



**Rockwell  
Automation**

2016 CORPORATE  
RESPONSIBILITY REPORT

# 2016 CRR

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# SOCIAL RESPONSIBILITY AND SUSTAINABILITY KEY PRINCIPLES



- We respect and support the dignity of all workers and our company policies and practices are designed to uphold worker human rights.
- We embrace equal employment opportunities, reject illegal employment discrimination in any form and strive to treat all employees with fairness and dignity.
- We are committed to demonstrating the highest standards of health and safety for our employees and customers.
- We strive to continually improve our environmental performance including resource conservation and pollution prevention.
- We are committed to making a positive impact on the communities in which we live and work.
- We adhere to a Code of Conduct based on principles and laws that guide the decisions and actions of our employees and suppliers.

You'll find our complete Global Social Responsibility and Sustainability Policy on our website.



# From Blake Moret

## P R E S I D E N T A N D C E O

It's a privilege to share my perspective on corporate responsibility for the first time. I joined Rockwell Automation 31 years ago and became president and CEO in July, 2016. I'm very proud of the legacy of caring and environmental stewardship that I've inherited, and I'm committed to building on this legacy as we move forward. Never has it been more important that we fulfill our obligation as an iconic global company to set an example for our employees, customers, partners, shareholders and communities.

We start with our mission to improve the quality of life by making the world more productive and sustainable. Our accomplishments in 2016 were significant. Once again, the Ethisphere Institute named us one of the World's Most Ethical Companies and the Dow Jones Sustainability North American Index listed us as a member. *Newsweek* ranked us among the Top Green Companies in the U.S. (#7). I'm especially proud to see that our employees worked more safely than the year before, with safety performance that was among the best in our industry.

As CEO, inclusion and engagement are priorities for me. Every three years, we conduct our Global Voices employee engagement survey. In 2016 we continued to have a strong, stable Employee Engagement Index score that was significantly higher than comparable global companies. I believe there is a strong correlation between highly engaged employees and customer loyalty.

We are a global technology leader that focuses all of our passion and knowledge on making our customers more productive. Today, industrial automation is less about adding capacity and more about efficiently using what you have to achieve the next level of productivity. With our innovation and extensive understanding of industrial processes, we help customers do more with less through smarter, safer and more sustainable manufacturing.

As important as it is to invest in the next breakthrough innovation, it's equally important to us to invest in developing our current and future workforce. Technology has driven our industry forward, but a global skills gap that leaves millions of jobs unfilled threatens to hold us back. We strongly support the concept of lifelong learning for recent graduates and experienced employees, including our own and those of our customers. For the future workforce, we contribute thousands of volunteer hours and millions of dollars to the success of *FIRST* (For Inspiration and Recognition of Science and Technology) and other STEM (Science, Technology, Engineering and Math) programs. Employees want to know that their work is important, they will have the tools and training to succeed, and they will have the opportunity to advance their careers.

These are the issues we care about deeply and where we feel we need to lead. We're grateful for the mutual interest you have in these topics and in our efforts and progress. As always, we welcome your thoughts and ideas.

Sincerely,



Blake D. Moret

# Corporate Responsibility

AT A GLANCE 2016

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## FINANCIAL

SALES OF **\$5.9 billion**  
ADJUSTED EPS OF **\$5.93**

Serving Customers for 113 Years • Innovation  
• Domain expertise  
• Culture of integrity & corporate responsibility



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## SUSTAINABILITY

### Dow Jones Sustainability Indices

Named to Dow Jones Sustainability North American Index for the **sixth time**



### FTSE4Good

Listed on FTSE4Good Index of Companies for **more than a decade**



Top Green Companies in the U.S. (#7)

- Most energy consumption and carbon footprint is from electricity used to light, heat and cool buildings (known as Scope 2, indirect emissions)
- Our energy intensity is down 23% from our 2008 baseline, moving toward our 30% reduction goal
- Met goal of using less water in the current year than the year before. Water use is primarily to drink and for plumbing and sanitary purposes, and for cooling and cleaning in manufacturing
- In 2016, we deferred 82% of our waste from landfills, exceeding our annual 80% goal
- Number of locations certified to **ISO 14001** environmental management system: **22**
- Earned Wisconsin Sustainable Business Council Green Masters Certification

## EMPLOYEES



**22,000** EMPLOYEES – more than half outside the U.S.



Earned a perfect score of 100% on the Human Rights Campaign's Corporate Equality Index for the **fifth** consecutive year



Ranked one of the Top **100 Most Attractive Employers** in China

## SAFETY

0.36

Global safety performance, as measured by Recordable Case Rate (0.36), remained best in class in 2016 when compared to the average private industry rate and the average rate for electronic manufacturing peers



Number of locations certified **OHSAS 18001** occupational health and safety standard: **14**

Winner: Singapore Ministry of Manpower's Workplace Safety and Health Council's Excellence Award

## INTEGRITY



Named to Ethisphere Institute "World's Most Ethical Companies" list for the **eighth time**

## SUPPLIER DIVERSITY

Spent **\$85+ million** with nearly 725 U.S. businesses owned by executives who are minority, female, LGBT, or disabled veterans

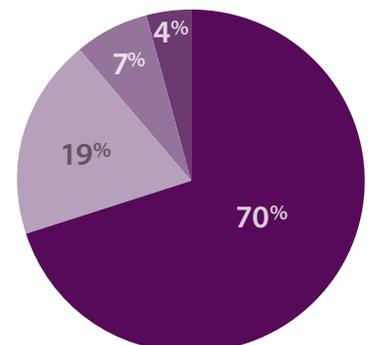
## CHARITABLE GIVING

**\$8.3 million**

Rockwell Automation contributed cash and in-kind donations globally to education, human services, arts and culture, and civic organizations in 2016

Announced new **four-year \$12 million commitment** of cash and product to *FIRST*

Education **70%**  
Human Services **19%**  
Arts & Culture **7%**  
Civic **4%**



# SUSTAINABLE | Customers

Rockwell Automation touches your life every day. We are the largest company in the world focused solely on industrial automation and information with 22,000 employees in more than 80 countries that serve customers in almost every industry. Our products, solutions and services are designed to meet our customers needs to reduce total cost of ownership, maximize asset utilization, improve time to market and reduce business risk. Customers use our innovative technologies to help run cleaner, safer and more energy efficient processes, whether it's to bring life-saving medicines to market faster, make clean drinking water more available or improve the quality of your favorite products.

