

Sustainability – Doing More of What Matters

New Steward Presentation



Kirk Spicer
April 2018



Powering Business Worldwide

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Our vision is to improve the quality of life and the **environment** through the use of power management technologies and services.



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Aspirational Goals:

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

We're a power management company, but more importantly, what we do improves the quality of life and the environment.

Our products, technologies and services make a difference in the world.



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Partnering for a greener planet

Our commitment to sustainability is also evident in our relationships. Here are some of the many efforts, groups and organizations we are a part of:

- Carbon Disclosure Project (CDP)
- Harvard SHINE
- Net Positive Project



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ENERGY



WATER

There are many types of footprints

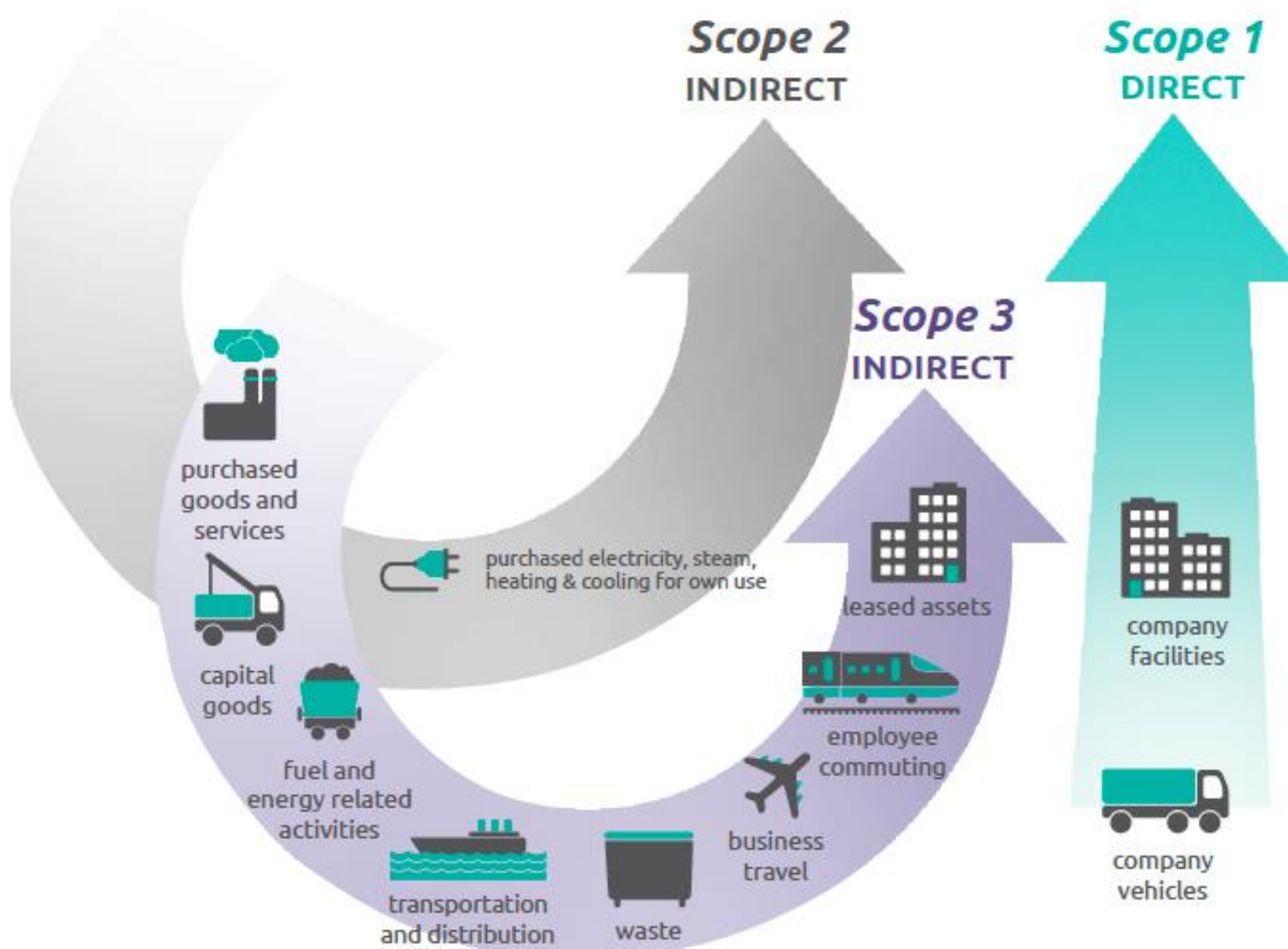


CLIMATE



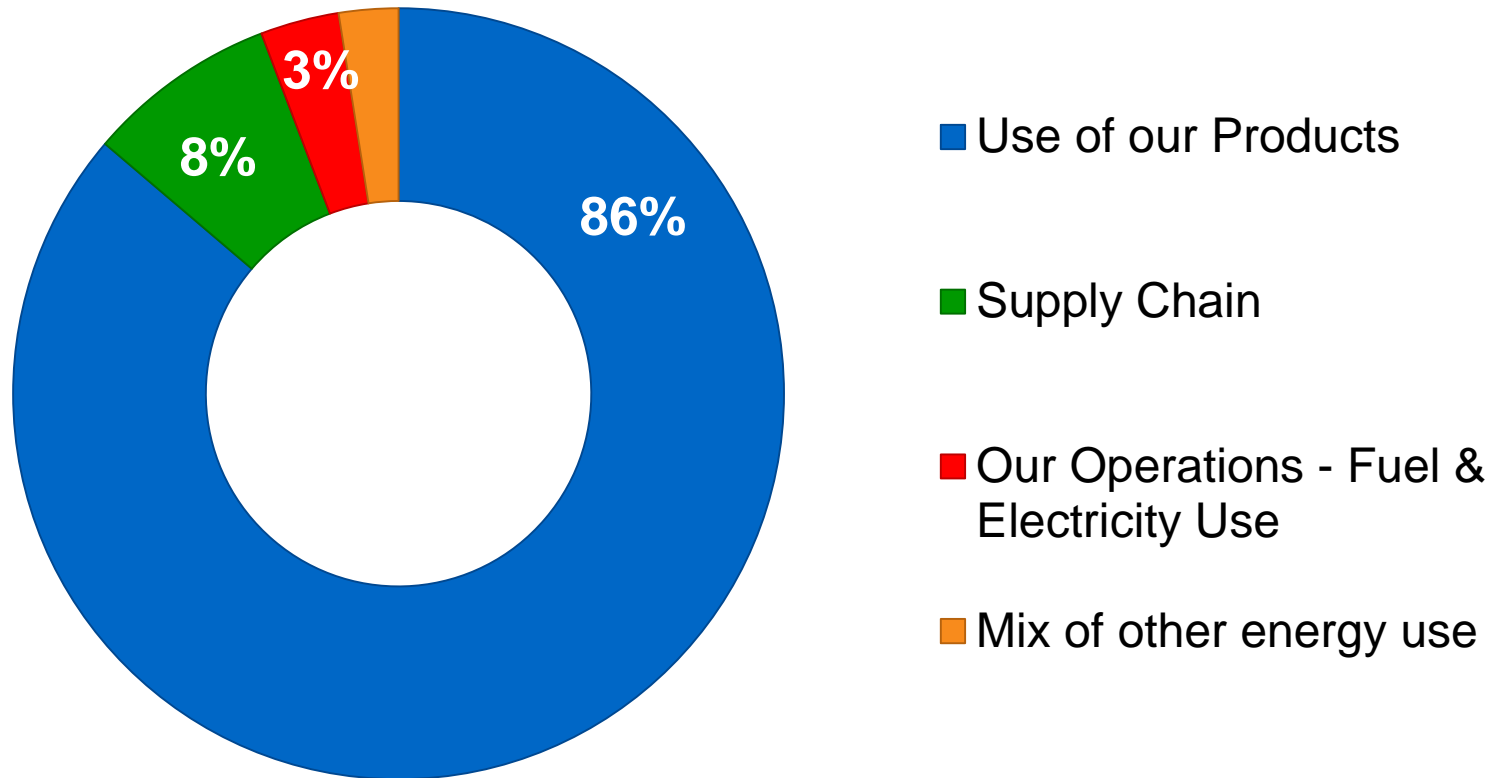
HEALTH

A footprint is what you take



We are responsible for GHG emissions of our operations AND our products in use

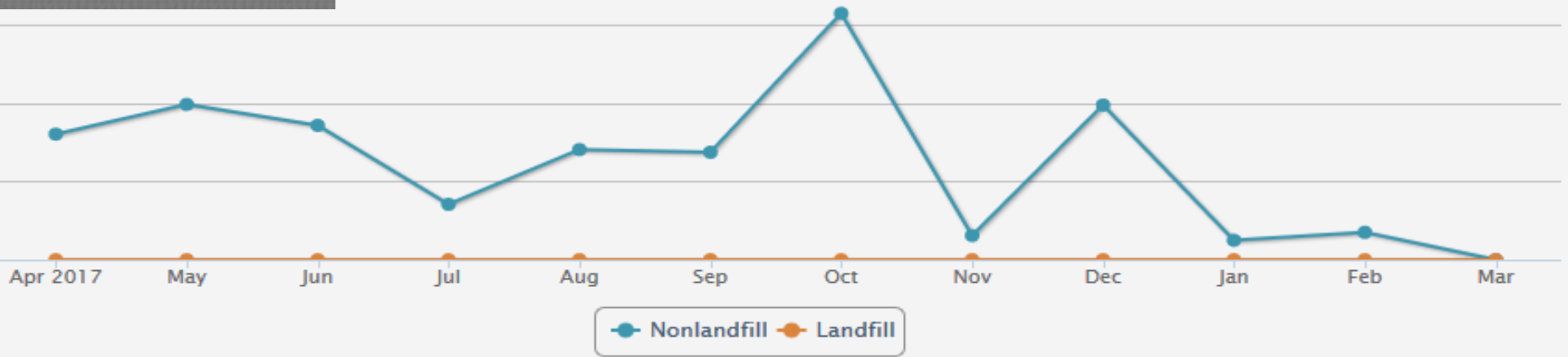
Eaton's GHG Emissions Footprint Mix



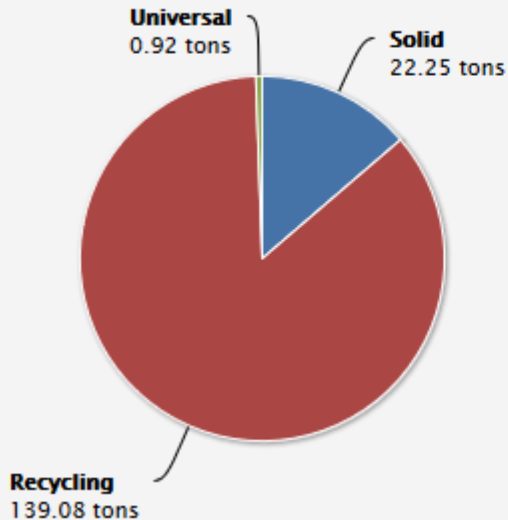
Waste Generation Tracking



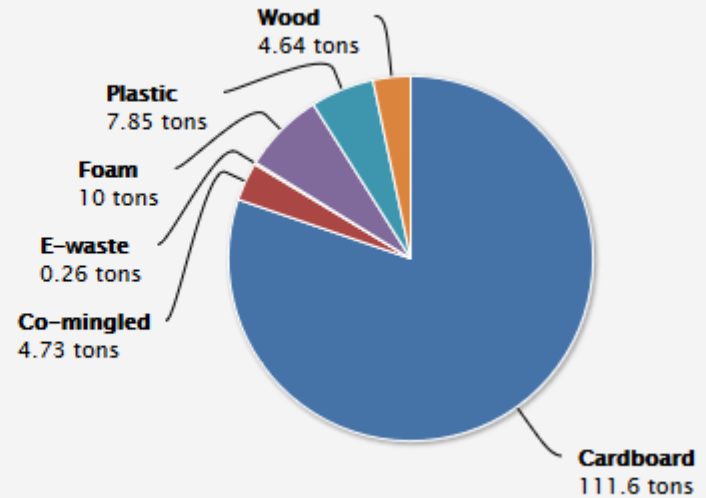
Landfill and Nonlandfill Tonnage by Month



