

Transforming Everyday Life

2017 SUSTAINABILITY SUPPLEMENT



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Ingersoll Rand







2017 SUSTAINABILITY SUPPLEMENT

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Letter From Our CEO

DEAR SHAREHOLDER,

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I spend time each year visiting our facilities and hearing from team members and customers around the world. I come away from each conversation firmly believing that success starts with our people. With engaged people, we do more for customers, create more value for shareholders and contribute to a more sustainable world.

Our team is at the forefront of innovating where global trends—such as climate change, urbanization and resource scarcity—intersect with buildings, industrial processes and transportation markets. By thinking bigger to help customers around the world solve challenges, we are doing the right thing for our communities, our environment and our business. We are uniquely positioned to grow and to positively transform everyday life.

Financial Performance

Our focus on financial, social and environmental outcomes continued to produce sustainable results in 2017 as we extended our record of meeting our commitments in metrics that matter to our shareholders. As shown in the charts on page 5, our adjusted continuing earnings per share were up 9% from the prior year, and we generated \$1.3 billion of free cash flow-118% of adjusted net earnings.

153% total return for shareholders

This cash enabled us to retain a healthy balance sheet while returning significant cash to shareholders. At the same time, it allowed us to invest in product and service innovation as well as to pursue valueaccretive technology and channel acquisitions aimed at further improving long-term shareholder returns.

We remain committed to paying a competitive and growing dividend, totaling approximately \$430 million in 2017. We deployed approximately \$1 billion to repurchase shares and raised the quarterly dividend by approximately 12.5% to \$0.45 per share, concluding 2017 at \$1.80 annualized per share. Over the past five years, Ingersoll Rand has delivered a 153% total return for shareholders—far outpacing the S&P 500 Industrials Index.

We faced challenges in 2017, including persistent inflation, which we successfully offset through strong volume, productivity and price. Through operational excellence tools, we effectively managed these challenges and delivered against our commitments. We had strong topline results, and our industrial segment delivered strong operating performance and bookings as these markets improved.

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Strategic Innovation

We launched 70 new major products and services in 2017, strengthening our digital capabilities and demonstrating our commitment to being environmentally responsible and productive at the same time.

For example, we launched a best-in-class mobile app to allow remote connectivity to TracKing[™], Thermo King's[°] fleet management system. We applied a breakthrough web-based platform called Trane GO, which enables residential customers to make more educated and sustainable heating, ventilation and air conditioning (HVAC) purchasing decisions. We doubled the size of our EcoWise[™] portfolio—products with reduced environmental impact through next-generation, low–global warming potential refrigerants and high-efficiency operation—significantly ahead of regulatory requirements. In addition, our Compression Technologies and Services business further grew its high-margin customer services worldwide with an array of new CARE service programs, including automated parts shipping and predictive diagnostics.

We are watchful for areas where we can be a leader in solving environmental and industrial challenges through organic growth and thoughtful acquisitions. Focused on channel and technology investments, we made several strategic acquisitions during the year, including the acquisition of CALMAC[®], a company specializing in thermal energy storage solutions, and GPSi[™], a provider of cloud-based technology solutions for fleet managers in various transportation markets, including education, golf and resorts. Our innovation pipeline is thriving, and we expect the climate and industrial segments to continue building on this growth momentum in 2018.

Winning Culture

Our commitment to the Ingersoll Rand values—integrity, respect, teamwork, innovation and courage—continues to serve as the catalyst for our profitable growth. What matters to our success is not just what we do, but how we do it.

We respect and value diverse cultures, backgrounds and perspectives, and we understand that successful strategic execution requires high employee engagement. Our annual employee engagement scores continued to improve, reaching top-tier levels in our industry, and we are creating an environment in which our people can learn and thrive in an inclusive and progressive organization.

To reinforce our winning culture and commitment to workplace diversity, in 2017, we were the first in our industry to enter the Paradigm for Parity Coalition, a pledge to bring gender parity to our corporate leadership structure by 2030. With my signature, we also joined 150 of America's leading CEOs in a pledge to cultivate diversity and inclusion in the workplace through the CEO Action for Diversity & Inclusion.

Lasting Value

Ingersoll Rand is well positioned to deliver strong shareholder returns over the next several years. Our strategy is tied to attractive, healthy end markets and linked to long-term global trends. We continue to invest to strengthen our leadership position in markets around the world, and we are committed to dynamic and balanced deployment of capital.

I am more optimistic today about Ingersoll Rand's prospects than at any time since I joined the company. We are fully committed to creating lasting value for our stakeholders and society as we innovate to transform everyday life.

Sincerely,

comment

Michael W. Lamach CHAIRMAN AND CEO

2017 FINANCIAL PERFORMANCE



ADJUSTED OPERATING MARGINS

*2016 REROSPECTIVELY RESTATED FOR ADOPTION OF ASU 2017-07







Letter from Our CTO

At Ingersoll Rand, we integrate sustainability into every part of our business. It starts with our people, and together, we hold ourselves accountable for keeping sustainability front and center in all that we do for our customers, in our own operations, and for the communities around the world where we live and work.

When we evaluate a proposed course of action, we first assess whether it aligns with our sustainability vision. Is it an energy- and resourceefficient solution that creates value for our customers? Will it reduce our environmental impact as an organization? Will it contribute to a better world? Our sustainability performance is the cumulative result of many different decisions made through this lens.

Innovating for Our Customers

Through product and service innovation, we help our customers achieve their business objectives and address sustainability challenges. In addition to climate change, urbanization and resource scarcity, these challenges include shifting demographics and demands for enhanced energy productivity in an increasingly digitally connected world. Our innovative solutions for buildings, transportation markets and industrial processes are leading the way toward a less carbon-intensive planet and a more sustainable future.

Over the past four years, we have refreshed 85% of our product portfolio, achieving superior breadth and depth in nearly every major category in which we compete. Each of these new products features sustainable design, aligns with total life cycle management principles and uses natural resources more efficiently than before.

Innovating for Value Creation

With a proven track record in operational excellence, we are continuously finding new and better ways of improving productivity and making our operations more environmentally sustainable.

We use the same energy efficiency solutions we provide to customers to reduce the environmental footprint of our own operations. Whether we're investing in renewable energy, upgrading heating, ventilation and air conditioning systems, modernizing industrial processes or simply replacing incandescent lighting with LEDs, we strive to use only the resources we absolutely need.



As part of our Climate Commitment announced in 2014, we are working to achieve a 35% reduction in greenhouse gas emissions from our own operations by 2020. To deliver on this goal, we targeted a 10% improvement in energy efficiency from our 2013 baseline. Earlier this year, we announced that we have met this milestone—two years ahead of schedule—and, coupled with our commitment to incorporating low-global warming potential refrigerants, we are on pace to meet our environmental goals.

Innovating for a More Sustainable World

We realize the power of innovation when our employees feel included and engaged. That's why we place as much focus on building a diverse and inclusive culture as we do on company growth and operational excellence.

We realize the power of innovation when our employees feel included and engaged.

Through the ingenuity of our engineers, the commitment of our volunteer green teams or the many thousands of hours we volunteer in our communities, it's clear that our people believe in what we do. We encourage them to discover the intersection of their personal passions and community needs—and then supplement their volunteer activity with corporate resources, philanthropic giving and time off from work.

For example, our team in India has a passion for science education in rural communities. In 2017, we sponsored vocational training at two National Skill Development Corporation (NSDC) partner centers, facilitating employment for nearly 250 youths, 30% of whom are girls. We also maintain an active partnership with India's Agastya International Foundation to facilitate hands-on science education for underprivileged children.

Delivering Premier Performance

Sustainability is inextricably linked to being a premier-performing company. That's why we will continue to innovate and invest in new products, services and solutions to help our customers achieve their sustainability goals. That's why we will continue to invest in new ways to reduce our environmental footprint. That's why we will continue to invest in our people and our winning culture, and to nurture the best new ideas from a diverse, engaged organization.

In all these ways and more, we will continue to invest in a more sustainable future. I look forward to keeping you informed about our progress in the years ahead.

Sincerely,

R-PAC-

Paul A. Camuti SENIOR VICE PRESIDENT, INNOVATION CHIEF TECHNOLOGY OFFICER

Executive Summary

co₂e EMISSIONS 11 million metric tons

of CO₂e avoided globally from our products compared to A 2013 BASELINE

CHG INTENSITY 37% reduction of the GHG intensity of our operations compared to A 2013 BASELINE

> WE ARE STILL IN In 2017 we joined the We Are Still In coalition and committed to stand by the Paris Agreement

Ingersoll Rand is a world leader in creating comfortable, sustainable and efficient environments. Our people and our family of brands— Club Car®, Ingersoll Rand®, Thermo King® and Trane®—work together to enhance the quality and comfort of air in homes and buildings; transport and protect food and perishables; and increase industrial productivity and efficiency. Linking our strategy and business opportunities to important global trends creates long-term value for our people, customers and the world. Whether the challenge is climate change, urbanization or natural resources constraints, our expertise enables us to reduce energy demand and improve efficiency.

2017 was defined by real, measurable progress toward our sustainability commitments. From providing innovative products and services solutions for our customers to reducing our operational footprint, we continued to find ways to embed sustainability throughout our business and culture. For the seventh straight year, Ingersoll Rand was named to the Dow Jones Sustainability World and North America Indices. 2017 was also the fourth consecutive year that we were recognized on Corporate Responsibility Magazine's list of the 100 Best Corporate Citizens and the third consecutive year that we were included on FTSE4Good's prestigious index series for meeting stringent environmental, social and governance criteria. This ongoing recognition of our actions showcases Ingersoll Rand's position as an economic, social and environmental leader.

The progress and data reported in our 2017 Sustainability Supplement are evidence that by thinking bigger to help customers around the world solve challenges, we are doing the right thing for our communities, our environment and our business.

Taking Action to Address Climate Change

As a global provider of products that heat, cool and automate homes and buildings, Ingersoll Rand has an important role in reducing global emissions. That is why, in 2017, we joined the We Are Still In coalition and committed to stand by the Paris Agreement. Working together with other stakeholders, we are continuing on the path to widespread renewable energy adoption, breakthrough technology development, innovative corporate sustainability strategies and strong employee engagement.

Our global Climate Commitment outlines goals to significantly reduce greenhouse gas (GHG) emissions from our operations and product portfolio by 2020, and incorporate alternatives with lower-global warming potential (GWP) refrigerants across the company's product portfolio by 2030. Executing on this pledge over the last four years, Ingersoll Rand avoided 11 million metric tons of CO_2 e globally from our products and reduced the GHG intensity of our operations by 37% compared to a 2013 baseline.

In early 2018—two years ahead of schedule—we achieved our 2020 target of a 10% increase in energy efficiency. In reaching this significant milestone, we reduced energy use by approximately 102,000 million (MM) British Thermal Units (BTUs) and electricity consumption by approximately 22,000 megawatt hours (MWh), which is the equivalent of powering 1,700 homes for one year. We also announced major investments in renewable energy technologies. We commissioned on-site solar installations at three large manufacturing sites in the U.S. and China to address approximately 15% of the energy loads at these locations. This is equivalent to saving 400,000 gallons of gasoline and taking 800 cars off the road. Additionally, we signed a power purchase agreement that will replace 32% of our company's U.S. electricity use with green energy, and reduce U.S. Scope 2 GHG emissions from electricity by 32%.

As part of our commitment to reducing GHG emissions from Ingersoll Rand products, in 2017, we doubled the size of our EcoWise portfolio of products designed to lower environmental impact with next-generation, low-global warming potential refrigerants and high-efficiency operations. Additionally, we strengthened our digital capabilities and pursued opportunities at the nexus between energy efficiency and climate change. Trane, a brand of Ingersoll Rand, led the industry in Connected Building Solutions by partnering with building owners and operators to create exceptional energy-efficient buildings and maximum return on investment.

"Ingersoll Rand has played a leading role in several aspects of the energy transition already, especially over the past decade," said Daniel Vermeer, Executive Director, Center for Energy, Development and the Global Environment at Duke University's Fuqua School of Business, and Ingersoll Rand Sustainability Advisory Council Member. "Their innovation in creating high-efficiency products and services for the marketplace has been really critical."

The ever-increasing demand on our energy system is a huge challenge and a huge opportunity. As we continue to look around the corner, anticipate trends and discontinuities and embrace system thinking, Ingersoll Rand is uniquely positioned to grow and to positively transform everyday life.

In 2017, we made several strategic acquisitions to enhance our leadership in solving environmental challenges. Sustainability was, and will continue to be, a key factor in how we make our business decisions. For example, our strategic acquisition of CALMAC expanded our thermal energy storage portfolio. When integrated with Trane's leading building control platform, CALMAC takes pressure off the energy grid, reduces strain on public utilities, reduces operating costs for building owners and allows for better use of renewable forms of energy. We also strengthened our telematics portfolio through the acquisition of GPSi, a provider of cloud-based technology solutions for fleet management in various transportation markets, including education, golf and resorts. We expect the climate and industrial segments to continue building on this growth momentum in 2018.

Working with Suppliers

From our position as a global provider of energy-efficient technology solutions, Ingersoll Rand works systematically to ensure that our suppliers share our values and adhere to our standards of business ethics, health and safety, environmental and social responsibility as specified in our Business Partner Code of Conduct.