## *Information Powers Smart, Safe and Sustainable Manufacturing*

Information powers today's smart, safe and sustainable manufacturers with intelligent devices that self-analyze, do predictive diagnostics and adapt to changes quickly. Integrated control and information systems help operations make better decisions. Seamless information sharing that spans people, processes and technologies across global and remote operations leads to better collaboration, faster problem-solving and increased productivity.

That's our vision for what we call The Connected Enterprise. With our innovation and expertise, we help our customers and partners take advantage of emerging technologies to get the most value out of their operations and manufacturing investments for smarter, safer and more sustainable production.

Long-time customer Wonderful Pistachios built a new production facility in California where our

control technology platform manages the daily processing of 5.6 million pounds of nuts. Plant automation includes smart motor control centers preconfigured with software that gathers real-time production and diagnostic data, trend information and other important metrics. Facility operators access the data directly from the controllers and can pull historical production reports to quickly

determine — and, if necessary, adjust — production variables, such as dryer temperatures and roaster speeds. The new facility has exceeded initial production volume estimates by 15 percent, helping Wonderful Pistachios meet the increasing demand for its global snack sensation.



Along with managing basic material usage and formulation, pharmaceutical manufacturers must maintain precise temperature and humidity levels.



## Rockwell Automation Technologies Contribute to Sustainable Viticulture

Yalumba, Australia's oldest family-owned winery, is committed to sustainable viticulture starting in the vineyard and extending to every aspect of winemaking, production, packaging and distribution.

Its Oxford Landing Estate Winery is an award-winning, environmentally-friendly plant that uses our advanced automation and processing control technologies to improve efficiency, quality and sustainability. This includes a refrigeration system with the option of off-peak loading to reduce electricity costs and power consumption through maximized compressor efficiency. In addition, hot return ammonia gas heats water used for washing tanks throughout the plant. The winery also has its own complete wastewater recycling plant.

The GlaxoSmithKline plant in Zebulon, North Carolina makes 500 products (30 different brands) in temperature- and humidity-controlled environments to ensure product integrity. But the 30-year-old plant had a 20-year-old environmental management system and an aging building management system. With our distributed control technologies, the plant upgraded and unified its environmental and building management systems, optimized production for leaner manufacturing, saved energy and increased data visibility and access for operators.

In the United Kingdom, the staff of 8,000 at the York Teaching Hospital NHS Foundation Trust treats more than 700,000 patients a year, with energy requirements similar to those of a small town. When the energy infrastructure of the institution, built in the 1970s, was reaching end of life, the hospital took the opportunity to make significant improvements in the way it generates and consumes heat and power. Our technology is at the heart of an energy

control system that allows the hospital to collect data from gas, steam, electrical and heat meters every 30 minutes and will help the hospital enhance electricity resilience, reduce energy consumption and reduce its carbon footprint.

### *Top Manufacturers See Safety as a Social and Fiscal Responsibility*

As the world's leading provider of industrial safety automation, we help manufacturers achieve safe, sustainable and productive operations. Studies have repeatedly found that manufacturers achieve greater gains in operational efficiency — and employee safety — when they implement comprehensive programs that address safety culture, implement plant and engineering compliance procedures, and invest in modern safeguarding and automation technology. For these best-in-class manufacturers, a safe workplace is both socially and fiscally responsible. An investment in safety is an investment in productivity.



## Yuhan-Kimberly Increases Productivity and Safety through Single Control Platform

Population growth in Asia has created increased demand for consumer products including tissue, toilet paper and kitchen towels. To meet the need, Yuhan-Kimberly, the continent's top producer of personal hygiene and household products, modernized its automation system at its Kimcheon, Korea facility with Rockwell Automation technology. The upgrade incorporated machine safety into the system's single control platform, enabling the plant to increase both productivity and safety.

Today's increasingly connected operations present further opportunities to substantially improve safety compliance and performance. In a Connected Enterprise with safety technologies that combine machinery and safety control in one architecture, professionals can access real-time safety and operational data. Safety professionals gain new insights into worker behaviors, machinery compliance, causes of safety shutdowns or stoppages, and safety anomalies and trends. As LNS Research Analyst Peter Bussey noted, "With the ability to capture and analyze massive amounts of safety-system and operational data, safety professionals can move from merely describing what went wrong to predicting and preventing incidents in the first place."

This understanding goes well beyond identifying where injuries take place in a single plant to noting common applications across an enterprise where injuries, near misses and safety shutdowns have the potential to affect both worker safety and productivity.

### Safety Excellence Winners Demonstrate the Business Value of Safety

In 2016, our annual Manufacturing Safety Excellence Award winners included a globally diverse group of companies. The awards honor the world's safest companies and plants.



MESNAC, a supplier of rubber and tire machinery in China, designs productivity-enhancing safety features into its machinery. "We help our customers realize that safety doesn't have to come at the expense of productivity," said Mingjin Yu, vice president, MESNAC. "Focusing on safety has enabled us to expand into new markets around the world. We build machines using the most stringent global safety standards while also continuously improving our own safety culture."

OCME, a global equipment builder in Italy, collaborates with its customers' engineering and EHS groups to help make sure new machinery achieves both of their goals. "We follow rigorous safety standards when designing our machinery," said Antonino Eneide, project and portfolio director,

OCME. "However, we go beyond compliance to deliver systems that help improve safety and plant productivity for our customers."

MESNAC and OCME won enterprise-level awards for their company-wide focus on safety. Dana Incorporated, a global supplier of powertrain technology, was honored with a plant-level award for the safety program at its Fort Wayne, Indiana facility. "Because safety is such a visible part of our everyday operations, employees feel empowered to identify and report potential hazards at first notice," said Jeff LaBelle, health and safety manager, Dana Incorporated. "The bonus is that, while mitigating risks, employee suggestions also serve to improve productivity, quality and efficiency."

### *Product Compliance and Disclosure Transparency*

Like our customers, we must comply with thousands of product regulatory requirements, standards, certifications and laws. Every year different countries, regions and states implement new rules that address energy efficiency, safety, hazardous substances and product stewardship. These rules require detailed documentation to demonstrate compliance.

In 2016, when a new iteration of the China RoHS regulation was released, we swiftly responded to meet new information disclosure and labeling requirements in time for the July effective date.

We also made continued progress toward meeting the requirements of the EU RoHS Directive. Nearly 90 percent of our products have already met the Directive's materials restrictions well ahead of the July 2017 deadline.

