Eaton Corporation plc

2023 Irish Statutory Accounts

Eaton Corporation plc

Directors' Report and Consolidated Financial Statements
For the Year Ended December 31, 2023

EATON CORPORATION plc

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DIRECTORS' REPORT

For the Year Ended December 31, 2023

Amounts are in millions of dollars or shares unless indicated otherwise (per share data assume dilution). Columns and rows may not add and the sum of components may not equal total amounts reported due to rounding.

The directors present their report and financial statements of Eaton Corporation plc (Eaton or the Company) for the year ended December 31, 2023.

The directors have elected to prepare the consolidated financial statements in accordance with Section 279 of Part 6 of the Companies Act 2014, which provides that a true and fair view of the state of affairs and profit or loss may be given by preparing the financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), as defined in Section 279 (1) of Part 6 of the Companies Act 2014, to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of that part of the Companies Act 2014.

BASIS OF PRESENTATION

The accompanying consolidated financial statements include the accounts of Eaton and its majority-owned subsidiaries or affiliated companies (Group) where Eaton has the ability to control the entity through voting or similar rights.

PRINCIPAL ACTIVITIES

Eaton Corporation plc is an intelligent power management company dedicated to protecting the environment and improving the quality of life for people everywhere. We make products for the data center, utility, industrial, commercial, machine building, residential, aerospace and mobility markets. We are well positioned to capitalize on the megatrends of electrification, energy transition and digitalization. The reindustrialization of North America and Europe, growth in North American megaprojects, and increased global infrastructure spending focused on clean energy programs are expanding our end markets and positioning Eaton for growth for years to come. We are strengthening our participation across the entire electrical power value chain and benefiting from momentum in the data center and utility end markets as well as a growth cycle in the commercial aerospace and defense markets. We are guided by our commitment to operate sustainably and with the highest ethical standards. Our work is accelerating the planet’s transition to renewable energy sources, helping to solve the world’s most urgent power management challenges, and building a more sustainable society for people today and for future generations.

Eaton was founded in 1911 and has been listed on the New York Stock Exchange for more than a century. We reported revenues of $23.2 billion in 2023 and serve customers in more than 160 countries.

Acquisitions and Divestitures of Businesses

Information regarding the Company's acquisitions and divestitures is presented in Note 2 of the Notes to the consolidated financial statements.

Business Segment Information

Information by business segment regarding principal products, principal markets, methods of distribution and net sales is presented in Note 21 of the Notes to the consolidated financial statements. Additional information regarding Eaton's segments and business is presented below.

Electrical Americas and Electrical Global

Principal methods of competition in these segments are performance of products and systems, technology, customer service and support, and price. Eaton has a strong competitive position in these segments and, with respect to many products, is considered among the market leaders. In normal economic cycles, sales of these segments are historically lower in the first quarter and higher in the third and fourth quarters of a year. In 2023, 25% of these segments' sales were made to seven large customers of electrical products and electrical systems and services.

Aerospace

Principal methods of competition in this segment are total cost of ownership, product and system performance, quality, design engineering capabilities, and timely delivery. Eaton has a strong competitive position in this segment and, with respect to many products and platforms, is considered among the market leaders. In 2023, 21% of this segment's sales were made to three large original equipment manufacturers of aircraft.

Vehicle

Principal methods of competition in this segment are product performance, technology, global service, and price. Eaton has a strong competitive position in this segment and, with respect to many products, is considered among the market leaders. In 2023, 33% of this segment's sales were made to three large original equipment manufacturers of vehicles and related components.

eMobility

Principal methods of competition in this segment are product performance, technology, global service, and price. Eaton has a strong competitive position in this segment. In 2023, 14% of this segment's sales were made to three large original equipment manufacturers of vehicles, construction equipment and related components.

Information Concerning Eaton's Business in General

Raw Materials

Eaton's major requirements for raw materials include iron, steel, copper, nickel, aluminum, lead, silver, gold, titanium, rubber, plastic, electronic components, chemicals, and fluids. Materials are purchased in various forms, such as coils, sheets, strips, ingots, bars, extrusions, castings, forgings, stampings, powder metal, plastic resins, and pellets. Raw materials, as well as parts and other components, are purchased from many suppliers. Under normal circumstances, the Company has no difficulty obtaining its raw materials. However, as global economies continued to recover from the COVID-19 pandemic and supply chains adjusted to the Russia Ukraine war, some of our businesses were impacted by inflation and supply chain constraints, including limited availability of select materials and delivery delays. During this time, we worked closely with our suppliers to manage and minimize the impact on our supply chain.

Patents and Trademarks

Eaton considers its intellectual property, including without limitation patents, trade names, domain names, trademarks, confidential information, and trade secrets to be of significant value to its business as a whole. The Company's products may be manufactured, marketed and sold using a portfolio of patents, trademarks, licenses, and other forms of intellectual property, some of which expire in the future. Eaton develops and acquires new intellectual property on an ongoing basis and considers all of its intellectual property to be valuable. Based on the broad scope of the Company's product lines, management believes that the loss or expiration of any single intellectual property right would not have a material effect on Eaton's consolidated financial statements or its business segments. The Company's policy is to file applications and obtain patents for the majority of its novel and innovative new products including product modifications and improvements.

Environmental Contingencies

Our comprehensive sustainability strategy is driven by our mission to improve the quality of life and the environment. We are committed to reducing our footprint, eliminating waste, and making the best use of natural resources. Operations of the Company involve the use and disposal of certain substances regulated under environmental protection laws. Eaton continues to modify processes on an ongoing, regular basis in order to reduce the impact on the environment, including the reduction or elimination of certain chemicals used in, and wastes generated from, operations. Compliance with laws that have been enacted or adopted regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment, are not expected to have a material adverse effect upon capital expenditures, including expenditures for environmental control facilities, earnings or the competitive position of the Company. Compliance with future environmental protection laws may require an increase in capital expenditures. Information regarding the Company's liabilities related to environmental matters is presented in Note 14 of the Notes to the consolidated financial statements.

Human Capital Management

Eaton has approximately 94,000 employees globally. The number of persons employed by our reportable segments and corporate at December 31, 2023 are as follows:

(In thousands)	2023
Electrical Americas	32
Electrical Global	26
Aerospace	14
Vehicle	12
eMobility	2
Corporate	8
Total number of persons employed	94

Eaton uses and monitors a variety of metrics to ensure our objectives related to employee attraction, development, and retention are met. Most notably, Eaton tracks the following:

Inclusion and Diversity

Eaton is committed to having a workforce that is diverse and inclusive at all levels, reflecting the diversity of our customers and communities. Our success depends on our ability to attract and retain the best employees without regard to race, color, social or economic status, religion, national origin, marital status, age, veteran status, sexual orientation, gender identity, or any protected status. It is the policy of the Company to make all decisions regarding employment based on the principle of equal employment opportunity and without discrimination.

At December 31, 2023, Eaton's distribution by gender, and United States distribution by minority status, is as follows:

	Total Global	Number of women (Global)	Percentage of women (Global)	U.S. total	Number of minorities (U.S. only)[1]	Percentage of minorities (U.S. only)[1]
Board of directors	10	3	30.0 %	8	4	50.0 %
Global leadership team	25	4	16.0 %	23	11	47.8 %
Executives	671	161	24.0 %	480	102	21.3 %
Managers	8,754	2,192	25.0 %	4,568	984	21.5 %
All other employees	84,331	29,794	35.3 %	23,668	8,658	36.6 %
All employees	93,781	32,151	34.3 %	28,739	9,755	33.9 %

[1] Excluding Puerto Rico

At Eaton, one of our aspirational goals is to be a model of inclusion and diversity among our peers. Our plan to achieve this goal encompasses a number of actions, including an examination into our programs, practices, processes, and policies to look for opportunities to strengthen our support of underrepresented individuals, groups and businesses across our operations.

Compensation

A key component of Eaton's attraction and retention strategy is competitive compensation. Eaton regularly benchmarks its compensation practices with industry peers to maintain a top performing workforce. Eaton's 2023 total employee costs was $6.1 billion including salaries, wages, equity-based compensation, pension and other benefits. The total compensation of our median employee on October 1, 2022, as reported in our 2023 Proxy Statement filed on March 17, 2023, and as calculated in accordance with Item 402(u) of Regulation S-K, was $59,064.

Safety

Throughout our operations, our goal is to have no safety incidents and we continue to make progress towards that goal. Our 2022 Total Recordable Case Rate (TRCR) was 0.40 and our Days Away Case Rate (DACR) was 0.16. We have improved our TRCR 38% since 2018 and consider our 2030 target of 0.25 to be a world-leading safety rating. Our 2023 TRCR will be provided in our annual Sustainability Report to be issued in 2024.

Achieving work-life balance

Achieving work-life balance is a common concern of today's employees. Flexible work solutions and inclusive programs will help us remain competitive in attracting and retaining the best talent and make it possible for employees in varied situations to be able to remain at Eaton. Flexible solutions include compressed work weeks, remote working, job sharing, part-time work, flextime, and telework.

Engagement

Fully engaged employees are more productive, innovative, and satisfied in their work. Examples of how we engage our employees include enterprise-wide town halls, hosting informal listening meetings and surveying groups of employees on specific subjects. In addition, we have programs focused on career development of employees at all levels and we are committed to a wide range of strategies designed to improve and sustain employee engagement over the long-term. Our most recent engagement survey of all employees was completed in 2023. Of those who responded to the survey, 84% had favorable engagement indicating they were proud to work at Eaton, felt personal accomplishment from their work, and would recommend Eaton as a place to work. We plan to perform another survey of all employees in 2025.

PRINCIPAL RISKS AND UNCERTAINTIES

Among the risks that could materially adversely affect Eaton's businesses, financial condition or results of operations are the following:

Operational Risks

Impacts related to, and recovery from, the COVID-19 pandemic could have an adverse effect on our business and results of operations.

The global outbreak of COVID-19 disrupted economic activity around the world. As a result, we and our employees, suppliers, customers and others were, at times, restricted or prevented from conducting normal business activities, as a result of shutdowns, travel restrictions and other actions that were requested or mandated by governmental authorities. These impacts were partially mitigated for us, given that a substantial portion of our businesses and facilities were classified as essential in jurisdictions in which facility closures were mandated, and most of these disruptions have subsided. Nonetheless, we can give no assurance that there will not be additional closures in the future or that our businesses and facilities will be classified as essential in each of the jurisdictions in which we operate, should future outbreaks and/or additional strains of the virus impact global economic activity. Further, the pandemic has, and could further disrupt our supply chain. The duration of and extent to which the COVID-19 pandemic continues to impact our results of operations and financial condition will depend on future developments that are highly uncertain and cannot be predicted. The impact of COVID-19 may also continue to exacerbate other risks discussed in "Principal Risks and Uncertainties" of this Directors' Report, any of which could have a material effect on our results of operations.

If Eaton is unable to protect its information technology infrastructure against service interruptions, data corruption, cyber-based attacks or network security breaches, product or service offerings could be compromised or operations could be disrupted or data confidentiality impaired.

Eaton relies on information technology networks and systems, including the Internet, to process, transmit and store electronic information, and to manage or support a variety of business processes and activities, including procurement, manufacturing, distribution, invoicing and collection. Additionally, many of our products and services include integrated software and information technology that collects data or connects to external and internal systems. Because of this, cybersecurity threats pose a material risk to our business operations.

Global cybersecurity threats range from widespread vulnerabilities, sophisticated and targeted measures known as advanced persistent threats, or uncoordinated individual attempts to gain unauthorized access to IT/OT systems. These threats may be directed at Eaton, its products, software embedded in Eaton’s products, or its third-party service providers. The risk is amplified by the increasingly connected nature of our products and systems. These threats may originate from anywhere in the connected world and take the form of phishing, malware, bots, or human-centric attacks. Eaton continually seeks to deploy comprehensive measures to deter, prevent, detect, respond to and mitigate these threats.

As a result of our worldwide operations, we are subject to laws and regulations, including data protection/privacy and cybersecurity laws and regulations, in many jurisdictions. In addition, we operate in an environment in which there are different and potentially conflicting data privacy laws in effect in the various U.S. states and foreign jurisdictions in which we operate and we must understand and comply with each law and standard in each of these jurisdictions while ensuring the data is secure. For example, the Global Data Protection Regulation (GDPR) prefers that we manage personal data in the E.U. and may impose fines of up to four percent of our global revenue in the event of certain violations.

Eaton’s customers, including Governmental Agencies, are increasingly requiring cybersecurity protections and mandating cybersecurity standards which may result in additional operating or production costs. Our cybersecurity program aligns with well-known industry-wide security control frameworks. Despite these efforts, cybersecurity incidents could potentially result in the misappropriation, destruction, corruption or unavailability of critical data and confidential or proprietary information and the disruption of business operations. The potential consequences of a material cybersecurity incident include theft of intellectual property, disruption of operations, reputational damage, adverse health and safety consequences, the loss or misuse of confidential information, product failure, as well as exposure to fines, legal claims or enforcement actions.

The effects of climate change, including weather disruptions and regulatory/market reactions, create uncertainties that could negatively impact our business.

Global increases in greenhouse gas emissions are linked to climate change, and there is a growing consensus that dramatic emissions reductions are needed to avoid severe climate impacts. Extreme weather events linked to climate change, including hurricanes, flooding, wildfires, and high heat/water scarcity, create physical risks to Eaton’s operating locations and supply chains. While Eaton is working to make its own operations carbon neutral by 2030, a global failure to achieve commitments could cause increases in these extreme weather events, political instability, and workforce migration, ultimately increasing Eaton’s cost of doing business.

Regulatory reactions to climate change may pose more stringent obligations on Eaton’s operations and change customer demands. While Eaton is already gearing its portfolio towards products that will reduce carbon and combat climate change, there is a risk that Eaton may not innovate quickly enough to meet changing regulatory or market demands. Increasing demands for metals as the world electrifies may lead to scarcity and increased costs, as may uncertainty over carbon taxes and grid stability during a renewables transition. Despite these uncertainties, we believe Eaton is well positioned to capitalize on secular trends and market opportunities arising from these risks.

Eaton's operations depend on production facilities throughout the world, which subjects them to varying degrees of risk of disrupted production.

Eaton manages businesses with manufacturing facilities worldwide. The Company's manufacturing facilities and operations could be disrupted by a natural disaster, labor strike, war, political unrest, terrorist activity, economic upheaval, or public health concerns such as the spread of COVID-19. Any such disruption could cause delays in shipments of products and the loss of sales and customers, and insurance proceeds may not adequately compensate for losses.

Eaton uses a variety of raw materials, components and services in its businesses, and significant inflation could increase operating costs that may not be fully recouped in product pricing.

Eaton's major requirements for raw materials are described above in Principal Activities “Raw Materials”. Global shortages have continued to affect the prices Eaton's businesses are charged for raw materials, particularly commodities. Further, Eaton has been impacted by logistics and wage inflation. If this trend continues and we are unable to fully recoup these price increases in product pricing, the competitive position of our products and services may be impacted, which could have a material adverse impact on operating results.

Further, some of Eaton's suppliers of component parts have increased their prices in response to increased costs of raw materials that they use to manufacture component parts. Should this trend continue or become more prevalent, the Company may not be able to increase its prices commensurately with its increased costs, adversely affecting operating results.

Significant shortages of raw materials, energy, components, and/or labor, or similar challenges for our customers could continue to adversely impact our results of operations.

Eaton has been impacted by supply chain disruptions. Further, labor shortages persist broadly in select markets. Some of our suppliers have experienced the same conditions and in response, have continued to increase their prices in response to increases in their costs of raw materials, energy and/or labor. While we strive to recoup these increased costs through our pricing, if we are unable to do so without compromising the competitive position of our products and services, our results could continue to be impacted by this trend. Further, should these trends continue or worsen, the impact could have a material adverse impact on our operating results.

Industry and Market Risks

Volatility of end markets that Eaton serves.

Eaton's segment revenues, operating results, and profitability have varied in the past and may vary from quarter to quarter in the future. Profitability can be negatively impacted by volatility in the end markets that Eaton serves. The Company has undertaken measures to reduce the impact of this volatility through diversification of the markets it serves and expansion of the geographic regions in which it operates. Future downturns in any of the markets could adversely affect revenues, operating results, and profitability.

Eaton's operating results depend in part on continued successful research, development, and marketing of new and/or improved products and services, and there can be no assurance that Eaton will continue to successfully introduce new products and services or maintain its present market positions.

The success of new and improved products and services depends on their initial and continued acceptance by Eaton's customers. The Company's businesses are affected, to varying degrees, by technological change and corresponding shifts in customer demand, which could result in unpredictable product transitions or shortened life cycles. Eaton may experience difficulties or delays in the research, development, production, or marketing of new products and services which may prevent Eaton from recouping or realizing a return on the investments required to bring new products and services to market. The Company's market positions may also be impacted by new entrants into Eaton's product or regional markets.

Legal and Regulatory Risks

Eaton's global operations subject it to economic risk as Eaton's results of operations may be adversely affected by changes in government legislation, regulations and policies, or currency fluctuations.

Operating globally subjects Eaton to changes in government regulations and policies in a large number of jurisdictions around the world, including those related to tariffs and trade barriers, investments, property ownership rights, taxation, data privacy, and exchange controls. Changes in the relative values of currencies occur from time to time and could affect Eaton's operating results. While the Company monitors exchange rate exposures and attempts to reduce these exposures through hedging activities, these risks could adversely affect operating results.

Further, existing free trade laws and regulations provide certain beneficial duties and tariffs for qualifying imports and exports, subject to compliance with applicable classification and other requirements. Changes in laws or policies governing the terms of foreign trade, and in particular increased trade restrictions, tariffs or taxes on imports from countries where we manufacture products, could have an impact on our business and financial results.

Eaton may be subject to risks relating to changes in its tax rates, changes in global tax laws and regulations, or exposure to additional income tax liabilities.

Eaton is subject to income taxes in many jurisdictions around the world. Income tax liabilities are subject to the allocation of income among various tax jurisdictions. The Company's effective tax rate could be affected materially by changes in the mix among earnings in countries with differing statutory tax rates, changes in the valuation allowance of deferred tax assets, or changes in tax legislation, regulations, and policies. The amount of income taxes paid is subject to ongoing audits by tax authorities in the countries in which Eaton operates. If these audits result in assessments different from amounts reserved, future financial results may include material unfavorable adjustments to the Company's tax liabilities.

Eaton may be unable to adequately protect its intellectual property rights, which could affect the Company's ability to compete.

Protecting Eaton's intellectual property rights is critical to its ability to compete and succeed. The Company owns a large number of patents and patent applications worldwide, as well as trademark and copyright registrations that are necessary, and contribute significantly, to the preservation of Eaton's competitive position in various markets. Although management believes that the loss or expiration of any single intellectual property right would not have a material effect on the results of operations or financial position of Eaton or its business segments, there can be no assurance that any one, or more, of these patents and other intellectual property will not be challenged, invalidated, or circumvented by third parties. Eaton enters into confidentiality and invention assignment agreements with the Company's employees, and into non-disclosure agreements with suppliers and appropriate customers, so as to limit access to and disclosure of proprietary information. These measures may not suffice to deter misappropriation or independent third party development of similar technologies.

Eaton is subject to litigation and environmental regulations that could adversely impact Eaton's businesses.

At any given time, Eaton may be subject to litigation, the disposition of which may have a material adverse effect on the Company's businesses, financial condition or results of operations. Information regarding current legal proceedings is presented in Note 14 and Note 15 of the Notes to the consolidated financial statements.

RESULTS OF OPERATIONS

Portfolio Changes

The Company continues to actively manage its portfolio of businesses to deliver on its strategic objectives. The Company is focused on deploying its capital toward businesses that provide opportunities for above-market growth, strong returns, and align with secular trends and its power management strategies. Over the last two years, Eaton continued to selectively add businesses to strengthen its portfolio.

Acquisitions of businesses and investments in associate companies	Date of acquisition	Business segment
Royal Power Solutions A manufacturer of high-precision electrical connectivity components used in electric vehicle, energy management, industrial and mobility markets.	January 5, 2022	eMobility
Jiangsu Huineng Electric Co., Ltd's circuit breaker business A 50 percent stake in Jiangsu Huineng Electric Co., Ltd's circuit breaker business which manufactures and markets low-voltage circuit breakers in China.	July 1, 2022	Electrical Global
Jiangsu Ryan Electrical Co. Ltd. A 49 percent stake in Jiangsu Ryan Electrical Co. Ltd., a manufacturer of power distribution and sub-transmission transformers in China.	April 23, 2023	Electrical Global

Additional information related to acquisitions of businesses is presented in Note 2.

Summary of Results of Operations

A summary of Eaton's Net sales, Net income attributable to Eaton ordinary shareholders, and Net income per share attributable to Eaton ordinary shareholders - diluted is as follows:

(In millions except for per share data)	2023	2022
Net sales	$ 23,196	$ 20,752
Net income attributable to Eaton ordinary shareholders	3,218	2,462
Net income per share attributable to Eaton ordinary shareholders - diluted	$ 8.02	$ 6.14

2022: Organic sales increased 13% in 2022 due to broad-based strength in end-markets and pricing actions in response to inflationary pressures. Each of our business segments realized organic growth greater than 10% during the year, despite being impacted by operating inefficiencies due to supply chain constraints or shortages, inflation, and selective labor shortages.

2023: Organic sales increased 12% in 2023 due to higher sales volumes including net price realization in most of our business segments. Our Electrical Americas, Aerospace, and eMobility business segments each realized organic growth greater than 10%, driving a 31% increase in net income from 2022, despite certain business segments being impacted by higher costs to support growth initiatives, unfavorable product mix, and operating inefficiencies.

Additionally, over the past several years, Eaton has completed a number of transactions to add higher growth, better margin businesses to its portfolio. These portfolio updates have the Company better aligned with secular growth trends and well positioned for expected further growth. These changes to our portfolio of businesses along with double digit organic sales growth and operational performance over the past two years have led to 31% growth in our net income per share since 2022.

Non-GAAP Financial Measures

The following discussion of Consolidated Financial Results includes certain non-GAAP financial measures. These financial measures include adjusted earnings and adjusted earnings per ordinary share, each of which differs from the most directly comparable measure calculated in accordance with generally accepted accounting principles (GAAP). A reconciliation of adjusted earnings and adjusted earnings per ordinary share to the most directly comparable GAAP measure is included in the Consolidated Financial Results table below. Management believes that these financial measures are useful to investors because they provide additional meaningful financial information that should be considered when assessing our business performance and trends, and they allow investors to more easily compare Eaton's financial performance period to period. Management uses this information in monitoring and evaluating the on-going performance of Eaton.

Acquisition and Divestiture Charges

Eaton incurs integration charges and transaction costs to acquire and integrate businesses, and transaction, separation and other costs to divest and exit businesses. Eaton also recognizes gains and losses on the sale of businesses. A summary of these Corporate items is as follows:

(In millions except for per share data)	2023	2022
Acquisition integration, divestiture charges and transaction costs	$ 54	$ 194
Gain on the sale of the Hydraulics business	—	(24)
Total charges before income taxes	54	170
Income tax benefit	(15)	(23)
Total after income taxes	$ 39	$ 147
Per ordinary share - diluted	$ 0.10	$ 0.37

Acquisition integration, divestiture charges and transaction costs in 2023 and 2022 are related to the acquisition of Royal Power Solutions and other acquisitions completed prior to 2022, including other charges and income to acquire and exit businesses. Costs in 2023 and 2022 also included certain indemnity claims associated with the sale of 50% interest in the commercial vehicle automated transmission business in 2017. 2023 and 2022 also included reductions in the fair value of contingent future consideration from the Green Motion SA acquisition. Costs in 2022 also included charges of $29 million presented in Other expense on the Consolidated Profit and Loss Accounts related to the decision in the second quarter of 2022 to exit the Company's business operations in Russia. These charges consisted primarily of write-downs of accounts receivable, inventory and other assets, and accruals for severance. These charges were included in Cost of products sold, Selling and administrative expense, Research and development expense, Interest expense, or Other expense. In Business Segment Information in Note 21, the charges were included in Other expense.

Restructuring Programs

In the second quarter of 2020, Eaton initiated a multi-year restructuring program to reduce its cost structure and gain efficiencies in its business segments and at corporate in order to initially respond to declining market conditions brought on by the COVID-19 pandemic. Since the inception of the program, the Company incurred charges of $382 million related to workforce reductions, plant closing, and other costs. The multi-year program was substantially complete at the end of 2023 and mature year benefits from the program are estimated to be $265 million and will be largely realized by the end of 2024. Additional information related to this restructuring is presented in Note 20.

On February 1, 2024, the Company announced a new multi-year restructuring program to accelerate opportunities to optimize its operations and global support structure. These actions will better align the Company's functions to support anticipated growth and drive greater effectiveness throughout the Company. This restructuring program is expected to be completed in 2026, with anticipated workforce reductions of $275 million and plant closing and other costs of $100 million, resulting in total estimated charges of $375 million for the entire program. The Company expects mature year benefits of $325 million when the multi-year program is fully implemented.

Intangible Asset Amortization Expense

Intangible asset amortization expense is as follows:

(In millions except for per share data)	2023	2022
Intangible asset amortization expense	$ 450	$ 499
Income tax benefit	98	105
Total after income taxes	$ 353	$ 394
Per ordinary share - diluted	$ 0.89	$ 0.99

Consolidated Financial Results

(In millions except for per share data)	2023	Change from 2022	2022
Net sales	$ 23,196	12 %	$ 20,752
Gross profit	8,434	22 %	6,887
Percent of net sales	36.4 %		33.2 %
Income before income taxes	3,827	31 %	2,911
Net income	3,223	31 %	2,465
Less net income for noncontrolling interests	(5)		(4)
Net income attributable to Eaton ordinary shareholders	3,218	31 %	2,462
Excluding acquisition and divestiture charges, after-tax	39		147
Excluding restructuring program charges, after-tax	46		29
Excluding intangible asset amortization expense, after-tax	353		394
Adjusted earnings	$ 3,657	21 %	$ 3,032
Net income per share attributable to Eaton ordinary shareholders - diluted	$ 8.02	31 %	$ 6.14
Excluding per share impact of acquisition and divestiture charges, after-tax	0.10		0.37
Excluding per share impact of restructuring program charges, after-tax	0.11		0.07
Excluding per share impact of intangible asset amortization expense, after-tax	0.89		0.99
Adjusted earnings per ordinary share	$ 9.12	20 %	$ 7.57

Net Sales

Net sales increased 12% in 2023 driven entirely by organic sales growth. The increase in organic sales is due to strength in commercial & institutional, utility, industrial, and data center end-markets in the Electrical Americas and Electrical Global business segments, strength in sales to commercial OEM and aftermarket in the Aerospace business segment, strength in the North American, European, and Asia Pacific regions in the Vehicle business segment, and the ramp up of key programs in the eMobility business segment due to robust demand for electric vehicles.

Gross Profit

Gross profit margin increased from 33.2% in 2022 to 36.4% in 2023 primarily due to higher sales volumes and net price realization, partially offset by higher costs to support growth initiatives in the Electrical Americas and Aerospace business segments, unfavorable product mix in the Electrical Global, Aerospace, and eMobility business segments, and operating inefficiencies in the Electrical Global and Vehicle business segments.

Income Taxes

During 2023, income tax expense of $604 million was recognized (an effective tax rate of 15.8%) compared to income tax expense of $445 million in 2022 (an effective tax rate of 15.3%). The increase in the effective tax rate from 15.3% in 2022 to 15.8% in 2023 was primarily due to greater levels of income earned in higher tax jurisdictions, partially offset by the reduction of valuation allowances on foreign tax attributes. Additionally, see Note 15 for income tax rate reconciliations from Ireland's national statutory rate to the consolidated effective rate.

In December 2023, Ireland enacted legislation to implement a 15% global minimum effective tax rate by country as established by the Organization for Economic Co-operation and Development (OECD), with effective dates of January 1, 2024, and January 1, 2025, for different aspects of the rules. The Company will continue to evaluate the impact of global minimum tax legislation as enacted by Ireland and other countries in which we operate and expects its effective tax rate to increase by approximately 1% for 2024.

Net Income

Changes in Net income attributable to Eaton ordinary shareholders and Net income per share attributable to Eaton ordinary shareholders - diluted are summarized as follows:

	2023	
(In millions except for per share data)	Dollars	Per share
Prior year	$ 2,462	$ 6.14
Business segment results of operations		
Operational performance	762	1.89
Foreign currency	(11)	(0.03)
Corporate		
Intangible asset amortization expense	41	0.10
Restructuring program charges	(17)	(0.04)
Acquisition and divestiture charges	108	0.27
Other corporate items	(102)	(0.25)
Tax rate impact	(25)	(0.06)
Current year	$ 3,218	$ 8.02

Business Segment Results of Operations

The following is a discussion of Net sales, operating profit (loss) and operating margin by business segment.

Electrical Americas

(In millions)	2023	Change from 2022	2022
Net sales	$ 10,098	19 %	$ 8,497
Operating profit	$ 2,675	40 %	$ 1,913
Operating margin	26.5 %		22.5 %

Net sales increased 19% in 2023 driven entirely by organic sales growth. The increase in organic sales reflects strength in commercial & institutional, utility, industrial, machine OEM, and data center end-markets.

The operating margin increased from 22.5% in 2022 to 26.5% in 2023 primarily due to higher sales volumes and net price realization, partially offset by higher costs to support growth initiatives, and higher gains from the sale of non-production facilities in 2022.

Electrical Global

(In millions)	2023	Change from 2022	2022
Net sales	$ 6,084	4 %	$ 5,848
Operating profit	$ 1,176	4 %	$ 1,134
Operating margin	19.3 %		19.4 %

Changes in Net sales are summarized as follows:

	2023
Organic growth	5 %
Divestiture	(1)%
Total increase in Net sales	4 %

The increase in organic sales in 2023 was primarily due to strength in commercial & institutional, industrial, utility, and data center end-markets.

The operating margin decreased from 19.4% in 2022 to 19.3% in 2023 primarily due to operating inefficiencies from ongoing supply chain constraints and unfavorable product mix, partially offset by higher sales volumes and net price realization, and a net gain on the sale of a non-production facility in 2023.

Aerospace

(In millions)	2023	Change from 2022	2022
Net sales	$ 3,413	12 %	$ 3,039
Operating profit	$ 780	11 %	$ 705
Operating margin	22.9 %		23.2 %

Changes in Net sales are summarized as follows:

	2023
Organic growth	11 %
Foreign currency	1 %
Total increase in Net sales	12 %

The increase in organic sales in 2023 was primarily due to broad-based strength across all markets with particular strength in commercial OEM and aftermarket.

The operating margin decreased from 23.2% in 2022 to 22.9% in 2023 primarily due to commodity and wage inflation, unfavorable product mix, and higher costs to support growth initiatives, partially offset by higher sales volumes including inflationary pricing recovery.

Vehicle

(In millions)	2023	Change from 2022	2022
Net sales	$ 2,965	5 %	$ 2,830
Operating profit	$ 482	6 %	$ 453
Operating margin	16.3 %		16.0 %

Changes in Net sales are summarized as follows:

	2023
Organic growth	4 %
Foreign currency	1 %
Total increase in Net sales	5 %

The increase in organic sales in 2023 was primarily due to strength in the North American, European, and Asia Pacific regions, partially offset by weakness in the South American truck, bus and agriculture markets.

The operating margin increased from 16.0% in 2022 to 16.3% in 2023 primarily due to higher sales volumes including net price realization, partially offset by operating inefficiencies.

eMobility

(In millions)	2023	Change from 2022	2022
Net sales	$ 636	18 %	$ 538
Operating loss	$ (21)	(133)%	$ (9)
Operating margin	(3.2)%		(1.6)%

Net sales increased 18% in 2023 driven entirely by organic sales growth. The increase in organic sales reflects the ramp up of key programs due to robust demand for electric vehicles in the North American and European markets.

The operating margin decreased from negative 1.6% in 2022 to negative 3.2% in 2023 primarily due to commodity and wage inflation, manufacturing start-up costs associated with new electric vehicle programs, and unfavorable product mix, partially offset by higher sales volumes including inflationary pricing recovery.

Corporate Expense

(In millions)	2023	Change from 2022	2022
Intangible asset amortization expense	$ 450	(10)%	$ 499
Interest expense	307	23 %	250
Interest income	(156)	47 %	(106)
Pension and other postretirement benefits income	(46)	7 %	(43)
Restructuring program charges	57	73 %	33
Other expense	654	— %	653
Total corporate expense	$ 1,266	(2)%	$ 1,286

The decrease in Total corporate expense in 2023 was primarily due to lower Intangible asset amortization expense, partially offset by higher Restructuring program charges.

LIQUIDITY, CAPITAL RESOURCES, AND FINANCIAL CONDITION

Liquidity and Financial Condition

Eaton's objective is to finance its business through operating cash flow and an appropriate mix of equity and long-term and short-term debt. By diversifying its debt maturity structure, Eaton reduces liquidity risk.

On March 3, 2023, a subsidiary of Eaton issued Euro denominated notes (2023 Euro Notes) in a private issuance with a face value of €300 million ($318 million). The floating rate notes are due June 3, 2024 with interest payable quarterly based on the three-month Euro Interbank Offered Rate plus 25 basis points. Proceeds from the Euro Notes were used to pay down outstanding U.S. dollar commercial paper. The 2023 Euro Notes are fully and unconditionally guaranteed on an unsubordinated, unsecured basis by Eaton. The 2023 Euro Notes contain a change of control provision which requires the Company to make an offer to purchase all or any part of the 2023 Euro Notes at a purchase price of 100.5% of the principal amount plus accrued and unpaid interest. The 2023 Euro Notes are subject to customary non-financial covenants.

On May 18, 2023, Eaton issued senior notes (2023 Notes) with a face amount of $500 million. The 2023 Notes mature in 2028 with interest payable semi-annually at a rate of 4.35% per annum. The issuer received proceeds totaling $497 million from the issuance, net of financing costs. Proceeds from the 2023 Notes were used primarily to pay down outstanding U.S. dollar commercial paper. The 2023 Notes are fully and unconditionally guaranteed on an unsubordinated, unsecured basis by Eaton and certain of its direct and indirect subsidiaries. The 2023 Notes contain customary optional redemption and par call provisions. The 2023 Notes also contain a provision which upon a change of control requires the Company to make an offer to purchase all or any part of the 2023 Notes at a purchase price of 101% of the principal amount plus accrued and unpaid interest. The 2023 Notes are subject to customary non-financial covenants.

On October 2, 2023, the Company replaced its existing $500 million 364-day revolving credit facility with a new $500 million 364-day revolving credit facility that will expire on September 30, 2024 on substantially similar terms. The Company also has a $2,500 million five-year revolving credit facility that will expire on October 1, 2027. The revolving credit facilities totaling $3,000 million are used to support commercial paper borrowings and are fully and unconditionally guaranteed by Eaton and certain of its direct and indirect subsidiaries on an unsubordinated, unsecured basis. There were no borrowings outstanding under Eaton's revolving credit facilities at December 31, 2023. The Company maintains access to the commercial paper markets through its $3,000 million commercial paper program, of which none was outstanding on December 31, 2023. In addition to the revolving credit facilities, the Company also had available lines of credit of $1,070 million from various banks primarily for the issuance of letters of credit, of which there was $451 million outstanding at December 31, 2023.

In 2022, the Company paid $610 million to acquire Royal Power Solutions and received cash of $22 million from Danfoss A/S to fully settle all post-closing adjustments from the sale of the Hydraulics business.

