

0.1

Introduction

Please give a general description and introduction to your organization

One hundred years ago, entrepreneur Joseph Eaton developed a transformational axle that enabled trucks to endure the rugged roads of the early 20th century, save fuel and reduce maintenance costs. That single product launched what became Eaton Corporation and established a long tradition of developing innovative power management solutions for our customers.

Innovation continues to drive our success. Led by a network of global Innovation Centers, Eaton people worldwide are developing tomorrow's breakthroughs in energy efficiency, fuel economy and greenhouse gas reduction. In January 2012, we opened a new Innovation Center in Prague—our fifth center, complementing facilities in the U.S., China and India. We estimate that new technologies being developed by Eaton have the potential to reduce the CO2 emissions of our applications by more than 60 percent by 2050, helping to combat global warming.

Eaton's technologies improve the energy efficiency of buildings, vehicles and machinery, help to conserve natural resources, shrink the carbon footprints of our customers and reduce the environmental impact of everyday life. Eaton technology applications include hybrid powertrains that boost fuel economy and reduce emissions in commercial vehicles; electrical control systems for the efficient use of power in buildings and homes; hydraulic aircraft systems that reduce weight and save fuel; automotive superchargers for enhanced fuel economy; electrical and hydraulic products for solar and wind systems; and many more.

Just as important, Eaton technology is helping us improve the sustainability of our own operations. In 2011, we opened two new data center facilities in Kentucky, both of which incorporate Eaton's energy management technologies and other innovations to reduce square footage, maximize energy efficiency and conserve water.

We're applying similar ideas to the design of our new world headquarters in the Cleveland area. Opening in 2013, the facility will feature many Eaton products—including variable frequency drives and a Forseer monitoring system—as well as a novel HVAC system that will collectively reduce the building's energy use by about 40 percent. A 288-kilowatt rooftop solar array will further showcase Eaton's technologies.

This type of innovation will help us achieve our commitment to reduce our global energy use by 25 percent, indexed to sales, from 2006 to 2016 as a member of the U.S. Department of Energy's Save Energy Now LEADER program.

In the tradition of Joseph Eaton, our company will continue to develop the technology and innovative solutions to meet global demand for safe, reliable and sustainable power.

Alexander M. Cutler
Chairman and Chief Executive Officer
Eaton Corporation

0.2

Reporting Year

Please state the start and end date of the year for which you are reporting data.

The current reporting year is the latest/most recent 12-month period for which data is reported. Enter the dates of this year first.

We request data for more than one reporting period for some emission accounting questions. Please provide data for the three years prior to the current reporting year if you have not provided this information before, or if this is the first time you have answered a CDP information request. (This does not apply if you have been offered and selected the option of answering the shorter questionnaire). If you are going to provide additional years of data, please give the dates of those reporting periods here. Work backwards from the most recent reporting year.

Please enter dates in following format: day(DD)/month(MM)/year(YYYY) (i.e. 31/01/2001).

Enter Periods that will be disclosed
Fri 01 Oct 2010 - Fri 30 Sep 2011

0.3

Country list configuration

Please select the countries for which you will be supplying data. This selection will be carried forward to assist you in completing your response

Select country
Rest of world
United States of America
Brazil

Select country
United Kingdom
Poland
Puerto Rico
China
Mexico
Italy
Germany

0.4

Currency selection

Please select the currency in which you would like to submit your response. All financial information contained in the response should be in this currency.

USD(\$)

0.5

Please select if you wish to complete a shorter information request

0.6

Modules

As part of the Investor CDP information request, electric utilities, companies with electric utility activities or assets, companies in the automobile or auto component manufacture sectors and companies in the oil and gas industry should complete supplementary questions in addition to the main questionnaire.

If you are in these sectors (according to the Global Industry Classification Standard (GICS)), the corresponding sector modules will be marked as default options to your information request. If you want to query your classification, please email respond@cdproject.net.

If you have not been presented with a sector module that you consider would be appropriate for your company to answer, please select the module below. If you wish to view the questions first, please see <https://www.cdproject.net/en-US/Programmes/Pages/More-questionnaires.aspx>.

1.1

Where is the highest level of direct responsibility for climate change within your company?

Individual/Sub-set of the Board or other committee appointed by the Board

1.1a

Please identify the position of the individual or name of the committee with this responsibility

Responsibility for all Environmental issues resides with Eaton's Environment, Health and Safety Council. Eaton has delegated overall management responsibility for climate change-related issues to a corporate officer, Uday Yadav, Executive Vice President -- Eaton Business System, who is a member of Eaton's Senior Leadership Committee and reports to the Chairman and CEO, Alexander Cutler.

1.2

Do you provide incentives for the management of climate change issues, including the attainment of targets?

Yes

1.2a

Please complete the table

Who is entitled to benefit from these incentives?	The type of incentives	Incentivised performance indicator
Management group	Monetary reward	In 2011, achieve a 6 percent reduction in greenhouse gas emissions, indexed for sales; a 3 percent reduction in waste generation and water consumption, indexed for sales; and reduce Days Away Case Rate to 0.3 and Total Recordable Case Rate to .90.
All employees	Recognition (non-monetary)	In 2011, achieve a 6 percent reduction in greenhouse gas emissions, indexed for sales; a 3 percent reduction in waste generation and water consumption, indexed for sales; and reduce Days Away Case Rate to 0.3 and Total Recordable Case Rate to .90.

2.1

Please select the option that best describes your risk management procedures with regard to climate change risks and opportunities

Integrated into multi-disciplinary company wide risk management processes

2.1a

Please provide further details (see guidance)

(i) Scope of process and (ii) how risks/opportunities are assessed at the company level:

Under the direct supervision of the Board of Directors, risks are assessed at the company level by Eaton's Senior Leadership Committee (SLC), which is the most senior management committee within the corporation. Risk is managed on an enterprise-wide basis using a unified risk management framework. Eaton typically identifies 10-14 major risks each year that could materially affect the company's businesses, financial condition or results of operations. The SLC appoints company task forces (led by SLC members) to manage these risks. Results are reported to the Board of Directors

Eaton management continuously monitors the material risks facing the company, including strategic, financial, operational, legal and compliance risks. Our risk processes address issues associated with climate change, including customer requirements/issues (e.g., need for energy efficient products to address climate change regulations, consumer demands, profitability); Environmental (including new regulations influenced by climate change); Supply Chain (including weather related disruptions influenced by climate change, disruptions including raw materials needed to develop and manufacture innovative products needed by our customers to address energy efficiency and emissions reduction.)

(v) Criteria for Priorities: Factors used to systematically define risks at all levels of the company, including those related to climate change, are: probability (likeliness that an event will actually occur); magnitude of damage (financial, reputational, societal); time horizon (how long Eaton will be exposed to the risk); correlation (how various risks might be related to each other); litigation; environmental regulation and remediation; and volatility of end markets that Eaton serves.

(iv) Monitoring of risks is a continuous process.(vi) Results are reported to the SLC and then to the Board of Directors.

Enterprise Risk Management (ERM): Eaton's ERM governance structure helps identify and address physical risks, including increased storm activity, hurricanes, floods, etc. This system includes a crisis communications and emergency response plan, which in turn includes an emergency response Hotline. A call to the Eaton Hotline immediately engages the Corporate Emergency Response Team which can provide resources to help a facility deal with emergencies and also assist in communications and decision-making. Other programs that support ERM's governance structure include business continuity, travel and employee security, information technology, disaster recovery, intellectual property protection and pandemic preparedness. **(iv)** The ERM meets on a quarterly basis to monitor potential crisis situations, and will meet on a continuous basis in the midst of a crisis. **(vi)** Results are reported to the leadership of the Corporate Event Response Team, including the executive vice president, Eaton Business System, and the senior VP, Communications. They will decide whether to notify the CEO and Board of Directors.

(iii) Asset level planning and evaluation: Eaton conducts strategic planning and risk analysis at all of its facilities and associated businesses. One of the factors considered involves potential environmental impacts to the business. Physical risks such as changing weather patterns, rising temperatures and other natural disasters are reviewed. An outcome of these meetings is the development of local response plans designed to address catastrophic occurrences. Voluntary projects to reduce carbon emissions and contribute to climate change mitigation are also assessed, along with mandatory projects for environmental remediation and/or regulation. **(iv)** Meetings at manufacturing facilities are held on a weekly basis, and more frequently when responding to a developing risk.

(vi) Results reported to the chief executive of the affected Eaton business, and, if necessary, to the Eaton CEO and Board of Directors.

Management of Environment, Safety, Security, and Health (MESH) process: For

For environmental and safety issues planning, Eaton has developed a process called MESH (Management of Environment, Safety, Security and Health), a globally deployed, unified system that consolidates all EHS and compliance programs into one integrated management system. MESH has three components: Process & Compliance; Culture; and Results. Process & Compliance sets requirements in 10 EHS categories and drives regulatory compliance at the facility. Culture relates to how well each facility demonstrates EHS engagement at all levels. The Results component focuses on achieving EHS performance metrics. Targets, objectives and performance goals are set for each component. **(iv)** Eaton facilities undergo a corporate MESH assessment every three years, but also conduct self-assessments each year to keep track of performance. **(vi.)** Results are reported to Senior VP, EHS and, if necessary, to the chief executive of the appropriate Eaton business, or the Board of Directors.

Eaton Business System (EBS) provides a disciplined set of processes and tools that ensure enterprise-wide alignment and compliance, rapid recognition and transfer of best practices. EBS encompasses Eaton's core values, policies and processes used to conduct business and measure, assess and improve performance. EBS provides these tools:

- Eaton Lean Six Sigma – ELSS eliminates waste, simplifies processes, reduces cycle times and enables us to more effectively deploy resources within quality-intensive systems.
- PROLaunch – a set of integrated processes designed to guide our program and project management processes, including product development from concept through production launch. Eaton's "Design for the Environment" (DFE) program is part of this process. Using DFE, we are looking at our products to determine the environmental impact throughout the life of the product, and developing ways to minimize that impact and help mitigate climate change.
- Supply Chain Management – a comprehensive set of tactics to strengthen and diversify supplier relationships worldwide while achieving maximum value in commodity management, global logistics and sourcing. Risks assessed include interruptions due to physical risks resulting from climate change.

(vi.) Results are reported to Executive VP of EBS, and to the chief executive of Eaton's businesses.

2.2

Is climate change integrated into your business strategy?

Yes

2.2a

Please describe the process and outcomes (see guidance)

(i) Eaton has undergone dramatic changes over the past 13 years. Today, Eaton is a power management company. In both the short- and long-term, our strategy is to invest heavily in cutting-edge technologies that make a real difference in solving our customers' most challenging power management problems, including those influenced by the threat of climate change. Around the world, demand for our products that improve fuel economy, reduce carbon emissions and improve safety is accelerating. Our strategy of innovation, acquisition, manufacturing, services, and a balanced business portfolio will fuel our growth and satisfy that demand. This strategy is based on our firm belief that power management will be one of the most powerful megatrends for decades to come.

