activity.

Throughout the world, Emerson operations afford employees easy and routine access to our ethical guidelines. To reinforce the critical importance of these requirements and deal with evolving challenges and interpretations, all employees undergo annual training on Emerson's ethics requirements. Further, we provide many reporting avenues including a confidential ethics hotline, to promote open communications about ethical concerns.

Annual Ethics Training Outline

We educate each employee with several purposes in mind. First, the consistent attention comprehensively affirms the ethical standards required of every employee. From year to year and region to region, new challenges emerge and we find it necessary to clarify how we interpret the requirements and expect employees to adhere to them. These sessions further encourage dialogue that helps Emerson leaders to identify and address emerging issues. Finally, and most important, we use the interaction to ensure that every employee understands how to report any ethical concern without apprehension or fear of retaliation.

Ethics Hotline for Timely Reporting

To facilitate reporting of ethical concerns, we provide an employee Ethics Compliance Hotline to our employees 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 who report concerns.

Ethics hotline calls are received by an independent company, which reports the information to Emerson management for investigation and response. The corporate Human Resources Department maintains a listing of all allegations and ensures that the company investigates and resolves each one. The appropriate managers from Human Resources, Legal, Environmental and Finance conduct the investigations depending on the nature of the issue. The Audit Committee of the Board of Directors reviews hotline calls and their resolution when related to accounting, internal accounting controls and auditing.

Investing in Our Organization Where People Make the Difference

Commitment to People, Open Communication and Leadership as a Cornerstone of Emerson's Business Process

Integrity and a focus on people assure that the Emerson legacy of excellence at every level of our business continues over time. Delivering all-out performance requires trust founded on open and honest communications. This transparency helps align commitment to our goals with recognition of how each person's ideas, energy and enthusiasm contributes to Emerson's success.

In keeping with our core values, we emphasize and nurture a deep commitment to the people of Emerson and the organizational model that propels our success. The imperative to deal fairly with our employees and to develop and motivate people as innovators and leaders forms a cornerstone of our management process and our high-performance approach to business.

Emerson's long history of positive and effective employee practices provides our company with a set of beliefs, approaches and tools, which we export to every country where we operate. Emerson's management process, conceived in the 1950s when we operated as a small Missouri company, depends on the same values and organizational principles today and succeeds in the range of business environments we encounter across six continents.

Our successful global expansion proves Emerson's success in adapting our management process to execute it effectively in a wide variety of cultural and business climates.

This requires blending our fundamentals with an objective view of local distinctions.

Regardless of the location, we find a common thread among employees and managers who desire to be a part of an organization that combines integrity and a commitment to hard work with open and realistic communication in order to succeed in a sustained manner. By bringing our best practices to locales across the world, we attract and employ the best and most motivated people.

To create an environment where people can make a difference, management has the responsibility to:

- Attract potential leaders with attributes and aptitudes consistent with the key components of Emerson's management process and beliefs
- Plan organizational changes in a manner that matches the required capacities with career development opportunities for our high potential managers
- Commit to training leaders to assure organizational excellence and continuity

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For the organization as a whole, investing in people requires that we:

- Engage and communicate directly with employees to respect, inform and motivate them and resolve workplace issues
- Manage employee relations in a fair and balanced way to maximize the contributions of each valued member of the Emerson team
- Respect human rights and the dignity of every person

AN ORGANIZATION THAT LEADS

Emerson's focused leadership development and executive and MBA recruiting programs complement organizational planning to create an action orientation that continually builds on core strengths to fuel growth.

The Right Talent

Managers at Emerson are self-selected, as high-achieving and innovative people seek out our company for its culture and reputation for success. Our organization provides them an opportunity to prosper and grow.

As continuity and an understanding of our processes underpin our approach, Emerson's long-term employees comprise our first and largest resource pool for operating our organization and driving global initiatives. Consistently, a very high percentage of promotions come from within, and division and corporate officers typically have 15 or more years of service with Emerson. We believe this promote-from-within approach contributes to strong morale and helps maintain a cohesive organizational environment.