We evaluated the energy efficiency of our standard drives in anticipation of the EU's Ecodesign Energy Related Products Directive. Interestingly, the regulation related to our drives has not been released and the mandatory requirements aren't yet in force. However, since the standard that explains how to demonstrate conformity had been published, we proceeded with the efficiency work.

To meet the U.S. Dodd-Frank Act's "conflict minerals" reporting requirements, we've made significant progress in our ability to gather supplier data. We continued to receive high scores from outside sources reviewing our processes and our alignment to the Organisation for Economic Co-operation and Development's Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. This Guidance aims to help companies respect human rights and avoid contributing to conflict through their mineral purchasing decisions and practices.



**Keith Nosbusch,  
chairman and former CEO**



**Sujeet Chand, senior vice  
president and chief  
technology officer**

### ***Smart Manufacturing Magazine Recognizes Our Executives***

*Smart Manufacturing* magazine named Keith Nosbusch, chairman and former CEO, and Sujeet Chand, senior vice president and chief technology officer, to the publication's list of "30 Visionaries." The list celebrates "those in manufacturing who have had the foresight to develop and adopt cutting-edge digital technologies and drive manufacturing into a new era of competitiveness."

# SUSTAINABLE | Company

Our mission to improve the quality of life by making the world more productive and sustainable starts with us and the actions we take every day. Leading indices and organizations continued to recognize us in 2016 as a sustainability leader. The Dow Jones Sustainability North American Index named us a member for the sixth time. Companies listed on this highly coveted index out perform their industry peers on a number of economic, environmental and social criteria. Additionally, we were included on the FTSE4Good Index, a recognition we've earned for more than a decade.

## *Environmental Performance*

The 2016 *Newsweek* Green Rankings, one of the world's most recognized assessments of corporate environmental performance, ranked us among the Top Green Companies in the U.S. (#7). The news magazine, together with Corporate Knights and HIP (Human Impact + Profit) Investor Inc., evaluated the 500 largest publicly-traded companies in the world. They reviewed several performance indicators, including energy, greenhouse gas, water and waste. While we don't have the level of stock market capitalization required for consideration for a global ranking, our score was on par with companies listed in the Full World Top 20.

Our Shanghai, China plant was also recognized for its environmental performance. The plant was named to the "Top 10 Credit Enterprise of Environmental Protection" out of the thousands of multi-national and Chinese state-owned companies in the Pudong District.

Our priority is efficient use of resources to reduce energy, water and waste. We use most of our energy

to light, heat and cool our buildings. As such, the majority of our CO<sub>2</sub> emissions are indirect and generated at electrical utilities, not our sites. These are labeled Scope 2 emissions while direct emissions from activities we control within our operational boundaries are Scope 1. In 2016, we continued to make progress toward our 2022 Greenhouse Gas goal to reduce normalized CO<sub>2</sub> emissions by 30 percent based on our 2008 baseline. Since 2008, we

have reduced energy intensity by 23 percent. Year over year, we reduced our CO<sub>2</sub> emissions in 2016. (See charts page 14.)

We measure and report energy use and carbon emissions at 300 locations, including 16 core manufacturing and warehouse

facilities. Energy is a minor percentage of the total manufacturing cost at these sites. As we update locations, systems and processes, we look for opportunities to further reduce environmental impacts. For example, our Richland Center, Wisconsin facility determined last year that they reduced energy use by 26 percent and natural gas by 41 percent the first year after they installed a new roof. The new roof repaired some small leaks and provided better building insulation, which reduced heating and

**Reclaimed  
82% of waste  
generated in 2016**



## Aarau Employees Train in the Trees

We moved training outdoors for our Aarau, Switzerland colleagues who use fall protection equipment. Instead of using elevated platforms inside our facility, employees spent the day at a high ropes course camp where they traversed and climbed trees ranging in height from 10 to 50 feet.

cooling demands. The site experienced a significant reduction in building cooling costs during the summer months. New rooftop air units and re-lamping the plant with LED lights also contributed to site resource savings.

We continue to experience positive environmental impacts from our green roof at our LEED-certified corporate headquarters in Milwaukee, Wisconsin, and our solar energy field at our Mequon, Wisconsin location.

For water, we operate against an annual zero increase goal. We use water mostly to drink, for plumbing and sanitary needs and for cooling and cleaning during manufacturing processes. Over time, we've reduced water use to record lows. In Brazil, a two-year drought elevated the need to reduce water use and demand on the local supply. Our Jundiai facility installed a new 5,000-liter water retention tank to collect condensation water from the site's air conditioning units. The retained water has been reused to water gardens and clean floors, among other things.

Each year we set a goal to recycle or reclaim 80 percent of our waste and in 2016 achieved an 82 percent deferral rate. We recycle many of our waste streams. For example, we partner with SIMS

Recycling Solutions to responsibly recycle end-of-life electronics and computers. In one year, we sent more than 920,000 pounds of scrap electronics to SIMS. The amount of material that was recycled was equal to saving nearly 116,000 gallons of gasoline and more than 2,400 barrels of oil, planting 26,700 trees and removing 230 cars from the road.

All of our locations must comply with local environmental and safety regulations and our own strict policies and procedures. To ensure we continue to make EHS improvements that go beyond compliance, we conduct comprehensive performance assessments at a number of manufacturing, warehouse and solution center locations each year. In 2016, we conducted 54 internal audits.

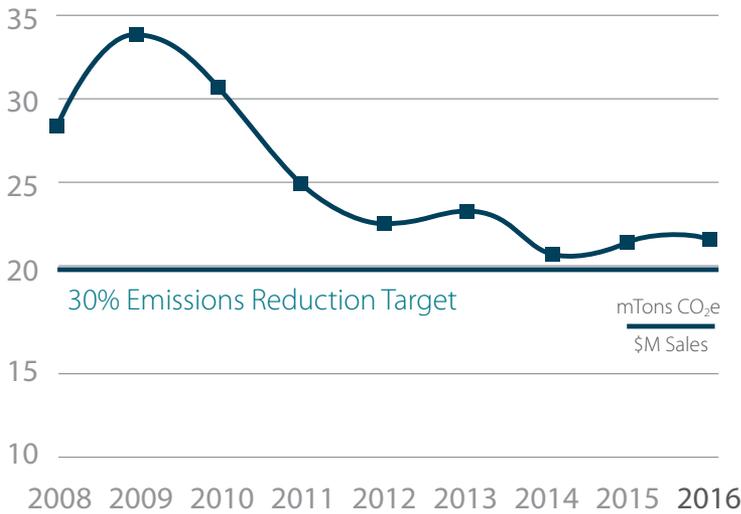
Additionally, we received 17 environmental and occupational safety regulatory agency visits. The Wisconsin Department of Natural Resources issued our Milwaukee, Wisconsin headquarters one non-conformance notification for a site spill plan administrative gap that we have corrected and closed. At our Mequon, Wisconsin location, U.S. OSHA issued a Notice of Violation and \$5,500 fine related to a materials handling incident. We investigated this issue and implemented corrective actions.