Over the course of a year, cash, short-term investments, and short-term debt may fluctuate in order to manage global liquidity. As of December 31, 2023 and December 31, 2022, Eaton had cash of $488 million and $294 million, short-term investments of $2,121 million and $261 million, and short-term debt of $8 million and $324 million, respectively. Eaton has investment grade credit ratings from the two major rating agencies as reflected in the following ratings assigned to its debt:

Credit Rating Agency (long- /short-term rating)	Rating	Outlook
Standard & Poor's	A-/A-2	Stable outlook
Moody's	A3	Stable outlook

Eaton believes it has the operating flexibility, cash flow, cash and short-term investment balances, availability under existing revolving credit facilities, and access to capital markets in excess of the liquidity necessary to meet future operating needs of the business, fund capital expenditures and acquisitions of businesses, as well as scheduled payments of long-term debt.

For additional information on financing transactions and debt, see Note 12.

Eaton's credit facilities and indentures governing certain long-term debt contain various covenants, the violation of which would limit or preclude the use of the credit facilities for future borrowings, or might accelerate the maturity of the related outstanding borrowings covered by the indentures. At Eaton's present credit rating level, the most restrictive financial covenant provides that the ratio of secured debt (or lease payments due under a sale and leaseback transaction) to adjusted consolidated net worth (or consolidated net tangible assets, in each case as defined in the relevant credit agreement or indenture) may not exceed 10%. Eaton's actual ratios are substantially below the required threshold. In addition, Eaton is in compliance with each of its debt covenants for all periods presented.

Cash Flows

A summary of cash flows is as follows:

(In millions)	2023	Change from 2022	2022
Net cash provided by operating activities	$ 3,624	$ 1,091	$ 2,533
Net cash used in investing activities	(2,575)	(1,375)	(1,200)
Net cash used in financing activities	(871)	469	(1,340)
Effect of currency on cash	16	12	4
Total increase (decrease) in cash	$ 194		$ (3)

Operating Cash Flow

Net cash provided by operating activities increased by $1,091 million in 2023 compared to 2022 primarily due to lower investment in working capital and higher net income in 2023.

Investing Cash Flow

Net cash used in investing activities increased by $1,375 million in 2023 compared to 2022. The increase in the use of cash was primarily driven by an increase in net purchases of short-term investments to $1,861 million in 2023 from $19 million in 2022, and an increase in capital expenditures for property, plant and equipment to $757 million in 2023 from $598 million in 2022, partially offset by no cash paid for business acquisitions in 2023 compared to cash paid of $610 million in 2022.

Financing Cash Flow

Net cash used in financing activities decreased by $469 million in 2023 compared to 2022. The decrease in the use of cash was primarily due to lower payments on borrowings of $19 million in 2023 compared to $2,012 million in 2022, and no repurchase of shares in 2023 compared to repurchase of shares of $286 million in 2022, partially offset by net payments of short-term debt of $311 million in 2023 compared to net proceeds of short-term debt of $317 million in 2022 and lower proceeds from borrowings of $818 million in 2023 compared to $1,995 million in 2022.

Uses of Cash

Purchases of Goods and Services

The Company purchases goods and services in the normal course of business based on expected usage. For certain purchases, the Company enters into purchase obligations with various vendors, which include short-term and long-term commitments for purchases of raw materials, outstanding non-cancelable purchase orders, releases under blanket purchase orders, and commitments under ongoing service arrangements. As of December 31, 2023, the Company has purchase obligations to support the operation of its business similar to those included in historical cash flow trends.

Capital Expenditures

Capital expenditures were $757 million and $598 million in 2023 and 2022, respectively. The Company plans to increase capital expenditures over the next five years to expand production capacity across various markets to support anticipated growth. As a result, Eaton expects approximately $800 million in capital expenditures in 2024.

Dividends

Cash dividend payments were $1,379 million and $1,299 million for 2023 and 2022, respectively. On February 29, 2024, Eaton's Board of Directors declared a quarterly dividend of $0.94 per ordinary share, a 9% increase over the dividend paid in the fourth quarter of 2023. The dividend is payable on March 29, 2024 to shareholders of record on March 11, 2024. Payment of quarterly dividends in the future depends upon the Company’s ability to generate net income and operating cash flows, among other factors, and is subject to declaration by the Eaton Board of Directors. The Company intends to continue to pay quarterly dividends in 2024.

Share Repurchases

On February 27, 2019, the Board of Directors adopted a share repurchase program for share repurchases up to $5.0 billion of ordinary shares (2019 Program). On February 23, 2022, the Board renewed the 2019 Program by providing authority for up to $5.0 billion in repurchases to be made during the three-year period commencing on that date (2022 Program). Under the 2022 Program, the ordinary shares are expected to be repurchased over time, depending on market conditions, the market price of ordinary shares, capital levels, and other considerations. During 2023, no ordinary shares were repurchased. During 2022, 2.0 million ordinary shares were repurchased under the 2022 Program in the open market at a total cost of $286 million. At December 31, 2023, there is $4,714 million still available for share repurchases under the 2022 Program. The Company will continue to pursue share repurchases in 2024 depending on market conditions and capital levels. For additional information on share repurchases, see Note 16.

Acquisition of Businesses

The Company paid cash of $610 million to acquire a business in 2022. There were no business acquisitions in 2023. The Company will continue to focus on deploying its capital toward businesses that provide opportunities for higher growth and strong returns, and align with secular trends and its power management strategies.

Debt

The Company manages a number of short-term and long-term debt instruments, including commercial paper. At December 31, 2023, the Company had Short-term debt of $8 million, Current portion of long-term debt of $1,017 million, and Long-term debt of $8,244 million. The Company believes it has the operating flexibility, cash flow, and access to capital markets to meet scheduled payments of long-term debt. For additional information on financing transactions and debt see Note 12.

Leases

See Note 9 for maturities of lease liabilities.

Unrecognized Income Tax Benefits

At December 31, 2023, the gross unrecognized income tax benefits totaled $1,300 million and interest and penalties were $188 million. Eaton cannot predict with reasonable certainty the timing of cash settlements with the respective taxing authorities. For additional information about income taxes see Note 15.

Defined Benefits Plans

Pension Plans

During 2023, the fair value of plan assets in the Company's employee pension plans increased $116 million to $4,237 million at December 31, 2023. The increase in plan assets was primarily due to favorable return on plan assets, employer contributions and the impact of positive currency translation. At December 31, 2023, the net unfunded position of $609 million in pension liabilities consisted of $616 million in plans that have no funding requirements and $203 million in plans that require funding, offset by $210 million in plans that are overfunded.

Funding requirements are a major consideration in making contributions to Eaton's pension plans. With respect to the Company's pension plans worldwide, the Company intends to contribute annually not less than the minimum required by applicable law and regulations. In 2023, $113 million was contributed to the pension plans. The Company anticipates making $115 million of contributions to certain pension plans during 2024. The funded status of the Company's pension plans at the end of 2024, and future contributions, will depend primarily on the actual return on assets during the year and the discount rate used to calculate certain benefits at the end of the year. For additional information about pension plans see Note 13.

Supply Chain Finance Program

A third-party financial institution offers a voluntary supply chain finance (SCF) program that enables certain of the Company's suppliers, at the supplier's sole discretion, to sell receivables due from the Company to the financial institution on terms directly negotiated with the financial institution. The SCF program does not have a significant impact on the Company's liquidity as payments by the Company to participating suppliers are paid to the financial institution on the invoice due date, regardless of whether an individual invoice is sold by the supplier to the financial institution. For additional information on the SCF program, see Note 8.

MARKET RISK DISCLOSURE

On a regular basis, Eaton monitors third-party depository institutions that hold its cash and short-term investments, primarily for safety of principal and secondarily for maximizing yield on those funds. The Company diversifies its cash and short-term investments among counterparties to minimize exposure to any one of these entities. Eaton also monitors the creditworthiness of its customers and suppliers to mitigate any adverse impact.

Eaton uses derivative instruments to manage exposure to volatility in raw material costs, currency, and interest rates on certain debt instruments. Derivative financial instruments used by the Company are straightforward and non-leveraged. The counterparties to these instruments are financial institutions with strong credit ratings. Eaton maintains control over the size of positions entered into with any one counterparty and regularly monitors the credit rating of these institutions. See Note 19 for additional information about hedges and derivative financial instruments.

Eaton’s ability to access the commercial paper market, and the related cost of these borrowings, is based on the strength of its credit rating and overall market conditions. During 2023, the Company has not experienced any material limitations in its ability to access these sources of liquidity. At December 31, 2023, Eaton had $3,000 million of long-term revolving credit facilities with banks in support of its commercial paper program. There were no borrowings outstanding under these revolving credit facilities.

Interest rate risk can be measured by calculating the short-term earnings impact that would result from adverse changes in interest rates. This exposure results from short-term debt, which includes commercial paper at a floating interest rate, floating rate long-term debt, long-term debt that has been swapped to floating rates, and money market investments that have not been swapped to fixed rates. Based upon the balances of investments and floating rate debt at year end 2023, a 100 basis point increase in short-term interest rates would have decreased the Company’s net, pre-tax interest expense by $23 million.

Eaton also measures interest rate risk by estimating the net amount by which the fair value of the Company’s financial liabilities would change as a result of movements in interest rates. Based on Eaton’s best estimate for a hypothetical, 100 basis point increase in interest rates at December 31, 2023, the market value of the Company’s debt, in aggregate, would decrease by $609 million.

The Company is exposed to fluctuations in commodity prices due to volatility in raw material costs and contractual agreements with suppliers. To partially mitigate this exposure, Eaton enters into commodity contracts for certain raw material purchases with the objective of minimizing changes in inventory cost due to market price fluctuations. These commodity contracts are designated for hedge accounting and are generally less than one year in duration. Based on Eaton’s best estimate for a hypothetical 10% fluctuation in commodity prices the gain or loss would be $5 million. The sensitivity analysis of the effects of changes in commodity prices assumes the notional value to remain constant for the next 12 months. Any change in the value of the contracts would be offset by an inverse change in the value of the underlying hedged transactions.

The Company is exposed to currency risk associated with translating its functional currency financial statements into its reporting currency, which is the U.S. dollar. As a result, the Company is exposed to movements in the exchange rates of various currencies against the U.S. dollar. Eaton also monitors exposure to transactions denominated in currencies other than the functional currency of each country in which the Company operates, and regularly enters into forward contracts to mitigate that exposure. In the aggregate, Eaton’s portfolio of forward contracts related to such transactions was not material to its consolidated financial statements.

RESULTS FOR THE YEAR AND STATE OF AFFAIRS

The results for the year are set out in the Consolidated Profit and Loss Accounts. The balance to be transferred to reserves is $3,218 million.

DIVIDENDS

During 2023 and 2022, Eaton's Board of Directors declared and paid quarterly dividends of $1,379 million and $1,299 million, respectively.

FUTURE DEVELOPMENTS

Eaton anticipates that the activities of the Company and its subsidiaries will remain the same for the foreseeable future while it continues to actively manage its portfolio of businesses to deliver on its strategic objectives.

ACCOUNTING RECORDS

The directors are responsible for ensuring that the Company and its subsidiaries included in the consolidated financial statements maintain proper accounting records and appropriate accounting systems. On a periodic basis, reports, certifications and attestations on the Company’s financial matters, internal controls and fraud are made to the Audit Committee of the Board of Directors, who in turn, updates the full Board of Directors. The Company allocates appropriate resources to maintain proper accounting records throughout the group, including the appointment of personnel with appropriate qualifications and experience to ensure compliance with the requirements of Sections 281 to 285 of the Companies Act 2014. The accounting records of Eaton Corporation plc are maintained at the Company’s principal executive offices located at Eaton House, 30 Pembroke Road, Dublin 4, Ireland D04 Y0C2.

SIGNIFICANT EVENTS SINCE YEAR END

Subsequent events have been evaluated through February 29, 2024, the date this report was approved by the Audit Committee of the Board of Directors and the Board of Directors.

On February 1, 2024, the Company announced a new multi-year restructuring program to accelerate opportunities to optimize its operations and global support structure. These actions will better align the Company's functions to support anticipated growth and drive greater effectiveness throughout the Company. This restructuring program is expected to be completed in 2026, with anticipated workforce reductions of $275 million and plant closing and other costs of $100 million, resulting in total estimated charges of $375 million for the entire program.

On February 29, 2024, Eaton's Board of Directors declared a quarterly dividend of $0.94 per ordinary share, a 9% increase over the dividend paid in the fourth quarter of 2023. The dividend is payable on March 29, 2024 to shareholders of record on March 11, 2024.

OTHER NON-FINANCIAL DISCLOSURES

These other non-financial disclosures are included for the purpose of Statutory Instrument 360/2017 European Union (Disclosure of Non-financial and Diversity Information by certain large undertakings and groups) Regulations 2017, as amended.

Our Business Model

Information regarding the Company's business model is presented in the Principal Activities section of this Directors' Report.

Key Performance Indicators

Eaton has non-financial key performance indicators in areas where we believe the impact on Eaton is relevant. Eaton believes the success of a company should be measured by more than its financial results – it should also be defined by its commitment to environmental stewardship, social responsibility and governance. Eaton's vision is to improve the quality of life and the environment through the use of power management technologies and services. To fulfill this vision, we established financial and non-financial key performance indicators that respond to issues that matter to all of our stakeholders. We develop our employees by helping them succeed at work and in life. We delight our customers by understanding their challenges and proactively delivering real solutions that help them achieve their business objectives. We deliver for our shareholders by doing what's right. And we support our communities by providing products and solutions that reduce energy, emissions, water and waste footprints and by offering our time and talent to meet social and economic needs in the communities where we work and live.

The Company has also set a number of financial and aspirational goals which have been shared publicly with investors. We strive to be the preferred supplier to customers and channel partners. We pledge to make work exciting, engaging and meaningful, while ensuring the safety, health, and wellness of our employees. We work to make our communities stronger. And we are committed to being a model of inclusion and diversity in our industry and to being active stewards of the environment.

The Company monitors and tracks non-financial key performance indicators on an ongoing basis. The Company's Chief Sustainability Officer and Executive Vice President, Eaton Business System, updates the Board of Directors regarding these metrics and the application and outcome of these policies, including that they are operating as intended.

With the support and oversight of the Board, our Sustainability Executive Council, which is chaired by our Chairman and Chief Executive Officer and includes our Chief Operating Officers, Chief Financial Officer, Chief Legal Officer, Chief Human Resources Officer, Chief Technology Officer, Executive Vice President and Chief Supply Chain Officer, Senior Vice President, Investor Relations, and Chief Sustainability Officer and Executive Vice President, Eaton Business System, has responsibility for Eaton's environmental, social and governance (ESG) and sustainability strategy and for ensuring the effectiveness of our approach. Our Board regularly considers sustainability issues, including environmental, social and governance issues, at its Board and Committee meetings. In addition, at Eaton's annual strategy sessions, our Board conducts a review of Eaton's sustainability strategy with management.

The metrics that we monitor in relation to the policies outlined below currently include:

- workplace inclusion and diversity
- supplier diversity
- charitable contributions
- health and safety
- greenhouse gas generation
- energy consumption
- water consumption
- waste-to-landfill metrics

Addressing Environmental Matters

Eaton actively manages and monitors the impact of its activity on the environment. Eaton has established policies to ensure that its operations are conducted in keeping with good corporate citizenship and with a positive commitment to the protection of the natural and workplace environments. The Company requires that its businesses be certified to ISO 14001, an international standard for environmental management systems. The Company routinely reviews Environment, Health and Safety (EHS) performance at each of its manufacturing facilities and continuously strives to improve its environmental footprint, including carbon, waste, water and related operational profiles consistent with our sustainability goals.

The Company is involved in remedial response and voluntary environmental remediation at sites worldwide, including currently-owned or formerly-owned plants. None of these sites is individually significant to the Company's development, performance or position.

The remediation activities generally involve soil and/or groundwater contamination and include pre-cleanup activities such as fact finding and investigation, risk assessment, feasibility study, design and action planning, performance (where actions may range from monitoring, to removal of contaminants, to installation of longer-term remediation systems), and operation and maintenance of a remediation system. The extent of expected remediation activities and costs varies by site.

We have joined the United Nations Race to Zero to affirm our commitment to science-based climate action. A vital part of that commitment is understanding and disclosing our climate risks using the Task Force on Climate related Financial Disclosures (TCFD) disclosure framework.

Managing Social and Employee Matters

Eaton is committed to having a workforce that is diverse and inclusive at all levels, reflecting the diversity of our customers and communities. Our success depends on our ability to attract and retain the best employees without regard to race, color, social or economic status, religion, national origin, marital status, age, veteran status, sexual orientation, gender identity, or any protected status. It is the policy of the Company to make all decisions regarding employment, including hiring, compensation, training, promotions, transfers, or lay-offs, based on the principle of equal employment opportunity and without discrimination.

We are dedicated to fostering a workplace where everyone matters and belongs; where we value the backgrounds, experiences and perspectives that make us each unique. We firmly believe that greater diversity fuels innovation and growth and enables us to better serve our customers and communities.

Health and safety issues

We are committed to being a global leader in safeguarding the health and safety of our employees and protecting the environment.

At Eaton, our goal is to ensure the safety, health and wellness of our employees. Our commitment to the safety and health of our employees reflects our belief that all injuries can be prevented. Throughout our operations, we reinforce specific principles to strengthen our Zero Incident Safety Culture.

All employees, including contractors working in our facilities, share personal responsibility to create and maintain a safe work environment. Everyone has a significant role in both personal safety and that of their co-workers. The Eaton Safety Policy is part of doing business right. It guides us in our progress toward eliminating injuries and illnesses in our workplace.

Eaton's safety principles underline the importance of protecting our employees' well-being:

- Safety is fundamental to everything we do.
- We are committed to removing conditions that cause personal injury or occupational illness.
- All injuries and occupational illnesses are preventable, and a workplace with zero incidents is achievable.
- We make decisions and promote behaviors that protect us and others from risk of injury.
- We use formal problem solving to reduce risk and continuously improve our safety performance.

Customer feedback

We engage with our customers through two innovative methods: our Customer Advisory Board and our Customer Relationship Reviews. Through our Customer Advisory Board, we solicit unfiltered feedback about how we can continuously improve our performance. Customer feedback through this channel helps us identify our successes and areas of opportunity. We incorporate this feedback directly into our action plans and reporting efforts. The Customer Relationship Reviews (CRR) is a face-to-face interview process conducted with decision-makers and influencers from key strategic customers. We often interview more than one contact at each account to gain a well-rounded view of the customer's perceptions of our company. Results are delivered to key leaders within each business and follow-up action plans are developed and monitored.

Community relations initiatives

We strive to help the communities in which we operate become vibrant places to live and work. We serve many communities around the world, and our employees' skills and ideas are a reflection of them. We are proud to be active participants in our local communities, and our ultimate goal is to bring tangible and sustainable benefits to the places in which we live and work around the world.

Our key performance indicators for local community involvement are measured through several quantitative methods, including charitable contributions, funds allocated by community involvement teams, Eaton Charitable Fund total annual donations, and active community engagement teams at our sites.

Through these indicators we can evaluate our performance over time, allowing us to make informed decisions about possible needed changes.

Ensuring Respect for Human Rights

Eaton has a Code of Ethics, a Global Ethics and Compliance Office, and a Supplier Code of Conduct to assist with ensuring a positive development, performance, position, and impact of the Company's activity in relation to human rights.

Eaton's Code of Ethics establishes respect for human rights as a fundamental principle, and one that both Eaton employees and suppliers are required to honor. Eaton's Ethics Guide specifically prohibits Eaton suppliers from using forced labor of any kind. To demonstrate that Eaton's ethics standards are both current and at the highest level, Eaton established an office to oversee and manage its ethics and compliance program. The office is under the direction of the Senior Vice President, Global Ethics and Compliance, with ultimate oversight by the Governance Committee of the Board of Directors.

Our Supplier Code of Conduct establishes minimum workplace standards and business practices that are expected of any supplier doing business with Eaton, consistent with our Company's values as documented in our Code of Ethics. These requirements are applicable to suppliers of Eaton and their affiliates and subsidiaries globally and include prohibitions on the use of forced labor, slavery, and human trafficking. Our suppliers are required to adhere to and certify compliance with the Supplier Code. In support of all of these policies, processes and procedures, Eaton undertakes specific actions to prevent and mitigate the risk of forced labor, slavery, and human trafficking in our own business and supply chain, including: verification processes, supplier audits, certifications, internal accountability, and training.

Reducing Bribery and Corruption Risk

To assist with ensuring a positive development, performance, position, and impact of the Company's activity in relation to bribery and corruption and to manage this risk and enable us to pursue opportunities with greater confidence, we employ a comprehensive global anti-corruption strategy. Our policies prohibit bribes, kickbacks, inappropriate gifts or entertainment, and any other form of corrupt payment. We have an annual training curriculum to ensure our employees know our policies, know the law, and know the behavior we expect.

Our Principal Risks and How We Manage Them

Eaton has an Enterprise Risk Management Policy to manage risk. Identifying and managing key risks to Eaton's business operations are essential to the Company's future growth, profitability, and successful execution of its strategic plans. The Company is committed to understanding and managing these risks through a consistent approach to risk assessment, planning, reporting, and mitigation. Each operation and function is responsible for participating in the annual risk assessment process. The process covers compliance, business, legislative, and emerging risks.

With the support and oversight of the Board, strategic, financial, operational, legal and compliance risks and opportunities are continually assessed at management level by Eaton's Senior Leadership Committee (SLC), which is the most senior management committee within the organization. The SLC meets at least quarterly. The SLC participates in Eaton's Enterprise Risk Management process, which is our enterprise-wide risk management framework. Within this framework, risks that could significantly impact Eaton are evaluated, including risks related to climate change. Those identified as "top risks" — risks that could significantly impact Eaton's financial condition or results of operations — are actively managed by clearly identified owners, including members of the SLC.

Dealing with environmental matters

Information regarding how the Company deals with environmental matters is presented in the Environmental Contingencies section of this Directors' Report.

Eaton is committed to minimizing the environmental impact of our operations and products wherever we do business and to continuously improve in our EHS performance. It is the responsibility of every employee to meet this EHS policy.

To that end, Eaton applies a standard group of practices worldwide for energy and water consumption, waste generation, employee safety and more.

Eaton is guided by MESH (Management of Environment, Safety, Security and Health), a globally deployed, unified system which consolidates existing programs into one integrated management system. All Eaton facilities worldwide work toward consistent goals, applying the same metrics, setting targets for improvement and identifying and sharing best practices. Most importantly, MESH elevates EHS from a series of isolated activities to a responsibility shared by all Eaton employees. MESH is also designed to conform with international standards such as ISO 14001 and OHSAS 18001/ISO 45001.

Eaton is part of the global movement to limit the increase of the world's temperature to 1.5°C by committing to science-based targets approved by the Science-Based Targets initiative (SBTi). These targets include cutting carbon emissions from our operations by at least 50 percent by 2030, positioning us to achieve carbon neutrality at the same time. Progress is audited by a third party and we report the results to the public. See our section on Addressing Environmental Matters above, which provides more detail on our risk management approach and due diligence.

Managing social and employee matters

With our commitment to the safety and health of our employees, our goal is to have no safety incidents. We care about providing meaningful and engaging work for our employees and strive to create a culture that allows them to flourish. Fostering a motivated, inclusive, and diverse workforce is a central focus of the Company. We support and train our employees for the changes we anticipate in the coming years to ensure we have a strong capable workforce.

Eaton is committed to having a workforce that is diverse and inclusive at all levels, reflecting the diversity of our customers and communities. Our success depends on our ability to attract and retain the best employees without regard to race, color, social or economic status, religion, national origin, marital status, age, veteran status, sexual orientation, gender identity, or any protected status. It is the policy of the Company to make all decisions regarding employment, including hiring, compensation, training, promotions, transfers, or lay-offs, based on the principle of equal employment opportunity and without discrimination.

Respecting human rights

We protect human rights at every level and we believe we are citizens of the world and must be responsible members of society. We respect human rights and the dignity of all individuals. We recognize global efforts to protect human rights, and we integrate them into our core values and day-to-day operations.

We are responsible global citizens when we:

- Never employ anyone under the age of 16, unless as part of a special program such as an apprenticeship authorized by local law and approved by the Eaton Law Department.
- Never use any indentured, bonded or forced labor, slavery or servitude, or labor from any form of human trafficking.
- Provide pay and benefits that meet or exceed legal requirements and are competitive.
- Provide safe working conditions.
- Require suppliers to comply with these rules and to affirm the Eaton Supplier Code of Conduct.
- Refuse to look the other way when we see or suspect human rights violations.

Preventing bribery and corruption

Acting with integrity means that we hold ourselves to the highest ethical standards in every situation. We always model ethical business practices. There is no place for bribery or any other form of corruption at Eaton. We must comply with all anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act (FCPA) and the U.K. Bribery Act, among others. We never offer or accept bribes or other corrupt payments in any form, at any time, under any circumstances. This applies to both the public (government) and private (commercial) sectors—bribery and corruption are wrong no matter who is involved. By doing business right and avoiding corruption, we reinforce our reputation as a highly ethical company.

We avoid bribery and corruption when we:

- Comply with all applicable anti-corruption laws, locally and globally.
- Promptly report any concern about improper payments, requests for improper payments or suspicion of corruption.
- Keep accurate, detailed and fair books and records.
- Ensure that our third-party intermediaries follow our strict standards for anti-corruption.
- Report duress payments or threats for duress payments immediately.
- Never offer, give, solicit or receive anything of value in exchange for a business advantage.
- Never use a third-party intermediary to make payments we cannot make ourselves.
- Never make facilitation payments and promptly report demands for them.
- Never provide charitable gifts or donations if the purpose is to influence a business decision or act, or if requested to do so by a government official.

Policy Outcomes

We remained committed to the formula that has led to our success: doing business right, focusing on our customers, investing in differentiated technology, delivering high-quality products, and serving all our stakeholders. When we get this right, our shareholders are rewarded and continue to invest in us.

We strengthened our reputation as a values-driven company, earning a 100% score on the Human Rights Campaign's 2022 Corporate Equality Index in the U.S. for the seventh consecutive year. In addition, in 2022, Eaton was named one of the World's Most Ethical Companies by Ethisphere magazine, one of the World's Most Admired Companies by Fortune magazine, one of the 100 Best Corporate Citizens by 3BL Media and a Best Place to Work for Disability Inclusion, earning a score of 100 out of 100 on the Disability Equality Index.

We aggressively pursued our 2030 sustainability targets and made substantial progress toward reducing Eaton's carbon footprint. At the end of 2022, we had reduced greenhouse gas emissions from our operations by an estimated 18% since 2018, keeping us on target to meet our goal of a 50% reduction by 2030. We also certified 20 additional Eaton sites as zero waste-to-landfill, bringing us to 75% of our 2030 goal, and certified nine additional Eaton sites as zero-water discharge, representing 84% of our 2030 goal.

In 2022, we purchased approximately $1.7 billion in goods and services from small and diverse suppliers, representing 32% of our overall spend with U.S. suppliers in the year.

In 2023, we celebrated our legacy of giving back to our communities, marking the 31st anniversary of our Stover Awards program, which honors our colleagues for extraordinary acts of service. And our teams around the world stepped up to provide vital support to those impacted by the war in Ukraine, to deliver food and critical supplies to Eaton employees who faced extended COVID lockdowns in China, and to support relief efforts for those affected by a series of deadly natural disasters in the year.

Ensuring Supply Chain Integrity

Eaton has a substantial number of suppliers globally that span across our five business segments. Our supply chain is multi-tiered and the raw materials, parts and services that we purchase are varied and are sourced from more than 50,000 suppliers across the globe supporting Eaton's segment businesses. Eaton actively seeks to do business with suppliers that are industry leaders, strategic partners and financially stable, and share Eaton's focus on doing business responsibly.

Eaton's Code of Ethics establishes respect for human rights as a fundamental Eaton principle, and one that both Eaton employees and suppliers are required to honor. Eaton's Ethics Guide specifically prohibits Eaton suppliers from using forced labor of any kind. Eaton's Supplier Code of Conduct sets forth minimum workplace standards and business practices that are expected of any Supplier doing business with Eaton, consistent with our company's values as documented in Eaton's Code of Ethics. These requirements are applicable to suppliers of Eaton and their affiliates and subsidiaries globally and include prohibitions on the use of forced labor, modern slavery and human trafficking. Eaton suppliers are required to adhere to and certify compliance with the Supplier Code.

Policies on Conflict Minerals

We are committed to ensuring our products do not incorporate conflict minerals, which are minerals smelted into tin, tantalum, tungsten and gold sourced from entities that directly or indirectly finance conflict in the Democratic Republic of Congo or adjoining countries. The Company's dedicated management team with senior executive oversight works to directly engage our supply chain on responsible sourcing practices. Eaton is a member of multi-stakeholder initiatives such as the Responsible Minerals Initiative, which is focused on driving supply chain responsibility and transparency deep into global supply chains. Through these actions, we are meeting and exceeding regulatory, customer, and societal expectations by supporting only conflict-free minerals and supply chains.

Eaton requires its suppliers to perform sufficient due diligence into their respective supply chains to determine whether products sold to us contain tin, tantalum, tungsten or gold, and if so, whether and to what extent those metals are sourced from conflict-free smelters. Suppliers must report to Eaton the results of such due diligence to enable us to comply with our legal obligations and policy goals, and commit to being or becoming "conflict-free," so that any such metals are sourced only from conflict-free smelters.

AUDIT COMMITTEE

Eaton has an Audit Committee with responsibility for oversight of the financial reporting process, the audit process, the independence of the auditors, the system of internal controls, internal audit and risk management, and compliance with laws and regulations.

DIRECTORS AND SECRETARIES

The present directors and secretaries are listed in the following table, and unless noted in the following paragraph have served throughout the period to December 31, 2023 and since year end.

Ms. Deborah McCoy retired as director effective April 26, 2023.

Mr. Olivier Leonetti resigned as director effective February 2, 2024.

DIRECTORS', SECRETARY'S AND ASSISTANT SECRETARY'S INTERESTS IN SHARES

No director, the secretary, assistant secretary or any member of their immediate families had any interest in shares or debentures of any subsidiary. Directors' remuneration is set forth in Note 23 to the consolidated financial statements. The interest of the directors, secretary and assistant secretary in ordinary share capital of Eaton Corporation plc at December 31, 2023 and December 31, 2022 are as follows:

	December 31, 2023				December 31, 2022			
	Ordinary shares	Stock options	Restricted share units	Deferred Share Units	Ordinary shares	Stock options	Restricted share units	Deferred Share Units
Directors								
Craig Arnold (1)(2)	516,875	394,332	35,154	—	460,678	625,988	38,437	—
Olivier Leonetti	630	—	5,872	—	630	—	4,740	—
Silvio Napoli	600	—	5,632	—	600	—	4,504	—
Gregory R. Page	54,094	—	33,260	14,365	54,094	—	22,226	14,114
Sandra Pianalto	800	—	18,166	—	800	—	16,819	—
Robert Pragada	—	—	3,044	—	—	—	1,961	—
Lori J. Ryerkerk	600	—	4,187	—	600	—	3,084	—
Gerald B. Smith	1,791	—	23,670	—	1,791	—	22,226	—
Dorothy C. Thompson	2,205	—	12,072	—	2,205	—	10,831	—
Darryl Wilson (3)	100	—	3,044	—	100	—	1,961	—
Secretary								
Nigel Crawford	578	—	1,836	—	150	—	1,740	—
Assistant Secretary								
Estelle Diggin	—	—	—	—	—	—	—	—

(1) At December 31, 2023, Craig Arnold held 185.698 shares in the Employee Stock Plan

(2) At December 31, 2022, Craig Arnold held 183.958 shares in the Employee Stock Plan

(3) Darryl Wilson held an interest in 100 shares as of the effective date of his appointment as a director on April 28, 2021.

POLITICAL DONATIONS

No political contributions that require disclosure under Irish law were made during the year.

SUBSIDIARY COMPANIES AND BRANCHES

Information regarding subsidiary undertakings, including information regarding branches, is provided in Note 25 to the consolidated financial statements.

GOING CONCERN

The directors have a reasonable expectation that Eaton has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

DIRECTORS' RESPONSIBILITIES STATEMENT

Irish Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of the assets, liabilities and financial position of the Parent Company and of the Group and of the profit or loss of the Group for that period.

In preparing the financial statements of the Group, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- comply with applicable U.S. generally accepted accounting principles to the extent they do not contravene any provision of the Companies Act 2014; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business

The considerations set out above for the Group are also required to be addressed by the Directors in preparing the financial statements of the Parent Company (which are also set out in these statutory accounts), in respect of which the applicable accounting standards are those which are generally accepted in the Republic of Ireland.

The directors have elected to prepare the Parent Company's financial statements in accordance with accounting standards issued by the Financial Reporting Council, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Generally Accepted Accounting Practice in Ireland).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities, and financial position of the group and parent company as at the end of the financial year, and the profit or loss for the group for the financial year, and otherwise comply with the Companies Act 2014.

The Directors are responsible for keeping accounting records which disclose with reasonable accuracy the assets, liabilities, financial position and profit and loss of the Parent Company and which enable them to ensure that the financial statements of the Group are prepared in accordance with applicable U.S. generally accepted accounting principles and comply with the provisions of the Companies Acts 2014. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' COMPLIANCE STATEMENT

As required by Section 225 of the Companies Act 2014, the Directors acknowledge that they are responsible for securing the Company's compliance with its relevant obligations (as defined in that legislation). The Directors further confirm that a compliance policy statement has been drawn up, and that appropriate arrangements and structures have been put in place that are, in the Directors' opinion, designed to secure material compliance with the relevant obligations. A review of those arrangements and structures has been conducted in the financial year to which this report relates.

DISCLOSURE OF INFORMATION TO THE AUDITOR

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing their report, of which the auditor is unaware. Having made inquiries of fellow Directors and the group’s auditor, each Director has taken all the steps that they are obliged to take as a director in order to make them aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

Ernst & Young, Chartered Accountants, have expressed their willingness to continue in office in accordance with the Section 383(2) of the Companies Act 2014.

On behalf of the Directors:

Craig Arnold	Gerald B. Smith
Chairman of the Board of Directors	Director
February 29, 2024	

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EATON CORPORATION PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Eaton Corporation plc ('the Parent Company') and its subsidiaries ('the Group') for the year ended December 31, 2023, which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Cash Flows, the Consolidated Statement of Shareholders' Equity, the Parent Company Statement of Financial Position, the Parent Company Statement of Comprehensive Income, the Parent Company Statement of Changes in Equity, the related notes 1 to 25 in respect of the Group financial statements and the related notes 1 to 16 in respect to the Parent Company financial statements, including a summary of significant accounting policies as set out therein. The financial reporting framework that has been applied in the preparation of the Group financial statements is Irish law and U.S. Generally Accepted Accounting Principles (U.S. GAAP) issued in the United States of America by the Financial Accounting Standards Board, as defined in section 279 of Part 6 of the Companies Act 2014, to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of that Part of the Companies Act 2014. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable Irish law and accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* issued in the United Kingdom by the Financial Reporting Council.

In our opinion:

- the Group financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at December 31, 2023 and of its profit for the year then ended, and have been properly prepared in accordance with U.S. Generally Accepted Accounting Principles (U.S. GAAP), as defined in section 279 of Part 6 of the Companies Act 2014, to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of that Part of the Companies Act 2014;

- the Parent Company financial statements gives a true and fair view of the assets, liabilities and financial position of the Parent Company as at December 31, 2023, and has been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and

- the Group financial statements and Parent Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ('ISAs (Ireland)') and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and the Parent Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority ('IAASA'), as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- In conjunction with our walkthrough of the Group's financial close process, we confirmed our understanding of management's going concern assessment process and also engaged with management early to ensure all key factors were considered in their assessment;

- We obtained the directors' going concern assessment, including the cash forecast and covenant calculation for the going concern period, and which covered at least a year from the date of signing this audit opinion. The assessment included an analysis of the Group's cash and short-term investments position, as well as the availability under the Group's $3.0 billion credit facility, and historical and current year significant cash provided by operations;

- The Group is currently in compliance with all debt covenants and based on the current forecasts will remain in compliance for the going concern assessment period; and

- We reviewed the Group's going concern disclosures included in the annual report in order to assess that the disclosures were appropriate.