(ii) Climate change aspects that have influenced this strategy include:

- The pressure on global energy costs and availability leading to ever-increasing costs of extraction, processing, distribution and utilization;
- An evolving regulatory regime focusing on carbon reduction, Renewable Energy Standards, mileage and bio-fuel requirements, and energy efficiency for buildings, all of which are part of Eaton's core power management business.
- Eaton customers are demanding new carbon reduction technologies to respond to the potential impact of climate change;
- The continuing efforts of local, state, federal and international governments to jump start robust "green energy" industries through credits, grants, and other incentives.

1. (iii) & (iv) In both our short- and long-term views, we see pressure on global energy costs and availability. As a result, the ever-increasing cost of extraction, processing, distribution and utilization powers our business. Our customers have and will continue to respond to the strong economic, sustainability and regulatory forces occasioned by this energy megatrend. They need new technologies to reduce their use of energy and improve their own carbon footprints. That's what Eaton does. Now, and in the foreseeable future, our strategy is to invest heavily in cutting-edge technologies that improve the energy efficiency of buildings, vehicles and machinery, help to conserve natural resources, shrink the carbon footprints of our customers, and reduce the environmental impact of everyday life. Through R&D, acquisition, manufacturing and services, along with our balanced business strategy, Eaton's strategy continues to focus on growth and positioning for a more carbon-constrained world influenced by the potential threat of climate change. This strategy is based on our firm belief that power management will be one of the most powerful megatrends for decades to come. (v) Eaton has historically been a company with very advanced technologies and a strong reputation for being able to apply that technology to commercial advantage for our customers. As the world becomes more focused on energy conservation and reducing GHG emissions, Eaton is extremely well-positioned. Eaton is a diversified industrial company with energy solutions in a variety of fields. We're well balanced globally – with about 55% of our business outside of the U.S. and 45% in the U.S. We're also balanced through economic cycles. About one-third of our businesses hit the peak of their economic activity in the early portion of the cycle. About another third hits in the middle portion, and another third hit in the late portion. So, Eaton is unusually well-positioned to compete right through the economic cycle in any region of the world. Our largest business – Electrical – utilizes a broad array of applications that helps our customers conserve energy and reduce their carbon footprints. One of the major concerns today is energy efficiency in buildings, where Eaton can provide more than 20 of the different categories that contribute to Leadership in Energy and Environmental Design (LEED) points. Other examples of Eaton's strategic advantage:• As a world leader in hybrid power systems for commercial vehicles, Eaton's hybrid systems have accumulated more than 200 million miles of service and helped save more than 8 million gallons of fuel while reducing emissions by 80,000 tons. • With more than 2,000 Eaton Electric Vehicle charging stations installed in strategic locations across the U.S., we are a leader in building the infrastructure vital to this new mode of transportation. • Eaton automotive superchargers enable small, efficient automobile engines to deliver the power of much larger ones, while using less fuel and reducing emissions. • Eaton spent \$417 million for Research and Development on innovative power management solutions for our customers. In 2011, we completed a new Innovation Center in Prague—our fifth center, complementing facilities in the U.S., China and India. We estimate that new technologies being developed at Eaton Innovation Centers have the potential to reduce the CO2 emissions of our applications by more than

60 percent by 2050, helping to help mitigate climate change. Eaton maintained its strong R&D investments through the 2009 recession which helped accelerate the company's recovery in Return on Invested Capital (ROIC) from 5.8 percent in 2009 to 12.9 percent in 2011.(vi) Eaton's most substantial business decisions based on climate change aspects include:• Acquired 12 businesses and entered into two Joint Ventures in separate transactions at a cost of \$325 million, strengthening the company's core power management portfolio. The acquired companies make products that improve energy efficiency, reduce fuel use and reduce carbon footprints, thereby positioning Eaton to overcome risks imposed by a carbon constrained world.• Completed worldwide energy-saving projects that included lighting upgrades, building shell insulation, equipment upgrades, heat recovery, compressed air installation, ventilator control and energy management. These projects will eliminate about 85,000 metric tons of GHG emissions per year at a capital cost of about \$17 million and annual savings projected at \$6 million (compared to a baseline building design following American Society of Heating, Refrigerating and Air Conditioning Engineers (ASHRAE) minimum code requirements).• Committed to reducing company GHG emissions another 25 percent, indexed for sales, by 2015. From 2006 to 2011, Eaton reduced GHG emissions, indexed for sales, by 23 percent. The reduction exceeded a company commitment to lower emissions by 18 percent by 2012 – a year ahead of schedule. Eaton has also pledged to reduce global energy use by 25 percent, indexed to sales, between 2006 and 2016, as a member of the U.S.DOE Save Energy Now program.

2.2b

Please explain why not

2.3

Do you engage with policy makers to encourage further action on mitigation and/or adaptation?

Yes

2.3a

Please explain (i) the engagement process and (ii) actions you are advocating

Eaton is focused on creating innovative and affordable technologies and services that promote energy efficiency and help customers reduce their impact on the environment. Eaton has had discussions with congressional staff members regarding climate change related issues. These discussions have focused on encouraging market-based incentives for technology development and deployment that will reduce emissions and improve energy efficiency resulting in climate change mitigation and adaptation.

Eaton also engages in relationships and partnerships with government agencies: EPA, Dept. of Energy (DOE) and Dept. of Defense (DOD), General Services Administration (GSA), Dept. of Transportation (DOT), Dept. of Homeland Security(DHS); trade associations: Assoc. of Electrical Equipment and Medical Imaging

Manufacturers (NEMA); American Trucking Assoc. (ATA); American Council on Energy Efficient Economy (ACEEE); Electric Drive Transportation Assoc. (EDTA); American Wind Energy Assoc. (AWEC); Industrial Energy Efficiency Coalition (IEEC) and non-government organizations: Union of Concerned Scientists (UCS), National Resources Defense Council (NRDC) and other groups to better leverage sustainability successes toward climate change mitigation and adaptation.

Eaton has engaged with policy makers on the following actions:

- **(i)** Eaton endorses the EPA's new Corporate Average Fuel Economy (CAFÉ) and GHG standards which mandate that vehicle fleets achieve an average of 54.5 mpg by 2025, thereby reducing fuel use and carbon emissions. Eaton worked with EPA and trade organizations, including NEMA, EPA, and DOT. **(ii)** Topics included policy, products/technologies. **(iii)** Eaton submitted comments for formulation of new standards and subsequent revisions **Actions advocated:** approval of EPA's stricter fuel requirements.
- Eaton is a partner in the DOE's 21st Century Truck Partnership whose vision is to ensure that our nation's trucks and buses move larger volumes of freight and greater numbers of passengers while emitting little or no pollution and reducing dependency on foreign oil. Eaton has technologies and products such as advanced hybrid electric power systems for commercial vehicles, energy efficient truck transmissions, fuel efficient lubricants and more that reduce energy consumption and GHG emissions. **(i)** Engaged with DOE, ATA **(ii)** Topics covered products/technologies and policy issues. **(iii)** Submitted ideas for conserving fuel and reducing emissions based on Eaton's expertise with its own energy efficient products and technologies. **Actions advocated:** Eaton became a signatory to the partnership's goals.
- Eaton supports Senate Bill 1000: Energy Savings and Industrial Competitiveness Act, which promotes energy savings in homes and businesses. By leveraging federal dollars to help companies and families pay for efficiency upgrades, the legislation would help our economy reduce energy costs and GHG emissions and create jobs for construction firms that perform efficiency retrofits and for manufacturers that produce energy-efficient technologies. **(i)** Engaged with NEMA, ACEEE, DOE and GSA **(ii)** Promote energy efficiencies as exemplified by Eaton's products/technologies which can help reduce energy use by up to 30 percent **(iii)** hosted product/technology forums for public officials, consultation and interaction with DOE and GSA. **Actions advocated:** Demonstrate the technology available to reach and set strong energy efficiency standards and market Eaton capabilities.
- The DOE has proposed rulemaking that will increase the efficiency level of electrical distribution transformers that would save consumers an estimated 1.58 quadrillion Btu over 30 years representing about \$2.9 – \$12.2 billion in savings and a significant reduction in GHG emissions. Eaton is among industry leaders in the production of energy efficient transformers for buildings. **(i)** Working through trade organizations (NEMA, NRDC) and government (DOE); **(ii)** Topics included rule making, products/technologies **(iii)** Work on strategy, develop proposals and provide product demonstrations **Action advocated:** Eaton endorses DOE's efforts to improve transformer efficiency, and believes that current technology and economic viability justify a high target for efficiency improvement and emissions reduction.
- Eaton supports extending the federal production tax credit on wind energy investments which expires on Dec. 31, 2012, and threatens to stall U.S. installations in 2013. Failure to renew could have a negative impact on climate change mitigation and adaptation efforts in the U.S. and hurt job creation. **(i)** Working with DOE , AWEC **(ii)** Topics include policy, products and technology **(iii)** lobbying through trade org. **Action advocated:** Approval of wind energy tax credit extension.

Did you have an emissions reduction target that was active (ongoing or reached completion) in the reporting year?

Absolute and intensity targets

3.1a

Please provide details of your absolute target

ID	Scope	% of emissions in scope	% reduction from base year	Base year	Base year emissions (metric tonnes CO2e)	Target year	Comment
12AB	Scope 1+2	100%	11%	2006	972000	2012	11.2% decrease in absolute emissions combined with a projected sales increase of 8.3% results in an indexed reduction of 18% (Eaton's GHG pledge to the Business Round Table).
15AB	Scope 1+2	100%	0%	2006	972000	2015	When compared to 2006 levels, Eaton plans to grow sales by 45% and emit no additional greenhouse gases.

3.1b

Please provide details of your intensity target

ID	Scope	% of emissions in scope	% reduction from base year	Metric	Base year	Normalized base year emissions	Target year	Comment
11IN	Scope 1+2	100%	6.0%	metric tonnes CO2e per unit revenue	2010	62.8	2011	The indexed emission rate for 2010 was 62.8 metric tons of carbon dioxide per million dollars of sales.
12IN	Scope 1+2	100%	18%	metric tonnes CO2e per unit revenue	2006	73.7	2012	The indexed emission rate for 2006 was 73.7 metric tons of carbon dioxide per million dollars of sales.
15IN	Scope 1+2	100%	25%	metric tonnes CO2e per unit revenue	2006	73.7	2015	The indexed emission rate for 2006 was 73.7 metric tons of carbon dioxide per million dollars of sales.

