



*2010 Sustainability Website Content*



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## Ingersoll Rand Family of Brands

Ingersoll Rand is a diversified industrial manufacturer with market-leading brands serving customers in global commercial, industrial and residential markets. Our roster of brands includes well-known names, such as those listed here, and dozens of highly regarded regional brands serving a variety of market segments.

- Club Car® – Industry-leading golf cars and utility, transportation and rough-terrain vehicles
- Hussmann® – Refrigerated display merchandisers, refrigeration systems and controls, and installation and service
- Ingersoll Rand® – Air compressors, compressed-air dryers, filters, and air systems; industrial tools, air motors and engine starters; pumps and fluid handling systems; lifting and material handling systems
- Schlage® – Residential and commercial mechanical locks; dead bolts; patented key systems; online, offline and wireless electronic locking systems and remote home management; security management systems, including digital video surveillance, integrated photo ID badging, guest-pass systems and alarm monitoring
- Thermo King® – Transport temperature-control units for trucks, trailers, small trucks, railcars and seagoing containers; heating, ventilation and air-conditioning systems for buses and passenger railcars; electric and engine-based auxiliary idle reduction and temperature-management systems for sleeper compartments in tractor cabs
- Trane® – The industry’s most extensive line of heating, ventilation, air conditioning and refrigeration (HVACR) systems, supported by a comprehensive portfolio of service agreement solutions and a chain of HVACR parts and supplies centers; automation controls for better HVAC system regulation and building performance; advanced heating, cooling and indoor comfort systems for residential environments; and an accredited Energy Services Company (ESCO)



## About this Report

This report contains content from the sustainability pages at [www.ingersollrand.com](http://www.ingersollrand.com) and with the 2010 Annual Report comprise the company’s Global Reporting Initiative (GRI) report. We self-declare this report meets the requirements of a B level standard under the GRI G3 guidelines. Financial, environmental and safety data represent the company’s global operations. The GRI Index, along with additional information on our sustainability programs and performance, can be found on our website at [www.ingersollrand.com](http://www.ingersollrand.com).

# 2010 Highlights

In 2010, we focused our efforts on the five critical sustainability issues identified for our business.

## Ethical business practices and sound governance

In February 2010, the Board of Directors approved a revised charter for the Corporate Governance and Nominating Committee that adds the company's sustainability efforts as a key responsibility of that Committee.

## Company profits and revenue management

Product and service innovation generated 17 percent of our revenues, equal to \$2.4 billion, in 2010. We also laid the foundation in 2010 for beginning to track and report the sales of green branded products in terms of environmental benefits, such as energy saved and greenhouse gas emissions avoided.

## Greenhouse gas emissions

Ingersoll Rand set and publicly announced aggressive sustainability goals, and we are on track to meet our 2019 goal to reduce our rate of energy use and greenhouse gas emissions by 25 percent normalized by revenue.

## Energy-efficient products and services

We are hiring 1,400 heating, ventilation and air conditioning (HVAC) experts in all regions of the world to meet the rising global demand for advanced building services that enhance energy efficiency and comfort in commercial buildings.

## Product impacts and stewardship, including product safety

The company's first life cycle assessment (LCA) was initiated on Trane's centrifugal chiller product line. Based on the International Standards Organization definition and process, this LCA provides a comprehensive view of the cradle-to-grave environmental impact of the product. The final Environmental Product Declaration (EPD) is set for publishing in early 2011. Additional complete LCAs are planned for 2011.

## Goals and Performance

Ingersoll Rand set goals based on an analysis of stakeholder expectations, industry leading performance and value to the business.

Long-term Goal	2010 Performance
<b>Total Recordable Incident Rate (TRIR)</b>	
67% reduction from 2008 to 2013	25% reduction from 2008-2010
<b>Lost Time Incident Rate (LTIR)</b>	
67% reduction from 2008 to 2013	36% reduction from 2008-2010
<b>Energy</b>	
25% normalized reduction* over a 10-year period**	6% reduction from 2009-2010
<b>GHG emissions</b>	
25% normalized reduction* over a 10-year period**	14% reduction from 2009-2010
<b>Nonhazardous waste generation</b>	
15% normalized reduction* (excluding scrap metals) from 2009 to 2013	1% reduction from 2009-2010
<b>Hazardous waste generation</b>	
3% normalized reduction* year-over-year	4% reduction from 2009-2010
<b>Recycling</b>	
100% of sites have program for recycle/reuse of aluminum cans, cardboard, electronics, oils, paper, plastics, scrap metal and wood by 2013	84% of sites recycle 4 waste streams and 81% of sites recycle 2 waste streams
<b>EHS management systems</b>	
100% of sites have validated EHS management system (EHS MS) by 2013	42% of sites have validated EHS management systems
<b>Annual performance review</b>	
100% of salaried employees receive a performance review	96.4% of salaried employees participated in a formal performance review

\*Normalized by revenue

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

# Leadership Perspective on Sustainability



**John Conover**  
President, Security  
Technologies Sector

In February 2011, John W. Conover IV, President of Security Technologies Sector and leader of the Ingersoll Rand Sustainability Strategy Council; Marcia Avedon, Senior Vice President, Human Resources and Communications; Todd Wyman, Senior Vice President, Global Operations and Integrated Supply Chain; Hari Harikumar, Vice President, Innovation and Sustainability for the Climate Solutions Sector, and other executives participated in a panel discussion on the role of sustainability in our business. Their conversation is shared below.

**Last year, we identified five key sustainability issues: energy-efficient products and services, ethical business practices and sound governance, company profits and revenue management, greenhouse gas emissions, and product impacts and stewardship. Are these still the most important sustainability issues for our company?**

Conover: Those are the right issues for us to focus on. We've made progress with many of these. The key issues are not a list that changes each year – it's about how you want to orient the company. It's about what we do for our customers.



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

**What are we learning about sustainability that will impact the company's focus and actions in the future?**

Harikumar: I think we have learned two key things. First, we gain customer insights into sustainability early in the product design process. Energy efficiency and sustainability are critical needs for our customers today. There is no longer a choice between energy efficiency or performance – it must be both. Second, we engage our suppliers in a product's life cycle assessment which provides a comprehensive view of the environmental impact of the product.



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

Conover: Here's another example. We decided to improve our standing on the Dow Jones Sustainability Indexes (DJSI). I established groups focused on 17 areas of sustainability within the DJSI survey. Some focus area members may have started by saying, "I have to learn about this." But I saw tremendous leadership engagement. By the end of the process, we recognized that we do a lot of good things as a company, but we have much more to do.

**In what ways has Ingersoll Rand integrated sustainability into our business practices?**

Avedon: Sustainability and corporate social responsibility is increasingly part of our external and internal communications. One of the ways we demonstrate leadership commitment and community engagement is by allowing employees to take time away from work to participate in community service.



**Hari Harikumar**  
Vice President, Innovation  
and Sustainability for the  
Climate Solutions Sector

Harikumar: We need to continue to incorporate sustainability. For example, we retrofitted coolers at schools, so now those coolers have energy meters. This helps the students become more aware of the school's energy use.

Wyman: Metrics drive behavior. By putting in internal measures, like the number of permit exceedences, we drove huge improvements. Metrics drive us to change our mindset. How do we change a process so we don't need a permit – we implement closed-loop systems that eliminate wastewater discharges. Energy reduction is the right thing to do to sustain the bottom line. The same is true with hazardous waste – it is aligned with our business strategy.

**Do we have the capabilities among our people to meet the environmental and social challenges of the future?**

Wyman: We've integrated sustainability into Ingersoll Rand University programs to help develop more capabilities in this area, and I've been amazed by the passion of our employees already participating. Imagine the power as engagement increases.

Conover: When we talk about college recruiting, this is among the top concerns. The younger generation is much more attuned to sustainability. They want to know what the company is doing to improve the world, and how our products and services meet the environmental needs of our customers. Our executives have been asked to present at numerous events, and the subjects we are most often asked to speak about are corporate ethics and sustainability.

**Our company is focusing on "walking the talk" of sustainability and demonstrating how safety, comfort and efficiency apply to our own operations. What are some of the benefits realized and challenges faced with this approach?**

Avedon: Sustainability drives innovation and is part of our approach to operational excellence. We are becoming more visible in our external and internal communications on sustainability and corporate social responsibility. Actively integrating sustainability into our business and work practices creates a source of pride and engagement for our employees. Our Board of Directors sees sustainability as aligned with and integral to our business strategy.

Conover: By publicly stating where we're going, we are becoming more accountable. We make our goals public and build them into individual performance goals for employees in sourcing, plant management and operations. We've learned that sustainability makes us a better business. The long-term risk profile of the company is improved, and our company is more robust. Sustainability will help us attract employees, provide a better value proposition for customers and enhance shareholder value.

# Stakeholder Engagement

Ingersoll Rand engages with many different people and organizations who are stakeholders in our company. These include employees, customers, investors, distributors and local communities, among others – all of whom have an interest in and an impact on our business. To better understand and manage the issues that are most important for our stakeholders, we engage with them in a variety of ways.

## External Sustainability Initiatives

The global challenges we face as a society are too large for any one organization to tackle alone. Ingersoll Rand participates in several voluntary partnerships and initiatives that help drive improved performance for our company and the greater community.

- Climate RESOLVE – Business Roundtable’s initiative encourages member companies to undertake voluntary actions to control greenhouse gas emissions within the U.S. economy. For more information, visit <http://seechange.businessroundtable.org/>.
- GreenChill – U.S. EPA cooperative alliance with the supermarket industry and other stakeholders to reduce refrigerant charges and emissions of ozone-depleting substances and greenhouse gases. For more information, visit [www.epa.gov/greenchill/](http://www.epa.gov/greenchill/).
- Save Energy Now – Ingersoll Rand is a LEADER company in the U.S. Department of Energy’s program, pledging to reduce our energy intensity worldwide by 25 percent over a 10-year period. For more information, visit [www.eere.energy.gov/industry/saveenergynow/](http://www.eere.energy.gov/industry/saveenergynow/).
- S.E.E. Change – Business Roundtable’s initiative encourages member companies to lead by adopting business strategies and projects that measurably improve society, the environment and the economy. For more information, visit <http://seechange.businessroundtable.org/>.
- SmartWay – Ingersoll Rand is a partner in U.S. EPA’s collaboration between the freight industry and government to reduce: fuel consumption from trucks and rail delivering freight; operating costs associated with freight delivery; and air emissions, including carbon dioxide (CO<sub>2</sub>), nitrogen oxides and particulate matter. For more information, visit [www.epa.gov/smartway/](http://www.epa.gov/smartway/).

## Center for Energy Efficiency and Sustainability

Launched in 2010, the Center for Energy Efficiency and Sustainability (CEES) is a dedicated global team of internal experts that is increasing the pace of environmentally sustainable innovation within the company, and creating a road map for employees, customers and critical stakeholders worldwide on how to incorporate energy efficiency and environmentally focused processes into their daily operations.

For our employees, we are creating a progressive culture that embraces sustainable business practices into all of our business processes and strategies – such as product innovation, sourcing and marketing. Working with outside industry experts, external partners and academia, the CEES acts as an essential catalyst that brings new perspectives into the company.

The CEES partners with government and nongovernmental organizations (NGOs), universities, and technology and industry leaders through research, scholarships and seminars to offer education in the areas of energy efficiency and sustainability. Created as a part of our worldwide commitment to environmental responsibility, the CEES advocates for policies, standards and education that promote sustainable behavior around the world.

