EATON SUSTENABILITY

Environment

We make sustainable solutions for our future work.

Social

Governance

EATON ELECTRIC SRL
Gabriel Tache

Powering Business Worldwide

A message from the Chairman & CEO

Taking bold action to protect the planet – and improve the lives of its people

To our stakeholders,

In a sobering report published in the first quarter of 2023, the U.N. Intergovernmental Panel on Climate Change (IPCC) announced that the planet is on course to exceed the 1.5 degrees Celsius temperature threshold the world has been scrambling to avoid. Unless nations and companies take immediate action, we will meet this potentially catastrophic moment within the next decade.

Climate events of 2022 have given us a glimpse of what this will look like for the planet and its people. According to the World Economic Forum, the planet saw 10 natural disasters in the year that cost society approximately $3 billion each. But these figures don't capture the human cost of these events; it's the lives impacted – and those lost – that speak to the devastating and incalculable impact of climate change.

At Eaton, we understand the irreversible losses that come with inaction. We embrace the tremendous responsibility we have – and the urgency we face – to act now. And we are. We continue to push forward in our journey to pursue our bold environmental, social and governance (ESG) goals – a focus that's reflected in our progress in the last year:

- We reduced our carbon footprint, decreasing our GHG emissions by 3% in the year and bringing the total reduction to 27%, or more than 50% of our 2030 goal.
- We met a milestone in our zero waste-to-landfill goal, with 75% of our manufacturing sites now holding this certification against our 2030 goal of 100%. Also, by the first quarter of 2023, we had certified 10% of our manufacturing sites as zero water discharge, meeting our 2030 target seven years ahead of our goal.
- In the year, we delivered sustainable solutions for our customers and the world that represented 71% of our net sales, a 6% increase over 2021.
- We continued to build engagement among our employees, achieving an 83% engagement rate among our teams and meeting our target of delivering an average of 12 hours of training for every Eaton employee.
- And we prioritized doing business right for ourselves and our suppliers, ensuring that suppliers representing 93% of our total supplier spend affirmed our code of conduct.

Also in the year, we issued our first sustainability-linked bond, establishing a financial incentive for our company to meet our emissions reduction goals, a decisive step toward achieving our 2030 science-based targets and helping to mitigate climate change.

As we accelerate our efforts to deliver on our sustainability goals inside of Eaton, we continue to make power safer, more sustainable and more efficient for our customers and partners. We're helping our customers reduce emissions by designing low-carbon technologies and solutions that allow them to add more renewable energy sources, storage and electric vehicle infrastructure to their operations.

We're also collaborating with governments globally to accelerate the energy transition. In the U.S., we're working with state and federal leaders to advance the adoption of electric vehicle infrastructure, to modernize the power grid to facilitate the deployment of more distributed energy resources, and to support programs to electrify homes and achieve new levels of energy efficiency. In Europe, we're advocating for new regulations and legislation to eliminate SF6 gas in switchgear and to help the EU achieve its goal to become climate neutral by 2050.

Finally, we remain committed to transparently reporting on our sustainability progress, policies and performance in our 2022 Sustainability and Task Force on Climate-related Financial Disclosures reports. As governments worldwide continue to increase sustainability disclosure requirements, we stand ready to provide the nations where we operate and all our stakeholders visibility into the work we're doing to halt the crippling impacts of climate change.

Despite our progress, climate science is showing that we have much work ahead of us. But it's work that can be done. Scientists indicate that we still have time to act to avoid the catastrophic consequences ahead. At Eaton, we're not wasting a moment. We're leveraging the full resources, expertise and passion of our teams around the world to ensure we keep the promise we've made to society: to protect the environment and improve the quality of life for people today and for the generations that will follow.

Craig Arnold
Chairman and Chief Executive Officer

Our vision

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

Our aspirational goals

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

About Eaton

We make what matters work.

We're an intelligent power management company committed to improving the quality of life and the environment. Our products, technologies and services make a difference in the world.