Based on the above, we have also observed that the Group has the operating flexibility, cash flow, cash and short-term investment balances to meet future operating needs of the business as well as scheduled payments of long-term debt.

Conclusion

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group and the Parent Company's ability to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EATON CORPORATION PLC (Continued)

Key audit matters

Key audit matters ("KAM") are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Unrecognized Income Tax Benefits As discussed in Note 15 to the consolidated financial statements, the Group had gross unrecognized income tax benefits of $1,300 million (2022: $1,235 million) related to its uncertain tax positions at December 31, 2023. Unrecognized income tax benefits are recorded under the two-step recognition and measurement principles when a tax position does not meet the more likely than not standard, or if a tax position meets the more likely than not standard, but the financial statement tax benefit is reduced as part of the measurement step. The balance of unrecognized income tax benefits is comprised of uncertain tax positions which meet the more likely than not standard, but the financial statement tax benefit has been reduced as part of measuring the tax position. Auditing management's analysis of its uncertain tax positions and resulting unrecognized income tax benefits is complex as each tax position carries unique facts and circumstances that must be evaluated and ultimate resolution is dependent on uncontrollable factors such as the timing of finalizing resolutions of audit disputes through reaching settlement agreements or concluding litigation, or changes in law, and other factors.	We obtained an understanding, evaluated the design and tested the operating effectiveness of management's controls related to uncertain tax positions. For example, we tested controls over management's application of the two-step recognition and measurement principles and management's review of the inputs and resultant calculations of unrecognized income tax benefits, as well as the identification of new factors affecting existing uncertain tax positions. We also evaluated the Group's assessment of its uncertain tax positions. Our audit procedures included, among others, evaluating management's accounting policies and documentation to assess the appropriateness and consistency of the methods and assumptions used to develop its uncertain tax positions and related unrecognized income tax benefit amounts by jurisdiction. We also tested the completeness and accuracy of the underlying data used by the Group. For example, we compared the unrecognized income tax benefits recorded with similar positions in prior periods and assessed management's consideration of current tax controversy and litigation, including current year developments with respect to the Group's ongoing litigation and examinations with respect to certain open tax years in the United States. We also assessed the historical accuracy of management's estimates of its unrecognized income tax benefits with the resolution of those positions. In addition, we involved tax subject matter professionals to evaluate the application of relevant tax laws, regulations, case law, and Group-specific controversy developments in the Company's recognition determination. We have also evaluated the Group's income tax disclosures in relation to these matters.	Our observations included an outline of the range of audit procedures performed, the key judgements involved and the results of our testing. We provided our assessment of the tax reserves in light of open tax authority examination periods, transfer pricing and various country matters.

In the prior year, we also identified "Valuation of Customer Relationships and Technology Intangible Assets in the Acquisition of Mission Systems" as a KAM. Given the complexity and subjectivity associated with management's determination of the future performance of the acquired business used in the calculation of the value of customer relationships and technology intangible assets, this was identified as a significant risk and was considered as a KAM in the prior year. The acquisition of Mission Systems was finalised in the prior year hence, the valuation of customer relationships and technology intangible assets was completed in the prior year, as were our related audit procedures. As a result, Valuation of Customer Relationships and Technology Intangible Assets in the Acquisition of Mission Systems is no longer deemed a KAM for 2023.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

Materiality is the magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be $175 million (2022: $144 million), which is approximately 5% of the Group forecasted profit before tax (2022: 5% of the Group forecasted profit before tax). We believe that profit before tax is a key performance indicator for the Group. We therefore considered profit before tax to be the most appropriate performance metric on which to base our materiality calculation as we consider it to be the most relevant performance measure to the main stakeholders of the Group.

Performance materiality

Performance materiality is the application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality should be set at 75% (2022: 75%) of our planning materiality, namely $131 million (2022: $108 million). We have set performance materiality at this percentage due to the past history of a low number of misstatements, our ability to assess the likelihood of misstatements, both corrected and uncorrected, the effectiveness of the control environment and other factors affecting the entity and its financial reporting.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was $8.75 million to $131 million (2022: $7 million to $108 million).

Reporting threshold

Reporting Threshold is the amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of $8.75 million (2022: $7 million), which is set at approximately 5% (2022: 5%) of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

An overview of the scope of our audit report

Audit scope

We performed an audit of the complete financial information of 12 (2022: 9) full scope components and performed audit procedures on specific balances for a further 27 (2022: 29) components.

The components where we performed either full or specific audit procedures accounted for 56% (2022: 66%) of the Group's profit before tax, 90% (2022: 88%) of the Group's Revenue and 65% (2022: 71%) of the Group's Total Assets.

'Components' represent business units across the Group considered for audit scoping purposes.

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of group-wide controls, changes in business environment and other factors when assessing the level of work to be performed at each entity.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, we selected 39 (2022: 38) components covering entities across the Americas, Asia, Europe, the Middle East, and Africa, which represent the principal business units within the Group.

For 39 (2022: 38) components selected, we performed an audit of the complete financial information of 12 (2022: 9) components ("full scope components") which were selected based on their size or risk characteristics. Of the 12 full scope components selected, 1 such component relates to the U.S. Corporate Headquarters. For the remaining 27 (2022: 29) components ("specific scope components"), we performed audit procedures on specific accounts within those components that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed audit procedures accounted for 56% (2022: 66%) of the Group's profit before tax, 90% (2022: 88%) of the Group's revenue and 65% (2022: 71%) of the Group's total assets.

For the current year, the full scope components contributed 9% (2022: 14%) of the Group's profit before tax, 90% (2022: 88%) of the Group's revenue and 58% (2022: 71%) of the Group's total assets. The specific scope components contributed 47% (2022: 52%) of the Group's profit before tax. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

The remaining components together represent 44% (2022: 34%) of the Group's profit before tax with average revenues of $10.9 million (2022: $9.5 million) and average adjusted profit before tax of $1.1 million (2022: $0.6 million). Included within the remaining components are entities selected for specified procedures over certain accounts, such as cash, income taxes, pension and other post retirement benefits and inventory. For these remaining components, we also performed other procedures, including testing the effectiveness of Group-wide controls, analytical reviews, testing of consolidation journals and intercompany eliminations and foreign currency translation recalculations to respond to any potential risks of material misstatement to the financial statements.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. For all components we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole. The primary team interacted with component teams where appropriate during various stages of the audit, reviewed key working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at a group level, gave us appropriate evidence for our opinion on the consolidated financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report and consolidated financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by the Companies Act 2014

In our opinion, based solely on the work undertaken in the course of the audit:

- the information given in the directors' report, other than those parts dealing with the non-financial statement pursuant to the requirements of the European Union (Disclosure of non-financial and diversity Information by certain large undertakings and groups) Regulations 2017 (as amended) on which we are not required to report, for the financial year for which the statutory financial statements are prepared, is consistent with the statutory financial statements in respect of the financial year concerned; and
- the directors' report, other than those parts dealing with the non-financial statement pursuant to the requirements of the European Union (Disclosure of non-financial and diversity Information by certain large undertakings and groups) Regulations 2017 (as amended) on which we are not required to report, has been prepared in accordance with applicable legal requirements.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Parent Company were sufficient to permit the financial statements to be readily and properly audited and the Parent Company Statement of Financial Position is in agreement with the accounting records.

Matters on which we are required to report by exception

Based on our knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report. The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of Director's remuneration and transaction required by sections 305 to 312, which relate to disclosures of directors' remuneration and transaction, are not complied with by the Company. We have nothing to report in this regard.

We have nothing to report in respect of section 13 of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 (as amended), which require us to report to you if, in our opinion, the Company has not provided in the non-financial statement the information required by Section 5(2) to (7) of those Regulations, in respect of year ended 31 December 2022.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 25, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud, that could reasonably be expected to have a material effect on the financial statements. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. In addition, the further removed any non-compliance is from the events and transactions reflected in the financial statements, the less likely it is that our procedures will identify such non-compliance. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group across the various jurisdictions globally in which the Group operates. We determined that the most significant are those that relate to the form and content of external financial and corporate governance reporting including company law, tax legislation, employment law and regulatory compliance with government agencies

- We understood how Eaton Corporation plc is complying with those frameworks by making enquiries of management, internal audit, those responsible for legal and compliance procedures and the General Counsel. We corroborated our enquiries through our review of the Group's Compliance Policies, board minutes, papers provided to the Audit Committee and correspondence received from regulatory bodies

- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur, by meeting with relevant management, including within various parts of the business, to understand where they considered there was susceptibility to fraud. We also considered performance targets and the potential for management to influence earnings or the perceptions of analysts. Where this risk was considered to be higher, we performed audit procedures to address the identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures included a review of board minutes to identify any non-compliance with laws and regulations, a review of the reporting to the Audit Committee on compliance with regulations, enquiries of internal and external legal counsel and management

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditor's report.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Parent Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Breffni Maguire
for and on behalf of
Ernst & Young Chartered Accountants and Statutory Audit Firm

Dublin
29 February 2024

EATON CORPORATION plc
CONSOLIDATED PROFIT AND LOSS ACCOUNTS

(In millions except for per share data)	Note	Year ended December 31 2023	2022
Net sales	3	$ 23,196	$ 20,752
Cost of products sold		14,762	13,865
Gross profit		8,434	6,887
Selling and administrative expense		3,795	3,227
Research and development expense		754	665
Interest expense		307	250
Interest income		(156)	(106)
Gain on sale of business	2	—	(24)
Other expense		74	147
Other income		(167)	(183)
Income before income taxes	21	3,827	2,911
Income tax expense	15	604	445
Net income		3,223	2,465
Less net income for noncontrolling interests		(5)	(4)
Net income attributable to Eaton ordinary shareholders		$ 3,218	$ 2,462
Net income per share attributable to Eaton ordinary shareholders			
Diluted	16	$ 8.02	$ 6.14
Basic	16	8.06	6.17
Weighted-average number of ordinary shares outstanding			
Diluted	16	401.1	400.8
Basic	16	399.1	398.7
Cash dividends declared per ordinary share		$ 3.44	$ 3.24

The accompanying notes are an integral part of the consolidated financial statements.

EATON CORPORATION plc
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions)	Note	Year ended December 31 2023	2022
Net income		$ 3,223	$ 2,465
Less net income for noncontrolling interests		(5)	(4)
Net income attributable to Eaton ordinary shareholders		3,218	2,462
Other comprehensive income (loss), net of tax			
Currency translation and related hedging instruments	16	235	(647)
Pensions and other postretirement benefits	16	(185)	175
Cash flow hedges	16	(11)	159
Other comprehensive income (loss) attributable to Eaton ordinary shareholders		39	(313)
Total comprehensive income attributable to Eaton ordinary shareholders		$ 3,257	$ 2,149

The accompanying notes are an integral part of the consolidated financial statements.

EATON CORPORATION plc
CONSOLIDATED BALANCE SHEETS

(In millions)	Note	December 31 2023		2022	
Assets					
Fixed assets					
Intangible assets - goodwill	7	$	14,977	$	14,796
Intangible assets - other	7		5,434		5,811
Operating lease assets	9		648		570
Property, plant and equipment, net	6		3,530		3,146
Investments in associate companies			860		788
Current assets					
Inventory	5		3,739		3,430
Debtors	10		7,041		6,258
Short-term investments	18		2,121		261
Cash			488		294
Total assets		$	38,840	$	35,355
Liabilities and Equity					
Shareholders' equity					
Called up share capital		$	4	$	4
Share premium			11,922		11,842
Profit and loss account			10,438		8,601
Other reserves	16		(3,328)		(3,409)
Shares held in trust			(1)		(1)
Total Eaton shareholders' equity			19,036		17,038
Noncontrolling interests			33		38
Total shareholders' equity			19,069		17,075
Provision for liabilities and charges					
Pension and other postretirement benefits	13		1,014		892
Deferred income taxes	15		810		871
Other provisions	14		377		433
Creditors					
Debt	12		9,269		8,655
Creditors	11		8,301		7,431
Total for provisions and creditors			19,771		18,282
Total liabilities and equity		$	38,840	$	35,355

The accompanying notes are an integral part of the consolidated financial statements.

The consolidated financial statements were approved by the Board of Directors on February 29, 2024 and signed on its behalf by:

Craig Arnold
Chairman of the Board of Directors

Gerald B. Smith
Director

EATON CORPORATION plc
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)	Year ended December 31 2023	2022
Operating activities		
Net income	$ 3,223	$ 2,465
Adjustments to reconcile to net cash provided by operating activities		
Depreciation and amortization	926	954
Deferred income taxes	(182)	(128)
Pension and other postretirement benefits expense	15	54
Contributions to pension plans	(113)	(116)
Contributions to other postretirement benefits plans	(20)	(24)
Gain on sale of business	—	(24)
Changes in working capital		
Accounts receivable - net	(341)	(743)
Inventory	(282)	(490)
Accounts payable	256	334
Accrued compensation	197	(16)
Accrued income and other taxes	61	170
Other current assets	(112)	(179)
Other current liabilities	72	236
Other - net	(76)	40
Net cash provided by operating activities	3,624	2,533
Investing activities		
Capital expenditures for property, plant and equipment	(757)	(598)
Cash paid for acquisition of business, net of cash acquired	—	(610)
Proceeds from (payments for) sales of businesses, net of cash sold	(2)	31
Proceeds from sales of property, plant and equipment	76	163
Investments in associate companies	(68)	(42)
Purchases of short-term investments	(1,861)	(19)
Proceeds from (payments for) settlement of currency exchange contracts not designated as hedges - net	92	(47)
Other - net	(54)	(79)
Net cash used in investing activities	(2,575)	(1,200)
Financing activities		
Proceeds from borrowings	818	1,995
Payments on borrowings	(19)	(2,012)
Short-term debt, net	(311)	317
Cash dividends paid	(1,379)	(1,299)
Exercise of employee stock options	78	28
Repurchase of shares	—	(286)
Employee taxes paid from shares withheld	(49)	(60)
Other - net	(9)	(23)
Net cash used in financing activities	(871)	(1,340)
Effect of currency on cash	16	4
Total increase (decrease) in cash	194	(3)
Cash at the beginning of the period	294	297
Cash at the end of the period	$ 488	$ 294

The accompanying notes are an integral part of the consolidated financial statements.

EATON CORPORATION plc
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In millions)	Called up share capital		Share premium	Profit and loss account	Other reserves	Shares held in trust	Total Eaton shareholders' equity (Note 16)	Noncontrolling interests	Total equity
	Shares	Dollars							
Balance at January 1, 2022	398.8	$ 4	$ 11,814	$ 7,727	$ (3,131)	$ (1)	$ 16,413	$ 38	$ 16,451
Net income	—	—	—	2,462	—	—	2,462	4	2,465
Other comprehensive loss, net of tax					(313)		(313)		(313)
Cash dividends paid	—	—	—	(1,299)	—	—	(1,299)	(2)	(1,301)
Issuance of shares under equity-based compensation plans	1.1	—	30	(2)	35	—	63	—	63
Changes in noncontrolling interest of consolidated subsidiaries, net	—	—	(1)	—	—	—	(1)	(2)	(3)
Repurchase and cancellation of ordinary shares	(2.0)	—	—	(286)	—	—	(286)	—	(286)
Balance at December 31, 2022	397.8	4	11,842	8,601	(3,409)	(1)	17,038	38	17,075
Net income	—	—	—	3,218	—	—	3,218	5	3,223
Other comprehensive income, net of tax					39		39		39
Cash dividends paid	—	—	—	(1,379)	—	—	(1,379)	(9)	(1,388)
Issuance of shares under equity-based compensation plans	1.5	—	80	(2)	42	—	120	—	120
Changes in noncontrolling interest of consolidated subsidiaries, net	—	—	—	—	—	—	—	(1)	(1)
Balance at December 31, 2023	399.4	$ 4	$ 11,922	$ 10,438	$ (3,328)	$ (1)	$ 19,036	$ 33	$ 19,069

The accompanying notes are an integral part of the consolidated financial statements.

EATON CORPORATION plc
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Amounts are in millions unless indicated otherwise (per share data assume dilution). Columns and rows may not add and the sum of components may not equal total amounts reported due to rounding.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information

Eaton Corporation plc (Eaton or the Company) is an intelligent power management company dedicated to protecting the environment and improving the quality of life for people everywhere. We make products for the data center, utility, industrial, commercial, machine building, residential, aerospace and mobility markets. We are guided by our commitment to operate sustainably and with the highest ethical standards. Our work is accelerating the planet's transition to renewable energy sources, helping to solve the world's most urgent power management challenges, and building a more sustainable society for people today and for future generations.

Eaton was founded in 1911 and has been listed on the New York Stock Exchange for more than a century. We reported revenues of $23.2 billion in 2023 and serve customers in more than 160 countries.

The consolidated financial statements of the Company have been prepared in accordance with Section 279 of the Companies Act 2014, which provides that a true and fair view of the assets, liabilities, financial position and profit or loss may be given by preparing the financial statements in accordance with generally accepted accounting principles in the United States (U.S. GAAP), as defined in Section 279 (1) of the Companies Act 2014, to the extent that the use of those principles in the preparation of the consolidated financial statements does not contravene any provision of Part 6 of the Companies Act 2014.

These consolidated financial statements were prepared in accordance with Irish Company Law, to present to the shareholders of the Company and file with the Companies Registration Office in Ireland. Accordingly, these consolidated financial statements include presentation and additional disclosures required by the Republic of Ireland's Companies Act, 2014 (Companies Act) in addition to those disclosures required under U.S. GAAP. The consolidated financial statements have been prepared using a format adapted from those prescribed in accordance with the Companies Act for the benefit of those users of these financial statements who also access our Form 10-K U.S. GAAP financial statements.

Terminology typically utilized in a set of U.S. GAAP financial statements has been retained for the benefit of those users of these financial statements who also access our Form 10-K U.S. GAAP financial statements, rather than utilizing the terminology set out under Irish Company Law. Accordingly, references to net sales, cost of products sold, interest income, interest expense, income tax expense, net income, property, plant and equipment, net, inventory and cash have the same meaning as references to turnover, cost of sales, other interest receivable and similar income, interest payable and similar charges, tax on profit on ordinary activities, profit on ordinary activities after taxation, tangible assets, stocks and cash at bank and in hand under Irish Company Law.

Preparation of the consolidated financial statements requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements and notes. Actual results could differ from these estimates. The consolidated financial statements have been prepared on the going concern basis and no material uncertainties have been identified that would cast significant doubt over the Company's ability to continue for twelve months past the date of this Annual Report.

The consolidated financial statements include the accounts of Eaton and all subsidiaries and other entities it controls. Intercompany transactions and balances have been eliminated. The equity method of accounting is used for investments in associate companies where the Company has significant influence and generally a 20% to 50% ownership interest. Equity investments are evaluated for impairment whenever events or circumstances indicate the book value of the investment exceeds fair value. An impairment would exist if there is an other-than-temporary decline in value. Income from equity investments is reported in Other income or Other expense. Eaton does not have off-balance sheet arrangements with unconsolidated entities.

Eaton's reporting currency is United States Dollars (USD). The functional currency for most subsidiaries is their local currency. Financial statements for these subsidiaries are translated at exchange rates in effect at the balance sheet date as to assets and liabilities and weighted-average exchange rates as to revenues and expenses. The resulting translation adjustments are recognized in Other reserves. For subsidiaries operating in highly inflationary economies, non-monetary assets and liabilities such as inventory and property, plant and equipment and their related expenses are remeasured at historical exchange rates, while monetary assets and liabilities are remeasured at exchange rates in effect at the balance sheet date. Remeasurement adjustments for these subsidiaries are recognized in income.

Adoption of New Accounting Standard

Eaton adopted Accounting Standards Update 2022-04, Liabilities - Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations, in the first quarter of 2023. The standard requires disclosure of certain information about the Company's supply chain finance program, including key terms and a rollforward of confirmed amounts payable. The adoption of the standard did not have a material impact on the consolidated financial statements.

Goodwill and Indefinite Life Intangible Assets

Irish Company Law requires that indefinite-lived intangible assets and goodwill be amortized. However, Eaton does not believe this gives a true and fair view because not all goodwill and intangible assets decline in value. In addition, since goodwill that does decline in value rarely does so on a straight-line basis, straight-line amortization of goodwill over an arbitrary period does not reflect the economic reality. Therefore, in order to present a true and fair view of the economic reality under U.S. GAAP, goodwill and certain other intangible assets are considered indefinite-lived and are not amortized. The company is not able to reliably estimate the impact on the financial statements on the basis that the useful economic life of goodwill cannot be predicted with a satisfactory level of reliability nor can the pattern in which goodwill diminishes be known. Goodwill and these intangible assets are subject to an annual impairment test.

Goodwill is evaluated annually for impairment as of July 1 using either a quantitative or qualitative analysis. Additionally, goodwill is evaluated for impairment whenever an event occurs or circumstances change that would indicate that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. Goodwill is tested for impairment at the reporting unit level, and is based on the net assets for each reporting unit, including goodwill and intangible assets. The Company's reporting units are equivalent to the reportable operating segments, except for the Aerospace segment which has two reporting units. Goodwill is assigned to each reporting unit, as this represents the lowest level that constitutes a business and is the level at which management regularly reviews the operating results. The Company performs a quantitative analysis using a discounted cash flow model and other valuation techniques, but may elect to perform a qualitative analysis.

The annual goodwill impairment test was performed using a qualitative analysis in 2023 and 2022, except for the Vehicle and eMobility reporting units which used a quantitative analysis in 2023 and 2022, respectively. A qualitative analysis is performed by assessing certain trends and factors, including projected market outlook and growth rates, forecasted and actual sales and operating profit margins, discount rates, industry data, and other relevant qualitative factors. These trends and factors are compared to, and based on, the assumptions used in the most recent quantitative analysis performed for each reporting unit. The results of the qualitative analyses did not indicate a need to perform quantitative analysis.

Quantitative analyses were performed by estimating the fair value of the reporting unit using a discounted cash flow model. The model includes estimates of future cash flows, future growth rates, terminal value amounts, and the applicable weighted-average cost of capital used to discount those estimated cash flows. The future cash flows were based on the Company's long-term operating plan and a terminal value was used to estimate the reporting unit's cash flows beyond the period covered by the operating plan. The weighted-average cost of capital is an estimate of the overall after-tax rate of return required by equity and debt market holders of a business enterprise. These analyses require the exercise of judgments, including judgments about appropriate discount rates, perpetual growth rates, revenue growth, and margin assumptions. Sensitivity analyses were performed around certain of these assumptions in order to assess the reasonableness of the assumptions and the resulting estimated fair values.

Based on these analyses performed in 2023 and 2022, the fair value of Eaton's reporting units continue to substantially exceed their respective carrying amounts and thus, no impairment exists.

Indefinite life intangible assets consist of certain trademarks. They are evaluated annually for impairment as of July 1 using either a quantitative or qualitative analysis to determine whether their fair values exceed their respective carrying amounts. Indefinite life intangible asset impairment testing for 2023 and 2022 was performed using a quantitative analysis. The Company determines the fair value of these assets using a royalty relief methodology similar to that employed when the associated assets were acquired, but using updated estimates of future sales, cash flows, and profitability. Additionally, indefinite life intangible assets are evaluated for impairment whenever an event occurs or circumstances change that would indicate that it is more likely than not that the asset is impaired. For 2023 and 2022, the fair value of indefinite lived intangible assets exceeded the respective carrying value.

For additional information about goodwill and other intangible assets, see Note 7.

Leases

The Company determines if an arrangement is a lease at inception. Operating lease assets and liabilities are recognized at the commencement date of the lease based on the present value of lease payments over the lease term. Lease assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. As most leases do not provide an implicit interest rate, Eaton uses its incremental borrowing rate based on the information available at the lease commencement date in determining the present value of lease payments. The length of a lease term includes options to extend or terminate the lease when it is reasonably certain that the Company will exercise those options. The Company made an accounting policy election to not recognize lease assets or liabilities for leases with a term of 12 months or less. Additionally, when accounting for leases, the Company combines payments for leased assets, related services and other components of a lease.

Other Long-Lived Assets

Depreciation and amortization for property, plant and equipment, and intangible assets subject to amortization, are generally computed by the straight-line method and included in Cost of products sold, Selling and administrative expense, and Research and development expense, as appropriate. The Company uses the following depreciation and amortization periods:

Category	Estimated useful life or amortization period
Buildings	Generally 40 years
Machinery and equipment	3 - 10 years
Software	5 - 15 years
Customer relationships, certain trademarks, and patents and technology	Weighted-average of 18 years

Other long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. Upon indications of impairment, assets and liabilities are grouped at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. The asset group would be considered impaired when the estimated future net undiscounted cash flows generated by the asset group are less than its carrying value. Determining asset groups and underlying cash flows requires the use of significant judgment.

For additional information about property, plant and equipment see Note 6.

Retirement Benefits Plans

For the principal pension plans in the United States, Canada, Puerto Rico, and the United Kingdom, the Company uses a market-related value of plan assets to calculate the expected return on assets used to determine net periodic benefit costs. The market-related value of plan assets is a calculated value that recognizes changes in the fair value of plan assets over a five year period. All other plans use fair value of plan assets.

Net actuarial gains or losses are amortized to expense on a plan-by-plan basis when they exceed the accounting corridor. The Company's corridors are set at either 8% or 10%, depending on the plan, of the greater of the plan assets or benefit obligations. Gains or losses outside of the corridor are subject to amortization over an average employee future service period that differs by plan. If most or all of the plan's participants are no longer actively accruing benefits, the average life expectancy is used. The amortization periods on a weighted average basis for United States and Non-United States pension plans are approximately 22 years and 10 years, respectively. The amortization period for other postretirement benefits plans is 8 years.

Asset Retirement Obligations

A conditional asset retirement obligation is recognized at fair value when incurred if the fair value of the liability can be reasonably estimated. Uncertainty about the timing or method of settlement of a conditional asset retirement obligation would be considered in the measurement of the liability when sufficient information exists. Eaton believes that for substantially all of its asset retirement obligations, there is an indeterminate settlement date because the range of time over which the Company may settle the obligation is unknown or cannot be estimated. A liability for these obligations will be recognized when sufficient information is available to estimate fair value.

Income Taxes

Deferred income tax assets and liabilities are determined based on the difference between the financial statement and tax basis of the respective assets and liabilities, using enacted tax rates in effect for the year when the differences are expected to reverse. Deferred income tax assets are recognized for income tax loss carryforwards and income tax credit carryforwards. Judgment is required in determining and evaluating income tax provisions and valuation allowances for deferred income tax assets. Eaton recognizes an income tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Eaton evaluates and adjusts these accruals based on changing facts and circumstances. Eaton recognizes interest and penalties related to unrecognized income tax benefits in the provision for income tax expense. Eaton's policy is to recognize income tax effects from Other reserves when individual units of account are sold, terminated, or extinguished. For additional information about income taxes, see Note 15.

Derivative Financial Instruments and Hedging Activities

Eaton uses derivative financial instruments to manage the exposure to the volatility in raw material costs, currency, and interest rates on certain debt. These instruments are marked to fair value in the accompanying Consolidated Balance Sheets. Changes in the fair value of derivative assets or liabilities (i.e., gains or losses) are recognized depending upon the type of hedging relationship and whether an instrument has been designated as a hedge. For those instruments that qualify for hedge accounting, Eaton designates the hedging instrument, based upon the exposure being hedged, as a cash flow hedge, a fair value hedge, or a hedge of a net investment in a foreign operation. Changes in fair value of these instruments that do not qualify for hedge accounting are recognized immediately in net income. See Note 19 for additional information about hedges and derivative financial instruments.

Recently Issued Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures (ASU 2023-07). This accounting standard requires additional segment disclosures on an annual and interim basis, including significant segment expenses that are regularly provided to the chief operating decision maker. The standard does not change how operating segments and reportable segments are determined. ASU 2023-07 is effective for annual reporting periods beginning after December 15, 2023 and interim reporting periods beginning after December 15, 2024. The standard is required to be applied retrospectively to all periods presented in the consolidated financial statements. Eaton plans to adopt the standard for the year ended December 31, 2024. The Company is evaluating the impact of ASU 2023-07 and expects the standard will only impact its segment disclosures with no material impact to the consolidated financial statements.

In December 2023, the FASB issued Accounting Standards Update 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures (ASU 2023-09). This accounting standard requires disaggregated income tax disclosures on an annual basis, including information on the Company’s effective income tax rate reconciliation and income taxes paid. ASU 2023-09 is effective for annual reporting periods beginning after December 15, 2024, and may be applied prospectively or retrospectively. The Company is evaluating the impact of ASU 2023-09 and expects the standard will only impact its income taxes disclosures with no material impact to the consolidated financial statements.

Note 2. ACQUISITIONS AND DIVESTITURE OF BUSINESSES

Acquisition of Green Motion SA

On March 22, 2021, Eaton acquired Green Motion SA, a leading designer and manufacturer of electric vehicle charging hardware and related software based in Switzerland. Green Motion SA was acquired for $106 million, including $49 million of cash paid at closing and an initial estimate of $57 million for the fair value of contingent future consideration based on 2023 and 2024 revenue performance. The fair value of contingent consideration liabilities is estimated by discounting contingent payments expected to be made, and may increase or decrease based on changes in revenue estimates and discount rates, with a maximum possible undiscounted value of $122 million. As of December 31, 2023, the fair value of the contingent future payments has been reduced to $18 million based primarily on lower revenue in 2023 and anticipated reductions in projected 2024 revenue compared to the initial estimates at closing. This reduction is presented in Other income on the Consolidated Profit and Loss Accounts.

Sale of Hydraulics business

On August 2, 2021, Eaton completed the sale of the Hydraulics business to Danfoss A/S. As a result of the sale, the Company received $3.1 billion, net of cash sold, and recognized a pre-tax gain of $617 million in 2021. The Company finalized negotiations of post-closing adjustments with Danfoss A/S during the first quarter of 2022 and recognized an additional pre-tax gain of $24 million and received cash of $22 million from Danfoss A/S to fully settle all post-closing adjustments.

Acquisition of Royal Power Solutions

On January 5, 2022, Eaton acquired Royal Power Solutions for $610 million, net of cash received. Royal Power Solutions is a U.S. based manufacturer of high-precision electrical connectivity components used in electric vehicle, energy management, industrial and mobility markets. Royal Power Solutions is reported within the eMobility business segment.

The acquisition of Royal Power Solutions has been accounted for using the acquisition method of accounting which requires the assets acquired and liabilities assumed be recognized at their respective fair values on the acquisition date. The final allocation as of the date of acquisition follows:

(In millions)	Final Allocation
Accounts receivable	$ 35
Inventory	46
Prepayments	1
Property, plant and equipment, net	31
Intangible assets - other	341
Other debtors	8
Accounts payable	(25)
Other liabilities	(14)
Other long-term liabilities	(68)
Total identifiable net assets	355
Intangible assets - goodwill	255
Total consideration, net of cash received	$ 610

Goodwill is calculated as the excess of the consideration transferred over the net assets recognized and represents the anticipated synergies of acquiring Royal Power Solutions. Goodwill recognized as a result of the acquisition is not deductible for tax purposes. The estimated fair values of the customer relationships, technology, trademarks, and other intangible assets of $230 million, $90 million, $16 million, and $5 million, respectively, were determined using either the relief-from-royalty model, the multi-period excess earnings model, or the lost income model, which are discounted cash flow models that rely on the Company's estimates. These estimates require judgment of future revenue growth rates, future margins, and the applicable weighted-average cost of capital used to discount those estimated cash flows. The estimated fair value of technology and trademark intangibles are also based on the selection of royalty rates used in the valuation model. The weighted-average cost of capital is an estimate of the overall after-tax rate of return required by equity and debt market holders of a business enterprise. The estimated useful lives for customer relationships, technology, trademarks, and other intangible assets were 17 years, 16 years, 15 years, and 2 years, respectively. See Note 7 for additional information about goodwill and other intangible assets.

Eaton's 2022 consolidated financial statements include Royal Power Solutions' results of operations, including segment operating profit of $21 million on sales of $158 million, from the date of acquisition through December 31, 2022.

Russia

During the second quarter of 2022, in light of the ongoing war with Ukraine, the Company decided to exit its business operations in Russia and recorded charges of $29 million presented in Other expense on the Consolidated Profit and Loss Accounts. The charges consisted primarily of write-downs of accounts receivable, inventory and other assets, and accruals for severance.

Acquisition of a 50% stake in Jiangsu Huineng Electric Co., Ltd's circuit breaker business

On July 1, 2022, Eaton acquired a 50 percent stake in Jiangsu Huineng Electric Co., Ltd's circuit breaker business, which manufactures and markets low-voltage circuit breakers in China. Eaton accounts for this investment on the equity method of accounting and is reported within the Electrical Global business segment.

Acquisition of a 49% stake in Jiangsu Ryan Electrical Co. Ltd.

On April 23, 2023, Eaton acquired a 49 percent stake in Jiangsu Ryan Electrical Co. Ltd., a manufacturer of power distribution and sub-transmission transformers in China. Eaton accounts for this investment on the equity method of accounting and is reported within the Electrical Global business segment.

Note 3. REVENUE RECOGNITION

Sales are recognized when obligations under the terms of the contract are satisfied and control of promised goods or services have transferred to our customers. Control is transferred when the customer has the ability to direct the use of and obtain benefits from the goods or services. Sales are measured at the amount of consideration the Company expects to be paid in exchange for these products or services.

The majority of the Company's sales agreements contain performance obligations satisfied at a point in time when title and risk and rewards of ownership have transferred to the customer. Sales recognized over time are less than 5% of Eaton's consolidated Net sales. Sales recognized over time are generally accounted for using an input measure to determine progress completed at the end of the period. Sales for service contracts generally are recognized as the services are provided. For agreements with multiple performance obligations, judgment is required to determine whether performance obligations specified in these agreements are distinct and should be accounted for as separate revenue transactions for recognition purposes. In these types of agreements, we generally allocate sales price to each distinct obligation based on the price of each item sold in separate transactions.

Due to the nature of the work required to be performed for obligations recognized over time, Eaton estimates total costs by contract. The estimate of total costs are subject to judgment. Estimated amounts are included in the recognized sales price to the extent it is not probable that a significant reversal of cumulative sales will occur. Additionally, contracts can be modified to account for changes in contract specifications, requirements or sale price. The effect of a contract modification on the sales price or adjustments to the measure of completion under the input method are recognized as adjustments to revenue on a cumulative catch-up basis.

Payment terms vary by the type and location of the customer and the products or services offered. Generally, the time between when revenue is recognized and when payment is due is not significant. Eaton does not evaluate whether the selling price includes a financing interest component for contracts that are less than a year. Sales, value added, and other taxes collected concurrent with revenue are excluded from Net sales. Shipping and handling costs are treated as fulfillment costs and are included in Cost of products sold.

Eaton records reductions to sales for returns, and customer and distributor incentives, primarily comprised of rebates, at the time of the initial sale. Rebates are estimated based on sales terms, historical experience, trend analysis, and projected market conditions in the various markets served. The rebate programs offered vary across businesses due to the numerous markets Eaton serves, but the most common incentives relate to amounts paid or credited to customers for achieving defined volume levels. Returns are estimated at the time of the sale primarily based on historical experience and are recorded gross on the Consolidated Balance Sheet.

Sales commissions are expensed when the amortization period is less than a year and are generally not capitalized as they are typically earned at the completion of the contract when the customer is invoiced or when the customer pays Eaton.

Sales of products and services varies by segment and are discussed in Note 21.

In the Electrical Americas segment, sales contracts are primarily for electrical components, industrial components, power distribution and assemblies, residential products, single phase power quality and connectivity, three phase power quality, wiring devices, circuit protection, utility power distribution, power reliability equipment, and services that are primarily produced and sold in North and South America. The majority of the sales in this segment contain performance obligations satisfied at a point in time either when we ship the product from our facility, or when it arrives at the customer's facility. However, certain power distribution and power quality services are recognized over time.

