

Eaton Corp plc  
Form DEF 14A  
March 16, 2018  
**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

**SCHEDULE 14A INFORMATION**

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES  
EXCHANGE ACT OF 1934  
(Amendment No. )**

Filed by the Registrant    Filed by a Party other than the Registrant

**Check the appropriate box:**

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14A-6(E)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

**Eaton Corporation plc**

*(Name of Registrant as Specified in Its Charter)*

*Name of Person(s) Filing Proxy Statement if other than the Registrant)*

**Payment of Filing Fee (Check the appropriate box):**

**No fee required.**

**Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.**

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:

**Fee paid previously with preliminary materials.**

**Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.**

- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

2018 Annual General Meeting of Shareholders

Proxy Statement &  
Notice of Meeting

**OUR  
VISION**

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

**LEADERSHIP  
ATTRIBUTES**

Our culture and what we value are represented in the attributes of all Eaton employees.

**Ethical:** We are ethical. We play by the rules and act with integrity.

**Passionate:** We are passionate. We care deeply about what we do. We set high expectations and we perform.

**Accountable:** We are accountable. We seek responsibility and take ownership. We do what we say.

**Efficient:** We are efficient. We value speed and simplicity.

**Transparent:** We are transparent. We say what we think. We make it okay to disagree.

**Learn:** We learn. We are curious, adaptable and willing to teach what we know.

**Notice of Eaton Corporation plc's Annual General Meeting**

MEETING AGENDA:

1. Electing the 12 director nominees named in the proxy statement;
2. Approving the appointment of Ernst & Young LLP as independent auditor for 2018 and authorizing the Audit Committee of the Board of Directors to set its remuneration;
3. Approving, on an advisory basis, the Company's executive compensation;
4. Approving a proposal to grant the Board authority to issue shares under Irish law;
5. Approving a proposal to grant the Board authority to opt-out of preemption rights under Irish law;
6. Authorizing the Company and any subsidiary of the Company to make overseas market purchases of Company shares; and
7. Transacting any other business that may properly come before the meeting.

Proposals 1, 2, 3, 4 and 6 are ordinary resolutions requiring a simple majority of the votes cast at the meeting. Proposal 5 is a special resolution requiring at least 75% of the votes cast at the meeting. Each proposal is more fully described in this proxy statement.

Also during the meeting, management will present Eaton's Irish Statutory Accounts for the fiscal year ended December 31, 2017 along with the related directors' and auditor's reports.

If you hold your shares in your broker's name and wish to vote in person at the annual general meeting, you must contact your broker and request a legal proxy. See page 69 for additional information.

By order of the Board of Directors,

**Thomas E. Moran**

Senior Vice President and Secretary

March 16, 2018

**YOUR VOTE IS IMPORTANT. WE ENCOURAGE YOU TO VOTE.**

If possible, please vote your shares using the Internet instructions found in the Notice. Alternatively, you may request a printed copy of the proxy materials and mark, sign, date and mail your proxy form in the postage-paid envelope that will be provided. Voting by any of these methods will not limit your right to vote in person at the annual general meeting. **Under New York Stock Exchange rules, if you hold your shares in “street” name through a brokerage account, your broker *will NOT* be able to vote your shares on non-routine matters being considered at the annual general meeting unless you have given instructions to your broker prior to the meeting on how to vote your shares. Proposals 1 and 3 are not considered routine matters under New York Stock Exchange rules. This means that you must give specific voting instructions to your broker on how to vote your shares so that your vote can be counted.**

Date: **April 25, 2018**  
Time: **8:00 a.m. local time**  
Location: **Eaton House**  
**30 Pembroke Road**  
**Dublin 4, Ireland**

Record date: February 26,  
2018

Online proxy delivery and voting: As permitted by the Securities and Exchange Commission, we are making this proxy statement, the Company’s annual report to shareholders and our Irish statutory accounts available to our shareholders electronically via the Internet. We believe electronic delivery expedites your receipt of materials, reduces the environmental impact of our annual general meeting and reduces costs significantly. The Notice Regarding Internet Availability of Proxy Materials (the “Notice”) contains instructions on how you can access the proxy materials and how to vote online. If you received the Notice by mail, you will not receive a printed copy of the proxy materials unless you request one in accordance with the instructions provided in the

Notice. The Notice has been mailed to shareholders commencing on March 16, 2018 and provides instructions on how you may access and review the proxy materials on the Internet and how to vote.

Edgar Filing: Eaton Corp plc - Form DEF 14A

Important Notice Regarding the Availability of Proxy Materials for the Annual General Meeting of Shareholders to be held on April 25, 2018: This proxy statement, the Company's 2017 Annual Report to Shareholders and our Irish Statutory Accounts for the year ended December 31, 2017 are available at [www.proxyvote.com](http://www.proxyvote.com).