$20.8B
2022 net sales

Customers in
170+
countries

>90K
Employees around the world

Established
1911

NYSE ticker
ETN

Sales across market segments

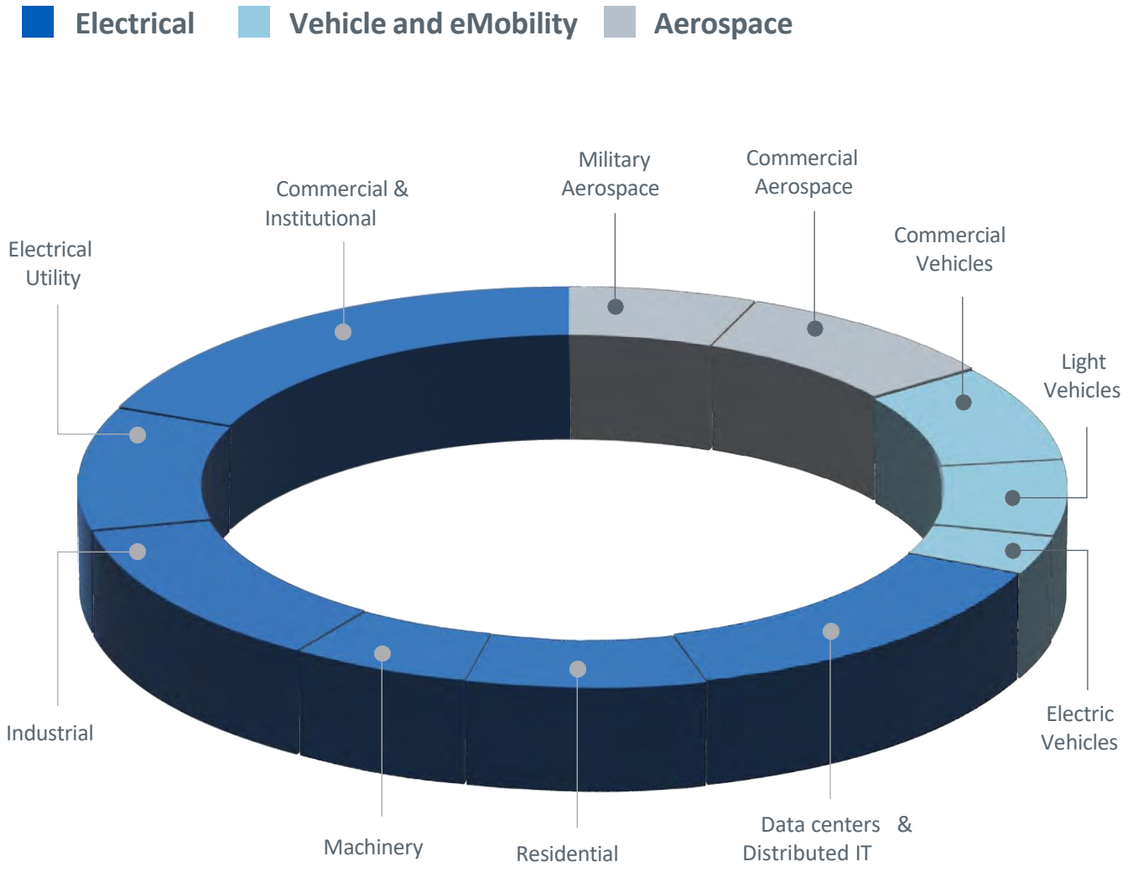


Figure 1: 2022 end market sales mix

Our sustainability strategy

The world is experiencing some of the most important secular growth trends that we will see in our lifetime: **the explosive rise of digitalization and the energy transition** from fossil fuels to renewables—changes being driven by unprecedented growth in electrification and climate change.

We're responding by deploying our four-part sustainability strategy, which addresses environmental, social and governance issues. It also allows us to meet today's changing power management needs, while making good on our mission to improve the quality of life and the environment.

Our 2030 sustainability targets

Creating sustainable solutions

- 15% reduction in Scope 3 emissions
- $3 billion in sustainable research and development

Reducing our footprint

- 50% reduction in Scope 1 and Scope 2 greenhouse gas emissions
- Carbon neutral by 2030
- 100% manufacturing sites certified zero waste to landfill
- 10% manufacturing sites certified zero water discharge

Engaging our employees and communities

- 80%+ employee engagement rating
- 12 hours training and development per employee each year
- 250,000 hours of volunteer time per year

Doing business right and transparency

- 50%+ improvement in safety metrics
- No human rights violations from key suppliers
- Report priority ESG issues per SASB and TCFD frameworks
- Disclose U.S. minority and global gender pay equity assurance results