ENERGY EFFICIENCY

15.6%

increase in energy efficiency from a 2013 baseline, two years ahead of our target goal FOR 2020

ENERGY USE 102,000 MM BTUS

reduction in energy use and 22,000 MWh reduction in electricity consumption from a 2013 baseline, which is the equivalent of powering 1,700 homes for one year

POWER PURCHASE AGREEMENT

32% of our company's U.S. electricity use will be replaced with

green energy

PREFERRED SUPPLIERS 54.3% of direct spend was with preferred suppliers, putting us on track to meet our target of

80% of early sourcing BY 2020

SUPPLIER DIVERSITY MATRIX

\$411 million

of purchased goods and services were from diverse-owned businesses The Ingersoll Rand Preferred Supplier Program gives first choice for early engagement to suppliers that best align with our high expectations regarding customer and business standards for quality, service, value and risk. Preferred suppliers also have priority opportunity to extend their product and service offerings to all Ingersoll Rand locations. At the end of 2017, 54.3% of direct spend was with preferred suppliers, putting us on track to meet our target of 80% of early sourcing by 2020.

Our supplier diversity program embraces suppliers who are minority-, women-, veteran-, disabled-, gay-, lesbian- and transgender-owned businesses. Using a seven-step strategic sourcing process that includes a Supplier Diversity Matrix has enabled us to avoid using price as the primary driver for supplier selection. In 2017, we purchased \$411 million in goods and services from diverse-owned businesses.

Cultivating Workplace Diversity and Inclusion

At Ingersoll Rand, we believe that a corporate culture of mutual respect, cross-functional collaboration, and inclusion drives growth and innovation.

"The nature of industrial companies is changing," said Katherine Sierra, Senior Fellow, The Brookings Institution, and Ingersoll Rand Sustainability Advisory Council Member. "Ingersoll Rand is moving away from being a company that just makes a lot of products to a company that provides integrated services."

This transition requires a broader base of skills, fresh ideas, expertise and dialogue. Our company is continuously working to integrate diversity and inclusion into the core of our business.

In 2017, Ingersoll Rand increased our commitment to creating a progressive, diverse and inclusive workplace. We became the first in our industry to enter the Paradigm for Parity Coalition, a pledge to bring gender parity to our corporate leadership structure by 2030. We also joined 150 of America's leading CEOs in a pledge to cultivate diversity and inclusion in the workplace through the CEO Action for Diversity & Inclusion.

In 2017—and again in early 2018—the Human Rights Campaign Foundation awarded us a perfect score of 100% in workplace equality on its Corporate Equality Index (CEI). This sustained leadership on the CEI recognizes our winning culture and commitment to empowering people.

Creating Lasting Value

Sustainability in all its forms—business, social and environmental—is central to our strategy. Our 2017 Sustainability Supplement provides milestone updates on our continuing progress toward building a more sustainable and thriving enterprise. We are well on our way toward achieving our 2020 goals, and every day we continue to think bigger and bolder to do more for our customers, create long-term value for our shareholders and contribute to a more sustainable world.

Our Company

Ingersoll Rand

Ingersoll Rand (NYSE: IR) is a diversified industrial manufacturer with market-leading brands serving customers in global commercial, industrial and residential markets. Diversity, engagement, and teamwork drive innovation and fuel our passion for exceeding customer expectations. Together with principled leadership and ethical business practices, our high-engagement culture delivers enduring results that lead to a sustainable world. Read more about our company, brands and governance in our 2017 Annual Report and on our website.

Our Employees

Ingersoll Rand employs more than 46,000 people worldwide. This includes 43,265 employees and 3,167 contractors. We respect and value their diverse cultures, backgrounds and perspectives, and we understand that the success of our strategies requires high employee engagement. We strive to create an environment where all employees win when the company wins—that is, where our people can learn and thrive in their careers and realize their aspirations in a dynamic and progressive organization. We offer employees a comprehensive health care benefits program, including a range of medical treatment options. Read more about our employees <u>on our website</u>.

READ MORE

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About our company, brands and governance in our 2017 Annual Report and <u>on our website</u>

EMPLOYEES 46,000

Ingersoll Rand employees WORLDWIDE

INGERSOLL RAND	POPULATION
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REGIONS	EMPLOYEE TYPE	FEMA	LE	MA	LE	TOTAL
Asia Pacific	Hourly	9.44%	300	90.56%	2,879	3,179
Asia Pacinc	Salaried	32.64%	1,395	67.36%	2,879	4,274
ENTEA	Hourly	3.60%	100	96.40%	2,677	2,777
EMEA	Salaried	28.02%	908	71.98%	2,333	3,241
India	Hourly			100.00%	256	256
India	Salaried	9.21%	135	90.79%	1,331	1,466
Latin America	Hourly	16.08%	182	83.92%	950	1,132
Latin America	Salaried	30.50%	399	69.50%	909	1,308
	Hourly	22.36%	2,896	77.64%	10,056	12,952
North America	Salaried	27.88%	3,535	72.12%	9,145	12,680
GRAND TOTAL		22.77%	9,850	77.73%	33,415	43,265

as of December 31, 2017

Governance, Ethics and Risk Management

The core values of Ingersoll Rand—integrity, respect, teamwork, innovation and courage—are the foundation of our enduring success. Integrity leads this list of values because it is fundamental to our 147-year reputation as a company that can be trusted by employees, customers, suppliers, shareholders and the communities in which we operate. Integrity is fundamental to our philosophy of corporate governance. We operate in accordance with the law and the highest standards of ethical conduct, and do what is right for our stakeholders, for the environment and for society. Read more about our company's approach to governance, ethics and risk management in our <u>2017 Annual Report</u> and <u>on our website</u>.

Customer Satisfaction

Ensuring customer satisfaction and loyalty continues to be a priority at Ingersoll Rand. We are committed to better understanding customer perspectives and refining our offerings to meet and exceed their expectations for reliability, energy efficiency and sustainability. We measure customer satisfaction through the Customer Satisfaction Index (CSI), which includes a combination of Net Promoter, Net Delighted, Net Committed and Net Satisfied criteria. We leverage customer relationship management (CRM) systems to drive common processes, connect deep insight on customers and competitors, and drive strategic growth programs that aim to deliver a superior customer experience and financial returns to Ingersoll Rand. We measure specific attributes of the customer experience to understand where we have high and low levels of satisfaction. These attributes include:

- 1. Sales experience
- 2. Product experience
- 3. Delivery experience
- 4. Service and support experience.

We use a consistent global measurement process to capture the voice of the customer and CSI scores of each strategic business unit (SBU). The data is updated and reviewed with SBU leadership quarterly. All businesses communicate their customer satisfaction data to leadership and functional teams. These teams develop action plans to address items that require immediate corrective action or long-term resolution. The data is also used to validate and inform the businesses' strategic improvement plans. Additionally, we have 2020 targets related to customer satisfaction that include goals to increase the reliability, durability, health and safety of our products. We do not report our CSI scores publicly; we are exceeding our planned targets.

Regulations and Policy

Energy efficiency remains integral to our global portfolio innovation efforts. To deliver growth with a focus on innovation, in 2013, we expanded our efforts to understand and capture the full spectrum of our product and service impacts by incorporating life cycle assessments (LCAs), customer opportunity assessments, resource consumption and sustainability risk analysis (including emerging regulations) into the Ingersoll Rand Product Development Process (IRPDP).

We are engaged with policymakers to bring solutions to topics that are material to our business, with the two areas where the company is most active being energy efficiency and refrigerant policy. Ingersoll Rand supports cost-effective policies that facilitate market transition to more energy-efficient technologies. We support strong energy efficiency requirements for new and existing construction and are working with governments in the United States, Canada, Mexico, the European Union, China and India to facilitate adoption and enforcement of such programs. We actively

participate in international forums, such as the United Nations Framework Convention on Climate Change and the Montreal Protocol, to help create an organized approach to global refrigerant transitions. We are also working proactively with government agencies and refrigerant suppliers to help identify alternatives and facilitate a practical transition that reduces greenhouse gas (GHG) emissions as early as possible.

Public Policy

Ingersoll Rand engages in public policy both directly and through associations and coalitions to understand and help shape future regulations. When appropriate, technical policy experts engage directly with regulators and other key stakeholders both in advance of and during the rulemaking process. We periodically review our approach to issues with the impacted business or function and leadership; during this review, we discuss strategies and make adjustments. Success is achieved when organizational alignment is maintained during the issue management process, when individuals and leaders feel prepared for interaction with policymakers, and when the businesses and functions are prepared to comply with regulations once final. Grievances are dealt with throughout the periodic review process.

We engage with government agencies and refrigerant suppliers in shaping a global transition to nextgeneration refrigerants with low-global warming potential. In accordance with our global Climate Commitment, we are working proactively with suppliers to identify and develop a viable, long-term, low-global warming potential alternative to R-410A, which is the most prevalent hydrofluorocarbon (HFC) used in heating, ventilation and air conditioning (HVAC) today. This alternative is crucial to the success of the Kigali Agreement to the Montreal Protocol, which seeks to phase down HFCs by 85% by 2046.

Our key objective is to offer Ingersoll Rand customers the widest possible range of options. We continue to evaluate the available alternatives for global markets to ensure we have a strong service organization and supply chain in place to support their transition to low-global warming potential alternatives.

Political Activity and Contributions

The laws of many countries prohibit or strictly limit contributions by corporations to political parties and candidates. Although our employees may engage in personal political activity, they are prohibited from doing so on behalf of Ingersoll Rand or in their capacity as a company employee. In the United States, Ingersoll Rand manages a nonpartisan political action committee (PAC), which is compliant with all applicable laws and is regulated by the Federal Election Commission (FEC). Under the FEC, all funds received by the PAC, and resulting contributions to federal candidates, are publicly disclosed. For a list of federal contributions, see <u>here</u>. Although Ingersoll Rand employees may make personal contributions to political parties and candidates, they are not permitted to receive any type of reimbursement from the company.

INGERSOLL RAND FEDERAL POLITICAL ACTION COMMITTEE TOTAL CONTRIBUTIONS (U.S. ONLY)

2012	2013	2014	2015	2016	2017
\$17,500	\$7,500	\$37,500	\$11,000	\$24,500	\$28,500

2017 SUSTAINABILITY SUPPLEMENT

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Compliance

Ingersoll Rand is committed to operating in a way that safeguards our people and protects the environment.

To achieve a zero injury and incident culture and to meet our environmental goals, we are committed to integrating sound environmental, health and safety (EHS) practices into our everyday activities with our stakeholders. From a regulatory authority compliance perspective, Ingersoll Rand:

- Complies with or exceeds requirements of global, national, state and local statutes, regulations
 and standards that protect the environment, human health and safety. In all cases, whether or not
 applicable laws and regulations exist, we apply sound EHS management practices, which continue
 to drive our strong compliance record.
- Conducts regular internal and third-party audits to verify compliance with EHS regulatory requirements and company standards.
- Monitors emerging issues and keeps abreast of regulatory changes and technological innovations.

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. Some refrigerants used in Ingersoll Rand products are considered ozone-depleting substances and may have high global warming potential. We use responsible and sustainable operating and handling practices, which minimize refrigerant leaks and avoid environmental and safety impacts.

EHS Management

Our EHS policy is publicly available and has been signed by Michael W. Lamach, chairman and CEO.

Our EHS policy is more than just a document containing guiding principles and a summary of our policies and obligations. It is a compilation of everything we stand for and the trust we have built through decades of proven results.

It is a promise to our customers, business partners, shareholders, communities and each other that we will continue to be good corporate citizens and remain committed to operating safely and protecting the environment.

MANUFACTURING AND SERVICE FACILITIES

Each of our manufacturing and service facilities continues to mature our EHS management systems. To push us further, we set annual goals in key impact areas and track our continuous improvement. Keith Sultana, senior vice president of Global Operations and Integrated Supply Chain, serves as the executive sponsor of EHS programs across all Ingersoll Rand operations. Our EHS Council, consisting of EHS leaders from the corporate team and each business unit, meets regularly to develop or enhance our EHS management standards aimed at improving performance. Each of our manufacturing and service facilities continues to mature our EHS management systems. To push us further, we set annual goals in key impact areas and track our continuous improvement.

Employee engagement and EHS committees are critical to effective EHS programs and improvements. We directly involve employees in strategic planning, assessing performance status and as a means to ensure continuous engagement on the part of leadership, subject matter experts and production associates. Employees are able to participate in identifying safety issues and implementing solutions to improve their workplace. These committees generally meet at least monthly.

The EHS function uses a leading cloud-based software solution, Gensuite[™], which enables Ingersoll Rand to foster safe and sustainable workplaces worldwide. Gensuite is used to collect and track data and provide monthly reports on EHS progress to the executive and facility-level leadership teams. The insights in these reports lead to program improvements and initiatives to drive continuous improvement in our EHS performance.

We focus on performance monitoring and improvement in the following areas:

- · Pollution prevention, environmental management and integrated permitting
- Air emission management
- Water supply management, including a water quality management system
- Hazardous substance management
- · General safety and health management
- Personal protective equipment
- Wastewater discharge management
- Waste management
- Dangerous substances
- Physical hazards
- Mechanical hazards
- Fire protection

Our corporate EHS group regularly monitors facility-level performance in these areas against global EHS standards and applicable regulatory requirements.

