



Emerson China Corporate Citizenship Report 2010

Overview

Emerson (NYSE: EMR), is a global technology and engineering leader in developing and delivering innovative solutions for customers worldwide for commercial, industrial and consumer markets.

Founded in St. Louis, Missouri, USA in 1890, with over 60 divisions around the world, Emerson operates in 240 manufacturing locations worldwide and markets its products in 150 countries. Emerson provides innovative solutions for customers in industrial, commercial, and consumer markets through its network power, process management, industrial automation, climate technologies, and tools and storage businesses. Sales in fiscal 2010 amounted to US\$21 billion.



Emerson consistently ranks among the *Fortune* Global 500 and US 500 companies. It is also recognized as one of the “World’s Most Admired Companies” by *Fortune*, coming second in the electronics industry category. In 2008 and 2009, David N. Farr, chairman, CEO and president of Emerson was ranked among “The Best CEOs in America” and the top CEO in the electrical equipment and multi-industry category by *Institutional Investor* magazine.

China is among the fastest-developing regions for Emerson’s businesses. Since 2002, China has been the second largest market for the company next to the US. In fact, Emerson entered China as early as the late 1970s through a technology transfer, and in 1992, the company established its first wholly foreign owned enterprise in China. In October 1993, Emerson Electric (China) Holdings Co, Ltd was formed, and Emerson became the first US firm ever to set up a company of an investment nature headquartered in Shanghai. Thereon, Emerson’s investments have grown substantially in China.

Emerson has set up more than 40 legal entities in China, over thirty of which are manufacturing facilities, and located in 15 cities: Shanghai, Shenzhen, Suzhou, Fuzhou, Beijing, Tianjin, Qingdao, Jiangmen, Chengdu, Luoding, Shenyang, Nanjing, Zhangzhou, Zhongshan and Xi’an. Emerson has also established more than 10 engineering centers in various locations. In addition, Emerson has been expanding and strengthening its Asian procurement presence in China.

Emerson has a long-standing commitment to its corporate citizenship efforts in China through its involvement in various programs, including: the Project Hope education scheme, Lifeline

Express for eye patients, Mother Cellar water collection systems, New Great Wall program, Sichuan and Qinghai earthquake-affected areas relief programs, Shanghai Expo 2010, Beijing Olympics 2008 and various other volunteer programs. Emerson also put environmental protection and energy conservation into its corporate strategy. Furthermore, the company launched the “Emerson China Charitable Program”, covering the three key areas of education, health and human services, and civic. The following presents Emerson’s corporate citizenship efforts summary in recent years.

Business Strategy with Environmental Responsibility

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.

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.

Supporting cleaner forms of energy production.



Emerson’s new state-of-the-art and energy-efficient global data center in St Louis



InSinkErator food waste disposer



Beijing Olympics 2008: The shuttle buses in the Olympic Village use Emerson’s energy efficient compressors.

- 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.

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, 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.

In January 2010, Emerson Process Management, has been awarded a contract from the China Power Investment Corp. (CPI) to digitally automate a new, ultra-supercritical power plant in central China. Ultra-supercritical plants require less coal per megawatt-hour, leading to lower emissions, higher efficiency, and lower overall fuel costs.

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 two 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.

In recent years, Emerson Network Power improved energy efficiency of data centers with its excellent UPS and precision air-conditioning solutions, thereby realizing the goal of energy conservation and emission reduction and ensuring continuity of key businesses in assisting facility constructions in industries such as telecommunications, finance, healthcare, and transportation in China.

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 environmentally friendly chlorine-free R-410A refrigerant. 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.

As early as in December 2004, Emerson signed a Memorandum of Cooperation with the Standardization Administration of China (“SAC”), establishing a framework for cooperation which includes research, formulation and revision of energy efficiency standards and regulations, holding

symposiums, as well as introducing key energy efficiency standards and regulations from other countries to the local market to be used and adopted by local experts. Meanwhile, Emerson's collaboration with the Chinese government continued through further promoting energy efficiency and conservation in China. For example, Emerson Climate Technologies assisted SAC and Chinese National Institution of Standardization to promote energy efficiency as well as the public awareness of energy labels, co-worked on a website to promote this initiative; it also sponsored some air conditioner energy efficiency forums. Continuing efforts in industry stewardship, Emerson Climate Technologies continues to host the Emerson Cup air-conditioning systems design contest for 8 years.