In the Electrical Global segment, sales contracts are primarily for electrical components, industrial components, power distribution and assemblies, single phase and three phase power quality, and services that are primarily produced and sold outside of North and South America, as well as hazardous duty electrical equipment, emergency lighting, fire detection, intrinsically safe explosion-proof instrumentation, and structural support systems that are produced and sold globally. The majority of the sales contracts in this segment contain performance obligations satisfied at a point in time either when we ship the product from our facility, or when it arrives at the customer's facility. However, certain power distribution and power quality services are recognized over time.

In the Aerospace segment, sales contracts are primarily for aerospace fuel, hydraulics, and pneumatic systems for commercial and military use, as well as filtration systems for industrial applications. These sales contracts are primarily based on a customer's purchase order, and frequently covered by terms and conditions included in a long-term agreement. In this segment, performance obligations are generally satisfied at a point in time either when we ship the product from our facility, or when it arrives at the customer's facility. Our military contracts are primarily fixed-price contracts that are not subject to performance-based payments or progress payments from the customer.

Many of the products and services in power distribution and power quality services in the Electrical Americas and Electrical Global business segments and contracts to develop new products that are fully funded by customers in the Aerospace business segment meet the definition of continuous transfer of control to customers and are recognized over time. These products are engineered to a customer's design specifications, have no alternative use to Eaton, and are controlled by the customer as evidenced by the customer's contractual ownership of the work in process or our right to payment for work performed to date plus a reasonable margin. As control is transferring over time, sales are recognized based on the extent of progress towards completion of the obligation. Eaton generally uses an input method to determine the progress completed and sales are recorded proportionally as costs are incurred. Incurred costs represent work performed, which corresponds with, and thereby best depicts, the transfer of control to the customer.

In the Vehicle segment, sales contracts are primarily for drivetrains, powertrain systems and critical components that reduce emissions and improve fuel economy, stability, performance, and safety of cars, light trucks, and commercial vehicles. These sales contracts are primarily based on a customer's purchase order or a blanket purchase order subject to firm releases, frequently covered by terms and conditions included in a master supply agreement. In this segment, performance obligations are generally satisfied at a point in time either when we ship the product from our facility, or when it arrives at the customer's facility.

In the eMobility segment, sales contracts are primarily for mechanical, electrical, and electronic components and systems that improve the power management and performance of both on-road and off-road vehicles. These sales contracts are primarily based on a customer's purchase order. In this segment, performance obligations are generally satisfied at a point in time either when we ship the product from our facility, or when it arrives at the customer's facility.

In limited circumstances, primarily in the Electrical and Vehicle segments, Eaton sells separately-priced warranties that extend the warranty coverage beyond the standard coverage offered on specific products. Sales for these separately-priced warranties are recorded based on their stand-alone selling price and are recognized as revenue over the length of the warranty period.

The following table provides disaggregated sales by lines of businesses, geographic destination, market channel or end market, as applicable, for the Company's operating segments:

(In millions)	2023	2022
Electrical Americas		
Products	$ 2,949	$ 2,732
Systems	7,149	5,765
Total	$ 10,098	$ 8,497
Electrical Global		
Products	$ 3,462	$ 3,424
Systems	2,622	2,424
Total	$ 6,084	$ 5,848
Aerospace		
Original Equipment Manufacturers	$ 1,350	$ 1,209
Aftermarket	1,183	977
Industrial and Other	878	854
Total	$ 3,413	$ 3,039
Vehicle		
Commercial	$ 1,784	$ 1,736
Passenger and Light Duty	1,180	1,094
Total	$ 2,965	$ 2,830
eMobility	$ 636	$ 538
Total net sales	$ 23,196	$ 20,752

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (revenue recognized exceeds amount billed to the customer), and deferred revenue (advance payments and billings in excess of revenue recognized). Accounts receivable from customers were $3,966 million and $3,581 million at December 31, 2023 and December 31, 2022, respectively. Amounts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals or upon achievement of contractual milestones. These assets and liabilities are reported on the Consolidated Balance Sheets on a contract-by-contract basis at the end of each reporting period. Unbilled receivables were $289 million and $233 million at December 31, 2023 and December 31, 2022, respectively, and are recorded in Prepayments. The increase in unbilled receivables reflects higher revenue recognized from increased business activity in 2023.

Changes in the deferred revenue liabilities are as follows:

(In millions)	Deferred Revenue
Balance at January 1, 2022	$ 422
Customer deposits and billings	1,656
Revenue recognized in the period	(1,541)
Translation and other	(29)
Balance at December 31, 2022	$ 508
Customer deposits and billings	2,368
Revenue recognized in the period	(2,256)
Translation	6
Balance at December 31, 2023	$ 626

A significant portion of open orders placed with Eaton are by original equipment manufacturers or distributors. These open orders are not considered firm as they have been historically subject to releases by customers. In measuring backlog of unsatisfied or partially satisfied obligations, only the amount of orders to which customers are firmly committed are included. Using this criterion, total backlog at December 31, 2023 was approximately $13 billion. At December 31, 2023, approximately 76% of this backlog is targeted for delivery to customers in the next twelve months and the rest thereafter.

Note 4. CREDIT LOSSES FOR RECEIVABLES

Receivables are exposed to credit risk based on the customers’ ability to pay which is influenced by, among other factors, their financial liquidity position. Eaton’s receivables are generally short-term in nature with a majority outstanding less than 90 days.

Eaton performs ongoing credit evaluation of its customers and maintains sufficient allowances for potential credit losses. The Company evaluates the collectability of its receivables based on the length of time the receivable is past due, and any anticipated future write-off based on historic experience adjusted for market conditions. The Company's segments, supported by our global credit department, perform the credit evaluation and monitoring process to estimate and manage credit risk. The process includes an evaluation of credit losses for both the overall segment receivable and specific customer balances. The process also includes review of customer financial information and credit ratings, approval and monitoring of customer credit limits, and an assessment of market conditions. The Company may also require prepayment from customers to mitigate credit risk. Receivable balances are written off against an allowance for credit losses after a final determination of collectability has been made.

Accounts receivable are net of an allowance for credit losses of $38 million and $31 million at December 31, 2023 and December 31, 2022, respectively. The change in the allowance for credit losses includes expense and net write-offs, none of which are significant.

Note 5. INVENTORY

Inventory is carried at lower of cost or net realizable value using the first-in, first-out (FIFO) method. Cost components include raw materials, purchased components, direct labor, indirect labor, utilities, depreciation, inbound freight charges, purchasing and receiving costs, inspection costs, warehousing costs, and costs of the distribution network.

The components of inventory are as follows:

	December 31	
(In millions)	2023	2022
Raw materials	$ 1,515	$ 1,275
Work-in-process	870	781
Finished goods	1,354	1,375
Total inventory	$ 3,739	$ 3,430

Note 6. PROPERTY, PLANT AND EQUIPMENT

Changes in Property, plant and equipment are as follows:

(In millions)	Land, buildings and improvements	Machinery and equipment	Construction in progress	Total
January 1, 2022				
Cost	$ 2,227	$ 5,140	$ 451	$ 7,818
Accumulated depreciation	(996)	(3,758)	—	(4,754)
Net book value	$ 1,231	$ 1,382	$ 451	$ 3,064
Capital expenditures and transfers	$ 107	$ 332	$ 159	$ 598
Depreciation expense	(82)	(326)	—	(408)
Retirements and disposals	(68)	(5)	—	(74)
Acquisitions of businesses	—	19	6	25
Measurement period adjustments	(5)	26	(6)	15
Currency translation	(32)	(36)	(6)	(74)
December 31, 2022				
Cost	2,129	5,281	604	8,013
Accumulated depreciation	(978)	(3,889)	—	(4,867)
Net book value	$ 1,151	$ 1,392	$ 604	$ 3,146

(In millions)	Land, buildings and improvements	Machinery and equipment	Construction in progress	Total
January 1, 2023				
Cost	$ 2,129	$ 5,281	$ 604	$ 8,013
Accumulated depreciation	(978)	(3,889)	—	(4,867)
Net book value	$ 1,151	$ 1,392	$ 604	$ 3,146
Capital expenditures and transfers	$ 114	$ 448	$ 195	$ 757
Depreciation expense	(107)	(321)	—	(429)
Retirements and disposals	(16)	(19)	—	(35)
Currency translation	43	33	14	90
December 31, 2023				
Cost	2,241	5,685	812	8,738
Accumulated depreciation	(1,056)	(4,152)	—	(5,208)
Net book value	$ 1,185	$ 1,533	$ 812	$ 3,530

Capital expenditures are expected to be approximately $800 million in 2024. Projected expenditures for 2024 will focus on capacity expansions in certain markets, development of new products, replacement equipment, and cost reduction programs.

Note 7. GOODWILL AND OTHER INTANGIBLE ASSETS

Changes in the carrying amount of goodwill by segment are as follows:

(In millions)	January 1, 2022	Additions	Translation adjustments	December 31, 2022	Translation adjustments	December 31, 2023
Electrical Americas	$ 7,417	$ 5	$ (19)	$ 7,402	$ 13	$ 7,415
Electrical Global	4,183	2	(255)	3,929	109	4,038
Aerospace	2,781	184	(122)	2,844	57	2,901
Vehicle	290	—	(2)	287	2	289
eMobility	80	255	(1)	334	1	334
Total	$ 14,751	$ 445	$ (400)	$ 14,796	$ 181	$ 14,977

The 2022 additions to goodwill relate primarily to the anticipated synergies of acquiring Royal Power Solutions and Mission Systems.

A summary of other intangible assets is as follows:

	December 31			
	2023		2022	
(In millions)	Historical cost	Accumulated amortization	Historical cost	Accumulated amortization
Intangible assets not subject to amortization				
Trademarks	$ 1,207		$ 1,201	
Intangible assets subject to amortization				
Customer relationships	$ 4,742	$ 2,423	$ 4,677	$ 2,156
Patents and technology	1,990	948	1,987	830
Software	1,108	765	1,034	708
Trademarks	1,123	642	1,113	570
Other	176	133	175	111
Total other intangible assets	$ 9,139	$ 4,911	$ 8,986	$ 4,375

Changes in Other intangibles is as follows:

(In millions)	Indefinite lived trademarks	Customer relationships	Patents and technology	Software	Trademarks	Other	Total
January 1, 2022							
Cost	$ 1,374	$ 4,752	$ 1,879	$ 971	$ 951	$ 165	$ 10,092
Accumulated amortization	—	(1,974)	(712)	(656)	(518)	(62)	(3,922)
Net book value	$ 1,374	$ 2,778	$ 1,167	$ 315	$ 433	$ 103	$ 6,170
Additions	$ —	$ —	$ —	$ 78	$ —	$ —	$ 78
Acquisitions of businesses	—	204	49	—	39	15	306
Measurement period adjustments	—	(143)	65	(1)	(22)	6	(95)
Amortization expense	—	(253)	(118)	(63)	(60)	(52)	(546)
Reclassifications	(160)	—	—	—	160	—	—
Retirements and disposals	—	(5)	—	—	—	(2)	(7)
Currency translation	(13)	(61)	(6)	(3)	(6)	(6)	(95)
December 31, 2022							
Cost	1,201	4,677	1,987	1,034	1,113	175	10,187
Accumulated amortization	—	(2,156)	(830)	(708)	(570)	(111)	(4,375)
Net book value	$ 1,201	$ 2,520	$ 1,157	$ 326	$ 543	$ 64	$ 5,811

(In millions)	Indefinite lived trademarks	Customer relationships	Patents and technology	Software	Trademarks	Other	Total
January 1, 2023							
Cost	$ 1,201	$ 4,677	$ 1,987	$ 1,034	$ 1,113	$ 175	$ 10,187
Accumulated amortization	—	(2,156)	(830)	(708)	(570)	(111)	(4,375)
Net book value	$ 1,201	$ 2,520	$ 1,157	$ 326	$ 543	$ 64	$ 5,811
Additions	$ —	$ —	$ —	$ 87	$ —	$ —	$ 87
Amortization expense	—	(230)	(117)	(66)	(65)	(21)	(498)
Retirements and disposals	—	—	—	(3)	—	—	(3)
Currency translation	5	29	2	—	3	(1)	38
December 31, 2023							
Cost	1,207	4,742	1,990	1,108	1,123	176	10,346
Accumulated amortization	—	(2,423)	(948)	(765)	(642)	(133)	(4,911)
Net book value	$ 1,207	$ 2,319	$ 1,042	$ 343	$ 481	$ 43	$ 5,434

Amortization expense related to intangible assets (excluding software) subject to amortization in 2023, and estimated amortization expense for each of the next five years, is as follows:

(In millions)		
2023	$	432
2024		406
2025		401
2026		385
2027		376
2028		315

Note 8. SUPPLY CHAIN FINANCE PROGRAM

The Company negotiates payment terms directly with its suppliers for the purchase of goods and services. In addition, a third-party financial institution offers a voluntary supply chain finance (SCF) program that enables certain of the Company's suppliers, at the supplier's sole discretion, to sell receivables due from the Company to the financial institution on terms directly negotiated with the financial institution. If a supplier elects to participate in the SCF program, the supplier decides which invoices are sold to the financial institution and the Company has no economic interest in a supplier's decision to sell an invoice. Payments by the Company to participating suppliers are paid to the financial institution on the invoice due date, regardless of whether an individual invoice is sold by the supplier to the financial institution. The amounts due to the financial institution for suppliers that participate in the SCF program are included in Accounts payable on the Consolidated Balance Sheets, and the associated payments are included in operating activities on the Consolidated Statements of Cash Flows.

The changes in SCF obligations are as follows:

(In millions)	SCF Obligations	
Balance at January 1, 2023	$	219
Invoices confirmed during the period		1,339
Invoices paid during the period		(1,185)
Translation		(4)
Balance at December 31, 2023	$	369

Note 9. LEASES

Eaton leases certain manufacturing facilities, warehouses, distribution centers, office space, vehicles, and equipment. Most real estate leases contain renewal options. The exercise of lease renewal options is at the Company's sole discretion. The Company's lease agreements typically do not contain any significant guarantees of asset values at the end of a lease or restrictive covenants. Payments within certain lease agreements are adjusted periodically for changes in an index or rate.

The components of lease expense are as follows:

(In millions)	2023		2022	
Operating lease cost	$	200	$	179
Finance lease cost				
Amortization of lease assets		15		11
Interest on lease liabilities		1		1
Short-term lease cost		18		17
Variable lease cost		28		27
Sublease income		(1)		(1)
Total lease cost	$	261	$	234

During 2023 and 2022, Eaton entered into sale leaseback transactions primarily for certain non-production facilities and recorded gains of $53 million and $81 million, respectively, in Other income. The terms of the new operating leases ranged from 5 to 20 years.

Supplemental cash flow information related to leases is as follows:

(In millions)	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows - payments on operating leases	$ (180)	$ (159)
Operating cash outflows - interest payments on finance leases	(1)	(2)
Financing cash outflows - payments on finance lease obligations	(18)	(11)
Lease assets obtained in exchange for new lease obligations, including leases acquired:		
Operating leases	$ 183	$ 245
Finance leases	38	10

Supplemental balance sheet information related to leases is as follows:

	December 31	
(In millions)	2023	2022
Operating Leases		
Operating lease assets	$ 648	$ 570
Creditors - other liabilities	135	127
Creditors - other long-term liabilities	533	459
Total operating lease liabilities	$ 668	$ 586
Finance Leases		
Land, buildings and improvements	$ 13	$ 6
Machinery and equipment	62	40
Accumulated depreciation	(36)	(20)
Property, plant and equipment, net	$ 39	$ 26
Current portion of long-term debt	$ 13	$ 10
Long-term debt	22	18
Total finance lease liabilities	$ 35	$ 28

	December 31	
	2023	2022
Weighted-average remaining lease term		
Operating leases	7.6 years	7.6 years
Finance leases	4.4 years	4.9 years
Weighted-average discount rate		
Operating leases	4.0 %	3.3 %
Finance leases	3.6 %	3.0 %

Maturities of lease liabilities at December 31, 2023 are as follows:

(In millions)	Operating Leases	Finance Leases
2024	$ 156	$ 14
2025	126	8
2026	106	6
2027	85	4
2028	63	2
Thereafter	259	4
Total lease payments	795	38
Less imputed interest	127	3
Total present value of lease liabilities	$ 668	$ 35

Changes in Operating lease assets are as follows:

(In millions)	Operating Lease Assets
January 1, 2022	$ 442
Assets recognized for new leases	245
Other (expense, terminations, modifications, currency translation and other activity)	(117)
December 31, 2022	$ 570

(In millions)	Operating Lease Assets
January 1, 2023	$ 570
Assets recognized for new leases	183
Other (expense, terminations, modifications, currency translation and other activity)	(105)
December 31, 2023	$ 648

Note 10. DEBTORS

Debtors

(In millions)	2023	2022
Amounts falling due within one year		
Accounts receivable - net	$ 4,475	$ 4,076
Deferred income taxes	505	397
Prepayments	851	685
	5,831	5,158
Amounts falling due after more than one year		
Deferred income taxes	361	274
Pension plan assets	210	199
Other debtors	639	627
	1,210	1,100
Total debtors	$ 7,041	$ 6,258

Note 11. CREDITORS

Creditors

(In millions)	2023	2022
Amounts falling due within one year		
Accounts payable	$ 3,365	$ 3,072
Accrued compensation	676	467
Other liabilities	2,404	2,170
	6,445	5,709
Amounts falling due after more than one year		
Operating lease liabilities	533	459
Other long-term liabilities	1,323	1,263
Total creditors	$ 8,301	$ 7,431

Note 12. DEBT

A summary of debt is as follows:

	December 31	
(In millions)	2023	2022
0.75% Euro notes due 2024	$ 608	$ 587
Floating rate Euro notes due 2024	332	—
6.50% debentures due 2025	145	145
0.70% Euro notes due 2025	553	534
0.128% Euro notes due 2026	995	960
3.10% senior notes due 2027	700	700
4.35% senior notes due 2028	500	—
7.65% debentures due 2029	200	200
0.577% Euro notes due 2030	663	640
4.00% senior notes due 2032	700	700
4.15% sustainability-linked senior notes due 2033	1,300	1,300
5.45% debentures due 2034	137	137
5.80% notes due 2037	240	240
4.15% senior notes due 2042	1,000	1,000
3.92% senior notes due 2047	300	300
4.70% senior notes due 2052	700	700
5.25% to 7.875% notes (maturities ranging from 2024 to 2035)	165	165
Other	25	23
Total long-term debt	9,261	8,331
Short-term debt	8	324
Total debt	$ 9,269	$ 8,655

Substantially all these long-term debt instruments are fully and unconditionally guaranteed on an unsubordinated, unsecured basis by Eaton and certain of its direct and indirect subsidiaries (the Senior Notes). Further, as of December 31, 2023, all of these long-term debt instruments, except the floating rate Euro notes due 2024, 0.75% Euro notes due 2024, the 0.70% Euro notes due 2025, the 0.128% Euro notes due 2026, and the 0.577% Euro notes due 2030, are registered by Eaton Corporation under the Securities Act of 1933, as amended (the Registered Senior Notes).

On March 3, 2023, a subsidiary of Eaton issued Euro denominated notes (2023 Euro Notes) in a private issuance with a face value of €300 million ($318 million). The floating rate notes are due June 3, 2024 with interest payable quarterly based on the three-month Euro Interbank Offered Rate plus 25 basis points. The 2023 Euro Notes are fully and unconditionally guaranteed on an unsubordinated, unsecured basis by Eaton. The 2023 Euro Notes contain a change of control provision which requires the Company to make an offer to purchase all or any part of the 2023 Euro Notes at a purchase price of 100.5% of the principal amount plus accrued and unpaid interest. The 2023 Euro Notes are subject to customary non-financial covenants.

On May 18, 2023, Eaton issued senior notes (2023 Notes) with a face amount of $500 million. The 2023 Notes mature in 2028 with interest payable semi-annually at a rate of 4.35% per annum. The issuer received proceeds totaling $497 million from the issuance, net of financing costs. The 2023 Notes are fully and unconditionally guaranteed on an unsubordinated, unsecured basis by Eaton and certain of its direct and indirect subsidiaries. The 2023 Notes contain customary optional redemption and par call provisions. The 2023 Notes also contain a provision which upon a change of control requires the Company to make an offer to purchase all or any part of the 2023 Notes at a purchase price of 101% of the principal amount plus accrued and unpaid interest. The 2023 Notes are subject to customary non-financial covenants.

On October 2, 2023, the Company replaced its existing $500 million 364-day revolving credit facility with a new $500 million 364-day revolving credit facility that will expire on September 30, 2024. The Company also has a $2,500 million five-year revolving credit facility that will expire on October 1, 2027. The revolving credit facilities totaling $3,000 million are used to support commercial paper borrowings and are fully and unconditionally guaranteed by Eaton and certain of its direct and indirect subsidiaries on an unsubordinated, unsecured basis. There were no borrowings outstanding under Eaton's revolving credit facilities at December 31, 2023. The Company maintains access to the commercial paper markets through its $3,000 million commercial paper program, of which none was outstanding on December 31, 2023.

In addition to the revolving credit facilities, the Company also had available lines of credit of $1,070 million from various banks primarily for the issuance of letters of credit, of which there was $451 million outstanding at December 31, 2023. Borrowings outside the United States are generally denominated in local currencies.

Short-term debt of $8 million at December 31, 2023 was entirely comprised of short-term debt outside the United States. Short-term debt of $324 million at December 31, 2022 included $300 million of short-term commercial paper in the United States, which had a weighted average interest rate of 4.67%, and $24 million of short-term debt outside the United States.

Eaton is in compliance with each of its debt covenants for all periods presented.

Maturities of long-term debt for each of the next five years are as follows:

(In millions)	
2024	$ 1,017
2025	706
2026	1,073
2027	704
2028	502

Interest paid on debt is as follows:

(In millions)	
2023	$ 319
2022	250

Note 13. RETIREMENT BENEFITS PLANS

Eaton has defined benefit pension plans and defined contribution pension plans, covering substantially all U.S. employees and many employees at non-U.S. locations. Funding requirements are a major consideration in making contributions to Eaton's pension plans. With respect to the Company's pension plans worldwide, the Company intends to contribute annually not less than the minimum required by applicable law and regulations. The Company also has postretirement benefits plans for certain eligible employees, primarily in United States locations, which provide healthcare benefits and, in some instances, life insurance benefits. Additional other supplemental benefit plans are provided for officers and other key employees.

The Company utilizes qualified actuaries to value all of its material pension and other postretirement benefits plans. Amounts recognized in the financial statements as of December 31, 2023 were based on actuarial valuations carried out per the required respective statutory period. Actuarial valuation reports are available for inspection by the scheme members but not for public inspection.

Obligations and Funded Status

	United States pension liabilities		Non-United States pension liabilities		Other postretirement liabilities	
(In millions)	2023	2022	2023	2022	2023	2022
Funded status						
Fair value of plan assets	$ 2,604	$ 2,635	$ 1,633	$ 1,486	$ 17	$ 16
Benefit obligations	(2,824)	(2,807)	(2,022)	(1,813)	(212)	(209)
Funded status	$ (220)	$ (172)	$ (389)	$ (327)	$ (195)	$ (194)
Amounts recognized in the Form 10-K Consolidated Balance Sheets						
Other assets	$ —	$ —	$ 210	$ 199	$ —	$ —
Other current liabilities	(18)	(19)	(33)	(30)	(15)	(17)
Pension liabilities and Other postretirement benefits liabilities	(202)	(153)	(566)	(496)	(180)	(177)
Total	$ (220)	$ (172)	$ (389)	$ (327)	$ (195)	$ (194)

At December 31, 2023 and 2022, non-current assets of $210 million and $199 million, respectively, are classified within Debtors. All other amounts are classified within Pension and other postretirement benefits in the Consolidated Balance Sheets.

	United States pension liabilities		Non-United States pension liabilities		Other postretirement liabilities	
(In millions)	2023	2022	2023	2022	2023	2022
Amounts recognized in Other reserves (pre-tax)						
Net actuarial loss (gain)	$ 867	$ 807	$ 649	$ 491	$ (92)	$ (119)
Prior service cost (credit)	4	5	12	14	(1)	(2)
Total	$ 871	$ 811	$ 661	$ 505	$ (93)	$ (120)

Change in Benefit Obligations

(In millions)	United States pension liabilities		Non-United States pension liabilities		Other postretirement liabilities	
	2023	2022	2023	2022	2023	2022
Balance at January 1	$ 2,807	$ 3,760	$ 1,813	$ 2,837	$ 209	$ 304
Service cost	19	27	43	59	1	1
Interest cost	142	117	85	47	10	7
Actuarial loss (gain)	104	(713)	104	(817)	11	(73)
Gross benefits paid	(250)	(386)	(110)	(99)	(31)	(38)
Currency translation	—	—	85	(218)	1	(3)
Plan amendments	1	1	(1)	1	—	(2)
Other	—	—	3	3	11	13
Balance at December 31	$ 2,824	$ 2,807	$ 2,022	$ 1,813	$ 212	$ 209
Accumulated benefit obligation	$ 2,807	$ 2,784	$ 1,922	$ 1,737		

During 2020, the Company announced it was freezing its United States pension plans for its non-union employees. The freeze was effective January 1, 2021 for non-union U.S. employees whose retirement benefit was determined under a cash balance formula and is effective January 1, 2026 for non-union U.S. employees whose retirement benefit is determined under a final average pay formula.

Actuarial losses related to changes in the United States and Non-United States benefit obligations in 2023 of $104 million and $104 million, respectively, were primarily due to decreases in the discount rates used to measure the obligations. Actuarial gains related to changes in the United States and Non-United States benefit obligations in 2022 of $713 million and $817 million, respectively, were primarily due to increases in the discount rates used to measure the obligations.

Change in Plan Assets

(In millions)	United States pension liabilities		Non-United States pension liabilities		Other postretirement liabilities	
	2023	2022	2023	2022	2023	2022
Balance at January 1	$ 2,635	$ 3,672	$ 1,486	$ 2,247	$ 16	$ 19
Actual return on plan assets	203	(682)	86	(554)	1	(2)
Employer contributions	16	30	97	85	20	24
Gross benefits paid	(250)	(386)	(110)	(99)	(31)	(38)
Currency translation	—	—	71	(197)	—	—
Other	—	—	3	3	11	13
Balance at December 31	$ 2,604	$ 2,635	$ 1,633	$ 1,486	$ 17	$ 16

The components of pension plans with an accumulated benefit obligation in excess of plan assets at December 31 are as follows:

(In millions)	United States pension liabilities		Non-United States pension liabilities	
	2023	2022	2023	2022
Accumulated benefit obligation	$ 2,807	$ 2,784	$ 742	$ 654
Fair value of plan assets	2,604	2,635	203	173

The components of pension plans with a projected benefit obligation in excess of plan assets at December 31 are as follows:

	United States pension liabilities		Non-United States pension liabilities	
(In millions)	2023	2022	2023	2022
Projected benefit obligation	$ 2,824	$ 2,807	$ 827	$ 722
Fair value of plan assets	2,604	2,635	228	195

Other postretirement benefit plans with accumulated postretirement benefit obligations in excess of plan assets have been disclosed in the Obligations and Funded Status table.

Changes in pension and other postretirement benefit liabilities recognized in Other reserves are as follows:

	United States pension liabilities		Non-United States pension liabilities		Other postretirement liabilities	
(In millions)	2023	2022	2023	2022	2023	2022
Balance at January 1	$ 811	$ 713	$ 505	$ 763	$ (120)	$ (55)
Prior service cost arising during the year	1	1	(1)	1	—	(2)
Net loss (gain) arising during the year	97	173	139	(149)	10	(69)
Currency translation	—	—	29	(64)	—	(1)
Less amounts included in expense during the year	(38)	(76)	(11)	(47)	17	7
Net change for the year	60	98	156	(259)	27	(65)
Balance at December 31	$ 871	$ 811	$ 661	$ 505	$ (93)	$ (120)

Benefits Expense

	United States pension benefit expense (income)		Non-United States pension benefit expense (income)		Other postretirement benefits expense (income)	
(In millions)	2023	2022	2023	2022	2023	2022
Service cost	$ 19	$ 27	$ 43	$ 59	$ 1	$ 1
Interest cost	142	117	85	47	10	7
Expected return on plan assets	(195)	(204)	(121)	(115)	(1)	(1)
Amortization	4	15	7	45	(17)	(7)
	(30)	(46)	14	37	(7)	—
Settlements, curtailments, and special termination benefits	34	61	4	2	—	—
Total expense (income)	$ 4	$ 15	$ 18	$ 39	$ (7)	$ —

The components of retirement benefits expense (income) other than service costs are included in Other expense.

Retirement Benefits Plans Assumptions

In 2023 and 2022, for purposes of determining liabilities related to the majority of its plans in the United States, the Company used the Pri-2012 mortality tables as well as mortality tables that are based on the Company's own experience and generational improvement scales that are based on MP-2021.

To estimate the service and interest cost components of net periodic benefit cost for the vast majority of its defined benefits pension and other postretirement benefits plans, the Company used a spot rate approach by applying the specific spot rates along the yield curve used to measure the benefit obligation at the beginning of the period to the relevant projected cash flows.

Pension Plans

	United States pension plans		Non-United States pension plans	
	2023	2022	2023	2022
Assumptions used to determine benefit obligation at year-end				
Discount rate	5.14 %	5.47 %	4.52 %	4.83 %
Rate of compensation increase	3.40 %	3.33 %	3.17 %	3.12 %
Interest rate used to credit cash balance plans	4.01 %	3.67 %	1.59 %	2.32 %
Assumptions used to determine expense				
Discount rate used to determine benefit obligation	5.47 %	4.30 %	4.83 %	2.01 %
Discount rate used to determine service cost	5.54 %	4.41 %	5.90 %	2.98 %
Discount rate used to determine interest cost	5.33 %	3.94 %	4.80 %	1.84 %
Expected long-term return on plan assets	6.50 %	6.50 %	6.32 %	5.70 %
Rate of compensation increase	3.33 %	3.12 %	3.12 %	3.01 %
Interest rate used to credit cash balance plans	3.67 %	2.62 %	2.32 %	0.56 %

The expected long-term rate of return on pension assets was determined for each country and reflects long-term historical data taking into account each plan's target asset allocation. The expected long-term rates of return on pension assets for United States pension plans and Non-United States pension plans for 2024 are 6.50% and 6.79%, respectively. The discount rates were determined using appropriate bond data for each country.

Other Postretirement Benefits Plans

Substantially all of the obligation for other postretirement benefits plans relates to United States plans. Assumptions used to determine other postretirement benefits obligations and expense are as follows:

	Other postretirement benefits plans	
	2023	2022
Assumptions used to determine benefit obligation at year-end		
Discount rate	5.11 %	5.46 %
Health care cost trend rate assumed for next year	7.70 %	7.10 %
Ultimate health care cost trend rate	4.75 %	4.75 %
Year ultimate health care cost trend rate is achieved	2033	2031
Assumptions used to determine expense		
Discount rate used to determine benefit obligation	5.46 %	2.79 %
Discount rate used to determine service cost	5.53 %	3.03 %
Discount rate used to determine interest cost	5.32 %	2.24 %
Initial health care cost trend rate	7.10 %	7.45 %
Ultimate health care cost trend rate	4.75 %	4.75 %
Year ultimate health care cost trend rate is achieved	2031	2031

Employer Contributions to Retirement Benefits Plans

Contributions to pension plans that Eaton expects to make in 2024, and made in 2023 and 2022, are as follows:

(In millions)	Expected in 2024	2023	2022
United States plans	$ 19	$ 16	$ 30
Non-United States plans	96	97	85
Total contributions	$ 115	$ 113	$ 116

The following table provides the estimated pension and other postretirement benefit payments for each of the next five years, and the five years thereafter in the aggregate. For other postretirement benefits liabilities, the expected subsidy receipts related to the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 would reduce the gross payments listed below.

(In millions)	Estimated United States pension payments	Estimated non-United States pension payments	Estimated other postretirement benefit payments	
			Gross	Medicare prescription drug subsidy
2024	$ 286	$ 111	$ 18	$ —
2025	267	113	17	—
2026	257	116	16	—
2027	246	121	19	—
2028	236	123	18	—
2029 - 2033	1,061	669	82	(1)

Pension Plan Assets

Investment policies and strategies are developed on a country and plan specific basis. The United States plan, representing 61% of worldwide pension assets, and the United Kingdom plans representing 26% of worldwide pension assets, are invested primarily in debt securities largely for liability hedging, as the majority of the assets are in plans that are well-funded. In general, the plans are primarily allocated to diversified high-quality publicly traded debt, primarily through separately managed accounts and commingled funds in the form of common collective and other trusts. The United States plan's target allocation is 15% United States equities, 7% non-United States equities, 3% public real estate (primarily equity of real estate investment trusts), 64% debt securities and 11% other, including private equity, private debt and cash equivalents. The United Kingdom plans' target asset allocations are 31% equities and the remainder in debt securities, cash equivalents and real estate investments. The equity risk for the plans is managed through broad diversification across industries, geographies, and levels of market capitalization. The majority of debt allocations for these plans are longer duration government and corporate debt. The United States, United Kingdom and Canada pension plans are authorized to use derivatives, including the use of futures, swaps and options, to achieve more economically desired market exposures.

Fair Value Measurements

Financial instruments included in pension and other postretirement benefits plan assets are categorized into a fair value hierarchy of three levels, based on the degree of subjectivity inherent in the valuation methodology are as follows:

Level 1 - Quoted prices (unadjusted) for identical assets in active markets.

Level 2 - Quoted prices for similar assets in active markets, and inputs that are observable for the asset, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 - Unobservable prices or inputs.

Certain investments that are measured at fair value using the net asset value per share practical expedient have not been categorized in the fair value hierarchy and are being presented in the tables to permit a reconciliation to total plan assets.

Pension Plans

A summary of the fair value of pension plan assets at December 31, 2023 and 2022, is as follows:

(In millions)	Total	Quoted prices in active markets for identical assets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)[1]
2023				
Common collective trusts				
Non-United States equity and global equities	$ 154	$ —	$ 154	$ —
United States equity	76	—	76	—
Fixed income	115	—	115	—
Fixed income securities	1,607	—	1,607	—
United States treasuries	566	566	—	—
Real estate	291	65	27	199
Cash equivalents	36	14	22	—
Exchange traded funds	84	84	—	—
Other	405	—	35	370
Common collective and other trusts measured at net asset value	968			
Money market funds measured at net asset value	2			
Pending purchases and sales of plan assets, and interest receivable	(67)			
Total pension plan assets	$ 4,237	$ 729	$ 2,036	$ 569

[1] These pension plan assets include private equity, private credit and private real estate funds that generally have redemption notice periods of six months or longer and are often not eligible for redemption until the underlying assets are liquidated or distributed. The Company has unfunded commitments to these funds of approximately $154 million at December 31, 2023, which will be satisfied by a reallocation of pension plan assets.

(In millions)	Total	Quoted prices in active markets for identical assets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)[1]
2022				
Common collective trusts				
Non-United States equity and global equities	$ 173	$ —	$ 173	$ —
United States equity	54	—	54	—
Fixed income	620	—	620	—
Fixed income securities	744	—	744	—
United States treasuries	660	660	—	—
Real estate	295	76	20	199
Cash equivalents	77	21	56	—
Exchange traded funds	77	77	—	—
Other	387	—	27	360
Common collective and other trusts measured at net asset value	1,100			
Money market funds measured at net asset value	3			
Pending purchases and sales of plan assets, and interest receivable	(69)			
Total pension plan assets	$ 4,121	$ 834	$ 1,694	$ 559

[1] These pension plan assets include private equity, private credit and private real estate funds that generally have redemption notice periods of six months or longer, and are often not eligible for redemption until the underlying assets are liquidated or distributed. The Company has unfunded commitments to these funds of approximately $180 million at December 31, 2022, which will be satisfied by a reallocation of pension plan assets.

