



“Truly premier performance requires the right people and the right strategies coming together—over time—to create success. I am pleased with the progress we made in 2011 toward this goal.”

— Mike Lamach, Chairman & CEO

### Our Path to Premier Performance



### A Message from Our CEO

Dear Shareholder:

Truly premier performance requires the right people and the right strategies coming together—over time—to create success. I am pleased with the progress we made in 2011 toward this goal.

In a year when economic challenges took a toll on consumer markets and the commercial sector, we focused on improving performance for our customers, creating a highly engaged workplace and delivering shareholder value. We grew revenue 8 percent over 2010, excluding the results of the Hussmann divestiture. We improved operating margins by 1.2 percentage points. We also solidified a strong foundation for growth based on our commitment to three key enterprise strategies:

- Growing through innovation, emerging markets and services;
- Deploying operational excellence; and
- Building a progressive, diverse and inclusive culture.

As we look at global macro-trends, Ingersoll Rand is well-positioned to address the challenges posed by constrained resources in an increasingly populated world. Premier performing companies are sustainable. That is why we view sustainability as a fundamental element of our business that supports our three enterprise strategies. As a result, our integrated annual report covers financial performance in the context of our broader social and environmental impact and opportunities.

### Financial Highlights

In 2011, Ingersoll Rand increased adjusted earnings per share by 19.5 percent to \$2.82. We generated \$944 million of available cash and continued our balanced capital allocation strategy. Our solid balance sheet and cash flow performance supported our commitment to long-term shareholder value through share buyback and dividend programs. We initiated share repurchases in June 2011, purchasing 36 million shares by year-end. We also announced two dividend increases last year—an increase of 71 percent, followed by an increase of 33 percent.

In spite of the slow-growth environment we experienced in 2011, pricing and productivity gains supported increases in operating margin. We successfully launched new sales tools and policies to ensure that pricing exceeded direct material inflation. We made productivity improvements in all segments and reduced our manufacturing footprint by 29 percent since 2009, which exceeded our target. In doing so, we furthered our lean transformation efforts to achieve financial targets while improving resource efficiency and enhancing environmental performance.

### Growth through Innovation

Critical to Ingersoll Rand's margin improvement efforts is continued investment in innovation. We measure our vitality in the market by the revenue generated from products and services launched in the past three years. In 2011, new products and services accounted for 23 percent of total revenue, growing steadily from 13 percent in 2008.

As we look to high-growth regions, we see powerful possibilities. In India, for example, where 2011 revenue grew at a rate approximately double that of GDP growth, we have redeployed investment for research and development and local manufacturing to better support India's goal of becoming a global green building leader by 2015. We have partnered with government and non-governmental agencies to create a sustainable plan for quadrupling the amount of building space over the next 20 years, helping provide the estimated space needed to satisfy India's rapidly growing economy and population. The launch of our Green Product Portfolio in 2011 represents a significant step in supporting our customers' sustainability objectives, such as those of the construction industry in India.

### Operational Excellence

In 2011, we continued to advance our operational excellence strategy to drive efficiency and improve customer satisfaction over the long term. As part of our aggressive lean transformation, we held more than 135 rapid improvement events focused on generating positive improvements in processes and activities across 19 value streams. We made significant progress in our targeted metrics, including 35 percent reduction in cycle times, 49 percent reduction in cost of poor quality and an increase of seven points in employee engagement surveys. We will increasingly address material productivity and reduce functional costs as key elements of operational excellence.

### Building a Progressive, Diverse and Inclusive Culture

Growth through innovation is only possible when we fully engage the hearts, minds and passion of our employees. Ingersoll Rand is building a progressive, diverse and inclusive culture by promoting an environment where creativity is nurtured and individual talents are respected. As our organization grows to better reflect the diverse nature of the markets we serve, our diversity focus enhances our ability to develop products and services that meet new and growing customer needs around the world. In addition to spurring innovation, our culture helps us maintain a competitive edge in attracting and retaining top talent.

Total Net Revenues	Adjusted Operating Margins	Adjusted Earnings per Share from Continuing Operations
2011 \$14.8 Billion	2011 10.2%	2011 \$2.82
2010 \$14.0 Billion	2010 9.0%	2010 \$2.36
2009 \$13.0 Billion	2009 6.8%	2009 \$1.48
13.8% increase from 2009 to 2011	3.4 Percentage Points increase from 2009 to 2011	91% increase from 2009 to 2011

### **Moving Forward**

We have high aspirations for our company. We know meeting all of our objectives will take time, but we are not waiting for a macroeconomic lift to improve our business. Instead, we are investing in growth markets and proactively working to reduce costs to generate sustainable, profitable growth.

Our focus for the year ahead is on positioning Ingersoll Rand to continue growing revenues, earnings and cash flow. We look to 2012 and beyond with confidence in:

- our portfolio of outstanding, market-leading brands;
- our ability to generate high levels of cash flow, even in the face of a challenging backdrop;
- the long-term attractiveness of our end markets and our competitive positioning; and
- our strong penetration and positioning in emerging markets with significant growth potential.

While we anticipate continued challenges throughout 2012, I am energized by the prospects of a promising future. Premier performance is all about understanding the critical, growing needs of a dynamic world and executing on a sustainable strategy to address those needs. Guided by our purpose to advance the quality of life by creating and sustaining safe, comfortable and efficient environments, Ingersoll Rand can and will make great contributions to a resource-constrained world.

I am proud to lead Ingersoll Rand's journey as CEO and offer my sincere thanks to our employees who continue to exceed our expectations of what is possible.



GRI verifies this report meets the criteria for an Application Level B.



**About This Report**

Ingersoll Rand is committed to providing an annual report on our overall performance and plans for the future. In the interest of transparency, we choose to integrate sustainability information into our annual financial report as a means of presenting a comprehensive overview of our full range of impacts and opportunities. At the same time, we understand that some individuals are interested in a more detailed discussion of our social, environmental and economic impacts. To that end, we have published an online sustainability report annually since 2008.

This report describes our progress in 2011 and outlines Ingersoll Rand's goals for the future. The information contained in this report is from 2011, unless otherwise stated, and covers Ingersoll Rand's global operations, including all subsidiaries, leased facilities and joint ventures where Ingersoll Rand has a controlling interest. We report most data in both absolute and normalized terms unless otherwise noted. We normalize enterprise-wide environmental and energy data to worldwide revenues because we find this to be a useful factor for calculating eco-efficiency across our diversified operations and benchmarking against the performance of other industrial companies. Safety data is normalized by number of hours worked.

We report data from newly opened and acquired facilities as soon as valid data is available. If a facility is divested or closed, we include data for the time period it was part of our company in our year-over-year comparisons. Our baselines are adjusted to account for acquisitions and divestitures when significant changes occur in our operations, as we have done for the Hussmann operations we divested in 2011.

We followed the Global Reporting Initiative (GRI) G3.1 Guidelines in the creation of this report, which GRI has verified to meet the criteria for an Application Level B. For more information on GRI Application Levels, please visit: <https://www.globalreporting.org/resource/library/G3.1-Application-Levels.pdf>

The following letter to shareholders contains "forward-looking statements," which are statements that are not historical facts, including our ability to address environmental and sustainability challenges, the future success of our operational excellence initiatives, our future financial performance, and our positioning in and the performance of the markets in which we operate. These statements are based on currently available information and our current assumptions, expectations and projections about future events. While we believe that our assumptions, expectations and projections are reasonable in view of the currently available information, you are cautioned not to place undue reliance on our forward-looking statements. Forward-looking statements speak only as of the date they are made and are not guarantees of future performance. They are subject to future events, risks and uncertainties—many of which are beyond our control—as well as potentially inaccurate assumptions that could cause actual results to differ materially from our expectations and projections. You are advised to review the factors described under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Form 10-K for the fiscal year ended December 31, 2011 and any further disclosures we make on related subjects in materials we file with or furnish to the SEC. We do not undertake to update any forward-looking statements.



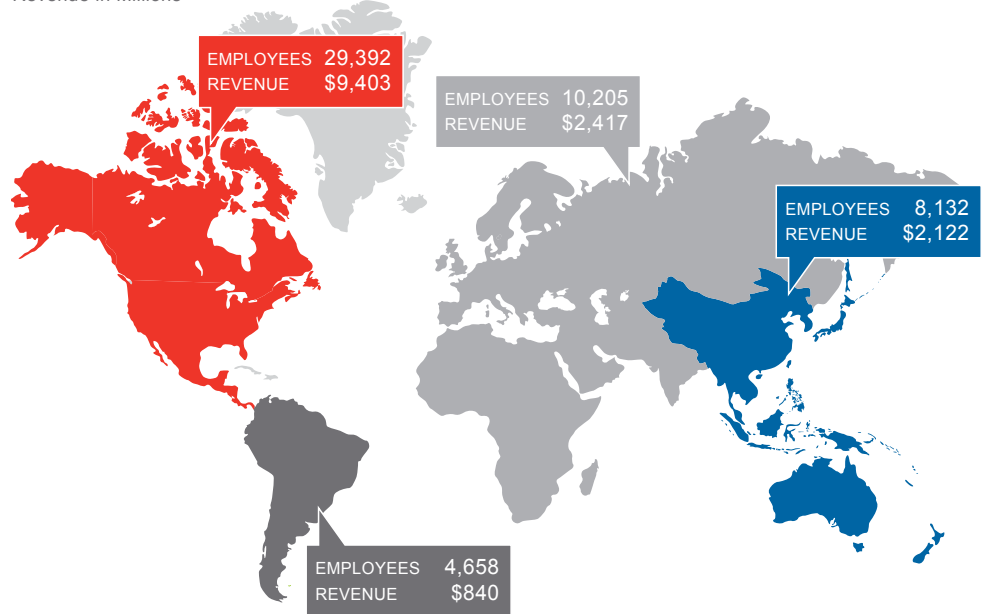
We are driven by a purpose to advance the quality of life by creating and sustaining safe, comfortable and efficient environments.

**Inspiring Progress Globally**

We are passionate about inspiring progress around the world and share a vision of a better future—a world of sustainable progress and enduring results. We are driven by a purpose to advance the quality of life by creating and sustaining safe, comfortable and efficient environments. Our people, through our market-leading brands—including Club Car®, Ingersoll Rand®, Schlage®, Thermo King® and Trane®—are committed to help meet growing critical needs for clean and comfortable air, secure homes and buildings, safe and fresh food, energy efficiency and sustainable business practices worldwide. To learn more, please visit the About Us section at [www.ingersollrand.com](http://www.ingersollrand.com).

**Employee / Revenue by Geography**

Revenue in Millions



Employee data, including joint ventures, as of January 6, 2012



Our diverse array of businesses and market-leading brands support our vision for a world of sustainable progress and enduring results.

**Our Business Segments**

Ingersoll Rand is a \$14 billion enterprise with a diverse array of businesses and market-leading brands that serve customers in global commercial, industrial and residential markets through four main business segments.



**Climate Solutions**

Ingersoll Rand is a \$14 billion enterprise with a diverse array of businesses and market-leading brands that serve customers in global commercial, industrial and residential markets through four main business segments.

Climate Solutions delivers energy-efficient solutions globally and includes Trane, which provides HVAC systems and building services, parts, support and controls for commercial buildings and Thermo King, the leader in transport temperature control solutions.

To learn more: <http://ingersollrand.com/aboutus/businesssegments/cct/Pages/default.aspx>

**Market-leading Brands**



**Revenues**  
in Millions

2011 | **\$8,284.6**      2010 | **\$7,800.8**      2009 | **\$7,211.2**

**Industrial Technologies**

Industrial Technologies provides products, services and solutions to enhance customers' productivity, energy efficiency and operations. Products include compressed air systems, tools, fluid power products, and golf and utility vehicles.

To learn more: <http://ingersollrand.com/aboutus/businesssegments/it/Pages/default.aspx>

**Market-leading Brands**



**Revenues**  
in Millions

2011 | **\$2,852.9**      2010 | **\$2,485.2**      2009 | **\$2,170.0**

**Residential Solutions**

Residential Solutions includes the Trane and Schlage brands, which deliver safety, comfort and efficiency to homeowners throughout the Americas. With a broad range of products and services spanning energy-efficient HVAC systems, indoor air quality solutions, advanced controls, mechanical and electronic locks, portable security systems and remote home management through Nexia™ Home Intelligence, Residential Solutions helps consumers bring energy efficiency, reliability and comfort to their homes.

To learn more: <http://ingersollrand.com/aboutus/businesssegments/residentialsolutions/Pages/home.aspx>

**Market-leading Brands**



**Revenues**  
in Millions

2011 | **\$2,012.7**      2010 | **\$2,121.7**      2009 | **\$2,001.5**

### Security Technologies

Security Technologies is a leading global supplier of commercial security products and services. The segment's market-leading products include electronic and biometric access control systems, time-and-attendance and personnel scheduling systems, mechanical locks, portable security, and mechanical and electronic security products such as door closers, exit devices, architectural hardware, and steel doors and frames.

To learn more: <http://ingersollrand.com/aboutus/businesssegments/st/Pages/default.aspx>

### Market-leading Brands

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### Revenues

in Millions

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2011		<b>\$1,631.8</b>		2010		<b>\$1,593.4</b>		2009		<b>\$1,626.4</b>
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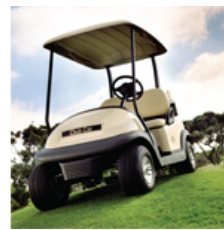
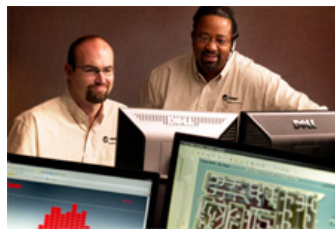


“Through sustainability and innovation, we design solutions using fewer resources while delivering on our promise of safety, comfort and efficiency.”

— Patty Blackburn, Vice President,  
Corporate Communications and Public Affairs

### Addressing Global Challenges

Ingersoll Rand's vision of a world of sustainable progress and enduring results drives our efforts to address critical, growing needs. Through our products, people and innovative solutions, we work to create and sustain safe, comfortable and efficient environments.



### The Challenge: Rising Greenhouse Gas Emissions

With global energy consumption projected to grow 60 percent by 2030, we anticipate strained energy supplies, rising prices and an increase in greenhouse gas emissions. Scientists predict that, if realized, the risks associated with greenhouse gas emissions may cause changes to the physical environment and volatility in energy and agriculture prices. Beyond the environmental impacts related to climate change, rising greenhouse gas emissions have the potential to negatively affect the health of the global economy. As Ingersoll Rand's markets and customer base continues to grow in such a resource-constrained environment, both in terms of energy supply and basic raw materials, sustainable resource use through innovation has become a business imperative.

### The Solution: Delivering Energy Efficiency Improvements and Materials Use Reduction

Ingersoll Rand understands the challenges we all face in an increasingly energy- and raw materials-constrained world. With a focus on innovation across our product and service spectrum, we continue to make improvements that reduce both energy and raw materials use during the product life cycle.

Whether it is through our Trane Tracer XT technology for reducing energy use in data centers, a Club Car Precedent i2 golf car that runs on solar power, the Nexia™ Home Intelligence system designed to reduce energy use in homes or our delivered knowledge on refrigerant management programs, we continually innovate to help our customers meet their toughest energy and materials challenges through technology, services and policy development.

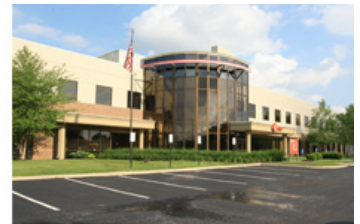
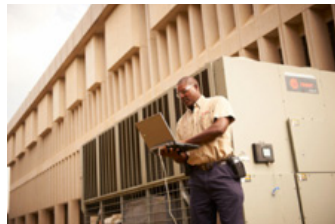


#### The Challenge: Population Growth

As today's global population of seven billion is expected to grow to more than nine billion by 2050, the likelihood of food and water shortage crises underscores the need to develop a more sustainable agricultural system—one that supports food security, minimizes environmental impact and promotes local economic development.