Through the efforts of the CEES in 2010, Ingersoll Rand demonstrated its commitment to sustainability by advancing green practices into the way we operate our business. Some of these successes include:

- Initiated Ingersoll Rand's first complete life cycle assessment with results published in the first quarter 2011.
- Established a circular funding model for leveraging government grants and incentives related to energy efficiency.
- Completed an extensive audit and analysis to map ten specific sustainability aspects (including climate change, energy, solid waste, etc.) to Ingersoll Rand's processes around product manufacturing, operations and waste disposal. This activity helped prioritize the biggest risks and potential opportunities that apply to the company, while offering a road map for Ingersoll Rand to execute specific energy savings, waste management and policy initiatives.
- Created venues for gaining outside perspective and incorporating best practices into business strategy through the CEES Knowledge Network, an internal, virtual network that allows outside companies like 3M and Intel, and NGO partners to share their best practices.
- Developed the Advisory Council on Sustainability to guide actions, help create positions on important issues and challenge Ingersoll Rand in the development, testing and commercialization of new technologies and products based on sustainability and energy efficiency best practices.
- Established a partnership with the Environmental Defense Fund's Climate Corps program to assess and improve the company's approach to an operational energy-efficiency program.
- Established new networks and media partnerships that enhanced Ingersoll Rand's visibility and thought leadership in the areas of energy efficiency and sustainability.
- Entered into a relationship with Green Order to establish how Ingersoll Rand will define, holistically, the criteria for a green product or service. In 2011, we will use these internal definitions to further establish a portfolio of premium green offerings.

With the momentum achieved in 2010, the CEES will expand its network in Asia and Europe throughout 2011. Partnerships developed with well-respected organizations like GreenBiz, Forum for the Future, Purdue University and *The Economist* will play a significant role in helping Ingersoll Rand identify, understand and respond to emerging trends and opportunities in the marketplace.

## Advisory Council

The company's sustainability initiatives are guided by an Advisory Council, which comprises prominent global thought leaders in sustainability, infrastructure development, energy policy and technology, along with Ingersoll Rand executives. The Advisory Council assists in planning and integrating sustainability into daily operations, creating the next generation of innovations and enabling businesses to incorporate energy efficiency and environmentally focused processes into their operations. The members of the Advisory Council as of April 2011 include:

- Roberta Bowman, senior vice president and chief sustainability officer, Duke Energy
- Marian Chertow, associate professor and director of the Industrial Environmental Management Program at the Yale School of Forestry and Environmental Studies, Yale University
- Ole Daugbjerg, chief reputation officer, Danfoss Group
- Peter Madden, chief executive, Forum for the Future
- Patricia Nachtigal, Ingersoll Rand (retired)
- Katherine Sierra, senior fellow, Brookings Institution
- Daniel Vermeer, executive director, Duke University's Center for Energy, Development and the Global Environment
- Mathis Wackernagel, president, Global Footprint Network
- Terry Yosie, president and CEO, World Environment Center
- Marcia Avedon, senior vice president, Human Resources and Communications, Ingersoll Rand
- John W. Conover IV, senior vice president, Ingersoll Rand and President, Ingersoll Rand Security Technologies
- Todd Wyman, senior vice president, Global Operations and Integrated Supply Chain, Ingersoll Rand
- W. Scott Tew, executive director, CEES, Ingersoll Rand

## Ingersoll Rand Mobilizes Employees and Customers around the Globe to Make Every Day Earth Day

In honor of Earth Day's 40th anniversary in April 2010, Ingersoll Rand mobilized employees in more than 40 of its locations worldwide to host Earth Day recognition, education and community events, including those in Asia, Europe, India, Latin America, the Middle East and North America. This involved hosting events worldwide to celebrate green commitments and announcing the new Center for Energy Efficiency and Sustainability (CEES). The Earth Day activities illustrated the types of outcomes the CEES promises to offer employees, customers, communities and markets in the years to come.

We assembled and engaged existing facility-based green teams to help make the communities where we operate and serve more environmentally responsible.

We facilitated panel discussions on sustainability, recognized customers with energy leadership awards, hosted guest speakers and community representatives, invited groups to visit energy audits at select locations, and shared information on our efficient products and services.

## CEES Co-sponsors *The Economist's* 2010 Brazil Summit

On November 9, 2010, the Center for Energy Efficiency and Sustainability (CEES) at Ingersoll Rand co-sponsored *The Economist's* 2010 Brazil Summit to address opportunities for sustainable growth and social development in Brazil. Held at the São Paulo World Trade Center, the summit brought together experts in policy-making, finance, healthcare, agribusiness, energy and infrastructure.

The Summit served as a forum to share expertise on energy efficiency and sustainable infrastructure in Brazil – where development to meet increasing energy demands will require thoughtful planning to minimize environmental impact. During the Summit, Ingersoll Rand played a large role in leading the discussions around energy-efficient products and solutions to drive sustainable growth and infrastructure. In 2011, our Trane brand plans to introduce the first reduced emissions building system in Brazil.

## Approaches to Stakeholder Engagement

Stakeholders	Approaches to Engagement	Key Issues	How Issues Have Been Addressed
Customers	<ul style="list-style-type: none"> <li>• Ongoing customer research, including customer satisfaction metrics implemented at regular intervals globally for all businesses</li> <li>• Engaging our customers throughout the innovation process</li> <li>• Customer Satisfaction Index (CSI) scores are tracked for both end user and channel partners across the enterprise</li> <li>• “Issue resolution” processes in place</li> <li>• Continuous engagement through business relationships</li> <li>• Inform business leaders and functional teams of customer survey findings</li> <li>• Outcome driven innovation</li> <li>• Contextual interviewing</li> </ul>	<ul style="list-style-type: none"> <li>• Making continuous improvements in performance and reliability of our products and providing service levels at a value that is competitive in the marketplace</li> <li>• Helping customers meet their critical business requirements in areas such as energy efficiency and cost containment</li> </ul>	<ul style="list-style-type: none"> <li>• Understanding customer satisfaction drivers by customer type and by business and closing gaps</li> <li>• Developing and communicating action plans based on customer satisfaction data</li> <li>• Focusing business strategy on innovation and ongoing productivity improvements</li> <li>• Identifying and implementing energy saving opportunities for customers</li> </ul>
Investors	<ul style="list-style-type: none"> <li>• Regular communications with investors through quarterly earnings release and conference calls as well as quarterly and annual SEC documents – 10Qs and 10Ks – and participation at industry conferences</li> <li>• Dialogue with top 25 shareholders representing 50 percent of outstanding shares</li> <li>• Links to send email messages to the Board and the Compensation Committee Chair are available on website</li> </ul>	<ul style="list-style-type: none"> <li>• Executive compensation</li> <li>• Demonstrating performance that meets socially responsible investor expectations</li> </ul>	<ul style="list-style-type: none"> <li>• “Say-on-pay” shareholder resolution vote in 2010 affirmed the company’s compensation principles</li> <li>• Joined other leading global companies by having its foreign subsidiaries stop accepting orders for all products, components and parts where the subsidiary’s employees know such items would be destined for Iran</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Dialogue led by local businesses</li> <li>• Contract requirements and support</li> </ul>	<ul style="list-style-type: none"> <li>• Seeking guidance regarding Ingersoll Rand’s expectations for suppliers</li> <li>• Meeting those expectations and remaining competitive</li> </ul>	<ul style="list-style-type: none"> <li>• Developed Business Partner Code of Conduct to clearly articulate our expectations regarding ethics and responsible business behavior</li> <li>• Developed sustainability questionnaire for key suppliers</li> </ul>

<i>Stakeholders</i>	<i>Approaches to Engagement</i>	<i>Key Issues</i>	<i>How Issues Have Been Addressed</i>
Employees	<ul style="list-style-type: none"> <li>• Ingersoll Rand News of The Week, which allows for two-way communications (employees can comment or ask questions on stories and submit articles)</li> <li>• Intranet blogs</li> <li>• CEO webcasts</li> <li>• Ingersoll Rand University (IRU)</li> <li>• Leadership webcasts and town hall meetings</li> <li>• Employee engagement surveys on work environment</li> <li>• CEES launch of Knowledge Network to bring outside perspective and best practices to our organization</li> <li>• President’s and Chairman’s awards recognize achievements in areas that support Ingersoll Rand’s goals</li> <li>• Talent Management System (TMS)</li> </ul>	<ul style="list-style-type: none"> <li>• Enabling employees to be competitive globally and view themselves as citizens of Ingersoll Rand and as a whole as well as citizens of their communities</li> <li>• Facility closures or downsizing as a result of financial conditions or business requirements</li> <li>• Global reach of learning and development</li> <li>• Performance goals, feedback, development plans and career profiles</li> </ul>	<ul style="list-style-type: none"> <li>• Meeting employee expectations on work environment, competitive pay and work-life balance</li> <li>• Communicating benefits on working as one cohesive organization, “one Ingersoll Rand”</li> <li>• Expanding learning through the classroom and e-learning</li> <li>• Instituting cost savings to reduce need for layoffs</li> <li>• Providing benefits at competitive levels and treating employees with dignity and respect</li> <li>• Forming cross-functional work team to develop policies to encourage a Progressive, Diverse and Inclusive work environment</li> <li>• Working with employees to establish annual plans and track progress against them to facilitate short term development and long term career growth</li> </ul>
Distributors and dealers	<ul style="list-style-type: none"> <li>• Engagement led by those businesses that have distributors and dealers</li> <li>• “Town Hall” meetings to ensure opportunities for Q&amp;A sessions and information sharing</li> <li>• National and regional distributor meetings</li> <li>• Sharing end user customer satisfaction data with channel partners to help them understand customer needs/expectations and close any gaps</li> </ul>	<ul style="list-style-type: none"> <li>• Balancing competing needs, including boundaries and flexibility</li> </ul>	<ul style="list-style-type: none"> <li>• Implementing Dealer Advisory Councils for regular communications</li> <li>• Establishing awards programs to provide recognition for outstanding service and outreach</li> <li>• Implementing Business Partner Code of Conduct</li> </ul>
Facility neighbors, local government and communities	<ul style="list-style-type: none"> <li>• Community open houses, community ambassador committees, meetings with elected officials</li> <li>• Corporate contributions and grants through the Ingersoll Rand Foundation to community nonprofit organizations</li> </ul>	<ul style="list-style-type: none"> <li>• Providing jobs</li> <li>• Supporting local communities through taxes, purchasing and business partnerships, volunteerism and philanthropy</li> <li>• Minimizing environmental impacts of operations</li> </ul>	<ul style="list-style-type: none"> <li>• Providing business stability and employment</li> <li>• Encouraging employee volunteerism in the community and local philanthropic support</li> <li>• Setting goals and implementing energy and environmental improvements in company operations, products and services</li> </ul>

## Public Policy Involvement

We support the establishment of an effective technology transfer mechanism, so nations can accelerate the adoption of energy saving technologies, especially in buildings. Like many members of the business community, we strongly support national policies that channel low-carbon investments into key sectors with high short-term mitigation potential, such as buildings, transportation and the power sector. Using a multi-faceted approach that includes policy incentives, minimum standards, education awareness and market-based mechanisms, public policy can accelerate the transition to a low-carbon economy.

Representatives of Ingersoll Rand contribute to public dialogue, particularly regarding corporate sustainability, energy efficiency solutions and climate change mitigation. During 2010, our senior staff and subject matter experts participated in numerous conferences and meetings worldwide, attended by thousands of business executives and government officials. Our participation in these events allows us to share ideas and potential solutions to sustainability challenges. In addition, Ingersoll Rand employees serve on numerous industry and advocacy association boards in our major markets around the world. A few significant examples include:

- Mike Lamach, Ingersoll Rand's chairman, president and CEO, delivered the keynote speech at an Environmental Defense Fund's Climate Corps Conference, in which he emphasized the importance of energy efficiency stressing why it is critical to business and society, a challenge to deliver, but is also here to stay.
- Jeff Song, vice president of Ingersoll Rand and president of Ingersoll Rand China, delivered two speeches on energy efficiency in the Mayor Training Program for more than 100 Chinese mayors from second- and third-tier cities in 2010. Jeff also made speeches to business executives and professionals at No. 1 General Design Institute for Electric and Mechanical Systems as well as China's top universities, discussing with them how to build a low-carbon economy amidst the current situation of energy consumption in China.
- Ingersoll Rand India was one of the very few entities invited to display their sustainable innovations at the Agriculture and Food Security Expo attended by U.S. President Barack Obama on November 7, 2010 at St. Xavier's College in Mumbai, India. Co-organized by the Confederation of Indian Industry (CII) with the U.S. Agency for International Development and U.S. Department of Agriculture, the exposition showcased the efforts of U.S. and Indian institutions to develop tools and technologies that are revolutionizing the lives of Indian farmers. Venkatesh Valluri, chairman and president, Ingersoll Rand India, provided policy input to President Obama and Tom Vilsack, Secretary of the U.S. Department of Agriculture on effective development of Cold Chain technology in India.