2022 Sustainability Dashboard

We're making considerable progress in achieving our goals. Here are our most recent results:

Creating sustainable solutions

Sustainable solutions
71%

Goal: Increase net sales from solutions that enable a more sustainable future*

Sustainable R&D investment
$900M

Goal: Invest more than $3 billion in R&D aligned with our Positive Impact Framework by 2030

Value chain emissions
23% ** down since 2018

Goal: Reduce Scope 3 emissions from our solutions and value chain 15% (science-based target)

Reducing our footprint

Greenhouse gas
27% reduced since 2018

Goal: Reduce Scope 1 and 2 emissions in our operations 50% (science-based target)

Waste
75% zero waste to landfill

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

Water
8% zero water discharge

Goal: Certify 10% of manufacturing sites as zero water discharge

Engaging our employees and communities

Employee engagement
83%

Goal: Achieve and maintain employee engagement scores of 80% or higher

Training hours
12

Goal: Commit to 12 hours of employee development and training per employee, per year

Volunteer hours
45,771

Goal: Record 250,000 hours of employee volunteer time annually

Doing business right and transparency

Safety results
.40

Goal: Achieve Total Recordable Case Rate (TRCR) of 0.25

.16

Goal: Achieve Days Away Case Rate (DACR) of 0.15

Suppliers
93%

Suppliers representing 93% of supplier spend have affirmed our Code of Conduct

Pay equity

Goal: Share our minority and gender pay equity assurance results. Details at Eaton.com

Report priority ESG issues in alignment with SASB and TCFD

** Net sales were from sustainable solutions that enable electrification, energy transition, electric grid resilience, increasing efficiency in ground and air transportation and improved air quality*

*** While our emissions are down ahead of our target, we expect that some of this decline is temporary due to pandemic-related decreases in production levels*

We advance Sustainable Development Goals (SDGs)

Consistent with our vision to improve the quality of life and the environment and as a participant in the U.N. Global Compact, Eaton is committed to advancing the United Nations Sustainable Development Goals (SDGs) through our 2030 sustainability targets. Eaton tracks the alignment of our active patent families with the SDGs as an indicator of how our innovations contribute to these global goals (page 30). In alignment with these targets and our strategic sustainability pillars, these 10 SDGs are the areas that Eaton is impacting the most.

3 GOOD HEALTH AND WELL-BEING

Employee health and well- being is a business priority. Our management of employee health and safety practices and our wellness initiatives further good health and well-being.

5 GENDER EQUALITY

We assure fair pay equity, prioritize gender diversity in management, leadership and board composition, as well as provide programs for women to advance in STEM.

6 CLEAN WATER AND SANITATION

We focus on responsible water practices to maximize our efficient use of resources and minimize potential negative impacts caused by effluents. We manufacture solutions that are used in processes that improve water efficiency, quality, sanitation and desalination.

7 AFFORDABLE AND CLEAN ENERGY

Our solutions help to reduce emissions and waste and are also used in renewable energy, grid management and energy storage applications.

8 DECENT WORK AND ECONOMIC GROWTH

We respect human rights and require our suppliers to do the same. Our Ethics guide sets minimum expectations for our employees and suppliers. We offer training, apprenticeship, mentoring and employee development programs.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

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

10 REDUCED INEQUALITIES

Our strategic focus on inclusion and diversity and U.S. minority and gender pay equity helps to advance equality in our operations around the world.

11 SUSTAINABLE CITIES AND COMMUNITIES

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

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

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

13 CLIMATE ACTION

We develop products that contribute to climate change mitigation and are transparent about the risks and opportunities climate change poses for our business. We engage our suppliers in climate action and work to decarbonize our own operations.

Environment–Sustainable solutions

At Eaton, we power solutions for global change in a world that needs smarter, more efficient and more sustainable power management solutions. Companies and communities alike depend on Eaton to solve some of the planet's toughest power management challenges. That's a responsibility we take seriously—because we owe it to future generations to leave the world a safer and more sustainable place to live. In our journey to optimize energy usage worldwide, we're focused on three key priorities: the energy transition to renewables, electrification, and digitalization.

