



Premier performing companies are able to deliver results for customers, shareholders and employees consistently over time.

## Message from Our Leadership

Premier performing companies are able to deliver results for customers, shareholders and employees consistently over time. In 2012, Ingersoll Rand delivered on our commitments while systematically re-engineering our business process, fostering a new culture, and shaping how we implement innovation within the company. In this section, Ingersoll Rand leaders discuss what we have achieved in executing against our three enterprise strategies.

*"I have been very impressed with Mike and the leadership team. It's clear they take the three enterprise initiatives seriously. Their commitment resulted in real progress — which cannot be said about all strategic plans."*

Dr. Jared Cohon, Board Member, President of Carnegie Mellon University



Ingersoll Rand continued to make great progress in 2012. We improved the strength of our businesses, increased operating margins and improved earnings per share (EPS).

## Message from Our Chairman and CEO

Dear Shareholder:

I am pleased to report that Ingersoll Rand delivered strong performance in 2012. Our ability to grow earnings, cash flow and operating margins during weak market conditions affirms that our strategies—operational excellence, growth through innovation and a progressive, diverse and inclusive culture (PDI)—are the right ones to achieve premier performance. We have maintained a relentless focus on leveraging costs, investing in growth markets, increasing productivity, and deploying capital to fund growth and deliver attractive returns to our shareholders.

## Highlighting Our Financial Performance

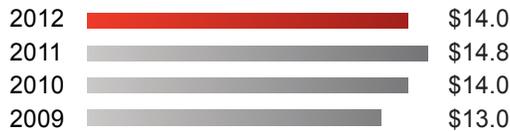
When I became CEO in 2010, we began a journey to increase the operating capability of the company, focusing on innovation and operational excellence. These initiatives have increased our operating margins almost 400 basis points over the last three years, while enabling a consistent increase in investments in the business.

Ingersoll Rand continued to make great progress in 2012. We improved the competitive strength of our businesses, increased operating margins and improved earnings per share (EPS). Below are some of our financial highlights:

- Year-over-year EPS increase of 23 percent on a 1 percent comparable revenue increase, excluding Hussmann;
- Annual dividend increase of 20 cents, reflecting a 31 percent increase; the dividend will, in 2013, exceed the 2008 peak dividend by 17 percent;
- Repurchased shares totaling \$840 million; and
- Achieved one of the highest total shareholder returns in our peer group and outperformed the S&P 500 and S&P Industrials, as we have for three of the past four years.

While pleased with our progress, we also had our share of challenges this year. Although our financial performance was strong, we did not achieve our growth objectives, largely due to slower economic conditions in many key markets around the world. Comparable revenue increased 1 percent to 2011 with full-year net revenues just over \$14 billion. We know that premier performance cannot be achieved by productivity alone, and we are committed to growing revenues through operational excellence, innovation and investments to develop new markets.

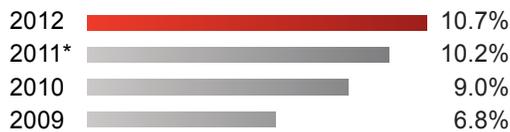
### Total Net Revenues (Billions)



**\$1 Billion**

Increase from 2009 to 2012

### Adjusted Operating Margins

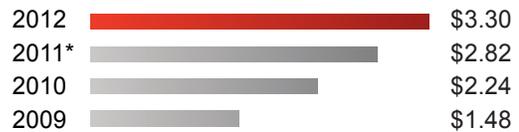


**3.9 Percentage Points**

Increase from 2009 to 2012

\*Excludes impairment charges with 4.4 percentage points of negative operating margin impact.

### Adjusted Earnings Per Share from Continuing Operations

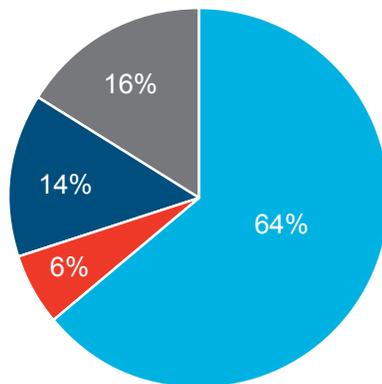


**123%**

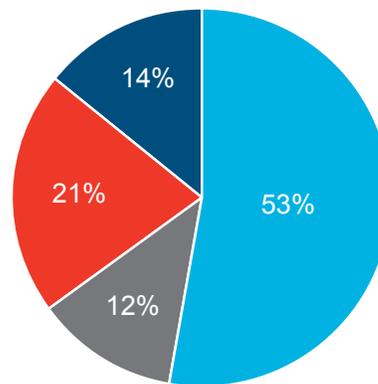
Increase from 2009 to 2012

\*Excludes impairment charges with a negative after-tax impact of \$1.64; includes \$0.14 from Hussmann.

### 2012 Revenues by Geography



### 2012 Revenues by Sector



## Operational Excellence

In the past year, we advanced our operational excellence to reduce working capital, expand operating margins and increase market share across our businesses. We define operational excellence as the implementation of lean principles throughout our value streams and within our functional processes, the strategic sourcing of materials and services as well as the strategic management and pricing of products and services. Our pricing excellence program delivered price realization that significantly surpassed direct material inflation.

We improved our level of operational execution by adopting a centralized sourcing model. We also strengthened our capabilities in emerging markets to better support supplier qualifications, supplier development and strategic sourcing in those regions by localizing our engineering, research and development.

An area of intense focus for us in 2012 was our value stream work, which expanded during the year to cover 30 percent of our operations. I am pleased the value streams continue to deliver superior results and show positive separation in performance versus the remainder of the company. The value streams reduced past due days by 66 percent, compressed cycle time by more than 40 percent and contributed to a five point increase in employee engagement scores compared with the remainder of the company. We plan to expand value stream coverage in 2013 to 40 percent of our enterprise operations.

## Growth through Innovation, Emerging Markets and Services

Beyond operational excellence, we have also continued to invest in growth markets. Those investments are yielding a strong pipeline of new products and services in every sector of the business—from air compressors to unitary HVAC to electronic locks to new service offerings. We have almost doubled the proportion of our revenues from innovation, which we measure as the total revenues delivered by new products introduced over the last three years. Innovation revenues totaled approximately \$3.3 billion in 2012.

2012 was marked with new products designed to meet customer needs and market demand. For example, our Thermo King business, launched the Precedent platform to address new regulations for engine emissions. Precedent set an industry standard in both fuel efficiency and emission reduction by delivering double-digit fuel savings, best-in-class performance and lower life cycle costs. We also launched the Ameristar home HVAC system, making headway into the entry-level, lower price point market segment. These customer-centric products, services and solutions are fundamental to our vision.

We strive for continual improvement in our products, services and processes, and in the value we provide to our customers, employees and the communities we serve. We embrace sustainability as a catalyst for business growth and innovation. Ingersoll Rand's Center for Energy Efficiency and Sustainability (CEES) works collaboratively with our businesses to address global issues that impact energy, food and water by providing sustainable solutions, product stewardship and supporting initiatives that deliver results. As the company's sustainability thought leader, the CEES works with nongovernmental organizations (NGOs), universities and industry leaders to identify trends and business opportunities to accelerate energy efficiency, drive growth for the company and better meet our customers' challenges.

## Progressive, Diverse and Inclusive Culture

At Ingersoll Rand, our global success is powered by our employees' diverse backgrounds, experiences, skills and talents. We believe a culture of mutual respect, collaboration and inclusion improves employee retention and engagement, enabling Ingersoll Rand to deliver growth and maintain a competitive advantage in markets worldwide.

One way we create this culture is through engaged employees who feel valued and believe their contributions are meaningful. Ingersoll Rand employee resource groups are an example of how we link engagement, diversity and innovation to drive growth. Employee resource groups afford employees the opportunity to spur innovative business ideas and participate in community involvement and recruiting events. In 2012, we expanded our Women's Network globally and launched our Black Employee Network and Veterans' Group, among others.

We will continue to pursue this enterprise strategy to create a culture that is inclusive and allows for our diverse and highly capable employees to generate new ideas improving our performance and exceeding customer expectations globally.

## Leading Our Business into the Future

I am confident we are on the right track. The numbers tell our story—we have three successive years of moving up in key operating metrics. We have built a multiyear record of growing earnings and cash flow with little help from our markets. We have achieved several years of delivering high operating leverage and margin improvement, while still investing.

Our 2012 results are a testament to what our employees can achieve when we focus on our goals. The health and vitality of our businesses are excellent and I thank Ingersoll Rand employees around the world for their exceptional effort. We will continue to build our operational capability, further integrate our businesses and invest to foster profitable growth through innovation.

2013 will be a year that will redefine Ingersoll Rand. Work is under way to combine our residential and commercial security businesses and create a new, standalone public company. When the spin-off is complete, which is expected by the end of this year, the new security company will become a leading provider of electronic and mechanical security solutions for customers globally. The spin-off is expected to create value for both companies and their shareholders. This is a milestone in Ingersoll Rand's evolution to a premier performing company, creating a more focused company with greater opportunities for growth in areas of advantage that differentiate us from our competitors. Ingersoll Rand will continue to grow profitably from a more focused core in creating comfortable, sustainable and efficient environments through its industrial, transport refrigeration and heating, ventilation and air conditioning businesses.

I am excited by the opportunities ahead for Ingersoll Rand and by the opportunities the new security company will have as an independent enterprise.

The collective inspiration and determination that have served our company, customers and communities for more than 140 years will ensure we continue to deliver for generations to come.

Sincerely,



Michael W. Lamach  
Chairman and Chief Executive Officer, Ingersoll Rand



“Last year, we laid the foundation for improving our capability to innovate in emerging markets by creating a comprehensive innovation system.”

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

## A Conversation with Our Leaders

*In this section, Ingersoll Rand leaders discuss what we have achieved in executing against our three enterprise strategies.*

### Achieving Operational Excellence

Todd Wyman, Senior Vice President, Global Operations and Integrated Supply Chain:

“In 2012, we achieved more than 70 percent operating leverage through operational excellence and margin expansion activities. By centralizing our procurement processes, we are rationalizing the thousands of suppliers we do business with. Our operational excellence approach also enabled us to make progress with our sustainability efforts. We are well on the path to meet our goals around waste and energy reduction, improving our financial and environmental performance.”



### Growth through Innovation

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

“Last year, we laid the foundation for improving our capability to innovate in emerging markets by creating a comprehensive innovation system. In 2012, 24 percent of revenue came from products less than three years old. By having a consistent way to prioritize and invest in new technologies, we will bring greater value for customers and accelerate the time that new products and services are launched into the marketplace.”



### Building a Progressive, Diverse and Inclusive Culture

Neddy Perez, Vice President, Diversity and Inclusion:

“In 2012, we focused on strengthening the integration and alignment of our three enterprise strategies. In reality, these three enterprise strategies are designed to support each other. An inclusive and diverse culture strengthens employee engagement—which enhances innovative thinking, brings new perspectives and creates a sense of ownership of results among our employees. We listen to our people and incorporate their ideas to improve operations. Through this engagement, we can harvest ideas for product and service innovation.”





Through our enterprise strategies, our people, systems, products and services are working together to enhance the quality of life for our customers globally.

## About this Report

**Theme: Delivering Results**

Ingersoll Rand's ability to achieve premier performance is based on the successful execution our three enterprise strategies; *Building a Progressive, Diverse and Inclusive Culture*; *Growth through Innovation, Emerging Markets and Services*; and *Operational Excellence*. Through our enterprise strategies, our people, systems, products and services work together to enhance the quality of life for our customers. Improving the energy efficiency of buildings and cities globally exemplifies one way Ingersoll Rand is helping to create a world of sustainable progress and enduring results.



We believe that transparently communicating financial and non-financial performance provides a more comprehensive view of the company's past performance and is a better predictor of future performance.

## Report Scope

Ingersoll Rand is committed to reporting on our overall performance. We believe that transparently communicating financial and non-financial performance provides a more comprehensive view of the company's past performance and is a better predictor of future performance. The scope of information spans fiscal year 2012 and covers our global operations that includes subsidiaries, leased facilities and joint ventures where we have a controlling interest. Data is presented in absolute and normalized terms. Normalizing environmental and energy data to revenues provides us necessary insight into the level of eco-efficiency across our diversified operations and benchmarking against the performance of other industrial companies. Our 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. For recently closed or sold facilities, the data is included for the time period it was part of the enterprise and to ensure year-over-year comparisons remain consistent. As such events occur, baselines are adjusted to account for these significant changes in our operations.

As our data collection system continues to mature and improve, the environmental data we report improves in accuracy and expands in breadth. Restatements are identified with an asterisk and have resulted from corrections of previous errors as well as strengthening our completeness of global data. This year's report includes a restatement of 2011 refrigerant emissions which differs by 14 percent from the prior year's report.



At the annual report kick off meeting, we convened over **30 key leaders** across the enterprise to identify and share our significant accomplishments, risks and opportunities for **2012**.

## Reporting Process

Our reporting process begins with the annual report kick off meeting, where we convene over 30 key leaders across the enterprise to identify and share our significant accomplishments, risks and opportunities for the prior year. As part of this effort, we also validate and confirm our significant stakeholders. During this year's report preparation, we conducted over 20 interviews with internal teams and external stakeholders to accurately capture our most significant accomplishments, opportunities, risks and goals.

Determining significant impacts for Ingersoll Rand is an important component of our sustainability program and goals. We carefully examine a broad range of issues, posed by key internal and external stakeholders that impact our business operations and strategy.

Every year, for the past five years, we have reported through our sustainability report on our most significant impact areas. This year our approach to define significant impacts began with an employee survey which helped us identify and prioritize the most relevant environmental, social and economic issues and impacts for Ingersoll Rand. Subsequent steps included internal and external interviews with key stakeholders, filtering significant issues against our strategic goals and market priorities and finally, prioritizing the issues in an impacts matrix.

We followed the Global Reporting Initiative (GRI) G3.1 Guidelines in the creation of this report. GRI has certified that this report meets the criteria for an Application Level B.