# SUSTAINABLE COMPANY | Performance

## ENVIRONMENTAL

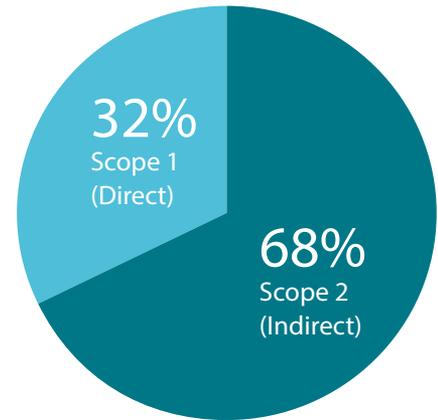
### Normalized Emissions Trend

Goal: 30% Emissions Reduction by 2022 from 2008 baseline (Scopes 1 and 2)



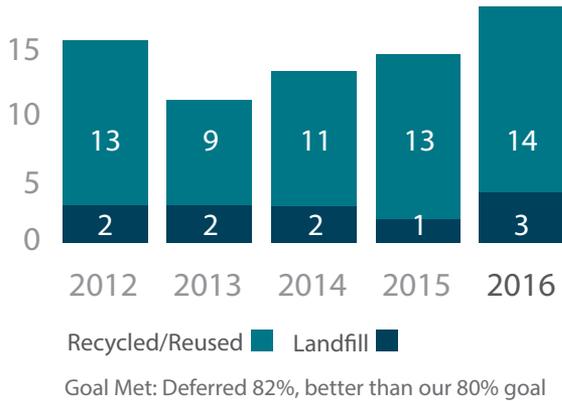
### 2016 Emissions Summary

Total: 127,200 mtons CO<sub>2</sub> equivalent



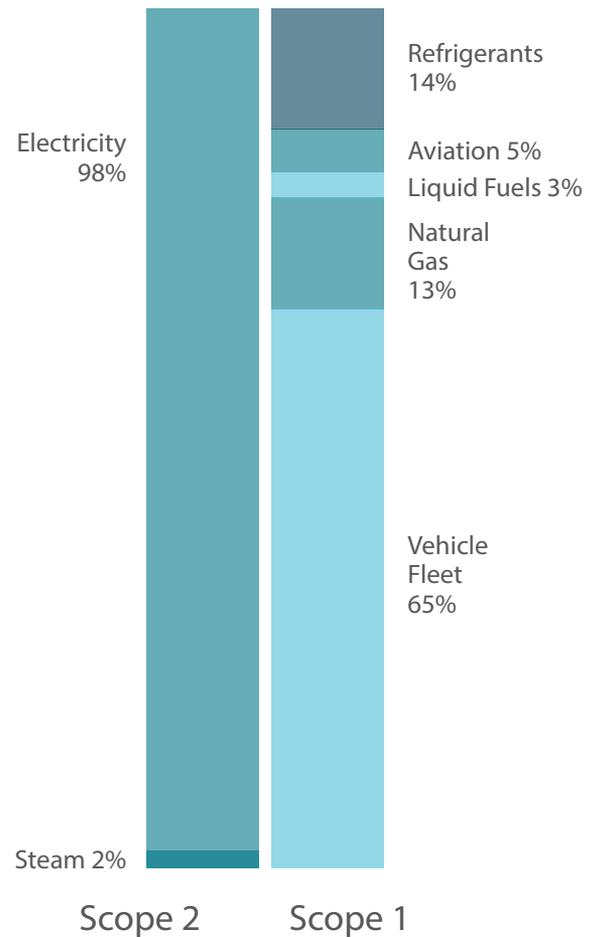
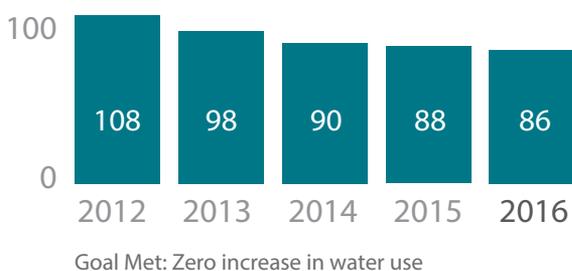
### Waste Generation

(1,000 tons)



### Water Usage

(million gallons)



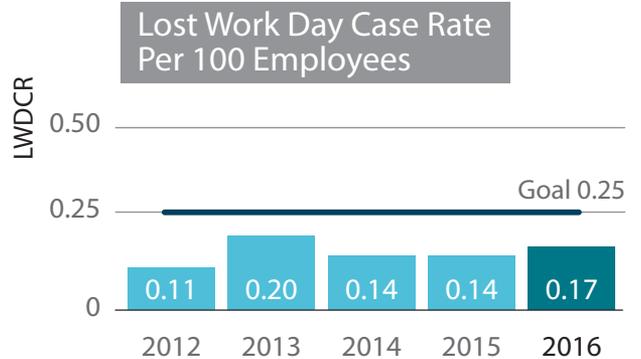
We have **22 locations** certified to ISO 14001 Environmental Management System, with Gdansk, Poland as our most recent certified location, and **14** certified to OHSAS 18001 occupational health and safety standard.

## Repeated Honors for Asia Pacific Business Center

For the sixth consecutive year, the Ministry of Manpower and Workplace Safety and Health Council of Singapore honored our Asia Pacific Business Center (APBC) with an Excellence Award. APBC was one of only two organizations to win this prestigious safety award. "As we celebrate this accomplishment, we must remember to remain committed to complying with safety regulations and demonstrating the highest standard of occupational safety and health performance," said Oh Ling Ling, plant manager. "We must always prioritize the safety and health of our employees." This was the ninth time the MOM/WSHC recognized APBC's safety performance.



## SAFETY



Introduced new Total Incident Case Rate (recordable plus first aid) measure.