#### The Solution: Meeting Growing Needs for Fresh, Safe Food

Supporting a growing global population with the technology and services needed to ensure food security is crucial to a world of sustainable progress. As post-harvest food losses represent economic and health-related threats in the most vulnerable communities, Ingersoll Rand provides refrigeration solutions that enable access to fresh, safe food. With products such as our Thermo King B-100 refrigeration units, we can help increase the length of time between harvest and consumption in places like India, where approximately 30-40 percent of agricultural produce currently goes to waste primarily due to an ineffective cold chain infrastructure.



#### The Challenge: Rapid Urbanization

A little less than half of the world's population today lives in an urban environment, but trends suggest that an additional 350 million people will be added to the urban population over the next 15 years. This means that significant additions to urban capacity—housing, infrastructure and facilities—will be required to help cities keep up with a rapid influx of people. While the social and environmental implications of this demographic shift present dramatic challenges—growing demand for energy and water, increased pollution, and strains on municipal budgets and social service networks—taking a sustainable approach to urbanization presents an opportunity to redesign or build cities with social, environmental and economic factors at the forefront in planning.

#### The Solution: Supporting a World of Sustainable Progress

As populations flock to urban centers, cities increasingly require higher performing buildings, advanced security systems and economic opportunities to address human needs.

- With Trane High Performance Buildings' continuum of services, we can help create the healthy, productive and efficient environments necessary for important social institutions such as hospitals and schools;
- Our Security Technologies business focuses on advanced solutions that leverage our broad spectrum of products—from Schlage web-enabled access control software to Von Duprin exit devices to LCN door closers—to ensure the safety and security of buildings around the world; and,
- As Ingersoll Rand expands its global presence, we see opportunities to bring jobs to the communities we serve as we expand our products and solutions.



Integrity, one of our five Core Values, represents a key element of the culture we foster at Ingersoll Rand.

### **Governance and Ethics**

Compliance and governance play critical roles in successful organizations, and they serve as increasingly significant guideposts for Ingersoll Rand in today's interconnected global economy. Ingersoll Rand operates in accordance with its Corporate Governance Guidelines, which provide the framework for our overall governance approach.

#### **Board of Directors**

The Ingersoll Rand Board of Directors oversees the management and governance of the company. Comprised of 11 members—10 who are independent—the Board plays an essential role in ensuring management serves the long-term interests of our shareholders. The Board's four committees—Audit, Compensation, Corporate Governance and Nominating and Finance—have written charters that detail their specific responsibilities. The Board, through its committees:

- Monitors corporate performance and evaluates results compared to strategic plans and other long-range goals
- Oversees management of enterprise risk
- Reviews the Company's financial controls and reporting systems
- Selects, evaluates and compensates senior management
- Reviews the Company's ethical standards and legal compliance programs
- Monitors relations with shareholders, employees and the communities in which the Company operates
- Nominates individuals for Board membership and evaluates the performance of the Board and its committees

#### **Ethical Behavior**

We expect all Ingersoll Rand employees to act with the highest degree of business ethics at all times—no exceptions. Integrity, one of our five Core Values, represents a key element of the culture we foster at Ingersoll Rand and highlights our unwavering commitment to act ethically in all interactions. Our global Code of Conduct, which applies to all Ingersoll Rand employees worldwide, details our policies and practices related to ethical behavior and legal compliance. All new hires receive training on the Code of Conduct and salaried employees receive refresher training annually.

We provide options for employees to report any known or suspected violation of laws, regulations or the Ingersoll Rand Code of Conduct, including a third-party operated Ingersoll Rand Ethics HelpLine. The Audit Committee of Ingersoll Rand's Board of Directors collects information on HelpLine reports and tracks the status of resulting investigations. We take violations of the Ingersoll Rand Code of Conduct seriously and address confirmed issues through appropriate discipline.

In addition to the responsibilities outlined in our Code of Conduct, Ingersoll Rand upholds standards for basic working conditions and human rights concepts. With our Global Human Rights Policy, Ingersoll Rand articulates our expectations for working conditions and human rights consistent with those promoted by international organizations such as the International Labor Organization and United Nations, including non-discrimination, prohibitions against child and forced labor, freedom of association and the right to engage in collective bargaining.



“Premier performance is about being sustainable, and we are becoming more recognized as a leader in the sustainability field.”

— John W. Conover IV, President, Security Technologies

### A Conversation with Our Leaders

Our leadership commitment to integrating sustainability more fully into Ingersoll Rand’s organizational strategy remains strong. We know premier performing companies are sustainable. We recognize sustainability not simply as a concept we will address in the near-term, but as a long-term driver of our future success.

In February 2012, several members of Ingersoll Rand’s leadership team discussed our sustainability evolution and its connection to our business strategies:



**Marcia Avedon,**  
Senior Vice President, Human Resources and Communications



**John W. Conover IV,**  
President, Security Technologies and Chair of the Ingersoll Rand Sustainability Strategy Council



**Patty Blackburn,**  
Vice President, Corporate Communications and Public Affairs



**Neddy Perez,**  
Vice President, Diversity and Inclusion



**Paul Camuti,**  
Senior Vice President, Innovation and Chief Technology Officer



**Venkatesh Valluri,**  
President, Ingersoll Rand India

**Q** What has Ingersoll Rand done to advance its sustainability performance over the past few years?

**A Conover:** The advances we’ve made in sustainability and the understanding we’ve developed within our company are beyond my expectations. I believe the biggest impact we’ve made is in helping our customers create value by improving their facilities and their businesses with our sustainable products and services. We are now progressing further by embracing sustainability holistically and, as a result, are recognized as a leader in the field. However, we still have a lot more learning and work to do on this journey.

**A Avedon:** We have started to create more opportunities for our employees and stakeholders to contribute to sustainability at Ingersoll Rand. Who better to identify opportunities and market needs than those closest to the customer? That’s where great ideas originate. We are strengthening our ability to listen to our stakeholders and implement recommendations from around the world to bring the best, most innovative ideas in energy efficiency, green products and operational excellence to the forefront.

**Q How is sustainability shaping or changing the culture at Ingersoll Rand?**

**A Camuti:** I have seen a great evolution of sustainability at Ingersoll Rand. We've shifted our mindset from minimizing impact to creating positive value. We are now seeking to deeply understand the challenges in emerging markets—whether that involves resource constraints or other local circumstances—to provide creative solutions for our customers.

**A Blackburn:** Sustainability is at the core of our vision for a world of sustainable progress and enduring results. It resonates with our culture and clearly articulates what our Company is all about. We're focused on sustainable progress for our employees, customers and communities. So, when we talk about results, we're not talking about short-term results. We're talking about enduring impact. We're working to make the world a better place to live.

**A Avedon:** Sustainability is critical to building a more progressive, diverse and inclusive culture. We support our employees in finding opportunities to improve Ingersoll Rand and that is an exciting concept for our people, as well as a value-driver for our business. The ideas and inclusive spirit that sustainability inspires support the culture we strive to achieve and are at the heart of our strategies for premier performance.

**Q What role does innovation play in providing sustainable solutions for our customers and businesses?**

**A Valluri:** Innovation is critical to the development of sustainable solutions. It requires a whole new way of thinking, whether in product development, technology innovation or process improvement. For instance, if you redesign a product or process in an emerging economy based on resource constraints, you can easily apply it in developed economies. Innovations don't always happen on a one-way street from the developed world to the developing world. It can work successfully the other way around.

**A Camuti:** We want to grow through innovation and become more innovative. As one of my colleagues succinctly said, "Innovation means creating new value for customers." And, in creating value for our customers, we create value for Ingersoll Rand.

**Q How does sustainability support our three core enterprise strategies: growth through innovation in emerging economies and service; building a progressive, diverse and inclusive culture; and, deploying operational excellence?**

**A Conover:** In my opinion, there really is no difference between a premier performing company and a sustainable company. Through operational excellence, building a progressive, diverse and inclusive culture, and growth through innovation, services and emerging markets, we drive premier performance. And, we clearly have been doing the right thing for our employees, customers and shareholders for more than 140 years—that's a sustainable company.

**A Blackburn:** Sustainability is core to our enterprise strategies. Through sustainability and innovation, we design solutions using fewer resources while delivering on our promise of safety, comfort and efficiency. From a cultural standpoint, sustainability supports employee engagement and helps to connect our people with something bigger than Ingersoll Rand alone. Finally, sustainability allows us to see opportunities where gaps exist, and it helps us find ways to improve our processes, products and overall performance.

**Q How has the entrepreneurial spirit at Ingersoll Rand contributed to our sustainability progress?**

**A Valluri:** The more I see in emerging markets, the more I realize the next generation's sensitivity to environmental degradation. Therefore, when we launched the entrepreneurial program in India, we trained the participants to understand the importance of incorporating sustainability into our business practices. The progressive, diverse and inclusive culture we describe is the kind of culture we want to create not only in emerging economies, but across the world.

**A Perez:** The entrepreneurial spirit at Ingersoll Rand is a great example of sustainability in action. It provides us the opportunity to leverage the diversity of thoughts and skill sets to reinvent products and services and to make them more efficient for our customers.



“I have seen a great evolution of sustainability at Ingersoll Rand. We’ve shifted our mindset from minimizing impact to creating positive value.”

— Paul Camuti, Senior Vice President,  
Innovation and Chief Technology Officer

### Structured for Sustainability

Integrating sustainability into Ingersoll Rand’s organizational and management systems provides a business lever to achieve premier performance and enduring results.

### Board of Directors

In 2010, we added sustainability as a formal responsibility of our Board of Directors’ Corporate Governance and Nominating Committee. The Committee sets the strategic direction for Ingersoll Rand’s sustainability approach and is updated regularly by Ingersoll Rand’s Center for Energy Efficiency and Sustainability (CEES), our Sustainability Council, and members of our leadership team. The Board’s Audit Committee has oversight for Ingersoll Rand’s environmental health and safety (EHS) performance, which measures sustainability indicators, including energy consumption, carbon footprint and waste.

### Sustainability Council

Ingersoll Rand’s Sustainability Council, comprising representatives from all of our businesses and functions, sets priorities and provides guidance on key sustainability initiatives. The Council meets quarterly to discuss strategic opportunities and direct the integration of sustainability into Ingersoll Rand’s overall business strategy.

### Center for Energy Efficiency and Sustainability

Ingersoll Rand’s Center for Energy Efficiency and Sustainability (CEES) helps our customers and our company leverage best practices in sustainability to deliver business growth. The CEES also draws upon external thought leaders’ expertise through our Sustainability Advisory Council, a group that shares lessons with Ingersoll Rand to inspire progress our social, environmental and economic performance.

In 2011, the CEES focused on:

- Innovation and Product Stewardship—launching Ingersoll Rand’s first Green Product Portfolio and conducting a life cycle assessment (LCA) on five key products
- Issues and Advocacy—sponsoring a report from the Economist Intelligence Unit on energy efficiency and hosting the GreenBiz Executive Network summer meeting
- Community and Employee Engagement—formalizing our Green Team program, designing an employee sustainability education platform and sponsoring programs such as the Environmental Defense Fund (EDF) Climate Corps

The CEES also draws upon external thought leaders' expertise through our Sustainability Advisory Council, a group of sustainability experts that share lessons with Ingersoll Rand to inspire progress around our social, environmental and economic performance. Members of our Council include:







- Roberta Bowman, Duke Energy
- Marian Chertow, Yale University
- Ole Daugbjerg, Danfoss Group
- Prem C. Jain, India Green Building Council
- Peter Madden, Forum for the Future
- Katherine Sierra, Brookings
- Daniel Vermeer, Duke University
- Mathis Wackernagel, Global Footprint Network
- Terry Yosie, World Environment Center
- Marcia Avedon, Ingersoll Rand
- John Conover, Ingersoll Rand
- Patricia Nachtigal, Ingersoll Rand
- Todd Wyman, Ingersoll Rand
- W. Scott Tew, Ingersoll Rand, CEES



We reduced normalized energy consumption by approximately 21 percent from 2010 to 2011.

### Sustainability Goals

Since 2009, we have focused on nine, long-term sustainability goals to advance Ingersoll Rand's social and environmental performance. In each area, we are on track to reach our long-term goals for environmental stewardship, safety and talent management.

Long-term Goal	Status	2011 Performance
<b>Total Recordable Incident Rate (TRIR)</b>		
67 percent reduction from 2008 to 2013	 On track	We improved our TRIR by approximately 20 percent from 2010 to 2011
<b>Lost Time Incident Rate (LTIR)</b>		
67 percent reduction from 2008 to 2013	 On track	We improved our LTIR by approximately 30 percent from 2010 to 2011
<b>Energy</b>		
25 percent normalized reduction* over a 10-year period**	 On track	We reduced normalized energy consumption by approximately 21 percent from 2010 to 2011
<b>GHG emissions</b>		
25 percent normalized reduction* over a 10-year period**	 On track	In 2011, we reduced normalized GHG emissions by approximately 13 percent over 2010
<b>Nonhazardous waste generation</b>		
15 percent normalized reduction* (excluding scrap metals) from 2009 to 2013	 On track	We reduced non-hazardous waste, normalized by revenue, by 27 percent from 2010 to 2011
<b>Hazardous waste generation</b>		
3 percent normalized reduction* year-over-year	 Exceeded goal	We exceeded our 3 percent annual reduction by reducing hazardous waste, normalized by revenue, by 36 percent from 2010 to 2011



### Recycling

By 2013, 100 percent of sites will have programs for recycle/reuse of:

- Aluminum
- Wood
- Paper
- Cardboard
- Plastic
- Scrap Metal
- Glass
- Oil
- Batteries
- Electronics



Approximately 80 percent of all Ingersoll Rand sites have established a recycling program

### EHS management systems

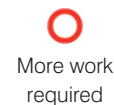
100 percent of sites will have validated EHS management systems (EHS MS) by 2013



Currently, 28 Ingersoll Rand sites are ISO 14001 certified and/or OHSAS 18001 certified with an additional 109 sites having completed a rigorous internal validation process

### Talent Development

100 percent of salaried employees receive a performance review



Ninety-eight percent of all salaried employees received a 2011 performance review

*\*Normalized by revenue*

*\*\*Baseline year for energy and GHG emissions is 2009*

To reflect the broader view of sustainability emerging at Ingersoll Rand, the CEES recently re-assessed our current sustainability goals and developed five additional sustainability objectives. Going forward, we will focus our efforts in the areas of:

1. Growing our people's skills and competencies in order to seize sustainability opportunities
2. Applying "cradle-to-cradle" design thinking to our innovation pipeline
3. Tapping into new markets by developing solutions that address unmet environmental and social needs
4. Co-creating sustainable solutions with key stakeholders
5. Minimizing resource use across our product portfolio, sourcing and real estate

### Awards & Recognition

We take great pride in our efforts to advance the quality of life for our customers, our communities and our people. In 2011, we were honored to be recognized by a variety of highly esteemed organizations. Most notably:

- Listed on the 2011 Dow Jones Sustainability World Index and North America Index
- Listed on the 2011 NASDAQ OMX CRD Global Sustainability Index
- Ranked #112 (out of 500) on 2011 Newsweek U.S. Green Rankings
- Ranked #218 (out of 500) on 2011 Newsweek Global Green Rankings
- EPA Climate Leadership Awards Excellence in GHG Management Goal Setting



We generated more than \$14 billion in 2011 in direct global economic impact.