3.1c

Please also indicate what change in absolute emissions this intensity target reflects

ID	Direction of change anticipated in absolute Scope 1+2 emissions at target completion?	% change anticipated in absolute Scope 1+2 emissions	Direction of change anticipated in absolute Scope 3 emissions at target completion?	% change anticipated in absolute Scope 3 emissions	Comments
11IN	Increase	9	No change	0	Scope 3 is not included in Eaton's target.
12IN	Decrease	11	No change	0	Scope 3 is not included in Eaton's target.
15IN	No change	0	No change	0	Scope 3 is not included in Eaton's target.

3.1d

Please provide details on your progress against this target made in the reporting year

ID	% complete (time)	% complete (emissions)	Comment
11IN	100	100	Eaton achieved the goal.
12IN	84	100	Eaton achieved the goal a year ahead of schedule.
15IN	56	93	On target to achieve the goal in 2013 -- two years ahead of schedule.
12AB	84	100	Eaton achieved the goal a year ahead of schedule.
15AB	56	93	On target to achieve the goal.

3.1e

Please explain (i) why not; and (ii) forecast how your emissions will change over the next five years

3.2

Does the use of your goods and/or services directly enable GHG emissions to be avoided by a third party?

Yes

3.2a

Please provide details (see guidance)

(i) (ii) (iii): For all products below, estimations on emissions and energy savings are based on actual testing of our products against commercially available equivalent competing products, or the previous generation of the tested Eaton product. Eaton sustainable products and solutions include:

- The new Eaton Twin Vortices Series® (TVS®) supercharger will help the automotive industry provide improved fuel economy while at the same time lowering carbon GHG emissions up to 20 percent. The supercharger pumps air into an engine boosting its overall performance which allows vehicle manufacturers to replace larger engines with smaller, more fuel efficient engines. The Eaton TVS allowed Audi to downsize its powertrain offerings. Rather than offering a normally aspirated 4.2L V-8 in the previous-generation S4, Audi now offers the more compact supercharged V-6, while achieving 27% better fuel economy (a 6 mpg improvement) and a reduction of about 12 metric tons of CO₂ over five years of operation (based on fuel use for 15,000 miles per year, and using EPA's carbon conversion factors).
- Eaton's innovative technology has eliminated the use of sulfur hexafluoride (SF₆) gas in FMX switchgear. The Eaton SF₆-free FMX switchgear provides reliable switching, protection, metering and distribution of electrical energy. SF₆ is the most potent of the six main greenhouse gasses, with a Global Warming Potential (GWP) of 23,900, and an atmospheric life of 3,200 years. One pound of SF₆ has the same global warming impact as 11 tons of CO₂. Calculation: Each SF₆-free switchgear unit eliminates about 6 kg of SF₆. Emissions over the 40-year lifetime of a switchgear using SF₆ is 15 percent, or 0.9 kg., which is equivalent to 21 tons of CO₂ (0.9 x 23,900 = 21,510 kg CO₂ = 21 tons over 40 years).
- Protection Station 650 and 800 are combined Uninterruptible Power System (UPS), surge suppressor, and multiple socket devices with improved energy efficiency provided by an EcoControl function that automatically disables peripherals when the master drive is turned off. Laboratory testing of a typical home computer system demonstrated annual power consumption of 165 kWh for the Protection Station compared to 231 kWh for similar products without the EcoControl function. For 100,000 computers, the annual savings of 6,600,000 kWh reduces carbon emissions by 4,551 metric tons (using EPA carbon conversion factor).
- The APR48-ES Energy Saver Rectifier helps communications network operators cut energy costs across the network through greater operating efficiency and to meet aggressive carbon footprint reduction targets. The Energy Saver rectifier operates with over 96% efficiency (4% waste), reducing waste energy by at least 50% compared to normal industry efficiencies of 89-92% (>= 8% waste). It offers potential global annual savings of 5 million tons of CO₂ emissions for the telecom sector over a five-year period, using EPA conversion factor.
- Uninterruptible Power Systems (UPS) help reduce electricity consumption in data centers. These award-winning systems use less energy, require less cooling, and take up less space, significantly reducing our customers' energy use, carbon emissions and operating costs. Each 9395 UPS installed avoids about 4.8 million kg CO₂ equivalent compared to our legacy product over the product's 25 year useful life, based on EPA carbon conversion factor.

- Eaton offers the world's most complete line-up of fuel-saving hybrid systems for commercial vehicle applications. Customers using the company's hybrid systems on delivery trucks, buses, refuse and utility vehicles and other commercial applications have collectively accumulated more than 200 million miles of clean, reliable service and helped save more than 4 million gallons of fuel while reducing GHG emissions by 80,000 tons (using EPA conversion factor) over the past 7 years. Eaton hybrid electric, plug-in hybrid electric and hybrid hydraulic power systems achieve up to a 37 percent improvement in average fuel economy.
 - Many commercial vehicles keep power flowing to hydraulic pumps and motors whether the functions they control are operating or not. Eaton Power on Demand (POD) systems eliminate that waste by employing variable displacement systems that sense required flow and pressure during work cycles. On refuse trucks, for example, Eaton POD can help operators save up to 12 percent in fuel costs—or about 1,500 gallons of fuel per year per truck, and prevent more than 50 tons of CO2 from being emitted into the atmosphere over a five-year period, based on EPA conversion factor.
- iv) Eaton is not considering generating CERs or ERUs within the framework of CDM of JI(UNFCCC).

3.3

Did you have emissions reduction initiatives that were active within the reporting year (this can include those in the planning and/or implementation phases)

Yes

3.3a

Please identify the total number of projects at each stage of development, and for those in the implementation stages, estimated CO2e savings

Stage of development	Number of projects	Total estimated annual CO2e savings (only for rows marked *)
Under investigation	102	
To be implemented*	6	9000
Implementation commenced*	6	9000
Implemented*	21	6474
Not to be implemented	35	

3.3b

For those initiatives implemented in the reporting year, please provide details in the table below

Activity type	Description of activity	Estimated annual CO2e savings	Annual monetary savings (unit currency)	Investment required (unit currency)	Payback period
Energy efficiency: building services	Worldwide emissions reduction activities include relighting, HVAC upgrades, compressor optimization at key Eaton manufacturing plants plus Green Team Activities (cultural shifts). These activities accounted for a majority of the decrease. Examples include: we're making our manufacturing plants around the world more energy efficient. Many of our aerospace, hydraulics, electrical and vehicle plants have been upgrading their facilities with energy-saving projects. In 2011 completed projects that included lighting upgrades, building shell insulation, equipment upgrades, heat recovery, compressed air installation, ventilator control and energy management. These projects will eliminate about 85,000 metric tons of GHG emissions per year. Cost: \$17 million capital costs for upgrades. Potential Financial implications: annual energy savings projected at \$6 million. These projects are voluntary, and are targeted for Scope 1 and Scope 2 emissions as listed in Question 3.3a. Expected lifetime: >10 years.	85000	6000000	17000000	1-3 years
Energy efficiency: processes	Under construction in 2011, Eaton's new world headquarters building near Cleveland, OH, is a LEED-registered project with a goal of Gold certification. The building will feature many Eaton products – including variable frequency drives and a Forseer monitoring system – as well as a novel HVAC system design that will collectively reduce the building's energy use by about 40 percent. Energy efficient products and processes will help reduce carbon emissions by about 4,625 tons per year and save an estimated \$335,000 per year in energy costs. (compared to a baseline building design following American Society of Heating, Refrigerating and Air Conditioning Engineers (ASHRAE) minimum code requirements). Total cost of building construction is an estimated \$170 million. These efforts are voluntary and are targeted for Scope 1 and Scope 2 emissions. Expected lifetime >25 years.	4625	335000	7000000	>3 years
Low carbon energy installation	Eaton is installing two solar PV systems at its Hengelo Plant in Netherlands and Warrendale, PA, Technical Center. The 15 kW and 43 kW systems, respectively, will generate enough electricity to save Eaton \$15,000 annually. A \$50,000 grant will be used on a \$167,000 solar system at Warrendale. Both solar PV systems were self-funded by Eaton and will reduce CO2 emissions by 83 million tons per year. These efforts are voluntary and are targeted for Scope 1 emissions. Expected lifetime is >25 years.	83	15000	167000	>3 years

What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Dedicated budget for energy efficiency	Energy/GHG reduction projects: We're using new technologies and processes to make our manufacturing plants around the world more energy efficient. Many of our aerospace, hydraulics, electrical and vehicle plants in North America upgraded their facilities with energy-saving projects. Overall, Eaton completed 21 projects that included lighting upgrades, building shell insulation, equipment upgrades, heat recovery, compressed air installation, ventilator control and energy management. These projects will eliminate about 6,474 metric tons of GHG emissions per year at a capital cost of \$1.63 million and annual savings projected at \$860,000.
Dedicated budget for low carbon product R&D	Eaton's R&D efforts are focused on our customers' needs for innovative products and solutions that improve energy efficiency and reduce carbon emissions. In 2011, the company opened a new Innovation Center in Prague – our fifth center, complementing facilities in the U.S., China and India. We estimate that new technologies being developed at Eaton's innovation centers have the potential to reduce the CO2 emissions of our applications by up to 60 percent by 2050. Eaton spent \$417 million in 2011 for R&D to develop products and solutions that improve energy efficiency and reduce carbon emissions.
Internal incentives/recognition programs	Eaton's "Gamechangers" awards honor employees who drive breakthrough innovation, including emissions reduction activities. In 2011, one of the awards was given for a project that made 80 percent improvement in key environmental performance indicators in Eaton's industry leading Uninterruptible Power System (UPS).
Partnering with governments on technology development	Eaton is a partner in the U.S. Dept. of Energy's 21st Century Truck Partnership whose vision is to ensure that our nation's trucks and buses move larger volumes of freight and greater numbers of passengers while emitting little or no pollution and reducing dependency on foreign oil. Eaton has technologies and products such as advanced hybrid electric power systems for commercial vehicles, energy efficient truck transmissions, fuel efficient lubricants and more that reduce energy consumption and GHG emissions.
Partnering with governments on technology development	Eaton received a \$1.84 million grant from the U.S. Department of Energy for the development and demonstration of commercial electric vehicle chargers that work with and support the smart grid. Eaton's grant is part of a larger research and development funding program mandated by the federal government to help reduce the current costs of electric vehicle chargers by 50 percent over the next three years. Coordinating electric vehicles' use of smart chargers and smart grid technologies allows the grid to more efficiently manage the availability and reliability of power, especially during peak times and at popular charging locations. Eaton's work is focused on providing two-way communications with electric utilities and coordination with local smart meter networks.
Employee engagement	Eaton lets employees at our local facilities determine where we donate a large share of our contributions, based on the needs in their communities, including sustainability projects. For example, our Shenandoah, Iowa facility worked with local schools, Boy and Girl Scouts and the City to return 17 acres of managed land to back to natural prairie grass. Final seeding took place in 2011. The transformation will eliminate about one ton of GHG each year by eliminating the use of commercial equipment to cut grass. Also, the naturally filtering plants will help control water run-off from parking lots and provide a habitat for wildlife.