The fair value measurement of plan assets using significant unobservable inputs (Level 3) changed during 2023 and 2022 due to the following:

(In millions)	Real estate	Other	Total
Balance at January 1, 2022	$ 216	$ 319	$ 535
Actual return on plan assets:			
Gains (losses) relating to assets still held at year-end	1	(3)	(2)
Purchases, sales, settlements - net	(18)	44	26
Transfers into or out of Level 3	—	—	—
Balance at December 31, 2022	199	360	559
Actual return on plan assets:			
Gains (losses) relating to assets still held at year-end	7	19	26
Purchases, sales, settlements - net	(7)	—	(7)
Transfers into or out of Level 3	—	(9)	(9)
Balance at December 31, 2023	$ 199	$ 370	$ 569

Other Postretirement Benefits Plans

A summary of the fair value of other postretirement benefits plan assets at December 31, 2023 and 2022, is as follows:

(In millions)	Total	Quoted prices in active markets for identical assets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)
2023				
Cash equivalents	$ 2	$ 2	$ —	$ —
Common collective and other trusts measured at net asset value	15			
Total other postretirement benefits plan assets	$ 17	$ 2	$ —	$ —

(In millions)	Total	Quoted prices in active markets for identical assets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)
2022				
Cash equivalents	$ 3	$ 3	$ —	$ —
Common collective and other trusts measured at net asset value	13			
Total other postretirement benefits plan assets	$ 16	$ 3	$ —	$ —

Valuation Methodologies

Following is a description of the valuation methodologies used for pension and other postretirement benefits plan assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023 and 2022.

Common collective and other trusts - Valued at the net unit value of units held by the trust at year end. The unit value is determined by the total value of fund assets divided by the total number of units of the fund owned. The equity investments in collective trusts are predominantly in index funds for which the underlying securities are actively traded in public markets based upon readily measurable prices. The investments in other trusts are predominantly in exchange traded funds for which the underlying securities are actively traded in public markets based upon readily measurable prices. Common collective and other trusts measured at fair value using the net asset value per share practical expedient have not been categorized in the fair value hierarchy and are being presented in the tables above to permit a reconciliation of the fair value hierarchy to the total plan assets.

Fixed income securities - These securities consist of publicly traded United States and non-United States fixed interest obligations (principally corporate and government bonds and debentures). The fair value of corporate and government debt securities is determined through third-party pricing models that consider various assumptions, including time value, yield curves, credit ratings, and current market prices. The Company verifies the results of trustees or custodians and evaluates the pricing classification of these securities by performing analyses using other third-party sources.

United States treasuries - Valued at the closing price of each security.

Real estate - Consists of direct investments in the stock of publicly traded companies and investments in pooled funds that invest directly in real estate. The publicly traded companies are valued based on the closing price reported in an active market on which the individual securities are traded and as such are classified as Level 1. The pooled funds rely on appraisal-based valuations and as such are classified as Level 3.

Cash equivalents - Primarily certificates of deposit, commercial paper, and repurchase agreements.

Exchange traded funds - Valued at the closing price of the exchange traded fund's shares.

Money market funds - Money market funds measured at fair value using the net asset value per share practical expedient have not been categorized in the fair value hierarchy and are being presented in the tables above to permit a reconciliation of the fair value hierarchy to the total plan assets.

Other - These assets consist of private equity, private debt, insurance contracts primarily for international plans, futures contracts, and over-the-counter options. Investments in private equity and private debt are valued at net asset value or estimated fair value based on quarterly financial information received from the investment advisor, third party appraisal or general partner. These estimates incorporate factors such as contributions and distributions, market transactions, market comparables and performance multiples. Futures contracts and options are valued based on the closing prices of contracts or indices as available using third-party sources.

For additional information regarding fair value measurements, see Note 18.

Defined Contribution Plans

The Company has various defined contribution benefit plans, primarily consisting of the plans in the United States. The total contributions related to these plans are charged to expense and are as follows:

(In millions)	
2023	$ 201
2022	182

Note 14. OTHER PROVISIONS AND COMMITMENTS AND CONTINGENCIES

Changes in Other provisions is as follows:

(In millions)	December 31, 2021	Provisions, net	Utilization	Other	December 31, 2022
Warranty accrual	$ 125	$ 83	$ (81)	$ (2)	$ 125
Legal liabilities	99	147	(120)	1	127
Environmental liabilities	99	(10)	(15)	(1)	73
Workers' compensation	51	7	(13)	—	45
Restructuring liabilities	140	35	(107)	(5)	63
	$ 514	$ 262	$ (336)	$ (7)	$ 433

(In millions)	December 31, 2022	Provisions, net	Utilization	Other	December 31, 2023
Warranty accrual	$ 125	$ 100	$ (91)	$ 2	$ 136
Legal liabilities	127	78	(134)	1	72
Environmental liabilities	73	7	(9)	—	71
Workers' compensation	45	9	(11)	—	43
Restructuring liabilities	63	57	(67)	2	55
	$ 433	$ 251	$ (312)	$ 5	$ 377

Warranty Accruals

Product warranty accruals are established at the time the related sale is recognized through a charge to Cost of products sold. Warranty accrual estimates are based primarily on historical warranty claim experience and specific customer contracts. Provisions for warranty accruals are comprised of basic warranties for products sold, as well as accruals for product recalls and other events when they are known and estimable.

Legal Contingencies

Eaton is subject to a broad range of claims, administrative and legal proceedings such as lawsuits that relate to contractual allegations and indemnity claims, tax audits, patent infringement, personal injuries, antitrust matters, and employment-related matters. Eaton is also subject to legal claims from historic products which may have contained asbestos. Insurance may cover some of the costs associated with these claims and proceedings. Although it is not possible to predict with certainty the outcome or cost of these matters, the Company believes they will not have a material adverse effect on the consolidated financial statements.

Environmental Contingencies

Eaton has established policies to ensure that its operations are conducted in keeping with good corporate citizenship and with a positive commitment to the protection of the natural and workplace environments. The Company requires that its businesses be certified to ISO 14001, an international standard for environmental management systems. The Company routinely reviews EHS performance at each of its manufacturing facilities and continuously strives to improve its environmental footprint, including carbon, waste, water and related operational profiles consistent with our sustainability goals.

Eaton is involved in remedial response and voluntary environmental remediation at a number of sites, including certain of its currently-owned or formerly-owned plants. The Company has also been named a potentially responsible party under the United States federal Superfund law, or the state equivalents thereof, at a number of disposal sites. The Company became involved in these sites as a result of government action or in connection with business acquisitions. At the end of 2023, the Company was involved with a total of 110 sites worldwide, including the Superfund sites mentioned above, with none of these sites being individually significant to the Company.

Remediation activities, generally involving soil and/or groundwater contamination, include pre-cleanup activities such as fact finding and investigation, risk assessment, feasibility study, design and action planning, performance (where actions may range from monitoring, to removal of contaminants, to installation of longer-term remediation systems), and operation and maintenance of a remediation system. The extent of expected remediation activities and costs varies by site. A number of factors affect the cost of environmental remediation, including the number of parties involved at a particular site, the determination of the extent of contamination, the length of time the remediation may require, the complexity of environmental regulations, and the continuing advancement of remediation technology. Taking these factors into account, Eaton has estimated the costs of remediation, which will be paid over a period of years. The Company accrues an amount on an undiscounted basis, consistent with the estimates of these costs, when it is probable that a liability has been incurred. Actual results may differ from these estimates. At December 31, 2023 and 2022, the Company had an accrual totaling $71 million and $73 million, respectively, for these costs.

Based upon Eaton's analysis and subject to the difficulty in estimating these future costs, the Company expects that any sum it may be required to pay in connection with environmental matters is not reasonably possible to exceed the recorded liability by an amount that would have a material effect on its financial position, results of operations or cash flows.

Note 15. INCOME TAXES

Eaton Corporation plc is domiciled in Ireland. Income (loss) before income taxes and income tax expense (benefit) are summarized below based on the geographic location of the operation to which such earnings and income taxes are attributable.

	Income (loss) before income taxes	
(In millions)	2023	2022
Ireland	$ (3)	$ 198
Foreign	3,830	2,713
Total income before income taxes	$ 3,827	$ 2,911

	Income tax expense (benefit)	
(In millions)	2023	2022
Current		
Ireland	$ 42	$ 3
Foreign	744	570
Total current income tax expense	786	573
Deferred		
Ireland	1	13
Foreign	(183)	(141)
Total deferred income tax expense (benefit)	(182)	(128)
Total income tax expense	$ 604	$ 445

Reconciliations of income taxes from the Ireland national statutory rate of 25% to the consolidated effective income tax rate are as follows:

	2023	2022
Income taxes at the applicable statutory rate	25.0 %	25.0 %
Ireland operations		
Ireland tax on trading income	(1.3)%	(1.3)%
Nondeductible interest expense	2.6 %	1.0 %
Ireland Other - net	(0.2)%	(0.5)%
Foreign operations		
Earnings taxed at other than the applicable statutory tax rate	(9.9)%	(10.2)%
Other items	2.2 %	1.6 %
Worldwide operations		
Adjustments to tax liabilities	(0.2)%	(0.4)%
Adjustments to valuation allowances	(2.4)%	0.1 %
Effective income tax expense rate	15.8 %	15.3 %

During 2023, income tax expense of $604 million was recognized (an effective tax rate of 15.8%) compared to income tax expense of $445 million in 2022 (an effective tax rate of 15.3%). The increase in the effective tax rate from 15.3% in 2022 to 15.8% in 2023 was primarily due to greater levels of income earned in higher tax jurisdictions, partially offset by the reduction of valuation allowances on foreign tax attributes.

No provision has been made for income taxes on undistributed earnings of foreign subsidiaries of approximately $29.9 billion at December 31, 2023, since it is the Company's intention to indefinitely reinvest undistributed earnings of its foreign subsidiaries. The Company expects to deploy capital to those markets which offer particularly attractive growth opportunities. The cash that is permanently reinvested is typically used to expand operations either organically or through acquisitions. It is not practicable to estimate the additional income taxes and applicable withholding taxes that would be payable on the remittance of such undistributed earnings.

Worldwide income tax payments, net of tax refunds, are as follows:

(In millions)	
2023	$ 727
2022	393

Deferred Income Tax Assets and Liabilities

Components of current and long-term deferred income taxes are as follows:

	December 31	
	2023	2022
(In millions)	Assets and liabilities	
Accruals and other adjustments		
Employee benefits	$ 328	$ 266
Depreciation and amortization	(929)	(1,067)
Other accruals and adjustments	408	397
Ireland income tax loss carryforwards	2	1
Foreign income tax loss carryforwards	3,878	4,151
Foreign income tax credit carryforwards	247	280
Valuation allowance for income tax loss and income tax credit carryforwards	(3,828)	(4,184)
Other valuation allowances	(50)	(44)
Total deferred income taxes	$ 56	$ (200)

Changes in net deferred tax activity is as follows:

(In millions)	
Balance at January 1, 2022	$ (167)
Provision - continuing operations	128
Acquisitions	(88)
Charges to equity	(71)
Reclassifications and other	(2)
Balance at December 31, 2022	$ (200)

(In millions)	
Balance at January 1, 2023	$ (200)
Provision - continuing operations	182
Charges to equity	69
Reclassifications and other	5
Balance at December 31, 2023	$ 56

In 2023, the Company recorded corresponding decreases in its deferred tax assets and valuation allowances for foreign income tax loss carryforwards related to currency revaluation resulting in no change to the net balance of deferred taxes. The Company also recorded a decrease of $90 million in its valuation allowance for income tax loss carryforwards in Hungary and Switzerland.

At December 31, 2023, Eaton Corporation plc and its foreign subsidiaries had income tax loss carryforwards and income tax credit carryforwards that are available to reduce future taxable income or tax liabilities. These carryforwards and their respective expiration dates are summarized below:

(In millions)	2024 through 2028	2029 through 2033	2034 through 2038	2039 through 2048	Not subject to expiration	Valuation allowance
Ireland income tax loss carryforwards	$ —	$ —	$ —	$ —	$ 10	$ —
Ireland deferred income tax assets for income tax loss carryforwards	—	—	—	—	2	(1)
Foreign income tax loss carryforwards	42	6	11,605	111	6,619	—
Foreign deferred income tax assets for income tax loss carryforwards	14	3	2,898	30	942	(3,683)
Foreign deferred income tax assets for income tax loss carryforwards after ASU 2013-11	9	2	2,897	30	940	(3,683)
Foreign income tax credit carryforwards	208	26	45	—	35	(145)
Foreign income tax credit carryforwards after ASU 2013-11	153	16	43	—	35	(145)

Recoverability of Deferred Income Tax Assets

Eaton is subject to the income tax laws in the jurisdictions in which it operates. In order to determine its income tax provision for financial statement purposes, Eaton must make significant estimates and judgments about its business operations in these jurisdictions. These estimates and judgments are also used in determining the deferred income tax assets and liabilities that have been recognized for differences between the financial statement and income tax basis of assets and liabilities, and income tax loss carryforwards and income tax credit carryforwards.

Management evaluates the realizability of deferred income tax assets for each of the jurisdictions in which it operates. If the Company experiences cumulative pre-tax income in a particular jurisdiction in the three-year period including the current and prior two years, management normally concludes that the deferred income tax assets will more likely than not be realizable and no valuation allowance is recognized, unless known or planned operating developments, or changes in tax laws, would lead management to conclude otherwise. However, if the Company experiences cumulative pre-tax losses in a particular jurisdiction in the three-year period including the current and prior two years, management then considers a series of factors in the determination of whether the deferred income tax assets can be realized. These factors include historical operating results, known or planned operating developments, the period of time over which certain temporary differences will reverse, consideration of the utilization of certain deferred income tax liabilities, carryback capability under the tax law in the particular country, prudent and feasible tax planning strategies, changes in tax laws, and estimates of future earnings and taxable income using the same assumptions as those used for the Company's goodwill and other impairment testing. After evaluation of these factors, if the deferred income tax assets are expected to be realized within the tax carryforward period allowed for that specific country, management would conclude that no valuation allowance would be required. To the extent that the deferred income tax assets exceed the amount that is expected to be realized within the tax carryforward period for a particular jurisdiction, management would establish a valuation allowance.

Applying the above methodology, valuation allowances have been established for certain deferred income tax assets to the extent they are not expected to be realized within the particular tax carryforward period.

Unrecognized Income Tax Benefits

A summary of gross unrecognized income tax benefits is as follows:

(In millions)	2023	2022
Balance at January 1	$ 1,235	$ 1,120
Increases and decreases as a result of positions taken during prior years		
Other increases, including currency translation	42	36
Other decreases, including currency translation	(5)	(16)
Increases related to acquired businesses	—	10
Increases as a result of positions taken during the current year	86	97
Decreases relating to settlements with tax authorities	(6)	—
Decreases as a result of a lapse of the applicable statute of limitations	(52)	(12)
Balance at December 31	$ 1,300	$ 1,235

Eaton recognizes an income tax benefit from an uncertain tax position only if it is more likely than not that the benefit would be sustained upon examination by taxing authorities, based on the technical merits of the position. The Company evaluates and adjusts the amount of unrecognized income tax benefits based on changes in facts and circumstances. The Company does not enter into any of the United States Internal Revenue Service (IRS) Listed Transactions as set forth in Treasury Regulation 1.6011-4.

If all unrecognized income tax benefits were recognized, the net impact on the provision for income tax expense would be $889 million.

As of December 31, 2023 and 2022, Eaton had accrued approximately $188 million and $137 million, respectively, for the payment of worldwide interest and penalties, which are not included in the table of unrecognized income tax benefits above. Eaton recognizes interest and penalties related to unrecognized income tax benefits in the provision for income tax expense.

The resolution of the majority of Eaton's unrecognized income tax benefits is dependent upon uncontrollable factors such as the timing of finalizing resolutions of audit disputes through reaching settlement agreements or concluding litigation, or changes in law. Therefore, for the majority of Eaton’s unrecognized income tax benefits, it is not reasonably possible to estimate the increase or decrease in the next 12 months. For each of the unrecognized income tax benefits where it is possible to estimate the increase or decrease in the balance within the next 12 months, the Company does not anticipate any significant change.

The Company believes that the final resolution of all the assessments discussed below will not have a material impact on its consolidated financial statements. The ultimate outcome of these matters cannot be predicted with certainty given the complex nature of tax controversies. Should the ultimate outcome of any one of these matters deviate from our reasonable expectations, final resolution may have a material adverse impact on the Company’s consolidated financial statements. However, Eaton believes that its interpretations of tax laws and application of tax laws to its facts are correct, and that its accrual of unrecognized income tax benefits is appropriate with respect to these matters.

Eaton or its subsidiaries file income tax returns in Ireland and many countries around the world. With only a few exceptions, Eaton and its subsidiaries are no longer subject to examinations for years before 2014.

Brazil Tax Years 2005-2012

The Company has two Brazilian tax cases primarily relating to the amortization of certain goodwill generated from the acquisition of third-party businesses and corporate reorganizations. One case involves tax years 2005-2008 (Case 1), and the other involves tax years 2009-2012 (Case 2). Case 2 is proceeding on a more accelerated timeline than Case 1. For Case 2, the Company received a tax assessment in 2014 that included interest and penalties. In November 2019, the Company received an unfavorable result at the final tax administrative appeals level, resulting in an alleged tax deficiency of $29 million plus $122 million of interest and penalties (translated at the December 31, 2023 exchange rate). The Company is challenging this assessment in the judicial system and, on April 18, 2022, received an unfavorable decision at the first judicial level. On April 27, 2022, the Company filed a motion for clarification relating to that decision. On May 20, 2022, the court largely upheld its prior decision without further clarification. On June 9, 2022, the Company filed its notice of appeal to the second level court. The Company intends to continue its challenge of this assessment in the judicial system.

As previously disclosed for Case 1, the Company received a separate tax assessment alleging a tax deficiency of $34 million plus $121 million of interest and penalties (translated at the December 31, 2023 exchange rate), which the Company is challenging in the judicial system. This case is still pending resolution at the first judicial level.

Both cases are expected to take several years to resolve through the Brazilian judicial system and require provision of certain assets as security for the alleged deficiencies. As of December 31, 2023, the Company pledged Brazilian real estate assets with net book value of $20 million and provided additional security in the form of bank secured bonds and insurance bonds totaling $138 million and a cash deposit of $26 million (translated at the December 31, 2023 exchange rate).

United States Tax Disputes

The IRS typically audits large corporate taxpayers on a continuous basis, generally resulting in many open tax years if there are disputed tax positions upon completion of the audits. The IRS has completed its examination of the consolidated income tax returns of the Company’s United States subsidiaries (Eaton US) for 2005 through 2016 and the statuses of the various tax years are discussed below. The IRS has challenged certain tax positions of Eaton US, and the Company is attempting to resolve those issues in litigation and the IRS administrative process, as described in more detail below. The IRS is currently examining tax years 2017 through 2019, and the statute of limitations for those years is open until June 30, 2026. Tax years 2020 and later are subject to future examination by the IRS. Income tax returns of states and localities within the United States will be reopened to the extent of United States federal income tax adjustments. For some states and localities, the statute of limitations is open as early as the 2005 tax year. The Eaton US tax positions challenged by the IRS are items that recur beyond the tax years for which the IRS has proposed adjustments. Eaton believes that its interpretations of tax laws and application of tax laws to its facts are correct. However, if there is a final unfavorable resolution of any of the issues discussed below, it may have a material adverse impact on the Company’s consolidated financial statements.

U.S. Tax Years 2005-2006

In 2011, the United States Internal Revenue Service (IRS) issued a Statutory Notice of Deficiency for the Company’s United States subsidiaries (Eaton US) for the 2005 and 2006 tax years (the 2005-06 Notice), which Eaton US contested in United States Tax Court. The 2005-06 Notice proposed assessments of $75 million in additional taxes plus $52 million in penalties related primarily to transfer pricing adjustments for products manufactured in the Company's facilities in Puerto Rico and the Dominican Republic and sold to affiliated companies located in the United States. Eaton US has set its transfer prices for products sold between these affiliates at the same prices that Eaton US sells such products to third parties as required by two successive Advance Pricing Agreements (APAs) Eaton US entered into with the IRS that governed the 2005-2010 tax years. Eaton US has continued to apply the APA pricing methodology for 2011 through the current reporting period. Immediately prior to the 2005-06 Notice being issued, the IRS sent a letter stating that it was retrospectively canceling the APAs. The case in Tax Court involved whether the IRS improperly cancelled the APAs. On July 26, 2017, the Tax Court issued a ruling in which it agreed with Eaton US that the IRS must abide by the terms of the APAs for the tax years 2005-2006. The Tax Court’s ruling on the APAs did not have a material impact on Eaton’s consolidated financial statements. On May 24, 2021, the IRS filed a notice to appeal the Tax Court’s ruling to the United States Sixth Circuit Court of Appeals. In July 2022, the Sixth Circuit panel heard oral arguments, and on August 25, 2022, issued a ruling in favor of Eaton US, confirming that the IRS must abide by the terms of the APAs. On February 3, 2023, the Tax Court issued a final stipulated decision for the tax years 2005-2006, based on the Sixth Circuit's decision. This action formally ended the litigation between the parties for the 2005-2006 tax years and did not have a material impact on the Company's consolidated financial statements.

U.S. Tax Years 2007-2010

In 2014, the IRS issued a Statutory Notice of Deficiency for Eaton US for the 2007 through 2010 tax years (the 2007-10 Notice), which Eaton US contested in Tax Court. The 2007-10 Notice proposed assessments of $190 million in additional taxes plus $72 million in penalties, net of agreed credits and deductions. The proposed assessments pertain to: (i) the same transfer pricing issues and APA for which the Tax Court and Sixth Circuit have issued favorable rulings to Eaton as noted above; and (ii) the separate proposed assessment noted below. The Company believes that the Sixth Circuit Court of Appeals ruling discussed above for tax years 2005-2006 should also resolve the APA cancellation issue for the 2007-2010 years. Eaton and the IRS have recognized that the ruling on the enforceability of the APA did not address a secondary issue regarding the transfer pricing for a certain royalty paid from 2006-2010. Eaton US reported a consistent royalty rate for 2006-2010. The IRS previously agreed to the royalty rate as reported by Eaton US for the 2006 tax year. On November 15, 2023, the IRS also agreed to use the royalty rate reported by Eaton for the 2007-2010 tax years.

The 2007-10 Notice also includes a separate proposed assessment involving the recognition of income for several of Eaton US's controlled foreign corporations. The Company believes that the proposed assessment is without merit and contested the matter in Tax Court. In October 2017, Eaton and the IRS both moved for partial summary judgment on this issue. On February 25, 2019, the Tax Court granted the IRS's motion for partial summary judgment and denied Eaton's. The Company intends to appeal the Tax Court's partial summary judgment decision to the United States Sixth Circuit Court of Appeals. The total potential impact of the Tax Court's partial summary judgment decision on the controlled foreign corporation income recognition issue is not estimable until all matters in the open tax years have been resolved.

U.S. Tax Years 2011-2013

In 2018, the IRS completed its examination of Eaton US for tax years 2011 through 2013 and proposed adjustments. Those adjustments were the subject of administrative appeals, which concluded without resolution. As a result, on December 21, 2022, the IRS issued Statutory Notices of Deficiency for Eaton US for these tax years (the 2011-2013 Notice) proposing assessments of $749 million in additional taxes plus $110 million in penalties, net of agreed credits and deductions. The proposed assessments pertain to: (i) transfer pricing adjustments similar to those proposed in the 2005-06 and 2007-10 Notices for products manufactured in the Company's facilities in Puerto Rico and the Dominican Republic and sold to affiliated companies located in the U.S.; (ii) adjustments involving the recognition of income for several of Eaton US's controlled foreign corporations; (iii) transfer pricing adjustments for products manufactured in one of the Company's facilities in Mexico and sold to affiliated companies located in the U.S.; and (iv) adjustments challenging the appropriate interest rate on intercompany debt and amount of intercompany fees charged for financial guarantees on external debt. On March 3, 2023, the Company filed its petition to the U.S. Tax Court. The Company will vigorously defend its positions through litigation, which will take several years for final resolution.

U.S. Tax Years 2014-2016

In 2021, the IRS completed its examination of Eaton US for tax years 2014 through 2016 and has proposed adjustments, including: (i) transfer pricing adjustments similar to those proposed in the 2005-06, 2007-10, and 2011-2013 Notices for products manufactured in the Company's facilities in Puerto Rico, and the Dominican Republic and sold to affiliated companies located in the U.S.; (ii) transfer pricing adjustments similar to those proposed in the 2011-2013 Notice for products manufactured in one of the Company's facilities in Mexico and sold to affiliated companies located in the U.S.; and (iii) adjustments similar to those proposed in the 2011-2013 Notice challenging the appropriate interest rate on intercompany debt and amount of intercompany fees charged for financial guarantees on external debt. On November 29, 2021, the case was formally assigned to administrative appeals, and the Company will attempt to resolve certain of the issues in this administrative forum. However, if acceptable resolutions are not achieved, the Company will vigorously defend its positions through litigation, which if undertaken will likely take several years for final resolution. The statute of limitations on these tax years currently remains open until December 31, 2024.

Note 16. EATON SHAREHOLDERS' EQUITY

There are 750 million Eaton ordinary shares authorized ($0.01 par value per share), 399.4 million and 397.8 million of which were issued and outstanding at December 31, 2023 and 2022, respectively. Eaton's Memorandum and Articles of Association authorized 40 thousand deferred ordinary shares (€1.00 par value per share) and 10 thousand preferred A shares ($1.00 par value per share), all of which were issued and outstanding at December 31, 2023 and 2022, and 10 million serial preferred shares ($0.01 par value per share), none of which is outstanding at December 31, 2023 and 2022. At December 31, 2023, there were 9,579 holders of record of Eaton ordinary shares. Additionally, 13,994 current and former employees were shareholders through participation in the Eaton Savings Plan, the Eaton Personal Investment Plan, or the Eaton Puerto Rico Retirement Savings Plan.

On February 27, 2019, the Board of Directors adopted a share repurchase program for share repurchases up to $5.0 billion of ordinary shares (2019 Program). On February 23, 2022, the Board renewed the 2019 Program by providing authority for up to $5.0 billion in repurchases to be made during the three-year period commencing on that date (2022 Program). Under the 2022 Program, the ordinary shares are expected to be repurchased over time, depending on market conditions, the market price of ordinary shares, capital levels, and other considerations. During 2023, no ordinary shares were repurchased. During 2022, 2.0 million ordinary shares were repurchased under the 2022 program in the open market at a total cost of $286 million.

Eaton has deferral plans that permit certain employees and directors to defer a portion of their compensation. A trust contains $3 million of ordinary shares and marketable securities at December 31, 2023 and 2022 to fund a portion of these liabilities. The marketable securities were included in Other assets and the ordinary shares were included in Shareholders' equity at historical cost.

On February 29, 2024, Eaton's Board of Directors declared a quarterly dividend of $0.94 per ordinary share, a 9% increase over the dividend paid in the fourth quarter of 2023. The dividend is payable on March 29, 2024 to shareholders of record on March 11, 2024.

Comprehensive Income (Loss)

Comprehensive income (loss) consists primarily of net income, currency translation and related hedging instruments, changes in unrecognized costs of pension and other postretirement benefits, and changes in the effective portion of open derivative contracts designated as cash flow hedges. The following table summarizes the pre-tax and after-tax amounts recognized in Comprehensive income (loss):

	2023		2022	
(In millions)	Pre-tax	After-tax	Pre-tax	After-tax
Currency translation and related hedging instruments				
Gain (loss) from currency translation and related hedging instruments	$ 252	$ 247	$ (632)	$ (647)
Amortization of gains on net investment hedges (amount excluded from effectiveness testing) reclassified to earnings	(12)	(12)	—	—
	241	235	(632)	(647)
Pensions and other postretirement benefits				
Net gain (loss) arising during the year	(246)	(189)	45	31
Currency translation	(29)	(21)	65	56
Amortization of actuarial loss and prior service cost reclassified to earnings	32	24	116	89
	(243)	(185)	226	175
Cash flow hedges				
Gain on derivatives designated as cash flow hedges	63	50	210	166
Changes in cash flow hedges reclassified to earnings	(78)	(61)	(9)	(7)
	(14)	(11)	201	159
Other comprehensive income (loss) attributable to Eaton ordinary shareholders	$ (17)	$ 39	$ (205)	$ (313)

The changes in Other reserves are as follows:

(In millions)	Currency translation and related hedging instruments	Pensions and other postretirement benefits	Cash flow hedges	Other	Total
Balance at January 1, 2022	$ (2,617)	$ (986)	$ (30)	$ 502	$ (3,131)
Other comprehensive income (loss) before reclassifications	(647)	86	166	—	(395)
Amounts reclassified from Other reserves	—	89	(7)	—	82
Net current-period other comprehensive income	(647)	175	159	—	(313)
Other equity-based compensation	—	—	—	35	35
Balance at December 31, 2022	$ (3,264)	$ (810)	$ 129	$ 537	$ (3,409)

(In millions)	Currency translation and related hedging instruments	Pensions and other postretirement benefits	Cash flow hedges	Other	Total
Balance at January 1, 2023	$ (3,264)	$ (810)	$ 129	$ 537	$ (3,409)
Other comprehensive income (loss) before reclassifications	247	(209)	50	—	88
Amounts reclassified from Other reserves	(12)	24	(61)	—	(49)
Net current-period other comprehensive income	235	(185)	(11)	—	39
Other equity-based compensation	—	—	—	42	42
Balance at December 31, 2023	$ (3,029)	$ (995)	$ 118	$ 579	$ (3,328)

The reclassifications out of Other reserves are as follows:

(In millions)	December 31, 2023	Consolidated Profit and Loss Accounts
Gains and (losses) on net investment hedges (amount excluded from effectiveness testing)		
Currency exchange contracts	$ 12	Interest expense
Tax expense	—	
Total, net of tax	12	
Amortization of defined benefits pension and other postretirement benefits items		
Actuarial loss and prior service cost	(32)	[1]
Tax benefit	8	
Total, net of tax	(24)	
Gains and (losses) on cash flow hedges		
Floating-to-fixed interest rate swaps	13	Interest expense
Currency exchange contracts	64	Net sales and Cost of products sold
Commodity contracts	1	Cost of products sold
Tax expense	(16)	
Total, net of tax	61	
Total reclassifications for the period	$ 49	

[1] These components of Other reserves are included in the computation of net periodic benefit cost. See Note 13 for additional information about defined benefits pension and other postretirement benefits items.

Net Income Per Share Attributable to Eaton Ordinary Shareholders

A summary of the calculation of net income per share attributable to Eaton ordinary shareholders is as follows:

(In millions except for per share data)	2023	2022
Net income attributable to Eaton ordinary shareholders	$ 3,218	$ 2,462
Weighted-average number of ordinary shares outstanding - diluted	401.1	400.8
Less dilutive effect of equity-based compensation	2.0	2.1
Weighted-average number of ordinary shares outstanding - basic	399.1	398.7
Net income per share attributable to Eaton ordinary shareholders		
Diluted	$ 8.02	$ 6.14
Basic	8.06	6.17

In 2023, all stock options were included in the calculation of diluted net income per share attributable to Eaton ordinary shareholders because they were all dilutive. In 2022, 0.1 million of stock options were excluded from the calculation of diluted net income per share attributable to Eaton ordinary shareholders because the exercise price of the options exceeded the average market price of the ordinary shares during the period and their effect, accordingly, would have been antidilutive.

Note 17. EQUITY-BASED COMPENSATION

Eaton recognizes equity-based compensation expense based on the grant date fair value of the award. Awards with service conditions or both service and market conditions are expensed over the period during which an employee is required to provide service in exchange for the award. Awards with both service and performance conditions are expensed over the period an employee is required to provide service based on the number of units for which achievement of the performance objective is probable. The Company estimates forfeitures as part of recording equity-based compensation expense.

Restricted Stock Units and Awards

Restricted stock units (RSUs) and restricted stock awards (RSAs) have been issued to certain employees and directors. The fair value of RSUs and RSAs are determined based on the closing market price of the Company's ordinary shares at the date of grant. The RSUs entitle the holder to receive one ordinary share for each RSU upon vesting, generally over three years. RSAs are issued and outstanding at the time of grant, but remain subject to forfeiture until vested, generally over ten years. A summary of the RSU and RSA activity for 2023 is as follows:

(Restricted stock units and awards in millions)	Number of restricted stock units and awards	Weighted-average fair value per unit and award
Non-vested at January 1	1.0	$ 127.33
Granted	0.4	173.72
Vested	(0.5)	123.84
Forfeited	—	157.61
Non-vested at December 31	0.9	$ 150.55

Information related to RSUs and RSAs is as follows:

(In millions)	2023	2022
Pre-tax expense for RSUs and RSAs	$ 65	$ 65
After-tax expense for RSUs and RSAs	51	51
Fair value of vested RSUs and RSAs	84	98

As of December 31, 2023, total compensation expense not yet recognized related to non-vested RSUs and RSAs was $84 million, and the weighted-average period in which the expense is expected to be recognized is 2.6 years. Excess tax benefit for RSUs and RSAs totaled $4 million and $5 million for 2023 and 2022, respectively.

Performance Share Units

Performance share units (PSUs) have been issued to certain employees that vest based on the satisfaction of a three-year service period and total shareholder return relative to that of a group of peers. Awards earned at the end of the three-year vesting period range from 0% to 200% of the targeted number of PSUs granted based on the ranking of total shareholder return of the Company, assuming reinvestment of all dividends, relative to a defined peer group of companies. Equity-based compensation expense for these PSUs is recognized over the period during which an employee is required to provide service in exchange for the award. Upon vesting, dividends that have accumulated during the vesting period are paid on earned awards.

The Company uses a Monte Carlo simulation to estimate the fair value of PSUs with market conditions. The principal assumptions utilized in valuing these PSUs include the expected stock price volatility (based on the most recent 3-year period as of the grant date) and the risk-free interest rate (an estimate based on the yield of United States Treasury zero coupon bonds with a three-year maturity as of the grant date). A summary of the assumptions used in determining fair value of these PSUs is as follows:

	2023	2022
Expected volatility	27 %	35 %
Risk-free interest rate	4.35 %	1.71 %
Weighted-average fair value of PSUs granted	$ 203.18	$ 171.63

A summary of these PSUs that vested is as follows:

(Performance share units in millions)	2023	2022
Percent payout	187 %	178 %
Shares vested	0.3	0.4

A summary of the 2023 activity for these PSUs is as follows:

(Performance share units in millions)	Number of performance share units	Weighted-average fair value per unit
Non-vested at January 1	0.3	$ 141.88
Granted[1]	0.2	203.18
Adjusted for performance results achieved[2]	0.1	159.74
Vested	(0.3)	159.74
Non-vested at December 31	0.3	$ 162.67

[1] Performance shares granted assuming the Company will perform at target relative to peers.

[2] Adjustments for the number of shares vested under the 2021 awards at the end of the three-year performance period ended December 31, 2023, being higher than the target number of shares.

Information related to PSUs is as follows:

(In millions)	2023	2022
Pre-tax expense for PSUs	$ 22	$ 21
After-tax expense for PSUs	17	17

As of December 31, 2023, total compensation expense not yet recognized related to non-vested PSUs was $28 million and the weighted-average period in which the expense is to be recognized is 1.7 years. Excess tax benefit for PSUs totaled $7 million and $10 million for 2023 and 2022, respectively.