**2011 Global Direct Economic Impacts**  
in Millions

Global Salaries, Wages & Benefits	\$3,800
Dividends	\$137
Capex	\$243
Cost of Goods Sold	\$10,494
Income Tax Expense	\$187
<b>Total</b>	<b>\$14.86 Billion</b>

**Economic Impacts**

Advancing the quality of life means not only creating and sustaining safe, comfortable and efficient environments but also providing opportunities that enable people and communities to elevate their standard of living. Our success depends upon the economic health of our communities, so we take seriously our role as contributors to local economic vitality. By investing in local economies and creating opportunities across our value chain, Ingersoll Rand strengthens our ability to access local procurement, earn a social license to operate in new and existing locations and grow in emerging markets.

As a key component of our growth strategy, investing in people and resources in emerging markets builds a foundation for future success. Promoting a progressive, diverse and inclusive culture at Ingersoll Rand allows us to leverage talent on a global scale while creating employment opportunities in the local markets we serve. Further, we believe that people want to see their local communities do well. When our people represent the communities we serve with Ingersoll Rand products and services, we are best positioned to innovate and design solutions that allow their communities to thrive.

**Sustainability Rankings**

Benchmarks serve as an important tool for organizations seeking to improve or enhance performance over time. At Ingersoll Rand, understanding how our performance compares to that of our peers and competitors helps us to continuously improve across a broad range of metrics. In 2011, we were pleased to once again join the ranks of companies taking a leadership role in sustainability performance by our inclusion on the 2011 Dow Jones Sustainability North America and World Indexes as well as the NASDAQ OMX CRD Global Sustainability Index.



Ingersoll Rand strives to do business with partners that share our sustainability vision and core values.

### Supply Chain

Recognizing that our global impacts do not start and stop at the Ingersoll Rand property line, we strive to do business with partners that share our sustainability vision and core values. Ingersoll Rand's Business Partner Code of Conduct outlines our expectations for suppliers and vendors to comply with all laws and regulations covering:

- Anti-discrimination
- Fair wages and benefits
- Child and forced labor
- Freedom of association
- Human rights
- Health and safety
- Environmental performance
- Antitrust and competition
- Anti-corruption and bribery
- Global trade compliance

The Code, which applies to all of our contractors, suppliers, subsidiaries and joint venture partners, is available in eight languages and can be found online at [ingersollrand.com](http://ingersollrand.com). In the past year, we sent a survey to suppliers representing approximately 50 percent of our direct material spend—requesting information on several aspects of sustainability performance, including acknowledgement of the Ingersoll Rand Business Partner Code of Conduct, energy use and greenhouse gas (GHG) emissions, participation in the Carbon Disclosure Project and exposure to risks related to water scarcity. Survey responses indicate that less than 20 percent of our suppliers measure GHG emissions and less than 10 percent have emission reduction targets. Furthermore, less than 10 percent provided emissions information in their survey response. In the near future, we seek to expand our efforts to quantify supply chain impacts by increasing the number of suppliers that participate in our survey.

One way we address the environmental issues of our supply chain and transportation activity is through Ingersoll Rand's participation in the U.S. EPA SmartWay program. Inbound and outbound logistics carriers are required to report their SmartWay membership status and FLEET score (an EPA measure of efficiency) to inform our contracting evaluation metrics. In the near-term, we anticipate establishing annual improvement targets for transportation using EPA guidance.



Stakeholder engagement helps us to better understand the issues and interests our stakeholders represent.

### Stakeholder Engagement

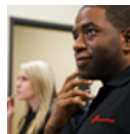
We touch millions of lives through Ingersoll Rand's diverse products, services and operations. Ingersoll Rand's stakeholders—including our customers, employees, shareholders, Non-government Organizations (NGOs) and communities—can have a direct influence over our ability to operate and design solutions that advance the quality of life. Stakeholder engagement helps us to better understand the issues and interests our stakeholders represent.

In 2010, Ingersoll Rand's Center for Energy Efficiency and Sustainability (CEES) created an external Sustainability Advisory Council to help guide our sustainability efforts. This Council, comprising prominent sustainability thought leaders across a broad range of sectors, delivers valuable insights regarding innovation opportunities, public policy, education and more.

A particular focus of our 2011 stakeholder engagement involves open innovation. As we have worked to build an enterprise-wide culture of innovation, we also collaborate with external stakeholders to investigate new technologies and expand the market by creating ground-breaking solutions. We seek to build our open innovation capabilities over time and are energized by the possibilities that new voices and perspectives will bring to our efforts.

Each year, we engage with the following stakeholder groups through a variety of methods to identify key stakeholder issues and integrate their feedback into our enterprise strategies. In developing this report, a core team of Ingersoll Rand employees reviewed topics raised by our stakeholders in 2011 and prioritized those issues most frequently cited by stakeholders for inclusion in the 2011 Sustainability Supplement. The issues deemed material through our review process are those covered within this report.

#### Employees



Ingersoll Rand strives to engage employees through a variety of forums and communication vehicles. From CEO webcasts to town halls to Intranet blogs, we work to create opportunities to connect and engage in two-way dialogue. One of the primary methods we use to measure the success of our engagement efforts is through an employee engagement survey.

Each year Ingersoll Rand conducts an employee engagement survey to assess employee perceptions of their work environment. In 2011, a random selection of approximately 6,000 employees participated in the engagement survey. While the overall engagement score remained steady at 63 percent in both 2010 and 2011, we saw improvement in 2011 scores across 60 percent of the focus areas.

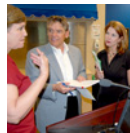
#### Customers



Ensuring customer satisfaction and loyalty continues to be a priority at Ingersoll Rand. We maintain an enterprise-wide system to measure customer satisfaction following a standardized set of questions covering four key areas—sales, delivery, product and service—which is used by all businesses globally. A centralized database contains key data from customers as well as the resulting Customer Satisfaction Index (CSI) scores, by business. We experienced a 22.7 percent decrease in our composite

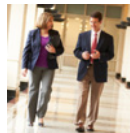
CSI rating among end customers and an 81.3 percent increase in our composite CSI rating among channel partners across all partners from 2010 to 2011. We analyze the reasons for score changes by each business regularly, and Mike Lamach shares results with Ingersoll Rand leaders every quarter. Further, one of our main 2012 enterprise goals is to improve quality and on-time delivery by more than 20 percent. We firmly believe that we cannot achieve premier performance without delighting our customers. That comes from exceeding their high expectations for quality and delivery. Both are critical for improved customer experience, and we have specific metrics in place to measure both areas continuously.

#### Investors



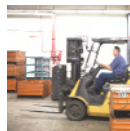
Ingersoll Rand connects with the investment community regularly throughout the year. We host two annual meetings—our general meeting of shareholders where we share updates about the Company's progress and recent developments, and an investor and analyst meeting where members of our senior leadership team address the Company's key strategies for growth and premier operational performance. In addition, our executive and investor relations teams spoke at 12 investor conferences throughout 2011.

#### Policymakers



We engage frequently with policymakers on energy efficiency and other issues that may affect Ingersoll Rand's business, consumers and our customers. More recently, we initiated conversations with policymakers on matters related to our efforts to become a more progressive, diverse and inclusive culture.

#### Suppliers



One way we engage with suppliers is through Ingersoll Rand's supplier survey. In 2010 and 2011, we sent the survey to suppliers representing \$2.45 billion in direct material spend. The survey includes questions about Ingersoll Rand's Business Partner Code of Conduct as well as our suppliers' own sustainability programs. Specifically, we ask about participation in the Carbon Disclosure Project, greenhouse gas emissions data and exposure to risk due to operations located in water-stressed regions. We have learned that less than 20 percent of our suppliers measure GHG emissions and less than 10 percent have emission reduction targets. This tells us that we have significant opportunity to help our suppliers improve their sustainability performance and, by extension, the sustainability of Ingersoll Rand's value chain.

#### Local Communities



Local communities are an important stakeholder in our continued success. We demonstrate our commitment to social responsibility through the implementation of site-based community relations activities that reflect the unique nature of each location while connecting to our Company mission. Ingersoll Rand does not view community relations as a one-time philanthropic event or meeting with the local Chamber of Commerce; rather it is an ongoing process to maintain trust and credibility and ensure community support for our continued operations. Our employees lead this effort within our facilities and they extend their care and concern to the communities where we work by contributing donations, volunteering their time, serving on boards, meeting with civic and business organizations regularly, developing relationships with community leaders and representing Ingersoll Rand at community functions.

## External Partners & Memberships

### Industry Association Partners

- ARAP (Alliance for Responsible Atmospheric Policy)
- CEF (Corporate Eco Forum)
- IRI (Industrial Research Institute)
- NAEM (National Association of EHS Management)
- ORC Corporate Environmental Forum
- PDMA (Product Development and Management Association Sustainable Innovation Special Interest Group)
- Sustainability Innovators Working Group via Esty Environmental Partners
- USGBC (U.S. Green Building Council)

### Governmental Group Partners

- Montreal Protocol (UNEP Secretariat)
- UNFCCC (United Nations Framework Convention on Climate Change)

### NGO Partners

- ASE (Alliance to Save Energy)
- BCSD (Business Council for Sustainable Development)
- DRSG (Demand Response Smart Grid)
- ESC (Energy Services Coalition)
- Forum for the Future
- GBI (Green Building Institute)
- Green Biz Executive Network
- NEEF (National Environmental Education Foundation)
- The Climate Registry
- USBCSD (U. S. Business Council for Sustainable Development)
- World Environment Center

### University Partners

- Duke EDGE (Center for Energy Development and the Global Environment)
- ERI (Energy Research Initiative/Smart Grid Research Center at Carnegie Mellon)
- Fairleigh Dickinson University ISE (Institute for Sustainable Enterprise)
- Golisano Institute for Sustainability
- RIT (Rochester Institute of Technology)

### **Purdue Solar Decathlon**

In 2011, Ingersoll Rand sponsored Purdue University in a quest to design, build and operate a solar-powered house for the U.S. Department of Energy (DOE) Solar Decathlon. The Purdue team took second place in the challenge, designing and constructing a house that is cost effective, energy-efficient and incorporates attractive design.

The Solar Decathlon, much like the Olympic decathlon, is comprised of 10 different contests that include architecture, market appeal, engineering and energy balance, with teams from all over the world competing. Learn more about the Solar Decathlon here:

<http://www.solardecathlon.gov/>

Our team's entry, INhome (a shortened version of "Indiana home"), was built at the Purdue campus and transported to Washington, DC for the competition. The team included Ingersoll Rand innovations such as a Trane® HVAC system and Nexia Home Intelligence central control system, with a Schlage® electronic locking and alarm system. The INhome central control system allows users to operate door locks, change the temperature settings, control lights and monitor electricity consumption remotely via smart phone. The house was designed to be a net-zero energy home for a typical Midwestern consumer.

The Purdue students impressed us with their skills and creative thinking, especially as it related to problem-solving and working together as a team to achieve one goal—take commercially available products and incorporate them into an affordable and sustainable home.

See the Purdue Team in action:

- <http://www.youtube.com/watch?v=MLFj00HBv38&list=UUtzFqoMQ4AKD26MdYjvPZ3A&index=1&feature=plcp>
- [http://www.youtube.com/watch?v=mYxbr1Ojt\\_g&feature=BFa&list=UUtzFqoMQ4AKD26MdYjvPZ3A&lf=plcp](http://www.youtube.com/watch?v=mYxbr1Ojt_g&feature=BFa&list=UUtzFqoMQ4AKD26MdYjvPZ3A&lf=plcp)



“The progressive, diverse and inclusive culture we describe is the kind of culture we want to create not only in emerging economies, but across the world.”

— Venkatesh Valluri, President, Ingersoll Rand India

#### **Building a Progressive, Diverse and Inclusive Culture**

As a global company, Ingersoll Rand's ability to understand and operate in a multicultural world is essential to our enduring success. From talent development initiatives that contribute to our employees' professional growth to health and wellness offerings that aid in improving our employees' overall well-being to providing opportunities to engage in the community, Ingersoll Rand makes our people a priority. Fostering an environment where people feel respected and valued for their talents, skills and knowledge allows us to increase employee engagement and support new ideas that improve operational efficiency and profitable growth. This, in turn, enables us to address the evolving needs of our diverse customers and stakeholders.





“Sustainability supports employee engagement and helps to connect our people with something bigger than Ingersoll Rand alone.”

— Patty Blackburn, Vice President,  
Corporate Communications and Public Affairs

### Rewarding Workplace

Ingersoll Rand’s compensation programs are designed to reward and motivate our people as they deliver solutions that advance the quality of life around the world. Across our businesses, we strive to provide competitive wages and benefits to all of our employees by continually monitoring the marketplace to ensure our programs are on par with or exceed others in our industry.

For U.S.-based, non-bargaining full-time and part-time employees, Ingersoll Rand offers medical, dental and basic life insurance; Accidental Death & Dismemberment (AD&D); Dependent Care Flexible Spending Account; and voluntary benefits such as pet insurance, excess liability, legal, home and auto insurance. Most full-time and part-time employees are offered Short-term Disability. Our full-time employees also are offered the Health Savings Account, Health Care Flexible Spending Account, HSA-Compatible Care Flexible Spending Account, supplemental life insurance and Long-term Disability. A full-time employee is defined as someone who works 35 or more hours per week. A part-time employee is defined as someone who works at least 20 hours and less than 35 hours per week.

Relative to retirement benefits for most U.S.-based, non-bargaining employees, Ingersoll Rand funds approximately 8 to 9 percent of payroll for retirement plan purposes. This includes a Defined Benefit pension plan and company matching contributions to a Defined Contribution plan. An employee may elect to contribute from 0 to 50 percent of pay in the Ingersoll Rand Employee Savings Plan. Employee contributions into Ingersoll Rand’s Defined Contribution plans may vary. Approximately 95 percent of the Ingersoll Rand U.S.-based, non-bargaining employee population participates in some type of retirement plan benefit (Defined Benefit pension plan and/or Defined Contribution plan). The Defined Benefit pension plan does not include employee contributions or rollovers from other employers. Separate trusts are established to fund pension liability. The Company uses its general resources to appropriately fund the pension trusts annually.



We have made important strides in building a more progressive, diverse and inclusive culture.

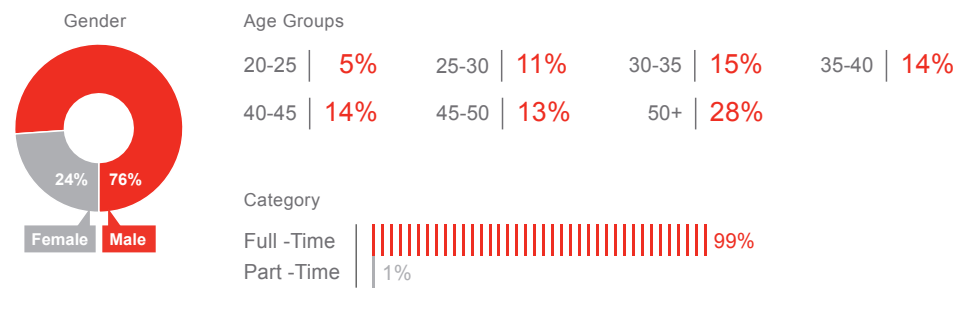
**Diversity and Inclusion**

To advance the quality of life and inspire excellence in our operations, we must recognize and appreciate the diversity of the people and communities we serve. In 2011, we made important strides in building a more progressive, diverse and inclusive culture. Most notably, we created the role of vice president of diversity and inclusion and hired a dynamic leader to inspire the kind of progressive culture we envision for Ingersoll Rand. As part of that evolution, we aim to:

- Respond to changing work force demographics to attract and retain top talent
- Respond to global customers' needs for new products and services
- Leverage employees' talents, skills and ingenuity to drive innovation
- Be an employer of choice that fosters a welcoming workplace open to new thinking and respectful of individual differences
- Engage employees in decision-making processes, changes and driving business productivity

Our work in 2011 built upon the foundation we created in 2010, when we launched a Diversity and Inclusion Council of internal leaders from all of our businesses around the globe to provide advice and direction. Over the next year, we will add to our growing Employee Resource Groups by launching networking events for women, African Americans and veterans in North America. In Europe, we are planning a one-year leadership program for women to foster diversity and inclusion to support their professional development and growth.