Product Category Tons

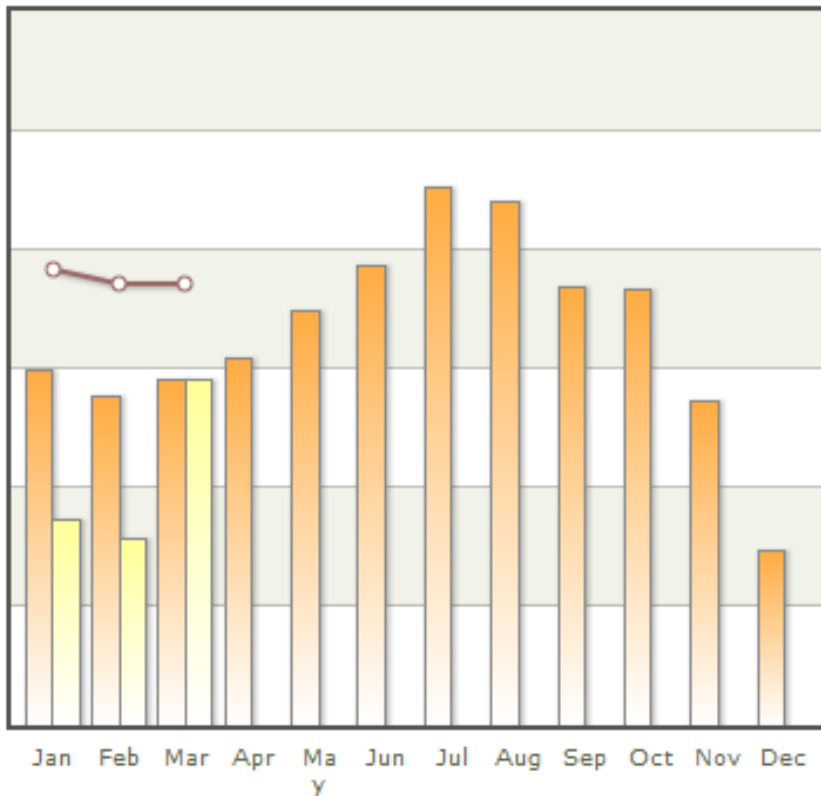


Recycling Types

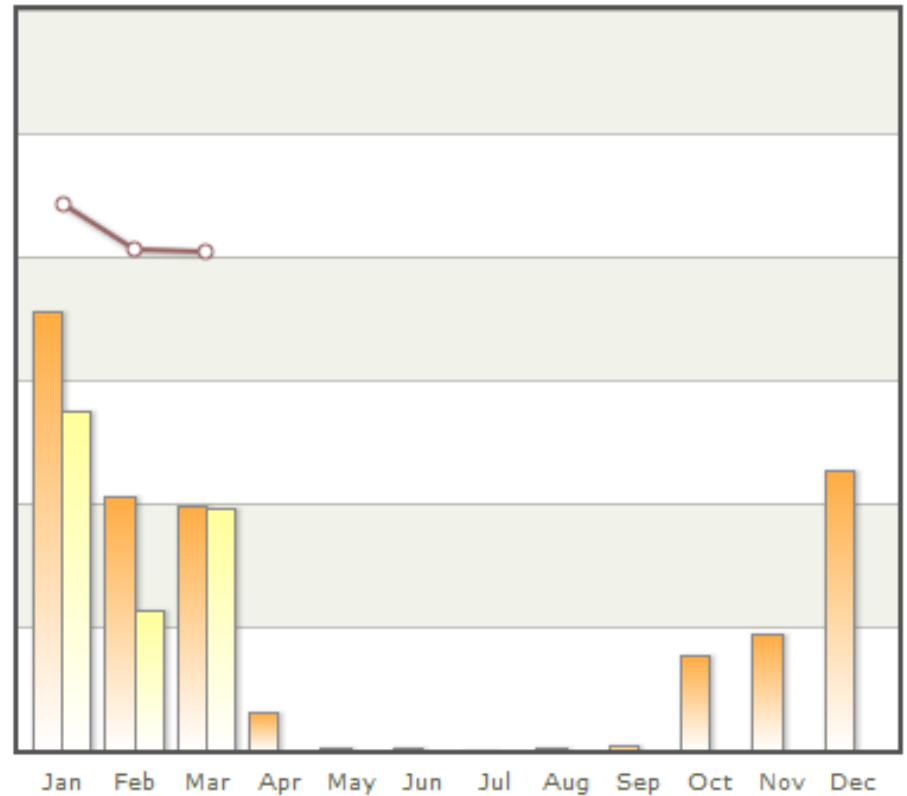


Energy Tracking

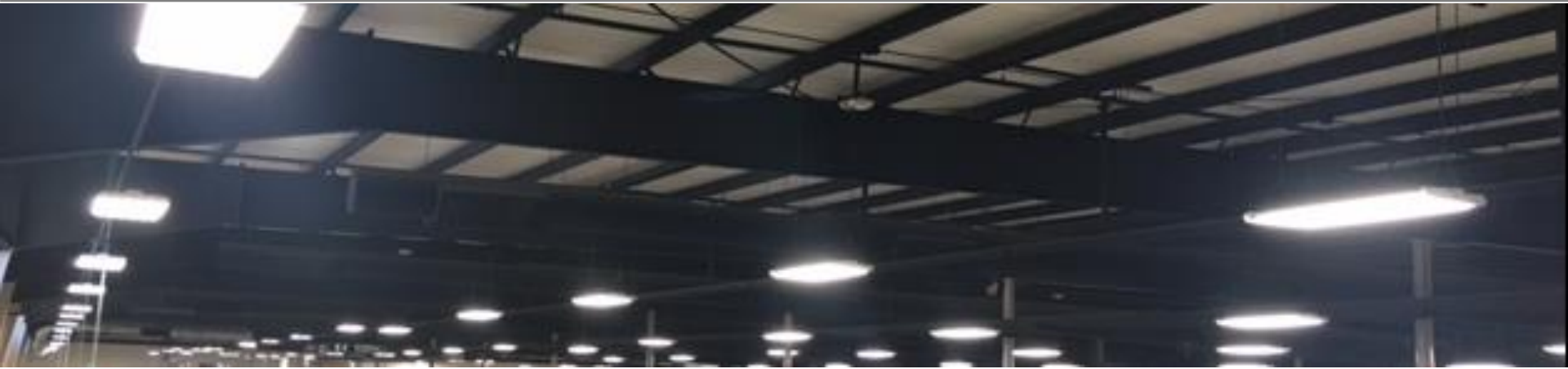
Trend Charts
Electricity kWh per Month



Trend Charts
Natural Gas therms per Month



Energy Reduction Spotlight – Going LED



We had unexpected benefits from switching to LEDs:

- **Employee Safety** – “I can see my work area better now”
- **Employee Comfort** – “Easier on the eyes”
- **Only needed 2 bulbs for office areas** - “Too bright with four”

A handprint is what you give

Our **handprint is the positive impact** Eaton has on the environment and society as we conduct our business.





Becoming Positive...

We can't *shrink* our way to Positive.

We Must Give More than we Take.

A handprint is what you give

Are our community activities focused on doing more of what matters to increase our **handprint**?

- We can increase our handprint by:
 - Leading community clean-ups
 - Sharing knowledge about how to live sustainably
 - Planting trees or planting community gardens
 - Strengthening community connections through outreach

Engaging our Employees

Sustainability at Eaton: Reducing Our Environmental Footprint

Eaton is focused on sustainability, because how we get results and doing business right are part of our company's values and philosophy.