If you do not have any emissions reduction initiatives, please explain why not

Page: 4. Communication

4.1

Have you published information about your company's response to climate change and GHG emissions performance for this reporting year in other places than in your CDP response? If so, please attach the publication(s)

Publication	Page/Section Reference	Identify the attachment
In annual reports (complete)	pp. 6-21	Eaton 2011 Annual Report
In voluntary communications (complete)	See web page below	Eaton Sustainability web site
In voluntary communications (complete)	Slides 23-33	Eaton Sustainability presentation to external audiences

Attachments

[https://www.cdproject.net/Sites/2012/94/5194/Investor CDP 2012/Shared Documents/Attachments/InvestorCDP2012/4.Communication/CDP Metrics 2011web page.pdf](https://www.cdproject.net/Sites/2012/94/5194/Investor%20CDP%202012/Shared%20Documents/Attachments/InvestorCDP2012/4.Communication/CDP%20Metrics%202011web%20page.pdf)

[https://www.cdproject.net/Sites/2012/94/5194/Investor CDP 2012/Shared Documents/Attachments/InvestorCDP2012/4.Communication/Eaton2011AnnualReport\[1\].pdf](https://www.cdproject.net/Sites/2012/94/5194/Investor%20CDP%202012/Shared%20Documents/Attachments/InvestorCDP2012/4.Communication/Eaton2011AnnualReport[1].pdf)

[https://www.cdproject.net/Sites/2012/94/5194/Investor CDP 2012/Shared Documents/Attachments/InvestorCDP2012/4.Communication/Sustainability External Presentation_March2011.pdf](https://www.cdproject.net/Sites/2012/94/5194/Investor%20CDP%202012/Shared%20Documents/Attachments/InvestorCDP2012/4.Communication/Sustainability%20External%20Presentation_March2011.pdf)

Module: Risks and Opportunities [Investor]

Page: 2012-Investor-Risks&Opps-ClimateChangeRisks

5.1

Have you identified any climate change risks (current or future) that have potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply

- Risks driven by changes in regulation
- Risks driven by changes in physical climate parameters
- Risks driven by changes in other climate-related developments

5.1a

Please describe your risks driven by changes in regulation

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
A	Product efficiency regulations and standards	EPA's proposed 2017-2025 LD CAFÉ/GHG standards represent an aggressive target of 4-5% improvement per year from a baseline of about 35 mpg (2016) for the national automotive fleet. This will challenge the OEM's in terms of commercializing the necessary technologies while balancing against consumer preferences in size, weight, safety, and performance features. Likely scenarios are a combination of solutions involving vehicle mix, powertrain alternatives, optimizing electronic controls and intelligence, innovative weight reduction, fuel source options, and major infrastructure investments. The risk is that the regulations become fragmented, either at the national level with certain states imposing various levels of additional stringency, or at a global level, with large regional variations that will confuse the industry. Also, achieving CAFE standards could raise vehicle prices, thereby affecting sales of products using Eaton components. However, CAFE standards would strengthen demand for Eaton fuel-saving products such as hybrid power	Reduced demand for goods/services	6-10 years	Direct	Unlikely	Low

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
		systems for trucks and superchargers and other fuel-saving products for cars. These products help manufacturers build more efficient vehicles that reduce GHG emissions.					
B	Air pollution limits	EPA has proposed new regulations further limiting mercury emissions that will force many older coal burning power plants out of business. Since the rule's announcement in 2011, more than 100 coal burning power plants in the U.S. have publicly announced intentions to close. EPA estimates the rules will cost utilities at least \$9.4 billion by 2015, but industry estimates put the figure closer to \$80 billion, much of which would likely be passed on to business and residential customers. Closing coal plants could also threaten the national power grid's ability to supply peak power without major brownouts in the near-term, causing business disruptions and price spikes that may temporarily affect Eaton production, as well as that of our customers. Also, coal utilities that stay in business will need to install expensive equipment that will drive up consumer and business electric bills (EPA estimates an initial rise of 3 percent a year). Transitioning from coal to other fuels (particularly natural gas) will take time. The US Energy Information Administration reports that the nation's net electricity generation is already falling, down 7.1 percent from 2010 to 2011. Within Eaton's manufacturing facilities, the majority of carbon emissions result from using electricity and natural gas to heat and cool our buildings. However, Eaton's total energy cost is not significant when compared to raw material costs, and our overall carbon emissions are not exceedingly high when compared to heavier types of manufacturing. And as tax policy shifts consumer demand toward more energy efficient and/or more carbon neutral products, Eaton can offer a wide range of environmentally friendly products and services, including electrical power control systems for the efficient use of power and lower carbon emissions.	Increased operational cost	1-5 years	Indirect (Supply chain)	Likely	Low
C	Uncertainty surrounding new regulation	Following the tragedy at Japan's Fukushima nuclear plant and a boom in cheap energy from shale gas, nuclear power is being faced with new regulatory pressure. Recently, nuclear power	Reduced demand for goods/services	6-10 years	Direct	About as likely as not	Low-medium

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
		was banned in Japan, Germany, Switzerland and Italy. And despite two new permits issued for new nuclear plants in the U.S. (the first in 30 years), regulatory burdens and renewed environmental concerns could keep these plants from ever being built. Eaton has been a global supplier of electrical products and services to the nuclear power industry since the first commercial reactors went online in the 1970's. The current threats to nuclear power could affect Eaton's nuclear business. However, some developing countries continue to build plants using Eaton products, and Eaton will continue to service existing plants. This could offset any potential negative impact on the business.					
D	Air pollution limits	EPA has announced new rules to limit carbon emissions from new power plants that will effectively prevent any new coal burning power plants from being built. Plants will be limited to emissions of 1,000 pounds of CO2 per Megawatt hour of electricity. This could raise electricity rates for customers in areas where coal is a major source of electricity, particularly in the Midwest U.S. Offsetting the negative impact on Eaton's operating costs is Eaton's portfolio of energy efficient products used by utilities, and also the company's efforts to improve energy efficiency of its own facilities.	Increased operational cost	1-5 years	Direct	About as likely as not	Low-medium
E	Other regulatory drivers	The U.S. Department of Commerce has announced a ruling that would raise trade barriers against solar cells produced in China. The preliminary determination calls for tariffs ranging from 2.9 to 4.73% solar-cell imports from China. Although these initial rates are modest, the department will consider adding more tariffs over the next several months that could roil the solar panel industry and put pressure on Eaton's solar products and solutions.	Reduced demand for goods/services	1-5 years	Direct	Likely	Low
F	Other regulatory drivers	Subsidies for solar and wind energy companies are being cutback or eliminated by governments throughout the world. Across Europe, struggling economies are forcing cuts in public spending, including green energy subsidies. U.S. subsidies have been slowed after several companies receiving subsidies went bankrupt. The U.S. Federal production credit on wind	Reduced demand for goods/services	1-5 years	Direct	Very likely	Medium

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
		energy investments expires on Dec. 31, 2012. Further erosion of subsidies could stymie progress towards making solar and wind energy at competitive prices and affect Eaton's growing solar and wind products and solutions businesses.					

5.1b

Please describe (i) the potential financial implications of the risk before taking action; (ii) the methods you are using to manage this risk; and (iii) the costs associated with these actions

(i) Overall potential financial implications (relates to all of the risks identified -- A,B,C,D,E,F)

On balance, the potential financial implications of regulatory risks are minimal for Eaton. The effective combination of power management technologies that Eaton delivers today—and those that we are designing for tomorrow—provide a foundation to confront climate change and the inevitable regulatory structure, while minimizing the negative economic impact of higher energy costs in a carbon constrained world. Regulation would initially affect energy consumption issues at Eaton facilities, as well as the current and future product needs of our customers. Within Eaton's manufacturing facilities, the majority of carbon emissions results from using electricity and natural gas to heat and cool our buildings. However, Eaton's total energy cost is not significant when compared to raw material costs, and our overall carbon emissions are not exceedingly high when compared to heavier types of manufacturing. And as regulatory policy shifts consumer demand toward more energy efficient and/or more carbon neutral products, Eaton can offer a wide range of environmentally friendly products and services. After assessing future risks, including financial, regulatory, climate mitigation and others, Eaton estimates its end markets for all of 2012 will grow 5% with markets in all segments registering growth. The company anticipates that it will outgrow its end markets in 2012 by about \$320 million in net sales. These estimates were made in February, 2012.

(ii) Methods to manage risk, (iii) Costs of projects and programs to manage, and (i) potential financial implications:

Energy/GHG reduction projects (B,D):

- We're using new technologies and processes to make our manufacturing plants around the world more energy efficient. Many of our aerospace, hydraulics, electrical and vehicle plants around the world have been upgrading their facilities with energy-saving projects. In 2011 Eaton completed projects that included lighting upgrades, building shell insulation, equipment upgrades, heat recovery, compressed air installation, ventilator control and energy management. These projects will eliminate about 85,000 metric tons of GHG emissions per year. **Cost:** \$17 million capital costs for upgrades. **Potential Financial implications:** annual energy savings projected at \$6 million.
 - Eaton's new world headquarters building now under construction near Cleveland, OH, has received LEED Gold certification. The building will feature many Eaton products – including variable frequency drives and a Forseer monitoring system – as well as a novel HVAC system design that will collectively reduce the building's energy use by about 40 percent. Energy efficient products and processes will help reduce carbon emissions by about 4,625 tons per year. **Cost:** The energy efficiencies add about \$7 million in costs to the new world HQ. **Potential financial implications:** Eaton will save an estimated \$335,000 per year in energy costs.
- Acquisitions (A,B,D):** Eaton acquired 12 businesses and entered into two Joint Ventures in separate transactions. All acquisitions strengthen Eaton's core power

management portfolio and anticipate the risks and opportunities of carbon mitigation. The acquired companies make products that improve energy efficiency, reduce fuel use and reduce carbon footprints, thereby positioning Eaton to overcome risks imposed by a carbon constrained world. For example, E.A. Pedersen Company (\$37 million annual sales), acquired by Eaton in December, 2011, is a U.S. manufacturer of energy efficient medium voltage switchgear, power control buildings and relay control panels primarily for the electrical utilities industry which will be going through a period of retrofitting over the next 5-10 years to comply with EPA's new mercury emissions rules and other environmental regulations. **Cost of 2011 acquisitions:** \$325 million. **Potential financial implications:** Incremental revenues from recent acquisition of businesses, net of divestiture in 2011, are projected to be \$90 million in 2012.

