

We make what matters work.
Sustainably.



Powering Business Worldwide

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From our Chairman



Historic events over the last few months have once again reminded us of the need to live in harmony—with each other and with the planet we all share. The deadly COVID-19 pandemic has unimaginably altered the lives of people and countries across every continent. Here at home, widespread civil unrest in the U.S. has also shown that racial inequality remains a constant threat to the peace and prosperity of our nation. We can and must do better.

We also need to do better on behalf of the environment. The need for more focus on “sustainability” has never been more urgent. The climate emergency we face is no longer an abstract issue for scientists to resolve. It’s happening now, and it’s a crisis for every continent, every nation and every individual. Climate action simply can’t wait.

At Eaton, sustainability is at the core of our mission—to improve the quality of life and the environment. It’s also aligned with the Business Roundtable’s commitment to address climate change through a collection of actions that will lead to the reduction of greenhouse gas emissions on a global basis. We believe that meaningful efforts to support the environment are fundamental to creating value and we are now prepared to significantly expand our sustainability commitments.

In this report, we’re pleased to share details of our recently announced plan to reduce carbon emissions from our operations by at least 50 percent by 2030, positioning us to achieve carbon neutrality. By pursuing ambitious objectives, Eaton is doing our part to limit climate change, mitigate its catastrophic effects, and ultimately save lives. In addition to setting science-based targets on climate change, we have established new standards for stronger governance, for increased transparency and for higher levels of support that we will provide to our communities.

Our commitment to meeting these objectives builds on the progress we’ve made in the past year advancing our sustainability program. In the following pages, we outline our comprehensive strategy and update our results, which are anchored in five pillars: multiplying our impact through employee engagement and development; creating environmentally friendly solutions for our customers; reducing our own carbon footprint; demonstrating strong governance and social responsibility; and transparently communicating our sustainability plans and progress.

The events of this year are powerful reminders that companies share a great responsibility to help mitigate threats to the safety and stability of our planet and its people. As the world strives to respond to the health and social crises shaping our society, we’ll continue to intensify our efforts to help sustain a healthy planet. At Eaton, the work we do to improve people’s lives and the environment has never been more relevant, or more critical to our stakeholders and our global community. We look forward to making what matters work, safely and sustainably, for many decades to come.

Craig Arnold

Chairman and Chief Executive Officer

Vision and aspirational goals

Our vision:

To improve the quality of life and the environment through the use of power management technologies and services.

Achieving our aspirational goals

is as important as meeting our financial ones. We’ve set these aspirational goals to unify the organization around our shared purpose, around who we are as a company. We aspire to:

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

COVID-19

An unprecedented crisis

Eaton plays vital role during global pandemic

In 2019, the world was struck by a public health crisis of extraordinary scale

and with enormous economic impact. During the ongoing COVID-19 pandemic, Eaton has played a vital role in sustaining global infrastructure and ensuring critical power supply.

Our products and support services proved vital to hospitals, emergency services, military sites, utilities, public works and transportation and shipping providers. And customers around the world relied on our power management solutions in data centers, retail outlets, airports and governments, as well as the networks supporting schools and remote workers for business continuity and pandemic response.



Protecting our employees

In this health crisis, our first priority was and continues to be the safety of our employees.

At the onset of COVID-19, Eaton acted quickly to train our sites around the world in cleaning and disinfecting protocols, enacting social distancing procedures, requiring sick employees to stay at home and offering flexible work options. We prohibited business travel and visitors to our sites early and worked fast to provide proper personal protective equipment and temperature readers to employees. Work spaces were adjusted to accommodate physical distance requirements and, in many cases, physical barriers and other structures were installed to protect our employees. Where Eaton offers transportation to and from work, we increased airflow in vehicles, staggered seats and ensured all employees wore face coverings. Eaton continues to monitor community health in the locations where we operate and to consult with leading physicians, healthcare organizations and peer companies to define best practices and keep our employees working to deliver critical products and services safe and healthy.

Supporting our customers

As businesses, schools and events around the world began closing, we made the important decision to maintain operations during the COVID-19 crisis because Eaton products and solutions are critical to our global infrastructure. Our electrical equipment helps hospitals function and keeps data centers running. Our transmissions allow trucks to deliver food to stores. Our hydraulic fuel systems enable planes to fly. Our pumps and valves power the vehicles that provide essential city services. Eaton products are mission-critical to some of the most important applications in the world.

We took quick action to support our customers on the frontlines of the pandemic response and activated business continuity management plans to stay in close contact with our suppliers to manage the supply chain. We equipped our service technicians with additional personal protective equipment (PPE) and coordinated closely with local, state and national governments. And as we monitor the COVID-19 situation around the world, we continue to follow governmental and health authorities' guidelines and to address our customers' needs.

Helping our communities

The fast-spreading COVID-19 pandemic created life and death challenges around the world. Eaton stepped up quickly to help local communities where we live and work—from donating personal protective equipment to healthcare providers to sharing our power management expertise across critical industries.

During a crisis, time is of the essence. We leveraged our expertise in additive manufacturing, otherwise known as



3D printing, to deliver real-time solutions for healthcare systems. Additive manufacturing allows us to combine novel materials, designs and process innovations at a much faster pace than traditional manufacturing. Our engineers were able to make quick and cost-effective design iterations to dramatically reduce development time.



Eaton is committed to providing high-performance solutions to everyday heroes on the frontlines—on typical days and in moments of crisis.

- Howard Liu, president of Eaton's Electrical Sector, Asia-Pacific region

Responding to extreme shortages of personal protective equipment for healthcare workers, our Additive Manufacturing Center of Excellence in Southfield, Michigan, shifted its design and production focus to creating face shields that can be sanitized and reused. As demand for these critical assets far exceeded the



supply available from 3D printing, we pursued options to transition the production of face shields to more traditional manufacturing methods to support frontline healthcare workers across the country.



The entire community here is indebted to innovative organizations like Eaton, who are flexing their technological muscles and making a difference in these challenging times!

- Brian Rothstein, M.D., a pediatric neurosurgeon at University Hospitals in Cleveland, Ohio

We also employed additive manufacturing methods to design and produce non-contact door openers. This “touchless” assist tool for opening doors allows frontline healthcare providers to avoid touching common surfaces that may be contaminated with the COVID-19 virus. Eaton provided the first batch of touchless tools to University Hospitals in Cleveland, Ohio, where doctors, nurses, emergency medical technicians and other healthcare workers are using the device. The tool enables University Hospitals to help address concerns associated with contracting COVID-19 from contaminated surfaces and reduces the number of times healthcare workers need to change protective equipment.

Reaching out to academic institutions and industry partners, we helped deliver a safe and reliable flow of power for critical medical equipment like ventilators and air-purifying respirators. Our employees gathered personal protective equipment, including safety glasses, gloves, goggles and N95 face masks for local collection sites. And we’re providing much-needed financial help by matching 2:1 any employee donations made to organizations providing COVID-19 relief in their communities.

Ensuring reliable power for critical needs

During the COVID-19 crisis, healthcare organizations everywhere began racing to create testing centers, build field hospitals, convert available space and more. As one of the world’s largest providers of electrical power

Highlight | Helping build hospitals when it matters most

In Wuhan, China, we partnered with electrical contractors and distributors as they built two new field hospitals in just 10 days. These facilities provided an additional 2,500 hospital beds that enabled frontline medical teams to diagnose, treat and monitor more patients.

Responding to an urgent request from Wuhan’s regional power utility, Eaton mobilized emergency response teams to provide connection to power in a matter of days. We donated uninterruptible power supplies and circuit protection and provided equipment needed for intelligent and reliable power distribution. This was vitally important in operating critical medical equipment.

infrastructure, Eaton was ready and able to deliver what was needed: expertise, rapid response and custom power management solutions.

Throughout the crisis, we have committed to deliver reliable power for essential electrical systems and data services and to support growing healthcare capacity needs with on-time project construction during the global battle against COVID-19.

Across Europe, we supported several critical healthcare projects as governments and healthcare systems raced to meet emergency demands. Our response included free, emergency 24/7 assistance service for critical healthcare industries, such as pharmaceuticals, hospitals, medical and protective equipment manufacturers and suppliers.

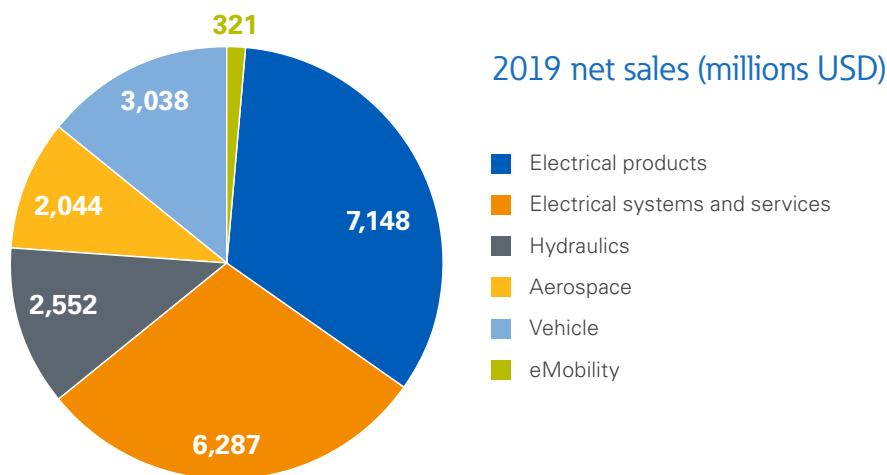
Our commitment stands strong

Our experience with the COVID-19 pandemic has shown us that we must act swiftly to mitigate risks that have the potential to undermine the safety and stability of our global community. Now is the time to apply this crucial lesson to the other threat facing the world—climate change.

Doing what matters next

At Eaton, we know that sustainability is more important than ever. Our world is facing urgent global challenges, including climate change. Fortunately, we are well-positioned to provide solutions that can make a difference. We are a global company that operates in more than 175 countries. In 2019, we had roughly 97,000 employees.

Our businesses are aligned with important secular trends: sustainability, digitalization and connectivity, electrification and energy transition. We are doing more of what matters, as we provide the world with products and solutions to help customers manage power more reliably, efficiently, safely and sustainably. We are also a company committed to encouraging every employee to see the positive impact we can have on the world—and to do more.



We want to achieve the greatest possible impact on sustainability by driving innovation, building value, and reducing our footprint while at the same time managing risks. To do that, we believe it's essential to identify key issues and align them with our sustainability and reporting strategies. We determine our [material issues](#) through a collaborative process that defines our areas of greatest impact and highest priority—with climate action, positive-impact products, ethics and diversity rising to the top.



-16%

Our own
greenhouse gas
emissions over
the last five years



HIGHLIGHT Our ambition: carbon neutrality

Eaton is committing to science-based targets that limit climate change to 1.5° C, positioning us to achieve carbon neutrality at the same time. To get there, our 10-year strategy includes:

- Optimizing our sourcing of renewable electricity
- Forging partnerships to innovate renewable energy solutions
- Advancing energy storage solutions
- Taking a leadership role in Industry 4.0 within our own operations and for our customers
- Helping our customers meet their own sustainability goals



Responding to climate change

The world is calling for nations and businesses to work together to address global climate change. Human-induced climate change has wrought observable impacts to people, infrastructure and ecosystems, including increases in global temperatures, more frequent heat waves, extreme precipitation in some regions and droughts in others.

In 2019, we developed science-based greenhouse gas reduction targets consistent with the challenge presented to corporations by the Intergovernmental Panel on Climate Change (IPCC), the United Nations body for assessing the science related to climate change. The group recently declared a climate emergency and issued an urgent request to companies around the world to limit global warming to 1.5° C.

Science-based target:



*limit global
warming to
1.5° C*

HIGHLIGHT Researching solar solutions

Eaton was awarded a \$3 million research and development grant by the U.S. Department of Energy Solar Energy Technologies Office (SETO) to pursue more widespread adoption of solar power and energy storage. Our research will improve the ability of grid operators to integrate increasing amounts of solar generation in a cost-effective, secure, resilient and reliable manner. Working alongside leading thinkers in academia and industry, we are supporting the U.S. energy transition.



Eaton is answering that call, making substantial progress in creating solutions with positive environmental impact—while reducing our own greenhouse gas emissions by 16 percent over the last five years. But we want to do more. We are committed to doing our part in the global response to the threat of climate change and to advance sustainable development. We'll achieve this ambitious target by reducing carbon emissions from our operations by 50 percent and reducing Scope 3, or indirect emissions generated through our value chain, by 15 percent by 2030.