We use a combination of third-party consultants and internal EHS staff to conduct independent audits of each Ingersoll Rand site on a prescribed frequency that depends on the site's complexity.

Our proactive oversight process also requires key facilities to conduct annual EHS self-assessments, following a standard protocol to identify opportunities to improve EHS performance.

Keeping our employees safe is a longstanding priority for Ingersoll Rand and a fundamental tenet of our culture. The majority of personnel located at our manufacturing sites, other large locations and those team members who complete service work at third-party locations receive EHS training annually. Our foundation for recording and reporting accidents is the U.S. Occupational Safety and Health Administration (OSHA) regulation 29 CFR 1904. This standard is applied to Ingersoll Rand sites globally. Additionally, sites will comply with local regulations when they are stricter than the U.S. OSHA standard. Our EHS data is assured annually by a third party and the results of our 2017 assurance can be found <u>here</u>. Employees have a number of ways to be involved in health and safety programs. Global health issues are addressed through multiple mechanisms, including, among others, high-risk travel destinations, global crisis emergency planning, practices for emergency medical responders and company health programs. Additional awareness training is planned for service personnel who perform work in medical health care facilities.

During acquisitions, Ingersoll Rand executes a formal due diligence process that includes EHS considerations. Formal change management programs are implemented for new operations and/or

2017 AWARDS Seventh

consecutive year on the Dow Jones Sustainability Index

Sixth

consecutive year on Fortune World's Most Admired Companies the introduction of new or redesigned products. EHS risk assessments are implemented at multiple levels, including pre-task, pre-project, within change management and when evaluating overall enterprise risks. Ingersoll Rand does not subscribe to Article 15 of the Rio Principles and therefore currently does not address the precautionary approach and principle. Ingersoll Rand received no significant fines for noncompliance in 2017. Additional information can be found <u>here</u>.

2017 Awards and Rankings

- 7th consecutive year on the Dow Jones Sustainability Index
- 6th consecutive year on Fortune World's Most Admired Companies
- 5th consecutive year recognized by Times Ascent and the World HRD Congress as the No. 1 Dream Company to Work For in the manufacturing sector and No. 15 across all industries (India)
- 4th consecutive year on Corporate Equality Index, Best Places to Work for LGBTQ Equality
- 4th consecutive year on Corporate Responsibility (CR) Magazine's 100 Best Corporate Citizens
- 3rd consecutive year on FTSE4Good Index Series
- A- on 2017 CDP Global Climate Change Report
- · Green Builder Media's Eco-Leaders Award

Memberships and Partnerships

- Advanced Energy Economy (AEE)
- Air-Conditioning, Heating and Refrigeration Institute (AHRI)
- Alliance for Responsible Atmospheric Policy (ARAP)
- Alliance to Save Energy (ASE)
- AmCham Shanghai
- American Belt and Road Working Group under the U.S. Embassy
- American Chamber of Commerce in India (AmCham India)
- American Council for an Energy-Efficient Economy (ACEEE)
- American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE)
- Association of Energy Engineers (AEE)
- British Compressed Air Society (BCAS)
- Business Council for Sustainable Energy (BCSE)
- Business Roundtable
- China Building Energy Conservation Association Heat Pump Committee
- China Federation of Logistics and Purchasing (CFLP)
- · China General Machinery Industry Association Compressor Branch
- China Industrial Energy Conservation and Clean Production Association
- China Refrigeration and Air-Conditioning Industry Association (CRAA)
- Compressed Air and Gas Institute (CAGI)

- Confederation of Indian Industries (CII)
- Energy Storage Association
- European Alliance to Save Energy (EU-ASE)
- European Partnership for Energy and the Environment (EPEE)
- Hydraulic Institute
- International Light Transportation Vehicle Association (ILTVA)
- Manufacturers Alliance for Productivity and Innovation (MAPI)
- Material Handling Institute (MHI)
- National Association of Energy Service Companies (NAESCO)
- National Association of Environmental Management (NAEM)
- National Association of Manufacturers (NAM)
- National Golf Course Owners Association (NGCOA)
- Residential Energy Services Network (RESNET)
- Shanghai Green Building Association
- Shanghai Energy Conservation Center
- Sustainable Energy for All (SEforALL)
- Shanghai Refrigeration Institute
- The China Construction Machinery Association Sightseeing Vehicle Branch
- The Chinese Association of Refrigeration
- The Energy and Resources Institute (TERI)
- The Indoor Environment and Energy Efficiency Association (ACCA)
- U.S. Business Council for Sustainable Development (US BCSD)
- U.S. Green Building Council (USGBC)
- Verband deutscher Maschinen- und Anlagenbau (VDMA)
- World Environment Center

Charters

Ingersoll Rand aligns with several charters that cover sustainability topics.

We Mean Business

Commit to reduce short-lived climate pollutant emissions

We Mean Business is a coalition of companies that agree to include measurement of hydrofluorocarbons (HFCs) in their greenhouse gas (GHG) accounting, reduce emissions of short-lived climate pollutants (SLCPs), engage stakeholders in supply chains to reduce SLCPs, promote best practices and showcase successful efforts.

Adopt a science-based emissions reduction target

Companies agree to set a science-based target that is in line with the Science Based Target initiative's call-to-action criteria. Ingersoll Rand's goal of reducing the GHG refrigerant footprint of our products by 50% by 2020 and reducing the GHG emissions from our operations by 35% by 2020 was verified as a science-based goal in 2016 by the Science Based Target initiative.

WOMEN-OWNED BUSINESSES

\$205.1 million Ingersoll Rand reported \$205.1 million global spend with women-owned businesses

WEConnect International

WEConnect International is a global network that connects women-owned businesses to qualified buyers around the world. Ingersoll Rand reported \$205.1 million global spend with women-owned businesses in 2017, the first reporting period for this commitment.

Global Human Rights Policy

Many of the standards set forth in our Human Rights Policy align with basic working conditions and human rights concepts advanced by international organizations such as the International Labor Organization and the United Nations (UN).

U.S. Department of Energy (DOE) Better Plants Challenge Partners

Having met our original goal set in 2009 as part of the DOE Save Energy Now Leaders program, Ingersoll Rand became a Better Plants Challenge Partner in 2016 with a commitment to reduce energy intensity by 35% by end of year 2019.

Climate and Clean Air Coalition HFC Initiative

Under the HFC Initiative, coalition partners support the development of HFC inventories and studies, information exchange on policy and technical issues, demonstration projects to validate and promote climate-friendly alternatives, and technologies and various capacity-building activities to disseminate information on emerging technologies and practices to transition away from high-global warming potential HFCs and minimize HFC leakages.

Clean Energy Ministerial (CEM) Advanced Cooling (AC) Challenge

The AC Challenge was designed to urge governments, companies and other stakeholders to make, sell or install super-efficient air conditioner or cooling solutions that are smart, climate-friendly and affordable. It was created as a call to action, recognizing that access to cooling improves health, productivity, economic growth and education.

We Are Still In

An organization of more than 2,800 groups – including businesses, mayors, county executives, universities, faith groups and investors – that have committed to standing by the Paris Climate Agreement and working to meet its goals.

Paradigm for Parity

A coalition of business leaders, board members and academics who are committed to addressing the gender gap in corporate leadership.

CEO Action for Diversity & Inclusion

The largest CEO-driven business commitment to advance diversity and inclusion in the workplace, representing more than 450 CEOs and presidents.

Sustainability at Ingersoll Rand

Sustainability Governance Structure

We approach sustainability by integrating it into the anatomy of how we operate and help our customers succeed. Read about our <u>Sustainability Governance</u>, <u>Materiality Assessment</u>, <u>Stakeholder Engagement</u> and <u>Value Chain</u>.

About Our Reporting

We align our reporting with the Global Reporting Initiative (GRI) Standards at a core level. Our Sustainability Supplement focuses on our top material issues, as established in the upper right-hand quadrant of our Materiality Assessment.

For each material topic, our report features a topic page that outlines relevant data, our management approach and initiatives that illustrate our work in 2017.

A Note About Our Data

Throughout the report, we define our organizational boundary using the financial control approach. In 2014, we completed a corporate-wide review of Scope 1 and 2 greenhouse gas (GHG) emissions for all owned and leased assets using the Greenhouse Gas Protocol accounting standards. We feel this more accurately reflects the direct impact of our operational footprint. 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 a site was part of the enterprise and to ensure year-overyear comparisons remain consistent. As such events occur, baselines are adjusted to account for these operating footprint changes. As our data collection system continues to mature and improve, the environmental data we report improves in accuracy and expands in breadth. Data is presented in absolute and normalized (intensity) terms. Normalizing environmental and energy data to total revenue provides valuable insights into the level of eco-efficiency across our diversified operations and allows benchmarking against the performance of other industrial companies. Our safety data is normalized by the number of hours worked.

Our EHS data is assured annually by a third party and the results of our 2017 assurance can be found <u>here</u>.

Our 2017 Data

Our Planet





REDUCED GREENHOUSE GAS EMISSIONS



since 2013

NON-HAZARDOUS WASTE TO LANDFILL REDUCTION





Our People



PHILANTHROPIC GIVING



INCREASE IN SPEND ON GOODS AND SERVICES WITH DIVERSE-OWNED BUSINESSES EMPLOYEE ENGAGEMENT SCORES HAVE INCREASED



TOTAL WASTE DIVERTED FROM LANDFILLS



TOTAL CO₂e REDUCTION



TOTAL WATER SAVED



FEMALES IN MANAGEMENT

POSITIONS

22.8%

FEMALE SHARE OF TOTAL WORKFORCE

Our Products

DOUBLED NEW PRODUCTS ADDED TO THE INGERSOLL RAND ECOWISE PORTFOLIO

11 million metric tons since 2013

OF PRODUCT-RELATED CO2e AVOIDED GLOBALLY

NEW PRODUCTS LAUNCHED

GOAL	TARGET	PROGRESS TOWARD TARGET
Governance: Enhance efforts to upl and oversight	nold our standards for ethical business	conduct, transparency, compliance
Adhere to a Global Framework for Reporting our Sustainability Progress	Respond to the annual CDP request	ſ
Align with Global Human Rights Initiatives	Maintain and update a Global Human Rights Policy	
Ensure Standard Guidelines for Responsible Business Behavior to Enhance the Reputation of	Achieve training and certification on annual Code of Conduct by employees and business partners	S
our Company and Brands	Issue robust communications to all employees to sustain ethical business culture	
Maintain a Governance Structure that Enables the Delivery of Our Long-Term Sustainability Plan	Board of Directors Enterprise Leadership Team External Sustainability Advisory Council Council Council	S

Suppliers: Collaborate with suppliers to cultivate a sustainable and innovative supply chain to meet customer needs

Ensure Alignment of Business Partners to a	100% of new suppliers have agreed to our Business Partner Code of Conduct (BPCoC)	BPCoC progress: 97% of controllable spend
Common Set of Ethical Beliefs and Expectations	60% of our direct spend will be Preferred	On track 54.3%
Leverage Ingersoll Rand Product Development Process (IRPDP) to Use Preferred Suppliers	80% of Early Sourcing Work Plan (ESWP) completed in Phase 1 of IRPDP	On track
Maximize Marketplace Connectivity by Fostering Supplier Diversity	Extend supplier diversity program to spend with diverse companies globally	On track – WEConnect membership in 2016; \$205.1 million global spend with women-owned businesses in 2017
Partner with Suppliers to Minimize the Environmental Impact of Our Supply Chain	All businesses will have a packaging improvement plan	Packaging improvement plans added at our Monterrey, Clarksville, Pueblo sites, with implementation of returnable packaging saving \$704,000 annually
	Establish baseline of suppliers who have participated in waste, energy and water reduction programs by 2016 and track improvement through 2020	On track
	Establish baseline of suppliers in water-stressed areas who have a water conservation program by 2016 and track improvement through 2020	On track
	Reduce emissions due to freight: goal is 5% reduction	On track
Minimize Impacts of our Customers by Ensuring a Viable Supply Chain	Designate 90% of direct material spend assessed on a quarterly basis for risk	On track – 87%

Increase Reliability and Durability

GOAL	TARGET	PROGRESS TOWARD TARGET		
Operational Footprint: Optimize the use of natural resources in our operations to reduce environmental impact				
	Increase energy efficiency in owned facilities by 10%	15.6% increase in efficiency		
Optimize Energy Use	Increase fuel efficiency in owned fleet	1,600 metric tons of CO ₂ e saved		
	Evaluate all long-term leases >100K sq. ft. against environmental and energy criteria	Developed guidebook with environmental criteria and certifications		
Reduce Our Scope 1 and 2 Greenhouse Gas (GHG) Emissions	Reduce Scope 1 and 2 emissions by 35%	27.7% decrease in absolute emissions 37.1% decrease in emissions intensity		
Improve Waste Management in Our Operations	Reduce non-hazardous waste to landfill by 30%	32% reduction		
	Reduce hazardous waste by 20%	25% reduction		
Improve Water Management in Our Operations	Reduce water used at sites located in water- stressed areas by 25%	45.4% reduction		
Customer Outcomes: Innovate to deliver optimal economic and performance value over product lifecycle				
Design Products for World-Class Resource Efficiency During Use of Product	Establish portfolios that meet world-class environmental criteria (energy consumption, emissions from the use of the product)	EcoWise portfolio		
Reduce Direct GHG Emissions	Reduce the GHG refrigerant footprint of our products by 50%	55% to goal		

