

People, Technology Drive Eaton's Sustainability Progress

As a power management company, Eaton develops innovative solutions that help our customers achieve economic growth in a sustainable way. At Eaton, sustainability represents an opportunity, and every day we move forward on that mission — with purpose.

The majority of our annual R&D budget is dedicated to that very mission every year. Eaton engineers design and develop products with sustainability as a driving force, such as:

- ▶ LED lighting that reduces power consumption and heat while improving optical performance,
- ▶ Fuel and pneumatic systems that help decrease jet fuel consumption and greenhouse gas (GHG) emissions, and
- ▶ Innovative filtration technologies that reduce the need for disposable material while providing finer debris filtration in critical manufacturing processes.

Eaton was an early leader in onboard refueling vapor recovery (ORVR) systems that reduce GHG emissions by about 95 percent during refueling. Such systems have been in use in the United States for some time, and now China — the world's largest market for passenger and commercial vehicles — is implementing ORVR in early 2017 for cities between Beijing and Guangzhou.

We apply Eaton technology to our own sustainability efforts. A comprehensive LED lighting project at our electrical facility in Arden, NC, reduced annual carbon emissions by 2.5 million pounds and nitrogen oxides by nearly 22,000 pounds. The facility replaced 600 fluorescent bulbs with Eaton's award-winning lighting products and a new programmable lighting system. Since 2010, Eaton has cut global GHG emissions by 276,000 metric tons — a 24.5 percent reduction. These results are scalable well beyond Eaton. For example, we can use our learnings to help states and utilities comply with the U.S. Environmental Protection Agency's Clean Power Plan requirements.

Innovation doesn't always come from a laboratory. Embodying Eaton's philosophy of "doing business right," more than 10,000 employees across the globe participated in World Environment Month in June 2015, proving to be key innovators in their communities through projects that raised environmental awareness and reduced environmental footprints.

We're now taking that commitment a step forward by examining the full equation — how our actions and products affect the environment by putting more back into society, the environment and the global economy than we take out. Through our partnership with Harvard's Sustainability and Health Initiative for NetPositive Enterprise, we're working with other thought leaders to focus on the "net positive" impact our business, technologies and people can make on the world.



Alexander M. Cutler

Chairman and Chief Executive Officer



www.eaton.com/sustainability

"As a power management company, Eaton develops innovative solutions that help our customers achieve economic growth in a sustainable way. Sustainability represents an opportunity, and every day we move forward on that mission — with purpose."

SOLUTIONS AT WORK

One of Eaton's sustainability challenges is to make our manufacturing plants more energy efficient and sustainable. Many of our aerospace, hydraulics, electrical and vehicle plants are using new technologies to upgrade their facilities with energy-saving projects. For example, in 2015, more than 25 plants completed lighting optimization programs by replacing inefficient lighting with Eaton's own cutting-edge LED luminaires and programmable lighting systems. The luminaires are manufactured at company plants acquired during our acquisition of Cooper Industries in 2012. These projects will eliminate annual greenhouse gas emissions by more than 2,600 metric tons.