

Climate Change Commitment

Sustainable business practices, including reduction of Greenhouse Gas (GHG) emissions, are critical to the long-term success of our company and to the benefit of society. Eaton supports the goal of slowing increases in GHG concentrations in the atmosphere and ultimately stabilizing them at levels that will address the risks of climate change.

Actions designed to reduce emissions need to be coordinated with efforts to address other urgent world priorities, such as reducing poverty, improving public health, reducing environmental degradation and raising living standards. Reliable and affordable world supplies of energy are essential for meeting these challenges.

Although we support actions to address climate change, we recognize that there is a range of views and preferences about the policy tools that will best achieve that objective. Some support mandatory approaches; others do not. Eaton supports an open and constructive dialogue about the principles that should shape climate policy and the pros and cons of various options. As a starting point for this dialogue, we focus on the following objectives:

- **Taking action and reporting progress:** More than five years ago, Eaton committed to meeting several environmental goals by 2015 — and we exceeded them one year ahead of time. We reduced waste to landfill by 30 percent and water consumption by 20 percent (both compared to our 2010 baseline). We reduced GHG emissions by 25 percent (compared to a 2006 baseline). And we've met our commitment to the U.S. Department of Energy's "Better Buildings, Better Plants" program to reduce our energy use by 25 percent by 2016 (compared to our 2006 baseline). Progress in meeting these goals is audited by a third party and reported in our Annual Report/Sustainability Report and on Eaton.com.
- **Improving energy efficiency:** 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. In the past five years, Eaton completed 420 projects, including lighting optimization, building shell insulation, equipment upgrades, heat recovery, compressed air installation, ventilator control and energy management which cut GHG emissions by 64,366 metric tons per year.
- **Managing Business Continuity Risks:** Eaton has included the potential impacts of climate change in its ongoing analysis of potential business risks. For example, Eaton is enhancing its worldwide emergency response capabilities through the company's

Enterprise Risk Management system to identify and deal with physical risks such as increased storm activity, hurricanes, floods, etc. Also, to assess water risk, we analyze future changes in water availability as part of annual company-wide river basin level water risk assessments, and develop future projections and water conservation measures for the next 10 years.

- **Work with Suppliers and Vendors:** Eaton is committed to working with our suppliers and vendors to ensure they adhere to our principles of sustainability, including efforts to minimize GHG emissions.

Eaton is committed to minimize the environmental impact of our operations and products wherever we do business. We apply a standard group of policies worldwide for ethics, energy and water consumption, waste generation, product quality, employee safety, business continuity and more.

The Eaton Board of Directors Governance Committee has oversight regarding significant public policy issues with respect to our relationships with shareholders, employees, customers, competitors, suppliers and the communities in which we operate. These issues include environmental concerns such as climate change and emissions reductions.