Reduce Environmental Impact at End of Products' Useful Life	Perform a life cycle assessment (LCA) on 100% of new products	In process – 14% of new products had an LCA
	100% of New Product Development (NPD) projects in IRPDP have end-of-use manual created	In process – seven end-of-use manuals created
Improve Health and Safety	Improve service ability through IRPDP	Standard work developed
Our People: Build a Winning Culture that is values-based, inclusive and engages and develops people for		

On track

Improve quality and time to solution

products by 50%

Our People: Build a Winning Culture that is values-based, inclusive and engages and develops pe premier performance

Attract and Retain Top-Quality, Diverse Talent and Leadership	Create slates with diverse candidates	On track
	Retain 95% of key talent	On track
	95% of employees have development plans in place	On track
Develop People and Processes to Build Strategic Capabilities	Improve Leadership Effectiveness Index by 80%	On track
	Achieve a Growth and Development Index score of 75% for strategic capability development	On track
Foster an Inclusive, Engaging Workplace that	Achieve employee engagement rate of 80%	Goal met – 81%
Connects Employees to Company Purpose	75% of employees participate in community or sustainability initiatives	On track – 31% of employees globally participated in community or sustainability initiatives in 2017
Provide a Safe and Secure Workplace that	Provide accessibility to wellness programs to ³ / ₄ of employee base	Goal met – 90.6% of employees have access to global health and wellness programs
Supports Employee Well-Being and Productivity	Achieve world-class performance in lost time incident rate, 60% reduction from 2013 base	On track

GOAL

PROGRESS TOWARD TARGET

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Corporate Citizenship: Address social and environmental imperatives that create shared value, result in sustained customer and employee loyalty, and improve the communities where we have business operations

TARGET

	Share energy conservation knowledge with 200 officials in developing regions	On track – 64% of goal	
Expand Competency in Energy and Other Resource Efficiency	Launch signature program to increase female representation in manufacturing positions and advance technical workforce development programs at 100 community colleges and technology institutes worldwide	Goal met – achieving through participation in vocational technical programs and Tools for Schools	
Expand Competency in Science, Technology, Engineering and Math (STEM)	Launch signature program to increase female representation in manufacturing positions and advance technical workforce development programs at 100 community colleges and technology institutes worldwide		
	Sponsor 20,000 females in STEM-related activities to increase career interest	Goal met – achieving through support of mobile science labs in India	
Address Nutrition and Food Waste Reduction	Provide food and nutrition education to 200,000 children	Goal met – achieving through support of Feeding Children Everywhere, American Heart Association and Second Harvest	
Support Housing and Shelter Needs	Volunteer 40,000 hours related to housing and shelter	45% of goal – leveraging Green Teams and our global day of service in conjunction with Habitat for Humanity	





SUSTAINABILITY SUPPLEMENT



Recognizing the global impact of the Sustainable Development Goals (SDGs)—a universal call to action to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity—and the personal commitment of our employees, we moved quickly to align our already established 2020 Sustainability Goals to the SDGs to illustrate how our efforts fit within a larger context for social change. Today we align with 11 out of the 17 SDGs, including zero hunger, gender equality, clean water, affordable and clean energy, sustainable cities and communities, and climate action.

Environmental Sustainability: Our Planet

GHG EMISSIONS

37% reduction in the GHG emissions associated with our operations OVER THE PAST FOUR YEARS

> EMISISONS 11 million metric tons

avoided of CO₂e emissions globally from our products

COMAPRED TO A 2013 BASELINE Our commitment to sustainability extends to the environmental impacts of our people, operations and products and services. From the efficiency of our buildings to our progress in managing energy, water and waste, we continue to find ways to reduce the company's impact on the environment and embed sustainability throughout our businesses.

Climate Change

Global action to address climate change remains a critical priority for companies across the world. As a global provider of products that heat, cool and automate homes and buildings, our industry has an important role to play in helping to mitigate global climate change. According to the Environmental Protection Agency (U.S. EPA), more than one quarter of global greenhouse gas (GHG) emissions come from electricity and heat production. That is why, in 2014, we issued our global Climate Commitment.

At Ingersoll Rand, we are well on our way to achieving our Climate Commitment to increase energy efficiency and reduce the GHG emissions related to our operations and products. We have already enabled the avoidance of 11 million metric tons of CO_2 equivalent (CO_2e) emissions globally from our products compared to a 2013 baseline.

Read more about our efforts to reduce GHG emissions and refrigerants related to our business operations and products under <u>Greenhouse Gas Emissions and Refrigerants</u> and <u>Product</u>.

Greenhouse Gas Emissions and Refrigerants

Our company is committed to managing our GHG emissions. Over the past four years, we have reduced the GHG emissions associated with our operations by more than 200,000 metric tons of CO_2e , or 37%, while total energy efficiency has increased 15%. In total, we have avoided 500,000 metric tons of CO_2e in operational GHG emissions since 2013.



OUR CLIMATE COMMITMENT

Our climate commitment increases energy efficiency and reduces the greenhouse gas (GHG) emissions related to our operations and products including:

- 1. 50% reduction in the GHG refrigerant footprint of our products for our customers by 2020 and lower-global warming potential alternatives across our portfolio by 2030
- 2. \$500 million investment in product-related research and development over the next five years to fund the long-term reduction of GHG emissions
- 3. 35% reduction in the GHG footprint of the company's office buildings, manufacturing facilities and fleet by 2020

SUSTAINABILITY SUPPLEMENT

REGIONAL GHG BREAKDOWN	2017	2016	2015	2014	2013
Scope 1 (metric tons CO ₂ e)					
North America Region (NAR)	293,291	310,147	374,288	351,198	406,374
Latin America (LAT)	1,994	2,259	1,860	1,777	2,237
Europe, the Middle East and Africa (EMEA)	47,159	49,812	45,686	40,090	44,035
Asia Pacific (AP)	22,216	28,641	42,138	72,853	59,805
Scope 2 (metric tons CO ₂ e)					
NAR	151,844	173,459	197,055	202,602	211,362
LAT	248	309	178	204	246
EMEA	9,526	10,128	13,346	11,141	12,514
AP	32,729	31,715	35,326	37,340	36,103

GHG EMISSIONS (metric tons CO ₂ e)		2017	2016	2015	2014	2013
Direct CO ₂ e (GHC	Scope 1)	364,658	390,856	463,975	465,919	512,450
Breakdown	Emissions from fuel	126,196	127,577	130,062	127,369	126,740
of Scope 1 Emissions	Emissions from refrigerants	238,462	263,279	333,913	338,550	385,710
Indirect CO ₂ e (GHG Scope 2) (Emissions from electricity)		194,348	215,614	245,907	251,287	260,222
Total (Scope 1 and	d 2 Emissions)	559,006	606,470	709,882	717,207	772,673
Normalized GHG Emissions (metric tons CO ₂ e/million USD)		39.37	44.89	53.37	55.63	62.56
Reduction of absolute CHG emissions (2013 baseline)		27.65%	213,667 metric tons CO ₂ e			
Reduction of GH0 baseline)	G emissions intensity (2013	37.1%				

In addition to the third-party verification of the 2017 sustainability data, Ingersoll Rand completed a review of the FY2014 through FY2016 data. Minor adjustment opportunities were identified and the adjustments have been incorporated, resulting in slight differences in the Direct GHG Scope 1 emissions compared to the previously reported values.

NO _x AND SO _x EMISSIONS (METRIC TONS)	2017	2016	2015	2014
NO _x	112.23	113.32	114.01	111.19
SO _x	7.11	6.72	689	5.93

2017 SUSTAINABILITY SUPPLEMENT

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refrigerants 43%

of our Scope 1 and 2 emissions are from refrigerants, which are essential to many of OUR PRODUCTS

ALTERNATIVES

We work proactively with government agencies and refrigerant suppliers to help identify alternatives and facilitate a practical transition that reduces greenhouse gas (GHG) emissions as early as possible Outlined in our Climate Commitment, we have a goal to reduce Scope 1 and 2 emissions (on a perunit revenue basis) by 35% by 2020 compared to 2013 levels. This goal was approved by the <u>Science</u> <u>Based Targets</u> initiative as a science-based target and will result in 500,000 metric tons of avoided CO_2e . Approximately 35% of the Scope 1 and 2 GHG emissions from our operations are from the use of electricity. Read about our efforts to reduce our energy use through energy efficiency and renewable energy in the <u>Energy section</u>.

Refrigerants or hydrofluorocarbons (HFCs) are essential to many of our products, and they account for 43% of our Scope 1 and 2 emissions. HFCs trap heat in the atmosphere hundreds to thousands of times more intensively than carbon dioxide. Regulatory efforts in the U.S. and globally are aimed at phasing down the use of HFCs that have a high-global warming potential.

Ingersoll Rand has made investments that enable the company to phase out today's high-global warming potential HFCs ahead of regulatory requirements. We work proactively with government agencies and refrigerant suppliers to help identify alternatives and facilitate a practical transition that reduces GHG emissions as early as possible. We also participate in international forums, such as the United Nations Framework Convention on Climate Change and the Montreal Protocol, to help create an organized approach to global refrigerant transitions.



VOLATILE ORGANIC COMPOUND (VOC) AIR EMISSIONS	2017	2016	2015	2014	2013
Direct VOC emissions in metric tons	269	277	271	257	289

REFRIGERANTS DATA	2017	2016	2015	2014	2013
Refrigerant emissions (Refrigerant losses in pounds of refrigerant)	337,012	354,896	422,553	408,293	474,054
Normalized pounds to million USD	23.74	26.27	31.77	31.67	38.38

Product Emissions

We set the following goals to address product-related emissions:

- Reduce the GHG refrigerant footprint of Ingersoll Rand products by 50% by 2020; and
- Incorporate refrigerant alternatives with lower-global warming potential across the company's product portfolio by 2030.

We are on track to achieve these goals and have avoided approximately 11 million metric tons of CO₂e globally, equal to the GHG emissions from the energy used in 1.6 million homes for one year. By 2030, we aim to reduce our products' carbon footprint by 50 million metric tons, which is equal to the GHG emissions from approximately 5.6 billion gallons of gasoline consumed.

Our recent work on low-global warming potential refrigerant technology development demonstrates how Ingersoll Rand translates our public stance into practical innovation. For example, instead of waiting for the world's regulatory authorities to mandate the use of next-generation refrigerants, we are working with our suppliers to develop global solutions that are energy-efficient and leverage current designs to help facilitate a smooth transition. We are also committed to investing \$500 million in product-related research and development from 2015 to 2020 to fund the long-term reduction of GHG emissions.

Our Refrigerant Management Technical Team works across the organization to establish best operating practices and equipment specifications to reduce the potential for refrigerant leaks during refrigerant storage, use and recovery. Ingersoll Rand uses an optical gas imaging camera for the detection of refrigerant leaks at our manufacturing sites. This technology allows proactive identification and correction of leaks, thereby reducing the cost of goods sold and avoiding losses of global warming-related materials. Ingersoll Rand has further implemented a monthly reconciliation process to assess refrigerant losses at the manufacturing sites.

Fuel-Related Emissions

In 2017, we increased the efficiency of our fleet by 5% and our absolute fleet emissions went down by approximately 1%. We undertook several initiatives that will save \$700,000 and 1,600 metric tons CO₂e over the vehicle life for our fleet.

^{co,e} 11 million metric tons of CO₂e

avoided globally, equal to the GHG emissions from the energy used in 1.6 million homes for ONE YEAR

PRODUCT RELATED RESEARCH

invested in product-related research and development from 2015 TO 2020

ECOWISE

In 2017 we doubled the size of our EcoWise™ portfolio

ECOWISE PORTFOLIO

In support of our Climate Commitment, in 2015, we launched the Ingersoll Rand EcoWise portfolio of products, specifically branded for next-generation, low-global warming potential refrigerants without sacrificing energy efficiency and safety. In 2017, we doubled the size of our EcoWise portfolio.





MANAGEMENT APPROACH

Our Climate Commitment outlines goals that drive GHG emissions reductions in our operations and products. Please see our <u>Progress Toward 2020 Targets section</u>. The Commitment is signed by Ingersoll Rand Chairman and CEO Michael W. Lamach. He announced the Commitment at the United Nations Climate Summit in 2014. A third party assures GHG emissions data from our operations every year. In early 2017, we performed an internal audit of the product GHG collection process to ensure the integrity of our data.

our fleet \$700,000

We undertook several initiatives that will save \$700,000 and 1,600 metric tons CO e over the vehicle life

ENERGY EFFICIENCY 15.6%

increase in our total energy efficiency over the past FOUR YEARS

- We continued to minimize large displacement vehicles, only strategically deploying 8-cylinder engines where they are more effective. As part of efforts underway to minimize idle vehicles, we turned in or sold 49 vehicles during our spring order cycle.
- We officially switched to the hybrid as our standard vehicle in 2016. The introduction of these hybrids, which have a higher upfront cost but significantly increase fuel economy, helped us achieve an improvement from 16.9 to 17.8 miles per gallon in 2017.