Like our customers, we value safety, reliability, efficiency and sustainability. We have a collective responsibility to be good stewards of all the resources we use. Since 2010 we've reduced our greenhouse gas emissions (indexed to sales) by 12.5%, energy consumption by 13.5%, water consumption by 19% and waste to landfill by 34%.

We've already made a big impact and we're focused on doing much more. We are committed to decreasing the environmental impact of our global operations by reducing our environmental footprint in these areas:

- Reduce greenhouse gas emissions by 3% year-over-year
- Reduce waste to landfill by 3% year-over-year
- Reduce water consumption by 5% year-over-year



Safe



Reliable



Efficient

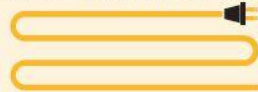


Sustainable

ELECTRICITY: Use Less



1,240,000,000 kWh
of electricity was consumed by Eaton in 2013.



How Eaton uses electricity ...



Our two highly efficient datacenters in Kentucky each use about: **4.9 Million kWh (annually)**



A single CNC machine, operating 24 hours daily, 5 days weekly: **350,000 kWh (annually)**



Eaton - issued laptop, used 40 hours weekly: **135 kWh (annually)**

Eaton's annual electricity usage is comparable to the amount of electricity it takes to annually power either ...



106,000 homes in the U.S.

OR



353,000 homes in Germany

OR



920,000 homes in China

LEARN MORE

Eaton is actively engaged in sustainable processes and practices as part of doing business right.