Stock Options

Under various plans, stock options have been granted to certain employees and directors to purchase ordinary shares at prices equal to fair market value on the date of grant. Substantially all of these options vest ratably during the three-year period following the date of grant and expire 10 years from the date of grant. Compensation expense is recognized for stock options based on the fair value of the options at the date of grant and amortized on a straight-line basis over the period the employee or director is required to provide service.

The Company uses a Black-Scholes option pricing model to estimate the fair value of stock options. The principal assumptions utilized in valuing stock options include the expected stock price volatility (based on the most recent historical period equal to the expected life of the option); the expected option life (an estimate based on historical experience); the expected dividend yield; and the risk-free interest rate (an estimate based on the yield of United States Treasury zero coupon with a maturity equal to the expected life of the option). A summary of the assumptions used in determining the fair value of stock options is as follows:

	2023	2022
Expected volatility	27 %	27 %
Expected option life in years	6.3	6.6
Expected dividend yield	2.0 %	2.0 %
Risk-free interest rate	4.1 to 4.3%	0.3 to 3.0%
Weighted-average fair value of stock options granted	$ 48.79	$ 36.56

A summary of stock option activity is as follows:

(Options in millions)	Weighted-average exercise price per option	Options	Weighted-average remaining contractual life in years	Aggregate intrinsic value
Outstanding at January 1, 2023	$ 91.15	3.0		
Granted	173.26	0.2		
Exercised	80.23	(1.0)		
Outstanding at December 31, 2023	$ 103.76	2.2	5.6	$ 303.6
Exercisable at December 31, 2023	$ 88.53	1.7	4.7	$ 260.6
Reserved for future grants at December 31, 2023		19.3		

The aggregate intrinsic value in the table above represents the total excess of the $240.82 closing price of Eaton ordinary shares on the last trading day of 2023 over the exercise price of the stock option, multiplied by the related number of options outstanding and exercisable. The aggregate intrinsic value is not recognized for financial accounting purposes and the value changes based on the daily changes in the fair market value of the Company's ordinary shares.

Information related to stock options is as follows:

(In millions)	2023	2022
Pre-tax expense for stock options	$ 10	$ 11
After-tax expense for stock options	8	9
Proceeds from stock options exercised	78	28
Income tax benefit related to stock options exercised		
Tax benefit classified in operating activities in the Consolidated Statements of Cash Flows	22	6
Intrinsic value of stock options exercised	116	29
Total fair value of stock options vested	$ 10	$ 11
Stock options exercised	1.0	0.4

As of December 31, 2023, total compensation expense not yet recognized related to non-vested stock options was $9.7 million, and the weighted-average period in which the expense is expected to be recognized is 1.9 years.

Note 18. FAIR VALUE MEASUREMENTS

Fair value is measured based on an exit price, representing the amount that would be received to sell an asset or paid to satisfy a liability in an orderly transaction between market participants. Fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, a fair value hierarchy is established, which categorizes the inputs used in measuring fair value as follows: (Level 1) observable inputs such as quoted prices in active markets; (Level 2) inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and (Level 3) unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

A summary of financial instruments and contingent consideration recognized at fair value, and the fair value measurements used, is as follows:

(In millions)	Total	Quoted prices in active markets for identical assets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)
December 31, 2023				
Cash	$ 488	$ 488	$ —	$ —
Short-term investments	2,121	2,121	—	—
Net derivative contracts	11	—	11	—
Contingent future payments from acquisition of Green Motion (Note 2)	(18)	—	—	(18)
December 31, 2022				
Cash	$ 294	$ 294	$ —	$ —
Short-term investments	261	261	—	—
Net derivative contracts	29	—	29	—
Contingent future payments from acquisition of Green Motion (Note 2)	(44)	—	—	(44)

Eaton values its financial instruments using an industry standard market approach, in which prices and other relevant information is generated by market transactions involving identical or comparable assets or liabilities.

Other Fair Value Measurements

Long-term debt and the current portion of long-term debt had a carrying value of $9,261 million and fair value of $8,924 million at December 31, 2023 compared to $8,331 million and $7,625 million, respectively, at December 31, 2022. The fair value of Eaton's debt instruments was estimated using prevailing market interest rates on debt with similar creditworthiness, terms and maturities and is considered a Level 2 fair value measurement.

Short-Term Investments

Eaton invests excess cash generated from operations in short-term marketable investments. Short-term investments are recorded at carrying value, which approximates the fair value due to the short-term maturities of these investments. A summary of short-term investments is as follows:

	December 31	
(In millions)	2023	2022
Time deposits and certificates of deposit with banks	$ 299	$ 248
Money market investments	1,822	13
Total short-term investments	$ 2,121	$ 261

Note 19. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

In the normal course of business, Eaton is exposed to certain risks related to fluctuations in interest rates, currency exchange rates and commodity prices. The Company uses various derivative and non-derivative financial instruments, primarily interest rate swaps, currency forward exchange contracts, currency swaps and commodity contracts to manage risks from these market fluctuations. The instruments used by Eaton are straightforward, non-leveraged instruments. The counterparties to these instruments are financial institutions with strong credit ratings. Eaton maintains control over the size of positions entered into with any one counterparty and regularly monitors the credit rating of these institutions. Such instruments are not purchased and sold for trading purposes.

Derivative financial instruments are accounted for at fair value and recognized as assets or liabilities in the Consolidated Balance Sheets. Accounting for the gain or loss resulting from the change in the fair value of the derivative financial instrument depends on whether it has been designated as part of a hedging relationship, is effective and the nature of the hedging activity. Eaton formally documents all relationships between derivative financial instruments accounted for as designated hedges and the hedged item, as well as its risk-management objective and strategy for undertaking the hedge transaction. This process includes linking derivative financial instruments to a recognized asset or liability, specific firm commitment, forecasted transaction, or net investment in a foreign operation. These financial instruments can be designated as:

- Hedges of the change in the fair value of a recognized fixed-rate asset or liability, or the firm commitment to acquire such an asset or liability (a fair value hedge); for these hedges, the gain or loss from the derivative financial instrument, as well as the offsetting loss or gain on the hedged item attributable to the hedged risk, are recognized in income during the period of change in fair value.
- Hedges of the variable cash flows of a recognized variable-rate asset or liability, or the forecasted acquisition of such an asset or liability (a cash flow hedge); for these hedges, the gain or loss from the derivative financial instrument is recognized in Other reserves and reclassified to income in the same period when the gain or loss on the hedged item is included in income.
- Hedges of the currency exposure related to a net investment in a foreign operation (a net investment hedge); for these hedges, the gain or loss from the derivative financial instrument is recognized in Other reserves and reclassified to income in the same period when the gain or loss related to the net investment in the foreign operation is included in income.

The gain or loss from a derivative financial instrument designated as a hedge is classified in the same line of the Consolidated Profit and Loss Accounts as the offsetting loss or gain on the hedged item. The cash flows resulting from these financial instruments are classified in operating activities on the Consolidated Statements of Cash Flows.

For derivatives that are not designated as a hedge, any gain or loss is immediately recognized in income. The majority of derivatives used in this manner relate to risks resulting from assets or liabilities denominated in a foreign currency and certain commodity contracts that arise in the normal course of business.

Eaton uses currency exchange contracts and certain of its debt denominated in foreign currency to hedge portions of its net investments in foreign operations against foreign currency exposure (net investment hedges). The Company uses the spot rate method to assess hedge effectiveness when currency exchange contracts are used in net investment hedges. Under this method, changes in the spot exchange rate are recognized in Other reserves. Changes related to the forward rate are excluded from the hedging relationship and the forward points are amortized to Interest expense on a straight-line basis over the term of the contract. The cash flows resulting from these currency exchange contracts are classified in investing activities on the Consolidated Statements of Cash Flows.

Interest Rate Risk

Eaton enters into fixed-to-floating interest rate swaps to manage interest rate risk of certain long-term debt. These interest rate swaps are accounted for as fair value hedges of certain long-term debt. Eaton also enters into forward starting floating-to-fixed interest rate swaps to manage interest rate risk on future anticipated debt issuances.

A summary of interest rate swaps outstanding at December 31, 2023, is as follows:

Forward Starting Floating-to-Fixed Interest Rate Swaps

(Notional amount in millions)

Notional amount	Floating interest rate to be received	Fixed interest rate to be paid	Basis for contracted floating interest rate received
$ 55	—%	3.01%	6 month Euribor
55	—%	2.54%	6 month Euribor
55	—%	2.32%	6 month Euribor

Derivative Financial Statement Impacts

The fair value of derivative financial instruments recognized in the Consolidated Balance Sheets is as follows:

(In millions)	Notional amount	Other current assets	Other noncurrent assets	Other current liabilities	Other noncurrent liabilities	Type of hedge	Term
December 31, 2023							
Derivatives designated as hedges							
Forward starting floating-to-fixed interest rate swaps	$ 165	$ —	$ —	$ —	$ 3	Cash flow	8 years
Currency exchange contracts	505	17	3	7	1	Cash flow	1 to 25 months
Commodity contracts	54	1	—	1	—	Cash flow	1 to 12 months
Currency exchange contracts	564	—	—	1	—	Net investment	3 months
Total		$ 17	$ 3	$ 9	$ 4		
Derivatives not designated as hedges							
Currency exchange contracts	$ 4,797	$ 12		$ 8			1 to 7 months

(In millions)	Notional amount	Other current assets	Other noncurrent assets	Other current liabilities	Other noncurrent liabilities	Type of hedge	Term
December 31, 2022							
Derivatives designated as hedges							
Currency exchange contracts	$ 1,240	$ 35	$ 2	$ 17	$ 9	Cash flow	1 to 36 months
Commodity contracts	64	4	—	2	—	Cash flow	1 to 12 months
Total		$ 39	$ 2	$ 19	$ 9		
Derivatives not designated as hedges							
Currency exchange contracts	$ 4,683	$ 30		$ 14			1 to 12 months

The currency exchange contracts shown in the table above as derivatives not designated as hedges are primarily contracts entered into to manage currency volatility or exposure on intercompany receivables, payables and loans. While Eaton does not elect hedge accounting treatment for these derivatives, Eaton targets managing 100% of the intercompany balance sheet exposure to minimize the effect of currency volatility related to the movement of goods and services in the normal course of its operations. This activity represents the great majority of these currency exchange contracts. The cash flows resulting from the settlement of these derivatives have been classified in investing activities in the Consolidated Statements of Cash Flows.

Foreign currency denominated debt designated as non-derivative net investment hedging instruments had a carrying value on an after-tax basis of $3,140 million at December 31, 2023 and $2,711 million at December 31, 2022.

As of December 31, 2023, the volume of outstanding commodity contracts that were entered into to hedge forecasted transactions:

Commodity	December 31, 2023		Term
Aluminum	4	Millions of pounds	1 to 11 months
Copper	11	Millions of pounds	1 to 12 months
Gold	1,611	Troy ounces	1 to 12 months
Silver	67,285	Troy ounces	1 to 10 months

The following amounts were recorded on the Consolidated Balance Sheets related to fixed-to-floating interest rate swaps:

(In millions)	Carrying amount of the hedged assets (liabilities)		Cumulative amount of fair value hedging adjustment included in the carrying amount of the hedged asset (liabilities)[1]	
Location on Consolidated Balance Sheets	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Long-term debt	$ (713)	$ (713)	$ (42)	$ (48)

[1] At December 31, 2023 and December 31, 2022, these amounts include the cumulative liability amount of fair value hedging adjustments remaining for which the hedge accounting has been discontinued of $42 million and $48 million, respectively.

The impact of cash flow and fair value hedging activities to the Consolidated Profit and Loss Accounts is as follows:

	2023		
(In millions)	Net sales	Cost of products sold	Interest expense or Interest income
Amounts from Consolidated Profit and Loss Accounts	$ 23,196	$ 14,762	$ 151
Gain (loss) on derivatives designated as cash flow hedges			
Forward starting floating-to-fixed interest rate swaps			
Hedged item	$ —	$ —	$ (13)
Derivative designated as hedging instrument	—	—	13
Currency exchange contracts			
Hedged item	$ (2)	$ (58)	$ —
Derivative designated as hedging instrument	2	58	—
Commodity contracts			
Hedged item	$ —	$ (1)	$ —
Derivative designated as hedging instrument	—	1	—

	2022		
(In millions)	Net sales	Cost of products sold	Interest expense or Interest income
Amounts from Consolidated Profit and Loss Accounts	$ 20,752	$ 13,865	$ 144
Gain (loss) on derivatives designated as cash flow hedges			
Forward starting floating-to-fixed interest rate swaps			
Hedged item	$ —	$ —	$ (4)
Derivative designated as hedging instrument	—	—	4
Currency exchange contracts			
Hedged item	$ 17	$ (26)	$ —
Derivative designated as hedging instrument	(17)	26	—
Commodity contracts			
Hedged item	$ —	$ 4	$ —
Derivative designated as hedging instrument	—	(4)	—
Gain (loss) on derivatives designated as fair value hedges			
Fixed-to-floating interest rate swaps			
Hedged item	$ —	$ —	$ 8
Derivative designated as hedging instrument	—	—	(8)

The impact of derivatives not designated as hedges to the Consolidated Profit and Loss Accounts is as follows:

	Gain (loss) recognized in Consolidated Profit and Loss Accounts		Consolidated Profit and Loss Accounts classification
(In millions)	2023	2022	
Gain (loss) on derivatives not designated as hedges			
Currency exchange contracts	$ 57	$ (56)	Interest expense or Interest income
Commodity contracts	—	(15)	Other expense and Cost of products sold[1]
Total	$ 57	$ (71)	

[1] In 2022, Eaton changed the presentation of gains and losses associated with derivative contracts for commodities that are not designated as hedges from Cost of product sold to Other expense on the Consolidated Profit and Loss Accounts. Prior period amounts have not been reclassified as they are not material.

The impact of derivative and non-derivative instruments designated as hedges to the Consolidated Profit and Loss Accounts and Other reserves is as follows:

(In millions)	Gain (loss) recognized in Other reserves 2023	Gain (loss) recognized in Other reserves 2022
Derivatives designated as cash flow hedges		
Forward starting floating-to-fixed interest rate swaps	$ (2)	$ 202
Currency exchange contracts	66	13
Commodity contracts	—	(5)
Derivatives designated as net investment hedges		
Currency exchange contracts		
Effective portion	8	—
Amount excluded from effectiveness testing	15	—
Non-derivative designated as net investment hedges		
Foreign currency denominated debt	(110)	171
Total	$ (24)	$ 381

(In millions)	Location of gain (loss) reclassified from Other reserves	Gain (loss) reclassified from Other reserves 2023	Gain (loss) reclassified from Other reserves 2022
Derivatives designated as cash flow hedges			
Forward starting floating-to-fixed interest rate swaps	Interest expense or Interest income	$ 13	$ 4
Currency exchange contracts	Net sales and Cost of products sold	64	9
Commodity contracts	Cost of products sold	1	(4)
Derivatives designated as net investment hedges			
Currency exchange contracts			
Effective portion	Gain (loss) on sale of business	—	—
Amount excluded from effectiveness testing	Interest expense or Interest income	12	—
Non-derivative designated as net investment hedges			
Foreign currency denominated debt	Gain (loss) on sale of business	—	—
Total		$ 89	$ 9

The pre-tax portion of the fair value of currency exchange contracts designated as net investment hedges included in Other reserves were net gains of $8 million at December 31, 2023. The pre-tax portion of the fair value of the forward points included in Other reserves were net gains of $15 million at December 31, 2023.

At December 31, 2023, a gain of $9 million of estimated unrealized net gains or losses associated with our cash flow hedges were expected to be reclassified to income from Other reserves within the next twelve months. These reclassifications relate to our designated foreign currency and commodity hedges that will mature in the next twelve months.

Note 20. RESTRUCTURING CHARGES

In the second quarter of 2020, Eaton initiated a multi-year restructuring program to reduce its cost structure and gain efficiencies in its business segments and at corporate in order to initially respond to declining market conditions brought on by the COVID-19 pandemic. Since the inception of the program, the Company incurred charges of $382 million. The multi-year program was substantially complete at the end of 2023.

A summary of restructuring program charges (income) is as follows:

(In millions except per share data)	2023	2022
Workforce reductions	$ 19	$ (13)
Plant closing and other	38	47
Total before income taxes	57	33
Income tax benefit	11	4
Total after income taxes	$ 46	$ 29
Per ordinary share - diluted	$ 0.11	$ 0.07

Restructuring program charges (income) related to the following segments:

(In millions)	2023	2022	2021	2020
Electrical Americas	$ 5	$ 17	$ 14	$ 18
Electrical Global	26	14	18	55
Aerospace	5	8	8	34
Vehicle	6	(15)	21	102
eMobility	7	1	1	1
Corporate	8	8	16	4
Total	$ 57	$ 33	$ 78	$ 214

A summary of liabilities related to workforce reductions, plant closing, and other associated costs is as follows:

(In millions)	Workforce reductions	Plant closing and other	Total
Balance at January 1, 2020	$ —	$ —	$ —
Liability recognized	172	42	214
Payments, utilization and translation	(33)	(39)	(72)
Balance at December 31, 2020	$ 139	$ 3	$ 142
Liability recognized	21	57	78
Payments, utilization and translation	(64)	(52)	(116)
Balance at December 31, 2021	$ 96	$ 8	$ 104
Liability recognized, net[1]	(13)	47	33
Payments, utilization and translation	(45)	(51)	(96)
Balance at December 31, 2022	$ 38	$ 4	$ 41
Liability recognized, net	19	38	57
Payments, utilization and translation	(21)	(36)	(57)
Balance at December 31, 2023	$ 35	$ 6	$ 41

[1] The restructuring program liability was adjusted by $30 million in 2022 related to true-ups for completed workforce reductions and the decision not to close a facility in the Vehicle segment that was previously included in the program.

These restructuring program charges (income) were included in Cost of products sold, Selling and administrative expense, Research and development expense, Other expense, or Other income as appropriate. In Business Segment Information, these restructuring program charges are treated as Corporate items. See Note 21 for additional information about business segments.

On February 1, 2024, the Company announced a new multi-year restructuring program to accelerate opportunities to optimize its operations and global support structure. These actions will better align the Company's functions to support anticipated growth and drive greater effectiveness throughout the Company. This restructuring program is expected to be completed in 2026, with anticipated workforce reductions of $275 million and plant closing and other costs of $100 million, resulting in total estimated charges of $375 million for the entire program.

Note 21. BUSINESS SEGMENT AND GEOGRAPHIC REGION INFORMATION

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated on a regular basis by the chief operating decision maker, or decision making group, in deciding how to allocate resources to an individual segment and in assessing performance. Eaton’s segments are as follows:

Electrical Americas and Electrical Global

The Electrical Americas segment consists of electrical components, industrial components, power distribution and assemblies, residential products, single phase power quality and connectivity, three phase power quality, wiring devices, circuit protection, utility power distribution, power reliability equipment, and services that are primarily produced and sold in North and South America. The Electrical Global segment consists of electrical components, industrial components, power distribution and assemblies, single phase and three phase power quality, and services that are primarily produced and sold outside of North and South America; as well as hazardous duty electrical equipment, emergency lighting, fire detection, intrinsically safe explosion-proof instrumentation, and structural support systems that are produced and sold globally. The principal markets for these segments are industrial, institutional, governmental, utility, commercial, residential and information technology. These products are used wherever there is a demand for electrical power in commercial buildings, data centers, residences, apartment and office buildings, hospitals, factories, utilities, and industrial and energy facilities. The segments share certain common global customers, but a large number of customers are located regionally. Sales are made through distributors, resellers, and manufacturers’ representatives, as well as directly to original equipment manufacturers, utilities, and certain other end users.

Aerospace

The Aerospace segment is a leading global supplier of aerospace fuel, hydraulics, and pneumatic systems for commercial and military use, as well as filtration systems for industrial applications. Products include hydraulic power generation systems for aerospace applications including pumps, motors, hydraulic power units, hose and fittings, electro-hydraulic pumps; controls and sensing products including valves, cylinders, electronic controls, electromechanical actuators, sensors, aircraft flap and slat systems and nose wheel steering systems; fluid conveyance products, including hose, thermoplastic tubing, fittings, adapters, couplings, sealing and ducting; fuel systems including air-to-air refueling systems, fuel pumps, fuel inerting products, sensors, valves, adapters and regulators; mission systems including oxygen generation system, payload carriages, and thermal management products; high performance interconnect products including wiring connectors and cables. The Aerospace segment also includes filtration systems including hydraulic filters, bag filters, strainers and cartridges; and golf grips. The principal markets for the Aerospace segment are manufacturers of commercial and military aircraft and related after-market customers, as well as industrial applications. These manufacturers and other customers operate globally. Products are sold and serviced through a variety of channels.

Vehicle

The Vehicle segment is a leader in the design, manufacture, marketing, and supply of: drivetrain, powertrain systems and critical components that reduce emissions and improve fuel economy, stability, performance, and safety of cars, light trucks, and commercial vehicles. Products include transmissions and transmission components, clutches, hybrid power systems, superchargers, engine valves and valve actuation systems, locking and limited slip differentials, transmission controls, and fuel vapor components for the global vehicle industry. The principal markets for the Vehicle segment are original equipment manufacturers and aftermarket customers of heavy-, medium-, and light-duty trucks, SUVs, CUVs, passenger cars, construction, and agricultural equipment.

eMobility

The eMobility segment designs, manufactures, markets, and supplies mechanical, electrical, and electronic components and systems that improve the power management and performance of both on-road and off-road vehicles. Products include high voltage inverters, converters, fuses, circuit protection units, vehicle controls, power distribution, fuel tank isolation valves, and commercial vehicle hybrid systems. The principal markets for the eMobility segment are original equipment manufacturers and aftermarket customers of heavy-, medium-, and light-duty trucks, SUVs, CUVs, passenger cars, construction, agriculture, material handling and mining equipment.

Other Information

No single customer represented greater than 10% of net sales in 2023 or 2022, respectively.

The accounting policies of the business segments are generally the same as the policies described in Note 1, except that, as described further in the following paragraph, certain items are not allocated to the businesses. Intersegment sales and transfers are accounted for at the same prices as if the sales and transfers were made to third parties. These intersegment sales are eliminated in consolidation. Operating profit (loss) includes the operating profit from intersegment sales.

Corporate includes all the Company's amortization of intangible assets, interest income, interest expense, and restructuring program charges (Note 20) and the non-service cost portion of pension and other postretirement benefits income. Other expense includes all the Company's costs associated with acquisitions, divestitures, and gains and losses on the sale of certain businesses and other items that are of a corporate or functional governance nature. For purposes of business segment performance measurement, a portion of corporate costs, excluding amortization of intangibles assets, acquisition integration and divestiture costs, and restructuring program charges, are allocated to the businesses. These allocations are periodically adjusted to pass on year-over-year cost savings or increases to the businesses in a manner that is consistent with how the chief operating decision maker assesses performance. Identifiable assets of the business segments exclude goodwill, other intangible assets, and general corporate assets, which principally consist of certain cash, short-term investments, deferred income taxes, certain accounts receivable, certain property, plant and equipment, and certain other assets.

Business Segment Information

(In millions)	2023	2022
Net sales		
Electrical Americas	$ 10,098	$ 8,497
Electrical Global	6,084	5,848
Aerospace	3,413	3,039
Vehicle	2,965	2,830
eMobility	636	538
Total net sales	$ 23,196	$ 20,752
Segment operating profit (loss)		
Electrical Americas	$ 2,675	$ 1,913
Electrical Global	1,176	1,134
Aerospace	780	705
Vehicle	482	453
eMobility	(21)	(9)
Total segment operating profit	5,093	4,196
Corporate		
Intangible asset amortization expense excluding software	(450)	(499)
Interest expense	(307)	(250)
Interest income	156	106
Pension and other postretirement benefits income	46	43
Restructuring program charges	(57)	(33)
Other expense	(654)	(653)
Income before income taxes	3,827	2,911
Income tax expense	604	445
Net income	3,223	2,465
Less net income for noncontrolling interests	(5)	(4)
Net income attributable to Eaton ordinary shareholders	$ 3,218	$ 2,462

(In millions)	2023	2022
Identifiable assets		
Electrical Americas	$ 4,163	$ 3,655
Electrical Global	2,868	2,658
Aerospace	2,276	1,859
Vehicle	2,251	2,230
eMobility	563	402
Total identifiable assets	12,121	10,804
Goodwill	14,977	14,796
Other intangible assets	5,434	5,811
Corporate	6,308	3,944
Total assets	$ 38,840	$ 35,355
Capital expenditures for property, plant and equipment		
Electrical Americas	$ 309	$ 181
Electrical Global	142	151
Aerospace	97	92
Vehicle	96	95
eMobility	76	52
Total	721	571
Corporate	36	28
Total expenditures for property, plant and equipment	$ 757	$ 598
Depreciation of property, plant and equipment		
Electrical Americas	$ 108	$ 101
Electrical Global	96	94
Aerospace	69	64
Vehicle	92	89
eMobility	21	16
Total	386	364
Corporate	43	44
Total depreciation of property, plant and equipment	$ 429	$ 408

Geographic Region Information

Net sales are measured based on the geographic destination of sales. Long-lived assets consist of property, plant and equipment - net.

(In millions)	2023	2022
Net sales		
United States	$ 14,071	$ 12,353
Canada	949	754
Latin America	1,549	1,504
Europe	4,339	3,957
Asia Pacific	2,288	2,185
Total	$ 23,196	$ 20,752
Long-lived assets		
United States	$ 1,773	$ 1,567
Canada	31	25
Latin America	476	383
Europe	797	711
Asia Pacific	453	460
Total	$ 3,530	$ 3,146

Note 22. EMPLOYEES

The average number of persons employed by Eaton is as follows:

(In thousands)	2023	2022
Electrical Americas	32	29
Electrical Global	26	26
Aerospace	13	13
Vehicle	12	12
eMobility	2	2
Corporate	9	8
Total average number of persons employed	93	90

Employee costs follow:

(In millions)	2023	2022
Salaries and wages	$ 4,462	$ 4,031
Pension and other postretirement benefits	63	87
Share based compensation	97	97
Other benefits	1,454	1,286
Total employee costs	$ 6,076	$ 5,501

Note 23. DIRECTORS' REMUNERATION

Directors' remuneration is set forth in the table below. Mr. Craig Arnold, the Chairman of the Board of Directors is also the Chief Executive Officer of Eaton Corporation (a wholly owned subsidiary of the Company). The amounts below include compensation for Mr. Arnold's service as Chief Executive Officer, as well as compensation for all non-employee directors in their capacities as such.

(In millions)	2023	2022
Aggregate emoluments in respect of qualifying services	$ 7	$ 5
Aggregate amount of the money or value of other assets under long term incentive plans in respect of qualifying services	24	26
Aggregate gains on the exercise of share options granted in respect of qualifying services	34	—
Total	$ 65	$ 32

Note 24. AUDITORS' REMUNERATION

Fees paid to Ernst & Young for services provided are as follows:

(In millions)	2023	2022
Audit fees	$ 21	$ 21
Audit-related fees	1	1
Tax fees		
Tax compliance services	1	1
Tax advisory services	1	1
Total	$ 23	$ 23

The fees paid to Ernst & Young Ireland in respect of the audit of the group accounts were $0.3 million and $0.2 million in 2023 and 2022, respectively. In addition, Ernst & Young Ireland received fees of $0.6 million in each of 2023 and 2022 for other assurance services. Ernst & Young Ireland did not receive any fees for non-audit services in 2023 or 2022. Ernst & Young Ireland received fees of $0.1 million for tax advisory services in each of 2023 and 2022.

Note 25. SUBSIDIARY AND AFFILIATED UNDERTAKINGS

The principal subsidiaries of Eaton or affiliated companies where Eaton has an ownership of 20% or more are listed below:

Consolidated subsidiaries and equity accounted affiliates	Nature of business	Registered address	Percent ownership
Abeiron III Unlimited Company	General Corporate Administration	Eaton House, 30 Pembroke Road, Dublin 4, D04 Y0C2, Ireland	100 %
Aeroquip Iberica S.L.	Operations	Calle Monte Esquinza 30, 28010, Madrid, EMEA, Spain	100 %
Aeroquip-Vickers Limited	Inactive	P.O. Box 554, Abbey Park, Southampton Road, Titchfield, PO14 4QA, United Kingdom	100 %
Ascensores Cutler-Hammer S.A.	Inactive	Caracas, Distrito Federal, Venezuela	100 %
Azonix Corporation	Operations	155 Federal Street, Suite 700, Boston MA 02110	100 %
Baricide LLC	Operations	208 SO Lasalle St, Suite 814, Chicago IL 60604-1101	100 %
Beijing Yoosung Shinhwa Automobile Parts Co., Ltd.	Operations	M2-5. 10, Xinggu, Industrial Development Zone of Pinggu Dist, Beijing, China	100 %
Bussmann International Holdings, LLC	Operations	1209 Orange Street, Wilmington DE 19801, United States	100 %
Bussmann International, Inc.	Operations	1209 Orange Street, Wilmington DE 19801, United States	100 %
Bussmann, S. de R.L. de C.V.	Operations	Prolongación Hermanos Escobar 7750, Col. Partido Manuel Doblado, Chihuahua, Ciudad Juárez, 32310, Mexico	100 %
Cannon Technologies, Inc.	Operations	1010 Dale Street N., Saint Paul MN 55117-5603	100 %
CBE Services, Inc.	General Corporate Administration	600 Travis, Suite 5400, Houston TX 77002, United States	100 %
CEAG Notlichtsysteme GmbH	Operations	Senator-Schwartz-Ring 26, D-59494, Soest, Germany	100 %
Chagrin Highlands III Ltd.	General Corporate Administration	1400 West 6th Street, Suite 400, Cleveland OH 44113, United States	100 %
Cooper (China) Co., Ltd.	General Corporate Administration	No. 955 Shengli Road, Pudong New Area, Shanghai, China	100 %
Cooper (Ningbo) Electric Co., Ltd.	Operations	Hangzhou Wan Bay New Zone of, Cixi Economic Development Area, Zhejiang Province, China	80 %
Cooper B-Line, Inc.	Operations	1209 Orange Street, Wilmington DE 19801, United States	100 %
Cooper Bussmann, LLC	Operations	1209 Orange Street, Wilmington DE 19801, United States	100 %
Cooper Capri S.A.S.	Operations	36 rue des Fontenils, Lamotte Beuvron, 416000, Nouan Le Fuzelier, France	100 %
Cooper Crouse-Hinds (LLC)	Operations	P.O. Box 30861, Office 302, Building 49, Dubai Healthcare City, United Arab Emirates	100 %
Cooper Crouse-Hinds AS	Operations	Ryensvingen 5, Oslo, 0680, Norway	100 %
Cooper Crouse-Hinds B.V.	Operations	Sydneystraat 74, 3047 BP, Rotterdam, Netherlands	100 %
Cooper Crouse-Hinds GmbH	Operations	Senator-Schwartz-Ring 26, D-59494, Soest, Germany	100 %
Cooper Crouse-Hinds MTL, Inc.	Operations	1209 Orange Street, Wilmington DE 19801, United States	100 %
Cooper Crouse-Hinds, LLC	Operations	1209 Orange Street, Wilmington DE 19801, United States	100 %
Cooper Crouse-Hinds, S. de R.L. de C.V.	Operations	Av. Santa Fe 481 Piso 16, Col. Cruz Manca, Col. Cuajimalpa de Morelos, Cuajimalpa de Morelos, Ciudad de Mexico, Mexico	100 %
Cooper Crouse-Hinds, S.A.	Operations	Avda. Santa Eulalia 290, 08223 Terrassa, Barcelona, Spain	100 %
Cooper Csa Srl	Operations	Segrate (MI) Via San Bovio 3 CAP 20090, Italy	100 %
Cooper Edison (Pingdingshan) Electronic Technologies Co., Ltd.	Operations	No. 336, Huanghe Road, High-tech Industrial Development Zone, Pingdingshan City, Henan Province, China	100 %
Cooper Electric (Changzhou) Co., Ltd.	Operations	No. 189 Liuyanghe Road, Xinbei District, Changzhou City, Jiangsu Province, APAC, 213031, China	100 %
Cooper Electric (Shanghai) Co., Ltd.	General Corporate Administration	Room 1-201, Floor 2, Business Building, No. 2001, Yanggao Road North, Waigaoqiao Free Trade Zone, Shanghai, 200131, P.R.C., China	100 %

Cooper Electrical International, LLC	General Corporate Administration	1209 Orange Street, Wilmington DE 19801, United States	100 %
Cooper Electronic Technologies (Shanghai) Co., Ltd.	General Corporate Administration	Building B, Sheng Li Road #955, Pu Dong, Shanghai, China	100 %
Cooper Enterprises LLC	General Corporate Administration	1209 Orange Street, Wilmington DE 19801, United States	100 %
Cooper Germany Holdings GmbH	Operations	Senator-Schwartz-Ring 26, D-59494 Soest, Germany	100 %
Cooper Industries (Canada) Company	General Corporate Administration	Suite 900, 1959 Upper Water Street, Halifax NS B3J 3N2, Canada	100 %
Cooper Industries (Electrical) Inc.	General Corporate Administration	100 King Street West, 1 First Canadian Place, Suite 1600, Toronto ON M5X 1G5, Canada	100 %
Cooper Industries Colombia S.A.S.	Operations	Avenida 82, No. 10-62 P.5, Bogota, Colombia	100 %
Cooper Industries Finance B.V.	General Corporate Administration	Europalaan 202, 7559 SC, Hengelo Ov, Netherlands	100 %
Cooper Industries FZE	Operations	P.O. Box 120939, Sharjah Airport International Free Zone, Sharjah, United Arab Emirates	100 %
Cooper Industries Global B.V.	Operations	Ambacht 6, 5301 KW, Zaltbommel, Netherlands	100 %
Cooper Industries International, LLC	General Corporate Administration	1209 Orange Street, Wilmington DE 19801, United States	100 %
Cooper Industries Japan K.K.	Operations	7th FL, Unizo Nogizaka Bldg, 8-11-37 Akasaka, Minato-ku , Tokyo, Japan	100 %
Cooper Industries Romania SRL	Operations	Street 1, Industrial Zone, Arad Vest nr10, Arad, Romania	100 %
Cooper Industries Russia LLC	Operations	33 Electrozavodskaya Str., Building 4, 107076, Moscow, Russia	100 %
Cooper Industries Trading Unlimited Company	General Corporate Administration	Eaton House, 30 Pembroke Road, Dublin 4, D04 Y0C2, Ireland	100 %
Cooper Industries Unlimited Company	General Corporate Administration	Eaton House, 30 Pembroke Road, Dublin 4, D04 Y0C2, Ireland	100 %
Cooper Industries Vietnam, LLC	General Corporate Administration	1209 Orange Street, Wilmington DE 19801, United States	100 %
Cooper Industries, LLC	General Corporate Administration	1209 Orange Street, Wilmington DE 19801, United States	100 %
Cooper Interconnect, Inc.	Operations	1209 Orange Street, Wilmington DE 19801, United States	100 %
Cooper International Holdings S.a.r.l	General Corporate Administration	Rue Eugene Ruppert 12, L-2453 Luxembourg, Luxembourg	100 %
Cooper Menvier France SARL	Operations	Rue Beethoven, Parc Europeen Entreprises Rii, 63200, Riom, France	100 %
Cooper Power Systems do Brasil Ltda.	Operations	Rodovia Marechal Rondon, km 125, Part A, Soamin, Porto Feliz, Sao Paulo, 18540-000, Brazil	100 %
Cooper Power Systems, LLC	Operations	1209 Orange Street, Wilmington DE 19801, United States	100 %
Cooper Pretronica Unipessoal Lda.	Operations	Parque Industrial Serra das Minas, Av. Irene Lisboa, lote 19, armazem C, piso 2, Alto do Forte, 2635-001, Rio de Mouro, Portugal	100 %
Cooper Safety B.V.	Operations	Van Voordenpark 1d, 5301, KP Zaltbommel, Netherlands	100 %
Cooper Securite S.A.S.	Operations	Rue Beethoven, 63200, Riom, France	100 %
Cooper Shanghai Power Capacitor Co., Ltd.	Operations	Building A, No. 955, Shengli Road, Heqing Pudong, Shanghai, PRC, China	65 %
Cooper Technologies Company	General Corporate Administration	1209 Orange Street, Wilmington DE 19801, United States	100 %
Cooper Univel S.A.	Operations	88 Thessalonikis Street, Katerini , 60134, Greece	100 %
Cooper Wheelock, Inc.	Operations	820 Bear Tavern Road, West Trenton NJ 08628	100 %
Cooper Wiring Devices de Mexico, S.A. de C.V.	Operations	Carr Tlane Cuautitlan KM 17.8, SN Villa Jardin, Mexico, 54800, Mexico	100 %
Cooper Wiring Devices, Inc.	Operations	111 Eighth Avenue, New York NY 10011, United States	100 %
Cooper Xi'an Fusegear Co., Ltd.	Operations	No. 86, Jinye Road, High Tech Zone,Xi'an, Shaanxi Province, China	100 %
Cooper Yuhua (Changzhou) Electric Equipment Manufacturing Co., Ltd.	Operations	No. 60, Hehuan Road, Zhonglou Economic Development Zone, Jiangsu Province, Changzhou, China	100 %