[Visit the GRI Content Index to learn more about our report](#)

For more information on GRI Application Levels, please visit:

<https://www.globalreporting.org/resource/library/G3.1-Application-Levels.pdf>

This site contains “forward-looking statements,” which are statements that are not historical facts, including our ability to address environmental and social 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 dependence 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, 2012 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 a \$14 billion global business committed to a world of sustainable progress and enduring results.

## Delivering Results Globally

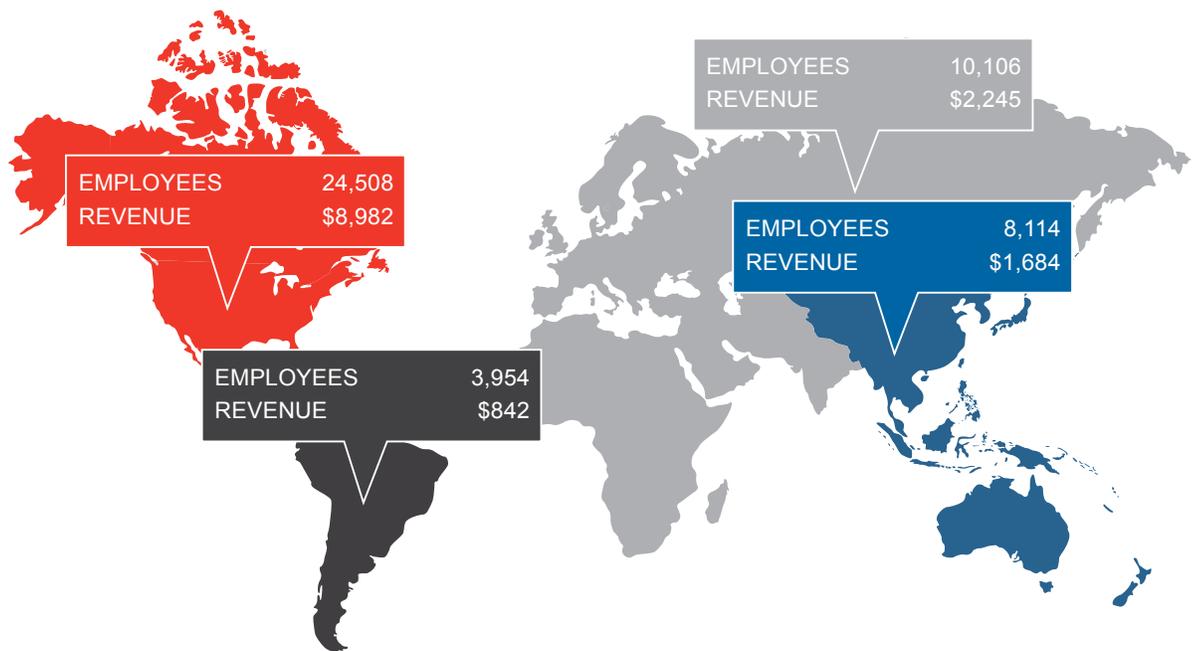
We are passionate about building a better future—a world of sustainable progress and enduring results. We inspire progress by unleashing the potential in people and technologies to advance the quality of life. In making environments safe, comfortable and efficient, we enable our customers to achieve real progress and create a positive impact in their world.

At Ingersoll Rand, we promote five values: Integrity, Respect, Innovation, Courage and Teamwork and we act with our competencies in mind: Model our Values; Inspire our People; Focus on Customers; Create Long-Term Value and Deliver on Performance.

To learn more, please visit the [About Us](http://www.ingersollrand.com) section at [www.ingersollrand.com](http://www.ingersollrand.com).



### Employee / Revenue by Geography Revenue in Millions





Our people and our market-leading family of brands work together to enhance the quality and comfort of air in homes and buildings, transport and protect food and perishables, secure homes and commercial properties, and increase industrial productivity and efficiency.

## Our Market-Leading Brands

Ingersoll Rand (NYSE:IR) advances the quality of life by creating and sustaining safe, comfortable and efficient environments in commercial, residential and industrial markets around the world. Our people and our well-recognized family of brands—including Club Car®, Ingersoll Rand®, Schlage®, Thermo King® and Trane®—work together to enhance the quality and comfort of air in homes and buildings, transport and protect food and perishables, secure homes and commercial properties, and increase industrial productivity and efficiency. We are a \$14 billion global business committed to a world of sustainable progress and enduring results.





Our strong foundation includes businesses with powerful brands, solid reputations and market-leading positions.

## Our Business Segments

Our strong foundation includes businesses with powerful brands, solid reputations and market-leading positions. These businesses are aligned within four global operations—Climate Solutions, Industrial Technologies, Residential Solutions and Security Technologies. Each one of these sectors is composed of one or more of our leading brands.

### Climate Solutions

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.

*Market leading brands*



### Industrial Technologies

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

*Market leading brands*



### Residential Solutions

Residential Solutions includes the Trane and Schlage brands, which deliver safety, comfort and efficiency to homeowners throughout the Americas, and has recently expanded into India. 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.

*Market leading brands*



### Security Technologies

Security Technologies supplies global leading 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.

*Market leading brands*





We address global issues by providing the solutions and supporting initiatives that deliver results for shareholders, customers and our communities.

## Addressing Global Challenges

Creating a world of sustainable progress and enduring results drives our efforts to address critical global challenges.

At Ingersoll Rand, we provide products, services and solutions to tackle issues that deliver results for shareholders, customers and our communities. Our solutions help our customers strengthen their social, economic and environmental performance.

Our market-leading brands and services help our customers reduce their operating costs, lessen their environmental footprint and secure their future through our energy-efficient solutions.

### **CHALLENGE: Climate Change and Energy Efficiency**

Climate change is a global threat to future social, environmental and business performance. For example, residential and commercial buildings account for 41 percent of the total U.S. energy consumption and 40 percent of the total U.S. greenhouse gas emissions, according to the U.S. Department of Energy. In the U.S., and other developed markets, Ingersoll Rand is actively engaged in improving efficiency standards and reducing energy intensity. For developing markets, Ingersoll Rand is in a position to enable growth in a less energy intensive way.

### **SOLUTION: Efficient and Intelligent Buildings—Engaging U.S. Policy Makers and Customers on the Future of Energy Efficiency in Buildings**

Adding an expert voice to the energy efficiency issue is just as important as providing the solutions. Chairman and Chief Executive Officer Mike Lamach participated in an event held in Charlotte, North Carolina during the 2012 U.S. Democratic National Convention. Ingersoll Rand, the U.S. Green Building Council (USGBC) and the International Facility Management Association (IFMA) hosted the event, “Building the Future of Energy Efficiency.” Ninety-five elected officials, industry leaders, members of the media and Ingersoll Rand leaders attended. The event educated our customers, elected officials and special guests such as General (Ret.) Wesley Clark about the value of energy efficiency in buildings.

Lamach stressed the importance of making current and future building infrastructure more intelligent and efficient, providing the most immediate and tangible returns for business and government. With the instability of energy costs and global challenge of climate change, energy efficiency provides the opportunity to invest available capital in growth, to innovate and create new jobs. Ingersoll Rand supports a combined approach of new building codes, incentives and public disclosure to help make buildings more energy efficient. This approach allows businesses to manage energy costs and reduce buildings’ environmental footprints.

**CHALLENGE: Rapid Urbanization in Emerging Markets**

Urbanization is accelerating in developing markets. In Asia, more than 50 percent of the population is expected to be living in urban communities by 2020. Successfully addressing energy efficiency is a key lever to enable growth in these dynamic regions in a less energy intensive way.

**SOLUTION: Providing China Innovative and Efficient Solutions**

In 2012, our Trane China Controls and Contracting team created an innovative solution for a customer by building a pre-packaged chiller plant for their new baby care manufacturing facility in South China. This system integrates proven chiller technology, efficient systems design, and advanced controls to produce and distribute chilled water in the most energy efficient and cost effective way. This innovation is 20 percent more energy efficient and can save up to 40 percent on installation costs when compared to conventional solutions. By delivering a pre-packaged system, our chiller plant provides significant savings on materials and labor, keeping the project under budget and on schedule.

Located in the Yunnan province in southwest China, the Kunming International Airport opened in 2012 to meet the rising demand for air travel associated with rapid urbanization. The airport is regarded as a major hub and the fourth largest airport in the country. Ingersoll Rand Security Technologies partnered with Kunming International Airport, providing closed-system television monitoring, access control and intrusion alert systems to ensure the safety and security of employees and travelers.



*Allen Ge, President of Climate Solutions in Asia Pacific, and Mike Lamach met with Qiu Baoxing, Vice Minister of Ministry of Housing and Urban-Rural Development, to discuss the Ministry's policies to encourage energy-saving building initiatives and how an industry leader like Ingersoll Rand can help support an energy-efficient future in China.*

**CHALLENGE: Delivering Food and Perishables**

Rapid urbanization is increasing the distance to market and limiting the availability of fresh, safe food. Safe and efficient transportation of fresh food and perishables is critical to the health and vitality of global urban centers around the world.

**SOLUTION: Thermo King Refrigeration Solutions**

Thermo King's refrigeration solutions ensures efficient supply of perishables and fresh food. Thermo King's new UT series, which is 10 percent more efficient than its predecessor, responds to high-volume specialty cargo transport needs such as meats and fresh produce. The units' undermount application also maximizes available cargo space, enabling more room for food transport. A standard in-cab display shows information in symbols which can be understood by operators across the globe. These innovations reduce operating costs and provide a solution for food transport operators globally.



*Thermo King's UT series, introduced in Europe in 2012, is lighter, quieter and more fuel efficient to allow optimum load management while maximizing fleet profitability.*



We provide our operations with essential guidelines to deliver results to customers and shareholders.

## Governance and Ethics

Strong governance is essential to running a successful global enterprise. At Ingersoll Rand, we provide our operations with essential guidelines to deliver results to customers and shareholders. We operate in accordance with [Ingersoll Rand's Corporate Governance Guidelines](#), which provide the context for overall governance methodology.

### Board of Directors Structure and Role

Ingersoll Rand's [Board of Directors](#), comprising 13 members, guides the management and governance of the company. The Board aids in preserving the long-term interests of our shareholders. The four committees—Audit, Compensation, Corporate Governance, and Nominating and Finance—have detailed charters that outline the specific responsibilities. The Board, through its committees, has the following responsibilities:

- Overseeing the management of enterprise risk
- Reviewing financial controls and reporting practices
- Monitoring corporate performance and evaluating results against strategic plans and other long-term objectives
- Evaluating the company's ethical standards and legal compliance programs
- Assessing relations with shareholders, employees and the communities where Ingersoll Rand holds operation
- Determining compensation for senior management
- Nominating individuals for Board membership and evaluating the performance of the Board and its committees

### Board of Directors' Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee aids in the creation and review of Ingersoll Rand's strategic sustainability direction. The Committee operates with support from the Center for Energy Efficiency and Sustainability, as an oversight for Environmental Health and Safety performance, energy consumption, carbon footprint and waste.

### Ethical Practices

At Ingersoll Rand, we hold our employees to high ethical standards. To deliver results consistently and ethically, we foster a value of integrity, which highlights our commitment to principled behavior in all interactions. One hundred percent of all salaried employees completed the Annual Compliance Training program and Code certification and nearly 400 hourly employees received ad hoc ethics training in 2012. The [Ingersoll Rand Code of Conduct](#) outlines policies and practices related to ethical behavior and legal compliance and apply to all employees globally.

We support our employees' ability to report any known or suspected violation of laws, regulations or the Ingersoll Rand Code of Conduct, by providing a third-party operated Ingersoll Rand Ethics Helpline they can call anytime. The Audit Committee of Ingersoll Rand's Board of Directors collects information from 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.

Ingersoll Rand also upholds standards for basic working conditions and human rights. Our [Global Human Rights Policy](#) articulates Ingersoll Rand's standards for working conditions and human rights. We align our policy with those upheld by the International Labor Organization and United Nations that include non-discrimination, prohibitions against child and forced labor, freedom of association and the right to engage in collective bargaining—which is outlined in our business partner code of conduct.



“I have been very impressed with Mike and the leadership team. Their commitment resulted in real progress - which cannot be said about all strategic plans.”

Dr. Jared Cohon Board Member,  
President of Carnegie Mellon University

## Sustainability Governance

### Sustainability Council

Ingersoll Rand's Sustainability Council includes senior leaders from multiple businesses and functions who set the agenda and deliver advice on key sustainability initiatives. The Council meets quarterly to discuss strategic opportunities and to integrate sustainability into Ingersoll Rand's overall business strategy.

## Center for Energy Efficiency and Sustainability (CEES)

Ingersoll Rand established CEES to further drive energy efficiency and sustainability into our innovation pipeline, manufacturing operations and employee education initiatives. We believe that premier performance and enduring results will come from addressing urgent global social and environmental challenges in a way that is valuable to our customers.

### Focus Areas

- **Innovation and Product Stewardship**

Understanding our customers and their toughest challenges is a big focus. We focus on furthering technologies to allow buildings to use energy more efficiently and economic resources more intelligently.

- **Global Issues and Advocacy**

Engaging in the global conversation around energy to promote smarter usage will support policy makers and industry associations—adding input into industry discussions that will accelerate adoption of responsible new technology for a healthier future.

- **Internal and External Education and Partnerships**

As the company's sustainability thought leaders, CEES works with non-governmental organizations, universities and industry leaders to identify trends and business opportunities to accelerate energy efficiency, drive growth for the company and better meet our customers' challenges. We also share these initiatives across communities, such as building owners, end-users and the scientific community. In addition, we focus on training our internal employees to further best practices and innovative, sustainable solutions.

- **Community and Employee Engagement**

We sponsor programs and bring volunteer teams together to channel their passion and commitment. We promote activities to improve the health and well-being of the communities where we work and live.