Discover how **YOU CAN HELP** by visiting www.eaton.com/sustainability.



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Safe



Reliable



Efficient



Sustainable

WASTE: Cause Less



11% of Eaton manufacturing sites



50% of total waste to landfill



Focusing on these sites offers a big opportunity to reduce waste, however, **all Eaton sites** must reduce waste to landfill.



Between **10%** and **15%** of our waste to landfill is **swarf**

- Small metal particles suspended in oil and other fluids
- Produced by grinding and other machining processes

Swarf is difficult to recycle efficiently because it requires separating the metal from oil and other fluids.

LEARN MORE

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Employee Education

- Zero Waste FAQ Sheet
- Break room waste recycling signs
- Shop floor waste recycling signs

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Raleigh Area Plants - Zero Waste FAQs

How is "zero waste to landfill" defined? Does it mean we do not send a single item of trash to a landfill?

Eaton uses the Underwriters Laboratories (UL) standard to define "Virtually Zero Waste to Landfill" as consistently achieving a landfill waste diversion rate of 98 percent. UL is a global safety and environmental consulting and certification company that provides standards for topics like sustainability and electrical safety. In order to achieve a 98 percent diversion rate, a Zero Waste Site must manage waste in a beneficial manner so that all wastes are recycled, reclaimed or reused. When wastes are incinerated, they must yield positive energy, i.e. excess heat is recovered, and the heat balance is positive.

This means that a Zero Waste to Landfill site consistently disposes of at least 98% of its trash through either reuse, composting, recycling, or incineration – but only if the heat generated by incineration is collected and used in order to create more energy than it took to incinerate it in the first place.

There is an intensive audit process in place to verify Eaton sites' Zero Waste status. Before we certify a site achieves Zero Waste to Landfill, we check to make sure at least 98 percent of its waste is diverted consistently for these months.

Why is incineration an acceptable option for trash?

The ideal waste management solution is waste reduction and reuse – throwing away less stuff. Recycling or composting is the second best option – processing waste into new raw materials and products, and turning organic matter into fertilizer. We will focus our efforts on waste reduction first, and the majority of our remaining "trash" waste stream will be recycled and composted. Only items that are not recyclable or compostable will be incinerated.

Incineration with energy recovery is still preferable to sending waste to a landfill. Energy recovery turns waste into electricity and heat, reduces the environmental cost of mining and burning fossil fuels, and reduces methane generation from landfills. Even the non-toxic ash created from the incinerated waste will be beneficially used in aggregate production such as asphalt or concrete.

Is there a timeline for Raleigh Area Plants achieving "zero waste to landfill" status?

As of June 2nd, RAP made their first waste-to-energy (incineration) shipment. RAP's EHS team has been monitoring and reporting on our waste reduction achievements and tracking our progress towards Zero Waste. When we made our first incineration shipment, EHS was confident that we can successfully divert 98 percent of our waste stream from the landfill every month, and we then began the Zero Waste verification process. As of August 12th, RAP had Heritage Interactive come and verify our waste diversion metrics, ensuring that we are diverting 98% of our waste stream from the landfill every month. According to Eaton's Zero Waste process, we will have to prove that we are diverting all our waste from the landfill for three months before we can officially call ourselves a Zero Waste site. We are aiming to achieve Zero Waste status by the end of 2015.

How much trash going into a landfill did RAP generate last year?

In 2014, Raleigh Area Plants sent about 158,000 pounds of waste to the landfill. Through our recycling efforts, we hope to increase the amount of waste we recycle, diverting most of our waste from the landfill. We have also started incinerating our remaining waste for energy recovery. We estimate that going Zero Waste to Landfill will reduce our annual greenhouse gas emissions by 218 metric tons of CO₂, equivalent to eliminating the emissions from 100 employees' daily commutes for a whole year!



World Environment Month

Footprint Reduction

Employee Engagement

Handprint Creation



- 60 sites and 9,000 employees participating

How do we measure our handprint?

- Our **handprint** is measured by the products, technologies and system solutions we design and make that, when in operation, ...
 - **Consume fewer resources** like fuel and electricity
 - Have **less environmental impact**, as measured in greenhouse gas emissions, than comparable products
 - Run **more efficiently, reliably, sustainably and safely**

A positive impact for our customers

- Our products help our customers be safe, efficient, and sustainable.
- These four products alone can prevent over 10 million tons of harmful greenhouse gas (GHG) emissions over their lifetimes.
- Every innovation and efficiency improvement can have a dramatic impact on the environment.