Over the next five years, we will work to accelerate the transition to a renewable energy economy, with investments in research and development while also repositioning our product portfolio and reducing our own energy use. Eaton is also helping drive the movement to a more circular economy by focusing on product life extension, more recycling and product take-back programs, and reducing our own footprint with zero-waste initiatives.

To further address the climate crisis, we are committing to a goal of carbon neutral operations by 2030, a target we'll achieve through a combination of carbon offsets, such as reforestation initiatives, and continuing to optimize our sourcing of renewable electricity in our operations. Driving innovations in energy storage solutions and technologies that support our Industry 4.0 efforts will also help us achieve carbon neutrality.

Embracing the digital age

We are undergoing a digital transformation at Eaton. Our digitalization initiatives touch every part of our company, led by the newly created position of Chief Digital Officer. This transformation will increase our internal productivity, improve the way we interact with customers, generate

HIGHLIGHT Accelerating innovation

Eaton marked one year in a unique co-location agreement with the U.S. Department of Energy's National Renewable Energy Laboratory's (NREL) Energy Systems Integration Facility in Golden, Colorado. Building on a 10-year history of collaboration, 17 Eaton employees are working side-by-side with NREL engineers to accelerate research and commercialization in areas such as microgrids, energy storage systems, and smart grids. Our embedded workforce substantially increases the scale and pace of power management innovation on projects ranging from control strategies for managing electric bus fleets to advancements in cybersecurity.

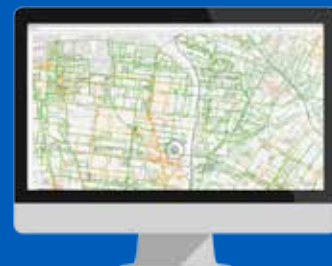
60%

Of the largest utilities in North America use Eaton's grid planning software

20X

Faster modeling impact of renewables

Our distributed energy planning tools



Result in real-time response with intermittent renewables



HIGHLIGHT **Factories of the future**

Our digital age innovations help industrial customers increase productivity by preventing downtime, reducing maintenance costs and increasing energy efficiency. We have pioneered technologies such as additive manufacturing to produce parts for the aerospace industry and predictive analytics and data collection with our SmartWire DT intelligent wiring solution. We are also exploring new technologies using augmented and virtual reality and launching a three-year research initiative to explore the potential benefits of direct current technology in industrial production plants.

new growth from connected intelligent products, and create the intelligent “factory of the future.”

The Industry 4.0 digital revolution is fueled by automation and data exchange in manufacturing technologies and processes, including the Industrial Internet of Things (IIoT) and artificial intelligence. At the heart of these advancements are the “things” that generate, collect and process data to provide actionable insights for optimizing power use, driving energy efficiency and reducing carbon emissions.

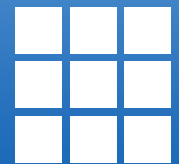
Eaton plays a key role, since we make the “things” that provide digital connectivity across the manufacturing floor and electric grid and in buildings, healthcare facilities, transportation and at home. In our own factories, we are leveraging artificial intelligence and advanced machinery—while at the same time developing technologies that help our customers do the same. By building digital connectivity into more of our products and services, we generate the insights that help customers make smarter decisions.

Enabling a more electric ecosystem

From vehicles to homes and from airplanes to factories, the world is using energy in new ways—and we are well-positioned to support that transition.

Eaton is leading the way with our “everything as a grid” approach. We are helping customers safely integrate more renewables, energy storage and electric vehicle infrastructure into their energy mix. This is helping to advance sustainability while lowering energy costs.

Half of the world’s electricity will come from renewable sources by 2035.



***“Everything
as a Grid™”***



That is driving significant change in how power is managed, optimized, produced and sold as well as how it is consumed in homes and buildings.

By 2030, the International Energy Agency estimates that 125 million of the 2 billion vehicles on the road will be electric. To meet this growing need, we launched our eMobility business in 2018 specializing in intelligent power electronics, power systems and advanced power distribution and circuit protection.

As the world's use of electrical power changes, the electrical infrastructure is changing with it. We help to connect and dynamically control parts of those systems to ensure safety, resiliency and cybersecurity. And with our expertise across industries, we are advancing electrification opportunities in the industrial and aerospace markets.




HIGHLIGHT Electrifying the aerospace industry

Global industrial and aerospace markets are ripe for electrification, particularly the growing demand for electrical content on aircraft. To accelerate Eaton's strategy to bring our broad electrical expertise into new markets, in 2019 we acquired Souriau-Sunbank Connection Technologies. This global leader provides customers with highly engineered electrical interconnect solutions for harsh environments in the aerospace, defense, industrial, energy and transport industries.

2035

By 2035, half of the world's electricity will come from renewable sources



**...improve the quality
of life and the environment
through the use of power
management technologies
and services**

HIGHLIGHT eMobility expands to China

Over the last several years, sales of electric vehicles (EVs) have steadily increased in China, representing 60% of EV sales, globally. Sales are continuing to rise due to government subsidies, tighter emission standards and China's New Energy Vehicles (NEV) mandates to reduce environmental pollution. We recently introduced our eMobility technologies in electric and hybrid vehicles to help Chinese EV manufacturers meet the increased demand. Our understanding of vehicle customer needs and our experience with hybrids and EVs provide manufacturers with a distinct advantage over their competitors.

Consumers in
China buy

60%

of all global
electric vehicles

Our sustainability strategy

Our vision at Eaton is to improve the quality of life and the environment through the use of power management technologies and services. To help us get there, we developed a sustainability strategy that multiplies our impact through employee engagement and development; creating environmentally friendly solutions for our customers; reducing our own carbon footprint; demonstrating strong governance and social responsibility; and transparently communicating our sustainability plans and progress.

What matters to us

Our sustainability strategy delivers on our vision to improve the quality of life and the environment.



Engagement

Enlist and leverage our employees to **multiply our impact**.



Customer solutions

Deliver on our vision through a portfolio of sustainable solutions.



Footprint

Reduce our operations' environmental impact.



Doing business right

Demonstrate good social responsibility and governance for employees, communities and other stakeholders.

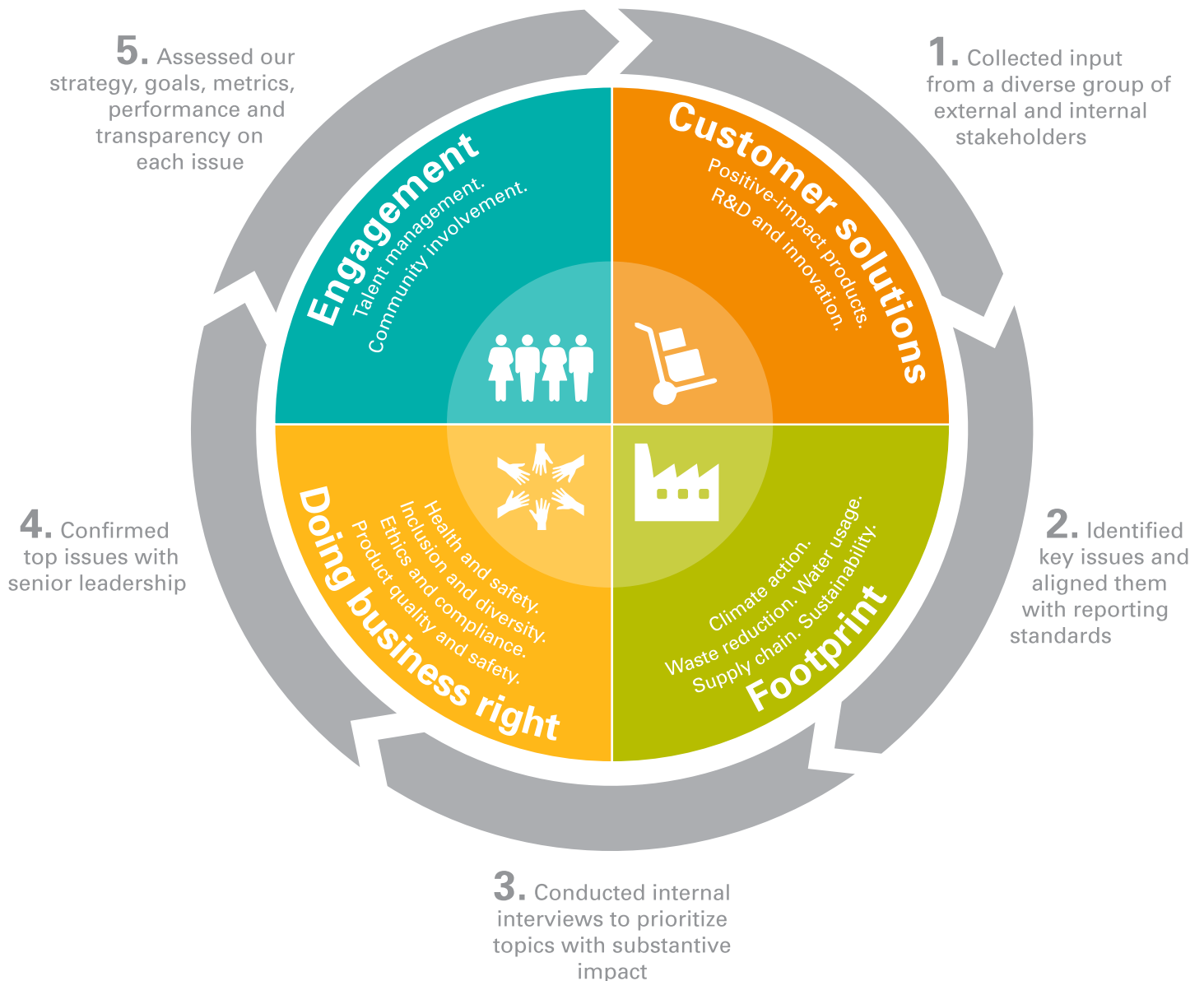
TRANSPARENCY: Disclose our performance in line with rigorous global standards.



*Our
vision...*

*to improve the
quality of life and
the environment...*

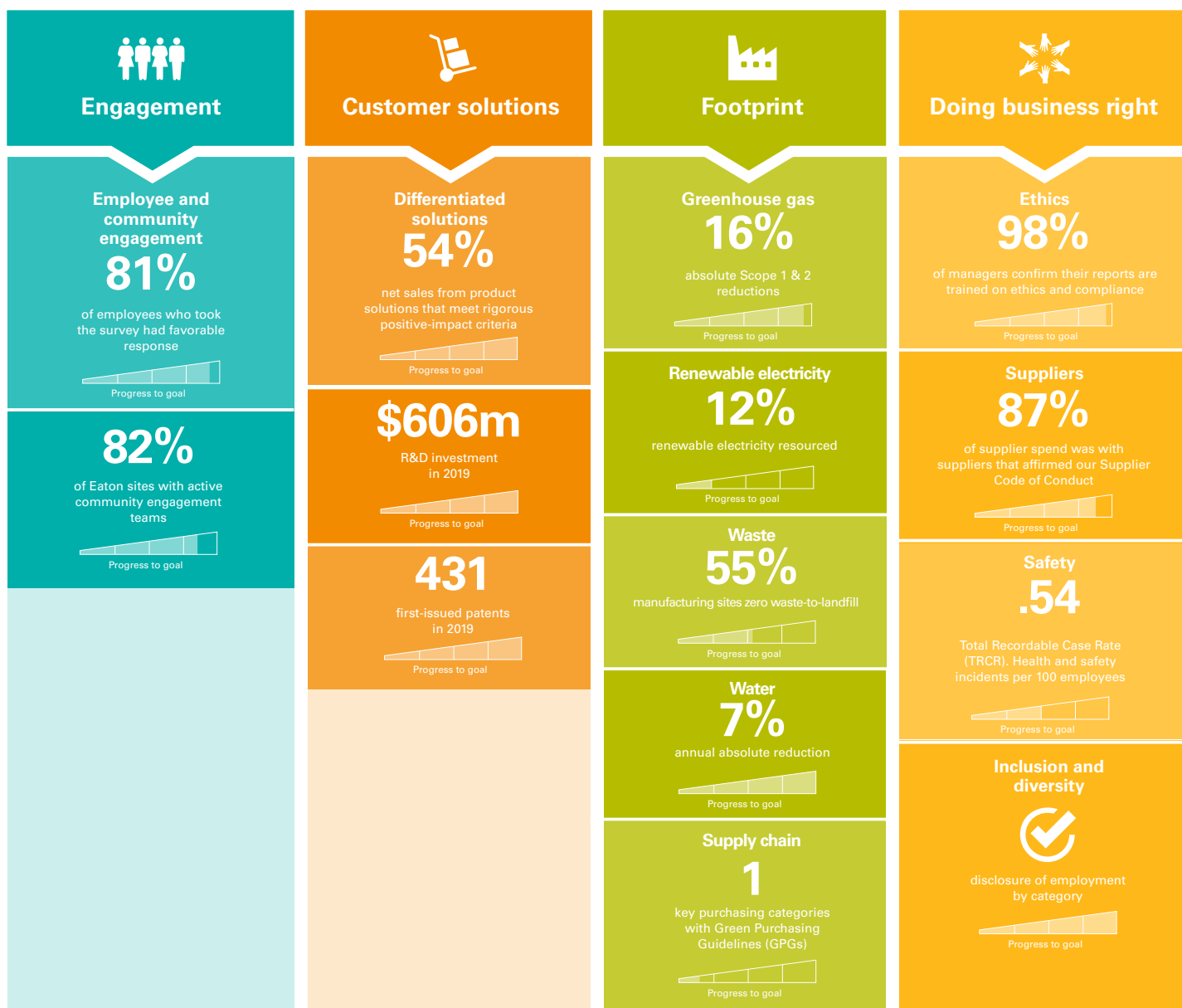
Material issues



[Learn more about what's important to us.](#)

2019 Sustainability Dashboard

Though we are never finished in our quest for improvement, we are proud of the success achieved in 2019. Our Sustainability Dashboard illustrates the progress we've made in each of our strategy pillars.



