

We make what matters work.
Sustainably.



Powering Business Worldwide

From the Chairman

We believe the success of a company should be measured by more than financial results—it should also be defined by its commitment to the environment, its contributions to society, and the strength of its governance. At Eaton, these elements form the basis of our approach to sustainability, and this is how we build a better company.

Even though the term sustainability is a relatively new concept in business language, it has been at the heart of nearly everything we do since we were founded over 100 years ago. Today, sustainability is reflected in our vision—to improve the quality of life and the environment using power management products and services—and guides our everyday decisions and actions.

As you'll see in this report, our sustainability efforts are focused on three distinct areas that support us in achieving our aspirational goals—creating positive environmental impact with our products and services while reducing the impact in our own operations, strengthening our workforce and the communities in which we live and work, and doing business right.

Creating a positive environmental impact

We strive to operate efficiently and sustainably, while producing products and services that allow our customers to do the same. Every day, Eaton employees are developing solutions that have a positive environmental impact—from microgrids and energy storage, to automated transmissions, electric vehicle power distribution units and blended power systems in aircraft. Our products help customers and partners efficiently use and conserve resources, provide reliable access to energy and a safe living and working environment. Around the world, our teams are actively engaged in programs that reduce our own waste and carbon dioxide emissions and optimize our use of energy, raw materials and natural resources.

Strengthening our workforce and communities

We're focused on creating an inclusive, safe and engaging workplace where every employee has an opportunity to learn, grow and be healthy. To deliver on this, we sponsor and promote inclusion employee resource groups, drive world-class safety performance at our sites and provide regular training opportunities at all levels of the organization. We also care deeply about the communities in which we live and work and encourage our employees to take an active role in supporting local causes that are important to them.

Doing business right

Our commitment to “doing business right” begins at the highest levels of our leadership and is brought to life each day through the actions of our employees. Every year, our directors and employees recommit to our Code of Ethics, which defines the standards of ethical behavior we expect of ourselves and use to govern our business activities. In addition, we work with our suppliers to adopt the same standards of behavior by signing our Supplier Code of Conduct, ensuring a sustainable supply chain.

While we are encouraged by what we've been able to achieve so far, we know we are just getting started. I'm proud to be a part of a company that is committed to creating a better, more sustainable future for the planet and our fellow citizens around the world.



Craig Arnold

Chairman and Chief Executive Officer, Eaton

We make what matters work. Sustainably.

We are



\$21.6 billion
and growing



Powered by a vision to improve the quality of life and environment through the use of power management technologies and services



Driven by a strategy focused on strategic growth opportunities, margin expansion and effective capital management



Guided by our aspirational goals

1. Be the preferred supplier to our customers and channel partners
2. Make our work exciting, engaging and meaningful for our employees
3. Make our communities stronger
4. Ensure the safety, health and wellness of our employees
5. Be a model of inclusion and diversity in our industry
6. Be active stewards of the environment



Built on a philosophy of doing business right

Conducting ourselves with integrity and earning trust from all our stakeholders



In support of our Environmental, Social and Governance (ESG) objectives



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Improving the quality of life and the environment

Many, if not most things today require power—communicating, feeding our families, heating and cooling indoor environments, managing our health, traveling for work or recreation and providing goods and services to others.

Eaton's vision is to improve the quality of life and the environment through the use of power management technologies and services.

We have a vital purpose in our world because we create the products and services that help our customers—and their customers—manage and use power in a way that fulfills their objectives.

We believe our success as a company should be measured by more than financial results—it should also be defined by our commitment to environmental stewardship, social responsibility and governance. To fulfill our vision, we established financial and non-financial aspirational goals that respond to issues that matter to all our stakeholders. To meet these goals, we work hard to integrate environmental, social and governance (ESG) progress into our sustainability strategy. For each of these areas, we take a longer-term view of performance, while still meeting short-term expectations. Through this approach, we can create sustainable value for all stakeholders both now and well into the future.

The world is facing many power management challenges—and our products and services are part of the solution. Years ago, we set out on a path to offer the best power management technologies and services that reduce impacts and improve performance throughout the entire product life cycle—procurement, use phase and end-of-life management. While we're proud of how far we've come, we know we have to keep improving. We remain committed to creating a better future for the planet and our fellow global citizens.

Our work aligns closely with the United Nations Sustainable Development Goals, which were created to achieve a better and more sustainable future for all. For example, as demand on the power grid increases, we're helping municipalities and utilities optimize power efficiency and distribution, including clean energy from solar and wind. With increases in global population of about 82 million people per year, food production—from field to table—will need to be more efficient, minimizing waste while improving food safety. And, working with many of the world's largest manufacturers, we help make air and land transportation operate more efficiently and safely, while consuming fewer resources.





Innovating for positive impact

Many of our customers have committed to ambitious goals to reduce their impacts, and we recognize that our products and services help them manage their environmental impact. We are helping make this happen by developing innovative products and solutions that enable customers to use resources more efficiently; decrease fuel use and emissions; and make smart energy decisions through Internet of Things connectivity—all while increasing reliability, durability and safety.

Our corporate research teams around the world work to accelerate innovation across our portfolio of products. In 2018, we invested over \$580 million in this effort that, in part, helps to solve the challenge of modernizing power grids to improve stability, flow and access to electricity. As an innovator in energy storage solutions, we help homes, businesses and utilities move toward a more sustainable energy future. And, we are exploring cutting-edge solutions in polymer materials, composites and structures to improve efficiency, durability and recyclability of our products.

Additive manufacturing

With the emergence of 3D printing technology, we can build products and components by adding layers of materials, like plastics, other polymers or metals. Rather than traditional methods of manufacturing, largely based on subtractive manufacturing (like drilling or cutting away material) or forming (like forging), additive manufacturing has the potential to decrease waste and scrap from the production process by putting material only where it's needed.

In 2016, we established an Additive Manufacturing Center of Excellence (AM CoE) in Southfield, Michigan. The investment positions us to meet increasing demand for complex high-performance components, tools and fixtures, while improving speed to market and advancing sustainable manufacturing efforts. In 2018, the AM CoE earned its AS9100 Rev D certification. The certification, a comprehensive quality system for providing safe and reliable products to the aerospace industry, qualifies us to supply 3D printed metal components to civil and military customers.



Power density

From LED headlamps to controlling powertrains, conventional vehicles increasingly are controlled and animated by electronics. We project that by 2030, electrified vehicles—from battery electric to plug-in hybrid, hybrid electric and mild hybrid—will increase to 38 percent of the global passenger car market. Eaton's innovations in inductors and inverters are about providing

the highest power density for this automotive future. As space is at a premium in automobiles, our high-power density inductors and inverters allow for compact lightweight designs that help maximize range in electric vehicles and save fossil fuel consumption in conventional vehicles, while meeting demanding performance requirements.