Research & Development (A,B,D): Eaton's R&D efforts are focused on our customers' needs for innovative products and solutions that improve energy efficiency and reduce GHG emissions. In 2011, the company opened a new Innovation Center in Prague – our fifth center, complementing facilities in the U.S., China and India. We estimate that new technologies being developed at Eaton's innovation centers have the potential to reduce the CO2 emissions of our applications by up to 60 percent by 2050. **Cost:** Eaton spent \$417 million in 2011 for R&D to develop power management products and solutions. Potential financial implications:

Potential financial implications: Eaton maintained its strong R&D investments through the 2009 recession which helped accelerate the company's recovery in Return on Invested Capital (ROIC) from 5.8 percent in 2009 to 12.9 percent in 2011.

Engagement in regulatory and policymaking process (A,B,C,D,E,F): Eaton is focused on creating innovative and affordable technologies and services that promote energy efficiency and help customers reduce their impact on the environment. Eaton has had discussions with congressional staff members regarding climate change related issues. These discussions have focused on encouraging market-based incentives for technology development and deployment that will reduce emissions and improve energy efficiency resulting in climate change mitigation and adaptation. Potential financial implications: An indication of potential financial implication of the risk before taking action is through Eaton's experience is the solar energy market where, in 1Q 2012, Asian Pacific markets were down 8%, partially influenced by a steep decline in residential solar inverters. Loss of government incentives for renewable energy projects could erode this further. **Cost associated with actions:** In 2011, Eaton spent \$836,000 in expense related to lobbying activities. **Potential financial implications:** After assessing future risks, including financial, regulatory, climate mitigation and others, Eaton estimates its end markets for all of 2012 will grow 5% with markets in all segments registering growth. The company anticipates that it will outgrow its end markets in 2012 by about \$320 million in net sales. These estimates were made in February, 2012.

5.1c

Please describe your risks that are driven by change in physical climate parameters

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
	Change in temperature extremes	The physical risks of increased storm and hurricane activity, as well as flooding and droughts, may place a temporary financial burden on our facilities and supply chain to sustain operations and protect our employees and communities.	Inability to do business	6-10 years	Direct	About as likely as not	Low

5.1d

Please describe (i) the potential financial implications of the risk before taking action; (ii) the methods you are using to manage this risk; and (iii) the costs associated with these actions

(i) Potential financial implications depend on the severity of an incident, but can approach \$10-\$15 million for significant damage to a manufacturing plant due to flooding or high wind velocity incidents.

(ii) Eaton conducts strategic planning at all of its facilities and associated businesses. The factors considered include potential environmental impacts, physical risks such as changing weather patterns, rising temperatures and other natural disasters, new regulations, waste minimization and many other factors. One outcome of these meetings is the development of local response plans designed to address catastrophic occurrences.

Eaton has enhanced its worldwide emergency response capabilities through the company's Enterprise Risk Management (ERM) governance structure to deal with physical risks such as increased storm activity, hurricanes, floods, etc. This system includes an emergency response Hotline. A call to the Eaton Hotline immediately engages the Corporate Emergency Response Team which can provide resources to help a facility deal with emergencies and also assist in communications and decision-making. Other programs that support ERM include business continuity, travel and employee security, information technology disaster recover, intellectual property protection and pandemic preparedness.

(iii) Costs associated with these actions is included in the normal annual budgets for the departments involved, and represent <1 percent of total costs.

Eaton is also in a position to offer customers more comprehensive solutions for combating their own physical risks, while also allowing us to move more quickly when urgent needs arise. Eaton people were among the first responders to the devastating earthquake that struck central China's Sichuan Province. Within hours of being called, our local Electrical team replaced a damaged UPS (Uninterruptible Power System) with Eaton electrical products at the Chengdu Shuangliu International Airport. With its power restored, the airport served as a crucial hub for rescue workers and relief supplies flown into the quake-torn region. Also, Eaton hydraulic equipment played a major role in the rescue of 33 trapped miners in Chile.

Our Electrical group is a leading provider of distribution and control solutions that increase energy efficiency and improve power quality, safety and reliability. Our PowerChain™ Management solutions offer a growing portfolio of "green" products and services, such as energy audits and real-time energy consumption monitoring. Eaton's Uninterruptible Power System (UPS) products, variable speed drives and lighting controls provide greater reliability, improved operational efficiencies and enhanced safety, making power outages from the physical risk of unstable weather patterns less of a threat.

And Eaton's Blackout Tracker provides a snapshot of reported power outages across the country. The tracker serves as an interactive and educational resource showcasing the causes and impact of power outages. Blackout Tracker divides Canada into four regions, and categorizes blackouts by cause (i.e. animals, weather/falling trees, theft/vandalism, vehicle accidents, etc.). Visitors are invited to submit their own outage reports online and request an annual Blackout Tracker report that provides a statistical analysis of power outages reported across the nation and in their home state.

Please describe your risks that are driven by changes in other climate-related developments

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
	Increasing humanitarian demands	In the event of changing climate conditions, e.g. droughts, or extreme weather, companies could be called upon (and expected) to do more to address the increasing humanitarian demands.	Increased operational cost	>10 years	Direct	About as likely as not	Low

5.1f

Please describe (i) the potential financial implications of the risk before taking action; (ii) the methods you are using to manage this risk; (iii) the costs associated with these actions

In the event of changing climate conditions, e.g. droughts, or extreme weather, companies could be called upon -- and expected -- to do more to address the increasing humanitarian demands. Eaton has a long tradition of public service and commitment to those in need.

(i) Potential financial implications: increased financial help from Eaton's contributions budget (\$8,051,000 in 2011), hours spent by employees responding to weather emergencies, along with cost of equipment provided during response. For example, Eaton people were among the first responders to a devastating earthquake that recently struck central China's Sichuan Province. Within hours of being called, our local Electrical team replaced a damaged UPS (Uninterruptible Power System) with Eaton electrical products at the Chengdu Shuangliu International Airport. With its power restored, the airport served as a crucial hub for rescue workers and relief supplies flown into the quake-torn region. Also, Eaton hydraulic equipment played a major role in the rescue of 33 trapped miners in Chile. However, the financial implications to Eaton's bottom line would more than likely be zero.

(ii) Methods we use to manage the risk. Eaton conducts strategic planning at all of its facilities and associated businesses. The factors considered include potential environmental impacts, physical risks such as changing weather patterns, rising temperatures and other natural disasters, new regulations, waste minimization and many other factors. An outcome of these meetings is the development of local response plans designed to address catastrophic occurrences, including humanitarian demands of employees and communities.

Eaton has also enhanced its worldwide emergency response capabilities through the company's Enterprise Risk Management (ERM) governance structure to deal with physical risks such as increased storm activity, hurricanes, floods, etc. This system includes an emergency response Hotline. A call to the Eaton Hotline immediately engages the Corporate Emergency Response Team which can provide resources to help a facility deal with emergencies and also assist in communications and decision-making. Other programs that support ERM include business continuity, travel and employee security, information technology disaster recover, intellectual property protection and pandemic preparedness.

(iii) Costs associated with these actions: Costs of humanitarian activities would be included in Eaton's budget for charitable contributions. In 2011, Eaton totaled

\$8,051,000 in charitable contributions.

5.1g

Please explain why you do not consider your company to be exposed to risks driven by changes in regulation that have the potential to generate a substantive change in your business operations, revenue or expenditure

5.1h

Please explain why you do not consider your company to be exposed to risks driven by physical climate parameters that have the potential to generate a substantive change in your business operations, revenue or expenditure

5.1i

Please explain why you do not consider your company to be exposed to risks driven by changes in other climate-related developments that have the potential to generate a substantive change in your business operations, revenue or expenditure

Page: 2012-Investor-Risks&Opps-ClimateChangeOpp

6.1

Have you identified any climate change opportunities (current or future) that have the potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply

Opportunities driven by changes in regulation

Opportunities driven by changes in physical climate parameters

Opportunities driven by changes in other climate-related developments

6.1a

Please describe your opportunities that are driven by changes in regulation

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact
A	Product efficiency regulations and standards	EPA's proposed 2017-2025 LD CAFÉ/GHG standards represent an aggressive target of 4-5% improvement per year from a baseline of about 35 mpg (2016) for the national automotive fleet. Eaton provides technologies that will help auto manufacturers to achieve the EPA targeted improvement, while balancing against consumer preferences in size, weight, safety, and performance features.	Increased demand for existing products/services	1-5 years	Direct	Virtually certain	High
B	Air pollution limits	EPA has proposed new regulations further limiting mercury emissions that will force many older coal burning power plants out of business. Since the rule's announcement in 2011, more than 100 coal burning power plants in the U.S. have publicly announced intentions to close. EPA estimates the rules will cost utilities at least \$9.4 billion by 2015, but industry estimates put the figure closer to \$80 billion, much of which would likely be passed on to business and residential customers. However, offsetting the pressure on Eaton's operating costs is our portfolio of energy efficient products used by utilities, and also the company's efforts to improve energy efficiency at its own facilities.	Increased demand for existing products/services	1-5 years	Direct	Very likely	Medium
C	Cap and trade schemes	Eaton believes that Cap & Trade is not likely to be approved in the U.S., but instead, could evolve into a regime of renewable energy standards, which will enlarge the market for Eaton products. In the booming wind energy market, Eaton is combining our hydraulics and electrical expertise to develop	Increased demand for existing products/services	6-10 years	Direct	About as likely as not	Medium

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact
		smaller, more reliable components that improve the performance and uptime of giant turbines and reduce expensive operating costs. We're also able to provide integrated global support, helping us to win new contracts from turbine manufacturers of all sizes—from industry-leader Vestas, headquartered in the Denmark, to emerging companies such as Ningxia Yinxing Energy in China.					
D	Fuel/energy taxes and regulations	The worldwide shale gas boom, driven by the innovative use of "fracking" rock formations to extract natural gas, has caused gas prices to fall dramatically in the U.S. If continued, this process will fundamentally change the balance of global energy toward Western nations. There is a potential to reduce GHG emissions if NG is used to replace older coal burning plants and displace coal as the fuel in future power plants. With cheaper energy, manufacturing can become more competitive in the U.S. Eaton can offer a wide range of environmentally friendly products and services, including electrical power control systems for the efficient use of power and lower carbon emissions.	Reduced operational costs	1-5 years	Direct	Virtually certain	Low-medium
F	Air pollution limits	EPA has announced new rules to limit carbon emissions from new power plants that will effectively prevent any new coal burning power plants from being built. Plants will be limited to emissions of 1,000 pounds of CO2 per Megawatt hour of electricity. This could raise electricity rates for customers in areas where coal is a major source of electricity, particularly in the Midwest U.S. Offsetting the negative impact on Eaton's operating costs is Eaton's portfolio of energy efficient products used by utilities, and also the company's efforts to improve energy efficiency of its own facilities.	Increased demand for existing products/services	1-5 years	Direct	Very likely	Low-medium
G	Other regulatory drivers	Regulation of emissions, along with mandates requiring the use of alternative energy sources to generate power will enlarge the market for Eaton products. In the wind energy market, Eaton is	Increased demand for existing products/services	1-5 years	Direct	Very likely	Medium