## Rockwell Automation Sponsors Milwaukee's 40th Bike Share Location

Our President and CEO Blake Moret (left) joined Milwaukee, Wisconsin Mayor Tom Barrett to celebrate the grand opening of the city's 40th Bublr bike share station located outside our headquarters building. We are the largest company in Milwaukee to sponsor a Bublr station.



Tecate employees planted trees at a local school

## Employees Active in Environmental Stewardship

Earth Day always provides an opportunity for thousands of our employees to participate in environmental stewardship efforts. Our Tecate, Mexico and Mequon, Wisconsin facilities donated 1,000 trees for employees to plant at home. Tecate employees also planted trees at a local school. Our Gdansk, Poland site donated 42 trees to a nearby kindergarten. Our Phoenix, Arizona colleagues replanted flower beds while Richland Center, Wisconsin employees reclaimed old pallets to make flower planters later sold at auction to raise money for local charities. Our Ladysmith, Wisconsin site opened their first employee-run community garden using reclaimed material from the facility to build the raised plant beds.

### *Employee Safety Remains World Class*

Our global safety performance, as measured by our Recordable Case Rate, remained best-in-class in 2016 when compared to the average rates of private industry and electronic manufacturing companies. This rate is one of three employee safety metrics we track on a 12-month rolling average so we can spot trends as they happen. At the end of 2016, we had outperformed all three of our safety goals. (See charts page 15.) While we're grateful that our employees continued to work safely, we also know we must continue to improve as we pursue our vision of an injury-free workplace.

We focused most of our efforts last year on identifying, measuring and reducing workplace risks. We improved our main tool, the Significant Risk Assessment, by providing clearer definitions for risks and risk levels at our manufacturing locations. Our EHS department partnered with our Advanced

Process and Operations Support group to address risks specific to handling and transporting loads. The teams developed a specific protocol for identifying and safely moving such loads.

Industrial ergonomic-related injuries accounted for 30 percent of our recordable incidents. To strengthen our processes and reduce risk, we introduced Ergonomics Design Guidelines licensed from Humantech. We developed an Ergonomic Team Workshop that uses these guidelines to educate local teams and improve how our employees move about production areas. In 2016, we held workshops at our largest 25 locations and trained more than 400 colleagues.

To reduce risks for our field-based colleagues who work at our customer locations, we expanded our SafeStart Advanced Awareness Program to our Europe, Middle East and Africa (EMEA) regions. More than 450 EMEA employees participated in this



## Safe Manufacturing Tour for Kindergarten Students

Our Katowice, Poland facility invited local kindergarten students for a safe manufacturing tour. The children, dressed in personal protective safety equipment including helmets, vests and safety glasses, visited the facility's shop floor, warehouse, paint booth and laboratories. Plant EHS professionals pointed out the risks of various processes and demonstrated proper safety practices.

behavioral-based safety training that uses Critical Error Reduction techniques to reduce mistakes caused by rushing, frustration, fatigue and other states of mind. We have trained more than 1,500 field-based employees since 2015 when we first introduced SafeStart in North America. Next year we'll implement the program in our Latin America and Asia Pacific regions.

### *Engaged Employees Committed to Doing What's Best*

Engaged employees deliver better outcomes for our company and for our customers. When colleagues are engaged — when they know, understand and believe that what they do makes a difference — that's when they give their best.

Every three years we conduct our Global Voices employee engagement survey. Colleagues identify what we're doing well and opportunities to do better. Feedback from our last survey in 2013 shaped many of the new tools and resources we use to collaborate and work smarter.

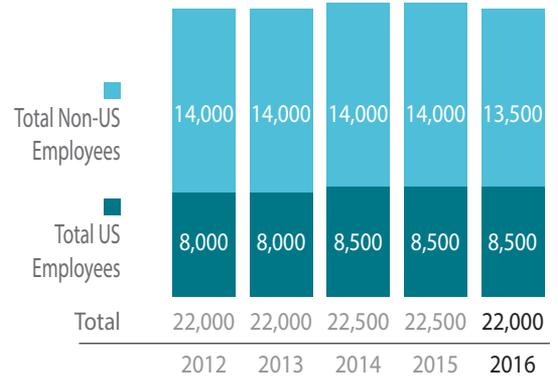
In 2016, more than 17,000 employees and contractors participated in our Global Voices survey. We continued to have a strong, stable Employee Engagement Index score of 79 percent, which is significantly higher than comparable global companies and is especially notable during an economically challenging year. Engagement scores were consistent across business units, job functions and geographic regions. Of the employees who responded in both 2013 and 2016, nearly three-quarters felt "information collected from previous surveys was used to make positive change."

Employees identified primary strengths that reflect an ethical (as you'll read in the next section) and inclusive workplace committed to doing what's best for customers. Colleagues noted they were confident in senior leadership and satisfied with their relationships with their managers; nearly 78 percent responded, "My manager cares about me." That score exceeded the normative data by 15 points. Overall, we had a total of 10 survey items that were 10 points or higher than normative scores at other companies including, "I would recommend Rockwell Automation as a good place to work."

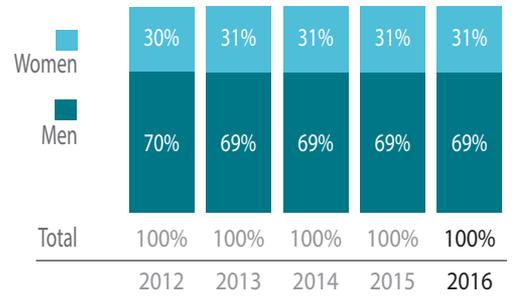


## EMPLOYEES

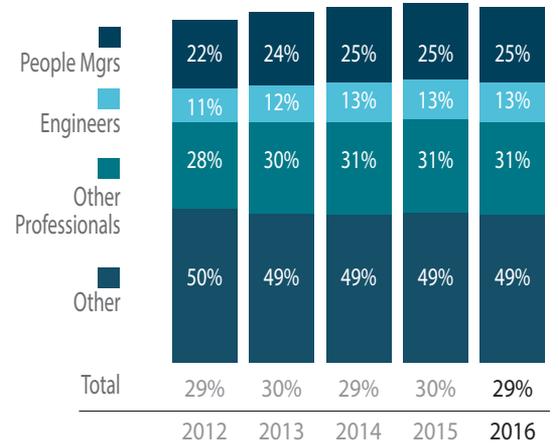
### Global Employees



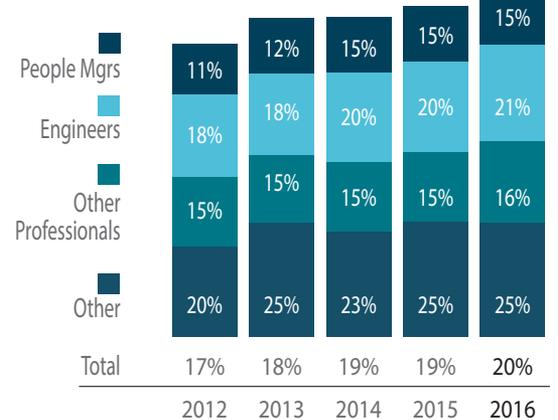
### Global Gender



### U.S. Women



### U.S. People of Color



## Employees Honored

Several industry organizations recognized our colleagues this past year for outstanding contributions to their professions and our company.