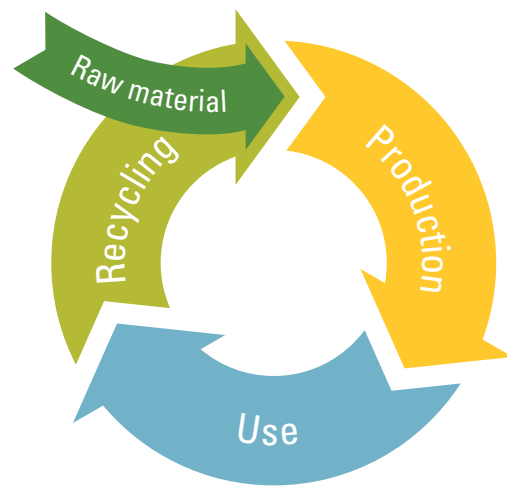
Design for the Environment (DfE)

A circular economy relies on designing out waste and pollution and optimizing the use of natural resources. Our production processes follow several of these principles.

For example, we are developing solutions for second-life electric vehicle batteries, extending their lives before the batteries are ultimately recycled. We partnered with Nissan to use second-life lithium ion batteries from their electric vehicles in our xStorage energy storage systems. For example, the xStorage Buildings system installed at the Johann Cruijff Arena in Amsterdam uses the equivalent of 63 second-life Nissan Leaf batteries as part of the solution.

And our Transfer Switch Monitor 900 makes it easier and more cost effective to upgrade existing equipment rather than perform a total equipment replacement. This approach prolongs the useful life of equipment and helps prevent unnecessary waste.

We continually take environmental concerns into account as a part of our product design process. The principle objective of Design for the Environment (DfE) is to reduce the overall impact of a product across its lifecycle—production, distribution, use and end of life.



Circular economy

Four characteristics guide our design decisions: energy efficiency, resource efficiency, recycling and compliance with regulations. We use Life Cycle Assessment (LCA) to calculate the potential environmental impacts of a growing selection of products adhering to ISO 14040/14044 standards.

Highlight



Eaton Product Recovery Center

Our Product Recovery Center (PRC) provides services to our customers and our internal operations to recover value from used Eaton electrical equipment in an environmentally responsible way. The PRC provides solutions for product reuse, repair and recycling. Usable products are repaired and sold. Damaged products are broken down to recover precious metals, steel, copper, aluminum, plastic and paper, which are then sold as commodities. In 2018, the PRC diverted 454 metric tons of waste from landfill through reuse and recycling.

Internet of Things (IoT)

We've embraced the digital world and our place in it to rethink innovation. We're leveraging technology to improve our customer experience and inspiring our employees with digital tools to drive productivity. At the heart of these advancements are the "things" that generate, collect and process data to provide actionable insights to optimize power use and continuity and drive energy efficiency.

Digital connectivity exists across the manufacturing floor, electric grid, buildings, healthcare facilities, transportation and in the home. We're taking Industry 4.0 head-on, employing artificial intelligence and advanced machinery in our factories and developing technologies to help our customers do the same. And we're generating the insights needed for customers to make better decisions with more products and services with IoT connectivity built in.



Vehicle safety

Our IntelliConnect product provides diagnostics and predictive analytics through transmission codes, engine duty cycles and terrain information to notify truck drivers and fleet owners in real time about vehicle faults—and their potential severity—so the driver can determine when maintenance is needed, improving fleet uptime and efficiency.



Data center efficiency

PredictPulse is a 24/7 predictive monitoring service for our uninterruptible power systems (UPSs) that tracks and sends parametric data and real-time alarm information every 15 minutes to help ensure data center uptime.



Microgrid optimization

Whether on- or off-grid, our Power Xpert energy optimizer controller monitors and regulates every aspect of power. The controller is connected to an energy infrastructure and the utility grid via open protocols. Through diagnostics, predictive and prescriptive analytics and models, grids can operate under challenging conditions.





Highlight



Golf Pride golf grips product take-back

Eaton's Golf Pride team helps keep rubber waste and used golf grips out of the landfill, repurposing them as rubber hitting mats—the pads used at driving ranges. When customers buy Golf Pride grips at select retail locations, the old grips are collected and combined with rubber waste and sent to a third party for repurposing into golf mats. In 2018, we recycled about 82,000 golf grips and in 2019 will continue the initiative at select PGA Tour events and retail locations.

Products with purpose

Our products and services help address increasing demand on the world's power systems and infrastructure, including the transition to a low-carbon future.

Cleaner, more dependable power

Our products help to increase the amount of green power on the grid, as well as the efficient flow and use of that power. Our solutions help to reduce pollutants in the air we breathe and greenhouse gases in our atmosphere. We manufacture a variety of components for utility-scale renewable power generation, including proportional valves used in hydropower dams, wind turbines and concentrated solar power systems. Our microgrid technology optimizes energy resiliency and independence by integrating electrical power from multiple distributed generation sources, including generators, solar, wind and energy storage. Whether operating in parallel with the grid or as a standalone electrical power system, microgrids help to maintain system stability, shave peak demand and shift loads.

Solutions for wind and solar



Efficient liquid cooling

Today, more manufacturers are utilizing liquid cooling because it transfers heat far more efficiently than air, thus helping to ensure the safe and effective operation of system components at stable temperatures. In 2018, we launched our new aluminum flat face couplings, which are designed for high vibration and heat environments, such as the electrical component cabinets in wind turbines and solar plants. These couplings complement our existing thermal management coupling and other fluid conveyance products. This portfolio is specially designed for reduced maintenance, improved uptime and greater cooling effectiveness in the most challenging applications.





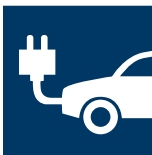
Hydraulic pitch control optimizes renewable production

In wind turbine applications, Eaton power units, along with control valves and hydraulic cylinders, optimize the pitch angle of turbine blades, and thereby power production, while limiting loads on the turbine structure. Our hydraulic disc and caliper brakes bring the turbine to a safe and complete stop.

Our hydraulic valve and hose technology are used at large concentrated solar power plants to angle solar panels to track the sun. Using hydraulics technology for drive and positioning allows for precise, small and frequent movements under extreme conditions, including wind and dust.

Moving toward sustainable mobility

Between today and 2030, there will be nearly 2 billion vehicles on the road, and the International Energy Agency (IEA) estimates that more than 125 million of these will be electric: battery electric vehicles, hybrid electric vehicles, plug-in hybrid electric vehicles, and fuel-cell electric vehicles. Our eMobility business, launched in 2018, is producing technologies for electric, hybrid and fuel cell commercial vehicles. Whether it's a long-haul truck traversing the highway, a delivery vehicle making frequent stops or a bus moving commuters across a busy metropolis, we're developing new technologies that improve efficiency and safety—without sacrificing performance. At the same time, we recognize that the vast majority of vehicles will still rely on internal combustion engines, so we remain dedicated to reducing tailpipe emissions, such as nitrous oxide, and decreasing fuel consumption for these vehicles.