Energy transition: replacing carbon-based fuels with renewables

The energy transition is changing how power needs to be managed and optimized for homes, at a facility level and for utilities. As energy flows through the grid bi-directionally and through more devices than ever before, our approach allows homeowners, businesses and communities to reduce the environmental impact of energy. We help customers safely add more renewables, storage and electric vehicle infrastructure to their energy mix—to become more sustainable and resilient while lowering energy costs

Interoperability: the cornerstone of an electrified future

Electrical systems typically incorporate technology from many manufacturers and get upgraded and modernized over time. This makes it a challenge to ensure all the hardware, software and controls work well together. Through an open communications platform, our smart breakers make it possible to accelerate energy management and monitoring, providing new ability to switch out energy sources as needed and control everything from one device. This kind of ease and flexibility is helping accelerate electrification and the energy transition to renewables.

Learn more.

Eaton joins the Czech Hydrogen Technology Platform (HYTEP)

H_2 Czech Hydrogen Technology Platform

Vehicle manufacturers are introducing electrified models of all sizes—from passenger cars to heavy duty trucks. While batteries are most utilized in light duty vehicles, hydrogen has been identified as a promising energy carrier for long- haul freight. Hydrogen can be transformed within a fuel cell, which powers the electric motor, and can be eventually burned in a combustion engine with zero CO_2 emissions. To further support development of hydrogen technologies in the Czech Republic, Eaton joined the Czech Hydrogen Technology Platform (HYTEP). Eaton's membership in HYTEP will help accelerate the decarbonization of transportation.

Eaton advances integrated EV charging infrastructure:

Eaton is collaborating and innovating around the world to develop integrated EV charging infrastructure to support the rapid adoption of EVs. In Switzerland, Eaton joined forces with four other companies to build a microgrid demonstrator that will be capable of supplying electricity to local businesses and charging up to 350 electric vehicles at a time. Additionally, Eaton is working with the EU-supported Flow Consortium to develop integrated technologies and business models needed to support mass deployment of electric vehicle charging infrastructure.

Electrification: powering next-generation transportation and much more

The electrification of more areas of the economy, including transportation, building systems and industry, will drive a substantial increase in power demand by 2050. We help facilitate transport electrification today and collaborate with companies around the globe to innovate the technologies of the future. Learn more.

Eaton pledges to support the Drive to Zero initiative for medium- and heavy-duty vehicles

Eaton has endorsed the global Memorandum of Understanding (MOU) on Zero-Emission Medium- and Heavy-Duty Vehicles (MHDVs). The initiative is propelled by CALSTART and calls for 30% of new MHDVs to be emissions free by 2030, and 100% of new MHDV trucks to be emissions free by 2040. As part of the agreement, Eaton pledges to work with its industry partners to overcome strategic, political and technical barriers; accelerate zero-emission vehicle production and deployment; and increase investment and economies of scale to make the transition faster and more cost effective.

Learn more.

Eaton unveils multiple EV innovations in 2022

Breaktor

Our Breaktor technology is a new advanced circuit protection solution for battery electric vehicles (BEVs) that combines the function of fuses, pyro switches and contactors into a single coordinated device. As electric vehicle power levels increase, the Breaktor circuit protection solution solves the ever-increasing coordination challenge between fuses and contactors while offering fast, safe and reliable protection for high-power battery and inverter systems. This circuit protection technology was named a 2022 Automotive News PACEpilot Innovation to Watch.

Learn more.

Our Breaktor technology was named a 2022 Automotive News PACEpilot Innovation to Watch.

EV reduction gears

Our lightweight, compact EV reduction gears are designed to minimize noise, vibration and harshness (NVH), weight and cost, while maximizing motor efficiency and battery range. EV gearing design and production is part of our complete portfolio of ePowertrain and eMobility solutions, including integrated gear and motor shafts, EV reduction gearing, and EV differentials, all designed to manage the unique torque requirements of EVs.

Learn more.

Battery pack vent valves

Our 3-in-1 battery pack vent valve for EV batteries is capable of several unique functions, including a battery case leak-check mechanism, as well as passive and active venting to provide overpressure relief for a vehicle's battery pack.

Learn more.

Digitalization: new connections optimize energy consumption

By leveraging digital technologies including connected devices, cloud and mobile platforms, artificial intelligence and machine learning at scale, Eaton is able to transform power management – making power safer, more sustainable and efficient for customers and partners. Digitalization news and insights.

