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Eaton Corporation CY2019 Scope 1 & Scope 2 GHG Verification Statement

Eaton Corporation (Eaton) engaged EarthCon Consultants Inc. (EarthCon) to conduct a verification with a reasonable level of assurance of its greenhouse gas (GHG) emissions categorized as Scope 1, Scope 2 (location-based and market-based) and biogenic for the 2019 calendar year (1 January 2019 – 31 December 2019). Eaton's GHG emissions were calculated and reported in reference to the requirements of the *WBCSD/WRI Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, Revised Edition (2004)* and the *WBCSD/WRI GHG Protocol Scope 2 Guidance (2015)*. The verification of Eaton's GHG emissions was conducted to satisfy third-party verification requirements of the CDP Leadership Index, and to provide assurance to Eaton stakeholders that their reporting of GHG emissions is materially correct.

Eaton is a diversified industrial manufacturer of:

- electrical systems and components for power quality, distribution and control;
- fluid power systems and services for industrial, mobile and aircraft equipment;
- truck drivetrain systems for safety and fuel economy, and;
- automotive engine air management systems, powertrain solutions and specialty controls for performance, fuel economy and safety.

Scope of Verification

Eaton uses the operational control criterion of the control approach to set its organizational boundary.

Eaton's operational boundary is defined as:

1. Direct (Scope 1) GHG emissions from
 - Stationary fuel combustion;
 - Mobile fuel combustion;
 - Fugitive emissions from refrigeration equipment, fire suppression systems, and the manufacturing of electrical equipment;
 - Process emissions from the treatment of wastewater.

2. Energy indirect (Scope 2) GHG emissions from the consumption of purchased electricity and purchased heat.
3. Biogenic CO₂ emissions from the consumption of purchased heat generated from wood-fired energy sources.

Eaton's chemical boundary includes CO₂, CH₄, N₂O, HFC, PFC, SF₆, NF₃

**although included in Eaton's chemical boundary, PFC and NF₃ have been determined not to be emitted from Eaton facilities.*

Excluded from the scope of this verification is any assurance of information relating to:

- Scope 3 GHG emissions.

Verification Process

EarthCon conducted the verification in accordance with the requirements of ISO 14064-3: *Greenhouse gases – Specification with guidance for the validation and verification of greenhouse gas assertions*. EarthCon reviewed Eaton's GHG management system documentation (*Eaton Corporation Inventory Management Plan*) and associated GHG inventory database (with data current as of July 24 2020) and evaluated them for general conformity with the requirements of the *WBCSD/WRI Greenhouse Gas Protocol Corporate Reporting Standard* and *WBCSD/WRI GHG Protocol Scope 2 Guidance* with reported emissions considered free of material misstatement if found to be less than 5% on a carbon dioxide–equivalent basis. Eaton's assertion was tested according to a risk-based approach and the review of controls to manage these risks, including:

- Data management system and procedural review for accuracy, reliability and reproducibility;
- Verification of representative sources and processes;
- Re-calculation of all GHG emissions and review of appropriateness of all assumptions;
- Confirmation of accuracy of all emission factors (including market-based Scope 2) and conversion factors utilized;
- Interviews with Eaton corporate sustainability personnel and the staff of Eaton's third-party energy and data management suppliers, and;
- Audit of a sample of original source activity data of natural gas combustion and electricity consumption invoices representing a cross-section of Eaton's global facilities and industrial divisions.

Eaton reported direct Scope 1 emissions of 285,955 metric tonnes of CO₂e in CY2019. Eaton reported location-based indirect Scope 2 emissions of 834,441 metric tonnes of CO₂e and

market-based indirect Scope 2 emissions of 780,208 metric tonnes of CO₂e in CY2019. Eaton reported biogenic CO₂ emissions of 1326 metric tonnes in CY2019.

Conclusion

Based upon the above, EarthCon has concluded that Eaton's reported emissions, in carbon dioxide-equivalent metric tonnes, of Scope 1, Scope 2 (location-based and market-based), and biogenic GHG emissions for the 2019 calendar year ending 31 December 2019 are materially correct and are a fair representation of GHG data and information.

Statement of Independence, Impartiality and Competence

This verification has been conducted independently and free of any conflict of interest. The verification team has over 30 years of combined experience in conducting assurance over GHG, environmental and health and safety information systems and processes.

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