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.

In May 2010, Control Techniques and Branson, divisions of Emerson Industrial Automation, together with Emerson Network Power showcased their new energy related solutions at 2010 International Photovoltaic Power Generation Conference & Exhibition in Shanghai.

Tools and Storage and InSinkErator® Food Waste Disposer

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

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.

In addition, on June 14, 2009, Emerson attended the International Energy Saving and Environmental Protection Exhibition in Beijing to showcase high efficiency and energy saving green products at Shanghai Scientific Energy Conservation Museum.

Emerson China Charitable Program

Emerson's China charitable program mainly supported the three areas of education, health and, human services and civic.

Education

Sponsors and support to Qingquan School — the Qingquan primary school in An County, Mianyang of Sichuan was damaged by the 2008 earthquake. On September 10, 2009, the school's teaching complex was rebuilt with support from Emerson. Emerson donated 3 million RMB for the project through the Sichuan Youth Development Foundation. Emerson's divisions in China not only donated teaching equipment and school supplies, but also dispatched volunteers to participate in new classroom arrangement and equipment adjustment. After the building was put into use, Emerson Network Power and Leroy-Somer of Emerson donated UPS and power generating equipment to the school. Now, more than 600 children of the school are studying and growing in the brand new and safe environment. On July 20, 2010, Emerson Network Power and Climate Technologies Shenyang sponsored the summer camp event for students in Qingquan school.

“Project Hope 1+1 hand in hand Program” – Emerson has been participating in the “Project Hope 1+1 hand in hand program” for five years. A total of 345,600 RMB has been raised, and sponsoring 336 poverty-stricken students to complete their primary school or middle school studies in the Nanjiang county of Sichuan province and Yun'an county of Guangdong province. Each year, Emerson continues with follow ups and investments in manpower and material resources to enrich the extra-curriculum activities of these students, and enhance the communications between sponsors and students in various approaches:

1. To encourage the learning enthusiasm of students, Emerson presents “Emerson Children Education Scholarship” annually. To date, a total of 90 children received scholarship grants and awards totaling 14,850 RMB.



The opening ceremony for the rebuilding of the Qingquan school teaching complex supported by Emerson in Sept 2009.



Poster of Emerson Children Education Scholarship



Exhibition wall showcasing the excellent entries of Emerson Children Drawing Contest



Emerson Supports New Great Wall Program

2. Aside from academic achievements, Emerson also pays much attention to the holistic learning and development of students. In 2006, Emerson held the “Emerson Children Drawing Contest”, followed by exhibition tour and charity auction of winning entries, where funds raised from the auction to be used for rewarding and aiding students with special talents. In 2007, Emerson held the “2007 Emerson Children Writing Contest”, in the aim of cultivating and enriching the students’ interests in literature, and encouraging them to express their ideals and spirits.
3. Emerson also regularly organizes company executives and volunteers to visit the sponsored students to show support and better understanding of their well-being. The company organized two visits to the Nanjiang county of the Sichuan province in November 2005 and 2007 respectively, and to the Yun’an county of Guangdong province in September 2005 and January 2007. During the visits, volunteers visited students’ families, to experience and understand the studying and living conditions of these students, to further share their experience with colleagues, and to pledging more people to support such education program. The 190 pupils in Nanjiang of Sichuan as aided under the Project Hope 1+1 Program will graduate this year (2010). On May 13, 2010, Emerson specially held a graduation ceremony for children in Nanjiang, in celebrating their graduation from primary school.
4. On Children’s Day and Teachers’ Day each year, Emerson prepared greeting cards for 672 students and teachers in 45 schools in the poverty-stricken areas in Guangdong and Sichuan, to show care from the company and employees. Emerson provides students with financial aid as well as showing caring for their well being of these young minds and hearts.
5. On May 13, 2010, Sara Yang Bosco, President of Emerson Asia-Pacific, along with 26 employees, participated the grand graduation ceremony for local aided students who were going to graduate in the Nanjiang county of Sichuan Province.
6. On April 3, 2009, Emerson invited a group of students from Sichuan earthquake-stricken areas to visit Shenzhen office, various facilities, and organized a workshop, which helped the students to acquire new knowledge, and widen their insight.