Additionally, Emerson's emphasis on managing businesses and operations throughout the world with individuals native to the locale and familiar with the culture adds to our process' effectiveness. We continually find high-quality managers who master and apply our approaches, molding them to the work environment while staying true to the core philosophies and values. These individuals play a critical role in Emerson's success as a truly global entity.

Emerson supplements our leadership ranks with personnel from acquisitions, as well as by recruiting high-potential MBA graduates. When specific experience or skills are not available within Emerson, we recruit from other industries and companies. This infusion of outside talent adds new capabilities and perspectives that challenge and refresh our process.

Planning Our Management Teams

We employ a consistent and well-honed approach to organizational planning that balances fulfilling managerial needs with educating and developing our next generation of leaders. Every year, division and business leaders assess the managerial needs of the divisions in the context of ongoing initiatives and strategic mandates. We then review the status and performance of all managers with the CEO and discuss their potential to move into more challenging assignments. These discussions allow management to address problems and opportunities related to succession, performance diversity and inject high-potential contributors into operating organizations.

With this detailed attention to recognizing and developing talent, Emerson helps high-potential managers maximize their opportunities and best fulfill their career potential. No measure illustrates the effectiveness of and commitment to organizational planning more than Emerson's record of retention. Over the past five years, the average annual turnover (independent of retirements) of the more than 1,000 top managers consistently registers in the mid single digits. This mark affirms the level of pride and commitment resident within the Emerson organization.

Building Leaders from Within- Leadership Training

High-performance managers have opportunities to learn and develop by running business processes and systems. We embellish this with advanced leadership development training programs. Since establishing these programs in 2001, more than 5,700 high-potential individuals have participated in multi-session educational programs throughout the world.

Emerson's top management team assumes a primary teaching role that ensures close alignment of the curriculum with Emerson's processes and practices as well as promoting active engagement among our next generation of leaders. The six members of Emerson's Office of the Chief Executive regularly teach 30 days a year in aggregate, indicating the importance of the program and their commitment to passing on the essentials of Emerson's management process to future generations.

We teach advanced leadership training in numerous locations in North America, Asia, Europe and Latin America to ensure that we build organizational capabilities in line with the opportunities we face. Given Asia's size and importance to Emerson's long term prosperity, Asian-based training represents approximately half of the program.

Managers with more than five years of service are considered for the Emerson Leadership Program, an intensive leadership course that draws together people from every business and every part of the world. The program focuses on the Emerson management process, and provides a forum for young managers throughout Emerson to network and gain exposure to senior company leaders who comprise the program's faculty.

The Emerson leadership program's curriculum entails three one-week sessions and encompasses all aspects of division- and business-level management including organizational development, strategy, customer relationships, production, human resource, finance and acquisition management. Individual coaching on leadership skills and styles further enriches the content and tailors the program to individual participants. Graduates emerge with a more substantive understanding of Emerson and a deeper commitment to our organization. Of the nearly 500 high-potential managers trained to date, nearly 90 percent remain with Emerson and approximately half have received promotions.

PROVIDING A CLIMATE FOR SUCCESS

Identifying potential managers, planning for their development and providing extensive training are central to leadership development, but they are not the whole story. Emerson further provides the tools, resources, infrastructure, and collegial culture necessary to support leaders as they take on management assignments- whether it is their first within the company, or their most recent of many. Our intent is to help people succeed, and our management process is designed to enable leaders to achieve success and to grow.

EFFECTIVE COMMUNICATIONS

Emerson works diligently to keep communications open and candid as a foundation for enhanced productivity and innovation. Motivating employees requires keeping them informed and quickly and equitably addressing problems and concerns. Employees can maximize their contributions only if we effectively convey our strategies, plans, opportunities and challenges, as well as economic realities, and listen to their ideas. Our commitment to open communication applies to effective in all operations, independent of geography or culture. We promote two-way communications with a blend of practices and tools that include:

Regular Manager and Employee Meetings

We require managers at all levels to hold frequent face-to-face meetings with employees. This begins at the top as division executives meet with all employees at least once a year. We designate the top manager as the chief communicator, and each implements an annual communication plan that includes a state-of-the-business presentation, regular meetings between plant managers and employees, and frequent departmental and work group meetings. Managers are expected to "manage by walking around" to stay in touch with issues affecting employees. We train supervisors to listen closely to employee ideas, perceptions and concerns. This emphasis on two way communication helps build cooperation and respect and improve operations.