Advancing United Nations Sustainable Development Goals

Our work in sustainability is helping to address global challenges identified in the United Nations Sustainable Development Goals (SDGs). These 17 goals are a blueprint for how we can achieve a better and more sustainable future for all.

Our sustainability efforts are aligned with and help support several SDG goals related to water quality, clean energy, innovation, sustainable cities, responsible production, climate action and accountable, inclusive institutions. In response to goal six, which centers on clean water and sanitation, Eaton has committed to using responsible water practices to minimize potential negative impacts of wastewater on the environment and producing solutions that improve water efficiency, quality, sanitation and desalination in communities around the world.

As investments in infrastructure are crucial to sustainable development and empowering communities, Eaton's power technologies play a key role in updating infrastructure and retrofitting industries. This includes solutions that reduce emissions and waste, and products that are used in renewable energy, grid management and energy storage. This work helps to advance goal seven, which focuses on affordable and clean energy.

Lastly, Eaton's high ethical standards, implemented fully across our global organization, contribute to the effort to build a world of peace, justice and strong institutions, as outlined in goal 16.



Eaton uses responsible water practices to maximize our efficient use of resources and minimizing any potential negative impacts caused by effluents. Eaton produces solutions that are used in processes that improve water efficiency, quality, sanitation and desalination.



Eaton's solutions help to reduce emissions and waste and are also used in renewable energy, grid management and energy storage.



Our power technologies will play a key role in updating infrastructure and retrofitting industries to make them more resource efficient. Our products reduce emissions and waste and are also used in renewable energy, grid management and energy storage.



Eaton power technologies play a key role in updating infrastructure and retrofitting industries





Eaton products help make densely-populated areas more resilient and energy efficient. We are also innovating solutions for rural and developing areas to help ensure power needs are met all over the world.



At Eaton, we are driving the movement to a circular economy—one that is aimed at eliminating waste and making the best use of natural resources. By 2030, we aim to achieve zero waste-to-landfill status at 100 percent of our manufacturing facilities.



We develop products that contribute to climate change mitigation and are transparent about the risks and opportunities climate-change poses for our business.



Eaton has high ethical standards that are implemented fully across our global organization. Additionally, we are strongly committed to addressing ethical issues such as data privacy.



Among “100 Best Corporate Citizens”

Eaton’s leadership in sustainability was again recognized by CR Magazine’s prestigious list of “100 Best Corporate Citizens” for the 12th consecutive year. The list ranks public companies across the U.S. for outstanding ESG performance by measuring impact on the environment, climate change, employee relations, human rights, governance, finance, philanthropy and community support.



By 2030, we aim to achieve zero waste-to-landfill status at 100% of our manufacturing facilities



Employee development and engagement

No one person or single company can advance sustainability initiatives alone. It takes a culture of awareness, inclusion and engagement. Fully engaged employees care about making a difference. They are more productive, innovative and satisfied in their work.

Today's new workforce expects meaningful and engaging work—with opportunities to grow and flourish. That's why one of the pillars of our sustainability strategy is enlisting and leveraging our employees to multiply our positive impact. We engage our employees through enterprise-wide town halls, by hosting informal listening meetings or surveying groups of employees on specific subjects.

Our last survey on employee engagement showed a favorable response from 81.2 percent of employees who completed it. This group said they were proud to work at Eaton, felt personal accomplishment from their work and would recommend Eaton as a place to work. As part of our 10-year sustainability strategy, one of our goals is to consistently achieve an 80 percent or higher favorable employee survey response rate—because we know that when employees are engaged in their work, they are more likely to make a difference.

HIGHLIGHT Active stewardship of the environment

We encourage our employees to take sustainability actions at home, at work and in their communities. We host an annual global sustainability challenge called Sustainability Squared, where employees are encouraged to share a project that not only impacts the environment at that specific moment in time, but it continues to make a difference by being self-sustaining.

In 2019, more than one-third of our sites participated in the challenge by taking action, measuring the impact of their work and sharing their results. Some examples of the ways our employees made a difference around the world include hosting beach cleanups, tree plantings, restoration projects, energy efficiency and renewable energy projects, and waste minimization and educational programs. We share best practices after the challenge and continue to recognize the employees year-round in our sustainability calendar.



Employee and community engagement

81.2%

of employees who took the survey had a favorable response



Where we live and work

We look beyond our workplace walls to help our communities become vibrant places to live. Around the world, local employees help to decide how to allocate resources where they are needed most and take pride in determining where we invest our time and money.

In 2019, 82 percent of Eaton sites had an active community engagement team that participated in community service events, from partnering with a social welfare foundation to provide in-home care for the elderly in Taiwan, to supporting emergency family services for victims of domestic violence in Minnesota and volunteering for organizations that serve low-income and vulnerable children in Mexico. Our goal is to clock 250,000 hours of employee volunteer time annually.

Philanthropy has long been fundamental to our identity. Our founder, Joseph O. Eaton, helped create the Cleveland Federation for Charity in 1913. His leadership continues to inspire our commitment to giving back. In 2019, our charitable contributions were \$8.5 million, with almost 59 percent supporting health and human services; about 24 percent went toward education; 12 percent toward arts and culture; and the remaining contributions supported civic and community efforts as well as global disaster relief.



Employee and
community
engagement

82%

of Eaton sites with
active community
engagement teams

HIGHLIGHT Helping hurricane victims

One of the most powerful hurricanes ever recorded in the Atlantic Ocean ravaged parts of the Bahamas in September 2019. Hurricane Dorian destroyed entire communities and left at least 70 people dead and hundreds missing. To support rescue and relief efforts, Eaton donated \$50,000 to the Bahamas Red Cross and matched employee donations to Hurricane Dorian relief dollar for dollar.



HIGHLIGHT Dublin Simon Community House

Eaton funded the [Dublin Simon Community House](#) to support a program that helps people move from emergency housing into more safe transitional housing. Dublin Community House provides supportive services to both prevent and end homelessness as well as for those who are unable to live independently. The organization intends to acquire 50 homes to serve as transitional housing for individuals and families.



A man with short brown hair and glasses, wearing a light blue button-down shirt, is shown in profile, looking down at a device he is holding with both hands. He has a slight smile. The background is a blurred industrial setting, likely a factory or warehouse, with white structural elements and blue accents.

**Fully engaged
employees care
about making a
difference.**

Talent management

Our greatest differentiator is the collective talent of our people. Finding and hiring current and future talent is critical to our growth and success. That means hiring people with the right skills and aligning their career goals and development with our corporate strategy. And it means making work exciting, engaging and meaningful—so employees can be productive and feel valued.

Our innovative approaches to talent management help us attract and retain employees who will create the next solutions in sustainability. We recently pioneered a program in India, known as ReLaunch, to help women professionals re-enter the workforce after a career hiatus by providing them with flexibility and growth and opportunities.



HIGHLIGHT STEM workforce of the future

We play a vital role in educating the next generation of Science, Technology, Engineering and Math (STEM) leaders, engineers and tradespeople. This includes contributing \$100,000 to support science awards and STEM education initiatives at Carnegie Science Center in Pittsburgh. We also partner with the electrical training organization ALLIANCE to provide the next generation of electrical industry professionals with educational resources, innovative solutions and expertise.

HIGHLIGHT Electrical industry trailblazer

For her long-standing support and mentoring of women in the electrical industry, Molly Murphy, Eaton's senior vice president of sales in North America, was named the 2019 Women in Industry Trailblazer by the National Association of Electrical Distributors (NAED). "I care deeply about the electrical industry and the people driving the energy transformation," said Murphy. "We are at the heart of what makes our homes, communities, hospitals and infrastructure work—playing an essential role in pushing forward into sustainability. There is more room for women at the top, and I want to help make that happen."



*We are at
the heart of
what makes
our homes,
communities,
hospitals and
infrastructure
work*





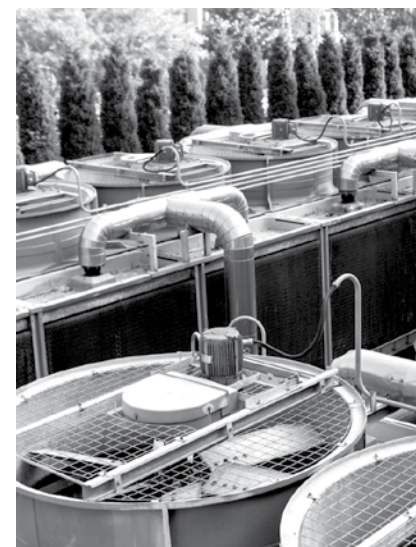
Creating impactful products and solutions

Sustainability has become a top priority around the world. We see customers determined to conserve resources and reduce their carbon footprint. And countries are committing to ambitious targets for reducing greenhouse gas emissions and even aiming to achieve carbon neutrality.

We are helping to make this happen—by designing new solutions that address climate change, energy efficiency and increasing regulations. Our new portfolio of differentiated solutions deliver a range of sustainability benefits, including reduced environmental impact, increased use-phase efficiency, safety and reliability. In 2019, 54 percent of our net sales were from product solutions that meet our rigorous positive-impact criteria.

We are using Design for the Environment (DfE) techniques to reduce the overall impact of a product across its life cycle—from production and distribution to use and end of life. Our efficient and lower carbon products help our customers reduce their carbon emissions and meet their own sustainability goals.

Our long-term goal is that 60 percent of our solutions will help with climate change mitigation or adaptation by 2050—and we will responsibly source and re-use materials by increasing recyclability, repairability, remanufacture initiatives and product take-back programs. By committing to these actions, we will reduce the life cycle greenhouse gas emissions of our products and generate more of our revenue from lower carbon emitting products.



Cleaner, more dependable energy

At Eaton, we make products that help increase the amount of green power on the grid and maximize the efficient flow and use of that power. At the same time, our solutions help reduce pollutants in the air we breathe and lessen greenhouse gases in our atmosphere.

We manufacture components for utility-scale, renewable power generation, including proportional valves used in hydropower dams, wind turbines and concentrated solar power systems.

HIGHLIGHT Reliable power with xStorage Home

We help provide sustainable energy in areas of South Africa where electric capacity and connection constraints regularly cause unscheduled energy blackouts. While the national grid provides energy to 85 percent of the population, places like the Filadelfia School, attended by over 400 disabled students, are particularly vulnerable to power disruption. Using our new xStorage Home systems with second-life batteries from Nissan LEAF vehicles and solar panels, students now have a sustainable energy system in a community where reliable electricity is vital.

And 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.

Grid of the future

For over 100 years the existing electrical grid has served businesses and consumers well. But as requirements for power evolve, we must respond to a fundamental shift in how consumers use power and how utilities provide it. To address the challenges of aging infrastructure, renewable energy integration and widespread vehicle electrification, our world is in dire need of electric grid modernization.