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact
		<p>combining our hydraulics and electrical expertise to develop smaller, more reliable components that improve the performance and uptime of giant turbines and reduce expensive operating costs. We're also able to provide integrated global support, helping us to win new contracts from turbine manufacturers of all sizes—from industry-leader Vestas, headquartered in the Denmark, to emerging companies such as Ningxia Yinxing Energy in China. Eaton is also helping to build efficient hydropower systems in developing countries such as Vietnam. Eaton also has an emerging presence in solar power, helping to create and deploy more efficient solar inverters and battery storage systems, making it possible to deliver affordable power to the most remote places on earth. For many years, Eaton's Electrical businesses have been helping the world design and build more energy-efficient workplaces and office buildings. Eaton is a leading provider of energy-efficient and environmentally friendly electrical solutions to help customers conserve energy, reduce operating costs, and achieve their sustainability goals. Our growing portfolio of "green" products and services is being used in eco-conscious projects across the globe. Our breakthrough PowerChain™ Management solutions allow customers to take a system-wide life-cycle approach to managing their electrical systems to increase reliability, improve capital efficiency, reduce operating costs, minimize carbon emissions and enhance safety.</p>					
H	Fuel/energy taxes and regulations	<p>The Diesel Emissions Reduction Act (DERA) would provide an added boost to Eaton's award-winning hybrid power systems for commercial vehicles. A U.S. EPA grant and loan programs will provide more than \$200 million for truck fleets that purchase Alternative Fuel Vehicles (AFV), including hybrids, thereby reducing diesel emissions. Another \$88</p>	Increased demand for existing products/services	1-5 years	Direct	Likely	Medium

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact
		million will be distributed through the states.					
J	International agreements	Eaton is designing a new generation of arc-fault protective devices to make civil and military aircraft safer, and contribute to the Clean Sky European joint technology initiative, which aims to reduce aircraft fuel consumption, emissions and noise, among other goals.	New products/business services	1-5 years	Direct	Very likely	Low-medium
K	General environmental regulations, including planning	Eaton was certified by the U.S. Department of Energy as an Energy Services Company (ESCO). The certification is a key indicator that an organization meets the highest standards in helping customers achieve their energy efficiency objectives. ESCO projects meet the requirements of the DOE's Federal Energy Management Program and other federal laws and regulations. These initiatives are designed to better manage energy consumption, improve energy efficiency, and reduce maintenance costs for periods ranging from seven to 20 years. ESCO certification has become a critical testimonial around the world to customers seeking partners who can prove that their services are delivering the expected results over time.	New products/business services	1-5 years	Direct	Virtually certain	Medium

6.1b

Please describe (i) the potential financial implications of the opportunity; (ii) the methods you are using to manage this opportunity; (iii) the costs associated with these actions

(i) Overall potential financial implications for all opportunities listed in 6.1a: (A,B,C,D,E,F,G,H,J,K)

Potential financial implications for regulatory opportunities for Eaton are positive. Anticipated taxes/regulations that address emissions reductions, fuel economy, alternative energy sources, and green building techniques and materials provide important marketplace demand for Eaton's power management products. The effective combination of power management technologies that Eaton delivers today—and those that we are designing for tomorrow—provide a foundation to confront climate change and the inevitable regulatory structure, while minimizing the negative economic impact of higher energy costs in a carbon constrained world. Regulation would initially affect energy consumption issues at Eaton facilities, as well as the current and future product needs of our customers. Within Eaton's

manufacturing facilities, the majority of carbon emissions results from using electricity and natural gas to heat and cool our buildings. However, Eaton's total energy cost is not significant when compared to raw material costs, and our overall carbon emissions are not exceedingly high when compared to heavier types of manufacturing. And as regulatory policy shifts consumer demand toward more energy efficient and/or more carbon neutral products, Eaton can offer a wide range of environmentally friendly products and services.

Virtually all of Eaton's income is from our power management products and services that help mitigate climate change through energy efficiency, emissions reductions, improved fuel economy, alternative energy and many others. In 2011, Eaton's net income was \$1.35 billion on revenue of about \$16 billion, the vast majority of which is the result of sales of products and services that respond to customers' needs for power management to improve energy efficiency, reduce fuel use and lower GHG emissions. After assessing future risks and opportunities, including financial, regulatory, climate mitigation and others, Eaton estimates its end markets for all of 2012 will grow 5% with markets in all segments registering growth. The company anticipates that it will outgrow its end markets in 2012 by about \$320 million in net sales. These estimates were made in February, 2012

(ii) Methods to manage risk, and (iii) Costs of projects and programs:

Energy/GHG reduction projects (B,H):

- We're using new technologies and processes to make our manufacturing plants around the world more energy efficient. Many of our aerospace, hydraulics, electrical and vehicle plants around the world have been upgrading their facilities with energy-saving projects. In 2012 Eaton completed projects that included lighting upgrades, building shell insulation, equipment upgrades, heat recovery, compressed air installation, ventilator control and energy management. These projects will eliminate about 85,000 metric tons of GHG emissions per year. **Cost:** \$17 million capital costs for upgrades. **Potential Financial implications:** annual energy savings projected at \$6 million.

- Eaton's new world headquarters building now under construction near Cleveland, OH, has received LEED Gold certification. The building will feature many Eaton products – including variable frequency drives and a Forseer monitoring system – as well as a novel HVAC system design that will collectively reduce the building's energy use by about 40 percent. Energy efficient products and processes will help reduce carbon emissions by about 4,625 tons per year. **Cost:** New energy efficiencies will add about \$7 million in capital costs. **Potential financial implications:** Eaton will save an estimated \$335,000 per year in energy costs.

Acquisitions (A,C,D,F): Eaton acquired 12 businesses and entered into two Joint Ventures in separate transactions. All acquisitions strengthen Eaton's core power management portfolio and anticipate the risks and opportunities of carbon mitigation. The acquired companies make products that improve energy efficiency, reduce fuel use and reduce carbon footprints, thereby positioning Eaton to overcome risks imposed by a carbon constrained world. For example, E.A. Pedersen Company (\$37 million annual sales), acquired by Eaton in December, 2011, is a U.S. manufacturer of energy efficient medium voltage switchgear, power control buildings and relay control panels primarily for the electrical utilities industry which will be going through a period of retrofitting over the next 5-10 years to comply with EPA's new mercury emissions rules and other environmental regulations. **Cost** of 2011 acquisitions: \$325 million. **Potential financial implications:** Incremental revenues from recent acquisition of businesses, net of divestiture in 2011, are projected to be \$90 million in 2012.

Research & Development (A,C,G,H,K): Eaton's R&D efforts are focused on our customers' needs for innovative products and solutions that improve energy efficiency and reduce GHG emissions. In 2011, the company opened a new Innovation Center in Prague – our fifth center, complementing facilities in the U.S., China and India. We estimate that new technologies being developed at Eaton's innovation centers have the potential to reduce the CO2 emissions of our applications by up to 60 percent by 2050. **Cost:** Eaton spent \$417 million in 2011 for R&D to develop power management products and solutions. **Potential financial implications:** Eaton maintained its strong R&D investments through the 2009 recession which helped accelerate the company's recovery in Return on Invested Capital (ROIC) from 5.8 percent in 2009 to 12.9 percent in 2011.

Engagement in regulatory and policymaking process (A,B,C,D,F,G,H): Eaton is focused on creating innovative and affordable technologies and services that promote energy efficiency and help customers reduce their impact on the environment. Eaton has had discussions with congressional staff members regarding climate change related issues. These discussions have focused on encouraging market-based incentives for technology development and deployment that will reduce emissions and improve energy efficiency resulting in climate change mitigation and adaptation. **Cost:** In 2011, Eaton spent \$836,000 in expense related to lobbying activities. **Potential financial implications:** see response in first paragraph above **(i)**.

6.1c

Please describe the opportunities that are driven by changes in physical climate parameters

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact
	Change in temperature extremes	Changes in temperature extremes can lead to serious weather events such as tornadoes and hurricanes, or melting seas ice causing flooding in coastal areas. Eaton can offer customers comprehensive solutions for combating their own physical risks. Our Electrical group is a leading provider of distribution and control solutions that increase energy efficiency and improve power quality, safety and reliability. Our PowerChain™ Management solutions offer a growing portfolio of “green” products and services, such as energy audits and real-time energy consumption monitoring. Eaton’s Uninterruptible Power System (UPS) products, variable speed drives and lighting controls provide greater reliability, improved operational efficiencies and enhanced safety, making power outages from the physical risk of unstable weather patterns less of a threat.	Increased demand for existing products/services	1-5 years	Direct	Virtually certain	Low-medium

6.1d

Please describe (i) the potential financial implications of the opportunity; (ii) the methods you are using to manage this opportunity; (iii) the costs associated with these actions

(i) **Potential Financial implications** of physical opportunities represent <1 percent of annual income. The majority of opportunities are in Eaton's electrical business. Eaton's 2011 operating profit for the Electrical business was \$883 million. 2012 forward-looking perspective for Eaton Electrical anticipates 5% growth in U.S.; 3 percent growth in Asia Pacific; and 1 percent decline in Europe.

(ii) Methods to manage this opportunity: Eaton is in a position to offer customers more comprehensive solutions for combating their own physical risks, while also allowing us to move more quickly when urgent needs arise. Eaton hydraulic equipment played a major role in the rescue of 33 trapped miners in Chile. Rigs equipped with our products drilled the initial bore hole that allowed rescuers to locate the miners and widened the 2,300-foot-deep shaft that was used for their escape capsule.

Eaton can offer customers comprehensive solutions for combating their own physical risks. Our Electrical group is a leading provider of distribution and control solutions that increase energy efficiency and improve power quality, safety and reliability. Our PowerChain™ Management solutions offer a growing portfolio of “green” products and services, such as energy audits and real-time energy consumption monitoring. Eaton’s Uninterruptible Power System (UPS) products, variable speed drives and lighting controls provide greater reliability, improved operational efficiencies and enhanced safety, making power outages from the physical risk of unstable weather patterns due to temperature extremes. For example, Nashville’s Gaylord Opryland Hotel and Conference Center—the world’s largest non-casino hotel—was flooded with up to 12 feet of water, cutting off its power supply. A team of 40 Eaton Electrical Services and Systems employees worked day and night to rebuild and restore the 600,000-square-foot complex’s powerhouse, speeding the reopening of the landmark facility.

Eaton people were among the first responders to the devastating earthquake that struck central China’s Sichuan Province. Within hours of being called, our local Electrical team replaced a damaged UPS with Eaton electrical products at the Chengdu Shuangliu International Airport. With its power restored, the airport served as a crucial hub for rescue workers and relief supplies flown into the quake-torn region.