By 2025 we aim to achieve

$500 M

in revenue from our digitally enabled hardware, digital services and Brightlayer suites of solutions

In 2022, we added

⊕ 13

new products to our Brightlayer suites

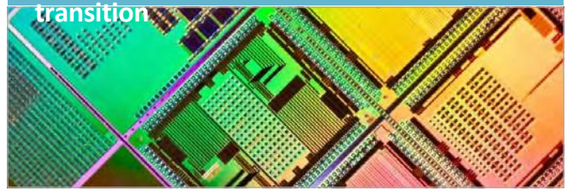
In 2022, we launched

⊕ 9

new software offerings to strengthen our Brightlayer suites

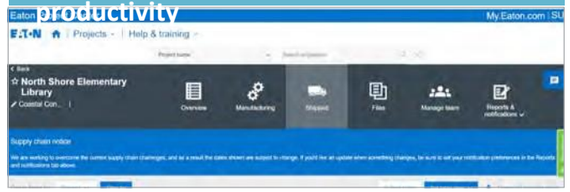
Figure 2: Our Brightlayer digital foundation combines deep domain knowledge with artificial intelligence, machine learning and data processing technologies.

Eaton research report examines intersection of digitalization and energy transition



In our 2022 Brightlayer research report, we examine the importance of factoring the energy transition into digital transformation planning and the impact that a more expansive view can have on four power-critical industries: industrial, utilities, buildings and data centers.

New Eaton Project Center improves construction project productivity



Eaton Project Center is a collaborative, self-serve digital platform that includes order management, downloadable reports and technical support. The platform helps customers drive electrical projects from design and construction to commissioning and operation in one centralized place.

Green Motion EV smart breaker charger

Powered by our Brightlayer platform, Green Motion EV smart breaker chargers enable fast AC charging, real-time energy insights and integration with onsite renewable and energy storage systems to advance smart and sustainable energy systems.

Advanced Distribution Planning System

Eaton's Advanced Distribution Planning System (ADPS) is a model-based, analytical enterprise software featuring CYME power system modeling and analyses. ADPS helps utilities accelerate decarbonization through the increased adoption of renewable energy sources.

Learn more.

Positive impact solutions: designed with a purpose

Eaton engineers design solutions that enable our customers to conserve resources and make smart energy decisions. That's why we've committed to spending $3 billion on sustainable research and development by 2030. We use the six dimensions of our award-winning Positive Impact Framework (PIF) to design solutions that deliver a range of sustainability benefits, including reduced environmental impact, increased use-phase efficiency, safety and reliability. In 2022, 72% of our top new product development programs enabled a positive sustainability impact.

In 2022, our Scope 3 emissions have surpassed our 2030 target. However, we expect some of this decline is temporary due to pandemic-related decreases in production levels. We are continuing our work to reduce Scope 3 emissions through shifting the sales mix of our solutions to more efficient technologies and lower carbon intensity products. Also, category 11 emissions may also be reduced by greening of the grid and shifts in portfolio sales related to certain industries. We expect some of these reductions to be more permanent and some to change as industries recover and our company grows.