Crouse Hinds Comercio de Produtos eletricos Ltda	Operations	Rodovia Marechal Rondon, Km 125, Parte D-1 - Avecuia, Porto Feliz, SP, 18546-412, Brazil	100 %
Crouse-Hinds de Venezuela, C.A.	Inactive	Av. Raul Leoni, Ed., Mara, piso 8, apto. 83, Caracas, 1061, Venezuela, Bolivarian Republic of	100 %
CTI-VIENNA Gesellschaft zur Prüfung elektrotechnischer Industrieprodukte GmbH	Operations	Einzingergasse 4, 1210 Wien, Austria	100 %
Cutler-Hammer Industries Ltd.	General Corporate Administration	PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands	100 %
Cutler-Hammer, SRL	General Corporate Administration	Pereyra & Asociados, Torre Sonora, Pisos 7 y 8, Avenida Abraham Lincoln No. 1069, Jacinto Mañón, Ensanche Serallés, Santo Domin, Dominican Republic	100 %
Cyme International T & D Inc.	Operations	1485 rue Roberval, Suite 104, Saint-Bruno-de-Montarville QC J3V 3P8, Canada	100 %
D.P. Eaton Electric	Operations	Ul. Bereznjakovskaja 29, 6 floor , Kiev, 02098, Ukraine	100 %
Digital Lighting (Dong Guan) Co., Ltd.	Operations	Xinmin Village, Chang An Town, Guan Dong Province, Dong Guan City, Georgia, China	100 %
Digital Lighting Co., Limited	Operations	Level 54, Hopewell Centre, 183 Queen's Road East , Hong Kong	100 %
Digital Lighting Holdings Limited	Operations	P.O. Box 3140, Road Town, Tortola, VG1110, Virgin Islands, British	100 %
Dongguan Cooper Electronics Co. Ltd.	Operations	Xin Min Road, Xin Min District, Changan Town, Guangdong Province, Dongguan City, China, China	100 %
Dongguan Wiring Devices Electronics Co., Ltd.	Operations	Yuan Shan Bei Vill, Changping Town, Dongguan, Guangdong, Guangdong, 523583, China	100 %
Eagle Electric MFG. Co. Mexico, S.A. de C.V.	Inactive	Avenida Santa Fe no. 481, Floor 16, Cuajimalpa de Morelos , Ciudad de México CP 05348	100 %
Eaton (China) Investments Co., Ltd.	General Corporate Administration	Eaton Center Shanghai, No. 3 Lane 280 Linhong Road, Shanghai, 200335, China	100 %
Eaton (Switzerland) Holding I GmbH	General Corporate Administration	Route de la Longeraie 7, 1110, Morges, Switzerland	100 %
Eaton (Switzerland) Holding II GmbH	General Corporate Administration	Route de la Longeraie 7, 1110, Morges, Switzerland	100 %
Eaton (Switzerland) Holding III G.m.b.H.	General Corporate Administration	Route de la Longeraie 7, 1110, Morges, Switzerland	100 %
Eaton Aeroquip LLC	General Corporate Administration	4400 Easton Commons Way, Suite 125, Columbus OH 43219, United States	100 %
Eaton Aerospace LLC	General Corporate Administration	1209 Orange Street, Wilmington DE 19801, United States	100 %
Eaton Ann Arbor LLC	General Corporate Administration	40600 Ann Arbor Rd. E., Suite 201, Plymouth MI 48170-4675	100 %
Eaton Arabia LLC	Operations	Plot Number Tp010505, National Industrial Park, Dubai, United Arab Emirates	49 %
Eaton Automated Transmission Technologies Corporation	Operations	1209 Orange Street, Wilmington DE 19801, United States	100 %
Eaton Automation G.m.b.H	Operations	Spinnereistrasse 8-14, 9008, St. Gallen, Switzerland	100 %
Eaton Automation Holding G.m.b.H.	General Corporate Administration	Spinnereistrasse 8-14, 9008, St. Gallen, Switzerland	100 %
Eaton Automotive Components Spolka z o.o.	General Corporate Administration	Ul.30 Stycznia, No. 55, 83-110, Tczew, Poland	100 %
Eaton Automotive Systems Spolka z o.o.	Operations	Ul. Rudawka 83, 43-382, Bielsko-Biała, Śląskie, Poland	100 %
Eaton B.V.	General Corporate Administration	Europalaan 202, 7559 SC, Hengelo Ov, Netherlands	100 %
Eaton Business Services Kft	General Corporate Administration	Nagyenyed u. 8-14, Budapest, 1123, Hungary	100 %
Eaton Busway Jiangsu Company Limited	Operations	No.508, Ganglong Road, Yangzhong Economic Development Zone, Zhenjiang City, Jiangsu Province, P.R. China	50 %
Eaton Capital Global Holdings Unlimited Company	General Corporate Administration	Eaton House, 30 Pembroke Road, Dublin 4, D04 Y0C2, Ireland	100 %
Eaton Capital Unlimited Company	General Corporate Administration	Eaton House, 30 Pembroke Road, Dublin 4, D04 Y0C2, Ireland	100 %
Eaton Controls (Luxembourg) S.a.r.l.	General Corporate Administration	Rue Eugene Ruppert 12, L-2453 Luxembourg, Luxembourg	100 %

Eaton Corporation	General Corporate Administration	4400 Easton Commons Way, Suite 125, Columbus OH 43219, United States	100 %
Eaton Cummins Automated Transmission Technologies LLC	Operations	Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, United States	50 %
Eaton Cummins Automated Transmission Technologies S. de R.L. de C.V.	Operations	Carretera 57 # 4380, San Luis Potosí City, San Luis Potosí State, 78395, Mexico	100 %
Eaton Cummins Automated Transmission Technologies Sarl	Operations	Route de la Longeraie 7, 1110, Morges, Switzerland	50 %
Eaton Domhanda I Limited	General Corporate Administration	Eaton House, 30 Pembroke Road, Dublin 4, D04 Y0C2, Ireland	100 %
Eaton Domhanda Unlimited Company	General Corporate Administration	Eaton House, 30 Pembroke Road, Dublin 4, D04 Y0C2, Ireland	100 %
Eaton Electric & Engineering Services Limited	General Corporate Administration	Units 19-30, 19/F., Corporation Park, 11 On Lai Street, Siu Lek Yuen, Shatin, N.T., Hong Kong, APAC, Hong Kong	100 %
Eaton Electric (Japan) Ltd.	Operations	Mainichi Intecio 12F, 3-4-5, Umeda, Kita-ku,Osaka City,, Japan	100 %
Eaton Electric (Singapore) Pte. Ltd.	Operations	8 Marina Boulevard #05-02, Marina Bay Financial Centre, Tower 1, Singapore, 018981, Singapore	100 %
Eaton Electric (South Africa) Pty Ltd.	General Corporate Administration	CNR Osborn and Esander Rds, Wadeville, Germiston, Gauteng, 1407, South Africa	100 %
Eaton Electric (Thailand) Limited	Operations	No. 89/1 Kasemsap Building, 4th Floor, Vibhavadi-Rangsit Road, Khwaeng Jompol, Khet Chatuchak, Bangkok, Thailand	100 %
Eaton Electric (Vietnam) Company Limited	General Corporate Administration	Floor 6, Geleximco Building, No. 36 Hoang Cau Street, O Cho Dua Ward, Dong Da District, Ha Noi, APAC, Vietnam	100 %
Eaton Electric AB	Operations	Kista Science Tower, 16451, Kista, Sweden	100 %
Eaton Electric ApS	Operations	Niels Bohrs Vej 2, DK-7100, Vejle, Denmark	100 %
Eaton Electric AS	Operations	Postboks 113 Manglerud, Oslo, 0612, Norway	100 %
Eaton Electric BV	Operations	Industrialaan 3, B-1702 Groot-Bijgaarden, , Belgium	100 %
Eaton Electric d.o.o.	Operations	Rumski drum 13, Sremska Mitrovica, 22000, Serbia, Republic of	100 %
Eaton Electric G.m.b.H.	Operations	Hein-Moeller Straße 7-11, D-53115, Bonn, Germany	100 %
Eaton Electric Holdings LLC	General Corporate Administration	1209 Orange Street, Wilmington DE 19801, United States	100 %
Eaton Electric Limited	General Corporate Administration	Reddings Lane, Tyseley, Birmingham, West Midlands, B11 3EZ, United Kingdom	100 %
Eaton Electric Oy	Operations	Koskelontie 13, Espoo, FI-02920, Finland	100 %
Eaton Electric S.a.r.l.	General Corporate Administration	Rue Socrate, Epinal 6, 1st Floor Maarif Extension, Casablanca, Morocco	100 %
Eaton Electric S.I.A.	Operations	2b Zemitana Street, Riga, 1012, Latvia	100 %
Eaton Electric S.r.l.	Operations	Baneasa Business & Technologie Park Sos., Bucuresti-Ploiesti n° 42-44, Sector 1, Cladirea B2, etaj 3, Bucuresti, EMEA, 013696, Romania	100 %
Eaton Electric s.r.o.	Operations	Komárovská 2406, Praha 9 - Horní Počernice, 193 00, Czech Republic	100 %
Eaton Electric s.r.o.	Operations	Drieňová 1/B, Bratislava, 821 01 , Slovakia	100 %
Eaton Electric Spolka z.o.o.	Operations	Ul. Galaktyczna 30, 80-299, Gdansk, Poland	100 %
Eaton Electrical (Australia) Pty Ltd	Operations	10 Kent Road, Mascot NSW 2020, Australia	100 %
Eaton Electrical (Korea) Limited Liability Company	Operations	5-7F Eonju-ro (Parkland Building, Nonhyun-dong), Gangnam-gu, Seoul, Korea, Republic of	100 %
Eaton Electrical Equipment Co., Ltd.	Operations	No. 1 West Hengtang River Road, Export-Oriented Development Area, Changzhou City, Jiangsu, China	100 %
Eaton Electrical IP G.m.b.H. & Co. KG	General Corporate Administration	Airport Center Schönefeld, Mittelstrasse 5-5a, 12529, Schönefeld, Germany	100 %
Eaton Electrical Ltd.	Operations	Lou Yang Rd. 2#, Suzhou Industrial Park, Suzhou, China	100 %
Eaton Electrical Products Limited	Operations	6 Jephson Court, Tancred Close, Queensway, Royal Leamington Spa, Warwickshire, CV31 3RZ, United Kingdom	100 %
Eaton Electrical Services LLC	Operations	Sahab Tower, 4th Floor, Office number 28, Al Mughrazat District, King Abdullah Road, Riyadh, Kingdom of Saudi Arabia	100 %

Eaton Electrical Srl	Operations	Moravia de la Antigua Entrada del Colegio, Saint Clare 300, Metros Al Oeste, San Jose, 10156-1000, Costa Rica	100 %
Eaton Electrical Systems Limited	Operations	6 Jephson Court, Tancred Close, Queensway, Royal Leamington Spa, Warwickshire, CV31 3RZ, United Kingdom	100 %
Eaton Electrical, S.A.	Operations	Avenida Abraham Lincoln, Edificio Torre Domus, Piso 14, Piso 14, Oficina 14-A, Urbanización Sabana Grande, Libertador, Caracas, Venezuela, Bolivarian Republic of	100 %
Eaton Electro Productie S.r.l.	Operations	Str. Independentei Nr 8, Sârbi, 437157, Romania	100 %
Eaton Elektrik Ticaret Limited Sirketi	Operations	Değirmen Sok. Nida Kule İş Merkezi No 18 Kat 17 , Kozyatağı Kadiköy, Istanbul, Turkey	100 %
Eaton Elektrotechnika s.r.o.	Operations	Komárovská 2406, Praha 9 - Horní Počernice, 193 00, Czech Republic	100 %
Eaton eMobility France SAS	Operations	196 rue de l'industrie, 69770, MONTROTTIER, France	100 %
Eaton Enterprises (Hungary) Kft.	General Corporate Administration	Nagyenyed u. 8-14, Budapest, 1123, Hungary	100 %
Eaton Enterprises Limited	Operations	Room 1604, 16/F, Kodak House II, 39 Healthy Street East,, North Point , HongKong, Hong Kong	100 %
Eaton Enterprises, S. de R.L. de C.V.	General Corporate Administration	De La Montana, 128 Parque Industrial Queretaro, Queretaro, 76220, Mexico	100 %
Eaton Filtration (Italy) S.r.l.	Operations	Via Vittor Pisani 27, 20124, Milano, Italy	100 %
Eaton Filtration (Poland) Sp. z o.o.	Operations	Milczany 79, 27 600, Sandomierz, Poland	100 %
Eaton Filtration (Shanghai) Co., Ltd.	Operations	H2 6/F No. 17 Building, No. 33, Xiya Road, Waigaoqiao FTZ, Pudong New Area, Shanghai, China	100 %
Eaton Filtration BV	General Corporate Administration	Eigenlostraat 21, 9100 Sint Niklaas, Belgium	100 %
Eaton Filtration LLC	General Corporate Administration	1209 Orange Street, Wilmington DE 19801, United States	100 %
Eaton Filtration Ltd.	Operations	Uruma Kowa Building, 8-11-37 Akasaka, Minato-ku, Tokyo, 107-0052, Japan	100 %
Eaton France Holding SAS	General Corporate Administration	11 avenue de l'Atantique les Ulis, 91955, Courtaboeuf, France	100 %
Eaton Fu Li An (Changzhou) Electronics Co., Ltd.	Operations	No 60, Hehuan Road, Zhonglou economic development zone, Changzhou, APAC, China	100 %
Eaton FZE	Operations	Plot No. S30805, Jebel Ali Free Zone South 5, Dubai, United Arab Emirates	100 %
Eaton Germany G.m.b.H.	General Corporate Administration	Dr.-Reckeweg-Strasse 1, D-76532, Baden-Baden, Germany	100 %
Eaton Germany Holdings GmbH	Operations	Senator-Schwartz Ring 26, D-59494, Soest, Germany	100 %
Eaton Global Limited	General Corporate Administration	12-14 Finch Road, Douglas, IM1 2PT, Isle of Man	100 %
Eaton Global Holdings III Limited	General Corporate Administration	33-37 Athol Street, Douglas, IM1 1LB, Isle of Man	100 %
Eaton Global Holdings Limited	General Corporate Administration	12-14 Finch Road, Douglas, IM1 2PT, Isle of Man	100 %
Eaton GmbH & Co. KG	General Corporate Administration	Schanzenstraße 56 , c/o S&P ALEGIS GmbH, 40549 , Düsseldorf, Germany	100 %
Eaton Holding (Austria) G.m.b.H.	Operations	Eugenia 1, A-3943, Schrems, Austria	100 %
Eaton Holding (Netherlands) B.V.	General Corporate Administration	Europalaan 202, 7559 SC, Hengelo Ov, Netherlands	100 %
Eaton Holding (UK) II Limited	Operations	6 Jephson Court, Tancred Close, Queensway, Royal Leamington Spa, Warwickshire, CV31 3RZ, United Kingdom	100 %
Eaton Holding G.m.b.H.	General Corporate Administration	Wagramerstrasse 19, A-1220, Wien, Austria	100 %
Eaton Holding I B.V.	General Corporate Administration	Europalaan 202, 7559 SC, Hengelo Ov, Netherlands	100 %
Eaton Holding II S.a.r.l.	General Corporate Administration	Rue Eugene Ruppert 12, L-2453 Luxembourg, Luxembourg	100 %
Eaton Holding III B.V.	General Corporate Administration	Europalaan 202, 7559 SC, Hengelo Ov, Netherlands	100 %

Eaton Holding IV S.a.r.l.	General Corporate Administration	Rue Eugene Ruppert 12, L-2453 Luxembourg, Luxembourg	100 %
Eaton Holding Limited	General Corporate Administration	P.O. Box 554, Abbey Park, Southampton Road, Titchfield, PO14 4QA, United Kingdom	100 %
Eaton Holding S.a.r.l.	General Corporate Administration	Rue Eugene Ruppert 12, L-2453 Luxembourg, Luxembourg	100 %
Eaton Holding SE & Co. KG	General Corporate Administration	Hein-Moeller Straße 7-11, D-53115, Bonn, Germany	100 %
Eaton Holding Turlock B.V.	General Corporate Administration	Europalaan 202, 7559 SC, Hengelo Ov, Netherlands	100 %
Eaton Holding V B.V.	General Corporate Administration	Europalaan 202, 7559 SC, Hengelo Ov, Netherlands	100 %
Eaton Holding VI B.V.	General Corporate Administration	Europalaan 202, 7559 SC, Hengelo Ov, Netherlands	100 %
Eaton Holding VII B.V.	General Corporate Administration	Europalaan 202, 7559 SC, Hengelo Ov, Netherlands	100 %
Eaton Holding XIII S.a.r.l.	General Corporate Administration	Rue Eugene Ruppert 12, L-2453 Luxembourg, Luxembourg	100 %
Eaton Huineng LV Electrical (JV)	Operations	No. 97, Wufengshan Road, Dagang, Zhenjiang New District, Jiangsu Province, P.R. China	50 %
Eaton Hydraulics Systems (Jining) Co., Ltd.	Operations	8 Kangtai Rd., High and New Tech Industrial Develop Area, Jining, China	100 %
Eaton II LP	General Corporate Administration	Tay House, 300 Bath Street, Glasgow, G2 4NA, United Kingdom	100 %
Eaton III LP	General Corporate Administration	Tay House, 300 Bath Street, Glasgow, G2 4NA, United Kingdom	100 %
Eaton India Innovation Center LLP	General Corporate Administration	No.2, EVR Street, Sedarapet, Puducherry, APAC, 605111, India	100 %
Eaton Indústria e Comércio de Produtos Elétricos e Serviços Ltda	Operations	Rodovia Marechal Rondon, Km 125 - Soamin, Partes B, C e E, Porto Feliz, SP, 18540-000, Brazil	100 %
Eaton Industrial Products Pvt. Ltd.	Operations	Plot No. 234, 235 and 245, Gala No. 2, 15 and 16 , India Land Global Industrial Park, Hinjewadi, Pune, Maharashtra, 411057, India	100 %
Eaton Industrial Systems Private Limited	General Corporate Administration	145, off Mumbai-Pune Road, Pimpri, Pune, 411 018, India	100 %
Eaton Industries (Argentina) S.A.	General Corporate Administration	Lima 355, PB, Buenos Aires, South America, C1073AAG, Argentina	100 %
Eaton Industries (Austria) G.m.b.H.	General Corporate Administration	Eugenia 1, A-3943, Schrems, Austria	100 %
Eaton Industries (Belgium) BV	Operations	Industrialaan 1, B-1702 Groot-Bijgaarden, Belgium	100 %
Eaton Industries (Canada) Company	General Corporate Administration	Suite 900, 1959 Upper Water Street, Halifax NS B3J 3N2, Canada	100 %
Eaton Industries (Chile) S.p.A.	General Corporate Administration	Panamericana Norte Km. 15 1/2, Comuna de Lampa, Región Metropolitana, Chile	100 %
Eaton Industries (Colombia) S.A.S.	General Corporate Administration	Av El Dorado No. 68C 61 OFC 829, Bogotá D.C.	100 %
Eaton Industries (Egypt) LLC	Operations	Fifth Settlement, 4th Floor, Building on Plot No. 289, Second Administrative Sector, 90th Street, New Cairo, Cairo, EMEA, Egypt	100 %
Eaton Industries (England) Limited	Operations	6 Jephson Court, Tancred Close, Queensway, Royal Leamington Spa, Warwickshire, CV31 3RZ, United Kingdom	100 %
Eaton Industries (France) S.A.S.	General Corporate Administration	110 Rue Blaise Pascal, Immeuble Le Viséo - Bâtiment A Innovallée, 38330, Montbonnot-St.-Martin, France	100 %
Eaton Industries (Ireland) II Limited	General Corporate Administration	Eaton House, 30 Pembroke Road, Dublin 4, D04 Y0C2, Ireland	100 %
Eaton Industries (Ireland) Limited	General Corporate Administration	Eaton House, 30 Pembroke Road, Dublin 4, D04 Y0C2, Ireland	100 %
Eaton Industries (Israel) Ltd.	General Corporate Administration	13 Zarhin, St. Ra’anana, 4366241, Israel	100 %
Eaton Industries (Italy) S.r.l.	Operations	Via S. Bovio, 3, 20090 Segrate, Italy	100 %
Eaton Industries (Jining) Co., Ltd.	Operations	8 KangTai Road, Jining High Tech Industries Development Zone, Jining City, Shandong Province, 272023, China	100 %

Eaton Industries (Korea) Ltd.	General Corporate Administration	601 Eonju-ro (Parkland Building, Nonhyun-dong), Gangnam-gu, Seoul, APAC, Korea, Republic of	100 %
Eaton Industries (Morocco) LLC	Operations	Zone Franche d'Exportation Midparc, Nouaceur, Casablanca, 27182, Morocco	100 %
Eaton Industries (Netherlands) B.V.	General Corporate Administration	Europalaan 202, 7559 SC, Hengelo Ov, Netherlands	100 %
Eaton Industries (Philippines), LLC	Operations	1209 Orange Street, Wilmington DE 19801, United States	100 %
Eaton Industries (Spain) S.L.	General Corporate Administration	Plaça Europa, 9-11 2º planta, (Barcelona), 08908, L'Hospitalet de Llobregat, Spain	100 %
Eaton Industries (Thailand) Ltd.	General Corporate Administration	No. 156 Moo 3, Ratchasima-Chokechai Road, Tambon Nong Bua Sala, Amphur Muang Nakornratchasima, Nakornratchasima Province, 30000, Thailand	100 %
Eaton Industries (U.K.) Limited	Operations	6 Jephson Court, Tancred Close, Queensway, Royal Leamington Spa, Warwickshire, CV31 3RZ, United Kingdom	100 %
Eaton Industries (Wuxi) Co., Ltd.	Operations	Tsinghua Tongfang High Tech Park, Xishan Economic Development Area, Wuxi, China	100 %
Eaton Industries Company	Operations	1st Floor, 106 Wrights Road, Addington, Christchurch, NZ, 8041, New Zealand	100 %
Eaton Industries EOOD	Operations	83 Gioeshevo Str., Room 412, Floor 4 , Sofia, 1330, Bulgaria	100 %
Eaton Industries G.m.b.H.	General Corporate Administration	Hein-Moeller Straße 7-11, D-53115, Bonn, Germany	100 %
Eaton Industries Holding G.m.b.H.	General Corporate Administration	Airport Center Schönefeld, Mittelstrasse 5-5a, 12529, Schönefeld, Germany	100 %
Eaton Industries Holdings Limited	General Corporate Administration	Canon's Court, 22 Victoria Street, Hamilton Bermuda, 12, Bermuda	100 %
Eaton Industries II G.m.b.H.	Operations	Im Langhag 14, 8307, Illnau-Effretikon, Switzerland	100 %
Eaton Industries II Unlimited Company	General Corporate Administration	Eaton House, 30 Pembroke Road, Dublin 4, D04 Y0C2, Ireland	100 %
Eaton Industries KFT	Operations	Nagyenyed u. 8-14, Budapest, 1123, Hungary	100 %
Eaton Industries LP	General Corporate Administration	Tay House, 300 Bath Street, Glasgow, G2 4NA, United Kingdom	100 %
Eaton Industries Manufacturing G.m.b.H.	General Corporate Administration	Route de la Longeraie 7, 1110, Morges, Switzerland	100 %
Eaton Industries Middle East, LLC	Operations	1209 Orange Street, Wilmington DE 19801, United States	100 %
Eaton Industries Panama S.A.	Operations	Avenida Boulevard El Dorado, Edificio Centro Comercial Boulevard El Dorado Apto 33, El Dorado, Panama, Panama	100 %
Eaton Industries Pte. Ltd.	General Corporate Administration	8 Marina Boulevard #05-02, Marina Bay Financial Centre, Tower 1, Singapore, 018981, Singapore	100 %
Eaton Industries Pty. Ltd.	General Corporate Administration	105 Henderson Road, Rowville Vic 3178, Australia	100 %
Eaton Industries SAC	General Corporate Administration	Calle Amador Merino Reyna No. 496, Int. 201, San Isidro, Lima 18, Peru	100 %
Eaton Industries Sdn. Bhd.	General Corporate Administration	Level 21, Suite 21.01, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia	100 %
Eaton Industries VII Unlimited Company	General Corporate Administration	Eaton House, 30 Pembroke Road, Dublin 4, D04 Y0C2, Ireland	100 %
Eaton Industries XII Unlimited Company	General Corporate Administration	Eaton House, 30 Pembroke Road, Dublin 4, D04 Y0C2, Ireland	100 %
Eaton Industries XX Unlimited Company	General Corporate Administration	Eaton House, 30 Pembroke Road, Dublin 4, D04 Y0C2, Ireland	100 %
Eaton Industries, S. de R.L. de C.V.	General Corporate Administration	Brecha E 99 SN, Parque Industrial Reynosa, Reynosa, Tamaulipas, 88670, Mexico	100 %
Eaton Intelligent Power Limited	General Corporate Administration	Eaton House, 30 Pembroke Road, Dublin 4, D04 Y0C2, Ireland	100 %
Eaton International Industries Nigeria Limited	Operations	81 Adeniyi Jones Street, Lagos, Nigeria	100 %
Eaton IV LP	General Corporate Administration	Tay House, 300 Bath Street, Glasgow, G2 4NA, United Kingdom	100 %

Eaton Japan G.K.	General Corporate Administration	Unizo Nogizaka Building, 8-11-37 Akasaka, Minato-ku, Tokyo, 107-0052, Japan	100 %
Eaton Leasing Corporation	General Corporate Administration	4400 Easton Commons Way, Suite 125, Columbus OH 43219, United States	100 %
Eaton Limited	General Corporate Administration	P.O. Box 554, Abbey Park, Southampton Road, Titchfield, PO14 4QA, United Kingdom	100 %
Eaton LLC	General Corporate Administration	33 Electrozavodskaya Str., Building 4, 107076, Moscow, Russia	100 %
Eaton LP	General Corporate Administration	Tay House, 300 Bath Street, Glasgow, G2 4NA, United Kingdom	100 %
Eaton Ltda.	General Corporate Administration	Rua Clark, 2061, Predio 54, Bairro Macuco, Valinhos, Sao Paulo, 13279-400, Brazil	100 %
Eaton Management Services LLP	General Corporate Administration	145, Off Mumbai Pune Road,, Pimpri,, Pune, Pune, APAC, 411018, India	100 %
Eaton Manufacturing G.m.b.H.	General Corporate Administration	Route de la Longeraie 7, 1110, Morges, Switzerland	100 %
Eaton Manufacturing Hungary Kft.	Operations	Berkenyefa sor 7, Gyor, 9027, Hungary	100 %
Eaton Manufacturing II G.m.b.H.	General Corporate Administration	Route de la Longeraie 7, 1110, Morges, Switzerland	100 %
Eaton Manufacturing III G.m.b.H.	General Corporate Administration	Route de la Longeraie 7, 1110, Morges, Switzerland	100 %
Eaton Manufacturing LP	General Corporate Administration	Tay House, 300 Bath Street, Glasgow, G2 4NA, United Kingdom	100 %
Eaton MEDC Limited	Operations	Unit B, Sutton Parkway, Oddicroft Lane, Sutton-In-Ashfield, NG17 5FB, United Kingdom	100 %
Eaton Moeller B.V.	General Corporate Administration	Europalaan 202, 7559 SC, Hengelo Ov, Netherlands	100 %
Eaton Moeller S.a.r.l.	General Corporate Administration	Rue Eugene Ruppert 12, L-2453 Luxembourg, Luxembourg	100 %
Eaton Phoenixtec MMPL Co. Ltd.	General Corporate Administration	No.269-1, Baodong Rd., Guanmiao Dist., Tainan City 71841, APAC, Taiwan	100 %
Eaton Power (Shanghai) Trading Limited Partnership	General Corporate Administration	Room 209, No. 3, Lane 280, Linhong Road, Changning District,, APAC, China	100 %
Eaton Power Quality (Shanghai) Co., Ltd.	Operations	Mid-west side of 34th factory building, 281 Fasai Rd., Waigaoqiao FTZ, Shanghai, China	100 %
Eaton Power Quality Limited	Operations	1401 Hutchison House, 10 Harcourt Road, Hong Kong	100 %
Eaton Power Quality Private Limited	Operations	No. 2, EVR Street, Sedarapet, Pondicherry, 605 111, India	100 %
Eaton Production International G.m.b.H.	Operations	Hein-Moeller Straße 7-11, D-53115, Bonn, Germany	100 %
Eaton Protection Systems IP G.m.b.H. & Co. KG	General Corporate Administration	Airport Center Schönefeld, Mittelstrasse 5-5a, 12529, Schönefeld, Germany	100 %
Eaton S.A.S.	General Corporate Administration	2 Rue Lavoisier, 78310, Coignieres, France	100 %
Eaton S.r.l.	Operations	Via Privata Maria Teresa, 7, 20123, Milano, Italy	100 %
Eaton Safety Limited	Operations	6 Jephson Court, Tancred Close, Queensway, Royal Leamington Spa, Warwickshire, CV31 3RZ, United Kingdom	100 %
Eaton SAMC (Shanghai) Aircraft Conveyance System Manufacturing Co., Ltd.	Operations	Building 3 No. 12 Jinwen Rd. Zhuqiao Zhen Pudong new distric, Shanghai, China	49 %
Eaton Science & Technology Management (Hainan) Limited Partnership	General Corporate Administration	1-211-570 Enterprise Service Center, , Hainan Future Office Park, No.155 Yuehai Avenue, Xiuying District, Haikou, Hainan, China	100 %
Eaton SE	General Corporate Administration	Hein-Moeller Straße 7-11, D-53115, Bonn, Germany	100 %
Eaton Services S.a.r.L.	General Corporate Administration	Rue Eugene Ruppert 12, L-2453 Luxembourg, Luxembourg	100 %
Eaton Solutions, S. de R.L. de C.V.	General Corporate Administration	De La Montana, 128 Parque Industrial Queretaro, Queretaro, QE 76220, Mexico	100 %
Eaton Technologies (Luxembourg) S.a.r.l.	General Corporate Administration	Rue Eugene Ruppert 12, L-2453 Luxembourg, Luxembourg	100 %
Eaton Technologies G.m.b.H.	General Corporate Administration	Auf der Heide 2, Nettersheim, D-53947, Germany	100 %

Eaton Technologies Private Limited	General Corporate Administration	Cluster C, Wing 1, EON Free Zone, Plot No. 1, Survey No. 77, MIDC Kharadi Knowledge Park, Kharadi, Pune, Maharashtra, 411 014, India	100 %
Eaton Technologies, S. de R.L. de C.V.	General Corporate Administration	Avenida de la Montana Num 128, Parque Indusrtrial Queretaro, Santa Rosa Jauregui, Queretaro, Qro. C.P., 76220, Mexico	100 %
Eaton Teorainn Limited	General Corporate Administration	Eaton House, 30 Pembroke Road, Dublin 4, D04 Y0C2, Ireland	100 %
Eaton Trading (FZC) LLC	General Corporate Administration	Sohar Free Zone, Sohar, North Al Batinah, 322, Oman	100 %
Eaton Trading Company, S. de R.L. de C.V.	General Corporate Administration	Avenida de la Montana Num 128, Parque Indusrtrial Queretaro, Santa Rosa Jauregui, Queretaro, Qro. C.P., 76220, Mexico	100 %
Eaton Truck Components (Proprietary) Ltd.	Operations	CNR Osborn and Esander Rds, Wadeville, Germiston, Gauteng, 1407, South Africa	100 %
Eaton Truck Components Spolka z o.o.	Operations	Ul.30 Stycznia, No. 55, 83-110, Tczew, Poland	100 %
Eaton Truck Components, S. de R.L. de C.V.	General Corporate Administration	Monterrey, Nuevo Leon, Federal District, Monterrey Cty; Federal District Rgn, Mexico	100 %
Electromanufacturas, S. de R.L. de C.V.	Operations	Antiguo Camino a Tlajomulco 60, Santa Cruz de las Flores, Tlajomulco de Zuniga, Jalisco, 45640, Mexico	100 %
Electronic and Electrical Industries Company	Operations	PO Box 1684, Alkhobar, EMEA, 31952, Saudi Arabia	50 %
ETN Asia International Limited	General Corporate Administration	33 Edith Cavell Street, Port Louis, 11324, Mauritius	100 %
ETN Holding 2 Limited	General Corporate Administration	33 Edith Cavell Street, Port Louis, 11324, Mauritius	100 %
ETN Holding 3 Limited	General Corporate Administration	33 Edith Cavell Street, Port Louis, 11324, Mauritius	100 %
Fast Eaton (Baoji) Light Duty Transmission Company Ltd.	Operations	No. 1 Shaan 6 Road Automobile Industry Zone High Technology, Baoji, APAC, China	49 %
Fast Eaton (Xi'an) Drivetrain Company Ltd.	Operations	United Fourth Factory of Xi'an Fast Automotive Transmission Co., Ltd., 129 West Avenue, High-tech district, Xi'an City, Shanxi Province, China	49 %
FHF Bergbautechnik GmbH & Co. KG	Operations	Gewerbeallee 15-19, 45478 Mülheim an der Ruhr, Duisburg, Germany	100 %
FHF Funke+Huster Fernsig GmbH	Operations	Gewerbeallee 15-19, 45478 Mülheim an der Ruhr, Duisburg, Germany	100 %
Flight Refuelling Limited	Operations	Brook Road, Wimborne, Dorset, BH21 2BJ, United Kingdom	100 %
Funke+Huster GmbH	Operations	Gewerbeallee 15-19, 45478 Mülheim an der Ruhr, Duisburg, Germany	100 %
Gardner-Denver International, C.A.	Inactive	Guarenas, Miranda State, Venezuela	100 %
GeCma Components electronic GmbH	Operations	Heinrich-Hertz-Strasse 12, 50170, Kerpen, Germany	100 %
Gitiesse Asia Pte. Ltd.	General Corporate Administration	Blk 196 Pandan Loop #04-15 Pantech Business Hub Singapore , 128384, Singapore	30 %
Gitiesse S.r.l.	Operations	Via Ponte Polcevera 8/14 - 16161, Partita Iva, 01070220106, Genova, Italy	100 %
Green Holding S.a.r.l.	General Corporate Administration	12 rue Eugene Ruppert, Luxembourg, L-2453, Luxembourg	100 %
Grupo Desdemona, S. de R.L. de C.V.	Operations	Av. Santa Fe 481, PISO 16, Santa Fe Caujimalpa, Cuajimalpa De Morelos, Ciudad De Mexico, CP 05348, Mexico	100 %
Grupo Otello, S. de R.L. de C.V.	Operations	Cuernavaca 106 Col. Condesa Cuauhtemoc , Ciudad de Mexico, CP 06140, Mexico	100 %
Guangzhou Nittan Automobile Parts Co., Ltd	Operations	No. 79, Junye Rd., East Area, Econo & Tech Dev. Zone, Guangzhou, Guangdong Province, China	100 %
Hein Moeller Stiftung G.m.b.H.	General Corporate Administration	Hein-Moeller Straße 7-11, D-53115, Bonn, Germany	100 %
Hernis Scan Systems A/S	Operations	Tangen Alle 41, P.O. Box 791 Stoa, Arendal, 4809, Norway	100 %
Huanyu High Tech, Co., Ltd.	Operations	Wenzhou Daqiao Industrial Park, Yueqing City, Zhejiang Province, P.R. China	50 %
Institute for International Product Safety G.m.b.H.	Operations	Hein-Moeller Straße 7-11, D-53115, Bonn, Germany	100 %