**Employee Profile**





In 2011, Ingersoll Rand employees volunteered more than 11,500 hours to positively impact communities.

**Total Volunteer Hours**  
2009 - 2011



**Community Investment**

Advancing the quality of life is more than delivering products and services that create and sustain safe, comfortable and efficient environments—it is also about supporting communities with our time, talent and resources.

Ingersoll Rand's philanthropy strategy is centered on our purpose to make a positive impact in the worldwide need for safety, comfort and efficiency. In 2011, Ingersoll Rand and our employees around the world contributed volunteer, financial or in-kind support to more than 200 nonprofit organizations. Our strategy enables Ingersoll Rand to take an active role in solving tough social issues that benefit our Company and communities alike. Our philanthropic decisions focus on two areas—education and community development.

To execute on our corporate philanthropy strategy, Ingersoll Rand provides Foundation grants, corporate contributions and community sponsorships; scholarships for children of employees, and matching gifts for employee and retiree contributions to eligible organizations.

In 2011, we allocated more than \$4.4 million in philanthropic giving, and employees volunteered 11,500 hours to positively impact communities—an increase of 25 percent over 2010.

**Global United Way Partnership**

Ingersoll Rand's long-standing partnership with the United Way helps strengthen connections with the communities where we live and work. In 2011, we organized more than 30 United Way campaigns globally. Our people generously gave their time and financial resources to support the United Way mission to, "...improve lives by mobilizing the caring power of communities around the world to advance the common good."

Throughout India, Ingersoll Rand has forged a relationship with the United Way to address community needs in ways that also deliver business value. Near Ingersoll Rand's offices in Bangalore, India, rapid urbanization is dramatically affecting water levels. We have partnered with United Way to adopt a local lake as a first step in saving Bangalore's deteriorating fresh water resources. From establishing a Lake Preservation Committee to constructing a sewage treatment plant and creating a walking path around the lake, Ingersoll Rand engaged employees, families and other non-profit organizations to increase water preservation in the region. This not only solves a pressing community issue, but it ensures that Ingersoll Rand has access to an essential natural resource to maintain operations in the region.

In New Delhi, the location of Ingersoll Rand's largest Indian manufacturing facility, we partnered with United Way on the "Your City in Your Hands" program, a community-based natural resource conservation and sanitation initiative focused on:

- Creating measurable impact in the areas of energy conservation, waste management and environmental preservation at the project locations
- Educating citizens on waste management and energy conservation practices to create a force of trained, young ambassadors passionate about environmental preservation
- Encouraging citizens to lead a hygienic, eco-friendly and responsible life

The Ingersoll Rand-United Way partnership helps to improve communities in India while, at the same time, create more vibrant, livable cities for our people, our customers and our stakeholders.

What else are Ingersoll Rand teams doing to support the United Way? Learn more about Ingersoll Rand's 2011 United Way annual campaigns.

#### **The United Way of Central Indiana**

The United Way of Central Indiana recognized our Residential Solutions and Security Technologies teams in Carmel, Indiana for achieving the largest increase in overall giving of all donor campaigns in 2011. See how our team made this happen:

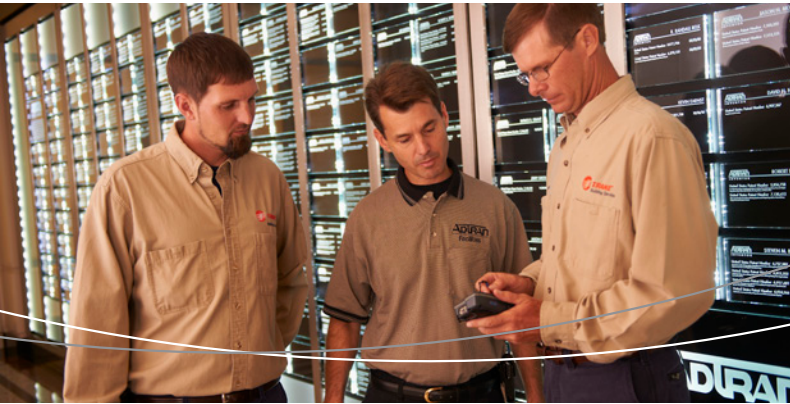
<http://www.youtube.com/watch?v=Nny8kaDTo70>

#### **The United Way of Twin Cities**

While our Thermo King and Trane teams in Minnesota have competed against one another in the past, we teamed up to battle the Toro Company in support of the United Way Twin Cities 2011 "Cram the Van" challenge to collect food and school supplies for families in need. We successfully raised 13,400 pounds of food and school supplies (and beat our competition!). Watch Ingersoll Rand team members at our "Cram the Van" press conference: [https://www.unitedwaytwincities.org/news/2011/09/19/569/companies\\_compete\\_to\\_cram\\_the\\_van](https://www.unitedwaytwincities.org/news/2011/09/19/569/companies_compete_to_cram_the_van)

#### **The United Way of Central Carolinas**

Team members from Ingersoll Rand's North American headquarters in Davidson, North Carolina ran the largest campaign in our campus' history in 2011, raising more than \$830,000 for the United Way of Central Carolinas.



In 2011, we designed a new enterprise-wide competency model to inspire premier performance.

### Talent Management

Ingersoll Rand believes that every employee is a leader in their own job. And, it is with a dedicated team of 52,000 leaders that we will excel as an organization. Our talent management process bridges training and education with performance management as a means of giving our employees the tools and resources they need to succeed professionally. A key goal of Ingersoll Rand's talent management program is to develop leaders who are confident, yet act with humility and respect for others.

In 2011, we designed a new enterprise-wide competency model to inspire premier performance at all levels of the organization. The model is built around seven competencies:

1. Live the values
2. Communicate compellingly
3. Learn enthusiastically
4. Advocate for customers
5. Innovate
6. Promote change
7. Strive for excellence

The model aims to align competency factors with individual technical, cognitive and interpersonal skills. Employees are measured by these core competencies, and we aim to provide 100 percent of all salaried, professional employees with annual performance reviews. In 2011, 98 percent of our salaried professional employees are on track to receive a performance review, up from 96 percent in 2010.

Ingersoll Rand University (IRU) provides education to develop business leaders, enhance strategic competencies and drive the Ingersoll Rand culture. We strive to deliver 40 hours of training per employee annually and 60 hours for managers. With education centers in five countries, we trained more than 4,000 employees through instructor-led courses and logged thousands of hours of on-line training courses in 2011. Our classroom training programs are offered in seven different languages and online development courses are delivered in more than 25 different languages to ensure we address the training needs of our diverse workforce.

By maintaining rigorous talent development efforts, Ingersoll Rand will continue cultivating innovative, ethical, responsive and authentic leaders. And, with high-performing employees, we will generate the business and operational results needed to successfully compete on a global scale.



We plan to expand our *Health Progress* program globally in 2012.

### Health and Wellness

Healthy, thriving people make healthy, thriving businesses. This premise guides Ingersoll Rand's health and wellness efforts and inspires us to do more for our people who enable Ingersoll Rand's success.

Ingersoll Rand is committed to improving the health status of our employees globally through our wellness initiative, *Health Progress*. With our current program, we encourage U.S.-based employees (and eligible spouses or domestic partners) to complete an annual biometric screening and health risk assessment. Based on the results of the initial assessments, participants are provided with a Well-Being Improvement Plan to address specific diseases or conditions. The Plan focuses on nutrition, exercise and other key wellness topics that are supported through online and telephone coaching. *Health Progress* Leaders, appointed at every Ingersoll Rand location in the United States, are responsible for developing programs based on site-specific risks and needs. Most Ingersoll Rand locations in the United States host an annual health fair, where we encourage participation in *Health Progress* by offering free biometric screenings and other health-related activities. In 2011, we expanded *Health Progress* to China, the first country outside the U.S. *Health Progress* program components were further developed to enhance health and wellness education on a global basis.

Our global tobacco-free workplace policy, consistent with World Health Organization (WHO) recommendations for improving workplace health, states that no smoking or use of any tobacco product is permitted within 25 feet of an Ingersoll Rand facility or in a Company vehicle. This applies to all employees, contractors, and visitors, and it extends to Ingersoll Rand employees on another Company's location during the work day. In the United States, Ingersoll Rand offers tobacco cessation programs for employees who want to quit using tobacco products.

In emergency situations, Ingersoll Rand's facility-based emergency response teams are trained in first aid, cardiopulmonary resuscitation (CPR) and using automated external defibrillators (AEDs). We maintain AEDs in each location with more than 200 employees, which meets compliance standards with local health department regulations.

To reduce the risk of illness among employees and their families during flu season, we offer the seasonal influenza vaccine to all employees globally at no charge. Ingersoll Rand's Pandemic Influenza Preparedness Plan, which we are in the process of updating for 2012, outlines a set of preventive measures to follow in the event of an influenza pandemic and is available to view on our website.



Annual savings for Green Team projects are estimated to exceed \$1 million.

### Employee Engagement

The best measure of our success in building a progressive, diverse and inclusive culture is our employee engagement rate. Finding new ways to challenge, educate and encourage our people helps to set Ingersoll Rand apart as a global employer of choice.

As part of our strategy to engage employees in 2011, we increased the frequency of pulse surveys to quarterly. The survey results are used to identify and work on improvement actions. From the latest all-employee survey results, we identified and implemented 1,300 action items to help improve employee engagement throughout the company. For instance, in our Residential Solutions segment, we launched the Engagement Passport program, which is designed to engage employees in learning more about the role they play in supporting our customers. Through “Listen-n-Learn” customer feedback sessions to community and workplace events, the program encourages our people to participate in personal interactions that cultivate stronger relationships and track their “passport” progress over time. Results from employee engagement pulse surveys in Residential Solutions suggest programs like Passport make a difference—we saw the engagement index rise from 60 percent in 2010 to 65 percent in 2011.

### Global Green Team Growth

2010	25 teams
2011	52 teams
2012 (projected)	104 teams

### Green Teams

When volunteer-led employee Green Teams first emerged at Ingersoll Rand, their focus was relatively simple—find ways to reduce our environmental footprint. With that desire to practice environmental stewardship still at its core, Ingersoll Rand’s Green Teams dramatically expanded in 2011. As we formalized the program and encouraged participation at locations around the world, we saw employees teaming up to introduce creative ideas for community service projects, reducing waste, implementing recycling programs, organizing clean-ups, reducing facilities’ energy use, and more.

In 2011, Ingersoll Rand’s Center for Energy Efficiency and Sustainability (CEES) launched our formal Global Green Team Initiative. Recognizing a need to add structure to the Green Team activities, two executive sponsors volunteered to oversee the initiative. The CEES developed a certification framework for Green Teams worldwide, providing definition around key milestones and a maturity path for growing teams. We also sought to provide more resources and learning opportunities for our Green Teams. For example, we established a quarterly global Green Team webcast where Green Team volunteers from around the world can share ideas and best practices with one another based on their individual experiences. Finally, we designed an impact measurement process to better quantify the value—both financial and environmental—our Green Teams create. We calculate the annual savings associated with Green Team projects in 2011 to exceed \$1 million.

### **One STEP Forward**

To personalize sustainability for each of our employees, Ingersoll Rand also created One STEP Forward, a global engagement and education program. Introduced in 2011, the program is designed to empower employees through fun, educational experiences that encourage them to live and explore their positive, personal sustainability values.

One STEP Forward takes nominated employees, called “Sustainability Champions,” through a one-day workshop focused on identifying and planning smaller, but impactful, sustainability projects. Following the workshop, Champions commit to a project or activity that helps build a culture of sustainability at Ingersoll Rand. Examples of committed employee STEPS include:

Picking up litter on lunch-time walks

Only printing documents when necessary (and printing double-sided)

Requesting more recycle bins (and reducing the number of trash bins) for their team/office area

Reducing waste to landfill at home by utilizing recycling and composting

Working with a team or site group to plant trees or flowers at an Ingersoll Rand facility

The STEPS are intended to be collaborative and produce a measureable environmental, social and/or financial improvement. Through One STEP Forward, we strive to leverage the passion and innovative spirit for sustainability that our employees possess.

### **Green Teams in Action**

As the number of global Green Teams continues to grow, Ingersoll Rand is proud of the exceptional results our current teams achieved in recent years. Whether through community volunteer projects, facility enhancements or packaging initiatives, these teams are making a difference.

#### **Curitiba, Brazil Green Team**

In addition to energy efficiency and waste reduction activities in their facility, members of our Climate Solutions Green Team in Curitiba, Brazil make community engagement a major focus of their efforts. In 2011, the team designed and launched community programs related to environmental and social responsibility, including:

- Hosting a Foster Education Course for more than 200 employees and community members on the topic of healthy nutrition and reducing food waste
- Launching a PET bottle campaign, which gathered over 2.37 tons of PET bottles to raise funds for underprivileged youth
- Providing employees with native trees on National Tree Day and supporting 40 volunteers to plant trees at the facility

#### **Davidson, North Carolina Green Team**

At Ingersoll Rand's corporate headquarters, our Davidson Green Team introduced two week-long campaigns in 2011—Earth Week and Pollution Prevention Week—to raise awareness and change employee behavior. The team engaged employees in planting lilies to beautify our campus, pledging to reduce paper cup use, participating in a home energy Lunch and Learn session, and more. See our team in action: [http://www.youtube.com/watch?v=\\_8QsU2XdEKE](http://www.youtube.com/watch?v=_8QsU2XdEKE)



#### **Galway, Ireland Green Team**

At our Thermo King facility in Galway, Ireland, one of our longest-standing Green Teams split into specialized focus groups to specifically address key environmental issues while generating cost reductions. Across the following areas, our Galway Green Team achieved impressive results, including:

- 25 percent reduction in on-site energy use (normalized by sales) since 2009
- 30 percent reduction in hazardous waste from 2010 to 2011
- Recycling 85 percent of non-hazardous waste in 2011
- Reduced water use by 10 percent from 2009 to 2010
- Developed vendor packaging standards to reduce packaging waste
- Learn more: <http://www.youtube.com/watch?v=PLX2159bplM&feature=related>

#### **Kansas City District Green Team**

Our Kansas City District Green Team makes community involvement and enhancing lives a key focus of its sustainability efforts. From serving meals at the local Ronald McDonald House, to raising money for a Joplin, Missouri tornado disaster relief fund, to donating blood for the American Red Cross and more, the Team works to put people first.

#### **Los Angeles, California Green Team**

At our Trane sales office in Los Angeles, California, our Green Team spearheaded facility improvements that merited a LEED silver certification. With energy efficiency improvements, incorporating day-light harvesting and other enhancements at the facility, they are now saving more than 37,000 KW per year.

#### **Redmond, Washington Green Team**

In Redmond, Washington, Ingersoll Rand's Trane Green Team received two grants from the City of Redmond's R-TRIP program to encourage alternative commuting. Using the grants to fund employee bicycle purchases, monthly raffles and initial vanpool fees, Trane employees already see the following results:

- 500 gallons of gas saved
- 12,000 fewer miles driven
- \$6,700 reduction in personal commuting costs



“Innovation means creating new value for customers.”