## Globe Alliance Action Network

As part of our mission to engage external audiences on energy efficiency and sustainability, Ingersoll Rand joined Globe Alliance, a broad-based international action network of environmental, business, industry, financial, faith-based, academic and community organizations who share a commitment to advocating for sustainable building practices as a key strategy for combating climate change. With Globe Alliance, we are working to inform and urge policymakers to increase the use of existing technology to deliver immediate greenhouse gas emission reductions, while also encouraging research and development of next generation solutions.

## Political Contributions

It is our policy that Ingersoll Rand follows all applicable local guidelines for political contributions. In 2010, the company provided less than \$10,000 in political contributions to local and state candidates in the United States with proper disclosures made as required by local statutes. We provided no funding to national candidates in any country. In January 2011, the Ingersoll Rand Company Political Action Committee registered with the U.S. Business Roundtable Federal Election Commission (FEC). We have made initial solicitation requests of our eligible senior management. As individual citizens, our eligible employees are free to make such donations on their own.

## Industry and Advocacy Organizations

We are actively involved and hold leadership roles in the following national and international trade and advocacy organizations, many of which are advocating for responsible, sustainable business practices and initiatives:

- ABRAVA, Brazilian Association of Refrigeration, Ventilation and Air Conditioning
- ACEEE, American Council for an Energy Efficient Economy
- AHRI, Air Conditioning, Heating and Refrigeration Institute
- AIA, American Institute of Architects
- Alliance for Responsible Atmospheric Policy
- ANEFRYC, The Spanish National Association of Cold and Air Conditioning Companies (Asociación Nacional de Empresas de Frio y Climatización)
- ANFIR, Association of Manufacturers of Refrigeration Industry
- ASE, Alliance to Save Energy
- ASHRAE, American Society of Heating, Refrigerating and Air-Conditioning Engineers
- Australian Standards
- BOMA, Building Owners and Managers Association
- BRA, British Refrigeration Association
- BCSE, Business Council for Sustainable Energy
- CAGI, Compressed Air and Gas Institute
- China Chain Store and Franchise Association
- China Construction Ministry Science and Technology Committed City Bus Specialist Committee
- China Federation of Logistic and Purchase
- China Refrigeration and Air-Conditioning Industry Association
- China Supply Chain Council
- Council of Urban Public Transport Society of China
- Civil Engineering Society
- ECSLA, European Cold Storage and Logistics Association
- Electric Drive Transport Association (EDTA)
- Employers for Energy Efficient Buildings (E3B)
- Environmental Institute for Golf
- EPEE, European Partnership for Energy and the Environment
- Eurovent, European Committee of Air Handling and Refrigeration Equipment Manufacturers
- Federal Performance Contracting Coalition (FPCC)
- Food Logistics Commission of China National Food Industry Association
- GBCs, national and local chapters of Green Building Councils in the United States, Brazil, Canada, India, Mexico and the Middle East
- GBI, Green Building Initiative
- Global Cold Chain Alliance (GCCA)
- The GLOBE Alliance
- HI, Hydraulic Institute
- IIR, Industrial Information Resources
- IRTA, International Refrigerated Transportation Association
- MAPI, The Manufacturers Alliance
- Mutual Aid Committee of Northern Industries (Comité de Ayuda Mutua de Industrias del Norte)
- NAESCO, National Association of Energy Service Companies
- NAM, The National Association of Manufacturers
- NASEO, National Association of State Energy Officers
- Nuevo Leon's Recycling Committee (Comité de Reciclamiento de Nuevo León)
- ORC, Organization Resources Counselors
- Outdoor Power Equipment Association (OPEI)
- Rebuilding America
- Risk and Insurance Management Society
- The Japan Refrigeration and Air Conditioning Industry Association
- Transfrigoroute
- UIMM, Union des Industries et Metiers de la Metallurgie
- United Fund, Fondo Unido, A.C.
- World Golf Foundation 2020 Environmental Committee

# Products and Services for a More Sustainable Future

## **Sustainable Innovation through World-Class Brands**

During 2010, we launched, redesigned and expanded a variety of products and services under our family of brands with a focus on sustainability – including energy efficiency improvements, reduced emissions of greenhouse gases (GHG) and ozone depleting substances and sustainable materials aligned with green buildings standards. Through our products and services, we develop innovative solutions to inspire sustainable progress around the world.

### **Trane – Geothermal system**

Both central and distributed geothermal systems benefit from the relatively constant temperature of the earth for energy exchange. However, depending on the configuration, central geothermal systems can recover building energy (heating and cooling) more efficiently than distributed systems.

Trane's Central Geothermal System combines the energy efficiency of a traditional geothermal heat-pump system with the benefits of centralized heating, cooling and air handling to provide an even more efficient and comfortable geothermal system. Significant benefits include centralized maintenance, reduced noise, improved air cleaning and greater flexibility in equipment selection within the system.

The Central Geothermal System uses standard (non-reversing refrigeration circuit) chillers as chiller/heaters. These highly efficient and application capable chiller/heaters are at the heart of this system. A four-pipe hydronic system allows designers to centralize the air system and use efficient fans and motors. A variable-air-volume (VAV) system conditions ventilation air and reduces fan energy. Air economizers efficiently handle the cooling load when outdoor air provides natural cooling. All of this, combined with the efficiency of a geothermal system, results in unmatched system performance.

### **Club Car – Solar-energy recharge electric vehicles**

In 2010, we developed a range of small, electric-powered cargo and passenger vehicles to meet the European Union's standards for vehicle air emissions. Expanding on Club Car's specialization in golf cars, these new task-oriented vehicles offer cleaner mobility solutions for a variety of applications, including transportation for the elderly and disabled. Also under our Club Car brand, we continued the SolarDrive program, launched in 2009 in collaboration with Denmark-based SolarDrive, to promote the use of solar energy to recharge electric vehicles. In 2010, we increased the number of vehicle models compatible with SolarDrive technology to serve a larger industry market.

### **Thermo King – Refrigerated vehicle solutions**

In India, Thermo King launched a new battery-operated refrigeration unit specially designed for small delivery vans to maintain farm produce freshness in the hot climate. The re-engineered refrigeration unit, Thermo King B100, helps reduce food waste – a large issue in India where approximately 35 to 40 percent of farm produce becomes waste, often due to a lack of refrigeration infrastructure. The new refrigeration technology was featured at the November 2010 Agriculture and Food Security Expo attended by U.S. President Barack Obama in Mumbai, India.

In the United States and England, Thermo King developed non-diesel solutions for refrigeration truck fleets in response to trucking companies seeking more energy-efficient and environmentally responsible options.

### **Ingersoll Rand – Energy-efficient products and systems**

We developed and redesigned Ingersoll Rand-branded products in 2010 with energy efficiency in mind. Newly launched products included a series of air compressor systems that integrates technologies for not only energy efficiency, but also reliability – a trait Ingersoll Rand customers have counted on for more than 140 years. During the redesign of one of our battery chargers for a cordless power tool, we improved energy efficiency by addressing the issue of “standby power,” or energy consumed while a product is plugged in but turned off or in standby mode. The redesigned charger uses 0.5 watts of standby power, 2.5 watts less than the original charger, and earned Energy Star certification.

### **Schlage – Long-lasting security solutions**

The new Schlage lock series features an electronic reader that can be swapped out and replaced when a new technology emerges, enabling the majority of the lock hardware to be reused when upgrading to the newer technology. This innovative security device reduces waste during its product life cycle and extends the life of the product.

The Schlage LiNK™ wireless home-management and keypad lock system has received an International Consumer Electronics Show Innovations 2010 Design and Engineering Award. The Schlage LiNK System includes a wireless lock or deadbolt and is built around Z-Wave® technology, which enables homeowners to lock and unlock doors, monitor live camera feeds and control temperature, lighting and other devices from any computer and most web-enabled mobile phones.

## **Green Buildings and Energy Conservation**

Energy used to operate the heating and cooling, lights, water distribution, elevators and other systems in buildings is more than one-third of the world’s total energy use, according to the Clinton Climate Initiative. Therefore, the “built” environment is a critical part of the climate change problem – and its solution. Our expertise in climate control technologies makes Ingersoll Rand a global leader in helping building owners around the world reduce energy use and the associated greenhouse gas emissions.

We demonstrate our commitment to energy-efficient and environmentally responsible buildings by serving as leaders within several highly respected organizations dedicated to promoting green buildings. One of our executives serves as a board member of the Green Building Initiative (GBI), whose mission is to accelerate the adoption of building practices that result in energy-efficient, healthier and environmentally sustainable buildings by promoting credible and practical green building approaches. A nonprofit education initiative, the GBI owns and operates the Green Globes assessment and rating system in the United States.

Ingersoll Rand has been an active member of the U.S. Green Building Council (USGBC) since 2000. USGBC is committed to a prosperous and sustainable future through cost-efficient and energy-saving green buildings. With a community comprising 80 local affiliates, 17,000 member companies and organizations, and more than 157,000 Leadership in Energy and Environmental Design (LEED) Professional credential holders, USGBC leads an unlikely diverse constituency of builders and environmentalists, corporations and nonprofit organizations, elected officials and concerned citizens, and teachers and students. According to USGBC, buildings in the United States are responsible for 39 percent of carbon dioxide emissions, 40 percent of energy consumption, 13 percent of water consumption and 15 percent of gross domestic product per year, making green building a source of significant economic and environmental opportunity.

### **Ingersoll Rand Playing Prominent Role in Building India’s Cold Chain Industry**

During the past year, Ingersoll Rand has been working proactively with government and industry in India to develop the country’s cold chain sector. Recognizing Ingersoll Rand’s leading role and thought leadership in this area, India’s Ministry of Food Processing Industries invited Ingersoll Rand India President Venkatesh Valluri to join the minister’s core advisory committee and be a part of the recently created “Ministry-Industry Consultative Committee” (MICC). The MICC will hold extensive and continuous consultations with stakeholders to boost India’s food processing sector, of which the cold chain is an integral part.

### Trane Named a USGBC Education Provider

Trane was named a USGBC Education Provider in March 2010 and will offer curriculum to equip professionals with the continuing education needed to stay competitive in the green building industry. To become an Education Provider, Trane had to develop courses that were peer-reviewed and approved by USGBC as having educational content meeting USGBC's rigorous quality requirements for LEED Professional Credential holders and the green building marketplace. The company's four initial Engineers Newsletter Live course offerings have been approved by USGBC and will assist LEED professionals in maintaining their Green Building Certification Institute credentials and Continuing Education hours.

### Audits Yield Large CO<sub>2</sub> Emission Reductions for BASF

In partnership with BASF, a leading chemical company, we conducted nine audits on the company's compressed air systems and identified opportunities to significantly reduce CO<sub>2</sub> emissions. Ingersoll Rand's Thermal-Environmental System (TES) designed the utilities for a new BASF manufacturing site and eliminated the need for hot water boilers by using water-cooled air compressors. BASF was able to use heat recovery from the air compressors instead of installing separate boilers to heat the water. By implementing Ingersoll Rand's TES sustainable designs, BASF reduced its annual CO<sub>2</sub> emissions by more than 17,000 tons.