Electrification of transportation

We design components that help electric vehicles be more efficient, with longer battery life and range. As voltage rates increase in EVs, our power protection components help make them safer. And we make EVs more intelligent by connecting with systems and providing data that help original equipment manufacturers both improve overall vehicle power balance and communicate with end-users, notifying them of what's going on with their vehicle.



- Power-dense, high-voltage inverters deliver electric power from the battery to the wheels efficiently and with less weight, increasing driving range.
- Bussmann series fuses open up to 10 times faster than similar products, helping protect circuits under high fault-current conditions.
- High-voltage DC/DC converters let customers travel safely in style by converting high voltages to low and powering infotainment and safety systems.
- Intelligent power distribution units send power where it needs to go, safely and reliably. The units are smart enough to predict fuse life and even alert the driver in advance to loss of power, activating a mode that helps the driver reach safety and service.
- EV transmissions improve performance on steep grades, allowing electric motors to operate more efficiently.
- Our 48-volt mild hybrid system captures energy during braking and coasting, improving fuel economy over long and short trips and cooling a sleeper cab on hot nights.



More efficient combustion engines

In addition to our role in vehicle electrification, our products make internal combustion engines more efficient. Examples include our diesel cylinder deactivation and variable valve actuation technologies. Both technologies can be used to reduce fuel consumption between 5 and 25 percent. Another technology is our TVS EGR pump, which is designed to save fuel while meeting new global emission regulations. Our joint venture with Cummins, Eaton Cummins Automated Transmission Technologies, has developed the Procision dual-clutch transmission, an efficient design that delivers up to eight percent better fuel economy than a competitive torque converter automatic transmission. It also has a lube change interval that is three times longer than competing products (150,000 miles vs. 50,000 miles).



Agricultural productivity and clean water

By 2050, the world's population will exceed 9.8 billion—placing increased pressure on already insufficient food production and water resources. Our products and solutions enable machinery to boost agricultural productivity, increase harvest equipment efficiency and improve crop yield. We also make self-cleaning and mechanically cleaned filters to remove sediment and other suspended solids commonly found in surface and ground water. Water quality agencies and industry rely on these filters, helping them meet their watershed protection obligations and protect public health.

Using IoT technologies, our hydraulic solutions reduce fuel use by 10 to 15 percent in sugarcane harvesters while enhancing productivity and lowering operating costs. The harvesters leverage our onboard software that allows the machine to take input commands, interpret data from sensors and respond quickly. Data analytics provide real-time vehicle control and performance, helping to improve equipment availability, reduce yield loss and optimize harvesting efficiency.

Our handprint tool

Handprinting is a relatively new concept developed to measure the benefits of actions taken in an organization's indirect control, or completely outside of it. As part of our collaboration with the MIT Sustainability and Health Initiative for Net Positive Enterprise (SHINE), we developed an initial handprint tool to calculate the reduction in carbon emissions from new products that our customers use compared to existing products for the same purpose.

The most accurate way of quantifying the positive impact of our products on decarbonization is by conducting a comparative life cycle assessment for each of our innovative new products against an alternative, taking into account the specific application and usage scenario for each product sold. The handprint calculator simplifies assumptions and generic data for some life cycle phases, while increasing context-specific data in the use phase, providing an increased fidelity.

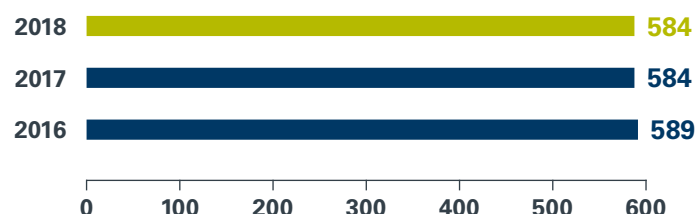
The calculator also acts as a first-screening tool for identifying improvement opportunities, discovering areas for deeper investigation where more accurate modeling is needed and helping create awareness around life cycle thinking for our product development engineers. The output from the tool will help us measure and steer our innovation portfolio toward being net positive on carbon. The calculator is currently undergoing detailed piloting on our innovation portfolio before formal integration into our new product introduction process.

While a traditional full Life Cycle Assessment would take several hundreds of hours to complete for one product, our handprint tool provides an assessment in a few hours. This is very important to us as we engage with our customers on the environmental benefits of our products and inform other stakeholders of such benefits.

First-issued patents



Research and development investment (millions of USD)



Highlight



We support the requirements of the EU WEEE Directive

The EU Directive on Waste Electrical and Electronic Equipment (WEEE) (Directive 2012/19/EU) establishes common rules on the management of electrical and electronic equipment and minimize its impact—from design until disposal—on the environment. As a manufacturer of electrical and electronic equipment, we actively support the requirements of the WEEE Directive across 21 countries. Where possible, we run individual take-back programs or partner with government-approved agencies to collect, treat, recover and dispose of waste electrical and electronic equipment, batteries and packaging. We encourage all our customers and end users to make responsible decisions when it comes to disposing products.



Wadeville microgrid

In March 2018, Eaton deployed a microgrid at our site in Wadeville, South Africa. This deployment was our first in Africa and reduced Wadeville's energy costs by 40 percent. Our microgrid technology has the potential to bring power to millions of people in Africa who are currently living "off the grid." Our first deployment included our xStorage energy storage system, which uses second-life electric vehicle batteries. A regional microgrid, like the one launched at Wadeville, supports the stability of the electrical grid while incorporating renewable energy generated onsite. With the help of a microgrid, companies can have the ability to self-generate power and become more resilient in case of outage or disaster. Microgrids can also accelerate the transition to renewable energy sources.

Environmental stewardship

We are dedicated to reducing our environmental impacts and using natural resources efficiently. We demonstrate environmental stewardship by asking all employees to take an active role in conserving resources, working efficiently and

improving our communities. We strive to reduce our energy, emissions, water and waste footprints, and are continuously working to improve our performance.

Greenhouse gas (GHG) emissions

We are heeding the global call for nations and businesses to work together to address climate change. In addition to increasing our focus on positive impact products that are accounted for in the indirect emissions in our inventory, we are working hard to decrease the carbon impacts from our own operations.

As part of our efforts to avoid the most significant impacts of climate change, in 2017 we analyzed our Scope 1 and 2 emissions against a 2 degrees Celsius scenario and evaluated options to address those emissions. We learned a great deal about what it would take to align our emissions reductions with science-based levels, and we understand that we will need to both reduce our energy demand and green our energy supply.