“New Great Wall Program”—

In 2009, Emerson participated in the “New Great Wall Program” of the China Foundation for Poverty Alleviation, sponsoring 106 colleague students from several colleges nationwide to finish their studies. The support to college students is still on going in 2010.

Health and Human Services

“Water Cellar for Mothers”—

In April 2009, Emerson supported the construction of a centralized water supply facility for the two communities of Caozidi and Xintianba of Daduo Village, located in Dongchuan District, Yunnan province. The construction sponsorships were worked through the “Land of Love, Water Cellar for

Mothers” program initiated by the China Women's Development Foundation, and thereby resolving the severe water shortage that the area has faced for 10 years. The waterworks were completed and put into use.

Emerson held the “Land of Love, Water Cellar for Mothers” Songmaopeng Village Waterworks Opening Ceremony on June 6, 2010. Emerson sponsored more than 500,000 RMB to build the waterworks.

The Yunnan province was struck by the extremely serious drought in 2010. In order to relieve the drought and help more people in the drought-hit area, Emerson dispatched a team to conduct a field investigation in the Nanjing Village, Gucheng Town, Zhenyuan county of Yunnan Province from March 10 to 13, 2010. Emerson had expressed interests with the China Women Development Foundation to donate and build waterworks for Dashuiping, Xiaqingbian, Chenjiafen, Liejiu, Xiaocun, Nanjing Primary School, and Nanjing Village Committee of the village.

“Habitat for Humanity China” –

In November 2009, employees of Emerson Network Power China participated in the activity of “Habitat for Humanity Sichuan Qionglai Volunteer Week” to assist local residents in their housing project.

On August 15, 2010, employees from Emerson Hong Kong participated in the Tai O Restoration Project, as part of Habitat for Humanity China’s Volunteer Build Program. This project aims to improve the condition of the residential units in the only remaining intact fishing village of Hong Kong, located in the southwest coast of the Lantau island.

Caring with donations —

In early 2008, Emerson donated more than 500,000 RMB to the snow-stricken area of China through the Red Cross Society. In June, 2008, Emerson announced that donations and pledges by the company and employees to the Sichuan earthquake relief efforts have reached nearly 11 million RMB in cash and equipment, including the 2 million RMB worth of



Emerson volunteers with sponsored students

Emerson Supports Habitat for Humanity Restoration Program in HK

Emerson held graduation ceremony for Nanjiang students

Students from Sichuan earthquake-stricken area visited Emerson Shenzhen office in April 2009

Emerson held the “Land of Love, Water Cellar for Mothers” Waterworks opening ceremony at Songmaopeng village

equipment donated, scores of engineers were also dispatched to telecom operators located in the affected areas to assist them in re-establishing communications links. In May 2010, Emerson donated 1.9 million RMB for the earthquake-affected area of Qinghai, including equipment valuing 600,000 RMB. In addition, Emerson and its employees in China has also in the past years provided assistance to people in areas as severely affected by hurricane, tsunami, and earthquake.

Civic

Emerson has always been active in fulfilling its responsibility as a good corporate citizen in China, including participations in several volunteer programs, such as the Project Hope, and Chinese Foundation for Lifeline Express, and support of the Beijing 2008 Olympic Games, etc.

Highlights include:

Emerson supports the Expo 2010 Shanghai China with its products.

For example, Emerson Network Power China provides UPS, precision air-conditioning and power supply systems to the Expo site. The Spain and HK pavilions adopt Copeland digital scroll compressors for the air-conditioning systems.

Emerson also supports the Beijing Olympics 2008.