Our Electrical group is a leading provider of distribution and control solutions that increase energy efficiency and improve power quality, safety and reliability. Our Powerchain Management solutions offer a growing portfolio of "green" products and services such as energy audits and real-time energy consumption monitoring. Eaton's UPS products, variable speed drives and lighting controls provide greater reliability, improved operational efficiencies and enhanced safety, making power outages from the physical risk of unstable weather patterns less of a threat.

(iii) Costs associated with these actions are minimal, and represent <1% of Eaton Electrical's total annual costs.

6.1e

Please describe the opportunities that are driven by changes in other climate-related developments

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
	Changing consumer behaviour	As regulation of emissions, energy efficiency and fuel standards begin to take hold, consumer behavior will favor companies that offer "green" products. Eaton provides innovative products, services and technologies to conserve fuel, manage electric power, and reduce GHG emissions.	Increased demand for existing products/services	1-5 years	Direct	About as likely as not	Medium-high
	Reputation	As regulation of emissions, energy efficiency, fuel standards, begin to take hold, reputations of companies offering "green" products will trend positive. Eaton	Increased demand for existing products/services	1-5 years	Direct	About as likely as not	Medium

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
		provides innovative products, services and technologies to conserve fuel, manage electric power, and reduce GHG emissions.					

6.1f

Please describe (i) the potential financial implications of the opportunity; (ii) the methods you are using to manage this opportunity; (iii) the costs associated with these actions

(i) Potential financial implications for both opportunities listed in 6.1e are extremely positive for Eaton. We expect consumer behavior to evolve in response to demand for products and services resulting from anticipated taxes/regulations that address emissions reductions, fuel economy, alternative energy sources and green building techniques, which will provide important marketplace demand for Eaton's products, and enhance Eaton reputation as a sustainable company.

In 2011, Eaton's net income was \$1.35 billion on revenue of about \$16 billion, the vast majority of which is the result of sales of products and services that respond to customers' needs for power management to improve energy efficiency, reduce fuel use and lower GHG emissions. After assessing future risks and opportunities, including financial, regulatory, climate mitigation and others, Eaton estimates its end markets for all of 2012 will grow 5% with markets in all segments registering growth. The company anticipates that it will outgrow its end markets in 2012 by about \$320 million in net sales. These estimates were made in February, 2012.

(ii. and iii.) Methods used to manage opportunities and costs:

Eaton helps others improve energy efficiency by developing innovative products and solutions, including hybrid powertrains that boost fuel economy and reduce emissions in commercial vehicles; electrical power control systems for the efficient use of power in buildings and homes; hydraulic aircraft systems that reduce weight and save fuel; automotive superchargers for enhanced fuel economy; electrical and hydraulic products for solar power and wind turbine systems; and many more.

Research & Development: Eaton's R&D efforts are focused on our customers' needs for innovative products and solutions that improve energy efficiency and reduce GHG emissions. In 2011, the company opened a new Innovation Center in Prague – our fifth center, complementing facilities in the U.S., China and India. We estimate that new technologies being developed at Eaton's innovation centers have the potential to reduce the CO2 emissions of our applications by up to 60 percent by 2050. **Cost:** Eaton spent \$417 million in 2011 for R&D to develop power management products and solutions. **Potential financial implications:** Eaton maintained its strong R&D investments through the 2009 recession which helped accelerate the company's recovery in Return on Investment Capital (ROIC) from 5.8 percent in 2009 to 12.9 percent in 2011.

Acquisitions: Eaton acquired 12 businesses and entered into two Joint Ventures in separate transactions. All acquisitions strengthen Eaton's core power management portfolio and anticipate the risks and opportunities of carbon mitigation. The acquired companies make products that improve energy efficiency, reduce fuel use and reduce carbon footprints, thereby positioning Eaton to overcome risks imposed by a carbon constrained world. For example, E.A. Pedersen Company (\$37 million annual sales), acquired by Eaton in December, 2011, is a U.S. manufacturer of energy efficient medium voltage switchgear, power control buildings and relay control panels primarily for the electrical utilities industry which will be going through a period of retrofitting over the next 5-10 years to comply with EPA's new mercury emissions rules and other environmental regulations. **Cost of 2011 acquisitions:** \$325 million. **Potential financial implications:** Incremental revenues from recent acquisition of businesses, net of divestiture in 2011, are projected to be \$90 million in 2012.

Engagement in regulatory and policymaking process: Eaton is focused on creating innovative and affordable technologies and services that promote energy efficiency and help customers reduce their impact on the environment. Eaton has had discussions with congressional staff members regarding climate change related issues. These discussions have focused on encouraging market-based incentives for technology development and deployment that will reduce emissions and improve energy efficiency resulting in climate change mitigation and adaptation. **Costs associated with actions:** in 2011, Eaton spent \$836,000 related to lobbying activities.

6.1g

Please explain why you do not consider your company to be exposed to opportunities driven by changes in regulation that have the potential to generate a substantive change in your business operations, revenue or expenditure

6.1h

Please explain why you do not consider your company to be exposed to opportunities driven by physical climate parameters that have the potential to generate a substantive change in your business operations, revenue or expenditure

6.1i

Please explain why you do not consider your company to be exposed to opportunities driven by changes in other climate-related developments that have the potential to generate a substantive change in your business operations, revenue or expenditure

7.1

Please provide your base year and base year emissions (Scopes 1 and 2)

Base year	Scope 1 Base year emissions (metric tonnes CO2e)	Scope 2 Base year emissions (metric tonnes CO2e)
Thu 01 Oct 2009 - Thu 30 Sep 2010	107584	633337
Sat 01 Oct 2005 - Sat 30 Sep 2006	145484	826334

7.2

Please give the name of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions

Please select the published methodologies that you use

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

7.2a

If you have selected "Other", please provide details below

7.3

Please give the source for the global warming potentials you have used

Gas	Reference
CO2	IPCC Second Assessment Report (SAR - 100 year)
CH4	IPCC Second Assessment Report (SAR - 100 year)
N2O	IPCC Second Assessment Report (SAR - 100 year)

7.4

Please give the emissions factors you have applied and their origin; alternatively, please attach an Excel spreadsheet with this data

Fuel/Material/Energy	Emission Factor	Unit	Reference
Other: see attached spreadsheet		lb CO2e per MWh	

Attachments

[https://www.cdproject.net/Sites/2012/94/5194/Investor CDP 2012/Shared Documents/Attachments/InvestorCDP2012/7.EmissionsMethodology/Emission Factors.xlsx](https://www.cdproject.net/Sites/2012/94/5194/Investor%20CDP%202012/Shared%20Documents/Attachments/InvestorCDP2012/7.EmissionsMethodology/Emission%20Factors.xlsx)

Page: 8. Emissions Data - (1 Oct 2010 - 30 Sep 2011)

8.1

Please select the boundary you are using for your Scope 1 and 2 greenhouse gas inventory

Financial control

8.2a

Please provide your gross global Scope 1 emissions figure in metric tonnes CO2e

113217

8.2b

Please provide your gross global Scope 1 emissions figures in metric tonnes CO2e - Part 1 breakdown

Boundary	Gross global Scope 1 emissions (metric tonnes CO2e)	Comment

8.2c

Please provide your gross global Scope 1 emissions figures in metric tonnes CO2e - Part 1 Total

Gross global Scope 1 emissions (metric tonnes CO2e) – Part 1 Total	Comment

8.2d

Please provide your gross global Scope 1 emissions figures in metric tonnes CO2e - Part 2

Boundary	Gross global Scope 1 emissions (metric tonnes CO2e)	Comment

8.3a

Please provide your gross global Scope 2 emissions figure in metric tonnes CO2e

659750

8.3b

Please provide your gross global Scope 2 emissions figures in metric tonnes CO2e - Part 1 breakdown

Boundary	Gross global Scope 2 emissions (metric tonnes CO2e)	Comment
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8.3c

Please provide your gross global Scope 2 emissions figures in metric tonnes CO2e - Part 1 Total

Gross global Scope 2 emissions (metric tonnes CO2e) - Total Part 1	Comment
--	---------

8.3d

Please provide your gross global Scope 2 emissions figures in metric tonnes CO2e - Part 2

Boundary	Gross global Scope 2 emissions (metric tonnes CO2e) - Other operationally controlled entities, activities or facilities	Comment
----------	---	---------

8.4

Are there are any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions which are not included in your disclosure?

8.4a

Please complete the table

Reporting Entity	Source	Scope	Explain why the source is excluded
------------------	--------	-------	------------------------------------

8.4

Are there are any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions which are not included in your disclosure?

Yes

8.4a

Please complete the table

Source	Scope	Explain why the source is excluded
Recent acquisitions	Scope 1 and 2	Eaton does not add emissions from acquisitions until 3 years after the closing date. Our business plan requires three years for full integration of a new asset into all facets of Eaton's operations.
Sales and administrative offices	Scope 1 and 2	The boundaries of our carbon map do not include small offices/warehouses/satellites with less than 50 people because they have a very small energy footprint.

8.5

Please estimate the level of uncertainty of the total gross global Scope 1 and Scope 2 figures that you have supplied and specify the sources of uncertainty in your data gathering, handling, and calculations

Scope 1 emissions: Uncertainty range	Scope 1 emissions: Main sources of uncertainty	Scope 1 emissions: Please expand on the uncertainty in your data	Scope 2 emissions: Uncertainty range	Scope 2 emissions: Main sources of uncertainty	Scope 2 emissions: Please expand on the uncertainty in your data
More than 2% but less than or equal to 5%	Data Gaps	Data received from sources outside of the standard process, like natural gas bills from China.	More than 2% but less than or equal to 5%	Data Gaps	Data received from sources outside of the standard process, like electric bills from China.

8.6

Please indicate the verification/assurance status that applies to your Scope 1 emissions

Verification or assurance complete

8.6a

Please indicate the proportion of your Scope 1 emissions that are verified/assured

More than 90% but less than or equal to 100%

8.6b

Please provide further details of the verification/assurance undertaken, and attach the relevant statements

Level of verification or assurance	Relevant verification standard	Relevant statement attached
Reasonable assurance	ISO14064-3	Please see the attachment.

8.7

Please indicate the verification/assurance status that applies to your Scope 2 emissions

Verification or assurance complete

8.7a

Please indicate the proportion of your Scope 2 emissions that are verified/assured

More than 90% but less than or equal to 100%

8.7b

Please provide further details of the verification/assurance undertaken, and attach the relevant statements

Level of verification or assurance	Relevant verification standard	Relevant statement attached
Reasonable assurance	ISO14064-3	Please see the attachment, "Eaton 2011 CDP form," below.

8.8

Are carbon dioxide emissions from the combustion of biologically sequestered carbon (i.e. carbon dioxide emissions from burning biomass/biofuels) relevant to your company?