### Members of the Sustainability Advisory Council

CEES' initiatives are guided by an external Advisory Council comprising prominent thought leaders in sustainability leadership, infrastructure development, and energy policy and technology, along with Ingersoll Rand executives. The Advisory Council assists in reviewing business strategy and providing council on important global trends important to our stakeholders and communities. Members of our Advisory Council include:

- Marcia Avedon, Senior Vice President, Ingersoll Rand
- Roberta Bowman, Senior Vice President and Chief Sustainability Officer, Duke Energy (retired)
- Paul Camuti, Senior Vice President, Innovation and Chief Technology Officer, Ingersoll Rand
- Marian Chertow, Professor and Director, Industrial Environmental Management Program, Yale University
- John Conover IV, Senior Vice President and President Security Technologies, Ingersoll Rand
- Ole Daugbjerg, Chief Reputation Officer, Danfoss Group
- Prem C. Jain, Chairman, India Green Building Council
- Peter Madden, former Chief Executive, Forum for the Future
- Patricia Nachtigal, Senior Vice President and General Counsel, Ingersoll Rand (retired)
- Katherine Sierra, Senior Fellow, Brookings Institution
- W. Scott Tew, Executive Director, Ingersoll Rand, CEES
- Daniel Vermeer, Executive Director, EDGE, Duke University
- Mathis Wackernagel, President, Global Footprint Network
- Terry Yosie, President and CEO, World Environment Center

### Q & A of Advisory Council

We interviewed members of our Advisory Council to capture their thoughts and ideas about Ingersoll Rand's role in furthering sustainability.

#### **How has sustainability changed over the last five years and how are companies responding?**

*Peter Madden, Forum for the Future*

"Sustainability's impact is viewed beyond a public relations or marketing campaign—it has become a core part of the business. The companies we work with, Ingersoll Rand included, are really trying to make sustainability a part of the strategy, realizing that sustainability is about the future of the planet and about the future of the company."

*Terry Yosie, World Environment Center*

"Two words: Value Creation. I'm seeing sustainability integrated into lively business discussions that offer solutions to major societal problems."

#### **How do leading companies view sustainability?**

*Dan Vermeer, Duke University*

"Leading companies are shifting the focus from the enterprise to the entire value chain. It's a realization that any one company is really part of a greater ecosystem. This gives a wider perspective on the material risks and opportunities pertinent to a company and, ultimately, expands the playing field."

*Terry Yosie, World Environment Center*

"Sustainability is the most successful at a company when it is part of the culture and gets embedded into how you work. These companies see it as a business opportunity to solve the resource problems of the world."

**How can sustainability be leveraged to create greater employee engagement?**

*Dan Vermeer, Duke University*

“What drives people’s excitement is not when they see sustainability as a tradeoff, but as an engine for innovation and growth. Employees are the most engaged when they use sustainability as a lens to do a better job—not just for themselves but for the whole company.”

**How might current sustainability trends impact Ingersoll Rand?**

*Kathy Sierra, Brookings Institution*

“Efficient buildings and energy systems are becoming increasingly important as more of the world moves to urban places. Ingersoll Rand is well positioned to address this growing demand and can offer the kind of efficiency and environmental stewardship we need across the globe.”

*Prem Jain, India Green Building Council*

“There are 1.2 billion people in India, half of which don’t have homes. The next 20 years will be a big opportunity for construction—especially in residential. We are trying to make sure that everything is sustainable the first time. This means there is a tremendous opportunity for Ingersoll Rand to bring in high efficiency air conditioners and better indoor air quality measurement tools to address these needs of India’s emerging residential space.”

**Advice for the future**

*Marian Chertow, Yale University*

“Making products more accessible to those in emerging markets will be an imperative going forward. Addressing local pricing and aligning with local energy costs. Ingersoll Rand will need to be adaptable in multiple markets.”



We track our performance in sustainability through **nine, long-term goals** to advance our social and environmental performance.

## Sustainability Goals and Performance

At Ingersoll Rand, we track our performance in sustainability through nine, long-term goals to advance our social and environmental performance. In each area, we are on track to reach our long-term goals for environmental stewardship, safety and talent management. We plan to establish new goals by year end.

Long-term Goal	Status	2012 Performance
<b>Total Recordable Incident Rate (TRIR)</b>		
67 percent reduction from 2008 to 2013	More work required	We improved our TRIR by 5 percent from 2011 to 2012.
<b>Lost Time Incident Rate (LTIR)</b>		
67 percent reduction from 2008 to 2013	More work required	We improved our LTIR by 14.3 percent from 2011 to 2012.
<b>Energy</b>		
25 percent normalized reduction* over a 10-year period**	Exceeded goal	We reduced normalized energy consumption by 6.2 percent from 2011 to 2012.
<b>GHG emissions</b>		
25 percent normalized reduction* over a 10-year period**	Exceeded goal	We reduced normalized greenhouse gas emissions by 2.9 percent from 2011 to 2012.
<b>Non-hazardous waste generation</b>		
15 percent normalized reduction* (excluding scrap metals) from 2009 to 2013	Exceeded goal	Normalized non-hazardous waste generation reduced by 23.6 percent from 2011 to 2012.

### Hazardous waste generation

3 percent normalized reduction\* year-over-year



We exceeded our 3 percent annual reduction by reducing hazardous waste, normalized by revenue, by 24.1 percent from 2011 to 2012.

### Recycling

By 2013, 100 percent of sites will have programs for 10 designated waste streams



57 percent of Ingersoll Rand sites are on track to achieve the 2013 goal to recycle all 10 identified waste streams.

### EHS management systems

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



We are on track to achieve 100 percent sites with a validated EHS MS by year end 2013. Currently, 35 Ingersoll Rand sites are ISO 14001 certified and/or OHSAS 18001 certified with 24 being dually certified. An additional 141 sites have completed a rigorous internal validation process.

\*Normalized by revenue

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

### Awards and Recognition

- 2012 / 2013 Dow Jones Sustainability Index - listed on North America and World indices for second consecutive year
- 2007–2012 Carbon Disclosure Project - improved score by 38 percent over 2011, responder to investor request since 2007
- 2012 MSCI/KLD Indices - listed on KLD 400, WORLD ESG and WORLD SRI
- 2012 Oekom Research - reviewed with improved rating
- 2012 Newsweek Green Rankings - ranked no. 107 on U.S. list and no. 201 on Global list
- 2012 U.S. EPA Climate Leadership Award
- LEED & Green Globes certification - sites achieve recognition
- 2009-2011 DOE Save Energy Now - LEADER member
- EPA Energy Star - energy efficiency of products validated by third party
- 2012 Nasdaq OMX CRD Global Sustainability Index



In 2012, Ingersoll Rand delivered customized diversity training to **680+ employees**.

## Building a Progressive, Diverse and Inclusive Culture

Ingersoll Rand is strengthened by the diverse perspectives, cultural heritages and experiences of our people, and we support their personal and professional growth as their ideas become the innovative products and solutions of the future.

*“Diversity and inclusion drive employee engagement by empowering the sharing of ideas.”*

*Neddy Perez, Vice President, Diversity and Inclusion*

Employees are our greatest asset. They build and deliver our quality products and services. We strive to be recognized as an employer of choice by creating a desirable workplace and supportive, flexible work environment for our global employees. In 2012, we further enhanced our workplace programs. Highlights include:

- Piloted flexible work arrangements
- Delivering customized diversity training to 680+ employees
- Established Progressive, Diverse and Inclusive Culture Recruiting Strategy and Committee
- Restructured U.S. benefits coverage, which resulted in \$6 million in savings
- Expanded employee resource groups specifically for Women, African Americans, New Hires and Veterans



We reward hard work and offer competitive compensation plans to incent our outstanding employees in delivering quality solutions to our customers across the globe.

## Rewarding Workplace

It is important to us to provide a work environment that supports employees' personal and professional goals. Ingersoll Rand provides much more than competitive compensation and benefits to allow employees to make progress in their lives. From comprehensive learning, development and career opportunities, to wellness and financial planning support, to community involvement activities are among the many offerings.

## Benefits Overview

We provide benefits for each country based on the local market of the country Ingersoll Rand operates within. We are working to harmonize our benefits offering to ensure that all employees within a country have the same benefit package. The goal is to set this package at the market median for the individual countries. In 2012, all countries that were changed saw increase in benefits coverage.

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 a 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.

Ingersoll Rand funds approximately nine percent of payroll for retirement plan purposes for most U.S.-based, non-bargaining employees. This includes a Defined Benefit pension plan and company matching contributions to a Defined Contribution plan. Approximately 95 percent of the Ingersoll Rand U.S.-based, non-bargaining employee population participates in some type of retirement plan benefit. The Defined Benefit pension plan does not include employee contributions or rollovers from other employers. Separate trusts are established to fund pension liability. Ingersoll Rand uses its general resources to appropriately fund the pension trusts annually. We offer competitive salaries and benefits at all of our operating facilities globally and strive to adapt to the changing demands of the workplace.

### Flexible Working Program

Ingersoll Rand established flexible time programs in our Annandale, New Jersey; Carmel, Indiana; Davidson, North Carolina and Indian offices. We align our focus on the quality of work and meeting customer expectations knowing that it does not always matter where or what time of day the work gets done. This gives our employees a sense of trust and respect in their roles at Ingersoll Rand. The program has garnered positive results, including reduced transportation costs for employees and a more engaged and productive workforce for Ingersoll Rand.



In **2012**, we made strides in evolving our culture and Ingersoll Rand expects to broaden the impact and scope of our Diversity Goals in **2013**.

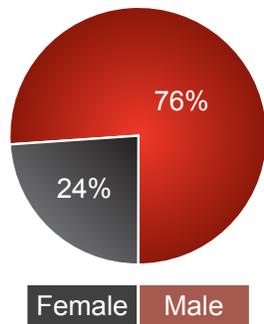
## Diversity and Inclusion

The diversity of our workforce powers our global success and enables us to deliver results to the markets we serve. In 2012, we made positive strides in evolving our culture and Ingersoll Rand expects to further enhance our diversity and inclusion initiatives.

Reaffirming this commitment, we initiated partnerships in the U.S. with diverse professional associations such as Ascend (Asian Business Professionals), Society of Hispanic Profession Engineers, National Society of Black Engineers and the Society of Women Engineers.

### Employee Profile

#### Gender 2011 and 2012



#### Age Group

	20-25	25-30	30-35	35-40	40-45	45-50	50+
2011	5%	11%	15%	14%	14%	13%	28%
2012	6%	12%	15%	14%	15%	13%	25%

#### Category 2011 and 2012



Demonstrating our continued commitment to diversity and inclusion, we expanded our employee resource groups (ERGs) specifically for Women, New Hires and Veterans. In 2012, ERGs for Women rolled out globally and ERGs for New Hires and Veterans were created. These groups serve as a catalyst for employees to share ideas, celebrate differences, and appreciate the strength and value of a diverse workforce. ERGs are open to all employees and are not restricted by a particular ethnicity, gender or sexual orientation to join.

The Women's Network went global in 2012 and has nearly 1,700 members with 10 chapters around the world. The network is active in engaging all employees with meaningful events, networking and professional development opportunities, guest speakers, content and resources.

Going forward, we remain focused on supporting the diversity of our workforce. We strive to answer to changing workforce demographics to attract and retain top talent. We will leverage the wide range of current and future employees' talents, skills and ingenuity to drive innovation. It is our goal to be an employer of choice that fosters an engaging workplace open to new thinking and respectful of individual differences. Every employee has a role in making decisions that help us grow our business.

## Chinese Women's Group

Our Chinese operations played an active role in promoting Ingersoll Rand's initiative for Building a Progressive, Diverse and Inclusive Culture through the local Women's Network.

The Women's Network Chapter in China, launched in May, successfully attracted 150 members to Shanghai during an employee-sponsored event in August. The gathering, "How to Irrigate Your Heart - Art of Balance," aided in recruiting 70 employees. Ninety-five percent of these initial members rated the event and new Chapter positively and indicated they will support another event in the future. Currently, the Chapter is planning a second China Women's Network event in Beijing. Our China leadership recognizes diversity as a strong asset to Ingersoll Rand's future success.

*"A robust corporate culture has the capacity to maintain the competency and vitality of an enterprise. Only through respecting the staff, helping them with self-realization, promoting their activeness and their consent with the mission and value of the company, can an enterprise acquire competitiveness and realize results,"* said Jeff Song, corporate vice president of Ingersoll Rand and president of Ingersoll Rand China.

## External Recognition on Diversity and Inclusion in 2012:

Diversity Profiles Journal recognizes Women's Leadership Program in Europe with Innovation Award

Latina Style Magazine provides honorable mention to Ingersoll Rand as best places to work for Latinas

U.S. Air Force Academy recognizes Ingersoll Rand's participation in Diversity Ambassadors Program

Marcia Avedon, Senior Vice President, Human Resources and Communications, named by Profiles Diversity Journal in "Women Worth Watching 2013"

Maria Blasé, President of Latin America Region at Ingersoll Rand Climate Solutions, featured in Profiles Diversity Journal Magazine for Hispanic Heritage Month

Neddy Perez, Vice President of Diversity and Inclusion, recognized in "Top 100 Women in STEM"



In **2012**, we donated more than **\$5.3 million** in philanthropic gifts and our employees volunteered more than **12,400 hours** to positively impact communities across the globe.

## Community Investment

Advancing the quality of life requires taking an active role in providing solutions that address social issues that impact our company and communities alike. We emphasize investments that lead to measurable, observable changes in people, communities and our environment. In 2012, we refined the Ingersoll Rand Foundation's purpose, giving priorities and processes. The Foundation advances our efforts to create a world of sustainable progress through our charitable partnerships. We are creating a mutually beneficial relationship with the communities in which we operate. Doing so engages employees and sustains trust and credibility in our external relationships.

We tackle social challenges across the globe by supporting communities where we live and work with our time, talent and resources. Our philanthropic strategy is comprised of grants, corporate contributions, community sponsorships, partnerships, scholarships and matching gifts. We support this strategy through programs such as our Dollars for Doers program. Dollars for Doers enables employees to individually donate 20 hours of volunteer time per year to their non-profit organization of choice and the Ingersoll Rand Foundation matches their commitment with a donation.

The Ingersoll Rand Foundation focuses on education and community development, and more than 15 non-governmental organizations (NGOs) benefited in 2012 from the Foundation's contributions. Ingersoll Rand's charitable support of education aligns with our business strategies. We partner with [STEMConnector](#) — a nationwide collaboration of companies, non-profits, professional societies, research and policy groups, and academia focused on Science, Technology, Engineering, Math (STEM) education. Ingersoll Rand sponsored the STEM Summit 2012 in Dallas, Texas, which focused on promoting STEM education and careers.