- The National Academy of Human Resources elected Susan Schmitt, senior vice president, Human Resources, as a Fellow. Susan joins an elite group of thought leaders. Since 1992, when NAHR was founded, only 168 individuals have been elected to the Academy — the highest honor that can be achieved by an individual in the human resources profession.
- The Manufacturing Institute presented Teri Blumenthal, Ladysmith plant manager, and Jezabel Cardenas, Monterrey EHS manager, with 2016 Women in Manufacturing STEP (Science, Technology, Engineering and Production) Ahead Awards. The awards highlight the achievements of women in manufacturing.
- The Society of Women Engineers (SWE) recognized our Insider Risk Team led by Dawn Cappeli, chief information security officer, with a Global Team Leadership award. SWE gives this honor to a geographically-diverse team that makes outstanding technical contributions in engineering and technical management.



## Measurable Results

### Increased U.S. Diverse Representation

#### Women

Executives

**76%**

Directors

**65%**

Mid-Level Mgrs

**28%**

Engineers

**36%**

#### People of Color

Executives

**55%**

Directors

**68%**

Mid-Level Mgrs

**37%**

Engineers

**41%**

### Lower U.S. Voluntary Turnover

Women

**55%**

lower than benchmark

People of Color

**53%**

lower than benchmark

We have achieved impressive gains in U.S. representation of women and people of color since we launched our Culture of Inclusion initiative in 2008.

Nine-Year Trend as of Oct. 1, 2016.



## Dragon Boat Festival Celebrates Team, Culture and Diversity

More than 300 of our employees participated in Milwaukee's fourth annual Dragon Boat Festival. The Rockwell Automation Asia Pacific Employee Resource Group (ERG) sponsored the company's 11 teams. Members came from a number of our ERGs including ADVANCE Young Professionals, African American Professional Network, Latino Professional Network, Military Veterans & Allies Group and the Faith Friendly & Allies Group. In total, we have 12 ERGs with 4,000 members who belong to 31 chapters in 13 countries. Our newest ERG, ROK of Ages for employees in the later stages of their careers, formed in 2016.

Senior leadership's dedication to incorporating inclusion into the goals and practices of our company was also a strength noted that was above the norm by 17 points. We believe that our collective individual experiences allow us to better meet the needs of our customers. By celebrating the talents, qualities, perspectives and life experiences that define us as individuals — including age, ethnicity, gender, race and sexual orientation — we create a talented and passionate community full of diverse ideas. This supportive culture also allows our colleagues, regardless of where they work in the world, to feel valued, involved, supported and respected.

In 2016, we expanded the Conscious and Inclusive Leadership Training we piloted in 2015. More than 600 global leaders participated in this program that helps managers mitigate the impact of bias in interactions and decision-making. We also expanded another training course piloted in 2015, a leadership and coaching program focused on increasing the pipeline of women ready for director-level and above positions. All of our vice president and director-level women participated and in 2017 we'll introduce the program to a broader base of colleagues.

### *Culture of Integrity Tops the List of Employee Engagement Strengths*

Our colleagues cited our culture of integrity as our greatest strength driving engagement. In our 2016 Global Voices Survey, 91 percent responded, "My manager is ethical and honest." That's 19 points above the normative score at other companies and a 10 point increase from 2013. Another primary strength employees noted was, "If unethical behavior was found, I believe Rockwell Automation would take corrective action." At 81 percent, our score was 12 points higher than the normative score.

Our leaders and managers candidly talk about ethics, and we encourage employees to ask questions and raise potential ethical concerns as they arise. Our annual ethics training survey provided another opportunity to gather employee feedback. The results from this survey were also a testament to our culture of integrity with almost all (99%) saying "Leadership sets the right tone for the organization." Additionally, almost everyone (98%) noted they were comfortable raising ethical issues or reporting wrongdoings. The results even noted a slight uptick in the number of respondents who knew how to contact our Ombudsman.

We were one of the first U.S. corporations to start an Ombudsman program. Since 1985, our employees have relied on the Ombudsman as a trusted source of guidance and as an outlet for concern. For the first time in 16 years, Rockwell Automation appointed a new Ombudsman, Gary Ballesteros, who assumes the position in addition to serving as vice president, commercial law. Gary and his compliance colleagues carefully managed the Ombudsman transition to ensure employees remained confident about this resource.

In 2016, the Ombudsman reported the highest number of contacts in its history. We received 429 contacts in 2016, up from 334 the prior year. The number of reports from outside the U.S. also continued an upward trend with 165 contacts in 2016 compared to 114 in 2015. The Ombudsman office conducts thorough investigations of all

allegations of misconduct. In 2016, about 40 percent of investigations led to further action. This activity was consistent with previous years' trends and industry benchmarks.

Our culture of integrity is built on the small decisions our employees make every day. Those choices to do the right thing are why the Ethisphere Institute named Rockwell Automation to its "World's Most Ethical Companies" for the eighth time. Ethisphere CEO Timothy Erblich said companies, including Rockwell Automation, "that demonstrate leadership in areas like citizenship, integrity and transparency create more value for their investors, communities, customers and employees, thus solidifying a sustainable business advantage."

We couldn't agree more. We believe our culture of integrity helps us attract and retain the best employees, customers and suppliers.



**Integrity Champion Lorena Rojas (c) with Gary Ballesteros, Ombudsman (l) and Melissa Nandi, chief compliance officer (r)**

## Global Integrity Champion

Our annual Integrity Champion Lorena Rojas, a channel account manager based in Lima, Peru, personifies the very best of our commitment to ethics. Growing business in an emerging and fiercely competitive market such as Latin America is a challenge. Lorena developed an opportunity to bid on a project with a company with strong industry connections that would help her team break into a new industry segment.