— Paul Camuti, Senior Vice President, Innovation and Chief Technology Officer

### **Growth through Innovation**

Innovation serves as the foundation upon which Ingersoll Rand inspires progress, and it enables us to design creative and effective solutions that add value as defined by our customers.

Over the past year, we created a new executive leadership position—senior vice president of innovation—and brought in an industry thought leader dedicated to fostering a culture that embraces innovation in all that we do.

As we build a more innovation-centric mindset, we strive to accelerate global innovation and technology-led growth strategies. In 2011, we began to employ open innovation to leverage the wisdom of our broad stakeholder base. Open innovation integrates external input to enrich our businesses' advanced technology and innovation capabilities. Internally, we host Innovation Challenges, where Ingersoll Rand employees from across the organization are invited to share ideas to better serve our customers. Externally, we learn from our customers to deliver highly specialized solutions that improve efficiency, productivity and reduce costs.

Increasing capital expenditures for R&D over the past three years reinforces Ingersoll Rand's commitment to growth through innovation—and we are beginning to see positive results. In 2011, 23 percent of total revenue resulted from innovation advances and we are targeting 25 percent total revenue from innovation in the next year.



Recent survey feedback validates our belief that a strategy for sustainability—one that incorporates a thoughtful energy component—represents a growth and innovation enabler for Ingersoll Rand.

### Promoting Energy Efficiency and Sustainability

In 2011, Ingersoll Rand sponsored an Economist Intelligence Unit survey of CEOs and senior executives on the topic of energy efficiency and sustainability. The findings highlight a gap in perception between CEOs and other senior executives on the value of energy efficiency and current investment in energy efficiency efforts. Specifically, our findings include:

- More than 80 percent of senior executives view energy efficiency as strategically important to their business
- 75 percent of who anticipate energy efficiency increasing in strategic importance over the next five years

This feedback validates our belief that a strategy for sustainability—one that incorporates a thoughtful energy component—represents a growth and innovation enabler for Ingersoll Rand.

Across our business segments, we work to promote energy efficiency and sustainability to bring the greatest possible value to our customers. With a focus on growing our service business, we made significant strides in 2011. For example, the Ingersoll Rand brand offers PackageCare, which provides technicians with a remote mobility capability to deliver data driven maintenance activities that ensure optimal performance and energy consumption. In addition, we launched Trane Intelligent Services™, a comprehensive remote connection HVAC performance monitoring solution, to help customers proactively resolve system issues and reduce energy consumption.

### Climate Solutions

Ingersoll Rand's Climate Solutions segment delivers products and services that help customers to reduce energy consumption, improve organization effectiveness and enhance sustainable performance.



**TRANE**



**THERMO KING**

### 2011 Highlights

- In Northern Europe, we recently launched an environmentally responsible alternative to traditional diesel-powered refrigeration with our Thermo King CryoTech refrigeration unit that exceeds rigorous standards for noise levels. Using recycled liquid carbon dioxide, we dramatically reduced the carbon footprint of the unit while delivering superior capacity and temperature control. Learn more: <http://www.youtube.com/watch?v=Q0MvxSLW3Kw&feature=related>
- On the service side, Climate Solutions has focused on developing tools and technologies that provide a more integrated approach to building management. With the introduction of Trane Intelligent Services™ in July 2011, we launched a comprehensive remote connection monitoring solution that tracks HVAC performance to identify areas of system inefficiency and proactively resolve system issues.

### **Trane High Performance Buildings**

In the places where performance matters most, Trane High Performance Building solutions combine financial, operating and energy analysis with specialized service offerings and available financing to deliver safe, healthy, comfortable and efficient environments. From our core HVAC offerings to energy services, performance contracting and intelligent monitoring, we help customers find and achieve energy savings and then sustain those savings through proactive controls.

Given that buildings today represent approximately one-third of the world's total energy consumption, Trane High Performance Building solutions apply a proven methodology, process and tools for achieving peak building performance by:

- Understanding our customers' mission
- Conducting a critical systems audit and facility assessment
- Providing performance improvement recommendations
- Implementing improvements
- Providing continuous systems monitoring, periodic audits and ongoing assessment
- Delivering measurement and evaluation

When the Mesa County Valley School District in Colorado needed to improve the learning environment for students while reducing energy and operating costs, Trane developed a solution to address the community's urgent educational needs. After conducting energy audits and recommending mission-focused energy conservation measures, we designed and installed updates to enhance overall building performance, including:

- HVAC upgrades and re-commissioning
- Web-enabled building control system
- Sky lighting and lighting retrofits
- Electric-gas oven conversion
- Water conservation measures

Across 46 schools district-wide, the \$10.7 million program was funded entirely by energy savings and a performance contract supported by the Colorado Governor's Energy office. As communities increasingly seek to advance education while serving as good stewards of public tax dollars, a focus on high performance buildings serves as a responsible and effective approach.

To learn more about Trane High Performance Buildings, visit: <http://youtu.be/N-B6E5YluP8>

## Residential Solutions

With Residential Solutions' market-leading Trane and Schlage brands, we advance the quality of life for families and individuals through tools and technologies that help them to better manage their homes for efficiency, comfort and safety.



### 2011 Highlights

- Nexia™ Home Intelligence, a smart home automation system, leverages advanced technologies from Trane and Schlage to help consumers remotely manage features and functions in their homes. With this system, homeowners can use web-enabled computers and smartphones to kick on the heat with a Trane ComfortLink™ II Control, unlock the front door with Schlage locks, and switch on lights while away from home. Text message alerts also let a homeowner know when their children arrive home from school safely, the pet sitter comes and goes, or a contractor arrives and then departs after completing a job.
- In an effort to make smart home technology readily available to the average homeowner, Schlage partnered with Lennar, one of the United States' leading home builders, to provide best-in-class customizable home control functionality in every new Lennar community. The Nexia Home Intelligence system is now included in all of Lennar's new communities, beginning with recently completed homes in Tampa Bay, Florida; Houston, Texas and Las Vegas, Nevada.

### Ingersoll Rand Sponsors Disney VISION House

In the Disney World's Magic Kingdom, imagination and creativity make almost anything seem possible. Ingersoll Rand, in collaboration with Green Builder Media and Walt Disney World's Epcot Center, will launch the VISION House in April 2012—a place where "magic" meets the latest technology. The VISION House, part of Epcot's INNOVENTIONS attraction, will demonstrate the latest technological advances that allow homeowners to reduce their environmental impact while making homes safer, more comfortable and sustainable. Highlighting exciting innovations in whole-home automation, energy efficiency, water conservation, multi-generational design and durability, the VISION House is designed to deliver a powerful and inspiring message to help families bring "green" home. Specifically, it will feature Trane high efficiency heating, ventilating and air conditioning (HVAC) solutions; door hardware and home intelligence solutions from Schlage; and "Right Now" Smart Home Technology Nexia Home Intelligence.

INNOVENTIONS cast members will lead guests through guided VISION House tours to educate them on building science fundamentals, green products and intelligent systems that enhance a home's sustainability. Throughout the exhibit, visitors will be encouraged to consider how they can reduce their personal impact on the planet, as well as changes they can implement in their own homes to make them more sustainable, healthier, safer and more durable.

To learn more, visit: <http://greenbuildermag.com/VISION-HOUSE/VISION-House-in-Innoventions>

## Industrial Technologies

By listening to and learning from the diverse customers served by Ingersoll Rand's Industrial Technologies sector, we deliver highly specialized solutions that help our customers improve efficiency, productivity and reduce costs.



### 2011 Highlights

- In 2011, we launched Ingersoll Rand's new Heat of Compression (HOC) dryers—the most energy efficient dryers available in the market. Recovering heat that is a natural by-product of the compression process, the dryers harness existing energy to deliver moisture-free air. This means the dryers consume less energy than a 150W lightbulb and reduce costs for customers. To learn more, visit: <http://www.youtube.com/watch?v=AyX61tkrm8E>
- As the world's largest manufacturer of small-wheel electric vehicles, Club Car is at the forefront of delivering environmentally responsible, zero-emission vehicle technology. In 2011, Club Car expanded on the sustainability of our products by addressing opportunities in our operations. Developing a heat recovery process in welding centers helped to reduce natural gas consumption by 40 percent last year, while programmable controls lowered electricity consumption during off-peak times. We partnered with suppliers to ship more parts in returnable containers, which reduced plant waste-to-landfill by 28 percent per vehicle manufactured. As an added benefit, the production-ready parts reduce the amount of packaging our employees have to handle, which increases our overall productivity.

### Cross-Functional Collaboration Supports Innovation in China

In Menghu, China, a team of 60 high-potential Industrial Technologies employees from all functional areas recently completed a two-year project to create and launch a set of new compressor products designed specifically for customers in the region. Compiling information from more than 100 customers, the team adopted an "outcome-driven innovation" (ODI) process to understand and address key customer needs. Through this effort, the team made significant advancements in product development and process innovation, including:

- Launching a full range of products designed for local customers, with five platforms within 14 months
- Shortening the new product development cycle by 60 percent
- Reducing costs by 17 percent over existing product line
- Changing the way we think about and implement innovation processes

With an initial investment of \$410,000, the Menghu team developed a plan to generate \$29 million in incremental operating income within five years. In 2011, the team successfully reached its operating income target.

This project demonstrates the value of leveraging diverse talent to design, engineer and produce locally to reduce costs and deliver tremendous value to our customers. Further, it offered a unique opportunity to engage our people in developing important leadership skills. Menghu is an example of the success we can achieve by delivering products to meet the needs of our customers around the globe.

## Security Technologies

Security Technologies' market leading brands, Schlage, Steelcraft and Von Duprin, deliver products and services that do more than secure buildings or homes—they protect people and businesses in a way that creates comfort, confidence and advances the quality of life.



### 2011 Highlights

- In 2011, Ingersoll Rand completed an internal life cycle assessment (LCA) on a Steelcraft stock door to better understand key issues related to its environmental, social and economic footprint. As a result of this effort, we developed a new, cost-effective assessment that analyzes product impacts associated with raw materials all the way through use and disposal. Further, a new tool, the Gate-to-Gate Rating Matrix, emerged from the process, which rates product impacts related to manufacturing and will inform future product assessments.
- Schlage's new AD-Series Electronic Locks provide security solutions with sustainability in mind. With input from over 800 security professionals, we developed a new approach to our access control system. The modular design of the AD-Series provides the flexibility switching access control without replacing the locking device. Our customers can switch from a keypad to a card reader or key fob simply by replacing the access control system. This innovation reduces costs to the customer as access control systems or the customers' needs evolve over time. It also reduces waste—access control can change while the locking device remains—and improves the flexibility of our product.

### Safety on Campus at Miami University of Ohio

Ingersoll Rand Security Technologies made access control history in 2011 with the world's largest online door access control system installation on Miami University's campus in Ohio. Following an expedited 90-day project timeline, students arrived on campus for the start of the 2011-2012 school year to find an innovative wireless security system with a unique one-card application.

According to an Ingersoll Rand Security Technologies research study released in November 2011, college administrators across the United States are challenged with balancing students' desire for convenience and the need to provide a secure, safe campus. To help bridge this gap, Ingersoll Rand Security Technologies and its external partner, The CBORD Group, developed an advanced technology solution that combines software, electronic lock hardware and system monitoring. Key features include:

- Schlage aptiQ™ contactless secure student credential form to replace old keys and cards.
- CBORD's text-message based "OpenMyDoor" feature, which provides instant access to rooms or buildings if a student forgets or misplaces his/her credential card.
- System monitoring of all door locks to ensure proper system performance.
- Schlage AD-400 interior electronic lock hardware, which provides enhanced communications management and control. These wireless locks also provide a more effective solution that is quicker and less expensive to install.
- Credential card de-activation and text message notification when a card is used by someone other than the owner.

Going forward, the University sees opportunity to expand functional devices on the system, bringing laundry, vending and printing online using the credential card solution.



“in India, we trained the participants to understand the importance of incorporating sustainability into our business practices.”

— Venkatesh Valluri, President, Ingersoll Rand India

### Delivering Sustainable Solutions to Emerging Markets

In emerging markets where Ingersoll Rand is experiencing two- to three-times GDP growth, we have increased investment in product and service development, distribution and manufacturing to better serve customers, enhance operations and contribute to strengthening a growing economy.

Ingersoll Rand offers a variety of solutions to support the social, environmental and economic needs of emerging markets, including:

- With Trane High Performance Buildings' continuum of services, we can help create the healthy, productive and efficient environments necessary for important institutions such as hospitals and schools.
- Ingersoll Rand's Center for Energy Efficiency and Sustainability (CEES) and Residential Solutions sponsored a \$300 House competition to learn about the process of open innovation while exploring sustainable housing concepts for the “bottom of the pyramid.”
- Specialized Thermo King solutions provide refrigeration and air conditioning needed to safely transport fresh food, flowers and pharmaceuticals, create comfort in urban mass transit and support broader infrastructure development.
- Across all segments, localized manufacturing and improved distribution networks create opportunity, bring jobs to the emerging markets we serve and enhance overall economic growth.

### China Rapid Innovation Week

As part of Ingersoll Rand's Security Technologies China Rapid Innovation Week, one of our teams visited the Shanghai Public Health Clinical Center to practice innovation skills while providing valuable feedback to a potential customer.

Following a two-day innovation training, our Ingersoll Rand team spent two additional days exploring security enhancement opportunities at the Shanghai Public Health Clinical Center. The Center serves as a research home for infectious diseases, including AIDS, tuberculosis and pandemic flu. Given the highly sensitive nature of the research and work being conducted at the Center, safety and security is of utmost importance. To that end, our team reviewed the current security practices and devices in place at the Center and provided recommendations, based upon our innovation processes, to enhance the Center's overall security practices. We believe our suggestions, once implemented, will provide tremendous value to this important community resource. At the same time, the experience offered a unique opportunity to exercise innovation at a potential customer site.





Ten Ingersoll Rand products currently meet our standards for world-class environmental design.

### Our Green Portfolio

Helping our customers meet their environmental and sustainability objectives underpins Ingersoll Rand's commitment to developing a portfolio of products and services that follow the criteria for world-class environmental design. We define world-class as any offering that is in the top quartile of performance relative to equivalent competitor offerings.

Over the past year, we have devoted significant effort to create a governance model and process for effectively highlighting our most sustainable offerings. Products and services in our Green Portfolio must provide a measurable, material benefit to the customer as compared to similar competitor offerings and deliver one or more of the following environmental benefits:

- World-class performance in energy efficiency, greenhouse gas emissions or criteria pollutant emissions during use
- World-class levels of recycled input material or minimized waste at the end of its useful life
- World-class resource efficiency across the product life cycle or the inclusion of renewable materials

In 2011, we followed a rigorous Green Product Governance Model to identify those products that we consider to be among our most innovative offerings.

As we work to embed sustainability into our innovation efforts, we have begun to apply Green Portfolio criteria to the new product development process. The Product Level Sustainability Index, created in 2011, serves as a tool to help designers integrate sustainability considerations and life cycle thinking into our design and development activities. Over the next year, designers and engineers across all Ingersoll Rand segments will begin to receive training on sustainable design and use of the Index so that sustainability becomes a more formal element of our new product development process.