### India's Lighting a Billion Lives Campaign

Ingersoll Rand India partnered with The Energy and Resources Institute in the 'Lighting a Billion Lives' initiative in 2012 which focused on delivering improved, clean and affordable lighting to remote villages. Prior to this initiative, these villages lacked reliable energy access and we were able to provide these villages with efficient and cost effective solar lanterns. We helped nearly 1,000 villagers to obtain affordable lighting which resulted in over 200 lanterns across four villages. The initiative has been implemented on the basis of an entrepreneurial model of energy service delivery.

### Red Cross

In 2012, Ingersoll Rand developed a mutually beneficial long-term partnership with the Red Cross. Through our gift of \$250,000 to the Disaster Responders program, Ingersoll Rand helps secure a reliable funding base for disaster relief services that enables the Red Cross to respond immediately to individuals and families impacted by disaster anywhere in the world, regardless of cost.





Ingersoll Rand donated **\$41,000** on behalf of more than **90 employees** who participated in the Cool Breeze Corporate Multi-Sport Challenge.

## Health and Wellness

Ingersoll Rand helps employees and their families make well-being a priority, in turn creating a healthy and productive workforce. Health Progress is our health and productivity program, designed to empower participants to improve their health and well-being. The program takes a holistic approach to address individual needs. Core components include biometric health screening, well-being assessment, well-being plan, wellness coaching, condition management, back pain program, HealthMiles activity program, and the QuitNet tobacco cessation program. Approximately 10,000 employees participate in the program. Health Progress-sponsored education is also offered to employees globally for World No Cancer Day, World No Smoking Day and World Mental Health Day.

### Cool Breeze Corporate Multi-Sport Challenge

A major part of health and wellness is encouraging an active lifestyle. We take pride in sponsoring events to further this goal. For the third consecutive year, Ingersoll Rand was a sponsor of the Cool Breeze Corporate Multi-Sport Challenge, a series of fitness events culminating in a triathlon hosted at our headquarters campus in Davidson, North Carolina. Ingersoll Rand donated \$42,000 on behalf of more than 150 employees who participated in these wellness events. This donation supports the Ada Jenkins Center, a well-respected community center that provides adult education and counseling. We also were pleased to win the "Go the Distance" award from the event organizer, Cool Breeze Cyclery, for having the highest number of employees and family members compete in the multi-sport challenge events.



In **2012**, we trained about **5,800 employees** through instructor-led courses and logged nearly **100,000 hours** of on-line training.

## Talent Management

Supporting our employees and helping them achieve their career ambitions helps us retain top talent. Ingersoll Rand's talent management strategy offers current and future leaders the training, education and resources they need to succeed professionally. We aim to develop leaders who are confident and hold the highest respect for others.

### 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

Through five education centers across the globe and our online learning portal, Ingersoll Rand University (IRU) provides education and training 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. In 2012, we trained about 5,800 employees through instructor-led courses and logged nearly 100,000 hours of on-line training.

At Ingersoll Rand, we understand a key part of managing talent is keeping a pulse on retention and attraction rates. We are actively engaged on these performance indicators and strive to make continual improvements. In 2012, we conducted a Professional Retention Study and discovered we were 80 percent effective in attracting director-level talent and had only a four percent turnover rate. We realize there is still room for improvement and see employee engagement as an avenue to accomplish this task.

#### **Established Progressive, Diverse and Inclusive Culture Recruiting Strategy and Committee**

Companies who make diversity a priority are winning the war on talent. Through our focus on diverse hiring, we will continue to strengthen our company, maximize the investment of our shareholders, and better lead in the 21st century. For us, having a diversity recruiting strategy is not only a business imperative, it is a social and ethical responsibility embedded in our core values. Through the alignment of Talent Acquisition with the newly created employee resource groups and key external partners such as Ascend and Orion International, Talent Acquisition has positioned itself to lead the company's efforts to improve our brand as a diversity leader and employer of choice in the marketplace. The committee was created to ensure cross organizational alignment and communication regarding a variety of diversity initiatives. It allows a forum for sharing best practices and leveraging the various expertise amongst the members.

## EVEREST Groups and Tiger Teams

Connecting capabilities across the globe enables us to deliver high-quality results and make progress in economically difficult times. Our Tiger Teams and EVEREST Groups were created to accelerate global talent development, identify new business opportunities, and extend the execution of our key strategic priorities. Teams are nominated by leadership to work on highly visible projects, with the ultimate goal of enhancing talent development through hands-on experiences.

## E-Card Recognition Program Launch

Success happens every day, one person at a time. To honor those interactions and achievements, we developed the E-Card Recognition Program, which enables employees to recognize a colleague who represents our Brand Promise, lives our values or demonstrates our core competencies. Through this new online recognition program, employees can send an electronic card — an E-Card — to personally recognize the individuals who make a difference for their team members, customers, the company or the community. The program launched across the company in April 2012, and the results to date have exceeded expectations. Over 5,600 E-Cards were sent since the launch.



In **2012**, we conducted a census survey of approximately **43,000** employees, resulting in a **91** percent response rate.

## Employee Engagement

Highly engaged employees help to build and sustain a culture where people want to work and are excited to deliver great results. In return, employees have a positive impact on our relationships with customers, suppliers and communities. We understand, appreciate and embrace our differences at Ingersoll Rand, and use these strengths to continuously improve our business.

In 2012, we conducted a census survey of approximately 43,000 employees, resulting in a 91 percent response rate. Although significant actions followed the 2010 survey and many categories showed improvement, our overall 2012 employee engagement score remained flat. We aim to raise our overall score by at least two points in 2013.

We have implemented a new approach to employee engagement that encourages managers to demonstrate authentic leadership and drive engagement locally. Our approach provides coaching to help managers engage employees on what matters most to them. This local accountability will drive more tailored and meaningful actions.



Since being formalized in **2011**, teams focus on awareness and education, as well as overall operations, and have long partnered with the community in efforts such as Habitat builds and park clean ups.

## Green Teams

One of our most successful engagement programs is our Green Teams, which are volunteer groups of employees focused on reducing Ingersoll Rand's environmental footprint and improving overall operations. Since being formalized in 2011, teams focus on awareness and education, as well as overall operations, and have long partnered with the community in efforts such as Habitat builds and park clean ups. Sites with Green Teams scored higher in the 2012 census survey than sites without Green Teams. The results of another recent engagement survey showed that employees who volunteer on Green Teams were less likely to look for a job elsewhere and more likely to refer a friend to Ingersoll Rand for employment. In 2013 this data was published in Andy Savitz' book "Talent, Transformation, and the Triple Bottom Line."

## Green Team Major Milestones

**The annual savings associated with Green Team projects in 2012 exceeded \$770,000**

**2,470,000 lbs. reduced waste to landfill**

**5,650 metric tons CO2 emissions reduced**

**37 billion BTUs energy conserved**

**450+ sustainability projects initiated by employee volunteers**

**Nearly 7,000 employees actively engaged in a 2012 Green Team activity or event**

In 2012, we evolved our Green Team program focus from creating additional teams to the effectiveness of existing teams. We created a certification program to enhance and measure the strength of our green teams. The new certification program is part of a framework that supplies resources, processes and recognition to these employee-driven teams, formally acknowledging their work on projects at company sites and in their local communities. Teams may earn five levels of certification which follow a prescribed maturity path. Going forward, our goals are to have registered Green Teams in 100 percent of manufacturing locations and to have 17 percent of total employees involved in Green Team activities.

### Number of Green Teams





Stakeholder engagement helps us to better understand current issues and interests of these various parties.

## External Stakeholder Engagement

Our diverse products, services and operations reach thousands of customers, employees, shareholders and communities every year. These groups directly influence Ingersoll Rand's ability to deliver results to stakeholders across the globe and advance the quality of life. Stakeholder engagement helps us to better understand current issues and interests of these various parties.

### Customers

Our highest priorities are improving the customer experience and ensuring customer satisfaction. In 2012, we made significant progress with customer satisfaction by focusing on delivery to our customers and product quality. We improved delivery performance by more than 70 percent, ending the year at one day past due, and our quality performance by 20 percent. We are engaging our distribution network and customers to further improve our results and identify additional steps we can take to enhance the customer experience.

We track customer satisfaction by collecting information quarterly on key areas—sales, delivery, product and service. The system provides us with key data on our customers and generates the Customer Satisfaction Index (CSI) scores, which are tracked by all of our businesses globally. In 2012, our end-user CSI scores improved 15 percent, but our channel partner scores fell five percent. Scores for our channel partners showed that they were least satisfied with delivery which, quarter to quarter, we are showing improvement.

### MB Air Systems

Strengthening our connection with key distributors enhances the manufacturer-distributor relationship and promotes a consistent source of recurring revenue as well as a common platform to share ideas. MB Air Systems is a part of Ingersoll Rand's distributor network in Europe and focuses primarily on industrial technologies sector selling compressed air systems. In 2012, MB Air Systems became an inaugural member to Ingersoll Rand's European Distributor Advisory Council. This council was set up to enhance communications between Ingersoll Rand and the 10 best-in-class distributors in Europe. MB Air Systems commended Ingersoll Rand for the creation of this council and the efforts made to reduce feedback time, demonstrate leadership and strengthen relationships with channel partners and distributors.

*"Ingersoll Rand excels at listening to customers and partners to uncover new opportunities to innovate and develop intimate customer relationships."*

Kommie Yousef-Nejad, Director, MB Air Systems

### Investors

We meet with the investor community regularly to address the company's key strategies for delivering total shareholder return. We also host two annual meetings—our general meeting of shareholders where we provide 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.

### Policymakers

We actively engage with policymakers on energy efficiency and other issues that may affect Ingersoll Rand's business and our customers. Last year, we participated in national events such as [Building the Future of Energy Efficiency Panel at the Democratic National Convention](#) in Charlotte, North Carolina and international conferences such as the 8th International Conference on Green and Energy Efficient Buildings held in Beijing.

Ingersoll Rand's Political Action Committee (PAC) is in place to allow employees to pool personal, voluntary financial contributions to support candidates seeking elective office at the federal, state and local level, and who support issues important to our business, our employees and our shareholders. PAC operations are transparent and compliant with all applicable laws and are regulated by the [Federal Election Commission \(FEC\)](#) which publically discloses campaign contributions. For the 2012 election, the company raised \$30,687 and 100 percent of contributions go to support federal candidates for office.

### Suppliers

Ingersoll Rand works with more than 17,000 direct material suppliers globally. In 2012, we began to better understand the benefits of these relationships through [our supplier survey](#). The survey includes questions about Ingersoll Rand's Business Partner Code of Conduct as well as our suppliers' own sustainability programs, including greenhouse gas emissions data and exposure to risk due to operations located in water-stressed regions. We strive to build partnerships with our suppliers by centralizing our process across the enterprise. Going forward, we will focus on measuring supplier diversity, promoting quality and finding opportunity for further program development.

### Local Communities

As a global company, we focus our engagement with local [communities](#) in the areas where we have significant operations. Our view of community relationships is not a one-time gift or event, but an ongoing, mutually beneficial relationship. Our employees lead local engagement efforts and they extend their care and concern to the communities where we work through donations, volunteering time, serving on boards, meeting with civic and business organizations regularly, developing relationships with community leaders, and representing Ingersoll Rand at community functions.

### List of Partnerships and Associations

#### Industry Associations

AAIA - Automotive Aftermarket Industry Association  
AEE - Association of Energy Engineers  
AHRI - Air-Conditioning, Heating and Refrigeration Institute  
ASHRAE - American Society of Heating, Refrigerating and Air-Conditioning Engineers  
British Compressed Air Society (BCAS)  
CABA - Continental Automated Buildings Association  
CAGI - Compressed Air and Gas Institute  
Club Managers Association (CMAA)  
Ergonomic Assist Systems and Equipment (EASE)  
GCCSA - Golf Course Superintendents Association  
Hydraulic Institute  
International Light Transportation Vehicle Association (LTVA)  
Material Handling Institute (MHI)  
Monorail Manufacturers Association, Inc (MMA)  
National Golf Course Owners Association (NGCOA)

Outdoor Power Equipment Institute (OPEI)  
Professional Golfers' Association (PGA)  
Confederation of Indian Industries (CII)  
China Fire Protection Association (CFPA)  
Architectural Society of China (ASC)  
Shanghai Safety Prevention & Alarm Association (SSPPA)  
China Security & Protection Industry Association (CSPIA)  
China Construction Metal Structure Association (CCMSA)  
China Refrigeration Air-Conditioning Association  
Chinese Association of Refrigeration  
ARAP (Alliance for Responsible Atmospheric Policy)  
IRI (Industrial Research Institute)  
PDMA (Product Development and Management Association Sustainable Innovation Special  
NAEM (National Association of EHS Management)

#### **Peer Groups**

CEF (Corporate Eco Forum)  
ORC Sustainability Task Group  
GEO Exchange  
Green Biz Executive Network  
Agrion  
Business Roundtable

#### **Governmental Group Partners**

Montreal Protocol (UNEP Secretariat)  
UNFCCC (United Nations Framework Convention on Climate Change)  
AMCHAM- American Chamber of Commerce in India  
China Building Science Institute Building Environment and Energy-Saving College Air-Conditioning division

#### **NGO Partners**

ASE (Alliance to Save Energy)  
BCSE (Business Council for Sustainable Development)  
DRSG (Demand Response Smart Grid)  
ESC (Energy Services Coalition)  
Forum for the Future  
NC Sustainable Business Council  
NCSEA (North Carolina Sustainable Energy Association)  
World Environment Center  
CaGBC - Canada Green Building Council  
Verband Deutscher Maschinen and Anlagenbau (VDMA)  
The Energy and Resources Institute (TERI)  
U.S. India Business Council (USIBC)  
USGBC (U.S. Green Building Council)  
Indian Institute of Sustainable Enterprise (IISE)  
Indian Green Building Council (IGBC)  
EDF Climate Corps

#### **University Partners**

Duke University - Center for Energy Development and the Global Environment (EDGE)  
Carnegie Mellon - Energy Research Initiative/Smart Grid Research (ERI)  
Fairleigh Dickinson University - Institute for Sustainable Enterprise (ISE)  
UNC Charlotte - Sustainably Integrated Buildings and Sites (SIBS)

#### **Partnering to better serve customer needs in India**

Buildings in India account for 30 percent of national energy consumption. As the Indian economy develops and commercial infrastructure expands, driving robust initiatives to improve energy efficiency and sustainability will be essential. Given the current economy and rising energy costs, organizations face capital and operating budget challenges. Ingersoll Rand and IBM have partnered to connect capabilities across industries and to serve customer segments needing innovative solutions. Ingersoll Rand's HVAC, systems controls and building management systems, are complemented by IBM's analytics, remote monitoring and energy performance tracking to provide a holistic customer solution.