Our emissions reduction efforts include the following:

- Improving the energy efficiency of our buildings and manufacturing processes and emphasizing energy conservation by employees. Improvements included:
 - Compressed air system maintenance
 - Boiler upgrades
 - Lighting retrofits
 - HVAC replacements
 - Installation of more efficient motors, drives and pumps
 - Process improvements

- Using distributed generation at our sites:
 - Our manufacturing sites produced more than 9 million kilowatt-hours of renewable energy in 2018
 - Three of our sites have microgrids, with more in development
- Purchasing renewable energy:
 - Several of our sites purchased green power from providers in 2018, and we plan to purchase even more in 2019

Our leadership set an absolute goal of a 20 percent reduction (from a 2015 baseline) of our Scope 1 and 2 totals by 2025. Since 2015, we have reduced our absolute greenhouse gas emissions by 13.6 percent. For 2018, our absolute reduction target was 2 percent (from a 2017 baseline), and we exceeded this goal; we achieved an absolute reduction of 5.6 percent.

We expanded the scope of our GHG inventory in 2018 to capture smaller sources of emissions, shifted to calendar-year accounting and updated our methodology. Those changes triggered a recalculation of our 2015 baseline. For consistency, we also recalculated the intervening years. Based on these changes, our 2018 total Scope 1 and 2 (market-based) GHG emissions are 1,099,044 metric tons of carbon dioxide equivalents (CO₂e). And our recalculated 2015 Scope 1 and 2 emissions (baseline) is 1,272,709 metric tons of CO₂e. This results in a 13.6 percent reduction in our absolute emissions between 2015 and 2018. Our Scope 3 emissions remain unchanged from 2015 at 67,455,149 metric tons of CO₂e.



Sustainable energy use

Our Hengelo, Netherlands, facility has reduced greenhouse gas emissions by an average of 27 percent (1,600 metric tons CO₂e) annually by introducing more energy-efficient practices and increasing use of renewable energy generated on-site. The facility is a mixed-use space, containing both offices and the production of medium- and low-voltage electrical power distribution products.

Through a collaboration with the City of Hengelo, district energy provider Warmtenet Hengelo, the State Overijssel and the Intelligent Energy Europe program of the European Commission, our Hengelo plant utilizes hot water generated from biomass to heat the entire facility and has installed enough solar panels to generate 10 percent of its annual electricity consumption. We have also installed automatic controlled building ventilation equipment improving indoor air quality while reducing energy use.

The facility also plans to install a DC Demo Park—a combination of an Experience Center for employees and other stakeholders to learn about the technology and an operational DC-ring grid. The grid will have distributed loads and sources, using on-site solar energy, energy storage and integrated monitoring and control to balance energy supply and demand with safe and dynamic control. The park will test and assess the cost savings from reduced energy demand, improved power quality by reduced solar photovoltaic variation with energy storage and islanding to assure continuous operation regardless of utility supply.



Waste

We also focus on reducing the impact of our waste. Our Zero Waste-to-Landfill (ZWTL) initiatives are championed by senior leadership and embraced company-wide. By the end of 2018, nearly half of our manufacturing sites had achieved ZWTL certification. In 2018, we set a target for 100 percent of our manufacturing sites to be zero waste-to-landfill certified by 2030. In the meantime, we are also committed to reducing our waste volumes 3 percent annually indexed to sales.

We achieve our ZWTL goals by reuse, recycling, composting and incineration for energy generation. We use third-party verification to ensure the quality of our program. Our approach prioritizes beneficial diversion, and the process starts with source reduction—eliminating waste streams before they reach our facilities. We then engage partners to help us divert our remaining waste from landfill.

Indexed to sales, our waste to landfill, which includes waste incinerated without heat recovery, decreased by 8.8 percent in 2018 compared to 2017. On an absolute basis, we decreased our waste generation by 3.4 percent (from 26,402 metric tons in 2017 to 25,498 in 2018), a total decrease of 904 metric tons. Since 2015, we have reduced the waste sent to landfill by our operations by 24 percent.



Eaton generated 224,455 metric tons of total waste in 2018; only 13% of that was sent to a landfill

Highlight

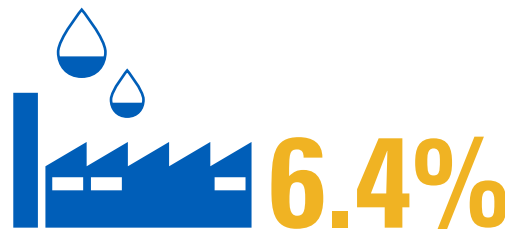


Innovative waste management

Our Cerkezkoy, Turkey, site, the largest hose manufacturing plant of its kind, recently joined the ranks of 148 Eaton facilities that have earned their Zero Waste-to-Landfill certification by consistently diverting their waste through reuse, recycling and other means. For example, the plant converted their rubber hose edge waste to usable energy via an energy recovery incineration process and is converting cafeteria waste to renewable energy through bio-digestion and methane recovery. In only four years, the plant reduced its total landfill waste from 21 percent to 0.

Water

As global demand for water grows, we continue to reduce our water consumption and to implement responsible water practices. Our processes are not particularly water intensive, but water is critical to many of our operations. And as water stress becomes more pronounced in some areas in which we operate, this will continue to be an area of focus for us.



In 2018, we reduced our water consumption at manufacturing sites by 6.4% from our 2015 baseline

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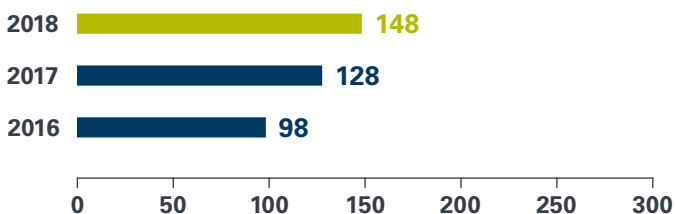


Operation clean sweep

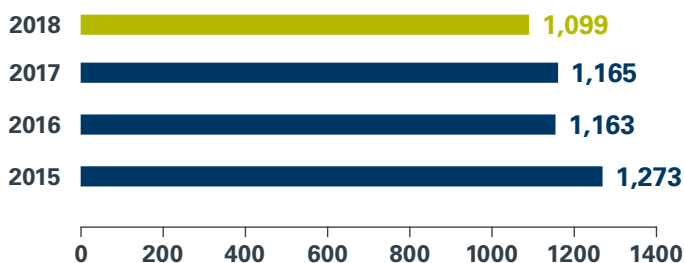
Operation Clean Sweep (OCS) is an international effort to reduce plastic marine debris from manufacturing. In the United Kingdom, our Brierly Hill location is working to implement OCS-recommended practices in plastic pellet spill prevention and clean up. This site is leading internal efforts to share and promote best practices across several other sites within our Europe, Middle East and Africa region.