HIGHLIGHT ENERGY STAR certified products


Eaton had 499 ENERGY STAR certified products in 2019, a significant increase from 2018. ENERGY STAR products are independently certified to save energy without sacrificing features or functionality.



Eaton had
499

ENERGY STAR
products in 2019





We are laying the
groundwork for the
grid of the future.

At Eaton, we help solve tough challenges using data and analytics garnered from intelligent power technologies and connected devices. We are laying the groundwork for the grid of the future.

Our solutions are already strengthening the grid. Around the world, wildfires exacerbated by climate change and growing in intensity and frequency, are causing critical power outages. We work with utility companies to fortify the electric grid with smarter and more resilient power distributions. In one example, Eaton is helping utilities reduce risk by replacing traditional fuses that can cause a spark when they interrupt a fault with our industry-exclusive explosion-free fuses. We also provide underground power system solutions to help utilities limit the occurrence of power loss due to wildfires. And our intelligent solutions improve grid automation and control through high-fidelity data, analytics and the ability to remotely isolate areas with high wildfire risk.

Building the future of transportation

Leveraging our electrical expertise, we are helping vehicle and aerospace customers take their businesses to newer, greener horizons. We work with original equipment manufacturers around the globe to accelerate electrification and help build more efficient vehicles that travel faster, farther, higher and safer—all at a lower overall cost to consumers and the environment.

Eaton is improving efficiency across multiple areas in global transportation:

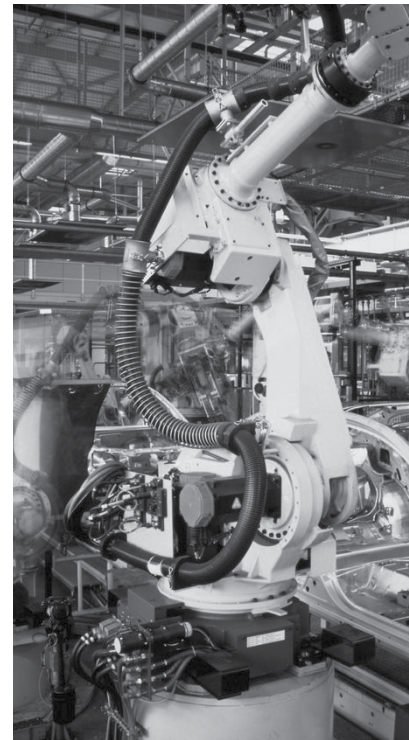
- electric vehicles
- commercial vehicles with combustion engines
- electrical content on aircraft

HIGHLIGHT Increasing EV range

Limited driving range is one of the greatest barriers to large-scale adoption of electric vehicles (EVs). To increase the range of electric vehicles, we developed compact power-dense automotive inverters capable of increasing EV range. Leveraging Eaton's expertise in high-voltage power management, our eMobility segment developed these vehicle inverters with a power density of 35 kilowatts per liter and 98 percent operating efficiency. The inverter's high-power density and compact, lightweight design helps maximize range while taking up minimal space in the vehicle.



*We work
with utility
companies
to fortify the
electric grid...*



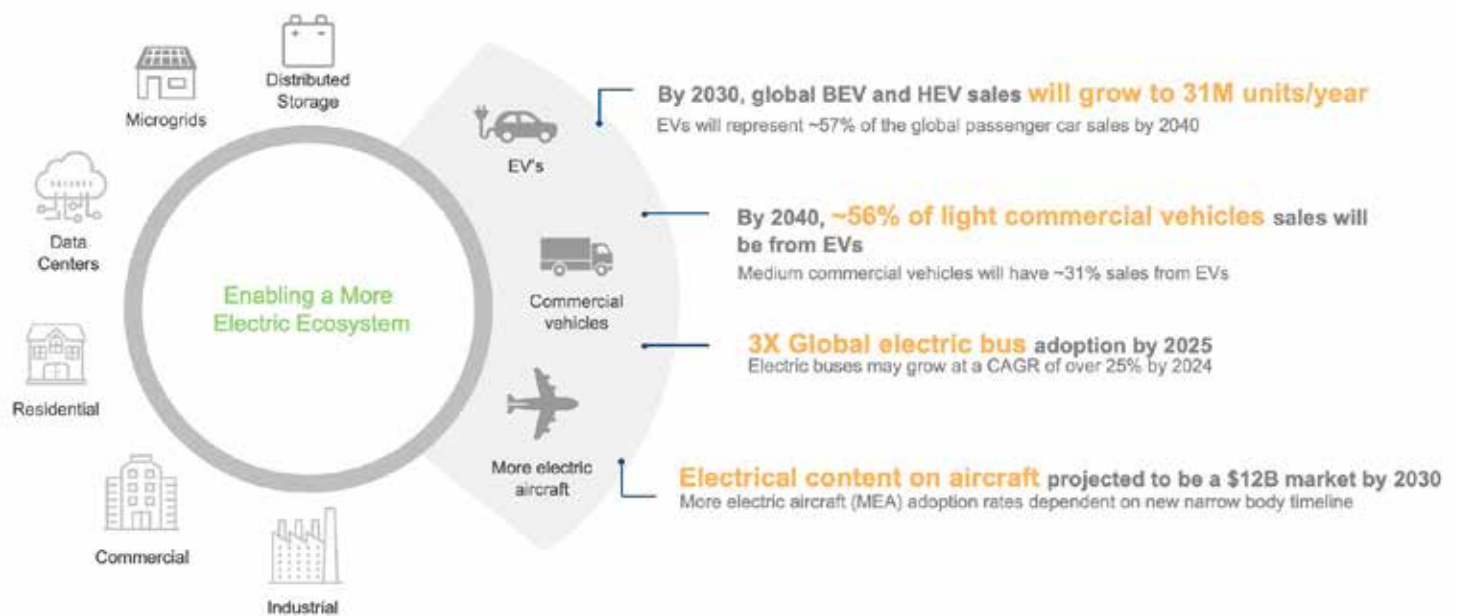
With changes to the ways we move people and materials, new problems are demanding new solutions. In the electric vehicle market, share continues to grow but adoption challenges remain a concern.

EV manufacturers must balance competing needs related to vehicle weight, power requirements, consumer expectations and cost. At Eaton, we are engineering innovative solutions to help drive adoption and evolve EV technology in our sweet spot: [the convergence of electrical and mechanical power](#).

Our goal is to develop new technologies that improve efficiency and safety for electric, hybrid and fuel cell commercial vehicles—whether it's a long-haul truck headed cross-country, a delivery vehicle making frequent stops or a bus moving commuters across a busy city.

To meet the growing demand for longer battery life and range, we are designing components that make electric vehicles more efficient. And as voltage rates increase in EVs, our power protection components address risks and improve safety. We are also boosting intelligence in EVs by connecting systems and providing data that helps original equipment manufacturers improve vehicle power balance and helps drivers better understand the status of their vehicle.

In the aerospace industry, we are leveraging our electrical know-how to develop more electrified aircraft that are safer, cleaner and more cost-efficient. From airplane motion-control technologies to EV transmissions, we're developing innovations that meet the needs of vehicle electrification today and tomorrow.



HIGHLIGHT Intelligent EV charging

By 2025, it is estimated that a total of 10 million EVs will be sold annually. If not properly managed, charging can significantly increase energy demand, put grids under strain and lead to local brownouts. Eaton's new charging station for electric vehicles, xChargeIn, enables intelligent EV charging, peak shaving to avoid expensive energy periods and can optimize solar power to further use renewable energy. Joining forces with Green Motion, the 10-year pioneer in electric vehicle charging stations, we are enabling a smooth integration of EV chargers in commercial buildings, residential housing and shopping malls.

Eaton has joined other global business leaders in committing to reduce carbon emissions by making mobility more sustainable. We signed the world's first Corporate Mobility Pact forged between the World Business Council for Sustainable Development (WBCSD), the City of Lisbon, Portugal, and 56 leading companies and institutions. In it, stakeholders committed to more than 200 actions to make urban mobility more sustainable in Lisbon and create a model for other businesses and cities.



HIGHLIGHT Boosting combustion engine efficiency

Most commercial vehicles on the road rely on combustion engines and present a major opportunity to improve fuel economy and reduce emissions. We are participating in the U.S. Department of Energy's (DOE) SuperTruck II program, which aims to dramatically improve freight efficiency and engine brake thermal efficiency performance. Eaton supplies truck OEMs with components and technologies, such as a high-efficiency transmission to achieve additional fuel savings by enabling engine-off coasting and waste heat recovery; a 48-volt mild hybrid electrically regenerative accessory drive that charges the vehicle's batteries, efficiently runs the air conditioner and other accessories, and replaces the alternator in linehaul commercial vehicles; and precise exhaust gas recirculation controllers that enable simultaneous fuel and emissions reductions.



*Annual EV sales
expected to reach*

10M
by 2025



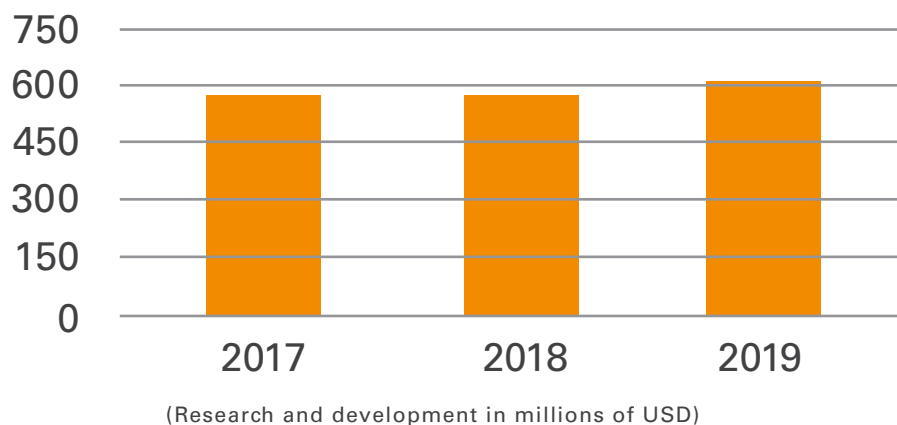
Research and development

Sustainability is at the heart of our innovation approach at Eaton. Many of our customers have committed to ambitious goals to reduce their impact on the environment, and our products and services are helping them meet those commitments. Our solutions enable customers to conserve resources; decrease fuel use and emissions; and make smart energy decisions through Internet of Things connectivity—all while increasing reliability, durability and safety.

In 2019 our innovation and patent generation remained strong. We filed 1,100 invention disclosures, 1,063 global patents and received 1,288 global patent grants. Additionally, we were recognized as a Derwent Top 100 Global Innovator.



R&D investment



Reducing our footprint

From our office buildings and our manufacturing sites, to our data centers and sales offices, we are continuously working to further reduce our energy, emissions and water and waste footprints. And we expect all our employees to take an active role in conserving resources, working efficiently and improving our communities.

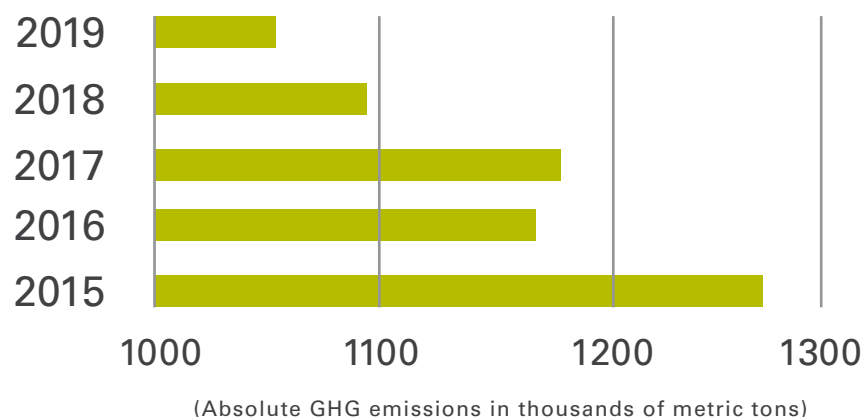
Greenhouse gas emissions

Our leadership set an absolute goal of a 20 percent reduction (from a 2015 baseline) of our Scope 1 and 2 greenhouse gas emissions by 2025. Since 2015, we have already reduced our absolute greenhouse gas emissions by 16 percent and are on track to meet our target. By 2030 we are committed to achieving a science-based target of 50 percent reduction (from a 2018 baseline) of our Scope 1 and 2 greenhouse gas emissions, in line with a 1.5° C climate scenario.