Precision Transmission



35FH fuel hose



93PM UPS



5000 psi hydraulic power generation system for Airbus A380

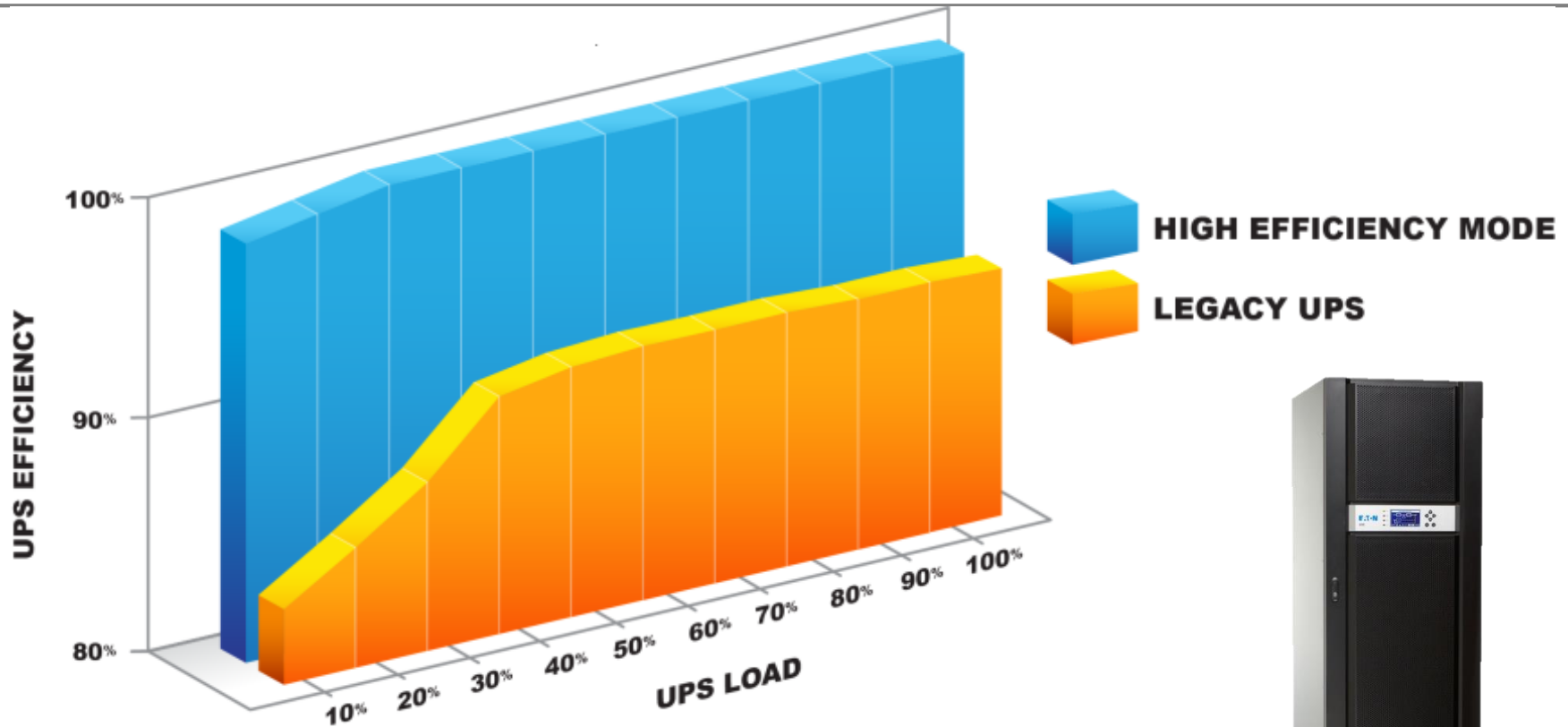
Our products help protect people and the environment

Backup power UPS

Eaton is a leading provider of backup power UPS, or uninterruptible power systems.

Eaton UPSs deliver high quality, reliable backup power for everything from network closets and server rooms to enterprise and colocation data centers.

Products Create Energy Savings



Eaton 93E UPS

Up to 98% efficient from 20 to 100% loading
Significant power savings over past UPS designs

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