Green Product	Key Benefit
Schlage AD / CO Series Cylindrical and Mortise Locks	<ul style="list-style-type: none"> <li>• Modular upgradeability allows retention and reuse of approximately 90 percent of material by weight</li> </ul>
Thermo King TriPac diesel-based APU	<ul style="list-style-type: none"> <li>• Reduced diesel particulate and NOx emissions</li> <li>• Reduced fuel consumption due to idling</li> </ul>
Ingersoll Rand Nirvana 2-stage, oil-free compressor w/PMM	<ul style="list-style-type: none"> <li>• Compared to a fixed speed air compressor, the Nirvana has an 18-month payback period</li> </ul>
ARO EXP air operated diaphragm pump	<ul style="list-style-type: none"> <li>• 20 percent more efficient within expected operating conditions than competition (Unique patented technology)</li> </ul>
Club Car CarryAll family	<ul style="list-style-type: none"> <li>• Approximately 68 percent reduction in carbon emissions compared to light duty trucks</li> </ul>

Thermo King V520RT refrigeration for sprinter vans	<ul style="list-style-type: none"> <li>• System level energy efficiency allows use of large volume vans, which are significantly more fuel efficient than traditional vans and medium duty truck alternatives</li> </ul>
Thermo King CryoTech Truck and Trailer Refrigeration	<ul style="list-style-type: none"> <li>• Zero harmful emissions generated in cooling cycle</li> </ul>
Trane Intelligent Service	<ul style="list-style-type: none"> <li>• Improved and sustained HVAC system energy efficiency (which can represent up to 50 percent of a building's energy use)</li> </ul>
Trane XL20i Air Conditioning and Heat Pump	<ul style="list-style-type: none"> <li>• Industry exclusive charge assist feature ensures system is correctly charged</li> </ul>
Trane XC95m Gas Furnace	<ul style="list-style-type: none"> <li>• Highest energy efficiency and improved comfort</li> </ul>

#### **Uncovering Opportunity through Outcome Driven Innovation**

Ingersoll Rand's outcome driven innovation process focuses on creating opportunity by understanding and addressing unmet customer needs. In 2011, we completed an outcome driven innovation study on the green building market to uncover specific opportunities we might pursue as we strive to delight our customers. Targeting the healthcare, education and medium industrial vertical markets in the United States and China, we inquired about needs in six key areas:

1. Adopting green technology
2. Managing energy
3. Avoiding environmental hazards
4. Managing water
5. Managing waste
6. Other "green" jobs

We learned that green building is important to our targeted customer groups and that Ingersoll Rand has an opportunity to deliver solutions related to:

- Sustainable product selection
- Assurance of sustainability design intent throughout construction
- Indoor air quality
- Water management

Over the next year, we plan to facilitate idea generation events that address specific opportunity areas and engage a broader set of stakeholders in the creative ideation process. Through our CEES team, we will work with Ingersoll Rand's business sectors to explore the most promising concepts and begin to test solutions with potential customers. In time, we believe this process will create value both for Ingersoll Rand and for the markets we serve.



“We are successfully creating products and services that take into account total life cycle impacts.”

— Paulo Wandenkolk, Managing Director, Industrial Technologies Latin America

### Product Responsibility

Responsible products and services are those that meet our customers' diverse needs and our stakeholders' expectations for social, environmental and financial performance. In 2011, Ingersoll Rand expanded upon our efforts to understand and capture the full spectrum of our product and service impacts by conducting life cycle assessments (LCAs) on products that represented nearly 10 percent of Ingersoll Rand's total product revenue. LCAs analyze the impacts of a product across its entire life cycle to uncover opportunities for efficiency, cost reduction and alternative materials. While primarily environmental in focus, our LCAs are driven by three key factors:

1. Customer Interest—what can we do to help our customers improve their environmental impacts?
2. Cost Reduction—where in a product or service life cycle can we reduce costs and improve profitability?
3. Environmental Impact Improvement—how might new information on environmental impacts lead to changes in product manufacturing and sourcing or drive new product and service development?

Through our LCA work in 2011 and in addition to results from external research on customer and industry trends, we have defined an approach to integrating product life cycle assessments to achieve the greatest results. Going forward, we will develop LCAs with a third-party verified Environmental Product Declaration (EPD) in those segments where customers recognize the value in such analyses. We will also integrate streamlined LCAs into our product development process by the end of 2012. These different approaches to the LCA methodology will enable Ingersoll Rand to explore life cycle impacts in a way that supports customer needs and drives business value.

Effective environmental product stewardship is only possible when an equally effective public policy environment is in place. We proactively advocate for comprehensive policies and legislation that take into account environmental and technical feasibility and economic implications for both Ingersoll Rand and our customers.

In recent years, refrigerants—a critical element of our air conditioning products—have become part of the environmental product stewardship policy conversation for our industry. Ingersoll Rand is participating in an important policy dialogue related to implementation of a United States Environmental Protection Agency (U.S. EPA) rule that bans the use of pre-charged R-22 refrigerant appliances as a first step in leading to a complete ban on the use of R-22 refrigerant by 2020. A consequence of this rule is that it allows for continued production of dry-charge R-22 condensing units, the main component of the typical residential and light commercial split system air conditioner and heat pump. Continued production of this major component of an obsolete system can both delay the desired phase out of R-22 refrigerant and allow for extending the life of existing, lower efficiency systems. We advocate for a targeted ban of dry-charge R-22 condensing units to avoid these unintended, negative consequences. At the same time, we recognize the need to provide our distributors and dealers with a diverse product offering that helps them to serve customers seeking a broad array of solutions. While R-22 systems remain an option in our industry, Ingersoll Rand chooses to educate our sales channels and customers on the responsible use of R-22 and other refrigerants

to maximize system energy efficiency while also minimizing refrigerant emissions. Moving an industry in an environmentally responsible direction takes time. We strive to help accelerate that industry shift while also addressing the pragmatic concerns of our customers during the transition.

#### **Substantiating Sustainable Innovation**

In 2011, Ingersoll Rand achieved an important milestone in advancing the sustainability of the commercial climate solutions industry—our Trane EarthWise™ CenTraVac™ centrifugal chiller became the first commercial chiller in the world to earn Environmental Product Declaration (EPD) registration, following the requirements of ISO 14025. Through a third-party verified life cycle assessment, Ingersoll Rand documented and substantiated environmental claims associated with all phases of the product life cycle, including upstream production impacts, energy use over the chiller's life, near-zero refrigerant emissions and metal reclamation at the end of life.

In addition to the EPD, the CenTraVac chiller carries the Green Seal label and is the first commercial chiller to be included in the FutureBuild™ product portal. The EPD also qualifies CenTraVac chillers to earn one point under LEED Pilot Credit 43, Certified Products. This innovation credit pertains to products that are critical to the building, yet not related to the actual structure. Representing the industry's highest efficiency and lowest refrigerant loss solution, CenTraVac is a truly sustainable innovation.



“There really is no difference between a premier performing company and a sustainable company.”

— John W. Conover IV, President, Security Technologies

### **Achieving Operational Excellence**

Ingersoll Rand's operational excellence strategy is grounded in continuous improvement. It's about standardizing work flows and looking at processes to understand how we can work better, faster and more efficiently to create value for our employees, customers and stakeholders.

Through our operational excellence initiatives, Ingersoll Rand works to achieve growth and operating leverage, improve the safety of our operations and reduce our environmental footprint. We achieve this through meeting our customer expectations for quality, delivery and cost.



In 2011, Ingersoll Rand conducted more than 135 rapid improvement events (RIEs) across the organization focused on reducing waste, improving safety, increasing energy efficiency and optimizing resource use.

### **EHS Management**

A world-class environmental health and safety (EHS) management system is critical to operational excellence. Ingersoll Rand's EHS approach encompasses programs, training and auditing to ensure we operate safely and in an environmentally responsible manner. Our EHS policy commits Ingersoll Rand to sustainable business practices and is posted in all facilities where we have a controlling interest. Available in 16 languages and on our intranet site, we aim to make EHS information accessible to all employees so as to encourage engagement and adoption of responsible practices.

The Ingersoll Rand Board of Directors Audit Committee provides executive oversight of all EHS policies and activities. In 2011, we hired a new vice president of EHS, who is primarily responsible for developing Ingersoll Rand's overall EHS strategy and assuring that all facilities comply with applicable local, national and international laws. Our Sustainability Council provides additional guidance and input to the broader development of environmental, health and safety activities.

Regular auditing and data collection ensures Ingersoll Rand proactively manages EHS risks. Standardized data collection on an enterprise scale enables us to monitor and track progress on key metrics. The following indicators are verified and reported monthly to the CEO and other senior management on the Executive Leadership Team:

- Energy usage
- Waste (hazardous and non-hazardous) generation
- Compliance issues
- Key health and safety metrics

We have our EHS data assured annually by a third party, and the results of our 2011 assurance can be found [here](#).

### **Auditing & External Certifications**

Through Ingersoll Rand's corporate EHS group, we regularly monitor our facilities' performance against our global EHS standards and management system requirements as well as applicable regulatory requirements.

Using a combination of third-party consultants and EHS staff from the corporate staff and business sectors, we arrange independent audits for each Ingersoll Rand location at least once every three years. We also conduct annual self-assessments following a standard protocol to identify opportunities to improve EHS performance and continually optimize costs.

To achieve our goal of all facilities operating under a validated EHS management system by 2013, facilities must either obtain third-party certification under the ISO 14001 and OHSAS 18001 standards or undergo a rigorous internal validation process. Currently, 28 Ingersoll Rand sites are ISO 14001 certified and/or OHSAS 18001 certified. An additional 109 sites have completed a rigorous internal validation. This represents 67 percent of our total sites worldwide, advancing us in the right direction toward our goal.

### **EHS Training**

Providing our employees with the tools and knowledge they need to operate safely and respect the environment is critical to our operational excellence efforts.

Training activities deliver the information our team needs to better understand how they can contribute to resource conservation, safety, waste reduction and more. We provide quarterly webcasts for EHS staff as well as geographic-specific meetings or webinars twice a year. These meetings offer a forum for best practice sharing, resolving compliance issues and capitalizing on regional EHS performance opportunities.

### **Lean Transformation**

A strong commitment to lean transformation is core to our operational excellence strategy. Driven by Ingersoll Rand's Business Operating System, we strive to address social, environmental and financial impacts across 19 key value streams by integrating sustainable thinking into our Lean Six Sigma methodology.

In 2011, we concentrated on transforming value streams, which are the end-to-end customer experience. We conducted more than 135 rapid improvement events (RIEs) across the organization focused on reducing waste, increasing energy efficiency, improving safety and optimizing resource use. Each week-long RIE allowed teams within our facilities to dissect a key product or process, discuss solutions and make immediate changes. As a result of these RIEs, we made significant improvement in two key metrics—25 percent reduction in cycle times and a 48 percent reduction in cost of poor quality.

### **Localization**

Another important aspect of our operational excellence in 2011 involved localizing engineering. Delivering value to our customers requires us to possess deep local-market knowledge. Therefore, Ingersoll Rand initiated the process of transitioning engineering and manufacturing product standards closer to the customer. For example, in China, India and Brazil, we started to customize our engineering and product manufacturing to meet the local-market demands. By engineering and manufacturing locally, we deliver product at a more competitive price and better meet the unique demands of emerging economies.

#### **Supporting Food Distribution in India**

Throughout India, where the food sector contributes 28 percent of gross domestic product (GDP), more than 25 percent of perishable produce goes to waste due to an ineffective cold-chain infrastructure. When Ingersoll Rand launched the Thermo King B-100 truck refrigeration unit, we provided an effective solution to address the cold chain issues causing food to go to waste. The B-100 product is sized to fit on small trucks and vehicles that can navigate the constraints of India's road infrastructure, helping to keep fresh food and produce refrigerated as it moves from rural markets to trading centers.

In 2011, we initiated local assembly of B-100 units with local procurement of several parts to reduce direct product costs and more effectively serve the Indian market. Over the next year, we will expand parts localization to improve cost effectiveness and potentially leverage collaboration opportunities with light commercial vehicle original equipment manufacturers. By expanding our local presence, we not only reduce costs, but we also bring jobs to the local economy.



We reduced our total recordable incident rate by 20% and reduced our lost-time incident rate by 30% over 2010.

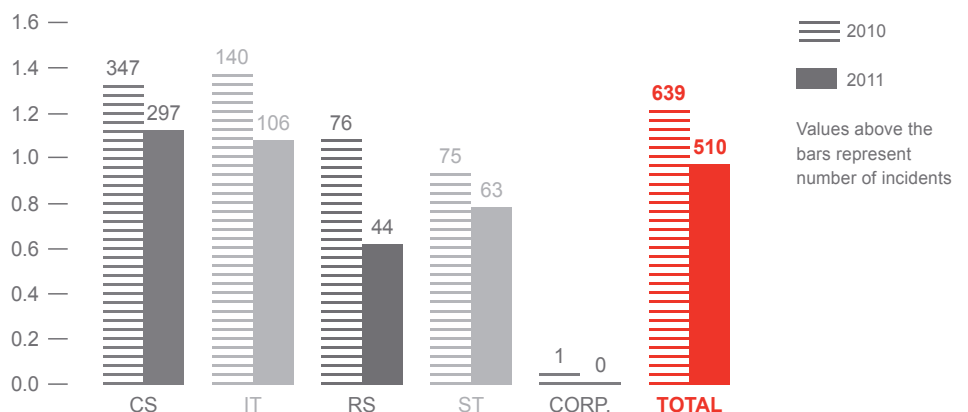
### Safety

To successfully advance the quality of life as an organization, Ingersoll Rand must strive to operate with the highest degree of safety. Aspiring to a “zero-incident” culture, in 2009 we set a 67 percent reduction target in recordable and lost-time incident rates by 2013. We utilize Lean Six Sigma analytical tools to understand the root causes of safety incidents and develop targeted solutions to proactively address safety issues.

In 2011, we made significant progress related to several key safety metrics. We reduced our total recordable incident rate (TRIR) by 20 percent and reduced our lost-time incident rate (LTIR) by 30 percent over 2010. As we continue to see positive improvement in our safety performance, we recognize that there is a face and family to every accident. We were reminded of this fact in July 2011, when one Ingersoll Rand employee and three contractors died during a chiller repair project in Korea. Ensuring that our people leave their job each day as safe and healthy as when they arrive is a key focus of our safety culture.

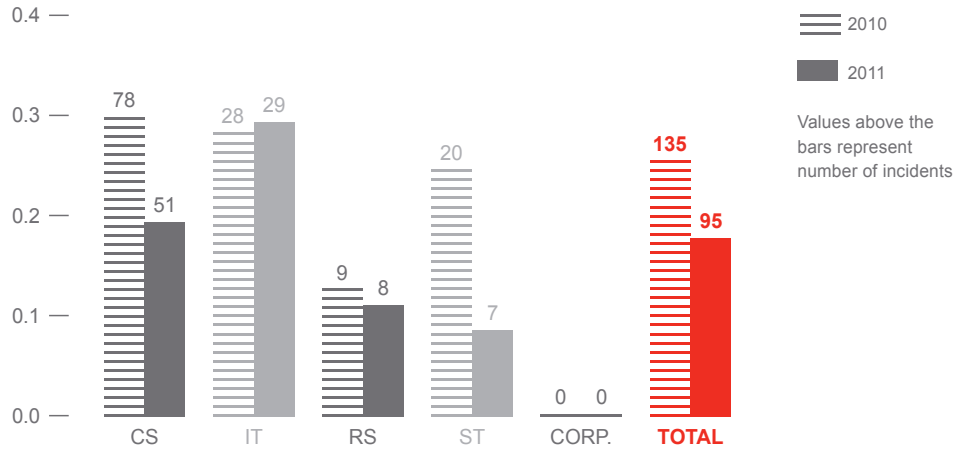
With proper training and education, Ingersoll Rand employees are succeeding in minimizing incidents worldwide. In 2011, our facility in Faenza, Italy surpassed two million hours without a recordable incident. Also, during periods of high customer demand, we maintain a strong focus on safety practices. Trane China Distribution employees participated in a “100 Days of Safety” contest from June to September 2011 in an effort to keep safety top of mind during busy summer months. In our Olathe, Kansas facility, employees created a safety competition, challenging one another to develop creative and smart safety tips, which resulted in idea sharing and a stronger knowledge base of safe operations both at the facility and at home.