Energy

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Managing energy is important to our business productivity and the environment. Our plants require energy to manufacture products—approximately 979,000 megawatt hours (MWh) globally in 2017. We have a goal to increase energy efficiency in our facilities by 10% by 2020 from a 2013 baseline. Over the past four years, our total energy efficiency has increased by 15.6%.

We have achieved certification standards at a number of different sites around the world: four ISO 50001 certified sites, four LEED-certified sites and one GreenGlobe-certified site.

ABSOLUTE ENERGY USE	2017	2016	2015	2014	2013	UNITS
Direct (Fuel Use)	2,058	2,079	2,112	2,089	2,086	billion kilojoules (kJ)
Indirect (Electricity)	1,468	1,497	1,533	1,572	1,548	billion kJ
Total	3,526	3,576	3,645	3,662	3,634	billion kJ
Normalized Energy Use	0.248	0.265	0.274	0.284	0.294	billion kJ/ million USD
Natural Gas	837	841	907	962	913	billion kJ
Gasoline	905	932	888	827	860	billion kJ
Diesel	241	235	230	224	251	billion kJ
Propane	59	60	71	76	62	billion kJ
Aviation Fuel	16	11	16	0	0	billion kJ
Renewable Energy	0	0	0	0	0	billion kJ
Total Direct Energy	2,058	2,079	2,112	2,089	2,086	billion kJ

Energy Efficiency

Energy efficiency has been the cornerstone of our efforts to reduce our emissions. We have a goal to increase energy efficiency in facilities by 10% by 2020 from a 2013 baseline. Through initiatives such as optimization of our heating, ventilation and air conditioning (HVAC) systems, Green Team programs, efforts to eliminate leakage in our compressed air systems and relamping in many of our U.S. facilities, we are on track to meet our energy efficiency goal. Over the past four years, our total energy efficiency has increased by 15.6%. We will strive to exceed this through 2020. We are also a Department of Energy Better Plants Challenge Partner.



Renewable Energy

Replacing electricity generated from fossil fuels with that produced from renewable resources is key to addressing climate change as well as creating long-term value for our employees and our customers. We aim to reduce our GHG emissions through impactful investment in renewable energy both on- and off-site.

MANAGEMENT APPROACH

Our energy reduction goal guides our progress in managing our energy use. Please see our Progress Toward 2020 Targets section. In addition, we've implemented several tools that help us better measure and manage our energy use. These include the following:

- We implemented a company-wide standard work management system within the Ingersoll Rand Business Operating System that drives effective and sustainable environmental, health and safety (EHS) practices and procedures.
- Our operating procedures require that an EHS committee must be formed at all manufacturing and service locations and must include a sufficient number of management and hourly employees. The following items must be reviewed during each EHS committee meeting: performance against enterprise, strategic business unit (SBU) and/or local targets, objectives and goals.

We use the EHS software solution Gensuite to manage EHS performance data, sustainability metrics and work tasks. Nearly 10,000 Ingersoll Rand team members are registered Gensuite users. Ingersoll Rand has realized systematic data quality improvements and increased the efficiency of delivery of our EHS compliance and risk management practices through the use of Gensuite.



2017 SUSTAINABILITY SUPPLEMENT

PURCHASE POWER AGREEMENT

The energy produced will replace approximately 32% of the company's U.S. electricity use with green energy and reduce U.S. Scope 2 GHG emissions from electricity use BY 32%

MATERIALS 85% We buy 85% of the materials used in our U.S. manufacturing from

U.S. SUPPLIERS

In early 2018, we announced major investments in renewable energy. At three large manufacturing sites in the U.S. and China, we initiated or commissioned on-site solar installations to address 15% of the energy loads at these locations. This is equivalent to saving 560,000 gallons of gasoline and taking 1,000 cars off the road. In addition to on-site renewable energy sources, Ingersoll Rand has signed a power purchase agreement (PPA) for wind power. The wind farm will be located in Texas. The energy produced will replace approximately 32% of the company's U.S. electricity use with green energy and reduce U.S. scope 2 GHG emissions from electricity use by 32%. This is the equivalent of recycling 26,000 tons of waste instead of sending it to a landfill, and preserving 600 acres of U.S. forests.

Going forward, the bulk of our renewable energy mix will likely come from power purchase agreements, either on-site or within a single region. We believe that large-scale investments in renewables, such as through PPAs, are vital to shifting to a clean-energy economy. Our intent is to be a significant investor in that effort. For some of our sites, direct investment in renewable energy may make the most sense. In some areas of the world, we are experiencing uncertainty in electricity prices and availability. By investing in on-site renewable energy, we will ensure greater continuity of our operations.

Materials

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Since we manufacture many of the components included in our products, we employ a wide variety of renewable and non-renewable materials, including steel, copper and aluminum. We buy 85% of the materials used in our U.S. manufacturing from U.S. suppliers. We work closely with our suppliers to ensure they match our commitment to corporate social responsibility. We work with them to reduce packaging, shipping costs and related emissions. Read more about <u>Supplier Transparency and Performance</u>. For more information about our materials management strategy, please refer to our <u>Form 10-K</u>.

MATERIALS DATA

Savings in emissions from returnable packaging projects (annually) of more than 1,000 tons of CO₂e; reduction in solid waste from returnable packaging projects (annually) of more than 1,000 tons.

Approximately 14% of our total volume of products and materials (by revenue) was taken back in 2017 and reused or recycled by Ingersoll Rand.



MANAGEMENT APPROACH

Product Take-Back and Recyclability

The Ingersoll Rand Product Development Process (IRPDP) stipulates that we design with end-of-use considerations, including disassembly, repair and reusability of product components. IRPDP also encourages the use of recycled content in new product designs. For several of our products, we have also developed specific end-of-use manuals. To date, we have created seven end-of-use manuals. Our goal is to create an end-of-use manual for 100% of New Product Development (NPD) projects by 2020. Please see our **Progress Toward 2020 Targets** section.

As part of the IRPDP, our Product Footprint Study tool—a streamlined life cycle assessment (LCA) addresses material use and allows for a comparison between design scenarios. When we design a product, we account for all aspects of the product, including manufacturing, the use phase and end-ofuse considerations. By incorporating the life cycle considerations during the design phase, we identify and implement other environmental impact reductions that include packaging, recycling, manufacturing improvements, etc.

Packaging

As part of our environmental policy, Ingersoll Rand is committed to eliminating packaging waste. This includes considerations such as transport, recycling of packaging material and waste disposal concerns.

Our packaging engineers develop innovative solutions for packaging finished goods and parts efficiently. In addition, our global logistics team looks for ways to implement returnable packaging on inbound and finished goods where feasible in our supply chain.

Recognizing that one-way packaging supply chains result in an unacceptable amount of waste, Ingersoll Rand initiated a returnable packaging program. Supported by the global logistics team's returnable packaging engineers, the effort is currently underway at fourteen North American manufacturing sites. The program, aimed at reducing the more than 2,500 pounds of solid waste produced from packaging each year, has saved the company more than \$8 million to date in productivity growth and cost avoidance. Currently, the Thermo King, Trane Commercial, Trane Residential, Industrial, and Compression Technologies and Services (CTS) strategic business units are all part of this initiative. The team is even beginning to look at intercontinental opportunities for returnable packaging.

In addition, we publish packaging guidelines for our business partners on our <u>website</u>. According to the guidelines, packaging methods that include elements that need to be disposed of through a landfill are not acceptable for deliveries to Ingersoll Rand facilities or associated third-party warehouses. Preferred packaging systems are returnable, reusable or recyclable.

Material Take-Back Programs

Remanufactured equipment from Ingersoll Rand makes it easy to meet our goals by providing higherefficiency products, reducing our environmental footprint and promoting the strength and ingenuity of our people. Ingersoll Rand's CTS business continues to expand remanufacturing capabilities in new regions to increase remanufacturing reach.

Multiple businesses within Ingersoll Rand have a take-back program.

- Thermo King independent dealers take back refrigeration units to be resold into secondary markets. Thermo King equipment is preferred in this regard and commands premium pricing in the secondary market, as it is more durable, reliable and supported than other brands.
- The Ingersoll Rand Tools business generates revenue through refurbished batteries, air motors, and engine starters.

We have increased our total revenues represented by products that are disassembled, remanufactured, reused or recycled.

Energy Efficiency of Our Products

Nearly half of all global energy consumption takes place in commercial, industrial and residential buildings, with heating, ventilation and air conditioning (HVAC) and lighting systems representing the greatest opportunity for improvement. Industrial processes also consume significant amounts of energy around the world. We see energy-efficient products as a business opportunity, as more than 90% of our product portfolio directly addresses demands for greater energy efficiency with lower greenhouse gas (GHG) emissions in buildings, homes, industrial spaces and transport markets around

RETURNABLE PACKING PROGRAM \$8 million saved to date in productivity

saved to date in productivity growth and cost avoidance

ENERGY EFFICIENCY More than 90%

of our product portfolio directly addresses demands for greater energy efficiency with lower greenhouse gas (GHG) emissions in buildings, homes, industrial spaces and transport markets

CONNECTED PRODUCTS 9,000 Buildinas

Our North American energy services and controls business surpassed 9.000 connected buildings IN 2017 the world. We are committed to addressing the environmental impact of our products to help our customers operate more sustainably.

Ingersoll Rand is not just creating and leveraging new technology solutions, but also repositioning and optimizing existing technologies such as thermal energy systems. Through our 2017 acquisition of CALMAC Corporation, we are well positioned to offer customers even greater choices for managing energy and operating costs. When integrated with Trane's leading building control platform, CALMAC will take pressure off the energy grid, reduce strain on public utilities, reduce operating costs for building owners and allow for better use of renewable forms of energy.

The core of our growth strategy is to invest in opportunities related to energy efficiency and environmental sustainability in buildings, industrial processes and transportation around the world. We are considered industry leaders in developing and commercializing next-generation, energyefficient technologies that incorporate refrigerants with lower-global warming potential.

PRODUCT ENERGY EFFICIENCY DATA

Products in our EcoWise portfolio must be at least 5% more efficient than the minimum standard where standards apply.

Connected Products

Connected buildings, industrial facilities, homes and vehicles are providing our customers with more information, accessibility and productivity. We believe the North American market for connected services and controls represents an estimated \$400 million growth opportunity over three years. Each of our businesses is executing a digital strategy. For example, our North American energy services and controls business surpassed 9,000 connected buildings in 2017, proving that big data coupled with insights improves energy efficiency. In fact, according to a Berg Insight report, nearly 55% of all households in the U.S. are expected to be "smart homes" by 2021, and Ingersoll Rand's Nexia™ continues to be a defining force in this evolution. In 2017, Nexia was selected as the electronic brain powering the Z-Wave Alliance demonstration home, which features an ecosystem of products working together to create a smarter way of living.



MANAGEMENT APPROACH

Paul Camuti, Senior Vice President and Chief Technoloav Officer of Ingersoll Rand, oversees product stewardship. His oversight includes engineering, innovation, product development and growth strategy.

Our EcoWise portfolio of products is designed to lower environmental impact with next-generation, lowalobal warming potential refrigerants and high-efficiency operation. In 2017, we doubled the size of our EcoWise portfolio. Ingersoll Rand also relies on the ENERGY STAR[®] program to guide the energy-efficiency requirements of our products.

We have a 2020 goal to generate 5% of revenue from products that meet world-class environmental criteria (water, electricity and fuel consumption from the use of the product). Please see our Progress Toward 2020 Targets section.

Several tools help us track and manage the energy efficiency of our products. Recently, we created a product GHG calculator to track our product-related emissions, including emissions generated from electricity use.

Product Life Cycle Approach (LCA) and End-of-Use Considerations

Many of our products are built to operate for 15 to 20 years. Consequently, designing them to meet current and future regulations adds value for our customers today while helping them prepare for the more stringent regulatory environments to come. We have a goal to perform a life cycle assessment (LCA) on 100% of new products by 2020. In addition, we have a goal to create an end-of-use manual for 100% of New Product Development (NPD) projects.

PRODUCT LIFE CYCLE/PRODUCT END-OF USE DATA	
% of new products receiving LCA by EOY 2017	14%
% of NPD projects in IRPDP that have end-of-use manual by EOY 2017	We have seven end-of-use manuals

Water

Ingersoll Rand considers water quality for both intake and discharge an important issue at all of our sites. We track our water use at the facility level on a monthly basis through our Gensuite environment management system. The WaterWatch™ module is used to track effluent discharge monitoring data and trends against regulatory limitations and reporting requirements. We take swift action when approaching a discharge limit to adjust systems to avoid an exceedance. An internal action threshold is defined for each effluent limit to ensure changing effluent conditions are recognized and pretreatment systems adjusted prior to exceeding a regulatory limit. Our process discharge waters are first internally treated and then discharged with the same or higher quality as the withdrawn water. While overall water use for 2017 increased by 2.5% compared to 2016, Ingersoll Rand reduced 2017 water use by 8% at global locations that reside in water-stressed regions.