We are working to both reduce our energy demand and green our energy supply. Our emissions reduction efforts include improving the energy efficiency of our buildings and manufacturing processes and inspiring employees to take individual actions to conserve energy.

Our energy consumption is the largest driver of our greenhouse gas emissions and has remained nearly flat since 2016. At the same time, we have been transitioning to more renewable energy sources and continuing to look for opportunities to be a more energy-efficient manufacturer. Our 2020 target is an additional absolute reduction of 2.5 percent in greenhouse gas emissions.

GHG emissions



In 2019, we increased our percentage of renewable electricity from 0.5 percent to 12 percent through increases in on-site renewable energy and green power procurement.



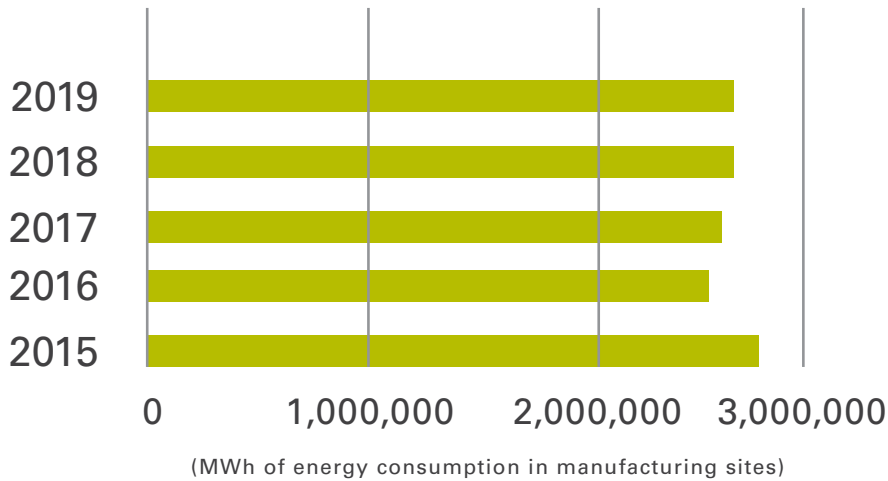
Renewable
electricity

12%

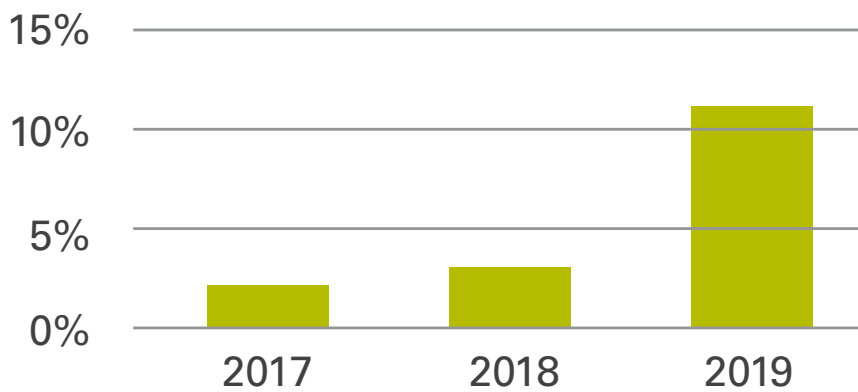
of our electricity is
renewable



Energy consumption



Percentage renewable electricity



HIGHLIGHT Rooftop power in India

Our sites in Ranjangaon, Nagar, Nashik and Pimpri, India, are using solar power to supplement the energy needed to run operations by installing rooftop solar systems. These systems generate a total of more than 3.5 million kWh per year of green energy for these sites, reducing greenhouse gas emissions by about 2,515 metric tons CO₂e each year—the equivalent of the carbon emitted by 530 passenger cars per year. These solar power systems are also projected to save on energy costs and mitigate future cost increases.

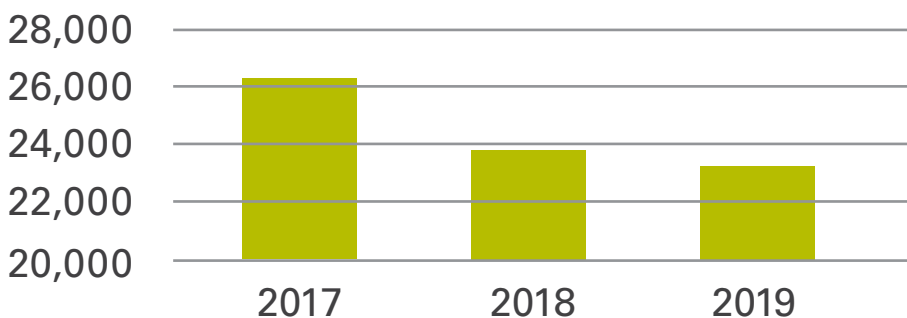


Creating a circular economy

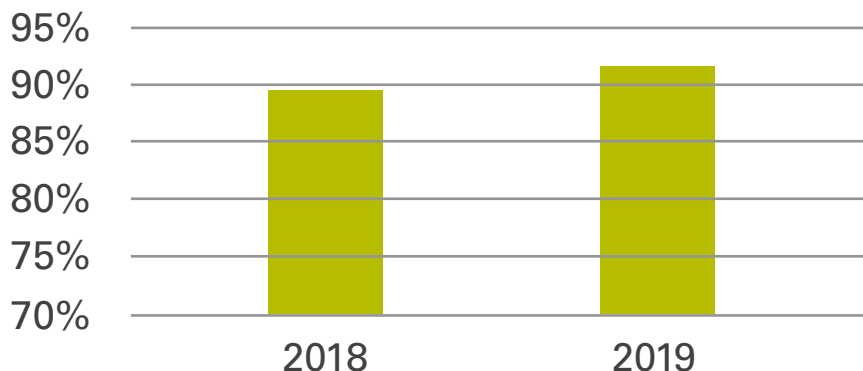
At Eaton, we are driving the movement to a circular economy—one that is aimed at eliminating waste and making the best use of natural resources. Circular systems use methods such as reuse, repair and recycling to minimize waste, pollution and carbon emissions. Unlike a traditional, linear “take, make, dispose” model of production, a circular economy aims to keep products in use longer and convert waste into a useful part of the production process.

While output from our facilities around the world increased in 2019, more than half of our sites achieved zero waste-to-landfill (ZWTL) status—an 11 percent increase over 2018. We reduced our absolute waste to landfill by nearly 6 percent in 2019. We’re pleased with these results but strive to do more. By 2030, we aim to achieve ZWTL status at 100 percent of our manufacturing facilities. At the same time, we are committed to reducing the volume of waste generated by 2 percent annually. The process starts with eliminating waste streams before they reach our facilities, and then engaging partners to help us divert our remaining waste from landfills. In 2019, we reduced our waste to landfill by 1,500 metric tons. Our recycling rate in 2019 was 92 percent of our total waste, a 3 percent increase from 2018.

Waste to landfill (metric tons)



Percentage of total waste recycled



Waste
55%
manufacturing
sites zero waste-
to-landfill



HIGHLIGHT New spin on swarf

Swarf is a byproduct generated during metal-cutting processes when fluids such as oils, coolants and water are mixed with fine particles of metal and filtration media. Swarf is one of the most difficult waste streams to recycle, but our Vehicle Group made great strides in diverting grinding swarf waste from the landfill. Through vendor partnerships we deployed a mobile centrifuge process that separates the materials. We're now able to reuse the fluid in our manufacturing processes and recycle the metal particles resulting in cost savings for our sites. In 2019, our swarf trial diverted 500 tons from the landfill, allowing us to reuse more than 5,000 gallons of oil. We are working to significantly expand this solution in 2020 to accelerate our zero waste-to-landfill progress.



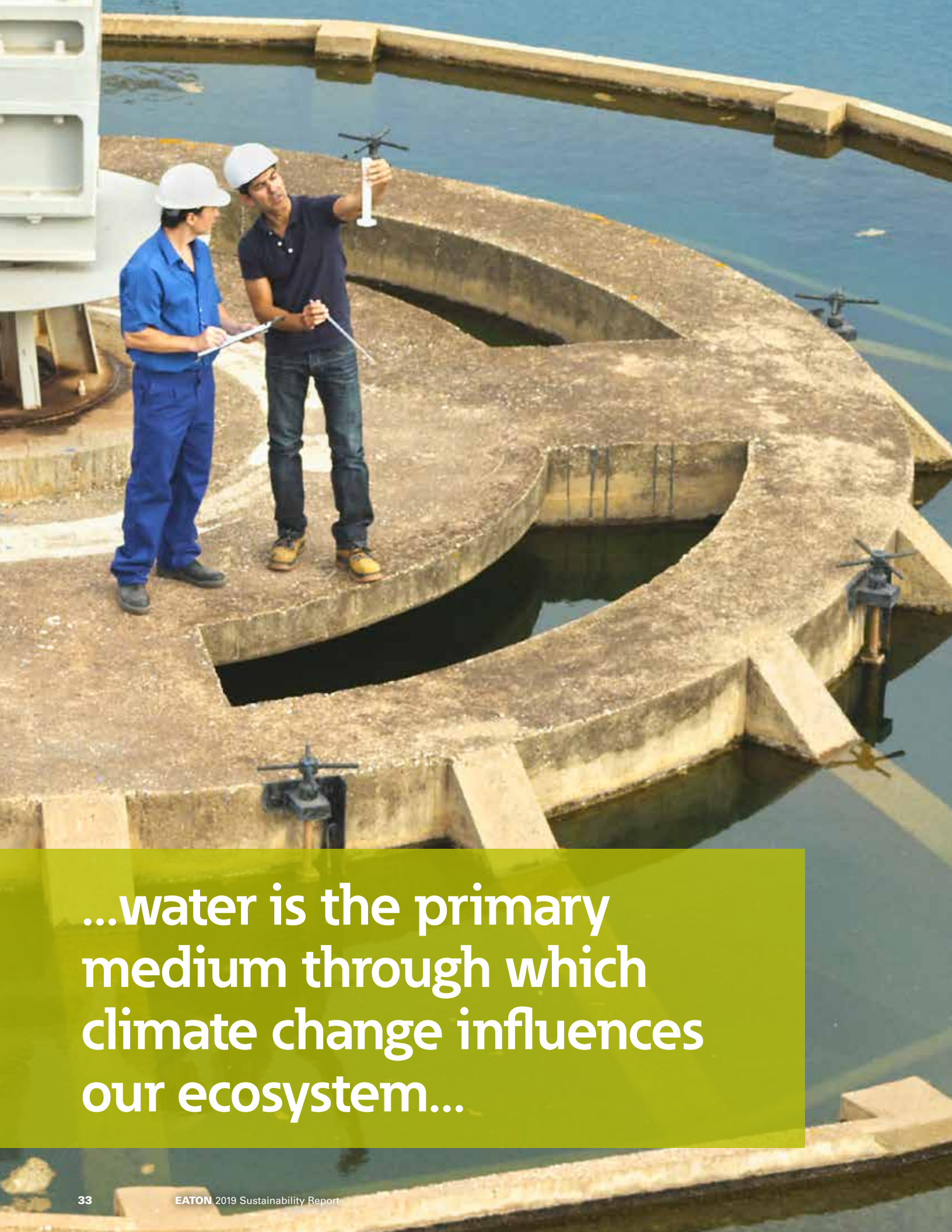
Circular economy



HIGHLIGHT Repairing. Not replacing.

To better support airlines around the world, our joint venture facility with Shanghai Aircraft Manufacturing Co. (SAMC) began serving as a ducting, tube and hose repair station for customers in the Asia-Pacific region. By repairing rather than replacing aftermarket products, waste is eliminated while airlines reduce their expenses. One repair can save as much as \$50,000 compared to replacing the damaged part with new equipment. Expanding these maintenance, repair and overhaul (MRO) services is part of Eaton's commitment to reducing waste and providing tailored solutions to meet customers' needs.