Virtually all of our product designs developed in **2012** focused on improving energy efficiency.

## Growth through Innovation, Emerging Markets and Services

“In 2012, we improved our innovation capabilities in emerging markets. Our research and design centers in China and the Czech Republic will help advance new innovations customized for local market demands.”

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

Growth through innovation, emerging markets and services requires understanding our customers, connecting our existing capabilities, and delivering results in new and innovative ways. Core to our innovation strategy, we remain focused on delivering energy-efficient solutions to our customers. Virtually all of our product designs developed in 2012 focused on improving energy efficiency.

In 2012, we made considerable capital investments in strengthening our research and development. We opened a new laboratory in the Czech Republic and expanded our capabilities in China, further increasing our ability to provide energy-efficient solutions. These laboratories are specifically dedicated to research, development and testing, allowing us to improve time to market and react quickly to changing customer demands while developing local solutions required by the European and Asian markets.

We continue to invest in emerging markets by matching local solutions to local needs around the globe. We recognize that, while many of our solutions are internationally renowned, tailoring our solutions to specific markets expands our reach and pushes innovation forward.

### Ingersoll Rand Product Development Process

Innovation drives our ability to advance the quality of life and deliver results to our customers. In 2012, we launched the Ingersoll Rand Product Development Process (PDP) to create efficiency and productivity in product development. The PDP process ensures we are assessing risk, sustainability and intellectual property throughout the entire product development cycle.

This new process applies a consistent methodology to track the total revenue potential of all projects, ensuring adequate resources are allocated to innovation and our project pipeline will support revenue goals. Ingersoll Rand's PDP will address customer needs while reducing our product offerings' overall environmental footprint. The expected benefits include:

- Reliable execution: projects completed on-time, on-cost and meets requirements
- Faster time-to-market: leading development cycle times based on type of platform and project uncertainty levels
- Leading engineering efficiency: maximizing execution per unit of production
- Optimal return on engineering and technology investments: increasing returns for engineering and technology investment growth



Run the most important systems at home—thermostats, locks, lights and cameras—from anywhere with Nexia™ Home Intelligence, supported by leading brands Schlage® and Trane®.

## Promoting Quality, Energy Efficiency and Sustainability

To advance the quality of life, our global brands provide innovative solutions that promote quality performance, energy efficiency and sustainability for our customers. In 2012, we improved existing offerings and extending our capabilities globally.

### Nexia™ Home Intelligence Showcased Innovative Features at the Consumer Electronics Show

Through Nexia™ Home Intelligence, we connected our enterprise capabilities to make a customer's home speak one simple language efficiently and effectively. The system leverages the elevated performance of Schlage and Trane for homeowners to remotely manage features and functions, including door locks, heating and cooling, video surveillance, lights, shades and energy usage via any Web-enabled computer and most smartphones. This total solution is rooted in the real-world needs of every household. We continue to innovate and add features that meet current customer needs. For example, a customer can receive a text alert 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 2013, we showcased our newest interface and features at the Consumer Electronics Show which includes:

- Whole-home energy monitoring that allows homeowners to control energy use and resulting costs. Through a relationship with Powerhouse Dynamics, Nexia™ Home Intelligence delivers a holistic energy management solution at the circuit level.
- An astronomical clock that enables homeowners to adjust lighting and shades based on sunrise and sunset times helping to meet energy management needs.

### Expanding Relationships through Innovative Services

Ingersoll Rand's relationship with BASF spans 150 manufacturing sites throughout North America. Together, Ingersoll Rand and BASF have completed nearly 50 energy audits, surveying leaks and compressed air systems resulting in \$6 million in operating expenditures. During the audits, BASF discovered that it was overusing nitrogen and, as a result, switched to compressed air which provides the same result at one-seventh of the cost. This success resulted in an expanded relationship, providing another brand, Trane, the opportunity to perform 15 additional energy audits at smaller BASF facilities. In addition, our Security Technologies sector works with BASF globally as their locking and access control partner.

**"Ingersoll Rand is a great partner that provides unmatched customer service. Our account manager contacts me when we open up new operations to help us sidestep the wrong path and avoid future costs. I wish our other service providers provided the same level of service and trust."**

Tom Theising, Energy Manager, BASF Chemical Company

#### Thermo King Introduces its Most Advanced Genset Platform which Exceeds Compliance Requirements

Our customers in the U.S. transportation industry are facing increasingly stringent emissions and fuel economy regulations. In response to these demands, Thermo King created a new Genset platform that delivers fuel efficiency, reliable performance and a low cost of ownership that exceeds today's toughest environmental regulations. The new Thermo King Genset platform exceeds the most stringent requirements of the Environmental Protection Agency's (EPA) Tier IV final regulations, as well as the U.S. California Air Resources Board (CARB) requirements. This includes a 90 percent reduction in particulate matter and a 37 percent reduction in nitrogen oxide. As a result the new SG-400 series runs cleaner and reduces maintenance costs.

#### Delivering Value in New Ways; the Launch of Ameristar Brand

Recognizing a shift in homeowners' preferences for greater affordability, we delivered a low cost indoor comfort solution with the launching of our Ameristar Brand in 2012 in North America. The Ameristar Brand is the first value brand from Ingersoll Rand. The new entry-level Ameristar products meet homeowners' needs with suitable efficiency options. Ameristar products delivered sales growth exceeding \$84 million in 2012, a growth rate of 24 percent in this targeted entry-level segment. Additionally, it added more than \$10 million of operating income in 2012.

#### VISION House® in INNOVENTIONS Attraction at Epcot® Presented by Green Builder® Media



Ingersoll Rand is demonstrating our commitment to sustainability and delivering the ultimate customer experience through the VISION House® presented by Green Builder® Media, which opened on Earth Day 2012. The VISION House® offers guests the opportunity to experience our home intelligence system. Guests enter the home and learn how a mobile device can turn on lights, open the door, or check on family members. They finish the tour with a view of the highest-efficiency Trane air conditioning unit.

Since opening, the VISION House® has educated guests about how various products can help them create a more sustainable home and how they can save money while saving the planet. The exhibit displays Ingersoll Rand's innovative, energy-saving and intelligent products that homeowners can implement themselves.

Learn more at [www.VISIONHouseGreen.com](http://www.VISIONHouseGreen.com).

#### Europe Focuses on Innovating Air Compressors

Our Industrial Technologies group in Europe plays a key role in the development of new technologies for efficient, oil-free air compression. We are focused on improving filtration effectiveness and increasing efficiency of these compressors.

#### Ingersoll Rand India Delivered Innovative Services to Customers

Our commitment to delivering a world of sustainable progress can be seen by our creative teams worldwide. Our India team is providing innovative services for its customers which is resulting in significant energy savings. The team designed our Centac Centrifugal Air Compressors solution with waste-heat recovery coolers as a solution that allows customers to use waste heat recovered from the compression process. This new solution reduces the customer's energy use by 70 kilowatts per hour.

#### MOTOR names Ingersoll Rand's Cordless Impact Wrench Top 20 Tool Award



Delivering results means enhancing the power, reliability and life cycle of products we develop. Ingersoll Rand's W7150½" High-Torque Cordless Impacttool combines the convenience of a cordless tool without sacrificing power. The W7150 boasts an impressive battery life and runtime, allowing technicians to complete an eight-hour shift on a single battery charge, reaffirming Ingersoll Rand's commitment to performance. This tool has a battery take back program that complies with the European Union's electronic waste laws and provides responsible solutions for our customers.

#### Schlage's New aptiQ Readers Experiences Strong Growth in 2012

aptiQ readers are cutting edge, all-in-one access control security solutions that are extremely easy to install using a quick-connect wiring. This innovative technology has experienced strong growth in 2012. The solution provides access to the large variety of control product requirements and addressing the ever-changing customer needs.

#### Von Duprin Reduces Maintenance

Securing a building increases comfort to our customers. Von Duprin offers exit solutions that strive to keep environments safe and allow people to exit as needed. In 2012, we improved the Von Duprin touch bar exit device to make maintenance and end use easier. This improvement is expected to reduce maintenance time by 75 percent and ensure environments remain safe for our customers.



In Asia, we continued to address market needs in innovative ways by supporting industrial productivity and efficiency.

## Delivering Sustainable Solutions to Emerging Markets

As a global provider of sustainable solutions, we recognize the need to provide solutions that meet the needs of local communities. While growth waned in the latter half of 2012, in Asia, progress prevailed and we continued to address market needs in innovative ways by supporting industrial productivity and efficiency.

### Trane Supplies Chillers to Lotte World Tower in Korea

Our Trane Korea team will be delivering high-efficiency centrifugal chillers to one of the soon-to-be tallest buildings in Asia, the Lotte Super Tower in Seoul, South Korea. The Tower, Lotte's future global headquarters, will be a 123-story building, comprising retail, commercial, residential, hotel and public spaces, and an observation deck overseeing the Han River. Our CenTraVac centrifugal chillers, with total cooling capacity of 11,600 tons of refrigeration, are designed to support the Lotte Super Tower's office, hotel and shopping areas. The project adopts the Trane EarthWise™ and high efficiency chiller that will help reduce total life cycle cost by 30 percent and saves initial cost by about \$200,000 while ensuring optimum indoor comfort. When completed in 2015, the Tower will incorporate many sustainable features resulting in significant energy reduction aimed at achieving Leadership in Energy and Environmental Design (LEED) Gold certification.

### India Wins Award for Innovation

Ingersoll Rand India's Residential Solutions business arm won the coveted I-DESIGN award in 2012. The award is a premier recognition for product design in India organized to highlight and celebrate the best product designs in the country. Ingersoll Rand India won awards in the categories of Electronic Equipment Design and Electrical Household Devices Design for exceptional product designs in Interactive Split Air Conditioner and Interactive Electronic Door Lock during 2012.

### Upgrading the Reebok Sports Club in Brazil

The Reebok Sports Club in Sao Paulo, Brazil needed to upgrade its facility and in 2012, chose Trane's digital air-cooled water system. The highly efficient Trane Water Flow system reduces water and energy costs. Its modular design makes it well suited for retrofit projects because it can fit in almost any space. The Reebok Sports Club chose Trane's system because of its efficiency, reliability and minimal impact on the environment.



Our Green Portfolio is the top echelon of those solutions representing a best in class environmental design and maintains top quartile performance relative to competitors.

## Our Green Portfolio

At Ingersoll Rand, we embed sustainability into the products and services we deliver to our customers. Our Green Portfolio is the top echelon of those solutions representing a best in class environmental design and maintains top quartile performance relative to competitors. We focus on delivering one or more of the following environmental benefits:

- Energy efficiency, greenhouse gas emissions or criteria pollutant emissions during use;
- Use of recycled input material or minimized waste at the end of its useful life; and
- Resource efficiency across the product life cycle or the inclusion of renewable materials.



We continue to evolve this criterion. In 2012, with the creation of the [Ingersoll Rand Product Development Process](#), sustainability became a core piece of the framework. The evolution emerged from an Outcome Driven Innovation Study where we learned from our customers that sustainable products are a top priority. Looking forward, we anticipate the criteria and governance of the Premium Green Portfolio will evolve to more tightly link with the Ingersoll Rand Product Development Process.



Our commitment to product responsibility is demonstrated by our continued efforts to better understand and capture the impacts of our product through Life Cycle Assessments.

## Product Responsibility

Products and services that are produced and delivered responsibly can better meet the diverse needs of our global customers while achieving the social, environmental and financial performance expectations of our stakeholders. At Ingersoll Rand, our commitment to product responsibility is demonstrated by our continued efforts to better understand and capture the impacts of our product through Life Cycle Assessments (LCAs). For products in the European market, we had these LCAs certified by a third party to achieve an Environmental Product Declaration (EPD).

These LCAs help us better understand the impacts of a product across its entire life cycle and 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: How can we help our customers improve their environmental impacts?
2. Cost Reduction: Is there an opportunity to improve costs and profitability during the life cycle of a product or service?
3. Environmental Impact Improvement: What opportunities for reducing the environmental impact exist by changing the manufacturing and sourcing? Is this an opportunity for overall new product and service development?

These LCAs directly influenced our product development process and the associated principles have been included in our [Ingersoll Rand PDP](#). Ultimately, a better understanding of our impacts will support our goal of delivering results to the customer and drive business value.

### Recognizing Areas of Significant Impact: Refrigerants

Refrigerants are the chemicals used in products which provide temperature and comfort control in both the HVAC and transport refrigeration industries globally. Historically, many of these compounds were found to contribute to depletion of the ozone layer. We were active participants in the inclusion of these substances in the Montreal Protocol, an international treaty which is phasing out the use of these compounds worldwide. We are nearing some of the final phase out dates for these refrigerants, HCFCs, in the developing world. However, in recent years a new environmental issue relative to our refrigerants has commanded the attention of customers, policymakers and environmental advocates worldwide: global warming potential (GWP). This measure describes how one molecule of a compound traps heat and thus contributes to the greenhouse effect. Many of today's main refrigerants, HFCs, have high global warming potential. As such, national, regional and international policies are being considered to curtail their use.