### Trane – Energy-efficient building solutions

In 2010, Trane helped numerous customers upgrade their building HVAC and management systems to reduce energy use and operating costs. Some noteworthy examples include:

- Transitions Optical in Tuam, Ireland, began a project with Trane to enhance eyeglass lens production while saving energy and production costs. Through the implementation of energy conservation measures and improving the process for producing chilled water, Transitions Optical saved €138,900 (\$192,000) in annual energy costs while doubling its lens production cost efficiency. In recognition of its commitment to energy efficiency and environmental responsibility, Transitions Optical received the Trane "Energy Efficiency Leader Award" – the first business in Ireland to receive this honor.
- The Lakota School District in Liberty Township, Ohio, entered a multi-faceted project with Trane to update the school district's 25 facilities. The project incorporates energy conservation upgrades – including lighting retrofits, HVAC improvements and control system improvements – that will save an estimated \$667,000 in annual energy costs. Following completion of Phase One, the project has already exceeded savings projections by 15 percent. We expect energy and operating cost savings to exceed \$900,000 per year by project completion.
- TIAA-CREF headquarters in New York City replaced its aging steam absorption chillers with Trane high-efficiency chillers, upgraded its cooling towers and installed an ice thermal energy storage system – saving approximately \$765,000 per year in operating costs, energy use and demand charges.
- The University of Central Missouri partnered with Trane to create an energy-efficient campus – including the installation of 150 geothermal wells for high-efficiency heating and cooling – with anticipated annual energy savings of more than \$735,000. By the fall of 2010, lighting retrofits and geothermal heating and cooling systems completed in June had already generated \$500,000 in energy and operating cost savings.

### Product Stewardship

Our processes for new product development incorporate environmental considerations from the first stage. For example, since 2009 our Residential Solutions business has used an EHS checklist during new product development. The checklist includes criteria regarding raw materials, supplier impacts, hazardous materials, recyclability and impacts of both manufacturing and end use.

We have developed many products driven by environmental considerations in the areas of energy efficiency, reduced ozone depletion, reduced GHG emissions and sustainable materials.

In early 2010, we initiated a benchmark survey to identify the portion of our revenue covered by Life Cycle Assessments (LCAs). We determined that partial environmental assessments cover approximately 14 percent of our total revenue. Since the initial survey, we began a complete LCA on the Trane centrifugal chiller product line with results set for 2011 publication. Additional LCAs are planned for completion during 2011. To support expanded use of LCAs in the future, we are developing an enterprise LCA system for use in 2012 and beyond.

Environmental claims are under increased scrutiny and adding to the confusion around the true environmental impact of products is the proliferation of third-party green labels. Customers are becoming more sophisticated in their approaches to considering sustainability as a factor in the purchase decision. However, very few companies have taken any approach on their own to define a green product, and those that do typically limit their focus to one or two criteria such as energy efficiency or GHG emissions. Very rarely is the entire life cycle of the product considered in the definition.

Recognizing an opportunity to lead in this area, Ingersoll Rand has launched an effort to define the meaning of a green product within the company. We are taking a holistic approach by considering a complete set of environmental criteria across the entire product life cycle. Working with Green Order, Ingersoll Rand developed a set of sustainability criteria and vetted them externally using an interview process conducted by Green Order.

The green portfolio will change the way we think about innovation and new product development through increased focus on environmental considerations over the entire product life.

## Customer Satisfaction

Ingersoll Rand rolled out an enterprise-wide system to measure customer satisfaction using a standardized set of questions covering four key areas – sales, delivery, product and service – which is now used by all businesses globally. There are additional questions addressed to channel partners (product distributors) and another set of questions addressed to end-use customers. As implementation of the system has advanced, we are now developing a central database containing key data from customers as well as the resulting Customer Satisfaction Index (CSI) scores, by business. We consolidate the data globally across all businesses and will begin reporting in 2012 on year-over-year change in scores. Having a comprehensive view of our customers' perspectives will help guide investment decisions on a business, sector and enterprise level and help us track performance against a key 2011 enterprise goal: "Delight customers by improving quality, service and delivery by 20 percent per year."

### Responding to Customer Feedback on the Schlage LiNK™ Remote Home Management System

In response to feedback received from our customers on the Schlage LiNK™ remote home management system, we have developed several new capabilities and features to allow users to more closely monitor what is happening in the home. The new mobile phone application enables homeowners to use their web-enabled phones or computers to monitor and control home management devices, including Z-Wave®-enabled locks, lights, Trane thermostats, Schlage cameras and other Z-Wave devices. Through this application, customers can remotely adjust their home temperature and closely monitor their home security while away.

# Environmental, Health and Safety Footprint of Our Operations

**O**ur integration of sustainability into our operations begins with our environmental, health and safety (EHS) vision, policy and management systems. These create a framework for our commitment to use resources responsibly, create safe workplaces, support the communities where we live and work and foster long-term business success.

## EHS Policy

We prominently post the EHS policy in all Ingersoll Rand locations where we have at least a 50 percent controlling interest. Within this policy, we commit ourselves to sustainable business practices and responsible behavior that upholds our corporate reputation. Our policy is available in 16 languages to ensure that all employees are engaged as we work toward achieving our EHS performance targets, developing EHS standards that promote compliance and continuous improvements, conducting periodic audits against standards and sharing best practices worldwide. The policy is available on our website at [www.ingersollrand.com](http://www.ingersollrand.com).

## Management Systems Support Path to Premier Performance

Our management systems facilitate the protection of, and respect for, the natural environment and our employees' health and safety. The Ingersoll Rand EHS management system includes a set of standards outlining the practices that all of our facilities worldwide must adopt as the basis for safe, environmentally-responsible operations. These standards cover all of our facilities worldwide and cover a full range of topics.

## Validation and External Certifications

Our EHS management system is closely aligned with international standards for environmental management (ISO 14001) and health and safety management (OHSAS 18001) systems. Our 2013 goal is to have 100 percent of our facilities operating under a validated EHS management system. To accomplish this, each facility must either obtain third-party certification under the ISO and OHSAS standards, or undergo a rigorous validation process that has been integrated into our EHS audit program. Forty-two percent of our sites have validated EHS management systems.

In addition to our internal validation process, 32 facilities received third-party ISO 14001 certification by year-end 2010, including three newly certified sites. Twenty-two locations also held OHSAS 18001 certification, including four received in 2010.

## EHS Organization

In cooperation with the company's business managers around the world, our vice president of EHS is primarily responsible for developing EHS programs and assuring that our operations comply with all applicable local, national and international laws. The vice president receives guidance from the EHS Strategy Council, which represents Ingersoll Rand EHS professionals from each business sector.

At the corporate level, EHS staff establishes requirements and guidelines for our facilities worldwide and manage risks associated with transactions and site cleanups. Staff members directly engage with our operations to drive best practices and identify ways to improve EHS and energy performance, working across functions and business units. Day-to-day responsibility for EHS management resides primarily with facility, business unit and sector staff.

## **Audit Program**

We regularly monitor our facilities' performance against the Ingersoll Rand global EHS standards and Management System requirements as well as applicable regulatory requirements. Our corporate EHS group arranges independent audits using a combination of third-party consultants and EHS staff from the corporate staff and business sectors. Each Ingersoll Rand location is audited at least once every three years.

The third-party audit program is supplemented by annual self-assessments conducted using a standard companywide protocol. Sector and corporate EHS staff also conduct evaluations to identify opportunities for improving EHS performance and reducing costs.

## **Training and Awareness**

Our training activities raise EHS awareness and provide every worker with the tools that he or she needs to do the job safely and with respect for the environment. We expect every Ingersoll Rand employee to be responsible for conserving resources, reducing waste, and working safely and efficiently.

Global webinars are a cost-effective way to train employees and raise awareness. We provide quarterly global webinars for EHS staff as well as facility managers and business leaders. In each of our geographic regions, we schedule additional EHS webinars or live meetings twice a year. During these meetings, we share best practices and address regional EHS performance and compliance issues.

We encourage safe behaviors inside the workplace, on our customer's jobsite and within the communities where we operate. For example, to promote safety awareness among employees, our Industrial Technologies facility in Shanghai held more than 20 driving safety sessions across its operations in 2010. The sessions included safety videos and road shows to reinforce safe driving habits and emphasize the potential safety risks associated with driving.

A new interactive online program, "Environmental, Health and Safety (EHS) Awareness," was rolled out to all salaried employees globally in 2010. The program challenges participants to identify ways to improve EHS performance using real situations that can be found every day at Ingersoll Rand. EHS Awareness helps drive change by reinforcing the EHS culture within the company. The program is available in English, Simplified Chinese, European Spanish, Latin American Spanish, French, German and Italian. Of the 25,635 eligible participants, 21,222 employees (83 percent) completed the voluntary online program.

## **Enterprise-wide Data Collection**

We collect EHS data from our manufacturing, R&D, distribution, service, sales and office facilities around the world. Our internal web-based data collection and performance monitoring system called "IREHS" has been in place since 2008. This has improved the quality and efficiency of our metrics collection process year over year and has made it possible for us to track performance against our corporate EHS goals. The system is used to generate monthly scorecards on company-wide and sector-specific progress toward key EHS metrics. The vice president of EHS provides these reports to the CEO and the CEO's direct reports, which helps drive management support for our ongoing efforts to improve EHS performance.

## Acquisitions and Divestitures

We include data from newly opened and acquired facilities into the IREHS system and monthly scorecards as soon as they become part of Ingersoll Rand. If a facility is divested or closed, we include data for the time period it was part of our company in our year-over-year comparisons. Our baselines are adjusted to account for acquisitions and divestitures when significant changes occur in our operations, such as the inclusion of Trane in 2008.

## Normalizing Data

We report data in both absolute and normalized terms. We normalize enterprise-wide environmental and energy data to worldwide revenues because we find this to be a useful factor for calculating eco-efficiency across our diversified operations and benchmarking against the performance of other industrial companies. Safety data is normalized by number of hours worked.

## Verification

For several years, Ingersoll Rand has used a third party to verify our GHG emissions data. For the 2009 sustainability report, the review was expanded to include all EHS data in our sustainability report. The EHS data represent a significant part of the information in this report and are critical to setting and measuring performance against our EHS goals. The data assessment includes document reviews, data collection, site visits and interviews with key personnel within our company. The 2010 report further expands the scope of third party verification to include all information included in the report.

In addition, the Global Reporting Initiative (GRI) confirmed that the Ingersoll Rand 2009 Sustainability Report met the requirements of Level B reporting through its application level check. With this check, the report achieves a select status among our peer group. GRI will review and confirm our reporting level in this year's report.

Letters documenting the results of the third-party verification and GRI's application level check can be found on our website at [www.ingersollrand.com](http://www.ingersollrand.com).

## Energy Use

Reducing energy use – and the associated GHG emissions – continues to be a key sustainability issue and primary goal at Ingersoll Rand.

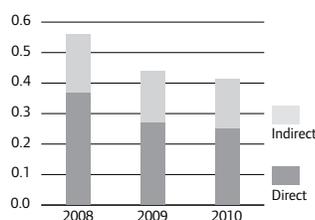
Ingersoll Rand tracks the energy used on site by fuel combustion (known as direct energy) as well as purchased electricity (known as indirect energy).

Our energy reduction efforts have exceeded our targets for 2010. We reduced our energy use, normalized by sales, by 6 percent from 2009 to 2010. Our long-term goal is to reduce normalized energy use 25 percent from 2009 to 2019. We will continue to reduce our energy in 2011 by deploying a global submetering program, which will allow monitoring of energy usage within specific areas of facilities to help identify and prioritize energy reduction opportunities.

As a leading provider of energy-efficient systems and solutions for buildings, our commitment to energy efficiency begins in our own facilities and processes.

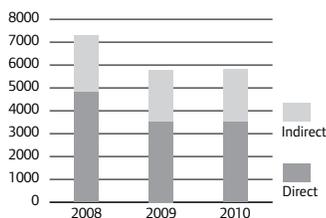
### Energy Use

Billion BTUs per million dollar sales



### Energy Use

Billion BTUs



### Energy-Saving Achievements Highlighted by DOE

The great efforts of our employee volunteers in many sites are helping us achieve significant energy savings. The achievements of our Tyler, Texas; Pueblo, Colorado; and Bridgeton, Missouri, teams are highlighted in a case study published by the U.S. Department of Energy (DOE).