Analyzing Water Stressed Regions

We periodically conduct a risk assessment using the World Resources Institute (WRI) Aqueduct[™] tool and designate sites that score medium-high or high for water stress. We consider physical risk quality and quantity as well as regulatory and reputational risk. In 2017, 13 sites globally were in areas of medium-high to high water stress. For these sites, we have a 2020 target in place to reduce water consumption by 25%. These 13 sites combined account for 7% of the company's total water use. In total, these sites have reduced their water consumption since 2013 by 45.4%.

MANAGEMENT APPROACH

The Ingersoll Rand Product Development Process (IRPDP), used by all Ingersoll Rand businesses, applies standard work to the product development life cycle to ensure we are meeting customer needs, assessing risk, embedding sustainability and developing intellectual property. IRPDP has several modules that can be applied at various stages of product development. In all, IRPDP has generated or improved more than 70 product development projects.

One of the modules is focused on "Design for Sustainability" and consists of tools and standard work focused on environmental impact. In phase 2 of IRPDP, the product team identifies risks related to environmental, health and safety (EHS) or sustainability considerations in compliance with related codes that affect the product. Both our extensive (full) LCAs and our streamlined LCAs cover our product impacts from cradle to grave, including impacts from all stages – raw materials, manufacturing, use phase and end of use. We have 2020 goals that address LCA and end-of-use considerations. Please see our **Progress Toward 2020 Targets** section.

LIFE CYCLE ASSESSMENT

100%

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We have a goal to perform a life cycle assessment (LCA) on 100% of new products by 2020

WATER USE

Ingersoll Rand reduced 2017 water use by 8% at global locations that reside in waterstressed regions



WATER DATA	2017	2016	2015	2014	2013
Water use (million cubic meters)	3.38	3.30	4.20	4.04	3.71
Normalized water use (cubic meters/million USD)	238	244	316	313	300
Wastewater permit exceedences	2	4	8	16	14

Waste

We continue our journey toward zero waste to landfill. Fifteen of our manufacturing sites reported achieving zero waste to landfill and, in 2017, we reduced our non-hazardous waste to landfill by 10% compared to 2016. Our 2017 recycling rate increased by 3% compared to 2016. For every pound of non-hazardous waste sent to landfill, nearly four pounds are recycled.

WASTE DATA	2017	2016	2015	2014	2013
Total hazardous waste generated (metric tons)	1,284	1,171	1,228	1,465	1,491
Normalized hazardous waste (metric tons/million USD)	0.09	0.09	0.09	0.11	0.12
Total non-hazardous waste generated (metric tons)	35,066	34,620	33,056	34,405	35,194
Normalized non-hazardous waste (metric tons/million USD)	2.47	2.56	2.49	2.67	2.85
Non-hazardous waste to landfill (metric tons)	5,350	5,939	6,527	7,215	6,921
Normalized non-hazardous waste to landfill (metric tons/million USD)	0.38	0.44	0.49	0.56	0.56
Non-hazardous waste recycled (metric tons)	28,121	26,813	25,025	25,884	24,274
Normalized non-hazardous waste recycled (metric tons/million USD)	1.98	1.98	1.88	2.01	1.97

In addition to the third-party verification of the 2017 sustainability data, Ingersoll Rand completed a review of the FY2014 through FY2016 data. Minor adjustment opportunities were identified and the adjustments have been incorporated, resulting in slight differences in the previously reported values for hazardous waste disposed.
Social Sustainability: Our People

Ingersoll Rand defines social sustainability as caring about and investing in the needs of our associates and communities over the long term. We partner with our stakeholders in pursuit of positive societal change, ensuring all parties operate with integrity and an ethical mindset. In doing so, we share responsibilities for delivering results the right way. We strive to engage our employees, produce a better experience for our customers, innovate with our suppliers and collaborate with local nonprofits and educational institutions to improve the quality of life in the communities where we do business.

Diversity and Inclusion in the Workplace

Our company has long been committed to building a progressive, diverse and inclusive environment in which people of all backgrounds are treated with respect. We have seven employee resource groups (ERGs) companywide, including a Women's Network, Veterans Employee Resource Group, Asian Employee Resource Group, Global Organization of Latinos and the PRIDE Employee Resource Group.

To reinforce our commitment, in 2017, Michael W. Lamach, chairman and CEO, joined more than 150 leading CEOs in a pledge to cultivate diversity and inclusion in the workplace through the CEO Action for Diversity & Inclusion.

Additionally, we were the first in our industry to enter the Paradigm for Parity Coalition, a pledge to bring gender parity to our corporate leadership structure by 2030.

Anti-Harassment

We provide salaried employees with anti-harassment training and make clear policies available to Ingersoll Rand employees worldwide.

ANTI-HARASSMENT DATA	2017		2016		2015	
	Target	Actual	Target	Actual	Target	Actual
U.S. salaried employees trained on anti-harassment	100%	100%	100%	100%	100%	100%
Employees able to access anti-harassment policy	100%	100%	100%	100%	100%	100%

2017 SUSTAINABILITY SUPPLEMENT 38

EMPLOYEE SAFETY 93% of employees stated they believe Ingersoll Rand is committed to

EMPLOYEE SAFETY

Occupational Health and Safety

Creating and sustaining a safety-focused, zero-incident culture is a top priority for everyone at Ingersoll Rand. This commitment starts with our CEO and permeates the entire organization. Ingersoll Rand manufactures a variety of products, offers service and installation at customer locations, and may be called upon 24/7 and 365 days a year. To ensure our injury prevention efforts are truly top tier, we completed a benchmarking activity in 2016 that examined injury rates from multiple instances in several employment sectors, including diversified manufacturing, financial services, mining, construction and education. Our analysis determined that injury rates needed to be less than 0.6 for Total Recordable Incident Rate (TRIR) and 0.06 for Lost Time Incident Rate (LTIR) (per 200,000 total work hours) to be considered world-class in injury prevention. In 2017, we continued to reduce our incident rates and are approaching world-class injury prevention performance. In 2017, our injury prevention efforts were heavily focused on:

- Maturing our Behavior-Based Safety (BBS) program; and
- Expanding our ergonomics program and aggressively reducing risk factors at targeted workstations.

Everyone at Ingersoll Rand is responsible for our collective safety, and implementation of the BBS program is taking us to the next level of performance. Our BBS program is building a better culture of ownership in which employees feel responsibility for their coworkers' safety as much as for their own. The BBS program establishes a worldwide structure to promote open discussions with management regarding work-related hazards and safety issues. In responding to this year's employee engagement survey, 93% of employees stated they believe Ingersoll Rand is committed to employee safety. We communicate our safety expectations through quarterly CEO town hall meetings as well as monthly environmental, health and safety (EHS) meetings at both the facility- and service-organization levels. These meetings raise awareness of safety risks and preventative measures and provide our employees with opportunities to share best practices.

Additionally, we continue to place a strong emphasis on ergonomics awareness and focus on reducing manual material handling, eliminating postural problems and reducing repetitiveness along production lines.

OCCUPATIONAL HEALTH AND SAFETY DATA

In 2017, we achieved a 10% reduction in TRIR and 10% reduction in LTIR (per 200,000 hours worked).

The company experienced zero work-related fatalities in 2017.

The company's employees, including supervised contract employees, worked a total of 92,010,455 hours in 2017.

LOST TIME INCIDENT RATE	2017	2016	2015	2014
(number of employees per million hours worked)	0.56	0.61	0.64	0.84

Supplier Diversity

Ingersoll Rand is committed to a diverse and innovative supply base. Supplier diversity is integral to our global supply chain strategy not only because it is consistent with our values, but also because it enhances competitiveness and capacity building, drives market connectivity and creates jobs and economic growth in the marketplace. The supplier diversity program, launched in 2012, embraces suppliers whose ownership is primarily minorities, women, veterans, LGBTQ individuals or people with disabilities.

We focus on four pillars:

- 1. Increased utilization of diverse suppliers
- 2. Supplier development and mentoring
- 3. Strategic outreach
- 4. Program globalization

We use a seven-step strategic sourcing process that includes a Supplier Diversity Matrix, which enables us to avoid using price as the primary driver for supplier selection. Instead, we consider a range of factors as agreed upon by a cross-functional team, including supplier diversity, quality and risk.

SUPPLIER DIVERSITY DATA

We purchased \$411 million in goods and services from diverse-owned businesses in 2017, an 11% increase from 2016.

Since the inception of the program, we have purchased more than \$1.7 billion in goods and services from diverse-owned businesses in the United States.

Supporting Women Business Enterprises

In 2016, Ingersoll Rand joined other organizations to make a commitment through WEConnect International to expand inclusive sourcing by collectively spending \$15 billion with women-owned businesses globally over the next five years. Ingersoll Rand reported \$205.1 million global spend with women-owned businesses in 2017, the first reporting period for this commitment. We recognize that inclusion of women-owned businesses in our supply chain promotes innovation and enables women to build wealth and sustainable prosperity in their communities across the world.

Employee and Community Engagement

Our social sustainability vision extends to involvement with the communities in which Ingersoll Rand associates live and work. Across the globe, Ingersoll Rand associates support our local communities on a personal level. Ingersoll Rand assists our employees in contributing both time and financial support to local nonprofit groups and community organizations.

SOURCING PROCESS

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We use a 7-step

strategic sourcing process that includes a Supplier Diversity Matrix, which enables us to avoid using price as the primary driver for supplier selection

Prominent among our community initiatives is the Ingersoll Rand Glocal (global + local) program. The Center for Energy Efficiency and Sustainability (CEES) launched Glocal in 2014 to encourage our employees to partner with local nonprofits and community organizations as a way to advance Ingersoll Rand's social sustainability efforts, nurture authentic engagement and improve local enterprise relations. Employee-led volunteer Green Teams take part in community projects that seek to help the environment, increase capacity and enhance quality of life.

EMPLOYEE AND COMMUNITY ENGAGEMENT DATA

29% of employees globally participated in community or sustainability initiatives in 2017. Employees volunteered more than 25,000 hours of their time.

The Ingersoll Rand Foundation donated more than \$8 million in philanthropic gifts to community partners.

GLOBAL CONTRIBUTIONS	2017	2016	2015
Volunteer participants	13,292	4,765	3,655
Hours volunteered	25,252	19,301	19,390
Charitable fundraising	\$7,430,620.93	\$5,519,771.00	\$5,168,408.00
Value of employee volunteering time during paid working hours	\$623,471		
In-kind giving	\$226,648		
Management overheads	\$39,419		

Business Sustainability: Our Products

Products account for a significant portion of our social impact. In this section, we review how we contribute solutions to pressing social challenges by working with our supply chain through innovation and product deployment.

Supply Chain Transparency and Performance

Ingersoll Rand has a combined annual spend of \$9 billion for direct and indirect commodities. Our global procurement team sources these commodities from a broad, multi-tiered supply base. Using our Preferred Supplier List Program and Supplier Council, we promote business with those strategic suppliers who best align with our expectations on quality, service and value. We operate with a "in region, for region" philosophy. For example, 95% of Ingersoll Rand products sold in the U.S. are manufactured in the U.S. This philosophy allows us to deliver products to market quickly, implement local preferences, reduce freight costs and improve our quality and reliability by being close to our supplier partners.

New suppliers that were screened using environmental criteria	97% of controllable spend suppliers have agreed to our Business Partner Code of Conduct	
SUPPLIER SOCIAL ASSESSMENT		
New suppliers that were screened using social criteria	97% of controllable spend suppliers have agreed to our Business Partner Code of Conduct	

Our target is that 100% of all new suppliers will have agreed to our Business Partner Code of Conduct by 2020; at the end of 2017, 97% of controllable spend suppliers have agreed. We also have a 2020 target that 90% of our direct material spend will be assessed on a quarterly basis for risk. At the end of 2017, 87% of our direct material spend was assessed on a quarterly basis for risk. Understanding how our suppliers are performing, both environmentally and socially, enables us to manage risk and collaborate with those who are best in class. For more information about risk factors associated with our supply chain, please refer to our <u>Form 10-K</u>.

MANAGEMENT APPROACH

The ability to establish mutually beneficial supplier relationships is key to our success. We have systematic processes in place to govern these relationships, ensuring our suppliers share our values and adhere to our standards of business ethics, health and safety, and environmental and social responsibility. As part of our enterprise risk management processes, we assess the sustainability and business continuity risks associated with our supply chain. The Ingersoll Rand Business Partner Code of Conduct (found <u>here</u> on our public website), which includes our Global Human Rights Policy, is integral to our standard purchase agreement and communicates the social, environmental, quality and compliance expectations we have for our supply chain partners. Our Business Partner Code of Conduct requires that suppliers not violate basic human rights of life, liberty and security. No harsh or inhumane treatment—including sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of workers—will be tolerated. Suppliers must have an effective environmental policy and conduct their operations in a way that protects the environment. Suppliers must also obtain and keep current all required environmental permits and meet all applicable environmental rules, regulations and laws in the countries where they do business.