### Total Recordable Incident Rate (TRIR)

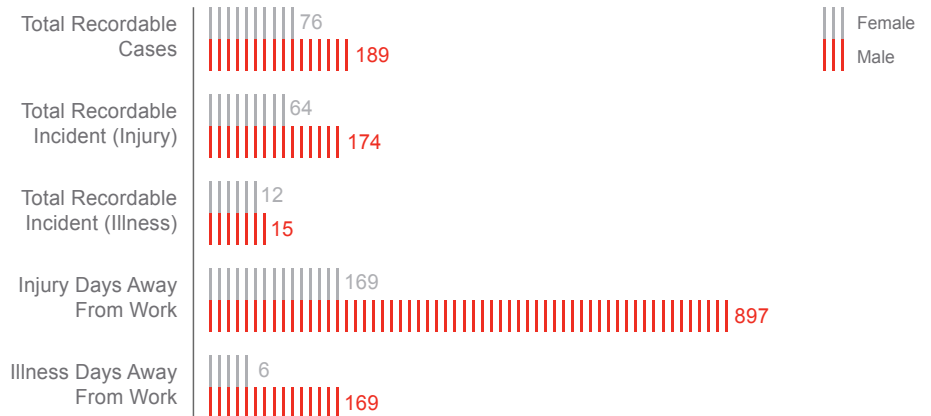




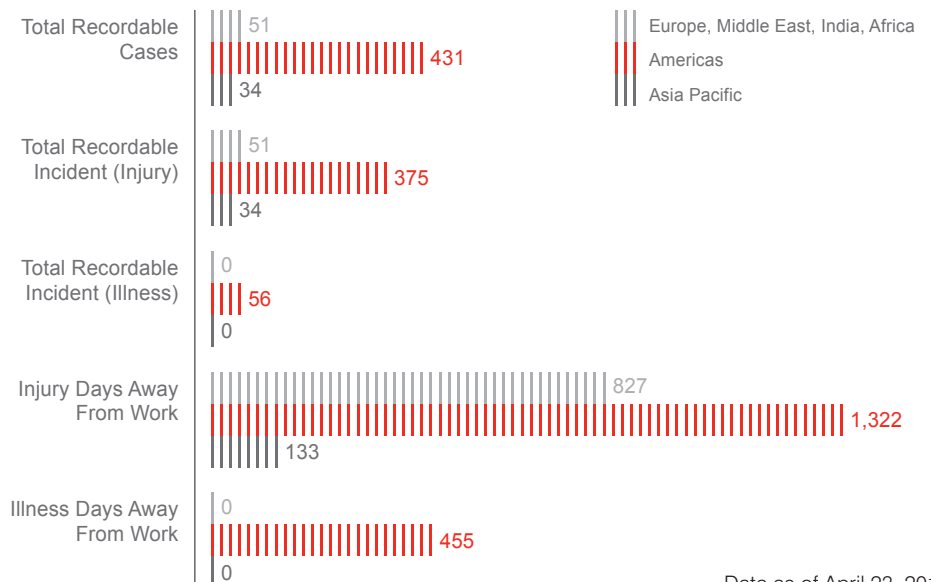
### Lost Time Incident Rate (LTIR)



### Safety by Gender



### Safety by Region





Enterprise-wide energy efficiency investments have resulted in \$7 million in savings over the past three years.

### Energy and Climate Change

As experts at providing energy efficiency solutions for our customers and with a desire to inspire progress on a global scale, Ingersoll Rand makes energy reductions and carbon footprint improvements two primary objectives of our sustainability efforts. Ingersoll Rand is actively involved in climate change policy development in national and international forums, such as the United Nations Framework Convention for Climate Change (UNFCCC). Key elements of the Ingersoll Rand position on climate change include:

- Pricing Greenhouse Gas (GHG) Emissions—We support government policy that will create a price signal for GHG emissions as an effective tool to spur investment in energy efficiency and renewable energy.
- National and International Linkage—We believe that a global policy agreed to within the UNFCCC process, followed by domestic programs in both developed and developing countries, is critical to place countries on a level competitive playing field while ensuring climate change mitigation.
- Separate Treatment of Hydrofluorocarbon (HFC) Refrigerants—HFCs are unique in that they are the only type of GHG deliberately produced and sold as a product for societal value, as opposed to being an unintended by-product. They are also potential GHGs, though, so we support a transition to significantly less potent GHG fluids. This policy should allow for an acceptable transition timeline and should encourage use of refrigerants that are safe and also minimize ozone depletion and refrigerant emissions.
- The Role of Energy Efficiency—Since the majority of energy production today is fossil fuel based, with resulting carbon dioxide emissions, reducing energy use has a direct impact on GHG emissions. Ingersoll Rand believes that establishing incentives for investment in energy efficiency—as opposed to seeking aggressive increases in minimum efficiency standards—will best provide a large reduction in energy use, especially in existing buildings.

Ingersoll Rand tracks energy used on site by fuel combustion (direct energy) as well as purchased electricity (indirect energy). Finding opportunities to reduce our energy consumption helps to improve our environmental footprint and delivers savings. Since 2008, energy efficiency improvements have resulted in more than \$7 million in savings enterprise-wide.

We consider a full range of opportunities—from no-cost energy treasure hunts to longer-term system upgrades and building envelope improvements—to achieve premier energy performance. In 2011, we successfully reduced energy use, normalized by net revenue, by approximately 21 percent over 2010 and absolute energy consumption by approximately 14 percent overall. This means that, even as we grew, we efficiently managed our total energy consumption.

As we develop products and services to support our customers' energy and carbon footprint goals, we continue to seek opportunities to reduce our own greenhouse gas (GHG) emissions. Climate risk and opportunities are evaluated based on tracking GHG emissions from sources that we own or control (Scope 1) and GHG emissions that result from our activities, but are generated at sources owned or controlled by another organization (Scope 2). Our reported data reflects refrigerant emissions as well as GHG emissions generated from gasoline, natural gas, diesel, propane, kerosene, No. 2, No. 4 and No. 6 fuel oil, and fuels used by our fleet vehicles. We derived all global warming potentials from the

World Resources Institute and World Business Council for Sustainable Development (WRI/WBCSD) Greenhouse Gas Protocol and other associated standards.

Consistent with our long-term energy reduction goal, we aim to reduce normalized GHG emissions by 25 percent over a 10-year period (2009 to 2019). In 2011, our total (Scope 1 and Scope 2) GHG emissions decreased approximately 8 percent and by approximately 13 percent over 2010 when normalized by sales.

### 2011 Fuel Use by Type

Billion BTU

<b>Electric</b> kWh	591,328,250	<b>Natural Gas</b> MCF	1,431,622	<b>Diesel</b> Gallons	1,902,046
<b>Gasoline</b> Gallons	6,158,232	<b>Propane</b> Gallons	658,467	<b>Kerosene</b> Gallons	43,426
<b>#2 Fuel Oil</b> Gallons	87,807	<b>#4 Fuel Oil</b> Gallons	76,831	<b>#6 Fuel Oil</b> Gallons	-

### Absolute GHG Emissions

Thousand Metric Tons

2011	<b>389</b>	2010	435	2009	504	
	<b>356</b>		375		362	
	<b>745</b>		<b>810</b>		<b>866</b>	

### Normalized GHG Emissions

Thousand Metric Tons per Billion Dollars Revenue

2011	<b>53.31</b>	2010	<b>62.79</b>	2009	<b>72.14</b>
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### Absolute Energy Use

Billion BTU

2011	<b>2,629</b>	2010	3,274	2009	3,264	
	<b>2,018</b>		2,140		2,076	
	<b>4,647</b>		<b>5,414</b>		<b>5,340</b>	

### Normalized Energy Use

Billion BTU per Billion Dollars Revenue

2011	<b>332.77</b>	2010	<b>419.83</b>	2009	<b>444.94</b>
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### Air Emissions

As a company that provides refrigeration, cooling and air conditioning solutions, Ingersoll Rand has a responsibility to manage materials in a manner that protects the environment, our people and future generations. The primary refrigerants in some Ingersoll Rand products are considered ozone-depleting substances and, although we have strict guidance around handling these materials, leaks or spills can result in emissions.

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**Absolute Refrigerant Emissions**

Pounds

2011 | **335,821**      2010 | **300,854**      2009 | **395,891**

**Normalized Refrigerant Emissions**

Pounds per Billion Dollars Revenue

2011 | **24,049.07**      2010 | **23,331.08**      2009 | **32,990.90**

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**Mocksville Hosts Energy Leadership Showcase**

In June 2011, Ingersoll Rand's Industrial Technologies facility in Mocksville, North Carolina hosted the U.S. Department of Energy (DOE) and peers from nearly 100 companies for the Save Energy Now LEADER showcase.

Introduced in 2009, the DOE Better Buildings, Better Plants program (formerly known as the Save Energy Now LEADER Program) provides technical assistance and resources to companies that pledge significant improvements in industrial energy efficiency. The commitment includes developing an energy management plan, designating an energy manager and reporting energy use annually.

"Like Ingersoll Rand, these leading companies have made energy efficiency a cornerstone of their corporate sustainability initiatives and have voluntarily pledged to reduce their energy usage by 25 percent or more over eight years," said Todd Wyman, senior vice president, global operations and integrated supply chain, Ingersoll Rand.

Our Mocksville location was chosen as host site for the Showcase as a result of its impressive energy management improvements, including:

- Energy conservation
  - lighting upgrades
  - variable speed air compressors
  - high speed roll-up doors
  - Trane HVAC systems
- Energy management systems
  - installation of Trane's Tracer energy management system
  - sub-metering

In total, Mocksville reduced energy consumption by 25 percent in 2010 and saved nearly \$180,000 annually. In addition to serving as host of the annual meeting, the Mocksville facility was recently recognized as a Duke Energy "Power Partner of the Year."

### **Taicang Facility Earns International Gold Certification by USGBC**

On Earth Day 2011, while members of the Ingersoll Rand community celebrated environmental stewardship around the world, our Trane team in Taicang, China celebrated a special recognition—receiving the Leadership in Energy and Environmental Design (LEED) Gold certification for office buildings from the United States Green Building Council (USGBC).

As one of only 86 (out of 500) approved facilities, the plant is recognized for creating an energy efficient, comfortable and healthy workplace for employees. LEED certification measures how well a building performs across a broad range of metrics, including energy efficiency, indoor environmental quality, water use, material use and water management. Key features of the Taicang facility include:

- Lower parking capacity to encourage cycling to the facility
- 40 percent water usage reduction
- 15 percent energy savings
- Natural daylight
- Carbon offsets through green power purchases
- 85 percent of construction and demolition waste reused or recycled

As part of the celebration for Earth Day, approximately 80 employees at the Taicang Trane facility also continued the three-year tradition of planting 250 trees, reflecting the belief that joint efforts to do good within the community will result in joint gains by everyone.



In 2011, we exceed our goals for waste reduction.

### Waste and Recycling

There is no room for waste at organizations that practice operational excellence. With engaged Green Teams and rapid improvement events at facilities around the world, Ingersoll Rand is finding ways to reduce, reuse and recycle waste in all areas of our operations. In 2011, we realized a 36 percent reduction in normalized hazardous waste and a 27 percent reduction in normalized non-hazardous waste-to-landfill.

Beyond the environmental and economic benefits that waste reductions provide, we value the creativity Ingersoll Rand employees demonstrate when addressing waste opportunities. Currently, nine Ingersoll Rand facilities boast zero waste-to-landfill. In France, both our Golbey and Charmes facilities are reviewing recycling streams and reducing material use in support of an ambitious zero landfill goal. At our Trane facility in Galway, Ireland, our team implemented reusable packaging and shipping containers that are returned to suppliers. This reduces cost, waste and builds a stronger supplier relationship at the facility.

#### Hazardous Waste

Metric Tons

CS	↓ 422	IT	↓ 912	RS	↓ 499	ST	↓ 789	CORP.	0	TOTAL	↓ 2,622
	↓ 370		↓ 670		↓ 332		↓ 451		0		↓ 1,823



**30%**  
Reduction in Hazardous Waste

#### Non-hazardous Waste

Metric Tons

CS	↓ 6,685	IT	↓ 3,469	RS	↓ 2,704	ST	↓ 1,943	CORP.	146	TOTAL	↓ 14,947
	↓ 4,851		↓ 2,955		↓ 2,361		↓ 1,682		132		↓ 11,981



**20%**  
Reduction in Non-hazardous Waste



Our “Pollution Prevention Capability Tracker,” launched globally in 2010, ensures we proactively manage water discharges.

### Water Footprint

Recognizing growing challenges related to global water scarcity, Ingersoll Rand works to ensure that we use water resources efficiently. In 2011, we used approximately 1.25 billion gallons of water in our operations, representing a 2.5 percent decrease over 2010.

We monitor compliance with all intake and discharge permit requirements and aggressively correct any deviations from permitted parameters. Our “Pollution Prevention Capability Tracker,” launched globally in 2010, ensures we proactively manage water discharges. The tool has proven effective as we reduced permit exceedances from 13 in 2010 to six in 2011.

Over the next year, we plan to conduct a more rigorous analysis of operational water impacts. Looking across our supply chain, Ingersoll Rand aims to better understand where water scarcity or issues related to clean water access may present significant business challenges. With this information, we will be better equipped to make important decisions that could have significant environmental, social and financial implications.

### Permit Exceedances



### Notices of Violation or Citations

CORP- A pH reading at the former Torrington site in Clinton, SC was out of compliance with our discharge permit limit for our groundwater remediation system. A root cause analysis was conducted and corrective measures put in place at the facility. We are instituting more rigorous Standard Procedures at all of our remediation sites which have discharge permits to prevent recurrence

### Water Use

	Million Gallons	Million Gallons per Million Dollars Revenue	
Water Used	1,280	.100	2010
	1,247	.089	
Process Wastewater	175	.014	2010
	231	.017	
Sanitary Wastewater	335	.026	2010
	210	.015	



GRI verifies this report meets the criteria for an Application Level B.

### GRI Content Index

	Description	Reported	Cross Reference / Direct Answer
<b>Standard Disclosures Part 1: Profile Disclosures</b>			
<b>1. Strategy and Analysis</b>			
1.1	Statement from the most senior decision-maker of the organization.	Fully	CEO Letter
1.2	Description of key impacts, risks, and opportunities.	Fully	CEO Letter, Addressing Global Challenges
<b>2. Organizational Profile</b>			
2.1	Name of the organization.	Fully	About Us, Form 10-K
2.2	Primary brands, products, and/or services.	Fully	About Us
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	Form 10-K
2.4	Location of organization's headquarters.	Fully	About Us, Form 10-K
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	About Us, Form 10-K
2.6	Nature of ownership and legal form.	Fully	Form 10-K
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	About Us, Form 10-K
2.8	Scale of the reporting organization.	Fully	About Us, Form 10-K
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	About This Report, Form 10-K
2.10	Awards received in the reporting period.	Fully	Sustainability Goals
<b>3. Report Parameters</b>			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	About This Report
3.2	Date of most recent previous report (if any).	Fully	Our 2010 Annual Report and online sustainability supplement were published in April 2011.
3.3	Reporting cycle (annual, biennial, etc.).	Fully	Annual
3.4	Contact point for questions regarding the report or its contents.	Fully	If you have questions about this report, please contact: W. Scott Tew, Ingersoll Rand, Center for Energy Efficiency & Sustainability at <a href="mailto:stew@irco.com">stew@irco.com</a> .