As a cornerstone to Ingersoll Rand's efforts to reduce our energy intensity by 25 percent by 2019, we have partnered with the DOE through its Save Energy Now LEADER initiative. To demonstrate how we are transforming our business and changing the way we use energy, the DOE has published an Energy Assessment Case Study titled "Ingersoll Rand Discovers Hidden Savings with a Three-Tiered Energy Audit Model." The study explains how our energy audit program has achieved \$4 million in savings in energy costs thus far.

The energy audit program continues to deliver savings. Our efforts also are featured in Environmental Leader, a web-based publication focusing on energy, environmental and sustainability topics for business. To read more, go to [www.environmentalleader.com/](http://www.environmentalleader.com/) to find "Ingersoll Rand Saves \$4M in Energy Costs."

## Greenhouse Gases

The Sustainability Strategy Council (see Governance and Ethics) provides oversight, guidance and direction on key issues, including climate change due to greenhouse gases. The council, which includes representation from all Ingersoll Rand business sectors, identifies and evaluates the risks and opportunities related to climate change to ensure long-term economic viability to our stakeholders.

Climate risk and opportunities are evaluated based on tracking GHG emissions from sources that we own or control (Scope 1) and GHG emissions that result from our activities, but are generated at sources owned or controlled by another organization (Scope 2). The data reflect refrigerant emissions as well as GHG emissions generated from gasoline; natural gas; diesel; propane; kerosene; no. 2, no. 4 and no. 6 fuel oil; and fuels used by our fleet vehicles. We derived all global warming potentials from the World Resources Institute and World Business Council for Sustainable Development (WRI/WBCSD) Greenhouse Gas Protocol and other associated standards.

Total (direct and indirect) GHG emissions decreased 8 percent (absolute) and 14 percent from 2009 to 2010.

### Ingersoll Rand Supports EDF Climate Corps

EDF Climate Corps places top MBA students in companies to develop practical, actionable energy efficiency plans that cut costs and greenhouse gas emissions. In 2010, Ingersoll Rand sponsored two Climate Corps fellows, who traveled to five manufacturing sites to conduct energy audits and identify opportunities to improve energy efficiency. These improvements, in conjunction with the company's cultural shift toward sustainability, have identified potential cost savings of \$10 million and reduced greenhouse gas emissions of 4,632 tons of CO<sub>2</sub> per year, with a payback of less than half a year.

In addition, in 2010 Ingersoll Rand helped sponsor the EDF Climate Corps one-day seminar "Capturing the Energy Efficiency Opportunity: Lessons from EDF Climate Corps" hosted by Duke's Center for Energy, Development, and the Global Environment (EDGE Center). The event began with "climate leaders in conversation," featuring Michael Lamach, chairman, president and chief executive officer of Ingersoll Rand speaking with Peter Senge, Director of the Society for Organizational Learning at the MIT Sloan School of Management. During the event both the fellows and company representatives participated in shared experiences regarding energy projects.

### Green Teams

A growing number of our facilities have active Green Teams that encourage employee engagement in environmentally friendly behaviors and community service. Most Green Team activities align with corporate objectives regarding waste reduction and energy efficiency, although teams have the flexibility to promote other activities that are important to the employees and the local community.

Green Teams often go beyond office recycling and host events that connect recycling and waste reduction to community service. Other waste reduction efforts include electronics swaps and recycling events, waste kaizen events and reduction of incoming packaging.

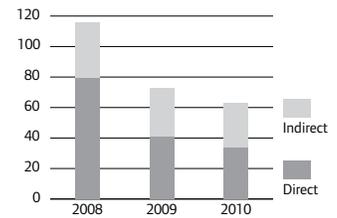
The teams promote a workplace culture that views environmental and safety goals as valuable and fun. Green Teams collaborate and share ideas through a network of team leaders and the company Green Teams intranet site.

### Schlage Mexico Water Reduction

We set 2010 goals at our Schlage plant in Tijuana, Mexico, to reduce normalized water usage by 10 percent as compared to the previous year. The facility exceeded this goal with a 35 percent water usage reduction by introducing projects such as water use reduction goals for the plating and washer area, and restrooms. The facility continues to set water reduction goals for 2011, including a zero process discharge and implementing a wastewater recovery system.

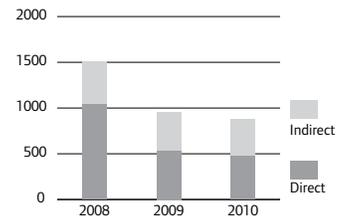
### Greenhouse Gas Emissions

Thousand metric tons CO<sub>2</sub>e  
per million dollar sales



### Greenhouse Gas Emissions

Thousand metric tons CO<sub>2</sub>e



### Trane Manufacturing Site Reduces Evaporative Oil VOC Emissions

Our Lynn Haven, Florida, manufacturing site developed a solution to significantly reduce volatile organic compound (VOC) air emissions during the fin-making process. The site looked at several alternatives for reducing or eliminating evaporative oils, VOCs used as lubrication during the fin-making process. Following an extensive study of the alternatives in association with productivity, safety and customer requirements, the site developed the Electrostatic Lubrication System using Finworks 4111 as a lubricant. Since implementation, the new system has reduced VOC air emissions by more than 50 percent, from 88 tons in 2009 to 40 tons in 2010 and zero in 2011.

## Air Emissions

Ingersoll Rand is continuing to work diligently to reduce and eliminate air emissions of concern. New operations and product lines undergo a thorough analysis to ensure that we identify, manage and control any potential air emissions.

## Water Management

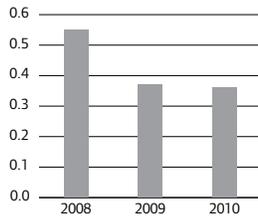
Ingersoll Rand considers water quality for both intake and discharge a critical issue at all of our sites. We comply with local regulations and obtain permits as necessary. We monitor compliance with all permit requirements and take aggressive action when exceeding any permitted parameter.

In 2010, Ingersoll Rand used approximately 5 billion liters of water. Water use increased 3 percent (absolute) and decreased 4 percent (normalized) from 2009 to 2010.

Beginning in January of 2010, we launched an enterprise initiative for tracking and improving the capability of our waste treatment and storm water management systems to meet permitted discharge values. The water tool, which we refer to as the "Pollution Prevention Capability Tracker," was developed and piloted in 2008 by employees within our Security Technologies Princeton, Illinois, facility. Members of corporate EHS staff have joined efforts with professionals from Princeton to train other EHS professionals on the use of the now mandatory tool. Through initiatives such as this, we reduced permit exceedances by more than 75 percent from 2009 to 2010 and continue to evaluate circumstances where the need for permits may be eliminated.

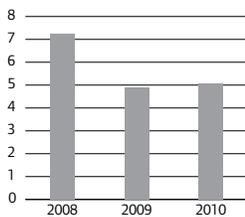
### Water Use

Liters per dollar sales



### Water Use

Billion liters



## Supply Chain Management

### Improving Performance through Our Business Partner Code of Conduct

We require our business partners to attest that they comply with the Ingersoll Rand Business Partner Code of Conduct. The Business Partner Code of Conduct outlines how we seek to do business in accordance with our sustainability vision and core values. It sets the expectation that our business partners will comply with laws and regulations covering anti-discrimination, wages and benefits, child and forced labor, freedom of association, human rights, health and safety, environment, antitrust and competition laws, anti-corruption and bribery and global trade compliance. The Business Partner Code of Conduct applies to all of our contractors, suppliers, subsidiaries and joint venture partners.

The Business Partner Code of Conduct is available online in eight languages at [www.ingersollrand.com](http://www.ingersollrand.com).

In 2010, Ingersoll Rand's supplier audit process was updated to include a sustainability module for all new and existing suppliers.

## Waste Generation

Ingersoll Rand reports hazardous and nonhazardous waste data. We met our hazardous waste goal of an annual 4 percent reduction, normalized by sales, from 2009 to 2010. During this period, our absolute generation of hazardous waste increased 3 percent and our normalized generation decreased 4 percent.

Our nonhazardous waste generation increased 6 percent (absolute) and decreased 1 percent (normalized) from 2009 to 2010. Our challenges in 2010 included wastes resulting from the movement of production lines between sites, reclassification of some waste and improvements in wastewater treatment systems that resulted in increased nonhazardous sludge and wastewater disposed of as waste. We will further focus on decreasing nonhazardous waste to meet our 5-year goal of a 15 percent (normalized) reduction by 2013.

Our data include nonhazardous waste and hazardous waste (as defined locally) from our global manufacturing, R&D, distribution, service, sales and office operations. Nonhazardous waste includes oils and coolants that are used for fuel blending, as long as they are not classified by local regulations as hazardous waste, and excludes scrap metal. The data represents waste from ongoing operations only and does not include waste resulting from one-time events, such as cleanup events or decommissioning activities.

In 2010, Ingersoll Rand began to track waste sent to landfill from our company locations worldwide. Nonhazardous waste sent to landfill was approximately 18,300 metric tons. Hazardous waste sent to landfill was approximately 770 metric tons in 2010.

Ingersoll Rand is committed to managing our waste based on the following hierarchy:

- Reduce – Prevent waste generation by reducing the amount and toxicity of materials used in product packaging, manufacturing and handling throughout the life cycle.
- Reuse – Extending the life and reusing items saves energy and money.
- Recycle – Recycling can save money and energy, and reduce environmental impacts.
- Dispose – Waste-to-energy, in which the heat from high temperature waste combustion is used to help generate electricity, is generally more desirable than landfilling waste.

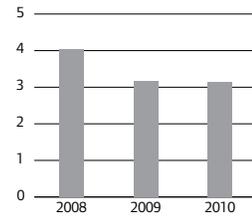
## Compliance and Fines

Our EHS standards require all Ingersoll Rand facilities to comply with applicable local, state and national laws. Any instances of noncompliance at the facility and business unit level are reported to corporate EHS and addressed in a joint effort. Under our EHS management system, every site has procedures in place to prevent spills and other noncompliance events and, if they do occur, to mitigate and report them as required.

We paid a total of \$17,180 in 2010 for eight health and safety violations. Company management treats compliance very seriously and conducts a thorough investigation into each violation. Corrective measures are in place to prevent recurrence. We incurred no environmental fines during the year.

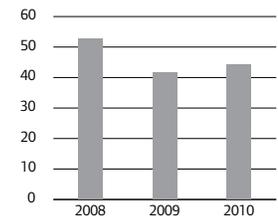
### Nonhazardous Waste Generated

Thousand metric tons per million dollar sales



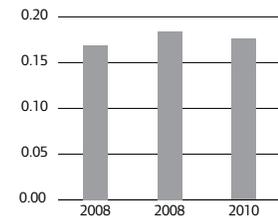
### Nonhazardous Waste Generated

Thousand metric tons



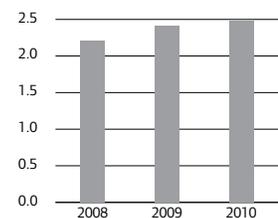
### Hazardous Waste Generated

Thousand metric tons per million dollar sales



### Hazardous Waste Generated

Thousand metric tons



# Engaging Our Employees

As the world continues to change at a rapid pace, Ingersoll Rand is growing and developing to meet the needs of tomorrow. A progressive, diverse and inclusive work environment is optimal for our employees and business. To achieve this environment, we formed a Leadership Council that developed a multi-year strategy and gained support from senior management and our Board of Directors. The strategy guides Ingersoll Rand in celebrating individual and collective achievements, as well as helping individuals feel more valued and included in our mission.

A critical component of employee engagement is feedback. We gain feedback through our employee engagement survey, and this year we experienced a world class response rate of 97 percent participation. The survey results are used to identify and work on improvement actions at our locations around the world.