//
*In 2019 our
swarf trial
diverted 500
tons from
landfill.* **//**



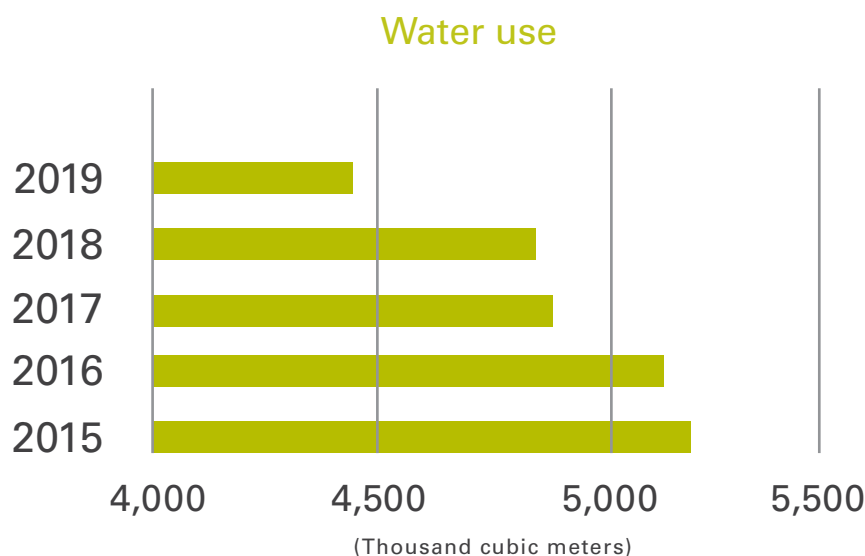
...water is the primary medium through which climate change influences our ecosystem...

HIGHLIGHT First U.S. capacitor recycling program

We recently expanded our sustainability focus to include end-of-life management for equipment produced by Eaton. We have launched an exclusive take-back and recycling program for power capacitors used by our utility and industrial customers. This first-of-its-kind program includes onsite material pickup and recycling of capacitors regardless of the unit's age, original manufacturer or current condition. By leveraging the processes we use to achieve zero waste-to-landfill in our manufacturing facilities, we can recycle and repurpose power capacitor materials, including dielectric fluid, metals and porcelain bushings.

Water

According to the United Nations World Water Assessment Programme, water is the primary medium through which climate change influences our ecosystem and thus the well-being of societies. It is anticipated that climate change will affect the availability of water resources. And water-related hazards account for 90 percent of all-natural disasters, with frequency and intensity generally rising and causing serious consequences on economic development. We continue to reduce our water consumption and to implement responsible water practices, especially in areas where water issues are affecting communities where we live and work. In 2019 we reduced our absolute water consumption by 7 percent, and we continue to strive for a 2 percent annual decrease indexed to sales.



Water use



HIGHLIGHT Flash flood solutions

After Germany had some of the highest levels of rainwater in 50 years, our facility in Gummersbach experienced severe flash flooding. The flood caused operations to shut down for three days and presented potential safety issues. Following recommendations from the Oberberg Environment Council, we invested more than \$120,000 to build two new filter systems, which now provide a safer response to extreme weather events and will prevent large volumes of water from penetrating the Gummersbach facility. The new systems help both our facility and the environment by directing water flow into a canal.



Manufacturing sustainability

Sustainability begins at home. Our own manufacturing sites are the critical proving ground in our vision to become a carbon neutral company by 2030. While we help our customers meet their sustainability goals, we are also making meaningful progress to advance the sustainability within our own operations.

Our new engine valve plant in Aguascalientes, Mexico, was completed in 2019. The site incorporates green building practices and Eaton solutions for efficient manufacturing. Rainwater harvesting, permeable pavement and non-irrigated landscapes help to conserve water and reduce runoff. The building shell uses daylighting, natural ventilation and reflective roofing for efficient lighting and thermal comfort. While inside, Eaton's LumaWatt Pro Wireless controls and motion sensors will help reduce energy consumption by up to 70 percent when compared to a standard system. In addition, energy and water process emissions are being reduced with an efficient air compressor system and industrial wastewater treatment. We are also treating chrome and industrial process water with ultrafiltration and reverse osmosis systems. This will result in approximately 5,500 gallons of oil water being recycled per day and 10,000 gallons being reused per month.

10%
*of manufacturing
sites with zero
water discharge
by 2030*

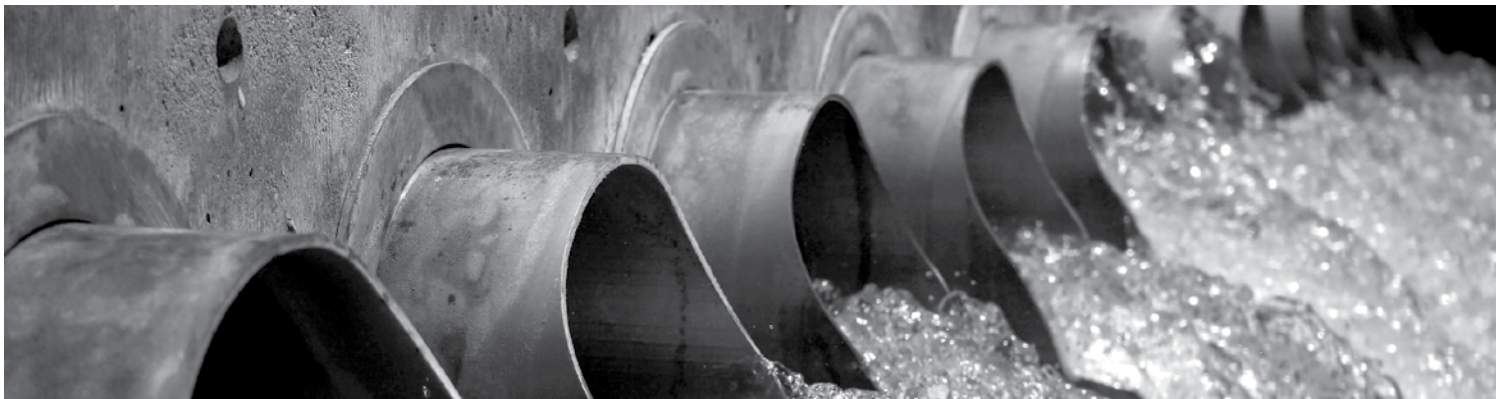
HIGHLIGHT Slowing the flow

Our Innovation Center in Pune installed smart faucet nozzles in the bathrooms at their site to conserve water. The faucets were fixed with aerators that convert water into a thin mist using high water pressure, reducing the amount of water used per person. The team calculated that this project could reduce water consumption by about 60 percent at the facility, just during hand washing alone. Using those figures, the team projected savings of almost 1 million liters of water over a year. The cost of the aerators would be recovered within four months.



HIGHLIGHT Asheville facility receives 2019 Environmental Steward Award

Our manufacturing facility in Asheville, North Carolina, joined an elite group of organizations honored for superior environmental performance in 2019. Michael Regan, Secretary of the North Carolina Department of Environmental Quality, cited Eaton's commitment in recognizing that "it is possible to protect North Carolina's natural resources while remaining globally competitive." To earn the award—the state's highest level of recognition for environmental stewardship—the Asheville facility showed exemplary environmental performance beyond what is required. The site became certified as zero waste-to-landfill in 2017 and has maintained that status for the past two years. Additionally, Asheville employees engaged in various environmental initiatives, including programs to reduce and recycle the facility's wood and solid wastes.



HIGHLIGHT Protecting India's fragile ecosystems

India's historic Union Territory of Pondicherry runs along the southeast coast of India and consists of ecosystems including marine, freshwater, mountain, crops and mangroves. Rapid urbanization has created considerable challenges to the area's environment. The State Regulatory Agency's Pondicherry Pollution Control Committee awarded their "Green Award" to the Eaton Power Quality site located in Pondicherry, recognizing substantial contribution to environmental improvements through innovative technologies in pollution prevention and control. The committee's goal is to encourage local industries to minimize greenhouse gases and mitigate ongoing climate change.





Doing business right

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. 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.

Sustainability guided by governance

Our corporate sustainability strategy and performance are governed by our Board of Directors and Senior Leadership Committee. They are guided by the Sustainability Governance Council 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.

Meeting and exceeding our sustainability goals is essential to Eaton's overall business success. From our executive teams to every level of employee, we recognize and encourage achievements and practices that enhance our energy efficiency and sustainability. Our sustainability governance process is how we manage material topics and who at Eaton is responsible for each topic. We invite you to explore [our governance table](#), which features our material topics.



Meeting and exceeding our sustainability goals is essential...



HIGHLIGHT Corporations called to a higher purpose

Business Roundtable (BRT) leaders from America's largest companies believe in a responsibility to help build a strong and sustainable economic future for the country. In 2019, the BRT made a significant statement on the purpose of a corporation—that companies exist to create value not only for shareholders but also for customers, employees, suppliers and communities. The statement specifically emphasized sustainability, stating, "We respect the people in our communities and protect the environment by embracing sustainable practices across our businesses." Our own chairman and CEO Craig Arnold was among 180 CEOs who signed the statement. This view is not new to us at Eaton. The BRT language is nearly identical to language we used four years ago when updating our own business purpose.



Health and safety

Our employees are the heart and soul of Eaton. Protecting their health and safety is our primary focus. We also support the well-being of our employees with a broad set of benefits and programs. We consider the Eaton Safety Policy to be part of doing business right. It guides us in our progress toward eliminating injuries and illnesses in our workplace.

We choose zero

We all deserve to work in a place where safety is valued, so we can return to our homes and families at the end of each day. Our goal is to provide a secure and safe work environment for every employee, contractor and visitor. We believe all injuries can be prevented, so we strive to achieve our "Zero Incident Safety Culture" and to continuously improve our performance in health and safety.



***"Zero
Incident
Safety
Culture"***

HIGHLIGHT "World's Most Admired Companies"

FORTUNE magazine named Eaton one of the 2019 World's Most Admired Companies based on company surveys and peer ratings from top executives, directors and members of the financial community. The magazine rates enterprises in their industry on nine criteria, from investment value and quality of management and products to social responsibility and ability to attract talent. "Being named one of the World's Most Admired Companies is an honor," said Craig Arnold, Eaton chairman and chief executive officer. "It's a recognition of the work our employees do every day to support our customers, shareholders, communities and each other."



HIGHLIGHT When colleagues double as heroes

When an employee at our electrical site in Parma, Ohio, returned to her desk after lunch she suddenly lost consciousness. Fortunately, several colleagues were nearby and immediately stepped in to support her. In fact, three of them had formal training and were able to administer CPR. After the employee recovered and was able to return to work, one thing became clear: this group of employee first responders saved her life. Eaton recognized these employees by awarding them the Eaton Life Saver award for their heroic actions.



Our Safety Principles require each individual to be responsible and accountable for recognizing and correcting at-risk behavior or unsafe conditions. Every person in every Eaton facility is asked to abide by our core safety expectations. We consider these to be absolutes because a violation could result in serious injury or even death.

At facilities around the world, our safety expectations require employees to follow established safety procedures, including hazardous energy control and machine safeguards, work permits and specialized safety procedures for high-risk activities, personal protective equipment as specified, safe driving, and reporting all unsafe conditions and all injuries and illnesses in order to prevent similar incidents or conditions occurring in the future. Our Environment, Health & Safety (EHS) Handbook provides requirements for working at or visiting an Eaton site.

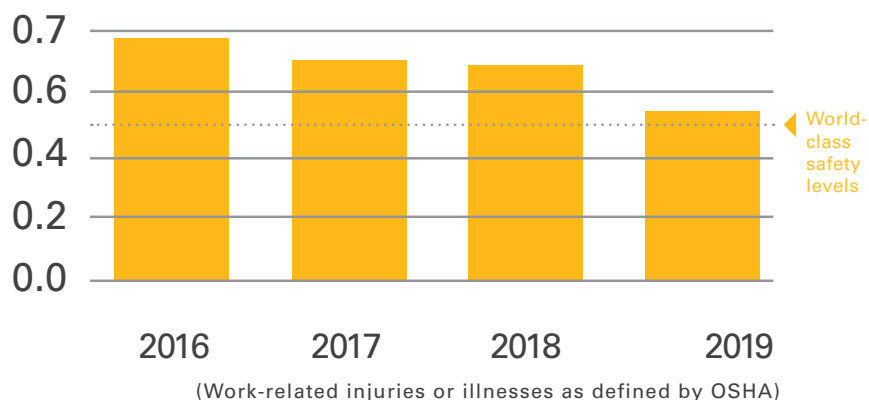
Our 2019 Total Recordable Case Rate is 0.54, approaching 0.50, which we define as a world-class safety rate. Our longer term goal is to reach 0.25 TRCR. In both 2018 and 2019, we had zero fatalities at our sites.



.54

Total Recordable Case Rate (TRCR) health and safety incidents per 100 employees in 2019

Total recordable case rate (TRCR) per 100 employees



Management of environmental health and safety

Eaton is guided by MESH (Management of Environment, Safety, Security and Health), a globally deployed, unified system which consolidates existing programs into one integrated management system. All our facilities worldwide work toward consistent goals, applying the same metrics, setting targets for improvement and identifying and sharing best practices. Most importantly, MESH elevates EHS from a series of isolated activities to a responsibility shared by all Eaton employees. Learn more about our MESH [program](#).