MANUFACTURING

95% of Ingersoll Rand products sold in the U.S. are manufactured IN THE U.S.

material 87%

of our direct material spend was assessed on a quarterly basis FOR RISK





2017 SUSTAINABILITY SUPPLEMENT

PREFERRED SUPPLIERS 54.3% At the end of 2017, 54.3% of direct spend was with PREFERRED SUPPLIERS

New Suppliers

In implementing our supplier selection process, we use a Quality Supplier Onsite Assessment to screen 100% of our new direct material suppliers based on social and environmental criteria. For example, the assessment asks if suppliers have a program for tracking and managing water use and hazardous waste, and if they are located in high-risk water areas. The assessment also screens for human rights and labor practices criteria by asking, for example, if the supplier hires and pays all employees at or above local legal requirements and if the supplier refrains from using prison or forced labor.

Preferred Supplier Initiative

The Ingersoll Rand Preferred Supplier List Program is a key initiative to identify and engage worldclass suppliers capable of partnering with us to create high-quality products for our mutual customers while enabling mutual profitable growth. This program promotes a supply base aligned with Ingersoll Rand's core values. Preferred suppliers will be the first choice for early engagement on new product development and strategic sourcing programs and will have priority opportunities to extend their product and service offerings to Ingersoll Rand locations. At the end of 2017, 54.3% of direct spend was with preferred suppliers.

Technology and Innovation

At Ingersoll Rand, we create new technology with an eye toward the world that our customers will inhabit in the future. We believe that innovation — finding new ways to meet the market's future needs for reliable, energy-efficient solutions — is critical to driving our organic revenue growth. In 2017, we spent \$210.8 million on research and development. We launched 73 new products and services, spanning nearly every business and region. Our average innovation revenue from 2015 to 2017 was 21.3%. Looking ahead to the next three to five years, we expect that several trends will have an especially powerful impact on our customers and our business. Chief among them are climate change, urbanization and industrialization, demographic shifts and demands for enhanced energy productivity. Read more about our innovation process in the letter from our Senior Vice President of Innovation and Chief Technology Officer, Paul Camuti.

INGERSOLL RAND HOSTS 3RD ANNUAL GLOBAL SUPPLIER CONFERENCE

In January 2018, Ingersoll Rand welcomed approximately 200 valued supplier partners to our 3rd Annual Global Supplier Conference. Attendees enjoyed the presentation of Ingersoll Rand's annual supplier awards, business reviews by four of our strategic business unit presidents and a keynote address by Andrew Winston, author of "The Big Pivot" and a member of Ingersoll Rand's Sustainability Advisory Council. "This year's conference was especially powerful with our focus on sustainability," said John Evans, Vice President, Global Procurement, at Ingersoll Rand. "In addition to the powerful keynote address focused on building thriving companies in our volatile world, supplier partners also attended a targeted breakout session led by Scott Tew, director of our Ingersoll Rand Center for Energy Efficiency and Sustainability, to learn how to further their own sustainability initiatives and better partner with Ingersoll Rand."

CONFLICT MINERALS STATEMENT

Ingersoll Rand has conducted a reasonable country of origin inquiry (RCOI) regarding the minerals specified by Rule 13p-1 of the Securities Exchange Act of 1934, as amended (the "conflict minerals"), that were necessary to the functionality or production of products manufactured by the company for the fiscal year that ended on December 31, 2017. The company exercised due diligence on the source and chain of custody of conflict minerals using the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (the "OECD Framework"). For more information about our approach to conflict minerals, please click here.

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Innovation for Developing Markets

One of our core strategies is to increase our exposure to emerging markets. Overall, emerging market revenues made up 21% of the company's revenue for 2017.

Our emerging market strategy has been particularly successful in China, Brazil, Mexico and India. In these four countries, we have established large local teams with full capabilities, manufacturing facilities and strong localized channel partners.

The Ingersoll Rand heating, ventilation and air conditioning (HVAC) business in China is participating in the "Coal to Electricity" program initiated by China's government. The program is intended to significantly lower coal consumption for winter heating in North China, prevent air pollution and reduce PM2.5 emissions to improve the air quality in China over the long term. Our market and engineering teams and sales channels are collaborating to develop a new product with vapor injection and variable-speed technology to deliver heating capability that meets the needs of low-temperature environments. We continue to aggressively increase our participation in early-stage markets for Ingersoll Rand products.

We use a three-step process to prioritize our investments in emerging markets.

- 1. We consider the macroeconomic and geopolitical conditions of an emerging market at the country level.
- 2. Where these factors are acceptable, we next perform an analytical assessment of the current attractiveness of our business, considering competitors, customers and channels.
- 3. We consider how the attractiveness of our business will likely evolve over time.

Based on analytics performed in 2014, the company determined to focus on four new markets, which included three emerging markets: Mexico, Brazil and the United Arab Emirates. We have embarked on hiring and training local sales and application resources to improve business and channel development in each of these countries and achieve aggressive revenue growth targets.

In parallel with these market expansion initiatives, we are developing innovative technologies and products targeted for the unique requirements of developing markets.

Product Reliability

The safety and reliability of our products is imperative to our success. That's why we thoroughly incorporate these considerations into all phases of our product development process – from research through manufacturing to installment and service.

It is our standard practice to comply with regulations and various voluntary codes concerning product

MANAGEMENT APPROACH

We have a 2020 goal to share energy conservation knowledge with 200 officials in developing regions. Please see our **Progress Toward 2020 Targets** section.

We operate four engineering and technology centers globally, including facilities in Bangalore and Chennai in India, Prague in the Czech Republic, and Shanghai in China.

Ingersoll Rand uses frequent exchange programs with global engineering leaders. In addition, we make temporary and permanent assignments of engineers from emerging markets into developed markets. Engineers are sent to the U.S. and European locations on short-term assignments to get hands-on experience with new technologies and collaborate on projects with their extended business engineering teams. We also form global distributed team structures for all new developed-market product engineers to grow skills in emerging-market R&D teams.

EMERGING MARKET REVENUES

21% Emerging market revenues made up 21% of the company's revenue FOR 2017



ΔΔ

labeling and service information, marketing communications and customer safety. Each business unit has a designated legal counsel who follows a process for addressing issues of non-compliance in these areas. Due to market differences, tracking of non-compliance-related incidents in the areas of product labeling, marketing communication and customer safety is the responsibility of each business. As such, we do not collect this data or make general statements on this topic at the enterprise level.

Social Impact of Our Products

Ingersoll Rand creates comfortable, sustainable and efficient environments that advance the quality of life across the globe. Our team is at the forefront of innovating where global trends—such as climate change, urbanization and resource scarcity—intersect with buildings, industrial processes and transportation markets. For example, we have collaborated with a number of water department officials seeking advice on how to cool wastewater in the face of a loss of electricity. Given our expertise in water, we are helping advise cities when they are establishing their resiliency plans on the best way to solve water cooling challenges during national disasters. Moreover, we know our products can help promote nexus solutions—products that promote climate change mitigation through energy efficiency. Read more about our efforts in the <u>Energy Efficiency of Our Products section</u>.

As a global provider, we also recognize an opportunity to innovate solutions for those living at the base of the pyramid—that is, those living on less than \$2.50 (USD) per day. We have activities in progress to develop solutions that are affordable for this segment of society.



MANAGEMENT APPROACH

Customer health and safety is integrated into our Ingersoll Rand Product Development Process (IRPDP). Phase two of the process includes specific deliverables where the product team identifies risks related to environmental, health and safety (EHS) and/or sustainability considerations in compliance with related codes that affect the product. A serviceability review is conducted at multiple gates and is part of the independent design review.

We measure the health and safety of our products through serviceability, reliability and durability. These metrics evaluate the initial customer quality and the time it takes to resolve a design issue from the time it is first identified. We also measure the percentage of New Product Development (NPD) projects in IRPDP that have serviceability review. We are seeing a decrease every year in the time it takes to achieve a solution for a reported issue.

Paul Camuti, Senior Vice President and Chief Technology Officer of Ingersoll Rand, oversees product stewardship via his oversight of engineering, innovation, product development and growth strategy.

We have two 2020 targets related to customer health and safety. Please see our **Progress Toward 2020** Targets section.

MANAGEMENT APPROACH

Nexus Opportunities

More than 90% of our product portfolio directly addresses demands for greater energy efficiency with lower greenhouse gas emissions in buildings, homes, industrial spaces and transport markets around the world. Across all of our brands and businesses, our growth and operational excellence strategies are focused on opportunities to simultaneously address the world's growing demand for products that consume less energy while also accelerating the global transition to a less carbon-intensive way of life. Our Climate Commitment outlines our approach to capturing this opportunity. Read more on our <u>Climate Commitment page</u>.

Base of the Pyramid Solutions

We have a 2020 goal to share energy conservation knowledge with 200 officials in developing regions. See our <u>Progress Toward 2020 Targets section</u>.



GRI Content Index

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) AND/OR URL		
GENERAL DISCLOSURES				
	Organizational Profile			
	102-1 Name of the organization	Please see our <u>FORM 10-K Annual Report, cover page</u> .		
	102-2 Activities, brands, products, and services	Please see our FORM 10-K Annual Report, pages 3-8.		
	102-3 Location of headquarters	Please see our <u>FORM 10-K Annual Report, cover page</u> .		
	102-4 Location of operations	Please see our FORM 10-K Annual Report, pages 16 and 17.		
	102-5 Ownership and legal form	Please see our FORM 10-K Annual Report, cover page and page 3.		
	102-6 Markets serviced	Please see our 2017 Annual Report, introduction and page 4, and FORM 10-K, pages 3 and 5.		
	102-7 Scale of the organization	Please see our <u>Form 10-K Annual Report</u> , pages 5, 7, 17, F-3 and F-5, <u>2017 Annual Report</u> , pages 4 and 77, and our <u>Ingersoll Rand Population</u> chart.		
	102-8 Information on employees and other workers	Please see Our Company: <u>Our Employees</u> .		
GRI 102: General Disclosures	102-9 Supply Chain	Please see Business Sustainability: <u>Our Products: Supply Chain Transparency</u> and Performance.		
2017	102-10 Significant changes to the organiza- tion and its supply chain	Please see our <u>FORM 10-K Annual Report, pages 22-24</u> .		
	102-11 Precautionary Principle or approach	Please see Our Company: Regulations and Policy: EHS Management.		
	102-12 External initiatives	Please see Our Company: <u>Charters</u> .		
	102-13 Membership of associations	Please see Our Company: Memberships and Partnerships.		
	Strategy			
	102-14 Statement from senior decision-maker	Please see Letters From Our Leadership: Letter from Our CEO.		
	Ethics and Integrity			
	102-16 Values, principles, standards, and norms of behavior	Please see our <u>Code of Conduct</u> and two pages (<u>here</u> and <u>here</u>) on Gover- nance, Ethics & Compliance and Risk Management.		
	Governance			
	102-18 Governance structure	Please see our <u>Covernance, Ethics & Complianc</u> e and <u>Sustainability Gover-</u> nance <u>Structure</u> pages.		

2017 SUSTAINABILITY SUPPLEMENT

GRI STANDARD DISCLOSURE PAGE NUMBER(S) AND/OR URL **GENERAL DISCLOSURES** Stakeholder Engagement 102-40 List of stakeholder groups Please see our Value Chain and Stakeholder Engagement pages. 102-41 Collective bargaining agreements 28.5% of employees are covered by collective bargaining agreements. 102-42 Identifying and selecting Please see our Value Chain and Stakeholder Engagement pages. stakeholders 102-43 Approach to stakeholder Please see Our Company: Customer Satisfaction and our Value Chain and engagement Stakeholder Engagement pages. 102-44 Key topics and concerns raised Please see Our Company: Customer Satisfaction and our Value Chain page. **Reporting Practice** 102-45 Entities included in the All entities are included in this report. Please see our FORM 10-K Annual consolidated financial statements Report, page 5. 102-45 Defining report and topic Please see Sustainability at Ingersoll Rand: About Our Reporting and our Materiality Assessment and Value Chain pages. Boundaries 102-47 List of material topics Please see our Materiality Assessment. GRI 102: Please see Sustainability at Ingersoll Rand: About Our Reporting. 102-48 Restatements of information **General Disclosures** 102-49 Changes in reporting Please see Sustainability at Ingersoll Rand: About Our Reporting. 2017 102-50 Reporting period Calendar year: January 1 to December 31, 2017 102-51 Date of most recent report June 2017 102-52 Reporting cycle Annual Name: Perri Richman - Director of External Communications 102-53 Contact point for questions regarding the report Email: prichman@irco.com 102-54 Claims of reporting in accordance This report has been prepared in accordance with the GRI Standards: Core with GRI Standards option. 102-55 GRI Context Index This table is the GRI Context Index, please see pages 47-56. Please see our <u>Assurance Statement</u> and Sustainability at Ingersoll Rand: About Our Reporting. Our environmental and safety data is assured by an independent third party. 102-56 External assurance The assurance process is led by the Vice President, Environmental, Health and Safety, Operations, who reports to the Senior Vice President, Global Operations and Integrated Supply Chain.