Our approach for managing employment, labor relations, human rights, diversity and equal opportunity is embodied by our Code of Conduct and company policies on equal employment opportunity, affirmative action, harassment and employee rights. Our Senior Vice President, Human Resources and Communications, is the member of the Executive Leadership Team with ultimate responsibility for human resources and workforce development.

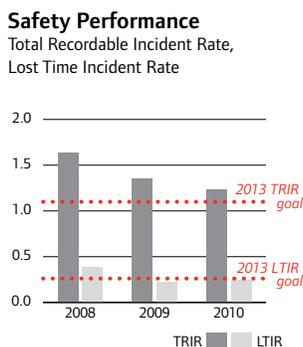
## Safety Performance

Providing a safe and healthy workplace is also a vital part of treating our employees well. Our overarching environmental, health and safety (EHS) policy is on our website at [www.ingersollrand.com](http://www.ingersollrand.com). We are on track to meet our 2013 goals of reducing our total recordable incident rate (TRIR) and lost time incident rate (LTIR) by 67 percent. In 2010, we achieved a 25 percent reduction in our TRIR and a 36 percent reduction in our LTIR from the 2008 baseline year of our safety improvement goals. Between 2009 and 2010, we achieved a 9 percent reduction in TRIR, but our LTIR increased by 14 percent.

Note that the 2009 year-end TRIR and LTIR changed slightly from what we reported in our 2009 sustainability report. The changes are, in part, a result of corrections to our reporting system and improved awareness of requirements on recording incidents outside the United States. In addition, LTIR increased over the previously reported rate because of incidents that did not result in lost workdays at the time they were reported, but that later resulted in some work interruption.

We are very saddened to report one employee fatality during 2010, as a result of a fall from a ladder. In response to this tragic incident, we immediately instituted a safety stand-down across the enterprise. We conducted additional training and awareness activities in the service businesses to prevent this from recurring.

We have set an aggressive target to attain world-class safety performance by 2013. To get there we must reduce our incident rates by 67 percent from 2008, our baseline year, by emphasizing and focusing on strategic initiatives. We are happy to report that in 2010, 60 percent of our locations reported no lost time incidents and 30 percent had no recordable injuries.



With our safety goals in mind, we implemented “Urgent Safety Action Plans” (USAP) at key locations in need of prompt improvement actions. In 2011, we will implement additional countermeasures, where needed, and will also follow up with the USAP locations to check effectiveness to the countermeasure plans established.

Enterprise-wide, almost 25,000 of our employees drive “on-the-job,” and many other Ingersoll Rand employees drive vehicles to and from work. As a result, we developed a comprehensive and sustainable enterprise-wide driver safety program. By establishing common driver safety policies and performance metrics, raising driver safety awareness and enhancing our training curriculum, our company can help save lives, improve the quality of life, reduce financial risk and remain an employer of choice.

## Health and Wellness

Ingersoll Rand launched a health and wellness program, Health Progress, for U.S.-based employees in September 2009. Health Progress focuses on two key areas:

- modifiable health risks, such as smoking, diet and exercise, that are within an individual’s control
- management of health conditions, such as diabetes

One of the first components of Health Progress is encouraging employees (and, if eligible, their spouses or domestic partners) to complete a biometric screening and a health risk assessment. Based on the results of the initial assessment, participants are guided toward health coaching resources (available either by telephone or on-line), management programs that address specific diseases or conditions and on-site health campaigns. A web portal also provides an abundance of wellness-related information.

## Global Workplace Health Policies

In our continuing efforts to improve the health and safety of our employees, we have a global tobacco-free workplace policy. This policy states that no smoking or use of any tobacco product is permitted within 25 feet of an Ingersoll Rand facility or in a company vehicle by any employee, contractor, or visitor, or by an Ingersoll Rand employee on another company’s location. In addition to potential personal health benefits, this policy also reduces exposure to secondhand smoke. The policy is consistent with World Health Organization (WHO) recommendations as a means to reduce workplace fatalities and diseases related to tobacco use. In the U.S., company-sponsored tobacco cessation programs are available for employees who want to reduce their level of or quit using tobacco products.

We have automated external defibrillators (AEDs) in place in each location with more than 200 employees, in compliance with local health department regulations. We ensure that facility-based emergency response teams are trained in first aid, performing cardiopulmonary resuscitation (CPR) and using AEDs where they are available.

Employees globally have the opportunity to receive at no charge the seasonal influenza vaccine. Participation is voluntary, but all employees are encouraged to get vaccinated.

Ingersoll Rand has a Pandemic Influenza Preparedness Plan, a set of preventive measures to reduce the risk of illness among employees and their families in the event of an influenza pandemic. The plan was activated in 2009 because of the advent of the H1N1 influenza virus pandemic. In 2010, after the resolution of the influenza pandemic, the plan inactivated and we continue to monitor daily global influenza activity.

## Ingersoll Rand University

Ingersoll Rand University (IRU) provides strategic education to develop business leaders, enhance strategic competencies and drive the Ingersoll Rand culture. During 2010, 23,000 Ingersoll Rand employees took advantage of this training resource. Training programs are

delivered locally across the globe as well as at the University Education Centers in Davidson, North Carolina; Prague, Czech Republic; Shanghai, China; and Bangalore, India.

IRU learning programs are broadly available on-line, 24 hours a day, at no cost to the employee. Learning programs cover a wide range of topics, including:

- Project management
- Finance for non-financial managers
- Communication
- Sales
- Marketing
- Customer service
- Quality
- Change Management

Many courses have been translated into multiple languages, including Chinese (Mandarin), Spanish, German, French, Italian and Russian.

In addition to IRU programs, employees also receive training on our Code of Conduct, and the U.S. Foreign Corrupt Practices Act.

## **Performance and Career Development**

We are committed to identifying and training business leaders from around the world. Each business, region and most functions (e.g. Finance, Engineering) have a talent council dedicated to identifying, developing and progressing Ingersoll Rand leaders of the future. Ingersoll Rand focuses significant effort on filling management positions with natives of the country where the job is located, thereby reducing reliance on expatriates to manage operations outside of the United States. This also provides local understanding to area markets.

Our goal is for all salaried employees to receive a performance review each year. In 2010, 96.4 percent of our employees received a formal performance review. In order to receive an annual salary increase, a formal performance review must take place and be documented in our Talent Management System. Merit increase amounts vary by performance ratings: employees with better ratings receive a larger increase. Incentive payments (for those employees on incentive plans) are based on performance against objectives. Employees with high ratings receive greater incentive pay than those with lower ratings. Greater differentiation in rewards helps us to drive a high performance culture.

## **Benefits**

For U.S.-based non-bargaining full-time and part-time employees, Ingersoll Rand offers medical, dental and basic life insurance; Accidental Death & Dismemberment (AD&D); Dependent Care Flexible Spending Account; and voluntary benefits such as pet insurance, excess liability, legal, home and auto insurance. Most full-time and part-time employees are offered Short-term Disability. Full-time employees only are offered the Health Savings Account, Health Care Flexible Spending Account, Limited Health Care Flexible Spending Account, supplemental life insurance and Long-term Disability. Ingersoll Rand non-bargaining part-time employees are not offered these benefits. A full-time employee is defined as someone who works 35 or more hours per week. A part-time employee is defined as someone who works at least 20 hours and less than 35 hours per week.

## **Retirement Plans**

For U.S.-based employees, Ingersoll Rand funds approximately 8 to 9 percent of payroll for retirement plan purposes. This includes Defined Benefit pension plans and company matching contributions to Defined Contribution plans. An employee may elect to contribute from 0 to 50 percent of pay in the Ingersoll Rand Employee Savings Plan. Employee contributions into Ingersoll Rand's Defined Contribution plans may vary. Approximately 95 percent of the Ingersoll Rand U.S. employee population participates in some type of retirement plan benefit (Defined Benefit pension plan and/or Defined Contribution plan).

The Defined Benefit pension plan does not include employee contributions or rollovers from other employers. Separate trusts are established to fund pension liability. The company uses its

general resources to appropriately fund the pension trusts annually.

## Labor Rights

There are no operations within Ingersoll Rand that have significant risk of incidents of child or forced labor, nor is the employees' right to exercise freedom of association or collective bargaining at risk. In the United States, 23 percent of Ingersoll Rand employees are covered by collective bargaining agreements. Globally, 32 percent of employees are covered by collective bargaining agreements.

## Human Rights Policy

Ingersoll Rand believes in fundamental standards that support our commitment to our employees, our business partners, our customers and our communities. In 2010, we adopted a Global Human Rights Policy. Many of the standards set forth in this policy align with basic working conditions and human rights concepts advanced by international organizations, such as the International Labor Organization and the United Nations. The policy represents Ingersoll Rand's own minimum standards for working conditions and human rights. While local laws or regulation may necessitate a different interpretation or application of this Policy, Ingersoll Rand believes that the fundamental values set forth in this policy should serve as our global minimum business standards.

The policy prohibits forced labor, child labor, discrimination, or harassment in the workplace and addresses freedom of association, work environment, compensation and employee privacy. We request that our suppliers adopt and enforce standards similar to those in our policy.

## Diversity and Equal Opportunity

We believe diversity is an important attribute of the company's highest governing authority. Among our company officers, 20 percent are women. The Board of Directors currently has two women, one African-American and one Hispanic among its 12 members. We do not track age information from our employees around the world, but all the members of the Board are more than 45 years of age.

Ingersoll Rand is an Equal Opportunity Employer. We respect the worth of all people, cultures, viewpoints, and backgrounds, and value our diverse workforce around the globe. We recognize the importance of diversity and inclusion to the company's future. We collect and report data on diversity in our workforce for the United States only. The data below represent information for the one-year period ending July 15, 2010.

## U.S. Workforce Statistics

Job Categories	Hispanic or Latino		Non-Hispanic or Latino												Overall Totals
	Male	Female	Male						Female						
			White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaskan Native	Two or more races	White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaskan Native	Two or more races	
Executive/Sr. Officials & Mgrs	1	1	86	2	0	5	1	0	17	0	0	0	0	0	113
First/Mid Officials & Mgrs	97	16	2,218	88	5	62	10	31	443	20	9	13	1	0	3,013
Professionals	137	49	3,172	104	7	204	17	8	1,164	94	5	58	2	6	5,027
Technicians	99	11	1,224	77	1	41	3	5	117	16	0	6	0	0	1,600
Sales Workers	91	15	1,953	19	2	27	2	3	174	5	0	4	1	0	2,296
Administrative Support	40	95	459	44	2	7	1	0	1437	159	5	37	8	8	2,302
Craft Workers	428	18	4,663	479	13	146	27	9	190	62	0	5	1	0	6,041
Operatives	392	151	2,936	1,455	6	139	19	4	972	1,034	0	88	20	1	7,217
Laborers & Helpers	64	28	796	419	1	35	5	0	298	299	1	18	4	1	1,969
Service Workers	3	0	15	4	0	0	0	0	0	1	0	0	0	0	23
<b>Total</b> (as of July 2010)	1,352	384	17,522	2,691	37	666	85	60	4,812	1,690	20	229	37	16	29,601
<b>Previous Report Total</b> (as of July 2009)	1,544	473	19,540	2,954	38	734	74	54	5,642	1,946	13	276	27	25	33,340

# Governance and Ethics

Our company is managed under a corporate governance framework and guided by Corporate Governance Guidelines that ensure we operate within legal compliance and consistent with ethical standards wherever we do business in the world. All employees are expected to act with the highest business ethics in all Ingersoll Rand activities and transactions.