HIGHLIGHT Aerospace plant shares Zero Incident Safety Culture in Michigan

As a Voluntary Protection Program (VPP) Star Site, our aerospace plant in Grand Rapids, Michigan, is expected to share its safety knowledge and expertise with peer companies. When the VPP was planning a regional conference to be held in Grand Rapids, the aerospace plant was asked to open its doors for a safety tour to share Eaton's Zero Incident Safety Culture with industry colleagues. The plant set up stations around the facility to help tell our Choose Zero success story, emphasizing the importance of each employee taking ownership for sustaining a clean and safe work environment. "We are evidence that a strong safety culture, owned top-to-bottom by employees and supported by leadership, can be attained," said Chris Lintner, manager, Environment, Health and Safety, Grand Rapids.



We are the evidence that a strong safety culture, owned top-to-bottom by employees and supported by leadership, can be attained.



Environmental and occupational health and safety certifications

We take environmental and occupational health and safety seriously and use third-party management certifications to help us control risks and make improvements. These standards require us to stay aware of regulatory requirements and to achieve consistent quality across the globe.

ISO 14001:2015 specifies the requirements for an environmental management system that an organization can use to enhance its environmental performance. Eaton holds four ISO 14001:2015 group certificates, one for the Electrical Sector and three for the Industrial Sector (Aerospace, Hydraulics and Vehicle businesses). These four



certificates include 181 sites, a total of 81 percent of our manufacturing sites worldwide.

OHSAS 18001 is an International Standard for Occupational Health and Safety (OH&S) Management Systems. It provides a framework for the effective management of OH&S, including all aspects of risk management and legal compliance. Eaton's Vehicle Group maintains an OHSAS 18001 certificate, which covers 16 of our manufacturing sites. This certificate will be converted to ISO45001:2018 in 2020.



Honoring top safety performers

In 2019, our Safety Awards program recognized high achievements at 159 of our manufacturing sites. Our Valinhos, Brazil, team received the top Chairman's Safety Leadership Award, with our chairman and CEO Craig Arnold commenting, "The Valinhos team has set the bar for safety performance. Their focus, high degree of accountability to each other at all levels, and their passion for continuous improvement is why they are truly worthy of this honor."

Our Choose Zero Safety Excellence award went to 97 Eaton manufacturing sites and an additional 61 non-manufacturing sites, recognizing sites that met the following criteria: a Total Recordable Case Rate (TRCR) of 0.5, or one recordable incident; a score of "demonstrating" on the corporate Management of Environment, Safety, Security and Health (MESH) Assessment; and no safety-related compliance issues or penalties.

Our EBS Safety Excellence Award honored sites that met the same criteria as the Choose Zero recipients but in addition had superior safety, standard work and continuous improvement, hazard identification and control, employee engagement and innovation programs.

Well-being

We all want to have a sense of well-being. We believe well-being is a critical element of helping our employees be at their best each day. That's why we strive to provide benefits and programs around the world that are industry-competitive and focused on employee well-being. It's our goal to help remove any barriers to employees achieving their full potential.



"We believe wellbeing is a critical element of helping our employees be at their best each day."





...we must create an inclusive, safe and engaging workplace where every employee has an opportunity to learn, grow and be healthy.

HIGHLIGHT Living life to the fullest

Since health and well-being needs are personal and differ, we offer employees a variety of options that recognize the physical, emotional and financial dimensions of their lives.

- **Physical health:** We all thrive when good physical health allows us to do the things we love, whether it's work or play. We encourage our employees to live life to the fullest and offer these four programs to help: Get Fit, Know Your Numbers, Be Tobacco Free, and Eat Healthy.
- **Financial health:** Concerns about finances can keep anyone from happiness. We strive to help employees achieve financial security and freedom to meet their goals for the future. Offerings include: Creating Financial Autonomy, Getting Out of Debt, Saving for the Future and Reducing Financial Stress.
- **Emotional health:** Emotional well-being is critical for balancing physical and mental health. Our Employee Assistance Program (EAP) resources help employees and their families achieve positive relationships, set goals and maximize life satisfaction.

*We inspire a
zero-defect
culture
through
our mantra,
“I Own
Quality”*

Quality

Around the world, lives depend on Eaton's commitment to quality. Our Quality Management System works because our quality and operational excellence teams create a proactive culture that permeates all levels of the organization. We enhance customer value and satisfaction by fully integrating the customer's voice into our design, manufacturing, supply chain and field processes.

The results of quality are measurable. In 2019, our Vehicle Group facility in Bosconero, Italy, received the Preferred Supplier for Zero Rejects award, our Electrical Sector facility in Horseheads, New York, led a targeted campaign that reduced scrap by 22 percent and our Aerospace Group improved its score in a major customer's survey by several points. We also implemented a new High Severity Escape Management Process and launched Consumer Safety Product Councils in all our businesses. We inspire a zero-defect culture through our mantra, “I Own Quality.”

Inclusion and diversity | All are welcome

At Eaton, we aspire to be a model of inclusion and diversity in our industry—known for the way we welcome all people to the table and include them by listening to what they have to offer.



To be successful, we must create 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 (iERGs). In 2019, these employee-led resource groups grew to more than 10,300 employees, including expansion into Mexico and China. Since 2011, Eaton has published our diversity data in support of achieving our aspirational goal to be a model of inclusion and diversity. And in 2019, we had a 6 percent increase of women in management positions.



HIGHLIGHT Supporting mental health

On World Mental Health Day 2019, we reached out to employees to raise awareness of the widespread nature of mental health issues in today's world, particularly the rise in suicide in the younger generation. Uday Yadav, president and chief operating officer of our Electrical Sector, shared his own story and encouraged employees to reach out to colleagues in need. Eaton offers one-on-one counseling services through the Employee Assistance Program and is striving to make mental health services a standard part of employee resources around the world. "All of us are going through some kind of challenge that can affect our mental health. There are ways to get better and allow everyone to reach their full potential," said Yadav.

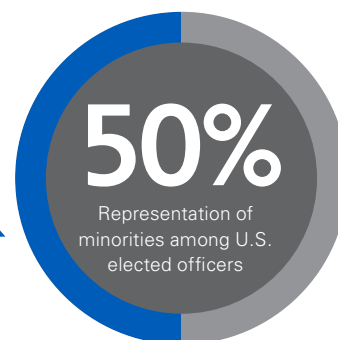
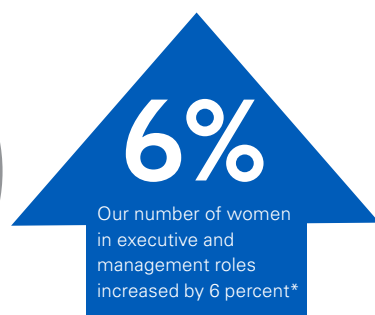
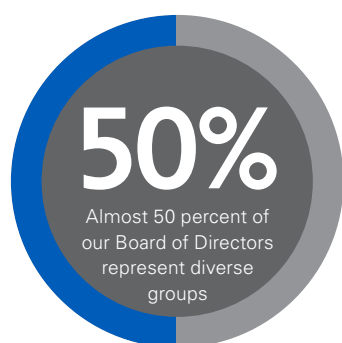


Eaton global employment diversity

(As of December 31, 2019)	Total global	Number of women	Percentage of women	U.S. total	Number of minorities (U.S. only)	Percentage of minorities (U.S. only)
Board of directors	12	3	25.0%	9	2	22.2%
Global leadership team	24	4	16.7%	22	11	50.0%
Executives	603	120	19.9%	424	73	17.2%
Managers	7,992	1,742	21.8%	4,417	797	18.0%
All other employees	89,826	29,617	33.0%	25,158	8,844	35.2%
All employees	98,445	31,483	32.0%	30,021	9,725	32.4%

Eaton global employment by age

(As of December 31, 2019)	Number under 30	Percentage of under 30	Number of 30-50	Percentage of 30-50	Number of over 50	Percentage of over 50
Board of directors	0	0%	0	0.0%	12	100%
Global leadership team	0	0%	8	33.3%	16	66.7%
Executives	0	0%	339	56.2%	264	43.8%
Managers	117	1.5%	5,152	64.5%	2,723	34.1%
All other employees	21,284	23.7%	49,540	55.2%	19,002	21.2%
All employees	21,401	21.7%	55,039	55.9%	22,005	22.4%



HIGHLIGHT Expanding enABLE across the globe

Our enABLE Inclusion Employee Resource Group (iERG) is focused on raising awareness of physical, mental and emotional abilities; and creating a supportive environment for employees with disabilities. Launched in 2018, the enABLE iERG expanded in 2019 across the Americas, Europe, Middle East, Africa and Asia. Today, our eight iERGs have more than 10,300 members in 60 countries, an increase of 10 percent over the last year.



* Edited 30 September 2020 to clarify measurement

HIGHLIGHT CEO pledges to advance diversity and inclusion

Welcoming everyone to the table is the right thing to do, but research shows that diversity also increases creativity and innovation, promotes higher quality decisions, and enhances economic growth. Our CEO Craig Arnold signed the “I Act On” pledge with CEO Action for Diversity & Inclusion™, an organization of more than 900 CEOs from the world’s leading companies who are leveraging their voices to make measurable change in the workplace. As part of a CEO Action tour, Eaton Center employees were offered experiential “Check Your Blind Spots” training to identify and change behaviors related to unconscious bias.



“Best Places to Work” for LGBTQ equality

Eaton was recognized by the Human Rights Campaign on their 2019 list of Best Places to Work for LGBTQ Equality, the 100 percent Corporate Equality Index. Eaton has received this recognition for four consecutive years, earning a perfect score each year. Companies are rated on criteria in five categories: non-discrimination policies, employment benefits, demonstrated organizational competency and accountability around LGBTQ diversity and inclusion, public commitment to LGBTQ equality, and responsible citizenship. Eaton is proud to be recognized by the HRC for our corporate commitment to these practices.



We build transparent relationships with our suppliers...



Ethical management of our supply chain

We care about how we make what matters work. First and foremost, we are ethical—and how we manage our supply chain is an integral part of that. We build transparent relationships with our suppliers, with clear expectations and explicit guidance governing the way we do business.

Emphasizing the importance of our suppliers’ worker health and safety, we require suppliers to affirm commitments to responsible labor and human rights practices in order to gain and maintain our business. We share our Supplier Code of Conduct with all our suppliers, outlining



Eaton's expectations for supplier workplace standards and business practices. And we require adherence to our Supplier Code of Conduct, including our governance policies on topics such as ethics, slavery, human trafficking and conflict minerals.

Suppliers representing 87 percent of our supplier spend have affirmed our Supplier Code of Conduct. Our goal is for 100 percent of our suppliers to affirm our code by 2030.

Environmental considerations are critical in our interactions with suppliers. Our Supplier Site Assessment process includes a review of supplier EHS performance and product stewardship practices, and we invite key suppliers to disclose emissions data through the CDP Supply Chain Program. 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.

We also strive to engage a diverse supply base reflecting the communities where we live, work and serve. Eaton actively seeks to provide business opportunities to businesses that include small, veteran-owned, disabled-owned, minority-owned, women-owned and historically underutilized business zone suppliers.

Eaton's combined spending with minority, women and veteran-owned diverse businesses was greater than 33 percent of supplier spending in the U.S. in 2019 with a total of \$829 million going to minority, women, and veteran-owned businesses. Collectively, we purchased \$1.9 billion

HIGHLIGHT “Best of the Decade for Supplier Diversity”

Minority Business News (MBNUSA) named Eaton among the companies leading the way in supplier diversity. The award recognizes companies that promote supplier diversity to improve business performance; identify opportunities to include and grow diverse suppliers; create a positive environment for procurement employees; and encourage innovative ideas among employees and suppliers.

“

Eaton earned an

A-

in Supplier Engagement on Climate Issues from CDP.

”



of goods and services from small and diverse suppliers in 2019. Eaton purchases with minority-owned firms increased by more than 1.5 percent while purchases with women-owned business grew more than 14 percent and purchases with veteran-owned businesses increased more than 9 percent.