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Employee Surveys

We regularly survey employees at every major location around the world. For more than 50 years, this practice has enabled management to understand and address employee issues and improve the work environment. This research offers valuable insight allowing us to manage continuous improvement, and influences the objectives of division and local management teams. Employees offer feedback on management across a broad range of topics including our approaches to supervision and communications. We ask employees to comment freely and anonymously on issues they deem important. As a result, our employees speak openly with management without fear of reprisal, intimidation or harassment.

FAIRNESS AND BALANCE IN THE WORKPLACE

Our beliefs build on a foundation of insisting on fair treatment of all employees in a workplace in which they can find opportunities for individual growth and development. As a business, and especially as a publicly traded company, our primary goal is to be successful in the marketplace and provide attractive returns to our shareholders. We agree with the many proponents of corporate social responsibility who recognize that sustainable human benefits can only flow from a company that is well-managed, financially strong and competitive. Pillars of our practices include:

Wages and Benefits

Our compensation practices comply with applicable wage laws, 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. We do not permit deductions from wages as a disciplinary measure. The basis on which workers are paid is documented in a timely manner via pay stub or similar written communication.

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. We oppose and do not use any form of forced, bonded or indentured labor, or involuntary prison workers.

Equal Opportunity

We are committed to equal opportunity in all phases of employment including recruitment, hiring, placement, promotion, transfer, compensation, benefits, training, education, and social and recreational programs. Emerson managers base employment decisions strictly on qualifications, skills and performance. 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. Employees or applicants may be subjected to medical tests solely to verify fitness for employment.

Freedom to Associate

Open communication and direct engagement between employees and management represent the most effective ways to create and sustain a positive employment environment. Employees are able to openly communicate with management regarding any workplace issue without fear of reprisal, intimidation or harassment. The company respects the rights of workers to associate freely, join labor unions, and seek representation or join workers' councils in accordance with local laws.

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HUMAN RIGHTS

As we work in all parts of the world, Emerson lives its commitment to protect 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 of Child Labor

Our policies oppose child labor and we do not use child labor in any facility or business. Emerson has established a standard minimum age for employment that complies with or exceeds local legal requirements. We support the use of legitimate workplace apprenticeship programs that conform with laws and regulations. Emerson also prohibits employees under age 18 from performing hazardous work.

Promoting Health and Safety

Emerson Solutions Protect People in the Workplace and Beyond

Emerson's emphasis on creating and sustaining healthy and safe work environments reflects our respect for our employees and others. High standards in these areas underpin a critical aspect of operating productively and, in turn, help us compete effectively. Beyond this, Emerson's products and services enable our customers and their customers to provide healthy and safe environments.

We align themes and doctrines of Emerson's health and safety program with regulations established by the U.S. Occupational Safety & Health Administration (OSHA). Today, we focus on exporting these approaches to assure the health and safety performance of our international facilities, particularly in emerging nations where local practices sometimes fall below the standards we require.

Overarching priorities for our program are:

- Protecting employees from immediate and long-term harm due to accidents or exposure to potentially dangerous conditions
- Ensuring that Emerson maintains a strong and continuing focus on health and safety in our operations
- Developing products, services and technologies that help improve health and safety in the marketplace

Emerson's health and safety program focuses on:

Organizational Commitment

Health and safety is a top priority for all operational and facility management. We require managers to anticipate and prepare for the unexpected. Established channels of communication heighten awareness and facilitate fast responses to developing situations. Management's emphasis on health and safety instills an ethic of continuous improvement.

Protective Devices

We continually engineer and apply devices and work practices that mitigate risk from workplace processes and equipment.