## Board-Level Oversight

The role of Ingersoll Rand's Board of Directors is to oversee the management and governance of the company and to monitor the performance of senior management. Of the 14 directors, 11 are independent under the standards set forth in our Corporate Governance Guidelines. Independent board members are essential for ensuring that management serves the long-term interests of shareholders. Among the Board's core responsibilities are to:

- Select, monitor, evaluate and compensate senior management.
- Monitor corporate performance and evaluate results compared to strategic plans and other long-range goals.
- Review the company's financial controls and reporting systems.
- Review the company's ethical standards and legal compliance programs.
- Monitor relations with shareholders, employees and the communities in which the company operates.
- Select individuals for Board membership and evaluate the performance of the Board, Board committees and individual directors.
- Oversee the company's management of enterprise risk.

## Sustainability Governance

Ingersoll Rand has made significant strides in formalizing and centralizing our governance of sustainability issues. The Board of Directors' Audit Committee oversees sustainable EHS policies and compliance as part of its responsibilities. In February 2010, the Board of Directors approved a revised charter for the Corporate Governance and Nominating Committee that adds the company's sustainability efforts to the scope of that committee's responsibility.

## Sustainability Strategy Council

Our Sustainability Strategy Council, launched in 2009 with support from the company's executive leadership team, comprises representatives from all of Ingersoll Rand's businesses. The purpose of the council is to set priorities and provide oversight, guidance and direction on key social, community and environmental issues. We believe that a strategic approach to sustainability challenges will provide opportunities to enhance the reputation and long-term economic viability of the company and our stakeholders. We see this integration of sustainability into the overall business strategy as a means to attract and retain highly motivated, talented employees, to develop and maintain loyal customers, to draw the attention of potential shareholders and to reward those who invest in Ingersoll Rand.

## Ethics and Code of Conduct

Ingersoll Rand is committed to lawful and ethical conduct wherever we do business. The Code of Conduct articulates this commitment and details how all Ingersoll Rand employees must carry out this commitment in their day-to-day work life. Our employees have an obligation to promptly report any known or suspected violations of laws, regulations or the Ingersoll Rand Code of Conduct. We provide several means for reporting violations, including the Ingersoll Rand Ethics HelpLine, operated by Global Compliance Services (AlertLine®), a company unaffiliated with Ingersoll Rand. Violations of the Code of Conduct will result in escalating levels of discipline, including but not limited to suspension without pay; reduction of salary, bonus or other elements of compensation; and termination.

The Audit Committee of the Board of Directors monitors compliance with the Code of Conduct. This committee collects information on HelpLine reports and tracks the status of resulting investigations. Once a year, the full Board receives training on the compliance and ethics program and reviews its overall effectiveness. All new hires receive training on the Code of Conduct, and salaried employees receive refresher training annually.

# Supporting Our Communities

Ingersoll Rand has a long and proud history of supporting the good works of philanthropic organizations around the world to help communities improve their sustainability performance.

Each year, Ingersoll Rand contributes both time and financial support to the communities in which we live and work. We continue to align our philanthropy and community outreach efforts with our core business strengths in efficiency, comfort and safety. We focus in areas such as education on energy efficiency in buildings and in improving the comfort and safety of those suffering from natural disasters, poverty and medical crises. In addition, we continue to support long-established partnerships such as the National Merit scholarship program for college-bound high school students and our company's commitment to United Way, Habitat for Humanity and other community service agencies.

Our employees provide the strongest force when it comes to volunteering and donations. While we establish corporate and business unit programs, each year we are impressed at our employees' ability to self organize and be responsible for identifying, coordinating and successfully implementing community development and philanthropy initiatives. Ingersoll Rand employees generously donate their time and money during the year. Through these efforts, we are creating a meaningful difference in people's lives and helping to improve communities around the world.

## Promoting Energy Efficiency through Education

We place a high value on education, with a strong emphasis on leveraging internal expertise on energy efficiency and sustainability. The following examples highlight some of the programs we supported in 2010.

### **Girl Scouts Take Action on Energy Efficiency and Conservation**

We continue to be actively involved in the Girl Scout Leadership experience program, by sponsoring Girl Scouts to explore the importance of energy efficiency and conservation. The partnership with the Girl Scouts of the USA results in a joint national energy awareness and conservation program in the second series of Girl Scout leadership journeys. The journey is available to every Girl Scouts council and Junior (4-6 grade) troop across the United States – with nearly 70 thousand girls already participating. Ingersoll Rand employees engage in activities with Girl Scouts to help them understand how proficiency in science, technology, engineering and mathematics can make a difference in their communities and the wider world around them. "We know that girls care deeply about the environment, and this is a wonderful opportunity for them to not only learn about energy efficiency and conservation, but conduct an actual energy audit," said Kathy Cloninger, Chief Executive Officer of Girl Scouts of the USA.

The 2010 Purdue's Society of Women Engineers "Girl Scout Day" event was sponsored by Ingersoll Rand and focused on improving energy efficiency. Sponsoring Girl Scout Day enabled the company to partner with the Society of Women Engineers to accomplish common goals of promoting engineering careers to young women and helping them see that those careers can make a difference in everyday lives.

### BTU Crew – Elizabethton, Tennessee, City Middle Schools

Middle school students at Elizabethton City Schools are exploring how to make the buildings in which they live, learn and play more energy-efficient and sustainable through the BTU Crew™ interactive educational program. Through a series of hands-on lessons, students are discovering how they can make an impact on energy efficiency and conservation today as well as learn about a variety of green career options that impact energy usage. Highlights of the educational program include hands-on experiments to demonstrate energy efficiency and a preliminary energy audit of the school building. Students are calculating the energy use, efficiency and environmental impact of their school and developing recommendations to make the building more efficient.

### Supporting the United Way

Each year, Ingersoll Rand partners with the United Way to raise funds and improve lives in all of the communities where we work and live. This has been an ongoing relationship for many years, and we continually break records as our employees give forth more and more to their communities. The Davidson, North Carolina campus has set a United Way campaign record for two years in a row. The 2010 Davidson Campus campaign raised \$473,326 for Central Carolinas United Way, exceeding the goal of \$307,000 by more than 54 percent. Ingersoll Rand is the fifth largest United Way donor in the Charlotte Metro area. One ambitious activity was the “7 Days of Caring.” Employees were given a half-day off to donate their time and talents to eight local nonprofits – from Habitat for Humanity to Classroom Central to Second Harvest Food Bank. The successful campaign was awarded the North Carolina Spirit of North Carolina United Way award.

## Global Employee Volunteerism and Community Engagement

- Industrial Technologies China employees volunteer time with children organizations and clean up litter in community spaces. These activities were organized by the employee culture team, which is entirely based on employee volunteers and donations. The employee leader volunteers were honored by being selected as a China Region Representatives for core values.
- Princeton, Illinois operations adopted a one-mile stretch of highway via the Illinois Adopt-A-Highway program, which brings citizen volunteers into participation with the Illinois Department of Transportation (DOT) to keep our roadsides clean.
- India’s Industrial Technologies employees planted more than 1,400 trees around the Naroda community in partnership with a local volunteer group.
- “Team Embrace” – a group of 18 employees from the Ingersoll Rand Engineering Center in Bangalore, India – continues to support 20 orphans living at the nearby Vishwalaya Ashram. The team has been supporting this group of children since December 2006 through voluntary contributions of money, time and materials by team members.
- In Davidson, North Carolina, the Ingersoll Rand Foundation presented a \$60,000 donation to the Ada Jenkins Center as a result of 83 employees completing a triathlon event. The Ada Jenkins Center provides health, social and economic services for low-income populations. For every individual or relay team that finished the triathlon, the Ingersoll Rand Foundation donated \$1,000.
- The Ingersoll Rand Steelcraft Community Involvement Team partnered with the Sycamore School District and The Lighthouse Foundation, which recommended families for the Christmas holiday fundraising event. The Steelcraft employees raised funds to sponsor 8 families and raised more than \$3,000, including contributions from Ingersoll Rand and the United Steelworkers.

More information on our community-focused programs can be found on our website at [www.ingersollrand.com](http://www.ingersollrand.com).

### Donating Products to Make Safer and More Secure Homes for Those in Need

Ingersoll Rand’s Residential Solutions participated in the following community activities to make homes safer and more secure:

- Joined with Pikes Peak Habitat for Humanity, the Rocky Mountain Community Land Trust and Home Depot to provide exterior and interior door locks and a backyard padlock for 24 homes in the Woodman Vistas neighborhood of Colorado Springs, Colorado. The construction project is also part of Habitat for Humanity’s initiative with the Home Depot Foundation’s Partners in Sustainable Building.
- Donated 2,000 deadbolt locks to the Project Safe program, run by Safe Horizon in New York, the leading U.S. organization that assists victims of domestic violence, sexual assault and child abuse.
- Worked with HelpingaHero.com, which builds homes for disabled veterans, to install a Schlage LiNK™ remote entry/home-management system in the home built for Sgt. Eddie Wright, who lost both of his forearms in combat during the war in Iraq.
- Contributed 10 Schlage Programmable Electronic Deadbolts and related software to the Lakeshore Foundation’s Operation Lakeshore project in Homewood, Alabama. Injured service members and their families are invited to stay at the cottage-style homes while they seek to regain active lives through participation in short-term programs and weekend sports camps.

### Security Technologies and Residential Solutions employees volunteer for Habitat for Humanity

Ingersoll Rand has significant experience in the buildings industry, so there are many opportunities for the company to share our expertise with Habitat for Humanity. In 2010, 350 employees from Security Technologies and Residential Solutions logged more than 2,100 volunteer hours, working together to build a new house for a family in need through Habitat for Humanity of Greater Indianapolis. In addition, Residential Solutions arranged for donations of Trane HVAC units and Schlage locks for the home.

# Awards and Recognition

Below are selected enterprise awards and recognition.

## External Awards and Recognition

- Ingersoll Rand is included on Dow Jones' 2010 DJSI World Enlarged Index.
- Ingersoll Rand received two distinctions from SAM, the analyst for the Dow Jones Sustainability Indexes: 2011 Sector Mover and 2011 Bronze Class. Within the top 15 percent of each sector, the title of "SAM Sector Mover" is awarded to the company that achieved the biggest proportional improvement in its sustainability performance compared with last year. To qualify for the SAM Bronze Class, the SAM Sector Leader must achieve a total score in the range of 65-70 percent. Peer group companies whose total score is within 5 percent of the SAM Sector Leader are also awarded "SAM Bronze Class."
- The Ingersoll Rand Sustainability Institute 2010 program received the *Charlotte Business Journal's* award for best sustainability program. The Ingersoll Rand Sustainability Institute is an interactive workshop for rising high school seniors in the Charlotte, North Carolina, metropolitan area that teaches them about the triple bottom line of social, economic and environmental responsibility.
- Ingersoll Rand is ranked 96 out of the top 500 U.S. Companies in *Newsweek* magazine's 2010 Green Rankings, a data-driven assessment of the largest companies in the U.S. and in the world.
- Ingersoll Rand ranked 209 out of the top 1,000 Global Sustainable Performance Leaders, as reported by CRD Analytics, up from 769 in 2008. This is based on financial, environmental, social and governance performance among publicly traded companies with more than \$1 billion in market capitalization that produce a sustainability or corporate social responsibility report.

Ingersoll Rand has several internal awards recognizing EHS and sustainability achievement. For more information, please visit our website at [www.ingersollrand.com](http://www.ingersollrand.com).

# GRI Content Index: Level B

Unless otherwise noted, page numbers refer to the 2010 Sustainability Website Content document.