HIGHLIGHT CDP supplier sustainability score of A-

We have been recognized by the CDP at the Leadership level in engaging our suppliers to advance a more sustainable future. We participate in the CDP Supply Chain Program global disclosure process, allowing us to assess our key suppliers' greenhouse gas (GHG) emissions and management practices. In 2019, CDP awarded us a rating of A- on supplier engagement, in recognition of our commitment to achieve accountability in sustainable practices among our suppliers.



Ethics

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, forming 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

HIGHLIGHT New distribution center is model of sustainability

Due to the rapid growth of our electrical business in Europe over the past decade, we enhanced our supply chain strategy with an innovative and automated new distribution center in Rheinbach, Germany. Partnering with logistics specialist DHL Supply Chain, the new center sharpens our competitive edge and helps provide a safer and more sustainable workplace. Built to meet the German Sustainable Building Council's 2015 Gold Standard, our own power management solutions are integrated throughout the site to minimize its energy and environmental footprint—including LED and emergency lighting, preparation for energy storage capabilities, and low and medium voltage power distribution.



Our purchases with women-owned entities increased by

14%



employees worldwide. Every new Eaton employee receives training on the Code of Ethics as part of the onboarding process and employees are required annually to read and reaffirm in writing their commitment to the principles of the Code of Ethics. One hundred percent of our targeted managers affirm that they read, know and comply with the principles in Eaton's Code of Ethics and 98 percent of their direct reports received training on ethics and compliance. All of our employees have access to the anonymous Help Line.



2019 “World’s Most Ethical Companies”

Ethisphere, a global leader in defining and advancing the standards of ethical business practices named Eaton among the 2019 World’s Most Ethical Companies. Companies on the list meet rigorous criteria in the quality of their ethics and compliance program, organizational culture, corporate citizenship and responsibility, governance, leadership and reputation.

More than ever, global companies are stepping up to advance society and addressing issues like diversity and inclusion, supporting the rule of law, and advancing human rights. Ethisphere CEO Timothy Erlich says, “We congratulate all honorees for making our world a better place by blending profit and purpose in a meaningful way.”



98%

Direct reports trained on ethics and compliance



Partnering for sustainability

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

U.S. Department of Energy (DOE)

- We marked one year of a cooperative agreement with the DOE's National Renewable Energy Laboratory (NREL) in Golden, Colorado. About 17 Eaton employees work on-site at NREL to accelerate the scale and pace of innovation on microgrids, energy storage systems, smart grids and other power management technologies.
- DOE and Eaton data science teams met at our Center for Intelligent Power in Dublin, Ireland, to share our insights on edge computing, decoding the power genome and intelligent machines to expand digital platforms and capabilities.
- We supplied components to truck manufacturers participating in the U.S. Department of Energy's (DOE) SuperTruck II program seeking to improve freight and engine brake efficiency. Our leading-edge technologies help these original equipment manufacturer (OEM) teams improve fuel economy and reduce emissions.

World Business Council for Sustainable Development (WBCSD)

For more than 10 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.
- In 2019, we partnered with WBCSD to convene a Portfolio Sustainability Assessment workshop for the Manufacturing Sector exploring the creation of a standardized and credible approach to quantifying and reporting on sustainable products.



100%

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



KPIT electrified mobility technology

We formed a strategic alliance with global technology company KPIT to support development of our eMobility business unit's next-generation electrified mobility technologies. With its proven expertise in mobility and years of experience in electric powertrain technologies, KPIT is our extended team addressing the most complex challenges in the development of cleaner, safer electric vehicles. KPIT gives us a competitive advantage in a global vehicle electrification market, which is projected to grow to 15 million pure battery-electric vehicles by 2030.

European Commission

Since 1960 Eaton has been a pioneer of green alternatives to sulfur hexafluoride (SF_6) gas as an insulating material in medium-voltage switchgear used by industry and electrical utilities. According to the Intergovernmental Panel on Climate Change (IPCC), SF_6 is the most potent greenhouse gas, with a global warming potential 23,500 times greater than that of CO_2 over a 100-year period. Eaton has a significant installed base around the world—over 1 million medium voltage panels using its innovative vacuum and solid-state insulation SF_6 -free switching technology. This capability has become especially relevant as governments—for example the European Union and California—set out ambitions to eliminate use of SF_6 in all applications.

//
*Since 1960
Eaton has been
a pioneer
of green
alternatives
to SF_6 gas*
//

Transparency

As good global citizens, we tell our story to demonstrate our contribution and meet expectations of transparency. 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 environmental, social and governance (ESG) progress.

Reporting and disclosure frameworks

We report our material issues in accordance with the Global Reporting Initiative and we have aligned our disclosures with reputable ESG frameworks including: Sustainable Accounting Standards Board, ISO 26000, Task Force on Climate Related Disclosures and the United Nations Sustainable Development Goals. Detailed content indices for these reporting and disclosure frameworks are [published online](#).

Ratings, rankings and recognition

We are proud to have received recognition from the world's leading ratings and ranking agencies for our sustainability efforts and achievements:

With operations in Africa since 1927, Eaton is proud to achieve top rating as a [Broad-Based Black Economic Empowerment](#) contributor in South Africa for the third consecutive year. The **BBBEE** program seeks to address social harm caused by apartheid and to enhance economic participation of previously disadvantaged people of color in the country's economy.

Eaton was awarded the **EcoVadis silver level** ranking, placing us among the **top 25 percent in quality of Corporate Social Responsibility (CSR) management**.

We have been recognized by **CDP** at the Leadership level for **environmental transparency and performance**. We are honored to receive an **A- ranking on our 2019 climate change score**, which is an above-average ranking for our sector. We also received an A- in Supplier Engagement and a B ranking for our CDP Water Disclosure.

We received an **ESG Risk Rating level of 17** from **Sustainalytics** which is considered Low Risk.

Institutional Shareholder Services (ISS) is the world's leading provider of corporate governance. Eaton's ISS Corporate Rating is a C, which places us in the second decile as a high performer relative to our industry group.

We scored 3.4 out of 5 on the **FTSE Russell ESG** rating, putting us in the **74th percentile for the industrial goods and services sector**.

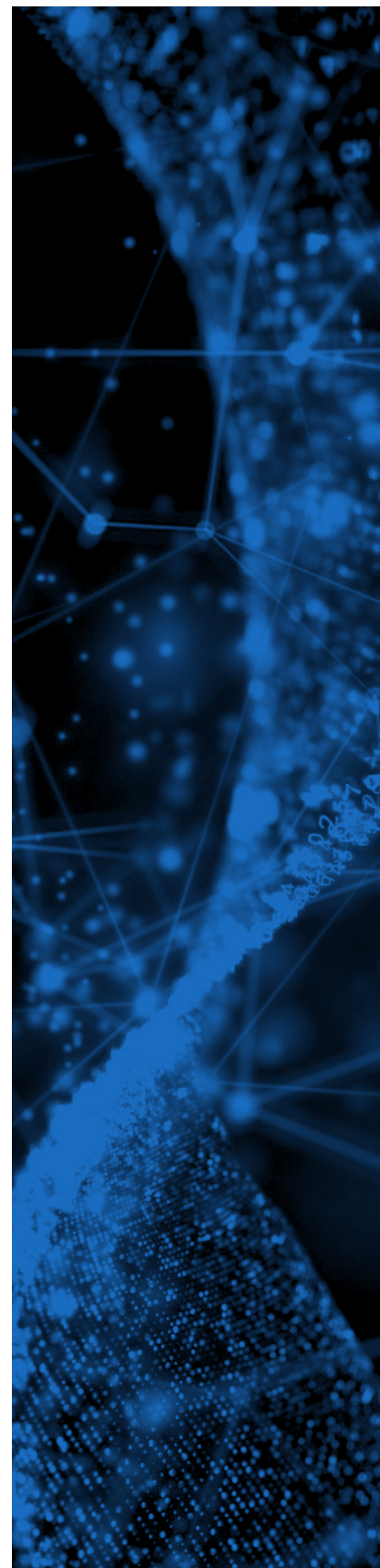
We earned a **BBB** rating from **MSCI**.

We were included in the **MSCI World ESG Leaders Index**, which provides exposure to companies with high ESG performance relative to their sector peers.

Eaton has been selected for inclusion in the **FTSE4Good Index Series** for the past three years, **demonstrating our strong ESG practices**.

We were included in the **2020 Carbon Clean 200™** list of publicly traded companies leading the way in the transition to a clean energy future.

See our [full reports and disclosures](#) for sustainability online.



Committing to what matters

Sustainability 2030

At Eaton, sustainability is at the core of our mission—to improve the quality of life and the environment. The following outlines our long-term strategy to ensure a healthy planet that supports all our stakeholders—including employees, customers, shareholders, suppliers and our communities.

2030 Goals

Doing business right and transparency

- Disclose our performance using rigorous and credible global standards
- Address key societal issues
- Operate with integrity

Operational footprint

- Focus on mitigating climate change and optimizing use of resources

Customer solutions

- Help our customers achieve their sustainability goals
- Accelerate the development of solutions for near- and long-term impact

Employee development and engagement

- Utilize the ingenuity of our employees in solving sustainability challenges
- Improve the communities in which we live and work

To get there, we aim to...

Doing business right and transparency



Achieve class-leading safety performance: 0.25 Total Recordable Case Rate and 0.15 Days Away Case Rate



Report our ESG material issues in alignment with Sustainability Accounting Standards Board (SASB) and Taskforce on Climate Related Financial Disclosures (TCFD) requirements



Share our minority and gender pay equity assurance results and ensure no human rights violations from our key suppliers

Operational footprint



Reduce carbon emissions from our operations 50%



Achieve carbon neutral operations



Certify 100% of our manufacturing sites as zero waste-to-landfill



Certify 10% of our manufacturing sites as zero water discharge

Customer solutions



Provide world-leading intelligent power management solutions and reduce Scope 3 emissions from our solutions and throughout our value chain 15%

Employee development and engagement



Achieve and maintain employee engagement scores of 80% or higher



Commit to 12 hours of training and development per employee per year



Clock 250,000 hours of employee volunteer time annually



How we'll achieve our targets

We will establish a chartered executive sustainability council chaired by our CEO to provide oversight of our sustainability strategy.

\$3 billion

in research and development

We plan to invest more than \$3 billion in research and development over the next 10 years to create sustainable and energy efficient solutions for our customers.

By 2030

achieve science-based target and carbon neutral operations

We aim to achieve a science-based target and carbon neutral operations by 2030 by implementing energy efficient solutions in our operations, optimizing renewable energy generation and purchases, greening our energy contracts and purchasing carbon offsets where necessary.

We will continue to reduce our operational footprint by accelerating our zero waste-to-landfill initiative and replicating our successful waste reduction approach to achieve our new water target.



Our strategy is:

In service to our core mission and vision

Bold and comprehensive

Measurable and auditable

Embedded in our core business strategy

Integrated into governance processes

A commitment to transparently communicate progress



The science of climate action

A science-based target is an objective, scientific evaluation of what is needed to reduce global greenhouse gas emissions and limit catastrophic climate change. These targets provide specific objectives for companies to manage their emissions in the near-and long-term.

Our ambitious 2030 greenhouse gas targets are consistent with the challenge presented to corporations by the Intergovernmental Panel on Climate Change (IPCC), the United Nations body for assessing the science related to climate change. The group recently declared a climate emergency and issued an urgent request to companies around the world to limit global warming to 1.5° C. We are committed to doing our part in the global response to the threat of climate change.

limit
**global
warming**
to **1.5° C**

About this report

Reporting method

Our 2019 Sustainability Report describes the strategy, organization, initiatives, programs, management systems and goals for Eaton's sustainability initiative. It focuses on our material issues and supplements our financial reporting in the Annual Report. This report is based on activities carried out during the 2019 calendar year (January-December 2019). Given Eaton's size and global operations, data is collected through various internal reporting systems.

GRI

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards using the Comprehensive option. GRI is an independent international organization that has pioneered sustainability reporting since 1997. Eaton is committed to the Global Reporting Initiative Standards for reporting the company's sustainability performance. Sustainability reports based on this framework can be used to demonstrate organizational commitment to sustainable development, to compare performance over time, and to measure performance with respect to laws, norms, standards and voluntary initiatives. [View our GRI Content Index online.](#)

SASB

Eaton reports on all material issues identified by the Sustainable Accounting Standards Board (SASB) for our industry. View our [ESG Results for our SASB materials issues online.](#)

Third-party verification

Our greenhouse gases and zero waste-to-landfill metrics have been third-party verified and are determined to be materially correct. [View our verification statements online.](#)



We make what matters work. Sustainably.



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)