Ergonomics

Where important processes involve repetitive tasks, we design work approaches to minimize the cumulative impact on our employees.

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Preventive Maintenance

By establishing controls and sound maintenance protocols, management works to continually reduce accidents and improve overall safety in the work environment.

Security

To assure we operate well-protected a safe workplace, we manage access to our facilities consistent with international guidelines and standards. Those responsible for providing these safeguards emphasize the importance of dignity and respect in their interactions.

Metrics

We consistently measure health and safety performance to assure continuous improvement and high standards in every facility.

ADVANCING HEALTH AND SAFETY IN OTHER SETTINGS

Emerson's products and service offerings and our technology investments advance the state-of-the-art for health and safety around the world. These focus areas span direct involvement in the field of healthcare- where a significant Emerson business platform links information systems to patient care- to monitoring food retailing sites to ensure food safety and quality. Other solutions enhance customers' patient safety while providing information and diagnostics to protect workers in industrial settings.

Advancing Environmental Stewardship

Policies and Programs Reduce Energy Consumption and Protect the Environment

Environmental responsibility stands at the forefront of today's global corporate agenda. Emerson addresses this responsibility in two primary ways: 1) through our commitment to provide products and services that improve energy efficiencies and reduce potential harm to the environment, and 2) through our efforts to operate our facilities in a manner that protects the environment, meets or exceeds government requirements, and continually reduces energy consumption and waste. Our global reach affords us a broad environmental perspective that balances advances in living standards and prosperity with potential impact on the planet and the well-being of future generations.

Emerson's environmental stewardship efforts include:

- Developing technologies that help customers address environmental challenges
- Applying cost-effective and energy-efficient manufacturing processes
- Complying with laws that protect the environment

Following are illustrations of our commitment.

Innovative Technologies for a Greener World

Emerson began intently addressing customers' environmental challenges in the 1980s when our engineers mastered new technologies to improve energy utilization in concert with advancing the standard of living for all people. From Copeland Scroll™ compressors that drive greater energy efficiencies in heating and air conditioning systems to power technologies that facilitate green data centers and telecommunications networks, our engineers conceive and develop products and solutions that reduce resource consumption while delivering reliable benefits.

As the strain on natural resources increases, we all share a responsibility to limit the use of energy and activities that harm the environment. Emerson's products and services address environmental issues in three ways:

- **Enabling efficient use of energy.** Extracting the most value from available energy resources requires new solutions and technologies. Emerson innovation minimizes the environmental impact of our residential, commercial and industrial products. In addition to creating solutions that advance energy efficiency, we participate in numerous industry and governmental efforts to define, promote and measure efficiency improvements.

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- **Supporting cleaner forms of energy production.** Our technologies and solutions help shift electrical power generation to approaches that lower carbon footprints, utilizing energy sources such as wind, solar, nuclear, hydro and natural gas.
- **Providing technologies that monitor and limit emissions.** Our sensor advances and wireless connectivity provide cost-effective industrial monitoring and better access to emissions data and management.

Energy-Saving Operating Initiatives

We target annual energy-efficiency initiatives throughout our operations. In 2008, for example, our assessments at manufacturing facilities identified a range of cost-effective opportunities to significantly reduce energy costs.

Environmental Operating Compliance

We annually assess the environmental compliance of each Emerson facility. In this process, we analyze the procedures and performance of our facilities against standards set by local or U.S. law- whichever sets a higher standard. Furthermore, when acquiring companies, we assess their environmental policies and procedures to correct any issues or shortcomings.

Emerson also 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 initiatives such as WEEE (Waste Electrical and Electronic Equipment regulation) and RoHS (Restriction of Hazardous Substances) directives.