Description	Reported	Cross Reference / Direct Answer
3.5 Process for defining report content.	Fully	Stakeholder Engagement  Ingersoll Rand consults internally with senior management and subject matter experts and conducts individual interviews with representatives from key external stakeholder groups to identify the most important sustainability-related issues for our company. The issues represent key risks, challenges and opportunities for our organization. The process also provides feedback on our previous sustainability reports and, more broadly, on our corporate sustainability programs and performance. We follow this process annually to confirm whether or not the issues most material to our company have changed.
3.6 Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	About This Report
3.7 State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	About This Report
3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	About This Report
3.9 Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Fully	About This Report
3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	About This Report
3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	About This Report
3.12 Table identifying the location of the Standard Disclosures in the report.	Fully	GRI Content Index
3.13 Policy and current practice with regard to seeking external assurance for the report.	Fully	While we did not have our 2011 Sustainability Supplement assured, we use a third-party to verify all reported EHS data in our sustainability report. The data assessment includes document reviews, data collection, site visits and interviews with key Ingersoll Rand personnel. As part of the assessment, our assurance provider identified a discrepancy greater than 5% related to our hazardous waste data. Going forward, we will identify the reason for the discrepancy and develop a correction plan. A letter documenting the results of the third-party verification can be found at <a href="#">INSERT WEB ADDRESS</a> .
<b>4. Governance, Commitments, and Engagement</b>		
4.1 Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	Governance and Ethics

Description	Reported	Cross Reference / Direct Answer
4.2 Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	Form 10-K
4.3 For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Fully	Proxy Statement
4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	Proxy Statement
4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Fully	Proxy Statement
4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	Proxy Statement
4.7 Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Fully	Corporate Governance Guidelines
4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	Governance and Ethics, 2011 Annual Report (page 16)
4.9 Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	Governance and Ethics
4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	Corporate Governance Guidelines
4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	Our Green Portfolio, Product Responsibility
4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	<p data-bbox="1029 1377 1458 1430">Stakeholder Engagement</p> <p data-bbox="1029 1377 1458 1430">Ingersoll Rand participates in several voluntary partnerships and initiatives, including:</p> <ul data-bbox="1029 1465 1511 1953" style="list-style-type: none"> <li data-bbox="1029 1465 1511 1581">• Climate RESOLVE—Business Roundtable's initiative encourages member companies to undertake voluntary actions to control greenhouse gas emissions within the U.S. economy.</li> <li data-bbox="1029 1581 1511 1728">• Better Buildings, Better Plants Program Partners: Ingersoll Rand participates in the U.S. Department of Energy program, pledging to reduce our energy intensity worldwide by 25 percent over a 10-year period.</li> <li data-bbox="1029 1728 1511 1875">• S.E.E. Change—Business Roundtable's initiative encourages member companies to lead by adopting business strategies and projects that measurably improve society, the environment and the economy.</li> <li data-bbox="1029 1875 1511 1953">• SmartWay—Ingersoll Rand is a partner in U.S. EPA's collaboration between the freight industry and government.</li> </ul>

	Description	Reported	Cross Reference / Direct Answer
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Fully	Stakeholder Engagement
4.14	List of stakeholder groups engaged by the organization.	Fully	Stakeholder Engagement
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	Stakeholder Engagement
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	Stakeholder Engagement
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Fully	Stakeholder Engagement

**Standard Disclosures Part 2: Disclosures on Management Approach (DMAs)**
**Economic**

DMA EC	Disclosure on Management Approach EC	Fully	CEO Letter, Economic Impact
	Economic performance	Fully	CEO Letter
	Market presence	Fully	CEO Letter
	Indirect economic impacts	Fully	Economic Impact

**Environmental**

DMA EN	Disclosure on Management Approach EN	Fully	EHS Management
	Materials	Not	
	Energy	Fully	Energy and Climate Change
	Water	Fully	Water Footprint
	Biodiversity	Not	
	Emissions, effluents and waste	Fully	Energy and Climate Change, Waste and Recycling
	Products and services	Fully	Promoting Energy Efficiency & Sustainability
	Compliance	Fully	EHS Management
	Transport	Not	
	Overall	Fully	EHS Management

**Social: Human Rights**

DMA LA	Disclosure on Management Approach LA	Fully	Culture
	Employment	Fully	Rewarding Workplace
	Labor/management relations	Fully	Building a Progressive, Diverse and Inclusive Culture
	Occupational health and safety	Fully	Safety
	Training and education	Fully	Talent Management
	Diversity and equal opportunity	Fully	Diversity and Inclusion
	Equal remuneration for women and men	Not	

**Social: Labor Practices and Decent Work**

DMA HR	Disclosure on Management Approach HR	Fully	Building a Progressive, Diverse and Inclusive Culture
	Investment and procurement practices	Fully	Supply Chain
	Non-discrimination	Fully	Governance and Ethics
	Freedom of association and collective bargaining	Fully	Governance and Ethics
	Child labor	Fully	Governance and Ethics

	<b>Description</b>	<b>Reported</b>	<b>Cross Reference / Direct Answer</b>
	Prevention of forced and compulsory labor	Fully	Governance and Ethics
	Security practices	Fully	Governance and Ethics
	Indigenous rights	Fully	Governance and Ethics
	Assessment	Fully	Governance and Ethics
	Remediation	Fully	Governance and Ethics
<b>Social: Society</b>			
DMA SO	Disclosure on Management Approach SO	Fully	Governance and Ethics, Stakeholder Engagement
	Local communities	Fully	Stakeholder Engagement
	Corruption	Fully	Governance and Ethics
	Public policy	Fully	Stakeholder Engagement
	Anti-competitive behavior	Fully	Governance and Ethics
	Compliance	Fully	Governance and Ethics
<b>Social: Product Responsibility</b>			
DMA PR	Disclosure on Management Approach PR	Fully	Growth Through Innovation
	Customer health and safety	Fully	Product Responsibility
	Product and service labelling	Not	
	Marketing communications	Not	
	Customer privacy	Not	
	Compliance	Fully	Product Responsibility
<b>Standard Disclosures Part 3: Performance Indicators</b>			
<b>Economic</b>			
Economic performance			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	Economic Impacts, Form 10-K, Community Investment

	<b>Description</b>	<b>Reported</b>	<b>Cross Reference / Direct Answer</b>
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Fully	<p>Addressing Global Challenges</p> <p>The Corporate Governance and Nominating Committee of the Board of Directors oversees the company's sustainability efforts, including climate change. The Audit Committee oversees EHS policy and compliance, elements of which support and interact with the sustainability strategy. The Sustainability Strategy Council provides oversight, guidance, and direction on key issues, including climate change.</p> <p>The Sustainability Strategy Council meets regularly and works on an ongoing basis to identify risks and opportunities from climate change (among other topics), and to formulate our company's response to those risks and opportunities. The Council includes representation from all Ingersoll Rand business sectors. Periodically we conduct a financial risk/benefit assessment to identify the magnitude of climate change impacts on a risk and opportunity view. In conducting this exercise, we consider regulatory risks, physical changes (e.g., sea level rise), and other associated risks. Ingersoll Rand has quantitatively estimated the implications of climate change, and reports this information to the Carbon Disclosure Project.</p>
EC3	Coverage of the organization's defined benefit plan obligations.	Fully	Rewarding Workplace, Form 10-K
Indirect economic impacts			
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	Economic Impacts
<b>Environmental</b>			
Energy			
EN3	Direct energy consumption by primary energy source.	Fully	Energy & Climate Change
EN4	Indirect energy consumption by primary source.	Fully	Energy & Climate Change
EN5	Energy saved due to conservation and efficiency improvements.	Fully	Energy & Climate Change
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Fully	Promoting Energy Efficiency & Sustainability, Our Green Portfolio

	Description	Reported	Cross Reference / Direct Answer
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Fully	Energy & Climate Change <ul style="list-style-type: none"> <li>• Ingersoll Rand has an energy strategy that addresses both the demand and supply aspects of energy use. This strategy includes:</li> <li>• installing sub-metering systems in our largest facilities</li> <li>• developing standards for equipment and processes that use significant amounts of energy</li> <li>• using lean six sigma and kaizen events to identify energy reduction opportunities</li> <li>• providing energy-efficiency training for our employees</li> <li>• promoting the use of best practices</li> <li>• implementing energy management systems</li> <li>• developing countermeasure plans at each facility to respond to increases in energy use</li> </ul>
<b>Water</b>			
EN8	Total water withdrawal by source.	Partially	Water Footprint
EN9	Water sources significantly affected by withdrawal of water.	Partially	Water Footprint
<b>Emissions, effluents and waste</b>			
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	Energy & Climate Change
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Fully	Energy & Climate Change
EN19	Emissions of ozone-depleting substances by weight.	Fully	Energy & Climate Change
EN22	Total weight of waste by type and disposal method.	Partially	Waste & Recycling  Ingersoll Rand tracks the amount of hazardous and non-hazardous waste disposed in landfill.
EN23	Total number and volume of significant spills.	Fully	We have no significant spills to report.
<b>Products and services</b>			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Fully	Our Green Portfolio, Product Responsibility
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Partially	While products with an applicable take-back program represent less than 10 percent of Ingersoll Rand's total revenues, we regularly take back some components, including refrigerants and batteries. For some products, such as refurbished Club Car vehicles and certain Thermo King trailer refrigeration units, we have a full take-back program. To facilitate take-back and encourage recycling of our cordless tools, we ensure the products are fully compliant with the EU laws regarding electronic waste, including WEEE and RoHS.
<b>Compliance</b>			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	Ingersoll Rand paid a total of \$22,150 for three environmental non-compliance issues in 2011.

	Description	Reported	Cross Reference / Direct Answer
<b>Social: Labor Practices and Decent Work</b>			
Employment			
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Fully	About Us, Diversity and Inclusion
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Fully	Rewarding Workplace
Labor/management relations			
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	Approximately 28% of Ingersoll Rand's global workforce is covered by collective bargaining agreements. In addition, a significant number of Ingersoll Rand's global workforce is represented by works councils and trade unions, even where collective bargaining agreements may not be in place. Ingersoll Rand has, for many years, had a European Works Council, representing employees across Europe, with which the company regularly informs and consults on transnational matters. Ingersoll Rand hosts a formal European Works Council meeting annually, but regularly consults with the European Works Council's Coordinating Committee between formal meetings.
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Fully	Many of the company's collective labor agreements require a minimum notice period before implementing significant operational changes, but there is no global standard, as collective labor agreements are generally negotiated individually. Even in the absence of a collective labor agreement, Ingersoll Rand honors, and strives to exceed, minimum notice periods required by local or country legislation and, in all instances, endeavors to provide employees with as much notice as possible before implementing significant operational changes to allow them to adjust their lives accordingly. Severance is routinely offered to employees impacted by such changes.
Occupational health and safety			
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Fully	While we do not track participation, we estimate that approximately 60 percent of our workforce participates in a joint health and safety committee.
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Fully	Safety  The merger of two data systems in mid-2011 enabled Ingersoll Rand to report safety metrics broken down by gender for the last six months of 2011. We do not track absenteeism data.
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Fully	Health and Wellness

	<b>Description</b>	<b>Reported</b>	<b>Cross Reference / Direct Answer</b>
LA9	Health and safety topics covered in formal agreements with trade unions.	Fully	While there is not a global standard within Ingersoll Rand, safety and the existence of employee safety committees are frequently a topic covered by the company's collective labor agreements. Even in the absence of a collective labor agreement, the company has a commitment to the highest levels of safety.
<b>Training and education</b>			
LA10	Average hours of training per year per employee by gender, and by employee category.	Partially	Talent Management, EHS Management
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully	Talent Management
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	Partially	Talent Management  We are committed to identifying and developing our talent around the globe. Each business, region and most functions conduct an organizational leadership review identifying leaders for the future, succession and developmental opportunities. With a focus on development, over 93% of our key talent has a development plan identifying areas of competency development building our leadership pipeline. Ingersoll Rand focuses significant effort on developing talent and filling management positions with internal talent. External hires are generally from their native country where the job is located, thereby reducing reliance on expatriates to manage operations outside of the United States. This also builds business expertise and an understanding in local area markets. Our goal is for all professional employees to receive a performance review each year. In order to receive a merit increase, a formal performance review must take place and be documented in our Talent Management System. Merit increases amounts vary by performance ratings; employees with better ratings receive a larger increase. Incentive payments (for those employees on incentive plans) are based on performance against objectives. Employees with high ratings receive greater incentive pay than those with lower ratings. Greater differentiation in awards helps us drive a high performance culture.
<b>Diversity and equal opportunity</b>			
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Partially	About Us, Diversity and Inclusion



Description	Reported	Cross Reference / Direct Answer
<b>Social: Human Rights</b>		
Investment and procurement practices		
HR2 Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	Fully	Supply Chain  We require our business partners to attest that they comply with the Ingersoll Rand Business Partner Code of Conduct. The Business Partner Code of Conduct outlines how we seek to do business in accordance with our sustainability vision and core values. It sets the expectation that our business partners will comply with laws and regulations covering anti-discrimination, wages and benefits, child and forced labor, freedom of association, human rights, health and safety, environment, antitrust and competition laws, anti-corruption and bribery and global trade compliance.
HR3 Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Fully	Ingersoll Rand does not provide this type of training, but all employees were informed of the company's adoption of its Human Rights Policy.
Freedom of association and collective bargaining		
HR5 Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	Fully	None identified
Child labor		
HR6 Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Fully	None identified
Forced and compulsory labor		
HR7 Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Fully	None identified
Security practices		
HR8 Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Fully	Ingersoll Rand does not have a central security function.
Indigenous rights		
HR9 Total number of incidents for violations involving rights of indigenous people and actions taken.	Fully	None reported
Assessment		
HR10 Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Fully	None
Remediation		
HR11 Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	Fully	None known or reported to the global Company Ethics and Compliance hotline.

	Description	Reported	Cross Reference / Direct Answer
<b>Social: Society</b>			
<b>Corruption</b>			
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Fully	All business units are analyzed and within scope for the Foreign Corrupt Practices Act Corruption Risk Assessment. That risk assessment is also the basis for identifying which locations are audited each year. We also conduct broader ethics and compliance risk assessments that contain specific questions related to corruption.
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	One hundred percent of all salaried employees are required to complete the annual anti-corruption training. In total, approximately 27,000 salaried employees in 2011—approximately 50 percent of our employee population—completed the training. Non-salaried or hourly employees also receive anti-corruption training on an as-needed basis, but we do not formally track that training.
SO4	Actions taken in response to incidents of corruption.	Fully	All reported incidents of corruption are immediately escalated to and investigated by the Ethics and Compliance Group. If the investigation findings confirm the corruption allegation, the subject employees are terminated. In addition, if the corruption involves any third parties that have a relationship with the company, the relationship will be terminated. The company may also self-disclose the corruption issue to the appropriate regulatory authorities. The company will also take all necessary actions to remediate the issue and address any control weaknesses that may have led to the underlying issue.
<b>Public policy</b>			
SO5	Public policy positions and participation in public policy development and lobbying.	Fully	Stakeholder Engagement
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Fully	It is our policy that Ingersoll Rand follows all applicable local guidelines for political contributions. In 2011, the company provided less than \$10,000 in political contributions to local and state candidates in the United States, with proper disclosures made as required by applicable statutes. We provided no funding to national candidates in any country. In January 2011, the Ingersoll Rand Political Action Committee (IR-PAC) registered with the U.S. Federal Election Commission (FEC). Last year we raised approximately \$16,000 for the IR-PAC, and disbursed \$2,000 to candidates for federal office. All of this was reported, as required, to the FEC. Ingersoll Rand employees are free to make personal political contributions on their own.

Description		Reported	Cross Reference / Direct Answer
<b>Social: Product Responsibility</b>			
Customer health and safety			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Fully	Our Green Portfolio, Product Responsibility
Product and service labelling			
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully	Stakeholder Engagement