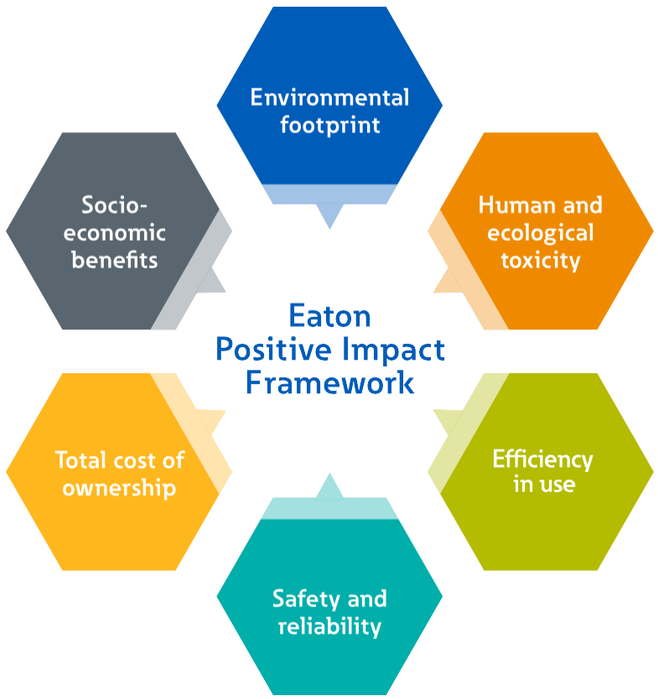


Figure 3: Eaton's six positive impact framework categories

Our goal is to reduce Scope 3 emissions by

15%

by 2030

Since 2018, we've reduced our Scope 3 greenhouse gas emissions by

23%

In 2022, we reduced the use phase and embodied carbon in new Electrical Sector product designs by

3.9%

Partnering for sustainable development

Eaton is collaborating on several projects as an active member of the World Business Council for Sustainable Development (WBCSD) including engagement on the creation of WBCSD's Avoided Emissions Guidance, which was recently endorsed by the G7; tackling Scope 3 transparency through our involvement in The Partnership for Carbon Transparency (PACT) workstream, which focuses on establishing a global methodology for accurate, primary and verified GHG emissions data exchange; and participating in the Horizon Zero Aluminum Working Group pilot in partnership with Rocky Mountain Institute and the Automotive Partnership for Carbon Transparency (A-PACT). We're also involved in several other initiatives with WBCSD that include tackling systemic challenges for a sustainable transition to renewables, decarbonizing transportation, automotive supply chain decarbonization and more.

Innovating alternatives to SF_6

SF_6 (sulfur hexafluoride) is a colorless, odorless gas and an excellent insulator in electrical switchgear—but it tops the list of the most potent greenhouse gases. As an alternative to SF_6 gas mixtures based on fluoronitrile C_4F_7N have been identified as one of the most promising candidates. Detailing this research, three members of the Eaton's Arc Modeling and Simulation CoE team, Venkat R. Narayanan, Mykhailo Gnybida, and Christian Rümpler, published a paper entitled, "Transport and radiation properties of C_4F_7N–CO_2 gas mixtures with added oxygen" in the *Journal of Physics D: Applied Physics*. Eaton's publication in this prestigious international journal underlines our capabilities in this field, and the knowledge gained through this research project will be important for achieving our sustainability targets.

Eaton's Positive Impact Framework earns the 2022 Digital Engineering award

Eaton's Positive Impact Framework (PIF) received a 2022 Digital Engineering Award and was recognized as a Top Sustainability Initiative in the Champion category. As a result of the PIF adoption within Eaton, the average carbon footprint indexed within our Electrical Sector has been reduced over the last two years by almost 10% of CO_2 equivalents. Additionally, new products released over the last ten months show the potential of reducing our Electrical Sector's year-to-date product-related greenhouse gas impact by 5.1% of CO_2 equivalents.

Learn more.

F-Gas Regulation | Main Outcome

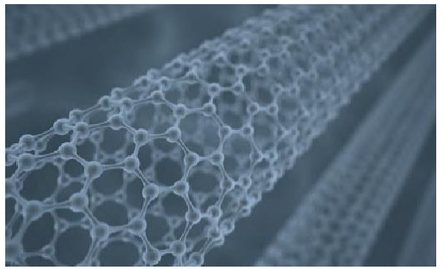
DENTONS GLOBAL ADVISORS

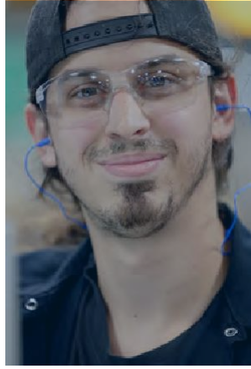
- On 5 October, EU institutions reached a political agreement on the revision of the F-Gas Regulation after 1.5 years of negotiations. This provisional agreement must now be approved by the European Parliament and then the Council.

- Thanks to prior technical work on the so-called “Switchgear Package”, the last negotiation round among EU institutions was a mere formality, finding an agreement in less than one hour.

PHASE OUT OF F-GAS IN SWTICHGEARS

Demange, Lukas





We make sustainable solutions for our future work.

We're focused on making a difference in the world—improving people's lives, the communities where we live and work, and the planet future generations depend on. Because this is what really matters. And we're here to make sure it works.

Learn more at Eaton.com/sustainability

Powering Business Worldwide