ZWTL certified sites

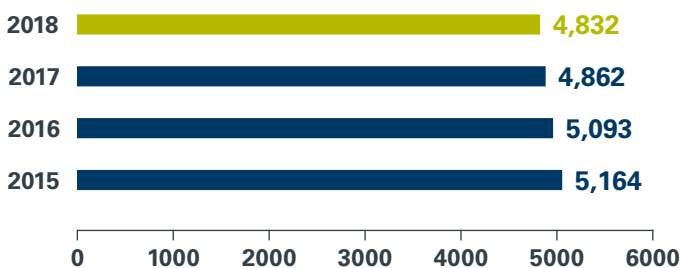


Absolute GHG emissions (thousand metric tons)*

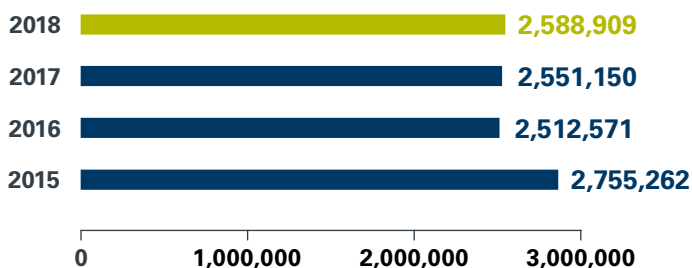


*Scope 1 and 2 emissions. Our 2015 baseline uses location-based emissions factors. In 2017 and 2018 we switched to market-based emissions factors.

Water consumption (thousands of cubic meters)*



Energy use (MWh)*



*Electricity and natural gas from manufacturing sites.

Awards



JUST Capital recognized Eaton as one of five companies who are leaders in waste reduction and recycling

Engaging and meaningful work

Our people are key to our success. As we enter a new era for our industry, we are dedicated to attracting, developing and retaining the diverse workforce necessary to deliver on our business goals. As part of our culture, we invest in and give back to the communities where we operate and where our employees live. This has the added benefit of providing opportunities to further engage our employees.

We employ extraordinary teams to achieve our vision and we're recognized as an employer of choice because of our work to grow and develop an engaged, safe, inclusive, diverse and ethical workforce. Recognition we earned in 2018 includes:

- America's Best Employers for Diversity, *Forbes* magazine
- Best Employers for Healthy Lifestyles, Silver level, National Business Group on Health
- Best Employers for New Grads, *Forbes* magazine
- Best Employers for Women, *Forbes* magazine
- Best Places to Work for LGBTQ Equality, Human Rights Campaign
- Military Friendly Employer

To be competitive in the marketplace, we focus on:

- **Attraction:** We continue to compete for skilled workers and leverage our global resources to provide a superior experience to current and future employees.
- **Engagement:** We make work exciting, engaging and meaningful for our employees, so they can be productive, innovative and valued.
- **Development:** We invest in our employees through meaningful work, advancement opportunities and career development.
- **Retention:** Our work in engagement and development is key to retention, and includes inclusion and diversity, career management and work/life balance.



Engagement

In 2018, we implemented a new employee listening strategy. We continue to biennially survey employees globally, but we also “pulse” groups of employees on specific subjects at varying times. Employee listening also takes place in other formal and informal ways. For example:

- Enterprise-wide Town Halls with employee Q&A
- Informal listening meetings during leadership site visits
- Roundtable meetings with employees

Our approach reflects top priorities for the workforce of the future. We care about providing meaningful and engaging work for our employees and ensuring that our culture allows employees to flourish every day. And, at participating Eaton sites, flexible work solutions (FWS) help balance work/life demands. Flexible solutions may include compressed work weeks, remote working, job sharing, part-time work, flextime and telework. As of the end of 2018, 800 employees are formally participating in FWS at 28 U.S. and 20 global sites.

Learning and development

We know the single most important ingredient to our success is our people. We offer our employees the resources and information they need to continuously improve their skills and performance. We develop future leaders using Eaton’s Leadership Model. Eaton has six leadership attributes; we are ethical, passionate, accountable, efficient, transparent and we learn. Our employees demonstrate leadership success when their actions align to Eaton’s attributes.

We are committed to continual learning across the organization. Eaton University offers an extensive portfolio of learning resources where employees can advance their knowledge, such as virtual classrooms, which engage global audiences and provide a cost-effective way of providing key learning programs.

Our regional Eaton University learning hubs and online colleges—including Eaton’s “College of Personal Skills”—offer a variety of learning options that build functional and leadership competencies in key areas such as critical thinking, interpersonal and communications skills, productivity tools and Eaton business knowledge.



Eighty-one percent of employees who participated in our biennial employee engagement survey said they are proud to work at Eaton, feel personal accomplishment from their work and would recommend Eaton as a place to work

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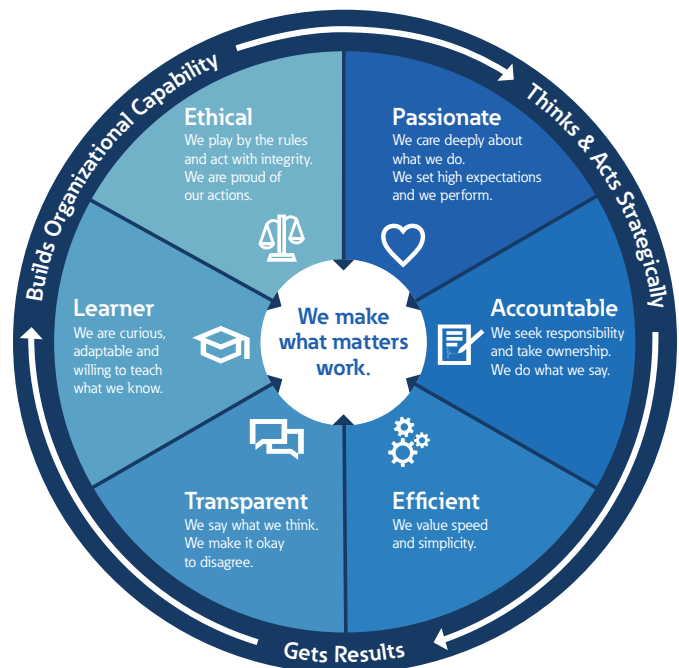


Parental leave policy

One of the ways we attract, engage and retain talented employees is by offering programs that enable employees to experience work/life effectiveness. One example is offering paid leave for new parents.

Paid parental leave enables employees to make the most of their time with their new child after a birth or adoption. For our U.S. employees, the leave can be taken continuously or intermittently within the first year of the child’s arrival. In other countries, our employee benefits address paid parental leave according to the legal requirements of each country.

Eaton Leadership Model





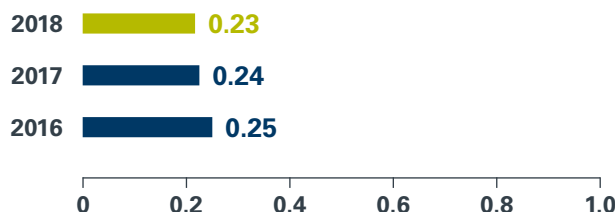
Health, safety and wellness

We choose zero

The health, safety and well-being of our employees and contractors working in our facilities must be foremost in everyone's minds. Our commitment to the safety of our employees reflects our belief that all injuries can be prevented. Each Eaton employee is responsible for creating and maintaining a safe work environment and working safely is a condition of employment. This commitment is extended to the contractors that perform work for Eaton.