Jiangsu Ryan Electrical Co., Ltd.	Operations	No.229 West Huanghai Avenue, Hai'an City, Jiangsu Province, P.R. China.	49 %
Joslyn Sunbank Company, LLC	Operations	1740 Commerce Way, Paso Robles, CA, 93446, United States	100 %
Kaicheng Funke+Huster (Tangshan) Mining Electrical Co., Ltd.	Operations	No. 183 Huoju Road, New & Hi-tech Industrial Park, Trangshan, Hebei, 063020, China	60 %
Lian Zheng Electronics (Shenzhen) Co., Ltd.	Operations	No. 4, Liufang Road, Office 67 Xin'an Streets, Bao'an District, Shenzhen City, Guangdong Province, China	100 %
Martek Power GmbH	Operations	Bachstrasse 6, 77883, Ottersweier, Germany	100 %
Martek Power, S.A. de C.V.	Operations	Calle Doce Norte 20714, Ejido Chilpancingo, Baja California, 22440, Mexico	100 %
McGraw-Edison Development Corporation	Operations	1209 Orange Street, Wilmington DE 19801, United States	100 %
Mission Systems Davenport Inc.	Operations	1209 Orange Street, Wilmington DE 19801, United States	100 %
Mission Systems India Private Limited	Operations	A1, 3rd Floor, TDI Center,, Plot No. 7, Jasola , New Delhi, South Delhi, Delhi, 110025, India	100 %
Mission Systems Orchard Park Inc.	Operations	1209 Orange Street, Wilmington DE 19801, United States	100 %
Mission Systems Wimborne Limited	Operations	Brook Road, Wimborne, Dorset, BH21 2BJ, United Kingdom	100 %
Moeller Electric (Shanghai) Co., Ltd.	Operations	No. 3 Building, Lane 280 Lin Hong Road, Shanghai, 200335, China	100 %
Moeller Electric Ltda.	Operations	Rua Clark, 2061 - Bairro Macuco , Valinhos , Sao Paulo, 13279-400, Brazil	100 %
Moeller Industria de electro-electronicos do Amazonas Ltda.	Operations	Av Ephigenio Sales 86, Adrianopolis, Manaus - Amazonas, 69050-050, Brazil	100 %
MP Group SAS	Operations	19, Rue des Campanules, 77185, Lognes, France	100 %
MTL Instruments B.V.	Operations	Ambacht 6, 5301 KW , Zaltbommel, Netherlands	100 %
MTL Instruments Private Limited	Operations	No 3 Old Mahabalipuram Road, Sholinganallur, Chennai, 600 119, India	100 %
MTL Instruments SARL	Operations	7 Rue des Rosieristes, Champagne Au Mont D'Or, 69410 , France, France	100 %
MTL Italia Srl	Operations	Segrate (MI) Via San Bovio 3 CAP 20090, Italy	100 %
Nittan BVI Co. Ltd.	General Corporate Administration	PO Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands	100 %
Nittan Euro Tech Spolka z o.o.	Operations	Ul. Rudawka 83, 43-382, Bielsko-Biała, Śląskie, Poland	49 %
Nittan Global Tech Co., Ltd.	Operations	Nishi-Shinjuku Bldg. 2F, 8-4-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo, 160-0023, Japan	49 %
Norex AS	Operations	Fekjan 7, Nesbru, 1378, Norway	50 %
Optimum Path Systems (Shanghai) Ltd.	Operations	Room 1204, No. 251 Xiao Muqiao Road, Xuhui District, Shanghai, P.R. China	100 %
Phoenixtec Electronics (Shenzhen) Co., Ltd.	Operations	Building 16 & 6-7F, Building 19 Free Trade Zone, Shatoujiao, Shenzhen, 518081, China	100 %
Phoenixtec International Corp.	Operations	Offshore Incorporations Limited, P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, Virgin Islands, British	100 %
PKL, LLC	Operations	Eaton Center, 1000 Eaton Boulevard, Cleveland OH 44122, United States	49 %
Plumtree I Limited	General Corporate Administration	Eaton House, 30 Pembroke Road, Dublin 4, D04 Y0C2, Ireland	100 %
Power Distribution, Inc.	Operations	4701 Cox Road, Ste 285, Glen Allen VA 23060, United States	100 %
Productos Eaton Livia S.L.	Operations	Ave. Juan Carlos I, Number 13, Torre Garena, Alcalá de Henares , 28806, Madrid, EMEA, Spain	100 %
PT Eaton Industries	General Corporate Administration	Menara Bidakara 2 Lantai 9 Unit 04, JI. Jend. Gatot Subroto Kav 71-73, Jakarta, Indonesia	100 %
PT Ulusoy Electric Indonesia	Operations	Jl. Kayu Manis II Blok F10 No. 3J Kawasan Industri Delta Silicon III, Cikarang Selatan – Jawa Barat, Indonesia 17550	100 %
PT Ulusoy Electric Industry	Operations	JL. Kayu Manis II Blok F10, No. 3K, Kawasan Industri Delta Solicon III, APAC, Indonesia	100 %

PT Fluid Sciences Batam	Operations	Lot 512, Batamindo Industrial Park, Mukakuning, Batam, Riau, 29433, Indonesia	100 %
Riseson International Limited	General Corporate Administration	Unit 902, Tower B, Hunghom Commercial Centre, 37-39 Ma Tau Wai Road, Hunghom, Kowloon, Hong Kong	100 %
Rizhao Nittan Automobile Parts Co., Ltd.	Operations	No. 79 Shantu Road, Wuxi Road, Rizhao Economic Technological Development Area, Rizhao, Shandong Province, China, 276826	49 %
Rizhao SP Automobile Parts Co., Ltd	Operations	No.95, Quanzhou Road, Rizhao Economic Development Zone, Rizhao City, Shandong Province, P.R. China	30 %
Rizhao Yoosung Shinhwa Automobile Parts Co., Ltd.	Operations	West of Modern Road and North of Quanzhou Road, Nantunling Village, Kuishan Subdistrict, Economic and Technical Development District, Rizhao City, Shandong Province, China	100 %
Royal Die & Stamping, LLC	Operations	1209 Orange Street, Wilmington DE 19801, United States	100 %
Royal Precision Holdings Corp.	Operations	1209 Orange Street, Wilmington DE 19801, United States	100 %
Royal Precision Products LLC	Operations	1209 Orange Street, Wilmington DE 19801, United States	100 %
RPTECH De Mexico, S de R.L. de C.V.	Operations	Carretera Estatal 431 Km 2+200 Int. 73, Parque Tecnológico Innovación Querétaro | El Marqués, Querétaro 76246	100 %
RTE Far East Corporation	Operations	No. 114, Sec. 2, , SiWan Road, Sijhih District, New Taipei City, 221, Taiwan	100 %
Santak Electronic (Shenzhen) Co., Ltd.	Operations	No. 8 Baoshi Road, Block 72 Baoan District Shenzhen, China	100 %
Santak Electronics Company Limited	Operations	Unit 902, Tower B, Hunghom Commercial Centre, 37-39 Ma Tau Wai Road, Hunghom, Kowloon, Hong Kong	100 %
Saturn Insurance Company Ltd.	General Corporate Administration	Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda	100 %
Scoremax Limited	General Corporate Administration	Unit 902, Tower B, Hunghom Commercial Centre, 37-39 Ma Tau Wai Road, Hunghom, Kowloon, Hong Kong	100 %
Sefelec GmbH	Operations	77855 Achern,Karl-Bold-Str.40, Achern, Germany	100 %
Sefelec SAS	Operations	19 rue des Campanules, Parc du Mandinet, 77185 Lognes, France	100 %
Senyuan International Holdings Limited	General Corporate Administration	PO Box 2681, George Town, Grand Cayman, KY1-1111, Cayman Islands	100 %
Senyuan International Investments Limited	General Corporate Administration	P.O. Box 3140, Road Town, Tortola, VG1110, Virgin I slands, British	100 %
Shakespeare Holdings LLC	Operations	208 SO Lasalle St, Suite 814, Chicago IL 60604-1101	100 %
Shinhwa Precision Co., Ltd.	Operations	1095-10, Shindang-dong, Dalseo-gu, Daegu, Korea, Republic of Korea	30 %
Silver Light International Limited	Operations	Vistra (BVI) Limited, Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, Virgin Islands, British	100 %
Silver Victory Hong Kong Limited	Operations	5/F East Asia Textile Building, 2 Ho Tin Street, Tuen Nun, New Territories, Hong Kong	100 %
Souriau Dominican Republic, Ltd.	Operations	Canon's Court, 22 Victoria Street, Hamilton, HM 12, Bermuda	100 %
Souriau India Pvt Ltd	Operations	1/516B, Vadakkuthottam Salai, Coimbatore, Tamil Nadu, 641021, India	100 %
Souriau Japan K.K.	Operations	Parale Mitsui Building 15F, 8 Higadashi-cho Kawasaki - ku, Kawasaki-Shi, Kanagawa, 210-0005, Japan	100 %
Souriau MAROC Sarl	Operations	Ilot 63, Lot 1, Zone Franche, Aeroportuaire de Tanger, Route de Rabat, Tanger, 90000, Morocco	100 %
Souriau S.A.S.	Operations	9 rue de la Porte du Buc, Versailles, 78000, France	100 %
Souriau UK Ltd	Operations	4 Cromwell Court, New Street Aylesbury, Bucks HP20 2PB, United Kingdom	100 %
Souriau USA, Inc.	Operations	1209 Orange Street, Wilmington DE 19801, United States	100 %
STP Co., Ltd	Operations	110-7, Cheomdangieop 5-ro,, Sandong-myeon, Gumi-si, Gyeongsangbuk-do, Korea, Korea, Republic of	51 %

Sunbank De Mexico, S. de R.L. de C.V.	Operations	Valle Bonito Industrial Park, Tijuana, Baja California, Mexico	100 %
Sure Power, Inc.	Operations	780 Commercial Street SE, Ste 100, Salem OR 97301, United States	100 %
T.T.M.C. (2012) Ltd	Operations	10 Herzl Avenue, Jerusalem, 9610509, Israel	100 %
Taiwan Nittan Industrial Co., Ltd.	Operations	No.729, Changxing Rd., Bade City, Taoyuan County 334, Taiwan, Taiwan	49 %
Technocontact	Operations	Z.I. des Grands Pres, B.P. 37, Cluses, 74301, France	100 %
The MTL Instruments Group Limited	Operations	Great Marlings, Butterfield, Luton, Bedfordshire, LU2 8DL, United Kingdom	100 %
Tripp Lite of Canada Corp.	Operations	600-1741 Lower Water Street, Halifax NS B3J OJ2, Canada	100 %
Trippe Manufacturing LLC	Operations	208 SO Lasalle St, Suite 814, Chicago IL 60604-1101	100 %
Turlock B.V.	General Corporate Administration	Europalaan 202, 7559 SC, Hengelo Ov, Netherlands	100 %
U.S. Engine Valve Company (Partnership)	Operations	Highway 11 and 123, Westminster, South Carolina 29693	49 %
Ulusoy Elektrik Imalat Taahhut ve Ticaret AS	Operations	1. Organize Sanayi Bölgesi Oğuz Caddesi , No:6 Sincan / Ankara, EMEA, Turkey	94 %
Wright Line LLC	General Corporate Administration	1209 Orange Street, Wilmington DE 19801, United States	100 %

As of December 31, 2023, the Company had the following branches outside of Ireland:

Name	Type	Country
Cooper (China) Co. Ltd	Representative Office	China
Cooper (China) Co., Ltd.	Branch	China
Cooper (China) Co., Ltd.	Branch	China
Cooper Crouse-Hinds B.V.	Branch	Belgium
Cooper Crouse-Hinds GmbH	Liason Office	India
Cooper Industries Global B.V.	Branch	Kazakhstan
Cooper Industries International, LLC	Branch	Philippines
Cooper Industries Vietnam, LLC	Representative Office	Vietnam
Cooper Safety B.V.	Branch	Belgium
Cutler-Hammer Electrical Company	Branch	Puerto Rico
Cutler-Hammer Industries Ltd.	Branch	Dominican Republic
Dubai Techno Park	Branch	United Arab Emirates
Eaton Corporation	Branch	Czech Republic
Eaton Corporation	Branch	Jordan
Eaton Corporation	Branch	Puerto Rico
Eaton Electric Danmark	Branch	Denmark
Eaton Electric Limited	Representative Office	Kenya
Eaton Electric S.I.A.	Branch	Estonia
Eaton Electric S.I.A.	Representative Office	Lithuania
Eaton Electrical S.A.	Branch	El Salvador
Eaton Electrical S.A.	Branch	Guatemala
Eaton Electrical S.A.	Branch	Honduras
Eaton Electrical S.A.	Branch	Nicaragua
Eaton Electrical S.A.	Branch	Panama
Eaton Electrical Systems Limited	Branch	Ireland
Eaton Elektrotechnika s.r.o.	Representative Office	Kazakhstan
Eaton Enterprices (Hungary) Kft	Branch	United Arab Emirates
Eaton Enterprises (Hungary), Limited Liability Company	Branch	Switzerland
Eaton FZE	Representative Office	Jordan
Eaton FZE	Representative Office	Lebanon
Eaton FZE	Representative Office	Oman
Eaton Industries (Spain) SL	Branch	Portugal
Eaton Industries Manufacturing G.m.b.H.	Representative Office	Croatia
Eaton Industries Manufacturing G.m.b.H.	Branch	Korea
Eaton Industries Middle East, LLC	Representative Office	Qatar
Eaton Industries Middle East, LLC	Branch	Kingdom of Bahrain
Eaton Industries Middle East, LLC	Branch	United Arab Emirates
Eaton Industries Middle East, LLC	Branch	Saudi Arabia
Eaton Industries Middle East, LLC	Representative Office	Saudi Arabia
Eaton Industries Middle East, LLC	Representative Office	Saudi Arabia
Eaton Industries Middle East, LLC	Representative Office	Saudi Arabia
Eaton Industries Philippines, LLC	Branch	Philippines
Eaton Industries Pte Ltd	Representative Office	Vietnam
Eaton Manufacturing LP	Representative Office	Ivory Coast (Cote D'Ivoire)
Eaton Manufacturing LP	Branch	Algeria
Eaton Manufacturing LP	Branch	Portugal
Eaton Production International G.m.b.H	Branch	United Kingdom
McGraw-Edison Development Corporation	Branch	Greece
Saudi Arabia Technical and Scientific	Branch	Saudi Arabia
Souriau Dominican Republic, Ltd.	Branch	Bermuda Islands
Swiss Branch of Eaton II LP	Branch	Switzerland
Swiss Branch of Eaton III LP	Branch	Switzerland

Swiss Branch of Eaton Industries LP	Branch	Switzerland
Swiss Branch of Eaton IV LP	Branch	Switzerland
Swiss Branch of Eaton LP	Branch	Switzerland
Swiss Branch of Eaton Manufacturing Limited Partnership	Branch	Switzerland
Swiss Branch of Eaton Services S.a.r.l (Luxembourg)	Branch	Switzerland
Trippe Manufacturing Company	Representative Office	Russia

Eaton Corporation plc

Parent Company Financial Statements
For the Year Ended December 31, 2023

EATON CORPORATION plc
COMPANY STATEMENT OF FINANCIAL POSITION

(In thousands)	Note	December 31 2023	December 31 2022
Fixed Assets			
Financial Assets - Investment in Group Undertakings	4	$ 27,964,451	$ 27,871,174
Current Assets			
Cash at bank and in hand		420	105
Debtors (amounts falling due within one year)	5	7,895	8,793
		8,315	8,898
Total Assets		$ 27,972,766	$ 27,880,072
Capital and Reserves			
Called up share capital presented as equity	6	$ 4,056	$ 4,041
Share premium	7	109,259	29,563
Capital redemption reserve fund	7	943	943
Other reserves	7	1,011,507	915,873
Profit and loss account	7	25,277,261	26,128,759
Total Capital and Reserves		26,403,026	27,079,179
Creditors			
Creditors (amounts falling due after one year)	8	—	585,163
Creditors (amounts falling due within one year)	9	1,569,740	215,730
Total Liabilities		1,569,740	800,893
Total Capital and Reserves and Liabilities		$ 27,972,766	$ 27,880,072

The profit for the financial year amounted to $529,498 (2022: profit $1,862,432).

The accompanying notes are an integral part of the Company Statement of Financial Position.

The Financial Statements were approved by the Board of Directors on February 29, 2024 and signed on its behalf by:

Craig Arnold
Chairman of the Board of Directors

Gerald B. Smith
Director

EATON CORPORATION plc
COMPANY STATEMENT OF COMPREHENSIVE INCOME

		December 31	
(In thousands)	Note	2023	2022
Profit for the financial year	7	$ 529,498	$ 1,862,432
Total other comprehensive income		—	—
Total comprehensive income for the year		$ 529,498	$ 1,862,432

EATON CORPORATION plc
COMPANY STATEMENT OF CHANGES IN EQUITY

(In thousands)	Share capital presented as equity	Share premium	Capital redemption reserve fund	Other reserves	Profit and loss account	Total
January 1, 2022	$ 4,050	$ 814,029	$ 922	$ 817,783	$ 25,039,401	$ 26,676,185
Profit and loss for the period	—	—	—	—	1,862,432	1,862,432
Other comprehensive income	—	—	—	—	—	—
Total comprehensive income for the period	—	—	—	—	1,862,432	1,862,432
Dividends	—	—	—	—	(1,299,306)	(1,299,306)
Bonus issue of serial preference share	—	11,353,330	—	—	(11,353,330)	—
Transfer relating to capital reduction	—	(12,167,359)	—	—	12,167,359	—
Share based payment expense for the period	—	—	—	98,090	—	98,090
Issue of shares under share-based payment plans	12	29,563	—	—	(1,728)	27,847
Repurchase and cancellation of Ordinary shares	(21)	—	21	—	(286,069)	(286,069)
December 31, 2022	4,041	29,563	943	915,873	26,128,759	27,079,179
Profit and loss for the period	—	—	—	—	529,498	529,498
Other comprehensive income	—	—	—	—	—	—
Total comprehensive income for the period	—	—	—	—	529,498	529,498
Dividends	—	—	—	—	(1,378,895)	(1,378,895)
Share based payment expense for the period	—	—	—	95,634	—	95,634
Issue of shares under share-based payment plans	15	79,696	—	—	(2,101)	77,610
December 31, 2023	$ 4,056	$ 109,259	$ 943	$ 1,011,507	$ 25,277,261	$ 26,403,026

Dollar amounts are in thousands unless indicated otherwise.

Note 1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE

Eaton Corporation plc (the 'Company') is a public limited company incorporated and domiciled in the Republic of Ireland. The registered office of the Company is 30 Pembroke Road, Ballsbridge, Dublin 4, Ireland and its incorporation number is 512978. The financial statements were prepared in accordance with Irish law and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), issued by the Financial Reporting Council (Generally Accepted Accounting Practice in Ireland) as it applies to the financial statements of the Company for the year ended 31 December 2023.

The financial statements of Eaton Corporation plc for the year ended 31 December 2023 were authorised for issue by the Board of Directors on February 29, 2024.

Note 2. ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements are prepared under the historical cost convention in accordance with the Companies Act 2014 and are presented in United States dollars ($), which is also the functional currency.

The financial statements have been prepared on the going concern basis. The directors have taken into account all relevant information covering a period of at least twelve months from the date of approval of the financial statements. The directors believe that the Company is well placed to manage its business risks successfully.

Eaton Corporation plc is availing of the reduced disclosure framework under FRS 102 on the basis that Eaton Corporation plc itself meets the definition of a qualifying entity, being a member of a group that prepare publicly available financial statements which give a true and fair view, and in which Eaton Corporation plc is consolidated. The consolidated financial statements, in which these Company financial statements are included are available to the public at its registered office.

Eaton Corporation plc has taken advantage of the following disclosure exemptions under FRS 102:

a. the requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d).
b. the requirements of Section 26 Share Based Payment: paragraph 26.18 (b), 26.19 to 26.21 and 26.23.
c. requirements of Section 33 Related Party Disclosures, paragraph 33.7.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2023 and 2022.

2.2 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for income and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgments have the most significant effect on amounts recognized in the financial statements.

Taxation

Management estimation is required to determine the amount of deferred tax assets that can be recognized based upon likely timing and level of future taxable profits together with assessment of the effect of future tax planning strategies. Management has determined that as there are no future taxable profits against which to offset any carried forward tax losses, a deferred tax asset has not been included in the financial statements.

2.2 Judgements and key sources of estimation uncertainty (continued)

Impairment of investments in group undertakings

Where there are indicators of impairment of investments in group undertakings, the Group performs impairment tests based on fair value less costs to sell or a value in use calculation whichever is higher. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. Management has determined that there are no indicators of impairment in the current year.

2.3 Significant accounting policies

(a) Foreign currency

Transactions in foreign currencies are initially recorded in the entity's functional currency United States dollars by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. All differences are taken to the income statement.

(b) Impairment of investments in group undertakings

The Company assesses at each reporting date whether investments in group undertakings may be impaired. If any such indication exists, the Company estimates recoverable amount of investments. The recoverable amount of an investment is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the investment is impaired and it is reduced to its recoverable amount through an impairment in the income statement.

An impairment loss recognized for investments in group undertaking, is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

During the annual impairment review process performed in 2023 and 2022, management determined that there were no indicators of impairment to the carrying value of the Company's investments in group undertakings as of 31 December 2023 and 2022.

(c) Financial assets

Investments in group undertakings

Investments in subsidiaries are recognized at cost less impairment.

(d) Taxation

Corporation tax is provided on taxable profits at the tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognized in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognized in the financial statements, except that unrelieved tax losses and other deferred tax assets are recognized only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Management has determined that as there are no future taxable profits against which to offset any carried forward tax losses, a deferred tax asset has not been included in the financial statements.

2.3 Significant accounting policies (continued)

(e) Share based payments

The Company and its subsidiaries operate various share-based payment plans. The Company issues Ordinary shares related to these employee equity share programs at various subsidiaries.

The share-based payment expense associated with the share plans is recognized as an expense by the entity which receives services in exchange for the share-based compensation. In these Company only accounts, the profit and loss account is charged with the expense related to the services received by the Company. The remaining portion of the share-based payments expense represent a contribution to group entities and is added to the carrying amount of those investments.

Proceeds received from employees, if any, for the exercise of share-based instruments increase the share capital and share premium accounts of the Company.

(f) Provisions and contingencies

The Company has guaranteed certain liabilities and credit arrangements of the group. These guarantees are accounted for in accordance with Section 21 Provisions and Contingencies of FRS 102. The Company reviews the status of these guarantees at each reporting date and considers whether it is required to make a provision for payment on those guarantees based on the probability of the commitment being called. The Board of Directors have assessed the likelihood that such guarantees will be called as remote. Considering this, the Board of Directors have decided to account for those financial guarantee contracts as contingent liabilities in the financial statements.

A provision is recognized when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

(g) Dividends

Final dividends on Ordinary shares are recognized as a liability in the financial statements only after they have been approved at the Annual General Meeting of the Company. Interim dividends on Ordinary shares are recognized when they are paid.

2.3 Significant accounting policies (continued)

(h) Financial instruments

Cash at bank and in hand

Cash at bank and in hand in the statement of financial position comprise cash at banks and in hand and short-term deposits with an original maturity date of three months or less.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment of debtors are recognized in the income statement in operating expenses.

Debt

Debt is initially recorded in the statement of financial position at the net proceeds, defined as the fair value of the consideration received upon the issue of a capital instrument after deduction of issue costs.

The difference between the amount recognized and the total payments required to be made under the debt (interest and repayment of principal together with any premium) represents the total finance cost, which is accounted for over the term of the debt.

This finance cost is charged to the income statement over the term of the debt at a constant rate of interest on the outstanding amount of the debt. The carrying value of the debt is increased annually by the amount of the finance cost relating to that period, and reduced by the amount of payments made.

(i) Income statement

In accordance with Sections 304 (1) and 304 (2) of the Companies Act, 2014, the Company is availing of the exemption from presenting the individual profit and loss account. For 2023 and 2022, the Company's net profit was $529,498 and $1,862,432, respectively.

(j) Income from shares in group undertakings

Income from shares in group undertakings is recognized at the fair value of the consideration received in the period in which the dividend is declared by the undertaking.

Note 3. HISTORY AND DESCRIPTION OF THE COMPANY

Eaton Corporation plc became the parent company of the Eaton Group following a reorganization that took place in 2012.

The principal activity of Eaton Corporation plc is an investment holding company. At 31 December 2023, it owns all of the outstanding ordinary shares of Cooper Industries Unlimited Company (2022: 100%) and Eaton Industries (Ireland) Limited (2022: 100%) and a 10.1% (2022:10.1%) partnership interest in Eaton GmbH & Co. KG.

Note 4. FINANCIAL ASSETS - Investment in Group Undertakings

January 1, 2022 - at cost	$ 27,776,358
Capital contribution for share based payment expense, including estimated forfeitures of $28 for dividends paid on unvested restricted stock awards	94,816
December 31, 2022 - at cost	27,871,174
Capital contribution for share based payment expense, including estimated forfeitures of $Nil for dividends paid on unvested restricted stock awards	93,277
December 31, 2023 - at cost	$ 27,964,451

At December 31, 2023, the Company had the following subsidiaries:

Company Name	% Shareholding	Registered Office	Nature of Business
Cooper Industries Unlimited Company	100% [1]	30 Pembroke Road, Ballsbridge, Dublin 4, Ireland	Investment Holding
Eaton Industries (Ireland) Limited	100% [2]	30 Pembroke Road, Ballsbridge, Dublin 4, Ireland	Trading Company
Eaton GmbH & Co. KG	10.1% [3]	Alegis Rheinland GmbH Steuerberatungsgesellschaft, Bornestrasse 10, 40211, Dusseldorf, Germany	Real Estate Holding Company

[1] 163,600,724 ordinary shares of $0.01 par value
[2] 160,200,100 ordinary shares of $0.01 par value
[3] The interest in Eaton GmbH & Co. KG represents a partnership interest with the remaining 89.9% being held indirectly by the Company.

Note 5. DEBTORS (amounts falling due within one year)

	December 31	
	2023	2022
Amounts due from subsidiary undertakings	$ 7,895	$ 8,793
	$ 7,895	$ 8,793

Note 6. CALLED UP SHARE CAPITAL

	December 31	
	2023	2022
Authorized		
750,000,000 Ordinary shares of $0.01 par value each	$ 7,500	$ 7,500
10,000,000 Serial preferred shares of $0.01 par value each	100	100
10,000 A Preferred shares of $1.00 par value each	10	10
40,000 Deferred ordinary shares of €1.00 par value each	52	52
	$ 7,662	$ 7,662
Allotted, called-up and fully paid share capital		
399,395,453 (2022: 397,848,115) Ordinary shares of $0.01 par value each	$ 3,994	$ 3,979
10,000 A Preferred shares of $1.00 par value each	10	10
40,000 Deferred ordinary shares of €1.00 par value each	52	52
	$ 4,056	$ 4,041

During the year, 1,547,338 ordinary shares of $0.01 par value each were issued under share-based payment plans. The consideration received for the shares issued was $0.08 billion.

The holders of Ordinary shares are entitled to dividends, have voting rights and participate pro rata in the total assets of the Company in the event of its winding up.

The holders of Deferred ordinary shares are not entitled to receive dividends or vote. Upon a return of assets, whether on liquidation or otherwise, the Deferred ordinary shares shall entitle the holder to the repayment of the amounts paid up on such shares after repayment of the capital paid up on the Ordinary shares, plus the payment of $5 million on each of the Ordinary shares and the holders of the Deferred ordinary shares shall not be entitled to any further participation in the assets or profits of the Company.

The A Preferred shares are non-voting, have the right to receive dividends at twice the dividend paid per Ordinary share. The holder of the shares has agreed that the A Preferred shares are to be subject to call by the Company at par value at any time 5 years after their issuance.

Note 7. RESERVES

	Share premium	Capital redemption reserve fund	Other reserves	Profit and loss account	Total
January 1, 2022	$ 814,029	$ 922	$ 817,783	$25,039,401	$26,672,135
Dividends	—	—	—	(1,299,306)	(1,299,306)
Bonus issue of serial preferred share	11,353,330	—	—	(11,353,330)	—
Transfer relating to capital reduction	(12,167,359)	—	—	12,167,359	—
Share based payment expense for the period	—	—	98,090	—	98,090
Issue of shares under share-based payment plans	29,563	—	—	(1,728)	27,835
Repurchase and cancellation of Ordinary shares	—	21	—	(286,069)	(286,048)
Profit and loss for the period	—	—	—	1,862,432	1,862,432
December 31, 2022	29,563	943	915,873	26,128,759	27,075,138
Dividends	—	—	—	(1,378,895)	(1,378,895)
Share based payment expense for the period	—	—	95,634	—	95,634
Issue of shares under share-based payment plans	79,696	—	—	(2,101)	77,595
Total comprehensive income for the period	—	—	—	529,498	529,498
December 31, 2023	$ 109,259	$ 943	$ 1,011,507	$25,277,261	$26,398,970

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs. On 22 June 2022, The High Court confirmed the reduction of Company capital standing to the credit of the share premium account, being an amount of $12,167,359, under Section 85(1) of the Companies Act 2014, with such amount being treated as profits available for distribution as defined by Section 117 of the Companies Act 2014.

Capital redemption reserve fund

This reserve represents the nominal value of shares cancelled.

Other reserves

This reserve is used to recognize the value of equity-settled share-based payments provided to employees of the group as part of their remuneration.

Profit and loss account

Included in the profit and loss account is Dividend Income received in 2023 of $0.5 billion (2022: $1.9 billion) from Cooper Industries Unlimited Company and $0.4 billion (2022: $0.2 billion) from Eaton Industries (Ireland) Limited.

Note 8. CREDITORS (amounts falling due after one year)

	December 31	
	2023	2022
Notes payable to subsidiary undertakings falling due within two to five years	$ —	$ 585,163
Total creditors (amounts falling due after one year)	$ —	$ 585,163

The notes payable are unsecured.

Note 9. CREDITORS (amounts falling due within one year)

	December 31	
	2023	2022
Accruals	$ 1,079	$ 80
Amounts due to subsidiary undertakings	294,272	214,011
Notes payable to subsidiary undertakings	1,274,389	1,639
Total creditors (amounts falling due within one year)	$ 1,569,740	$ 215,730

The notes payable are unsecured.

Note 10. LOANS

Notes repayable, included within creditors, are analysed as follows:

	December 31	
	2023	2022
Repayable within one year	$ 1,274,389	$ 1,639
Repayable within two to five years	—	585,163
	$ 1,274,389	$ 586,802

Details of loans are as follows:

	December 31	
	2023	2022
Interest at 6.08243% repayable in 2023	$ —	$ 1,639
Interest at 0.75% repayable in 2024	607,089	—
Interest at 5.60414% repayable in 2024	328,500	—
Interest at 6.26820% repayable in 2024	202,600	—
Interest at 5.92700% repayable in 2024	102,424	—
Interest at 5.69571% repayable in 2024	14,900	—
Interest at 6.26386% repayable in 2024	11,000	—
Interest at 6.29882% repayable in 2024	5,500	—
Interest at 5.91571% repayable in 2024	1,500	—
Interest at 5.75771% repayable in 2024	400	—
Interest at 5.90929% repayable in 2024	300	—
Interest at 5.91729% repayable in 2024	176	—
Repayable within one year	$ 1,274,389	$ 1,639

	December 31	
	2023	2022
Interest at 0.75% repayable in 2024	$ —	$ 585,163
Repayable within two to five years	$ —	$ 585,163

Note 11. SHARE BASED PAYMENTS

The Income statement includes $2.356 million for 2023 and $3.302 million for 2022 of share-based Directors' fees. The remaining portion of the share-based payment expense of $93.277 million, including estimated forfeitures of $Nil for dividends paid on unvested restricted stock awards, for 2023 and $94.816 million including estimated forfeitures of $28 for dividends paid on unvested restricted stock awards, for 2022 has been included as a capital contribution in Investment in Subsidiaries (Note 4). As required in accordance with FRS 102 Section 26.18(a) a description of each type of share-based payment arrangement that existed at any time during the period, including the general terms and conditions of each arrangement, such as vesting requirements, the maximum term of options granted, and the method of settlement is included in Note 17 to the consolidated financial statements.

Note 12. RELATED PARTY TRANSACTIONS

Directors' fees and expenses

The Income statement includes $9.930 million for 2023 and $11.121 million for 2022 of Directors' fees and expenses, including share-based Directors' fees.

In accordance with Section 33 paragraph 1A of FRS 102, disclosures need not be given of transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member. The Company has availed of this exemption.

Note 13. TAXATION

The company has incurred tax losses in the year that are available indefinitely for offset against future taxable profits. A deferred tax asset has not been recognized in respect to these losses as it is not probable that they will be recovered against future taxable profits. It is expected that the tax losses arising in the year will be group relieved to other group undertakings. The Company has accumulated tax losses of $7.1 million (2022: $7.1 million) that are available indefinitely for offset against future taxable profits.

In December 2023, Ireland enacted legislation to implement a 15% global minimum effective tax rate by country as established by the Organization for Economic Co-operation and Development (OECD), with effective dates of January 1, 2024, and January 1, 2025, for different aspects of the rules. The Company, as a qualifying entity within the Group, is within the scope of the enacted legislation.

Quantitative information regarding the exposure of the Company, as an individual entity, to additional income tax from this legislation is currently not known or reasonably estimable as rules are still evolving. The Company will continue to evaluate the impact of global minimum tax legislation as enacted by Ireland and other countries in which we operate and expects to complete its evaluation during 2024.

Note 14. CONTINGENT LIABILITIES

The company has provided cross guarantees to third parties in respect of certain liabilities of the group undertakings. The total of all such guarantees at 31 December 2023 was $11.3 billion (2022: $11.6 billion).

Note 15. EVENTS AFTER THE REPORTING PERIOD

On February 29, 2024, Eaton's Board of Directors declared a quarterly dividend of $0.94 per ordinary share, a 9% increase over the dividend paid in the fourth quarter of 2023. The dividend is payable on March 29, 2024 to shareholders of record on March 11, 2024.

Note 16. AUDITORS' REMUNERATION

The fees paid to Ernst & Young Ireland in respect of the audit of the Company individual accounts were $0.1 million in each of 2023 and 2022. In addition, Ernst & Young Ireland received fees of $0.8 million and $0.7 million in 2023 and 2022, respectively, for other assurance services. Ernst & Young Ireland received $0.1 million in each of 2023 and 2022 for tax advisory services. Ernst & Young Ireland did not receive any fees for other non-audit services in 2023 and 2022. Note 24 to the consolidated financial statements provides additional information regarding Auditors' remuneration.