For example, the Laoshan Velodrome and the Broadcast Tower adopt Copeland digital scroll compressors for the air-conditioning system; the buses in the Olympic Village use Emerson's energy saving and efficient compressors. The China National Stadium (nicknamed as 'Bird's Nest') also features telecom power systems from Emerson Network Power China and inverters from Emerson Industrial Automation. Emerson's automatic transfer switch systems and servo drives supported all swimming events at the National Aquatics Center (nicknamed 'Water Cube'). Emerson Process Management pressure regulating systems, and Emerson Storage Solutions shelving systems were adopted in the major devices and facilities, including the Olympic flame and the reception center of the National Stadium. Aside from that, the company contributed to the Olympics in other events, including "Beijing Speaks Foreign Language Week" programs.

Cooperation with Universities

Since June 1996, Emerson has been supporting major doctoral research papers in several Chinese universities, and there has been more than 30 programs up to the present. In addition, from 1998 up to now, Emerson has also established MBA scholarships in several well-known Chinese universities, including Tsinghua University, Fudan University, and the China Europe International Business School.

Emerson also deploys its executives as visiting professors and guest speakers to various academic institutions presenting on topics including Emerson Management Process, leadership management. For examples, Peter Yam, Emerson advisor and former president of Greater China, was appointed as visiting professor and advisor to Guangdong Jiangmen Polytechnic, and **adjunct professor to China University of Hong Kong**. Sara Yang Bosco, president of Emerson Asia-Pacific, was appointed as the

visiting profession by the Business School of the Nanjing University.

In recent years, Emerson invited teachers and students from different universities to visit Emerson, in the hope to give them an excellent opportunity for learning and practice. Emerson also has internship programs, providing a practice platform for their career development.

For Regional Economic Prosperity and Employee Development

Employees are the most valued assets of Emerson. Emerson has established a set of effective employment practices to engage open communications and maintain harmonious relationship. Emerson provides employees with opportunities for career development, creates safe and environmentally-friendly working environment.

Take Emerson Network Power China as an example: for continuous improvement of safety and health conditions in production, the company has invested millions in improving material sources of hazard since 2008, such as factory ground subsidence, UPS air duct, central air-conditioning pipe cleaning, computer room noise insulation, and vibration caused by motor R&D. Since 2008, Emerson Network Power has spent more than 1.5 million RMB to add or change individual protective gear for employees.

Astec Electronics (Luoding) Co., Ltd, a division of Emerson Network Power, places great importance to social security system. The total amount of annual social insurance premiums paid by the company has been ranked among the top individual enterprises of Guangdong Province.

In addition, Emerson's divisions are also very active in contribution to the local community development. On December 17, 2008, Astec Electronics held the Shenzhen Fuyong Chamber of Commerce "Care for Enterprises and Employees" event. In 2008, Emerson Shenzhen Company specially set up Emerson volunteer team, with 49 volunteers, registered with Shenzhen Nanshan District Volunteers' Union.

In addition, Emerson's Chairman and COO have been appointed as economic advisors to the Jiangsu and Guangdong provinces respectively, to share on growth and development experiences with the local governments.



"Care for Enterprises and Employees" event



Emerson Chairman David Farr attended the 2009 Jiangsu International Consulting Conference on Development



Emerson COO Monser attends 2009 International Consultative Conference on the Future Economic Development of Guangdong

CSR Awards and Recognitions

- In June 2010, Emerson was awarded Special Contribution Award in Corporate Social Responsibility by the China Association of Enterprises with Foreign Investment, China Charity Federation, China Private Economy Research Center and China Enterprise News.
- In May 2010, Emerson held a graduation ceremony for pupils of the Emerson-supported “Project Hope” Program in Nanjiang county of Sichuan.
- In November 2007, Emerson was awarded Best Contributing Company in Corporate Social Responsibility by the China Association of Enterprises with Foreign Investment.

Outlook

In the years to come, Emerson will continue to contribute to community and social services, fulfilling its responsibilities as a good corporate citizen and supporting community development .

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