To strengthen our Zero Incident Safety Culture, we require the use of safety guards, fall protection, seat belts and appropriate Personal Protective Equipment (PPE) for electrical work and other precautions at all times. Our expectations for the safe behavior and practices of our employees save lives and prevent injuries.

Days away case rate (DACR) Rate per 100 employees*



*Days away cases are injuries or illnesses involving one or more days away from work as defined by the U.S. Occupational Safety and Health Administration (OSHA).

Total recordable case rate (TRCR) Rate per 100 employees*



*Health and safety recordable cases are work-related injuries or illnesses as defined by OSHA.

Well-being

Wellness is a critical element of helping our employees be at their best each day. We strive to provide benefits and programs around the world that are industry competitive and focused on employee well-being. We sponsor multiple programs to help our employees reach their

wellness goals. Health and wellness needs are personal and vary, so we offer a variety of options for smoking cessation, nutritional assistance, exercise, stress reduction, mental health programs and biometric monitoring.

Awards



Named 2018 Best Employer for Healthy Lifestyles by the National Business Group on Health, for the sixth consecutive year

Inclusion and diversity

Leading by example

We demonstrate the value of our employees by welcoming them to the table, listening to what they have to offer and providing them an environment in which they can be their best. We know that this can lead to better decision-making and create a positive corporate culture. We aspire to be a model for inclusion and diversity and our journey must be visible. We are proud to share both our successes and our challenges and hope that others can learn with us as we move forward.

We created robust governance structures for our inclusion and diversity efforts. Our Chief Executive Officer leads the Global Inclusion Council (GIC), under which we have four Regional Inclusion Councils (RICs). RICs both carry out initiatives supported by the GIC and identify successful programs and approaches to implement locally or within the region.

Our leaders receive comprehensive inclusion training, including tools to help them become aware of their unconscious bias in meetings, interviews and talent reviews. Because our commitment to inclusive business practices begins with our highest levels of leadership, we are proud that 50 percent of our Board of Directors represent diverse groups.


We are a member of Catalyst CEO Champions for Change and CEO Action for Diversity and Inclusion. Both CEO-led organizations commit to advance diversity and inclusion in the workplace.

Our eight Inclusion Eaton Resource Groups (iERGs) promote a welcoming, inclusive work environment that embraces difference and encourages the participation of all employees. Inclusion ERGs are a place for employees to collaborate and provide or receive mentoring and professional development. They also introduce new employees to our organizational culture and help to build and maintain employee engagement, satisfaction and retention. Currently, our eight iERGs have more than 9,500 members in 60 countries, an increase of 32 percent over the last two years.

- **WAVE** – Women Adding Value at Eaton iERG
- **Veteran** – U.S. Military Veterans iERG
- **ENGAGE** – Eaton Next Generation Achieving Goals and Excelling iERG
- **iConnect** – Black, African-American and People of Color iERG
- **SOAR** – Strengthening Our Asian Resources Asian-American iERG
- **#VAMOS!** – Hispanic and Latino iERG
- **Eaton Pride** – LGBT and Allies iERG
- **enABLE** – People with disabilities and/or managing special needs iERG

More than 9,500 employees are part of eight Inclusion Eaton Resource Groups

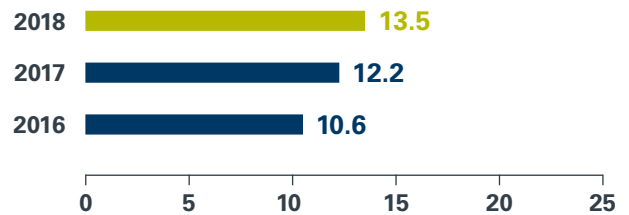



iERG membership grew by **32%**  over the last two years

Diverse supplier spend

In 2018, we purchased \$2 billion in goods and services from small and diverse suppliers, with \$780 million coming from minority, women and veteran-owned businesses. Thirty-five percent of our total supplier spend went to diverse and small businesses, with minority, women and veteran-owned businesses representing 13.3 percent of that. We increased our spend in every category over the prior year: purchases from minority-owned businesses increased by 40 percent; from women-owned businesses just over 23 percent; from veteran-owned businesses by 18 percent; and from small businesses by 20 percent.

Percent diverse supplier spend



2018 diversity highlights

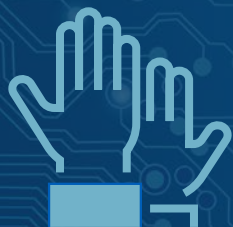


4,830

4,830 leaders who have attended the Valuing Inclusion and Diversity program

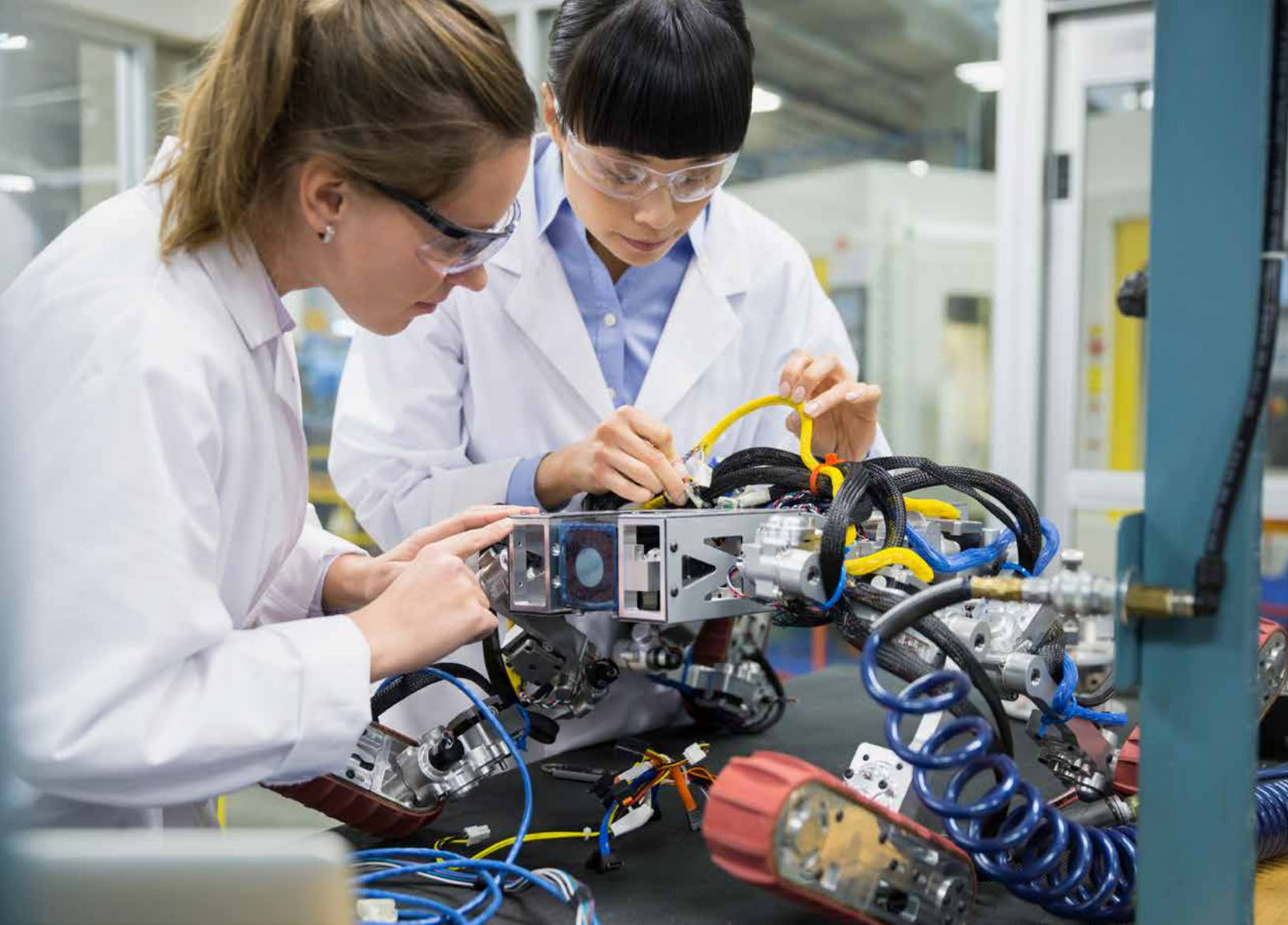
50 percent of our Board of Directors represent diverse groups