But as she started to work with the owner to prepare the bid she feared the quote was too high and questioned it. Her instincts were correct. He added dollars to the bid so that money could be funneled to the decision-maker at the end customer's business.

Bravely demonstrating her integrity, Lorena told the company we do not pay bribes to win business. She then reported the encounter to her managers and we officially withdrew our bid on the project. Even so, the owner approached Lorena again with a new opportunity and promised no bribes. But, because of his recent breach of trust, Lorena and her managers decided that we will not do any business with this company.

# SUSTAINABLE | Community

We work closely with local businesses, nonprofits and educational institutions that make our communities better places to live, learn and work.



Rockwell Automation's Christopher Boles, manager, Supplier Diversity (lower left), Jenny Littman, sourcing manager (lower right) and Christine DiPiazza, commodity manager (middle right) meet with executives from InterChez, a certified Women and Hispanic-American Owned Business and global logistics provider.

## *Supplier Diversity*

We develop and grow relationships with suppliers who share our values of honesty, integrity and fairness in every transaction. We source the majority of our supply needs with businesses located in the regions closest to our customers and manufacturing locations. By sourcing locally we respond to customer needs faster, contribute to local economic growth and reduce shipping distances, which benefits the environment.

A strategic priority for us is to pursue and expand relationships with diverse suppliers. A diverse supply chain promotes innovation and provides us access to valuable sources of goods, services, experience and

expertise. Our goal is to give qualified suppliers an opportunity to partner with us whenever possible. We dedicate a team of professionals and resources focused exclusively on identifying new diverse suppliers and to manage and grow existing relationships.

In the U.S., we typically spend more than \$80 million annually with nearly 725 diverse businesses owned by executives who are minority, female, LGBT or disabled veterans. In 2016, we increased that spend to more than \$85 million. We are committed to expanding the amount of business we do with diverse suppliers each year and expect to add several new significant commercial relationships in 2017.

We have long been considered an industry leader for our award-winning supplier diversity practices but two significant trends have made this work an even greater priority. First, some of our most successful women-owned enterprises sold their businesses to non-diverse suppliers — and we congratulate them. Second, we have an ongoing corporate effort to establish preferred supplier relationships with a consolidated number of businesses.

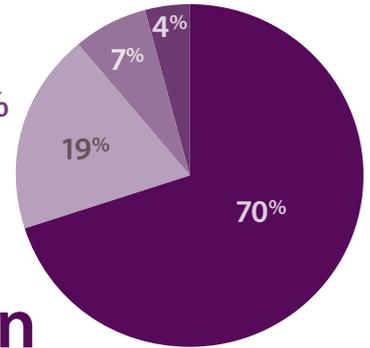
As a result, we face a greater need to connect with diverse suppliers and increase their opportunities to do business with us. To help accelerate these efforts and evolve our supplier diversity program, we hired a new Supplier Diversity Manager, Christopher Boles, in 2016. Christopher has 15 years of experience running similar initiatives at a number of large organizations that include the Cleveland Clinic and the City of Cleveland. We also required, for the first time, all our sourcing managers to include supplier diversity objectives in their annual performance plans.

Further, we invited our top diverse suppliers with whom we do the most business to our first-ever supplier diversity conference in December 2016. We asked them to share their insights on how they were able to build and grow their business with our company. We also analyzed our data about these top suppliers to identify common skillsets and performance trends. With these findings and best practices we created a new supplier development program designed to prepare up-and-coming diverse suppliers for a long, successful and preferred relationship with us.

### *Focused Giving*

We focus our philanthropic resources on initiatives that improve the quality of life in our communities and develop a talent pipeline for our company and industry. We contribute to programs that provide basic services, render aid during disasters, offer arts and cultural opportunities, and foster civic leadership.

Education **70%**  
 Human Services **19%**  
 Arts & Culture **7%**  
 Civic **4%**



## **\$8.3 million**

Rockwell Automation contributed cash and in-kind donations globally to education, human services, arts and culture, and civic organizations in 2016.

Digital technology and smart manufacturing are transforming our industry with well-paying, fulfilling jobs in a collaborative, clean and safe environment. But like most employers, especially in the U.S., we face challenges finding STEM (Science, Technology, Engineering and Math) capable talent. As workers retire and economies grow, millions of smart industrial jobs remain unfilled.

That’s why we invest the majority of our corporate support in STEM education with our strategic partners, *FIRST*® (For Inspiration and Recognition of Science and Technology), Project Lead the Way and ST Math. These nationally-acclaimed academic programs prepare and inspire young people for STEM careers and spark a passion for life-long learning. To ensure a skilled workforce that reflects the diversity of our customers and partners, we prioritize engaging young women and underrepresented groups in STEM opportunities.

**10 million**  
 jobs with manufacturing  
 organizations cannot be filled  
 today due to a growing skills gap.  
*Source: World Economic Forum*



In late 2016, we announced a new four-year \$12 million commitment of cash and product to *FIRST*, our after-school program of choice that provides mentor-based activities for students worldwide.

The pledge builds on the \$15 million we've invested with *FIRST* over the past decade and will help us expand our global involvement with the program.

"The importance of STEM education to the future of industrial automation and manufacturing cannot be overstated," said Blake Moret, our president and CEO. "Our *FIRST* partnership helps us increase our reach and visibility to students around the world. Through our people and technology we are inspiring the next generation of innovators."

During *FIRST*'s 2016-2017 season we sponsored 193 teams and, for the first time, two of these teams were part of the winning alliances that won *FIRST* World Championship titles. Nearly 500 employees worldwide volunteered with *FIRST* as mentors/coaches and in other roles. We also continued as a global sponsor of the *FIRST*® LEGO® League program and sole sponsor of the *FIRST*® Robotics Innovation

in Control Award. As we do every year, we donated Rockwell Automation products and software.

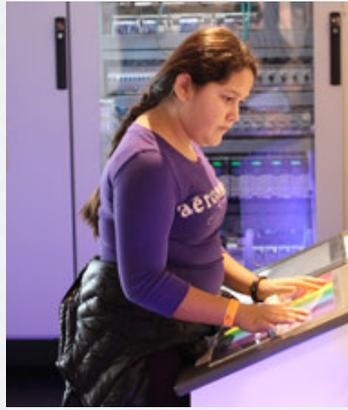
In 2016, we named Jay Flores as our first-ever Global STEM Ambassador, a role we believe is new to the business community. In this full-time position, Jay works closely with *FIRST* and our other STEM partners to provide thought leadership and advocacy. Additionally, he acts as a guide and resource to our employees, customers and industry partners as they promote STEM and pursue talent.