Meeting Significant Global Challenges Through Innovation

Today's world confronts a multitude of considerable challenges. The issues these challenges raise for businesses and consumers confound prioritization and often demand responses that unfold over decades. For example, we must cooperate and invest in ways that allow us to:

- Maximize energy efficiency
- Assure viable, renewable energy sources for the future
- Minimize environmental damage and improve air and water quality
- Extract scarce resources for use by the broadest possible populations
- Create appropriate infrastructure and services to raise living standards throughout the developing world
- Protect the safety, security and quality of food and medicine wherever produced, stored, distributed and consumed
- Deliver healthcare effectively to an aging and expanding populace
- Collect and disburse industrial knowledge to respond to the shrinking base of experienced workers in the developed world and the expansion of commerce in emerging economies
- Ensure that ubiquitous telecommunication and data networks remain on, all the time and everywhere
- Apply technologies that help create safe environments for people at work and at home

Because of our company's longstanding leadership in the markets and regions we serve, and through strong customer and industry relationships, Emerson businesses work on the leading edge of these issues. More so, we live our commitment to address challenges of this nature head-on, and contribute to their solutions.

A sampling of our efforts across Emerson's business platforms include:

Process Management

Emerson enables process industries, such as oil and gas, refining, alternative fuels, mining, power, water, pharmaceutical, food and beverage, and pulp and paper to operate plants and equipment with greater precision and safety as well as less energy and fewer emissions. To achieve this, Emerson's highly innovative PlantWeb™ technologies offer advanced, intelligent instrumentation and controls; digital automation architectures; and interactive wireless devices and systems; all enhanced by software, services and solutions.

For example, Liquefied Natural Gas (LNG) is becoming an energy source of choice in many areas of the world. The processes of extracting, condensing, transporting and then converting LNG back to gas require expertise and technology that Emerson provides. We are also helping process and distribute clean and safe water to growing, developing populations. Our customers rely on us to optimize precise, reliable production of medicines that fight and manage disease. We help process and package foods and beverages consumed around the world; and we're helping to mine and process commodities elemental to global manufacturing.

Through the installation of Ovation™ brand power plant controls, Emerson enables thermal efficiency gains that help global customers reduce CO2 emissions by over 20 million tons per year. Additionally, Emerson technologies support oil and gas production and transmission pipelines with broad functionality, including highly accurate measurements that detect and prevent emissions and help reduce environmental damage.

NETWORK POWER

From the power grid to the power chip, Emerson provides infrastructure equipment and solutions to meet the needs of data centers, telecommunications and other business networks around the world. Power to these networks must be clean, reliable and always on. Emerson's innovative offering includes high efficiency power conversion devices for servers and critical electronic systems; innovative reliable power and backup power technologies; uninterruptible power supplies; precision cooling equipment; and comprehensive services and solutions.

In the telecommunications industry, delivering bandwidth and highly reliable power is essential. To meet changing consumer and business needs, telecom networks, and the services and technologies that support them, are often deployed and managed locally to allow delivery of new voice, video and Internet applications and services closer to customers. Business adds further complexity to “always on” connectivity as global and mobile communications support a virtual workforce and customer base. Emerson is involved in the solution.

Data centers alone consume nearly 2 percent of electricity in the United States and double in size every 24 months as they house increasingly powerful servers, generating more heat and creating greater power and cooling needs. For these critical sites that primarily serve data processors, network and telecommunications providers, Emerson supplies comprehensive energy management and reliability technology. These solutions, based on innovative products such as the Liebert XD™ extreme density precision cooling equipment, optimize use of space and conserve energy. Application of these Emerson approaches eliminates more than 10 million tons of CO2 each year in data centers alone.

CLIMATE TECHNOLOGIES

Emerson's broad involvement in heating, cooling and refrigeration applications across the world helps meet demands for higher living standards, improved food handling approaches and above all, energy efficiency. Residential and commercial air conditioning, heating and refrigeration industries rely on Emerson's innovative climate control technologies, services and integrated solutions for indoor comfort, energy efficiency, and food safety.

Emerson works closely with customers, industry associations and governments to effectively implement new, stricter efficiency standards. The company then helps satisfy these standards with approaches that range from creating new generations of compression technology to shifting to the use of more environmentally friendly refrigerants. Emerson technology is also vital to safety and quality along the food production chain, from processing to transportation and storage, and we help supermarkets around the world monitor and manage energy use and ensure that systems are operating properly. Our programmable thermostats offer better environmental and comfort control.