50%



46%

46 percent representation of minorities among U.S. elected officers



Women in engineering

We support women in engineering. Throughout our organization, our teams focus on recruiting, developing and empowering women engineers. We extend that focus well beyond our walls to promote science, technology, math and science (STEM) career opportunities to young women and girls.

Our Early Talent and University Relations Center of Expertise sets our strategic recruitment efforts, which are executed by the Eaton Talent Scout Network. Our recruitment begins on site at local schools and programs. We invite students to discover what engineering and technology careers could be like for the next generation—particularly for young women and girls.

We also develop relationships with talented women at more than 30 strategic partner universities. For example, in 2018 we sponsored a group of students from the Rochester Institute of Technology's Women in Computing program to attend the Grace Hopper Celebration, the world's largest gathering of women technologists. We are proud to have relationships with national organizations promoting women in STEM careers, including the Society for Women Engineers (SWE).



Strong communities

We strive to help the communities in which we operate become vibrant places to live and work. We serve many communities around the world, and our employees' skills and ideas are a reflection of them. We are proud to be active

participants in our local communities, and our ultimate goal is to bring tangible and sustainable benefits to the places in which we live and work around the world.

Giving back

When we support our local communities, we support our employees, customers and other stakeholders. Our employees take pride in determining where we invest our time and money. Local managers and employees work together to determine the programs their facility will support. This approach helps to ensure that our community involvement has the most meaningful impact at each location.

Philanthropy and involvement in our local communities is a fundamental component of our identity. Our founder, Joseph O. Eaton, helped create the Cleveland Federation for Charity and Philanthropy in 1913. Inspired by his leadership, our giving strategy is intensely local by design. In the U.S., Canada and Puerto Rico, we commit to the United Way through an annual company-wide campaign. And for every dollar donated by an employee, Eaton contributes 50 cents.

The Eaton Charitable Fund supports arts, education, culture and social service programs that improve the quality of life in our communities. The Fund gives primary consideration to requests from organizations where our employees serve on the Board. Eaton Charitable Fund grants are also made available to our sites, commensurate with facility size. Our approach helps ensure local employees decide how to allocate resources where they are needed most. Our employees take pride in determining where we invest our time and money.

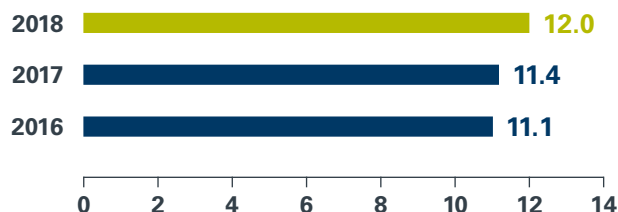
The talent, energy and skills that our employees donate to community projects hold significant value for us as well as the communities we serve. Our volunteers benefit from the satisfaction of accomplishing necessary work, expanding their social connections, learning creative problem-solving and increased well-being.

Many of our facilities have created community involvement teams, which tailor site activities to the needs of their local communities. Comprised of cross-functional employees, their responsibilities include:

- Developing an annual community involvement plan and budget to support activities
- Conducting employee-giving campaigns
- Organizing volunteer activities
- Responding to community requests for donations

Our community involvement teams foster higher employee participation and a strong sense of pride. Their individual efforts and contributions directly benefit the places where they live and work.

Charitable contributions (millions of USD)





2018 local community projects

We encourage employees to contribute time and talents to local organizations and support a wide variety of community initiatives. Local community supportive projects we are proud of include:

- **Mujgan-Serkan Karagoz Special Education School, Tekirdag, Turkey:** Renovations at a government-run school for disabled children.
- **Casa Hogar Maria Niña A.C., Juarez, Mexico:** Operational support for an organization working with disadvantaged girls. The program is free for families and allows the girls to stay during the week for school.
- **Burak Social Welfare, Pyungtek-Si, South Korea:** Funds to provide walkers for the elderly so they may participate in community activities and increase their mobility.
- **Dublin Simon Community, Dublin, Ireland:** Funds to provide services for homeless families.
- **Friends of the Los Angeles River, Los Angeles, California:** Support for the 2018 Great LA River Clean Up—one of the largest river clean-ups in the country.

Qualified Disaster Relief Fund

In 2017, we established the Eaton Qualified Disaster Relief Fund so that U.S. employees can donate tax-exempt funds to assist their colleagues who suffer catastrophic losses due to disasters. Employees expressed desire to help their colleagues who experienced tragic losses from hurricanes Harvey and Irma. We match contributions up to \$5,000 annually dollar for dollar.



Good governance

How we get our results is just as important as the results themselves. Our customers, employees and investors rely on Eaton, and we never forget that we are accountable to them. This is why we emphasize the importance of doing business right, each and every day.

Ethics and compliance

Our commitment to doing business right means conducting ourselves with integrity in our interactions with each other, our customers, our suppliers and the communities where we live and work.

Our Code of Ethics consists of 12 fundamental principles of ethical behavior. It forms the foundation for our culture. Our employees, officers and directors all have the personal responsibility to read, know and comply with these principles in the performance of their duties.