## Table of Contents

<b><u>Proxy Summary</u></b>	<b><u>1</u></b>
<b><u>Proposal 1: Election of Directors</u></b>	<b><u>6</u></b>
<u>Our Nominees</u>	<u>6</u>
<u>Director Nomination Process</u>	<u>11</u>
<u>Director Qualifications and Board Diversity</u>	<u>11</u>
<u>Shareholder Recommendations of Director Candidates</u>	<u>12</u>
<u>Director Independence</u>	<u>12</u>
<u>Review of Related Person Transactions</u>	<u>13</u>
<u>Board Committees</u>	<u>14</u>
<u>Committee Charters and Policies</u>	<u>16</u>
<u>Board Meetings and Attendance at Annual General Meeting</u>	<u>16</u>
<u>Board Governance Policies</u>	<u>16</u>
<u>Executive Sessions of the Non-employee Directors</u>	<u>16</u>
<u>Leadership Structure</u>	<u>17</u>
<u>Lead Director</u>	<u>17</u>
<u>Oversight of Risk Management</u>	<u>17</u>
<u>Code of Ethics</u>	<u>18</u>
<u>Communicating with the Board</u>	<u>18</u>
<b><u>Proposal 2: Appointment of Independent Auditor and</u></b>	
<b><u>Authorization of Audit Committee to Set Auditor</u></b>	<b><u>19</u></b>
<b><u>Remuneration</u></b>	
<u>Audit Committee Report</u>	<u>19</u>
<b><u>Proposal 3: Advisory Approval of the Company's</u></b>	
<b><u>Executive Compensation</u></b>	<b><u>21</u></b>
<u>Compensation Discussion and Analysis</u>	<u>23</u>
<u>Compensation Tables</u>	<u>44</u>
<u>2017 CEO Pay Ratio</u>	<u>59</u>
<u>2017 Director Compensation</u>	<u>60</u>
<b><u>Proposal 4: Granting the Board Authority to Issue Shares</u></b>	<b><u>62</u></b>
<b><u>Proposal 5: Granting the Board Authority to Opt-Out of</u></b>	
<b><u>Pre-emption Rights</u></b>	<b><u>63</u></b>
<b><u>Proposal 6: Authorization of the Company and Any</u></b>	
<b><u>Subsidiary of the Company to Make Overseas Market</u></b>	<b><u>65</u></b>
<b><u>Purchases of Company Shares</u></b>	
<b><u>Other Business</u></b>	<b><u>67</u></b>
<b><u>Share Ownership Tables</u></b>	<b><u>67</u></b>
<b><u>Other Information</u></b>	<b><u>69</u></b>
<u>Equity Compensation Plans</u>	<u>69</u>
<u>Admission to the Annual General Meeting</u>	<u>69</u>
<u>Proxy Solicitation</u>	<u>69</u>
<u>How Proxies Will Be Voted</u>	<u>70</u>
<u>Voting at the Meeting</u>	<u>70</u>
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	<u>70</u>
<u>Future Shareholder Proposals and Director Nominations</u>	<u>71</u>
<u>Mailings to Shareholders in the Same Household</u>	<u>71</u>

**EATON** 2018 Proxy Statement and Notice of Meeting

[Back to Contents](#)

## Proxy Summary

This summary provides an overview of the items that you will find elsewhere in this proxy statement. We encourage you to read the entire proxy statement for more information about these topics before voting.

This proxy statement, the accompanying proxy form, Eaton's annual report for the year ended December 31, 2017 and our Irish Statutory Accounts for the year ended December 31, 2017 will be made available or sent to shareholders commencing on or about March 16, 2018.

Throughout this proxy statement, all references to our Board of Directors (or its committees) or officers for periods prior to November 30, 2012, are references to the Board of Directors (or its committees) or officers of Eaton Corporation, our predecessor. Similarly, all references to the Company for such periods refer to Eaton Corporation.

## MEETING AGENDA VOTING MATTERS

This year there are six proposals on the agenda. Adoption of Proposals 1, 2, 3, 4 and 6 requires the affirmative vote of a majority of ordinary shares represented at the meeting in person or by proxy. Adoption of Proposal 5 requires the affirmative vote of at least 75% of ordinary shares represented at the meeting in person or by proxy.

Proposals	Board Voting Recommendations	Page
<b>Proposal 1</b> To elect the 12 director nominees named in this Proxy Statement	FOR each nominee	6
<b>Proposal 2</b> To appoint Ernst & Young LLP as independent auditor for the 2018 fiscal year and to authorize the Audit Committee to set the auditor fees	FOR	19
<b>Proposal 3</b> To approve, on an advisory (non-binding) basis, our named executive officers' compensation as described in this Proxy Statement	FOR	21
<b>Proposal 4</b> To approve a proposal to grant the Board authority to issue shares under Irish law	FOR	62
<b>Proposal 5</b> To approve a proposal to grant the Board authority to opt-out of pre-emption rights under Irish law	FOR	63
<b>Proposal 6</b> To authorize the Company and any subsidiaries of the Company to make overseas market purchases of Company shares	FOR	65

[Back to Contents](#)**BOARD AND GOVERNANCE FACTS**

In addition to executive compensation practices that strongly link pay and performance, Eaton's Code of Ethics and Board of Directors Governance Policies help to ensure that we "do business right." For more information about our governance programs and Board of Directors, see Proposal 1 beginning on page 6.