A prime example of Emerson's importance to the industry involves the energy saved by Emerson Copeland Scroll™ Compressor air conditioning technology. Emerson's installed base of scroll compressors reduces North American CO2 emissions by nearly 15 million tons per year.

INDUSTRIAL AUTOMATION

Emerson maintains a strong legacy in designing and producing energy-efficient motors and drives as well as specialized, efficient technologies for materials joining, mechanical power transmission, and other applications for the world's manufacturing economy.

We also provide generators and critical couplings for drive trains for the leading manufacturers of windmills in important geographies, including China. On the job site, variable-speed, hybrid motors help deliver energy efficiency and increased productivity to the construction and industrial infrastructure, from mobile compressors to multi-story cranes.

During the past five years, Emerson has delivered more than 700,000 AC drives that minimize energy consumption by fans, pumps, compressors, conveyors and mixers and underscore Emerson's role in making the industrial world more productive and efficient. These drives prevent release of nearly 2 million tons of CO2 annually.

COMMERCIAL & RESIDENTIAL SOLUTIONS

Emerson serves the quality needs of professional contractors with tool technologies and improves residential convenience and comfort through products such as garbage disposers, and storage and organizing systems.

Emerson also offers mobile healthcare information technology to improve the delivery and safety of medical services in the hospital setting. The RIDGID plumbing line provides workers throughout the world with reliable and efficient means to build safe and reliable infrastructure.

Emerson's InSinkErator® brand garbage disposers offer an energy-efficient and environmentally friendly way to manage household food waste, reducing global CO2 generation by more than 3 million tons per year.

Developing and Managing a Responsible Global Supply Chain

Extending the Reach of Emerson Values

As Emerson grew and expanded globally we broadened our supply chain, and in this process, helped elevate business standards in the locales in which we operate. Our success with growth and innovation helps suppliers worldwide advance their processes and technologies to gain access to new markets. Over the past half century, Emerson actively engaged the developing world in global growth, opportunity, and rising standards of living. As we invest in our capabilities around the world, we emphasize parallel efforts to localize sourcing as the best path to serve customers. Investing resources in new suppliers helps to accelerate progress throughout developing regions.

Emerson views our supply base as a direct extension of our company – one which projects our values and principles. We expect suppliers to stay current with technology, act with integrity and treat people and the environment with respect – all actions that reflect our priorities. In this way, identifying and cultivating the right partners requires significant investments as we strive to employ high caliber suppliers that demonstrate responsibility and commitment to fair and productive approaches as well as compliance with laws and norms.

As Emerson expands into new regions, we sometimes encounter existing business cultures and practices that may conflict with our standards for honesty, integrity and full legal compliance. Having a growing vendor base aligned with our ethical position helps to assure our future in these geographies. We closely monitor our supply chain to eliminate wrongful practices and acts, allowing Emerson to build local vendor bases in new, developing-country production locations that align with our stances on social responsibility and ethics.

This vendor management process advances several critical goals:

- Extension of high standards of integrity and responsibility
- Continuation of quality assurance throughout our operations
- Expansion of commerce and employment

Our supplier management practices include:

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Affirming Supplier Responsibility

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.

We plan to require principal suppliers to affirm their understanding of Emerson values and standards regarding ethical behavior, labor practices, human rights and environmental protection. We expect all suppliers to operate in a manner that supports Emerson's commitment to conduct business responsibly.

Training Emerson Employees

Corporate social responsibility efforts address a range of complex issues 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 trains managers and employees annually to help them engage effectively with suppliers as they communicate Emerson's priorities. This training also helps improve our ability to recognize, report and support remediation and compliance issues.

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 division supply chain managers to make reasonable assessments of questionable activity and to ensure that practices conform to Emerson expectations.