Along with the Code of Ethics, we provide employees with a detailed Ethics Guide containing concrete examples and practical guidance on ethical decision-making. It is translated into 34 local languages and made available to all employees worldwide. Every new Eaton employee receives training on the Code of Ethics as part of the on-boarding process and employees are required annually to read and reaffirm in writing their commitment to the principles of the Code of Ethics.



100% of employees have access to the Code of Ethics in 34 different languages

100% of targeted employees affirm that they read, know and comply with the principles in Eaton's Code of Ethics

100% of employees have access to the anonymous Help Line*

*Subject to local law, any person may openly or anonymously ask a question or report any ethical concern or potential or actual legal violation.

We publish the following policies and disclosures on [Eaton.com](https://www.eaton.com):

- Anti-corruption policy
- Slavery and human trafficking statement
- Political accountability
- EHS handbook
- Eaton Supplier Code of Conduct
- Eaton ISO14001 Certificates
- Eaton Ethics Guide
- Eaton Audit-Committee Charter
- CDP climate change and water disclosures
- Conflict minerals disclosure and reporting
- Data protection and privacy notice



Supply chain management

We actively partner with our suppliers in support of our vision. Now more than ever, our suppliers are key partners and continue to play a critical role in helping us achieve our vision and goals.

We work with suppliers on quality and product stewardship as part of our standard processes. Additionally, our supplier activities enable us to mitigate risk and minimize financial instability.

We drive supply chain responsibility and transparency by sharing Eaton's Code of Ethics and requiring adherence to Eaton's Supplier Code of Conduct, including our expectations about slavery, human trafficking and conflict minerals. Eaton's Supplier Code of Conduct outlines our expectations regarding workplace standards and business practices for our suppliers. We require our suppliers to adhere to this Code. Our suppliers may report ethical or legal concerns through our Help Line. In addition, select strategic suppliers are evaluated in our supplier risk management program, which includes key sustainability metrics, adverse media and other screening tools that generally cover a broad range of community impacts.

Environmental considerations provide an important basis for supplier interaction. Our supplier site assessment process specifically includes a review of supplier EHS performance and product stewardship practices. We engage with our suppliers to gain a greater understanding of their environmental impacts and opportunities for continuous improvement. We also invite our suppliers to disclose emissions data through the CDP Supply Chain Program. For the 2018 reporting year, CDP gave us a score of A- on its supplier engagement rating, which assesses Eaton's interaction with its suppliers on greenhouse gas management and reporting.

Strong systems and processes

We recognize that we need strong governance systems and processes to ensure we deliver on our vision, financial and aspirational goals.

Our corporate governance policies establish a common set of expectations and governance practices that guide our senior management and board of directors. Further information on corporate governance may be found on Eaton.com. Our corporate sustainability strategy and performance are governed by the Board of Directors and the Senior Leadership Committee and are guided by the Sustainability Governance Council (SGC). The SGC is comprised of 35 representatives from across the global enterprise. The group meets regularly to advance our strategy, discuss our response to emerging issues and ensure that we have a unified position on environmental, social and governance (ESG) issues.

Environmental and social materiality

We conducted our first materiality assessment of environmental and social issues in 2014 and updated the results in 2017. Our process included interviews with key internal and external stakeholders, an employee survey and source material from internal risk assessments, ratings and rankings agencies and NGO partners.

We presented the findings to leadership, who reviewed the results and provided feedback that we incorporated into a final list of environmental and social issue priorities. Once we confirmed these topics, we reviewed existing data and interviewed functional leaders to assess our current state, strategy, and performance on each issue and reporting of the results. In 2018 we made minor adjustments based on input from the SGC. These priority topics are reflected in this document.

Highlight



Reducing the impact of pallets

In 2018, we launched a streamlined and standardized company-wide pallet strategy to reduce waste, cut cost and manage pallets effectively. We developed a strategic partnership with Ongweoweh, a Native American-owned company that specializes in wood pallet supplier management. Ongweoweh's innovative approach helps Eaton reduce the number of pallet suppliers, improve working capital, lower our overall costs and reduce our impact on the environment. In 2018, we recycled 658,491 pounds of pallet material, with a total savings target of 7 percent over three years.

Partnerships for sustainability

We partner with several organizations around the world, contributing our expertise toward the next generation of efficient, reliable and safe power. These partnerships spur innovation and help us stay abreast of best practices.

World Business Council for Sustainable Development (WBCSD)

For many years we have been an active member of the WBCSD, collaborating with other member companies on several topics, including:

- Co-leading the eMobility workstream of the Transforming Urban Mobility project, which aims to move urban mobility systems toward a safe, cleaner, accessible and more efficient future.
- Developing recommendations on low-carbon microgrids as part of the REScale program, which seeks to increase the deployment of renewable energy to achieve 3.5 terawatts of capacity by 2025.
- Contributing to the global discussion around climate action as part of the Climate Policy Working Group.
- WBCSD highlighted our Wadeville, South Africa, microgrid case study in its microgrid hub, a first-of-its-kind “living library” to help commercial and industrial companies develop low-carbon microgrids.

Recognition and ratings

We tell our story to demonstrate our contribution and to meet the expectations of transparency that come with being a good global citizen.

We develop insights about the priorities of our various stakeholders by careful review of external evaluations, recognitions, ratings and rankings. These sources also help us benchmark, stay aware of best practices and inform our ESG progress.

- Included in the FTSE4Good index for the fourth straight year.
- Included in the 2018 JUST Capital ETF for the first time.

Department of Energy

Our partnership with the U.S. Department of Energy’s National Renewable Energy Laboratory (NREL) will help expedite research and commercialization of new energy-related technologies. About 15 members of our Corporate Research and Technology team work on-site at NREL’s Energy Systems Integration Facility in Golden, Colorado.

U.S. EPA Cleaner Trucks Initiative

In 2018, Eaton joined with industry leaders and top U.S. officials in support of the Environmental Protection Agency’s Cleaner Trucks Initiative, which will establish updated emission standards for medium- and heavy-duty commercial vehicles through open and collaborative discussion among stakeholders. Over the past decade, we have worked closely with other industry leaders and regulatory agencies to help establish one national emissions regulation standard that provides long-term regulatory stability and technology leadership for the industry.

- Received top marks for environmental and social performance from Institutional Shareholder Services (ISS) in its first ESG rating in 2018.
- Ranked #46 on the Clean 200 list from As YOU Sow and Corporate Knights, which recognizes companies that lead the way to a clean energy future by ranking the largest 200 public companies by green energy revenues.
- Recognized by CDP at the Management level for climate and Leadership level for supplier engagement.
- Named to *Corporate Responsibility Magazine*’s “100 Best Corporate Citizens” list for 12 consecutive years.





We make what matters work.*

* We're focused on making a difference in the world—improving people's lives, the communities where we live and work, and the planet future generations depend on. Because this is what really matters. And we're here to make sure it works.

[Learn more at Eaton.com/sustainability.](https://www.eaton.com/sustainability)