Board and Governance Information	2017	Board and Governance Information	2017
Size of Board	12	Independent Directors Meet without Management Present	Yes
Average Age of Directors	63.4	Director Stock Ownership Guidelines	Yes
Number of Independent Directors	10	Mandatory Retirement Age	Yes
Board Meetings Held in 2017 (average director attendance 95%)	4	Board Orientation and Continuing Education Program	Yes
Annual Election of Directors	Yes	Code of Ethics for Directors, Officers and Employees	Yes
Majority Voting For Directors	Yes	Succession Planning	Yes
Lead Independent Director	Yes	Comprehensive Sustainability Program	Yes

**EATON 2018 Proxy Statement and Notice of Meeting** 2

[Back to Contents](#)

## DIRECTOR NOMINEES

Each director nominee is elected annually by a majority of votes cast. For more information about our nominees, see pages 6 through 10 of this proxy statement.

Name	Age	Director Since	Board Committee Memberships			Other Public Company Boards
			Independent Audit & Organization	Executive* Finance	Governance	
<b>Craig Arnold</b> Chairman, Eaton Corporation plc and CEO, Eaton Corporation	57	2015				1
<b>Todd M. Bluedorn</b> Chairman and CEO, Lennox International Inc.	54	2010				2
<b>Christopher M. Connor</b> <b>Lead Director</b> Retired Chairman and Chief Executive Officer, The Sherwin-Williams Company	61	2006				2
<b>Michael J. Critelli</b> Retired Chairman and Chief Executive Officer, Pitney Bowes Inc.	69	1998				-
<b>Richard H. Fearon</b> Vice Chairman and Chief Financial and Planning Officer, Eaton Corporation	62	2015				1
<b>Charles E. Golden</b> Retired Executive	71	2007				1

Vice President and CFO, Eli Lilly and Company			
<b>Arthur E. Johnson</b>			
Retired Senior Vice President, Corporate Strategic Development, Lockheed Martin Corporation	71	2009	1
<b>Deborah L. McCoy</b>			
Independent aviation safety consultant	63	2000	-
<b>Gregory R. Page</b>			
Retired Chairman and Chief Executive Officer, Cargill, Incorporated	66	2003	2
<b>Sandra Pinalto</b>			
Retired President and CEO of the Federal Reserve Bank of Cleveland	63	2014	3
<b>Gerald B. Smith</b>			
Chairman and CEO, Smith Graham & Co.	67	2012	-
<b>Dorothy C. Thompson</b>			
Retired Chief Executive, Drax Group plc	57	2016	-

\* Mr. Arnold was a member of the Executive Committee for all of 2017 and serves as Committee Chair.

Member Chair

Each of the non-employee directors serves a four-month term.

[Back to Contents](#)

## LINKING PAY WITH PERFORMANCE

### Pay for Performance Culture

Our executive compensation programs reflect the belief that the amount earned by our executives must, to a significant extent, depend on achieving rigorous Company, business unit and individual performance objectives designed to enhance shareholder value. This illustration shows the payouts as a percentage of target under our performance-based annual and long-term incentive programs and total return to shareholders over the last five years. As described on page 25, in 2015, we changed the length of our performance-based long-term award periods from four to three years. As a result, two long-term performance periods ended on December 31, 2017. Awards for each period were earned at 25% of target.

The table illustrates the correlation between pay and the performance we are delivering to our shareholders.

## TOTAL SHAREHOLDER RETURN AND PERFORMANCE-BASED INCENTIVE PLAN PAYOUTS

[Back to Contents](#)

## EXECUTIVE COMPENSATION

We design our executive compensation plans and programs to help us attract, motivate, reward, and retain highly qualified executives who are capable of creating and sustaining value for our shareholders over the long term. We endorse compensation actions that fairly reflect company performance as well as the responsibilities and personal performance of individual executives.

### Executive Compensation Program Highlights

Our executive compensation programs are intended to align the interests of our executives with those of our stakeholders and are structured to reflect best practices. Some features of our programs are included in the following chart.

### 2017 EXECUTIVE COMPENSATION PRACTICES

#### **What We Do:**

Focus on long-term compensation using a balanced portfolio of compensation elements such as cash and equity, and deliver rewards based on sustained performance over time

Stock ownership requirements for executives (6X base salary for CEO)

Caps in our short- and long-term incentive plans, which prevent unintended windfalls

Compensation recovery policy (clawbacks)

Use of targeted performance metrics to align pay with performance

#### **What We Don't Do:**