Contributing to Our Communities

Engagement and Support Enhance Economies, Quality of Life

Emerson programs enhance and improve lives and make the communities in which we operate more attractive places to live and work. By extending our time-tested programs and practices into emerging markets, we are also helping to stimulate economic development through initiatives like educational alliances with universities.

BRINGING ECONOMIC PROSPERITY

The majority of Emerson's employees, revenues, and investments in plants and facilities reside outside the United States. This distribution reflects our engagement in the world's evolving economy, and makes Emerson a substantial force in extending global commerce and creating skilled jobs in emerging markets. Additionally, Emerson-sponsored new ideas and innovations offer a sense of purpose and fulfillment to these communities that helps to improve the overall quality of life.

ENHANCING EDUCATION IN DEVELOPING REGIONS

Emerson's support of local institutions of higher learning stands out as a particularly noteworthy aspect of our commitments around the world. As a technology-focused organization, we value the need to nurture and encourage young people fascinated by the elements of science and management education. Once we establish a presence in key Emerson locations, our management teams set a priority to establish formal ties with key colleges and universities.

Under this program, Emerson has taken a leadership role in supporting educational programs at dozens of universities in developed and developing countries. Emerson's continuing success depends on our ability to attract well-educated, highly skilled and talented managers, engineers and other employees, and the programs that we support help universities to identify, educate and nurture individuals with these characteristics. These university programs also benefit local communities – especially those in the developing world -- which rely in part on quality educational opportunities to attract new residents, drive economic activity and raise standards of living.

Cooperation takes place in many forms:

- Sponsoring new advanced degree programs around progressive globally relevant technology themes that bring world-class curricula to the developing world
- Funding laboratories and professorships

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- Sponsoring research in topics critical to Emerson's technology future
- Providing scholarships to fund basic education

These endeavors help Emerson directly and also enable us to engage with the brightest and most motivated young people who are anxious to have an impact on world in their chosen field. We enjoy great success helping educate and then employing these individuals. Most gratifying, however, is the engagement we offer to the colleges and universities, not only with financial contributions but also in connecting their curricula to great challenges and further enabling their contributions to important technology advances.

ENRICHING LIVES THROUGH THE EMERSON CHARITABLE TRUST

Through the Emerson Charitable Trust, we provide financial assistance and other support to local organizations in the United States that improve and enrich lives, promote volunteerism, sponsor education and provide services to those in need. Emerson units throughout the rest of the world undertake similar responsibilities consistent with practices in the countries in which we operate. We encourage employees to be involved, and many devote their time and energy to causes and organizations in their community.

We believe corporations have a duty to improve life, and more specifically to:

- Foster learning through our schools and cultural institutions and programs
- Promote the health and well-being of residents
- Invest in the character, values and future prosperity of our youth
- Support the infrastructures of our communities

While Emerson supports immediate needs, such as hurricane, tsunami and earthquake relief efforts, our principal global philanthropic efforts are focused in six primary areas:

Education

The learning programs we support provide the foundation to create leaders, business managers and skilled individuals who can thrive in a changing world.

Health and Human Services

Emerson supports a range of international health organizations, medical research initiatives, hospitals, care centers, and hospices. Our contributions help sustain the well-being of people of all ages, and support special initiatives including the treatment of medical disorders, domestic abuse shelters, and employment and job training.

Arts and Culture

We help elevate living standards and quality of life through contributions to dance, music, and theater groups as well as educational television, public radio, and numerous libraries, museums, zoos and science centers.

Civic

To provide stability, safety and protection within our communities, we provide supplemental funding support for public service programs such as local police, fire, and rescue squads; housing assistance organizations; local conservation groups; and parks.

Youth

Our efforts focus on instilling character and values in young people during their developmental years. Emerson-supported organizations receive funding to provide mentors, advocates and skills development programs for young people, as well as helping to prevent child abuse and providing care for terminally ill children.

Employee Matching Gifts Program

This long-standing program allows employees to help choose where to channel funds to assist community activities. Many Emerson operations match full-time employees' contributions - up to a total of \$10,000 annually - to higher educational institutions and nonprofit arts and cultural organizations.