Also this past year, we added a new strategic STEM partner, ST Math. Created by the Mind Research Institute, ST Math uses game-based instructional software to boost math comprehension and proficiency for K-12 students. With our support, about 800 students at our two public partner schools in Milwaukee, Wisconsin started to use this engaging visual learning tool.



## New Global STEM Ambassador

"The power of STEM can help young girls and boys become super heroes, solve big (and little) problems and contribute their best ideas to improve our planet," says Jay Flores, Rockwell Automation's first-ever Global STEM Ambassador. A Rockwell Automation scholarship recipient, Jay graduated with a degree in mechanical engineering from the University of Wisconsin-Madison and joined our sales team in 2012.



## Girls & STEM

Young girls built their own circuits using our technology at a new interactive STEM event at Discovery World in Milwaukee, Wisconsin. Girls & STEM aims to inspire girls to envision themselves as engineers, designers, scientists, innovators, entrepreneurs and future leaders. We are proud to partner with Discovery World and provide our technology for exhibits, instructors and learning labs.



## FIRST Team Members Visit the Office for Hands-On PLC Experience

Members of Melbourne, Australia's IC Robotics FIRST team visited our Bayswater office for a day of hands-on PLC (Programmable Logic Controller) training activities.

### Higher Education Partnerships

We partner with more than 100 universities and colleges worldwide to help prepare students for STEM careers and instill a passion for life-long learning. We develop curriculum, equip teaching laboratories and host a variety of educational events that provide hands-on experience with the latest automation technology. We've deepened these efforts by collaborating with Festo, Cisco, FANUC and Endress+Hauser (E+H) — industry leaders that share our commitment to building a pipeline of global talent ready to work in modern manufacturing environments.

In 2016, we opened three new automation labs in China at China-Lanzhou University of Technology, Guilin University of Aerospace Technology and Xiamen University, for a total of 70 labs in that country and more than 90 globally. Our Beijing University lab hosted more than 1,500 middle school students who learned to use our technology to control a traffic light system as part of a new STEM program

started by the city's Government and Education Bureau. The program will use our four Beijing-area labs to ultimately reach 300,000 young people.

We upgraded our labs at China's Harbin Institute of Technology, Shanghai Jiao Tong University (SJTU), and Purdue Lafayette and Purdue Northwest Universities in the U.S. These upgrades will help students further develop the technical skills required in the merging applications of operational and informational technologies used in today's smart factories and Connected Enterprises. We will open similar labs in 2017 at Tecnológico de Monterrey in Mexico, in partnership with FANUC and E+H, and at Changwon National University in South Korea and the University of Wisconsin-Madison in the U.S.

We piloted an Introduction to Connected Enterprise course at the University of Wisconsin-Milwaukee for graduate students that included work at our Mequon, Wisconsin facility and an international student exchange summer internship for two undergrads. Liana Hawi and Silas Petrie gained

professional as well as cultural experience by working in our SJTU automation lab and at our Shanghai plant. The students also toured and trained at local FANUC and E+H facilities.

Students from Vietnam participated for the first time in our annual Allen-Bradley System Application Contest (ASAC), which we held jointly with the China Ministry of Education at SJTU. Teams from 312 Chinese universities and colleges competed

while professors from University of Wisconsin's Milwaukee and Madison campuses observed. We expect teams from those universities to compete next year as we expand global participation. In conjunction with the ASAC, more than 100 professors attended our annual lab teacher conference. More than 50 professors also participated in industry forums, hands-on labs and technical sessions at our annual Automation Fair in the U.S. ✦



## Supporting Local Needs

Our regional offices supplement our corporate giving priorities by supporting local organizations and programs that meet needs in their communities. In May, our Shanghai employees raised funds from their colleagues across China to purchase school supplies, shoes and other items to pack in gift bags and deliver to more than 200 primary school children in the Yunnan Province for Children's Day. In June, employees from our Harbin office

visited a rural primary school and donated 100 books and in July, Dalian employees participated in a Volunteer Teacher Program teaching children to paint, sing and speak English.

In Singapore, members of our Professional Women's Council employee resource group partnered with a local nonprofit to hold an IT Literacy workshop that trained underprivileged women on how to use Microsoft Word and Excel. In South Africa, our offices started new partnerships with two charitable organizations, Afrika Tikkun and Simanye, focused on education, social services and economic development.



## Faith, Forgiveness and Service to Humanity

The City of Los Angeles recognized Rahul Dubey, an employee in our Milwaukee, Wisconsin office, for creating a compassionate interfaith and intercultural community. Rahul was the featured speaker at the South Coast Interfaith Council's Annual Unity Dinner and shared his inspirational personal story of faith, forgiveness and service to humanity. Rahul's Godfather, Satwant Singh Kaleka, was tragically killed in the Sikh Temple shooting in Oak Creek, Wisconsin in August, 2012. Rahul's Godfather founded the Temple.

## Employees Recognized for Volunteer Service

Each year we celebrate colleagues who selflessly donate their time to needs important to them in their communities or in other parts of the world. In honor of their service, we donate to their charities of choice.



### ENGINEERING OUR FUTURE™ AWARDS

Awards celebrate dedication and commitment to STEM education and building a pipeline of talented and skilled employees.

**Global: Gregory Gerald Pozo Batista, Dominican Republic**

Volunteer Organization: *FIRST*



**U.S.: David Peterson, Milwaukee, Wisconsin**

Volunteer Organization: *FIRST*



### GLOBAL IMPACT AWARD

Award recognizes volunteer efforts that reach beyond employee's home country.

**Kimberly Williams, Cleveland, Ohio**

Volunteer Organization: Remember Nhu

(Dedicated to preventing children from sexual trafficking through 65 children's homes in 12 countries and through vocational education)



### HOMETOWN HERO AWARD

Award recognizes volunteer efforts in employee's immediate community.

**Julio Renan Cruz, Brazil**

Volunteer Organization: Cidadão Pró-Mundo

(Teaches English to 1,600 students from low-income communities in Sao Paulo and Rio de Janeiro)



### AT-LARGE AWARD

Winner selected from entire base of nominees.

**Mike Mackie, Milwaukee, Wisconsin**

Volunteer Organization: Ebenezer Stone Ministries Food Pantry  
(Serves about 500 households monthly)



*Living our mission to improve the quality of life  
by making the world more productive and sustainable*



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