## Standard Disclosures Part I: Profile Disclosures Fully Reported

Profile Disclosure	Description	Reference
<b>1. Strategy and Analysis</b>		
1.1	Statement from the most senior decision-maker of the organization.	CEO Letter Pages 1-3 (2010 Annual Report)
1.2	Description of key impacts, risks, and opportunities.	Pages 2-3; Pages 1-4 (2010 Annual Report)
<b>2. Organizational Profile</b>		
2.1	Name of the organization.	Cover
2.2	Primary brands, products, and/or services.	Inside Front Cover
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Pages 5-9 (10K)
2.4	Location of organization's headquarters.	Page 4 (10K)
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Pages 8, 19-20 (10K)
2.6	Nature of ownership and legal form.	Pages 4-5 (10K)
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Pages 7-8 (10K); Pages 2-3 (2010 Annual Report)
2.8	Scale of the reporting organization.	Inside Front Cover (2010 Annual Report), CEO Letter Pages 1-3 (2010 Annual Report)
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Pages 4-5 (10K)
2.10	Awards received in the reporting period.	Page 27
<b>3. Report Parameters</b>		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Unless otherwise noted, the information presented in this report covers calendar year 2010.
3.2	Date of most recent previous report (if any).	2009 Report published in 2010.
3.3	Reporting cycle (annual, biennial, etc.)	Annual
3.4	Contact point for questions regarding the report or its contents.	If you have questions about this report, please contact: W. Scott Tew, Ingersoll Rand, Center for Energy Efficiency & Sustainability, stew@irco.com.
3.5	Process for defining report content.	Ingersoll Rand consults internally with senior management and subject matter experts and conducts individual interviews with representatives from key external stakeholder groups to identify the most important sustainability-related issues for our company. These issues represent key risks, challenges and opportunities for our organization. The process also provides feedback on our previous sustainability reports and, more broadly, on our corporate sustainability programs and performance. We go through this process every year to confirm whether or not the issues most material to our company have changed.

<i>Profile Disclosure</i>	<i>Description</i>	<i>Reference</i>
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	About this Report ( <a href="#">Inside Front Cover</a> )
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	<a href="#">Page 19</a>
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	<a href="#">Page 15 - 16</a>
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	<a href="#">Page 15</a>
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	<a href="#">Page 15</a>
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	<a href="#">Page 15</a>
3.12	Table identifying the location of the Standard Disclosures in the report.	About this Report ( <a href="#">Inside Front Cover</a> )
3.13	Policy and current practice with regard to seeking external assurance for the report.	<a href="#">Page 15</a>
<b>4. Governance, Commitments, and Engagement</b>		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	<a href="#">Page 24, Page 10 (2010 Annual Report)</a>
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	<a href="#">Page 22 (10K)</a>
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	<a href="#">Page 24</a>
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	<a href="#">Pages 20-26 (Proxy Statement)</a>
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	<a href="#">Pages 26-46 (Proxy Statement)</a>
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	<a href="#">Pages 20-26 (Proxy Statement)</a>
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	<a href="#">Corporate Governance Guidelines</a>
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	<a href="#">Page 14, Inside Front Cover (2010 Annual Report)</a>

<i>Profile Disclosure</i>	<i>Description</i>	<i>Reference</i>
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	<a href="#">Page 24</a>
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	<a href="#">Corporate Governance Guidelines</a>
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	<a href="#">Page 13</a>
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	<a href="#">Page 4</a>
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	<a href="#">Page 9</a>
4.14	List of stakeholder groups engaged by the organization.	<a href="#">Page 4-7</a>
4.15	Basis for identification and selection of stakeholders with whom to engage.	<a href="#">Page 4-7</a>
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	<a href="#">Page 4-7</a>
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	<a href="#">Page 4-7</a>

## Standard Disclosures Part II: Disclosures on Management Approach (DMAs) Fully Reported

<i>G3 DMA</i>	<i>Description</i>	<i>Reference</i>
DMA EC	Disclosure on Management Approach EC	CEO Letter Pages 1-3 ( <a href="#">2010 Annual Report</a> )
DMA EN	Disclosure on Management Approach EN	<a href="#">Page 14-15</a>
DMA LA	Disclosure on Management Approach LA	<a href="#">Page 20, 23</a>
DMA HR	Disclosure on Management Approach HR	<a href="#">Page 21, 23</a>
DMA SO	Disclosure on Management Approach SO	<a href="#">Page 8, 24, 25</a>
DMA PR	Disclosure on Management Approach PR	<a href="#">Pages 12-13</a>

## Standard Disclosures Part III: Performance Indicators Fully Reported

Performance Indicator	Description	Reference
<b>ECONOMIC</b>		
<b>Economic performance</b>		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Pages 1-3 ( <a href="#">2010 Annual Report</a> ); Pages F-3, F-4 (10K)
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	<p><a href="#">Page 8, 10-12</a>; The Corporate Governance and Nominating Committee of the Board of Directors oversees the company's sustainability efforts, including climate change. The Audit Committee oversees EHS policy and compliance, elements of which support and interact with the sustainability strategy.</p> <p>The Sustainability Strategy Council provides oversight, guidance, and direction on key issues, including climate change.</p> <p>The Sustainability Strategy Council meets regularly and works on an ongoing basis to identify risks and opportunities from climate change (among other topics), and to formulate our company's response to those risks and opportunities. The Council includes representation from all Ingersoll Rand business sectors.</p> <p>Periodically we conduct a financial risk/benefit assessment to identify the magnitude of climate change impacts on a risk and opportunity view. In conducting this exercise, we consider regulatory risks, physical changes (e.g., sea level rise), and other associated risks. Ingersoll Rand has quantitatively estimated the implications of climate change, and reports this information to the Carbon Disclosure Project.</p>
EC3	Coverage of the organization's defined benefit plan obligations.	<a href="#">Page 22</a> ; Pages 46-49 (10K)
<b>ENVIRONMENTAL</b>		
<b>Energy</b>		
EN3	Direct energy consumption by primary energy source.	<a href="#">Page 16</a> ; For direct primary energy consumption, Ingersoll Rand uses natural gas (53.4%), gasoline (35.2%), diesel (8%), propane (2.3%), kerosene (0.4%) and #2 fuel oil (0.5%). The direct primary energy consumption figures reflect non-renewable fuel sources. Ingersoll Rand does not track the amount of renewable fuel used throughout operations.
EN4	Indirect energy consumption by primary source.	<a href="#">Page 16</a> ; Ingersoll Rand's indirect energy consumption figures are based off purchased electricity figures. Since electricity used across Ingersoll Rand operations is purchased from third parties, information regarding how much of this electricity is from renewable electricity sources and the direct energy required to generate this electricity is not available at this time.
EN5	Energy saved due to conservation and efficiency improvements.	<a href="#">Page 16</a> ; Ingersoll Rand tracks conservation and efficiency improvements across the enterprise, however, we are not able to break down these improvements according to energy saved due to process redesign, conversion and retrofitting of equipment, and changes in personnel behavior.
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	<a href="#">Pages 10-13</a> ; Ingersoll Rand does not collect comprehensive quantitative data on our customers' energy use. However, we know of several customers' projects involving Ingersoll Rand products and services that have resulted in substantial reductions in energy consumption.

<i>Performance Indicator</i>	<i>Description</i>	<i>Reference</i>
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	<a href="#">Page 16</a> ; Ingersoll Rand has an energy strategy that addresses both the demand and supply aspects of energy use. This strategy includes installing sub-metering systems in our largest facilities, developing standards for equipment and processes that use significant amounts of energy, using lean, six sigma, and kaizen events to identify opportunities, training for our employees, promoting the use of best practices, implementing energy management systems, and developing countermeasure plans at each facility to respond to increases in energy use. Ingersoll Rand tracks energy and emissions associated with employee business travel and employee commuting through the Carbon Disclosure Project.
<b>Water</b>		
EN8	Total water withdrawal by source.	<a href="#">Page 18</a> ; Regarding the breakdown of total water withdrawal, Ingersoll Rand approximates that less than 1% of the water used is brackish or salt water. More than 95% of the water we withdraw is from municipal water supply.
<b>Emissions, effluents and waste</b>		
EN16	Total direct and indirect greenhouse gas emissions by weight.	<a href="#">Page 17</a>
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	<a href="#">Page 17</a>
EN22	Total weight of waste by type and disposal method.	<a href="#">Page 19</a> ; Ingersoll Rand tracks the amount of hazardous and non-hazardous disposed in landfill. This was a new tracking procedure implemented in 2010. We have adjusted our data management systems to include recycling and reuse information going forward.
<b>Products and services</b>		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	<a href="#">Pages 10-13</a>
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	<a href="#">Page 19</a>
<b>SOCIAL: LABOR PRACTICES AND DECENT WORK</b>		
<b>Employment</b>		
LA1	Total workforce by employment type, employment contract, and region.	Ingersoll Rand has 58,000 employees across North America, South America, Europe and Asia Pacific.
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	<a href="#">Page 22</a>
<b>Labor/management relations</b>		
LA4	Percentage of employees covered by collective bargaining agreements.	<a href="#">Page 23</a>
<b>Occupational health and safety</b>		
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	<a href="#">Page 21</a> ; We have an ongoing enterprise initiative focused on ergonomics, which will help address the majority of the illnesses counted in our occupational illness frequency rate (OIFR).
<b>Training and education</b>		
LA10	Average hours of training per year per employee by employee category.	<a href="#">Page 22</a>
LA12	Percentage of employees receiving regular performance and career development reviews.	<a href="#">Page 22</a>

<i>Performance Indicator</i>	<i>Description</i>	<i>Reference</i>
<b>Diversity and equal opportunity</b>		
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	<a href="#">Page 23</a>
<b>SOCIAL: HUMAN RIGHTS</b>		
<b>Diversity and equal opportunity</b>		
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	<a href="#">Page 18</a> ; In 2010, Ingersoll Rand's supplier audit process was updated to include a sustainability module for all new and existing suppliers: <ul style="list-style-type: none"> <li>• 32 potential suppliers were assessed for sustainability performance as well as six other elements.</li> <li>• 14 suppliers were approved for business with Ingersoll Rand (e.g., these suppliers passed the overall supplier audit).</li> <li>• 11 of the approved suppliers scored 100 percent in sustainability.</li> <li>• 115 existing suppliers were audited for sustainability in 2010. This represents 2.5 times our goal to re-audit 50 existing suppliers in 2010.</li> <li>• 100 of the existing suppliers scored 100 percent on the Sustainability module.</li> </ul> If any incidents of noncompliance are found, we work with the supplier to address the issue and follow up to ensure that the deficiency has been addressed.
<b>Freedom of association and collective bargaining</b>		
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	<a href="#">Page 23</a>
<b>Child labor</b>		
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	<a href="#">Page 23</a>
<b>Forced and compulsory labor</b>		
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	<a href="#">Page 23</a>
<b>Corruption</b>		
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	<a href="#">Page 24</a>
<b>Public policy</b>		
SO5	Public policy positions and participation in public policy development and lobbying.	<a href="#">Page 8</a>
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	<a href="#">Page 8</a>

<i>Performance Indicator</i>	<i>Description</i>	<i>Reference</i>
<b>SOCIAL: PRODUCT RESPONSIBILITY</b>		
<b>Customer health and safety</b>		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	<a href="#">Page 12-13</a>
<b>Product and service labeling</b>		
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	<p><a href="#">Page 13</a>; We have established a database to maintain customer satisfaction ratings and CSI scores by business. We update the data and review it with business leadership quarterly. All businesses communicate their customer satisfaction data and action plans to employees at least once a year; several businesses also hold workshops with employees to discuss the results and identify ways to improve ratings and delight the customer. Beginning in 2010, our businesses globally identified quantitative targets for CSI scores for both channel and end use customers, and will be reporting on these goals internally on year-over-year progress.</p> <p>Our goal setting is being done on a business level, to keep targets with “close to the customer” information in hand. We have rolled-up enterprise target and scores that helps guide investment decisions based on perceived gaps on an enterprise, sector and business level, and helps us to meet one of our primary 2011 enterprise goals: “Delight customers by improving quality, service and delivery by 20% per year.”</p>





Ingersoll Rand (NYSE:IR) is a world leader in creating and sustaining safe, comfortable and efficient environments in commercial, residential and industrial markets. Our people and our family of brands—including Club Car®, Hussmann®, Ingersoll Rand®, Schlage®, Thermo King® and Trane® —work together to enhance the quality and comfort of air in homes and buildings, transport and protect food and perishables, secure homes and commercial properties, and increase industrial productivity and efficiency. We are a \$14 billion global business committed to sustainable business practices within our company and for our customers.

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