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DISCLOSURE

PAGE NUMBER(S) AND/OR URL

MATERIAL TOPICS			
Materials Used; Product I	End-of-Life Considerations		
	103-1 Explanation of the material topic and its Boundaries	Please see our <u>Materiality Assessment</u> and <u>Value Chain</u> pages.	
	103-2 The management approach and its components	Please see Environmental Sustainability: Our Planet: Materials.	
GRI 103: Management Approach 2017	103-3 Evaluation of the management approach	Please see Environmental Sustainability: Our Planet: Materials.	
	301-3 Reclaimed products and their packaging materials	Please see Environmental Sustainability: Our Planet: <u>Materials</u> and Environmental Sustainability: Our Planet: <u>Product Life Cycle Approach</u> (<u>LCA</u>) and <u>End-of-Use Considerations</u> . Data is collected at the strategic business unit level and is based on production and financial data.	
Energy-Efficient Product	s; Company Energy Use		
	103-1 Explanation of the material topic and its Boundaries	Please see our <u>Materiality Assessment</u> and <u>Value Chain</u> pages.	
GRI 103: Management Approach 2017	103-2 The management approach and its components	Please see Environmental Sustainability: Our Planet: <u>Energy</u> and Environmental Sustainability: Our Planet: <u>Energy Efficiency of Our Products</u> .	
	103-3 Evaluation of the management approach	A third party assures our energy data every year for company operations. Please see Sustainability at Ingersoll Rand: <u>Progress Toward 2020 Targets</u> .	
GRI 302: Energy 2017	302-1 Energy consumption within the organization	Please see Environmental Sustainability: Our Planet: <u>Energy</u> . We do not sell energy, and no conversion factors were needed. Methodology: ISO 14064-1.	
	302-2 Energy consumption outside the organization	Please see Environmental Sustainability: Our Planet: <u>Energy</u> . Fuel, electricity, heating and cooling are included in the intensity ratio. All energy used was consumed within the organization.	
	302-3 Energy intensity	Please see Environmental Sustainability: Our Planet: <u>Energy</u> . Fuel, electricity, heating and cooling are included in the intensity ratio. All energy used was consumed within the organization.	
	302-4 Reduction of energy consumption	Please see Environmental Sustainability: Our Planet: <u>Energy</u> . Fuel, electricity, heating and cooling are included in the reductions. 2013 is our base year for our Climate Commitment and 2020 targets. Methodology: ISO 14064-1.	
	302-5 Reduction in energy requirements of products and services	Please see Environmental Sustainability: Our Planet: <u>Energy Efficiency of</u> Our Products.	
Greenhouse Gas Emission			
GRI 103: Management Approach 2017	103-1 Explanation of the material topic and its Boundaries	Please see our <u>Materiality Assessment</u> and <u>Value Chain</u> pages.	
	103-2 The management approach and its components	Please see Environmental Sustainability: Our Planet: <u>Climate Change</u> and <u>Greenhouse Gas Emissions and Refrigerants</u> .	
	103-3 Evaluation of the management approach	A third party assures our greenhouse gas (GHG) emissions data every year. We also performed an internal audit of the product GHG collection process in early 2017.	
		Please see Sustainability at Ingersoll Rand: Progress Toward 2020 Targets.	
	Specific management approach for emissions	We have no existing plans to purchase offsets to reduce our emissions. Please see Environmental Sustainability: Our Planet: <u>Energy</u> for more information about our renewable energy approach.	

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) AND/OR URL
MATERIAL TOPICS		
Greenhouse Gas Emission	าร	
		Gross direct (Scope 1) GHG emissions: Please see Environmental Sustainability: Our Planet: <u>Greenhouse Gas Emissions and Refrigerants</u> .
		Gases included in the calculation: HFCs, VOCs and those emissions associated with the combustion of fossil fuels (CO, CO ₂ , SO ₂ , NO ₃ , N ₂ O, HCs). We do not emit CH ₄ , SF ₆ , PFCs or NF ₃ .
		Biogenic CO ₂ emissions: Not applicable.
	305-1 Direct (Scope 1) GHG emissions	Base year for the calculation: 2013. This is the base year of our 2020 targets and our Climate Commitment. Please also see Environmental Sustainability: Our Planet: <u>Greenhouse Gas Emissions and Refrigerants</u> and Sustainability at Ingersoll Rand: <u>About Our Reporting</u> .
		Source of the emission factors and the global warming potential rates used: IPCC AR5 – Climate Change 2013; EPA Climate Leaders, Emission Factors for Greenhouse Gas Inventories, November 19, 2015; 2017; Climate Registry Default Emissions Factors Report, Table B.2, March 15, 2017.
		Consolidation approach for emissions: Financial control.
		Standards, methodologies, assumptions and/or calculation tools used: The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard; ISO 14064-1.
		Gross location-based energy indirect (Scope 2) GHG emissions: Please see Environmental Sustainability: Our Planet: <u>Greenhouse Gas Emissions and</u> <u>Refrigerants</u> .
GRI 305: Emissions		If applicable, gross market-based energy indirect (Scope 2) GHG emissions: Not applicable.
2017	305-2 Energy indirect (Scope 2) GHG emissions	If available, the gases included in the calculation: Gases included are those indirectly emitted through the production of electricity.
		Base year for the calculation: 2013. This is the base year of our 2020 targets and Climate Commitment. Please also see Environmental Sustainability: Our Planet: <u>Greenhouse Gas Emissions and Refrigerants</u> and Sustainability at Ingersoll Rand: <u>About Our Reporting</u> .
		Source of the emission factors and the global warming potential rates used: eGRID2016, February 2018; International Energy Agency, "CO ₂ EMISSIONS FROM FUEL COMBUSTION, Full Document," 2017 Supplemental table "CO ₂ emissions per kWh from electricity generation."
		Consolidation approach for emissions: Financial control.
		Standards, methodologies, assumptions and/or calculation tools used: The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard; ISO 14064-1.
	305-3 Other indirect (Scope 3) GHG emissions	11 million metric tons avoided in product emissions since 2013.
		Please see Environmental Sustainability: Our Planet: Greenhouse Gas Emissions and Refrigerants.
	305-4 GHG emissions intensity	Gases included in the calculation: HFCs, VOCs and those emissions associated with the combustion of fossil fuels (CO, CO ₂ , SO ₂ , NO _x , N ₂ O, HCs). We do not emit CH ₄ , SF ₆ , PFCs or NF ₃ . Gases included are those indirectly emitted through the production of electricity.
		Please see Environmental Sustainability: Our Planet: <u>Greenhouse Gas</u> Emissions and Refrigerants.
		GHG emissions reduced as a direct result of reduction initiatives: Green Team project led to the reduction of 444 metric tons of $\rm CO_2e$.
	305-5 Reduction of GHG emissions	Gases included in the calculation: HFCs, VOCs and those emissions associated with the combustion of fossil fuels (CO, CO ₂ , SO ₂ , NO _x , N ₂ O, HCs). We do not emit CH ₄ , SF ₆ , PFCs or NF ₃ . Gases included are those indirectly emitted through the production of electricity.
		Base year or baseline: 2013. This is the base year of our 2020 targets and Climate Commitment.
		Scopes in which reductions took place: Scope 1 and Scope 2.
		Standards, methodologies, assumptions and/or calculation tools used: The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard; ISO 14064-1.

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) AND/OR URL
MATERIAL TOPICS		
Greenhouse Gas Emission		
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Please see Environmental Sustainability: Our Planet: <u>Greenhouse Gas</u> Emissions and Refrigerants.
Regulatory Compliance		
	103-1 Explanation of the material topic and its Boundaries	Please see our Materiality Assessment and Value Chain pages.
GRI 103: Management Approach 2017	103-2 The management approach and its components	Please see Our Company: Regulations and Policy: EHS Management.
	103-3 Evaluation of the management approach	Please see Our Company: Regulations and Policy: EHS Management.
GRI 307: Environmental Compliance 2017	307-1 Non-compliance with environmental laws and regulations	Please see Our Company: Regulations and Policy: EHS Management.
Material Traceability and	Sourcing	
	103-1 Explanation of the material topic and its Boundaries	Please see our Materiality Assessment and Value Chain pages.
GRI 103: Management Approach 2017	103-2 The management approach and its components	Please see Business Sustainability: Our Products: <u>Supply Chain Transparency</u> and Performance and Environmental Sustainability: Our Planet: <u>Materials</u> .
	103-3 Evaluation of the management approach	Please see Business Sustainability: Our Products: <u>Supply Chain Transparency</u> <u>and Performance</u> and Environmental Sustainability: Our Planet: <u>Materials</u> .
GRI 308: Supplier Environmental Assessment 2017	308-1 New suppliers that were screened using environmental criteria	Please see Business Sustainability: Our Products: <u>Supply Chain Transparency</u> and Performance.
GRI 414: Supplier Social Assessment 2017	414-1 New suppliers that were screened using social criteria	Please see Business Sustainability: Our Products: <u>Supply Chain Transparency</u> and Performance.
Public Policy		
	103-1 Explanation of the material topic and its Boundaries	Please see our Materiality Assessment and Value Chain pages.
GRI 103: Management Approach 2017	103-2 The management approach and its components	Please see Our Company: Regulations and Policy: Public Policy.
	103-3 Evaluation of the management approach	Please see Our Company: Regulations and Policy: Public Policy.
GRI 415: Public Policy 2017	415-1 Political contributions	Please see Our Company: Regulations and Policy: Public Policy: <u>Political</u> <u>Activity and Contributions</u> and our <u>Governance, Ethics & Risk Management</u> section.
Product Reliability		
	103-1 Explanation of the material topic and its Boundaries	Please see our Materiality Assessment and Value Chain pages.
GRI 103: Management Approach 2017	103-2 The management approach and its components	Please see Business Sustainability: Our Products: Product Reliability.
	103-3 Evaluation of the management approach	Please see Business Sustainability: Our Products: Product Reliability.
GRI 416: Customer Health and Safety 2017	GRI 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Please see Business Sustainability: Our Products: Product Reliability.

GRI STANDARD DISCLOSURE PAGE NUMBER(S) AND/OR URL **MATERIAL TOPICS** Product Life Cycle 103-1 Explanation of the material topic and Please see our Materiality Assessment and Value Chain pages. its Boundaries 103-2 The management approach and its Please see Environmental Sustainability: Our Planet: Product Life Cycle GRI 103: Management components Approach (LCA) and End-of-Use Considerations. Approach 2017 We have 2020 targets related to product life cycle. We measure these goals 103-3 Evaluation of the management annually to ensure we are on track. Please see Our Data: Progress Toward approach 2020 Targets. Please see Environmental Sustainability: Our Planet: Product Life Cycle N/A Product life cycle Approach (LCA) and End-of-Use Considerations. **Customer Satisfaction** 103-1 Explanation of the material topic and Please see our Materiality Assessment and Value Chain pages. its Boundaries GRI 103: Management 103-2 The management approach and its Please see Our Company: Customer Satisfaction. components Approach 2017 103-3 Evaluation of the management Please see Our Company: Customer Satisfaction. approach Please see Our Company: Customer Satisfaction and our Stakeholder N/A Customer satisfaction Engagement page. Innovation for Developing Markets 103-1 Explanation of the material topic and Please see our Materiality Assessment and Value Chain pages. its Boundaries **GRI 103: Management** Please see Business Sustainability: Our Products: Technology and 103-2 The management approach and its components Innovation. Approach 2017 103-3 Evaluation of the management Please see Business Sustainability: Our Products: Technology and approach Innovation. Please see Business Sustainability: Our Products: Technology and N/A Innovation for developing markets Innovation Base of the Pyramid Solutions 103-1 Explanation of the material topic and Please see our Materiality Assessment and Value Chain pages. its Boundaries GRI 103: Management 103-2 The management approach and its Please see Business Sustainability: Our Products: Social Impact of Our components Products. Approach 2017 103-3 Evaluation of the management Please see Business Sustainability: Our Products: Social Impact of Our approach Products. Please see Business Sustainability: Our Products: Social Impact of Our N/A Base of the pyramid solutions Products. Technology and Innovation 103-1 Explanation of the material topic and Please see our Materiality Assessment and Value Chain pages. its Boundaries **GRI 103: Management** 103-2 The management approach and its Please see Business Sustainability: Our Products: Technology and components Innovation. Approach 2017 103-3 Evaluation of the management Please see Business Sustainability: Our Products: Technology and approach Innovation. Please see Business Sustainability: Our Products: Technology and N/A Technology and innovation Innovation and Letters From Our Leadership: Letter from Our Chief Technology Officer.

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MATERIAL TOPICS			
Nexus Opportunities			
GRI 103: Management Approach 2017	103-1 Explanation of the material topic and its Boundaries	Please see our <u>Materiality Assessment</u> and <u>Value Chain</u> pages.	
	103-2 The management approach and its components	Please see Business Sustainability: Our Products: <u>Social Impact of Our</u> . <u>Products</u> and Environmental Sustainability: Our Planet: <u>Energy Efficiency</u> <u>of Our Products</u> .	
	103-3 Evaluation of the management approach	Please see Business Sustainability: Our Products: <u>Social Impact of Our</u> . <u>Products</u> and Environmental Sustainability: Our Planet: <u>Energy Efficiency</u> <u>of Our Products</u> .	
N/A	Nexus opportunities	Please see Business Sustainability: Our Products: <u>Social Impact of Our</u> <u>Products</u> and Environmental Sustainability: Our Planet: <u>Energy Efficiency</u> <u>of Our Products</u> .	