Acknowledging the connection between these compounds and concerns over global warming, Ingersoll Rand supports global HFC regulations that include an appropriate future phase down of higher GWP HFC's. As technology options are being developed for various applications, it is becoming clear that some applications will have the ability to achieve different GWP benchmarks. This variation is due to specific application parameters such as operating pressure, operating temperatures (HVAC vs. refrigeration), and size and weight limitations. These are among the technological factors we will consider as we decide upon next generation refrigerants. Ultimately, we will need to strike a balance between refrigerant GWP, product energy efficiency, safety and cost to find the right choice for our various applications.



We strive to do business with partners that share our vision of sustainable progress and delivering results.

## Supply Chain

Delivering results to our customers requires the quality and reliability of our entire value chain. Ingersoll Rand has 17,000 direct material suppliers. We strive to do business with partners that share our vision of sustainable progress and delivering results. We continue to improve our supplier management capabilities by centralizing procurement and creating more robust supplier controls. Our Business Partner Code of Conduct which applies to all of our contractors, suppliers, subsidiaries and joint venture partners, outlines our expectations for complying 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

Improving our relationship with our suppliers is a continuing focus. We annually survey a wide selection of our suppliers and request information regarding sustainability performance, 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 nearly 10 percent of our supplier's measure GHG emissions and only five percent have emission reduction targets.

Over the past year, we centralized procurement to provide a standardized approach to purchasing to maximize economies of scale across the enterprise. This will create better relationships with our vendors and promote consistency across our various business units. We also have embedded supplier diversity into our procurement guidelines, which focus on utilizing localized expertise across our diverse markets. Going forward, we hope to leverage our strong relationships with suppliers to sustain growth, lower costs, design out waste and improve overall productivity.

## Conflict Minerals

Conflict minerals, which are currently defined as Gold, Tin, Tantalum and Tungsten (as well as the ores from which they are mined), are of growing global concern. Publicly traded companies are now required by the SEC to disclose annually whether conflict minerals necessary to the functionality or production of products they manufacture or contract to manufacture are “DRC conflict free.” According to the SEC’s final rule, this means that any conflict minerals used in manufactured products that originated from the DRC, Angola, Burundi, the Central African Republic, the Republic of the Congo, Rwanda, South Sudan, Tanzania, Uganda, or Zambia (the “Covered Countries”) did not directly or indirectly finance or benefit armed groups within these countries. In response to this requirement, Ingersoll Rand began development of a conflict minerals plan in 2012 which will be implemented in 2013. The plan will be a multi-year process to educate suppliers, customers and employees, collect data and report results.



Our global strategy is rooted in continuous improvement and focuses on standardizing work flows and processes to work better, faster and more efficiently.

## Achieving Operational Excellence

Ingersoll Rand's focus on operational excellence drives growth and improves operational performance including financial, safety and environmental results across the enterprise.

Our global strategy is rooted in continuous improvement and focuses on standardizing work flows and processes to work better, faster and more efficiently. This approach delivers results for our employees, customers and shareholders.



Going forward, we will continue to focus on opportunities to improve our operations. Our focus on lean within our value streams continues to improve the customer experience. In 2012, we reduced our value stream past due days to nearly one day, achieved a 40 percent reduction in cycle time and experienced a higher employee engagement score as a result.

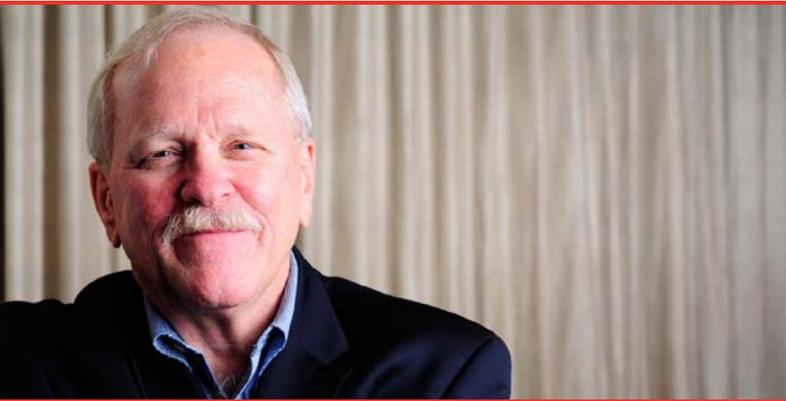
Our plant in Taicang, China made significant improvements in our value streams. By localizing suppliers, we were able to provide a 30 percent shorter lead time and 31 percent cost reduction. This program is on target to save more than \$52 million through 2013.

By creating standard processes and improving flow of information, we reduced the time required to complete a customer order by 90 percent at our Campbellsville, Kentucky plant, which grew revenue by 11 percent year-over-year.

We are dedicated to building internal capability by making sure that we have the right skills to accelerate our improvement. Our problem-solving training program, launched in 2012, helped equip employees with basic lean tools to identify and solve problems effectively. Partnering with APICS The Association for Operations Management to elevate our materials management enabled us to improve our delivery performance in 2012 by more than 70 percent.

**Our localization efforts at our Wujiang Campus in China achieved two significant milestones in 2012:**

- At Club Car, our 600th DS series Club Car rolled off the assembly line in October. This marks the highest production level during the three years of localization efforts in China.
- Industrial Technologies excelled at mass production of large centrifugal air compressors. Manufacturing at our Wujiang Campus reduced its lead time by two months and reduced costs by 15 percent.



Currently, **35** Ingersoll Rand sites are ISO 14001 certified and/or OHSAS 18001 certified with **24** being dual certifications.

## Environmental Health and Safety (EHS) Management

Ingersoll Rand is rapidly approaching our deadline and goal of validating that all our facilities are operating under a prescribed EHS management system by 2013. To comply with this standard, facilities must either obtain a third-party certification under the ISO 14001 and OHSAS 18001 standards or undergo a rigorous internal validation process. Currently, 35 Ingersoll Rand sites are ISO 14001 certified and/or OHSAS 18001 certified with 24 being dually certified. We are on track to have 100 percent of our facilities validated by the end of 2013.

In 2012, three facilities expanded their dual certifications in ISO 14001 and OHSAS 18001 by also achieving ISO 50001 certification for energy management:

- Climate Solutions — Galway, Ireland
- Security Technologies — Monsampolo, Italy
- Security Technologies — Faenza, Italy

We have our EHS data assured annually by a third party, and the results of our 2012 assurance can be [found here](#).



2012 marked a year of strengthening our ability to achieve organic growth in a down market economy.

## Economic Impacts

We continue to deliver results for our customers, shareholders, employees and communities by diligently focusing on our three enterprise strategies. 2012 marked a year of strengthening our ability to achieve organic growth in a down market economy. Our team maximized efficiencies, met goals and expanded our reach in markets around the globe.

**“In 2012, we improved the strength of our business operations, delivering increased operating margins, and a 23 percent improvement in adjusted earnings per share despite a challenging economic backdrop in a number of our key end markets.”**

Mike Lamach, Chairman and Chief Executive Officer

Delivering total shareholder return and addressing the needs of our customers are essential to Ingersoll Rand's future success, but our impact extends beyond our direct work. Through our efforts, we contribute to the economic and societal health of the communities where we live, work and operate around the globe.

### 2012 Global Direct Economic Impacts

Global Salaries and Wages	<b>\$3,700 Millions</b>
Cost of Goods Sold	<b>\$9,758.2 Millions</b>
Provision for Income Taxes	<b>\$227.0 Millions</b>
Capital Expenditures	<b>\$262.6 Millions</b>
Dividends Paid to Ordinary Shareholders	<b>\$192.4</b>

#### Dow Jones Sustainability Index

Sustainability rankings like the Dow Jones Sustainability Index (DJSI) help drive performance by benchmarking peer companies with a common set of metrics. In 2012, we once again were honored to be listed on the DJSI. Though we recognize there is more work to do, we continue to improve year over year. Participating in the DJSI requires an annual review of our systems and processes to manage financial and non-financial, risks and opportunities. We utilize this framework as a way to measure our sustainability performance and we value the process as much as the recognition on the Index. Achieving premier performance drives us to create more sustainable outcomes at Ingersoll Rand.





A safe work environment is essential to delivering positive results for our customers, shareholders and employees.

## Safety

Creating and sustaining a zero-incident culture is a top priority for everyone in the company. A safe work environment is essential to delivering positive results for our customers, shareholders and employees.

In 2012, we continued to make progress in our key safety metrics, aspiring to the five-year goal we set in 2009 of reducing our total recordable incident rate by 67 percent by 2013. We reduced our lost-time incident rate (LTIR) by 14 percent and total recordable incident rate (TRIR) by five percent over 2011. To continue improving our results, we are reinforcing a zero-incident culture throughout the company. Our efforts to improve safety are a core component of our future success. We are working on three major initiatives for 2013 to bring us closer to that goal:

1. Deploying a comprehensive Risk Assessment and Control Program globally to identify, assess and prioritize risks.
2. Standardizing our EHS requirements to eliminate the opportunity to overlook any potential hazard.
3. Concentrating our efforts on building capability in ergonomic risk at our top six manufacturing plants along with our global service personnel.

The ongoing integration of our management systems and external certifications of our facilities are providing improvements in safety outcomes globally. Our efforts are paying dividends with continued improvement across each of our businesses.

Ingersoll Rand's EHS group regularly monitors our facilities' performance against our global EHS standards and applicable regulatory requirements. We use a combination of third-party consultants and EHS staff to arrange independent audits of each Ingersoll Rand site at least once every three years. We also conduct annual self-assessments following a standard protocol to identify opportunities to improve EHS performance.

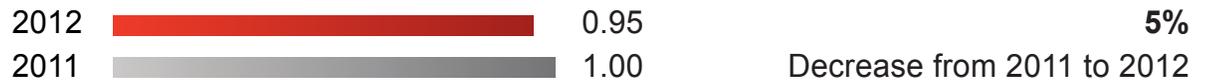
Ingersoll Rand achieves improved safety performance through persistent safety training and education across our enterprise. Providing employees with the tools and knowledge needed to operate safely is critical to operational success. We provide quarterly webcasts for EHS staff as well as geographical-specific meetings or webinars twice per year. These meetings offer an opportunity to share best practices, resolve compliance issues and capitalize on regional EHS performance opportunities.