No

8.8a

Please provide the emissions in metric tonnes CO₂e

Attachments

[https://www.cdproject.net/Sites/2012/94/5194/Investor CDP 2012/Shared Documents/Attachments/InvestorCDP2012/8.EmissionsData\(1Oct2010-30Sep2011\)/Eaton 2011 CDP form.pdf](https://www.cdproject.net/Sites/2012/94/5194/Investor%20CDP%202012/Shared%20Documents/Attachments/InvestorCDP2012/8.EmissionsData(1Oct2010-30Sep2011)/Eaton%202011%20CDP%20form.pdf)

Page: 9. Scope 1 Emissions Breakdown - (1 Oct 2010 - 30 Sep 2011)

9.1

Do you have Scope 1 emissions sources in more than one country or region (if covered by emissions regulation at a regional level)?

Yes

9.1a

Please complete the table below

Country	Scope 1 metric tonnes CO ₂ e
United States of America	79966
United Kingdom	3936
Poland	617

Country	Scope 1 metric tonnes CO2e
Puerto Rico	269
China	1526
Brazil	1956
Mexico	3795
Italy	111
Germany	4725
Rest of world	16316

9.2

Please indicate which other Scope 1 emissions breakdowns you are able to provide (tick all that apply)

By business division

By facility

By GHG type

By activity

9.2a

Please break down your total gross global Scope 1 emissions by business division

Business Division	Scope 1 metric tonnes CO2e
Electrical Americas	19551
Electrical Rest of World	6046
Hydraulics	27260
Aerospace	10813
Vehicle	49547

9.2b

Please break down your total gross global Scope 1 emissions by facility

Facility	Scope 1 metric tonnes CO2e
Please see the attachment	113217

9.2c

Please break down your total gross global Scope 1 emissions by GHG type

GHG type	Scope 1 metric tonnes CO2e
CO2	113217

9.2d

Please break down your total gross global Scope 1 emissions by activity

Activity	Scope 1 metric tonnes CO2e
Heating	67900
Process related (such as heat treat ovens)	45300

Attachments

[https://www.cdproject.net/Sites/2012/94/5194/Investor CDP 2012/Shared Documents/Attachments/InvestorCDP2012/9.Scope1EmissionsBreakdown\(1Oct2010-30Sep2011\)/NG Inventory Final for the CDP.xls](https://www.cdproject.net/Sites/2012/94/5194/Investor%20CDP%202012/Shared%20Documents/Attachments/InvestorCDP2012/9.Scope1EmissionsBreakdown(1Oct2010-30Sep2011)/NG%20Inventory%20Final%20for%20the%20CDP.xls)

10.1

Do you have Scope 2 emissions sources in more than one country or region (if covered by emissions regulation at a regional level)?

Yes

10.1a

Please complete the table below

Country	Scope 2 metric tonnes CO2e
United States of America	379747
United Kingdom	15862
Poland	51120
Puerto Rico	25115
China	42506
Brazil	12060
Mexico	35359
Italy	16673
Germany	31052
Rest of world	50256

10.2

Please indicate which other Scope 2 emissions breakdowns you are able to provide (tick all that apply)

- By business division
- By facility
- By activity

10.2a

Please break down your total gross global Scope 2 emissions by business division

Business division	Scope 2 metric tonnes CO2e
Electrical Americas	89905
Electrical Rest of World	37989
Hydraulics	185257
Aerospace	42750
Vehicle	303849

10.2b

Please break down your total gross global Scope 2 emissions by facility

Facility	Scope 2 metric tonnes CO2e
Please see the attachment	659750

10.2c

Please break down your total gross global Scope 2 emissions by activity

Activity	Scope 2 metric tonnes CO2e
Heating and cooling	131950
Lighting	65975
Production Equipment	329875
Support Equipment (Compressors, pumps, etc.)	131950

Attachments

[https://www.cdproject.net/Sites/2012/94/5194/Investor CDP 2012/Shared Documents/Attachments/InvestorCDP2012/10.Scope2EmissionsBreakdown\(1Oct2010-30Sep2011\)/EP Inventory Final for the CDP.xls](https://www.cdproject.net/Sites/2012/94/5194/Investor%20CDP%202012/Shared%20Documents/Attachments/InvestorCDP2012/10.Scope2EmissionsBreakdown(1Oct2010-30Sep2011)/EP%20Inventory%20Final%20for%20the%20CDP.xls)

Page: 11. Emissions Scope 2 Contractual

11.1

Do you consider that the grid average factors used to report Scope 2 emissions in Question 8.3 reflect the contractual arrangements you have with electricity suppliers?

Yes

11.1a

You may report a total contractual Scope 2 figure in response to this question. Please provide your total global contractual Scope 2 GHG emissions figure in metric tonnes CO₂e

11.1b

Explain the basis of the alternative figure (see guidance)

11.2

Has your organization retired any certificates, e.g. Renewable Energy Certificates, associated with zero or low carbon electricity within the reporting year or has this been done on your behalf?

No

11.2a

Please provide details including the number and type of certificates

Type of certificate	Number of certificates	Comments
---------------------	------------------------	----------

Page: 12. Energy

12.1

What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

12.2

Please state how much fuel, electricity, heat, steam, and cooling in MWh your organization has consumed during the reporting year

Energy type	MWh
Fuel	625000
Electricity	1276000
Heat	0
Steam	0
Cooling	0

12.3

Please complete the table by breaking down the total "Fuel" figure entered above by fuel type

Fuels	MWh
Natural gas	625000

Page: 13. Emissions Performance

13.1

How do your absolute emissions (Scope 1 and 2 combined) for the reporting year compare to the previous year?

Increased

13.1a

Please complete the table

Reason	Emissions value (percentage)	Direction of change	Comment
Emissions reduction activities	11.5	Decrease	Worldwide emissions reduction activities at key Eaton manufacturing plants, along with Green Team Activities (cultural shifts), accounted for a majority of the decrease. We're making our manufacturing plants around the world more energy efficient. Many of our aerospace, hydraulics, electrical and vehicle plants have been upgrading their facilities with energy-saving projects. In 2011, Eaton facilities completed projects that included lighting upgrades, building shell insulation, equipment upgrades, heat recovery, compressed air installation, ventilator control and energy management. These projects cost about \$17 million, and will eliminate about 85,000 metric tons of GHG emissions per year, while saving about \$6 million in energy costs. Emission reduction activities include relighting, HVAC upgrades, compressor optimization at key Eaton manufacturing plants plus Green Team Activities (cultural shifts). These activities accounted for a majority of the decrease.
Change in output	15.9	Increase	In 2011 Eaton produced and sold 15.9 percent more products than we did in 2010, resulting in increased factory activity and energy use. However, our GHG emission increased by only 4.3 percent. Using the 2010 emission factors, our GHG emission should have increased by 118,000 metric tons due to the increase in energy use, but our actual increase was only 32,000 metric tons because of emissions reductions projects. Indexed for these factors, our emissions decreased by 11.5 percent.

13.2

Please describe your gross combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO2e per unit currency total revenue

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Reason for Change
56.6	metric tonnes CO2e	unit total revenue	10.0	Decrease	Emission reduction activities include relighting, HVAC upgrades, compressor optimization at key Eaton manufacturing plants plus Green Team Activities (cultural shifts). These activities accounted for a majority of the decrease.

13.3

Please describe your gross combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO2e per full time equivalent (FTE) employee

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Reason for Change
10.59	metric tonnes CO2e	FTE Employee	0	No change	The indexed term, people, increased at the same relative rate as the carbon generated. In addition, Eaton did conduct many emission reduction activities include relighting, HVAC upgrades, compressor optimization at key Eaton manufacturing plants plus Green Team Activities (cultural shifts). These activities accounted for a majority of the decrease.

13.4

Please provide an additional intensity (normalized) metric that is appropriate to your business operations

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Reason for Change
195000	metric tonnes CO2e	Other: Operating Earnings per Common Share	26	Decrease	Eaton maximized the efficiency of its existing plants. In addition, Eaton did conduct many emission reduction activities include relighting, HVAC upgrades, compressor optimization at key Eaton manufacturing plants plus Green Team Activities (cultural shifts). These activities accounted for a majority of the decrease.

Page: 14. Emissions Trading

14.1

Do you participate in any emission trading schemes?

No, but we anticipate doing so in the next two years

14.1a

Please complete the following table for each of the emission trading schemes in which you participate

Scheme name	Period for which data is supplied	Allowances allocated	Allowances purchased	Verified emissions in metric tonnes CO2e	Details of ownership
-------------	-----------------------------------	----------------------	----------------------	--	----------------------

14.1b

What is your strategy for complying with the schemes in which you participate or anticipate participating?

The CRC Energy Efficiency Scheme (CRC) is an emissions trading scheme for non-energy intensive companies in the UK that was launched in 2010. The first phase took place in financial year 2010-2011 and required companies to submit information to the UK government. In April, 2012, the selling of allowances will begin.

14.2

Has your company originated any project-based carbon credits or purchased any within the reporting period?

No

14.2a

Please complete the following table

Credit origination or credit purchase	Project type	Project identification	Verified to which standard	Number of credits (metric tonnes of CO2e)	Number of credits (metric tonnes CO2e): Risk adjusted volume	Credits retired	Purpose e.g. compliance

15.1

Please provide data on sources of Scope 3 emissions that are relevant to your organization

Sources of Scope 3 emissions	metric tonnes CO2e	Methodology	If you cannot provide a figure for emissions, please describe them
Downstream leased assets	37651	Based on gallons of fuel burned/miles driven as documented by Eaton's fleet administrator Lease Plan and conversion factors provided by USEPA. Third party data receive and certification provided by Premier Environmental Services.	

15.2

Please indicate the verification/assurance status that applies to your Scope 3 emissions

Verification or assurance complete

15.2a

Please indicate the proportion of your Scope 3 emissions that are verified/assured

More than 90% but less than or equal to 100%

15.2b

Please provide further details of the verification/assurance undertaken, and attach the relevant statements

Level of verification or assurance	Relevant verification standard	Relevant statement attached
Limited assurance	ISO14064-3	Please see the attached verification statement.

15.3

Are you able to compare your Scope 3 emissions for the reporting year with those for the previous year for any sources?

Yes

15.3a

Please complete the table

Sources of Scope 3 emissions	Reason for change	Emissions value (percentage)	Direction of change	Comment
Downstream leased assets	Emissions reduction activities	2	Decrease	Eaton optimized our fleet by driving fewer miles while still growing the business 15.9%.

Attachments

[https://www.cdproject.net/Sites/2012/94/5194/Investor CDP 2012/Shared Documents/Attachments/InvestorCDP2012/15.Scope3Emissions/Eaton 2011 CDP form.pdf](https://www.cdproject.net/Sites/2012/94/5194/Investor%20CDP%202012/Shared%20Documents/Attachments/InvestorCDP2012/15.Scope3Emissions/Eaton%202011%20CDP%20form.pdf)

Module: Sign Off

Page: Sign Off

Please enter the name of the individual that has signed off (approved) the response and their job title

Steven Fesko
Senior EHS Program Manager