Safety Performance Charts

**Lost Time Incident Rate (LTIR)**

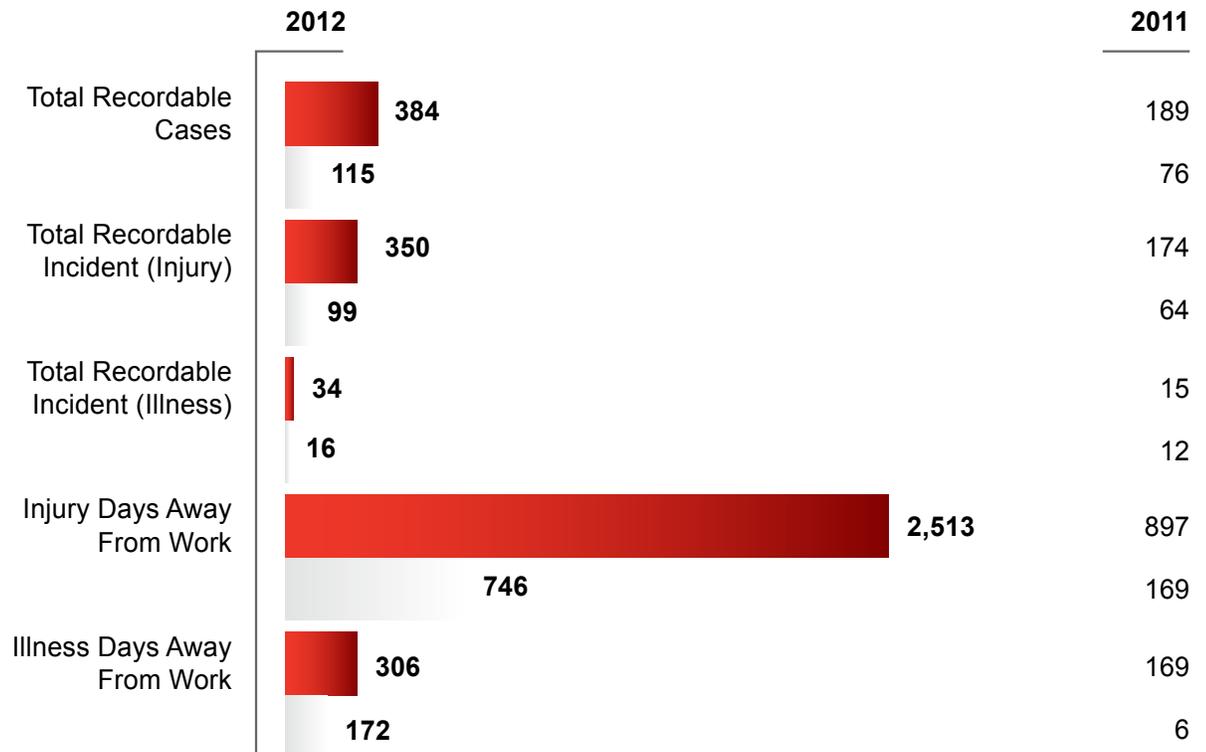


**Total Recordable Incident Rate (TRIR)**

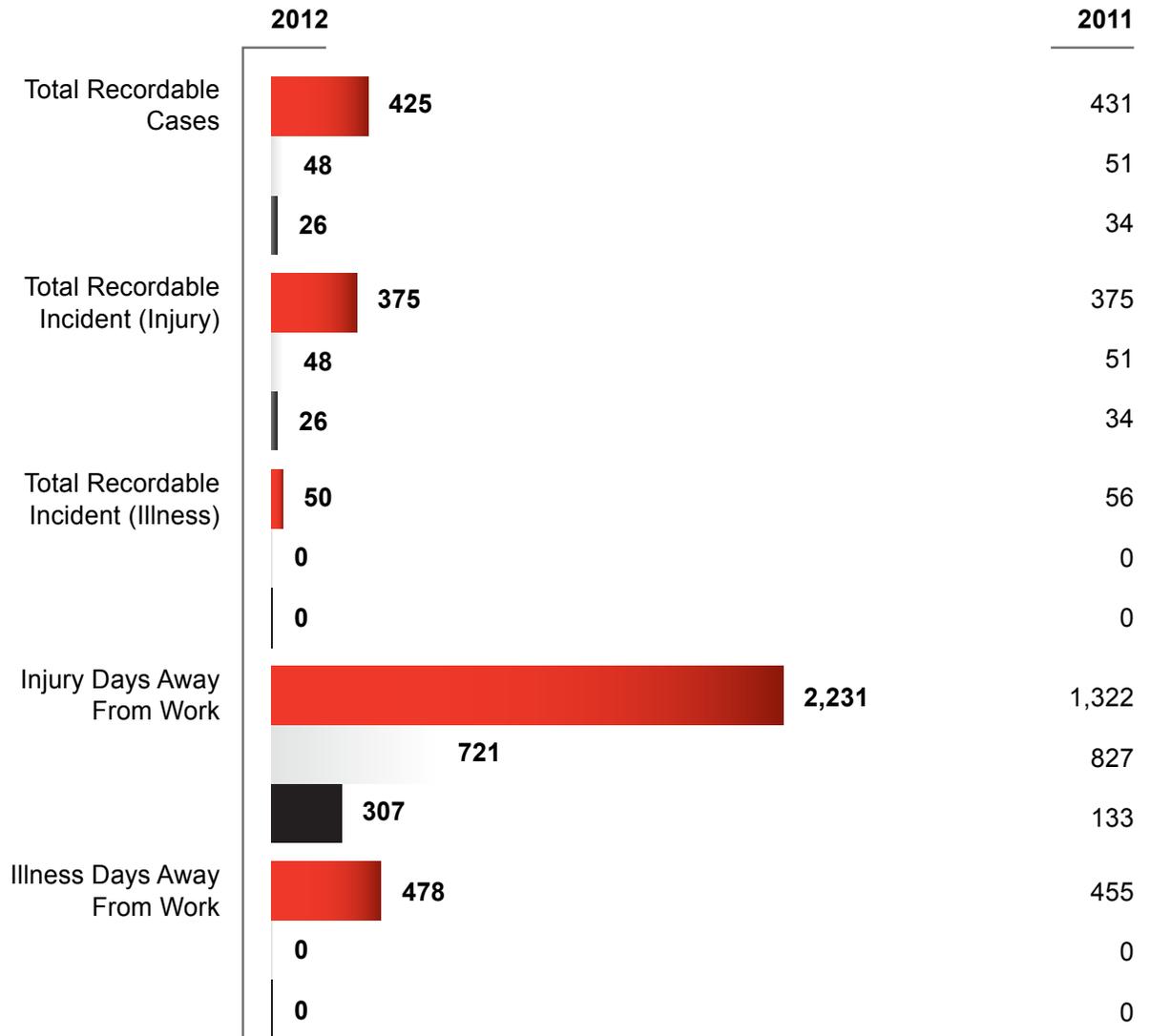


**Safety by Gender**

Male Female



**Safety by Region**    ■ Americas    ■ Europe, Middle East, Africa    ■ Asia Pacific





In **2012**, we reduced energy use, normalized by net revenue, by approximately **6.2 percent over 2011** and absolute energy use by approximately **5.7 percent overall**.

## Energy and Climate Change

As a world leader in providing energy-efficiency solutions for our customers, Ingersoll Rand believes improving our operations' energy efficiency and reducing our carbon footprint are company responsibilities. Three of our European facilities achieved ISO 50001 certification in 2012. This new standard aims to help organizations continually reduce their energy use and, therefore, their energy costs and their greenhouse gas emissions.

### Ingersoll Rand's position on Climate Change

- We support government policies that will create a price for greenhouse gas (GHG) emissions. This provides an effective tool to spur investment in energy efficiency and renewable energy.
- We believe a global agreement within the United Nations Framework for Climate Change (UNFCCC) process, followed by independent domestic policies in both developed and developing countries are essential for creating a level playing field while achieving real progress on addressing GHG emissions.
- Hydrofluorocarbon (HFC) refrigerants provide important societal value by allowing us to control temperature reliably and efficiently. However, we acknowledge that when emitted their high global warming potential (GWP) could contribute to global warming. As such, we support a transition to significantly less potent GWP fluids over an acceptable timeline and support policies that encourage the use of refrigerants that are safe, cost effective, efficient and minimize total environmental impact.
- Ingersoll Rand supports establishing incentives for investment in energy efficiency as opposed to seeking aggressive increases in minimum efficiency standards. We believe this approach will provide significant energy use reductions.

Climate risk and opportunities are evaluated based on GHG emissions from sources we own or control and used on site (Scope 1) and GHG emissions that are a result of our activities, but are generated at sources owned or controlled by other organizations (Scope 2). Our reported data reflects refrigerant emissions and GHG emissions from gasoline, natural gas, diesel, propane, kerosene, No. 2, No. 4 and No. 6 fuel oil, fuels used by our fleet vehicles, volatile organic carbon (VOC) emissions, and emissions from various other carbon-based gases used in our operations. We derive global warming potentials from the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD) Greenhouse Gas Protocol and other associated standards.

Ingersoll Rand set a long-term energy reduction goal of reducing normalized GHG emissions by 25 percent over a 10-year period (2009 to 2019). In 2012, our total (Scope 1 and Scope 2) normalized GHG emissions decreased by 2.9 percent over 2011.

As a provider of leading energy efficiency products and services, we focus on reducing our energy footprint globally. We are capitalizing on opportunities to reduce energy use at our production facilities, which helps improve our environmental footprint and deliver savings. In 2012, we reduced energy use, normalized by net revenue, by approximately 6.2 percent over 2011 and absolute energy use by approximately 5.7 percent overall. Even with increased production, we were effective in reducing overall energy consumption. Though we made significant progress in 2012 and we continue to seek additional opportunities to reduce energy usage, maintaining momentum in the coming years will become increasingly difficult as our "low-hanging fruit" opportunities diminish. Going forward, Ingersoll Rand remains committed to optimizing our energy consumption to reduce our environmental footprint and maximize operational efficiency at our facilities around the globe.

Energy and GHG Performance Charts

**Absolute Energy Use**

Billion BTU

■ Direct ■ Indirect ■ Total

2012	2011	2010	2009
<b>2,399</b>	2,633	3,274	3,264
<b>1,988</b>	2,018	2,140	2,076
<b>4,387</b>	<b>4,651</b>	<b>5,414</b>	<b>5,340</b>

**Normalized Energy Use**

Billion BTU per Billion Dollars Revenue

2012	2011	2010	2009
<b>313</b>	333	420	445

**2012 Fuel Use by Type**

Billion BTU

Electric kWh	Natural Gas MCF	Diesel Gallons	Gasoline Gallons	Propane Gallons
<b>582,536,706</b>	<b>1,218,088</b>	<b>1,970,172</b>	<b>6,108,104</b>	<b>652,605</b>
Kerosene Gallons	#2 Fuel Oil Gallons	#4 Fuel Oil Gallons	#6 Fuel Oil Gallons	
<b>40,511</b>	<b>49,588</b>	<b>57,197</b>	—	

**Absolute GHG Emissions**

Thousand Metric Tons

■ Direct ■ Indirect ■ Total

2012	2011	2010	2009
<b>362</b>	372	435	504
<b>348</b>	356	375	362
<b>710</b>	<b>728</b>	<b>810</b>	<b>866</b>

**Normalized GHG Emissions**

Thousand Metric Tons per Billion Dollars Revenue

2012	2011	2010	2009
<b>51</b>	52	63	72

**Statement of refrigerant use and safe handling**

Ingersoll Rand provides refrigeration, cooling and air conditioning solutions for our customers globally. Therefore, we take responsibility for managing materials in a manner that protects our environment, employees, customers and communities. The primary refrigerants in some of Ingersoll Rand products are considered ozone-depleting substances and, although we have strict guidance around handling these materials, leaks and spills can result in emissions as well as other environmental and safety hazards.

**Absolute Refrigerant Emissions**  
Pounds

2012	2011	2010	2009
<b>299,665</b>	289,083*	300,854	395,891

**Normalized Refrigerant Emissions**  
Pounds per Billion Dollars Revenue

2012	2011	2010	2009
<b>21,351.25</b>	20,702.01*	23,331.08	32,990.90

\*There was a correction made in our refrigerant emissions disclosure due to an adjustment in reporting process from our Climate Solutions team in Asia.

**Switching to Eco-Mate Reduces Greenhouse Gases**

Employees at a Trane manufacturing site in Fort Smith, Arkansas set out to find an adequate alternative to the foam needed for production of custom air handlers. The team identified Eco-Mate, a non-GHG foaming agent, in early 2010 and a full changeover was completed in April 2012. Using the Eco-Mate foaming agent helps advance our sustainability, waste reduction and cost-saving goals.

- Saving about 3,000 metric tons of CO<sub>2</sub>e per year
- Reducing cost by \$80,000 in materials and \$10,000 in disposal
- Improving performance through better adhesion and an easier application

**Connecting Capabilities to Reach Energy Efficiency Goals**

At Ingersoll Rand we are dedicated to connecting capabilities, not only to deliver results to our customers but to achieve operational excellence internally. Our Securities Technologies Indianapolis site paired with the Trane Industrial Optimization Group to use TOSS (Trane Optimization & Sustainability Services) to identify, implement and manage energy reduction solutions throughout the facility beyond some of the cosmetic straightforward improvements.

Trane identified and implemented the following changes to the Indianapolis site:

- Upgraded the facility's lighting to high efficiency fixtures and occupancy sensors
- Provided a new HVAC system with better controls to reduce run time energy spend and maintenance costs
- Replaced two air compressors with energy efficient variable frequency drive models equipped with improved controls and a heat recovery system
- Installed quick roll doors and enhanced insulation at overhead dock doors, reducing indoor air temperature loss during heating and cooling months

In just six months, these improvements exceeded the 5 percent normalized energy reduction goal for 2012 and created an annual savings of \$235,000. In addition, maintenance costs are anticipated to be \$45,000 less due to the new light bulbs and air compressors. An added benefit is overall improved comfort and working conditions for the employees.



Our approach to recycling aims to achieve a **100 percent** recycling rate of our 10 identified waste streams.

## Waste and Recycling

Reducing our waste has a positive impact on both the environment and our economic performance. Ingersoll Rand aspires to produce zero waste at our operating facilities around the world. Through actively engaged Green Teams and performing rapid improvement events, Ingersoll Rand continues to find ways to reduce, reuse and recycle our waste.

Our approach to recycling aims to achieve a 100 percent recycling rate of our 10 identified waste streams. These waste streams include: aluminum, batteries, cardboard, electronics, glass, oil, paper, plastic, scrap metal, and wood. In 2012, we improved the number of sites recycling 100 percent of the waste generated to 43 percent of our global facilities, which is an increase of five percentage points over the previous year. Going forward, we are evaluating sites that are not on track to meet goal and establish specific plans to address gaps. We plan to partner with recycling vendors in regions where more aggressive progress is needed and establish national or global contracts where possible.

In 2012, we realized a 31 percent reduction in normalized hazardous waste and an 18 percent reduction in normalized non-hazardous waste-to-landfill.

### Hazardous Waste

Metric Tons

2012		1,467	
2011		1,919*	<b>44%</b>
2010		2,622	Decrease from 2010 to 2012

\*2011 total hazardous waste is restated due to improvements resulting from audits of prior data.

### Non-Hazardous Waste

Metric Tons

2012		9,853	
2011		11,634	<b>34%</b>
2010		14,947	Decrease from 2010 to 2012

## Trane Germany Makes Zero Waste a Reality

Extensive and diligent waste sorting efforts are in place for metals, plastics, glass, paper, organic waste, packaging and non-recyclable waste at our various sites across Germany. Now, nearly all discarded items are recycled, with no waste ending up in landfills.

Extensive, yet easy and convenient, recycling systems have been implemented at all locations. The team in Germany created a color-coded system and labeled containers placed throughout the Trane locations make it easy to distinguish and properly recycle metals, wires/cables, circuit boards, bottles, plastics, paper, glass, organics, and packaging materials.

Benefits to Trane facilities in Germany:

- Recycling costs are far less than disposal costs
- Liability risks are lessened since bins are clearly marked, making it easier to handle waste correctly
- Increased productivity results from neat, uncluttered work areas; this may lead to less space needed in facilities or vehicles, reducing operational costs and saving resources



Protecting global water resources and monitoring global water scarcity are increasingly vital as we contend with erratic weather patterns around the world.

## Water Footprint

Protecting global water resources and monitoring global water scarcity are increasingly vital as we contend with erratic weather patterns around the world. Water is emerging as the next global resource constraint organizations and communities should address to maintain future success. Therefore, we carefully manage our water consumption, process water and discharges.

Ingersoll Rand monitors all intake and discharge permit requirements to maintain compliance and aggressively corrects any deviations from permitted parameters. Our “Pollution Prevention Capability Tracker” ensures we proactively manage our water discharges.

### Absolute Water Withdrawals

Millions of Gallons

2012 2011 2010

Water Used	Process Water	Sanitary Wastewater
1,280	175	335
1,247	231	210
<b>1,220</b> ↓	<b>173</b> ↓	<b>263</b>

### Normalized Water Withdrawals

Millions of Gallons per Billion Dollars Revenue

Water Used	Process Water	Sanitary Wastewater
0.10	0.014	0.026
0.89	0.017	0.015
<b>0.13</b> ↓	<b>0.017</b>	<b>0.026</b>

### Wastewater Permit Exceedences

Number of Exceedences

2012		6	
2011		6	
2010		13	<b>54%</b>

Decrease from 2010 to 2012



Ingersoll Rand's pursuit of a world of sustainable progress and enduring results is grounded in achieving premier performance.

## GRI Content Index

Profile	Disclosure	Reported	Location
<b>Profile Disclosures</b>			
<b>1. Strategy and Analysis</b>			
1.1	Statement from the most senior decision-maker of the organization.	Fully	<a href="#">Message from Our Chairman and CEO</a>
1.2	Description of key impacts, risks, and opportunities.	Fully	<a href="#">10-K p. 9-15, Message from Our Chairman and CEO</a>
<b>2. Organizational Profile</b>			
2.1	Name of the organization.	Fully	<a href="#">About Us</a>
2.2	Primary brands, products, and/or services.	Fully	<a href="#">About Us</a>
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	<a href="#">Form 10-K p. 3-5</a>
2.4	Location of organization's headquarters.	Fully	<a href="#">About Us</a>
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	<a href="#">About Us</a>
2.6	Nature of ownership and legal form.	Fully	<a href="#">Form 10-K p. 3</a>
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	<a href="#">About Us</a>
2.8	Scale of the reporting organization.	Fully	<a href="#">About Us, Ingersoll Rand Products and Services, Form 10-K p. 5 and p. 23</a>
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	<a href="#">Reporting Scope</a>
2.10	Awards received in the reporting period.	Fully	<a href="#">Sustainability Goals and Performance</a>
<b>3. Report Parameters</b>			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	<a href="#">About This Report</a>
3.2	Date of most recent previous report (if any).	Fully	Our 2011 Annual Report and online sustainability supplement were published in April 2012.
3.3	Reporting cycle (annual, biennial, etc.).	Fully	Annual
3.4	Contact point for questions regarding the report or its contents.	Fully	Questions about the contents of this report can be directed to Scott Tew, Ingersoll Rand, Center for Energy Efficiency & Sustainability at <a href="mailto:stew@irco.com">stew@irco.com</a>

Profile	Disclosure	Reported	Location
3.5	Process for defining report content.	Fully	<a href="#">Reporting Process</a>
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	<a href="#">About This Report</a>
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	<a href="#">About This Report</a>
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	<a href="#">About This Report</a>
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	<a href="#">About This Report</a>
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	<a href="#">About This Report</a>
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	<a href="#">About This Report</a>
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	<a href="#">GRI Content Index</a>
3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	We use a third party to assure reported EHS data in our sustainability report. The data assessment includes document reviews, data collection, site visits and interviews with key Ingersoll Rand personnel. In addition, we have enhanced our data collection to include more operations. Training is planned for Q2 2013 for all personnel responsible for reporting this data. A letter documenting the results of the third-party assurance can be found <a href="#">here</a> .

#### 4. Governance, Commitments, and Engagement

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	<a href="#">Governance and Ethics</a>
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	<a href="#">Form 10-K</a>
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

Profile	Disclosure	Reported	Location
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	Proxy Statement
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	<a href="#">Governance and Ethics</a>
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	<a href="#">Governance and Ethics</a>
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	<a href="#">Corporate Governance Guidelines</a>
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	<a href="#">Growth Through Innovation</a>
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	<p><a href="#">External Stakeholder Engagement</a></p> <p>Ingersoll Rand participates in several voluntary partnerships and initiatives, including:</p> <ul style="list-style-type: none"> <li>• 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>• 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>• 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>• SmartWay—Ingersoll Rand is a partner in U.S. EPA's collaboration between the freight industry and government.</li> </ul>

Profile	Disclosure	Reported	Location
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	<a href="#">External Stakeholder Engagement</a>
4.14	List of stakeholder groups engaged by the organization.	Fully	<a href="#">External Stakeholder Engagement</a> , <a href="#">Employee Engagement</a>
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	<a href="#">External Stakeholder Engagement</a>
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	<a href="#">External Stakeholder Engagement</a>
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	<a href="#">External Stakeholder Engagement</a>
<b>Disclosures on Management Approach (DMAs) and Performance Indicators</b>			
<b>Economic</b>			
<b>DMA EC</b>	<b>Economic performance</b>	Fully	<a href="#">Message from Our Chairman and CEO, Economic Impacts</a>
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	<a href="#">Economic Impacts, Form 10-K p. 28</a>
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Fully	<a href="#">Addressing Global Challenges</a>
			<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 a quantitatively estimated the implications of climate change, and reports this information to the Carbon Disclosure Project.</p>

Profile	Disclosure	Reported	Location
EC3	Coverage of the organization's defined benefit plan obligations.	Fully	<a href="#">Rewarding Workplace</a>
EC4	Significant financial assistance received from government.	Not	
<b>DMA EC</b>	<b>Market presence</b>	Fully	<a href="#">Message from Our Chairman and CEO</a>
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Not	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Not	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Not	
<b>DMA EC</b>	<b>Indirect economic impacts</b>	Fully	<a href="#">Message from Our Chairman and CEO</a>
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Not	
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	<a href="#">Economic Impacts</a>
<b>Environmental</b>			
<b>DMA EN</b>	<b>Materials</b>	Fully	<a href="#">Product Responsibility</a>
EN1	Materials used by weight or volume.	Not	
EN2	Percentage of materials used that are recycled input materials.	Not	
<b>DMA EN</b>	<b>Energy</b>	Fully	<a href="#">Energy &amp; Climate Change</a>
EN3	Direct energy consumption by primary energy source.	Fully	<a href="#">Energy &amp; Climate Change</a> Our direct energy consumption for 2012 was 2,531,078 gigajoules
EN4	Indirect energy consumption by primary source.	Fully	<a href="#">Energy &amp; Climate Change</a> Our indirect energy consumption for 2012 was 2,097,451 gigajoules
EN5	Energy saved due to conservation and efficiency improvements.	Fully	<a href="#">Energy &amp; Climate Change</a>
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	<a href="#">Promoting Quality, Energy Efficiency and Sustainability</a>

Profile	Disclosure	Reported	Location
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Fully	<a href="#">Energy &amp; Climate Change</a>  Ingersoll Rand has an energy strategy that addresses both the demand and supply aspects of energy use. This strategy includes: <ul style="list-style-type: none"> <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>DMA EN</b>	<b>Water</b>	Fully	<a href="#">Water Footprint</a>
EN8	Total water withdrawal by source.	Partially	<a href="#">Water Footprint</a>
EN9	Water sources significantly affected by withdrawal of water.	Partially	<a href="#">Water Footprint</a>
EN10	Percentage and total volume of water recycled and reused.	Not	
<b>DMA EN</b>	<b>Biodiversity</b>	Not	
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Not	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Not	
EN13	Habitats protected or restored.	Not	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Not	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Not	
<b>DMA EN</b>	<b>Emissions, effluents and waste</b>	Fully	<a href="#">Energy &amp; Climate Change</a>
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	<a href="#">Energy &amp; Climate Change</a>
EN17	Other relevant indirect greenhouse gas emissions by weight.	Not	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Fully	<a href="#">Energy &amp; Climate Change</a>
EN19	Emissions of ozone-depleting substances by weight.	Fully	<a href="#">Energy &amp; Climate Change</a>
EN20	NOx, SOx, and other significant air emissions by type and weight.	Not	
EN21	Total water discharge by quality and destination.	Not	

Profile	Disclosure	Reported	Location
EN22	Total weight of waste by type and disposal method.	Partially	<a href="#">Waste &amp; Recycling</a>  Ingersoll Rand tracks the amount of hazardous and non-hazardous waste disposed of in a landfill
EN23	Total number and volume of significant spills.	Fully	We experienced one 50-gallon reportable spill of hydraulic oil at our Louisville, GA facility. The spill was reported and immediately cleaned in accordance with applicable regulations. No fines or penalties were issued as a result of this spill.
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Not	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Not	
<b>DMA EN</b>	<b>Products and services</b>	Fully	<a href="#">Promoting Quality, Energy Efficiency and Sustainability, Product Responsibility</a>
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Fully	<a href="#">Growth Through Innovation</a>
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Partially	Although the revenue from generated from the original sale of products covered by take-back programs represents less than 10 percent of the total revenue for the company, some components, such as refrigerants, golf cars and batteries are taken back regularly, refurbished and resold. 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>DMA EN</b>	<b>Compliance</b>	Fully	<a href="#">Achieving Operational Excellence</a>
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 \$10,420 for two environmental non-compliance issues in 2012.
<b>DMA EN</b>	<b>Transport</b>	Not	
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Not	
<b>DMA EN</b>	<b>Overall</b>	Fully	<a href="#">Achieving Operational Excellence</a>
EN30	Total environmental protection expenditures and investments by type.	Not	
<b>Social: Labor Practices and Decent Work</b>			
<b>DMA LA</b>	<b>Employment</b>	Fully	<a href="#">Rewarding Workplace</a>
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Partially	<a href="#">About Us, Diversity &amp; Inclusion</a>
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Not	

Profile	Disclosure	Reported	Location
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Fully	<a href="#">Rewarding Workplace</a>
LA15	Return to work and retention rates after parental leave, by gender.	Not	
<b>DMA LA</b>	<b>Labor/management relations</b>	Fully	<a href="#">Building a Progressive, Diverse and Inclusive Culture</a>
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	Collective bargaining agreements cover approximately 28 percent of Ingersoll Rand's global workforce. Many of Ingersoll Rand's employees are also represented by works councils and trade unions, even where collective bargaining agreements may not be in place. Ingersoll Rand is also a participant in a European Works Council, representing employees across Europe, with which the company regularly informs and consults on transnational matters and matters of significance among our European businesses.
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Fully	While there is not a global standard in place, Ingersoll Rand aims to provide employees with ample notice before implementing significant operational changes. Severance is offered routinely to those employees impacted by these changes. Many of our collective labor agreements require a minimum notice period before enacting significant operational changes and vary based on individual agreements.
<b>DMA LA</b>	<b>Occupational health and safety</b>	Fully	<a href="#">Safety</a>
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	We estimate that 60 percent of our workforce participates in a joint health and safety committee. We do not formally track participation.
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Fully	<a href="#">Safety</a> We do not track absenteeism
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Fully	<a href="#">Health &amp; Wellness</a>
LA9	Health and safety topics covered in formal agreements with trade unions.	Fully	Safety and employee safety committees are frequently covered by the Ingersoll Rand'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>DMA LA</b>	<b>Training and education</b>	Fully	<a href="#">Talent Management</a>
LA10	Average hours of training per year per employee by gender, and by employee category.	Partially	<a href="#">Talent Management</a>
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully	<a href="#">Talent Management</a>

Profile	Disclosure	Reported	Location
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	Partially	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 90 percent 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 rating 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>DMA LA</b>	<b>Diversity and equal opportunity</b>	Fully	<a href="#">Diversity and Inclusion</a>
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.		<a href="#">Diversity and Inclusion</a>
<b>DMA LA</b>	<b>Equal remuneration for women and men</b>	Partially	<a href="#">Rewarding Workplace</a>
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Not	
<b>Social: Human Rights</b>			
<b>DMA HR</b>	<b>Investment and procurement practices</b>	Fully	<a href="#">Supply Chain</a>
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Not	

Profile	Disclosure	Reported	Location
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	Fully	<a href="#">Supply Chain</a>  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.
<b>DMA HR</b>	<b>Non-discrimination</b>	Not	
HR4	Total number of incidents of discrimination and actions taken.	Not	
<b>DMA HR</b>	<b>Freedom of association and collective bargaining</b>	Fully	<a href="#">Governance and Ethics</a>
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
<b>DMA HR</b>	<b>Child Labor</b>	Fully	<a href="#">Governance and Ethics</a>
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
<b>DMA HR</b>	<b>Prevention of forced and compulsory labor</b>	Fully	<a href="#">Governance and Ethics</a>
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
<b>DMA HR</b>	<b>Security practices</b>	Fully	<a href="#">Governance and Ethics</a>
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Fully	All security personnel are contract employees and are required to comply with our Business Partner Code of Conduct which includes the Global Human Rights Policy.
<b>DMA HR</b>	<b>Indigenous rights</b>	Fully	<a href="#">Governance and Ethics</a>
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Fully	None reported
<b>DMA HR</b>	<b>Assessment</b>	Fully	<a href="#">Governance and Ethics</a>
	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Fully	None
<b>DMA HR</b>	<b>Remediation</b>	Fully	<a href="#">Governance and Ethics</a>

Profile	Disclosure	Reported	Location
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.
<b>Social: Society</b>			
<b>DMA SO</b>	<b>Local communities</b>	Fully	<a href="#">External Stakeholder Engagement</a>
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Not	
SO9	Operations with significant potential or actual negative impacts on local communities.	Not	
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Not	
<b>DMA SO</b>	<b>Corruption</b>	Fully	<a href="#">Governance and Ethics</a>
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Fully	Ingersoll Rand's Business units are analyzed in accordance to the Foreign Corrupt Practices Act's risk assessment. This risk assessment determines the locations that undergo an audit each year. In addition, we conduct broader ethics and compliance assessments that includes corruption.
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	<a href="#">Governance and Ethics</a>
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>DMA SO</b>	<b>Public policy</b>	Fully	<a href="#">External Stakeholder Engagement</a>
SO5	Public policy positions and participation in public policy development and lobbying.	Fully	<a href="#">External Stakeholder Engagement</a>
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Fully	<a href="#">External Stakeholder Engagement</a>
<b>DMA SO</b>	<b>Anti-competitive behavior</b>	Fully	<a href="#">Governance and Ethics</a>
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Not	
<b>DMA HR</b>	<b>Compliance</b>	Fully	<a href="#">Governance and Ethics</a>
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Not	

Profile	Disclosure	Reported	Location
<b>Social: Product Responsibility</b>			
<b>DMA PR</b>	<b>Customer health and safety</b>	Fully	<a href="#">Product Responsibility</a>
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	<a href="#">Innovation, Product Responsibility, Our Green Portfolio</a>
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Not	
<b>DMA PR</b>	<b>Product and service labelling</b>	Fully	<a href="#">Ingersoll Rand Products and Services</a> , We offer comprehensive information about all of our products and services through our website and through out customer service program.
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Not	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Not	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully	<a href="#">External Stakeholder Engagement</a>
<b>DMA PR</b>	<b>Marketing communications</b>	Fully	<a href="#">Ingersoll Rand Products and Services</a> , We offer comprehensive information about all of our products and services through our website and through out customer service program.
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Not	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Not	
<b>DMA PR</b>	<b>Customer privacy</b>	Not	
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Not	
<b>DMA PR</b>	<b>Compliance</b>	Fully	<a href="#">Product Responsibility</a>
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Not	